

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

**BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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**ALAMEDA COUNTY WASTE MANAGEMENT AUTHORITY,  
ALAMEDA COUNTY SOURCE REDUCTION AND RECYCLING BOARD  
AND ENERGY COUNCIL  
For The Year Ended June 30, 2015**

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ALAMEDA COUNTY WASTE MANAGEMENT AUTHORITY  
BOARD OF DIRECTORS  
JUNE 2015

Pauline Cutter, *City of San Leandro, President*  
Jerry Pentin, *City of Pleasanton, First Vice President*  
Dan Kalb, *City of Oakland, Second Vice President*  
Jim Oddie, *City of Alameda*  
Keith Carson, *Alameda County*  
Peter Maass, *City of Albany*  
Susan Wengraf, *City of Berkeley*  
Dave Sadoff, *Castro Valley Sanitary District*  
Don Biddle, *City of Dublin*

Dianne Martinez, *City of Emeryville*  
Suzanne Lee Chan, *City of Fremont*  
Greg Jones, *City of Hayward*  
Laureen Turner, *City of Livermore*  
Luis Freitas, *City of Newark*  
Shelia Young, *Oro Loma Sanitary District*  
Tim Rood, *City of Piedmont*  
Lorrin Ellis, *City of Union City*

ALAMEDA COUNTY SOURCE REDUCTION AND RECYCLING BOARD  
BOARD OF DIRECTORS  
JUNE 2015

Daniel O'Donnell, *Environmental Organization, President*  
Tim Rood, *City of Piedmont, 1st Vice President*  
Toni Stein, *Environmental Educator, 2nd Vice President*  
Peter Maass, *City of Albany*  
Greg Jones, *City of Hayward*  
Jerry Pentin, *City of Pleasanton*  
Lorrin Ellis, *City of Union City*  
Minna Tao, *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 2015

Pauline Cutter, *City of San Leandro, President*  
Dan Kalb, *City of Oakland, 1st Vice President*  
Greg Jones, *City of Hayward, 2nd Vice President*  
Lorrin Ellis, *City of Union City*  
Keith Carson, *Alameda County*  
Jim Oddie, *City of Alameda*  
Peter Maass, *City of Albany*  
Susan Wengraf, *City of Berkeley*  
Don Biddle, *City of Dublin*  
Dianne Martinez, *City of Emeryville*  
Suzanne Lee Chan, *City of Fremont*  
Luis Freitas, *City of Newark*  
Tim Rood, *City of Piedmont*



## 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, 2015, 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.

## ***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, 2015, 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 Matters***

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective during the year ended June 30, 2015 and required a prior period adjustment to net position as discussed in Note 1H to the financial statements:

Statement No. 68 – *Accounting and Financial Reporting for Pensions*

Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date*

The emphasis of these matters 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 December 28, 2015 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

December 28, 2015

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**ALAMEDA COUNTY WASTE MANGEMENT AUTHORITY, ALAMEDA COUNTY SOURCE  
REDUCTION AND RECYLING BOARD AND ENERGY COUNCIL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015**

Management's Discussion and Analysis (MD&A) provides an overview of the Agency's (Alameda County Waste Management Authority; Alameda County Source Reduction and Recycling Board; and Energy Council) financial activities for the year ended June 30, 2015. To obtain a complete understanding of the Agency's financial condition, this document should be read in conjunction with the financial statements and the accompanying notes to those financial statements.

**FINANCIAL HIGHLIGHTS**

- The Agency assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of Fiscal Year (FY) 2015 by \$46.8million (reported as net position). The Authority's total net position was 81.5% and Recycling Board's 18.5%.
- In fiscal year ended June 30, 2015, the Agency's operating revenues from tonnages and all other sources increased by \$8.9 million or 49.4% from the prior year primarily due to additional revenues from the Household Hazardous Waste Program which the Agency took over as the fiscal agent.
- Non-Operating revenues, mainly grants increased by \$5.1 million or 123% as compared to the prior year, a reflection of the Agency's success at obtaining external funding.
- The Agency's operating expenses increased by \$9.8 million or 46.7 % as compared to the prior year. The Household Hazardous waste program included for the first time in Agency operating expenses partially accounted for the increase, in addition to grant related expenses corresponding to the increased grants received.
- The Agency implemented Government Accounting Standards Board's (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71 in FY2015. The Agency's 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 to reflect the impact of the implementation.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Agency is comprised of three separate Boards, Alameda County Waste Management Authority Board, Alameda County Source Reduction and Recycling Board and Energy Council.

