

**COUNTY OF OAKLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended September 30, 2002
(With Independent Auditors' Report Thereon)**

Prepared by:

**Department of Management and Budget
Fiscal Services Division**

**Cover: Photo of September 11 commemorative banner, West Wing Extension of
Oakland County Court House. Courtesy of David VandeGriff**

County of Oakland
Table of Contents

Page

I. Introductory Section

Supplemental Financial Information

Letter of Transmittal..... 1
 Organizational Chart..... 15
 List of Principal Officials 16
 Government Finance Officers Association of the United States and
 Canada Certificate of Achievement for Excellence in Financial Reporting..... 17

II. Financial Section

Report of Independent Accountants 19
 Management’s Discussion and Analysis 21

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Assets 35
 Statement of Activities..... 37

Governmental Fund Financial Statements

Balance Sheet..... 40
 Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets.... 42
 Statement of Revenues, Expenditures, and Changes in Fund Balances..... 43
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
 Balances – Governmental Funds to the Statement of Activities 45

Proprietary Fund Financial Statements

Statement of Net Assets 47
 Statement of Revenues, Expenses, and Changes in Fund Net Assets 49
 Statement of Cash Flows..... 51

Fiduciary Fund Financial Statements

Statement of Fiduciary Net Assets 56
 Statement of Changes in Fiduciary Net Assets..... 57

Combining Component Unit Financial Statements

Combining Statement of Net Assets..... 59
 Statement of Activities..... 60
 Combining Balance Sheet – Governmental Funds – Drainage Districts 61
 Reconciliation of the Balance Sheet – Governmental Funds to the Statement of
 Net Assets – Drainage Districts 62
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances –
 Governmental Funds – Drainage Districts 63
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
 Balances – Governmental Funds to the Statement of Activities – Drainage Districts 64

County of Oakland
Table of Contents

	Page
II. Financial Section (continued)	
Notes to General Purpose Financial Statements	
1. Summary of Significant Accounting Policies	65
2. Legal Compliance – Budgets	73
3. Deposits and Investments	75
4. Receivables	79
5. Allowance for Uncollectible Receivables.....	79
6. Investment Income – Pension Trust Funds	79
7. Capital assets.....	80
8. Long-Term Debt	83
9. Interfund Balances	88
10. Fund Equities.....	94
11. Employee Benefits	96
12. Defined Benefit Pension Plans	96
13. Defined Contribution Plans	100
14. Post-Employment Benefits	101
15. Deferred Compensation Plan.....	102
16. Risk Management	103
17. Leases.....	105
18. Commitments and Contingencies	105
19. Statement of Net Assets – Reconciliation of Internal Balances	106
 Required Supplementary Information other than Management’s Discussion and Analysis	
Schedule of Funding Progress and Employer Contributions – Retirement System – Primary Government Retirement System – Six-Year Historical Trend Information.....	108
 Schedule of Funding Progress and Employer Contributions Six-Year Historical Trend Information.....	109
 Budgetary Comparison Schedule – Major Governmental Funds.....	110
 Combining and Individual Fund Statements and Schedules – Non-Major Funds	
Governmental Funds	
Balance Sheet – By Fund Type	119
Statement of Revenues, Expenditures, and Changes in Fund Balances – By Fund Type.....	120
 Special Revenue Funds	
Combining Balance Sheet.....	125
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	129
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual.....	133
 Debt Service Funds	
Combining Balance Sheet.....	136
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	138
 Capital Projects Funds	
Combining Balance Sheet.....	141
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	143

County of Oakland
Table of Contents

	Page
II. Financial Section (continued)	
Internal Service Funds	
Combining Statement of Net Assets.....	146
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	150
Combining Statement of Cash Flows	152
Enterprise Funds	
Combining Statement of Net Assets.....	157
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	159
Combining Statement of Cash Flows	161
Pension (and Other Postemployment) Trust Funds	
Combining Statement of Fiduciary Net Assets.....	166
Combining Statement of Changes in Fiduciary Net Assets.....	167
Agency Funds	
Combining Statement of Fiduciary Net Assets.....	170
Combining Statement of Changes in Assets and Liabilities.....	172
III. Statistical Section	
General Governmental Expenditures by Function	178
General Governmental Revenue by Source.....	179
County Operating Property Tax Collection and Levy Record.....	180
Assessed, Equalized, and Estimated Value of Taxable Property.....	181
Property Tax Rates – Direct and Overlapping Governments	182
Principal Taxpayers	183
Special Assessment Billings and Collections	184
Percentage of Net Long-term Debt to Equalized Value and Net Long-term Debt Per Capita	185
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures	186
Computation of Legal Debt Limit	187
Net County Direct and Overlapping Debt.....	188
Demographic Statistics and Age Distribution.....	190
Property Value, Construction, and Bank Deposits.....	191
Miscellaneous Statistics	192
Building Authority Data.....	194

I. INTRODUCTORY SECTION

The Introductory Section contains:

- A. Letter of Transmittal**
- B. Organizational Chart**
- C. List of Principal Officials**
- D. Government Financial Officers Association
Of the United States and Canada
Certificate of Achievement for
Excellence in Financial Reporting**

March 14, 2003

To the Oakland County Board of Commissioners and
Citizens of Oakland County

State law requires all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of Oakland County, Michigan for the fiscal year ended September 30, 2002.

This report consists of management's representations concerning the finances of Oakland County. Consequently, management assumes full responsibility for the completeness and reliability of the financial information presented in this report. To provide a reasonable basis for making these representations, the management of Oakland County has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of Oakland County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Oakland County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance the financial statements will be free from material misstatement. As management, we assert to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Oakland County's financial statements have been audited by PricewaterhouseCoopers LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance the financial statements of Oakland County for the fiscal year ended September 30, 2002, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall presentation of the financial statements. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Oakland County's financial statements for the fiscal year ended September 30, 2002, are fairly presented in conformity with GAAP. The independent auditor's report is presented in the financial section of this report.

The independent audit of the financial statements of Oakland County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in Oakland County's separately issued Single Audit Report.

County of Oakland

Letter of Transmittal

The Fiscal Year 2002 Comprehensive Annual Financial Report is issued, for the first time, pursuant to the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended by GASB Statement No. 37 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, – Omnibus* and Statement No. 38 *Certain Financial Statement Note Disclosures*. Readers of the financial report will notice two new statements, entitled Statement of Net Assets and Statement of Activities. These statements will provide readers with the financial position of Oakland County viewed as a single entity. The GASB statement also requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Overall, Oakland County's financial position improved during Fiscal Year 2002. The County's total net assets (excluding component units) increased by \$27.1 million to \$745.4 million. Of the total, \$48.1 million was an decrease to the net assets of the governmental activities, while \$75.2 million represented a increase to the net assets of the business-type activities. The General Fund, the chief operating fund of the County, reported a fund balance of \$94.6 million as of September 30, 2002. Although, this amount reflects a reduction of \$2.5 million from the fund balance reported as of September 30, 2001, it is important to note that the FY 2002 budget assumed the utilization of \$19.6 million of prior years general fund balance. The County's FY 2002 operations actually resulted in the generation of \$17.1 million in additional resources above the budget, reducing the planned use of fund balance.

Oakland County's MD&A, which provides a more detailed discussion of the County's Fiscal Year 2002 financial performance, can be found immediately following the report of the independent auditors.

PROFILE OF OAKLAND COUNTY

Incorporated on March 28, 1820, Oakland County covers approximately 900 square miles, immediately north of the state's baseline (dividing Wayne County and the City of Detroit from Oakland County) in Southeast Michigan. With a population of 1,194,156 (2000 Census) and the County seat in Pontiac, Oakland County is home to a mix of urban and rural communities, encompassing 61 cities, villages and townships, including thirty downtown areas and many scenic natural settings, providing a high quality of life for any lifestyle. Countless outdoor recreation opportunities are available, including 5 ski areas, 27 public fishing sites, 52 public golf courses and 27 private golf courses (more golf holes per capita than any other county in the nation), more than 450 lakes and approximately 89,000 acres of public recreation land. Significant entertainment and sports venues include DTE Energy and Meadowbrook outdoor theaters, the Pontiac Silverdome, the Palace of Auburn Hills – home of the Detroit Pistons, Cranbrook Institute, and the Detroit Zoological Park. Major shopping venues include Great Lakes Crossing, Somerset Collection, as well as Northland, Oakland, Summit Place and Twelve Oaks Malls. Medical facilities include 16 hospitals with almost 4,100 beds. In terms of per capita income, Oakland County ranks as the fourth wealthiest county in the nation among counties with populations of more than one million people. The average 2002 property tax rate is \$40.61 per thousand taxable value, which is distributed to the following taxing authorities:

Local School Districts	34.1%
Cities, Villages, Townships	27.3%
State Education Tax	14.8%
Intermediate Schools and Community Colleges	12.4%
County Government	10.3%
Parks and Recreation	1.1%
Total	<u>100.0%</u>

County of Oakland

Letter of Transmittal

ORGANIZATION STRUCTURE

Oakland County has a budget of \$510.3 million, for all funds, and operates under the authority of Michigan Public Act 139 of 1973, the Unified Form of County Government Act, approved by the electorate in 1974. An elected County Executive is responsible for the management of County affairs as specified under Public Act 139.

The Treasurer, Clerk/Register of Deeds, Prosecutor, and Sheriff are offices established by the State's constitution. A Drain Commissioner was established as an elected position in 1909 and currently operates under Public Act 40 of 1956, the Uniform Drain Code. These offices, including the County Executive, are countywide elected with four-year terms. The Treasurer is responsible for collection of delinquent taxes, settlements with local units, cash management and investments; the Clerk/Register of Deeds is responsible for recording vital statistics, maintaining court records, Board of Commissioner proceedings, and documents affecting property ownership; the Sheriff and Prosecutor are responsible for law enforcement; and the Drain Commissioner is responsible for construction and maintenance of drains, lake level control, and sewer interceptors.

The Oakland County Courts consist of Sixth Judicial Circuit (including Family Division), Probate and 52nd District Courts. The Circuit Court, with nineteen (19) judges, has jurisdiction over criminal cases where the minimum penalty is over one year incarceration, civil damage cases where the controversy exceeds \$25,000, and domestic relation matters. The Probate Court, with four (4) judges, is responsible for estates and mental health matters. The 52nd District Court, with eleven (11) judges, has jurisdiction over misdemeanors, ordinance and charter violations, civil cases under \$25,000, and preliminary examinations in felony cases.

The Board of Commissioners is comprised of 25 members elected to two-year terms by their respective districts and serves as the legislative body responsible for establishing policy and appropriating funds.

A three-member Road Commission, established under Public Act 283 of 1909 and appointed by the County's Board of Commissioners, is responsible for approximately 2,500 miles of roads, and its \$100 million dollar budget is funded principally by the State-collected vehicle fuel and registration taxes under Public Act 51 of 1951. Other sources of funds are provided by federal and local governments and proceeds from the sale of bonds. The Road Commission is not subject to the Board of Commissioners' appropriation process and, therefore, is reflected as a discretely presented component unit in the County's Comprehensive Annual Financial Report (CAFR), as required by GASB Statement Number 14, "*The Financial Reporting Entity*".

A twelve-member Community Mental Health Authority, created under an agreement (Miscellaneous Resolution #98215; effective January 1, 1999) authorized by Public Act 267 of 1976, is responsible for providing services related to mental health needs of Oakland County residents. The Authority's activities are funded through federal grants, state allocations, County appropriations, service fees, and local gifts and grants. The Authority's financial information is reflected in the County's CAFR as a discretely presented component unit, as required by GASB Statement Number 14.

A three-member Drain Board as authorized by Michigan Public Act 40 of 1956, consists of the Oakland County Drain Commissioner, Chairman of the County Board of Commissioners, and the Chairperson of the County Board of Commissioner's Finance Committee. This board is responsible for the construction and maintenance of drainage districts created under Chapter 20 of Act 40 and funding is provided by assessments against the benefiting municipalities. Debt issued is backed by the full faith and credit of Oakland County.

County of Oakland Letter of Transmittal

A ten-member commission, appointed by the Board of Commissioners, is responsible for Parks and Recreation, which acquires, develops, maintains and operates eleven (11) parks that provide camping, golf, swimming and a variety of other recreational activities. Parks and Recreation is supported, in part, by a separately voted ¼-mill tax levy and its activity is blended into the County's CAFR due to the specific agency relationship established by State statute, as required by GASB Statement Number 14.

Oakland County is an active partner in numerous economic developments and improvements of life for County residents. This includes human services in the form of public health, child care, skilled nursing care and resident hospitalization; community and economic development and planning; public safety; public records; public works, such as water and sewer; airports; and a wide range of other services, such as Michigan State University Cooperative Extension, animal control, work force development, veterans' services and senior programs. All of these activities are supported by administrative services, central services and information technology.

FINANCIAL PRACTICES

Long-term Financial Planning / Budgeting

Oakland County maintains a focus on long-term financial planning. As described below, the County operates under a two-year rolling budget, which allows for continuously planning at least two fiscal years in the future. Such a process allowed the County to anticipate current financial challenges and take appropriate action quickly enough to respond to major budgetary fluctuations.

Under the provisions of the Uniform Budget Act for Local Units of Government (PA 621 of 1978), the Biennial Budget and General Appropriations Act (GAA) serves as the foundation for Oakland County's financial planning and control. The County's fiscal year begins October 1st and ends September 30th each year. All agencies of Oakland County are required to submit requests for appropriation and revenue estimates to the Fiscal Officer on an annual basis. The Department of Management and Budget, on behalf of the County Executive, uses this information as a starting point for developing a recommended rolling biennial financial plan and work program, which in turn is submitted to the Board of Commissioners by July 1st each year. The Board of Commissioners is required to hold public hearings on the proposed budget and adopt the final budget and General Appropriations Act for the ensuing fiscal year no later than September 30th, the close of the current fiscal year.

The appropriated budget is prepared by fund, function (e.g., Administration of Justice), and department (e.g., Circuit Court). Control categories are established at the department level for Personnel related expenditures (e.g., salaries, overtime, fringe benefits), Controllable Operating Expenditures (e.g., contractual services and commodities), and Non-controllable Expenditures (e.g., Internal Service charges for printing, motor pool, and office space). Departments may exceed individual line item appropriations (e.g., Professional Services, Office Supplies, etc.) within the aforementioned categories provided the Control Category is not overspent. Budget amendments providing additional spending authorization are required to be made by action of the Board of Commissioners, upon recommendation of the County Executive. In accordance with PA 139 of 1973, the County Executive is required to report the current financial condition of the County to the Board of Commissioners on a quarterly basis. These quarterly reports are prepared by the Fiscal Services Division of the Department of Management and Budget and presented to the Board of Commissioners Finance Committee. The County Executive has traditionally exceeded this requirement by not only reporting the current financial condition of the County each quarter, but has also provided a quarterly forecast of the projected financial condition of the County at the close of the current fiscal year.

County of Oakland Letter of Transmittal

The biennial budget is considered a “rolling” budget because when it is amended, the amendment reflects the impact for the remainder of the current fiscal year and amends the next fiscal year. As stated previously, financial forecast reports are presented to the Board of Commissioners on a quarterly basis. These reports include a comparison of the amended budget to the forecasted amounts and explanations for major variances. Any recommended budget amendments are presented at that time and individual departments may be called to appear at the Finance Committee during this process. This process means the budget remains current throughout the year and that actual expenditures are continually monitored, compared to the budget, and reported to the Board of Commissioners.

The County also maintains a strong position control and position budgeting system, as well as the practice of budgeting for full employment. Salary and fringe benefit appropriations are tied to specific authorized positions. Should vacancies occur or positions filled at a level lower than authorized, the resulting favorable variance falls to fund balance.

Because of Oakland County’s conservative approach in budgeting and forecasting, there is, typically, a favorable budget variance at year-end. This has contributed to the increase in fund balance over the past several years.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on pages 109-115 of this document. For governmental funds, other than the General Fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 116.

Capital Improvement Program and the Delinquent Tax Revolving Fund – Fiscal Responsibility Plan

The Fiscal Responsibility Plan for the Delinquent Tax Revolving Fund (DTRF) was initiated by the Oakland County Executive and approved by the Board of Commissioners in 2001. The purpose of the plan is to prudently use the surplus in the DTRF without jeopardizing the primary mission of the DTRF.

The DTRF was established in 1974 to help stabilize local revenues by paying the local taxing units 100% of their respective shares of delinquent ad valorem real property taxes in anticipation of the collection of those taxes by the County Treasurer. The County funds the DTRF by borrowing money and issuing revolving fund notes. Payment of the notes is made from the proceeds of delinquent tax collections. Once the notes are paid in full, any surplus in the fund may be transferred to the County general fund by appropriate action of the Board of Commissioners. Oakland County's DTRF has consistently provided its local units of government with a stable revenue stream while also generating a surplus. Responsible use of this surplus is the purpose of the Fiscal Responsibility Plan.

Oakland County has adopted a strict policy for accessing funds from the DTRF. Any appropriations from unrestricted DTRF funds, except penalties and investment interest, are limited to one-time expenditures. They are not used to fund recurring operations. As a result of Oakland's DTRF utilization policy, the corpus of the DTRF continues to be available not only to protect the revenue stream for the local units of government but also to generate interest earnings that, prudently managed, can be utilized in place of new taxes as a funding source for necessary capital projects.

County of Oakland Letter of Transmittal

The net assets in the DTRF as of September 30, 2002, is approximately \$191.5 million. One of the principles of the Fiscal Responsibility Plan is to maintain a sufficient corpus in the fund to guarantee timely payment of outstanding notes. However, current net assets are significantly in excess of the amount required to pay outstanding notes on delinquent taxes. The goal of the plan is to increase utilization of the DTRF by using the fund to pay debt service on major Board-approved capital projects that will house essential public services. There are four major projects currently identified with a combined estimated capital outlay of \$53 million to be funded with bond issues. The Fiscal Responsibility Plan utilizes fund balance in the DTRF for debt service over a 20-year period for each of these projects. Funding will be transferred from the DTRF to the General Fund on an annual basis to provide for debt service payments. It is estimated that \$15.7 million in savings will be achieved over the term of the proposed bond issues. The savings result from the fact that the DTRF will continue to earn interest on the cash maintained in that fund at a rate more than the bond rate. The projected fund balance in the DTRF at the conclusion of debt service in FY 2022 should remain at current levels, approximately \$192 million.

The law demands that the purpose of the DTRF not be jeopardized, which is to regularly pay local taxing units within the County 100% of their respective share of delinquent ad valorem real property taxes prior to the collection of those taxes by the County Treasurer. The goal is to maintain a sufficient corpus in the DTRF to meet this primary purpose and to prudently utilize any surplus in excess of this baseline amount.

A fully solvent, prudently managed DTRF is an essential component of the favorable view that Wall Street has towards Oakland County. Wall Street's support, as evidenced by its award of an AAA bond rating, allows the County to issue debt at the lowest possible interest cost. An irresponsible raid on the DTRF and its inevitable resultant downgrade of the County's favorable bond rating would have costly, detrimental long-term consequences for both the County and its political subdivisions.

Debt Administration

With the exception of the annual issuance of limited taxing authority notes related to delinquent tax receivables, Oakland County's practice is to only issue debt for the purchase and/or construction of long-lived assets. Further, the issuance of debt will be undertaken only after it is determined it is fiscally advantageous to do so, as opposed to use of current resources or fund balance. During fiscal year 2002, Oakland County issued \$46.7 million in new limited taxing authority bonds for the construction of three projects. In addition, the County maintained a AAA bond rating from Standard and Poors, Fitch Investors, and from Moody's Investors Services, Inc. A more detailed discussion of Oakland County's long-term debt can be found in the Management's Discussion and Analysis, as well as Note #8 to the financial statements.

County of Oakland

Letter of Transmittal

Cash Management Policies and Practices

Cash temporarily idle during the year was invested by the County Treasurer. Investments, except those of the Retirement Systems and Deferred Compensation Plan, are administered by the Treasurer in compliance with the provisions of Public Act 20 of 1943, as amended. Significant policies include:

- Investments of the County are held in the County's name.
- Investments are in U.S. Treasury obligations, banker's acceptances, certificates of deposit, and commercial paper top rated by not less than two of the four rating services: Standard and Poors, Moody's Investors Services, Fitch Investors Services Incorporated, and Duff and Phelps.
- Only federal and state-chartered banks and savings institutions, which are members of FDIC, are utilized.
- State law requires the use of in-state banks.
- The County maintains a cash and investment pool that is available for use by all funds except fiduciary funds.
- Pension investments are made in accordance with Public Act 55 of 1982, as amended, and are limited to investments of no more than 65 percent in equity securities. No investments, loans, or leases are with parties related to the pension plan.
- Investment income is credited to the General Fund and used to fund overall County operations, except where prohibited by law, such as Drain funds, or by specific Board action, such as Internal Service funds and the Airport Facilities fund.

Additional information on Oakland County's investments can be found in note #3 to the financial statements.

Pensions and Other Post Employment Benefits

Realizing its employees are its most valuable resource, Oakland County established two pension plans; a Defined Benefit Pension Program, referred to as the County's Public Employees' Retirement System (PERS), and a Defined Contribution Pension Program, referred to as the Oakland Performance Retirement System (OPRS), which qualifies under Internal Revenue Code section 401(a). In addition, the County established a Voluntary Employee Benefits Association (VEBA), to cover other post employment benefits.

It is worthy to note that the PERS is fully funded, and since there have been no new Plan members enrolled since July 1, 1994, there have been no contributions from County funds since FY 1999. Also due to the voluntary shifting of 936 employees from the PERS to OPRS, and the fact that all newly hired employees participate in the OPRS, the OPRS has resulted in a savings of \$21.4 million since inception of the program without jeopardizing the retirement security of valued employees.

A more detailed discussion of Oakland County's pension and VEBA performance may be found in the notes #12, 13, and 14 to the financial statements.

FACTORS AFFECTING THE FINANCIAL CONDITION OF THE COUNTY

The information presented in the financial statements provides the user with a clear view of the financial position of Oakland County as of September 30, 2002. The financial position of the County may be best understood, however when it is considered from the broader perspective of the specific environment within which Oakland County currently operates, how that environment is changing, and how the County administrative and policy leaders are responding to the changing environment.

County of Oakland Letter of Transmittal

Economic Condition of Oakland County – Areas of Strength

Despite a general downturn in the national and state economy, Oakland County's economic base remains relatively strong. The market value of property in Oakland County, for 2002, is approximately \$126 billion, the highest value of all 83 counties in Michigan. While Oakland County's population represents approximately 10 percent of Michigan's total population, the property value in the County represents approximately 18 percent of Michigan's total property value. The growth in market value of taxable property in Oakland County was over \$10.8 billion from 2001 to 2002; this growth alone exceeds the total tax base of 73 of the 83 Michigan counties in the year 2000. The majority of Oakland County's taxable value is within the residential class of property, which is approximately 69 percent of the property tax base. From 1997 to 2001, the sales volume of new and existing homes increased by 8 percent. The average price of a single family home also increased by 34 percent in the same timeframe, from \$159,900 to \$214,700.

In addition, between 1990 and 2001, County employment grew approximately 55 percent faster than the State of Michigan and 34 percent faster than the nation as a whole, while per capita income rose 30 percent faster. Private sector job growth was 29.7 percent. Oakland is the number one job-producing County in Michigan, responsible for 25 percent of all new jobs last decade. In 2002, Oakland County's unemployment rate increased, as it did in every major labor market in Michigan. However, Oakland's September unemployment rate of 4.8 percent is still much lower than Michigan's 5.8 percent and the nation's 5.6 percent rate.

Business growth also accelerated at the same pace as job growth. From 1992 to 2001, the number of businesses in the County rose by 26.7 percent to 41,931 with a total annual payroll increasing by 89.1 percent to \$31.8 billion. This activity has been enhanced by Oakland County's attractive business climate and dynamic economic development programs (see Major Initiatives). Oakland County is the leading center for international commercial activity with 629 companies representing 24 countries. Of the foreign-owned firms in southeast Michigan, 58 percent are located in Oakland County.

Oakland County's per capita income of \$45,900 is the highest among Michigan's 83 counties and is ranked 22nd out of 3,110 counties nationwide. In fact, its per capita income is more than 50 percent greater than both the nation (\$26,500) and the state (\$29,100).

Oakland County's relative financial strength, along with prudent financial practices, has had a positive impact on Oakland County's fund balances, particularly the General Fund. For the fiscal year ended September 30, 2002, Oakland County's total General Funds fund balance is \$94,650,190 of which all but \$82,370 is reserved, designated, or otherwise earmarked for specific purposes. The total fund balance in the General Fund at the end of fiscal year 2002 represents 26 percent of the General Fund/General Purpose Adopted Budget for fiscal year 2003. However, it should be noted that \$47.8 million of earmarked funds reflects one-quarter of the calendar year 2002 property tax collections, set aside to fund the first quarter of fiscal year 2003. This action accounts for the timing of collections, as clarified by Governmental Accounting Standards Board Statement No. 33. Removing reference to the property tax set aside, which is simply a result of fiscal year timing, the General Fund balance at the end of fiscal year 2002 represents 13 percent of the fiscal year 2003 General Fund/General Purpose Adopted Budget. This is still well within the acceptable range of 5 percent to 15 percent recommended by the Government Finance Officers Association of the United States and Canada (GFOA). Such a level of General Fund balance is an indicator of a strong financial position.

County of Oakland Letter of Transmittal

The financial community has acknowledged the County's solid tax base and financial policies in recent years. The County earned the highest bond rating achievable, AAA, from both Standard and Poors, Fitch Investor Services and from Moody's Investor Services, Incorporated. Further, Moody's recently praised Oakland County's effort to proactively address current budget challenges (discussed below) and expressed confidence that the County's financial situation will remain strong given its current fund resources, tax growth, and debt position. The AAA bond rating allows the County to borrow at the lowest possible interest rate, saving the County taxpayers millions of dollars in future borrowing costs.

Financial Concerns

In May 2002, the State of Michigan conducted a "revenue estimating conference," the purpose of which was to provide revenue estimates for state budget development. The revenue estimating conference forecasted state revenues would fall \$420 million below originally anticipated levels for fiscal year 2003. This forecast forced the Governor and state legislature to reduce the levels of state spending. One action was to reduce revenue sharing payments to local units of government by \$104 million. Specifically, Oakland County revenue sharing payments were reduced by \$6.3 million from anticipated fiscal year 2003 levels.

The actions taken by the State government in the summer and fall of 2002 did not sufficiently address the fiscal year 2003 State budget difficulties. State revenue collections continue to shrink, forcing further reductions in all state spending. Two executive orders issued by the Governor, in December 2002 and February 2003, reduced the level of state spending. The actual impact of those orders on County payments is not known at this time.

In addition, the State identified a budget shortfall for fiscal year 2004 of \$1.7 billion. The State's projected fiscal year 2004 shortfall equates to approximately 20 percent of its total General Fund budget. Further, the State's Budget Stabilization Fund has been depleted, which had a fund balance of nearly \$1.3 billion two years ago. Balancing the State's budget for fiscal year 2004 will be a mammoth task and is expected to have a negative impact on local units of government. Many of the services funded by the State are provided at the local level through various funding formulas, reimbursement contracts, and grants that flow through to the local units of government. Local units of government, in turn, then provide services to the public on behalf of the State.

In addition to the effect on the state government budget, the recession began to affect the local economy directly, impacting the County's financial base. When the Biennial Budget was developed in 2001 for FY2002/2003, the original fiscal year 2003 estimates for General Fund investment income assumed a 5.25 percent return on investments. Although the County Treasurer's investments returned at a rate higher than the yield curve, the average return fell to 2.25 percent by late 2002. This reduced return led to a \$4.1 million loss in anticipated fiscal year 2003 revenues. During the remainder of 2002 and early 2003, average investment yields have continued to fall. As of February 2003, the average yield was approximately 1.65 percent. If the economy improves as some economists predict, along with the recent changes in the Treasurer's investment practices the average yield return should increase in the future, however the County must contend with reduced investment incomes for the near future.

County of Oakland Letter of Transmittal

The slowing economy lead to a declining real estate market, resulting in lower rates of taxable property value growth than the County has experienced in recent years. Current estimates call for 4.0 percent to a 4.25 percent growth in taxable value for real and personal property in the County (which would still lead the state), the County's actual growth has averaged close to 7.0 percent for the past several years. It is anticipated future levels of growth in taxable property values will remain closer to the 4.0 percent range. The County's long-range financial planning must take this reduced level into account.

It should further be noted, due to the Headlee Constitutional Tax Limitation Amendment of 1978 the County operating millage rate of 4.19 mills may face a "rollback" as early as calendar year 2004, which would affect fiscal year 2005 revenues. When the rollback would take place depends upon the rate of inflation and level of new construction, however prudent fiscal management requires that the County prepare for this eventuality.

Finally, health care costs have escalated at an alarming rate. Oakland County government as an employer, is not immune from these increases. During fiscal year 2002, the County experienced a 33 percent increase in health care costs for active employees. Similar increases are anticipated for the next fiscal year. The County is proactive in addressing this issue, and the County Executive is currently developing recommended changes in this area for Board of Commissioners' consideration.

County Response to Concerns

The County Government faces a number of financial challenges particularly due to the impact of the economy. The salient point, however, is not the fact that fiscal challenges exist, but how the County elected officials and administration respond to the challenges. Oakland County has a history of long-term financial planning, prudent management of capital projects and the use of alternative funding sources, sound cash and investment management, and solid pension and post-employment benefit planning. These ongoing practices, along with the specific efforts begun to address the budget challenges, ensure the long-term fiscal stability of Oakland County government and preserves its ability to provide necessary public services to its citizens.

Oakland County entered into the fiscal year 2003 and fiscal year 2004 budget process having to mitigate anticipated revenue shortfalls. Specifically, \$14.4 million in adjustments were required in fiscal year 2003 to cover the anticipated shortfall in State revenue sharing funds, reduced investment income, and increased health care costs. The anticipated fiscal year 2003 shortfall will be eliminated through the use of designated fund balance (\$4.5 million), by reducing the General Fund transfer for capital improvements including special road projects (\$4.3 million), reducing the previously budgeted general salary increase (\$4.1 million), and obtaining other sources of revenue, primarily DTRF dollars, to cover capital road projects (\$1.5 million).

County of Oakland Letter of Transmittal

These actions balanced the fiscal year 2003 budget, however, because of the continuing nature of the challenges, and the fact that some of the actions above were one-time in nature, it was recognized in the summer of 2002 that a \$13.9 million shortfall was projected for fiscal year 2004. Because of the biennial budget process, and Oakland County's long-term fiscal perspective, actions were implemented during the second half of 2002 to mitigate, as much as possible, the negative impact that the impending budget cuts would have on the operations of the County in FY 2004 and beyond. These actions included:

- A Budget Task Force was appointed within the County Executive administration to focus on resolving the budget shortfall.
- Multiple meetings were held with the Board of Commissioners and other county-wide elected officials to garner their involvement in order to meet the portion of the budget task allocated to each of their respective areas.
- A hiring freeze was initiated in July 2002. At this time, there are approximately 175 vacant positions, which provides flexibility to departments in order to minimize the potential for future layoff of employees.
- Authorization was granted to departments to utilize the option of administrative leave time without pay for employees wishing to take time off under this provision. It is estimated this option will provide approximately \$600,000 in annual savings.
- Miscellaneous Resolution #02236, Incentive Program for Retirement, was adopted by the Board of Commissioners on October 10, 2002, to create savings from opportunities for reorganization and position reductions. This effort resulted in 227 employees electing to retire under this program. By replacing 50 percent of these retirement vacancies (based on total cost of the positions), the County's General Fund and Internal Service funds will save approximately \$7 million annually.
- Informational meetings were held in the first week of November 2002 to inform County employees of the budget situation and the status of actions taken to date. Since those meetings, employees have been submitting their questions and budget reduction suggestions through the County intranet web site. Suggestions have been reviewed by the Budget Task Force and distributed to the appropriate departments for evaluation and consideration.

The above cumulative efforts have resulted in nearly \$16.7 million of recommended budget amendments submitted to the Board of Commissioners, which were approved March 6, 2003. This amount is more than \$2.8 million above the \$13.9 million budget task initially identified in the adopted budget plan for fiscal year 2004. Unfortunately, new challenges continue to arise, and the recommended amendments being submitted at this time should be considered a Phase I effort and not an end of the total budget task facing Oakland County.

