

COUNTY OF ALAMEDA STATE OF CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Fiscal Year Ended
June 30, 2008**

**Patrick O'Connell
Auditor-Controller**

COUNTY OF ALAMEDA, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	i
Certificate of Achievement for Excellence in Financial Reporting	vii
Elected and Appointed Public Officials	viii
Organization Chart	ix
FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	19
Statement of Activities	20
Fund Financial Statements	
Balance Sheet – Governmental Funds	21
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	22
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	24
Statement of Net Assets – Proprietary Funds	25
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	26
Statement of Cash Flows – Proprietary Funds	27
Statement of Fiduciary Net Assets – Fiduciary Funds	28
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	29
Notes to Basic Financial Statements	
(1) Summary of Significant Accounting Policies	30
(2) Cash and Investments	39
(3) Receivables	49
(4) Capital Assets	50
(5) Accounts Payable and Accrued Expenses	53
(6) Long-Term Obligations	55
(7) Operating Lease Obligations	60
(8) Fund Deficits	61
(9) Fund Balances	61
(10) Restricted Net Assets	62

COUNTY OF ALAMEDA, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS

	Page
(11) Interfund Receivables, Payables and Transfers	63
(12) Defined Benefit Pension Plan	64
(13) Postemployment Medical Benefits	66
(14) Other Pension Benefits	69
(15) Joint Venture	72
(16) Alameda County Medical Center Discretely Presented Component Unit	73
(17) Contingencies	76
(18) Recent Changes in the Economic Environment and its Impact to the County	78
Required Supplementary Information	
Schedules of Funding Progress	81
Budgetary Comparison Schedules	
General Fund	82
Property Development Fund	83
Flood Control Fund	84
Notes to Required Supplementary Information	85
Combining Financial Statements and Other Supplementary Information	
Budgetary Comparison Schedule - Capital Projects Fund	88
Combining Balance Sheet – Nonmajor Governmental Funds	90
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	93
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
Fish and Game	96
Road	97
County Library	98
Library Special Taxing Zone	99
Health Services	100
Fire	101
Grant Revenue	102
Lighting	103
Public Ways and Facilities	104
Dublin Library	105
Police Protection	106
County Redevelopment	107

COUNTY OF ALAMEDA, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS

	Page
Combining Statement of Net Assets – Internal Service Funds	109
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets - Internal Service Funds	110
Combining Statement of Cash Flows – Internal Service Funds	111
Combining Statement of Fiduciary Net Assets – Fiduciary Funds Pension and Other Employee Benefit Trust Funds	113
Combining Statement of Changes in Fiduciary Net Assets – Pension and Other Employee Benefit Trust Funds	114
Combining Statement of Changes in Assets and Liabilities – Agency Funds	115
Capital Assets Used in the Operation of Governmental Funds:	
Schedule by Source	117
Schedule by Function and Type	118
Schedule of Changes by Function	119
 STATISTICAL SECTION	
Financial Trends	
Net Assets by Component – Last Five Fiscal Years	122
Changes in Net Assets – Last Five Fiscal Years	123
Fund Balances of Governmental Funds – Last Ten Fiscal Years	124
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	125
Revenue Capacity	
Assessed Value of Taxable Property – Last Five Fiscal Years	126
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	127
Principal Property Taxpayers	128
Property Tax Levies and Collections	129
Debt Capacity	
Ratio of Outstanding Debt by Type – Last Five Fiscal Years	130
Estimated Direct and Overlapping Bonded Debt	131
Legal Debt Margin Information – Last Five Fiscal Years	133
Pledged-Revenue Coverage	134
Economic and Demographic Information	
Demographic and Economic Statistics – Last Ten Fiscal Years	135
Principal Employers	136
Operating Information	
Full-time Equivalent City Government Employees by Function	137

COUNTY OF ALAMEDA, CALIFORNIA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2008**

TABLE OF CONTENTS

	Page
Operating Indicators by Function	138
Capital Assets Statistics by Function	139



INTRODUCTORY SECTION



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

January 29, 2009

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

Members of the Board:

The Comprehensive Annual Financial Report (CAFR) of Alameda County (the County) for the fiscal year ended June 30, 2008, is hereby submitted in compliance with the provisions of Sections 25250 and 25253 of the Government Code of the State of California.

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

The CAFR has been audited by the independent certified public accounting firm of Macias Gini & O'Connell LLP. The purpose of the independent audit was to provide reasonable assurance that the financial statements of the County of Alameda for the year ended June 30, 2008, are free of material misstatements. The independent certified public accounting firm has issued an unqualified ("clean") opinion on the County's financial statements for the fiscal year ended June 30, 2008.

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

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

The CAFR includes all funds of the County. The County provides a full range of services, including public protection; social services; health care for the indigent; construction and maintenance of highways, streets and other infrastructure; recreational activities; library services and cultural events. In addition to general government activities, this CAFR includes activities of the Alameda County Medical Center Hospital Authority (as a discretely presented component unit), the Alameda County Employees' Retirement Association and certain special districts and county service areas. The Oakland-Alameda 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

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Authority's operating costs and debt service requirements, to the extent such funding is necessary. Finally, information about the Master Tobacco Settlement Corporation is included (as a blended component unit).

ALAMEDA COUNTY

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 exceeds 1.5 million making it the seventh most populous county in California.

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.

Alameda County is also home of New United Motor Manufacturing, Incorporated (NUMMI), located in Fremont, which is a joint venture between General Motors and Toyota. Currently, NUMMI has over 5,400 employees manufacturing the Toyota Corolla, Tacoma, and Pontiac Vibe.

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

The Port of Oakland serves an essential role for the agricultural and manufacturing sectors of the California economy. California is the leading agricultural state in the nation, producing over \$20 billion annually in farm products. Many California products, such as fruits, nuts, vegetables, rice and raw cotton are exported through the Port of Oakland, as are other products, including animal feed, chemicals, lumber, recycled paper and scrap metal. The Port is one of the top twenty shipping facilities in the world in annual container traffic and ranks in the top four nationally. The Port of Oakland loads and discharges more than 99 percent of the containerized goods moving through Northern California, the nation's fourth largest metropolitan area. In calendar year 2007, the Port imported and exported 2.3 million shipping containers.

Oakland International Airport (OAK), owned and operated by the Port of Oakland, offers nearly 220 passenger flights and 72 air cargo flights each day. The airport's passenger traffic increased 1.25 percent from 14.43 million passengers in calendar year 2006 to 14.61 million in calendar year 2007. Air cargo traffic was down by 20,261 metric tons or 3.1 percent, in 2007. Landed weights grew by 1.1 percent to 13.1 billion pounds in 2007. The airport is the regional center for cargo distribution for Federal Express, United States Postal Service, United Parcel Service and Airborne Express.

In addition to its focus on passenger and cargo operations, the airport operates a successful general and corporate aviation facility at the Oakland Airport's North Field. Approximately 60 tenants run businesses at the North Field, consisting of airline charters, flight and aircraft maintenance schools, flying clubs, aerial advertising and photography, aircraft maintenance, repair and sales of aircraft components, and aircraft fueling. The Rolls Royce Corporation is the North Field's largest employer with more than 500 employees.

The Livermore Valley is home to one of California's oldest wine regions with a rich winemaking tradition dating back to 1840. Currently, the Livermore Valley has 38 wineries, with several more scheduled to open in the near future. The region's climate is ideal for producing fully ripened, balanced grapes for winemaking. Last year over 500,000 visitors visited local wineries in the Livermore Valley making it a true tourist destination.

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. In addition to serving as major employers in the County, these institutions provide a highly skilled and educated work force to drive the economy of the Bay Area.

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

United States Department of Labor statistics show that nationally, the unemployment rate was at 5.7 percent in June 2008, up from the June 2007 rate of 4.7 percent. Unemployment in California stood at 7.0 percent in June 2008, up from the June 2007 rate of 5.2 percent. In Alameda County, the unemployment rate rose to 6.2 percent in June 2008, comparing favorably with the statewide rate of 7.0 percent.

MAJOR INITIATIVES

The County closed a \$73.6 million funding gap by using a combination of permanent ongoing reductions, revenue increases and one-time strategies.

The Auditor-Controller/Clerk-Recorder's Agency worked with the Information Technology Department and the Treasurer's Office to implement the Payee Positive Pay transition file formats.

The Department of Child Support Services was ranked as the best large county child support program in the State of California and received recognition as being the third best performing county in the State.

The Community Development Agency financed the Solar Power Generation Project to build solar electric generation systems for homeless and special needs tenants in two housing developments for very low-income people in unincorporated neighborhoods.

The County Administrator's Office completed \$120 million refunding of the 2004 Juvenile Justice Facility Auction Rate Security Lease Revenue Bonds and successfully terminated related interest rate swaps.

The County Administrator's Office supported the East Bay's national labs in their successful bid for a \$125 million Department of Energy bio fuels research facility and assisted in the location selection of the new institute. Combined with the \$500 million investment announced in February 2007, by global energy firm BP, this establishes the East Bay as a world center for bio fuels research and development.

The General Services Agency positioned Alameda County as a national leader on climate change as one of 12 signatories of the Cool Counties Declaration. Supported by the Board of Supervisors' efforts in recruiting eight other California counties resulting in 42% (15 million citizens) of the State of California population under Cool Counties umbrella.

The Library held ground-breaking ceremonies for the new Castro Valley Library.

Alameda County participated in the initial planning and development of the East Bay Regional Communications System (EBCRS). EBCRS will be a 2-county P-25 compliant communications system designed to provide fully interoperable communications to all public agencies within Alameda and Contra Costa counties.

The Alameda County Fire Department consolidated with Lawrence Livermore National Laboratory Fire Department to provide contract services for Lawrence Livermore National laboratory.

FINANCIAL INFORMATION

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

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

Audit of Financial Statements: The County Charter and the California Government Code require an annual audit of the financial statements of the County. The accounting firm of Macias Gini & O'Connell LLP was selected by the County to perform the audit for fiscal year 2007-08. The independent auditor's report on the Basic Financial Statements is included in the financial section of this report and states that the County's Basic Financial Statements present fairly, in all material respects, the financial position of the County, as of June 30, 2008, and the changes in its financial position and the cash flows of its proprietary fund types for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Audit of the Alameda County Employees' Retirement Association (ACERA): ACERA engaged the accounting firm of Williams, Adley & Company, LLP to perform an audit of its financial statements. The independent auditor's report states that ACERA's financial statements present fairly, in all material respects, the plan net assets of ACERA, as of December 31, 2007, and the changes in plan net assets for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Audit of the Alameda County Medical Center Hospital Authority (ACMC): ACMC engaged the accounting firm of Caporicci and Larson, Certified Public Accountants, to perform an audit of its financial statements. The independent auditor's report states that ACMC's financial statements present fairly, in all material respects, the financial position of ACMC, as of June 30, 2008, and the changes in its financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

Budgetary Controls: In accordance with the provisions of Sections 29000 through 29144, of the Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and adopts a budget for each fiscal year. Activities of the general fund, special revenue funds and capital projects fund are included in the annual budget. Budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established for major expenditure categories in each budget unit. The budgeted expenditures become law through the passage of the Appropriation Ordinance. This Ordinance constitutes the authorized spending threshold for the fiscal year, and cannot be exceeded, except by subsequent amendment of the budget by the Board of Supervisors. In the governmental funds, an encumbrance system is used to ensure effective budgetary control and to enhance cash planning and control. Encumbrances outstanding at June 30 are reported as reservations of fund balance. As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound fiscal management.

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

ACERA's funding objective is to meet long-term benefit obligations through contributions and investment income. Total contributions of \$202.4 million, net investment income of \$430.9 million, and miscellaneous income of \$0.9 million combined for total additions of \$634.2 million. Of the total contributions of \$202.4 million, the employers' share was \$130.0 million while the employees' share was \$72.4 million. Total contributions increased by \$5.1 million compared with the previous year. For 2007, overall additions to plan net assets were \$634.2 million, compared to \$835.6 million in 2006.

The net assets held in trust for pension and other postemployment benefits were \$5.576 billion at December 31, 2007. All of the assets were available to meet ACERA's ongoing obligations to plan participants and their beneficiaries. The net assets held in trust for total benefits increased by \$364.7 million or 7 percent, primarily as a result of positive market gains in 2007. The actuarial value of the assets as a percentage of the actuarial accrued liability (funded ratio) for ACERA was 85.5 percent at December 31, 2006, increasing from 83.2 percent at December 31, 2005.

Total benefit payments for the year were \$249.5 million which represented a 9 percent increase over the prior year.

The postemployment medical benefits expense for 2007 was \$24.7 million, up \$2.5 million or 11 percent over the prior year.

Cash Management Policies and Practices. Cash temporarily idle during the year was invested in US Treasury obligations, commercial paper, banker's acceptances, medium-term notes, money market funds, negotiable certificates of deposit, and mortgage-backed securities. The average yield on all funds held by the County Treasurer was approximately 4.18 percent for the fiscal year ending June 30, 2008.

Risk Management. The County maintains a comprehensive risk management program administered by a full-time risk manager and staff. The County is self-insured for workers' compensation, public liability, medical malpractice, unemployment, property damage and dental health coverage for employees and their families. The County records estimated liabilities for such claims filed or expected to be filed for incidents that have occurred. The self-insured amounts for all types of losses except unemployment and dental coverage are supplemented with insurance policies.

County officials believe that assets of the Risk Management Internal Service Fund, together with funds to be provided in the future, will be adequate to meet all of the claims related to these liabilities as they come due and will offset the deficit retained earnings that currently exist.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Alameda for its

Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007. This was the twenty-fourth consecutive year that Alameda County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate is valid for a period of one year only. We believe that our current Comprehensive Annual Financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

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



Patrick O'Connell
Auditor-Controller
of Alameda County

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Alameda
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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



Charles S. Cox

President

Jeffrey R. Emer

Executive Director

COUNTY OF ALAMEDA, CALIFORNIA
ELECTED AND APPOINTED PUBLIC OFFICIALS

As of June 30, 2008

ELECTED OFFICIALS

Board of Supervisors

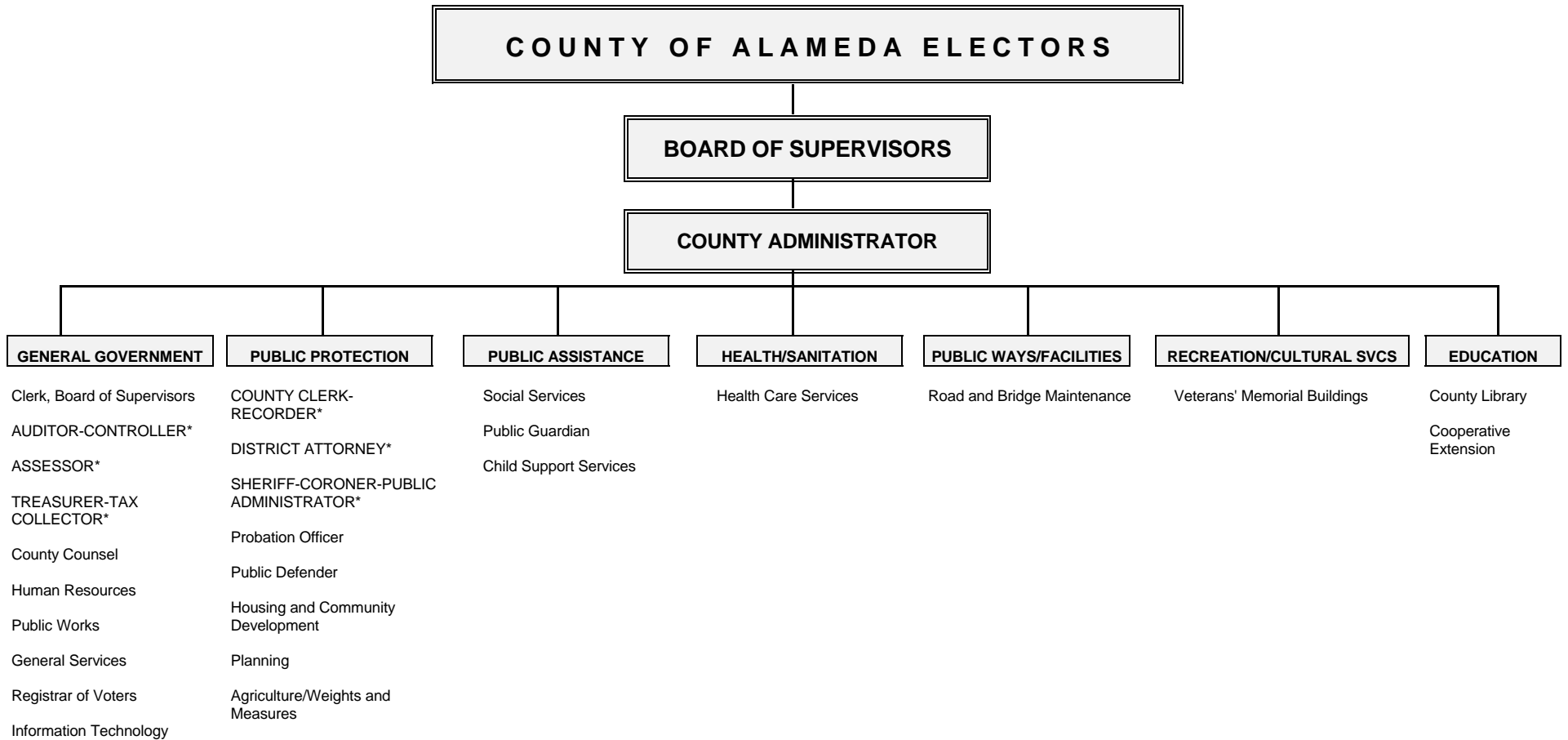
Scott Haggerty	District 1
Gail Steele	District 2
Alice Lai-Bitker	District 3
Nathan Miley	District 4
Keith Carson	District 5

Department Heads

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

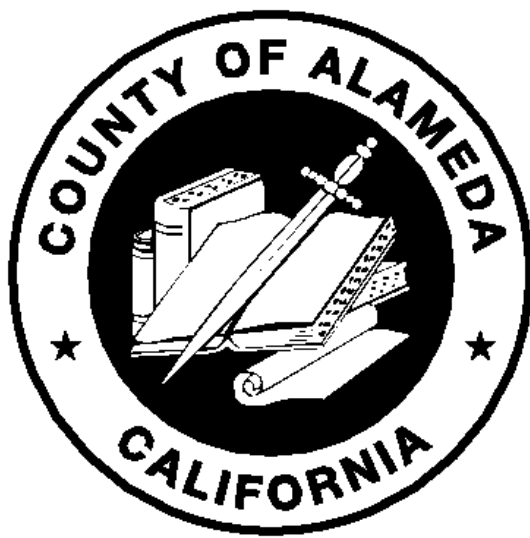
APPOINTED DEPARTMENT HEADS

Susan Muranishi	County Administrator
Crystal Hishida	Clerk, Board of Supervisors
James Sorensen	Director, Community Development
Lucrecia Farfan-Ramirez	Director, Cooperative Extension
Richard Winnie	County Counsel
Aki Nakao	Director, General Services
Dave Kears	Director, Health Care Services
Stephen Amano	Interim Director, Human Resource Services
David G. Macdonald	Director, Information Technology
Jean Hofacket	County Librarian
Donald H. Blevins	Chief Probation Officer
Diane Bellas	Public Defender
Daniel Woldesenbet	Director, Public Works
David G. Macdonald	Registrar of Voters
Yolanda Baldovinos	Director, Social Services Agency



* Elected Officials

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FINANCIAL SECTION



MACIAS GINI & O'CONNELL LLP
CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

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Los Angeles, CA 90071
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402 West Broadway, Suite 400
San Diego, CA 92101
619.573.1112

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

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type 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, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Alameda County Employees' Retirement Association (ACERA), which represents 73.8%, 77.6% and 7.4%, respectively, of the assets, net assets/fund balances, and revenues/additions of the aggregate remaining fund information as of and for the year ended June 30, 2008. We also did not audit the Alameda County Medical Center (ACMC) and the Zone 7 Water Facilities Enterprise Fund (Zone 7), whose financial activities are included in the County's basic financial statements as the discretely presented component unit and the major enterprise fund. The ACERA, ACMC and Zone 7 financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, is based 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 of material misstatement. The financial statements of Zone 7 were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

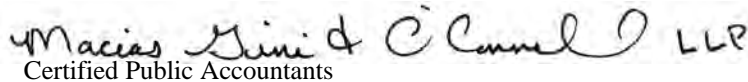
In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 12, 13 and 14 to the basic financial statements, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 50, *Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27* and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective July 1, 2007.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2009, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, the schedules of funding progress and the budgetary comparison schedules for the general fund, property development fund and flood control fund listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining financial statements and other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements and other supplementary information have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.


Certified Public Accountants

Walnut Creek, California
January 29, 2009

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts in tables expressed in thousands)
JUNE 30, 2008

Management's Discussion and Analysis

This section of the County of Alameda's (the County) Comprehensive Annual Financial Report presents a narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$1,783,592 (net assets). Of this amount, \$531,744 is restricted for specified purposes and is not available to meet the government's ongoing obligations to citizens and creditors, \$669,155 is invested in capital assets (net of related debt), and \$582,693 is available to meet the County's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$125,149 during the fiscal year. Revenues in the governmental activities exceeded expenses by \$114,971. Approximately \$10 million of the increase in the County's net assets is attributable to profits in the business-type activities. Water revenues in business-type activities decreased \$4,036 or 8 percent during the year due to a decrease in licenses and permits due to lower construction activity and decreased sales of water partially offset by an increase of 8.4% in treated water rates. The cost for water increased by \$3,200 or 8 percent.
- As of June 30, 2008, the County's governmental funds reported a combined ending fund balance of \$1,667,762, an increase of \$68,875 in comparison with the prior year. Approximately three-fourths of this total amount, \$1,230,949, is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$573,336 or 33 percent of total general fund expenditures of \$1,726,805.
- The County's gross long-term debt (excluding unamortized premiums, discounts and refunding losses) increased by \$69,306 or 5 percent during the fiscal year ended June 30, 2008.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

COUNTY OF ALAMEDA, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (Amounts in tables expressed in thousands) JUNE 30, 2008

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

Both of the government-wide statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public protection, public assistance, health and sanitation, public ways and facilities, recreation and cultural services, and education. The business-type activities of the County include the Zone 7 Water Enterprise.

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

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

Fund financial statements

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

Governmental funds

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

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

The County maintains several individual governmental funds organized according to their type (special revenue, capital projects, debt service, and general fund). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, property development special revenue fund, flood control special revenue fund, capital projects fund, and debt service fund, all of which are considered major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation.

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts in tables expressed in thousands)
JUNE 30, 2008

Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary funds

Proprietary funds are generally used to account for services for a government's business-type activities (activities supported by fees or charges). The County maintains two different types of proprietary funds:

- Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The County of Alameda uses an enterprise fund to account for the operations of the Zone 7 Water Enterprise. This entity is considered to be a major fund of the County.
- Internal service funds 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, printing services, communications services and information technology services. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for each of the internal service funds is provided in the form of combining statements elsewhere in this report.

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

Fiduciary funds

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

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

Notes to the basic financial statements

The notes to the basic financial statements provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-79 of this report.

Required supplementary information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information other than this discussion and analysis concerning the County's progress in its obligation to provide pension benefits to its employees and budget-to-actual information for the County's general and major special revenue funds. Required supplementary information can be found on pages 81-85 of this report.

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts in tables expressed in thousands)
JUNE 30, 2008

Other supplementary information

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 88-115 of this report. Budgetary comparisons for the County's capital projects fund and non-major special revenue funds are also presented.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Alameda County, assets exceeded liabilities by \$1,783,592 at June 30, 2008.

The largest portion of the County's net assets, \$669,155 or 38 percent, reflects its investment in capital assets (e.g. land, buildings, equipment and infrastructure), less related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

County of Alameda
Net Assets
June 30, 2008

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets:						
Current and other assets	\$ 2,191,607	\$ 1,969,167	\$ 145,791	\$ 147,660	\$ 2,337,398	\$ 2,116,827
Capital assets	1,020,790	1,026,364	169,922	153,569	1,190,712	1,179,933
Total assets	<u>3,212,397</u>	<u>2,995,531</u>	<u>315,713</u>	<u>301,229</u>	<u>3,528,110</u>	<u>3,296,760</u>
Liabilities:						
Current liabilities	342,385	303,020	7,052	4,113	349,437	307,133
Long-term liabilities	1,377,211	1,314,681	17,870	16,503	1,395,081	1,331,184
Total liabilities	<u>1,719,596</u>	<u>1,617,701</u>	<u>24,922</u>	<u>20,616</u>	<u>1,744,518</u>	<u>1,638,317</u>
Net assets:						
Invested in capital assets						
net of related debt	508,533	551,198	160,622	144,269	669,155	695,467
Restricted	531,744	473,468	-	-	531,744	473,468
Unrestricted (deficit)	452,524	353,164	130,169	136,344	582,693	489,508
Total net assets	<u>\$ 1,492,801</u>	<u>\$ 1,377,830</u>	<u>\$ 290,791</u>	<u>\$ 280,613</u>	<u>\$ 1,783,592</u>	<u>\$ 1,658,443</u>

An additional portion of the County's net assets, \$531,744, represents resources that are subject to external restrictions as to how they may be used. The remaining balance of unrestricted net assets, \$582,693, may be used to meet the government's ongoing obligations to citizens and creditors. Of this amount, \$130,169 is in business-type activities and \$452,524 relates to the County's governmental activities.

COUNTY OF ALAMEDA, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts in tables expressed in thousands)
JUNE 30, 2008

There was an increase of \$58,276 in restricted net assets reported in connection with the County's governmental activities. This was primarily due to a reclassification of Housing and Community Development within public assistance.

The County's net assets increased by \$125,149 during the fiscal year ended June 30, 2008. About 11.06 percent of this increase represents increases in property tax revenue for which there were no offsetting expenses during the year. Increases in both operating and capital grants and contributions were totally offset by a decrease in revenue from charges for services. Six percent of the increase in the County's net assets is reflected in the fact that there was an extraordinary loss in the prior fiscal year. The remainder of the growth represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses.

County of Alameda Changes in Net Assets June 30, 2008						
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 470,615	\$ 488,047	\$ 46,457	\$ 50,493	\$ 517,072	\$ 538,540
Operating grants and contributions	1,087,171	1,078,909	-	311	1,087,171	1,079,220
Capital grants and contributions	7,070	202	-	-	7,070	202
General revenues:						
Property taxes	412,767	398,922	-	-	412,767	398,922
Sales taxes	174,984	171,876	-	-	174,984	171,876
Other taxes	26,173	30,957	-	-	26,173	30,957
Interest and investment income	46,746	52,556	5,978	7,011	52,724	59,567
Other	41,289	42,701	-	2	41,289	42,703
Total Revenues	<u>2,266,815</u>	<u>2,264,170</u>	<u>52,435</u>	<u>57,817</u>	<u>2,319,250</u>	<u>2,321,987</u>
Expenses:						
General government	137,490	124,448	-	-	137,490	124,448
Public protection	720,939	647,036	-	-	720,939	647,036
Public assistance	620,978	582,568	-	-	620,978	582,568
Health and sanitation	524,225	470,668	-	-	524,225	470,668
Public ways and facilities	48,620	50,650	-	-	48,620	50,650
Recreation and cultural services	523	502	-	-	523	502
Education	21,358	19,350	-	-	21,358	19,350
Interest and long-term debt	77,708	78,236	-	-	77,708	78,236
Water	-	-	42,260	38,722	42,260	38,722
Total expenses	<u>2,151,841</u>	<u>1,973,458</u>	<u>42,260</u>	<u>38,722</u>	<u>2,194,101</u>	<u>2,012,180</u>
Increase/(decrease) in net assets before transfers	114,974	290,712	10,175	19,095	125,149	309,807
Transfers	(3)	(7)	3	7	-	-
Extraordinary item	-	(8,757)	-	-	-	(8,757)
Change in net assets	114,971	281,948	10,178	19,102	125,149	301,050
Net assets - beginning	1,377,830	1,095,882	280,613	261,511	1,658,443	1,357,393
Net assets - ending	<u>\$ 1,492,801</u>	<u>\$1,377,830</u>	<u>\$290,791</u>	<u>\$ 280,613</u>	<u>\$ 1,783,592</u>	<u>\$ 1,658,443</u>

COUNTY OF ALAMEDA, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (Amounts in tables expressed in thousands) JUNE 30, 2008

Governmental activities

Governmental activities increased the County's net assets by \$114,971, thereby accounting for 92 percent of the total growth in net assets of the County. Essential elements of the increase in net assets are as follows:

- Operating grants and contributions increased \$8,262 or almost 1 percent during the year. Various state funding programs for health care were replaced with federally funded programs; the net result was a decrease of \$3,232 in health care operating grants. There was also a decrease in SB90 and miscellaneous state and federal grants in general government totaling over \$13,773 due in part to the Registrar of Voters receiving one-time grant funds of \$8,709 for voting machinery in 2007. The decreases were offset with increases in state funding for roads and bridges of \$12,469 and an increase in the shift of revenue from the educational revenue augmentation fund to the Motor Vehicle—ERAF of \$11,015 due to an increase in the assessed values on local taxable properties.
- Charges for services decreased \$17,432 or 4 percent from the previous year. General government reflected a decrease of \$33,353 due primarily to the reclassification of the pension obligation bonds. This was partially offset by increases in public protection amounting to \$18,631 as follows: the Fire Department had increases of \$8,975, law enforcement's ETS-Contracts increased \$5,425, and detention and corrections increased charges for services by \$4,231.
- Capital grants and contributions increased \$6,868 over the prior year primarily the result of a payment from the federal government for the final retention related to construction of the Juvenile Justice Facility.
- General revenues increased by \$4,947 or 1 percent overall in the year ended June 30, 2008. An increase in property taxes of \$13,845 or 3 percent reflects assessments made as of January 2007. Sales tax increased \$3,108 or 2 percent. Those increases were offset by decreases in interest and investment revenue (\$5,810) other taxes (\$4,784) and other general income (\$1,412).
 - Property tax revenues increased by \$13,845 or 3 percent during the year primarily due to 7.9% growth in the value of County assessed property between January 2006 and January 2007. The increase was limited by a decrease in supplemental tax revenues of \$6,142 caused by a downturn in the housing market.
 - Sales tax revenue increased by \$3,108 or 2 percent during the year. All of the increase was due to increased funding of \$4,314 from Measure B for right-of-way acquisition costs for the Lewelling Widening. This increase was partially offset by a \$1.8 million decrease in Proposition 172 Sales Taxes (one-half percent for public protection).
 - Other taxes decreased \$4,784 or 15 percent, primarily in property tax transfer, where collections were \$5,194 less than the prior year due to slower home sales and a softer economy.
 - Interest and investment income decreased by \$5,810 or 11 percent. The average daily balance of funds invested increased during fiscal year 2008; however, interest income decreased because the average interest rate on the Treasurer's pooled investments decreased 6%, from 4.45 percent to 4.18 percent. The rate for the last quarter of fiscal year 2008 was only 3.17 percent.

COUNTY OF ALAMEDA, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (Amounts in tables expressed in thousands) JUNE 30, 2008

- Other revenue decreased \$1,412 or over 3 percent due primarily to a reduction in the revenues from the tobacco securitization (\$5,879) and the prior year gain on the sale of voting equipment of (\$1,094). Those reductions were partially offset by recognizing funds from unclaimed property and from the cost report settlement.

Expenses related to governmental activity increased \$178,383 or 9 percent during the fiscal year ended June 30, 2008; governmental revenues increased \$2,645 or 0.1 percent. The net impact of these two factors created a decrease of \$175,738 in the change in net assets when compared to the change in net assets for the fiscal year 2007.

