

ALAMEDA COUNTY
LEAD POISONING PREVENTION PROGRAM

A Joint Powers Authority serving the Cities of Alameda, Berkeley, Emeryville, and Oakland
2000 Embarcadero, Suite #300 • Oakland, CA 94606 • (510) 567-8282
WWW.ACHHD.ORG

DATE: April 20, 2018

TO: Directors and Alternates
Alameda County Lead Poisoning Prevention Program

FROM: Larry Brooks, Secretary
Joint Powers Authority

SUBJECT: **Administration and Finance Committee Meeting**

The next regular meeting of the Administration and Finance Committee of the Alameda County Lead Poisoning Prevention Program is scheduled for **Thursday, April 26, 2018. The meeting will begin at 10:00 a.m., or immediately after the Program Operations Committee meeting, at the Alameda County Administrator's Office, 1221 Oak Street, 2nd Floor, Room 255 Oakland, CA.**

Attached is the agenda packet for the meeting. If you have any questions, please contact Lidice De La Fuente at (510) 567-8291.

Thank you.

Attachments

Hon. Desley Brooks, City of Oakland • Hon. Susan Wengraf, City of Berkeley
Hon. Mary Hatsume Vella, City of Alameda • John J. Bauters, City of Emeryville
Hon. Wilma Chan, Alameda County • Gwen Hardy, Community Representative

ALAMEDA COUNTY LEAD POISONING PREVENTION PROGRAM
JOINT POWERS AUTHORITY

A G E N D A

Administration and Finance Committee

April 26, 2018

10:00 A.M. or immediately after the Program Operations Committee

Alameda County Administrator's Office
1221 Oak Street, 2nd Floor, Room 255
Oakland, California

NOTICE: All meetings of the Alameda County Lead Poisoning Prevention Program Joint Powers Authority Board of Directors are open to the public. Those wishing to address the Board of Directors on items not on the agenda may do so during the open forum section of the meeting.

- 1) **Open Forum** (Discussion)
Directors, alternates, staff, or members of the public may address the Board of Directors regarding items not on the agenda. The Board will listen to matters presented but may not take action on these items.
- 2) **Director's Report** (Discussion)
- 3) **Audit Report For Fiscal Year Ended June 30, 2017** (Information) Pg. 1
- 4) **Announcements by Board Directors** Announcements

Material related to an item on this Agenda, including those submitted to the Board of Directors after distribution of the agenda packet, are available for public inspection at the Alameda County Healthy Homes Department office during normal business hours.

Agendas are available on the Department's website at www.achhd.org



ALAMEDA COUNTY COMMUNITY DEVELOPMENT AGENCY

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Agency Director

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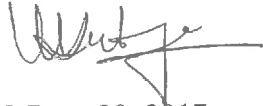
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MEMORANDUM

Date: March 30, 2018

To: Lawrence Brooks, Director of Lead Poisoning Prevention Program

From: Upendera Kukreja, Finance Manager 

Subject: Audit Report's for Fiscal Year Ended June 30, 2017

Patel & Associates, CPA, completed a field audit of your program on January 18, 2018. After completion of a field audit, my staff held further negotiations and conferences with them to discuss and finalize the audit reports. The reports were finalized on January 29, 2018 and the bound copies were received in March 2018 in my office.

There are no findings reported in the Audit Reports for Fiscal Year ended June 30, 2017. Financial Statements are produced and audited in conformance with GASB 34 requirements. We have also distributed the audit reports to the Federal Clearing House, Clerk of the Board, Auditor-Controller of Alameda County and HUD per the compliance requirements.

Please review and call me at x55937 should you have any question. Thank you.

Attachment

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**ALAMEDA COUNTY HEALTHY HOMES DEPARTMENT
BASIC FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2017**

**ALAMEDA COUNTY HEALTHY HOMES DEPARTMENT
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INDEPENDENT AUDITOR'S REPORT

The Board of Supervisors
Alameda County Healthy Homes Department
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Alameda County Healthy Homes Department (the Department), a component unit of the County of Alameda, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund of the Department, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, the basic financial statements referred to above are intended to present the financial position, and the changes in financial position of the Department. They do not purport to, and do not, present fairly the financial position of the County of Alameda as of June 30, 2017 and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 - 7 and 15-18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and the schedule of expenditures of federal awards are 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 January 29, 2018, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Department's internal control over financial reporting and compliance.

**Patel & Associates, LLP
Certified Public Accountants**

Patel & Associates, LLP

**Oakland, California
January 29, 2018**

**ALAMEDA COUNTY HEALTHY HOMES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

This section of the Alameda County Healthy Homes Department (the Department) annual financial report presents a discussion and analysis of the Department's financial performance during the fiscal year ended June 30, 2017. Please read it in conjunction with the Department's basic financial statements following this section.

Financial Highlights

- The assets of the Department exceeded liabilities at the close of the 2016-2017 fiscal year by \$3,026,514, (net position) of this amount, \$2,806,943 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, \$219,571 is restricted for specific purposes (restricted net position) and none is invested in capital assets, net of related debt.
- As of June 30, 2017, the Department governmental funds reported combined fund balances of \$153,059, an increase of \$633,462.
- The Department has no long-term debt.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Department's basic financial statements. The Department's basic financial statements are comprised of three components (1) Government-wide financial statements; (2) Fund financial statements, and (3) Notes to the basic financial statements. Supplementary information is included in addition to the basic financial statements.