The Agency 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 Agency'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 Agency'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 Agency is improving or deteriorating. There are two sections to the Statement of Net Position: Invested in Capital assets and Unrestricted.

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 Agency'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.

### Statement of Net Position

Table 1 reflects a comparison of the Agency's net position for fiscal year ended June 30, 2015 and 2014.

**Table 1**  
**Summary Statement of Net Position at June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease) Amount</u>	<u>Increase (Decrease) Percentage</u>
Current and Other Assets	\$42,079,121	\$35,458,314	\$6,620,807	18.6%
Capital Assets	14,453,559	14,613,629	(160,070)	(1%)
<b>Total Assets</b>	<u>56,532,680</u>	<u>50,071,943</u>	<u>6,460,737</u>	<u>12.9%</u>
Deferred employer pension contributions	640,526	-0-	640,526	0.0%
<b>Total deferred outflows of resources</b>	<u>640,526</u>	<u>-0-</u>	<u>640,526</u>	<u>0.0%</u>
Current liabilities and Other Liabilities	9,062,115	3,956,276	5,105,839	129%
<b>Total Liabilities</b>	<u>9,062,115</u>	<u>3,956,276</u>	<u>5,105,839</u>	<u>129%</u>
Deferred inflows – pension related	1,307,381	-0-	1,307,381	0.0%
<b>Total deferred inflows of resources</b>	<u>1,307,381</u>	<u>-0-</u>	<u>1,307,381</u>	<u>0.0%</u>
<b>Net position:</b>				
Net investment in capital assets	14,453,559	14,613,629	(160,070)	(1%)
Unrestricted	32,350,151	31,502,038	848,113	2.6%
<b>Total net position</b>	<u>\$46,803,710</u>	<u>\$46,115,667</u>	<u>\$688,043</u>	<u>1.4%</u>

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, 2015, the Agency's assets plus deferred outflows exceeded liabilities plus deferred inflows by \$46.8 million. As mentioned earlier, the Agency implemented GASB 68 and 71 in FY 2015. 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, \$32.4 million (69.1%) is unrestricted and represents resources that may be used to meet any of the Agency's ongoing obligations. \$14.4 million (44.4%) of the \$32.4 million are in reserves and have been designated for specific purposes by the Board. The remaining \$18 million represents available balance that may be used to meet the Agency's ongoing obligations, including outstanding contracts.

The Agency's investment in capital assets (land, buildings, furniture and equipment) amounted to \$14.5 million.

The Agency has no external restrictions on how any portion of the net position may be used.

### 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 2015 and 2014.

**Table 2**  
**Summary Statement of Revenues, Expenses and Changes in Net Position**  
**for the years ending June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease) Amount</u>	<u>Increase (Decrease) Percentage</u>
Operating revenues	\$27,015,879	\$18,072,025	\$8,943,854	49.4%
Non-operating revenues	9,312,274	4,175,906	5,136,368	123%
Total Revenues	<u>36,328,153</u>	<u>22,247,931</u>	<u>14,080,222</u>	63.2%
Operating expenses	30,583,848	20,780,953	9,802,895	47.1%
Depreciation	160,070	162,322	(2,252)	(1.3%)
Total expenses	<u>30,743,918</u>	<u>20,943,275</u>	<u>9,800,643</u>	46.7%
Change in Net Position	5,584,235	1,304,656	4,279,579	328%
Beginning net position (restated) **	41,219,475	44,811,011	(3,591,536)	(8%)
Ending net position	<u>\$46,803,710</u>	<u>\$46,115,667</u>	<u>\$688,043</u>	1.4%

\*\* Restated due to the implementation of GASB Statements 68 and 71. Fiscal year 2013-2014 amounts have not been restated.

The Statement of Revenues, Expenses, and Changes in Net Position shows how the Agency's net position changed during the fiscal year. Compared to the prior fiscal year, the Agency recognized an increase in net position of \$0.69 million even after the impact of GASB 68. The net position increase is due in part to increased operating revenues from the Household Hazardous Waste fees program (HHW) of \$9.1 million offset by a slight reduction in disposal and other revenues of \$0.2 million.