Public protection expenses increased by \$73,903 and public assistance increased \$38,410. Health and sanitation increased by \$53,557 and general government expenses increased by \$13,042 from the previous year.

Public protection accounted for 41 percent of the increase in governmental activity expenses in FY 2008. The \$73,903 increase was mainly generated in the Sheriff's Detention and Correction (\$16,812) and ETS Contracts (\$12,757) departments and in the Fire Department (\$12,307). A cost of living increase (COLA) of 7.79% in fiscal year 2007 for sworn officers, and COLA's of 3% and 2% for managers and clerical staff, respectively, created salary and benefit increases in a number of the Sheriff's departments. In addition, the Sheriff added 18 positions to take over airside operations at the Oakland Airport. The Alameda County Fire Department consolidated with the Lawrence Livermore Laboratory, adding 41 full time positions at a fiscal year 2008 cost of \$5.5 million. Fire safety personnel received a COLA of 4.95%. Salary and benefit increases of \$3,258 for the District Attorney and \$6,166 in Probation accounted for part of the overall increase. Finally, \$6 million of the public protection increase is the result of the Fire Department using up amounts in fiscal 2007 for salaries and benefits that had accumulated from transfers to their bank account over prior years. This gave the appearance of a \$6 million increase in 2008.

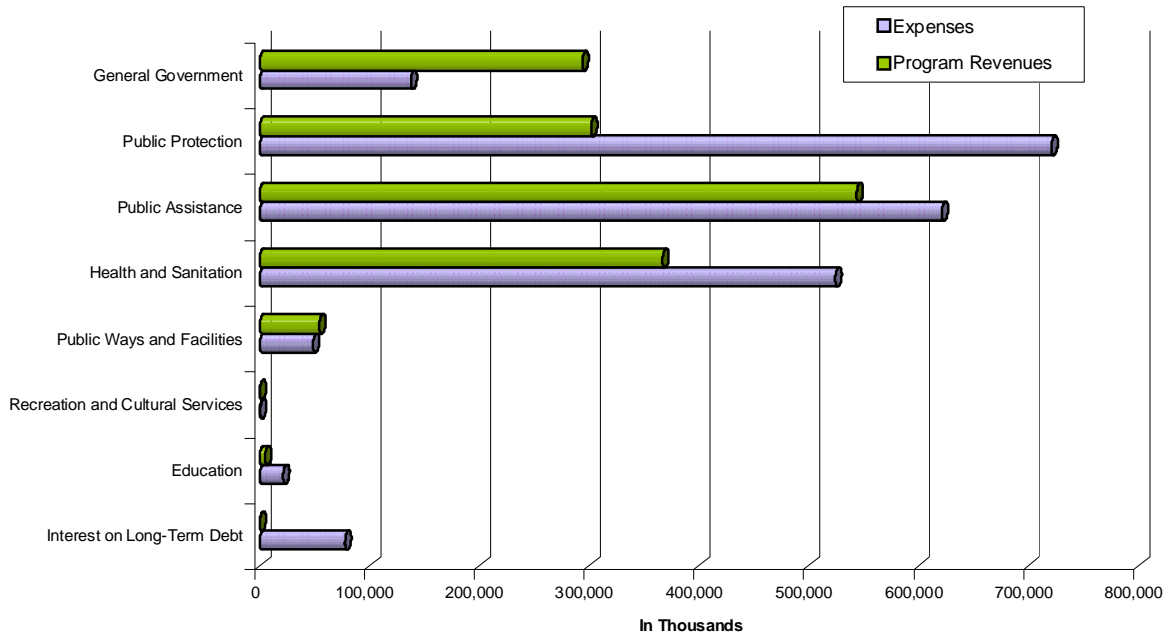
Public assistance expenses increased \$38,410. Welfare administration added 115 positions during the year. The increase in staffing, along with cost of living adjustments and \$1.4 million in overtime created an increase of \$7,351 in salaries and employee benefits. Contracts with community based organizations increased \$6,950 in support of the Children and Family Services program. Assistance payments increased \$6,152 mainly attributable to an increase in home support services caseload. Average paid cases increased from \$14,567 per month in fiscal year 2007 to \$15,878 in fiscal 2008, an increase of 9 percent. The increase also reflects prior year pass through payment of \$9,220 for the Eden Area and San Leandro redevelopment projects.

Behavioral Health Care Services accounted for \$33,996 of the \$53,557 increase in health and sanitation, primarily due to expansion of service related to the Mental Health Services Act of 2004, including the reopening of the youth treatment facility in Willow Rock. The facility created a need for additional staffing and, along with cost of living increases to community based organizations (CBO's), accounted for \$29,605 of the increase in behavioral health services. Agency indigent health care services increased \$5,895 due primarily to a 3% cost of living adjustment for the CBO's. Adult detention and corrections expenses increased \$1,751 due to a higher average daily prisoner count, and expenses in the Health Protection County Service Area increased \$2,031. Services associated with Measure A added another \$2,220 increase in health care expenses.

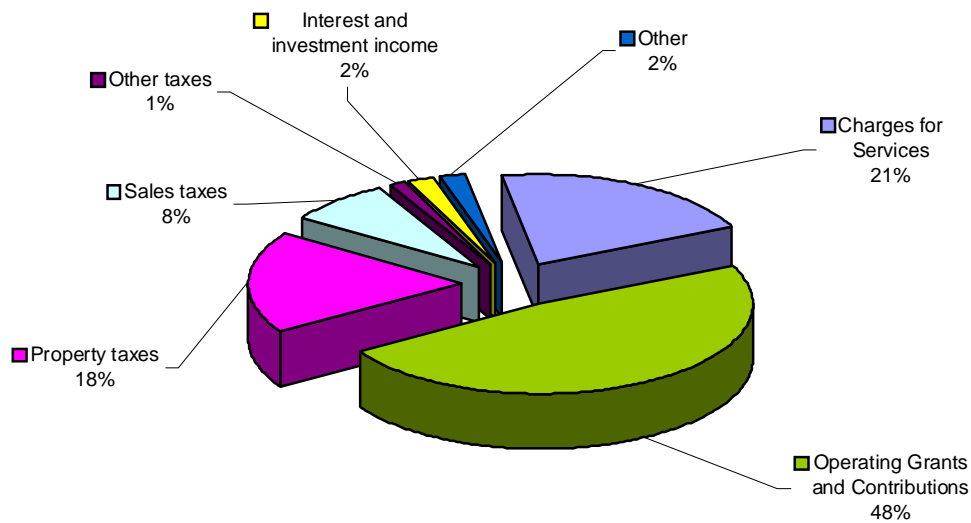
COUNTY OF ALAMEDA, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (Amounts in tables expressed in thousands) JUNE 30, 2008

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



COUNTY OF ALAMEDA, CALIFORNIA

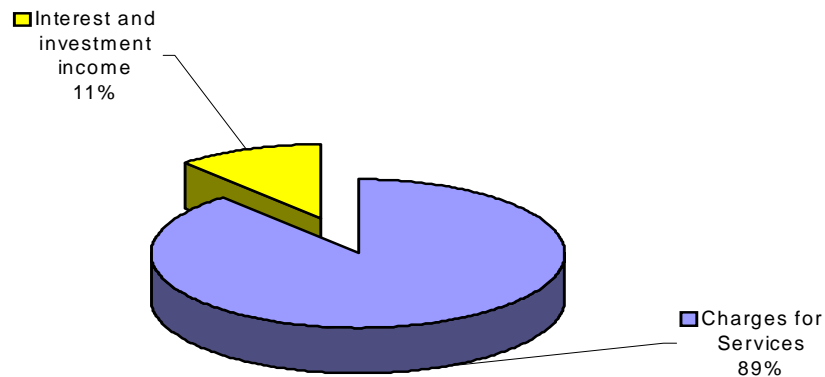
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts in tables expressed in thousands)
JUNE 30, 2008

Business-type activities

As depicted in the charts below, the County's only business-type activity, the Zone 7 water enterprise, had total revenues of \$52,435 and expenses of \$42,260 in fiscal year 2008. For this fiscal year, total enterprise revenues plus transfers of \$3 million exceeded expenses by \$10,178.

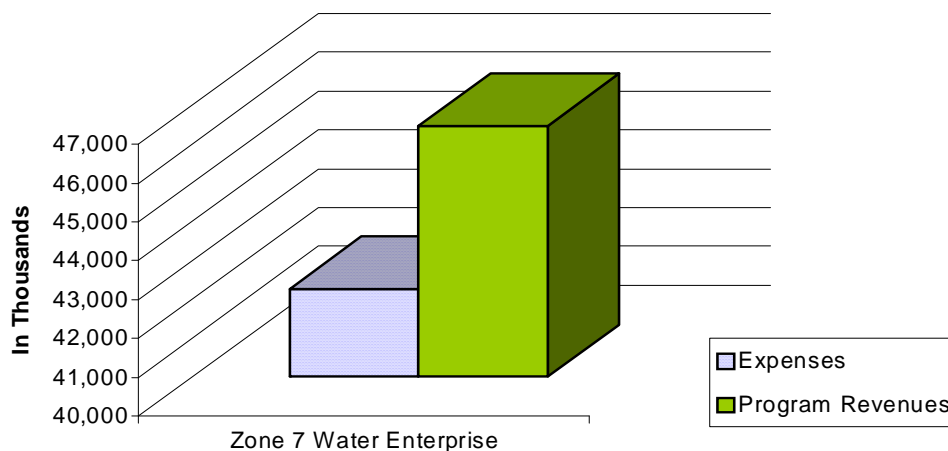
Charges for services decreased \$4,036 or 8 percent from the prior year. This reflects decreased water connection fees due to a slowdown in development in the Zone 7 service area. Sales of treated water decreased from the previous year; however, the decrease in volume was offset by an 8.4% rate increase effective January 1, 2008. Other revenue decreased because of a one-time transfer of \$2,400 from trust in fiscal year 2007 to comply with the Dougherty Valley Service Area agreement.

Revenues by Source - Business-type Activities



The increase in expenses is primarily the result of professional services in connection with the construction of the demineralization plant, the chain of lakes wells and the Altamont pipeline, partially offset by decreases attributable to the completion of the design phase of the Altamont water treatment plant and an increase in the cost of procuring water from the State Department of Water Resources.

Expenses & Program Revenues - Business Type Activities



COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts in tables expressed in thousands)
JUNE 30, 2008

Financial Analysis of the County's Funds

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

Governmental funds

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

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

As of the end of the fiscal year ended June 30, 2008, the County's governmental funds reported combined ending fund balances of \$1,667,762, an increase of \$68,875 or 4 percent as compared to the prior year. Approximately 74 percent of this total amount (\$1,230,949) constitutes unreserved fund balance, which is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed, (1) to liquidate existing contracts and purchase orders (\$126,593); (2) to pay debt service (\$119,498); (3) to provide for legal restrictions (\$178,840); and (4) for a variety of other restricted purposes (\$11,882).

Revenues for governmental funds overall totaled approximately \$2.226 billion for the fiscal year ended June 30, 2008, which represents a decrease of \$17,941 or 1 percent from the fiscal year ended June 30, 2007. Expenditures for governmental funds, totaling \$2.179 billion, increased by \$115,199 or almost 6 percent from the fiscal year ended June 30, 2007. In the fiscal year ended June 30, 2008, revenues for governmental funds exceeded expenditures by \$47,635, or almost 2 percent.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, the unreserved fund balance of the general fund was \$573,336, while total fund balance was \$819,882. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 33 percent of total general fund expenditures of \$1,726,805, while total fund balance represents 47 percent of that same amount. The prior year comparisons for unreserved and total fund balance to total general fund expenditures are 35 percent and 49 percent, respectively.

General fund revenues were down 1 percent and expenditures were up 5 percent for the year, however, the fund balance in the County's general fund increased by \$18,280 during the fiscal year because revenues exceeded expenditures. This is due to several factors:

- Increased assessed values on homes accounted for \$9.4 million more in property taxes than the previous year. That increase, however, was partially offset by a decrease of \$5.5 million in supplemental taxes due to a decline in home sales.
- Motor vehicle ERAF revenue increased \$11 million due to increase in the locally assessed values on taxable properties.
- Penalties on delinquent taxes increased \$6 million due to increase of property tax delinquency rates and diminished ability to pay due to economic conditions.
- CalWORKs revenue increased approximately \$5.6 million from the prior fiscal year.

COUNTY OF ALAMEDA, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (Amounts in tables expressed in thousands) JUNE 30, 2008

- The County received federal funding of \$6.8 million for the Health Care Coverage Initiative/Alameda County Excellence (ACE) program.

Overall, the general fund's performance resulted in revenues exceeding expenditures in the fiscal year ended June 30, 2008, by \$56,809. In the prior year, general fund expenditures exceeded revenues by \$165,370.

The property development fund has a total fund balance of \$304,311. This fund accounts for activities related to the development and sale of County surplus land. The net increase in the fund balance during the current year was \$15,227, primarily due to \$18.2 million in investment interest revenue.

The fund balance in the flood control fund increased 8 percent in 2008 or a total of \$11.6 million, from \$147,251 to \$158,819. Although there was an increase in the fund balance, overall revenues decreased by 2 percent (\$1,582). Property taxes increased \$3 million due to increase in assessed values. This increase was offset by a decrease in charges for engineering services due to decrease in new developments. Overall flood control expenditures increased by 16 percent due primarily to financing of major flood control improvements.

The capital projects fund has a total fund balance of \$110,954, an increase of \$1,635 from last year. During the year, the County received \$6.6 million reimbursement from the federal government for the juvenile justice facility project and \$5.3 million in interest revenue. The increase was partially offset by construction cost of the medical center acute tower project for \$6.2 million and \$3.1 million for the sobering station and detoxification center.

The fund balance in the debt service fund increased \$877 from \$96,451 to \$97,328. Revenues decreased \$34.9 million primarily due to the change in presentation of the pension obligation bond contribution from the general fund. In the past, the contribution was reported as revenue in the debt service fund. In the fiscal year ended June 30, 2008, the \$35 million pension obligation bond contribution is reported as an operating transfer in.

Proprietary funds

The County's proprietary fund statements provide the same type of information as is found in the government-wide financial statements.

The net assets for the enterprise and internal service funds increased by \$10,178 and \$11,645, respectively. Factors concerning the finances of these funds have been addressed previously in the discussion of the County's business-type activities.

Fiduciary funds

The County maintains fiduciary funds for the assets of the Alameda County Employee's Retirement Association (ACERA) and funds held in trust for employees for before-tax reimbursement of health care expenses. As of December 31, 2007, the end of ACERA's fiscal year, the net assets of ACERA and the other employee benefits trust totaled approximately \$5.6 billion, representing an increase of \$364,224 in net assets from the prior year's net assets. The increase in the pension and other employee trust funds was primarily due to a general increase in the fair value of investments and increased interest and dividend revenues.

As of June 30, 2008, the investment trust fund's net assets totaled \$1,379,721, a \$34,376 decrease in net assets during the fiscal year. The decrease in net assets of the investment trust fund was due to

COUNTY OF ALAMEDA, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Amounts in tables expressed in thousands)
JUNE 30, 2008

withdrawals exceeding contributions to the fund by \$97,696. That decrease was partially offset by net investment income of \$63,320.

General fund budgetary highlights

The County's final budget of the general fund differs from the original budget in that it contains supplemental appropriations approved during the fiscal year. The difference of \$212,320 between the original budget and the final amended budget represents increased appropriations, the most significant of which are briefly summarized as follows:

- General government increased appropriations by \$12,717. This included \$9 million for encumbrances rolled forward from prior years, \$4 million for salary and benefit increases.
- The public protection departments increased appropriations by \$52,561. Encumbrances rolled forward from prior years accounted for \$10 million of this amount. Another \$32.8 million was due to mid-year salary and benefit increases approved by the Board of Supervisors. Appropriation for the Office of Emergency Services also increased by \$3 million for the Urban Area Security Initiative (UASI) communication interoperability project.
- The public assistance function increased appropriations by \$30,492. This included \$9.3 million for encumbrances rolled forward from prior years and \$11 million for mid-year salary and benefit increases. There was also a mid-year adjustment of \$2.4 million for CalWORKs employment services and \$1.9 million for the transitional housing program. In addition, appropriation for IHSS benefits also increased by \$4 million due to an increase in medical benefit rate and increasing number of IHSS providers.
- Appropriations for health and sanitation increased by \$108,558. Encumbrances rolled forward from prior years totaled \$59.6 million, and \$5.4 million was due to salary and benefit increases. Measure A funding for health care accounted for \$16.8 million. Another increase of \$6.8 million was for the implementation of the Health Care Coverage Initiative program. Health care also made a mid-year adjustment of \$13 million using Fiscal Management Reward savings from prior years.

Overall, the County's actual general fund revenues under-realized its budgeted fiscal year 2008 revenues by \$71,166 or 4 percent. Revenues that had significant variances include the following:

- The County under-realized approximately \$36.4 million in taxes budgeted for fiscal year 2008. Current secured property taxes realized was less than the amount budgeted by \$20.2 million and property transfer tax was lower by \$6 million due to the decline in property values and less change of ownership. Sales taxes for public protection were under budget by \$8 million due to decline of pro-rata share of revenues for the County.
- Fines, forfeitures and penalties revenue exceeded the budget by \$22,353 or 185 percent. The major variance from budget (\$15.9 million) was due to increase in property tax delinquencies. The delinquency rate for the regular secured roll was 2.20% for fiscal year 05-06, 3.48% for fiscal year 06-07, and 4.59% for fiscal year 07-08. With the increased delinquencies, the penalties on delinquent taxes went up as the delinquencies were paid. Finally, an increase of \$6.2 million was due to increased collection of court fines.
- Use of money and property exceeded budget by \$24,139 or 219 percent. Interest earnings were \$22.5 million over budget due to a conservative budget and an increase of 22.8 percent in the average daily balance invested.

COUNTY OF ALAMEDA, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (Amounts in tables expressed in thousands) JUNE 30, 2008

- State aid revenue under-realized the budgeted amount by \$28,178 or 4 percent. Mental health revenue was less than budget by \$19.7 due to a lower Medi-Cal allocation than budgeted and delays in receipt of state funding. Approximately \$8.4 million of the shortfall was due to inpatient fees for service (FFS) utilization being lower than anticipated. Also, there was a delay in receipt of Early Periodic Screening, Diagnosis, and Treatment (EPSDT) program revenue due to State budgetary shortfall, plus a loss of revenue due to under-utilization of EPSDT and Mental Health Services Act (MHSA) contracts.
- Approximately \$6,886 or 2 percent of the budget for federal aid was under-realized. Revenue for public assistance programs was under-realized by \$5.2 million primarily due to decrease in CalWORK revenue.
- Charges for current services under-realized budget by \$45,252 or over 16 percent. Under-utilization of EPSDT and MHSA contracts and a partial year Medi-Cal rate reduction resulted in a decrease of \$13.2 million in Medi-Cal revenue. Medi-Cal revenue of \$21.7 was not received by the 180 day time frame and had to be deferred to future periods. In addition, \$10.8 million of law enforcement services was deferred because the revenue was not collected within 60 days.
- Other revenue was less than budget by \$4,126 or 12 percent. \$6.6 million was under-realization of the Tobacco Tax Settlement funds. This was offset by \$1.2 million increase in unclaimed money and \$1 million in cost report settlement.

Variations between budget and actual expenditures in the general fund reflect overall expenditures less than the adjusted budget by \$159,245 or 8 percent. In general, this represents savings from the major governmental functions, primarily due to vacancies, delays in start-up of new programs or projects, cost-containment measures and contingency appropriations that did not have to be spent. Significant savings came from the following County functions:

- Health and sanitation spent \$85,927 or 14 percent less than budget. The county included in its 2008 budget an amount of \$20 million of matching funds to the state for disproportionate share hospitals (DSH). During the fiscal year, it was determined that the County can no longer make the matching funds payment thus creating a favorable variance in the health care budget. Vacant positions caused an under expenditure in salaries and benefits of \$11.3 million. Measure A expenditures were under budget by \$13.5 million resulting from the carry-forward of obligated but not encumbered funds. Approximately \$37.4 million under expenditure is due to the liquidation of prior year encumbrances for CBO contracts underutilized and delays in cost settlements.
- Public assistance spent \$28,956 or 5 percent less than budget. Vacant positions caused an under expenditure in salaries and benefits of \$9.8 million. Discretionary charges for the Children & Family Services (CFS) were under spent by approximately \$5 million primarily in the waiver surplus account. CalWORKs costs were \$4.9 million under budget due to a lower than anticipated average grant amount. Space rental was \$4.2 million under budget due to an erroneous charge that occurred in 06-07 and was corrected in 07-08.
- General government spent \$22,008 or 14 percent less than budget. Salaries and employee benefits were under budget by \$7.3 million due to vacant positions. Services and supplies charges were below budget by \$12.2 million as most departments curtailed spending wherever possible. Savings in non program expenses amount to \$2.9 million and was primarily attributed to a smaller subsidy required for the Oakland-Alameda County Coliseum Authority.

COUNTY OF ALAMEDA, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (Amounts in tables expressed in thousands) JUNE 30, 2008

- Public protection spent \$20,253 or 3 percent less than budget. Departments in public protection under spent services and supplies budget by a combined \$11.6 million primarily due to the departments curtailing expenditures (\$6.8m in services and supplies and \$3.4m in space rental). Vacant positions and salary savings accounted for \$8.9 million of the variance. For example, retirements of senior staff in the Public Defender Department created \$2.1 variance. County Wide Court Security saved \$1.5 million and Child Support Services saved \$2,620 in salaries and fringe benefits due to unfilled vacancies. The remainder of the savings was from cutbacks in spending for capital equipment and other charges.

Capital assets and debt administration

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2008, amounts to \$1,190,712 (net of accumulated depreciation), as shown in the table below. This investment in capital assets includes land, buildings and improvements, machinery and equipment, roads, bridges, flood control canals and other infrastructure. The total increase in the County's investment in capital assets for the current fiscal year was 1 percent (this represents a 1 percent decrease for governmental activities and a 11 percent increase for business-type activities).

Capital Assets Net of Accumulated Depreciation June 30, 2008

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land and other assets not being depreciated	\$ 81,294	\$ 62,788	\$ 90,821	\$ 80,288	\$ 172,115	\$ 143,076
Structures and improvements, machinery and equipment, and infrastructure, net of depreciation	939,496	963,576	79,101	73,281	1,018,597	1,036,857
Total	<u>\$ 1,020,790</u>	<u>\$ 1,026,364</u>	<u>\$169,922</u>	<u>\$153,569</u>	<u>\$ 1,190,712</u>	<u>\$ 1,179,933</u>

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

- \$3,304 was moved from construction in progress to structures and improvements for the juvenile justice facility, Santa Rita jail, and Highland critical care building.
- Additional construction on the Alameda County Medical Center's critical care building and acute tower resulted in an increase in construction costs of \$6,172.
- Several infrastructure projects in the road and flood control funds added \$11,304 to construction in progress during the year. \$16,932 was moved from construction in progress to infrastructure.
- The Zone 7 enterprise incurred additional construction costs of \$14 million for the Mocho groundwater demineralization plant, \$5.5 million for the Altamont water treatment plant, and \$3.6 million for the

COUNTY OF ALAMEDA, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (Amounts in tables expressed in thousands) JUNE 30, 2008

new municipal water supply wells. During the fiscal year, \$12,775 was moved from construction in progress to infrastructure for the dissolved air flotation system at the Del Valle water treatment plant.

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

Governmental fund financial statements record capital asset purchases as expenditures.

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

Debt Administration

At the end of the current fiscal year, the County had long-term obligations outstanding of \$1.5 billion, excluding unamortized premiums and refunding losses of \$8,761. Of this amount, \$185,202 is certificates of participation bonds, \$273,245 is tobacco securitization bonds, \$526,069 is pension obligation bonds, \$148,765 is lease revenue bonds, \$33,840 is tax allocation bonds and \$27,730 is capital leases. The remainder, \$321,033, includes special assessment debt with government commitment and other long-term obligations of the County.

Outstanding Long-term Obligations June 30, 2008						
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Certificates of participation	\$ 185,202	\$ 191,548	\$ -	\$ -	\$ 185,202	\$ 191,548
Tobacco securitization bonds	273,245	273,383	-	-	273,245	273,383
Special assessment debt with governmental commitment	680	815	-	-	680	815
Pension obligation bonds	526,069	544,156	-	-	526,069	544,156
Lease revenue bonds	148,765	140,885	-	-	148,765	140,885
Tax allocation bonds	33,840	34,440	-	-	33,840	34,440
Capital leases	27,730	27,324	9,300	9,300	37,030	36,624
Net pension obligation	80,606	-	1,294	-	81,900	-
Other long-term obligations	239,747	235,393	1,134	1,062	240,881	236,455
Total	<u>\$ 1,515,884</u>	<u>\$ 1,447,944</u>	<u>\$ 11,728</u>	<u>\$ 10,362</u>	<u>\$ 1,527,612</u>	<u>\$ 1,458,306</u>

The County's total debt increased by \$69,306 due to the implementation of GASB statement 45 which resulted in a net pension obligation of \$81,900. This increase was offset by pay down of existing debts during the fiscal year.

During the year, the Alameda County Joint Powers Authority issued \$120.1 million Juvenile Justice Refunding 2008 Series A bonds to refund the 2004 Series A and Series B Juvenile Justice Facility bonds with outstanding principal amount in the aggregate of \$108.7 million.

Alameda County's legal debt limit is 1.25 percent of total assessed value. As of June 30, 2008, the legal limit was \$2.44 billion; however, the County did not have any general obligation bonds and therefore, has not used any of its debt limitation. Although Alameda County has no general obligation debt it has general obligation equivalent ratings of Aa3 and AA from Moody's and Standard & Poor's. In addition, the

COUNTY OF ALAMEDA, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (Amounts in tables expressed in thousands) JUNE 30, 2008

County's lease-based financings are rated A2/AA-/A by Moody's Standard & Poor's and Fitch, and were affirmed at these levels in March 2008.

Additional information on the County of Alameda's long-term obligations can be found in note 6 (page 55) of the notes to the basic financial statements.

Economic factors and next year's budget and rates

- According to the U. S. Department of Labor, the unemployment rate for Alameda County was 6.2 percent in June 2008, compared to the revised rate of 4.8 percent in June 2007. The State's average unemployment rate was 7.0 percent in June 2008.
- The rate of growth in the increase in the value of County assessed property decreased from 7.9 percent to 4.7 percent as of the January 1 lien dates for 2007 and 2008, respectively.
- The County experienced a small increase in sales tax revenue during fiscal year 2008; however, the cooling of the general economy and the downturn in the housing market will likely impact future revenues and may also cause a need for an increase in the need to provide more public assistance.
- The failure of sub-prime housing loans caused the failure of some California mortgage lending institutions and may cause further decline in the county's supplemental tax revenue.
- An increase in the cost of foreign-produced oil has impacted the cost of transportation throughout the country.

All of the above factors were considered in preparing the County's budget for fiscal year 2009.

The County adopted its fiscal year 2009 budget before the State of California finalized its own budget. The State anticipated a budget shortfall of \$15 billion or more and it is not known what impact in the state's budget will have on the County of Alameda's budget.

