ALAMEDA COUNTY
WASTE MANAGEMENT AUTHORITY,
ALAMEDA COUNTY SOURCE REDUCTION AND
RECYCLING BOARD AND ENERGY COUNCIL

BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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ALAMEDA COUNTY WASTE MANAGEMENT AUTHORITY
BOARD OF DIRECTORS
JUNE 2016

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Dan Kalb, *City of Oakland,* ***First Vice President***
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Jim Oddie, *City of Alameda*
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Deborah Cox, *City of San Leandro*
Lorrin Ellis, *City of Union City*

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JUNE 2016

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Bernie Camara, *Recycling Materials Processing Industry*
Adan Alonzo, *Recycling Programs*
Michael Peltz, *Solid Waste Industry Representative*
Steve Sherman, *Source Reduction Specialist*

ENERGY COUNCIL
BOARD OF DIRECTORS
JUNE 2016

Dan Kalb, *City of Oakland,* ***President***
Greg Jones, *City of Hayward,* ***1st Vice President***
Lorrin Ellis, *City of Union City*, **2nd Vice President**
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MAZE & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Alameda County Waste Management Authority,
Alameda County Source Reduction and Recycling Board
and Energy Council
Oakland, California

Report on Financial Statements

We have audited the accompanying financial statements of the Alameda County Waste Management Authority, Alameda County Source Reduction and Recycling Board and Energy Council (Agency), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 as to whether the financial statements are free of material misstatement.

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2016, and the change in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 72 – *Fair Value Measurement and Application*, which became effective during the year ended June 30, 2016 and required footnote disclosures as discussed in Note 1H to the financial statements.

The emphasis of this matter does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and other Required Supplementary Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to this information in accordance with generally accepted auditing standards in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements as a whole. The Supplemental Information as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2017 on our consideration of the Agency'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* in considering the Agency's internal control over financial reporting and compliance.

Maze + Associates

Pleasant Hill, California
February 27, 2017

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ALAMEDA COUNTY WASTE MANGEMENT AUTHORITY, ALAMEDA COUNTY SOURCE REDUCTION AND RECYLING BOARD AND ENERGY COUNCIL (“STOPWASTE”)
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016

This section presents management’s analysis of the Alameda County Waste Management Authority’s (the Authority) financial condition and activities as of and for the year ended June 30, 2016. Management’s Discussion and Analysis (MD&A) provides an overview of the Authority which operates as “StopWaste”, and is governed by three boards: the Alameda County Source Reduction Board, the Recycling Board and the Energy Council Board. To obtain a complete understanding of the Authority’s financial condition, this document should be read in conjunction with the financial statements and the accompanying notes to those financial statements.

ORGANIZATION AND BUSINESS

Alameda County Waste Management Authority operating as StopWaste, is a public agency responsible for reducing waste in Alameda County and is governed by three Boards: The Alameda County Source Reduction Board, the Recycling Board, and the Energy Council. StopWaste helps local governments, businesses, schools and residents with projects and initiatives that increase recycling and reduce waste; develop and expand markets for recycled materials, provide technical and implementation assistance to increase recycling; motivate people to make recycling and waste reduction part of their everyday routines, reduce energy wastes and increase community resilience to climate change.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The Authority operates as an Enterprise Fund and presents its financial statements using the full accrual basis of accounting. Revenues are recorded when earned and expenses recorded at the time liabilities are incurred, regardless of when cash is received or paid.

The Authority’s financial reports include three basic financial statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows.

The Statement of Net Position includes information about the Authority’s assets, liabilities, deferred outflows and inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position present the results of the Agency’s operations over the course of the fiscal year and information as to how the net position changed during the year. All of the fiscal year’s revenues and expenses are accounted for in this statement.

The Statement of Cash Flows provides information about the Authority’s cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities. The statement shows what the sources and uses of cash were and what the change in the cash balance was during the fiscal year.

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic Financial Statements can be found on pages 9-37 of this report.

FINANCIAL HIGHLIGHTS

- The Authority's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of Fiscal Year (FY) 2016 by $50.1 million (reported as net position). The Authority's total net position was 79.9%, Recycling Board's net position was 17.9% and the Energy Council net position was 0.2%.

- In fiscal year ended June 30, 2016, the Authority's operating revenues from disposal and waste import mitigation fees decreased by $1.5 million (9.2%); $1.0 million of the reduction was due to the expiration of a long-term disposal contract for San Francisco waste disposed at the Altamont Landfill and the remainder due to lower tonnages from Alameda County. Additionally, FY 2015 included a one-time fund balance transfer of $2.3 million for the Household Hazardous Waste Program which the Authority took over as the fiscal agent effective July 1, 2014.

- The Authority's net pension liability of $4.6 million is disclosed as a liability in the Statement of Net Position.

OVERVIEW OF THE FINANCIAL STATEMENTS

Statement of Net Position

Table 1 reflects a comparison of the Authority's net position for fiscal year ended June 30, 2016 and 2015.