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

The statement of net position presents information on all of the Department's assets and liabilities, 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 Department is improving or deteriorating.

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

The government-wide financial statements reflect that taxes, operational grants and contributions principally support the Department. The operational revenue is principally due to \$1,036,618 received from the U.S. Department of Housing and Urban Development grants and \$863,925 received from the State Department of Public Health Services grants. The governmental activities of the Department include lead abatement, mitigation, lead education and outreach services.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objective. The Program, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Department are governmental funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**ALAMEDA COUNTY HEALTHY HOMES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is needful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliation of the governmental funds balance sheet to the statement of net position and of the statement of revenues, expenditures and changes in fund balances to the statement of activities are included with the fund financial statements.

The Department maintains four individual governmental funds. Information is presented separately in the governmental funds balance sheet and statement of revenues, expenditures and changes in fund balances for each fund.

The Department adopts an annual appropriated budget for all four funds. Budgetary comparison statements have been provided for all the funds to demonstrate compliance with the budget (Pages 15 to 18 of this report).

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 19 through 24 of this report.

Government-Wide Statement

The following table reflects the condensed Statement of Net Position compared to prior year. The Department is engaged in Governmental Activities.

TABLE 1

	Governmental Activities	
	June 30, 2017	June 30, 2016
Current assets	\$ <u>5,900,302</u>	\$ <u>4,349,920</u>
Current liabilities	<u>2,741,476</u>	<u>1,585,333</u>
Noncurrent liabilities	<u>132,312</u>	<u>192,278</u>
Net position:		
Restricted	219,571	31,894
Unrestricted	<u>2,806,943</u>	<u>2,540,415</u>
Total net position	<u>\$ <u>3,026,514</u></u>	<u>\$ <u>2,572,309</u></u>

The smallest portion of the Department's net position (7.25 percent) represents restricted net position of \$219,571 that are subject to external restrictions on how they may be used. No portion of the Department's net position of \$3,026,514 is currently invested in capital assets (e.g. land and easements, structures and improvements, infrastructure and equipment).

The remaining balance of the Department's net position of \$2,806,943 (92.75 percent) represents resources that may be used to meet the Department's ongoing obligations to citizens and creditors.

**ALAMEDA COUNTY HEALTHY HOMES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

TABLE 2

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Department's net position increased by \$454,205. The key element was an increase in operating grants and contributions of governmental funds.

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Department is engaged in Governmental Activities.

	<u>Governmental Activities</u>	
	<u>June 30, 2017</u>	<u>June 30, 2016</u>
REVENUES		
Operating grants and contributions	\$ 2,275,543	\$ 1,650,336
Charges for services and assessments	2,200,258	1,972,699
Program income	209,570	57,844
Interest income	57	105
Transfer from county/agency	125,763	1,153,976
Other revenues	<u>1,010,323</u>	<u>541,318</u>
Total revenues	<u>5,821,514</u>	<u>5,376,278</u>
EXPENSES		
General government	1,196,457	1,732,922
Healthy homes department	<u>4,170,852</u>	<u>2,231,679</u>
Total expenses	<u>5,367,309</u>	<u>3,964,601</u>
Change in net position	454,205	1,411,677
Net position - beginning of year	<u>2,572,309</u>	<u>1,160,632</u>
Net position - end of year	<u>\$ 3,026,514</u>	<u>\$ 2,572,309</u>

Major Fund Financial Analysis

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

General Fund - The Department uses a General Fund as its chief operating fund. At June 30, 2017, fund balance of the General Fund was \$45,665.

Budget Verses Actual Comparison - The primary differences between the final amended budget and the actual revenues and expenditures for the year:

General Fund (refer to page 15)

- Total Revenues received were \$122,816 under budget
- Total Expenditures were \$678,531 under budget

Federal Fund (refer to page 16)

- Total Revenues received were \$754,041 under budget
- Total Expenditures were \$587,191 under budget

**ALAMEDA COUNTY HEALTHY HOMES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

CSA Post Fund (refer to page 17)

- Total Revenues received were \$5,118 over budget
- Total Expenditures were \$240,292 under budget

State Department of Public Health Services (refer to page 18)

- Total Revenues received were \$321 under budget
- Total Expenditures were \$492 over budget

General fund was under budget due to program and administrative cost less than estimated. The HUD revenues and expenditures were less than anticipated for the fiscal year 2017 due to project contracts lower the estimated and a slow start to new HUD XXIV grant. CSA expenditures were less than budget amount due to less hours for work performed for other department programs and less administration cost from Community Development Agency. State program expenditure over budget due to local transportation paid by program income and not billed to State.