Requests for Information

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

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



BASIC FINANCIAL STATEMENTS

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF NET ASSETS
JUNE 30, 2008
(amounts expressed in thousands)

	Primary Government			Component Unit
	Governmental	Business-type	Total	Alameda County Medical Center
	Activities	Activities		
ASSETS				
Current assets:				
Cash and investments with County Treasurer	\$ 1,280,334	\$ 136,164	\$ 1,416,498	\$ -
Cash and investments with fiscal agents	293,243	-	293,243	-
Restricted cash	-	-	-	1,002
Deposits with others	3,013	-	3,013	8,947
Receivables, net of allowance for uncollectible accounts	344,799	8,581	353,380	106,718
Due from component unit	4,845	-	4,845	-
Due from primary government	-	-	-	7,945
Advance to component unit	769	-	769	-
Inventory of supplies	352	-	352	5,008
Prepaid expenses	999	90	1,089	1,047
Total current assets	1,928,354	144,835	2,073,189	130,667
Noncurrent assets:				
Restricted assets - cash and investments with fiscal agents	109,390	-	109,390	-
Deferred charges	59,540	956	60,496	8,186
Unamortized bond issuance cost	20,267	-	20,267	-
Properties held for resale	1,085	-	1,085	-
Due from component unit, net of allowance	58,519	-	58,519	-
Advance to component unit	7,576	-	7,576	-
Loans receivable	6,876	-	6,876	-
Capital assets:				
Land and other assets not being depreciated	81,294	90,821	172,115	1,220
Structures and improvements, machinery and equipment, infrastructure, net of depreciation	939,496	79,101	1,018,597	36,004
Total capital assets, net	1,020,790	169,922	1,190,712	37,224
Total noncurrent assets	1,284,043	170,878	1,454,921	45,410
Total assets	3,212,397	315,713	3,528,110	176,077
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	161,460	5,765	167,225	61,805
Due to component unit	7,945	-	7,945	-
Due to primary government	-	-	-	4,845
Compensated employee absences payable	31,252	613	31,865	8,608
Estimated liability for claims and contingencies	22,748	-	22,748	8,740
Certificates of participation and bonds payable	74,815	-	74,815	-
Lease obligations	332	-	332	-
Loans payable	765	-	765	-
Accrued interest payable	3,408	674	4,082	-
Unearned revenue	39,660	-	39,660	-
Advance from primary government	-	-	-	769
Total current liabilities	342,385	7,052	349,437	84,767
Noncurrent liabilities:				
Net pension obligation	80,606	1,294	81,900	-
Compensated employee absences payable	25,083	521	25,604	5,614
Estimated liability for claims and contingencies	69,930	-	69,930	18,231
Certificates of participation and bonds payable	1,084,225	-	1,084,225	-
Lease obligations	27,398	9,300	36,698	-
Loans payable	7,519	-	7,519	-
Unearned revenue	-	6,755	6,755	-
Due to primary government	-	-	-	146,519
Advance from primary government	-	-	-	7,576
Obligation to fund Coliseum Authority deficit	82,450	-	82,450	-
Total noncurrent liabilities	1,377,211	17,870	1,395,081	177,940
Total liabilities	1,719,596	24,922	1,744,518	262,707
Net Assets				
Invested in capital assets, net of related debt	508,533	160,622	669,155	28,880
Restricted:				
Public protection	297,086	-	297,086	-
Public assistance	61,472	-	61,472	-
Health and sanitation	103,173	-	103,173	-
Public ways and facilities	46,598	-	46,598	-
Education	8,259	-	8,259	-
Other purposes	15,156	-	15,156	3,838
Unrestricted (deficit)	452,524	130,169	582,693	(119,348)
Total net assets (deficit)	\$ 1,492,801	\$ 290,791	\$ 1,783,592	\$ (86,630)

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, 2008
(amounts expressed in thousands)

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Assets						
		Program Revenues			Primary Government			Component Unit Alameda County Medical Center
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 137,490	\$ 125,532	\$ 168,158	\$ -	\$ 156,200	\$ -	\$ 156,200	\$ -
Public protection	720,939	210,362	84,630	6,623	(419,324)	-	(419,324)	-
Public assistance	620,978	1,411	542,109	-	(77,458)	-	(77,458)	-
Health and sanitation	524,225	119,509	247,249	-	(157,467)	-	(157,467)	-
Public ways and facilities	48,620	10,690	43,551	-	5,621	-	5,621	-
Recreation and cultural services	523	110	-	-	(413)	-	(413)	-
Education	21,358	3,001	1,474	447	(16,436)	-	(16,436)	-
Interest on long-term debt	77,708	-	-	-	(77,708)	-	(77,708)	-
Total governmental activities	2,151,841	470,615	1,087,171	7,070	(586,985)	-	(586,985)	-
Business-type activities								
Water	42,260	46,457	-	-	-	4,197	4,197	-
Total primary government	\$ 2,194,101	\$ 517,072	\$ 1,087,171	\$ 7,070	(586,985)	4,197	(582,788)	-
Component unit								
Alameda County Medical Center	\$ 468,613	\$ 374,074	\$ 113	\$ -	-	-	-	(94,426)
General revenues:								
Property taxes					412,767	-	412,767	-
Sales taxes					174,984	-	174,984	86,354
Other taxes					26,173	-	26,173	-
Interest and investment income					46,746	5,978	52,724	19,913
Other					41,289	-	41,289	7,947
Transfers					(3)	3	-	-
Total general revenues, transfers, and extraordinary item					701,956	5,981	707,937	114,214
Change in net assets					114,971	10,178	125,149	19,788
Net assets (deficit) - beginning of period, as previously reported					1,377,830	280,613	1,658,443	(87,474)
Restatement of capital assets					-	-	-	(18,944)
Net assets (deficit) - beginning of period, as restated					1,377,830	280,613	1,658,443	(106,418)
Net assets (deficit) - end of period					\$ 1,492,801	\$ 290,791	\$ 1,783,592	\$ (86,630)

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

COUNTY OF ALAMEDA, CALIFORNIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

(amounts expressed in thousands)

	General	Property Development	Flood Control	Capital Projects	County Debt Service	Non-major Governmental Funds	Total Governmental Funds
Assets:							
Cash and investments							
with County Treasurer	\$ 717,941	\$ 4,195	\$159,243	\$ 51,656	\$ 72,507	\$ 152,124	\$ 1,157,666
Cash and investments with fiscal agents	48	293,243	-	63,547	23,625	22,170	402,633
Deposits with others	434	2,250	-	-	-	329	3,013
Receivables, net of							
allowance for uncollectible accounts	282,031	13	2,791	317	320	57,202	342,674
Due from other funds	15,866	-	-	-	-	-	15,866
Due from component unit	61,748	-	-	-	910	-	62,658
Advance to component unit	-	-	-	-	8,345	-	8,345
Inventory of supplies	-	-	-	-	-	128	128
Properties held for resale	255	829	-	-	-	-	1,084
Prepaid expenses	23	-	-	-	-	901	924
Loans receivable	2,134	3,856	-	-	-	886	6,876
Total assets	\$ 1,080,480	\$ 304,386	\$162,034	\$ 115,520	\$ 105,707	\$ 233,740	\$ 2,001,867
Liabilities:							
Accounts payable and accrued expenditures	\$ 124,011	\$ 75	\$ 2,979	\$ 4,566	\$ -	\$ 21,122	\$ 152,753
Due to other funds	-	-	-	-	34	15,336	15,370
Due to component unit	7,482	-	-	-	-	440	7,922
Deferred revenue	93,582	-	236	-	8,345	16,237	118,400
Unearned revenue	35,523	-	-	-	-	4,137	39,660
Total liabilities	260,598	75	3,215	4,566	8,379	57,272	334,105
Fund balances:							
Reserved for:							
Encumbrances	64,338	61	11,003	38,282	-	12,909	126,593
Inventories	-	-	-	-	-	128	128
Debt service	-	-	-	-	97,328	22,170	119,498
Legal restrictions	178,840	-	-	-	-	-	178,840
Assets not available for appropriation	3,368	6,935	5	-	-	1,446	11,754
Unreserved, reported in:							
General fund	573,336	-	-	-	-	-	573,336
Special revenue funds	-	297,315	147,811	-	-	139,815	584,941
Capital projects fund	-	-	-	72,672	-	-	72,672
Total fund balances	819,882	304,311	158,819	110,954	97,328	176,468	1,667,762
Total liabilities and fund balances	\$ 1,080,480	\$ 304,386	\$162,034	\$ 115,520	\$ 105,707	\$ 233,740	\$ 2,001,867

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

COUNTY OF ALAMEDA, CALIFORNIA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008
(amounts expressed in thousands)**

Fund balances – total governmental funds	\$ 1,667,762
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,008,615
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Bond issuance costs are not financial resources and, therefore, are not reported in the funds.	20,267
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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	(1,159,040)
Compensated employee absences payable	(53,091)
Lease obligations	(27,730)
Loans payable	(8,284)
Other liabilities	(82,450)
Total long-term liabilities	<u>(1,330,595)</u>

Net OPEB asset resulting from contributions in excess of the annual required contributions are not financial resources and therefore not reported in the funds.	59,540
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The net pension obligation pertaining to governmental fund types is not recorded in governmental fund statements.	(80,606)
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Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current period expenditures. Those assets are offset by deferred revenue in the governmental funds and thus not included in fund balance.	118,400
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Interest on long-term debt is not accrued in the funds, but is recognized as an expenditure when due.	(3,408)
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Internal service funds are used by management to charge the costs of fleet management, building maintenance, communications, information technology, printing services and risk management to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.	<u>32,826</u>
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Net assets of governmental activities	<u>\$ 1,492,801</u>
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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, 2008
(amounts expressed in thousands)**

	General	Property Development	Flood Control	Capital Projects	Debt Service	Non-major Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$ 484,867	\$ -	\$ 35,800	\$ -	\$ 2,023	\$ 91,707	\$ 614,397
Licenses and permits	7,640	-	56	-	-	1,442	9,138
Fines, forfeitures, and penalties	34,440	-	-	140	-	41	34,621
Use of money and property	35,140	18,242	6,901	5,393	3,242	8,735	77,653
State aid	637,563	-	651	447	-	60,511	699,172
Federal aid	302,163	-	136	6,623	-	56,036	364,958
Other aid	14,819	-	2,774	-	-	2,752	20,345
Charges for services	237,943	-	12,065	-	21,269	64,340	335,617
Other revenue	29,039	5,359	3,388	439	1,079	31,189	70,493
Total revenues	1,783,614	23,601	61,771	13,042	27,613	316,753	2,226,394
Expenditures:							
Current							
General government	117,110	1,291	-	-	262	50	118,713
Public protection	545,569	-	50,758	-	-	112,036	708,363
Public assistance	579,463	-	-	-	-	39,646	619,109
Health and sanitation	465,557	-	-	-	-	56,563	522,120
Public ways and facilities	1,744	-	-	-	-	49,460	51,204
Recreation and cultural services	562	-	-	-	-	-	562
Education	200	-	-	-	-	20,837	21,037
Debt service							
Principal	-	-	-	-	69,090	5,145	74,235
Interest	-	-	-	-	15,420	11,359	26,779
Bond issuance costs and termination fees	9,817	-	-	-	2,431	-	12,248
Capital outlay	6,783	-	-	17,606	-	-	24,389
Total expenditures	1,726,805	1,291	50,758	17,606	87,203	295,096	2,178,759
Excess (deficiency) of revenues over expenditures	56,809	22,310	11,013	(4,564)	(59,590)	21,657	47,635
Other financing sources (uses):							
Capital leases issued	-	-	-	-	-	697	697
Refunding bonds issued	-	-	-	-	120,145	-	120,145
Premium on refunding bonds	-	-	-	-	1,265	-	1,265
Payment to refunded bond escrow agent	-	-	-	-	(108,815)	-	(108,815)
Transfers-in	18,052	-	575	6,226	57,713	2,170	84,736
Transfers-out	(56,581)	(7,083)	(20)	(27)	(9,841)	(3,236)	(76,788)
Total other financing sources (uses)	(38,529)	(7,083)	555	6,199	60,467	(369)	21,240
Net change in fund balances	18,280	15,227	11,568	1,635	877	21,288	68,875
Fund balance - beginning of period	801,602	289,084	147,251	109,319	96,451	155,180	1,598,887
Fund balance - end of period	<u>\$ 819,882</u>	<u>\$ 304,311</u>	<u>\$ 158,819</u>	<u>\$ 110,954</u>	<u>\$ 97,328</u>	<u>\$ 176,468</u>	<u>\$ 1,667,762</u>

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,
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008
(amounts expressed in thousands)**

Net change in fund balances – total governmental funds	\$ 68,875
Amounts reported for governmental activities in the statement of activities are different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>35,333</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This change reflects an increase in compensated absences and a decrease in the County's obligation to fund the deficit of the Oakland-Alameda County Coliseum Authority that occurred during the year.	<u>673</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 loss on disposal of capital assets but the governmental funds do not report any loss.	
Capital outlay	47,087
Depreciation expense	(53,547)
Net loss on disposal of capital assets	(343)
Capital contributions from general government	<u>(1,116)</u>
Total	<u>(7,919)</u>
Governmental funds report prefunding of OPEB as expenditures, but the statement of net assets reports such as a net OPEB asset	<u>(21,066)</u>
The net income of certain activities of internal service funds is reported with governmental activities.	<u>11,645</u>
Capital leases issued are reported as financing sources in governmental funds, but increase liabilities in the statement of net assets.	<u>(697)</u>
Lease and loan payments (including both principal and interest) are reported as expenditures in the governmental funds when paid. For the County as a whole, however, the principal portion of the payments reduces the liability in the statement of net assets, while the net increase in accrued interest increases the liability in the statement of net assets and results in additional expenses in the statement of activities.	
Principal payments	993
Net decrease in accrued interest	72
Total	<u>1,065</u>
Bond issuance costs and termination fees are expended in the governmental funds when paid, and are capitalized and amortized in the statement of net assets. This is the amount by which current year bond issuance costs exceeded amortization expense in the current period.	<u>11,779</u>
Bond premiums are recognized in the governmental funds when the bonds are issued, and are deferred and amortized in the statement of net assets. This is the amount capitalized in the current period.	<u>(1,265)</u>
The repayment of the principal of long-term debt and the advance refunding of debt consume the current financial resources of governmental funds. These transactions, however, have no effect on net assets.	
Principal payments	74,235
Payment to escrow for refunded debt	108,815
Total	<u>183,050</u>
Additional accrued and accreted interest calculated on bonds and certificates payable.	<u>(45,688)</u>
Amortization of bond premiums, bond discounts and refunding loss.	<u>(669)</u>
The issuance of long-term debt provides current financial resources to governmental funds but has no effect on net assets	<u>(120,145)</u>
Changes in net assets of governmental activities	<u>\$ 114,971</u>

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

COUNTY OF ALAMEDA, CALIFORNIA

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008
(amounts expressed in thousands)**

	Business-type Activities - Enterprise Fund Zone 7 Water Facilities	Governmental Activities - Internal Service Funds
Assets:		
Current assets:		
Cash and investments with County Treasurer	\$ 136,164	\$ 122,668
Other receivables	8,581	2,125
Due from component unit	-	706
Inventory of supplies	-	224
Deferred charges	956	-
Prepaid expenses	90	76
Total current assets	<u>145,791</u>	<u>125,799</u>
Noncurrent assets:		
Capital assets:		
Land and other assets not being depreciated	90,821	-
Structures and improvements, machinery and equipment, infrastructure, net of depreciation	79,101	12,175
Total capital assets	<u>169,922</u>	<u>12,175</u>
Total noncurrent assets	<u>169,922</u>	<u>12,175</u>
Total assets	<u>315,713</u>	<u>137,974</u>
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	5,765	8,707
Compensated employee absences payable	613	1,754
Estimated liability for claims and contingencies	-	22,748
Accrued interest payable	674	-
Due to other funds	-	496
Due to component unit	-	23
Total current liabilities	<u>7,052</u>	<u>33,728</u>
Noncurrent liabilities:		
Net pension obligation	1,294	-
Compensated employee absences payable	521	1,490
Estimated liability for claims and contingencies	-	69,930
Unearned revenue	6,755	-
Lease obligations	9,300	-
Total noncurrent liabilities	<u>17,870</u>	<u>71,420</u>
Total liabilities	<u>24,922</u>	<u>105,148</u>
Net assets		
Invested in capital assets, net of related debt	160,622	12,175
Unrestricted	130,169	20,651
Total net assets	<u>\$ 290,791</u>	<u>\$ 32,826</u>

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

COUNTY OF ALAMEDA, CALIFORNIA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008
 (amounts expressed in thousands)**

	Business-type Activities - Enterprise Fund Zone 7 Water Facilities	Governmental Activities - Internal Service Funds
Operating revenues:		
Water	\$ 29,764	\$ -
Water connection fees	16,662	-
Charges for services	-	199,621
Total operating revenues	46,426	199,621
Operating expenses:		
Salaries and benefits	9,763	53,370
Supplies - water	9,569	-
Supplies - chemical	2,263	-
Contractual services	2,852	8,256
Utilities	1,167	10,847
Repairs and maintenance	2,648	4,401
Other supplies and expenses	2,501	58,820
Insurance claims and expenses	-	25,259
Depreciation	9,348	3,788
Telephone	-	4,293
County indirect costs	725	7,319
Dental claims	-	9,040
Other	408	333
Total operating expenses	41,244	185,726
Operating income	5,182	13,895
Non-operating revenues (expenses):		
Interest and investment income	5,978	4,576
Interest expense	(1,002)	-
Rent and royalties	31	-
Gain on sale of capital assets	-	11
Loss on sale of capital assets	(14)	(2)
Total non-operating revenues (expenses)	4,993	4,585
Income before capital contributions and transfers	10,175	18,480
Capital contributions	-	1,116
Transfers-in	3	296
Transfers-out	-	(8,247)
Change in net assets	10,178	11,645
Total net assets - beginning of period	280,613	21,181
Total net assets - end of period	\$ 290,791	\$ 32,826

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, 2008
(amounts expressed in thousands)**

	Business-type Activities - Enterprise Fund Zone 7 Water Facilities	Governmental Activities - Internal Service Funds
Cash flows from operating activities		
Receipts from customers (including other funds)	\$ 46,685	\$ 199,458
Payment to suppliers	(18,552)	(84,910)
Payments to employees	(9,353)	(53,311)
Internal activity - payments to other funds	(725)	(7,319)
Claims paid	-	(28,629)
Other receipts (payments)	(408)	(333)
Net cash provided by operating activities	17,647	24,956
Cash flows from noncapital financing activities		
Transfers-in	3	296
Transfers-out	-	(8,247)
Net cash provided by (used in) noncapital financing activities	3	(7,951)
Cash flows from capital and related financing activities		
Acquisition of capital assets	(25,455)	(5,023)
Interest paid on leases	(804)	-
Rent and royalties	31	-
Proceeds from sale of capital assets	9	14
Net cash used in capital and related financing activities	(26,219)	(5,009)
Cash flows from investing activities:		
Interest on investments	5,978	4,576
Net cash provided by investing activities	5,978	4,576
Net increase (decrease) in cash and cash equivalents	(2,591)	16,572
Cash and cash equivalents - beginning of period	138,755	106,096
Cash and cash equivalents - end of period	<u>\$ 136,164</u>	<u>\$ 122,668</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 5,182	\$ 13,895
Adjustments for non-cash activities:		
Depreciation	9,348	3,788
Claims	-	5,670
Changes in assets and liabilities:		
Other receivables	234	(172)
Inventory of supplies	-	(124)
Deferred charges	(956)	-
Prepaid expenses	-	377
Accounts payable and accrued expenses	2,448	1,038
Compensated employee absences payable	72	59
Net pension obligation	1,294	-
Due to other funds	-	416
Due to component unit	-	9
Unearned revenue	25	-
Total adjustments	12,465	11,061
Net cash provided by operating activities	\$ 17,647	\$ 24,956
Non-cash capital activities:		
Contribution of capital assets	<u>\$ -</u>	<u>\$ 1,116</u>

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

COUNTY OF ALAMEDA, CALIFORNIA

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008
(amounts expressed in thousands)**

	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund	Private Purpose Trust Fund	Agency Funds
Assets:				
Cash and investments with County Treasurer	\$ 8,637	\$ 1,442,314	\$ 16,741	\$ 119,613
Cash and investments with fiscal agents	5,529,379	-	-	-
Investment of securities lending collateral	754,202	-	-	-
Deposits with others	513	-	-	-
Taxes receivable	-	-	-	328,115
Other receivable	143,036	-	-	-
Interest receivable	18,939	7,071	70	280
Prepaid expenses	-	3,497	-	-
Capital assets, net of accumulated depreciation	1,988	-	-	-
Total assets	<u>6,456,694</u>	<u>1,452,882</u>	<u>16,811</u>	<u>448,008</u>
Liabilities:				
Accounts payable and accrued expenses	126,169	73,161	-	1,092
Securities lending collateral	754,202	-	-	-
Due to other governmental units	-	-	-	446,916
Total liabilities	<u>880,371</u>	<u>73,161</u>	<u>-</u>	<u>\$ 448,008</u>
Net Assets				
Held in trust for pension	5,574,780	-	-	
Held in trust for other employee benefit trust	1,543	-	-	
Held in trust for other purposes	-	1,379,721	16,811	
Total net assets held in trust	<u>\$ 5,576,323</u>	<u>\$ 1,379,721</u>	<u>\$ 16,811</u>	

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

COUNTY OF ALAMEDA, CALIFORNIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008
(amounts expressed in thousands)

	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund	Private Purpose Trust Fund
Additions:			
Contributions:			
Employees	\$ 76,499	\$ -	\$ -
Employer	130,040	-	-
Contributions on pooled investments	-	7,292,515	2,425
Total contributions	<u>206,539</u>	<u>7,292,515</u>	<u>2,425</u>
Investment income:			
Interest	90,987	59,636	626
Dividends	71,124	-	-
Net increase in fair value of investments	278,313	3,684	42
Real estate	22,338	-	-
Securities lending income	46,498	-	-
Total investment income	<u>509,260</u>	<u>63,320</u>	<u>668</u>
Less investment expenses:			
Investment expenses	24,355	-	-
Securities lending borrower rebates and management fees	42,722	-	-
Real estate	11,175	-	-
Total investment expenses	<u>78,252</u>	<u>-</u>	<u>-</u>
Net investment income	<u>431,008</u>	<u>63,320</u>	<u>668</u>
Miscellaneous income	886	-	-
Total additions, net	<u>638,433</u>	<u>7,355,835</u>	<u>3,093</u>
Deductions:			
Benefit payments	254,220	-	-
Refunds of contributions	7,778	-	-
Administration expenses	12,211	-	-
Distribution from pooled investments	-	7,390,211	3,051
Total deductions	<u>274,209</u>	<u>7,390,211</u>	<u>3,051</u>
Change in net assets [other employee benefit trust (\$-455)]	364,224	(34,376)	42
Net assets - beginning	5,212,099	1,414,097	16,769
Net assets - ending	<u><u>\$ 5,576,323</u></u>	<u><u>\$ 1,379,721</u></u>	<u><u>\$ 16,811</u></u>

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

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

1. Summary of Significant Accounting Policies

A. Scope of Financial Reporting Entity

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

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

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

Blended Component Units - Blended component units are, in substance, part of the County's operations and their financial data are combined with data of the primary government. These component units have a June 30 fiscal year-end, with the exception of the Alameda County Employees' Retirement Association (ACERA), which has a December 31 fiscal year-end. The financial activities of ACERA for the year ended December 31, 2007, 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 governing board is composed solely of the members of the County Board of Supervisors. Zone 7 Water District of the Flood Control Districts is additionally governed by a seven-member board of directors. The financial transactions of the Flood Control Districts that provide flood control services are reported within the flood control fund while the Zone 7 Water District that furnishes water is reported as an enterprise fund. The books and records for the Flood Control Districts are maintained by the County. Additional financial data for the Flood Control Districts may be obtained from the Alameda County Auditor-Controller's Office, 1221 Oak Street, Oakland, CA 94612.

• *Alameda County Fire Department (Fire Department)*

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

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

ACERA is a multiple-employer public retirement system organized under the 1937 Retirement Act. The County is the major participant and contributes 77 percent of total employer contributions. ACERA is governed by a nine-member board that includes the County treasurer, four County citizens appointed by the Board of Supervisors and four members elected by the ACERA membership. Although ACERA is legally separate from the County, it is reported as if it were part of the primary government because it benefits the County by providing substantial services to the County's employees. The activities of ACERA are reported within the pension and other employee benefit trust funds. Complete financial statements for ACERA may be obtained from the Alameda County Employees' Retirement Association, 475 14th Street, Suite 210, Oakland, CA 94612.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

ACERA has adopted early implementation of Governmental Accounting Standards Board (GASB) Statement No. 50, Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB). The reporting changes required by this Statement amend applicable note disclosures and RSI requirements of Statements No. 25 *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 27, *Accounting for Pensions by State and Local Governmental Employers*, to conform with requirements of Statements No. 43, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, and No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

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

• *Alameda County Public Facilities Corporation (Corporation)*

The Corporation is a legal entity established to account for the proceeds of certificate of participation issues and other financings for the County. The activities of the Corporation are reported within non-major governmental funds. The books and records for the Corporation are maintained by the County. Additional financial data for the Corporation may be obtained from the Alameda County Auditor-Controller's Office, 1221 Oak Street, Oakland, CA 94612.

• *County Service Areas (CSA)*

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

• *Alameda County Redevelopment Agency (Redevelopment Agency)*

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

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

The Authority was established to account for the activities related to the tobacco securitization bonds and revenues generated from the master settlement agreement with the four largest US tobacco manufacturers. The 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 formed by and between the County and the Redevelopment Agency to assist the County in the financing of public capital improvements. The activities of the Joint Powers Authority are reported within debt service 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.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

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

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

The ACMC is governed by an eleven-member board of trustees, appointed by a majority vote of the Board of Supervisors of the County. Pursuant to the agreement dated July 1, 1998, between the County and the ACMC, the ACMC manages and operates the county hospitals and clinics. The County pays the ACMC for the provision of indigent care. The hospital facilities and related debt are presented in the governmental activities of the County's statement of net assets. All equipment is the property of the ACMC. The ACMC has a June 30 fiscal year-end. The financial activities of the ACMC for the year ended June 30, 2008, are shown herein. Complete financial statements for the ACMC may be obtained from the Alameda County Medical Center Hospital Authority, 1411 E. 31st Street, Oakland, CA 94602.

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

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

B. Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, of which the latter are excluded from the government-wide financial statements. Major individual governmental funds and a major individual enterprise fund 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

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

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 and all other revenues, except grants and state and federal allocations in the general fund, to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues and general fund state and federal allocations are considered to be available if they are collected within 180 days of the end of the current fiscal period.

It is the County's policy to submit claims for federal and state grant revenues within 90 days of the end of the program cycle and payment is generally received within 90 days thereafter. Expenditures are recognized when the liability is incurred, except for interest on long-term debt and payments related to vacation, sick leave, claims and judgments, which are recorded when due.

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

In both the business-type activities and enterprise fund financial statements, the County applies all applicable Governmental Accounting Standards Board (GASB) pronouncements, as well as statements and interpretations of the Financial Accounting Standards Board (FASB), Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The County does not apply FASB statements and interpretations issued after November 30, 1989.

The County reports the following major governmental funds:

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

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

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

The **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.

The County reports the following major proprietary (enterprise) fund:

The **Zone 7 Water Facilities Enterprise Fund** was established in 1973 to account for the proceeds of water revenue bonds that were used for the acquisition, construction and improvement of the water supply in eastern Alameda County. The water facilities enterprise is part of the Zone 7 Water District, established in 1957 to furnish water for municipal and industrial uses in this area. The District is governed by a seven-member board and is governed ex-officio by the Alameda County Board of Supervisors.

Additionally, the County reports the following fund types:

The **Internal Service Funds** are used to account for the financing of goods or services provided by one County department or agency to other departments or agencies of the County or to other governments on a cost-reimbursement basis. Internal Service funds account for the activities of the centralized

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

communications, information technology, building maintenance, printing, vehicle and heavy equipment maintenance services, and the County's risk management programs.

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

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

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

The **Agency Funds** account for the resources held by the County in a custodial capacity on behalf of other agencies. These resources include property taxes receivable which are held pending disputes or 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 enterprise and internal service funds are charges for customer services including: water connection fees, water, sewer and utility charges, vehicle usage and maintenance fees, building rent and maintenance fees, printing service fees, and telecommunication and information technology system support charges. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Effect of Component Units with Differing Fiscal Year-Ends

ACERA has a fiscal year ending on December 31. The amounts reflected in the June 30, 2008 financial statements are the balances as of ACERA's fiscal year ended December 31, 2007. The difference in the cash balance and interfund transactions are reconciled in the Cash and Investments footnote (Note 2).

D. Cash and Investments

The County follows the practice of pooling cash and investments of all funds with the County Treasurer, except for certain restricted funds which are generally held by outside custodians and classified as "Cash and investments with fiscal agents" on the accompanying financial statements. The earned interest yield on all funds held by the County Treasurer for fiscal year 2007-2008 was approximately 4.18 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

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

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 42.26 percent of the net assets in the Treasurer's pool. The deposits held for these entities are included in the investment trust fund.

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

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

Investment Valuation

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

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

Investment Income

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

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

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.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

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

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

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

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

F. Inter-fund Receivables/Payables/Advances

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

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

G. Inventory of Supplies

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

H. Capital Assets

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

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

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
Infrastructure	10-100

Land, entitlements, construction in progress, and collections are not depreciated.

The County has implemented retroactive reporting of all major infrastructure in accordance with GASB Statement No. 34. In addition to recording infrastructure acquired after June 30, 1980 as required, the County has also recorded infrastructure acquired prior to June 30, 1980 as recommended.

I. Compensated Employee Absences

The County permits its employees to accumulate up to fifty days of unused vacation pay 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 pay at June 30, 2008, is 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 vacation pay. All retired or terminated employees as of June 30, 2008, have been compensated for any accumulated vacation.

J. Bond Issuance Costs and Premiums/Discounts

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

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

K. Fund Balances/Net Assets

Reservations of Fund Balances

Reservations of fund balances of the governmental funds represent that portion of fund balances that is not available for appropriation or is legally segregated for a specific future use. Following is a brief description of the nature of certain reserves.

Reserve for encumbrances – Encumbrances are amounts that do not constitute available, spendable resources.

Reserve for inventories – A portion of fund balance is reserved to offset the supplies inventories that are not available for appropriation.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

Reserve for debt service – The fund balance of the debt service funds is reserved for the payment of debt service requirements in subsequent years.

Reserve for legal restrictions – Certain revenues that are received by the County have restrictions as to their use, such as certain fees and fines collected for specific purposes. These unspent revenues are shown as legally restricted in the general fund.

Reserve for assets not available for appropriation – Certain assets, such as deposits with others and long-term receivables, do not represent expendable available financial resources. Therefore, a portion of fund balance is reserved to offset the balance of these assets.

Restricted Net Assets

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

L. Self-Insurance

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

M. Inter-fund Transfers

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

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

N. Refunding of Debt

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

O. Cash Flows

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

P. Joint Venture

The County is a participant with the City of Oakland in a joint exercise of powers agreement known as the Oakland-Alameda County Coliseum Authority (the Coliseum Authority), which was formed on July 1, 1995, to assist the City of Oakland and the County in the financing of public capital improvements in the Oakland-Alameda County Coliseum Complex pursuant to the Marks-Roos Local Bond Pooling Act of 1985. Under this agreement, which formed the Coliseum Authority, the County is responsible for funding up to 50 percent of the Coliseum Authority's operating costs and debt service requirements, to the extent such funding is necessary. See Note 13 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, 2008

Q. Estimates

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

2. Cash and Investments

A. Deposits

As of June 30, 2008, the County's cash and deposits were as follows:

	<u>Bank Balance</u>	<u>Carrying Value</u>
Deposits with financial institutions	\$ 72,842	\$ 70,695
Cash on hand		407
Deposits in transit		1,508
Adjustment to restate pension trust fund cash balance to December 31, 2007		<u>492</u>
Total cash and deposits		<u>\$ 73,102</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 does not have a deposit policy for custodial credit risk. Of the \$72,842,000 deposits with financial institutions, \$1,261,000 was covered by federal depository insurance and \$71,581,000 was collateralized with securities held by pledging financial institutions' trust departments. As required by California Government Code Section 53652, the market value of the pledged securities must equal at least 110 percent of the County's deposits, with the exception of mortgage-backed securities, which must equal at least 150 percent.

As of December 31, 2007, ACERA reported a cash balance of \$7,094,000, of which \$1,400,000 was in operational cash accounts held with a financial institution. These operational cash deposits were uninsured and uncollateralized and 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 US Treasury securities, banker's acceptances, federal, state and local government securities, commercial paper, medium-term corporate notes, negotiable certificates of deposit, local agency investment fund, money market funds, mutual funds that invest in authorized securities, and mortgage-backed securities. Although the Investment Policy permits the Treasurer to invest in repurchase agreements and reverse repurchase agreements, or to engage in securities lending, such investment activities were not made during the year ended June 30, 2008.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

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

There were no derivative investments in the investment pool for the year ended June 30, 2008.

As of June 30, 2008 Treasurer's investments consisted of the following:

<u>Investment Type</u>	<u>Credit Rating</u> <u>S&P's/Moody's</u>	<u>Interest Rate</u> <u>Range</u>	<u>Weighted</u> <u>Average</u> <u>Maturity (Years)</u>	<u>Fair Value</u>
US Treasury securities-coupon	Exempt	1.75 – 2.63%	1.83	\$ 39,648
Federal agency notes & bonds	AAA / Aaa	2.20 – 5.70	2.73	924,497
Federal agency discount notes	A-1+ / P-1	1.80 – 2.34	0.06	1,124,987
Commercial paper	A-1 / P-1	2.13 – 2.65	0.03	59,953
Negotiable certificates of deposit	A-1 / P-1	2.43 – 2.66	0.12	130,000
Medium term notes	AA / Aa	4.00 – 5.31	0.96	85,616
Money market funds	AAAm / Aaa	1.75 – 3.35	0.17	526,000
Local Agency Investment Fund	Not Rated	3.01%	0.59	40,000
Total investments			0.98	<u>\$2,930,701</u>

Interest Rate Risk

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

Credit Risk

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

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

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

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

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

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

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

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, 2008, more than 5 percent of the Treasurer's investments were in the Federal Farm Credit Bank (18.17%) and Federal Home Loan Bank (51.56%).

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's pool for the fiscal year ended June 30, 2008. Cash does not include \$ 1,242,000 in department revolving funds.

Statement of Net Assets

Assets:	
Deposits	\$ 71,367
Investments (at fair value)	2,930,701
Accrued interest	<u>14,368</u>
Total assets	\$3,016,436
Total Liabilities:	
	<u>-</u>
Net Assets	<u>\$3,016,436</u>
Equity of internal pool participants	
	\$1,636,715
Equity of external pool participants	<u>1,379,721</u>
Total Net Assets	<u>\$3,016,436</u>

Statement of Changes in Net Assets

Net change in investments by pool participants	\$ 107,559
Net assets at July 1, 2007	<u>2,908,877</u>
Net assets at June 30, 2008	<u>\$3,016,436</u>

The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2008, to support the value of shares in the pool.

As of June 30, 2008, 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.

Each fund's equity in the pool is the fund's actual cash position as of any given date. Any "value" that served to either increase or decrease the pool's valuation as a result of the current fair value of the pool on June 30, 2008, has been allocated to each fund based on the average cash balance during the last quarter of the fiscal year.

b. Investments with Fiscal Agents

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

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

As of June 30, 2008, investments with fiscal agents consisted of the following:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>			<u>Fair Value</u>
	<u>S&P's/Moody's</u>	<u>Less than 1</u>	<u>1 to 5</u>	<u>More than 5</u>	
U.S. Treasury securities	Exempt	\$ -	\$ 9,282	\$ -	\$ 9,282
Federal agency debt securities	AAA / Aaa	67,967	147,971	-	215,938
Commercial paper	A-1 / P-1	15,411	-	-	15,411
Medium term notes	AAA / Aaa	29,958	-	-	29,958
Corporate bonds	Aa / Aa	48,085	37,359	2,129	87,573
Money market funds	AAA / Aaa	44,471	-	-	44,471
Total other funds		<u>\$ 205,892</u>	<u>\$194,612</u>	<u>\$ 2,129</u>	<u>\$402,633</u>

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

As of June 30, 2008, more than 5% of total investments with fiscal agents were in the Federal Home Loan Bank (15.27%), the Federal National Mortgage Association (17.21%), the Federal Home Loan Mortgage Corporation (21.16%), and the Trinity Plus Funding (7.44%).