Table 1
Summary Statement of Net Position at June 30, 2016 and 2015

	2016	2015	Increase (Decrease) Amount	Increase (Decrease) Percentage
Current and Other Assets	$48,182,514	$42,079,121	$6,103,393	14.5%
Capital Assets	14,304,952	14,453,559	(148,607)	(1.0%)
Total Assets	62,487,466	56,532,680	5,954,786	10.5%
Deferred employer pension contributions and other pension items	2,128,589	640,526	1,488,063	67.7%
Total Deferred Outflows of Resources	2,128,589	640,526	1,488,063	67.7%
Current and Other Liabilities	13,741,110	9,062,115	4,678,995	51.6%
Total Liabilities	13,741,110	9,062,115	4,678,995	51.6%
Unavailable revenues	84,037	17,525	66,512	380%
Deferred inflows – pension related	654,281	1,289,856	(635,575)	(49.3%)
Total Deferred Inflows of Resources	738,318	1,307,381	(569,063)	(43.5%)

Net Position:				
Net investment in capital assets	14,304,952	14,453,559	(148,607)	(1.0%)
Household Hazardous Waste Fund	7,585,714	4,601,800	2,983,914	64.8%
Restricted Reserves	12,865,780	14,399,244	(1,533,464)	(10.6%)
Unrestricted	15,380,181	13,349,107	2,031,074	15.2%
Total Net Position	$50,136,627	$46,803,710	$3,332,917	7.1%

The total net position may serve over time as a useful indicator of the Agency's financial position. At the close of the fiscal year, June 30, 2016, the Agency's assets plus deferred outflows exceeded liabilities plus deferred inflows by $50.1 million. In FY 2015, the Agency implemented GASB 68 and 71. As a result of the implementation, net pension liability of $3.5 million was disclosed as a liability in the Statement of Net Position and the beginning FY 2015 unrestricted net position was restated.

The largest portion of the Agency's net position, $15.4 million (30.7%) is unrestricted and represents resources that may be used to meet any of the Agency's ongoing obligations, including outstanding contracts. $12.9 million (25.7%) are in reserves which have been designated for specific purposes by the Board. The Agency administers the funding for the four permanent Household Hazardous Waste Collection sites in Alameda County under a Memorandum of Understanding (MOU) with the City of Fremont and a MOU with the County of Alameda. These MOU's include certain restrictions on expense reimbursement limits.

The Agency's investment in capital assets (land, buildings, furniture and equipment net of accumulated depreciation) amounted to $14.3 million.

Statement of Revenues, Expenses and Changes in Net Position

Table 2 provides a summary of the Agency's operations for the fiscal years ended June 2016 and 2015.

Table 2
Summary Statement of Revenues, Expenses and Changes in Net Position
for the years ending June 30, 2016 and 2015

	2016	**2015**	**Increase (Decrease) Amount**	**Increase (Decrease) Percentage**
Operating revenues	$24,014,705	$27,015,879	$(3,001,174)	(11.1%)
Non-operating revenues	9,605,854	9,312,274	293,580	3.2%
Total Revenues	33,620,559	36,328,153	(2,707,594)	(7.5%)
Operating expenses	30,128,640	30,583,848	(455,208)	(1.5%)
Depreciation	159,002	160,070	(1,068)	(1.0%)
Total Expenses	30,287,642	30,743,918	(456,276)	(1.5%)
Change in Net Position	3,332,917	5,584,235	(2,251,318)	(40.3%)
Beginning Net Position	46,803,710	41,219,475	5,584,235	13.5%
Ending Net Position	$50,136,627	$46,803,710	$3,332,917	7.1%

The Statement of Revenues, Expenses, and Changes in Net Position shows how the Authority's net position changed during the fiscal year. Compared to the prior fiscal year, the Authority recognized an increase in net position of $3.3 million. The net position increase is largely due to an increase in the Household Hazardous Waste Fund balance.

Non-operating revenues comprised primarily of grants and interest income.

Capital Assets

At June 30, 2016, the Authority had invested $14.3 million in capital assets, net of depreciation. The investment in capital assets includes land, buildings, furnishings and equipment. There was one asset addition to furniture and equipment during the fiscal year.

Details of the capital assets, net of accumulated depreciation, as of June 30, 2016 and 2015 are as follows:

	2016	2015	Increase (Decrease) Amount	Increase (Decrease) Percentage
Land (Altamont and Webster Street)	$ 9,230,922	$9,230,922	$-0	
Buildings (Webster Street and Education Center)	6,278,660	6,278,660	-0	
Furniture and equipment	263,727	259,652	4,075	1.6%
Total Capital Assets	$15,773,309	$15,769,234	4,075	0.0%
Less: Accumulated Depreciation	(1,468,357)	(1,315,675)	(152,682)	(11.6%)
Ending Capital Assets, net of depreciation	$14,304,952	$14,453,559	$(148,607)	(10.3%)

Request for information

The Authority's financial statements are designed to provide a general overview of the Authority's finances and to show the Authority's accountability of the resources it receives and expends. If you have questions about this report, or need additional information, contact the Administrative Services Director or Financial Services Manager at the Alameda County Waste Management Authority, operating as StopWaste, 1537 Webster Street, Oakland CA 94612.