Because Oakland County began addressing the fiscal year 2004 budget shortfall early, many of the initiatives to correct the fiscal year 2004 shortfall can be implemented in the current fiscal year. As a result, approximately \$12 million of savings will occur in the fiscal year 2003 year budget. These savings will be placed in a Budget Transition Fund. This action allows the County to buy time to plan for future budget issues, the amounts of which are yet unknown, thereby, continuing to avoid a future budgetary crisis.

MAJOR INITIATIVES

Despite the challenges listed above, Oakland County continues to explore opportunities to improve the quality of life for its citizens. These initiatives range from developing more efficient methods to utilize public resources, to strengthening community and economic development. In the long run, continued implementation of these and other initiatives will strengthen the financial stability of the County.

- Automation Alley – A consortium of high-tech companies launched to expand Oakland County's image as one of America's premier technology clusters. Successful ventures in 2002 included a 14 company trade mission to China resulting in signed contracts, potential trade agreements and the promise of future business deals. In addition, Automation Alley secured a Cooperative Research and Development Agreement (CRADA) with the U.S. Army Tank Automotive Research, Development and Armament Command (TACOM).
- Oakland County Business Roundtable – This group, launched in 1993, capped off another productive year in 2002, providing a wide-range of ideas and recommendations to enhance Oakland County's strong business climate while protecting and preserving the unsurpassed quality of life. Governor-elect Granholm appeared at the group's year-end annual meeting in her only public appearance following her November election. Governor Granholm stated that Oakland County was viewed as a model of how government can partner with the business community.
- Mainstreet Oakland County – In 2001, Oakland County became the first County in the United States accepted into the National Mainstreet Program, operated by the National Trust for Historical Preservation in Washington D.C. The purpose of the program is to revitalize downtown and traditional commercial areas. Since its inception in Oakland County, the program has generated over \$73,000 in new public and private investment in six downtown areas, assisted in the establishment of 133 new businesses and 485,000 square feet of new floor space in 15 new buildings.
- Brownfield Redevelopment – Oakland County received \$1.25 million in federal grants to assist in brownfield redevelopment. Brownfields are properties with perceived or real environmental contamination that prevents the site from being fully utilized. Properties are cleaned up so they can be redeveloped for new use. A new revolving loan fund of \$700,000 has been created to provide "gap" financing for cleanup projects at low interest rates. In addition, a Brownfield Redevelopment Authority was established to qualify projects for single business tax credits or other financial incentives.
- County / Community Bio-Terrorism Preparation – Oakland County, in cooperation with its local cities, villages, and townships, has been working to prepare for the possibility of terrorist attacks. A comprehensive bio-terrorism response plan has been developed comprehensively outlining specific actions for handling various types of disasters. The Oakland County Weapons of Mass Destruction HazMat Mutual Training Committee was formed building an intricate mutual aid network of fire fighting agencies countywide, capable of responding quickly to emergency situations. The County purchased three hazardous material trucks, technical and support equipment, self-contained breathing apparatus, a 35-foot mass-decontamination trailer, and portable decontamination tents. By June, more than 200 hazardous material technicians will have been trained, suited up, and ready to go.
- Law Enforcement – Through a \$17.1 million COPS-MORE federal grant and \$7.4 million in County funds, the Courts and Law Enforcement Management Information System (CLEMIS) was expanded to wage a high-tech war against crime. In addition, a \$6.7 million multi-point video arraignment system is being implemented at 75 sites throughout the County. This system will allow defendants at multiple locations to be arraigned from a single site.

County of Oakland Letter of Transmittal

- New National Cemetery – With the assistance of Oakland County Public Services Department, the Federal Department of Veteran Affairs completed the purchase of a 544-acre site within the County, which will be transformed into a new national cemetery.
- West Nile Virus – In the summer of 2002, citizens of the State of Michigan became painfully aware of the West Nile Virus. 187 cases were confirmed in Oakland County with 20 deaths. In response, the County Health Division developed a thorough, comprehensive assault plan to meet this threat head-on. The plan focuses on personal responsibility, coupled with a program of larvaeciding that kills mosquitoes where they breed (catch basins, standing water, etc.) and focused spraying throughout the season, every 30 days. Through the use of its Geographic Information System (GIS) County health officials will partner with local cities, villages, and townships to prevent the outbreaks of the virus experienced last year.
- Thin Client Computing Plan – During 2003, the County's Information Technology Department will begin to replace the personal computers now used by County employees, averaging \$3,000 a piece, with a new “thin client” machine with an average cost of \$800 each. More computing functions will be transferred to the 200 servers located in the Information Technology building. This plan should save \$16 million over the next nine years.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Oakland County for its comprehensive annual financial report (CAFR) for fiscal year ended September 30, 2001. This was the eleventh consecutive year Oakland County received this prestigious award. In order to be awarded the Certificate of Achievement, Oakland County is required to publish an easily readable and efficiently organized CAFR. This report satisfied both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

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

In addition, Oakland County also received the GFOA's Distinguished Budget Presentation Award for its biennial budget document dated October 1, 2002. This latest award is the ninth in a row. In order to qualify for the Distinguished Budget Presentation Award, Oakland County's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operation guide and a communications device. Oakland County was the first governmental entity in the State of Michigan to achieve this honor in 1984, the first year of the program.

Lastly, Oakland County is the proud recipient of the GFOA award for its Popular Annual Financial Report (PAFR). The fiscal year 2001 PAFR award was the County's fifth consecutive citation. Oakland County is one of two counties in the State of Michigan that holds all three of these awards simultaneously.

County of Oakland Letter of Transmittal

Acknowledgements:

The preparation of the CAFR would not have been possible without the efficient and dedicated services of the entire staff of the Fiscal Services Division of the Department of Management and Budget. We would like to express our appreciation to all members of the division who assisted and contributed to the preparation of this report. Credit must also be given to all Countywide elected officials, including the Sheriff, Prosecuting Attorney, Clerk/Register of Deeds, Treasurer, and Drain Commissioner, as well as the County Board of Commissioners, for their unfailing support for maintaining the highest standards of professionalism in the management of Oakland County's governmental finances.

Respectfully submitted,

L. Brooks Patterson
County Executive

Laurie M. Van Pelt
Director, Department of Management and Budget

Edwin J. Poisson
Deputy Director,
Department of Management and Budget

Timothy J. Soave
Manager, Fiscal Services Division
Department of Management and Budget

ORGANIZATIONAL CHART

LIST OF PRINCIPAL OFFICIALS

**GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED
STATES AND CANADA CERTIFICATE OF ACHIEVEMENT FOR
EXCELLENCE IN FINANCIAL REPORTING**

II. FINANCIAL SECTION

The Financial section contains:

- A. Report of Independent Accountants**
- B. Management's Discussion and Analysis**
- C. Basic Financial Statements**
- D. Notes to General Purpose Financial Statements**
- E. Required Supplementary Information**
- F. Combining and Individual Fund Financial Statements and Schedules - Non-Major Funds**

Report of Independent Accountants

The Board of Commissioners
Oakland County, Michigan

In our opinion, the accompanying basic financial statements as listed in the table of contents present fairly, in all material respects, the financial position of Oakland County, Michigan (the “County”), at September 30, 2002, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the County’s management; our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the discretely presented Component Units the Road Commission, including the Road Commission Retirement System and the Community Mental Health Authority. The financial statements of the Road Commission reflect total assets of \$566,815,073 as of September 30, 2002 and total revenues of \$123,359,202 for the year then ended. The financial statements of the Community Mental Health Authority reflect total assets of \$21,659,765 as of September 30, 2002 and total operating revenues of \$206,024,365 for the year ended September 30, 2002. Those financial statements were audited by other auditors, whose reports has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for the Component Units, are based solely on the reports of other auditors. We conducted our audit of these financial statements 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

As described in Note 1, the County adopted the provisions of the Governmental Accounting Standards Board (“GASB”) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 37, *Basic Financial Statements and Management’s Discussion and Analysis – for State and Local Governments: Omnibus – an Amendment of GASB Statements No. 21 and No. 34 and GASB Statement No. 38, Certain Financial Statement Note Disclosures*, as of October 1, 2001.

In accordance with Government Auditing Standards, we have also issued our report dated March 14, 2003 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and the required supplementary information other than management's discussion and analysis are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information identified in the table of contents as combining financial statements and supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

We did not audit the financial data presented in the introductory section and the statistical section, and, therefore, we express no opinion thereon.

PricewaterhouseCoopers LLP

March 14, 2003

County of Oakland

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of Oakland County's (the County's) financial performance, providing an overview of the activities for the fiscal year ending September 30, 2002. This analysis should be read in conjunction with the transmittal letter, beginning on page 1 of this report, and with the County's financial statements, which follow this section. Fiscal year 2002 represents the first year the County implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended by GASB Statement No. 37 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments - Omnibus* and Statement No. 38 *Certain Financial Statement Note Disclosures*. Therefore, this discussion and analysis provides few comparisons with the previous fiscal year. Future reports will include extensive financial comparisons as required by GASB.

FINANCIAL HIGHLIGHTS

Government-wide:

- In total, Oakland County improved its financial position during Fiscal Year 2002.
- Net assets increased by \$27.1 million to \$745.4 million (excluding component units).
- Governmental activities net assets decreased by \$48.1 million to \$258.4 million, mainly due to the transfer of governmental fixed assets to the newly created Parks and Recreation Enterprise Fund.
- Business-type activity net assets increased \$75.2 million to \$487 million. The majority of this increase was related to the reclassification of the Parks and Recreation Fund from a governmental fund to an enterprise fund.

Fund Level:

- At the close of the fiscal year, the County's governmental funds reported combined ending fund balance of \$192.2 million, with all but \$7.6 million being reserved, designated, or otherwise earmarked for specific purposes.
- The fiscal year 2002 Final Amended Budget for the General Fund accounted for the planned utilization of \$19.6 million in unreserved fund balance.
- The General Fund realized \$.2 million less in revenues and other transfers than anticipated for the fiscal year. *However*, General Fund operations also expended \$17.3 million less than appropriated. Therefore \$17.1 million additional resources were available from fiscal year 2002 operations than planned, leaving a reduction in the General Fund balance of \$2.5 million.

Capital and Long-term Debt Activities:

- The County issues three new bonds, totaling \$46.7 million, to finance construction of a new Work Release Facility in Pontiac, and a new 52nd District Court building and Sheriff Substation in Rochester Hills.
- The County is \$6 *billion* below its authorized debt limit.

County of Oakland

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial report of the County consists of the following components: 1) Introductory Section which includes the *Transmittal Letter*; 2) Financial Section which includes the *Auditor's Report*, the *Management Discussion and Analysis*, the *Basic Financial Statements* (government-wide financial statements, fund financial statements, notes to the financial statements), *Required Supplementary Information* such as a budget to actual comparison for the General Fund, additional *Non-Required Information* including combining financial statements for all non-major governmental funds and proprietary funds; and 3) Statistical Section which provides a ten (10) year history on specific data regarding the County.

Government-wide Financial Statements (Reporting the County as a Whole)

The set of *basic financial statements* includes the Statement of Net Assets and the Statement of Activities, which report information about the County as a whole, and about its activities. Their purpose is to assist in answering the question, is the County, in its entirety, better or worse off as a result of this fiscal year's activities? These statements, which include all non-fiduciary assets and liabilities, are reported on the *accrual basis of accounting*, similar to a private business. This means revenues are accounted for when they are *earned*, and expenses are accounted for when an *obligation* is incurred; regardless of when the actual cash is received or disbursed.

The Statement of Net Assets (pages 35 and 36) presents all the County's assets and liabilities, recording the difference between the two as "net assets". Over time, increases or decreases in net assets measure whether the County's financial position is improving or deteriorating.

The Statement of Activities (pages 37 and 38) presents information showing how the County's net assets changed during fiscal year 2002. All changes in net assets are reported based on the period for which the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenue and expenses are reported in these statements for some items that will only result in cash flows in future financial periods, such as uncollected taxes and earned but unused employee annual leave.

Both statements report the following activities:

- *Governmental Activities* – Most of the County's basic services are reported under this category. Taxes, charges for services, and intergovernmental revenue primarily fund these services. Most of the County's Executive departments, law enforcement, the courts, the Board of Commissioner operations, and other Countywide elected official operations are reported under these activities.
- *Business-type Activities* – These activities operate like private businesses. The County charges fees to recover the cost of the services provided. The Oakland County International Airport and the Medical Care Facility are examples of these activities.
- *Discretely Presented Component Units* – Component units are legally separate organizations for which the Board of Commissioners appoints a majority of the organization's policy board and there is a degree of financial accountability to the County. Three organizations are included as component units: the Community Mental Health Authority, the Road Commission for Oakland County, and the Drainage Districts.

County of Oakland Management's Discussion and Analysis

As stated previously, the government-wide statements report on an *accrual* basis of accounting. However, the governmental funds report on a *modified accrual basis*. Under modified accrual accounting, revenues are recognized when they are available to pay obligations of the fiscal period, expenditures are recognized when they are due and able to be paid from available resources.

Because of the different basis of accounting between the fund statements (described below) and the government-wide statements, pages 42 and 45 present reconciliations between the two statement types. The following summarizes the impact of transitioning from modified accrual to full accrual accounting:

- Capital assets used in government activities (depreciation) are not reported on the government fund financial statements, however depreciation expense is reported on the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements, but are reported as expenditures on the government fund financial statements.
- Internal service funds are reported as governmental activities on the government-wide statements, but are reported as proprietary funds on the fund financial statements.
- Long-term contingencies, such as reserves for sick and annual leave (compensated absences), litigation, etc., appear as liabilities on the government-wide statements; however they will not appear on the fund statements unless current resources are used to pay a specific obligation.
- Bond proceeds are reported as liabilities on the government-wide statements, but are recorded as other financing sources on the governmental fund financial statements.

In addition, it should be noted that the government-wide financial statements include the net value of the County's infrastructure assets such as buildings, parking lots, sidewalks, heating and water pipes, etc. These values are not included in the fund financial statements.

Fund Financial Statements (Reporting the County's Major Funds)

The fund financial statements, which begin on page 40, provide information on the County's significant (major) funds – not on the County as a whole. Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar.

A fund is a fiscal and accounting entity with a self-balancing set of accounts that the County uses to keep track of specific sources of funding and spending for a particular purpose. State law or policy requires some separate funds, such as the Health Fund and Juvenile Maintenance Fund; other funds are required by bond or grant agreements, such as the Friend of the Court Fund. Funds are also utilized to track specific operations, these include the internal services funds (e.g. Motor Pool, Building and Liability Insurance, etc.) as well as enterprise funds such as the Airport and Parks and Recreation.

The *basic financial statements* only report major funds as defined by the Government Accounting Standards Board (GASB) and the State Department of Treasury. All other funds are classified as non-major funds. The County includes detailed information on its non-major funds in other sections of this report.

County of Oakland Management's Discussion and Analysis

The County's funds are divided into three categories – governmental, proprietary, and fiduciary – and use different accounting approaches:

- *Governmental Funds* – Most of the County's basic services are reported in the governmental funds. The focus of these funds is how cash and other financial assets that can be readily converted to cash, flow in and out during the course of the fiscal year, and how the balances left at year-end are available for spending on future services. Consequently, the governmental fund statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that may be expended in the near future to finance the County's programs. These funds are reported using the *modified accrual* basis of accounting as described above. Because this basis of accounting differs from the government-wide statements, additional information is provided reconciling the government fund statements to the government-wide statements. Governmental funds include the *General Fund*, as well as *Special Revenue Funds* (use of fund balance is restricted), *Capital Projects Funds* (used to report major capital acquisitions and construction), *Debt Service Funds* (accounts for resources used to pay long-term debt principal and interest), and *Permanent Funds* (only investment earnings can be used to support County programs).
- *Proprietary Funds* – Services, for which the County charges customers (whether outside the County structure or a County department) a fee, are generally reported in proprietary funds. Proprietary funds use the *accrual* basis of accounting used in the government-wide statements and by private business. There are two types of proprietary funds. *Enterprise funds* report activities that provide supplies and services to the general public. An example is the Oakland County International Airport. *Internal Service funds* report activities that provide supplies and services to the County's other operations, such as the Motor Pool fund. Internal Service funds are reported as governmental activities on the government-wide statements.
- *Fiduciary Funds* – The County acts as a trustee or fiduciary for its employee pension plans. It is also responsible for other assets that, because of trust arrangements, can only be used for the trust beneficiaries. The County's fiduciary activities are reported in separate statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets beginning on page 56. These funds, which include pension, VEBA, and agency funds are reported using the accrual basis of accounting. The government-wide statements *exclude* the fiduciary fund activities and balances because these assets are not available to the County to fund its operations.

Notes to the Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the detail provided in the government-wide and fund financial statements. The notes can be found beginning on page 65 of this report.

Required Supplementary Information

Following the basic financial statements is additional Required Supplementary Information (RSI) which further explains and supports the information in the financial statements. RSI includes a budgetary comparison schedule for the General Fund and the major governmental funds as well as pension trend data.

County of Oakland Management's Discussion and Analysis

Other Supplementary Information

Other supplementary information includes combining financial statements for non-major governmental, proprietary, and fiduciary funds. These funds are added together, by fund type, and are presented in single columns in the basic financial statements, but are not reported individually, as are the major funds, on the government-wide statements.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

As previously stated, Oakland County's financial position improved during Fiscal Year 2002. The County's combined net assets increased by \$27.1 million over the course of this fiscal year's operations. The net assets of the governmental activities decreased by \$48.1 million; the business type activities had an increase of \$75.2 million in net assets.

Net Assets as of September 30, 2002 (in millions of dollars)

	Governmental Activities	Business Type Activities	Total Primary Government
Current and other assets	\$ 344.8	\$ 335.8	\$ 680.6
Capital and other Long Term Assets	241.4	216.9	458.3
Total Assets	\$ 586.2	\$ 552.7	\$ 1,138.9
Current Liabilities	\$ 98.8	\$ 65.7	\$ 164.5
Other Liabilities	229.0	-	229.0
Total Liabilities	\$ 327.8	\$ 65.7	\$ 393.5
Net Assets			
Invested in Capital Assets			
Less Related Debt	\$ 21.6	\$ 179.6	\$ 201.2
Restricted	55.8	27.0	82.8
Unrestricted	181.0	280.4	461.4
Total Net Assets	\$ 258.4	\$ 487.0	\$ 745.4

County of Oakland Management's Discussion and Analysis

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the County's net assets changed during the fiscal year:

Changes in Net Assets for the Fiscal Year Ending September 30, 2002 (in millions of dollars)

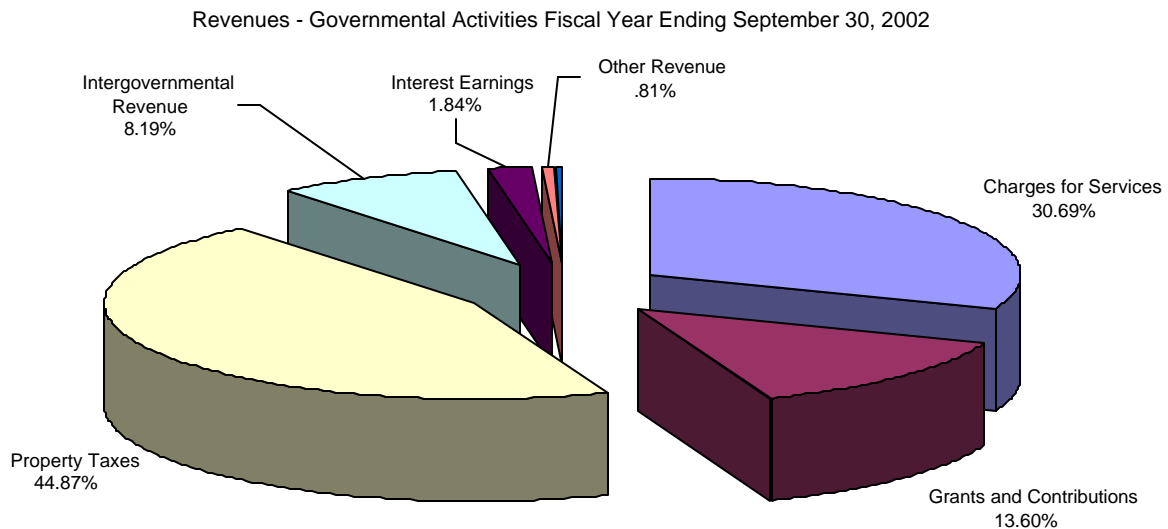
	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues			
Program Revenues			
Charges for Services	\$ 131.6	\$ 152.1	\$ 283.7
Grants and Contributions	58.3	1.7	60.0
General Revenues			
Property Taxes	192.3	11.0	203.3
Intergovernmental Revenue	35.1	-	35.1
Investment Earnings	7.9	6.7	14.6
Other Revenue	2.9	.5	3.4
Gain on Sale of Assets	.6	-	.6
Total Revenues	428.7	172.0	600.7
Expenses			
Public Safety	144.5	9.2	153.7
Justice Administration	79.9	-	79.9
Citizen Services	78.0	15.7	93.7
Public Works	15.3	108.8	124.1
Recreation and Leisure	3.0	16.7	19.7
Commerce and Community Dev.	44.6	-	44.6
General Government	36.5	1.9	38.4
Interest on Debt Service	6.6	-	6.6
Unallocated Depreciation	1.0	-	1.0
Total Expenses	409.4	152.3	561.7
Excess (deficiency) before Contributions and Transfers	19.3	19.7	39.0
Other Financing Sources	-	-	-
Other Financing Uses	-	-	-
Transfers	(67.4)	55.6	(11.8)
Increase (decrease) in Net Assets	(48.1)	75.3	27.2
Net Assets - Beginning (restated)	306.5	411.7	718.2
Net Assets - Ending	\$ 258.4	\$ 487.0	\$ 745.4

County of Oakland Management's Discussion and Analysis

Governmental Activities:

The result of fiscal year 2002 governmental activity was an decrease of \$48.1 million in net assets, to \$258.4 million. Of the total governmental activities' net assets, \$21.6 million is invested in capital assets less related debt, \$55.8 million is reported as restricted, meaning these assets are legally committed for a specific purpose through statute or by another authority outside the County government. The balance of \$181 million is listed as unrestricted, having no legal commitment. However, it should be noted that of the total unrestricted amount, all but \$7.6 million is reserved, designated, or otherwise earmarked for specific purposes. The largest such earmarking, approved by the Board of Commissioners, pursuant to M.R. #02319, is \$47.7 million, reflecting one-quarter of the December 2001 property tax collection, which supports calendar year 2002 activities. Because the County's fiscal year begins in October, one-quarter of the annual collection is designated in the General Fund to support the final three months of calendar year 2002, which is also the first three months of fiscal year 2003.

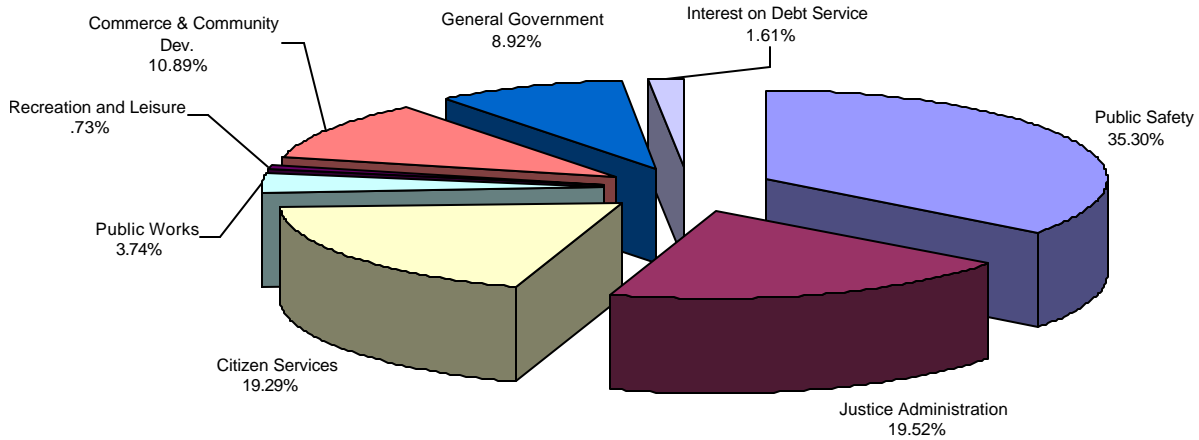
The following charts depicts revenues and expenses of the governmental activities for the fiscal year:



Property tax revenue, which is not assigned to any particular activity, remains the largest source of support for governmental activities. The County's operating millage rate of 4.19 mills remains the third lowest county millage rate in the state. Charges for services, which reimburses the County for specific activities, is the second largest source of governmental activity revenue. Law Enforcement charges, related to contracted patrol services, and charges for inmate housing make up \$41.2 million of the \$131.6 million total. Examples of other charges for services includes contracted equalization services, public health inspection fees, and Clerk/Register of Deeds filing fees. Over 75 percent of the governmental activities are supported by these two revenue sources.

County of Oakland Management's Discussion and Analysis

Expenses - Governmental Activities Fiscal Year Ending September 30, 2002



Public Safety is the largest governmental activity, expending \$144.5 million of the \$409.4 million total. Expenditures grew in this activity as a result of homeland security measures instituted post 9/11. Closely linked to Public Safety, Justice Administration is the second largest category at \$79.9 million. Over one-half of the governmental activity expenditures are a result of these two activities. Citizen Services, which includes the public health activities and the care of children who have been declared wards of the Oakland County Circuit Court – Family Division, as well as other activities, is the third largest governmental activity at \$78 million.

Business-type Activities:

Net assets in business-type activities increased by \$75.2 million during Fiscal Year 2002. The vast majority of this increase was a result of the reclassification of the Parks and Recreation Fund from a governmental fund to an enterprise fund. This reclassification required the inclusion of \$49.3 million in Parks capital assets, and \$20.1 million in other assets.

Of the total \$487 million of net assets in the business type activities, \$280 million is reported as unrestricted. However, it is important to note that although reported as unrestricted, many of these assets have been reserved through Board of Commissioners resolutions to be spent on specific activities.

County of Oakland Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR FUNDS

As the County completed fiscal year 2002, its governmental funds reported *combined* fund balances of \$192.2 million. This figure reflects an increase of \$18 million from the combined fund balances reported at the end of fiscal year 2001. However, the entire increase in fund balances was experienced in the non-major governmental funds. All four major governmental funds experienced reductions in fund balance (General Fund -\$2.5 million, Health Fund - \$.07 million, Water and Sewer Debt Act 342 Fund - \$1.5 million; Water and Sewer Refunding Debt Act 202 Fund - \$.3 million). Of the total combined fund balance, \$91.3 million, or 47.5 percent constitutes unreserved fund balance.

General Fund

The General Fund is the chief operating fund of the County. Unless otherwise required by statute, contractual agreement or policy, all County revenues and expenditures are recorded in the General Fund. As of September 30, 2002, the General Fund reported a fund balance of \$94.6 million. This amount is a reduction of \$2.5 million from the fund balance of \$97.1 million reported as of September 30, 2001. Of the total fund balance, all but \$82,370 is reserved, designated or earmarked for specific purposes. These designations includes the \$47.7 million in property taxes discussed above.

The General Fund fiscal year 2002 revenues exceeded fiscal year 2002 expenditures by \$69.4 million. However, the General Fund also supports the operations of other funds including the Health Fund, non-major governmental funds (primarily grants) as well as a required match of \$9.6 million for Community Mental Health Authority operations. When these transfers are taken into account, the General Fund balance as of September 30, 2002 was \$2.5 million less than the fund balance as of September 30, 2001. (For detailed information regarding transfers between funds, please refer to Note #9 to the financial statements).

General Fund Budgetary Highlights

Oakland County's budget is a dynamic document. Although adopted in September (prior to the start of the fiscal year), the budget is frequently amended during the course of the fiscal year to reflect changing operational demands.

The General Fund revenue budget was increased by \$3.6 million during fiscal year 2002, from \$318.6 million to \$322.2 million (.1 percent). A majority of the amendments increased charges for service revenue (fees) reflecting increased mortgage refinancing activity in the Clerk/ Register of Deeds, and additional law enforcement patrol contracts under the Sheriff's Department.

Actual General Fund revenue totaled \$322 million, \$.23 million below the final amended budget. Although the bottom line actual varied little from the final amended budget, there were some wide variations in individual revenue accounts reflecting the tightening national and local economy. Significantly, investment income fell \$6.6 million below anticipated levels due to reduced market interest rates, and state revenue sharing payments were \$1.1 million below budget due to the State of Michigan reducing payments in order to mitigate a portion of their budget shortfalls.

Fortunately, the County received \$3.9 million more revenue than anticipated in the Clerk/Register of Deeds office due to the increased mortgage refinancing activities, and \$2.2 million additional revenue reflecting state reimbursement for increased housing of state offenders in the Oakland County jail.

County of Oakland Management's Discussion and Analysis

The County's expenditure budget was increased by \$6.2 million (6% above the original budget) during fiscal year 2002. A majority of the amendments were salary and fringe benefits related to the creation of 47 General Fund positions. Many of the positions, and other operating amendments, were made to enhance the County's homeland security efforts. Included in this were:

- Ten (10) separate increases in Sheriff patrol contracts;
- Addition of a second helicopter and staff for the Sheriff's aviation unit;
- Creation of an Emergency Management and Preparedness Division;
- Expansion of fire dispatch coordination;
- Expansion of the tornado siren warning system.

Actual County expenditures for fiscal year 2002 were \$16.5 million below budget. Of this total, approximately \$7 million was a result of authorized positions left vacant or filled below the authorized level. Many of these positions were vacant in late July 2002 when the County Executive ordered a hiring freeze on all non-24/7 positions. The hiring freeze was in reaction to the Governor's Executive Order to eliminate state revenue sharing to local units of government. Although that particular order was overrode by the State legislature, anticipation of future budget difficulties required the continuance of the hiring freeze. An additional \$4.2 million budgeted for specific projects was not spent in fiscal year 2002. These funds were returned to fund balance.

The adopted budget included \$56 million in transfers to other funds and component units. This budget figure was increased during fiscal year 2002 by \$16.7 million to \$72.7 million reflecting amendments for specific projects approved by the Board of Commissioners. Many of these projects were improvements in the County's technology base and emergency response preparedness. Actual transfers were within \$.8 million of budget.

In summary, the fiscal year 2002 Final Amended Budget included the utilization of prior years general fund balance of \$19.6 million. However, due primarily to expenditure favorability, actual use of fund balance was \$2.5 million.

Significant Changes – Other Major Funds

GASB Statement No. 34 requires that funds designated as "major" be presented as a separate column on the face of the financial statements. Statement 34 defines a "major fund" as the General Fund, and any governmental or enterprise fund which has either total assets, total liabilities, total revenues or total expenditures/expenses that equal at least ten (10) percent of those categories for either the governmental funds or the enterprise funds *and* where the individual fund total also exceeds five (5) percent of those categories for governmental and enterprise funds combined. The following describes those other major funds that experienced significant changes during FY 2002:

Delinquent Tax Revolving Fund – All of this fund's balance is earmarked per M.R. #01183, *Delinquent Tax Revolving Fund (DTRF) Fiscal Responsibility Plan* and subsequent amendments to that plan authorized by the Board of Commissioners. The Fiscal Responsibility Plan is designed to prudently utilize DTRF resources without threatening the funds primary mission of providing taxing units with a stable revenue source. Primary uses of the fund is to advance funds to local communities in exchange for their delinquent tax receivables, as well as cover debt service cost on particular projects, and provide support for General Fund operations.

County of Oakland Management's Discussion and Analysis

Parks and Recreation Fund – The increase in the fund's net assets of \$69.6 million is a result of changing the fund basis from a special revenue (governmental fund/activity) to an enterprise fund (proprietary fund/business activity) based upon guidance in GASB 34. In addition, the separate Parks and Recreation Capital Fund was merged into the new Parks and Recreation Enterprise Fund.