Economic Factors

The Department relies for its base funding on a County Service Area fee assessed on pre-1978 residential units in the cities of Alameda, Berkeley, Emeryville and Oakland. A total of 200,794 units were assessed in fiscal year 2016-2017 and it is anticipated that 200,794 units will be assessed in fiscal year 2017-2018. The Department receives an allocation from the State of California Department of Public Health, for an average of approximately \$864,000 annually. The State Department of Public Health contract, for fiscal years 2017-2020, is for \$2.5 million. The Department received a 3 year lead hazard control grant award from the Department of Housing and Urban Development in November 2016. The grant award is for 2.9 million and ends in October 2019.

Among the performance highlights of fiscal year 2016-2017 the Department:

- Provided Medical & Educational Services to 209 Lead Poisoned Children.
- Conducted 34 Environmental Investigations to Identify Lead Poisoning Source.
- Performed Lead Hazard Reduction in 47 Units of Low-Income Housing.
- Provided Educational Services to 417 Individuals through Information Line.
- Participated in 63 Public Outreach Events reaching approximately 5,988 individuals.
- Conducted 9 Lead Safe Work Practices, Healthy Housing and Renovation Repair Painting Trainings reaching 113 individuals.
- Responded to 147 Unsafe renovation complaints
- Address Hazards in 266 Healthy Homes Units.

Request for Information

This financial report is designed to provide a general overview of the Program's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of the Director of Finance, 224 West Winton Avenue, Room 110, Hayward, CA 94544.

FINANCIAL STATEMENTS

ALAMEDA COUNTY HEALTHY HOMES DEPARTMENT
STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 1,565,451
Grant receivable	1,034,995
Accounts receivable	294,089
Loans receivable	<u>3,005,767</u>
Total assets	<u>5,900,302</u>
LIABILITIES AND NET POSITION	
Liabilities	
Payable to Alameda County	2,318,290
Accounts payable	79,610
Loan commitments	343,576
Accrued vacation	<u>132,312</u>
Total liabilities	<u>2,873,788</u>
NET POSITION	
Restricted	219,571
Unrestricted	<u>2,806,943</u>
Total net position	<u>3,026,514</u>
Total liabilities and net position	<u>\$ 5,900,302</u>

The accompanying notes are an integral part of these financial statements

**ALAMEDA COUNTY HEALTHY HOMES DEPARTMENT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Program Income	Operating Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 1,196,457	\$ 229,201	\$ 209,570	\$ 375,000	\$ (382,686)
Healthy Homes Department	<u>4,170,852</u>	<u>1,971,057</u>	<u> </u>	<u>1,900,543</u>	<u>(299,252)</u>
Total governmental activities	<u>\$ 5,367,309</u>	<u>\$ 2,200,258</u>	<u>\$ 209,570</u>	<u>\$ 2,275,543</u>	<u>\$ (681,938)</u>
General revenues:					
Interest income					57
Transfer from county/agency					125,763
Other revenues					<u>1,010,323</u>
Total general revenues					<u>1,136,143</u>
Change in net position					454,205
Net position-beginning of year					<u>2,572,309</u>
Net position-ending of year					<u>\$ 3,026,514</u>

The accompanying notes are an integral part of these financial statements

ALAMEDA COUNTY HEALTHY HOMES DEPARTMENT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Federal Fund	51 - County Service Area Post-218 Fund	41 - State Dept Public Health (SDPH)	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 550,654	\$ 135,689	\$ 879,108	\$	\$ 1,565,451
Grant receivable		578,949		456,046	1,034,995
Accounts receivable	291,456		2,633		294,089
Loans receivable	<u>2,247,312</u>	<u>733,625</u>	<u>24,830</u>		<u>3,005,767</u>
Total assets	<u>3,089,422</u>	<u>1,448,263</u>	<u>906,571</u>	<u>456,046</u>	<u>5,900,302</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Payable to Alameda County	575,107	648,578	639,625	454,980	2,318,290
Accounts payable	17,677	38,269	22,545	1,119	79,610
Loan commitments	203,661	139,915			343,576
Deferred revenue	<u>2,247,312</u>	<u>733,625</u>	<u>24,830</u>		<u>3,005,767</u>
Total liabilities	<u>3,043,757</u>	<u>1,560,387</u>	<u>687,000</u>	<u>456,099</u>	<u>5,747,243</u>
Fund Balances					
Restricted			219,571		219,571
Unassigned	<u>45,665</u>	<u>(112,124)</u>		<u>(53)</u>	<u>(66,512)</u>
Total fund balances	<u>45,665</u>	<u>(112,124)</u>	<u>219,571</u>	<u>(53)</u>	<u>153,059</u>
Total liabilities and fund balances	<u>\$ 3,089,422</u>	<u>\$ 1,448,263</u>	<u>\$ 906,571</u>	<u>\$ 456,046</u>	<u>\$ 5,900,302</u>

The accompanying notes are an integral part of these financial statements

**ALAMEDA COUNTY HEALTHY HOMES DEPARTMENT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2017**

Amounts reported for governmental activities in the statement of net position are different than amounts reported in balance sheet of governmental funds because:

Fund balances of governmental funds	\$ 153,059
As the focus of governmental fund is on short-term financing, some assets available to pay current expenditures. Those assets (receivables) are offset by deferred revenue in the governmental funds	3,005,767
Accrued vacation not treated as an expense in governmental funds	<u>(132,312)</u>
Net position of governmental activities	<u>\$ 3,026,514</u>