ALAMEDA COUNTY WASTE MANAGEMENT AUTHORITY,
ALAMEDA COUNTY SOURCE REDUCTION AND RECYCLING BOARD
AND ENERGY COUNCIL
STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS	
Current Assets	
Cash and cash equivalents (Note 2)	$38,287,604
Accounts receivable	2,251,863
Interest receivable	12,985
Grants receivable	4,831,024
Loans receivable - current (Note 3)	212,341
Total current assets	45,595,817
Noncurrent Assets	
Capital Assets - net of accumulated depreciation (Note 4)	14,304,952
Loans receivable - non-current (Note 3)	369,754
Net OPEB asset (Note 9)	2,216,943
Total noncurrent assets	16,891,649
Total Assets	62,487,466
DEFERRED OUTFLOWS OF RESOURCES	
Related to pension (Note 8)	2,128,589
LIABILITIES	
Current Liabilities	
Accounts payable	7,360,394
Accrued expenses	289,621
Accrued vacation (Note 6)	63,114
Due to other governmental agencies (Note 5)	1,046,688
Unearned revenue	80,443
Total current liabilities	8,840,260
Noncurrent liabilities	
Net pension liability (Note 8)	4,631,507
Accrued vacation (Note 6)	269,343
Total noncurrent liabilities	4,900,850
Total Liabilities	13,741,110
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenues	84,037
Related to pension (Note 8)	654,281
Total Deferred Inflows of Resources	738,318
NET POSITION (Note 7)	
Net investment in capital assets	14,304,952
Unrestricted	35,831,675
Total Net Position	$50,136,627

See accompanying notes to financial statements

ALAMEDA COUNTY WASTE MANAGEMENT AUTHORITY,
ALAMEDA COUNTY SOURCE REDUCTION AND RECYCLING BOARD
AND ENERGY COUNCIL
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

OPERATING REVENUES	
Disposal and waste import mitigation fees	$14,518,653
Household hazardous waste fees	7,627,800
Benchmark fees	940,161
Other	928,091
Total Operating Revenues	24,014,705
OPERATING EXPENSES	
Salaries and benefits	6,232,177
Program expenses	23,596,811
Legal and accounting	247,917
Board expenses	51,735
Depreciation (Note 4)	159,002
Total Operating Expenses	30,287,642
OPERATING LOSS	(6,272,937)
NON-OPERATING REVENUE	
Grants	9,386,969
Interest income	173,885
Other income	45,000
Total Non-Operating Revenue	9,605,854
CHANGE IN NET POSITION	3,332,917
Net position, beginning of year	46,803,710
Net position, end of year	$50,136,627

See accompanying notes to financial statements

ALAMEDA COUNTY WASTE MANAGEMENT AUTHORITY,
ALAMEDA COUNTY SOURCE REDUCTION AND RECYCLING BOARD
AND ENERGY COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers and users	$24,083,335
Cash payments to suppliers	(20,237,870)
Cash payments to employees for wages and benefits	(7,219,571)
Net cash provided by (used for) operating activities	(3,374,106)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Grants	5,315,572
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of capital assets	(10,395)
Interest income	202,973
Net cash provided by (used for) investing activities	192,578
Net change in cash and cash equivalents	2,134,044
Cash and cash equivalents at beginning of year	36,153,560
Cash and cash equivalents at end of year	$38,287,604

Reconciliation of operating loss to net cash provided by (used for)	
Operating activities:	
Operating loss	($6,272,937)
Adjustments to reconcile operating loss to	
Depreciation	159,002
(Increase) decrease in accounts receivable	282,996
(Increase) decrease in loans receivable	(214,366)
(Increase) decrease in OPEB asset	14,725
Increase (decrease) in accounts payable	3,466,361
Increase (decrease) in accrued expenses	72,005
Increase (decrease) in amounts due to other governments	(20,970)
Increase (decrease) in unearned revenue	126,472
Increase (decrease) in accrued vacation	(28,428)
Increase (decrease) net pension liability, deferred inflows and deferred outflows	(958,966)
Net cash provided by (used for) operating activities	($3,374,106)

See accompanying notes to financial statements

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NOTE 1 – SUMMARY SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Agency and its Programs

Alameda County Waste Management Authority, Alameda County Source Reduction and Recycling Board and Energy Council are three separate legal entities:

The Alameda County Waste Management Authority (Agency) is a public agency formed in 1976 by a Joint Exercise of Powers Agreement among the County of Alameda, each of the fourteen cities within the county, and two sanitary districts that provide refuse and recycling collection services. The Agency has a seventeen-member board composed of elected officials appointed by each member agency.

The Agency is responsible for preparation of the Alameda County Integrated Waste Management Plan and Alameda County Hazardous Waste Management Plan. It manages a long-range program for development of solid waste facilities and offers a wide variety of other programs in the areas of source reduction and recycling, market development, technical assistance and public education. Funding is provided by per ton disposal and waste import mitigation fees.

The Alameda County Source Reduction and Recycling Board (Recycling Board) was created in 1990 by the voters of Alameda County through a ballot initiative, "Measure D". The eleven-member board includes six citizen experts appointed by the Alameda County Board of Supervisors and five elected officials from the Alameda County Waste Management Authority.

The Recycling Board is responsible for programs that promote source reduction, residential and commercial recycling, recycled product procurement and market development. Program funding is provided from a per ton disposal surcharge at the Altamont and Vasco Road landfills.

The Energy Council was formed in Spring 2013 as a Joint Powers Agency to seek funding on behalf of its member agencies to develop and implement programs and policies that reduce energy demand, increase energy efficiency, advance the use of clean, efficient and renewable resources, and help create climate resilient communities. The Energy Council will assist its members in strengthening staff capacity, providing technical expertise, and securing funds to implement local sustainable energy strategies. To date, fifteen members serve on the Board. Funding for projects comes from external sources, mainly grants.

B. Basis of Presentation

The Agency's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

NOTE 1 – SUMMARY SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

Enterprise fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows.