County Health Fund - Please note that this fund is classified as a "major fund" at the direction of the Michigan Department of Treasury (although not required by GASB 34).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - At the end of Fiscal Year 2002, the County had invested \$344.1 million, net of accumulated depreciation, in a broad range of capital assets (see table below). Depreciation charges for this fiscal year totaled \$26.8 million.

Capital Assets as of September 30, 2002 (net of depreciation, in millions of dollars)

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total Primary Government</u>
Land and Improvements	\$ 12.6	\$ 52.4	\$ 65.0
Buildings and Improvements	75.6	25.2	100.8
Equipment and Vehicles	32.3	9.3	41.6
Infrastructure	14.4	64.9	79.3
Construction in Progress	25.6	31.8	57.4
	<hr/>	<hr/>	<hr/>
Total Capital Assets	<u>\$ 160.5</u>	<u>\$ 183.6</u>	<u>\$ 344.1</u>

The most significant change in accounting for capital assets during the fiscal year resulted from the inclusion of infrastructure assets such as parking lots, sidewalks, and roads on the County complex. The other major increase in capital assets relates to construction of a new Work Release Facility, new 52nd District Court Building, and a new Sheriff Substation (see Long-term Debt below).

County of Oakland Management's Discussion and Analysis

Long-term Debt - As of September 30, 2002, the County had \$167.9 million in bonds and notes outstanding. Of this amount, \$12.1 million are bonds with unlimited taxing authority, \$130.8 million are bonds with limited taxing authority, and \$25 million are notes with limited taxing authority. This level obligation is \$39.6 million greater than the obligation recorded as of September 30, 2001 related to the issuance of new debt described below. In addition, the County uses its full faith and credit (as a secondary obligator), to back the Drainage District component unit debt.

Outstanding Debt as of September 30, 2002 (in millions of dollars)

	Governmental Activities	Business-type Activities	Total Primary Government	Component Unit	Total County Commitment
Bonds - Unlimited Tax Authority	\$ 12.1	\$ -	\$ 12.1	\$ -	\$ 12.1
Bonds - Limited Tax Authority	130.8	-	130.8	135.3	266.1
Total Bonds	\$ 142.9	\$ -	\$ 142.9	\$ 135.3	\$ 278.2
Notes - Unlimited Tax Authority	\$ -	\$ 25.0	\$ 25.0	\$ -	\$ 25.0
Total Outstanding Debt	\$ 142.9	\$ 25.0	\$ 167.9	\$ 135.3	\$ 303.2
Debt Limit (10% of SEV)					\$ 6,282.9
Available Statutory Debt Limit					\$ 5,979.7

Activity during fiscal year 2002 included the issuance of \$46.7 million in limited taxing authority bonds used to fund a new Work Release Facility (\$23.4 million); a new 52nd Division III District Court Building (\$18.1 million), and a new Sheriff Substation in Rochester Hills (\$5.2 million). In addition, \$25 million in limited taxing authority notes, related to the Delinquent Tax Revolving Fund, was issued.

It should be noted the debt issued for the Work Release Facility and the 52nd District Court building will be paid through transfers from the Delinquent Tax Revolving Fund. This decision is part of the Delinquent Tax Revolving Fund Responsibility Plan discussed in the Transmittal Letter. In addition, the debt for the Sheriff's Substation will be reimbursed by the City of Rochester Hills, who requested the substation be built in their community.

Outstanding debt of \$32.1 million was paid during fiscal year 2002, including \$10.7 million in unlimited taxing authority bonds, \$9.4 million in limited taxing authority bonds, and \$12 million limited taxing authority notes.

A more detailed discussion of the County's long-term debt obligations is presented in Note #8 to the financial statements.

Bond Ratings

The County's general obligations are rated AAA by Standards and Poor's as well as Fitch Investors, and Moody's Investors Services Incorporated.

Limitations on Debt

State statute limits the County's debt obligations to 10 percent of the current state equalized value (SEV). The County's SEV as of September 30, 2002 was \$62.8 billion therefore the County's debt limitation was \$6.28 billion.

County of Oakland Management's Discussion and Analysis

ECONOMIC OUTLOOK

In June 2002, Oakland County's Department of Management and Budget forecasted that, unless action was initiated, the County's fiscal year 2003 budget would experience a \$14.4 million shortfall of estimated expenditures over projected revenues. This shortfall resulted from a general slowdown in the national and state economy which subsequently reduced the County's investment income. Furthermore, this caused major state budget difficulties, forcing the state to reduce revenue sharing and other statutory payments to local units of government. In addition, the cost of providing employees health care benefits increased by over 30 percent during fiscal year 2002.

In response, the County Executive Administration and Board of Commissioners took action to address the forecasted shortfall. The \$14.4 million shortfall was eliminated by reducing an anticipated employee salary increase from 4.0 percent to an effective 2.25 percent on an annual basis (\$4.1 million savings), reducing planned capital improvements (\$3.5 million savings) as well as reductions in other areas (\$2.3 million savings). In addition, the County budgeted the utilization of prior year's balance of \$4.5 million; \$2.5 million from the General Fund balance and \$2.0 million from the Fringe Benefit fund balance.

Because the County adopts a biennial budget, a financial plan was also calculated for fiscal year 2004. Despite the actions discussed above, which balanced fiscal year 2003, the County was still left with a projected \$13.9 million shortfall for fiscal year 2004. Further, this current shortfall is expected to grow due to less growth than anticipated in December 2002 property taxable values, further reductions in investment income, continued increases in health care costs, and continuing state budget shortfalls.

Despite these challenges, the County remains in a strong financial condition and is able to meet these issues directly. A Board of Commissioners' resolution was adopted in March 2003 reducing the fiscal year 2003 budget by \$12 million and the fiscal year 2004 budget plan by \$16 million. These actions will offset any additional cuts from the State in fiscal year 2003, significantly contribute to further budget reduction efforts that may be necessary in fiscal year 2004. The County continues to utilize a long-term financial perspective, addressing fiscal concerns before they become fiscal crises.

CONTACTING THE COUNTY'S DEPARTMENT OF MANAGEMENT AND BUDGET

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If there are questions about this report, or a need for additional information, contact the Department of Management and Budget, Fiscal Services Division at (248) 858-0375.

**BASIC
FINANCIAL STATEMENTS**

**County of Oakland
Statement of Net Assets
September 30, 2002**

Assets	Primary Government		Totals	Component Units
	Governmental Activities	Business-Type Activities		
Current assets				
Cash and cash equivalents	\$ 86,087,820	\$ 123,219,984	\$ 209,307,804	\$ 70,852,992
Investments	205,181,868	128,860,366	334,042,234	34,582,282
Receivables (net of allowance for uncollectibles where applicable)				
Delinquent property taxes	2,527,620	50,849,079	53,376,699	-
Special assessments	15,128	-	15,128	6,515,725
Due from other governmental units	25,309,868	20,594,705	45,904,573	6,439,345
Accrued interest receivable	1,766,058	8,305,742	10,071,800	315,439
Accounts receivable	5,028,142	13,047,066	18,075,208	23,678,805
Internal balances - See Footnote 19	10,388,808	(10,388,808)	-	-
Due from fiduciary funds	685,276	-	685,276	-
Due from component units	435,602	354,582	790,184	-
Due from primary government	-	-	-	26,582
Restricted assets - cash and cash equivalents	-	-	-	6,083,900
Inventories and supplies	502,169	844,255	1,346,424	3,607,614
Prepayments and other assets	6,841,673	101,042	6,942,715	2,662,217
Total current assets	<u>344,770,032</u>	<u>335,788,013</u>	<u>680,558,045</u>	<u>154,764,901</u>
Capital assets, net where applicable, of accumulated depreciation	<u>160,546,366</u>	<u>183,554,620</u>	<u>344,100,986</u>	<u>803,784,817</u>
Long-term assets				
Investments	2,021,420	33,370,927	35,392,347	-
Special assessments receivable	78,896,949	-	78,896,949	195,000,000
Total long-term assets	<u>80,918,369</u>	<u>33,370,927</u>	<u>114,289,296</u>	<u>195,000,000</u>
Total assets	<u>\$ 586,234,767</u>	<u>\$ 552,713,560</u>	<u>\$ 1,138,948,327</u>	<u>\$ 1,153,549,718</u>

The accompanying notes are an integral part of the financial statements.

(continued)

**County of Oakland
Statement of Net Assets
September 30, 2002**

Liabilities	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Totals	
Current liabilities				
Vouchers payable	\$ 11,673,749	\$ 17,012,026	\$ 28,685,775	\$ 9,972,483
Accrued payroll	4,883,573	227,982	5,111,555	370,335
Due to other governmental units	1,397,190	16,682,387	18,079,577	12,560,250
Due to component units	26,582	-	26,582	-
Due to primary government	-	-	-	790,184
Due to fiduciary funds	440	-	440	-
Deferred revenue and advances	22,665,657	68,934	22,734,591	20,661,498
Current portion of bonds and notes payable	20,075,000	25,000,000	45,075,000	8,500,000
Current portion of workers' compensation	1,304,421	-	1,304,421	-
Accrued interest payable	281,629	-	281,629	-
Other accrued liabilities	36,506,013	6,745,375	43,251,388	14,699,282
Total current liabilities	<u>98,814,254</u>	<u>65,736,704</u>	<u>164,550,958</u>	<u>67,554,032</u>
Other liabilities				
Accrued workers' compensation	12,890,629	-	12,890,629	-
Accrued unreported health costs	2,368,000	-	2,368,000	-
Accrued sick and annual leave	11,426,913	-	11,426,913	-
Deferred revenue	78,877,593	-	78,877,593	195,000,000
Bonds and notes payable	122,845,000	-	122,845,000	142,616,679
Other long-term obligations	-	-	-	4,494,800
Contracts payable	590,483	-	590,483	-
Total other liabilities	<u>228,998,618</u>	<u>-</u>	<u>228,998,618</u>	<u>342,111,479</u>
Total liabilities	<u>327,812,872</u>	<u>65,736,704</u>	<u>393,549,576</u>	<u>409,665,511</u>
Net assets				
Investment in capital assets, net of related debt	21,551,366	179,629,620	201,180,986	658,752,038
Restricted for:				
Capital projects	42,843,097	-	42,843,097	26,966,856
Debt Service Programs	4,750,032	-	4,750,032	1,489,694
Unrestricted	8,241,993	27,017,375	35,259,368	125,905
Unrestricted	181,035,407	280,329,861	461,365,268	56,549,714
Total net assets	<u>\$ 258,421,895</u>	<u>\$ 486,976,856</u>	<u>\$ 745,398,751</u>	<u>\$ 743,884,207</u>

The accompanying notes are an integral part of the financial statements.

**County of Oakland
Statement of Activities
For the Year Ended September 30, 2002**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>
Primary government				
Governmental activities				
General government, administrative	\$ 36,480,813	\$ 14,682,954	\$ 244,630	\$ -
Public safety	144,451,972	41,238,007	15,202,364	1,514,359
Justice Administration	79,933,470	27,350,803	2,140,019	-
Citizen Services	78,024,765	5,541,962	20,732,185	-
Public works	15,302,954	23,099,115	44,378	133,128
Recreation and leisure	2,996,623	117,826	114,509	-
Commerce and Community Development	44,639,565	19,525,047	18,218,192	-
Unallocated depreciation	1,020,845	-	-	-
Interest on Debt	6,570,446	-	-	-
Total governmental activities	<u>409,421,453</u>	<u>131,555,714</u>	<u>56,696,277</u>	<u>1,647,487</u>
Business-type activities				
Airports	4,487,009	3,942,609	-	146,991
Community Safety Support	9,253,381	10,093,556	1,514,359	-
Community Tax Financing	1,984,852	14,830,389	-	-
Community Water and Sewer	33,482,071	32,369,622	-	-
Jail Commissary	1,204,952	1,212,489	-	-
Recreation and Leisure	16,663,091	8,269,873	-	-
Sewage Disposal Systems	75,230,353	71,176,635	-	26,299
Skilled Nursing Care	10,053,430	10,218,571	-	-
Total business-type activities	<u>152,359,139</u>	<u>152,113,744</u>	<u>1,514,359</u>	<u>173,290</u>
Total primary government	<u>\$ 561,780,592</u>	<u>\$ 283,669,458</u>	<u>\$ 58,210,636</u>	<u>\$ 1,820,777</u>
Component units				
Drainage Districts	\$ 9,972,398	\$ 17,687,909	\$ 2,903,000	\$ -
Community Mental Health Authority	205,748,990	23,892,186	172,511,563	-
Road Commission	81,470,298	10,810,747	61,520,929	47,181,916
Total component units	<u>\$ 297,191,686</u>	<u>\$ 52,390,842</u>	<u>\$ 236,935,492</u>	<u>\$ 47,181,916</u>
General Revenues:				
Taxes:				
Property tax and special assessments				
Tax financing offsets				
State shared revenue				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Gain on sale of capital assets				
Other revenues				
Transfers:				
Transfers				
Transfers to component units				
Total General Revenues and Transfers				
Change in Net Assets				
Net assets - Beginning (restated)				
Net assets - Ending				

The accompanying notes are an integral part of the financial statements.

**Net (Expenses) Revenues and
Changes in Net Assets**

Primary Government			
Governmental activities	Business-Type activities	Totals	Component Units
\$ (21,553,229)	\$ -	\$ (21,553,229)	\$ -
(86,497,242)	-	(86,497,242)	-
(50,442,648)	-	(50,442,648)	-
(51,750,618)	-	(51,750,618)	-
7,973,667	-	7,973,667	-
(2,764,288)	-	(2,764,288)	-
(6,896,326)	-	(6,896,326)	-
(1,020,845)	-	(1,020,845)	-
(6,570,446)	-	(6,570,446)	-
<u>(219,521,975)</u>	<u>-</u>	<u>(219,521,975)</u>	<u>-</u>
-	(397,409)	(397,409)	-
-	2,354,534	2,354,534	-
-	12,845,537	12,845,537	-
-	(1,112,449)	(1,112,449)	-
-	7,537	7,537	-
-	(8,393,218)	(8,393,218)	-
-	(4,027,419)	(4,027,419)	-
-	165,141	165,141	-
-	1,442,254	1,442,254	-
<u>\$ (219,521,975)</u>	<u>\$ 1,442,254</u>	<u>\$ (218,079,721)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 10,618,511
-	-	-	(9,345,241)
-	-	-	38,043,294
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,316,564</u>
192,253,197	10,950,682	203,203,879	-
118,813	-	118,813	-
35,117,729	-	35,117,729	-
-	-	-	2,264,776
7,895,868	6,709,123	14,604,991	-
592,896	13,157	606,053	-
2,900,835	506,140	3,406,975	-
(55,576,974)	55,576,974	-	-
(11,870,616)	-	(11,870,616)	11,870,616
<u>171,431,748</u>	<u>73,756,076</u>	<u>245,187,824</u>	<u>14,135,392</u>
<u>(48,090,227)</u>	<u>75,198,330</u>	<u>27,108,103</u>	<u>53,451,956</u>
<u>306,512,122</u>	<u>411,778,526</u>	<u>718,290,648</u>	<u>690,432,251</u>
<u>\$ 258,421,895</u>	<u>\$ 486,976,856</u>	<u>\$ 745,398,751</u>	<u>\$ 743,884,207</u>

Governmental Fund Financial Statements

Major Funds

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

County Health – This fund is used to account for revenue reserved for the purpose of providing health protection, maintenance, and improvement for the residents of Oakland County.

Water and Sewer Debt Act 342 – This fund is used to account for the accumulation of resources for the payment of bonded debt issued for the construction of water and sewer systems under Public Act 342 of 1939 (currently 35 issues).

Water and Sewer Refunding Debt Act 202 – This fund is used to account for the accumulation of resources for the payment of bonded debt issued for the refinancing of debt obligations for construction of various water and sewer systems (currently 10 issues).

Non-Major Funds

Non-major governmental funds are presented, by fund type, beginning on the pages listed below:

Special Revenue funds, page 120.

Debt Service funds, page 134.

Capital Projects funds, page 139.

**County of Oakland
Balance Sheet
Governmental Funds
September 30, 2002**

	Major Funds		
	General	County Health	Water and Sewer Debt Act 342
Assets			
Current assets			
Cash and cash equivalents	\$ -	\$ 1,955,799	\$ 4,805,083
Investments	101,802,476	-	2,800
Receivables (net of allowance for uncollectibles where applicable)			
Delinquent property taxes	2,527,620	-	-
Special assessments receivable	-	-	-
Due from other governmental units	4,244,893	275,649	-
Accrued interest receivable	1,219,126	-	14,143
Accounts receivable	3,548,046	130,884	-
Due from component units	127,952	-	-
Due from other funds	22,688,865	17,607	-
Prepayments and other assets	2,105,887	650	-
Total current assets	<u>138,264,865</u>	<u>2,380,589</u>	<u>4,822,026</u>
Long-term assets			
Investments	2,021,420	-	-
Advances	24,293	-	-
Special assessments receivable	-	-	39,690,000
Total long-term assets	<u>2,045,713</u>	<u>-</u>	<u>39,690,000</u>
Total Assets	<u>\$ 140,310,578</u>	<u>\$ 2,380,589</u>	<u>\$ 44,512,026</u>
Liabilities and Fund Balances			
Current liabilities			
Vouchers payable	\$ 6,755,002	\$ 76,698	\$ -
Accrued payroll	4,736,048	-	-
Due to other governmental units	24,795	108,217	283,006
Due to component units	26,540	-	-
Due to other funds	18,678,038	1,462,713	-
Deferred revenue	8,225,503	-	-
Other accrued liabilities	5,214,462	466,249	828,368
Advances payable - current portion	500,000	-	-
Total current liabilities	<u>44,160,388</u>	<u>2,113,877</u>	<u>1,111,374</u>
Long-term liabilities			
Deferred revenue	-	-	39,690,000
Advances	1,500,000	-	-
Total long-term liabilities	<u>1,500,000</u>	<u>-</u>	<u>39,690,000</u>
Total liabilities	<u>45,660,388</u>	<u>2,113,877</u>	<u>40,801,374</u>
Fund balances			
Reserved			
Encumbrances	1,782,146	266,712	-
Advances	24,293	-	-
Prepayments	2,443,082	-	-
Programs	-	-	-
Debt Service	-	-	3,710,652
Unreserved			
Designated	90,318,299	-	-
Undesignated	82,370	-	-
Total fund balances	<u>94,650,190</u>	<u>266,712</u>	<u>3,710,652</u>
Total Liabilities and Fund Balances	<u>\$ 140,310,578</u>	<u>\$ 2,380,589</u>	<u>\$ 44,512,026</u>

The accompanying notes are an integral part of the financial statements.

(continued)

**County of Oakland
Balance Sheet
Governmental Funds
September 30, 2002**

	<u>Major Funds</u> <u>Water and</u> <u>Sewer Refunding</u> <u>Debt Act 202</u>	<u>Non-Major</u> <u>Funds</u>	<u>Totals</u> <u>September 30,</u> <u>2002</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 1,518,490	\$ 54,470,372	\$ 62,749,744
Investments	5,500	38,567,227	140,378,003
Receivables (net of allowance for uncollectibles where applicable)			
Delinquent property taxes	-	-	2,527,620
Special assessments receivable	-	15,128	15,128
Due from other governmental units	-	20,624,149	25,144,691
Accrued interest receivable	3,132	204,765	1,441,166
Accounts receivable	-	402,318	4,081,248
Due from component units	-	274,203	402,155
Due from other funds	-	24,384,431	47,090,903
Prepayments and other assets	-	11,398	2,117,935
Total current assets	<u>1,527,122</u>	<u>138,953,991</u>	<u>285,948,593</u>
Long-term assets			
Investments	-	-	2,021,420
Advances	-	847,360	871,653
Special assessments receivable	33,025,000	6,181,949	78,896,949
Total long-term assets	<u>33,025,000</u>	<u>7,029,309</u>	<u>81,790,022</u>
Total Assets	<u>\$ 34,552,122</u>	<u>\$ 145,983,300</u>	<u>\$ 367,738,615</u>
Liabilities and Fund Balances			
Current liabilities			
Vouchers payable	\$ -	\$ 3,561,882	\$ 10,393,582
Accrued payroll	-	-	4,736,048
Due to other governmental units	-	952,077	1,368,095
Due to component units	-	42	26,582
Due to other funds	-	16,860,464	37,001,215
Deferred revenue	-	14,438,554	22,664,057
Other accrued liabilities	663,352	10,398,120	17,570,551
Advances payable - current portion	-	-	500,000
Total current liabilities	<u>663,352</u>	<u>46,211,139</u>	<u>94,260,130</u>
Long-term liabilities			
Deferred revenue	33,025,000	6,162,593	78,877,593
Advances	-	871,653	2,371,653
Total long-term liabilities	<u>33,025,000</u>	<u>7,034,246</u>	<u>81,249,246</u>
Total liabilities	<u>33,688,352</u>	<u>53,245,385</u>	<u>175,509,376</u>
Fund balances			
Reserved			
Encumbrances	-	232,134	2,280,992
Advances	-	847,360	871,653
Prepayments	-	-	2,443,082
Programs	-	42,843,097	42,843,097
Debt Service	863,770	175,610	4,750,032
Unreserved			
Designated	-	41,138,996	131,457,295
Undesignated	-	7,500,718	7,583,088
Total fund balances	<u>863,770</u>	<u>92,737,915</u>	<u>192,229,239</u>
Total Liabilities and Fund Balances	<u>\$ 34,552,122</u>	<u>\$ 145,983,300</u>	<u>\$ 367,738,615</u>

The accompanying notes are an integral part of the financial statements.

County of Oakland
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Assets
September 30, 2002

Total fund balances for governmental funds \$ 192,229,239

Amounts reported for governmental activities in the Statement of Net Assets
are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the funds.

Land and other non-depreciable assets	\$ 7,542,088	
Construction in progress	18,965,828	
Land improvements	5,717,272	
Buildings	124,220,241	
Equipment	6,764,472	
Infrastructure	17,361,218	
Accumulated depreciation	<u>(57,170,290)</u>	123,400,829

Other long-term assets are not available to pay for current period
expenditures and therefore not reported in the funds.

Capital lease receivable 3,925,000

Internal service funds are used by management to charge the costs of
certain activities, such as insurance and telecommunications, to
individual funds. The assets and liabilities of the internal service funds
are included in governmental activities in the Statement of Net Assets.

82,068,456

Long-term bonded debt is not due and payable in the current period and
therefore is not reported in the funds. Unamortized premiums, loss on
refundings, and interest payable are not reported in the funds. However,
these amounts are included in the Statement of Net Assets. This is the
net effect of these balances on the statement.

Bonds and notes payable	(142,920,000)	
Accrued interest payable	<u>(281,629)</u>	<u>(143,201,629)</u>

Net assets of governmental activities \$ 258,421,895

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2002

	General	County Health	Water and Sewer Debt Act 342
Revenues			
Taxes	\$ 192,253,197	\$ -	\$ -
Special assessments	-	-	12,283,115
Federal grants	421,373	-	-
State grants	42,670	3,668,694	-
Other intergovernmental revenues	37,920,438	-	-
Charges for services	74,873,172	2,906,761	12,594
Investment income	5,247,228	-	101,392
Indirect cost recovery	8,676,209	-	-
Payment in lieu of taxes	118,813	-	-
Other	2,416,887	64,071	-
Total revenues	<u>321,969,987</u>	<u>6,639,526</u>	<u>12,397,101</u>
Expenditures			
Current operations			
County Executive	60,757,745	30,415,825	-
Clerk/Register of Deeds	12,709,936	-	-
Treasurer	3,720,641	-	-
Justice administration	51,917,276	-	-
Law enforcement	109,602,584	-	-
Legislative	5,249,616	-	-
Drain Commissioner	3,577,576	-	-
Non-departmental	5,036,794	-	-
Total current operations	<u>252,572,168</u>	<u>30,415,825</u>	<u>-</u>
Capital outlay	-	-	-
Intergovernmental	-	-	1,589,078
Debt service			
Principal payments	-	-	9,810,000
Interest and fiscal charges	-	-	2,494,093
Total expenditures	<u>252,572,168</u>	<u>30,415,825</u>	<u>13,893,171</u>
Excess (deficiency) of revenues over (under) expenditures	<u>69,397,819</u>	<u>(23,776,299)</u>	<u>(1,496,070)</u>
Other financing sources (uses)			
Transfers in	13,026,217	23,809,600	-
Transfers out	(73,044,423)	(99,995)	-
Transfers out to component units	(11,870,616)	-	-
Proceeds from issuance of bonds	-	-	-
Discount on bonds sold	-	-	-
Total other financing sources (uses)	<u>(71,888,822)</u>	<u>23,709,605</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(2,491,003)	(66,694)	(1,496,070)
Fund balances at October 1, 2001	<u>97,141,193</u>	<u>333,406</u>	<u>5,206,722</u>
Fund balances at September 30, 2002	<u>\$ 94,650,190</u>	<u>\$ 266,712</u>	<u>\$ 3,710,652</u>

The accompanying notes are an integral part of the financial statements.

(continued)

County of Oakland
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2002

	Water and Sewer Refunding Debt Act 202	Non-Major Funds	Totals September 30, 2002
Revenues			
Taxes	\$ -	\$ -	\$ 192,253,197
Special assessments	5,751,594	6,176,702	24,211,411
Federal grants	-	33,672,323	34,093,696
State grants	-	25,822,031	29,533,395
Other intergovernmental revenues	-	2,465,620	40,386,058
Charges for services	2,624	15,938,514	93,733,665
Investment income	24,802	926,148	6,299,570
Indirect cost recovery	-	-	8,676,209
Payment in lieu of taxes	-	-	118,813
Other	-	516,278	2,997,236
Total revenues	<u>5,779,020</u>	<u>85,517,616</u>	<u>432,303,250</u>
Expenditures			
Current operations			
County Executive	-	63,432,257	154,605,827
Clerk/Register of Deeds	-	735,633	13,445,569
Treasurer	-	804,388	4,525,029
Justice administration	-	23,563,525	75,480,801
Law enforcement	-	5,714,070	115,316,654
Legislative	-	-	5,249,616
Drain Commissioner	-	1,640,746	5,218,322
Non-departmental	-	1,218,367	6,255,161
Total current operations	<u>-</u>	<u>97,108,986</u>	<u>380,096,979</u>
Capital outlay	-	14,396,482	14,396,482
Intergovernmental	300,000	5,112,194	7,001,272
Debt service			
Principal payments	4,130,000	6,185,000	20,125,000
Interest and fiscal charges	1,628,377	2,267,320	6,389,790
Total expenditures	<u>6,058,377</u>	<u>125,069,982</u>	<u>428,009,523</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(279,357)</u>	<u>(39,552,366)</u>	<u>4,293,727</u>
Other financing sources (uses)			
Transfers in	-	50,260,922	87,096,739
Transfers out	-	(34,679,034)	(107,823,452)
Transfers out to component units	-	-	(11,870,616)
Proceeds from issuance of bonds	-	46,700,000	46,700,000
Discount on bonds sold	-	(412,391)	(412,391)
Total other financing sources (uses)	<u>-</u>	<u>61,869,497</u>	<u>13,690,280</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(279,357)</u>	<u>22,317,131</u>	<u>17,984,007</u>
Fund balances at October 1, 2001	<u>1,143,127</u>	<u>70,420,784</u>	<u>174,245,232</u>
Fund balances at September 30, 2002	<u>\$ 863,770</u>	<u>\$ 92,737,915</u>	<u>\$ 192,229,239</u>

The accompanying notes are an integral part of the financial statements.

County of Oakland
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances – Governmental Funds to the Statement of Activities
September 30, 2002

Net change in fund balance - total governmental funds \$ 17,984,007

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Land improvements	\$	38,000	
Buildings		86,523	
Equipment		1,495,772	
Construction in progress		12,664,778	
Depreciation expense		<u>(3,979,185)</u>	10,305,888

Governmental funds do not report losses on the sale of capital assets, however in the Statement of Activities the loss is reported. (6,129)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. (350,131)

Bond proceeds provide current financial resources to governmental funds by issuing debt which increases long-term bonded debt in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Assets. This is the amount proceeds exceed repayments.

Bond proceeds		(46,700,000)	
Repayment of bond principal		20,125,000	
Accrued interest		<u>(168,064)</u>	<u>(26,743,064)</u>

Change in net assets of governmental activities \$ 1,190,571

The accompanying notes are an integral part of the financial statements.

Proprietary Fund Financial Statements

Major Funds

Airport Facilities – This fund was established to account for operations of the County’s Oakland County International, Oakland/Troy, and Oakland/Southwest airports. Revenues are primarily derived from leases, hangar rentals, landing fees, and other rental or service charges.

Delinquent Tax Revolving – This fund is used to account for money advanced by the County to cities, townships, villages and County funds for unpaid property taxes, and the subsequent collections of delinquencies from taxpayers. This fund was transferred from Internal Service Fund type at October 1, 2000.

Parks and Recreation – This fund is used to account for revenue earmarked for the operation of the County parks (currently 11). Principal revenues are from a voter-approved millage and user charges.

Water and Sewer Trust – This fund is used to account for monies received from those County residents whose water and sewer systems are maintained for their townships or municipalities by Oakland County. This fund was transferred from Fiduciary Fund, Expendable Trust fund type at October 1, 2000.

Non-Major Funds

Non-major proprietary funds are presented, by fund type, beginning on the pages listed below:

Internal Service funds, page 144.

Enterprise funds, page 155.

**County of Oakland
Statement of Net Assets
Proprietary Funds
September 30, 2002**

	Business-Type Activities - Enterprise Funds			
	Major			
Assets	Airport Facilities	Delinquent Tax Revolving	Parks and Recreation	Water and Sewer Trust
Current assets				
Cash and cash equivalents	\$ 1,833,144	\$ 35,005,769	\$ 15,165,987	\$ 3,731,023
Investments	10,279,650	99,936,697	-	12,075,058
Delinquent property taxes	-	50,849,079	-	-
Due from other governmental units	-	343,559	8,699	234,057
Accrued interest receivable	61,296	8,145,729	3,324	34,257
Accounts receivable (net of allowance for uncollectibles where applicable)	265,282	-	352,706	10,444,827
Due from component units	-	-	-	413
Due from other funds	-	-	349	652,046
Current portion of advances receivable	-	937,500	-	-
Inventories and supplies	-	-	27,152	213,447
Prepayments and other assets	76,340	-	11,232	35
Total current assets	<u>12,515,712</u>	<u>195,218,333</u>	<u>15,569,449</u>	<u>27,385,163</u>
Capital assets, net where applicable, of accumulated depreciation	<u>47,967,180</u>	<u>-</u>	<u>59,871,664</u>	<u>197,775</u>
Long-term assets				
Investments	-	33,370,927	-	-
Advances	-	4,525,000	-	-
Total long-term assets	<u>-</u>	<u>37,895,927</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 60,482,892</u>	<u>\$ 233,114,260</u>	<u>\$ 75,441,113</u>	<u>\$ 27,582,938</u>
Liabilities				
Current liabilities				
Vouchers payable	\$ 2,343	\$ 566,722	\$ 1,564,959	\$ 1,739,726
Accrued payroll	-	-	54,091	94,709
Due to other governmental units	229,991	-	-	799,939
Due to other funds	4,900	11,473,756	13,740	4,067,301
Deferred revenue	-	-	60,434	-
Capital lease obligation-current portion	-	-	425,000	-
Notes payable	-	25,000,000	-	-
Current portion of workers' compensation	-	-	-	-
Current portion of advances payable	-	-	-	-
Other accrued liabilities	357,220	2,105,775	216,701	2,433,373
Total current liabilities	<u>594,454</u>	<u>39,146,253</u>	<u>2,334,925</u>	<u>9,135,048</u>
Long-term liabilities				
Capital lease obligations	-	-	3,500,000	-
Accrued workers' compensation	-	-	-	-
Accrued unreported health costs	-	-	-	-
Accrued sick and annual leave	-	-	-	-
Advances	-	-	-	-
Contracts payable	-	-	-	-
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>3,500,000</u>	<u>-</u>
Total liabilities	<u>594,454</u>	<u>39,146,253</u>	<u>5,834,925</u>	<u>9,135,048</u>
Net Assets				
Invested in capital assets, net of related debt	47,967,180	-	55,946,664	197,775
Restricted for programs	424,385	-	-	18,171,380
Unrestricted	11,496,873	193,968,007	13,659,524	78,735
Total net assets	<u>\$ 59,888,438</u>	<u>\$ 193,968,007</u>	<u>\$ 69,606,188</u>	<u>\$ 18,447,890</u>

The accompanying notes are an integral part of the financial statements.