The accompanying notes are an integral part of these financial statements

ALAMEDA COUNTY HEALTHY HOMES DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>General Fund</u>	<u>Federal Fund</u>	<u>51 - County Service Area Post-218 Fund</u>	<u>41 - State Dept Public Health (SDPH)</u>	<u>Total Governmental Funds</u>
REVENUES					
Grants and contracts	\$ 375,000	\$ 1,036,618	\$	\$ 863,925	\$ 2,275,543
Charges for services and assessments	229,201		1,971,057		2,200,258
Interest on investments	534		(477)		57
Program income	209,570				209,570
Other revenues	872,069	129,916	8,338		1,010,323
Transfer from county/agency	<u>125,763</u>				<u>125,763</u>
Total revenues	<u>1,812,137</u>	<u>1,166,534</u>	<u>1,978,918</u>	<u>863,925</u>	<u>5,821,514</u>
EXPENDITURES					
Administrative costs	519,187	733,400	879,047	812,842	2,944,476
Discretionary services and supplies	441,001	108,454	444,342	45,771	1,039,568
Non-discretionary services and supplies	16,409		365,989	6,125	388,523
Lead rehabilitation loans and grants	277,891	447,460			725,351
Other charges	<u>1,934</u>	<u>44,070</u>	<u>44,130</u>		<u>90,134</u>
Total expenditures	<u>1,256,422</u>	<u>1,333,384</u>	<u>1,733,508</u>	<u>864,738</u>	<u>5,188,052</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>555,715</u>	<u>(166,850)</u>	<u>245,410</u>	<u>(813)</u>	<u>633,462</u>
OTHER FINANCING SOURCES (USES)					
Operating transfer in	228,717	23,070		522	252,309
Operating transfer out	<u>(228,717)</u>		<u>(23,592)</u>		<u>(252,309)</u>
Total other financing sources (uses)	<u>0</u>	<u>23,070</u>	<u>(23,592)</u>	<u>522</u>	<u>0</u>
Net change in fund balance	555,715	(143,780)	221,818	(291)	633,462
Fund balances - beginning of year	<u>(510,050)</u>	<u>31,656</u>	<u>(2,247)</u>	<u>238</u>	<u>(480,403)</u>
Fund balances - end of year	<u>\$ 45,665</u>	<u>\$ (112,124)</u>	<u>\$ 219,571</u>	<u>\$ (53)</u>	<u>\$ 153,059</u>

The accompanying notes are an integral part of these financial statements

ALAMEDA COUNTY HEALTHY HOMES DEPARTMENT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Amounts reported for governmental activities in the statement of activities are different than amounts reported in statement of revenues, expenditures and changes in fund balances for governmental funds because:

Net changes in fund balances - total governmental funds		\$ 633,462
For governmental funds, loans made that are not expected to be repaid in the near future are offset with deferred revenue, whereas, loans made are considered project expenditures and loans collected are considered current year revenue. However, on the statement of activities, only interest earnings and bad debts are reported.		
Loans made during the year	148,440	
Loans collected/forgiven/foreclosed during the year	<u>(387,663)</u>	(239,223)
Accrued vacation not treated as an expense in governmental funds		<u>59,966</u>
Change in net position of governmental activities		<u>\$ 454,205</u>

The accompanying notes are an integral part of these financial statements

ALAMEDA COUNTY HEALTHY HOMES DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Grants and contracts	\$ 754,200	\$ 375,000	\$ (379,200)
Charges for services and assessments	3,000	229,201	226,201
Interest on investments		534	534
Program income	8,500	209,570	201,070
Other revenues	300,000	872,069	572,069
Transfer from county/agency	<u>869,253</u>	<u>125,763</u>	<u>(743,490)</u>
Total revenues	<u>1,934,953</u>	<u>1,812,137</u>	<u>(122,816)</u>
EXPENDITURES			
Salaries and benefits	714,711	519,187	195,524
Discretionary services and supplies	353,079	441,001	(87,922)
Non-discretionary services and supplies	7,294	16,409	(9,115)
Lead rehabilitation loan and grants	859,869	277,891	581,978
Other charges		<u>1,934</u>	<u>(1,934)</u>
Total expenditures	<u>1,934,953</u>	<u>1,256,422</u>	<u>678,531</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>0</u>	<u>555,715</u>	<u>555,715</u>
OTHER FINANCING SOURCES (USES)			
Operating transfer in		228,717	228,717
Operating transfer out		<u>(228,717)</u>	<u>(228,717)</u>
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	0	555,715	555,715
Fund balances - beginning of year	<u>42,275</u>	<u>(510,050)</u>	<u>(552,325)</u>
Fund balances - end of year	<u>\$ 42,275</u>	<u>\$ 45,665</u>	<u>\$ 3,390</u>