The investment policy for the property development fund and various bond indentures for other funds place no limit on the amount the funds may invest in any one issuer. As of June 30, 2008, more than 5 percent of the property development fund's investments were in the Federal Home Loan Bank (20.96%), the Federal National Mortgage Association (20.30%), and the Federal Home Loan Mortgage Corporation (26.28%).

In addition, 47.14% of the capital projects fund's investment was in the Trinity Plus Funding Company, LLC. Also, 45.53% of the debt service fund's investment was in the Federal National Mortgage Association, and 37.98% in Federal Home Loan Mortgage Corporation.

As of June 30, 2008, more than 5 percent of the non-major governmental funds' investments were in Morgan Stanley (63.24%) and Bank of America (8.74%).

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 US equity, international equity, US and international fixed income, real estate and Treasurer's pooled investments. ACERA is prohibited from investing in securities issued by the County of Alameda or any agency thereof. Additionally, ACERA may not invest in futures, written options, swaps or structured notes, unless specific authorization is obtained from the Board of Retirement in advance of the investment. The ACERA investments shown in the statement of fiduciary net assets are as of ACERA's fiscal year ended December 31, 2007

ACERA has chosen to manage the investment risks described by GASB Statement No. 40 by contractually requiring each portfolio investment manager to abide by restrictive investment guidelines specifically tailored to

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

that individual manager rather than adopting broad across-the board investment policies with respect to these investment risks. The guidelines stipulate the investment style, the performance objective, performance benchmarks, and portfolio characteristics. For example, in the case of foreign currency risk, the policy guidelines for the U.S. dollar equity portfolios differ from those for the non-U.S. dollar equity portfolios. Likewise in the case of credit risk, the guidelines for one fixed income portfolio 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 solely in the best interest of ACERA and to act prudently. On an ongoing basis, ACERA's investment staff monitors all investment managers for compliance with the respective guidelines. 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 Lehman Brothers Global Bond Index.

Concentration of Credit Risk

The individual investment guidelines for each fixed-income manager forbid concentrations greater than 5% in the securities of any one issuer (except investments issued or explicitly guaranteed by the U.S. government). As of December 31, 2007, ACERA had no investments in a single issuer that equaled or exceeded 5% of ACERA's net assets.

Credit Risk

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

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

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

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

The Credit Risk Analysis table discloses the fair value of debt investments by type and credit rating as of December 31, 2007.

Credit Risk Analysis

Debt Investments by Type	Total	Adjusted Moody's Credit Rating								Not Rated
		Aaa	Aa	A	Baa	Ba	B	Caa		
Collateralized Mortgage Obligations	\$ 219,136	\$134,826	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,310	
Convertible Bonds	14,895	-	-	-	633	199	6,608	4,271	3,184	
Corporate Bonds	591,244	41,356	57,228	103,782	209,606	52,542	69,680	27,033	30,017	
Federal Home Loan Mortgage Corp.	34,916	34,916	-	-	-	-	-	-	-	
Federal National Mortgage Assn.	111,369	111,369	-	-	-	-	-	-	-	
Government Issues	322,302	218,646	-	45,529	19,903	19,288	-	-	18,936	
Government National Mortgage Assn. I, II	989	989	-	-	-	-	-	-	-	
Other Asset Backed Securities	<u>128,838</u>	<u>116,609</u>	<u>6,258</u>	<u>-</u>	<u>4,274</u>	<u>1,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Subtotal Debt Investments	1,423,689	658,711	63,486	149,311	234,416	73,726	76,288	31,304	136,447	
External Investment Pools of Debt Securities										
Securities Lending Cash										
Collateral Fund	754,202	-	-	-	-	-	-	-	754,202	
Master Custodian Short-Term Investment Fund	<u>121,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,459</u>	
Subtotal External Investment Pools	<u>875,661</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>875,661</u>	
Total	\$2,299,350	\$658,711	\$63,486	\$149,311	\$234,416	\$73,726	\$76,288	\$31,304	\$1,012,108	

This table displays the fair value of investments by credit rating in increasing magnitude of risk. Investments are classified by Moody's credit rating, except, wherever the S&P rating for an investment indicates a greater degree of risk than the Moody's rating, the investment's credit rating has been changed for the purpose of this disclosure to the Moody's rating corresponding to the greater degree of risk.

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 and investments in commingled pools. As of December 31, 2007, ACERA has no investments that are exposed to custodial credit risk.

Securities lending cash collateral is invested in a pooled short-term investment fund maintained by the custodian.

With respect to the custodial credit risk pertaining to the underlying securities where ACERA hold non-cash collateral, the Custodial Credit Risk – Investment Analysis table discloses the fair value of the non-cash collateral by type of custodial arrangement as of December 31, 2007.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

Custodial Credit Risk - Investments Analysis
Fair Value of Securities Lending Non-Cash Collateral

<u>Type of Non-Cash Collateral and Custodial Arrangement</u>	<u>Fair Value</u>
US Corporate Bonds, US Equity, and Non-US Equity Collateral Held with Securities Lending Agent	\$ 17,186
US Treasury and Agency Securities Collateral Held with Third-Party Custodians	6
Irrevocable Bank Letters of Credit	285
Total Securities Lending Non-Cash Collateral	<u>\$ 17,477</u>

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, 2007. 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.

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	\$ 754,202	40 days
Master Custodian Short-Term Investment Fund	121,459	15 days
Total	<u>\$ 875,661</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: Lehman Brothers Baa Credit Index duration +/- 2 years (Medium Grade Fixed Income)
- Duration: Match the Lehman Brothers Aggregate Bond Index duration (Enhanced Index Fixed Income)
- Duration Band: 2-10 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	\$ 219,136	2.7
Convertible Bonds	14,895	2.7
Corporate Bonds	558,098	7.4
Federal Home Loan Mortgage Corp.	34,916	3.4
Federal National Mortgage Assn.	111,369	4.2
Government Issues	322,302	5.3
Government National Mortgage Assn. I, II	989	4.7
Other Asset-Backed Securities	<u>115,510</u>	2.9
Subtotal of investments with duration	<u>1,377,215</u>	

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

Corporate Bonds	33,146	No Duration
Other Asset-Backed Securities	<u>13,328</u>	No Duration
Subtotal of investments without duration	<u>46,474</u>	
Total of Debt Investments	<u>\$ 1,423,689</u>	

Fair Value Highly Sensitive to Changes in Interest Rate

The terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes. The two Interest Rate Risk Analysis- Duration tables above disclose the degree to which ACERA's investments are sensitive to interest rate changes due simply to the distribution in time of the investments' future cash flows. 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, 2007. 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

<u>Investment Type</u>	<u>Investment Description</u>	<u>Interest Rates</u>	<u>Fair Value</u>
Zero Coupon Bond	Privately Placed Securities	Zero-Coupon	<u>\$ 11,867</u>

Foreign Currency Risk

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

The Foreign Currency Risk Analysis table shows the fair value of investments by currency denomination and investment type, as of December 31, 2007. It provides an indication of the magnitude of ACERA's foreign currency risk for each foreign currency.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

Foreign Currency Risk Analysis

Currency	Common Stock and Depository Receipts	International Equity Mutual Funds	Corporate Bonds	Foreign Currency	Government Issues	Currency Swaps	Equity Index Swaps	Total Exposure Net of Currency Swaps
Argentina Peso	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ -	\$ 3
Australia Dollar	77,290	-	17,384	162	21,234	(164)	-	115,906
Brazil Real	8,920	-	-	1	-	120	-	9,041
Canada Dollar	56,176	-	10,099	45	31,035	-	-	97,355
Chile Peso	-	-	-	-	-	24	-	24
Colombia Peso	-	-	-	-	962	5	-	967
Czech Republic Koruna	-	-	-	-	-	(23)	-	(23)
Denmark Krone	4,270	-	-	15	-	6	-	4,291
Egypt Pound	2,348	-	-	-	-	-	-	2,348
EuroCurrency	431,549	-	-	27,680	-	942	-	460,171
Hong Kong Dollar	44,715	-	-	36	-	-	-	44,751
Hungary Forint	-	-	-	-	-	2	-	2
Iceland Krona	-	-	2,762	-	-	-	-	2,762
India Rupee	10,768	-	-	-	-	12	320	11,100
Indonesia Rupiah	6,897	-	5,241	-	8,203	(2)	-	20,339
Israel Shekel	812	-	-	-	-	10	-	822
Japan Yen	244,578	-	14,845	1,997	4,394	(125)	-	265,689
Malaysia Ringgit	6,540	-	4,107	-	14,550	-	-	25,197
Mexico Peso	2,913	-	1,552	1,108	26,416	9	-	31,998
New Russia Ruble	-	-	-	-	-	(12)	92	80
New Taiwan Dollar	10,458	-	-	383	-	(55)	-	10,786
New Turkey Lira	5,532	-	-	-	-	937	-	6,469
New Zealand Dollar	5,551	-	7,655	(6)	1,556	-	-	14,756
Norway Krone	4,053	-	-	-	16,262	(55)	-	20,260
Poland Zloty	2,051	-	-	-	23,175	8	-	25,234
Singapore Dollar	14,568	-	5,309	3	21,446	(5)	-	41,321
South Africa Rand	7,404	-	1,505	-	15,378	99	-	24,386
South Korea Won	7,471	-	8,372	-	-	-	-	15,843
Sweden Krona	15,041	-	-	19	27,423	(89)	-	42,394
Switzerland Franc	86,031	-	-	138	-	210	-	86,379
Thailand Baht	1,661	-	-	-	-	(134)	-	1,527
UK Pound Sterling	205,926	-	-	119	21,700	2,605	-	230,350
Various Currencies	-	61,607	-	-	-	-	-	61,607
TOTAL	\$ 1,263,523	\$ 61,607	\$ 78,831	\$ 31,700	\$ 233,734	\$ 4,328	\$ 412	\$ 1,674,135

Securities Lending

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

For the year ended December 31, 2007, on behalf of ACERA, the master custodian lent ACERA securities (government bonds, corporate stocks, corporate bonds, and international equities) under this agreement and received cash (United States and foreign currency), securities issued or guaranteed by the United States government, sovereign debt and irrevocable bank letters-of-credit as collateral. ACERA did not have the ability to 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

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

sovereign debt issued by foreign governments, and 105% for international securities. Moreover, borrowers were required to maintain the market value of collateral on a daily basis.

ACERA did not impose any restrictions for the year ended December 31, 2007, 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, 2007, resulting from a default of the borrowers or the securities lending agent.

For the year ended December 31, 2007, 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 a collective investment pool. As of December 31, 2007, this investment pool had an average duration of 40 days and an average weighted maturity of 476 days. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. As of December 31, 2007, ACERA had no credit risk exposure to borrowers because the amounts ACERA owes them exceeded the amounts they owe ACERA.

As of December 31, 2007, ACERA had securities on loan with a fair value of \$745 million for cash collateral of \$754.2 million.

Summary of County Deposits and Investments

The following table is a summary of the deposits and investments as of June 30, 2008:

	Cash On Hand and Deposits In Transit	Cash in Bank	Treasurer's Investments	Investments with Fiscal Agent and Securities Lending Collateral	Adjust ACERA Cash to 12/31/07	Total
<u>Cash and investments</u>						
With County Treasurer	\$ 1,915	\$ 70,695	\$ 2,930,701	\$ -	\$ 492	\$ 3,003,803
With ACERA	-	-	-	5,529,379	-	5,529,379
With fiscal agents	-	-	-	<u>402,633</u>	-	<u>402,633</u>
Total cash and investments	-	-	-	5,932,012	-	5,932,012
Investment of securities lending collateral	-	-	-	<u>754,202</u>	-	<u>754,202</u>
Total – Primary Government	<u>\$ 1,915</u>	<u>\$ 70,695</u>	<u>\$ 2,930,701</u>	<u>\$ 6,686,214</u>	<u>\$ 492</u>	<u>\$ 9,690,017</u>
Restricted Cash – Component Unit		<u>\$ 1,002</u>				<u>\$ 1,002</u>

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

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

	Primary Government			Total	Component Unit
	Governmental Activities	Business-type Activities	Fiduciary Funds		
Cash and investments with County Treasurer	\$ 1,280,334 ¹	\$ 136,164	\$ 1,587,305 ²	\$ 3,003,803	\$ -
Cash and investments with fiscal agents	293,243	-	5,529,379	5,822,622	
Restricted Assets:					
Cash and investments with fiscal agents	109,390	-	-	109,390	1,002
Invested securities lending collateral	-	-	754,202	754,202	-
Total cash and investments	<u>\$ 1,682,967</u>	<u>\$ 136,164</u>	<u>\$ 7,870,886</u>	<u>\$ 9,690,017</u>	<u>\$ 1,002</u>
Deposits and cash on hand				\$ 73,102	\$ 1,002
Investments				<u>9,616,915</u>	-
Total deposits and investments				<u>\$ 9,690,017</u>	<u>\$ 1,002</u>

1 Includes cash and investments with the County Treasurer of total governmental funds (\$1,157,666) and internal service funds (\$122,668).

2 Includes deposits and investments with the County Treasurer of pension and postemployment benefits and employee benefit trust funds (\$8,637), investment trust fund (\$1,442,314), private purpose trust (\$16,741) and agency funds (\$119,613).

3. Receivables

Receivables as of June 30, 2008, for the County's individual major funds, nonmajor funds in the aggregate, and the internal service funds, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds						Internal Service Funds	Governmental Activities Total
	General	Property Development	Flood Control	Capital Projects	Debt Service	Other Governmental Funds		
Interest	\$ 4,806	\$ 5	\$ 675	\$ 317	\$ 320	\$ 660	\$ 504	\$ 7,287
Taxes	51,249	-	1,779	-	-	8,527	-	61,555
Departmental accounts	138,331	-	-	-	-	-	-	138,331
Federal and state grants and subventions	121,717	-	235	-	-	30,428	-	152,380
Charges for services	71,810	-	102	-	-	5,709	1,621	79,242
Other	3,187	8	-	-	-	11,878	-	15,073
Gross receivables	391,100	13	2,791	317	320	57,202	2,125	453,868
Less: allowance for uncollectibles	(109,069)	-	-	-	-	-	-	(109,069)
Net total receivable - governmental activities	<u>\$ 282,031</u>	<u>\$ 13</u>	<u>\$ 2,791</u>	<u>\$ 317</u>	<u>\$ 320</u>	<u>\$ 57,202</u>	<u>\$ 2,125</u>	<u>\$ 344,799</u>

Receivables for the Zone 7 water facilities enterprise fund consisted of \$584,000 for accrued interest and \$7,997,000 for water sales and water connection fees, for a total of \$8,581,000. There was no allowance for uncollectible accounts.

Other receivables for pension and other employee benefit trust funds at December 31, 2007, are as follows:

Contributions	\$ 15,203
Investment Receivables	120,259
Investments Sold	7,230
Other	344
Total other receivables at December 31, 2007	<u>\$ 143,036</u>

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

4. Capital Assets

Capital asset activities of the primary government for the year ended June 30, 2008, are as follows:

GOVERNMENTAL ACTIVITIES

	Balance June 30, 2007	Increases	Decreases	Reclass	Balance June 30, 2008
Capital assets, not being depreciated:					
Land	\$ 42,034	\$ -	\$ -	\$ -	\$ 42,034
Construction in progress	20,704	39,374	20,868	-	39,210
Collections	50	-	-	-	50
Total capital assets, not being depreciated	<u>62,788</u>	<u>39,374</u>	<u>20,868</u>	<u>-</u>	<u>81,294</u>
Capital assets, being depreciated:					
Structures and improvements	870,309	3,305	-	(4,969)	868,645
Machinery and equipment	166,090	13,412	3,139	1,116	177,479
Infrastructure	684,404	16,932	-	3,853	705,189
Total capital assets, being depreciated	<u>1,720,803</u>	<u>33,649</u>	<u>3,139</u>	<u>-</u>	<u>1,751,313</u>
Less accumulated depreciation for:					
Structures and improvements	351,644	22,416	-	(87)	373,973
Machinery and equipment	111,725	15,225	2,747	-	124,203
Infrastructure	293,858	19,696	-	87	313,641
Total accumulated depreciation	<u>757,227</u>	<u>57,337</u>	<u>2,747</u>	<u>-</u>	<u>811,817</u>
Total capital assets, being depreciated, net	<u>963,576</u>	<u>(23,688)</u>	<u>392</u>	<u>-</u>	<u>939,496</u>
Governmental activities capital assets, net	<u>\$ 1,026,364</u>	<u>\$ 15,686</u>	<u>\$ 21,260</u>	<u>\$ -</u>	<u>\$ 1,020,790</u>

BUSINESS-TYPE ACTIVITIES

	Balance June 30, 2007	Increases	Decreases	Reclass	Balance June 30, 2008
Capital assets, not being depreciated:					
Land	\$ 2,857	\$ -	\$ -	\$ -	\$ 2,857
Entitlements	36,655	-	-	-	36,655
Construction in progress	40,776	25,372	14,839	-	51,309
Total capital assets, not being depreciated	<u>80,288</u>	<u>25,372</u>	<u>14,839</u>	<u>-</u>	<u>90,821</u>
Capital assets, being depreciated:					
Structures and improvements	55,626	-	-	(30,213)	25,413
Machinery and equipment	2,468	83	217	-	2,334
Infrastructure	50,844	15,108	-	30,213	96,165
Total capital assets, being depreciated	<u>108,938</u>	<u>15,191</u>	<u>217</u>	<u>-</u>	<u>123,912</u>
Less accumulated depreciation for:					
Structures and improvements	20,353	1,793	-	(16,990)	5,156
Machinery and equipment	1,726	226	194	-	1,758
Infrastructure	13,578	7,329	-	16,990	37,897
Total accumulated depreciation	<u>35,657</u>	<u>9,348</u>	<u>194</u>	<u>-</u>	<u>44,811</u>
Total capital assets, being depreciated, net	<u>73,281</u>	<u>5,843</u>	<u>23</u>	<u>-</u>	<u>79,101</u>
Governmental activities capital assets, net	<u>\$ 153,569</u>	<u>\$ 31,215</u>	<u>\$ 14,862</u>	<u>\$ -</u>	<u>\$ 169,922</u>

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

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

Governmental Activities	
General government	\$ 6,625
Public protection	22,041
Public assistance	1,531
Health and sanitation	5,705
Public ways and facilities	17,325
Recreation and cultural services	98
Education	224
Capital assets held by the County's internal service funds charged to the various functions on a prorated basis based on their usage of the assets	3,788
Total depreciation expense – governmental activities	<u>\$ 57,337</u>
Business-type activities:	
Water	\$ 9,348
Total depreciation expense – business-type activities	<u>\$ 9,348</u>

Machinery and equipment are estimated to have useful lives from 3 to 20 years. Structures and improvements are estimated to have useful lives of 30 years. Infrastructure assets have useful lives ranging from 10 to 100 years; however, the majority of the infrastructure assets are being depreciated over a 30 to 60 year period.

The County has active construction projects as of June 30, 2008. The projects include construction of new facilities and improvements to roadways and flood control channels. The County's outstanding commitments with contractors as of June 30, 2008 are as follows:

Project	Spent-to-Date	Remaining Commitment
Construction of new health care facilities	\$ 15,313	\$ 18,865
Construction of new criminal justice facility	5,823	6,259
Construction of new library	2,634	12,155
Construction of other facilities	793	-
Road improvements	11,167	1,770
Flood control channel improvements	3,480	2,605
Total governmental funds	<u>\$ 39,210</u>	<u>\$ 41,654</u>

Fines and penalties imposed on criminal offenses provide the source of funding for the commitment for construction of a new criminal justice facility. Tobacco funds received from the master settlement agreement finance the commitment for construction of new health care facilities while state aid is the source of funding for the commitment for construction of a new library. 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.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

Capital Leases

The County has entered into leases for buildings and fire equipment. The lease agreements for fire equipment qualify as capital leases for accounting purposes (title transfers at the end of the lease term) and therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The leases for the buildings qualify as capital leases for accounting purposes because one lease agreement contains a bargain purchase option while the present value of the minimum lease payments at the inception of the lease for the other lease agreement equals at least 90% of the fair value of the leased property. The leased buildings were recorded at fair market value at the date of the lease agreement.

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

Structures and Improvement	\$ 26,896
Machinery and equipment	1,683
Total	<u>28,579</u>
Less accumulated amortization	<u>(2,436)</u>
Net book value	<u><u>\$ 26,143</u></u>

The assets acquired through capital leases for business-type activities are as follows:

Land	\$ 2,600
Structures and improvement	6,700
Total	<u>9,300</u>
Less accumulated amortization	<u>(687)</u>
Net book value	<u><u>\$ 8,613</u></u>

FIDUCIARY FUNDS – Pension and Other Employee Benefit Trust

Capital asset activities of the Pension and other employee benefit trust for the year ended December 31, 2007, are as follows:

	<u>Balance</u> <u>January 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31, 2007</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 1	\$ 94	\$ 47	\$ 48
Total capital assets, not being depreciated	<u>1</u>	<u>94</u>	<u>47</u>	<u>48</u>
Capital assets, being depreciated:				
Information Systems	10,457	-	-	10,457
Leasehold Improvements	853	21	-	874
Equipment and Furniture	3,143	50	296	2,897
Total capital assets, being depreciated	<u>14,453</u>	<u>71</u>	<u>296</u>	<u>14,228</u>
Less accumulated depreciation	11,369	1,215	296	12,288
Total capital assets, being depreciated, net	<u>3,084</u>	<u>(1,144)</u>	<u>-</u>	<u>1,940</u>
Fiduciary fund capital assets, net	<u><u>\$ 3,085</u></u>	<u><u>\$ (1,050)</u></u>	<u><u>\$ 47</u></u>	<u><u>\$ 1,988</u></u>

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

COMPONENT UNIT – Alameda County Medical Center

Capital asset activities of the Alameda County Medical Center for the year ended June 30, 2008, are as follows:

	Balance July 1, 2007	Prior Period Adjustment	Balance July 1, 2007 As Restated	Increases	Decreases	Balance June 30, 2008
Capital assets, not being depreciated:						
Construction in progress	\$ 2,315	-	2,315	\$ -	\$ (1,095)	\$ 1,220
Total capital assets, not being depreciated	2,315	-	2,315	-	(1,095)	1,220
Capital assets, being depreciated:						
Structures and improvements	35,409	-	35,409	1,764		37,173
Machinery and equipment	99,239	(46,374)	52,865	5,538		58,403
Total capital assets, being depreciated	134,648	(46,374)	88,274	7,302	-	95,576
Less accumulated depreciation for:						
Structures and improvements	19,965	(70)	19,895	2,908		22,803
Machinery and equipment	56,265	(27,360)	28,905	7,864		36,769
Total accumulated depreciation	76,230	(27,430)	48,800	10,772	-	59,572
Total capital assets, being depreciated, net	58,418	(18,944)	39,474	(3,470)	-	36,004
Component unit capital assets, net	\$ 60,733	\$ (18,944)	\$ 41,789	\$ (3,470)	\$ (1,095)	\$ 37,224

ACMC contracted with an appraiser for the capital assets valuation and a prior period adjustment was made to agree with the appraiser's reported amounts.

5. Accounts Payable and Accrued Expenditures/Expenses

Accounts payable and accrued expenditures/expenses as of June 30, 2008, for the County's individual major funds, nonmajor 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	Other Governmental Funds		
Accounts payable	\$ 65,009	\$ 58	\$ 1,695	\$ 4,566	\$ -	\$ 19,239	\$ 90,567	\$ 6,619
Outstanding warrants	28,621	-	-	-	-	-	28,621	-
Accrued payroll	30,381	17	1,284	-	-	1,883	33,565	2,088
Total accounts payable and accrued expenditures	\$ 124,011	\$ 75	\$ 2,979	\$ 4,566	\$ -	\$ 21,122	\$ 152,753	\$ 8,707

Accounts payable for the Zone 7 water facilities enterprise fund consisted of \$5,154,000 of payments to vendors and \$611,000 of accrued payroll, for a total of \$5,765,000.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

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

Purchase of securities	\$ 11,633
Investment-related payables	110,245
Accrued administrative expenses	1,693
Member benefits	1,781
Other	817
Total accounts payable and accrued expenses	<u>\$ 126,169</u>

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

6. Long-Term Obligations

The following is a summary of long-term obligations of the County as of June 30, 2008:

GOVERNMENTAL ACTIVITIES

Type of Obligation and Purpose	Maturity	Interest Rates	Original Issue	Outstanding
Certificates of participation:				
Public Facilities Corporation:				
1989 Capital Projects capital appreciation bonds-principal (b)	6/15/2019	6.70-6.80%	\$ 26,664	\$ 5,628
2001A Refunding (a)	12/1/2021	3.80-5.375	148,455	130,435
2007A Refunding (a)	12/1/2021	4-5.625	37,010	35,010
Certificates of participation-principal				171,073
1989 Capital Projects capital appreciation bonds-accretion (b)				14,129
Tobacco Settlement Asset-Backed bonds				
Tobacco Securitization bonds 2002 (h)	6/1/2042	2.25-6.00	220,525	193,915
Tobacco Securitization capital appreciation bonds 2006 - A & B (h)	6/1/2050	6.2-6.7	51,475	51,475
Tobacco Securitization capital appreciation bonds 2006 - C (h)	6/1/2055	7.55	16,384	16,384
Tobacco Securitization bonds-principal				261,774
Tobacco Securitization capital appreciation bonds 2006 - accretion (h)				11,470
Pension obligation bonds				
1996 bonds series B capital appreciation bonds-principal (a)	12/1/2018	7.03-7.58	306,863	228,520
1996 bonds series B capital appreciation bonds-accretion (a)				297,550
Lease revenue bonds				
Alameda County Joint Power Authority:				
Juvenile Justice Facility Bonds (a)	12/1/2034	3.3-5.125	136,975	25,450
Juvenile Justice Refunding 2008A (a)	12/1/2034	4.0-5.0	120,145	120,145
Association of Bay Area Governments:				
2004 ABAG 40 Refunding (c)	6/1/2012	2-3.75	6,095	3,170
Lease revenue bonds				148,765
Tax allocation bonds				
Alameda County Redevelopment Agency:				
Eden Area Redevelopment Bonds (j)	8/1/2036	4.0-5.0	34,735	33,840
Capital leases				
Fire equipment (i)	2/1/2010	3.356	801	298
Fire equipment (i)	11/30/2012	0	697	593
Structures & Improvement - 7200 Bancroft Ave. (a)	2/28/2021	52.07	1,896	1,896
Structures & Improvement - 2000 San Pablo Ave. (a)	11/21/2035	13.2	25,000	24,943
Capital leases payable				27,730
Other Long-term obligations				
Special assessment bonds with government commitment				
West Happyland assessment district 1999 refunding (e)	9/2/2011	4.2-5.65	395	135
Tennyson-Alquire assessment district 1999 refunding (e)	9/2/2012	4.2-5.70	1,435	545
Special assessment bonds				680
Loans Payable (d)	6/22/2013	3.0-6.0	10,274	8,284
Net pension obligation (f)				80,606
Estimated liability for claims and contingencies (g)				92,678
Compensated employee absences payable (f)				56,335
Obligation to fund Authority deficit (see Note 13) (a)				82,450
Other long-term obligations				321,033
Governmental activities total long-term obligations				\$ 1,515,884

Debt service payments are generally made from the following sources:

- Discretionary revenues of the general fund.
- Discretionary revenues of the fund that received the benefit of the asset, purchased or constructed.
- Discretionary revenues of the Road special revenue fund in non-major governmental funds.
- Energy savings realized in the Building Maintenance Internal Service Fund.
- Tax assessments on benefited properties within the assessment districts.
- Discretionary revenues of the fund in which the employee's salary is charged.
- User-charge reimbursements from general fund, non-major governmental funds and the enterprise fund.
- Revenues from tobacco master settlement agreement.
- Discretionary revenues of the Fire special revenue fund in non-major governmental funds.
- Tax increment revenues with respect to the redevelopment project area.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

The Alameda County Tobacco Asset Securitization Authority has pledged all revenues received from the tobacco master settlement agreement with four US tobacco manufacturers to repay the outstanding amount of \$194 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 \$1.94 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 \$16.5 million while tobacco settlement revenue was \$16.6 million.

On February 2, 2006, the Alameda County Redevelopment Agency issued \$34.7 million in tax allocation bonds Series 2006A to finance redevelopment eligible activities in Castro Valley, Cherryland and San Lorenzo project areas. Interest on the bonds varies from 4.0 to 5.0 percent and is payable twice a year, August 1 and February 1 while principal on the bonds is payable on August 1 every year. Total principal and interest remaining on the bonds is \$60.9 million, with the final payment due on August 1, 2036. The tax allocation bonds are secured and to be serviced from tax increment revenues of the project area. All project tax increment revenues except dedicated housing tax increment allocation are the security for bonds. These revenues have been pledged until the year 2036. The total debt service amount for the bonds of \$60.9 million is 12.47 percent of the total projected tax increment revenues of \$488.4 million during the bond period. Pledged tax increment revenue recognized during the fiscal year ended June 30, 2008 was \$2.02 million as against the total debt service payment of \$2.1 million. The rest of the debt service payment was supplemented with interest earnings on unused debt service funds.

BUSINESS-TYPE ACTIVITIES

<u>Entity and Type of Obligation</u>	<u>Outstanding</u>
Zone 7 Water Enterprise:	
Capital Lease	\$ 9,300
Net pension obligation	1,294
Compensated employee absences payable	1,134
Business-type activities total long-term obligations	<u>\$ 11,728</u>

COMPONENT UNIT

<u>Type of Obligation</u>	<u>Outstanding</u>
Alameda County Medical Center:	
Estimated liability for claims and contingencies	\$ 26,971
Compensated employee absences payable	14,222
Component unit total long-term obligations	<u>\$ 41,193</u>

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, 2008, the County's debt limit (1.25% of total assessed value) was \$2.44 billion. The County does not have any general obligation debt and therefore, has not used any of its debt limit.

Arbitrage

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

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

obligation that is subject to the arbitrage rebate requirements and has no deferred interest income as of June 30, 2008.

Conduit Debt

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

Mortgage revenue bonds - In order to facilitate affordable housing to first time home buyers, the County issued mortgage revenue bonds with an outstanding aggregate balance of \$49.6 million as of June 30, 2008. 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 \$86.3 million as of June 30, 2008. These obligations are the liability of the businesses that receive the proceeds of the bonds.

Assessment District bonds – Assessment district bonds were issued to improve the water and sewer system in the Castlewood district of Alameda County. At June 30, 2008, \$1.51 million was the remaining outstanding obligation. Similarly, assessment district bonds were issued to construct storm drains, roads, sidewalks, water, and sewer system in Tennyson-Alquire and West Happyland townships in the City of Hayward. At June 30, 2008, \$0.68 million was the remaining outstanding obligation. Unpaid assessments constitute fixed liens on the lots and parcels assessed within the assessment district and do not constitute a personal indebtedness of the respective owners of such lots and parcels. Even though the County is not obligated to advance any resources to cure any deficiencies in the redemption funds of the Tennyson-Alquire and West Happyland townships issues, the County has the right to do so; therefore the debt has been included in the County's long-term obligations.