(continued)

**County of Oakland
Statement of Net Assets
Proprietary Funds
September 30, 2002**

	Business-Type Activities - Enterprise Funds		Governmental Activities -
	Non-Major Funds	Totals September 30, 2002	Internal Service Funds
Assets			
Current assets			
Cash and cash equivalents	\$ 67,484,061	\$ 123,219,984	\$ 23,338,076
Investments	6,568,961	128,860,366	64,803,865
Delinquent property taxes	-	50,849,079	-
Due from other governmental units	20,008,390	20,594,705	165,177
Accrued interest receivable	61,136	8,305,742	324,892
Accounts receivable (net of allowance for uncollectibles where applicable)	1,984,251	13,047,066	946,894
Due from component units	354,169	354,582	33,447
Due from other funds	3,943,534	4,595,929	2,899,127
Current portion of advances receivable	-	937,500	-
Inventories and supplies	603,656	844,255	502,169
Prepayments and other assets	13,435	101,042	4,723,738
Total current assets	<u>101,021,593</u>	<u>351,710,250</u>	<u>97,737,385</u>
Capital assets, net where applicable, of accumulated depreciation	<u>75,518,001</u>	<u>183,554,620</u>	<u>37,145,537</u>
Long-term assets			
Investments	-	33,370,927	-
Advances	-	4,525,000	-
Total long-term assets	<u>-</u>	<u>37,895,927</u>	<u>-</u>
Total assets	<u>\$ 176,539,594</u>	<u>\$ 573,160,797</u>	<u>\$ 134,882,922</u>
Liabilities			
Current liabilities			
Vouchers payable	\$ 13,138,276	\$ 17,012,026	\$ 1,280,167
Accrued payroll	79,182	227,982	147,525
Due to other governmental units	15,652,457	16,682,387	29,095
Due to other funds	962,540	16,522,237	377,671
Deferred revenue	8,500	68,934	1,600
Capital lease obligation-current portion	-	425,000	-
Notes payable	-	25,000,000	-
Current portion of workers' compensation	-	-	1,304,421
Current portion of advances payable	-	-	437,500
Other accrued liabilities	1,632,306	6,745,375	18,935,462
Total current liabilities	<u>31,473,261</u>	<u>82,683,941</u>	<u>22,513,441</u>
Long-term liabilities			
Capital lease obligations	-	3,500,000	-
Accrued workers' compensation	-	-	11,426,913
Accrued unreported health costs	-	-	2,368,000
Accrued sick and annual leave	-	-	12,890,629
Advances	-	-	3,025,000
Contracts payable	-	-	590,483
Total long-term liabilities	<u>-</u>	<u>3,500,000</u>	<u>30,301,025</u>
Total liabilities	<u>31,473,261</u>	<u>86,183,941</u>	<u>52,814,466</u>
Net Assets			
Invested in capital assets, net of related debt	75,518,001	179,629,620	33,683,037
Restricted for programs	8,421,610	27,017,375	8,241,993
Unrestricted	61,126,722	280,329,861	40,143,426
Total net assets	<u>\$ 145,066,333</u>	<u>\$ 486,976,856</u>	<u>\$ 82,068,456</u>

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended September 30, 2002

	Business-Type Activities - Enterprise Funds			
	Major			
	Airport Facilities	Delinquent Tax Revolving	Parks and Recreation	Water and Sewer Trust
Operating revenues				
Charges for services	\$ 3,942,609	\$ 14,830,389	\$ 8,136,019	\$ 32,369,623
Other	8,863	-	3,731	124,238
Total operating revenues	<u>3,951,472</u>	<u>14,830,389</u>	<u>8,139,750</u>	<u>32,493,861</u>
Operating expenses				
Salaries	984,576	-	6,954,078	5,724,268
Fringe benefits	397,932	-	2,075,966	1,997,468
Contractual services	1,630,860	1,666,747	3,566,232	21,278,727
Commodities	57,706	1,285	717,431	1,752,560
Depreciation	1,200,859	-	2,023,411	-
Internal services	215,076	30,196	1,180,118	1,655,544
Intergovernmental	-	-	-	1,073,504
Total operating expenses	<u>4,487,009</u>	<u>1,698,228</u>	<u>16,517,236</u>	<u>33,482,071</u>
Operating income (loss)	<u>(535,537)</u>	<u>13,132,161</u>	<u>(8,377,486)</u>	<u>(988,210)</u>
Nonoperating revenues (expenses)				
Property taxes	-	-	10,950,682	-
Interest revenue	243,885	4,336,125	342,086	415,964
Interest expense and paying agent fees	-	(286,623)	-	-
Gain on sale of property and equipment	-	-	13,157	-
Total nonoperating revenues (expenses)	<u>243,885</u>	<u>4,049,502</u>	<u>11,305,925</u>	<u>415,964</u>
Income (loss) before transfers	<u>(291,652)</u>	<u>17,181,663</u>	<u>2,928,439</u>	<u>(572,246)</u>
Transfers and contributions				
Capital contributions	146,991	-	-	-
Transfers in	284,805	-	71,779,401	-
Transfers out	-	(13,173,258)	(5,101,652)	(170,130)
Total transfers and contributions	<u>431,796</u>	<u>(13,173,258)</u>	<u>66,677,749</u>	<u>(170,130)</u>
Change in net assets	<u>140,144</u>	<u>4,008,405</u>	<u>69,606,188</u>	<u>(742,376)</u>
Net assets at October 1, 2001	<u>59,748,294</u>	<u>189,959,602</u>	<u>-</u>	<u>19,190,266</u>
Net assets at September 30, 2002	<u>\$ 59,888,438</u>	<u>\$ 193,968,007</u>	<u>\$ 69,606,188</u>	<u>\$ 18,447,890</u>

The accompanying notes are an integral part of the financial statements.

(continued)

County of Oakland
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended September 30, 2002

	Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
	Non-Major Funds	Totals September 30, 2002	
Operating revenues			
Charges for services	\$ 92,861,403	\$ 152,140,043	\$ 145,849,993
Other	369,308	506,140	43,022
Total operating revenues	<u>93,230,711</u>	<u>152,646,183</u>	<u>145,893,015</u>
Operating expenses			
Salaries	7,296,288	20,959,210	18,163,898
Fringe benefits	2,716,760	7,188,126	86,888,531
Contractual services	72,473,073	100,615,639	33,919,289
Commodities	3,537,088	6,066,070	6,251,753
Depreciation	7,042,707	10,266,977	12,552,589
Internal services	2,766,096	5,847,030	5,113,003
Intergovernmental	-	1,073,504	-
Total operating expenses	<u>95,832,012</u>	<u>152,016,556</u>	<u>162,889,063</u>
Operating income (loss)	<u>(2,601,301)</u>	<u>629,627</u>	<u>(16,996,048)</u>
Nonoperating revenues (expenses)			
Property taxes	-	10,950,682	-
Interest revenue	1,371,063	6,709,123	1,596,298
Interest expense and paying agent fees	(55,960)	(342,583)	(42,619)
Gain on sale of property and equipment	-	13,157	564,025
Total nonoperating revenues (expenses)	<u>1,315,103</u>	<u>17,330,379</u>	<u>2,117,704</u>
Income (loss) before transfers	<u>(1,286,198)</u>	<u>17,960,006</u>	<u>(14,878,344)</u>
Transfers and contributions			
Capital contributions	1,514,359	1,661,350	97,676
Transfers in	2,012,808	74,077,014	15,134,195
Transfers out	(55,000)	(18,500,040)	(703,658)
Total transfers and contributions	<u>3,472,167</u>	<u>57,238,324</u>	<u>14,528,213</u>
Change in net assets	<u>2,185,969</u>	<u>75,198,330</u>	<u>(350,131)</u>
Net assets at October 1, 2001	<u>142,880,364</u>	<u>411,778,526</u>	<u>82,418,587</u>
Net assets at September 30, 2002	<u>\$ 145,066,333</u>	<u>\$ 486,976,856</u>	<u>\$ 82,068,456</u>

The accompanying notes are an integral part of the financial statements.

**County of Oakland
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2002**

	Business-Type Activities - Enterprise Funds			
	Major			
	Airport Facilities	Delinquent Tax Revolving	Parks and Recreation	Water and Sewer Trust
Cash flows from operating activities				
Cash received from users	\$ 3,887,220	\$ 20,557,214	\$ 8,168,064	\$ 31,079,381
Cash paid to suppliers	(2,531,461)	(1,698,228)	(7,727,927)	(25,474,836)
Cash paid to employees	(984,576)	-	(6,899,987)	(5,629,559)
Net cash provided by (used in) operating activities	371,183	18,858,986	(6,459,850)	(25,014)
Cash flows from noncapital financing activities				
Transfers from other funds	284,805	-	22,409,416	-
Transfers to other funds	-	(13,173,258)	(5,101,652)	(170,130)
Issuance of short-term borrowings	-	25,000,000	-	-
Advances issued	-	(4,500,000)	-	-
Repayments received on advances	-	937,500	-	-
Property taxes	-	-	11,047,908	-
Interest paid on short-term borrowings	-	(306,853)	-	-
Payments on short-term borrowings	-	(12,000,000)	-	-
Net cash provided by (used in) noncapital financing activities	284,805	(4,042,611)	28,355,672	(170,130)
Cash flows from capital and related financing activities				
Transfers from other funds	-	-	-	-
Advances received	-	-	-	-
Capital contributions	146,991	-	-	-
Proceeds on sale of capital assets	-	-	13,157	-
Acquisition of capital assets	(719,494)	-	(7,081,777)	(197,775)
Amount paid on equipment contracts	-	-	-	-
Interest paid on equipment contracts	-	-	-	-
Net cash used in capital and related financing activities	(572,503)	-	(7,068,620)	(197,775)
Cash flows from investing activities				
Purchase of investments	(19,043,325)	(133,307,624)	-	(23,843,195)
Interest	257,161	4,732,094	338,785	564,282
Proceeds from sale and maturities of investments	16,452,919	122,644,236	-	25,753,041
Net cash provided by (used in) investing activities	(2,333,245)	(5,931,294)	338,785	2,474,128
Net increase (decrease) in cash and cash equivalents	(2,249,760)	8,885,081	15,165,987	2,081,209
Cash and cash equivalents at October 1, 2001	4,082,904	26,120,688	-	1,649,814
Cash and cash equivalents at September 30, 2002	\$ 1,833,144	\$ 35,005,769	\$ 15,165,987	\$ 3,731,023

The accompanying notes are an integral part of financial statements.

(continued)

**County of Oakland
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2002**

	Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
	Non-Major Funds	Totals September 30, 2002	
Cash flows from operating activities			
Cash received from users	\$ 98,332,963	\$ 162,024,842	\$ 146,525,818
Cash paid to suppliers	(81,099,909)	(118,532,361)	(136,111,038)
Cash paid to employees	(7,217,106)	(20,731,228)	(18,016,373)
Net cash provided by (used in) operating activities	<u>10,015,948</u>	<u>22,761,253</u>	<u>(7,601,593)</u>
Cash flows from noncapital financing activities			
Transfers from other funds	1,806,933	24,501,154	5,498,965
Transfers to other funds	(55,000)	(18,500,040)	(703,658)
Issuance of short-term borrowings	-	25,000,000	-
Advances issued	-	(4,500,000)	-
Repayments received on advances	-	937,500	-
Property taxes	-	11,047,908	-
Interest paid on short-term borrowings	(55,960)	(362,813)	-
Payments on short-term borrowings	-	(12,000,000)	-
Net cash provided by (used in) noncapital financing activities	<u>1,695,973</u>	<u>26,123,709</u>	<u>4,795,307</u>
Cash flows from capital and related financing activities			
Transfers from other funds	106,248	106,248	9,635,230
Advances received	-	-	2,000,000
Capital contributions	-	146,991	53,298
Proceeds on sale of capital assets	5,561	18,718	717,225
Acquisition of capital assets	(6,734,208)	(14,733,254)	(10,599,494)
Amount paid on equipment contracts	-	-	(707,017)
Interest paid on equipment contracts	-	-	(42,619)
Net cash used in capital and related financing activities	<u>(6,622,399)</u>	<u>(14,461,297)</u>	<u>1,056,623</u>
Cash flows from investing activities			
Purchase of investments	(24,883,414)	(201,077,558)	(153,992,557)
Interest	1,529,709	7,422,031	72,632,265
Proceeds from sale and maturities of investments	45,987,534	210,837,730	53,912,647
Net cash provided by (used in) investing activities	<u>22,633,829</u>	<u>17,182,203</u>	<u>(27,447,645)</u>
Net increase (decrease) in cash and cash equivalents	27,723,351	51,605,868	(29,197,308)
Cash and cash equivalents at October 1, 2001	<u>39,760,710</u>	<u>71,614,116</u>	<u>52,535,384</u>
Cash and cash equivalents at September 30, 2002	<u>\$ 67,484,061</u>	<u>\$ 123,219,984</u>	<u>\$ 23,338,076</u>

The accompanying notes are an integral part of financial statements.

(continued)

**County of Oakland
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2002**

	Business-Type Activities - Enterprise Funds			
	Major			
	Airport Facilities	Delinquent Tax Revolving	Parks and Recreation	Water and Sewer Trust
Operating income (loss)	\$ (535,537)	\$ 13,132,161	\$ (8,377,486)	\$ (988,210)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	1,200,859	-	2,023,411	-
(Increase) decrease in delinquent property taxes receivable	-	(1,502,662)	-	-
(Increase) decrease in due from other governmental units	-	859,923	13,701	(94,635)
(Increase) decrease in due from component units	-	-	-	(413)
(Increase) decrease in accounts receivable	(64,252)	2,531,381	(2,754)	(940,800)
(Increase) decrease in due from other funds	-	-	17,367	(378,632)
(Increase) decrease in inventories and supplies	-	-	(11,035)	(103,193)
(Increase) decrease in prepayments and other assets	20,802	-	(11,232)	(35)
Increase (decrease) in vouchers payable	(276,474)	(219,687)	(202,167)	426,891
Increase (decrease) in accrued payroll	-	-	54,091	94,709
Increase (decrease) in due to other governmental units	191,417	-	-	132,289
Increase (decrease) in due to other funds	4,900	3,076,541	13,315	1,218,422
Increase (decrease) in deferred revenue	-	-	(1,640)	-
Increase (decrease) in current portion of workers' compensation	-	-	-	-
Increase (decrease) in other accrued liabilities	(170,532)	981,329	24,579	608,593
Increase (decrease) in accrued workers' compensation	-	-	-	-
Increase (decrease) in accrued sick and annual leave	-	-	-	-
Net cash provided by (used in) operating activities	\$ 371,183	\$ 18,858,986	\$ (6,459,850)	\$ (25,014)

Noncash transactions

Enterprise Funds

Noncash and capital related financing activities included \$1,412,583 of capital assets contributed to the CLEMIS Fund and \$49,280,798 to the Parks and Recreation Fund. Also transfer of fund balances from Capital Projects and Special Revenue funds for Parks and Recreation included a \$89,187 noncash transfer. Also, \$99,627 Transfer in to Fire Records Management fund included in Due from other funds at September 30, 2002.

Internal Service Funds

Noncash capital and related financing included \$860,000 asset purchase set up in contracts payable-long term and \$44,378 of capital assets contributed and purchase of assets included in payables of \$759,490 in the Information Technology Fund; \$52,909 purchase of assets included in payables in the Telephone Communications Fund.

The accompanying notes are an integral part of financial statements.

(continued)

County of Oakland
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2002

	Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
	Non-Major Funds	Totals September 30, 2002	
Operating income (loss)	\$ (2,601,301)	\$ 629,627	\$(16,996,048)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation expense	7,042,707	10,266,977	12,552,589
(Increase) decrease in delinquent property taxes receivable	-	(1,502,662)	-
(Increase) decrease in due from other governmental units	(4,296,080)	(3,517,091)	122,016
(Increase) decrease in due from component units	(354,169)	(354,582)	(33,447)
(Increase) decrease in accounts receivable	384,850	1,908,425	166,026
(Increase) decrease in due from other funds	(916,732)	(1,277,997)	378,208
(Increase) decrease in inventories and supplies	(150,695)	(264,923)	(8,414)
(Increase) decrease in prepayments and other assets	226,791	236,326	(1,861,707)
Increase (decrease) in vouchers payable	11,526,671	11,255,234	38,107
Increase (decrease) in accrued payroll	79,182	227,982	147,525
Increase (decrease) in due to other governmental units	276,433	600,139	29,095
Increase (decrease) in due to other funds	(513,402)	3,799,776	(245,842)
Increase (decrease) in deferred revenue	8,500	6,860	1,600
Increase (decrease) in current portion of workers' compensation	-	-	(36,671)
Increase (decrease) in other accrued liabilities	(696,807)	747,162	(1,117,888)
Increase (decrease) in accrued workers' compensation	-	-	(1,280,253)
Increase (decrease) in accrued sick and annual leave	-	-	543,511
Net cash provided by (used in) operating activities	\$10,015,948	\$22,761,253	\$ (7,601,593)

The accompanying notes are an integral part of financial statements.

Fiduciary Fund Financial Statements

Pension (and Other Post Employment Benefits) Trust Funds – Employee Pension Trust funds accept payments made by the County, invest fund resources, and calculate and pay pensions to beneficiaries.

Agency Funds – These funds account for assets held by the County in a trustee capacity. Disbursements from these funds are contingent upon the trust agreement or applicable legislative enactment for each particular fund. Agency funds are generally clearance devices for monies collected for other, held briefly, and then disbursed to authorized recipients.

Combining schedules for fiduciary funds are presented, by fund type, beginning on the pages listed below:

Pension (and Other Postemployment) Trust funds, page 166.

Agency funds, page 170.

County of Oakland
Statement of Fiduciary Net Assets
Fiduciary Funds
September 30, 2002

	Pension (and Other Post Employment Benefits) Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 12,659,489	\$ 194,625,785
Investments, at fair value:		
Common stock	477,035,727	-
U.S. government securities	139,084,547	-
Corporate bonds	228,531,796	-
Money markets	25,727,038	-
Real estate	7,902,345	-
Other	713,362	624,514
Total investments	<u>891,654,304</u>	<u>624,514</u>
Receivables - interest and dividends	5,430,448	811
Receivables - other	11,315	57,033
Due from other funds	440	-
Total assets	<u>897,096,507</u>	<u>195,308,143</u>
Liabilities		
Vouchers payable	1,889,247	745,483
Due to other funds	685,276	-
Due to other governmental units	-	162,547,496
Other accrued liabilities	1,874,745	32,015,164
Total liabilities	<u>4,449,268</u>	<u>195,308,143</u>
Net assets held in Trust for Pension and other Postemployment healthcare benefits	<u>\$ 892,647,239</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

County of Oakland
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended September 30, 2002

	Pension (and Other Post Employment Benefits) Trust Funds
Additions	
Contributions	
Employer	\$ 22,756,589
Plan members	<u>1,038,710</u>
Total contributions	<u>23,795,299</u>
Investment income (loss)	(95,998,032)
Less - investment expense	<u>(719,056)</u>
Net investment income (loss)	<u>(96,717,088)</u>
Total deletions	<u>(72,921,789)</u>
Deductions	
Benefits	38,292,195
Administrative expenses	<u>2,154,891</u>
Total deductions	<u>40,447,086</u>
Net decrease	(113,368,875)
Net assets held in trust for pension and other postemployment healthcare benefits	
At October 1, 2001	<u>1,006,016,114</u>
At September 30, 2002	<u>\$ 892,647,239</u>

The accompanying notes are an integral part of the financial statements.

Combining Component Unit Financial Statements

Component Units

Drainage Districts – This component unit consists of many individual districts created for the purpose of alleviating drainage problems. This involves the construction, maintenance, and financing necessary to account for the cost of the drainage district.

Road Commission – This component unit is responsible for the construction and maintenance of the County’s system of roads and bridges, and is principally funded by the State-collected vehicle fuel and registration taxes under Public Act 51.

Community Mental Health Authority – This component unit is responsible for providing services related to mental health and development disability needs of County residents.

County of Oakland
Combining Statement of Net Assets
Component Units
September 30, 2002

	Drainage Districts	Road Commission	Community Mental Health Authority	Total Component Units
Assets				
Current assets				
Cash and cash equivalents	\$ 37,058,056	\$ 26,391,711	\$ 7,403,225	\$ 70,852,992
Investments	681,400	30,950,000	2,950,882	34,582,282
Receivables (net of allowance for uncollectibles where applicable)				
Special assessments Due from other governmental units	-	6,515,725	-	6,515,725
Accrued interest receivable	122,379	-	6,316,966	6,439,345
Accounts receivable	15,451	256,800	43,188	315,439
Due from primary government	-	20,563,567	3,115,238	23,678,805
Restricted assets - cash and cash equivalents	26,582	-	-	26,582
Inventories and supplies	-	6,083,900	-	6,083,900
Prepayments and other assets	-	3,607,614	-	3,607,614
	-	1,152,307	1,509,910	2,662,217
Total current assets	<u>37,903,868</u>	<u>95,521,624</u>	<u>21,339,409</u>	<u>154,764,901</u>
capital assets, net where applicable, of accumulated depreciation	<u>332,171,012</u>	<u>471,293,449</u>	<u>320,356</u>	<u>803,784,817</u>
Long-term assets				
Special assessments receivable	<u>195,000,000</u>	<u>-</u>	<u>-</u>	<u>195,000,000</u>
Total assets	<u>565,074,880</u>	<u>566,815,073</u>	<u>21,659,765</u>	<u>1,153,549,718</u>
Liabilities				
Current liabilities				
Vouchers payable	4,683	9,967,800	-	9,972,483
Accrued payroll	-	-	370,335	370,335
Due to other governmental units	3,569,842	-	8,990,408	12,560,250
Due to primary government	755,645	11,848	22,691	790,184
Deferred revenue and advances	-	20,232,857	428,641	20,661,498
Current portion of bond and notes payable	6,525,000	1,975,000	-	8,500,000
Other accrued liabilities	515,405	6,451,189	7,732,688	14,699,282
Total current liabilities	<u>11,370,575</u>	<u>38,638,694</u>	<u>17,544,763</u>	<u>67,554,032</u>
Long-term liabilities				
Deferred revenue	195,000,000	-	-	195,000,000
Bonds and notes payable	128,766,679	13,850,000	-	142,616,679
Other long-term obligations	-	4,494,800	-	4,494,800
Total long-term liabilities	<u>323,766,679</u>	<u>18,344,800</u>	<u>-</u>	<u>342,111,479</u>
Total liabilities	<u>335,137,254</u>	<u>56,983,494</u>	<u>17,544,763</u>	<u>409,665,511</u>
Net Assets				
Invested in capital assets, net of related debt	196,879,333	461,552,349	320,356	658,752,038
Restricted for				
Programs	-	-	125,905	125,905
Capital projects	26,966,856	-	-	26,966,856
Debt service	1,489,694	-	-	1,489,694
Unrestricted	4,601,743	48,279,230	3,668,741	56,549,714
Total net assets	<u>\$ 229,937,626</u>	<u>\$ 509,831,579</u>	<u>\$ 4,115,002</u>	<u>\$ 743,884,207</u>

The accompanying notes are an integral part of the financial statements.

**County of Oakland
Statement of Activities
Component Units
For the Year Ended September 30, 2002**

<u>Functions/Programs</u>	<u>Program Revenues</u>				Net (Expense) Revenue	
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions		
Drainage Districts	\$ 9,972,398	\$ 17,687,909	\$ 2,903,000		\$ 10,618,511	
Community Mental Health	205,748,990	23,892,186	172,511,563		(9,345,241)	
Road Commission	81,470,298	10,810,747	61,520,929	47,181,916	38,043,294	
Total component units	<u>297,191,686</u>	<u>52,390,842</u>	<u>236,935,492</u>	<u>47,181,916</u>	<u>39,316,564</u>	
General Revenues:						
Taxes:						
Property tax and special assessments						
State shared revenue						
Income tax						
Grants and contributions not restricted to specific programs						
Unrestricted investment earnings						2,264,776
Gain on sale of capital assets						
Miscellaneous						
Transfers:						
Transfers						11,870,616
Total General Revenues and Transfers						<u>14,135,392</u>
Change in Net Assets						53,451,956
Net assets - Beginning (restated)						<u>690,432,251</u>
Net assets - Ending						<u>\$743,884,207</u>

The accompanying notes are an integral part of the financial statements.

County of Oakland
Combining Balance Sheet
Governmental Funds – Component Unit – Drainage Districts
September 30, 2002

	Drainage Districts			
	Special revenue	Debt service	Capital projects	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 6,197,682	\$ 1,832,109	\$ 29,028,265	\$ 37,058,056
Investments	681,400	-	-	681,400
Receivables (net of allowance for uncollectibles where applicable)				
Due from other governmental units	14,882	85,096	22,401	122,379
Accrued interest receivable	3,320	-	12,131	15,451
Due from primary government	26,468	42	72	26,582
Due from other funds	82,612	11,014	61	93,687
Total current assets	<u>7,006,364</u>	<u>1,928,261</u>	<u>29,062,930</u>	<u>37,997,555</u>
Long-term assets				
Special assessments receivable	-	195,000,000	-	195,000,000
Total assets	<u>\$ 7,006,364</u>	<u>\$ 196,928,261</u>	<u>\$ 29,062,930</u>	<u>\$ 232,997,555</u>
Liabilities and Fund Balances				
Current liabilities				
Vouchers payable	\$ 4,291	\$ -	\$ 392	\$ 4,683
Due to other governmental units	1,593,276	422,019	1,554,547	3,569,842
Due to other funds	82,673	11,014	-	93,687
Due to primary government	620,040	-	135,605	755,645
Other accrued liabilities	104,341	5,534	405,530	515,405
Total current liabilities	<u>2,404,621</u>	<u>438,567</u>	<u>2,096,074</u>	<u>4,939,262</u>
Long-term liabilities				
Deferred revenue	-	195,000,000	-	195,000,000
Total liabilities	<u>2,404,621</u>	<u>195,438,567</u>	<u>2,096,074</u>	<u>199,939,262</u>
Fund balances				
Reserved	<u>4,601,743</u>	<u>1,489,694</u>	<u>26,966,856</u>	<u>33,058,293</u>
Total fund balances	<u>4,601,743</u>	<u>1,489,694</u>	<u>26,966,856</u>	<u>33,058,293</u>
Total liabilities and fund balances	<u>\$ 7,006,364</u>	<u>\$ 196,928,261</u>	<u>\$ 29,062,930</u>	<u>\$ 232,997,555</u>

The accompanying notes are an integral part of the financial statements.

County of Oakland
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of
Net Assets
Component Unit – Drainage Districts
September 30, 2002

Total fund balances for governmental funds \$ 33,058,293

Amounts reported for governmental activities in the Statement of Net Assets
are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the funds.

Infrastructure	\$ 316,177,053	
Construction in progress	62,742,232	
Accumulated depreciation	<u>(46,748,273)</u>	332,171,012

Long-term bonded debt is not due and payable in the current period and
therefore is not reported in the funds. Unamortized premiums, loss on
refundings, and interest payable are not reported in the funds. However,
these amounts are included in the Statement of Net Assets. This is the
net effect of these balances on the statement.

Bonds and notes payable	<u>(135,291,679)</u>
-------------------------	----------------------

Net assets of governmental activities	<u>\$ 229,937,626</u>
---------------------------------------	-----------------------

The accompanying notes are an integral part of the financial statements.

County of Oakland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds – Component Unit – Drainage Districts
For the Year Ended September 30, 2002

	Drainage Districts			
	Special Revenue	Debt Service	Capital Projects	Total
Revenues				
Special assessments	\$ 1,358,192	\$ 11,155,965	\$ 4,946,641	\$ 17,460,798
Federal grants	18,900	-	2,884,100	2,903,000
Charges for services	4,757	14,364	207,988	227,109
Investment income	27,468	3,010	407,892	438,370
Total revenues	<u>1,409,317</u>	<u>11,173,339</u>	<u>8,446,621</u>	<u>21,029,277</u>
Expenditures				
Salaries	606,272	-	666,363	1,272,635
Fringe benefits	194,687	-	211,406	406,093
Contractual services	730,572	7,123	26,409,658	27,147,353
Commodities	58,549	-	1,323	59,872
Principal payments	-	6,495,000	-	6,495,000
Interest	-	5,116,746	-	5,116,746
Paying agent fees	-	18,084	-	18,084
Internal services	92,664	-	82,694	175,358
Total expenditures	<u>1,682,744</u>	<u>11,636,953</u>	<u>27,371,444</u>	<u>40,691,141</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(273,427)</u>	<u>(463,614)</u>	<u>(18,924,823)</u>	<u>(19,661,864)</u>
Other financing sources (uses)				
Proceeds from issuance of bonds	-	-	38,054,736	38,054,736
Discount on bonds sold	-	-	(98,700)	(98,700)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(273,427)</u>	<u>(463,614)</u>	<u>19,031,213</u>	<u>18,294,172</u>
Fund balances at October 1, 2001	<u>4,875,170</u>	<u>1,953,308</u>	<u>7,935,643</u>	<u>14,764,121</u>
Fund balances at September 30, 2002	<u>\$ 4,601,743</u>	<u>\$ 1,489,694</u>	<u>\$ 26,966,856</u>	<u>\$ 33,058,293</u>

The accompanying notes are an integral part of the financial statements.

County of Oakland
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances – Governmental Funds to the Statement of Activities
Component Unit – Drainage Districts
For the Year Ended September 30, 2002

Net change in fund balance - total governmental funds \$ 18,294,172

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Infrastructure	\$ 27,470,144	
Depreciation expense	<u>(3,147,699)</u>	24,322,445

Bond proceeds provide current financial resources to governmental funds by issuing debt which increases long-term bonded debt in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Assets. This is the amount proceeds exceed repayments.

Bond proceeds	(38,054,736)	
Repayment of bond principal	<u>6,495,000</u>	<u>(31,559,736)</u>

Change in net assets of governmental activities \$ 11,056,881

The accompanying notes are an integral part of the financial statements.

County of Oakland

Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies

The general-purpose financial statements of Oakland County (the County) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). The more significant of the County's accounting policies are described below.

The financial reporting entity

As defined by generally accepted accounting principles established by GASB, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

The accompanying financial statements present Oakland County (the Primary Government) and its component units. The County's Parks and Recreation Commission is not legally separate from the County, nor does it possess separate corporate powers. As such, the financial data of the County's Parks and Recreation Commission have been included with the financial data of the Primary Government. The financial data of the component units are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended component unit

A blended component unit is a legally separate entity from the County, but is so intertwined with the County that it is, in substance, the same as the County. It is reported as part of the County and blended into the appropriate funds.

- ***Oakland County Building Authority (the Authority)*** – A five-person authority is appointed by the Oakland County Board of Commissioners, and its activity is dependent upon Board actions. The purpose of the Authority is to finance, through tax-exempt bonds, the construction of public buildings for use by the County, with the bonds secured by lease agreements with the County and retired through lease payments from the County. The Oakland County Building Authority is reported as if it were part of the primary government because its sole purpose is to finance the construction of the County's public buildings. The Authority's activity is reported in various Debt Service funds (designated by the caption "Building Authority"), and the Building Improvement Fund, a capital projects fund. The general capital assets and long-term obligations are reported in the General Fixed Asset and General Long-term Debt Account Groups, respectively.

Separate financial statements for the Authority are not published.

County of Oakland

Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies (continued)

Discretely Presented Component Unit

The discretely presented component unit is an entity that is legally separate from the County but for which the County is financially accountable, or its relationship with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. These component units are reported in separate columns to emphasize that they are legally separate from the County.