The accompanying notes are an integral part of these financial statements

ALAMEDA COUNTY HEALTHY HOMES DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL - FEDERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Grants and contracts	\$ 1,920,575	\$ 1,036,618	\$ (883,957)
Other revenues	_____	129,916	129,916
Total revenues	1,920,575	1,166,534	(754,041)
EXPENDITURES			
Salaries and benefits	800,692	733,400	67,292
Discretionary services and supplies	158,211	108,454	49,757
Non-discretionary services and supplies	1,672	1,672	1,672
Lead rehabilitation loans and grants	960,000	447,460	512,540
Other charges	_____	44,070	(44,070)
Total expenditures	1,920,575	1,333,384	587,191
Excess/(deficiency) of revenues over/(under) expenditures	0	(166,850)	(166,850)
OTHER FINANCING SOURCES			
Operating transfer in	_____	23,070	23,070
Total other financing sources (uses)	0	23,070	23,070
Net change in fund balance	0	(143,780)	(143,780)
Fund balances - beginning of year	0	31,656	31,656
Fund balances - end of year	\$ 0	\$ (112,124)	\$ (112,124)

The accompanying notes are an integral part of these financial statements

ALAMEDA COUNTY HEALTHY HOMES DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURE AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - COUNTY SERVICE AREA POST-218 FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Charges for services and assessments	\$ 1,973,800	\$ 1,971,057	\$ (2,743)
Interest on investments		(477)	(477)
Other revenues		8,338	8,338
Total revenues	1,973,800	1,978,918	5,118
EXPENDITURES			
Salaries and benefits	954,970	879,047	75,923
Discretionary services and supplies	545,086	444,342	100,744
Non-Discretionary services and supplies	427,680	365,989	61,691
Other charges	46,064	44,130	1,934
Total expenditures	1,973,800	1,733,508	240,292
Excess/(deficiency) of revenues over/(under) expenditures	0	245,410	245,410
OTHER FINANCING SOURCES (USES)			
Operating transfer out		(23,592)	(23,592)
Total other financing sources (uses)	0	(23,592)	(23,592)
Net change in fund balance	0	221,818	221,818
Fund balances - beginning of year	(42,275)	(2,247)	40,028
Fund balances - end of year	\$ (42,275)	\$ 219,571	\$ 261,846

The accompanying notes are an integral part of these financial statements

**ALAMEDA COUNTY HEALTHY HOMES DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - STATE DEPARTMENT PUBLIC HEALTH (SDPH) FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Grants and contracts	\$ 864,246	\$ 863,925	\$ (321)
Total revenues	864,246	863,925	(321)
EXPENDITURES			
Salaries and benefits	829,068	812,842	16,226
Discretionary services and supplies	29,053	45,771	(16,718)
Non-discretionary services and supplies	6,125	6,125	
Total expenditures	864,246	864,738	(492)
Excess/(deficiency) of revenues over/(under) expenditures	0	(813)	(813)
OTHER FINANCING SOURCES (USES)			
Operating transfer in		522	522
Total other financing sources (uses)	0	522	522
Net change in fund balance	0	(291)	(291)
Fund balances - beginning of year	0	238	238
Fund balances - end of year	\$ 0	\$ (53)	\$ (53)

The accompanying notes are an integral part of these financial statements

ALAMEDA COUNTY HEALTHY HOMES DEPARTMENT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

In 1987, the California Department of Health Services conducted a study that found high levels of lead in many Alameda County children. In response, the County Health Officer formed a task force composed of concerned city, county and state public health professionals, local community groups, county housing officials and pediatricians. This task force proposed the development of a unique new entity, Alameda County Lead Poisoning Prevention Program. In 1991, the Alameda County Board of Supervisors passed a resolution to establish the Department. The resolution allowed cities in the county to participate in and support the Department by assessing an annual \$10 fee on all dwellings constructed before 1978, the year that the U.S. Consumer Product Safety Commission banned lead in paint for residential use. The Cities of Oakland, Berkeley, and Alameda were the first to participate in the Department, and Emeryville joined in 1992.

In May 2013, Alameda County Lead Poisoning Prevention changed its name to Alameda County Healthy Homes Department (the Department) as its focus has evolved from a relatively narrow effort on preventing and treating childhood lead poisoning to a more holistic and broadened approach to decrease hazards in homes.

The Department is governed by a Joint Powers Authority (JPA), composed of elected officials from each participating city and a community representative. As a result of the strength of this collaborative approach, the Department has been able to capture more than matching federal or state dollars for every local dollar invested.

The Department combines health, environmental and housing activities in a comprehensive approach to identify children who are lead poisoned or may be at risk of lead poisoning, identify exposure to lead in children's environments, reduce and remove lead hazards in housing, educate the public about the effects of lead poisoning and how to reduce exposures, and provide advice and resources to the community at large on effective ways to approach lead poisoning.

Blended Component Unit

The Department is a special district established by the County Board of Supervisors. Although the Department is legally separate from the County, it is considered as blended component unit of the County because it is governed by the County Board of Supervisors and the County Board has operational responsibility for the Department. However, the accompanying financial statements of the Department presents only the financial position of the Department and do not purport to, and do not present fairly the financial position of the County for the year ended June 30, 2017 in conformity with accounting principles generally accepted in the United States of America.

Measurement Focus and Basis of Accounting - The government-wide financial statements are reported using the economic measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes/assessments are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available within the current period or soon enough thereafter to pay liabilities of the current period. The Department considers property taxes/assessments as available if they are collected within 60 days after year-end. The Department uses a 180 day availability period for revenue recognition for all other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. All revenues are considered susceptible to accrual.