Enterprise funds are accounted for using "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and deferred outflows of resources, and liabilities and deferred inflow of resources, (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

D. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expense and a liability. Generally, earned vacation may be accumulated up to a maximum of 400 hours by all personnel. Agency employees do not receive compensation for accumulated sick leave unless they retire, in which case they have the option of cashing out half of their sick leave or converting sick leave to service credit. To date all eligible employees have chosen the latter option. Accordingly no sick leave has been accrued.

E. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

NOTE 1 – SUMMARY SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Agency has only one item that qualifies for reporting in this category.

H. Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statement, which became effective during the year ended June 30, 2016:

GASB Statement No. 72 – *Fair Value Measurement and Application*. The intention of this Statement is to enhance the comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. It also enhances fair value application guidance and related disclosures.

NOTE 2 - CASH AND INVESTMENTS

The Agency invests in investment pools. The Agency carries its investments at fair market value, as required by generally accepted accounting principles. Cash and investments at June 30, 2016 consist of the following:

Cash on hand and in banks	$132,270
Investment pools	38,155,334
Total cash and cash equivalents	$38,287,604

NOTE 2 - CASH AND INVESTMENTS (Continued)

A. Authorized Investments

The Agency is authorized to invest in the instruments, in the table below, which also identifies certain provisions of the California Government Code or the Agency's investment policy where it is more restrictive:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Alameda County Investment Pool	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

B. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the Agency's investments to market interest rate fluctuations is provided by the following table, which shows the distribution of the Agency's investments by maturity:

Authorized Investment Type	Remaining Maturity (in Months) 12 Months or less
Alameda County Investment Pool	$23,489,349
Local Agency Investment Fund (LAIF)	14,665,985
	$38,155,334

The Agency is considered to be a voluntary participant in the Alameda County Investment Pool, an external investment pool. The fair value of the Agency's investment in the pool is reported in the financial statements at amounts based upon the Agency's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

The Agency is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Agency reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

NOTE 2 - CASH AND INVESTMENTS (Continued)

Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2016, these investments matured in an average of 167 days.

C. Fair Value Hierarchy

The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The California Local Agency Investment Fund investments totaling $23.5 million and the Alameda County Investment Pool investments totaling $14.7 million are both classified in Level 2 of the fair value hierarchy, and are valued based on the fair value factor provided by the Treasurer of the State of California and the Alameda County Treasurer, respectively. Fair value is defined as the quoted market price on the last trading day of the period.

D. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The State and County investment pools are not rated.

E. Concentration of Credit Risk

Investments in any one issuer (other than U. S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total investments. As of June 30, 2016, there were no investments that represent 5% or more of the total Agency investments.

F. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Agency will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Under California Government Code Section 53651, depending on specific types of eligible securities, a bank must deposit eligible securities posted as collateral with its Agent having a fair value of 105% to 150% of the Agency's cash on deposit. All of the Agency's deposits are either insured by the Federal Depository Insurance Corporation (FDIC) or collateralized with pledged securities held in the trust department of the financial institutions in the Agency's name.

NOTE 3 – LOANS RECEIVABLE

The Agency lends out monies to businesses in order to improve their recycling and waste management programs. The Revolving Loan Fund is designed to encourage businesses to reduce the amount of waste going to Alameda County landfills by providing low interest loans for source reduction, recycling, composting, processing or recycled market development efforts. Loan funds are available to existing and start up businesses with projects that reduce waste disposed in Alameda County landfills. To be eligible, businesses must be located in Alameda or an adjacent county, or be relocating to Alameda County. The fund is administered by the Safe-BidCo. on behalf of the Alameda County Source Reduction and Recycling Board. Loans are available from $10,000 to $300,000 with interest rates ranging from Wall Street Journal (WSJ) prime to prime plus 6%. Loan terms do not exceed 5 years. As of June 30, 2016, outstanding loans totaled $582,095.

NOTE 4 – CAPITAL ASSETS

Capital assets are stated at cost less accumulated depreciation, which is provided on the straight-line basis over the estimated useful lives of the respective assets. The estimated useful lives of the assets and capitalization thresholds are listed below:

Asset Type	Asset Life	Capitalization Thresholds
Building and improvements	25 to 50 years	$5,000
Vehicles, furniture, and equipment	5 to 10 years	$5,000

The Agency's capital assets at June 30, 2016 consist of:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets not being depreciated:				
Land	$9,230,922			$9,230,922
Total	9,230,922			9,230,922
Capital assets being depreciated:				
Buildings and improvements	6,278,660			6,278,660
Furniture and equipment	259,652	$10,395	($6,320)	263,727
Total	6,538,312	10,395	(6,320)	6,542,387
Less accumulated depreciation for:				
Building	(1,102,110)	(132,059)		(1,234,169)
Furniture and equipment	(213,565)	(26,943)	6,320	(234,188)
Total	(1,315,675)	(159,002)		(1,468,357)
Total capital assets being depreciated, net	5,222,637	(148,607)		5,074,030
Total capital assets, net	$14,453,559	($148,607)		$14,304,952

NOTE 5 – DUE TO OTHER GOVERNMENTAL AGENCIES

The Agency provides direct funding to member agencies through the mandated allocation of funds to municipalities. Measure D requires the Agency to disburse 50% of Measure D fees on a per capita basis to municipalities for the continuation and expansion of municipal recycling programs. On June 30, 2016, $1,046,688 represented the last quarter of Measure D fees that had not yet been remitted.