- **Road Commission for Oakland County (Road Commission)** – The Road Commission is governed by three appointees of the County Board of Commissioners who are not County Board members. The Road Commission is responsible for the construction and maintenance of the County's system of roads and bridges, and is principally funded by State-collected vehicle fuel and registration taxes under Public Act 51. The County has budgetary control and appropriation authority over its activities; however, such has not been exercised. The Road Commission's primary activities, which are as of and for the year ended September 30, 2002, is reported discretely as a governmental fund type - Special Revenue fund. The Road Commission Retirement System, which is as of and for the year ended December 31, 2001, is reported discretely as a fiduciary fund type - Pension Trust fund.

Complete financial statements of the Road Commission which includes the Road Commission Retirement System and the separately issued Road Commission Retirement System statements can be obtained from its administrative offices as follows:

Road Commission for Oakland County
31001 Lahser Road
Beverly Hills, Michigan 48025

- **Drainage Districts** – This component unit, consists of approximately 180 individual districts created for the purpose of alleviating drainage problems. This involves the construction, maintenance, and financing necessary to account for the cost of the drainage district. The individual districts, each a separate legal entity with power to assess the benefiting communities, is governed by the Drain Board for Oakland County; the Oakland County Drain Commissioner, the Chairman of the Oakland County Board of Commissioners, and the Chairperson of the Finance Committee of the Board of Commissioners. Assessments are made against the applicable municipalities within each district, including the County and the State of Michigan for road drainage.

The financial activities of the Drainage Districts as of and for the year ended September 30, 2002 is reported discretely as a governmental fund type. There are no separately issued financial statements of this component unit, although financial information for the specific drainage districts may be obtained from:

Oakland County Drain Commissioner
#1 Public Works Drive
Waterford, Michigan 48328

County of Oakland

Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies (continued)

- **The Oakland County Community Mental Health Authority (the Authority)** – The Authority is governed by a twelve-member board representative of providers of mental health services. One-third of the board is to be consumers of mental health services, agencies and occupations having a working involvement with mental health services and the general public. Not more than four members may be members of the County Board of Commissioners, and no more than one-half of the total board members may be State, County or local officials. The Authority is responsible for providing services related to mental health and development disability needs of County residents. The activities of the Authority are funded through grants, allocations, fees and County appropriations. This is the third year of existence for the Authority, and the financial information is reported in the County's CAFR for the year ended September 30, 2002 discretely as a proprietary fund type – Enterprise fund.

Complete financial statements of the Authority can be obtained from its administrative offices as follows:

Oakland County Community Mental Health Authority
1200 North Telegraph Road, Building 38E
Pontiac, Michigan 48341

Basic (Government-Wide) and Fund Financial Statements – GASB Statement No. 34

During fiscal year 2002, the County adopted GASB Statement No. 34, Basic Financial statements – and Management's Discussion and Analysis – for State and Local Governments, as amended by GASB Statement No. 37 and No. 38, and applied those standards on a retroactive basis. GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories:

- **Invested in capital assets, net of related debt** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction or improvement of those assets.
- **Restricted net assets** result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors and the like, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net assets** consists of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets often are designated, to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be removed or modified.

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. While the previous financial reporting model emphasized fund types (the total of all funds of a particular type), in the new financial reporting model the focus is on either the County as a whole, or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns: (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

County of Oakland

Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies (continued)

The government-wide Statement of Activities reflects both the gross and net costs per functional category (General Government, Public Safety, Justice Administration, Citizen Services, Public Works, Recreation and Leisure, and Commerce and Community Development), which are otherwise being supported by general government revenues (property and certain intergovernmental revenues). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and grants both operating and capital related. The program revenues must be directly associated with the function otherwise they are reported as general revenue. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net cost (by function or activity) is normally covered by the County's general revenues. Historically, the previous financial reporting model did not summarize or present net cost by function or activity.

The County does not currently employ an indirect cost allocation system. An administrative service fee is charged by the General Fund to the other operating funds, that is eliminated like a reimbursement (reducing the revenue and expenditure in the General Fund), to address General Fund services (finance, personnel, purchasing, legal, technology management, etc.) provided.

This government-wide focus is more on the sustainability of the County as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The fund financial statements are, in substance, very similar to the financial statements presented in the previous financial reporting model. Emphasis here is on the major funds in either the governmental or business-type categories. Non-major funds (by category) are summarized into a single column. The County reports the following major governmental funds: General Fund, County Health, Water and Sewer Debt Act 342, and Water and Sewer Refunding Debt Act 202.

The governmental funds major fund statement in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements governmental column, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to reconcile the fund based business-type major fund financial statements into the full accrual governmental column of the government-wide presentation.

Internal service funds of a government (which traditionally provide services primarily to other funds of the government) are presented, in summary form, as part of the proprietary fund financial statements. Since the principal users of the internal services are the County's governmental activities, financial statements of internal service funds are consolidated into the governmental column when presented at the government-wide level. The costs of these services are allocated to the appropriate functional activity. When appropriate, surplus or deficits in the internal service funds are allocated back to the various users within the entity-wide Statement of Activities.

The County's fiduciary funds (which have been redefined and narrowed in scope) are presented in the fund financial statements by type. Since, by definition, these assets are being held for the benefit of third parties (pension participants and others) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

County of Oakland

Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies (continued)

The focus of the entity wide financial statements under the new reporting model is to present the County as a whole. The focus of the Fund Financial Statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary funds (by category), and the component units. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

Basis of presentation - fund accounting

Funds are used to report the County's financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Governmental fund types

The General Fund is the County's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. Revenues are primarily derived from property taxes, state and federal distributions, and charges for services.

Special Revenue Funds are used to ensure that specified resources (other than expendable trusts and funds for major capital improvements) are used as required by legal, regulatory, and/or administrative provisions. Included within the Special Revenue funds are programs for care of children, drain maintenance, and certain grant operations involving public health, employment training, community development, environmental infrastructure programs and other grants.

Debt Service Funds account for the financing resources and payment of current principal and interest on debt. Debt Service funds account for servicing of general long-term debt of various building authority debt issues, and debt associated with local water and sewer obligations upon which there are County guarantees.

Capital Projects Funds account for the acquisition, construction, and renovation of major capital facilities other than those financed by proprietary funds.

Internal Service Funds account for goods and services provided to departments, funds, and governmental units on a cost-reimbursement basis. Included within the Internal Service funds are certain fringe benefits provided to County employees which included health, workers compensation, unemployment compensation, information technology, various equipment revolving funds, and central service type operations.

Enterprise Funds, business type activities, report operations for services to the general public, financed primarily by user charges intended to recover the cost of services provided, and include three airports, a medical care facility, four sewage disposal systems, parks and others.

GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, provides governments with two options for reporting their proprietary fund activities. The County has elected to apply all GASB pronouncements and all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The County has elected not to follow subsequent FASB guidance. The component units have elected not to apply FASB Statements and Interpretations issued after November 30, 1989 to its proprietary funds.

County of Oakland

Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies (continued)

Fiduciary fund types

Fiduciary Funds (Pension Trust and Agency funds) account for assets held by the County in a trustee capacity or as an agent for others.

Basis of accounting

- **Primary government** - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets, except for certain miscellaneous receivables and special assessments, and current liabilities are included on the balance sheet. Governmental funds are used to account for all or most of the County's general activities, including the collection and disbursement of earmarked resources and the servicing of long-term debt.

Proprietary and Pension Trust Funds are accounted for on a flow-of-economic-resources measurement focus. All assets and liabilities are included on the Statement of Net Assets with the balance classified as net assets. Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration.

- The financial statements have been prepared in conformity with generally accepted accounting principles. Governmental and Agency funds use the modified accrual basis of accounting, which recognizes revenues in the accounting period in which they become measurable and available. Significant revenues susceptible to accrual include property taxes, expenditure-reimbursement type grants, certain intergovernmental revenues, and operating transfers. Expenditures are recorded when the related fund liability is incurred, except interest on long-term debt, which is recorded when paid.

Proprietary and Pension Trust Funds use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Discretely-presented component units

The Road Commission uses the current financial resources measurement focus for its governmental fund type activities. The governmental fund type is used to account for all of the Road Commission's activities, including the collection and disbursement of earmarked resources and the servicing of long-term debt. Revenues and expenditures are recorded under the modified accrual basis of accounting, and, as such, revenue is recorded when measurable and available, and earned. Project-related revenue is recognized as related costs are incurred, except for interest on long-term debt, which is recorded when paid.

The Road Commission's Retirement system activity (Pension Trust Fund) uses the economic resources measurement focus. All assets and liabilities are included as of the balance sheet date. Revenues and expenses are accounted for under the accrual basis of accounting, and, as such, revenue is recognized when earned and expenses are recorded when liabilities are incurred.

County of Oakland

Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies (continued)

The Drainage Districts use the current financial resources measurement focus for its activities. The governmental fund type is used to account for all of the Drainage Districts' activities, including the financing of the cost of construction and maintenance of Drainage Districts and servicing of long-term debt. Revenues and expenditures are recorded under the modified accrual basis of accounting, and as such, revenue is recorded when measurable and available, and earned. Project-related revenue is recognized as related costs are incurred, except for interest on long-term debt, which is recorded when paid.

The Community Mental Health Authority uses the accrual method of accounting for its (Proprietary funds) activities. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Budgets

Budgets and budgetary accounting are on the modified accrual basis, which is consistent with generally accepted accounting principles in that property tax revenue is recognized when made available by Board resolution. The budget was legally adopted by the Board of Commissioners prior to September 30, 2001 and presented in a separate document. Appropriation budgets were adopted for the General and certain Special Revenue funds. Appropriations lapse at the end of the year. Project-length financial plans are budgeted for the remainder of the Special Revenue funds and for all Debt Service and Capital Projects funds. Budget and actual comparisons for such funds are not reported in the financial statements because annual budgets are not prepared.

Encumbrances are recorded at the time that purchase orders and contracts are issued. The encumbrances are liquidated when the goods or services are received. Unliquidated encumbrances at the end of the year are set aside as reserved within fund balance. In the succeeding year, the encumbrances are re-appropriated by the Board of Commissioners to cover the unliquidated encumbrances included in fund equity.

Cash, cash equivalents, and investments

For purposes of the statement of cash flows, demand deposits and short-term investments with an original maturity date of three months or less from the date of acquisition are considered to be cash equivalents. Long-term investments are to be investments with a maturity of one year or greater determined at the date of purchase.

Cash overdrafts occurring in funds participating in pooled cash accounts at September 30, 2002 have been reclassified as a "Due to other funds," and a corresponding "Due from other funds" was established in the appropriate funds.

The County's investments are stated at fair value, which is determined by using quoted market rates, if the investment is traded on a recognized stock exchange.

Pooled investment income is generally allocated to the County's General Fund except for Internal Service fund investments. There are no derivative instruments or products in the County's non-pension investment portfolio at September 30, 2002.

Interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term receivables and payables resulting from such transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

County of Oakland

Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies (continued)

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a reservation of fund balance.

Inventories

Inventories in proprietary funds, except for the Facilities Maintenance and Operations fund, an Internal Service fund, are stated at the lower of cost or market using the first-in, first-out method. Inventories in the Facilities Maintenance and Operations fund are stated at lower of cost or market using the average-cost basis.

Prepayments

Payments made for services that will benefit periods beyond September 30, 2002 are recorded as prepayments.

Capital assets

Capital assets, which include land, buildings, equipment and infrastructure assets (e.g., roads, drains, and similar items), are reported in the government-wide statements and applicable proprietary fund financial statements. Capital assets that are used for governmental activities are only capitalized in the government-wide statements and fully expended in the government funds. The County established capitalization thresholds for capital assets of \$5,000. Capital assets are stated at cost or, if donated, at estimated fair market value at the time of donation. In some instances, capital asset historical costs were not available; therefore, the costs of these assets at the dates of acquisitions have been estimated. Expenditures materially extending the life of capital assets are capitalized. Interest incurred during construction is only capitalized in proprietary funds. Capital assets are depreciated over their useful lives, using the straight-line depreciation method. Infrastructure ("public domain") assets, including roads, bridges, sanitary sewers, drains, curbs, and gutters, are capitalized.

The County's estimated useful life of the major classes of property and equipment follows:

<u>Class</u>	<u>Years</u>
Land and land improvements	10-15
Buildings and improvements	35-45
Furniture, equipment, and vehicles	3-10
Sewage disposal systems	40-50
Infrastructure	10-75

Capital assets used in the general operation of the Road Commission are depreciated under various methods, including straight-line and sum-of-the-years-digits. Capital assets of the Community Mental Health Authority whose value exceeds \$5,000 are capitalized and depreciated on a straight-line basis over estimated useful lives of five to thirty years.

Compensated absences

Compensated absences (vested sick and annual leave) of the Primary Government that are allowed to accumulate are charged to operations in the Fringe Benefit fund (an Internal Service fund) as the benefits accrue. Compensated absences for the Road Commission are accrued when incurred in the government wide financial statements. A liability for these amounts is reported in the governmental funds only for employee terminations as of year end. Compensated absences of the Community Mental Health Authority are reported as expenses and liabilities of the Authority when incurred.

No liability is recorded for non-vesting accumulating rights to receive sick pay benefits for the Primary Government and Component Units.

County of Oakland

Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies (continued)

Fund equity

Reserves represent portions of fund equity not available for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Deferred revenue

Deferred revenue is reported on the County's combined balance sheet. Amounts are classified as deferred when they do not meet the available criteria, such as grants received before the expenditure is incurred.

Property taxes levied December 1, 2001 (when they become a lien against the property) are used to finance the expenditures of the period of January 1, 2002 through December 31, 2002. Property tax revenues available for appropriated expenditures for the period October 1, 2002 through December 31, 2002 (25% of levy) are shown as unreserved/ designated fund balance on the accompanying balance sheet.

Use of estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles 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 general-purpose financial statements, September 30, 2002. These estimates and assumptions also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. Legal Compliance – Budgets

The Board of Commissioners has established the legal level of control by control groups, as outlined in the County's General Appropriations Act. This act states that expenditures shall not exceed the total appropriations for controllable personnel expenditures (salaries, overtime, and fringes), controllable operating expenditures, and non-controllable operating expenditures (Internal Service fund charges), respectively, by department. This was a change approved by the Board of Commissioners. Prior to fiscal year 2002 control was at the division level.

The Board of Commissioners is authorized to make amendments to the various budgets as deemed necessary. Current year supplemental budgetary appropriations were not material. The combined statement of revenues, expenditures, and changes in fund balances - amended budget and actual, General and Special Revenue funds, presents those funds as budgeted (consistent with GAAP) which receive an appropriation and can therefore be defined as an appropriated, annual, legally adopted budget. Included within this statement are the General Fund and the following Special Revenue funds: County Health, Juvenile Maintenance, and Social Welfare-Foster Care.

Transfers within and between budgeted funds and departments may be made by the Fiscal Officer (Director of Management and Budget Department) in the following instances:

- (a) Transfers may be made from the non-departmental overtime reserve account and fringe benefit adjustment account to the appropriate departmental budget as specific overtime requests are reviewed and approved by the Fiscal Officer. Additionally, overtime appropriations may be transferred between divisions within a department at the request of the department head, if authorized by the Fiscal Officer or designee.

County of Oakland
Notes to Basic Financial Statements

2. Legal Compliance – Budgets (continued)

- (b) Transfers may be made from the non-departmental appropriation reserve accounts for maintenance department charges and miscellaneous capital outlay to the appropriate departmental budgets as specific requests for these items are reviewed and approved by the Fiscal Officer.
- (c) Transfers may be made from the non-departmental appropriation reserve accounts, emergency salaries, and summer help as specific requests for these items are reviewed and approved by the Director of the Personnel Department.

At year end the Board of Commissioners adopts a resolution which authorizes and closes amounts exceeding the original appropriation against the balances in other appropriations and closes the remaining balance to the General Fund's "Undesignated Fund Balance."

During the year, the County incurred expenditures over certain appropriations which are presented at the legal level of control as follows:

	Appropriation	Expenditures	Excess expenditures
General Fund			
County Executive			
Administration			
Noncontrollable operating expenditures	\$ 1,201,277	\$ 1,258,092	\$ 56,815
Management and Budget			
Noncontrollable personnel expenditures	5,083,355	5,383,377	300,022
Facilities Management			
Controllable personnel expenditures	1,216,127	1,219,321	3,194
Human Services			
Noncontrollable operating expenditures	18,260	18,669	409
Clerk/Register of Deeds			
Controllable operating expenditures	3,441,009	3,443,182	2,173
Justice Administration			
Circuit Court			
Noncontrollable operating expenditures	4,220,413	4,594,870	374,457
Law Enforcement			
Sheriff			
Noncontrollable operating expenditures	13,066,638	14,680,587	1,613,949
Special Revenue Funds			
County Health Fund			
County Executive			
Management and Budget			
Noncontrollable operating expenditures	-	643	643
Juvenile Maintenance Fund			
County Executive			
Human Services			
Controllable operating expenditures	7,986,147	9,111,593	1,125,446
Justice Administration			
Probate Court			
Controllable operating expenditures	6,848,029	8,324,638	1,476,609

County of Oakland

Notes to Basic Financial Statements

2. Legal Compliance – Budgets (continued)

These excess expenditures were closed against other appropriation balances in accordance with the County's policy and approved by a Board of Commissioners resolution in fiscal year 2003.

3. Deposits and Investments

At September 30, 2002, the book value of the County's deposits was \$494,537,006 with a corresponding bank balance of \$277,351,244. Qualifying deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Of the bank's balance, \$1,500,000 is insured, and the remaining \$275,851,244 is uninsured and uncollateralized and in the County's name.

The Drainage Districts component units cash and investments is maintained in pooled accounts of the County, therefore it is not possible to determine the corresponding bank balances nor the amount of insurance that would be allocated to the Drainage Districts deposits amounting to \$11,881,816.

At September 30, 2002, the book value of the Road Commission's deposits was \$52,702,309, with a corresponding bank balance of \$54,223,294. Of the bank's balance, \$775,806 is insured by the FDIC and the remaining \$54,447,488 is uninsured and uncollateralized and in the County's name.

The carrying amount of the Community Mental Health Authority component unit was \$2,842,515 as of September 30, 2002 with a corresponding bank balance of \$4,683,753. Of the bank's balance \$300,000 was covered by the FDIC and the remaining \$4,383,753 was neither insured nor collateralized.

Investments

Investments, except those of the Retirement Systems and Deferred Compensation Plan, are administered by the Treasurer under guidelines established by Act 20 of the Michigan Public Acts of 1943, as amended. Significant policies include:

All County investments of the County are held in the County's name and tax ID number.

- Investments are in U.S. Government obligations, banker's acceptances, repurchase agreements, certificates of deposit, and commercial paper top rated by not less than two of the four rating services: Standard and Poor's, Moody's Investors Services, Fitch Investors Services, and Duff and Phelps.
- Only federal and state-chartered banks and savings institutions which are members of the FDIC are utilized.
- State law requires the use of in-state banks.
- The County maintains a cash and investment pool that is available for use by all funds except fiduciary funds. Investments are also held separately for several funds, mainly money market mutual funds/investment pools invested with bank trust departments. Share values are \$1, with interest rates floating daily. These are not considered external investment pools.
- Pension investments are made in accordance with P.A. 55 of 1982, as amended, and are limited to no more than 70 percent common stock. No investments, loans, or leases are with parties related to the pension plan.

County of Oakland

Notes to Basic Financial Statements

3. Deposits and Investments (continued)

- Investment income, except where prohibited by law, such as Drain funds, or specific Board action, such as Internal Service funds and the Airport Facilities fund, an Enterprise fund, is credited to the General Fund and used to fund overall operations.

Under the provisions of State statutes, the Oakland County Employees' Retirement Plan lends securities, including U.S. Government securities, corporate bonds, and common stock, to broker-dealers for collateral that will be returned for the same securities in the future. The County's custodial bank (agent) manages the securities lending program and receives cash and securities, including banker's acceptances, commercial paper, mutual funds, and repurchase agreements, as collateral. The custodial bank does not have the ability to pledge or sell collateral securities unless the borrower defaults. Borrowers are required to deliver collateral for each loan equal to not less than 100 percent of the market value of the loaned securities.

The County did not impose any restrictions during the year ended September 30, 2002 on the amount of the loans that the agent made on its behalf. There were no failures by any borrowers to return loaned securities or pay distribution thereon. Furthermore, there were no losses during the period resulting from a default of the borrowers or the custodial banks.

The County and the borrower maintain the right to terminate all securities lending transactions on demand. Because the loans can be terminated at will, their duration does not generally match the duration of the investments. On September 30, 2002, the County had no credit risk exposure to borrowers. The collateral held and the market value of securities on loan for the County as of September 30, 2002 were \$79,811,010 and \$77,468,142, respectively.

Investments of the County and Road Commission's Public Employees' Retirement System (PERS) are administered by their respective boards. Investments are held in street name by safekeeping agents under formal trust agreements or in the Retirement Systems' names. Included in the Primary Government's Pension Trust fund investments in corporate and public utility bonds are Collateralized Mortgage Obligations (CMOs) with a market value of \$11,216,517 at September 30, 2002. Such investments include FNMA- and FHLB-issued certificates. The portfolio of CMOs matures at various dates through the year 2039 and is backed by investments in various assets, including mortgages. The market value of such investments is affected by, among other factors, changes in interest rates, including the effect of prepayments, marketability, and default rates on assets underlying the securities.

In accordance with GASB Statement No. 3, investments are also classified into three categories of credit risk, as follows:

- Category 1: Insured or registered, or securities held by the County or its agent in the County's name.
- Category 2: Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the County's name.
- Category 3: Uninsured and unregistered, with securities held by the counter-party or by its trust department or agent, but not in the County's name.

County of Oakland
Notes to Basic Financial Statements

3. Deposits and Investments (continued)

The following is a summary of investments by risk category for the primary government:

	<u>Category</u>			Carrying amount (fair value)
	1	2	3	
Primary Government				
Governmental and Business Type				
Commercial paper	\$ 139,231,395	\$ -	\$ -	\$ 139,231,395
Cash on hand				205,361
Deposits				298,831,268
Money market mutual funds/ pools				<u>140,474,361</u>
Total				<u>\$ 578,742,385</u>
Fiduciary Funds				
Pension and Agency funds				
U.S. government securities	\$ 107,730,978	\$ -	\$ -	\$ 107,730,978
Commercial paper	77,870	-	-	77,870
Common stock	398,287,555	-	-	398,287,555
Corporate bonds	195,812,359	-	-	195,812,359
Money market mutual funds/ pools	<u>32,599,460</u>	<u>-</u>	<u>-</u>	<u>32,599,460</u>
Total	<u>\$ 734,508,222</u>	<u>\$ -</u>	<u>\$ -</u>	734,508,222
Real estate				7,902,345
Deposits				<u>195,705,738</u>
Total				<u>\$ 938,116,305</u>

County of Oakland
Notes to Basic Financial Statements

3. Deposits and Investments (continued)

The following is a summary of investments by risk category for the component units:

	<u>Category</u>			Carrying amount (fair value)
	1	2	3	
Component Units:				
Road Commission				
Governmental funds				
Commercial paper	\$ 4,299,821	\$ -	\$ -	\$ 4,299,821
Cash on hand				149,761
Deposits				52,278,509
Money market mutual funds/ pools				<u>6,697,520</u>
Total				<u>\$ 63,425,611</u>
Pension Trust fund				
U.S. government	\$ 8,582,402	\$ -	\$ -	\$ 8,582,402
U.S. agency obligations	22,783,527	-	-	22,783,527
Corporate bonds	32,719,437	-	-	32,719,437
Corporate stocks	78,748,172	-	-	78,748,172
Other	<u>713,362</u>	<u>-</u>	<u>-</u>	<u>713,362</u>
Total	<u>\$ 143,546,900</u>	<u>\$ -</u>	<u>\$ -</u>	143,546,900
Deposits				423,800
Money market mutual funds/ pools				<u>4,817,598</u>
Total				<u>\$ 148,788,298</u>
Community Mental Health Authority				
Deposits				<u>\$ 10,354,107</u>
Drainage Districts				
Investments				
U.S. government securities	<u>\$ 4,192,003</u>	<u>\$ -</u>	<u>\$ -</u>	\$ 4,192,003
Deposits				11,881,816
Money market mutual funds/ pools				<u>21,665,637</u>
Total				<u>\$ 37,739,456</u>

County of Oakland

Notes to Basic Financial Statements

4. Receivables

Property taxes

Taxes are levied on December 1 on the taxable value of real and personal property as established the preceding December 31. Taxes become a lien on the property December 1 and are due and payable on that date through February 28 of the following year. Taxes become delinquent and are subject to penalty on March 1. Taxable value is determined by using such factors as State equalized, assessed, and capped values, along with a value change multiplier. Equalized values for the 2001 levy totaled \$57,469,711,595, with taxable values of \$47,656,729,878. The operating tax rate for the 2001 levy, collected in 2002, was 4.1900 mills, with an additional 0.2376 mills voted for Parks and Recreation.

Delinquent taxes

The Treasurer purchases, at face amount, real property tax receivables that are delinquent on March 1. These receivables (\$50,849,079) at September 30, 2002 are pledged for the repayment of notes, the proceeds of which were used to liquidate the amounts of delinquent real property taxes due to the County and other governmental agencies. Subsequent collections of delinquent taxes, which include interest, penalties, fees, and investment earnings, amounting to \$15,263,514 in 2002, are used to service the notes payable.

5. Allowances for Uncollectible Receivables

At September 30, 2002, the allowances for uncollectible receivables were as follows:

General fund	\$ 362,842
Enterprise funds	
Medical Care Facility	68,595
Airport Facilities	58,383
Radio Communications	53,493
Water and Sewer Trust	<u>1,262</u>
Total	<u>\$ 544,575</u>

6. Investment Income – Pension Trust Funds

The following is a breakdown of the Investment Income (loss) for the year ended September 30, 2002:

	Employees Retirement	VEBA Trust
Interest and dividends	\$ 23,464,961	\$ 5,316,259
Unrealized/ Realized loss on sale of investments (net)	<u>(104,089,312)</u>	<u>(15,121,700)</u>
Total	<u>\$ (80,624,351)</u>	<u>\$ (9,805,441)</u>

County of Oakland
Notes to Basic Financial Statements

7. Capital assets

An analysis of property and equipment as reported in the Statement of Net Assets, and related accumulated depreciation, at September 30, 2002, for governmental activities follows:

	Balance October 1, 2001	Additions	Disposals	Balance September 30, 2002
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 7,542,088	\$ -	\$ -	\$ 7,542,088
Construction in progress	<u>6,301,050</u>	<u>12,664,778</u>	<u>-</u>	<u>18,965,828</u>
Total capital assets, not being depreciated	<u>13,843,138</u>	<u>12,664,778</u>	<u>-</u>	<u>26,507,916</u>
Capital assets, being depreciated				
Land improvements	5,679,272	38,000	-	5,717,272
Buildings	124,133,718	86,523	-	124,220,241
Equipment and vehicles	5,514,441	1,495,772	(245,741)	6,764,472
Infrastructure	<u>17,361,218</u>	<u>-</u>	<u>-</u>	<u>17,361,218</u>
Total capital assets, being depreciated	<u>152,688,649</u>	<u>1,620,295</u>	<u>(245,741)</u>	<u>154,063,203</u>
Less accumulated depreciation				
Land improvements	343,952	329,099	-	673,051
Infrastructure	3,763,240	302,153	-	4,065,393
Buildings	45,832,782	3,048,670	-	48,881,452
Equipment and vehicles	<u>3,490,743</u>	<u>299,263</u>	<u>(239,612)</u>	<u>3,550,394</u>
Total accumulated depreciation	<u>53,430,717</u>	<u>3,979,185</u>	<u>(239,612)</u>	<u>57,170,290</u>
Total capital assets, being depreciated, net	<u>99,257,932</u>	<u>(2,358,890)</u>	<u>(6,129)</u>	<u>96,892,913</u>
Governmental activity capital assets, net	<u>\$ 113,101,070</u>	<u>\$ 10,305,888</u>	<u>\$ (6,129)</u>	<u>\$ 123,400,829</u>

County of Oakland
Notes to Basic Financial Statements

7. Capital assets (continued)

A summary of proprietary fund-type property and equipment at September 30, 2002, follows:

	Land and Improvements	Buildings and Improvements	Equipment and Vehicles	Infrastructure	Construction in Progress	Total	Less: Accumulated Depreciation	Total Capital Assets
Enterprise								
Medical Care Facility	\$ 13,771	\$ 2,970,108	\$ 56,696	\$ -	\$ -	\$ 3,040,575	\$ 1,962,843	\$ 1,077,732
Fire Records Management	-	-	517,860	-	-	517,860	134,483	383,377
Airport Facilities	44,304,446	11,795,396	1,660,251	-	4,619,915	62,380,008	14,412,828	47,967,180
Clinton-Oakland S.D.S.	25,725	734,721	7,047	36,799,208	-	37,566,701	17,318,396	20,248,305
Huron-Rouge S.D.S.	19,748	348,504	-	2,962,297	-	3,330,549	1,918,856	1,411,693
Evergreen-Farmington S.D.S.	27,681	3,167,894	24,848	25,784,033	-	29,004,456	18,145,156	10,859,300
S.O.C.S.D.S.	625,998	3,364,094	353,329	76,214,844	-	80,558,265	61,897,882	18,660,383
Parks and Recreation	16,521,180	16,323,382	4,908,246	34,890,141	11,453,832	84,096,781	24,225,118	59,871,663
CLEMIS	-	-	9,269,280	-	8,808,175	18,077,455	5,906,974	12,170,481
Radio Communications	-	-	11,277,429	-	6,717,323	17,994,752	7,288,022	10,706,730
Water and Sewer Trust	-	-	-	-	197,775	197,775	-	197,775
Total Enterprise	<u>61,538,549</u>	<u>38,704,099</u>	<u>28,074,986</u>	<u>176,650,523</u>	<u>31,797,020</u>	<u>336,765,177</u>	<u>153,210,558</u>	<u>183,554,619</u>
Internal Service								
Facilities Maintenance and Operations	-	525,283	1,513,818	3,169,683	-	5,208,784	3,933,461	1,275,323
Information Technology	-	-	41,323,008	-	6,154,949	47,477,957	24,877,249	22,600,708
Drain Equipment	130,000	371,407	5,617,463	-	360,333	6,479,203	3,733,251	2,745,952
Micrographics	-	-	401,212	-	-	401,212	219,951	181,261
Motor Pool	-	424,861	7,690,844	-	-	8,115,705	5,482,888	2,632,817
Office Equipment	-	-	3,772,055	-	-	3,772,055	2,608,641	1,163,414
Mailing, Copier, and Printing	-	-	361,330	-	-	361,330	341,170	20,160
Telephone Communications	-	-	3,929,524	-	63,972	3,993,496	1,290,909	2,702,587
Sheriff Aviation	-	-	3,989,410	-	-	3,989,410	166,095	3,823,315
Total Internal Service	<u>130,000</u>	<u>1,321,551</u>	<u>68,598,664</u>	<u>3,169,683</u>	<u>6,579,254</u>	<u>79,799,152</u>	<u>42,653,615</u>	<u>37,145,537</u>

County of Oakland
Notes to Basic Financial Statements

7. Capital assets (continued)

An analysis of property and equipment, and related accumulated depreciation where applicable, at September 30, 2002, for component units follows:

Component Units	Balance October 1, 2001	Additions	Disposals	Balance September 30, 2002
Drainage Districts				
Capital assets, not being depreciated				
Construction in Progress	\$ 52,686,472	\$ 27,470,145	\$ (17,414,385)	\$ 62,742,232
Capital assets, being depreciated				
Infrastructure	298,762,668	17,414,385		316,177,053
Less accumulated depreciation				
Infrastructure	43,600,574	3,147,699		46,748,273
Total capital assets, being depreciated, net	<u>255,162,094</u>	<u>14,266,686</u>	<u>-</u>	<u>269,428,780</u>
Governmental activity capital assets, net	<u>\$ 307,848,566</u>	<u>\$ 41,736,831</u>	<u>\$ (17,414,385)</u>	<u>\$ 332,171,012</u>
Road Commission				
Capital assets, not being depreciated				
Land and other	\$ 91,646,122	\$ 8,373,982	\$ -	\$ 100,020,104
Capital assets, being depreciated				
Buildings and storage bins	11,442,403	437,388	-	11,879,791
Road equipment	37,133,779	7,531,369	(3,826,442)	40,838,706
Other equipment	5,455,690	406,532	(41,104)	5,821,118
Infrastructure	492,543,481	55,829,344	-	548,372,825
Brine wells and gravel pits	1,093,985	296,894	-	1,390,879
Total capital assets, being depreciated	<u>547,669,338</u>	<u>64,501,527</u>	<u>(3,867,546)</u>	<u>608,303,319</u>
Less accumulated depreciation for				
Buildings and storage bins	(6,524,124)	(345,068)	-	(6,869,192)
Road equipment	(28,093,859)	(4,153,935)	3,818,308	(28,429,486)
Other equipment	(3,194,998)	(382,624)	32,735	(3,544,887)
Infrastructure	(176,449,130)	(21,164,059)	-	(197,613,189)
Brine wells and gravel pits	(501,035)	(72,185)	-	(573,220)
Total accumulated depreciation	<u>(214,763,146)</u>	<u>(26,117,871)</u>	<u>3,851,043</u>	<u>(237,029,974)</u>
Total capital assets, being depreciated, net	<u>332,906,192</u>	<u>38,383,656</u>	<u>(16,503)</u>	<u>371,273,345</u>
Governmental activity capital assets, net	<u>\$ 424,552,314</u>	<u>\$ 46,757,638</u>	<u>\$ (16,503)</u>	<u>\$ 471,293,449</u>
Community Mental Health Authority				
Capital assets, being depreciated				
Equipment and vehicles	1,155,491	7,564	-	1,163,055
Less accumulated depreciation for				
Equipment and vehicles	(610,971)	(231,728)	-	(842,699)
Total capital assets, being depreciated, net	<u>544,520</u>	<u>(224,164)</u>	<u>-</u>	<u>320,356</u>
Proprietary activity capital assets, net	<u>\$ 544,520</u>	<u>\$ (224,164)</u>	<u>\$ -</u>	<u>\$ 320,356</u>

County of Oakland

Notes to Basic Financial Statements

8. Long-Term Debt

The County issues bonds authorized by various State acts. Each act provides specific covenants for specific purposes.