ALAMEDA COUNTY HEALTHY HOMES DEPARTMENT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES -Continued

When both restricted and unrestricted resources are available for use, it is the Department's policy to use restricted resources first.

Description of Funds - The accounts of the Department are organized on the basis of funds each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. The Department uses the following major governmental funds:

- **General Fund** is used to account for proceeds of revenue sources which by law or administrative action are not designated to finance particular functions or activities of government.
- **U.S. Dept. of Housing & Urban Development Fund** is a special revenue fund which is used to account for revenues received from U.S. Department of Housing & Urban Development.
- **County Services Area Post - 218 Fund** is a special revenue fund which is used to account for assessment revenues collected by the Department.
- **State Department of Public Health Fund** is a special revenue fund which is used to account for revenues received from the State Department of Public Health Services.

Government-wide and Fund Financial Statements - The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information of the Department activities as a whole. For the most part, the effect of interfund activity has been removed from these statements. The Department only uses governmental activities, which normally are supported by taxes, grants and contributions.

The statement of activities demonstrates the degree to which direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenue are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Budget Basis of Accounting - The Department prepares its budget on a basis consistent with accounting principles generally accepted in the United States of America. The actual results of operations are presented in the Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual to provide a meaningful comparison of actual results with the budget. The legal level of budgetary control is at the fund level.

Fund Balances

As prescribed by GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, governmental funds report fund balance in classifications based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Following is a description of the Department's fund balance classifications:

ALAMEDA COUNTY HEALTHY HOMES DEPARTMENT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES -Continued

- **Nonspendable** - Includes amounts that cannot be spent because they are either (a) not in spendable form (inventories, prepaid amounts, etc.) or (b) legally or contractually required to be maintained intact.
- **Restricted** - Includes amounts with constraints that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed** - Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Department's Board. Those committed amounts cannot be used for any other purpose unless the Department's Board removes or changes the specified use by taking the same type of action (legislation, resolution, ordinance) it employed to previously commit those amounts.
- **Assigned** - Includes amounts the Department intends to be used for specific purposes that are neither restricted nor committed.
- **Unassigned** - Includes the residual balance that has not been assigned to other funds and is not restricted, committed or assigned for specific purposes.

The Department applies restricted resources first when an expense is incurred for purposes for which both restricted and other funds are available, then it applies amounts to the committed fund balance followed by assigned and then unassigned amounts.

Pension Plan - All Department employees are under the County's employment and payroll processing system. All permanent Department employees are eligible to participate in the Alameda County Employee Retirement Association ("ACERA"), which is cost sharing, multiple-employee deferred benefit pension plan. Necessary contributions to pension plan for the period under audit were made at County level. The ACERA pension plan funding status and actuarial information is included in the financial statements of the County of Alameda, which can be obtained from the County of Alameda Office of the Auditor-Controller, Oakland.

Interfund Balances - The Department reports interfund balances among its funds. These balances generally consist of accruals for various revenues or expenses due to a fund, but received or paid to another and subsidy transfers between funds. These amounts are paid or received within the subsequent fiscal year.

Cash and Investments - Cash and investment consist of cash held by the Department and is maintained in checking and savings accounts with local banks. Investments consist of cash invested in the County Treasurer's investment pool.

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**ALAMEDA COUNTY HEALTHY HOMES DEPARTMENT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 2: CASH AND INVESTMENTS

Cash and Investments as of June 30, 2017 are classified in the accompanying financial statements as follows:

Cash and investments	\$ <u>1,565,451</u>
Total	\$ <u><u>1,565,451</u></u>

Cash and investments as of June 30, 2017 consist of the following:

Cash and investments	\$ 1,024,773
Deposits with financial institution	<u>540,678</u>
Total	\$ <u><u>1,565,451</u></u>

Custodial Credit Risk - Deposits

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Department will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside entity. As of June 30, 2017, the entire amount with the financial institution was covered by federal depository insurance.

Investments

The Department investments consist of County Treasurer's investments as follows:

The Department maintains its available cash in the Alameda County Treasury. The County pools these funds with those of other agencies and invests the cash. These pooled funds are carried at cost, which approximates the market value. All the funds in the pool share any investments losses proportionately.

Funds with the County Treasurer are invested pursuant to investment policy established by the Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority, preservation of capital, liquidity and yield. The policy addresses the soundness of financial institutions in which the County deposits funds, the types of investment instruments and the percentage of the portfolio which may be invested in certain instruments, as permitted by Section 53600 et seq. of the Government Code of the State of California. Authorized instruments in which the Treasurer can invest include debts issued by the County, US Treasury securities, banker's acceptances, federal, state and local government securities, commercial paper, medium-term corporate notes, negotiable certificates of deposit, local agency investment fund, money market funds, mutual funds, and mortgage-backed securities. Information regarding the characteristics of the entire investment pool can be found in the County's June 30, 2017 comprehensive annual financial report. A copy of that report may be obtained by contacting the County's Auditor-Controller Agency, 1221 Oak Street, Room 220, Oakland, CA 94612. As of June 30, 2017, the Department's share of the County's cash and investment pool totaled \$1,024,773.