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

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

Changes in Long-Term Obligations

The changes in long-term obligations for governmental activities for the year ended June 30, 2008, are as follows:

	<u>Balance July 1, 2007</u>	<u>Additional Obligations, Interest Accretion, and Net Increases</u>	<u>Current Maturities, Retirements, and Net Decreases</u>	<u>Balance June 30, 2008</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
Bonds and certificates payable					
Certificates of participation	\$ 176,989	\$ -	\$ (5,916)	\$ 171,073	\$ 6,291
Tobacco Securitization bonds	266,919	-	(5,145)	261,774	3,020
Pension obligation bonds	254,827	-	(26,307)	228,520	25,499
Lease revenue bonds	140,885	120,145	(112,265)	148,765	3,245
Tax allocation bonds	34,440	-	(600)	33,840	625
Special assessment bonds with government commitment	815	-	(135)	680	135
Total bonds and certificates payable before accretion	<u>874,875</u>	<u>120,145</u>	<u>(150,368)</u>	<u>844,652</u>	<u>38,815</u>
Accretion on capital appreciation bonds					
Certificates of participation	14,559	1,429	(1,859)	14,129	1,914
Tobacco Securitization bonds	6,464	5,006	-	11,470	-
Pension obligation bonds	<u>289,329</u>	<u>38,929</u>	<u>(30,708)</u>	<u>297,550</u>	<u>34,086</u>
Total bonds and certificates payable at accreted value	<u>1,185,227</u>	<u>165,509</u>	<u>(182,935)</u>	<u>1,167,801</u>	<u>74,815</u>
Other debt-related items					
Deferred amount for issuance premiums	9,306	1,265	(706)	9,865	-
Deferred amount for issuance discount	(4,797)	-	136	(4,661)	-
Deferred amount for refunding loss	<u>(13,507)</u>	<u>(1,698)</u>	<u>1,240</u>	<u>(13,965)</u>	<u>-</u>
Total bonds and certificates payable	<u>1,176,229</u>	<u>165,076</u>	<u>(182,265)</u>	<u>1,159,040</u>	<u>74,815</u>
Capital leases	27,324	697	(291)	27,730	332
Loans payable	8,986	-	(702)	8,284	765
Net pension obligation	-	80,606	-	80,606	-
Obligation to fund Coliseum Authority deficit (see Note 13)	85,350	-	(2,900)	82,450	-
Compensated employee absences payable	54,049	32,750	(30,464)	56,335	31,252
Estimated liability for claims and contingencies	<u>87,008</u>	<u>26,105</u>	<u>(20,435)</u>	<u>92,678</u>	<u>22,748</u>
Governmental activity long-term obligations	<u>\$ 1,438,946</u>	<u>\$ 305,234</u>	<u>\$ (237,057)</u>	<u>\$ 1,507,123</u>	<u>\$ 129,912</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, 2008, \$3.24 million of accrued compensated employee absences are included in the above amounts.

The changes in long-term obligations for the business-type activities for the year ended June 30, 2008, are as follows:

	<u>Balance July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2008</u>	<u>Amounts Due Within One Year</u>
Business-Type Activities:					
Capital leases	\$ 9,300	\$ -	\$ -	\$ 9,300	\$ -
Net pension obligation	-	1,294	-	1,294	-
Compensated employee absences payable	<u>1,062</u>	<u>564</u>	<u>(492)</u>	<u>1,134</u>	<u>613</u>
Total component unit long-term obligations	<u>\$ 10,362</u>	<u>\$ 1,858</u>	<u>\$ (492)</u>	<u>\$ 11,728</u>	<u>\$ 613</u>

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

The changes in long-term obligations for the component unit for the year ended June 30, 2008, are as follows:

Component Unit:	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008	Amounts Due Within One Year
Compensated employee absences payable	\$ 12,959	\$ 15,260	\$ (13,997)	\$ 14,222	\$ 8,608
Estimated liability for claims and contingencies	25,733	4,344	(3,106)	26,971	8,740
Total component unit long-term obligations	<u>\$ 38,692</u>	<u>\$ 19,604</u>	<u>\$ (17,103)</u>	<u>\$ 41,193</u>	<u>\$ 17,348</u>

Annual debt service requirements for long-term obligations outstanding as of June 30, 2008, are as follows:

GOVERNMENTAL ACTIVITIES

For the Year Ending June 30	Lease Revenue Bonds		Tobacco Securitization Bonds			Pension Obligation Bonds		Tax Allocation Bonds		Total Bonds		
	Principal		Accreted			Principal		Principal		Accreted		
			Principal	Interest	Interest					Principal	Interest	Interest
2009	\$ 3,245	\$ 7,866	\$ 3,020	\$ -	\$ 11,141	\$ 25,499	\$ 34,086	\$ 625	\$ 1,489	\$ 32,389	\$ 34,086	\$ 20,496
2010	3,815	6,990	3,070	-	11,020	24,634	37,631	650	1,464	32,169	37,631	19,474
2011	3,515	6,848	3,130	-	10,886	23,802	41,263	675	1,437	31,122	41,263	19,171
2012	4,125	6,681	2,905	-	10,749	23,044	44,951	705	1,409	30,779	44,951	18,839
2013	3,235	6,485	-	-	10,611	22,263	48,792	730	1,381	26,228	48,792	18,477
2014-2018	18,890	29,946	-	-	53,056	100,340	305,870	4,120	6,432	123,350	305,870	89,434
2019-2023	24,180	25,027	8,885	-	51,368	8,937	36,817	5,010	5,513	47,012	36,817	81,908
2024-2028	30,995	18,221	-	-	50,946	-	-	6,165	4,338	37,160	-	73,505
2029-2033	39,765	9,416	51,485	-	39,104	-	-	7,620	2,829	98,870	-	51,349
2034-2038	17,000	843	45,170	-	28,182	-	-	7,540	777	69,710	-	29,802
2039-2043	-	-	76,250	-	18,300	-	-	-	-	76,250	-	18,300
2044-2048	-	-	-	-	-	-	-	-	-	-	-	-
2049-2053	-	-	51,475	764,585	-	-	-	-	-	51,475	764,585	-
2054-2058	-	-	16,384	616,926	-	-	-	-	-	16,384	616,926	-
Total	<u>\$ 148,765</u>	<u>\$ 118,323</u>	<u>\$ 261,774</u>	<u>\$ 1,381,511</u>	<u>\$ 295,363</u>	<u>\$ 228,519</u>	<u>\$ 549,410</u>	<u>\$ 33,840</u>	<u>\$ 27,069</u>	<u>\$ 672,898</u>	<u>\$ 1,930,921</u>	<u>\$ 440,755</u>

For the Year Ending June 30	Other Long-Term										
	Total Bonds			Certificates of Participation			Obligations		Total Debt		
	Accreted			Accreted					Accreted		
	Principal	Interest	Interest	Principal	Interest	Interest	Principal	Interest	Principal	Interest	Interest
2009	\$ 32,389	\$ 34,086	\$ 20,496	\$ 6,291	\$ 1,914	\$ 8,370	\$ 1,232	\$ 4,606	\$ 39,912	\$ 36,000	\$ 33,472
2010	32,169	37,631	19,474	17,431	1,959	7,815	1,237	4,557	50,837	39,590	31,846
2011	31,122	41,263	19,171	18,479	2,002	6,894	1,091	4,540	50,692	43,265	30,605
2012	30,779	44,951	18,839	19,539	2,041	5,983	1,060	4,562	51,378	46,992	29,384
2013	26,228	48,792	18,477	20,212	2,077	5,035	972	4,518	47,412	50,869	28,030
2014-2018	123,350	305,870	89,434	57,054	10,885	13,394	4,322	22,003	184,726	316,755	124,831
2019-2023	47,012	36,817	81,908	32,066	2,259	3,220	2,999	17,385	82,077	39,076	102,513
2024-2028	37,160	-	73,505	-	-	-	1,067	15,362	38,227	-	88,867
2029-2033	98,870	-	51,349	-	-	-	1,831	14,461	100,701	-	65,810
2034-2038	69,710	-	29,802	-	-	-	20,884	6,668	90,594	-	36,470
2039-2043	76,250	-	18,300	-	-	-	-	-	76,250	-	18,300
2044-2048	-	-	-	-	-	-	-	-	-	-	-
2049-2053	51,475	764,585	-	-	-	-	-	-	51,475	764,585	-
2054-2058	16,384	616,926	-	-	-	-	-	-	16,384	616,926	-
Total	\$ 672,898	\$ 1,930,921	\$ 440,755	\$ 171,072	\$ 23,137	\$ 50,711	\$ 36,695	\$ 98,662	\$ 880,665	\$ 1,954,058	\$ 590,128

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

BUSINESS-TYPE ACTIVITIES

For the Year Ending June 30	Principal	Interest
2009	\$ -	\$ 826
2010	-	845
2011	-	867
2012	-	889
2013	-	912
2014-2018	-	4,910
2019-2020	9,300	4,533
Total	<u>\$ 9,300</u>	<u>\$ 13,782</u>

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 April 16, 2008, the Alameda County Joint Powers Authority issued \$120.15 million Lease Revenue Bonds (Juvenile Justice Refunding) 2008 Series A to refund the Joint Powers Authority's Lease Revenue Bonds (Juvenile Justice Facility) 2004 Series A and Series B outstanding in the aggregate principal amount of \$108.7 million; to fund the required deposit to the Reserve Fund; and, to pay costs of issuance of the 2008 Series A Bonds, including the payment for termination of certain interest rate swap agreements. The issuance included both serial bonds for a total of \$63.38 million and term bonds for a total of \$56.77 million. Yields on the 2008 Series A Serial Bonds at the time of sale ranged from 3.55 to 4.99 percent with coupons of 4.00, 4.25, and 5.00 percent and maturities of 2016 to 2027. The 5.00% 2008 Series A Term Bonds with a maturity of 2034 were priced to yield 5.12 percent. The refunding was undertaken to reduce interest costs and risk associated with the auction rate security structure of the 2004 Series A and Series B Lease Revenue Bonds and their associated interest rate swaps.

Interest Rate Swaps

The Joint Powers Authority entered into four interest rate swap agreements in July 2004 with respect to the issuance of Juvenile Justice Facility Lease Revenue Bonds 2004 Series A and Series B. All four swap agreements were terminated on April 16, 2008 with proceeds from the \$120.15 million Lease Revenue Bonds (Juvenile Justice Refunding) 2008 Series A. The termination payments for these swaps are as follows:

Swap	Counterparty	Initial Notional Amount	Termination Value
Series 2004A	Lehman Brothers Special Financing, Inc.	\$32,610	\$2,788
Series 2004A	Merrill Lynch Capital Services	21,740	1,855
Series 2004B	Bear Stearns Capital Markets, Inc.	32,610	2,835
Series 2004B	Merrill Lynch Capital Services	21,740	1,860
	(Aggregate Notional Amount)	<u>\$108,700</u>	<u>\$9,338</u>

Following the termination of these swaps, the Joint Powers Authority had no other exposure to derivative products.

7. Operating Lease Obligations

The County has numerous operating leases for office space. Rental expense for operating leases for fiscal year 2007/08 was \$27.1 million. Future minimum lease payments for operating leases at June 30, 2008, are as follows:

2008/09	2009/10	2010/11	2011/12	2012/13	2014-18	2019-23	2024-25	Total
\$ 20,422	\$ 17,890	\$ 16,220	\$ 16,145	\$ 14,663	\$ 50,044	\$ 23,096	\$ 734	\$ 159,214

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

8. Fund Deficits

Individual fund deficits at June 30, 2008, are as follows:

Special Revenue - Grant Revenue	2,756
Internal Service Fund - Printing Services	409

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

9. Fund Balances

Reserve for Legal Restrictions – This reserve represents revenues the County has received but their use has been restricted to specific purposes as required by legislation, county resolution, or other binding agreement.

General government programs	\$ 4,868
Health and sanitation programs	68,205
Public assistance programs	3,446
Public protection programs	102,316
Recreation programs	5
Total general fund	<u>\$178,840</u>

Designations of fund balances indicate that portion of fund balances that is not available for appropriation based on management's plan for future use of the funds. Following is a brief description of the nature of designations as of June 30, 2008:

Designated for Capital Expenditures – This designation represents funds set aside for the construction or acquisition of capital assets.

Designated for General Contingencies – This designation represents funds set aside for unexpected events that may occur during the subsequent year. It also represents funds set aside as an incentive program for departments that have demonstrated their ability to reduce the cost of service delivery during the previous fiscal year.

	Designated for		Undesignated	Total
	Capital Expenditures	General Contingencies		
General fund	\$ 64,404	\$ 508,932	\$ -	\$ 573,336
Property development fund	297,315	-	-	297,315
Flood control fund	68,195	1,070	78,546	147,811
Capital projects fund	72,672	-	-	72,672
Non-major governmental funds	11,075	1,314	127,426	139,815
Total governmental funds	<u>\$ 513,661</u>	<u>\$ 511,316</u>	<u>\$ 205,972</u>	<u>\$ 1,230,949</u>

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

10. Restricted Net Assets

Restricted net assets are net assets that are subject to constraints either externally imposed by creditors, grantors, contributors, or by enabling legislation. Restricted net assets as of June 30, 2008 for governmental activities are as follows:

Restricted for Public Protection		
Flood	\$159,185	
Criminal Justice and Courthouse Construction	33,047	
Fire	30,249	
Vital Records	29,769	
Sheriff	17,677	
Consumer Protection	14,229	
Community Development	6,446	
Criminal Justice Programs	1,591	
Vehicle Theft Prevention	1,297	
Probation	1,125	
Survey Monument Preservation	1,053	
Domestic Violence	860	
Other	379	
Public Safety	<u>180</u>	
		\$297,087
Restricted for Public Assistance		
Housing and Commercial Development	58,026	
Child Protective Services	2,154	
Social Services Programs	<u>1,292</u>	
		61,472
Restricted for Health and Sanitation		
Public Health	59,871	
Emergency Medical Services	23,393	
Behavioral Health Services	11,154	
Environmental Health	<u>8,755</u>	
		103,173
Restricted for Public Ways and Facilities		
Roads and Bridges Maintenance	43,615	
Streets and Highway Lighting	<u>2,983</u>	
		46,598
Restricted for Education		
Library Services		8,259
Restricted for Other Purposes		
Property Taxes	10,283	
Assessor	4,868	
Art Projects	<u>5</u>	
		15,156
Total Restricted Net Assets-Governmental Activities		<u><u>\$531,745</u></u>

Included in governmental activities restricted net assets as of June 30, 2008 are net assets restricted by enabling legislation of \$95,405.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

11. Inter-fund Receivables, Payables and Transfers

“Due to” and “due from” balances have primarily been recorded when funds overdraw their share of pooled cash. The composition of inter-fund balances as of June 30, 2008, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Debt Service	34
	Non-major Governmental	15,336
	Internal Service	496
Total		<u>\$ 15,866</u>

Due to/from primary government and component unit:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
	Alameda County Medical Center	<u>\$ 151,364</u>
Primary government-governmental		\$ 151,364
Less: allowance for uncollectibles		(88,000)
Net		<u>\$ 63,364</u>
Alameda County Medical Center	Primary government-governmental	<u>\$ 7,945</u>

Advances to/from primary government and component unit:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary government-governmental	Alameda County Medical Center	<u>\$ 8,345</u>

Transfers between funds for the year ending June 30, 2008, are as follows:

	<u>Transfers In:</u>							<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Flood Control Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Non-major Governmental Fund</u>	<u>Zone 7</u>	<u>Internal Service Funds</u>	
Transfers out:								
General fund	\$ -	\$ -	\$ 6,133	\$49,632	\$ 570	-	\$ 246	\$56,581
Property development fund	7,083	-	-	-	-	-	-	7,083
Flood control fund	-	-	17	-	-	3	-	20
Capital projects fund	27	-	-	-	-	-	-	27
Debt service fund	9,841	-	-	-	-	-	-	9,841
Non-major governmental fund	-	575	41	970	1,600	-	50	3,236
Internal service funds	1,101	-	35	7,111	-	-	-	8,247
Total transfers in	<u>\$ 18,052</u>	<u>\$ 575</u>	<u>\$ 6,226</u>	<u>\$57,713</u>	<u>\$ 2,170</u>	<u>\$ 3</u>	<u>\$ 296</u>	<u>\$85,035</u>

The \$56.581 million General Fund transfer-out includes a total of \$35 million for pension obligations, \$14.6 million to provide for the payment of debt service and a \$5 million transfer to provide funding for the Highland Acute Tower replacement project.

The \$7.083 million Property Development Fund transfer out includes \$6.35 million reimbursement to the General Fund for the Juvenile Justice bond payment.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

The \$9.841 million was transferred out of the Debt Service Fund for payment of bond issuance costs and termination fees related to the Juvenile Justice Refunding 2008 Series A.

The \$3.236 million Non-major Governmental Funds transfer out includes \$1.6 million to cover operating costs of bridges.

The \$8.247 million Internal Service Funds transfer out includes \$7 million for the payment of debt service and \$1.1 million for payment of energy loans.

12. Defined Benefit Pension Plan

A. Plan Description

The County is the major participant in the Alameda County Employees' Retirement Association (ACERA). The total payroll covered by ACERA was \$793.6 million as of December 31, 2007. ACERA began operations on January 1, 1948 and is governed by the California Constitution, the County Employees Retirement Law of 1937 and the bylaws, policies and procedures adopted by the Board of Retirement. ACERA operates as a cost-sharing multiple-employer defined benefit plan for the County, the Superior Court of California, and five participating special districts located in the County, but not under the control of the County Board of Supervisors.

ACERA provides service and disability retirement benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit and contribution provisions are established by State Law and are subject to amendment only by an act of the State of California legislature. Alternative benefit and contribution schedules are permissible with the Board of Supervisors' approval. All risks and costs, including benefit costs, are shared by the participating entities. An actuarial valuation is performed annually for the system as a whole. ACERA's financial statements and required supplementary information are audited annually by independent auditors. The audit report and December 31, 2007 financial statements may be obtained by writing to Alameda County Employees' Retirement Association, 475 14th Street, Suite 1000, Oakland, CA 94612.

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

Memberships of ACERA at December 31, 2007 are as follows (amounts not in thousands):

Members Now Receiving Benefits	
Service Retirement	5,362
Disability Retirement	779
Beneficiaries and Survivors	1,103
Subtotal	<u>7,244</u>
Active Members	
Active Vested Members	8,031
Active Non-vested Members	2,949
Subtotal	<u>10,980</u>
Deferred Members	<u>1,766</u>
Total Membership	<u><u>19,990</u></u>

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

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

Board of Retirement. Covered employees are required by statute to contribute toward their pensions. Member contribution rates are formulated on the basis of their age at the date of entry and the actuarially calculated benefits, and are between 6.29 and 19.62 percent of their annual covered salary. Member contributions are refundable upon termination from the retirement system.

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

<u>Year ended, December 31</u>	<u>Actuarial Required Contributions</u>	<u>County's Contributions</u>	<u>County's Contributions as percent of Total Contributions</u>
2005	\$79,632	\$79,632	100.00 %
2006	97,867	97,867	100.00
2007	100,131	18,231	18.21

For the plan year ended December 31, 2007, the County made 100% of the actuarial required contributions to ACERA. However, the reported contributions are allocated between the pension and the other postemployment benefits. Therefore, the County's contributions were 18.21% due to the transfer of excess investment earnings to the Supplemental Retiree Benefit Reserve (see Notes 13 and 14). This transfer of excess investment earnings resulted in a net pension obligation as calculated in the table below. The employees' contributions to the plan for the same period were \$55.7 million.

Governmental Activities

Actuarial Required Contributions	\$	98,549
Contributions made		(17,943)
Net Pension Obligation	\$	<u>80,606</u>

Business-type Activities

Actuarial Required Contributions	\$	1,582
Contributions made		(288)
Net Pension Obligation	\$	<u>1,294</u>

The actuarial funding status is determined from a long-term, ongoing plan perspective. The valuation determines the progress made in accumulating sufficient assets to pay benefits when due. The Pension Plan's actuarial accrued liability at December 31, 2007 was \$5.11 billion; the actuarial value of assets was \$4.56 billion; the unfunded actuarial accrued liability was \$552 million; and the funded ratio was 89.2%. Covered payroll was \$793 million and the ratio of unfunded actuarial accrued liability to covered payroll was 69.6%. For the three-year trend actuarial information, please see the Schedules of Funding Progress on page 81.

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

C. Actuarial Assumptions

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

Valuation date	12/31/2006
Actuarial cost method	Entry Age Normal
Amortization of UAAL	Closed period 30 years (decreasing)
Remaining amortization period	26 years
Assets valuation method	Difference between actual and expected market return smoothed over ten 6-months periods
Interest rate	8%
Inflation rate	3.75%
Across-the-Board salary increases	0.25%
Salary increases:	
General	4.73 - 7.68%
Safety	4.26 - 7.61%
Demographics:	
(A) Healthy	
General members and beneficiaries	1994 Group Annuity Mortality Table
Safety members and beneficiaries	1994 Group Annuity Mortality Table
(B) Disability	
General members	1981 General Disability Mortality Table set back seven years
Safety members	1981 Safety Disability Mortality Table set back two years
(C) For Employee Contribution Rate Purposes	
General members	1994 Group Annuity Mortality Table weighted 30% male and 70% female
Safety members	1994 Group Annuity Mortality Table weighted 75% male and 25% female
Postemployment benefit increases:	
Tier 1 members	3%
Tier 2 members	2%

13. Postemployment Medical Benefits

A. Plan Description

ACERA administers a medical benefits program for retired members and their eligible dependents. This is not a benefit entitlement program and benefits are subject to modification and/or deletion by the ACERA Board of Retirement. Annually, based on the recommendation of the Board of Retirement, the Board of Supervisors designates a portion of the County's contribution to retirement towards medical premiums of retirees.

The County arranges health insurance coverage for employees, negotiating coverage levels and premium rates annually with several carriers. Employees who meet certain eligibility conditions and make the required contributions may continue coverage in those same health plans after retirement until they become Medicare eligible. Currently, the County uses a single blended rate for budgeting and setting premium and contribution rates for both active employees and non-Medicare eligible retirees. The County funds the premiums for employees while ACERA funds the premiums for retirees. ACERA establishes the amount of the Monthly Medical Allowance (MMA). For employees who retire with a minimum 20 years of service, the MMA has been set at \$478.15 per month in 2008.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

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

B. Funding Policy

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

The County's OPEB cost is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. For fiscal year 2008, the County's annual OPEB cost was equal to the ARC. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for fiscal year 2008 are as follows:

Governmental Activities

	Annual	Percentage of	Net OPEB
<u>Year ended</u>	<u>OPEB Cost</u>	<u>Annual OPEB Cost</u>	<u>Obligation</u>
		<u>Contributed</u>	<u>(Asset)</u>
6/30/2008	\$21,066	382.64%	(\$59,540)

Business-type Activities

	Annual	Percentage of	Net OPEB
<u>Year ended</u>	<u>OPEB Cost</u>	<u>Annual OPEB Cost</u>	<u>Obligation</u>
		<u>Contributed</u>	<u>(Asset)</u>
6/30/2008	\$338	383.31%	(\$956)

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

Governmental Activities

Annual required contribution	\$ 21,066
Contributions made	(80,606)
Net OPEB obligation (asset), end of year	<u>\$ (59,540)</u>

Business-type Activities

Annual required contribution	\$ 338
Contributions made	(1,294)
Net OPEB obligation (asset), end of year	<u>\$ (956)</u>

The net OPEB asset is reported as deferred charges in the Statement of Net Assets.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

The actuarial funding status is determined from a long-term, ongoing plan perspective. The valuation determines the progress made in accumulating sufficient assets to pay benefits when due. The Postemployment Benefit Plan's actuarial accrued liability at December 31, 2007 was \$639.8 million; the actuarial value of assets was \$614.8 million; the unfunded actuarial accrued liability was \$25 million; and the funded ratio was 96.1%. Covered payroll was \$793 million and the ratio of unfunded actuarial accrued liability to covered payroll was 3.2%. For the three-year trend actuarial information, please see the Schedules of Funding Progress on page 81.

C. Actuarial Assumptions

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

Valuation date	12/31/2006
Actuarial cost method	Entry Age Normal
Amortization of UAAL	Closed period 30 years (decreasing)
Remaining amortization period	29 years
Assets valuation method	Difference between actual and expected market return smoothed over ten 6-months periods
Interest rate	8%
Inflation rate	3.75%
Across-the-Board salary increases	0.25%
Salary increases:	
General	4.73 - 7.68%
Safety	4.26 - 7.61%
Demographics:	
(A) Healthy	
General members and beneficiaries	1994 Group Annuity Mortality Table
Safety members and beneficiaries	1994 Group Annuity Mortality Table
(B) Disability	
General members	1981 General Disability Mortality Table set back seven years
Safety members	1981 Safety Disability Mortality Table set back two years
(C) For Employee Contribution Rate Purposes	
General members	1994 Group Annuity Mortality Table weighted 30% male and 70% female
Safety members	1994 Group Annuity Mortality Table weighted 75% male and 25% female
Healthcare Cost Trend Rates:	
Monthly Medical Allowance (MMA)	Graded down from 9% by 0.5% per annum until ultimate rate of 5%
Dental and Vision	5%
Medicare Part B	5%
Postemployment benefit increases	Dental and vision and Medicare Part B subsidies are assumed to increase at 100% of the healthcare cost trend rates for these benefits. MMA subsidies are assumed to increase at 50% of the healthcare cost trend rates for the MMA benefit.

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

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

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

14. Other Pension Benefits

A. Plan Description

ACERA also provides other pension benefits for retired members and their beneficiaries. The payment of these benefits is subject to available funding and must be periodically reauthorized by the Board of Retirement. These benefits include supplemental cost of living adjustment (COLA), retired member death benefit, and active death equity benefit.

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

B. Funding Policy

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

The County's other pension benefit cost is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. For fiscal year 2008, the County's annual other pension benefit cost was equal to the ARC. The County's annual other pension benefit cost, the percentage of other pension benefit cost contributed to the plan, and the net other pension benefit obligation (asset) for fiscal year 2008 are as follows:

Governmental Activities

	Annual Other Pension Benefit Cost	Percentage of Other Pension Benefit Cost Contributed	Net Other Pension Benefit Cost Obligation (Asset)
<u>Year ended</u> 6/30/2008	<u>\$13,705</u>	<u>100.00%</u>	<u>\$0</u>

Business-type Activities

	Annual Other Pension Benefit Cost	Percentage of Other Pension Benefit Cost Contributed	Net Other Pension Benefit Cost Obligation (Asset)
<u>Year ended</u> 6/30/2008	<u>\$220</u>	<u>100.00%</u>	<u>\$0</u>

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

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

Governmental Activities

Annual required contribution	\$ 13,705
Contributions made	<u>(13,705)</u>
Net Other Pension Benefits obligation, end of year	<u><u>\$ -</u></u>

Business-type Activities

Annual required contribution	\$ 220
Contributions made	<u>(220)</u>
Net Other Pension Benefits obligation, end of year	<u><u>\$ -</u></u>

The actuarial funding status is determined from a long-term, ongoing plan perspective. The valuation determines the progress made in accumulating sufficient assets to pay benefits when due. The Other Pension Benefit Plan's actuarial accrued liability at December 31, 2007 was \$203.8 million; the actuarial value of assets was \$78.4 million; the unfunded actuarial accrued liability was \$125.4 million; and the funded ratio was 38.5%. Covered payroll was \$793 million and the ratio of unfunded actuarial accrued liability to covered payroll was 15.8%. For the three-year trend actuarial information, please see the Schedules of Funding Progress on page 81.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

C. Actuarial Assumptions

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

Valuation date	12/31/2006
Actuarial cost method	Entry Age Normal
Amortization of UAAL	Closed period 30 years (decreasing)
Remaining amortization period	29 years
Assets valuation method	Difference between actual and expected market return smoothed over ten 6-months periods
Interest rate	8%
Inflation rate	3.75%
Across-the-Board salary increases	0.25%
Salary increases:	
General	4.73 - 7.68%
Safety	4.26 - 7.61%
Demographics:	
(A) Healthy	
General members and beneficiaries	1994 Group Annuity Mortality Table
Safety members and beneficiaries	1994 Group Annuity Mortality Table
(B) Disability	
General members	1981 General Disability Mortality Table set back seven years
Safety members	1981 Safety Disability Mortality Table set back two years
(C) For Employee Contribution Rate Purposes	
General members	1994 Group Annuity Mortality Table weighted 30% male and 70% female
Safety members	1994 Group Annuity Mortality Table weighted 75% male and 25% female
Healthcare Cost Trend Rates:	
Monthly Medical Allowance (MMA)	Graded down from 9% by 0.5% per annum until ultimate rate of 5%
Dental and Vision	5%
Medicare Part B	5%
Postemployment benefit increases	Supplemental COLA benefits are assumed to increase by the difference between inflation and the cost-of-living benefit guaranteed in the pension plan (3.00% for Tier 1 and 2.00% for Tier 2), subject to other limitations.

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

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

15. Joint Venture

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

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

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

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

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

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

The Coliseum Authority entered into an agreement with the Oakland Coliseum Joint Venture (OCJV) to manage the entire Coliseum complex beginning July 1, 1998. On January 1, 2001, the Coliseum Authority terminated its agreement with OCJV and reinstated its Operating Agreement with Coliseum Inc. Coliseum Inc. subcontracted all of the operations of the Coliseum Complex to OCJV. The Operating Agreement between the Coliseum Authority and

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

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.

Debt service requirements for the Coliseum Authority debt:

For the Period Ending June 30	Stadium Debt		Arena Debt	
	Principal	Interest	Principal	Interest
2009	\$6,200	\$5,924	\$3,250	\$7,146
2010	6,700	5,563	3,600	6,944
2011	7,100	5,212	3,950	6,720
2012	7,500	4,951	4,050	6,474
2013	7,900	4,669	4,400	6,221
2014-2018	45,400	18,938	27,300	26,563
2019-2023	57,200	10,167	38,200	16,837
2024-2026	<u>26,900</u>	<u>1,105</u>	<u>30,000</u>	<u>3,838</u>
Total	<u>\$164,900</u>	<u>\$56,529</u>	<u>\$114,750</u>	<u>\$80,743</u>

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

Under the joint exercise of power agreement, which formed the Coliseum Authority, the County is responsible for funding up to 50% of the Coliseum Authority's operating costs and debt service requirements; to the extent such funding is necessary. During the year ended June 30, 2008, the County made contributions of \$10.946 million to fund its share of operating deficits and debt service payments of the Coliseum Authority.

The Coliseum Authority has anticipated a deficit for operating costs and repayment of its Stadium Bonds, such that the City and County will have to contribute to base rental payments. Of the \$20.5 million appropriated in the general fund as part of the above agreements, it is estimated that the County will have to contribute \$10.925 million for the year ended June 30, 2009. There are many uncertainties in the estimation of revenues for the Coliseum Authority beyond one year into the future; therefore the County has established a contingent liability to fund the Coliseum Authority deficit in the Statement of Net Assets in an amount equal to its contingent share (50%) of the outstanding Stadium Bonds, in the amount of \$82.45 million. The County has not established a contingent liability for the Arena Bonds because management is of the opinion that revenues from the Arena, including payments from the Warriors and revenues from Arena operations, will be sufficient to cover the debt payments.

16. Alameda County Medical Center Discretely Presented Component Unit

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

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

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

Effective July 1, 2003, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*. This resulted in the Alameda County Health Care Foundation (Foundation) being included as a discretely presented component unit of ACMC. During fiscal year 2004, the Foundation's Articles of Incorporation and bylaws were amended to require ACMC to approve Foundation board members and to allow that upon dissolution, the Foundation's remaining assets would be distributed to ACMC. The Foundation solicited for and raised funds in the amount of \$349 thousand on behalf of ACMC during fiscal year 2008 and had raised cumulative funds totaling \$5.26 million in 2007 and prior on behalf of ACMC.

Included in the County's outstanding long-term liabilities at June 30, 2008, are \$8 million in certificates of participation which were issued to provide for improvements to the Facilities. The County is liable for the repayment of the debt.