Non-operating revenues comprised primarily of grants and interest income. Compared to 2014, grants revenues were higher by \$5.1 million.

The Agency's total operating expenses increased by \$9.8 million or 46.7% compared to the prior year primarily due to expenses related to the HHW program and grant related expenses corresponding to the increased grants received.

### **Capital Assets**

At June 30, 2015, the Agency had invested \$14.5 million in capital assets, net of depreciation. The investment in capital assets includes land, buildings, furnishings and equipment. No assets were added to furniture and equipment.

Details of the capital assets, net of accumulated depreciation, as of June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease) Amount</u>	<u>Increase (Decrease) Percentage</u>
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	259,652	259,652	-0	
Total Capital Assets	<u>\$15,769,234</u>	<u>\$15,769,234</u>	<u>-0</u>	
Less: Accumulated Depreciation	<u>(1,315,675)</u>	<u>(1,155,605)</u>	<u>(160,070)</u>	(13%)
Ending capital assets, net Assets	<u>\$14,453,559</u>	<u>\$14,613,629</u>	<u>\$(160,070)</u>	(13%)

### **Request for information**

The Agency's financial statements are designed to provide a general overview of the Agency's finances and to show the Agency's accountability of the resources it receives and expends. If you have questions about this report, or need additional information, contact the Chief Financial Officer at Alameda County Waste Management Authority, Recycling Board and Energy Council, 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, 2015

ASSETS

Current Assets	
Cash and cash equivalents (Note 2)	\$36,153,560
Accounts receivable	2,534,859
Interest receivable	31,678
Grants receivable	759,627
Loans receivable - current (Note 3)	63,172
	<hr/>
Total Current Assets	39,542,896
Noncurrent Assets	
Capital Assets - net of accumulated depreciation (Note 4)	14,453,559
Loans receivable - non-current (Note 3)	304,557
Net OPEB asset (Note 9)	2,231,668
	<hr/>
Total noncurrent assets	16,989,784
Total Assets	<hr/> 56,532,680 <hr/>

DEFERRED OUTFLOWS OF RESOURCES

Related to pension (Note 8)	<hr/> 640,526 <hr/>
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LIABILITIES

Current Liabilities	
Accounts payable	3,894,033
Accrued expenses	217,616
Accrued vacation (Note 6)	75,786
Due to other governmental agencies (Note 5)	1,067,658
Unearned revenue	20,483
	<hr/>
Total current liabilities	5,275,576
Noncurrent liabilities	
Net pension liability (Note 8)	3,501,440
Accrued vacation (Note 6)	285,099
	<hr/>
Total Noncurrent liabilities	3,786,539
Total Liabilities	<hr/> 9,062,115 <hr/>

DEFERRED INFLOWS OF RESOURCES

Unavailable revenues	17,525
Related to pension (Note 8)	1,289,856
	<hr/>
Total Deferred Inflows of Resources	1,307,381 <hr/>

NET POSITION (Note 7)

Restricted for:	
Net investment in capital assets	14,453,559
Unrestricted	32,350,151
	<hr/>
Total Net Position	\$46,803,710 <hr/>

See accompanying notes to financial statements

ALAMEDA COUNTY WASTE MANAGEMENT AUTHORITY AND  
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, 2015

OPERATING REVENUES	
Disposal and waste import mitigation fees	\$15,991,118
Household hazardous fee	9,117,151
Benchmark fees	966,471
Other	<u>941,139</u>
Total Operating Revenues	<u>27,015,879</u>
OPERATING EXPENSES	
Salaries and benefits	6,479,417
Program expenses	23,899,072
Legal and accounting	157,922
Board expenses	47,437
Depreciation (Note 4)	<u>160,070</u>
Total Operating Expenses	<u>30,743,918</u>
OPERATING LOSS	<u>(3,728,039)</u>
NON-OPERATING REVENUE	
Grants	9,193,371
Interest income	<u>118,903</u>
Total Non-Operating Revenue	<u>9,312,274</u>
CHANGE IN NET POSITION	5,584,235
Net position, beginning of year, as adjusted (Note 1H)	<u>41,219,475</u>
Net position, end of year	<u><u>\$46,803,710</u></u>