Primary Government Bonds with unlimited taxing authority	Interest rate	October 1, 2001	Additions	Reductions	September 30, 2002	General long-term debt	Enterprise fund	General obligation	With governmental commitment
Sewage disposal refunding - Act 202	3.50%-5.75%	\$ 1,850,000	\$ -	\$ (925,000)	\$ 925,000	\$ 925,000	\$ -	\$ -	\$ 925,000
Water and sewer - Act 185	3.50%-7.70%	9,475,000	-	(3,370,000)	6,105,000	6,105,000	-	-	6,105,000
Sewage disposal - Act 342	4.00%-6.50%	11,475,000	-	(6,375,000)	5,100,000	5,100,000	-	-	5,100,000
		<u>22,800,000</u>	<u>-</u>	<u>(10,670,000)</u>	<u>12,130,000</u>	<u>12,130,000</u>	<u>-</u>	<u>-</u>	<u>12,130,000</u>
Bonds with limited taxing authority									
Building authority - Act 31	2.50%-5.60%	7,250,000	46,700,000	(1,250,000)	52,700,000	52,700,000	-	52,700,000	-
Building authority refunding - Act 202	4.37%-4.75%	12,965,000	-	(1,565,000)	11,400,000	11,400,000	-	11,400,000	-
Sewage disposal - Act 342	3.50%-8.50%	13,555,000	-	(1,635,000)	11,920,000	11,920,000	-	-	11,920,000
Water supply bonds - Act 342	4.40%-7.00%	16,270,000	-	(1,400,000)	14,870,000	14,870,000	-	-	14,870,000
Water supply refunding - Act 202	4.40%-4.70%	570,000	-	(205,000)	365,000	365,000	-	-	365,000
Sewage disposal refunding- Act 202	3.00%-5.20%	34,735,000	-	(3,000,000)	31,735,000	31,735,000	-	-	31,735,000
Michigan Bond Authority - Authority Sewage Disposal Bonds	2.25%	8,200,000	-	(400,000)	7,800,000	7,800,000	-	-	7,800,000
		<u>93,545,000</u>	<u>46,700,000</u>	<u>(9,455,000)</u>	<u>130,790,000</u>	<u>130,790,000</u>	<u>-</u>	<u>64,100,000</u>	<u>66,690,000</u>
Total bonds - governmental activities		<u>\$ 116,345,000</u>	<u>\$ 46,700,000</u>	<u>\$ (20,125,000)</u>	<u>\$ 142,920,000</u>	<u>\$ 142,920,000</u>	<u>\$ -</u>	<u>\$ 64,100,000</u>	<u>\$ 78,820,000</u>
Tax notes - unlimited taxing authority - business type activities	Variable	<u>\$ 12,000,000</u>	<u>\$ 25,000,000</u>	<u>\$ (12,000,000)</u>	<u>\$ 25,000,000</u>	<u>\$ -</u>	<u>\$ 25,000,000</u>	<u>\$ 25,000,000</u>	<u>\$ -</u>
Component units									
Drainage Districts	Interest rate	October 1, 2001	Additions	Reductions	September 30, 2002	Component unit long- term debt	Enterprise fund	General obligation	With governmental commitment
Drain bonds - Act 40 unlimited taxing authority	3.5%-6.75%	\$ 925,000	\$ -	\$ (925,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Drain bonds - Act 40 limited taxing authority	3.60%-8.00%	42,895,000	9,870,000	(2,750,000)	50,015,000	50,015,000	-	3,577,528	46,437,472
Drain refunding - Act 202	3.75%-6.70%	37,540,000	-	(2,405,000)	35,135,000	35,135,000	-	2,281,163	32,853,837
Michigan Bond Authority Drain bonds	2.00%-2.50%	22,371,943	28,184,736	(415,000)	50,141,679	50,141,679	-	1,046,116	49,095,563
Total Drainage District		<u>\$ 103,731,943</u>	<u>\$ 38,054,736</u>	<u>\$ (6,495,000)</u>	<u>\$ 135,291,679</u>	<u>\$ 135,291,679</u>	<u>\$ -</u>	<u>\$ 6,904,807</u>	<u>\$ 128,386,872</u>

*Delinquent tax notes interest is a variable floating rate set once a week and paid down monthly.

(continued)

County of Oakland
Notes to Basic Financial Statements

8. Long-Term Debt (continued)

Road Commission	Interest rate	October 1, 2001	Additions	Reductions	September 30, 2002	Component unit long-term debt	Enterprise fund	General obligation	With governmental commitment
Compensated absences	--	\$ 2,243,600	\$ -	\$ (95,800)	\$ 2,147,800	\$ 2,147,800	\$ -	\$ -	\$ 2,147,800
Self-insured losses	--	2,429,000	-	(82,000)	2,347,000	2,347,000	-	-	2,347,000
Michigan Transportation			-	-					
Fund revenue notes	3.50%-4.75%	<u>17,800,000</u>	<u>-</u>	<u>(1,975,000)</u>	<u>15,825,000</u>	<u>15,825,000</u>	<u>-</u>	<u>-</u>	<u>15,825,000</u>
Total road commission		<u>22,472,600</u>	<u>-</u>	<u>(2,152,800)</u>	<u>20,319,800</u>	<u>20,319,800</u>	<u>-</u>	<u>-</u>	<u>20,319,800</u>
Total reporting entity		<u>\$ 254,549,543</u>	<u>\$ 109,754,736</u>	<u>\$ (40,772,800)</u>	<u>\$ 323,531,479</u>	<u>\$ 298,531,479</u>	<u>\$ 25,000,000</u>	<u>\$ 96,004,807</u>	<u>\$ 227,526,672</u>

The annual requirements to pay principal and interest on debt outstanding at September 30, 2002 (excluding the liabilities for compensated absences and uninsured losses for the Road Commission component unit) were:

	Bonds with unlimited taxing authority	Bonds with limited taxing authority	Notes with limited taxing authority	Total primary government	Road Commission	Drainage Districts	Total reporting entity
2003	\$ 8,925,033	\$ 17,621,188	\$ 25,045,000	\$ 51,591,221	\$ 2,611,212	\$ 13,307,048	\$ 67,509,481
2004	2,497,537	15,630,395	-	18,127,932	2,535,750	13,348,250	34,011,932
2005	1,560,750	14,972,031	-	16,532,781	2,459,312	16,339,150	35,331,243
2006	-	15,489,974	-	15,489,974	2,381,900	15,785,310	33,657,184
2007	-	15,999,101	-	15,999,101	2,303,512	15,858,641	34,161,254
2008-2012	-	51,766,680	-	51,766,680	6,480,463	69,122,420	127,369,563
2013-2017	-	26,321,733	-	26,321,733	-	30,874,556	57,196,289
2018-2022	-	18,671,831	-	18,671,831	-	11,675,521	30,347,352
2023-2027	-	-	-	-	-	5,673,350	5,673,350
	<u>12,983,320</u>	<u>176,472,933</u>	<u>25,045,000</u>	<u>214,501,253</u>	<u>18,772,149</u>	<u>191,984,246</u>	<u>425,257,648</u>
Less - interest	<u>(853,320)</u>	<u>(45,682,933)</u>	<u>(45,000)</u>	<u>(46,581,253)</u>	<u>(2,947,149)</u>	<u>(56,692,567)</u>	<u>(106,220,969)</u>
Total	<u>\$ 12,130,000</u>	<u>\$ 130,790,000</u>	<u>\$ 25,000,000</u>	<u>\$ 167,920,000</u>	<u>\$ 15,825,000</u>	<u>\$ 135,291,679</u>	<u>\$ 319,036,679</u>

County of Oakland

Notes to Basic Financial Statements

8. Long-Term Debt (continued)

The County has pledged its full faith and credit on debt totaling \$319,036,679. The General Fund is obligated if payments received on assessments levied against benefiting municipalities are insufficient to meet principal and interest requirements of this debt when due.

By statute, general obligation debt is limited to 10 percent of the state equalized value. As of September 30, 2002, the debt limit was \$6,282,953,042, general obligation debt was \$96,004,807.

The aforementioned bonds are to be repaid as summarized in the following paragraphs.

Building Authority - Act 31

Act 31 provides for an authority to issue bonds to build and equip various public buildings, which are then leased to the County. Proceeds from these leases are used to repay the bonds. The collection of lease payments and retirement of debt is reflected in the respective Debt Service fund. At September 30, 2002, there were 5 issues outstanding, totaling \$52,700,000, maturing in the years 2003-2022, which represents debt originally issued in the years 1990-2002 totaling \$62,050,000.

Sewage Disposal, Water and Sewer, and Water Supply Bonds - Acts 185 and 342

Acts 185 and 342 provide for a contract between the County and local municipalities which defines a schedule of annual payments to be made by the municipality to meet principal and interest obligations. Such contractual payments may be funded by revenues produced by utility or tax revenues. The County is obligated upon the default of the local municipality, and therefore, such obligation is shown as "with governmental commitment." Assessments are shown in their entirety with the corresponding deferred revenue in the Debt Service funds for each act. At September 30, 2002, there were 36 issues outstanding, totaling \$37,995,000, maturing in the years 2003-2018. This represents debt originally issued in the amount of \$174,200,000 issued in the years 1968-1999.

Refunding Bonds - Act 202

Act 202 provides for the refunding of bonds based on covenants contained in the act. The bonds will be repaid from assessments levied against the benefiting municipalities for water and sewer debt, or leases for Building Authority debt. At September 30, 2002, there were 12 issues outstanding, totaling \$44,425,000, maturing in the years 2003-2014. This represents debt originally issued in the years 1977-2001 totaling \$86,195,000.

Michigan Bond Authority Sewage Disposal Bonds

In October 1996, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$9,350,000 for the White Lake Township Sewage Disposal System project. The amount of \$9,350,000 was received from the State Revolving Loan fund as of the end of fiscal year 1999. The amount outstanding for this issue at September 30, 2002 was \$7,800,000, which matures in the years 2003-2018.

Tax Notes - Section 87B of Act 206

By agreement with various taxing authorities, the County purchases (at face value) real property taxes which are returned delinquent each March 1. The assets of the Delinquent Tax Revolving fund (an Enterprise fund) including receivables, in the amount of \$233,114,260 at September 30, 2002, are pledged as collateral for payment of the tax notes. The proceeds of these notes were used to liquidate the amounts due the County's General Fund and other governmental agencies for purchase of their delinquent real property tax receivables and to provide an amount for note repayment. The amount outstanding at September 30, 2002 was \$25,000,000. Subsequent collections on delinquent taxes receivable, plus interest penalties and collection fees thereon, and investment earnings are used to service the debt.

County of Oakland

Notes to Basic Financial Statements

8. Long-Term Debt (continued)

Drain Bonds - Act 40 (Component Unit)

Act 40 provides for the creation of a Drain Board, which has the power to assess State, County, and local levels of government for principal and interest payments. Such assessments are to be funded from General Fund revenues of the respective municipality. The County portion of the assessment is identified as a general obligation. Further, the County is obligated if assessments levied against benefiting municipalities are insufficient to meet principal and interest requirements when due. Such obligations are shown as "with governmental commitment." At September 30, 2002, there were 26 issues outstanding, totaling \$50,015,000, maturing in the years 2003-2024. This represents original debt issued for \$85,130,000 in the years 1991-2002.

Drain Refunding Bonds - Act 202 (Component Unit)

Act 202 provides for the refunding of bonds based on covenants contained in the act. The County initiates the refunding of various drain bonds issued under Act 40 on behalf of the drainage districts component unit. Bonds will be repaid from assessments levied against the benefiting municipalities. At September 30, 2002, there were 10 issues outstanding, totaling \$35,135,000, maturing in the years 2003-2016. This represents debt originally issued in the years 1991-2001 in the amount of \$48,975,000.

Michigan Bond Authority Drain Bonds (Component Unit)

As of 1999, the County had received \$9,339,609 from the authorized issuance of bonds to the Michigan Municipal Bond Authority Revolving Loan fund for the Combined Sewer Overflow Project. In October 2000, the County additionally authorized the issuance of bonds for up to \$17,880,000 for the George W. Kuhn Drainage District. Through September 30, 2002, the drainage district received \$17,340,968 from the State Revolving Loan Fund. Further, the County authorized an additional \$82,200,000 for Segment II of the George W. Kuhn Drainage District. Through September 30, 2002, the drainage district received \$26,200,711 from the State Revolving Loan Fund for Segment II. At September 30, 2002, there were 6 issues outstanding, totaling \$50,141,679, maturing in the years 2003-2022. Subsequent to September 30, 2002, the George W. Kuhn Drainage District received \$4,003,451 in additional proceeds from the State Revolving Loan Fund.

Advance Refunding of General Obligation Limited Tax Bonds

In September 1999, the County advance-refunded a portion of a general obligation limited tax bond issue with general obligation limited tax refunding drain bond issues, pursuant to authorization contained in Act 202, Public Acts of Michigan of 1943. The County issued \$3,535,000 of refunding bonds to provide resources placed in trust for the purpose of generating resources for the payment of future debt service payments of the refunded debt. Accordingly, the trust account assets and liability for the refunded bonds are not included in the County's financial statements. At September 30, 2002, there was an in-substance defeasance of \$3,225,000 for the Birmingham CSO Drainage District Series 1994B drain bonds maturing in the years 2004 through 2016, inclusively.

County of Oakland

Notes to Basic Financial Statements

8. Long-Term Debt (continued)

Advance Refunding of General Obligation Limited Tax Bonds (continued)

In September 1999, the County advance-refunded a portion of two general obligation limited tax bond issues with general obligation limited tax refunding sewage disposal bond issues. The County issued \$9,770,000 of refunding bonds to provide resources placed in trust for the purpose of generating resources for the payment of future debt service payments of the refunded debt. Accordingly, the trust account assets and liability for the refunded bonds are not included in the County's financial statements. At September 30, 2002, there was an in-substance defeasance of \$3,510,000 for the City of Orchard Lake Village System, Series 1994 sewage disposal bonds, maturing in the years 2004 through 2014, inclusively; and \$3,945,000 for the City of Orchard Lake Village System, Series 1994-B sewage disposal bonds, maturing in the years 2004 through 2014 inclusively.

In August 2001, the County advance-refunded a portion of three general obligation limited tax bond issues with general obligation limited tax refunding drain bond issues on behalf of the Drainage Districts component unit, pursuant to authorization contained in Act 202, Public Acts of Michigan of 1943. The County issued \$8,775,000, \$2,375,000, and \$7,830,000 respectively of refunding bonds to provide resources placed in trust for the purpose of generating resources for the payment of future debt service payments of the refunded debt. Accordingly, the trust account assets and liability for the refunded bonds are not included in the Drainage Districts' component unit nor the County's financial statements. At September 30, 2002, there was an in-substance defeasance of \$8,175,000 for the Birmingham CSO Drainage District Series 1995C drain bonds maturing in the years 2004 through 2016 inclusively; \$2,150,000 for the Bloomfield Village CSO Drainage District Series 1994B drain bonds maturing in the years 2004 through 2016 inclusively, and \$7,300,000 for the Bloomfield Village CSO Drainage District Series 1994D drain bonds maturing in the years 2004 through 2016 inclusively.

County of Oakland
Notes to Basic Financial Statements

9. Interfund Balances

Interfund receivables and payables at September 30, 2002 were:

Fund	Interfund receivables	Fund	Interfund payables
General	\$ 22,688,865	General	\$ 18,678,038
Special revenue		Special revenue	
County Health	\$ 17,607	County Health	\$ 1,462,713
Juvenile Maintenance	1,093,997	Juvenile Maintenance	1,975,911
Social Welfare Foster Care	107	Social Welfare Foster Care	3,554
Friend of the Court	563,565	Friend of the Court	2,297,608
Restricted Funds	6,976	Social Welfare	24,103
Environmental Infrastructure	9,794,756	Water and Sewer Act 342	6,821,961
Water and Sewer Act 342	6,728,272	Drains - Act 40 Maintenance	
Drains-Act 40 Maintenance	51,665	Chapter 4 and 18	177,413
Chapter 4 and 18	27,867	Lake Levels Act 146	100,325
Multi-Organizational Grants	6,362	Lake Improvements Act 345	548,158
Judicial Grants	35,957	Pollution Control Grants	28,240
Law Enforcement Grants	14,634	Multi-Organizational Grants	350,005
Housing and Community Development	90	Workforce Development Grants	62,751
Human Service Grants	14,243	Judicial Grants	263,421
Other Grants	50,765	Law Enforcement Grants	1,799,907
		Human Service Grants	42,272
		Other Grants	2,203,183
		Human Service Coordinating	
		Council	5,682
		COPS More Grant	4,993
Total special revenue	18,406,863	Total special revenue	18,172,200
Capital projects		Capital projects	
Building Improvement	5,035,000	Project Work Order	36,450
Project Work Order	291	52/3 District Ct/Sheriff Substation	17,604
Drain Commissioner Revolving	896,498	Lake Levels Act 146	87,782
Long-term Revolving	63,386	lake Improvements Act 345	9,141
Total capital projects	5,995,175	Total capital projects	150,977
Internal Service		Internal Service	
Fringe Benefits	794,048	Fringe Benefits	1,581
Information Technology	1,897,345	Information Technology	166,078
Drain Equipment	5,061	Drain Equipment	14,757
Facilities Maintenance and		Facilities Maintenance and	
Operations	117,342	Operations	21,813
Motor Pool	6,500	Motor Pool	45,942
Telephone Communications	100	Sheriff Aviation	127,500
Mailing, Copier and Printing	12		
Sheriff Aviation	33,297		
Building and Liability Insurance	45,422		
Total internal service	2,899,127	Total internal service	377,671

County of Oakland
Notes to Basic Financial Statements

9. Interfund Balances (continued)

Fund	Interfund receivables	Fund	Interfund payables
Enterprise		Enterprise	
Fire Records Management	\$ 99,627	Medical Care Facility	\$ 6,155
Clinton-Oakland S.D.S.	75,527	Fire Records Management	140,199
Evergreen-Farmington S.D.S.	3,648,591	Airport Facilities	4,900
S.O.C.S.D.S.	46,562	Clinton-Oakland S.D.S.	267,204
Parks and Recreation	349	Huron-Rouge S.D.S.	19,240
CLEMIS	73,227	Evergreen-Farmington S.D.S.	186,171
Water and Sewer Trust	652,046	S.O.C.S.D.S.	171,660
		County Market	10,632
		Parks and Recreation	13,740
		Delinquent Tax Revolving	11,473,756
		CLEMIS	105,930
		Radio Communications	349
		Water and Sewer Trust	4,067,301
		Jail Inmate Commissary	55,000
Total enterprise	4,595,929	Total enterprise	16,522,237
Fiduciary		Fiduciary	
Employees Retirement	440	VEBA Trust	685,276
Total fiduciary	440	Total fiduciary	685,276
Total due from other funds	\$ 54,586,399	Total due to other funds	\$ 54,586,399

County of Oakland
Notes to Basic Financial Statements

9. Interfund Balances (continued)

Receivables and payables between funds of the Primary Government and the Component Units at September 30, 2002 were:

Fund	Due From Component Unit	Fund	Due to Component Unit
Primary Government		Primary Government	
General	<u>\$ 127,952</u>	General	<u>\$ 26,540</u>
Capital Projects		Capital Projects	
Drain Commissioner Revolving	<u>274,203</u>	Drain Commissioner Revolving	<u>42</u>
Internal Service			
Drain Equipment	16,195		
Facilities Maintenance and Operations	390		
Information Technology	10,794		
Mailing, Copier and Printing	5,976		
Fringe Benefit	<u>92</u>		
Total Internal Service	<u>33,447</u>		
Enterprise			
Evergreen-Farmington S.D.S.	354,169		
Water and Sewer Trust	<u>413</u>		
Total enterprise	<u>354,582</u>		
Total Primary Government	<u>790,184</u>	Total Primary Government	<u>26,582</u>
Due from Primary Government		Due to Primary Government	
Drainage Districts	<u>26,582</u>	Drainage Districts	755,645
		Road Commission	11,848
		Community Mental Health Authority	<u>22,691</u>
		Total Component Unit	<u>790,184</u>
Total	<u>\$ 816,766</u>	Total	<u>\$ 816,766</u>

County of Oakland
Notes to Basic Financial Statements

9. Interfund Balances (continued)

Advances to/from other funds (including current and long-term portions) at September 30, 2002 were:

Fund	Advances receivable	Fund	Advances payable
General	\$ 24,293	General	\$ 2,000,000
Special Revenue		Special Revenue	
		Lake Levels Act 146	31,530
Capital Projects		Capital Projects	
Long-term Revolving	47,360	Lake Levels Act 146	40,123
Building Improvement	800,000	Office Building Renovation	800,000
Total capital projects	847,360	Total capital projects	840,123
Internal Service		Internal Service	
		Sheriff Aviation	3,462,500
Enterprise			
Delinquent Tax Revolving	5,462,500		
Total advances receivable	\$ 6,334,153	Total advances payable	\$ 6,334,153

County of Oakland
Notes to Basic Financial Statements

9. Interfund Balances (continued)

Interfund transfers between the funds within the Primary Government recorded in the accompanying financial statements as operating transfers in/out for the year ended September 30, 2002 were:

Fund	Transfers In	Fund	Transfers Out
General	<u>\$ 13,026,217</u>	General	<u>\$ 73,044,423</u>
Special Revenue		Special Revenue	
County Health	23,809,600	County Health	99,995
Juvenile Maintenance	16,682,421	Parks and Recreation	5,985,341
Social Welfare Foster Care	107	Restricted Funds	1,027,485
Friend of the Court	551,614		
Environmental Infrastructure	5,000,000		
Drains - Act 40 Maintenance			
Chapter 4 and 18	51,665		
Water and Sewer Act 342	<u>3,665,768</u>		
Total special revenue	<u>49,761,175</u>	Total special revenue	<u>7,112,821</u>
Debt Service		Debt Service	
Building Authority Lyon Oaks Park	562,775		
Building Authority Work Rel/ Jail Mgmt/Video	731,038		
Building Authority 52/3 Dist Ct/ Sheriff Substation	190,763		
Building Authority Refunding Series 1992	1,569,275		
Building Authority Computer Center	109,938		
Building Authority West Wing Extension	898,600		
Building Authority Refunding Series 1998	<u>545,638</u>		
Total debt service	<u>4,608,027</u>	Total debt service	<u>-</u>
Capital Projects		Capital Projects	
Building Improvement	10,124,325	Building Improvement	6,445,300
Long-term Revolving	1,000,000	Projects Work Orders	5,089,325
Project Work Orders	7,627,487	Parks and Recreation Capital	
Lyon Oaks Park	949,508	Improvements	12,465,815
		Water and Sewer Act 342	<u>3,665,768</u>
Total capital projects	<u>19,701,320</u>	Total capital projects	<u>27,666,208</u>

County of Oakland
Notes to Basic Financial Statements

9. Interfund Balances (continued)

Fund	Transfers In	Fund	Transfers Out
Internal Service			
Information Technology	\$ 14,026,798	Information Technology	\$ 243,890
Drain Equipment	550,000	Drain Equipment	459,768
Facilities Maintenance and Operations	54,000		
Motor Pool	466,730		
Telephone Communications	36,667		
	<hr/>		<hr/>
Total internal service	15,134,195	Total internal service	703,658
Enterprise			
Fire Records Management	349,627	Jail Inmate Commissary	55,000
Airport Facilities	284,805	Delinquent Tax Revolving	13,173,258
Radio Communications	58,600	Water and Sewer Trust	170,130
CLEMIS	1,593,564	Parks and Recreations	5,101,652
Parks & Recreation	71,779,401		
County Market	11,017		
	<hr/>		<hr/>
Total enterprise	74,077,014	Total enterprise	18,500,040
Total transfers in	\$ 176,307,948	Total transfers out	\$ 127,027,150

Transfers in exceed transfers out by \$49,280,798 as a result of the transfer of capital assets net of accumulated depreciation from governmental funds to Parks and Recreation, enterprise fund type.

Interfund transfers between the funds of the Primary Government and the Component Unit recorded in the accompanying financial statements as operating transfers out to component unit and operating transfers in from primary government for the year ended September 30, 2002 were:

Fund	Transfers In	Fund	Transfers Out
Primary government			
	\$ <u> -</u>	Primary government General	\$ <u>11,870,616</u>
Component units			
Road Commission	\$ 2,250,000	Component units	\$ -
Community Mental Health Authority	<u>9,620,616</u>		<hr/>
Total component units	\$ <u>11,870,616</u>	Total component units	\$ <u> -</u>

County of Oakland

Notes to Basic Financial Statements

10. Fund Equities

At September 30, 2002, a deficit existed in the following funds:

Capital Projects Fund	
Lake Levels Act 146	\$ 69,065
Internal Service Fund	
Telephone Communications	342,673

The deficit in the Lake Levels Act 146 fund is the result of two issues. The first is the result of advance funding required to complete the construction and maintenance of lake level control structures (dams, etc.). A special assessment roll has been authorized for this purpose, and the deficit will be satisfied with that revenue, \$42,310 in this instance, over future accounting periods. The second issue consists of preliminary costs for the Waumegah Lake Augmentation Well Project. In anticipation of this project, a separate capital project fund was established. However, it has been determined that the project will not be a County project. The costs incurred will be recovered as part of the annual assessment roll established for maintenance of the Waumegah Lake Level.

The Telephone Communications Fund deficit is the result of the fiscal year 2002 budget and rate development predicated upon full installation of a county owned PBX system and new direct billing system. It was anticipated that the installation of both products would result in lower telephone communication costs, therefore rates charged to user departments were reduced. However, the installation of both systems was delayed; the anticipated cost savings did not materialize. The deficit will be eliminated primarily through changing the basis of telephone charges to user departments and realization of reduced telephone communication costs from full implementation of the systems discussed above.

County of Oakland
Notes to Basic Financial Statements

10. Fund Equities (continued)

Reserved, designated, and undesignated fund balances and net assets at September 30, 2002, and at December 31, 2001 for the Road Commission and Drainage Districts component units, were as follows:

	Reserved	Unreserved	
		Designated	Undesignated
Primary Government			
General Fund			
Encumbrances	\$ 1,782,146	\$ -	\$ -
Prepays	2,443,082	-	-
Long-term advances	24,293	-	-
Future operating requirements	-	76,060,613	-
Capital outlay	-	7,213,403	-
Other programs	-	7,044,283	-
Uncommitted	-	-	82,370
	<u>\$ 4,249,521</u>	<u>\$ 90,318,299</u>	<u>\$ 82,370</u>
Special Revenue Funds			
Encumbrances	\$ 498,846	\$ -	\$ -
Construction and maintenance	-	5,968,118	-
Specific programs	-	19,813,424	-
	<u>\$ 498,846</u>	<u>\$ 25,781,542</u>	<u>\$ -</u>
Debt Service Funds			
Debt service - general obligations	\$ 4,750,032	\$ -	\$ -
Capital Projects Funds			
Long-term advances	\$ 847,360	\$ -	\$ -
Work projects	42,843,097	15,357,454	-
Uncommitted	-	-	7,500,718
	<u>\$ 43,690,457</u>	<u>\$ 15,357,454</u>	<u>\$ 7,500,718</u>

County of Oakland
Notes to Basic Financial Statements

10. Fund Equities (continued)

Component Units	Reserved	Unreserved	
		Designated	Undesignated
Road Commission			
Governmental Fund			
Inventories and supplies	\$ 3,607,614	\$ -	\$ -
Construction and maintenance	28,740,900	5,725,460	-
Subsequent year's budget	-	2,233,500	-
Long-term portion of provision for uninsured losses	-	2,347,000	-
Compensated absences	-	2,147,800	-
Uncommitted	-	-	1,749,854
	<u>\$ 32,348,514</u>	<u>\$ 12,453,760</u>	<u>\$ 1,749,854</u>
Drainage Districts			
Governmental Fund			
Construction and maintenance	\$ 31,568,599	\$ -	\$ -
Debt Service	1,489,694	-	-
	<u>\$ 33,058,293</u>	<u>\$ -</u>	<u>\$ -</u>

11. Employee Benefits

Primary Government

The County provides various benefits to its employees. Expenditures in 2002 for these benefits approximated the following: medical insurance, \$25,605,000; dental insurance, \$2,836,000; optical insurance, \$317,000; annual and sick leave, \$1,321,000; disability, \$2,240,000; tuition reimbursement, \$315,000; Social Security, \$14,775,000; workers' compensation, \$523,000; and unemployment claims, \$247,000.

Road Commission

The Road Commission provides medical, dental, and optical insurance to its employees. Expenditures in 2002 for these benefits approximated \$7,254,200. Workers' compensation expense in 2002 approximated \$848,000.

12. Defined Benefit Pension Plans

Plan description

The County has two single-employer defined benefit pension plans, substantially covering all full-time employees. One covers most County employees, exclusive of the Road Commission (referred to as the County's Public Employees' Retirement System (PERS)); the other covers employees of the Road Commission.

Both plans provide retirement, disability, and death benefits to plan members and their beneficiaries.

The County does not issue a stand-alone report for its County PERS.

County of Oakland

Notes to Basic Financial Statements

12. Defined Benefit Pension Plans (continued)

Basis of accounting

Both the County and Road Commission Plans' financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable, in accordance with the terms of the Plan.

Method used to value investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at an estimated fair value, or amortized cost.

Funding policy/contributions

The County policy is to fund normal costs of the Plan by contributions which are based on actuarially determined rates, expressed as percentages of annual covered payroll, and which are sufficient to accumulate assets to pay benefits when due. The current year and prior-period rates for the County plan were 0.0 percent and 0.0 percent, respectively, of annual covered payroll, which was determined through actuarial valuation performed at September 30, 2001 and September 30, 2000, respectively. There were no contributions from County funds for the years 2000 through 2002.

Sheriff's deputies contribute at a rate of 3 percent of their annual pay for the first 14 years of service and 5 percent thereafter. Command officers contribute 5 percent. General County Option A members who have elected improved benefits contribute 1 percent of their pay after 14 years of service. Contributions received from these employees for the year ended September 30, 2002 and September 30, 2001 amounted to \$987,731 and \$954,999, respectively.

The contribution requirements of plan members and the County are established and may be amended by the Board of Commissioners in accordance with County policies, union contracts, and plan provisions.

The Road Commission policy is to provide for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due.