**ALAMEDA COUNTY HEALTHY HOMES DEPARTMENT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 3: GRANTS RECEIVABLE

Grants receivable at June 30, 2017 consists of the following:

	<u>U.S. Dept. of Housing & Urban Development Fund</u>	<u>State Department Public Health Fund</u>	<u>Total</u>
Federal grants	\$ 578,949	\$	\$ 578,949
State grants	<u> </u>	<u>456,046</u>	<u>456,046</u>
Total	<u>\$ 578,949</u>	<u>\$ 456,046</u>	<u>\$ 1,034,995</u>

NOTE 4: LOANS RECEIVABLE

Loans receivable at June 30, 2017 consists of the following:

	<u>General Fund</u>	<u>U.S. Dept. of Housing & Urban Development Fund</u>	<u>County Service Area Post- 218 Fund</u>	<u>Total</u>
Deferred loans receivable	\$ 2,247,312	\$ 733,625	\$ 24,830	\$ 3,005,767
Total	<u>\$ 2,247,312</u>	<u>\$ 733,625</u>	<u>\$ 24,830</u>	<u>\$ 3,005,767</u>

Loans receivable represent loans to property owners to assist them with the cost of lead abatement and redemption work on their property. Loans are interest-free. Deferred loans mature upon change in title of the property or as stated otherwise. All repayment loans are due over a period of up to fifteen years. Deferred and repayment loans receivable are secured by recorded lines on the property for which the loan was made. Deferred loans are forgiven, 10% each year for the first five years (5% in case of rental proprietries), or 50% maximum (25% in case of rental properties), to provide an incentive to the borrower or property owner to participate in an on-going program which monitors and screens for lead poisoned cases.

NOTE 5: INTERFUND TRANSACTIONS

A. Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfers for fiscal year 2016-2017 were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 228,717	\$ 228,717
U.S. Dept. of housing & urban development fund	23,070	
County service area post-218 fund		23,592
State Dept Public Health (SDPH)	<u>522</u>	<u> </u>
Total	<u>\$ 252,309</u>	<u>\$ 252,309</u>

**ALAMEDA COUNTY HEALTHY HOMES DEPARTMENT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 5: INTERFUND TRANSACTIONS - Continued

Reasons for Interfund transfers are as follows:

Interfund transfers from General Fund consist of operating funds transferred to programs through which resources were expended.	\$ 228,717
Interfund transfers from the County Service Area were for matching funds transferred to the programs through which the funds were expensed.	<u>23,592</u>
Total	<u><u>\$ 252,309</u></u>

NOTE 6: DUE TO OTHER COUNTY FUNDS

Due to other county funds balance consists of accruals for various expenses paid from other County funds. These amounts are paid within the subsequent fiscal year. Following is a summary of the amount due to other county funds by the Department's funds as of June 30, 2017:

General fund	\$ <u>125,763</u>
Total	<u><u>\$ 125,763</u></u>

NOTE 7: DEFERRED REVENUE

As of June 30, 2017, deferred revenue reported in the governmental funds consists of the following:

Fund	Related to loans receivable
General fund	\$ 2,247,312
U.S. Dept. of housing & urban development fund	733,625
County service area post-218 fund	<u>24,830</u>
Total deferred revenue	<u><u>\$ 3,005,767</u></u>

NOTE 8: GRANT AWARD

The Department has been awarded a grant from the U.S. Department of Housing and Urban Development for healthy homes - Lead abatement and education. The unused awards at June 30, 2017 of \$578,949 are available to the Department after they incur eligible expenditures.

NOTE 9: CONTINGENT LIABILITIES

The Department has received funds from various Federal, State and Local grant programs. It is possible that at some future date, funding sources may be discontinued if the Department was found not in compliance with any applicable grant requirements. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although, the Department does not expect such disallowed amount, if any, to materially affect the financial statements.

SUPPLEMENTARY INFORMATION

**ALAMEDA COUNTY HEALTHY HOMES DEPARTMENT
COMBINING BALANCE SHEET BY REVENUE SOURCE
JUNE 30, 2017**

	Federal Fund	State	County		Total Governmental Funds
		41 - State Dept Public Health (SDPH)	51 - County Service Area Post-218 Fund	CSA Other Funds	
ASSETS					
Cash and cash equivalents	\$ 135,689	\$	\$ 879,108	\$ 550,654	\$ 1,565,451
Grant receivable	578,949	456,046			1,034,995
Accounts receivable			2,633	291,456	294,089
Loans receivable	<u>733,625</u>		<u>24,830</u>	<u>2,247,312</u>	<u>3,005,767</u>
Total assets	<u>1,448,263</u>	<u>456,046</u>	<u>906,571</u>	<u>3,089,422</u>	<u>5,900,302</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Payable to Alameda County	648,578	454,980	639,625	575,107	2,318,290
Accounts payable	38,269	1,119	22,545	17,677	79,610
Loan commitments	139,915			203,661	343,576
Deferred revenue	<u>733,625</u>		<u>24,830</u>	<u>2,247,312</u>	<u>3,005,767</u>
Total liabilities	<u>1,560,387</u>	<u>456,099</u>	<u>687,000</u>	<u>3,043,757</u>	<u>5,747,243</u>
Fund Balances					
Restricted			219,571		219,571
Unassigned	<u>(112,124)</u>	<u>(53)</u>		<u>45,665</u>	<u>(66,512)</u>
Total fund balances	<u>(112,124)</u>	<u>(53)</u>	<u>219,571</u>	<u>45,665</u>	<u>153,059</u>
Total liabilities and fund balances	<u>\$ 1,448,263</u>	<u>\$ 456,046</u>	<u>\$ 906,571</u>	<u>\$ 3,089,422</u>	<u>\$ 5,900,302</u>