See accompanying notes to financial statements

ALAMEDA COUNTY WASTE MANAGEMENT AUTHORITY AND  
ALAMEDA COUNTY SOURCE REDUCTION AND RECYCLING BOARD  
AND ENERGY COUNCIL  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers and users	\$26,735,745
Cash payments to suppliers	(21,794,787)
Cash payments to employees for wages and benefits	<u>(7,183,253)</u>
Net cash provided by (used for) operating activities	<u>(2,242,295)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Grants	<u>10,006,246</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	<u>106,329</u>
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Net change in cash and cash equivalents 7,870,280

Cash and cash equivalents at beginning of year 28,283,280

Cash and cash equivalents at end of year \$36,153,560

Reconciliation of operating loss to net cash provided by (used for)

Operating activities:

Operating loss	(\$3,728,039)
Adjustments to reconcile operating loss to	
Depreciation	160,070
(Increase) decrease in accounts receivable	(153,191)
(Increase) decrease in loans receivable	(126,943)
(Increase) decrease in OPEB asset	729,306
Increase (decrease) in accounts payable	1,821,409
Increase (decrease) in accrued expenses	66,292
Increase (decrease) in amounts due to other governments	(14,191)
Increase (decrease) in unearned revenue	(293,172)
Increase (decrease) in accrued vacation	41,586
Increase (decrease) net pension liability, deferred inflows and deferred outflows	<u>(745,422)</u>

Net cash provided by (used for) operating activities (\$2,242,295)

See accompanying notes to financial statements

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**ALAMEDA COUNTY WASTE MANAGEMENT AUTHORITY,  
ALAMEDA COUNTY SOURCE REDUCTION AND RECYCLING BOARD  
AND ENERGY COUNCIL  
NOTES TO BASIC FINANCIAL STATEMENTS  
For The Year Ended June 30, 2015**

**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, thirteen 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.

**ALAMEDA COUNTY WASTE MANAGEMENT AUTHORITY,  
ALAMEDA COUNTY SOURCE REDUCTION AND RECYCLING BOARD  
AND ENERGY COUNCIL  
NOTES TO BASIC FINANCIAL STATEMENTS  
For The Year Ended June 30, 2015**

**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. *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.

**F. *Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial 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.

**ALAMEDA COUNTY WASTE MANAGEMENT AUTHORITY,  
ALAMEDA COUNTY SOURCE REDUCTION AND RECYCLING BOARD  
AND ENERGY COUNCIL  
NOTES TO BASIC FINANCIAL STATEMENTS  
For The Year Ended June 30, 2015**

**NOTE 1 – SUMMARY SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In addition to liabilities, the statement of financial 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.

**G. *Implementation of Governmental Accounting Standards Board (GASB) Pronouncements***

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statements, which became effective during the year ended June 30, 2015.

**GASB Statement No. 68** – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This Statement had a material impact on the Agency's financial statements. See Note 1H below and Note 8 for additional information.

**GASB Statement No. 69** – In 2014, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operation*. This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. This Statement did not have a material impact on the financial statements for the fiscal year 2015.

**GASB Statement No. 71** – In 2014, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and non-employer contributing entities. This benefit will be achieved without the imposition of significant additional costs. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014, therefore, the Agency implemented this Statement in fiscal year ending June 30, 2015, along with GASB 68 as discussed above.

**H. *Prior Period Adjustment***

As a result of the implementation of GASB Statements 68 and 71, the Agency made an adjustment of \$4,148,095 to the beginning net position. See Note 8 for additional information.

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**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, 2015 consist of the following:

Cash on hand and in banks	\$263,381
Investment pools	35,890,179
Total cash and cash equivalents	<u>\$36,153,560</u>

**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	\$23,729,213
Local Agency Investment Fund (LAIF)	12,160,966
	<u>\$35,890,179</u>

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.



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**NOTE 2 - CASH AND INVESTMENTS (Continued)**

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. 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, 2015, these investments matured in an average of 239 days.

**C. *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 pools are not rated.

**D. *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, 2015 there were no investments that represent 5% or more of the total Agency investments.

**E. *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, 2015, outstanding loans totaled \$367,729.

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**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, 2015 consist of:

	Balance June 30, 2014	Additions	Balance June 30, 2015
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		259,652
Total	6,538,312		6,538,312
Less accumulated depreciation for:			
Building	(971,650)	(\$130,460)	(1,102,110)
Furniture and equipment	(183,955)	(29,610)	(213,565)
Total	(1,155,605)	(160,070)	(1,315,675)
Total capital assets being depreciated, net	5,382,707	(160,070)	5,222,637
Total capital assets, net	\$14,613,629	(\$160,070)	\$14,453,559

**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, 2015, \$1,067,658 represented the last quarter of Measure D fees that had not yet been remitted.