As of July 1, 2001, ACMC no longer participates in the County's self-insurance program. The County shall ensure that professional liability insurance and/or self insurance reserves will cover claims and liabilities relating to any medical staff actions which had been incurred before July 1, 2001, including incurred but not reported matters. Effective July 1, 2001, ACMC became self-insured for workers' compensation. ACMC maintains stop-loss insurance to limit its liability for claims under its self-insurance program. The net self-insurance liabilities for ACMC as of June 30, 2008, were \$26.971 million, which included \$4.344 million of estimated reserves for current year self-insurance claims, offset by current year claim payments of \$3.106 million.

ACMC has experienced significant operating losses and negative cash flows from operations in recent years. ACMC has financed its working capital needs through loans from the County. ACMC expects to require ongoing working capital support from the County in fiscal year 2009. In fiscal year 2008, ACMC has made significant progress towards stabilization of financial performance.

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

In August 2004, the County placed a \$200 million limitation on net loans to ACMC. As defined, this limitation is calculated as gross loans to ACMC, reduced by board-designated funds held by the County on behalf of ACMC. As of June 30, 2008, the balance of net loans to ACMC was \$146.5 million.

The terms of repayment on the loans called for a reduction of the \$200 million loan limit to \$165 million by June 30, 2008. The outstanding net payable to the County is less than the loan limit, and accordingly, the net loans of \$146.5 million at June 30, 2008 is classified as long-term in the accompanying statement of net assets.

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

A. Net Patient Service Revenues

Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered at ACMC, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Differences between final settlements with third-party payors and estimated amounts originally recorded are included in operations in the year in which the amounts become known.

B. Medi-Cal and Medicare Programs

A substantial portion of ACMC's revenues is derived from services provided to patients eligible for benefits under the Medi-Cal and Medicare programs. Revenues from Medi-Cal and Medicare programs represent approximately 53 percent and 15 percent, respectively, of gross patient service revenues, excluding certain federal aid

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

revenues, for the fiscal year ended June 30, 2008. Reimbursement rates are tentative and final reimbursement for services is determined after submission of annual cost reports and audits by third-party intermediaries.

C. Other Program Revenues

ACMC also receives significant revenues from the Medical Waiver Program, California Senate Bill 1100 (SB1100). Beginning in fiscal year 2006, SB 1100 provides additional funding to hospitals that provide a significant portion of their services to Medi-Cal and medically indigent recipients. SB 1100 provides additional funds through a reimbursement rate increase for each Medi-Cal patient day provided, up to a maximum number of days. ACMC accrued \$147.439 million in SB 1100 funds for the fiscal year ended June 30, 2008, and remitted \$35.683 million to the State, providing net SB 1100 revenue of \$111.756 million.

D. Charity Care

Counties are required by federal statute, Section 17000 of the Health and Welfare Act, to provide charity care to patients who are unable to pay. Generally, charity care adjustment accounts are those accounts for which an indigency standard has been established and for which the patient qualifies. Inability to pay may be determined through an interview process by ACMC or by an outside collection agency. Determinations of charity care may be made prior to or at the time of service, or any time thereafter. The total amount of such charity care provided by ACMC for fiscal year 2008, based on established rates, is as follows:

Gross charges foregone for charity care	\$ 72,514
Estimated costs and expenses to provide charity care	\$ 44,638

E. Accounts Receivable

Accounts receivable at June 30, 2008, comprised the following:

Patient accounts receivable	\$ 48,597
Due from State of California	55,479
Other accounts receivable	2,642
Total	<u>\$ 106,718</u>

Patient accounts receivable include amounts due from third party payors, patients and other agencies for patient services rendered and certain federal aid programs and is net of \$1.21 million in estimated uncollectible accounts. Other receivables include professional and other fees earned on patient services and services provided to various outside agencies. Also included in other accounts receivables are amounts owed to ACMC from the state for payments under the SB 1100 program.

F. Defined Benefit Pension Plan

ACMC is a participant in ACERA. ACERA is governed by the California Constitution, the County Employees Retirement Law of 1937, and the bylaws, procedures, and policies adopted by the Board of Retirement. ACERA operates a cost-sharing multiple employer defined benefit plan. ACERA provides service and disability retirement benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefit and contribution provisions are established by State law and are subject to amendment only by an act of the State of California legislature. An actuarial valuation is performed annually for the system as a whole. ACMC's contributions for fiscal year 2008 were \$32 million which equaled the required contributions.

Fiscal year ended, <u>June 30</u>	Actuarial Required <u>Contributions</u>	ACMC's <u>Contributions</u>	ACMC's Contributions as percent of Total <u>Contributions</u>
2008	32,000	32,000	100.00

COUNTY OF ALAMEDA, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

G. Postemployment Medical Benefits

ACMC's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for 2008 are as follows:

<u>Year ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/2008	\$7,270	209.64%	(\$7,971)

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

Annual required contribution	\$ 7,270
Contributions made	(15,241)
Net OPEB obligation (asset), end of year	<u>\$ (7,971)</u>

The net OPEB asset is reported as deferred charges in the Statement of Net Assets.

17. 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 the California State Association of Counties-Excess Insurance Authority (CSAC-EIA), a joint powers authority whose purpose is to develop and fund programs of excess and primary insurance for its member counties. A Board of Directors consisting of representatives of the member counties governs the Authority. Purchased insurance includes primary all-risk property insurance for the entire County's real and personal property, equipment and vehicles; earthquake insurance for selected real property; Public Officials Dishonesty Bond coverage for losses related to theft of funds; and other coverage as listed below (amounts not in thousands).

PRIMARY GOVERNMENT

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

Program Description	Funding Sources and Coverage Limits		
	Self Insured Retention	Pooled Retention (CSAC-EIA)	Excess Insurance (Various carriers)
General & Auto liability	\$1,000,000	\$1,000,000 - \$7,000,000*	\$7,000,000 - 32,000,000*
Medical Malpractice	\$100,000	\$100,000 - \$1,600,000	\$1,600,000 - 11,600,000
Workers' Compensation and Employer's Liability	\$3,000,000	\$3,000,000 - \$5,000,000	\$5,000,000 - \$300,000,000

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

The County utilizes a combination of pooled retention and excess insurance for the following coverage:

Property Coverage**	Deductible	Pooled Retention (CSAC-EIA)	Excess Insurance (Various carriers)
All Risk	\$50,000	\$50,000 - \$3,000,000	\$3,000,000 - 600,000,000
Terrorism	\$500,000	\$50,000 - \$3,000,000	\$3,000,000 - 200,000,000
Flood: Declared value as of March 26, 2008 is \$1,864,769,866	2% of total values per unit up to \$25,000	\$0	\$575,000,000*
Earthquake: Declared value as of March 26, 2008 is \$1,695,829,834*	5% of replacement value per unit per occurrence, with a \$100,000 minimum deductible	\$0	\$425,000,000*

Description	Deductible	Limit
Pollution Liability	\$100,000	\$10,000,000
Aircraft Coverage		
Aircraft Liability	\$1,000	\$15,000,000
Aircraft Hull (1980 Cessna)	\$500 (in motion); \$100 (not in motion); spare parts: \$500,000	Hull Physical Damage: \$680,000
Watercraft Coverage		
Protection and Indemnity	\$1,000	Undeclared - \$1,000,000 Declared – per schedule of vessels on file with carrier
Collision and Towers	\$1,000	Undeclared - \$1,000,000 Declared – per schedule of vessels on file with carrier
Hull and Machinery	\$1,000	Undeclared - \$250,000 Declared – per schedule of vessels on file with carrier
Foster Parents Liability	\$0	\$500,000
Crime Bond / Employee Dishonesty	\$5,000	\$10,000,000
Public Guardian Bonds	\$0	\$1,000,000
Notary Bonds	\$0	\$15,000
Public Errors and Omissions	\$0	\$15,000

* Under general liability program, the pooled retention limit is shared with other CSAC-EIA members and is subject to an aggregate policy year limit of \$6 million. Total general liability coverage per claim will vary between \$26 million and \$32 million depending on how much of the \$6 million has been utilized to pay claims during that policy year.

** Property limits are shared with selected CSAC-EIA member counties based on their location within earthquake fault and flood zones and the level of risk of exposure to earthquake and flood damage.

Amounts in excess of these limits are self-insured. None of the insurance settlements over the past three years have exceeded the amount of insurance coverage.

The County is totally self-insured for dental benefits to employees and their families. Depending on employee's labor representation, coverage for each family member is limited to \$1,200 or \$1,350 per year for covered services.

The estimated liability for claims and contingencies included in the risk management internal service fund is based on the results of actuarial studies and includes amounts for claims incurred but not reported. The estimated liability for claims and contingencies is calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of pay-outs, and other economic and social factors. It is the County's practice to obtain full actuarial studies annually for the workers' compensation and general liability programs.

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

Triennial valuations are performed of the medical malpractice program. Annual premiums are charged for insurance and self-insurance costs using a cost allocation method which uses multiple cost pools and allocation bases utilizing both paid claim experience and appropriate measures of loss exposures, such as payroll for employee-related costs or square footage occupied for costs associated with property.

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

	General Liability		Workers' Compensation		Total	
	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07
Estimated liability for claims and contingencies at the beginning of the fiscal year	\$ 16,039	15,740	\$ 70,969	\$ 69,156	\$ 87,008	\$ 84,896
Incurred claims and claim adjustment expenses	6,102	6,842	20,003	15,440	26,105	22,282
Payments	(6,002)	(6,543)	(14,433)	(13,627)	(20,435)	(20,170)
Total estimated liability for claims and contingencies at the end of the fiscal year	\$ 16,139	\$ 16,039	\$ 76,539	\$ 70,969	\$ 92,678	\$ 87,008

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, 2008, have not yet been conducted or settled. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. However, management does not believe that any audit disallowances would have a significant effect on the financial position of the County.

D. Medicare and Medi-Cal Reimbursements

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

18. Recent Changes in the Economic Environment and its Impact to the County

Beginning September 2008, the subprime mortgage crisis led to a number of events that put the US economy into major financial turmoil. The US Treasury placed two government sponsored enterprises, Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac), into conservatorship. Fortunately for investors in Fannie Mae and Freddie Mac, this action effectively protected investments in these institutions' debt issues which now carry "full faith and credit" of the U.S. government. Shortly after, Lehman Brothers, a financial services firm, filed for bankruptcy; and the US government also took control of American International Group (AIG). On October 8, the President of the United States signed into law the \$700 billion Emergency Economic Stabilization Act of 2008 to assist major US companies in weathering the financial crisis to prevent further deterioration of US economy.

A. ACERA

Like so many other institutional investors, ACERA has suffered significant paper losses as a result of the recent stock market fluctuations. The paper loss in October is estimated to be about \$641.1 million and the preliminary

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS
(amounts in tables expressed in thousands)
JUNE 30, 2008

paper loss for the first 10 months of 2008 is approximately \$1.7 billion. As of October 31, 2008 ACERA had approximately \$509.7 million invested in stocks in the financial sector such as banks and insurance companies, representing about 13.1% of ACERA's total investments. ACERA had holdings in stocks such as AIG, Fannie Mae, Freddie Mac, Citigroup, and others which resulted in investment losses of approximately \$128.7 million (\$113.8 million on paper and \$14.9 million permanent). This loss represented about 3.3% of ACERA's total investments as of October 31, 2008.

ACERA maintains a diversified portfolio. In addition to investments in the financial sectors, it also holds securities in well-established and fundamentally sound companies from other industries. ACERA is a long-term investor and expects that the market will recover eventually.

B. County Investment Pool

The County's investment pool has also been impacted by the current financial crisis. The recent surge in forced mergers of weakened financial institutions into their comparatively stronger counterparts potentially limits competition and returns on County investments. The acquisition of Countrywide and Merrill Lynch by Bank of America, the absorption of Washington Mutual into JPMorgan Chase, and the merger of Wells Fargo and Wachovia all reduce the number of investment options available.

The County Treasurer has a conservative investment strategy and a stringent investment policy in place to ensure the safety of the investment portfolio. This in large part has shielded the portfolio from financial losses due to the recent downturn. The Treasurer traditionally avoids investing in any securities that could expose the investment portfolio to the risk of principal loss. The Treasurer does not take the position of speculative investing; rather, securities are usually held until maturity or until the securities are called. The Treasurer has prudently avoided investment of funds in institutions that have come under scrutiny even before the current financial crisis. The investment pool did not include issues of Merrill Lynch, Lehman Brothers and other companies that were in financial distress during the credit crisis.

In October 2008, to further reduce exposure to corporate debt investment risks, the Treasurer transferred all money market investments to funds with 100% investments in treasuries and federal agency securities. Subsequently, as part of the federal government's rescue package, it has extended federal guarantees to certain money market funds. This action reopened the opportunity for the Treasurer to reinvest county monies again in money market funds which have mixed investment portfolios that include prime money market short-term debt issues, government notes and bonds, and federal agency securities.

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REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF ALAMEDA, CALIFORNIA

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

ACERA – Analysis of Funding Progress

Historical trend information is presented.

Pension

Actuarial Valuation Date December 31	Actuarial Value of Plan Assets (a)	Accrued Actuarial Liability (AAL) (b)	Funded Ratio (%) (a/b)	Unfunded AAL (UAAL) (b-a)	Covered Payroll (c)	UAAL as a Percentage (%) of Covered Payroll [(b-a)/c]
2005	\$3,782,000	\$4,548,000	83.2	\$766,000	\$710,000	107.9
2006	4,128,000	4,825,000	85.6	697,000	762,000	91.5
2007	4,560,000	5,112,000	89.2	552,000	793,000	69.6

Postemployment Medical Benefits

Actuarial Valuation Date December 31	Actuarial Value of Plan Assets (a)	Accrued Actuarial Liability (AAL) (b)	Funded Ratio (%) (a/b)	Unfunded AAL (UAAL) (b-a)	Covered Payroll (c)	UAAL as a Percentage (%) of Covered Payroll [(b-a)/c]
2005	\$449,100	\$567,900	79.1	\$118,800	\$710,000	16.7
2006	496,200	591,400	83.9	95,200	762,000	12.5
2007	614,800	639,800	96.1	25,000	793,000	3.2

Other Pension Benefits

Actuarial Valuation Date December 31	Actuarial Value of Plan Assets (a)	Accrued Actuarial Liability (AAL) (b)	Funded Ratio (%) (a/b)	Unfunded AAL (UAAL) (b-a)	Covered Payroll (c)	UAAL as a Percentage (%) of Covered Payroll [(b-a)/c]
2005	\$62,800	\$170,800	36.8	\$108,000	\$710,000	15.2
2006	66,300	186,300	35.6	120,000	762,000	15.7
2007	78,400	203,800	38.5	125,400	793,000	15.8

COUNTY OF ALAMEDA, CALIFORNIA

**GENERAL FUND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008
(amounts expressed in thousands)**

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 488,980	\$ 521,250	\$ 484,867	\$ (36,383)
Licenses and permits	6,725	6,805	7,640	835
Fines, forfeitures, and penalties	10,351	12,087	34,440	22,353
Use of money and property	10,999	11,001	35,140	24,139
State aid	641,190	665,741	637,563	(28,178)
Federal aid	291,938	309,049	302,163	(6,886)
Other aid	12,062	12,487	14,819	2,332
Charges for services	282,445	283,195	237,943	(45,252)
Other revenue	33,523	33,165	29,039	(4,126)
Total revenues	1,778,213	1,854,780	1,783,614	(71,166)
Expenditures:				
Current				
General government				
Salaries and benefits	72,623	76,599	69,314	7,285
Services and supplies	48,731	57,238	45,051	12,187
Other charges	24,151	24,284	22,037	2,247
Capital assets	342	443	154	289
Public protection				
Salaries and benefits	375,807	408,252	399,302	8,950
Services and supplies	156,487	173,903	163,538	10,365
Other charges	7,234	6,231	5,799	432
Capital assets	1,569	5,272	4,766	506
Public assistance				
Salaries and benefits	181,224	192,215	182,446	9,769
Services and supplies	109,914	124,197	110,341	13,856
Other charges	298,514	303,725	299,066	4,659
Capital assets	673	680	8	672
Health and sanitation				
Salaries and benefits	110,186	115,538	104,062	11,476
Services and supplies	264,933	359,939	306,604	53,335
Other charges	110,786	118,722	97,681	21,041
Capital assets	12	276	201	75
Public ways and facilities				
Salaries and benefits	421	429	283	146
Services and supplies	1,653	1,753	1,598	155
Recreation and cultural services				
Salaries and benefits	8	7	5	2
Services and supplies	678	682	557	125
Education				
Salaries and benefits	116	91	73	18
Services and supplies	113	171	136	35
Capital outlay	6,873	14,721	13,101	1,620
Pension bond debt service transfer	(34,980)	(34,980)	(34,980)	-
Total expenditures	1,738,068	1,950,388	1,791,143	159,245
Excess (deficiency) of revenues over expenditures	40,145	(95,608)	(7,529)	88,079
Other financing sources (uses):				
Proceeds from loans	-	4,830	-	(4,830)
Capital leases issued	-	3,000	-	(3,000)
Transfers-in	33,995	30,682	18,052	(12,630)
Transfers-out	(68,566)	(79,945)	(56,581)	23,364
Budgetary reserves and designations	(45,905)	(10,735)	-	10,735
Total other financing sources (uses)	(80,476)	(52,168)	(38,529)	13,639
Net change in fund balances	(40,331)	(147,776)	(46,058)	101,718
Add reserve for encumbrance for current budget year	-	-	64,338	64,338
Fund balance - beginning of period	40,331	147,776	801,602	653,826
Fund balance - end of period	\$ -	\$ -	\$ 819,882	\$ 819,882

See the notes to required supplementary information.

COUNTY OF ALAMEDA, CALIFORNIA
PROPERTY DEVELOPMENT SPECIAL REVENUE FUND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final	Budgetary	Positive
			Basis	(Negative)
Revenues:				
Use of money and property	\$ 431	\$ 431	\$ 18,242	\$ 17,811
Other revenue	6,000	6,000	5,359	(641)
Total revenues	<u>6,431</u>	<u>6,431</u>	<u>23,601</u>	<u>17,170</u>
Expenditures:				
Current				
General government				
Salaries and benefits	427	428	428	-
Services and supplies	4,588	4,795	607	4,188
Capital assets	22,500	22,500	317	22,183
Total expenditures	<u>27,515</u>	<u>27,723</u>	<u>1,352</u>	<u>26,371</u>
Excess (deficiency) of revenues over expenditures	<u>(21,084)</u>	<u>(21,292)</u>	<u>22,249</u>	<u>43,541</u>
Other financing sources (uses):				
Proceeds from sale of land	121,916	121,916	-	(121,916)
Transfers-out	(100,832)	(107,124)	(7,083)	100,041
Total other financing sources (uses)	<u>21,084</u>	<u>14,792</u>	<u>(7,083)</u>	<u>(21,875)</u>
Net change in fund balances	-	(6,500)	15,166	21,666
Add reserve for encumbrance for current budget year	-	-	61	61
Fund balance - beginning of period	<u>-</u>	<u>6,500</u>	<u>289,084</u>	<u>282,584</u>
Fund balance - end of period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 304,311</u>	<u>\$ 304,311</u>

COUNTY OF ALAMEDA, CALIFORNIA
FLOOD CONTROL SPECIAL REVENUE FUND
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final	Budgetary	Positive
			Basis	(Negative)
Revenues:				
Taxes	\$ 34,151	\$ 35,800	\$ 35,800	\$ -
Licenses and permits	8	8	56	48
Use of money and property	3,344	3,344	6,901	3,557
State aid	343	343	651	308
Federal aid	-	-	136	136
Other aid	2,425	2,425	2,774	349
Charges for services	12,134	12,134	12,065	(69)
Other revenue	898	898	3,388	2,490
Total revenues	53,303	54,952	61,771	6,819
Expenditures:				
Current				
Public protection				
Salaries and benefits	29,235	29,427	15,513	13,914
Services and supplies	44,075	75,128	44,855	30,273
Other charges	1,008	1,518	1,087	431
Capital assets	875	902	306	596
Total expenditures	75,193	106,975	61,761	45,214
Excess (deficiency) of revenues over expenditures	(21,890)	(52,023)	10	52,033
Other financing sources (uses):				
Transfers-in	1,200	1,200	575	(625)
Transfers-out	-	(20)	(20)	-
Total other financing sources (uses)	1,200	1,180	555	(625)
Net change in fund balances	(20,690)	(50,843)	565	51,408
Add reserve for encumbrance for current budget year	-	-	11,003	11,003
Fund balance - beginning of period	20,690	50,843	147,251	96,408
Fund balance - end of period	\$ -	\$ -	\$ 158,819	\$ 158,819

COUNTY OF ALAMEDA, CALIFORNIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2008

1. Budget and Budgetary Accounting

General Budget Policies

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

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

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

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

Budget Basis of Accounting

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

2. Reconciliation of Budget vs. GAAP Basis Expenditures

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

	Reconciliation of Budget vs. GAAP Basis Expenditures		
	General Fund	Property Development Fund	Flood Control Fund
Budget basis expenditures	\$ 1,791,143	\$ 1,352	\$ 61,761
Capital leases	-	-	-
Encumbrances for current budget year	(64,338)	(61)	(11,003)
GAAP basis expenditures	<u>\$ 1,726,805</u>	<u>\$ 1,291</u>	<u>\$ 50,758</u>

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**COMBINING FINANCIAL
STATEMENTS AND OTHER
SUPPLEMENTARY INFORMATION**

COUNTY OF ALAMEDA, CALIFORNIA
OTHER SUPPLEMENTARY INFORMATION

Capital Projects Fund

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

COUNTY OF ALAMEDA, CALIFORNIA

**CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008
(amounts expressed in thousands)**

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive Negative
	Original	Final		
Revenues:				
Fines, forfeitures, and penalties	\$ 120	\$ 370	\$ 140	\$ (230)
Use of money and property	130	130	5,393	5,263
State aid	3,377	10,983	447	(10,536)
Federal aid	-	-	6,623	6,623
Other revenue	1,503	1,942	439	(1,503)
Total revenues	<u>5,130</u>	<u>13,425</u>	<u>13,042</u>	<u>(383)</u>
Expenditures:				
Capital outlay	56,501	119,687	55,889	63,798
Total expenditures	<u>56,501</u>	<u>119,687</u>	<u>55,889</u>	<u>63,798</u>
Excess (deficiency) of revenues over expenditures	<u>(51,371)</u>	<u>(106,262)</u>	<u>(42,847)</u>	<u>63,415</u>
Other financing sources (uses):				
Transfers - in	4,259	10,486	6,227	(4,259)
Transfers - out	-	(27)	(27)	-
Total other financing sources (uses)	<u>4,259</u>	<u>10,459</u>	<u>6,200</u>	<u>(4,259)</u>
Net change in fund balances	(47,112)	(95,803)	(36,647)	59,156
Add reserve for encumbrance for current budget year	-	-	38,282	38,282
Fund balance - beginning	<u>47,112</u>	<u>95,803</u>	<u>109,319</u>	<u>13,516</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,954</u>	<u>\$ 110,954</u>

COUNTY OF ALAMEDA, CALIFORNIA

OTHER SUPPLEMENTARY INFORMATION

Nonmajor 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.

County which are restricted for the provision of emergency medical services, vector control services and lead abatement services.

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

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

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

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

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

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

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

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

DEBT SERVICE FUND

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

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008
(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	\$ 23	\$ 23,987	\$ 7,288	\$ 897	\$ 12,877	\$ 25,208
Cash and investments with fiscal agents	-	-	-	-	-	-
Deposits with others	-	-	-	-	-	329
Other receivables	-	17,549	1,271	23	3,692	7,246
Inventory of supplies	-	128	-	-	-	-
Prepaid expenses	-	-	-	-	642	259
Loans receivable	-	-	-	-	-	-
Total assets	<u>\$ 23</u>	<u>\$ 41,664</u>	<u>\$ 8,559</u>	<u>\$ 920</u>	<u>\$ 17,211</u>	<u>\$ 33,042</u>
Liabilities:						
Accounts payable and accrued expenditures	\$ -	\$ 1,230	\$ 1,188	\$ 36	\$ 886	\$ 1,000
Due to other funds	-	-	-	-	-	-
Due to component unit	-	-	-	-	-	-
Deferred revenue	-	5,369	99	-	1,628	345
Unearned revenue	-	-	-	-	-	900
Total liabilities	<u>-</u>	<u>6,599</u>	<u>1,287</u>	<u>36</u>	<u>2,514</u>	<u>2,245</u>
Fund balances:						
Reserved for:						
Encumbrances	-	6,002	287	34	845	1,244
Inventories	-	128	-	-	-	-
Debt service	-	-	-	-	-	-
Assets not available for appropriation	-	-	1	-	1	331
Unreserved	23	28,935	6,984	850	13,851	29,222
Total fund balances	<u>23</u>	<u>35,065</u>	<u>7,272</u>	<u>884</u>	<u>14,697</u>	<u>30,797</u>
Total liabilities & fund balances	<u>\$ 23</u>	<u>\$ 41,664</u>	<u>\$ 8,559</u>	<u>\$ 920</u>	<u>\$ 17,211</u>	<u>\$ 33,042</u>

(continued)

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008
(amounts expressed in thousands)

	Special Revenue				
	Grant Revenue	Lighting	Public Ways and Facilities	Dublin Library	Police Protection
Assets:					
Cash and investments with County Treasurer	\$ 4,953	\$ 2,378	\$ 2,625	\$ 5	\$ -
Cash and investments with fiscal agents	-	-	-	-	-
Deposits with others	-	-	-	-	-
Other receivables	18,005	10	160	-	840
Inventory of supplies	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Loans receivable	886	-	-	-	-
Total assets	<u>\$ 23,844</u>	<u>\$ 2,388</u>	<u>\$ 2,785</u>	<u>\$ 5</u>	<u>\$ 840</u>
Liabilities:					
Accounts payable and accrued expenditures	\$ 7,619	\$ 51	\$ 99	\$ -	\$ 42
Due to other funds	14,560	-	31	-	745
Due to component unit	440	-	-	-	-
Deferred revenue	744	-	72	-	-
Unearned revenue	3,237	-	-	-	-
Total liabilities	<u>26,600</u>	<u>51</u>	<u>202</u>	<u>-</u>	<u>787</u>
Fund balances:					
Reserved for:					
Encumbrances	4,071	-	244	-	-
Inventories	-	-	-	-	-
Debt service	-	-	-	-	-
Assets not available for appropriation	1,113	-	-	-	-
Unreserved	(7,940)	2,337	2,339	5	53
Total fund balances	<u>(2,756)</u>	<u>2,337</u>	<u>2,583</u>	<u>5</u>	<u>53</u>
Total liabilities & fund balances	<u>\$ 23,844</u>	<u>\$ 2,388</u>	<u>\$ 2,785</u>	<u>\$ 5</u>	<u>\$ 840</u>

(continued)

COUNTY OF ALAMEDA, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008
(amounts expressed in thousands)**

	<u>Special Revenue</u>			<u>Debt Service Tobacco Securitization Authority</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>County Redevelopment</u>	<u>Inmate Welfare</u>	<u>Total</u>		
Assets:					
Cash and investments with County Treasurer	\$ 66,150	\$ 5,733	\$ 152,124	\$ -	\$ 152,124
Cash and investments with fiscal agents	-	-	-	22,170	22,170
Deposits with others	-	-	329	-	329
Other receivables	254	172	49,222	7,980	57,202
Inventory of supplies	-	-	128	-	128
Prepaid expenses	-	-	901	-	901
Loans receivable	-	-	886	-	886
Total assets	<u>\$ 66,404</u>	<u>\$ 5,905</u>	<u>\$ 203,590</u>	<u>\$ 30,150</u>	<u>\$ 233,740</u>
Liabilities:					
Accounts payable and accrued expenditures	\$ 8,378	\$ 593	\$ 21,122	\$ -	\$ 21,122
Due to other funds	-	-	15,336	-	15,336
Due to component unit	-	-	440	-	440
Deferred revenue	-	-	8,257	7,980	16,237
Unearned revenue	-	-	4,137	-	4,137
Total liabilities	<u>8,378</u>	<u>593</u>	<u>49,292</u>	<u>7,980</u>	<u>57,272</u>
Fund balances:					
Reserved for:					
Encumbrances	182	-	12,909	-	12,909
Inventories	-	-	128	-	128
Debt service	-	-	-	22,170	22,170
Assets not available for appropriation	-	-	1,446	-	1,446
Unreserved	57,844	5,312	139,815	-	139,815
Total fund balances	<u>58,026</u>	<u>5,312</u>	<u>154,298</u>	<u>22,170</u>	<u>176,468</u>
Total liabilities & fund balances	<u>\$ 66,404</u>	<u>\$ 5,905</u>	<u>\$ 203,590</u>	<u>\$ 30,150</u>	<u>\$ 233,740</u>

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008
(amounts expressed in thousands)

	Special Revenue					
	Fish and Game	Road	County Library	Library Special Taxing Zone	Health Services	Fire
Revenues:						
Taxes	\$ -	\$ 7,806	\$ 18,272	\$ 312	\$ -	\$ 28,888
Licenses and permits	-	352	-	-	26	-
Fines, forfeitures, and penalties	6	26	-	-	-	-
Use of money and property	1	3,410	155	33	707	789
State aid	-	35,302	496	3	-	1,683
Federal aid	-	2,760	91	-	-	-
Other aid	-	235	884	-	-	1,567
Charges for services	-	1,158	2,699	142	20,330	37,279
Other revenue	-	389	304	-	4,264	121
Total revenues	7	51,438	22,901	490	25,327	70,327
Expenditures:						
General government	-	-	-	-	-	-
Public protection	2	-	-	-	-	65,971
Public assistance	-	-	-	-	-	-
Health and sanitation	-	-	-	-	26,663	-
Public ways and facilities	-	44,807	-	-	-	-
Education	-	-	20,593	244	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	2	44,807	20,593	244	26,663	65,971
Excess (deficiency) of revenue over expenditures	5	6,631	2,308	246	(1,336)	4,356
Other financing sources (uses):						
Capital leases issued	-	-	-	-	-	697
Transfers-in	-	-	-	-	-	-
Transfers-out	-	(3,054)	-	-	(82)	(31)
Total other financing sources (uses)	-	(3,054)	-	-	(82)	666
Net change in fund balances	5	3,577	2,308	246	(1,418)	5,022
Fund balance - beginning of period	18	31,488	4,964	638	16,115	25,775
Fund balance - end of period	<u>\$ 23</u>	<u>\$ 35,065</u>	<u>\$ 7,272</u>	<u>\$ 884</u>	<u>\$ 14,697</u>	<u>\$ 30,797</u>

(continued)

COUNTY OF ALAMEDA, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008
(amounts expressed in thousands)**

	Special Revenue				
	Grant Revenue	Lighting	Public Ways and Facilities	Dublin Library	Police Protection
Revenues:					
Taxes	\$ -	\$ 4	\$ 719	\$ -	\$ 14,620
Licenses and permits	1,064	-	-	-	-
Fines, forfeitures, and penalties	9	-	-	-	-
Use of money and property	(308)	90	90	-	156
State aid	22,893	-	-	-	134
Federal aid	53,185	-	-	-	-
Other aid	66	-	-	-	-
Charges for services	8	872	1,852	-	-
Other revenue	882	1	3	-	-
Total revenues	77,799	967	2,664	-	14,910
Expenditures:					
General government	-	-	-	-	-
Public protection	22,636	-	-	-	14,939
Public assistance	25,624	-	-	-	-
Health and sanitation	29,900	-	-	-	-
Public ways and facilities	-	681	3,972	-	-
Education	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	78,160	681	3,972	-	14,939
Excess (deficiency) of revenue over expenditures	(361)	286	(1,308)	-	(29)
Other financing sources (uses):					
Capital leases issued	-	-	-	-	-
Transfers-in	570	-	1,600	-	-
Transfers-out	(69)	-	-	-	-
Total other financing sources (uses)	501	-	1,600	-	-
Net change in fund balances	140	286	292	-	(29)
Fund balance - beginning of period	(2,896)	2,051	2,291	5	82
Fund balance - end of period	<u>\$ (2,756)</u>	<u>\$ 2,337</u>	<u>\$ 2,583</u>	<u>\$ 5</u>	<u>\$ 53</u>