NOTE 6 – LONG-TERM LIABILITIES

A summary of long-term liability activities for the year ended June 30, 2016 is as follows:

	Balance June 30, 2015	Additions	Reductions	Ending June 30, 2016	Due within One Year
Accrued vacation	$360,885		$28,428	$332,457	$63,114

NOTE 7 – NET POSITION

A. Net Position

Net Position is the excess of all the Agency's assets and deferred outflows over all its liabilities, and deferred inflows regardless of fund. Net Position are divided into three captions defined below:

Net Investment in Capital Assets describes the portion of Net Position which is represented by the current net book value of the Agency's capital assets, less the outstanding balance of any debt issued to finance these assets and related deferred inflows.

Restricted describes the portion of Net Position which is restricted to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Agency cannot unilaterally alter.

Unrestricted describes the portion of Net Position which is not restricted to use.

NOTE 8 - PENSION PLAN

A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent, limited term and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a risk pool. Plan assets may be used to pay benefits for any employer rate plan of the pool. Accordingly, rate plans within the pool are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the risk pool. The Agency sponsors two rate plans (miscellaneous classic and miscellaneous PEPRA). Benefit provisions under the Plan are established by State statute and Agency resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

B. ***Benefits Provided*** – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each rate plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous	**PEPRA**
Hire date	Prior to January 1, 2013	After January, 1, 2013
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Required employee contribution rates	7.94%	6.25%
Required employer contribution rates	9.67%	6.25%

Starting in fiscal year 2016, the required employer contribution rate was separated into an Employer Normal Cost Rate and a fixed dollar payment of the unfunded liability. For fiscal year 2016, the required employer payment of the unfunded liability was $201,459. The Agency made an additional $600,000 payment towards the unfunded liability in addition to the $201,459 payment.

NOTE 8 - PENSION PLAN (Continued)

C. ***Contributions*** – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The Agency's contributions recognized as part of pension expense for the year ended June 30, 2016 were $638,765.

D. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2016, the Agency reported net pension liabilities for its proportionate shares of the net pension liability for the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	$4,631,507

The Agency's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Agency's proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015 was as follows:

	Miscellaneous
Proportion - June 30, 2014	0.056271%
Proportion - June 30, 2015	0.067476%
Change - Increase (Decrease)	0.011205%

NOTE 8 - PENSION PLAN (Continued)

For the year ended June 30, 2016, the Agency recognized pension expense of $273,282. At June 30, 2016, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$1,199,151	
Differences between actual and expected experience	40,940	
Changes in assumptions		387,330
Difference in proportion	808,316	72,778
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	80,182	
Net differences between projected and actual earnings on plan investments		194,173
Total	$2,128,589	$654,281

$1,199,151 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Increase (Decrease) in Pension Expense
2017	$14,580
2018	17,705
2019	(5,328)
2020	248,200

NOTE 8 - PENSION PLAN (Continued)

E. ***Actuarial Assumptions*** – The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.3%-14.2%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.65% (1)
Mortality	Derived using CalPERS' Membership Data for all Funds (2)

(1) Net of pension plan investment expenses, including inflation.

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2010 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

NOTE 8 - PENSION PLAN (Continued)

F. ***Discount Rate*** – The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

NOTE 8 - PENSION PLAN (Continued)

G. ***Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** – The following presents the Agency's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the Agency's propbortionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

H.

	Miscellaneous
1% Decrease	6.65%
Net Pension Liability	$7,587,294
Current Discount Rate	7.65%
Net Pension Liability	$4,631,507
1% Increase	8.65%
Net Pension Liability	$2,191,161

I. ***Pension Plan Fiduciary Net Position*** – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

At June 30, 2016, the Agency reported a payable of $0 for outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS

A. Post Employment Health Care Benefits

Description

The Agency participates in the CALPERS sponsored health care plan for its employees and long-service retirees and/or their dependents. In addition, the Agency sponsors and administers dental and vision coverage for its employees and/or their dependents.

The Agency provides post-retirement health care benefits to eligible retirees. Prior to January 1, 2007, eligible employees retiring at or after age 50 with a minimum of 5 years of service credit, may opt to continue health care coverage, including spouse and dependents, with a monthly premium paid by the Agency. Vesting requirements have been implemented for employees hired after January 1, 2007.

The Agency has elected to set up a trust fund with the California Employers' Retiree Benefit Trust (CERBT) to fund their plan. The Agency does not have a stand-alone financial statement to their plan. Financial activity of the plan will be included as part of the CERBT's financial statements available through their executive office.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

The Plan provisions and benefits in effect at June 30, 2016 are summarized as follows:

	HIRED BEFORE 1/1/2007	HIRED ON OR AFTER 1/1/2007
Full Retirement Benefit		
Eligibility Age	50	50 (52 if hired after 2012)
Service Required	5 years	20 years
Benefit Amount	Payment of any PERS premium for retiree and eligible dependents.	Payment of PERS premium for retiree and eligible dependents to limits under Section 22893. In 2016, caps are $705 for 1-party, $1,343 for 2-party, and $1,727 for family.
Benefits End	Paid for life	Paid for life
Partial Retirement Benefit		
Eligibility Age		50 (52 if hired after 2012)
Service Required		10-19 years
Benefit Amount	Not Applicable	Full benefit times vested percentage of 50% to 95%
Benefits End		Paid for life
PERS Minimum Benefit		
Eligibility Age		50 (52 if hired after 2012)
Service Required		5 years in PERS
Benefit Amount	Not Applicable	$122 in 2015, $125 in 2016, and indexed to the medical component of the Consumer Price Index thereafter.
Benefits End		Paid for life
Post-Retirement Death Benefit	Payment of premium for eligible dependents for life of spouse or, while eligible, for children.	Payment of premium for eligible dependents for life of spouse or, while eligible, for children.
Pre-Retirement Death Benefit	PERS minimum to surviving spouse only if that spouse receives continuation of PERS pension as form of annuity.	PERS minimum to surviving spouse only if that spouse receives continuation of PERS pension as form of annuity.
Disability Benefit	Same as Full Retirement Benefit shown above, at any age, as long as service requirement is met.	Same as Full Retirement Benefit shown above, at any age, as long as service requirement is met.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Funding Policy and Actuarial Assumptions

The Agency has elected to fully fund the annual required contribution (ARC) which is determined by an actuary. The contribution requirements of the Agency are established and may be amended by the Board of Directors.