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**NOTE 6 – LONG-TERM LIABILITIES**

A summary of long-term liability activities for the year ended June 30, 2015 is as follows:

	Balance June 30, 2014	Additions	Reductions	Ending June 30, 2015	Due within One Year
Accrued vacation	\$319,299	\$216,500	\$174,914	\$360,885	\$75,786

**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 regular, limited term and probationary employees are eligible to participate in the Agency's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Agency resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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**NOTE 8 - PENSION PLAN (Continued)**

**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 plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	<u>Miscellaneous</u>	<u>PEPRA</u>
	Prior to	After
	January 1, 2013	January, 1, 2013
Hire date		
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	7.942%	6.25%
Required employer contribution rates	14.660%	6.25%

**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.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for the Plan is as follows:

	<u>Miscellaneous</u>
Contributions - employer	\$636,132

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**NOTE 8 - PENSION PLAN (Continued)**

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

As of June 30, 2015, the Agency reported net pension liabilities for its proportionate shares of the net pension liability for the Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$3,501,440

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, 2014, 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, 2013 rolled forward to June 30, 2014 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, 2013 and 2014 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2013	0.14601%
Proportion - June 30, 2014	0.14167%
Change - Increase (Decrease)	-0.004%

For the year ended June 30, 2015, the Agency recognized pension expense of \$2,675. At June 30, 2015, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$640,526	
Differences between actual and expected experience		
Changes in assumptions		
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions		(\$113,210)
Net differences between projected and actual earnings on plan investments		(1,176,646)
Total	<u>\$640,526</u>	<u>(\$1,289,856)</u>

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**NOTE 8 - PENSION PLAN (Continued)**

The \$640,526 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, 2016. 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
2016	(\$334,594)
2017	(334,594)
2018	(326,508)
2019	(294,160)

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.50% (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, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

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**NOTE 8 - PENSION PLAN (Continued)**

**Discount Rate** – The discount rate used to measure the total pension liability was 7.50% 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 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent 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.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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.

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**NOTE 8 - PENSION PLAN (Continued)**

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	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.

***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 proportionate 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:

	<u>Miscellaneous</u>
1% Decrease	6.50%
Net Pension Liability	\$6,238,484
Current Discount Rate	7.50%
Net Pension Liability	\$3,501,440
1% Increase	8.50%
Net Pension Liability	\$1,229,954

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



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**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.

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**NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)**

The Plan provisions and benefits in effect at June 30, 2015 are summarized as follows:

	<b>HIRED BEFORE 1/1/2007</b>	<b>HIRED ON OR AFTER 1/1/2007</b>
<b>Full Retirement Benefit</b>		
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 2014, caps are \$642 for 1-party, \$1,218 for 2-party and \$1,559 for family
Benefits End	Paid for life	Paid for life
<b>Partial Retirement Benefit</b>		
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
<b>PERS Minimum Benefit</b>		
Eligibility Age		50 (52 if hired after 2012)
Service Required		5 years in PERS
Benefit Amount	Not Applicable	\$115 in 2013, \$119 in 2014, and indexed to the medical component of the Consumer Price Index thereafter.
Benefits End		Paid for life
<b>Post-Retirement Death Benefit</b>	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.
<b>Pre-Retirement Death Benefit</b>	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.
<b>Disability Benefit</b>	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.

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**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, 2013 actuarial valuation using the projected unit credit method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 7.50% investment rate of return, (b) 3% payroll growth rate, (c) 2.75% general inflation rate, and (d) health care cost trend rates assumed to increase 5% 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, 2015, the Agency annual cost for the healthcare plan was \$105,009. The Agency's OPEB asset amortization and the net OPEB asset for the year ended June 30, 2015 were as follows:

Annual required contribution	\$120,200
Interest on net OPEB asset	(164,826)
Amortization of net OPEB asset	<u>149,635</u>
Annual OPEB cost (expense)	105,009
Contribution made	<u>123,800</u>
Increase in net OPEB asset	18,791
Net OPEB asset, beginning of year	<u>2,212,877</u>
<b>Net OPEB asset, end of year</b>	<b><u><u>\$2,231,668</u></u></b>