(continued)

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008
(amounts expressed in thousands)

	Special Revenue			Debt Service Tobacco Securitization Authority	Total Nonmajor Governmental Funds
	County Redevelopment	Inmate Welfare	Total		
Revenues:					
Taxes	\$ 21,086	\$ -	\$ 91,707	\$ -	\$ 91,707
Licenses and permits	-	-	1,442	-	1,442
Fines, forfeitures, and penalties	-	-	41	-	41
Use of money and property	2,325	246	7,694	1,041	8,735
State aid	-	-	60,511	-	60,511
Federal aid	-	-	56,036	-	56,036
Other aid	-	-	2,752	-	2,752
Charges for services	-	-	64,340	-	64,340
Other revenue	423	8,842	15,229	15,960	31,189
Total revenues	23,834	9,088	299,752	17,001	316,753
Expenditures:					
General government	-	-	-	50	50
Public protection	-	8,488	112,036	-	112,036
Public assistance	14,022	-	39,646	-	39,646
Health and sanitation	-	-	56,563	-	56,563
Public ways and facilities	-	-	49,460	-	49,460
Education	-	-	20,837	-	20,837
Debt service					
Principal	-	-	-	5,145	5,145
Interest	-	-	-	11,359	11,359
Total expenditures	14,022	8,488	278,542	16,554	295,096
Excess (deficiency) of revenue over expenditures	9,812	600	21,210	447	21,657
Other financing sources (uses):					
Capital leases issued	-	-	697	-	697
Transfers-in	-	-	2,170	-	2,170
Transfers-out	-	-	(3,236)	-	(3,236)
Total other financing sources (uses)	-	-	(369)	-	(369)
Net change in fund balances	9,812	600	20,841	447	21,288
Fund balance - beginning of period	48,214	4,712	133,457	21,723	155,180
Fund balance - end of period	<u>\$ 58,026</u>	<u>\$ 5,312</u>	<u>\$ 154,298</u>	<u>\$ 22,170</u>	<u>\$ 176,468</u>

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, 2008
 (amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final	Budgetary	Positive
			Basis	(Negative)
Revenues:				
Fines, forfeitures, and penalties	\$ 7	\$ 7	\$ 6	\$ (1)
Use of money and property	1	1	1	-
Total revenues	8	8	7	(1)
Expenditures:				
Current				
Public protection				
Services and supplies	8	25	2	23
Total expenditures	8	25	2	23
Excess (deficiency) of revenues over expenditures	-	(17)	5	22
Net change in fund balances	-	(17)	5	22
Fund balance - beginning of period	-	17	18	1
Fund balance - end of period	\$ -	\$ -	\$ 23	\$ 23

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, 2008
(amounts expressed in thousands)**

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 4,128	\$ 8,761	\$ 7,806	\$ (955)
Licenses and permits	551	551	352	(199)
Fines, forfeitures, and penalties	15	15	26	11
Use of money and property	2,273	2,273	3,410	1,137
State aid	34,142	34,142	35,302	1,160
Federal aid	10,100	10,100	2,760	(7,340)
Other aid	4,760	4,760	235	(4,525)
Charges for services	1,972	1,972	1,158	(814)
Other revenue	847	847	389	(458)
Total revenues	58,788	63,421	51,438	(11,983)
Expenditures:				
Current				
Public ways and facilities				
Salaries and benefits	13,260	13,806	15,667	(1,861)
Services and supplies	47,662	66,520	28,861	37,659
Other charges	2,407	7,080	5,789	1,291
Capital assets	605	734	492	242
Total expenditures	63,934	88,140	50,809	37,331
Excess (deficiency) of revenues over expenditures	(5,146)	(24,719)	629	25,348
Other financing uses:				
Transfers-out	(3,670)	(3,681)	(3,054)	627
Total other financing uses	(3,670)	(3,681)	(3,054)	627
Net change in fund balances	(8,816)	(28,400)	(2,425)	25,975
Add reserve for encumbrance for current budget year	-	-	6,002	6,002
Fund balance - beginning of period	8,816	28,400	31,488	3,088
Fund balance - end of period	\$ -	\$ -	\$ 35,065	\$ 35,065

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, 2008
(amounts expressed in thousands)**

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 17,598	\$ 18,138	\$ 18,272	\$ 134
Use of money and property	3	3	155	152
State aid	568	568	496	(72)
Federal aid	72	72	91	19
Other aid	775	775	884	109
Charges for services	2,403	2,403	2,699	296
Other revenue	207	207	304	97
Total revenues	21,626	22,166	22,901	735
Expenditures:				
Current				
Education				
Salaries and benefits	15,510	15,510	14,996	514
Services and supplies	7,125	9,974	4,930	5,044
Other charges	722	873	871	2
Capital assets	188	295	83	212
Total expenditures	23,545	26,652	20,880	5,772
Excess (deficiency) of revenues over expenditures	(1,919)	(4,486)	2,021	6,507
Net change in fund balances	(1,919)	(4,486)	2,021	6,507
Add reserve for encumbrance for current budget year	-	-	287	287
Fund balance - beginning of period	1,919	4,486	4,964	478
Fund balance - end of period	\$ -	\$ -	\$ 7,272	\$ 7,272

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, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final	Budgetary	Positive
			Basis	(Negative)
Revenues:				
Taxes	\$ 299	\$ 312	\$ 312	\$ -
Use of money and property	7	7	33	26
State aid	3	3	3	-
Charges for services	142	142	142	-
Total revenues	<u>451</u>	<u>464</u>	<u>490</u>	<u>26</u>
Expenditures:				
Current				
Education				
Services and supplies	788	1,020	252	768
Other charges	5	5	5	-
Capital assets	74	74	21	53
Total expenditures	<u>867</u>	<u>1,099</u>	<u>278</u>	<u>821</u>
Excess (deficiency) of revenues over expenditures	<u>(416)</u>	<u>(635)</u>	<u>212</u>	<u>847</u>
Net change in fund balances	(416)	(635)	212	847
Add reserve for encumbrance for current budget year	-	-	34	34
Fund balance - beginning of period	<u>416</u>	<u>635</u>	<u>638</u>	<u>3</u>
Fund balance - end of period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 884</u>	<u>\$ 884</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, 2008
(amounts expressed in thousands)**

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ 20	\$ 20	\$ 26	\$ 6
Use of money and property	685	685	707	22
Charges for services	19,429	20,221	20,330	109
Other revenue	3,805	3,805	4,264	459
Total revenues	23,939	24,731	25,327	596
Expenditures:				
Current				
Health and sanitation				
Salaries and benefits	6,274	6,750	6,133	617
Services and supplies	20,297	35,724	21,095	14,629
Other charges	264	264	264	-
Capital assets	700	700	16	684
Total expenditures	27,535	43,438	27,508	15,930
Excess (deficiency) of revenues over expenditures	(3,596)	(18,707)	(2,181)	16,526
Other financing sources (uses):				
Transfers-in	-	82	-	(82)
Transfers-out	(423)	(157)	(82)	75
Budgetary reserves and designations	(176)	(560)	-	560
Total other financing sources (uses)	(599)	(635)	(82)	553
Net change in fund balances	(4,195)	(19,342)	(2,263)	17,079
Add reserve for encumbrance for current budget year	-	-	845	845
Fund balance - beginning of period	4,195	19,342	16,115	(3,227)
Fund balance - end of period	\$ -	\$ -	\$ 14,697	\$ 14,697

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, 2008
(amounts expressed in thousands)**

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 27,122	\$ 28,898	\$ 28,888	\$ (10)
Use of money and property	227	227	789	562
State aid	696	696	1,683	987
Other aid	1,246	1,246	1,567	321
Charges for services	29,063	37,422	37,279	(143)
Other revenue	65	65	121	56
Total revenues	58,419	68,554	70,327	1,773
Expenditures:				
Current				
Public protection				
Salaries and benefits	52,884	60,036	55,503	4,533
Services and supplies	10,357	25,907	8,983	16,924
Other charges	530	530	530	-
Capital assets	3,564	4,557	1,502	3,055
Total expenditures	67,335	91,030	66,518	24,512
Excess (deficiency) of revenues over expenditures	(8,916)	(22,476)	3,809	26,285
Other financing uses:				
Transfers-out	-	(31)	(31)	-
Total other financing uses	-	(31)	(31)	-
Net change in fund balances	(8,916)	(22,507)	3,778	26,285
Add reserve for encumbrance for current budget year	-	-	1,244	1,244
Fund balance - beginning of period	8,916	22,507	25,775	3,268
Fund balance - end of period	\$ -	\$ -	\$ 30,797	\$ 30,797

COUNTY OF ALAMEDA, CALIFORNIA

**GRANT REVENUE - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008
(amounts expressed in thousands)**

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ 728	\$ 728	\$ 1,064	\$ 336
Fines, forfeitures, and penalties	-	-	9	9
Use of money and property	-	-	(308)	(308)
State aid	22,983	21,600	22,893	1,293
Federal aid	63,644	72,880	53,185	(19,695)
Other aid	62	62	66	4
Charges for services	120	113	8	(105)
Other revenue	1,636	2,463	882	(1,581)
Total revenues	89,173	97,846	77,799	(20,047)
Expenditures:				
Current				
Public protection				
Salaries and benefits	12,901	14,676	14,955	(279)
Services and supplies	4,946	8,522	6,103	2,419
Other charges	575	575	442	133
Capital assets	612	3,464	1,701	1,763
Public assistance				
Salaries and benefits	4,338	4,438	2,774	1,664
Services and supplies	33,005	35,811	22,771	13,040
Other charges	1,205	1,205	724	481
Health and sanitation				
Salaries and benefits	14,183	13,732	12,573	1,159
Services and supplies	17,283	25,576	20,092	5,484
Other charges	99	60	58	2
Capital assets	-	38	38	-
Total expenditures	89,147	108,097	82,231	25,866
Excess (deficiency) of revenues over expenditures	26	(10,251)	(4,432)	5,819
Other financing sources (uses):				
Transfers-in	-	-	570	570
Transfers-out	(26)	(76)	(69)	7
Total other financing sources (uses)	(26)	(76)	501	577
Net change in fund balances	-	(10,327)	(3,931)	6,396
Add reserve for encumbrance for current budget year	-	-	4,071	4,071
Fund balance - beginning of period	-	10,327	(2,896)	(13,223)
Fund balance - end of period	\$ -	\$ -	\$ (2,756)	\$ (2,756)

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, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final	Budgetary	Positive
			Basis	(Negative)
Revenues:				
Taxes	\$ 3	\$ 4	\$ 4	\$ -
Use of money and property	17	17	90	73
Charges for services	865	865	872	7
Other revenue	-	-	1	1
Total revenues	<u>885</u>	<u>886</u>	<u>967</u>	<u>81</u>
Expenditures:				
Current				
Public ways and facilities	-	-	28	(28)
Salaries and benefits	1,449	1,727	653	1,074
Services and supplies	-	-	-	-
Total expenditures	<u>1,449</u>	<u>1,727</u>	<u>681</u>	<u>1,046</u>
Excess (deficiency) of revenues over expenditures	<u>(564)</u>	<u>(841)</u>	<u>286</u>	<u>1,127</u>
Net change in fund balances	<u>(564)</u>	<u>(841)</u>	<u>286</u>	<u>1,127</u>
Fund balance - beginning of period	<u>564</u>	<u>841</u>	<u>2,051</u>	<u>1,210</u>
Fund balance - end of period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,337</u>	<u>\$ 2,337</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, 2008
(amounts expressed in thousands)**

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 684	\$ 687	\$ 719	\$ 32
Licenses and permits	1	1	-	(1)
Use of money and property	18	18	90	72
Federal aid	1,566	1,566	-	(1,566)
Charges for services	1,632	1,632	1,852	220
Other revenue	-	-	3	3
Total revenues	<u>3,901</u>	<u>3,904</u>	<u>2,664</u>	<u>(1,240)</u>
Expenditures:				
Current				
Public ways and facilities				
Salaries and benefits	2,020	2,153	2,479	(326)
Services and supplies	4,034	5,078	1,673	3,405
Other charges	64	64	64	-
Total expenditures	<u>6,118</u>	<u>7,295</u>	<u>4,216</u>	<u>3,079</u>
Excess (deficiency) of revenues over expenditures	<u>(2,217)</u>	<u>(3,391)</u>	<u>(1,552)</u>	<u>1,839</u>
Other financing sources:				
Transfers-in	1,800	1,800	1,600	(200)
Total other financing sources	<u>1,800</u>	<u>1,800</u>	<u>1,600</u>	<u>(200)</u>
Net change in fund balances	<u>(417)</u>	<u>(1,591)</u>	<u>48</u>	<u>1,639</u>
Add reserve for encumbrance for current budget year	-	-	244	244
Fund balance - beginning of period	<u>417</u>	<u>1,591</u>	<u>2,291</u>	<u>700</u>
Fund balance - end of period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,583</u>	<u>\$ 2,583</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, 2008
 (amounts expressed in thousands)

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

COUNTY OF ALAMEDA, CALIFORNIA

**POLICE PROTECTION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008
(amounts expressed in thousands)**

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 13,488	\$ 14,710	\$ 14,620	\$ (90)
Use of money and property	10	98	156	58
State aid	131	131	134	3
Total revenues	<u>13,629</u>	<u>14,939</u>	<u>14,910</u>	<u>(29)</u>
Expenditures:				
Current				
Public protection				
Salaries and benefits	13,330	14,746	14,746	-
Services and supplies	169	114	114	-
Other charges	130	79	79	-
Total expenditures	<u>13,629</u>	<u>14,939</u>	<u>14,939</u>	<u>-</u>
Deficiency of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(29)</u>	<u>(29)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(29)</u>	<u>(29)</u>
Fund balance - beginning of period	<u>-</u>	<u>-</u>	<u>82</u>	<u>82</u>
Fund balance - end of period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53</u>	<u>\$ 53</u>

COUNTY OF ALAMEDA, CALIFORNIA

**COUNTY REDEVELOPMENT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008
(amounts expressed in thousands)**

	Budgeted Amounts		Actual Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 26,300	\$ 26,300	\$ 21,086	\$ (5,214)
Use of money and property	745	745	2,325	1,580
Other revenue	2,090	2,090	423	(1,667)
Total revenues	<u>29,135</u>	<u>29,135</u>	<u>23,834</u>	<u>(5,301)</u>
Expenditures:				
Current				
Public assistance				
Salaries and benefits	624	624	557	67
Services and supplies	14,584	66,637	11,513	55,124
Other charges	4,298	4,298	663	3,635
Capital assets	20,129	20,129	1,471	18,658
Total expenditures	<u>39,635</u>	<u>91,688</u>	<u>14,204</u>	<u>77,484</u>
Excess (deficiency) of revenues over expenditures	<u>(10,500)</u>	<u>(62,553)</u>	<u>9,630</u>	<u>72,183</u>
Other financing sources:				
Issuance of debt	10,500	10,500	-	(10,500)
Total other financing sources	<u>10,500</u>	<u>10,500</u>	<u>-</u>	<u>(10,500)</u>
Net change in fund balances	-	(52,053)	9,630	61,683
Add reserve for encumbrance for current budget year	-	-	182	182
Fund balance - beginning of period	<u>-</u>	<u>52,053</u>	<u>48,214</u>	<u>(3,839)</u>
Fund balance - end of period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,026</u>	<u>\$ 58,026</u>

COUNTY OF ALAMEDA, CALIFORNIA
OTHER SUPPLEMENTARY INFORMATION

Internal Service Funds

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

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

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

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

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

Printing Services - This fund was established to account for costs of providing printing, duplication, bindery, and microfilming services to all County departments. Revenues are generated based on fees charged for services provided.

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

COUNTY OF ALAMEDA, CALIFORNIA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2008
(amounts expressed in thousands)

	Communications	Motor Pool	Building Maintenance	Information Technology	Printing Services	Risk Management	Total
Assets:							
Current assets:							
Cash and investments with County Treasurer	\$ 8,322	\$ 6,470	\$ 7,933	\$ 3,603	\$ -	\$ 96,340	\$ 122,668
Other receivables, net of allowance for uncollectible accounts	221	191	305	766	8	634	2,125
Due from component unit	69	40	597	-	-	-	706
Inventory of supplies	173	-	-	-	51	-	224
Prepaid expenses	-	-	-	-	-	76	76
Total current assets	8,785	6,701	8,835	4,369	59	97,050	125,799
Noncurrent assets:							
Capital assets:							
Structures and improvement, machinery and equipment, infrastructure, net of depreciation	1,806	8,296	192	1,758	119	4	12,175
Total capital assets	1,806	8,296	192	1,758	119	4	12,175
Total noncurrent assets	1,806	8,296	192	1,758	119	4	12,175
Total assets	10,591	14,997	9,027	6,127	178	97,054	137,974
Liabilities:							
Current liabilities:							
Accounts payable and accrued expenses	663	468	2,545	1,984	50	2,997	8,707
Compensated employee absences payable	84	39	647	935	22	27	1,754
Estimated liability for claims and contingencies	-	-	-	-	-	22,748	22,748
Due to other funds	-	-	-	-	496	-	496
Due to component unit	-	-	23	-	-	-	23
Total current liabilities	747	507	3,215	2,919	568	25,772	33,728
Noncurrent liabilities:							
Compensated employee absences payable	71	34	549	794	19	23	1,490
Estimated liability for claims and contingencies	-	-	-	-	-	69,930	69,930
Total noncurrent liabilities	71	34	549	794	19	69,953	71,420
Total liabilities	818	541	3,764	3,713	587	95,725	105,148
Net assets (deficit)							
Invested in capital assets	1,806	8,296	192	1,758	119	4	12,175
Unrestricted (deficit)	7,967	6,160	5,071	656	(528)	1,325	20,651
Total net assets (deficit)	\$ 9,773	\$ 14,456	\$ 5,263	\$ 2,414	\$ (409)	\$ 1,329	\$ 32,826

COUNTY OF ALAMEDA, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008
(amounts expressed in thousands)**

	Communications	Motor Pool	Building Maintenance	Information Technology	Printing Services	Risk Management	Total
Operating revenues:							
Charges for services	\$ 11,060	\$ 8,220	\$ 85,299	\$ 35,854	\$ 1,295	\$ 57,893	\$ 199,621
Operating expenses:							
Salaries and benefits	3,374	1,214	24,152	22,856	411	1,363	53,370
Contractual services	81	56	2,132	1,199	746	4,042	8,256
Utilities	-	8	10,831	8	-	-	10,847
Repairs and maintenance	29	246	4,016	50	60	-	4,401
Other supplies and expenses	1,488	4,365	35,684	9,186	196	7,901	58,820
Insurance claims and expenses	-	-	-	-	-	25,259	25,259
Depreciation	439	1,948	55	1,338	8	-	3,788
Telephone	4,293	-	-	-	-	-	4,293
County indirect costs	1,034	450	4,222	422	183	1,008	7,319
Dental claims	-	-	-	-	-	9,040	9,040
Other	-	-	(13)	-	-	346	333
Total operating expenses	10,738	8,287	81,079	35,059	1,604	48,959	185,726
Operating income (loss)	322	(67)	4,220	795	(309)	8,934	13,895
Non-operating revenues (expenses):							
Interest and investment income	330	286	267	70	(14)	3,637	4,576
Gain on sale of capital assets	-	2	9	-	-	-	11
Loss on sale of capital assets	-	(2)	-	-	-	-	(2)
Net non-operating revenues (expenses)	330	286	276	70	(14)	3,637	4,585
Income (loss) before capital contributions and transfers	652	219	4,496	865	(323)	12,571	18,480
Capital contributions	1,116	-	-	-	-	-	1,116
Transfers-in	-	296	-	-	-	-	296
Transfers-out	-	-	(3,708)	(43)	-	(4,496)	(8,247)
Change in net assets	1,768	515	788	822	(323)	8,075	11,645
Total net assets (deficit) - beginning of period	8,005	13,941	4,475	1,592	(86)	(6,746)	21,181
Total net assets (deficit) - end of period	\$ 9,773	\$ 14,456	\$ 5,263	\$ 2,414	\$ (409)	\$ 1,329	\$ 32,826

COUNTY OF ALAMEDA, CALIFORNIA

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008
(amounts expressed in thousands)**

	Communications	Motor Pool	Building Maintenance	Information Technology	Printing Services	Risk Management	Total
Cash flows from operating activities							
Receipts from customers (including other funds)	\$ 11,086	\$ 8,181	\$ 85,336	\$ 35,476	\$ 1,297	\$ 58,082	\$ 199,458
Payment to suppliers	(5,529)	(4,399)	(52,651)	(10,388)	(694)	(11,249)	(84,910)
Payments to employees	(3,358)	(1,237)	(24,144)	(22,808)	(406)	(1,358)	(53,311)
Internal activity - payments to other funds	(1,034)	(450)	(4,222)	(422)	(183)	(1,008)	(7,319)
Claims paid	-	-	-	-	-	(28,629)	(28,629)
Other receipts (payments)	-	-	13	-	-	(346)	(333)
Net cash provided by operating activities	1,165	2,095	4,332	1,858	14	15,492	24,956
Cash flows from noncapital financing activities							
Transfers-in	-	296	-	-	-	-	296
Transfers-out	-	-	(3,708)	(43)	-	(4,496)	(8,247)
Net cash provided by (used in) noncapital financing activities	-	296	(3,708)	(43)	-	(4,496)	(7,951)
Cash flows from capital and related financing activities							
Acquisition of capital assets	(412)	(2,979)	(61)	(1,571)	-	-	(5,023)
Proceeds from sale of capital assets	-	5	9	-	-	-	14
Net cash used in capital and related financing activities	(412)	(2,974)	(52)	(1,571)	-	-	(5,009)
Cash flows from investing activities:							
Interest on investments	330	286	267	70	(14)	3,637	4,576
Net cash provided by (used in) investing activities	330	286	267	70	(14)	3,637	4,576
Net increase (decrease) in cash and cash equivalents	1,083	(297)	839	314	-	14,633	16,572
Cash and cash equivalents - beginning of period	7,239	6,767	7,094	3,289	-	81,707	106,096
Cash and cash equivalents - end of period	<u>\$ 8,322</u>	<u>\$ 6,470</u>	<u>\$ 7,933</u>	<u>\$ 3,603</u>	<u>\$ -</u>	<u>\$ 96,340</u>	<u>\$ 122,668</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:							
Operating income (loss)	\$ 322	\$ (67)	\$ 4,220	\$ 795	\$ (309)	\$ 8,934	\$ 13,895
Adjustments for non cash activities							
Depreciation	439	1,948	55	1,338	8	-	3,788
Claims	-	-	-	-	-	5,670	5,670
Changes in assets and liabilities							
Receivables	26	(39)	28	(378)	2	189	(172)
Inventories	(108)	-	-	-	(16)	-	(124)
Prepaid expenses	-	-	-	-	-	377	377
Accounts payable	470	276	12	55	(92)	317	1,038
Compensated employee absences payable	16	(23)	8	48	5	5	59
Due to other funds	-	-	-	-	416	-	416
Due to component unit	-	-	9	-	-	-	9
Total adjustments	843	2,162	112	1,063	323	6,558	11,061
Net cash provided by operating activities	\$ 1,165	\$ 2,095	\$ 4,332	\$ 1,858	\$ 14	\$ 15,492	\$ 24,956
Non-cash capital activities:							
Contribution of capital assets	\$ 1,116	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,116

COUNTY OF ALAMEDA, CALIFORNIA
OTHER SUPPLEMENTARY INFORMATION

Fiduciary Funds

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

TRUST FUNDS

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

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

AGENCY FUNDS

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

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

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

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
JUNE 30, 2008
(amounts expressed in thousands)

	Pension Trust Fund	Other Employee Benefit Trust Funds	Total
Assets:			
Cash and investments with County Treasurer	\$ 7,094	\$ 1,543	\$ 8,637
Cash and investments with fiscal agents	5,529,379	-	5,529,379
Investment of securities lending collateral	754,202	-	754,202
Deposits with others	513	-	513
Other receivable	143,036	-	143,036
Interest receivable	18,939	-	18,939
Capital assets, net of accumulated depreciation	1,988	-	1,988
Total assets	<u>6,455,151</u>	<u>1,543</u>	<u>6,456,694</u>
Liabilities:			
Accounts payable and accrued expenses	126,169	-	126,169
Securities lending obligation	754,202	-	754,202
Total liabilities	<u>880,371</u>	<u>-</u>	<u>880,371</u>
Net Assets			
Net assets held in trust	<u>\$ 5,574,780</u>	<u>\$ 1,543</u>	<u>\$ 5,576,323</u>

COUNTY OF ALAMEDA, CALIFORNIA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2008
(amounts expressed in thousands)

	Pension Trust Fund	Other Employee Benefit Trust Funds	Total
Additions:			
Contributions:			
Employees	\$ 72,342	\$ 4,157	\$ 76,499
Employer	130,040	-	130,040
Total contributions	202,382	4,157	206,539
Investment income:			
Interest	90,887	100	90,987
Dividends	71,124	-	71,124
Net increase in fair value of investments	278,308	5	278,313
Real estate	22,338	-	22,338
Securities lending income	46,498	-	46,498
Total investment income	509,155	105	509,260
Less investment expenses:			
Investment expenses	24,355	-	24,355
Securities lending borrower rebates and management fees	42,722	-	42,722
Real estate	11,175	-	11,175
Total investment expenses	78,252	-	78,252
Net investment income	430,903	105	431,008
Miscellaneous income	886	-	886
Total additions, net	634,171	4,262	638,433
Deductions:			
Benefit payments	249,503	4,717	254,220
Refunds of contributions	7,778	-	7,778
Administration expenses	12,211	-	12,211
Total deductions	269,492	4,717	274,209
Change in net assets	364,679	(455)	364,224
Net assets - beginning of year	5,210,101	1,998	5,212,099
Net assets - end of year	<u>\$ 5,574,780</u>	<u>\$ 1,543</u>	<u>\$ 5,576,323</u>

COUNTY OF ALAMEDA, CALIFORNIA

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008
(amounts expressed in thousands)**

	<u>Balance June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
<u>Unapportioned Taxes</u>				
Assets:				
Cash and investments with County Treasurer	\$ 41,528	\$ 3,911,457	\$ 3,924,517	\$ 28,468
Taxes receivable	317,075	3,002,556	2,991,516	328,115
Interest receivable	55	1,750	1,769	36
Total assets	<u>\$ 358,658</u>	<u>\$ 6,915,763</u>	<u>\$ 6,917,802</u>	<u>\$ 356,619</u>
Liabilities:				
Due to other governmental units	\$ 358,658	\$ 6,915,947	\$ 6,917,985	\$ 356,619
Total liabilities	<u>\$ 358,658</u>	<u>\$ 6,915,947</u>	<u>\$ 6,917,985</u>	<u>\$ 356,619</u>
<u>Other Agency</u>				
Assets:				
Cash and investments with County Treasurer	\$ 120,884	\$ 4,534,377	\$ 4,564,116	\$ 91,145
Interest receivable	334	2,580	2,670	244
Total assets	<u>\$ 121,218</u>	<u>\$ 4,536,957</u>	<u>\$ 4,566,786</u>	<u>\$ 91,389</u>
Liabilities:				
Warrants payable	\$ 1,817	\$ 47,097	\$ 47,822	\$ 1,092
Due to other governmental units	119,401	6,822,250	6,851,354	90,297
Total liabilities	<u>\$ 121,218</u>	<u>\$ 6,869,347</u>	<u>\$ 6,899,176</u>	<u>\$ 91,389</u>
<u>Totals - Agency Funds</u>				
Assets:				
Cash and investments with County Treasurer	\$ 162,412	\$ 8,445,834	\$ 8,488,633	\$ 119,613
Taxes receivable	317,075	3,002,556	2,991,516	328,115
Interest receivable	389	4,330	4,439	280
Total assets	<u>\$ 479,876</u>	<u>\$ 11,452,720</u>	<u>\$ 11,484,588</u>	<u>\$ 448,008</u>
Liabilities:				
Warrants payable	\$ 1,817	\$ 47,097	\$ 47,822	\$ 1,092
Due to other governmental units	478,059	13,738,197	13,769,339	446,916
Total liabilities	<u>\$ 479,876</u>	<u>\$ 13,785,294</u>	<u>\$ 13,817,161</u>	<u>\$ 448,008</u>

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

COUNTY OF ALAMEDA, CALIFORNIA
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source¹
June 30, 2008
(amounts in tables expressed in thousands)

Governmental funds capital assets:

Land	\$ 42,034
Structures and improvements	868,458
Infrastructure	705,189
Equipment	122,260
Construction in progress	<u>39,210</u>
Total governmental funds capital assets	<u><u>\$ 1,777,151</u></u> ²

Investments in governmental funds capital assets acquired prior to July 1, 2001	\$ 1,257,707
Investments in governmental funds capital assets acquired from July 1, 2001 by source:	
General fund	219,714
Capital projects fund	119,627
Other governmental funds	165,854
Donations	<u>14,249</u>
Total governmental funds capital assets	<u><u>\$ 1,777,151</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 \$55,406,000 are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

² This amount does not include a collection item of \$50,000 which is considered 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, 2008
(amounts in tables expressed in thousands)

	<u>Land</u>	<u>Structures and Improvements</u>	<u>Infrastructure</u>	<u>Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
General	\$ 9,387	\$ 66,181	\$ -	\$ 47,931	\$ 123	\$ 123,622
Public protection	24,170	515,681	172,874	49,399	9,966	\$ 772,090
Public assistance	2,652	41,284	-	7,965	-	\$ 51,901
Health and sanitation	3,494	217,787	-	3,541	15,321	\$ 240,143
Public ways and facilities	378	13,420	529,877	10,214	11,167	\$ 565,056
Recreation & cultural services	0	9,998	2,438	1,410	-	\$ 13,846
Education	1,953	4,107	-	1,800	2,633	\$ 10,493
Total governmental funds capital assets	<u>\$ 42,034</u>	<u>\$ 868,458</u>	<u>\$ 705,189</u>	<u>\$ 122,260</u>	<u>\$ 39,210</u>	<u>\$ 1,777,151</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 \$55,406,000 are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

² This amount does not include a collection item of \$50,000 which is considered 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
Year ended June 30, 2008
(amounts in tables expressed in thousands)

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
General	\$ 123,543	\$ 108	\$ 29	\$ 123,622
Public protection	758,409	28,297	\$ 14,616	772,090
Public assistance	51,893	8	\$ -	51,901
Health and sanitation	230,977	9,589	\$ 423	240,143
Public ways and facilities	545,887	32,466	\$ 13,297	565,056
Recreation & cultural services	13,846	-	\$ -	13,846
Education	9,154	1,391	52	10,493
Total governmental funds capital assets	<u>\$ 1,733,709</u>	<u>\$ 71,859</u>	<u>\$ 28,417</u>	<u>\$ 1,777,151</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 \$55,406,000 are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

² This amount does not include a collection item of \$50,000 which is considered 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 Auditors' Report, but is presented as supplemental data for the benefit of the readers of the comprehensive annual financial report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess a government's economic condition.

CONTENTS	PAGE
FINANCIAL TRENDS	122
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
REVENUE CAPACITY	126
These schedules contain trend information to help the reader assess the County's most significant local revenue source, the property tax.	
DEBT CAPACITY	130
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.	
ECONOMIC AND DEMOGRAPHIC INFORMATION	135
These schedules offer economic and demographic indicators to help the reader understand the environment within which the County's financial activities take place.	
OPERATING INFORMATION	137
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.	