The current year ARC was determined as part of a July 1, 2015 actuarial valuation using the Entry Age normal cost method, which is based on the age at hire for eligible employees and based on the benfit plan applicable to the most recently hired employees. The actuarial assumptions included (a) 7% investment rate of return, (b) 2.75% payroll growth rate, (c) 2.75% general inflation rate, and (d) health care cost trend rates assumed to increase 4% per year for medical benefits.

Generally accepted accounting principles permit assets to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such contributions are placed in an irrevocable trust or equivalent arrangement. For the fiscal year ended June 30, 2016, the Agency's annual cost for the health care plan was $138,525. The Agency's OPEB asset amortization and the net OPEB asset for the year ended June 30, 2016 were as follows:

Annual required contribution	$138,302
Interest on net OPEB asset	(156,217)
Amortization of net OPEB asset	156,440
Annual OPEB cost (expense)	138,525
Contribution made	123,800
Decrease in net OPEB asset	(14,725)
Net OPEB asset, beginning of year	2,231,668
Net OPEB asset, end of year	$2,216,943

The Plan's annual required contributions and actual contributions for the last three years ended June 30 are set forth below:

Fiscal Year	Annual OPEB Cost	Actual Contribution	% of OPEB Cost	Net OPEB Asset
6/30/2014	$105,009	$120,200	114%	$2,212,877
6/30/2015	105,009	123,800	118%	2,231,668
6/30/2016	138,525	123,800	89%	2,216,943

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

The Schedule of Funding Progress below, and the required supplementary information immediately following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the actuarial study is presented below:

Actuarial Valuation Date	Actuarial Valuation of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Overfunded (Underfunded) Actuarial Accrued Liability (A-B)	Funded Ratio (A/B)	Covered Payroll (C)	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll [(A-B)/C]
7/1/2015	$3,893,382	$3,650,091	$243,291	107%	$4,477,977	5.43%

NOTE 10 – RISK MANAGEMENT

The Agency carries commercial insurance coverage for its general liability, property damage, and workers' compensation insurance. The Agency also carries public officials and employee liability insurance, as well as employee dishonesty and forgery/alteration insurance, for those employees who have check signing authority, as well as those employees who handle funds in any manner.

The following types of loss risks are covered through commercial insurance policies as follows:

Type of Coverage (Deductible)	Coverage Limits
General Liability ($1,000)	$2,000,000
Property ($1,000)	$350,000,000
Boiler and Machinery ($2,500)	$25,000,000
Workers' Compensation ($1,000)	Statutory Limit

NOTE 11 – COMMITMENTS AND CONTINGENCIES

The Agency's Federal and State grant programs are subject to the provisions of the Federal Single Audit Act as amended and applicable State requirements. In addition, these programs are still subject to further examinations by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The Agency expects such amounts, if any, to be immaterial.

The Agency is subject to litigation arising in the normal course of business. In the opinion of the Agency attorney's there are no pending litigation which is likely to have a material adverse effect on the financial position of the Agency.

Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date Last 10 Years*

	Miscellaneous	Miscellaneous
	6/30/2015	6/30/2014
Plan's proportion of the Net Pension Liability (Asset)	0.067476%	0.056271%
Plan's proportion share of the Net Pension Liability (Asset)	$4,631,507	$3,501,440
Plan's Covered Employee Payroll	4,638,785	4,477,977
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	99.84%	78.19%

Notes to Schedule:

Benefit Changes - The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of two years additional service credit.

Changes in assumptions - The discount rate was changed from 7.5% (net of administrative expense) to 7.65% to correct for an adjustment to exclude administrative expense.

*Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

Cost-Sharing Multiple Employer Defined Pension Plan - Miscellaneous Plans
As of June 30, 2016
Schedule of Contributions
Last 10 Years*

	Miscellaneous **Fiscal Year 2015-2016**	Miscellaneous **Fiscal Year 2014-2015**
Actuarially determined contribution	$599,151	$638,765
Contributions in relation to the actuarially determined contributions	(1,199,151)	(638,765)
Contribution deficiency (excess)	($600,000)	$0
Covered-employee payroll	$4,638,785	$4,477,977
Contributions as a percentage of covered-employee payroll	25.85%	14.26%
Notes to Schedule		
Valuation date:	6/30/2013	6/30/2012

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.5% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Retirement age	Classic - 2.5% @ 55 or 2% @ 62
Mortality	Derived using CalPERS Membership Data for all Funds

*Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

**ALAMEDA COUNTY WASTE MANAGEMENT AUTHORITY,
ALAMEDA COUNTY SOURCE REDUCTION AND RECYCLING BOARD
AND ENERGY COUNCIL
REQUIRED SUPPLEMENTAL INFORMATION
For The Year Ended June 30, 2016**