The contribution rate for the Road Commission plan is 6.6% of annual covered payroll, which was determined through actuarial valuation performed at December 31, 2000. Contributions from Road Commission funds for the year ended December 31, 2001 amounted to \$2,235,000. The contribution requirements of the Road Commission are established and may be amended by the Board of Road Commissioners in accordance with Road Commission policies, union contracts, and plan provisions.

Benefits

Members of both plans may retire at age 55 (except Sheriff's deputies, who may retire with 25 years of service regardless of age) with 25 years of service or at age 60 with 8 years of service. Members vest after 8 years of service.

County of Oakland

Notes to Basic Financial Statements

12. Defined Benefit Pension Plans (continued)

Eligible employees under the County plan are provided benefits based on 2%, 2.2% for years in excess of 14 years (Sheriff's deputies, 2.2% for the first 14 years of service, and 2.5% for thereafter, command officers 2.5%) of the final average compensation times the number of years of credited service. Eligible employees under the Road Commission are provided benefits based on 2.25% of final average earnings. Maximum County and Road Commission retirement is 75% of final average compensation, defined as the average of the highest five consecutive years during the last ten years.

Duty disability benefits provided by the County are computed as a regular retirement, with additional service credited until attainment of age 60, less an amount offset by workers' compensation payments, with a maximum payment of 75% of final average compensation. Non-duty disability benefits after ten years of service are computed as a regular retirement. The Road Commission provides similar benefits, except that for a duty disability benefit with additional years' services is added for those years from the date of the employee's retirement to the date the member could have satisfied an age and service requirement for retirement. Death benefits are provided to beneficiaries after ten years of service, based on years of service.

Classes of employees

The County PERS covers the majority of full-time employees of the County, excepting the Road Commission, whose employees are covered by the Road Commission PERS.

The Plans' membership consists of the following at September 30, 2001 for the County PERS and December 31, 2001 for the Road Commission PERS, the dates of the latest actuarial valuations:

	County	Road Commission	Total
Retirees and beneficiaries receiving benefits	1,454	345	1,799
Terminated plan members entitled to, but not yet receiving benefits	275	45	320
Active plan members	1,315	546	1,861
Total	3,044	936	3,980

The County established a defined contribution plan for County employees, and all new employees and eligible part-time employees hired on or after July 1, 1994 are covered by the defined contribution plan, as the County's PERS is no longer available to new employees.

County of Oakland
Notes to Basic Financial Statements

12. Defined Benefit Pension Plans (continued)

Annual pension cost

In 1998, the County contributed \$6,421,492, which exceeded the required contribution of \$4,414,888 (due to an adjustment in 1997 when the fiscal year change caused a nine-month "stub" year). As a result, the County had a negative net pension obligation (asset) of \$2,006,604. The required County contribution for the year ended September 30, 2000 based on the September 30, 1998 actuarial evaluation was 0% of covered payroll, expressed in dollars as \$365,699 which was not paid due to the prior period overpayment. The recommended rate of contribution for the year ended September 30, 2002 based on the actuarial evaluation of September 30, 2000 is again 0% of covered payroll, expressed in dollars as \$0. The contribution amount was determined using the aggregate actuarial cost method, whereby the excess of the actuarial present value of projected benefits of the plan members as a group over the actuarial value of assets is allocated on a level basis over the earnings of the members between the valuation date and assumed retirement. The aggregate actuarial cost method does not produce an accrued liability or separately amortize an unfunded actuarial liability. The pension liability (asset) for the Plan at adoption was \$0 and was determined in accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, which was adopted on January 1, 1997. The current negative net pension obligation (NPO) (asset) is calculated as follows:

	<u>2002</u>	<u>2001</u>	<u>2000</u>
Overpayment at beginning of year	\$ (694,906)	\$ (646,424)	\$ (941,510)
Interest on NPO	<u>(52,118)</u>	<u>(48,482)</u>	<u>(70,613)</u>
Total NPO	(747,024)	(694,906)	(1,012,123)
Annual pension cost	<u>-</u>	<u>-</u>	<u>365,699</u>
NPO at end of year	<u>\$ (747,024)</u>	<u>\$ (694,906)</u>	<u>\$ (646,424)</u>

The Road Commission's annual pension costs for the year ended December 31, 2001 of \$2,235,000 for the plan was equal to the required and actual contribution. The required Road Commission contribution was determined as part of the December 31, 1999 and 2000 actuarial evaluations, using the "entry-age" actuarial cost method. Plan investments are valued at fair market value, based on quoted market prices.

Trend information

The three-year trend information for the Road Commission PERS is as follows:

	<u>Fiscal year ended December 31,</u>		
	<u>2001</u>	<u>2000</u>	<u>1999</u>
Annual pension cost (APC)	\$ 2,235,000	\$ 2,494,250	\$ 2,861,250
Percentage of APC contributed	100%	100%	100%
Net pension obligation	\$ -	\$ -	\$ -

Required supplementary information, which includes: a Schedule of Employer Contributions, and significant actuarial assumptions, for both the County and the Road Commission, and a Schedule of Funding Progress for the Road Commission, is presented immediately following the notes.

County of Oakland
Notes to Basic Financial Statements

12. Defined Benefit Pension Plans (continued)

Fund balance reserved for employees' pension benefits

Fund balances reserved for employees' pension benefits includes legally required reserves. Fund balance as of September 30, 2002 consists of the following reserves:

	County	Road Commission	Total
Annuity reserve	\$ 4,665,172	\$ 442,230	\$ 5,107,402
Pension reserve	219,981,438	49,321,391	269,302,829
Pension accumulated reserve	<u>381,356,329</u>	<u>99,128,681</u>	<u>480,485,010</u>
Total fund balance	<u>\$ 606,002,939</u>	<u>\$ 148,892,302</u>	<u>\$ 754,895,241</u>

Annuity reserve represents the cumulative contribution for retirees, disabled members, or surviving spouses who have elected monthly annuity benefits. Pension reserve represents the funded pension benefits available for retired lives and is funded by actuarially determined transfers from the pension accumulated reserve. Pension accumulated reserve represents the accumulated reserve for pension payable by the County and Road Commission.

13. Defined Contribution Plans

The County maintains a defined contribution plan, Oakland Performance Retirement System (OPRS), which qualifies under Internal Revenue Code section 401(a). Employees in the County PERS were afforded the opportunity to transfer to the OPRS through December 31, 1995, retroactive to January 1, 1995. Employees who elected to transfer to the OPRS had their individually actuarially determined earned retirement benefits in the County PERS, determined as of January 1, 1995, plus accrued interest at the rate of 7.5% from January 1, 1995 until the date of election to transfer, transferred into the OPRS. The total amount transferred from the County PERS to the OPRS through December 31, 1996 was \$57,152,091. The County reopened the opportunity for transfer from the County PERS to the OPRS in 1997 and again in 1998. In 1997, 158 employees elected to transfer, and an additional 42 employees in 1998. This resulted in an additional transfer of \$31,881,325; a total of \$89,033,416 was transferred from the County PERS to the OPRS through September 30, 1998. In 1999, establishment of the Community Mental Health Authority component unit resulted in the transfer out of 247 employees from the County OPRS. In 2000, the option was open once again, and 100 employees elected to transfer to the OPRS, which resulted in an additional transfer of \$18,361,717. Total membership in the OPRS as of September 30, 2002 was 2,514, which includes 875 employees who elected to transfer from the PERS in 1995 through 2000 and 1,639 current employees hired since July 1, 1994.

The OPRS maintains a schedule of vesting, with the participants becoming fully vested upon completion of seven years of continuous service. Employees transferring from the County PERS were allowed a permanent selection of employee contributions of 0% or 3% of their salary, with the employer matching the contribution respectively with 6% or 9% for general employees, or 7% or 10% for employees in certain bargaining units. For employees hired on or after July 1, 1994, the employer contributes 5% of the employee's salary. Effective December 1999, employees were offered an opportunity to increase contribution with county match of 2% for new hire and 1% for all others. In December 2000, the employee and county match were increased 1%. All employees are able to contribute up to 10% of their salary on a voluntary after-tax basis. All contributions are remitted to a third-party plan administrator.

County of Oakland

Notes to Basic Financial Statements

13. Defined Contribution Plans (continued)

The County's payroll for employees covered by the OPRS for the year ended September 30, 2002 was \$114,398,954, and the County's total payroll was \$188,740,852. The required contributions, which matched those actually made, were \$4,838,039 by employees and \$10,813,507 by the County, representing 4.2% and 9.4% of covered payroll, respectively.

The contribution requirements of plan members and the County are established and may be amended by the Board of Commissioners in accordance with County policies, union contracts, and plan provisions.

The Community Mental Health Authority component unit participates in a qualified defined contribution pension plan under IRS code section 401(a) managed by a third-party administrator. This pension plan was established by the Authority to provide benefits at retirement to the Authority's employees. Plan members are not required to contribute to the plan but have the option of contributing up to 5% of covered salary depending on the date of hire, transfer from Oakland County and union contracts. The Authority is required to contribute from 5% to 6% of covered payroll. Contributions made by the Authority progressively vest over seven years. Plan provisions and contribution requirements are established and may be amended by the Authority. Employer and employee contributions were made in the amount of \$241,062 and \$71,348 respectively for the fiscal year ending September 30, 2002.

The Authority has also elected to participate in a qualified defined contribution pension plan under IRS code section 401(a) in lieu of social security contributions for full time and eligible part time employees. The plan requires contributions from qualified employees at a rate of 6.2% and a matching contribution from the Authority at a rate of 6.2%. Both employee and employer contributions are 100% vested at the time of contribution. Employer and employee contributions were made in the amount of \$248,667 and \$239,583 respectively in the fiscal year ending September 30, 2002.

14. Post-Employment Benefits

The Oakland VEBA Trust (the Trust), formerly titled Oakland County Retirees' Health Care Trust, provides medical care benefit insurance coverage to retired employees or survivors of deceased employees who were hired on or before September 20, 1985, or hired on or after September 21, 1985, and had 15 years of service (for family coverage) or 8 to 14 years of service (for retired members only).

For employees whose employment ends prior to retirement, the Trust provides benefits to those with 15 to 19 years of service (for members only) or 20 years of service (for family coverage).

In 2002 the County provided 1,536 retirees, medical insurance and reimbursed them for Medicare premiums under the Trust. In 2002, the County disbursed \$12,179,407 for this purpose.

Post-employment benefits are established and may be amended by the Board of Commissioners in accordance with County policies, union contracts, and plan provisions.

County of Oakland
Notes to Basic Financial Statements

14. Post-Employment Benefits (continued)

Contributions are determined by independent consulting actuaries using the "individual entry age" actuarial cost method. Actuarial valuations for the County are as of September 30, 2001. The County's Trust has an estimated unfunded liability that was determined as part of an actuarial valuation as of September 30, 2001, the most recent date for which actuarial data are available, and is as follows:

Retirees and beneficiaries	\$ 156,883,935
Vested terminated employees who will be eligible when they collect retirement (age 60 in most cases) and their beneficiaries	34,313,303
Active employees and beneficiaries	<u>220,785,079</u>
Total	411,982,317
Net assets available for benefits, at market	<u>151,229,915</u>
Unfunded accrued liability	<u>\$ 260,752,402</u>

Unfunded actuarial accrued liabilities are being amortized as a fixed percentage of payroll over a period of 28 years.

The consulting actuary determines contribution requirements and actuarial present values for benefits by applying actuarial assumptions to the benefit provisions of the Trust and the following assumptions regarding future experiences: a long-term rate of investment return of 7.5%, future rate of increase in health care costs of 11.5%, and a salary inflation rate of 5.25%. They also use varied rates of mortality among employees, retirees, and beneficiaries. The County's contribution rate is 12.33% of payroll. In 2002, the County contributed \$20,521,589 and had a loss of \$9,805,441 due to decreased value of investments, with retirees contributing \$50,979 toward the cost of hospitalization riders.

The Road Commission provides healthcare benefits to all full-time employees and life insurance benefits to duty disability employees upon retirement, pursuant to agreements with various collective bargaining units or other action of the Oakland County Board of Road Commissioners. Currently, approximately 466 retirees and their spouses are eligible. The Road Commission includes retirees and their spouses in its health care plan, with no contribution required by the participant in most circumstances. Expenditures for post-employment benefits are on a "pay as you go" basis and accordingly are recognized as the life insurance premiums and medical costs become due. Approximately \$1,908,000 was charged to operations during the year ended September 30, 2002.

15. Deferred Compensation Plan

In fiscal year 1998, both the County and the Road Commission adopted GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. During fiscal year 1999, as required by the statement, the County and Road Commission each placed all Deferred Compensation Plan assets with a trustee, relinquishing all fiduciary accountability for the assets. Accordingly, the related assets and liabilities of the plan are not reported in the County and Road Commission financial statements.

County of Oakland

Notes to Basic Financial Statements

16. Risk Management

The County is exposed to various risks of loss related to property loss, employee injuries, general liability claims, and torts, as well as medical benefits provided to employees. The County has purchased insurance to cover losses to its buildings and contents in the amount of \$293,322,000. Liability insurance has been purchased for: airport operations in the amount of \$50,000,000, fleet operations in the amount of \$5,000,000, and employee bonds in the amount of \$3,000,000. Workers' compensation umbrella coverage in excess of \$500,000 to the statutory limit has also been purchased. The County is uninsured for all risks except as noted. The Road Commission has similar risks and is uninsured for these claims within certain limits. Depending on the type of claim, the per-occurrence limit ranges from \$300,000 to \$1,258,000 and the aggregate limit ranges from legal limits for workers' compensation to \$15,000,000 for general liability. The County and Road Commission estimate the liability for all the above-mentioned claims that have been incurred through September 30, 2002, including both claims that have been reported, as well as those that have not yet been reported, and estimates of both future payments of losses and related claim adjustment expenses.

Estimated liabilities for unpaid claims are based on historical claim payments, including related legal and administrative expenses. Neither the County nor the Road Commission has experienced settlements in excess of insurance coverage during the past three years.

County of Oakland
Notes to Basic Financial Statements

16. Risk Management (Continued)

The County records estimates in the Fringe Benefits and the Liability Insurance funds, both Internal Service funds, and the Road Commission records these estimates in the Governmental fund type. Changes in the estimated claims liabilities are as follows:

	September 30,	
	2002	2001
Primary Government		
Beginning-of-period liability	\$ 45,829,465	\$ 46,466,194
Estimated claims incurred, claim adjustment expenses and changes in estimates		
Provisions for current-year events	34,819,866	29,173,207
Decrease in provisions for prior-year events	(2,891,089)	(4,031,469)
Total incurred claims, claim adjustment expenses and changes in estimates	31,928,777	25,141,738
Claim payments and claim adjustment expenses		
Related to current-year events	(31,472,777)	(23,848,647)
Related to prior-year events	(2,095,513)	(1,929,820)
Total claim payments and claim adjustment expenses	(33,568,290)	(25,778,467)
End-of-period liability	\$ 44,189,952	\$ 45,829,465
Road Commission - Component Unit		
Beginning-of-year liability	\$ 4,940,000	\$ 4,750,000
Estimated claims incurred and changes in estimates	8,382,706	6,624,483
Claim payments	(8,156,818)	(6,434,483)
End-of-year liability	\$ 5,165,888	\$ 4,940,000

The Community Mental Health Authority is exposed to various risks of loss related to property loss, torts, errors and omissions, workers' compensation, and medical benefits to employees. During the year ended September 30, 2002, the Authority carried commercial insurance to cover all risk of loss with premiums amounting to \$136,233. The Authority had no settled claims resulting from these risks that exceeded their commercial coverage, for the past three fiscal years.

County of Oakland

Notes to Basic Financial Statements

17. Leases

The County (primary government) leases certain office facilities and other equipment under non-cancelable operating leases. The Community Mental Health Authority (component unit) is obligated under certain leases accounted for as operating leases for land and buildings associated with the Authority's operations. Total costs for such leases for the County and the Community Mental Health Authority for the year ended September 30, 2002 were \$1,077,817 and \$599,059 respectively. The future minimum lease payments as of September 30, 2002 are as follows:

Fiscal year	Primary government	Component unit	Total reporting entity
2003	\$ 1,424,486	\$ 487,108	\$ 1,911,594
2004	978,608	487,108	1,465,716
2005	481,727	98,442	580,169
2006	157,604	-	157,604
2007	157,604	-	157,604
Thereafter	2,646,435	-	2,646,435
	<u>\$ 5,846,464</u>	<u>\$ 1,072,658</u>	<u>\$ 6,919,122</u>

Additionally, the County leases portions of certain buildings to various governmental agencies. The amount received from these leases for the fiscal year ended September 30, 2002 amounted to \$534,204, recorded in the Facilities Maintenance & Operations fund, internal service fund type.

18. Commitments and Contingencies

The County, the Drainage Districts, and the Road Commission are involved in legal actions in which plaintiffs seek damages of indeterminable amounts which may exceed insurance coverage where applicable. Litigation is subject to many uncertainties, and the outcome of individual matters cannot be predicted. Accordingly, a reasonable range of liability to the County, the Drainage Districts, or Road Commission pertaining to these matters cannot be determined. Management has taken steps to protect the County and believes any liability resulting from cases in which it is involved will not materially affect its financial position.

The County, the Drainage Districts, and the Road Commission received funds from various federal and State units to finance specific activities. The final determination of revenue is subject to the acceptance of project costs by the granting agency, usually after a compliance audit. To the extent that costs are disallowed by the granting agency, County, the Drainage Districts, and Road Commission resources would be required to reimburse the grant funds. Management believes that disallowed costs, if any, would be immaterial. Even though the County has no outstanding commitments (contracts) as of September 30, 2002, there is anticipation of some large scale construction projects in the near future.

The Community Mental Health Authority is involved in a dispute with the State of Michigan over disallowed costs of approximately \$8.1 million resulting from a State audit for fiscal years ended September 30, 1999 and 2000. The Authority has recorded an estimated liability to the State of Michigan of approximately \$2.1 million. Negotiations are underway between Authority management and the State regarding a settlement.

County of Oakland
Notes to Basic Financial Statements

19. Statement of Net Assets – Reconciliation of Internal Balances

* The internal balances is reconciled as follows:

Governmental Activities

Governmental Funds	
Due from other funds	\$ 47,090,903
Long-term advances receivable	871,653
Due to other funds	(37,001,215)
Current and long-term advances payable	(2,871,653)
Internal Service Funds	
Due from other funds	2,899,127
Due to other funds	(377,671)
Current and long-term advances payable	(3,462,500)
Transferred to due to/ due from fiduciary funds	
Due from fiduciary funds	(685,276)
Due to fiduciary funds	440
Capital lease receivable for Parks and Recreation not reported in funds	3,925,000
Governmental activities, internal balances	<u>\$ 10,388,808</u>

Business-Type Activities

Proprietary Funds	
Due from other funds	\$ 4,595,929
Current and long-term advances receivable	5,462,500
Due to other funds	(16,522,237)
Current and long-term capital lease payable	(3,925,000)
Business-type activities, internal balances	<u>\$ (10,388,808)</u>

REQUIRED SUPPLEMENTARY INFORMATION

County of Oakland
Primary Government – Retirement System
Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
Six-Year Historical Trend Information – Unaudited

Actuarial valuation date December 31,	Actuarial value of assets	Actuarial accrued liability (AAL)	Unfunded AAL (UAAL)	Funded ratio	Covered payroll	UAAL as a percentage of covered payroll
1996	\$ 507,104,374	\$ 550,454,328	\$ 43,349,954	91.2%	\$ 83,880,701	58.3%
1997*#	569,951,791	539,167,269	(30,784,522)	105.7%	73,222,952	-
1998*	632,758,322	539,845,227	(92,913,095)	115.6%	72,112,212	-
1999*	716,127,212	567,224,551	(148,902,661)	123.9%	73,990,858	-
2000*	775,243,552	573,768,933	(201,474,619)	135.1%	69,175,806	-
2001	789,236,897	580,370,868	(208,866,029)	136.0%	67,115,144	-

* Plan amended.

Schedule of employer contributions:

Year ended December 31,	Annual required contribution	Percentage contributed
1996	\$ 16,484,797	100%
1997#	6,019,810	100%
1998	4,414,888	145%
1999	1,215,589	-
2000	365,699	-
2001	-	-

For the nine-month period ended September 30, 1997. Beginning with 1998, contributions are for fiscal year ended September 30.

The information presented in the supplemental schedule was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actual valuation follows:

Actuarial cost method	Aggregate actuarial cost beginning in 1995; entry-age normal cost previous to 1995
Asset valuation method	3-year average of adjusted market values
Actuarial assumptions	
Investment rate of return *	7.5%
Projected salary increases *	5.25% to 12.25%
Cost-of-living adjustments	1.5% non-compounding annually

* Includes pay inflation at 5.25%

Note: The aggregate actuarial cost method does not produce an accrued liability or separately amortize an unfunded actuarial liability. The AAL values shown are actually present values of future benefit payments (both accrued and future).

**County of Oakland
Component Unit – Road Commission Retirement System
Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
Six-Year Historical Trend Information – Unaudited**

Schedule of funding progress:

Actuarial valuation date December 31,	Actuarial value of assets	Actuarial accrued liability (AAL)	Funded ratio	Unfunded AAL (UAAL)	Covered payroll	UAAL as a percentage of covered payroll
1996	\$ 92,473,246	\$ 93,066,767	99.4%	\$ 593,521	\$ 23,533,899	2.5%
1997	104,468,909	98,402,461	106.2%	(6,066,448)	24,429,429	0.0%
1998	117,790,193	102,590,655	114.8%	(15,199,538)	24,177,412	0.0%
1999	131,926,367	116,292,106	113.4%	(15,634,261)	25,345,063	0.0%
2000	143,780,578	122,490,587	117.4%	(21,289,991)	25,409,923	0.0%
2001	150,647,599	127,603,386	118.1%	(23,044,213)	26,570,231	0.0%

Schedule of employer contributions:

Year ended December 31	Annual required contribution	Percentage contributed
1996	\$ 3,402,253	103.7%
1997	3,296,973	99.8%
1998	3,008,040	107.2%
1999	2,566,035	111.5%
2000	1,840,456	135.5%
2001	2,108,248	106.0%

The information presented in the supplemental schedule was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation follows:

Actuarial cost method	Individual entry-age actuarial cost
Amortization method	Level percent of payroll contributions, closed
Remaining amortization period	17 years
Asset valuation method	5-year smoothed market
Actuarial assumptions	
Investment rate of return	7.5%
Projected salary increases*	4.5% to 8.0%
Cost-of-living adjustments	None

* Includes pay inflation at 4.5%

**County of Oakland
Required Supplementary Information
Budgetary Comparison Schedule
Major Governmental Funds
For the Year Ended September 30, 2002**

	General Fund			
	Original Budget	Final Amended Budget	Actual	Variance with Final Amended Budget
Revenues				
Taxes				
Current property taxes	\$192,904,212	\$192,904,212	\$ 191,705,708	\$ (1,198,504)
Delinquent taxes - prior years	600,000	600,000	560,385	(39,615)
Trailer tax	95,000	95,000	105,917	10,917
Total	193,599,212	193,599,212	192,372,010	(1,227,202)
Other intergovernmental revenues				
Cigarette tax distribution	1,132,777	1,132,777	1,060,411	(72,366)
Circuit judges' salaries	794,800	794,800	777,308	(17,492)
Community corrections	403,000	403,000	459,950	56,950
Probate judges' salaries	487,800	487,800	586,314	98,514
District judges' salaries	467,500	467,500	457,240	(10,260)
State revenue sharing	23,500,000	23,500,000	22,357,519	(1,142,481)
State reimbursement - P.A. 228	2,090,300	2,090,300	2,090,337	37
State court fund - P.A. 189	6,600,000	6,192,456	6,332,009	139,553
Convention facility liquor tax	2,700,000	3,277,454	3,277,454	-
Other	221,100	347,100	521,896	174,796
Total	38,397,277	38,693,187	37,920,438	(772,749)
Charges for services				
County Executive	81,810	81,810	79,970	(1,840)
Management and Budget	2,458,536	2,486,668	2,379,981	(106,687)
Central Services	65,000	65,000	64,895	(105)
Facilities Management	25,000	25,000	-	(25,000)
Personnel	750	750	19,001	18,251
Public Services	994,560	1,011,060	1,077,802	66,742
Community and Economic Development	477,500	477,500	407,039	(70,461)
Clerk/Register of Deeds	13,739,991	15,116,129	19,065,361	3,949,232
Treasurer	2,117,388	2,117,388	2,833,546	716,158
Circuit Court	3,469,100	3,588,020	3,696,554	108,534
District Court	9,127,910	9,196,790	10,409,254	1,212,464
Probate Court	524,100	524,100	523,311	(789)
Prosecuting Attorney	227,500	276,200	259,685	(16,515)
Sheriff	28,513,744	29,418,583	31,639,789	2,221,206
Legislative	101,722	101,722	93,275	(8,447)
Drain Commissioner	588,224	588,224	742,299	154,075
Non-Departmental	2,628,492	2,628,492	1,581,410	(1,047,082)
Total	65,141,327	67,703,436	74,873,172	7,169,736

(continued)

**County of Oakland
Required Supplementary Information
Budgetary Comparison Schedule
Major Governmental Funds
For the Year Ended September 30, 2002**

	General Fund			Variance with Final Amended Budget
	Original Budget	Final Amended Budget	Actual	
Revenues, continued				
Use of money - investment income	\$ 11,881,700	\$ 11,881,700	\$ 5,247,228	\$ (6,634,472)
Indirect cost recovery	7,500,000	7,527,530	8,676,209	1,148,679
Federal grants	1,276,899	1,327,654	421,373	(906,281)
State grants	-	-	42,670	42,670
Other revenue	846,775	1,468,425	2,416,887	948,462
Total revenues	<u>318,643,190</u>	<u>322,201,144</u>	<u>321,969,987</u>	<u>(231,157)</u>
Expenditures				
County Executive				
Administration				
Controllable personnel expenditures	5,262,456	5,401,745	5,265,996	135,749
Controllable operating expenditures	932,932	2,757,956	1,414,518	1,343,438
Non-controllable operating expenditures	1,137,707	1,201,277	1,258,092	(56,815)
Total Administration	<u>7,333,095</u>	<u>9,360,978</u>	<u>7,938,606</u>	<u>1,422,372</u>
Management and Budget				
Controllable personnel expenditures	14,288,781	14,571,054	13,503,124	1,067,930
Controllable operating expenditures	771,365	721,372	506,811	214,561
Non-controllable operating expenditures	2,949,298	5,083,355	5,383,377	(300,022)
Total Management and Budget	<u>18,009,444</u>	<u>20,375,781</u>	<u>19,393,312</u>	<u>982,469</u>
Central Services				
Controllable personnel expenditures	1,226,984	1,340,849	1,294,643	46,206
Controllable operating expenditures	48,080	62,880	42,355	20,525
Non-controllable operating expenditures	994,374	1,237,909	1,237,571	338
Total Central Services	<u>2,269,438</u>	<u>2,641,638</u>	<u>2,574,569</u>	<u>67,069</u>
Facilities Management				
Controllable personnel expenditures	1,216,127	1,216,127	1,219,321	(3,194)
Controllable operating expenditures	229,650	307,634	270,941	36,693
Non-controllable operating expenditures	169,872	173,467	147,026	26,441
Total Facilities Management	<u>1,615,649</u>	<u>1,697,228</u>	<u>1,637,288</u>	<u>59,940</u>
Personnel				
Controllable personnel expenditures	3,190,000	3,297,875	3,168,966	128,909
Controllable operating expenditures	802,575	708,096	567,743	140,353
Non-controllable operating expenditures	633,501	1,185,387	1,166,132	19,255
Total Personnel	<u>4,626,076</u>	<u>5,191,358</u>	<u>4,902,841</u>	<u>288,517</u>

(continued)

**County of Oakland
Required Supplementary Information
Budgetary Comparison Schedule
Major Governmental Funds
For the Year Ended September 30, 2002**

	General Fund			Variance with Final Amended Budget
	Original Budget	Final Amended budget	Actual	
Expenditures (continued)				
County Executive (continued)				
Human Services				
Controllable personnel expenditures	\$ 330,299	\$ 176,999	\$ 165,580	\$ 11,419
Controllable operating expenditures	5,040,796	5,040,372	4,980,791	59,581
Non-controllable operating expenditures	17,836	18,260	18,669	(409)
Total Human Services	<u>5,388,931</u>	<u>5,235,631</u>	<u>5,165,040</u>	<u>70,591</u>
Public Services				
Controllable personnel expenditures	8,310,804	8,454,735	8,104,828	349,907
Controllable operating expenditures	2,014,755	2,000,102	1,731,571	268,531
Non-controllable operating expenditures	3,315,577	3,553,005	3,541,868	11,137
Total Public Services	<u>13,641,136</u>	<u>14,007,842</u>	<u>13,378,267</u>	<u>629,575</u>
Community and Economic Development				
Controllable personnel expenditures	3,994,884	4,067,127	3,267,974	799,153
Controllable operating expenditures	1,786,271	2,028,012	1,491,873	536,139
Non-controllable operating expenditures	900,649	1,085,696	1,007,975	77,721
Total Community and Economic Development	<u>6,681,804</u>	<u>7,180,835</u>	<u>5,767,822</u>	<u>1,413,013</u>
Total County Executive	<u>59,565,573</u>	<u>65,691,291</u>	<u>60,757,745</u>	<u>4,933,546</u>
Clerk/Register of Deeds				
Controllable personnel expenditures	6,707,881	7,242,368	6,851,131	391,237
Controllable operating expenditures	2,390,590	3,441,009	3,443,182	(2,173)
Non-controllable operating expenditures	1,800,442	2,519,344	2,415,623	103,721
Total Clerk/Register of Deeds	<u>10,898,913</u>	<u>13,202,721</u>	<u>12,709,936</u>	<u>492,785</u>
Treasurer				
Controllable personnel expenditures	2,581,264	2,589,248	2,452,321	136,927
Controllable operating expenditures	224,218	175,818	147,571	28,247
Non-controllable operating expenditures	771,248	1,225,132	1,120,749	104,383
Total Treasurer	<u>3,576,730</u>	<u>3,990,198</u>	<u>3,720,641</u>	<u>269,557</u>

(continued)

**County of Oakland
Required Supplementary Information
Budgetary Comparison Schedule
Major Governmental Funds
For the Year Ended September 30, 2002**

	General Fund			Variance with Final Amended Budget
	Original Budget	Final Amended Budget	Actual	
Expenditures (continued)				
Justice Administration				
Circuit Court				
Controllable personnel expenditures	\$ 18,810,980	\$ 19,122,653	\$ 18,487,165	\$ 635,488
Controllable operating expenditures	13,289,165	13,512,743	10,874,699	2,638,044
Non-controllable operating expenditures	3,588,128	4,220,413	4,594,870	(374,457)
Total Circuit Court	<u>35,688,273</u>	<u>36,855,809</u>	<u>33,956,734</u>	<u>2,899,075</u>
District Court				
Controllable personnel expenditures	8,902,429	9,133,823	8,658,198	475,625
Controllable operating expenditures	2,571,704	2,701,823	2,696,006	5,817
Non-controllable operating expenditures	1,337,333	1,776,801	1,673,143	103,658
Total District Court	<u>12,811,466</u>	<u>13,612,447</u>	<u>13,027,347</u>	<u>585,100</u>
Probate Court				
Controllable personnel expenditures	3,531,835	3,553,844	3,295,654	258,190
Controllable operating expenditures	668,414	681,971	672,011	9,960
Non-controllable operating expenditures	869,931	1,110,138	965,530	144,608
Total Probate Court	<u>5,070,180</u>	<u>5,345,953</u>	<u>4,933,195</u>	<u>412,758</u>
Total Justice Administration	<u>53,569,919</u>	<u>55,814,209</u>	<u>51,917,276</u>	<u>3,896,933</u>
Law Enforcement				
Prosecuting Attorney				
Controllable personnel expenditures	12,725,654	12,724,752	11,858,038	866,714
Controllable operating expenditures	1,847,602	1,902,401	1,378,825	523,576
Non-controllable operating expenditures	1,793,991	2,164,250	2,092,047	72,203
Total Prosecuting Attorney	<u>16,367,247</u>	<u>16,791,403</u>	<u>15,328,910</u>	<u>1,462,493</u>
Sheriff				
Controllable personnel expenditures	69,638,049	70,693,307	69,784,726	908,581
Controllable operating expenditures	10,479,463	11,162,037	9,808,361	1,353,676
Non-controllable operating expenditures	12,164,457	13,066,638	14,680,587	(1,613,949)
Total Sheriff	<u>92,281,969</u>	<u>94,921,982</u>	<u>94,273,674</u>	<u>648,308</u>
Total Law Enforcement	<u>108,649,216</u>	<u>111,713,385</u>	<u>109,602,584</u>	<u>2,110,801</u>