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

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>% of OPEB Cost Contributed</u>	<u>Net OPEB Asset</u>
6/30/2013	\$154,800	(A)	100%	\$2,197,686
6/30/2014	105,009	\$120,200	100%	2,212,877
6/30/2015	105,009	123,800	118%	2,231,668

(A) Contribution was fully funded in prior year

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**NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)**

The Schedule of Funding Progress 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]
7/1/2013	3,303,800	2,896,300	\$407,500	114%	4,056,500	10.05%

**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.

**ALAMEDA COUNTY WASTE MANAGEMENT AUTHORITY,  
ALAMEDA COUNTY SOURCE REDUCTION AND RECYCLING BOARD  
AND ENERGY COUNCIL  
REQUIRED SUPPLEMENTAL INFORMATION  
For The Year Ended June 30, 2015**

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

	2015
	Miscellaneous
	6/30/2014
Plan's proportion of the Net Pension Liability (Asset)	0.05627%
Plan's proportion share of the Net Pension Liability (Asset)	\$3,501,440
Plan's Covered Employee Payroll	\$4,307,146
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	81.29%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.03%
Plan's Proportionate Share of Aggregate Employer Contributions	\$463,227

\* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

<p align="center"> <b>ALAMEDA COUNTY WASTE MANAGEMENT AUTHORITY,</b>  <b>ALAMEDA COUNTY SOURCE REDUCTION AND RECYCLING BOARD</b>  <b>AND ENERGY COUNCIL</b>  <b>REQUIRED SUPPLEMENTAL INFORMATION</b>  <b>For The Year Ended June 30, 2015</b> </p>
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**Cost-Sharing Multiple Employer Defined Pension Plan - Miscellaneous Plans**  
**For the Fiscal Year Ended June 30, 2015**  
**Schedule of Contributions**  
**Last 10 Years\***

	<div>2015</div> <div>Miscellaneous</div> <div>Fiscal Year 2014-2015</div>
Actuarially determined contribution	\$557,498
Contributions in relation to the actuarially determined contributions	(557,498)
Contribution deficiency (excess)	\$0
Covered-employee payroll	\$4,307,146
Contributions as a percentage of covered-employee payroll	12.94%

**Notes to Schedule**

Valuation date: 6/30/2013

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 one year is 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, 2015**

**Schedule of Funding - Other Post-Employment Benefits**

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%

ALAMEDA COUNTY WASTE MANAGEMENT AUTHORITY,  
ALAMEDA COUNTY SOURCE REDUCTION AND RECYCLING BOARD  
AND ENERGY COUNCIL  
SUPPLEMENTARY SCHEDULE OF NET POSITION - WASTE MANAGEMENT  
JUNE 30, 2015

	Solid Waste	Mitigation Fees	Benchmark Fees	Household Hazardous Waste	Total
<b>ASSETS</b>					
<b>CURRENT ASSETS:</b>					
Cash and cash equivalents	\$5,449,457	\$14,304,374	\$89,925	\$6,391,594	\$26,235,350
Accounts receivable	500,479	290,538	297,099	722,044	1,810,160
Interest receivable	9,592	6,346		5,762	21,700
Grants receivable	185,825				185,825
Total current assets	6,145,353	14,601,258	387,024	7,119,400	28,253,035
<b>NON-CURRENT ASSETS:</b>					
Capital assets, net of accumulated depreciation	258,569	14,194,990			14,453,559
Net OPEB asset	2,231,668				2,231,668
Due from other funds	2,813,648	12,325		81,468	2,907,441
Total Noncurrent Assets	5,303,885	14,207,315		81,468	19,592,668
<b>TOTAL ASSETS</b>	<b>11,449,238</b>	<b>28,808,573</b>	<b>387,024</b>	<b>7,200,868</b>	<b>47,845,703</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Related to pension	640,526				640,526
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES:</b>					
Accounts payable	397,130	324,511	16,743	2,362,998	3,101,382
Accrued expenses	202,616			15,000	217,616
Accrued vacation	75,786				75,786
Due to other funds	316,943	1,015,008	259,142	221,070	1,812,163
Total current liabilities	992,475	1,339,519	275,885	2,599,068	5,206,947
<b>LONG-TERM LIABILITIES</b>					
Accrued vacation	285,099				285,099
Net pension liability	3,501,440				3,501,440
Total long-term liabilities	3,786,539				3,786,539
<b>TOTAL LIABILITIES</b>	<b>4,779,014</b>	<b>1,339,519</b>	<b>275,885</b>	<b>2,599,068</b>	<b>8,993,486</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	17,525				17,525
Related to pension	1,289,856				1,289,856
Total deferred inflows of resources	1,307,381				1,307,381
<b>NET POSITION</b>					
Net investment in capital assets	258,569	14,194,990			14,453,559
Unrestricted	5,744,800	13,274,064	111,139	4,601,800	23,731,803
<b>TOTAL NET POSITION</b>	<b>\$6,003,369</b>	<b>\$27,469,054</b>	<b>\$111,139</b>	<b>\$4,601,800</b>	<b>\$38,185,362</b>