Schedule of Funding Status – Other Post-Employment Benefits Obligation
Required Supplemental Information – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Valuation of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Overfunded (Underfunded) Actuarial Accrued Liability (A-B)	Funded Ratio (A/B)	Covered Payroll (C)	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll [(A-B)/C]
7/1/2011	$546,600	$2,911,800	($2,365,200)	19%	$3,189,700	(74.2%)
7/1/2013	3,303,800	2,896,300	407,500	114%	4,056,500	10.05%
7/1/2015	3,893,382	3,650,091	243,291	107%	4,477,977	5.43%

ALAMEDA COUNTY WASTE MANAGEMENT AUTHORITY,
ALAMEDA COUNTY SOURCE REDUCTION AND RECYCLING BOARD
AND ENERGY COUNCIL
SUPPLEMENTARY SCHEDULE OF NET POSITION - WASTE MANAGEMENT
JUNE 30, 2016

	Solid Waste	Mitigation Fees	Benchmark Fees	Household Hazardous Waste	Total
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$6,044,134	$13,045,281		$9,354,225	$28,443,640
Accounts receivable	512,700	243,922	$280,545	493,483	1,530,650
Interest receivable	649	12,335			12,984
Grants receivable	4,281,613				4,281,613
Total current assets	10,839,096	13,301,538	280,545	9,847,708	34,268,887
NON-CURRENT ASSETS:					
Capital assets, net of accumulated depreciation	240,033	14,064,919			14,304,952
Net OPEB asset	2,216,943				2,216,943
Due from other funds	434,435	44,638	5,960		485,033
Total Noncurrent Assets	2,891,411	14,109,557	5,960		17,006,928
TOTAL ASSETS	13,730,507	27,411,095	286,505	9,847,708	51,275,815
DEFERRED OUTFLOWS OF RESOURCES					
Related to pension	2,128,589				2,128,589
LIABILITIES					
CURRENT LIABILITIES:					
Accounts payable	4,480,930	212,388	11,519	2,261,994	6,966,831
Accrued expenses	289,621				289,621
Accrued vacation	63,114				63,114
Due to other funds	177,388		236,165		413,553
Total current liabilities	5,011,053	212,388	247,684	2,261,994	7,733,119
LONG-TERM LIABILITIES					
Accrued vacation	269,343				269,343
Net pension liability	4,631,507				4,631,507
Total long-term liabilities	4,900,850				4,900,850
TOTAL LIABILITIES	9,911,903	212,388	247,684	2,261,994	12,633,969
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	84,037				84,037
Related to pension	654,281				654,281
Total deferred inflows of resources	738,318				738,318
NET POSITION					
Net investment in capital assets	240,033	14,064,919			14,304,952
Unrestricted	4,968,842	13,133,788	38,821	7,585,714	25,727,165
TOTAL NET POSITION	$5,208,875	$27,198,707	$38,821	$7,585,714	$40,032,117

ALAMEDA COUNTY WASTE MANAGEMENT AUTHORITY,
ALAMEDA COUNTY SOURCE REDUCTION AND RECYCLING BOARD
AND ENERGY COUNCIL
SUPPLEMENTARY SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - WASTE MANAGEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	Solid Waste	Mitigation Fees	Benchmark Fees	Household Hazardous Waste	Total
OPERATING REVENUES					
Fees	$4,574,911	$1,659,195			$6,234,106
Household hazardous fees				$7,627,800	7,627,800
Benchmark fees			$940,161		940,161
Other	420,960	490,695			911,655
Total operating revenues	4,995,871	2,149,890	940,161	7,627,800	15,713,722
OPERATING EXPENSES					
Salaries and benefits	2,656,538	1,331,327	302,314	158,447	4,448,626
Program expenses	2,375,496	1,742,821	710,165	4,501,313	9,329,795
Legal and accounting	180,594	44,341		19,606	244,541
Board expenses	39,750				39,750
Depreciation	33,546	125,456			159,002
Total operating expenses	5,285,924	3,243,945	1,012,479	4,679,366	14,221,714
OPERATING INCOME (LOSS)	(290,053)	(1,094,055)	(72,318)	2,948,434	1,492,008
NONOPERATING REVENUES					
Grants	235,455				235,455
Interest income	29,338	54,474		35,480	119,292
Total nonoperating revenues	264,793	54,474		35,480	354,747
NET INCOME BEFORE TRANSFERS	(25,260)	(1,039,581)	(72,318)	2,983,914	1,846,755
Transfers in (out)	(769,234)	769,234			
NET INCOME (LOSS) AFTER TRANSFERS	(794,494)	(270,347)	(72,318)	2,983,914	1,846,755
NET POSITION, BEGINNING OF YEAR	6,003,369	27,469,054	111,139	4,601,800	38,185,362
NET POSITION, END OF YEAR	$5,208,875	$27,198,707	$38,821	$7,585,714	$40,032,117

ALAMEDA COUNTY WASTE MANAGEMENT AUTHORITY,
ALAMEDA COUNTY SOURCE REDUCTION AND RECYCLING BOARD
AND ENERGY COUNCIL
SUPPLEMENTARY SCHEDULE OF NET POSITION - RECYCLING BOARD
JUNE 30, 2016