ALAMEDA COUNTY HEALTHY HOMES DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES BY REVENUE SOURCE
FOR THE YEAR ENDED JUNE 30, 2017

	Federal Fund	State	County		Total Governmental Funds
		41 - State Dept Public Health (SDPH)	51 - County Service Area Post-218 Fund	CSA Other Funds	
REVENUES					
Grants and contracts	\$ 1,036,618	\$ 863,925	\$	\$ 375,000	\$ 2,275,543
Charges for services and assessments			1,971,057	229,201	2,200,258
Interest on investments			(477)	534	57
Program income				209,570	209,570
Other revenues	129,916		8,338	872,069	1,010,323
Transfer from county/agency				125,763	125,763
Total revenues	<u>1,166,534</u>	<u>863,925</u>	<u>1,978,918</u>	<u>1,812,137</u>	<u>5,821,514</u>
EXPENDITURES					
Administrative costs	733,400	812,842	879,047	519,187	2,944,476
Discretionary services and supplies	108,454	45,771	444,342	441,001	1,039,568
Non-discretionary services and supplies		6,125	365,989	16,409	388,523
Lead rehabilitation loans and grants	447,460			277,891	725,351
Other charges	44,070		44,130	1,934	90,134
Total expenditures	<u>1,333,384</u>	<u>864,738</u>	<u>1,733,508</u>	<u>1,256,422</u>	<u>5,188,052</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>(166,850)</u>	<u>(813)</u>	<u>245,410</u>	<u>555,715</u>	<u>633,462</u>
OTHER FINANCING SOURCES (USES)					
Operating transfer in	23,070	522		228,717	252,309
Operating transfer out			(23,592)	(228,717)	(252,309)
Total other financing sources (uses)	<u>23,070</u>	<u>522</u>	<u>(23,592)</u>	<u>0</u>	<u>0</u>
Net change in fund balance	(143,780)	(291)	221,818	555,715	633,462
Fund balances - beginning of year	<u>31,656</u>	<u>238</u>	<u>(2,247)</u>	<u>(510,050)</u>	<u>(480,403)</u>
Fund balances - end of year	<u>\$ (112,124)</u>	<u>\$ (53)</u>	<u>\$ 219,571</u>	<u>\$ 45,665</u>	<u>\$ 153,059</u>

**ALAMEDA COUNTY HEALTHY HOMES DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Federal Grantor/Pass-Through Grantors/Program of Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<i>U.S. Department of Housing and Urban Development</i>		
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900*	\$ <u>1,266,243</u>
Total of direct programs		<u>1,266,243</u>
Total Expenditures of Federal Awards		\$ <u><u>1,266,243</u></u>

* *Tested as a Major Federal Program*

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Alameda County Healthy Homes and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE 2: INDIRECT COST RATE

The Alameda County Healthy Homes Department has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

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

The Board of Supervisors
Alameda County Healthy Homes Department
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 financial statements of the governmental activities, and each major fund of the Alameda County Healthy Homes Department (the Department), a component unit of the County of Alameda as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements and have issued our report thereon dated January 29, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Patel & Associates, LLP
Certified Public Accountants

Patel & Associates, LLP

Oakland, California
January 29, 2018

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

The Board of Supervisors
Alameda County Healthy Homes Department
Oakland, California

Report on Compliance for Each Major Federal Program

We have audited the Alameda County Healthy Homes Department (the Department)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Department's major federal programs for the year ended June 30, 2017. The Department's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Department complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

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

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

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

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

**Patel & Associates, LLP
Certified Public Accountants**

Patel & Associates, LLP

**Oakland, California
January 29, 2018**

**ALAMEDA COUNTY HEALTHY HOMES DEPARTMENT
SCHEDULE OF AUDITOR'S RESULTS, FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial statements:

Type of Auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency identified that is not considered to be material weakness(es)?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency identified that is not considered to be material weakness(es)?	None Reported
Type of Auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.900	Lead-Based Paint Hazard Control in Privately-Owned Housing

Dollar threshold used to distinguish between Type A and Type B programs:	750,000
Auditee qualified as a low-risk auditee?	Yes

**ALAMEDA COUNTY HEALTHY HOMES DEPARTMENT
SCHEDULE OF AUDITOR'S RESULTS, FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENTS FINDINGS

No matters were reported

SECTION III - FEDERAL AWARD FINDING AND QUESTIONED COSTS

No matters were reported

**ALAMEDA COUNTY HEALTHY HOMES DEPARTMENT
SUMMARY OF PRIOR YEAR'S FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

There were no findings in the prior year.