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, 2015

	Solid Waste	Mitigation Fees	Benchmark Fees	Household Hazardous Waste	Total
OPERATING REVENUES					
Fees	\$4,788,916	\$2,645,492			\$7,434,408
Household hazardous fees				\$9,117,151	9,117,151
Benchmark fees			\$966,471		966,471
Other	182,000	741,789		5,467	929,256
Total operating revenues	4,970,916	3,387,281	966,471	9,122,618	18,447,286
OPERATING EXPENSES					
Salaries and benefits	2,637,701	1,406,278	291,547	160,458	4,495,984
Program expenses	2,000,699	2,273,069	694,762	4,383,742	9,352,272
Legal and accounting	74,020	6,383		60,939	141,342
Board expenses	43,737				43,737
Depreciation	23,567	136,503			160,070
Total operating expenses	4,779,724	3,822,233	986,309	4,605,139	14,193,405
OPERATING INCOME (LOSS)	191,192	(434,952)	(19,838)	4,517,479	4,253,881
NONOPERATING REVENUES					
Grants	395,650				395,650
Interest income	20,611	52,133		10,013	82,757
Total nonoperating revenues	416,261	52,133		10,013	478,407
NET INCOME BEFORE TRANSFERS	607,453	(382,819)	(19,838)	4,527,492	4,732,288
Transfers in (out)	(74,308)			74,308	
NET INCOME (LOSS) AFTER TRANSFERS	533,145	(382,819)	(19,838)	4,601,800	4,732,288
NET POSITION, BEGINNING OF YEAR, AS ADJUSTED	5,470,224	27,851,873	130,977		33,453,074
NET POSITION, END OF YEAR	\$6,003,369	\$27,469,054	\$111,139	\$4,601,800	\$38,185,362

ALAMEDA COUNTY WASTE MANAGEMENT AUTHORITY,  
ALAMEDA COUNTY SOURCE REDUCTION AND RECYCLING BOARD  
AND ENERGY COUNCIL  
SUPPLEMENTARY SCHEDULE OF NET POSITION - RECYCLING BOARD  
JUNE 30, 2015

	Municipality Allocation	Revolving Loan Fund	Pre-March 1995	Discretionary	Grants to Non-Profits	Source Reduction	Market Development	Recycled Product Price	Total
<b>ASSETS</b>									
<b>CURRENT ASSETS:</b>									
Cash and cash equivalents	\$712,472	\$1,691,059	\$694,981	\$2,466,601	\$2,122,082	\$1,038,270	\$751,384	\$245,546	\$9,722,395
Accounts receivable	362,349			108,705	72,470	72,470	72,470	36,235	724,699
Interest receivable	936	1,628		6,832					9,396
Loans receivable - current		63,172							63,172
Due from other funds				\$7,096	518		31,669		39,283
Total current assets	1,075,757	1,755,859	694,981	2,589,234	2,195,070	1,110,740	855,523	281,781	10,538,945
<b>NON-CURRENT ASSETS:</b>									
Loans receivable - non current		304,557							304,557
TOTAL ASSETS	1,075,757	2,060,416	694,981	2,589,234	2,195,070	1,110,740	855,523	281,781	10,863,502
<b>LIABILITIES</b>									
<b>CURRENT LIABILITIES:</b>									
Accounts payable		324		36,542	151,289	89,025	32,636	116,639	426,455
Due to other funds	7,162	8,193		81,253	182,899	140,101	186,553	149,357	755,518
Due to other governments	1,067,658								1,067,658
Total current liabilities	1,074,820	8,517		117,795	334,188	229,126	219,189	265,996	2,249,631
TOTAL LIABILITIES	1,074,820	8,517		117,795	334,188	229,126	219,189	265,996	2,249,631
<b>NET POSITION</b>									
Unrestricted	937	2,051,899	694,981	2,471,439	1,860,882	881,614	636,334	15,785	8,613,871
TOTAL NET POSITION	\$937	\$2,051,899	\$694,981	\$2,471,439	\$1,860,882	\$881,614	\$636,334	\$15,785	\$8,613,871