	Municipality Allocation	Revolving Loan Fund	Pre-March 1995	Discretionary	Grants to Non-Profits	Source Reduction	Market Development	Recycled Product Price	Total
ASSETS									
CURRENT ASSETS:									
Cash and cash equivalents	$695,114	$1,426,989	$694,981	$3,539,785	$2,013,621	$1,024,495	$431,842	$17,137	$9,843,964
Accounts receivable	353,086	15,042		105,925	70,617	70,617	70,617	35,309	721,213
Interest receivable		1							1
Loans receivable - current		212,341							212,341
Due from other funds		1,017		14,403	3,853	11,605	11,067	666	42,611
Total current assets	1,048,200	1,655,390	694,981	3,660,113	2,088,091	1,106,717	513,526	53,112	10,820,130
NON-CURRENT ASSETS:									
Loans receivable - non current		369,754							369,754
TOTAL ASSETS	1,048,200	2,025,144	694,981	3,660,113	2,088,091	1,106,717	513,526	53,112	11,189,884
LIABILITIES									
CURRENT LIABILITIES:									
Accounts payable				13,116	49,244	40,275	30,218	28,214	161,067
Due to other funds									
Due to other governments	1,046,688								1,046,688
Total current liabilities	1,046,688			13,116	49,244	40,275	30,218	28,214	1,207,755
TOTAL LIABILITIES	1,046,688			13,116	49,244	40,275	30,218	28,214	1,207,755
NET POSITION									
Unrestricted	1,512	2,025,144	694,981	3,646,997	2,038,847	1,066,442	483,308	24,898	9,982,129
TOTAL NET POSITION	$1,512	$2,025,144	$694,981	$3,646,997	$2,038,847	$1,066,442	$483,308	$24,898	$9,982,129

ALAMEDA COUNTY WASTE MANAGEMENT AUTHORITY,
ALAMEDA COUNTY SOURCE REDUCTION AND RECYCLING BOARD
AND ENERGY COUNCIL
SUPPLEMENTARY SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
- RECYCLING BOARD
FOR THE YEAR ENDED JUNE 30, 2016

	Municipality Allocation	Revolving Loan Fund	Pre-March 1995	Discretionary	Grants to Non-Profits	Source Reduction	Market Development	Recycled Product Price	Total
OPERATING REVENUES									
Fees	$4,142,272			$1,242,680	$828,456	$828,456	$828,453	$414,230	$8,284,547
Other		$16,436							16,436
Total operating revenues	4,142,272	16,436		1,242,680	828,456	828,456	828,453	414,230	8,300,983
OPERATING EXPENSES									
Salaries and benefits		29,346			125,073	396,442	624,285	26,862	1,202,008
Program expenses	4,145,388	20,934		91,835	525,418	247,186	357,194	378,255	5,766,210
Legal and accounting		560		2,209					2,769
Board expenses				11,985					11,985
Total operating expenses	4,145,388	50,840		106,029	650,491	643,628	981,479	405,117	6,982,972
OPERATING INCOME (LOSS)	(3,116)	(34,404)		1,136,651	177,965	184,828	(153,026)	9,113	1,318,011
NONOPERATING REVENUES									
Interest income	3,691	7,649		38,907					50,247
Total nonoperating revenues	3,691	7,649		38,907					50,247
NET INCOME	575	(26,755)		1,175,558	177,965	184,828	(153,026)	9,113	1,368,258
NET POSITION, BEGINNING OF YEAR	937	2,051,899	$694,981	2,471,439	1,860,882	881,614	636,334	15,785	8,613,871
NET POSITION, END OF YEAR	$1,512	$2,025,144	$694,981	$3,646,997	$2,038,847	$1,066,442	$483,308	$24,898	$9,982,129

ALAMEDA COUNTY WASTE MANAGEMENT AUTHORITY,
ALAMEDA COUNTY SOURCE REDUCTION AND RECYCLING BOARD
AND ENERGY COUNCIL
SUPPLEMENTARY SCHEDULE OF NET POSITION - ENERGY COUNCIL
JUNE 30, 2016

ASSETS	
CURRENT ASSETS:	
Grants receivable	$549,411
TOTAL ASSETS	549,411
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	232,496
Due to other funds	114,091
Unearned revenue	80,443
TOTAL LIABILITIES	427,030
NET POSITION	
Unrestricted	122,381
TOTAL NET POSITION	$122,381

ALAMEDA COUNTY WASTE MANAGEMENT AUTHORITY,
ALAMEDA COUNTY SOURCE REDUCTION AND RECYCLING BOARD
SUPPLEMENTARY SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
ENERGY COUNCIL
FOR THE YEAR ENDED JUNE 30, 2016

OPERATING EXPENSES	
Salaries and benefits	$581,543
Program expenses	8,500,806
Legal and accounting	607
Total operating expenses	9,082,956
NON-OPERATING REVENUES	
Grants	9,151,514
Other revenue	45,000
Interest income	4,346
Total non-operating revenues	9,200,860
NET INCOME	117,904
NET POSITION, BEGINNING OF YEAR	4,477
NET POSITION, END OF YEAR	$122,381

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Alameda County Waste Management Authority,
Alameda County Source Reduction and Recycling Board and Energy Council
Oakland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Alameda County Waste Management Authority, Alameda County Source Reduction and Recycling Board and Energy Council (Agency), as of and for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated February 27, 2017. Our report included an emphasis paragraph regarding the implementation of a new accounting principle.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

We have also issued a separate Memorandum on Internal Control dated February 27, 2017 which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

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

Maze + Associates

Pleasant Hill, California
February 27, 2017