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

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

	Fiscal Year ¹						
	2002	2003	2004	2005	2006	2007	2008
Governmental activities							
Invested in capital assets, net of related debt	\$ 580,283	\$ 527,375	\$ 561,240	\$ 603,668	\$ 582,506	\$ 551,198	\$ 508,533
Restricted	394,632	398,618	398,621	336,562	387,798	473,468	531,744
Unrestricted (deficit)	(306,906)	(287,654)	(303,544)	(73,273)	125,578	353,164	452,524
Total governmental activities net assets	<u>\$ 668,009</u>	<u>\$ 638,339</u>	<u>\$ 656,317</u>	<u>\$ 866,957</u>	<u>\$ 1,095,882</u>	<u>\$ 1,377,830</u>	<u>\$ 1,492,801</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ 90,354	\$ 99,901	\$ 113,431	\$ 130,746	\$ 132,108	\$ 144,269	\$ 160,622
Unrestricted	53,102	66,831	86,068	110,283	129,403	136,344	130,169
Total business-type activities net assets	<u>\$ 143,456</u>	<u>\$ 166,732</u>	<u>\$ 199,499</u>	<u>\$ 241,029</u>	<u>\$ 261,511</u>	<u>\$ 280,613</u>	<u>\$ 290,791</u>
Primary government							
Invested in capital assets, net of related debt	\$ 670,637	\$ 627,276	\$ 674,671	\$ 734,414	\$ 714,614	\$ 695,467	\$ 669,155
Restricted	394,632	398,618	398,621	336,562	387,798	473,468	531,744
Unrestricted (deficit)	(253,804)	(220,823)	(217,476)	37,010	254,981	489,508	582,693
Total primary government net assets	<u>\$ 811,465</u>	<u>\$ 805,071</u>	<u>\$ 855,816</u>	<u>\$ 1,107,986</u>	<u>\$ 1,357,393</u>	<u>\$ 1,658,443</u>	<u>\$ 1,783,592</u>

¹ Trend data are only available from fiscal year 2002 due to the implementation of GASB Statement No. 34.

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

	Fiscal Year ¹						
	2002	2003	2004	2005	2006	2007	2008
Expenses							
Governmental activities:							
General government	\$ 113,158	\$ 112,016	\$ 127,986	\$ 126,933	\$ 119,662	\$ 124,448	\$ 137,490
Public protection	520,128	577,807	584,983	582,384	616,938	647,036	720,939
Public assistance	542,411	586,500	559,728	543,263	575,334	582,568	620,978
Health and sanitation	340,984	457,313	404,492	431,310	455,835	470,668	524,225
Public ways and facilities	49,563	52,205	41,151	43,902	46,123	50,650	48,620
Recreation and cultural services	25	387	571	441	514	502	523
Education	18,194	21,584	19,534	19,022	19,448	19,350	21,358
Interest on long-term debt	67,958	67,776	67,170	70,053	71,913	78,236	77,708
Total governmental activities expenses	1,652,421	1,875,588	1,805,615	1,817,308	1,905,767	1,973,458	2,151,841
Business-type activities:							
Water	\$ 34,823	\$ 25,634	\$ 26,189	\$ 29,019	\$ 31,751	\$ 38,722	\$ 42,260
Total business-type activities expenses	34,823	25,634	26,189	29,019	31,751	38,722	42,260
Total primary government expenses	<u>\$ 1,687,244</u>	<u>\$ 1,901,222</u>	<u>\$ 1,831,804</u>	<u>\$ 1,846,327</u>	<u>\$ 1,937,518</u>	<u>\$ 2,012,180</u>	<u>\$ 2,194,101</u>
Program Revenues							
Governmental activities:							
Charges for services:							
General government	151,984	160,785	128,966	170,321	150,182	158,550	125,532
Public protection	155,088	164,398	170,380	164,731	184,356	196,775	210,362
Health and sanitation	99,885	98,941	116,576	116,244	110,437	113,134	119,509
Other activities	24,743	18,953	16,250	22,769	19,525	19,588	15,212
Operating grants and contributions	923,130	919,771	884,510	994,427	1,051,339	1,078,909	1,087,171
Capital grants and contributions	1,953	-	11,606	15,202	14,979	202	7,070
Total governmental activities program revenues	1,356,783	1,362,848	1,328,288	1,483,694	1,530,818	1,567,158	1,564,856
Business-type activities:							
Charges for services:							
Water	30,227	47,357	57,275	68,586	49,044	50,493	46,457
Operating grants and contributions	18	-	115	90	106	311	-
Capital grants and contributions	-	-	895	-	-	-	-
Total business-type activities program revenues	30,245	47,357	58,285	68,676	49,150	50,804	46,457
Total primary government program revenues	<u>\$ 1,387,028</u>	<u>\$ 1,410,205</u>	<u>\$ 1,386,573</u>	<u>\$ 1,552,370</u>	<u>\$ 1,579,968</u>	<u>\$ 1,617,962</u>	<u>\$ 1,611,313</u>
Net (expense)/revenue							
Governmental activities	\$ (295,638)	\$ (512,740)	\$ (477,327)	\$ (333,614)	\$ (374,949)	\$ (406,300)	\$ (586,985)
Business-type activities	(4,578)	21,723	32,096	39,657	17,399	12,082	4,197
Total primary government net expenses	<u>\$ (300,216)</u>	<u>\$ (491,017)</u>	<u>\$ (445,231)</u>	<u>\$ (293,957)</u>	<u>\$ (357,550)</u>	<u>\$ (394,218)</u>	<u>\$ (582,788)</u>
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes							
Property taxes	\$ 266,835	\$ 281,756	\$ 298,634	\$ 303,570	\$ 339,470	\$ 398,922	\$ 412,767
Sales taxes	131,412	124,808	124,759	158,886	172,544	171,876	174,984
Other taxes	25,575	25,985	28,455	32,848	34,040	30,957	26,173
Interest and investment income	17,172	9,575	18,104	13,019	20,616	52,556	46,746
Other	33,022	40,946	25,353	35,973	37,248	42,701	41,289
Transfers	267	-	-	(42)	(44)	(7)	(3)
Extraordinary item	-	-	-	-	-	(8,757)	-
Total governmental activities	474,283	483,070	495,305	544,254	603,874	688,248	701,956
Business-type activities:							
Interest and investment income	2,222	1,553	671	1,831	3,236	7,011	5,978
Other	15	-	-	-	2	2	-
Transfers	(267)	-	-	42	(155)	7	3
Total business-type activities	1,970	1,553	671	1,873	3,083	7,020	5,981
Total primary government	<u>\$ 476,253</u>	<u>\$ 484,623</u>	<u>\$ 495,976</u>	<u>\$ 546,127</u>	<u>\$ 606,957</u>	<u>\$ 695,268</u>	<u>\$ 707,937</u>
Change in Net Assets							
Governmental activities	\$ 178,645	\$ (29,670)	\$ 17,978	\$ 210,640	\$ 228,925	\$ 281,948	\$ 114,971
Business-type activities	(2,608)	23,276	32,767	41,530	20,482	19,102	10,178
Total primary government	<u>\$ 176,037</u>	<u>\$ (6,394)</u>	<u>\$ 50,745</u>	<u>\$ 252,170</u>	<u>\$ 249,407</u>	<u>\$ 301,050</u>	<u>\$ 125,149</u>

¹ Trend data are only available from fiscal year 2002 due to the implementation of GASB Statement No. 34.

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General fund										
Reserved	\$ 102,468	\$ 89,714	\$ 48,228	\$ 184,301	\$ 153,628	\$ 153,447	\$ 168,671	\$ 213,531	\$ 226,371	\$ 246,546
Unreserved	119,357	144,939	183,125	238,802	206,233	173,860	243,799	437,866	575,231	573,336
Total general fund	<u>\$ 221,825</u>	<u>\$ 234,653</u>	<u>\$ 231,353</u>	<u>\$ 423,103</u>	<u>\$ 359,861</u>	<u>\$ 327,307</u>	<u>\$ 412,470</u>	<u>\$ 651,397</u>	<u>\$ 801,602</u>	<u>\$ 819,882</u>
All other governmental funds										
Reserved	\$ 106,010	\$ 93,073	\$ 123,095	\$ 130,369	\$ 150,191	\$ 151,108	\$ 239,215	\$ 220,946	\$ 170,814	\$ 190,267
Unreserved, reported in:										
Special revenue funds	274,178	324,534	372,618	365,433	395,831	384,155	428,354	469,475	541,182	584,941
Capital projects fund	15,397	15,369	33,393	30,545	21,931	15,009	4,578	59,746	85,289	72,672
Total all other governmental funds	<u>\$ 395,585</u>	<u>\$ 432,976</u>	<u>\$ 529,106</u>	<u>\$ 526,347</u>	<u>\$ 567,953</u>	<u>\$ 550,272</u>	<u>\$ 672,147</u>	<u>\$ 750,167</u>	<u>\$ 797,285</u>	<u>\$ 847,880</u>

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Taxes	\$ 338,010	\$ 367,002	\$ 403,007	\$ 423,522	\$ 432,249	\$ 451,590	\$ 495,215	\$ 546,619	\$ 600,847	\$ 614,397
Licenses and permits	15,426	13,814	28,536	6,543	6,902	7,708	7,559	8,291	8,465	9,138
Fines, forfeitures, and penalties	14,448	11,022	26,518	27,605	28,310	30,468	30,427	27,388	32,117	34,621
Use of money and property	28,422	31,522	54,046	45,324	39,783	21,737	28,861	37,759	79,857	77,653
State aid	397,499	385,069	558,948	596,301	624,607	594,174	701,939	747,292	731,715	699,172
Federal aid	270,254	334,443	282,780	308,789	278,297	270,734	261,923	313,689	309,888	364,958
Other aid	8,573	5,836	9,941	13,014	15,086	19,739	22,362	32,653	20,415	20,345
Charges for services	234,797	228,156	217,702	258,872	277,126	277,277	273,103	331,232	391,034	335,617
Other revenue	105,609	71,604	144,410	139,728	141,138	127,670	127,900	128,640	69,997	70,493
Total revenues	1,413,038	1,448,468	1,725,888	1,819,698	1,843,498	1,801,097	1,949,289	2,173,563	2,244,335	2,226,394
Expenditures										
Current										
General government	95,739	107,595	108,217	121,195	118,384	124,033	109,600	108,931	129,219	118,713
Public protection	423,102	449,236	500,821	515,062	557,609	583,012	592,172	620,390	665,433	708,363
Public assistance	449,703	489,438	521,205	546,894	585,587	561,964	545,898	603,267	594,117	619,109
Health and sanitation	337,427	326,134	413,831	343,480	456,810	421,442	431,656	457,096	472,768	522,120
Public ways and facilities	41,230	36,469	36,831	38,996	41,804	35,144	34,388	33,226	35,148	51,204
Recreation and cultural services	541	486	349	265	407	627	493	526	562	562
Education	14,976	14,215	16,444	17,868	21,058	19,020	19,139	19,522	19,409	21,037
Debt service										
Principal	33,144	41,510	48,812	55,285	58,575	65,260	67,175	62,460	69,290	74,235
Interest	43,364	41,517	38,557	32,695	31,847	28,671	28,629	26,668	26,616	26,779
Deposit with escrow agent	-	-	-	-	-	-	-	-	4,756	-
Bond issuance costs	-	-	-	2,449	3,669	-	2,312	2,632	592	12,248
Capital outlay	27,947	37,809	49,181	40,287	21,094	19,044	81,343	86,383	45,650	24,389
Total expenditures	1,467,173	1,544,409	1,734,248	1,714,476	1,896,844	1,858,217	1,912,805	2,021,101	2,063,560	2,178,759
Excess of revenues over (under) expenditures	(54,135)	(95,941)	(8,360)	105,222	(53,346)	(57,120)	36,484	152,462	180,775	47,635
Other financing sources (uses)										
Proceeds from loans	-	-	-	1,851	-	-	-	5,423	3,000	-
Proceeds from sale of land	-	58,359	46,111	3,345	1,481	-	24,139	21,475	-	-
Capital leases issued	322	-	-	15,772	-	-	801	26,896	5,640	697
Bonds issued	34,325	-	-	-	-	-	136,975	102,594	-	-
Refunding bonds issued	-	1,830	-	148,455	220,525	-	6,095	-	37,010	120,145
Premium on refunding bonds	-	-	-	7,867	-	-	1,566	373	2,260	1,265
Discount on refunding bonds	-	-	-	-	(5,431)	-	-	-	-	-
Payment to refunded bond escrow agent	(9,601)	(2,306)	-	(154,203)	(193,102)	-	(6,059)	-	(38,673)	(108,815)
Transfers-in	226,171	144,413	119,556	73,030	237,965	28,735	41,482	76,777	84,106	84,736
Transfers-out	(138,937)	(56,136)	(61,743)	(64,269)	(229,728)	(21,850)	(34,445)	(69,053)	(76,795)	(76,788)
Total other financing sources (uses)	112,280	146,160	103,924	31,848	31,710	6,885	170,554	164,485	16,548	21,240
Cumulative effect of change in acctg for investment	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ 58,145	\$ 50,219	\$ 95,564	\$ 137,070	\$ (21,636)	\$ (50,235)	\$ 207,038	\$ 316,947	\$ 197,323	\$ 68,875
Debt service as a percentage of noncapital expenditures	- ¹	- ¹	- ¹	5.53%	5.38%	5.25%	5.83%	4.89%	5.23%	5.73%

¹ Data not available

COUNTY OF ALAMEDA, CALIFORNIA
ASSESSED VALUE OF TAXABLE PROPERTY
LAST SEVEN FISCAL YEARS ¹
(amounts expressed in thousands)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Institutional Property	Utility and Unsecured Property ²	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2002	\$ 80,008,388	\$16,371,339	\$ 14,325,866	\$ 1,183,410	\$ 1,314,653	\$ 13,636,250	\$ 2,920,971	\$ 123,918,935	1.00 %
2003	86,986,683	18,081,908	15,418,841	1,002,579	1,516,427	13,756,814	3,321,800	133,441,452	1.00
2004	94,976,679	19,186,774	15,977,934	1,081,747	1,603,399	12,701,210	3,243,636	142,284,107	1.00
2005	103,803,391	20,091,593	15,998,280	1,093,305	1,773,362	12,468,944	3,834,506	151,394,369	1.00
2006	115,620,542	20,968,026	16,482,414	1,181,328	1,884,812	13,061,858	4,206,190	164,992,790	1.00
2007	129,127,345	22,467,714	17,022,667	1,225,484	2,023,259	13,001,842	4,312,765	180,555,546	1.00
2008	140,379,422	24,458,944	17,854,260	1,360,579	2,203,804	13,629,455	4,880,956	195,005,508	1.00

¹ Data not available for fiscal years 1998 to 2001.

² The utility and unsecured 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 Direct Rate	Overlapping Rates					
	County General	County Special Districts	Local Special Districts	Agency Districts	Schools	Cities	Total¹
1999	1.0000 %	0.0031 %	0.0016 %	0.0289 %	0.0625 %	0.0456 %	1.1417 %
2000	1.0000	0.0020	0.0021	0.0118	0.0612	0.0554	1.1325
2001	1.0000	0.0027	0.0016	0.0095	0.0664	0.0469	1.1271
2002	1.0000	0.0031	0.0016	0.0099	0.0624	0.0494	1.1264
2003	1.0000	0.0031	0.0014	0.0093	0.0751	0.0449	1.1338
2004	1.0000	0.0029	0.0012	0.0084	0.0777	0.0555	1.1457
2005	1.0000	0.0023	0.0009	0.0083	0.0873	0.0507	1.1495
2006	1.0000	0.0027	0.0012	0.0127	0.0871	0.0517	1.1554
2007	1.0000	0.0031	0.0013	0.0166	0.0834	0.0546	1.1590
2008	1.0000	0.0031	0.0015	0.0216	0.0862	0.0524	1.1648

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
JUNE 30, 2008
(amounts expressed in thousands)

Taxpayer	2008			1999		
	Secured Assessed Value	Rank	Percentage of Total Secured Assessed Value	Secured Assessed Value	Rank	Percentage of Total Secured Assessed Value
Pacific Gas & Electric Co.	\$ 1,200,857	1	0.65 %	\$ 991,828	2	1.15 %
New United Motor Manufacturing, Inc.	969,230	2	0.53	797,872	3	0.93
AT&T California	462,360	3	0.25	1,165,644	1	1.35
Kaiser Foundation Hospitals	310,785	4	0.17			
BMR Gateway Boulevard LLC	306,584	5	0.17			
Catellus Development Corporation	300,363	6	0.16	254,659	5	0.30
Bayer Healthcare LLC	270,198	7	0.15			
Northern California Industrial Portfolio, Inc.	261,863	8	0.14			
AT&T Mobility LLC	261,797	9	0.14			
SCI Limited Partnership	257,429	10	0.14	213,150	8	0.25
Kaiser Foundation Health Plan, Inc.				325,196	4	0.38
Cutter Laboratories				250,486	6	0.29
HMT Technology Corporation				224,086	7	0.26
Alameda Real Estate Investments				178,140	9	0.21
Spieker Properties, Inc.				147,356	10	0.17
	<u>\$ 4,601,466</u>		<u>2.50 %</u>	<u>\$ 4,548,417</u>		<u>5.29 %</u>

Source: Auditor-Controller, County of Alameda

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years ²	Total Collections to Date	
		Amount	Percentage of Levy		Amount ²	Percentage of Levy ²
2006	\$ 1,891,314	\$ 1,847,316	97.67 %	-	-	-
2007	2,082,187	2,005,869	96.33	-	-	-
2008	2,259,012	2,155,685	95.43	-	-	-

¹ Data not available for fiscal years prior to 2006.

² Unable to determine subsequent collections by fiscal year.

Source: Auditor-Controller, County of Alameda

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

Fiscal Year	Governmental Activities								Business-Type Activities	Total Primary Government	Percentage of Total Personal Income ¹	Per Capita ¹
	Certificates of Participation	Tobacco Settlement Asset-Backed Bonds	Pension Obligations Bonds	Lease Revenue Bonds	Tax Allocation Bonds	Special Assessment Bonds	Capital Leases	Loans	Capital Leases			
1999	\$ 478,352	\$ -	\$604,001	\$ -	\$ -	\$ 2,145	\$11,643	\$ -	\$ -	\$ 1,096,141	2.27 %	\$ 765
2000	465,718	-	608,801	-	-	1,830	9,920	-	-	1,086,269	1.95	747
2001	449,218	-	601,348	-	-	1,650	8,484	-	-	1,060,700	1.89	717
2002	437,642	-	595,185	-	-	1,540	22,170	1,851	-	1,058,388	1.91	712
2003	241,237	216,200	586,691	-	-	1,395	18,129	1,697	-	1,065,349	1.89	712
2004	230,785	211,460	574,786	-	-	1,270	4,526	1,534	-	1,024,361	1.72	684
2005	214,692	206,925	564,185	142,315	-	1,065	2,866	1,364	9,300	1,142,712	1.83	758
2006	204,184	273,016	558,737	141,610	34,735	935	28,004	6,474	9,300	1,256,995	1.90	832
2007	191,548	273,383	544,156	140,885	34,440	815	27,324	8,986	9,300	1,230,837	-	806
2008	185,202	273,244	526,070	148,765	33,840	680	27,730	8,284	9,300	1,213,115	-	786

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

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

COUNTY OF ALAMEDA, CALIFORNIA

**ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2008**

(amounts in tables expressed in thousands)

2007-08 Assessed Valuation:	\$195,005,509	(includes unitary utility valuation)
Redevelopment Incremental Valuation:	<u>24,540,647</u>	
Adjusted Assessed Valuation:	\$170,464,862	

Population: 1,543,000

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/30/08</u>
Bay Area Rapid Transit District	39.503%	\$ 184,605
East Bay Municipal Utility District, Special Service District No. 1	93.622	30,114
Chabot-Las Positas Community College District	99.423	473,765
Ohlone Community College District	100.000	134,405
Peralta Community College District	100.000	361,690
San Joaquin Delta Community College District	0.114	91
Alameda Unified School District	100.000	85,575
Berkeley Unified School District	100.000	215,570
Castro Valley Unified School District	100.000	90,360
Dublin Unified School District	100.000	141,129
Fremont Unified School District	100.000	204,580
Livermore Valley Joint Unified School District	99.600	116,587
New Haven Unified School District	100.000	176,044
Newark Unified School District	100.000	64,742
Oakland Unified School District	100.000	563,990
Pleasanton Unified School District	100.000	116,009
San Leandro Unified School District	100.000	77,815
Other Unified School Districts	100.000	138,327
City of Alameda	100.000	9,960
City of Albany	100.000	18,885
City of Berkeley	100.000	64,255
City of Fremont	100.000	34,220
City of Oakland	100.000	225,448
Washington Township Healthcare District	100.000	59,350
East Bay Regional Park District	52.654	78,689
Community Facilities Districts	100.000	142,085
1915 Act Bonds (Estimated)	100.000	<u>171,125</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$3,979,415

COUNTY OF ALAMEDA, CALIFORNIA

ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (Continued)
JUNE 30, 2008

(amounts in tables expressed in thousands)

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/30/08</u>
Alameda County General Fund Obligations	100.000%	\$ 459,688
Alameda County Pension Obligations	100.000	228,520 ¹
Alameda County Office of Education Certificates of Participation	100.000	250
Alameda-Contra Costa Transit District Certificates of Participation	88.272	11,917
Chabot-Las Positas Community College District General Fund Obligations	99.423	4,961
Peralta Community College District Pension Obligations	100.000	148,845
Fremont Unified School District Certificates of Participation	100.000	21,190
Hayward Unified School District Certificates of Participation	100.000	22,560
Oakland Unified School District Certificates of Participation	100.000	78,845
Pleasanton Unified School District General Fund Obligations	100.000	18,345
Other School District Certificates of Participation	Various	20,930
City of Berkeley General Fund and Pension Fund Obligations	100.000	39,110
City of Fremont General Fund Obligations	100.000	126,440
City of Hayward General Fund Obligations	100.000	38,685
City of Livermore General Fund Obligations	100.000	69,960
City of Oakland General Fund Obligations	100.000	503,685
City of Oakland Pension Obligations	100.000	282,705
Other City General Fund Obligations	100.000	123,448
Byron Bethany Irrigation District General Fund Obligations	.334	19
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$2,200,103
Less: City of Hayward self-supporting obligations		3,449
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		<u>\$2,196,654</u>
 GROSS COMBINED TOTAL DEBT		 \$6,179,518 ²
NET COMBINED TOTAL DEBT		\$6,176,069
 STATE SCHOOL BUILDING AID REPAYABLE AS OF June 30, 2008 (not in thousands): \$33,574		
 Ratios to 2007-08 Assessed Valuation:		<u>Per Capita</u> (not in Thousands)
Total Overlapping Tax and Assessment Debt	2.04%	\$2,579
 Ratios to Adjusted Assessed Valuation:		
Combined Direct Debt (\$688,208)	.40%	446
Gross Combined Total Debt	3.63%	4,005
Net Combined Total Debt	3.62%	4,003

¹ Excludes accreted value.

² Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

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

Legal debt margin calculation for fiscal year 2008:

Net assessed value	\$193,253,556
Plus homeowners' exemption	1,751,953
Total assessed value	<u>\$195,005,509</u>
Debt limit (1.25% of total assessed value)	\$2,437,569
Amount of debt applicable to debt limit	-
Legal debt margin	<u>\$2,437,569</u>

<u>Fiscal year</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Legal Debt Margin / Debt Limit</u>
1999	\$1,178,943	-	1,178,943	100 %
2000	1,274,906	-	1,274,906	100
2001	1,396,889	-	1,396,889	100
2002	1,548,987	-	1,548,987	100
2003	1,668,018	-	1,668,018	100
2004	1,778,551	-	1,778,551	100
2005	1,892,430	-	1,892,430	100
2006	2,062,410	-	2,062,410	100
2007	2,256,944	-	2,256,944	100
2008	2,437,569	-	2,437,569	100

Source: Auditor-Controller, County of Alameda

COUNTY OF ALAMEDA, CALIFORNIA
PLEDGED-REVENUE COVERAGE
LAST EIGHT FISCAL YEARS
(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	
2001	237	181	93	0.86	-	-	-	-	-	-	-	-
2002	202	110	84	1.04	-	-	-	-	-	-	-	-
2003	219	145	79	0.98	-	-	-	-	18,186	4,325	7,164	1.58
2004	240	125	72	1.22	-	-	-	-	15,373	4,740	12,053	0.92
2005	247	205	67	0.91	-	-	-	-	15,605	4,535	11,871	0.95
2006	189	130	55	1.02	1,050	-	637	1.65	15,051	3,545	12,645	0.93
2007	187	120	46	1.13	2,126	295	1,527	1.17	22,370	4,320	11,525	1.41
2008	188	135	40	1.07	2,023	600	1,502	0.96	16,566	5,145	11,341	1.01

¹ Data for fiscal years 1998 to 2000 are not available.

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

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)	Per Capita Personal Income	Unemployment Rate
1999	1,433,309	\$48,316,848	\$33,856	3.5%
2000	1,454,302	55,790,772	38,466	3.6
2001	1,479,100	56,121,664	38,172	4.8
2002	1,486,550	55,316,775	37,788	6.7
2003	1,496,200	56,257,943	38,583	6.9
2004	1,498,125	59,419,621	40,920	5.9
2005	1,507,500	62,331,734	42,956	5.1
2006	1,510,303	66,325,334	45,689	4.4
2007	1,526,148	- ¹	- ¹	4.7
2008	1,543,000	- ¹	- ¹	6.7

Source: State of California Employment Development Department Labor Market Information

¹ Data not yet published.

**COUNTY OF ALAMEDA, CALIFORNIA
PRINCIPAL EMPLOYERS
JUNE 30, 2008**

Employer	Type of Business	Number of Employees 2008 ¹	Rank	Percentage of Total County Employment ²
University of California Berkeley	Education	15,618	1	2.18 %
Lawrence Livermore National Laboratory	Energy Development and Conservation	11,550	2	1.62
County of Alameda	Local Government	9,044	3	1.26
New United Motor Manufacturing, Inc.	Industrial	7,000	4	0.98
Oakland Unified School District	Education	5,607	5	0.78
Lawrence Berkeley Laboratory	Research	5,000	6	0.70
World Savings and Loan	Savings and Loan	4,389	7	0.61
City of Oakland	Local Government	4,249	8	0.59
Cooper Co's Inc.	Contact Lens Development, Manufacturing and Marketing	4,000	9	0.56
City of Berkeley	Local Government	3,887	10	0.54
Total		70,344		9.82 %

Source: Harris Infosource 2008

¹ The number of employees of the County of Alameda, City of Oakland, and City of Berkeley are employed within the County of Alameda. For the other principal employers, the number of employees within the County of Alameda is not available. The number of employees in the East Bay area is reported instead.

² Percentage is calculated based on total employment of 714,500 within Alameda County.

**COUNTY OF ALAMEDA
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST SIX FISCAL YEARS ¹**

Function	Full-time Equivalent Employees as of June 30					
	2003	2004	2005	2006	2007	2008
General Government	1,271	1,279	1,233	1,220	1,206	1,221
Public Protection ²	4,137	4,016	3,145	3,185	3,263	3,375
Public Assistance ³	2,413	2,197	2,093	2,074	2,122	2,252
Health and Sanitation	1,000	982	932	974	1,002	1,034
Public Ways and Facilities	3	4	4	3	4	4
Recreation and Cultural Services	2	2	2	2	2	2
Education	<u>106</u>	<u>101</u>	<u>100</u>	<u>92</u>	<u>99</u>	<u>101</u>
Totals	<u>8,932</u>	<u>8,581</u>	<u>7,509</u>	<u>7,550</u>	<u>7,698</u>	<u>7,989</u>

¹ Data not available for fiscal years 1999 to 2002

² The Superior Court was no longer a part of the County effective July 1, 2005. There were 855 and 829 full-time equivalent employees for the Superior Court at the end of fiscal years 2003 and 2004, respectively.

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

Source: Auditor-Controller, County of Alameda

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

Function	2006	2007	2008
General Government			
Property tax bills processed	586,598	584,705	583,795
Phone-assisted property tax calls	77,279	79,835	78,643
Recycled materials recovered (pounds) from county departments			
Metal	505,790	517,055	428,327
Paper	1,879,326	1,683,357	1,977,240
Toner cartridges	1,840	2,200	2,400
Public Protection			
Juvenile detention risks and needs assessment completed	3,200	3,413	2,940
Youth serviced through community probation	570	883	1,500
Documents recorded/indexed	537,019	469,793	396,880
Child support active caseload	41,346	39,928	37,803
Emergency calls to fire district	21,454	22,642	22,591
Calls for police service	50,594	50,993	51,272
Total patrol arrests	4,172	6,246	5,668
Total investigation arrests	827	1,157	1,531
Crime investigation cases assigned	9,949	4,158	6,372
Crime investigation cases closed	9,635	7,950	6,193
Average daily inmate population	3,982	4,126	4,371
Public Assistance			
Seniors receiving services (annual amount)	26,852	25,378	25,360
Congregate nutrition meals served (annual amount)	250,573	229,775	235,207
Home-delivered nutrition meals served (annual amount)	527,589	531,022	538,471
CALWORKS job placements (annual amount)	2,550	3,338	3,475
CALWORKS eligible households aided (monthly average)	18,964	17,506	18,461
Medi-Cal eligible households aided (monthly average)	71,235	63,915	66,068
Food stamps eligible households aided (monthly average)	29,877	31,320	33,995
General Assistance eligible cases aided (monthly average)	5,694	6,862	7,976
Health and Sanitation			
Food inspections	17,191	16,570	15,903
Recreational inspections	1,760	2,322	1,888
Medical waste facility inspections	109	124	130
Landfill site inspections	175	156	154
Hazardous waste accepted from households (pounds)	2,358,232	2,236,570	2,433,661
Hazardous waste recycled (pounds)	1,948,562	1,856,353	2,284,808
Public Ways and Facilities			
Percent of roadway miles rehabilitated	14.50	1.25	10.22
Percent of potholes filled within 48 hours of request	90.00	94.50	96.00
Education			
Number of library visits	4,200,000	4,180,464	4,266,895
Number of registered library card holders	297,665	332,959	315,406
Water			
New water connections	1,774	1,245	797
Well water treated (million gallons)	1,512	1,768	1,509
Surface water treated (million gallons)	12,160	13,416	13,392
Average daily demand (million gallons)	37.4	41.6	41.0
Average peak day demand (million gallons)	70.4	65.6	50.0

¹ Data not available for fiscal years 1999 to 2005. Operating indicators are not available for the recreation and cultural services function.

Source: Various County of Alameda departments

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

	2006	2007	2008
Function			
General Government			
Administration buildings	3	3	3
Public Protection			
Administration buildings	11	11	11
Jail and detention facilities	5	6	6
Pump stations	12	13	13
Fuel cell center	-	-	1
Fire stations	4	4	4
Fire trucks	31	31	31
Aircraft	1	1	2
Patrol boats	3	5	5
Patrol cars	109	122	144
Rescue equipment	10	10	10
Heavy equipment	69	72	72
Public Assistance			
Administration buildings	4	4	4
Health and Sanitation			
Administration buildings	2	2	2
Hospitals	3	3	3
Health centers	4	4	4
Hazardous waste facilities	2	2	2
Public Ways and Facilities			
Administration building	1	1	1
Maintenance buildings	5	5	5
Bridges	7	7	7
Road (miles)	476	473	473
Street lights	7,943	7,466	7,483
Traffic signals	80	78	81
Heavy equipment	76	76	70
Recreation and Cultural Services			
Administration building	1	1	1
Exhibit halls	6	6	6
Amphitheater	1	1	1
Education			
Libraries	3	3	3
Water			
Administration buildings	2	2	2
Pump station	1	1	2
Water treatment plants	2	2	2
Heavy equipment	5	5	5

¹ Data not available for fiscal years 1999 to 2005

Source: Auditor-Controller, County of Alameda

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