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, 2015

	Municipality Allocation	Revolving Loan Fund	Pre-March 1995	Discretionary	Grants to Non-Profits	Source Reduction	Market Development	Recycled Product Price	Total
OPERATING REVENUES									
Fees	\$4,278,354	\$11,883		\$1,283,507	\$855,671	\$855,671	\$855,671	\$427,836	\$8,556,710
Other									11,883
Total operating revenues	4,278,354	11,883		1,283,507	855,671	855,671	855,671	427,836	8,568,593
OPERATING EXPENSES									
Salaries and benefits		46,608		19,930	107,656	362,660	618,752	21,012	1,176,618
Program expenses	4,280,920	26,539		239,703	736,990	317,338	341,918	614,115	6,557,523
Legal and accounting		613		14,338					14,951
Board expenses				3,700					3,700
Total operating expenses	4,280,920	73,760		277,671	844,646	679,998	960,670	635,127	7,752,792
OPERATING INCOME (LOSS)	(2,566)	(61,877)		1,005,836	11,025	175,673	(104,999)	(207,291)	815,801
NONOPERATING REVENUES									
Interest income	2,916	6,056		23,774					32,746
Total nonoperating revenues	2,916	6,056		23,774					32,746
NET INCOME	350	(55,821)		1,029,610	11,025	175,673	(104,999)	(207,291)	848,547
NET POSITION, BEGINNING OF YEAR	587	2,107,720	\$694,981	1,441,829	1,849,857	705,941	741,333	223,076	7,765,324
NET POSITION, END OF YEAR	\$937	\$2,051,899	\$694,981	\$2,471,439	\$1,860,882	\$881,614	\$636,334	\$15,785	\$8,613,871

ALAMEDA COUNTY WASTE MANAGEMENT AUTHORITY,  
ALAMEDA COUNTY SOURCE REDUCTION AND RECYCLING BOARD  
AND ENERGY COUNCIL  
SUPPLEMENTARY SCHEDULE OF NET POSITION - ENERGY COUNCIL  
JUNE 30, 2015

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$195,815
Interest receivable	582
Grants receivable	573,802
Due from other funds	<u>28,750</u>

TOTAL ASSETS	<u>798,949</u>
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LIABILITIES

CURRENT LIABILITIES:

Accounts payable	366,196
Due to other funds	407,793
Unearned revenue	<u>20,483</u>

TOTAL LIABILITIES	<u>794,472</u>
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NET POSITION

Unrestricted	<u>4,477</u>
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TOTAL NET POSITION	<u><u>\$4,477</u></u>
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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, 2015

OPERATING EXPENSES	
Salaries and benefits	\$806,815
Program expenses	7,989,277
Legal and accounting	<u>1,629</u>
Total operating expenses	<u>8,797,721</u>
NON-OPERATING REVENUES	
Grants	8,797,721
Interest income	<u>3,400</u>
Total non-operating revenues	<u>8,801,121</u>
NET INCOME	<u>3,400</u>
NET POSITION, BEGINNING OF YEAR	<u>1,077</u>
NET POSITION, END OF YEAR	<u><u>\$4,477</u></u>

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**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, 2015, and the related notes to the financial statements, and have issued our report thereon dated December 28, 2015. 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.

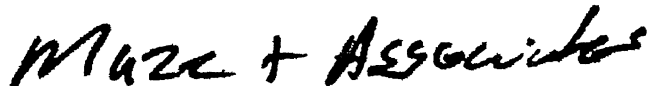
### ***Compliance and Other Matters***

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 December 28, 2015 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.

A handwritten signature in black ink that reads "Mazze + Associates". The signature is written in a cursive, flowing style.

Pleasant Hill, California  
December 28, 2015