(continued)

**County of Oakland
Required Supplementary Information
Budgetary Comparison Schedule
Major Governmental Funds
For the Year Ended September 30, 2002**

	General Fund			Variance with Final Amended Budget
	Original Budget	Final Amended Budget	Actual	
Expenditures (continued)				
Legislative				
Board of Commissioners				
Controllable personnel expenditures	\$ 2,826,738	\$ 2,851,637	\$ 2,673,306	\$ 178,331
Controllable operating expenditures	1,211,839	1,308,030	1,281,165	26,865
Non-controllable operating expenditures	1,316,681	1,333,206	1,295,145	38,061
Total Legislative	<u>5,355,258</u>	<u>5,492,873</u>	<u>5,249,616</u>	<u>243,257</u>
Drain Commissioner				
Controllable personnel expenditures	2,383,459	2,556,865	2,419,979	136,886
Controllable operating expenditures	174,961	387,100	236,409	150,691
Non-controllable operating expenditures	825,930	1,002,965	921,188	81,777
Total Drain Commissioner	<u>3,384,350</u>	<u>3,946,930</u>	<u>3,577,576</u>	<u>369,354</u>
Non-departmental				
Controllable operating expenditures	9,182,676	6,940,719	5,036,794	1,903,925
Non-controllable operating expenditures	8,771,803	2,316,691	-	2,316,691
Total non-departmental	<u>17,954,479</u>	<u>9,257,410</u>	<u>5,036,794</u>	<u>4,220,616</u>
Total expenditures	<u>262,954,438</u>	<u>269,109,017</u>	<u>252,572,168</u>	<u>16,536,849</u>
Excess (deficiency) of revenues over (under) expenditures	<u>55,688,752</u>	<u>53,092,127</u>	<u>69,397,819</u>	<u>16,305,692</u>
Other Financing Sources (Uses)				
Transfers in				
Special Revenue Funds				
Restricted Funds	-	726,737	719,761	(6,976)
Enterprise Funds				
Delinquent Tax Revolving	10,537,245	12,064,514	12,251,456	186,942
Jail Inmate Commissary	-	55,000	55,000	-
Total enterprise funds	<u>10,537,245</u>	<u>12,119,514</u>	<u>12,306,456</u>	<u>186,942</u>
Total Transfers In	<u>10,537,245</u>	<u>12,846,251</u>	<u>13,026,217</u>	<u>179,966</u>

(continued)

**County of Oakland
Required Supplementary Information
Budgetary Comparison Schedule
Major Governmental Funds
For the Year Ended September 30, 2002**

	General Fund			Variance with Final Amended Budget
	Original Budget	Final Amended Budget	Actual	
Other Financing Sources (Uses) (continued)				
Transfers out				
Special Revenue Funds				
County Health	\$ (23,952,473)	\$ (25,415,405)	\$ (23,809,600)	\$ 1,605,805
Juvenile Maintenance	(15,006,843)	(15,623,022)	(16,682,421)	(1,059,399)
Social Welfare Foster Care	(15,000)	(15,000)	(107)	14,893
Drains-Act 40 Maintenance Chapter 4 & 18	(56,165)	(51,665)	(51,665)	-
Environmental Infrastructure	(5,000,000)	(5,000,000)	(5,000,000)	-
Oakland Enhancement	<u>(55,700)</u>	<u>(55,700)</u>	<u>-</u>	<u>55,700</u>
Total special revenue funds	<u>(44,086,181)</u>	<u>(46,160,792)</u>	<u>(45,543,793)</u>	<u>616,999</u>
Debt Service Funds				
Building Authority Refunding Series 1992	(1,569,275)	(1,569,275)	(1,569,275)	-
Building Authority Computer Center	(109,338)	(109,338)	(109,938)	(600)
Building Authority West Wing Extension	(898,600)	(898,600)	(898,600)	-
Building Authority Refunding Series 1998	<u>(544,987)</u>	<u>(544,987)</u>	<u>(545,638)</u>	<u>(651)</u>
Total debt service funds	<u>(3,122,200)</u>	<u>(3,122,200)</u>	<u>(3,123,451)</u>	<u>(1,251)</u>
Capital Projects Funds				
Long Term Revolving	-	(1,000,000)	(1,000,000)	-
Building Improvement	(5,035,000)	(5,035,000)	(5,035,000)	-
Project Work Orders	<u>(650,000)</u>	<u>(880,492)</u>	<u>(880,492)</u>	<u>-</u>
Total capital projects funds	<u>(5,685,000)</u>	<u>(6,915,492)</u>	<u>(6,915,492)</u>	<u>-</u>
Internal Service Funds				
Information Technology	(250,000)	(13,622,600)	(13,598,599)	24,001
Drain Equipment	-	(550,000)	(550,000)	-
Facilities Maintenance and Operations	(54,000)	(54,000)	(54,000)	-
Motor Pool	-	(466,730)	(466,730)	-
Telephone Communications	<u>-</u>	<u>(36,667)</u>	<u>(36,667)</u>	<u>-</u>
Total internal service funds	<u>(304,000)</u>	<u>(14,729,997)</u>	<u>(14,705,996)</u>	<u>24,001</u>

(continued)

**County of Oakland
Required Supplementary Information
Budgetary Comparison Schedule
Major Governmental Funds
For the Year Ended September 30, 2002**

	General Fund			Variance with Final Amended Budget
	Original Budget	Final Amended Budget	Actual	
Other Financing Sources (Uses) (continued)				
Transfers out (continued)				
Enterprise Funds				
Airport Facilities	\$ -	\$ (284,805)	\$ (284,805)	\$ -
CLEMIS	(1,408,000)	(1,593,564)	(1,593,564)	-
Radio Communications	-	(58,600)	(58,600)	-
Parks and Recreation	-	(458,078)	(458,078)	-
County Market	-	(11,017)	(11,017)	-
Fire Records Management	-	(349,627)	(349,627)	-
Total enterprise funds	<u>(1,408,000)</u>	<u>(2,755,691)</u>	<u>(2,755,691)</u>	<u>-</u>
Total transfers out - primary government	<u>(54,605,381)</u>	<u>(73,684,172)</u>	<u>(73,044,423)</u>	<u>639,749</u>
Transfers out to component units				
Road Commission for Oakland County	(2,250,000)	(2,250,000)	(2,250,000)	-
Community Mental Health Authority	<u>(9,620,616)</u>	<u>(9,620,616)</u>	<u>(9,620,616)</u>	<u>-</u>
Total transfers out to component units	<u>(11,870,616)</u>	<u>(11,870,616)</u>	<u>(11,870,616)</u>	<u>-</u>
Total other financing sources (uses)	<u>(55,938,752)</u>	<u>(72,708,537)</u>	<u>(71,888,822)</u>	<u>819,715</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(250,000)	(19,616,410)	(2,491,003)	17,125,407
Fund balance at October 1, 2001	<u>97,141,193</u>	<u>97,141,193</u>	<u>97,141,193</u>	<u>-</u>
Fund balance at September 30, 2002	<u>\$ 96,891,193</u>	<u>\$ 77,524,783</u>	<u>\$ 94,650,190</u>	<u>\$ 17,125,407</u>

**County of Oakland
Required Supplementary Information
Budgetary Comparison Schedule
Major Governmental Funds
For the Year Ended September 30, 2002**

	County Health			Variance with final amended budget
	Original budget	Final Amended budget	Actual	
Revenues				
State grants	\$ 4,400,000	\$ 4,400,000	\$ 3,668,694	\$ (731,306)
Intergovernmental revenues	109,696	109,696	-	(109,696)
Charges for services	2,027,140	2,027,140	2,906,761	879,621
Other	<u>55,000</u>	<u>388,406</u>	<u>64,071</u>	<u>(324,335)</u>
Total revenues	<u>6,591,836</u>	<u>6,925,242</u>	<u>6,639,526</u>	<u>(285,716)</u>
Expenditures				
Current operations				
County Executive				
Management and Budget				
Controllable personnel expenditures	83,591	-	-	-
Non-controllable operating expenditures	<u>484</u>	<u>-</u>	<u>643</u>	<u>(643)</u>
Total Management and Budget	<u>84,075</u>	<u>-</u>	<u>643</u>	<u>(643)</u>
Human Services				
Controllable personnel expenditures	23,183,728	23,453,776	22,247,057	1,206,719
Controllable operating expenditures	4,153,510	4,967,904	4,787,463	180,441
Non-controllable operating expenditures	<u>3,122,996</u>	<u>3,818,973</u>	<u>3,380,662</u>	<u>438,311</u>
Total Human Services	<u>30,460,234</u>	<u>32,240,653</u>	<u>30,415,182</u>	<u>1,825,471</u>
Total County Executive	<u>30,544,309</u>	<u>32,240,653</u>	<u>30,415,825</u>	<u>1,824,828</u>
Total expenditures	<u>30,544,309</u>	<u>32,240,653</u>	<u>30,415,825</u>	<u>1,824,828</u>
Deficiency of revenues under expenditures	(23,952,473)	(25,315,411)	(23,776,299)	(2,110,544)
Other financing sources (uses)				
Operating transfers in	23,952,473	25,415,406	23,809,600	(1,605,806)
Operating transfers out	<u>-</u>	<u>(99,995)</u>	<u>(99,995)</u>	<u>-</u>
Deficiency of revenues and other financing sources under expenditures and other financing uses	-	-	(66,694)	(66,694)
Fund balance at October 1, 2001	<u>333,406</u>	<u>333,406</u>	<u>333,406</u>	<u>-</u>
Fund balance at September 30, 2002	<u>\$ 333,406</u>	<u>\$ 333,406</u>	<u>\$ 266,712</u>	<u>\$ (66,694)</u>

**COMBINING AND INDIVIDUAL FUND STATEMENTS
AND SCHEDULES – NON-MAJOR FUNDS
AND INTERNAL SERVICE FUNDS**

County of Oakland
Balance Sheet
Non-Major Governmental Funds – By Fund Type
September 30, 2002

Assets	Special Revenue	Debt Service	Capital Projects	Totals September 30, 2002
Current assets				
Cash and cash equivalents	\$ 20,878,143	\$ 634,470	\$ 32,957,759	\$ 54,470,372
Investments	9,638,932	-	28,928,295	38,567,227
Special assessments receivable	15,128	-	-	15,128
Due from other governmental units	20,493,656	-	130,493	20,624,149
Accrued interest receivable	59,645	2,169	142,951	204,765
Accounts receivable (net of allowance for uncollectibles where applicable)	402,318	-	-	402,318
Due from component units	-	-	274,203	274,203
Due from other funds	18,389,256	-	5,995,175	24,384,431
Prepayments and other assets	11,398	-	-	11,398
Total current assets	<u>69,888,476</u>	<u>636,639</u>	<u>68,428,876</u>	<u>138,953,991</u>
Long-term assets				
Advances	-	-	847,360	847,360
Special assessments receivable	19,356	6,105,000	57,593	6,181,949
Total long-term assets	<u>19,356</u>	<u>6,105,000</u>	<u>904,953</u>	<u>7,029,309</u>
Total assets	<u>\$ 69,907,832</u>	<u>\$ 6,741,639</u>	<u>\$ 69,333,829</u>	<u>\$ 145,983,300</u>
Liabilities and Fund Balances				
Current liabilities				
Vouchers payable	\$ 3,198,560	\$ -	\$ 363,322	\$ 3,561,882
Due to other governmental units	491,048	461,029	-	952,077
Due to component units	-	-	42	42
Due to other funds	16,709,487	-	150,977	16,860,464
Deferred revenue	14,438,554	-	-	14,438,554
Other accrued liabilities	9,024,977	-	1,373,143	10,398,120
Total current liabilities	<u>43,862,626</u>	<u>461,029</u>	<u>1,887,484</u>	<u>46,211,139</u>
Long-term liabilities				
Deferred Revenue	-	6,105,000	57,593	6,162,593
Advances	31,530	-	840,123	871,653
Total long-term liabilities	<u>31,530</u>	<u>6,105,000</u>	<u>897,716</u>	<u>7,034,246</u>
Total liabilities	<u>43,894,156</u>	<u>6,566,029</u>	<u>2,785,200</u>	<u>53,245,385</u>
Fund balances				
Reserved				
Encumbrances	232,134	-	-	232,134
Debt service	-	175,610	-	175,610
Advances	-	-	847,360	847,360
Programs	-	-	42,843,097	42,843,097
Unreserved				
Designated	25,781,542	-	15,357,454	41,138,996
Undesignated	-	-	7,500,718	7,500,718
Total fund balances	<u>26,013,676</u>	<u>175,610</u>	<u>66,548,629</u>	<u>92,737,915</u>
Total Liabilities and Fund Balances	<u>\$ 69,907,832</u>	<u>\$ 6,741,639</u>	<u>\$ 69,333,829</u>	<u>\$ 145,983,300</u>

County of Oakland
Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds – By Fund Type
For the Year Ended September 30, 2002

	Special Revenue	Debt Service	Capital Projects	Totals September 30, 2002
Revenues				
Special assessments	\$ 2,283,608	\$ 3,841,347	\$ 51,747	\$ 6,176,702
Federal grants	33,672,323	-	-	33,672,323
State grants	25,691,538	-	130,493	25,822,031
Other intergovernmental revenues	2,465,620	-	-	2,465,620
Charges for services	15,933,321	1,605	3,588	15,938,514
Investment income	408,022	21,396	496,730	926,148
Other	516,278	-	-	516,278
Total revenues	<u>80,970,710</u>	<u>3,864,348</u>	<u>682,558</u>	<u>85,517,616</u>
Expenditures				
Current operations				
County Executive	63,432,257	-	-	63,432,257
Clerk/Register of Deeds	735,633	-	-	735,633
Treasurer	804,388	-	-	804,388
Justice administration	23,563,525	-	-	23,563,525
Law enforcement	5,714,070	-	-	5,714,070
Drain Commissioner	1,640,746	-	-	1,640,746
Non-departmental	1,218,367	-	-	1,218,367
Total current operations	<u>97,108,986</u>	<u>-</u>	<u>-</u>	<u>97,108,986</u>
Capital outlay	-	-	14,396,482	14,396,482
Intergovernmental	4,288,621	823,573	-	5,112,194
Debt service				
Principal payments	-	6,185,000	-	6,185,000
Interest and fiscal charges	-	2,267,320	-	2,267,320
Total expenditures	<u>101,397,607</u>	<u>9,275,893</u>	<u>14,396,482</u>	<u>125,069,982</u>
Deficiency of revenues under expenditures	\$ (20,426,897)	\$ (5,411,545)	\$ (13,713,924)	\$ (39,552,366)
Other financing sources (uses)				
Transfers in	25,951,575	4,608,027	19,701,320	50,260,922
Transfers out	(7,012,826)	-	(27,666,208)	(34,679,034)
Proceeds from issuance of bonds	-	-	46,700,000	46,700,000
Discount on bonds sold	-	-	(412,391)	(412,391)
Total other financing sources (uses)	<u>18,938,749</u>	<u>4,608,027</u>	<u>38,322,721</u>	<u>61,869,497</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(1,488,148)	(803,518)	24,608,797	22,317,131
Fund balances at October 1, 2001	<u>27,501,824</u>	<u>979,128</u>	<u>41,939,832</u>	<u>70,420,784</u>
Fund balances at September 30, 2002	<u>\$ 26,013,676</u>	<u>\$ 175,610</u>	<u>\$ 66,548,629</u>	<u>\$ 92,737,915</u>

County of Oakland Non-Major Special Revenue Funds

Special Revenue Funds

These funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes such as special assessment revenues, non-capital grants, and other earmarked revenues not included within other fund categories.

The Juvenile Maintenance Fund - is used to account for revenue earmarked for the placement of children to foster care homes and for the detention of children in the Children's Village, as ordered by Probate Court.

The Social Welfare Foster Care Fund - is used to reimburse agencies and individuals for board and care expenditures of foster care children. Partial reimbursement of these expenditures is received from the State of Michigan.

The Friend of the Court Fund - is used to account for revenue reserved for the operation of this division of the Circuit Court, which is responsible for the processing of alimony and child support payments as directed by the State of Michigan Child Support Enforcement System.

The Delinquent Personal Tax Administration Fund - is used to account for the collection of delinquent personal property taxes and their subsequent disbursement to various municipalities, school districts, and other governmental units. Cost-related activities involving the collection of taxes are also recorded in this fund. Per State of Michigan statutes, money collected in excess of costs shall be intermittently transferred to the County General Fund.

The Parks and Recreation Fund - is used to account for revenue earmarked for the operation of the County parks. This fund was reclassified to Enterprise Fund type at October 1, 2001.

The County Veterans' Trust Fund - is used to account for revenue earmarked for aid to needy veterans.

The Restricted Funds Fund - is used to account for donations made for various specific purposes or other amounts held for disbursement at a future date. This includes:

- Donations made to, and their disbursements from, Oakland County Children's Village to benefit youths. These monies are invested, and investment earnings remain in this fund.
- Blind Handicapped Gift, accounts for donations made to the Blind Handicapped Library.
- Oakland County Sheriff's Department Seized Funds, is used to account for monies relinquished to the Sheriff's Department as a result of investigation by the department and their disbursement pending trial.
- Prosecutor Citizens Reward program is used to account for monies received from public donations and awarded to citizens for their special assistance on major cases initiated by the Prosecutor's Office.
- Intergovernmental Utility Defense Fund accounts for contributions from cities, townships, villages, school districts, and counties in the State of Michigan to finance the cost of a legal challenge to State Tax Commission enacted multipliers for utility personal property tax.
- State Court Disbursement accounts for State funding designated for the courts in accordance with Public Act 189 of 1993. This was previously recorded in a separate Special Revenue type fund.

County of Oakland Non-Major Special Revenue Funds

Special Revenue Funds (continued)

The Restricted Funds Fund (Continued)

- Litigation Child Care accounts for legal fees paid in a lawsuit case initiated by Oakland County and several other Michigan counties against the State of Michigan involving childcare.
- Probate Court Trust is used to account for individual donations made to the court and their subsequent disbursement to assist youths. This fund was previously accounted for in Fiduciary/Expendable Trust fund type.

The Social Welfare Fund - is used to account for payments made to General Assistance recipients through the Oakland County Office of the Michigan Family Independence Agency. The State of Michigan, in turn, reimburses Oakland County for the disbursements.

The Environmental Infrastructure Fund - permits the annual transfer of \$5,000,000 for five years from the Delinquent Tax Revolving Fund to the General Fund to establish an Environmental Infrastructure Fund. These funds are then to be allocated and transferred from the General Fund for the purpose of reimbursing local cities, villages and townships for costs incurred on environmental issues, based on criteria developed by the Board of Commissioners.

The Oakland Enhancement Fund - is used to account for revenue received from various sources for the purpose of coordinating economic development within the County.

The Water and Sewer Act 342 Fund - is used to account for the construction, under contractual arrangement, of water and sewer systems (currently 21) under Public Act 342 of 1939. Upon completion these projects are turned over to the respective municipalities for operations and maintenance. This fund was reclassified from Capital Projects Fund type at October 1, 2001.

The Drains Act 40 Maintenance Chapter 4 & 18 Fund - is used to record expenditures for the operations and maintenance of drainage districts created under Chapter 4 and 18 of Public Act 40 of 1956 (currently 280 drains). Revenues are provided from special assessments against the benefiting properties within the district.

The Lake Levels Act 146 Fund - is used to account for funds from special assessments to finance the cost of maintaining County lake levels (currently 29) created under Public Act 146 of 1961.

The Lake Improvements Act 345 Fund - is used to account for special assessment revenues collected to oversee the improvement (i.e., weed control) of various lakes in Oakland County where the lake improvement board has named the Oakland County Treasurer as treasurer of the respective improvement board. There are currently 29 such lakes maintained under Public Act 345 of 1966.

The Pollution Control Grants Fund - consists of grant sub-funds for costs relating to:

- On-site Sewage Disposal Management, which utilizes federal funds for public education and illicit discharge elimination in drains maintained by local communities in the Rouge River watershed.
- Clinton River Illicit Investigation, utilizes non-profit funds to investigate and eliminate illicit discharges.
- Rouge River Illicit Connection, which utilizes federal funds to evaluate alternative approaches for controlling sources of water pollution.

County of Oakland Non-Major Special Revenue Funds

Special Revenue Funds (continued)

The Multi-Organizational Grants Fund - accounts for costs in the following sub-funds:

- Community Corrections, which utilizes State funds to increase utilization of community-based sanctions and services for nonviolent offenders.
- Juvenile Accountability Incentive Block Grant, which utilizes federal and County funds to develop programs to promote greater accountability in the juvenile justice system.
- Law Enforcement Block Grant, which utilizes federal and County funds to enhance the adjudication process of drug cases in Oakland County.

The Workforce Development Grants Fund - accounts for costs involved in providing employment services to individuals who are unemployed, physically or economically disadvantaged, or transitioning from school to employment. Costs include training, education and transportation, funded through state and federal grants. Formerly known as J.T.P.A. (Jobs Training Partnership Training Act) Grants.

The Judicial Grants Fund - accounts for drug court programs through Oakland County Circuit and 52nd District Courts.

The Law Enforcement Grants Fund - consists of sub-funds used to record costs of various law enforcement programs utilizing federal, state and local funds.

The Housing and Community Development Fund - accounts for block grants received from the U.S. Department of Housing and Urban Development for the use of low to moderate-income home improvement loans, municipal projects, and homeless-assistance projects, including counseling.

The Human Service Grants Fund - accounts for the cost of various health-related/grant-funded programs.

The Other Grants Fund - consisting of grant sub-funds where the function does not relate specifically to one of the other areas:

- F.O.C. (Friend of the Court) Medical Support, which accounts for utilization of state and federal funds to identify backlogs of existing Title IV-D cases requiring medical support enforcement and determine and initiate action needed for backlogged and new cases.
- Clerk/Register of Deeds Survey/Re monumentation, which utilizes state funds to locate, verify, replace, or reposition government sector corners and quarter corners within the County, per Public Act 345 of 1990.
- Tornado Siren, which utilizes County and Municipal funds in the procurement and installation of tornado siren units used in the tornado warning system.
- Grants for programs such as Arts, Culture & Film, Medical Examiner Family Counseling, Community Corrections In-Step, Domestic Preparedness Equipment, and Brownfields Assessment & Greenspace.

County of Oakland Non-Major Special Revenue Funds

Special Revenue Funds (continued)

The Human Services Coordinating Council Fund - accounts for costs in the following programs/sub-funds:

- Strong Families/Safe Children, which utilizes Federal Title IV-B funds to provide community-based, family focused, new or enhanced family preservation and family support services to at-risk children and families.
- Child Protection Program utilizes federal funds to provide services and support to a targeted group of families who may “fall between the cracks” because abuse and neglect have not been substantiated, or they are considered at low risk of child abuse and neglect.
- Services to Children 0-3 utilizes federal funds to support secondary prevention programs designed to promote strong, nurturing families and prevent child abuse and neglect. The target population is families with children age zero – three who are “at risk” and not involved with Children’s Protective Services.

The COPS (Community Oriented Policing Services) More Grant Fund - accounts for federal and state funding to help police departments become more efficient by providing funds for technology, equipment and the support resources that will allow officers to spend more time engaged in community policing activities.

**County of Oakland
Combining Balance Sheet
Non-Major Special Revenue Funds
September 30, 2002**

	Juvenile Maintenance	Social Welfare Foster Care	Friend of the Court	Delinquent Personal Tax Administration	County Vererans' Trust	Restricted Funds
Assets						
Current assets						
Cash and cash equivalents	\$ -	\$ 3,447	\$ -	\$ 166,996	\$ 5,089	\$ 840,353
Investments	-	-	-	9,488,932	-	-
Special assessments receivable	-	-	-	-	-	-
Due from other governmental units	1,850,818	-	1,744,170	-	-	-
Accrued interest receivable	-	-	-	52,722	-	-
Accounts receivable (net of allowance for uncollectibles where applicable)	257,372	-	14,745	-	-	-
Due from other funds	1,093,997	107	563,565	-	-	6,976
Other assets	-	-	1,252	-	-	-
Total current assets	<u>3,202,187</u>	<u>3,554</u>	<u>2,323,732</u>	<u>9,708,650</u>	<u>5,089</u>	<u>847,329</u>
Long-term assets						
Special assessments receivable	-	-	-	-	-	-
Total assets	\$ 3,202,187	\$ 3,554	\$ 2,323,732	\$ 9,708,650	\$ 5,089	\$ 847,329
Liabilities and Fund Balances						
Current liabilities						
Vouchers payable	\$ 739,550	\$ -	\$ 23,649	\$ -	\$ -	\$ 606
Due to other governmental units	-	-	-	-	-	-
Due to other funds	1,975,911	3,554	2,297,608	-	-	-
Deferred revenue	-	-	-	-	-	-
Other accrued liabilities	283,500	-	2,475	6,588	-	29,644
Total current liabilities	<u>2,998,961</u>	<u>3,554</u>	<u>2,323,732</u>	<u>6,588</u>	<u>-</u>	<u>30,250</u>
Long-term liabilities						
Advances	-	-	-	-	-	-
Total liabilities	<u>2,998,961</u>	<u>3,554</u>	<u>2,323,732</u>	<u>6,588</u>	<u>-</u>	<u>30,250</u>
Fund balances						
Reserve for encumbrances	<u>203,226</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unreserved						
Designated for construction and maintenance	-	-	-	-	-	-
Designated for programs	-	-	-	9,702,062	5,089	817,079
Total unreserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,702,062</u>	<u>5,089</u>	<u>817,079</u>
Total fund balances	<u>203,226</u>	<u>-</u>	<u>-</u>	<u>9,702,062</u>	<u>5,089</u>	<u>817,079</u>
Total liabilities and fund balances	\$ 3,202,187	\$ 3,554	\$ 2,323,732	\$ 9,708,650	\$ 5,089	\$ 847,329

(continued)

**County of Oakland
Combining Balance Sheet
Non-Major Special Revenue Funds
September 30, 2002**

	Social Welfare	Environmental Infrastructure	Oakland Enhancement	Water & Sewer Act 342	Drains-Act 40 Maintenance Chapter 4 & 18	Lake Levels Act 146
Assets						
Current assets						
Cash and cash equivalents	\$ -	\$ -	\$ 124,741	\$ 3,674,090	\$ 4,270,474	\$ 210,721
Investments	-	-	150,000	-	-	-
Special assessments receivable	-	-	-	-	8,299	6,829
Due from other governmental units	24,103	-	-	243,787	-	-
Accrued interest receivable	-	-	321	6,602	-	-
Accounts receivable (net of allowance for uncollectibles where applicable)	72,080	-	17,439	-	-	-
Due from other funds	-	9,794,756	-	6,728,272	51,665	-
Other assets	-	-	-	-	-	-
Total current assets	96,183	9,794,756	292,501	10,652,751	4,330,438	217,550
Long-term assets						
Special assessments receivable	-	-	-	-	-	19,356
Total assets	\$ 96,183	\$ 9,794,756	\$ 292,501	\$ 10,652,751	\$ 4,330,438	\$ 236,906
Liabilities and Fund Balances						
Current liabilities						
Vouchers payable	\$ -	\$ 757,600	\$ 6,555	\$ 85,247	\$ 2,880	\$ 180
Due to other governmental units	72,080	-	-	-	270	-
Due to other funds	24,103	-	-	6,821,961	177,413	100,325
Deferred revenue	-	-	-	-	-	19,356
Other accrued liabilities	-	-	5,000	158,856	3,114,295	13,800
Total current liabilities	96,183	757,600	11,555	7,066,064	3,294,858	133,661
Long-term liabilities						
Advances	-	-	-	-	-	31,530
Total liabilities	96,183	757,600	11,555	7,066,064	3,294,858	165,191
Fund balances						
Reserve for encumbrances	-	-	28,908	-	-	-
Unreserved						
Designated for construction and maintenance	-	-	-	3,586,687	1,035,580	71,715
Designated for programs	-	9,037,156	252,038	-	-	-
Total unreserved	-	9,037,156	252,038	3,586,687	1,035,580	71,715
Total fund balances	-	9,037,156	280,946	3,586,687	1,035,580	71,715
Total liabilities and fund balances	\$ 96,183	\$ 9,794,756	\$ 292,501	\$ 10,652,751	\$ 4,330,438	\$ 236,906

(continued)

**County of Oakland
Combining Balance Sheet
Non-Major Special Revenue Funds
September 30, 2002**

	Lake Improvements Act 345	Pollution Control Grants	Multi- Organizational Grants	Workforce Development Grants	Judicial Grants	Law Enforcement Grants
Assets						
Current assets						
Cash and cash equivalents	\$ 1,822,294	\$ 28,240	\$ -	\$ 1,519,824	\$ -	\$ -
Investments	-	-	-	-	-	-
Special assessments receivable	-	-	-	-	-	-
Due from other governmental units	-	-	720,923	1,047,232	292,668	2,233,994
Accrued interest receivable	-	-	-	-	-	-
Accounts receivable (net of allowance for uncollectibles where applicable)	-	-	-	-	370	6,935
Due from other funds	-	-	27,867	-	6,362	35,957
Other assets	-	-	2,385	-	-	2,912
Total current assets	<u>1,822,294</u>	<u>28,240</u>	<u>751,175</u>	<u>2,567,056</u>	<u>299,400</u>	<u>2,279,798</u>
Long-term assets						
Special assessments receivable	-	-	-	-	-	-
Total assets	<u>\$ 1,822,294</u>	<u>\$ 28,240</u>	<u>\$ 751,175</u>	<u>\$ 2,567,056</u>	<u>\$ 299,400</u>	<u>\$ 2,279,798</u>
Liabilities and Fund Balances						
Current liabilities						
Vouchers payable	\$ -	\$ -	\$ 150,479	\$ 721,401	\$ 35,398	\$ 4,286
Due to other governmental units	-	-	3,081	7,046	-	46,398
Due to other funds	548,158	28,240	350,005	62,751	263,421	1,799,907
Deferred revenue	-	-	-	-	-	102,947
Other accrued liabilities	-	-	247,610	1,775,858	581	326,260
Total current liabilities	<u>548,158</u>	<u>28,240</u>	<u>751,175</u>	<u>2,567,056</u>	<u>299,400</u>	<u>2,279,798</u>
Long-term liabilities						
Advances	-	-	-	-	-	-
Total liabilities	<u>548,158</u>	<u>28,240</u>	<u>751,175</u>	<u>2,567,056</u>	<u>299,400</u>	<u>2,279,798</u>
Fund balances						
Reserve for encumbrances	-	-	-	-	-	-
Unreserved						
Designated for construction and maintenance	1,274,136	-	-	-	-	-
Designated for programs	-	-	-	-	-	-
Total unreserved	<u>1,274,136</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>1,274,136</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,822,294</u>	<u>\$ 28,240</u>	<u>\$ 751,175</u>	<u>\$ 2,567,056</u>	<u>\$ 299,400</u>	<u>\$ 2,279,798</u>

(continued)

**County of Oakland
Combining Balance Sheet
Non-Major Special Revenue Funds
September 30, 2002**

	Housing and Community Development	Human Service Grants	Other Grants	Human Services Coordinating Council	COPS More Grant	Totals September 30, 2002
Assets						
Current assets						
Cash and cash equivalents	\$ 3,950,710	\$ 1,714,163	\$ 281,029	\$ -	\$ 2,265,972	\$ 20,878,143
Investments	-	-	-	-	-	9,638,932
Special assessments receivable	-	-	-	-	-	15,128
Due from other governmental units	267,569	3,499,458	2,178,347	5,682	6,384,905	20,493,636
Accrued interest receivable	-	-	-	-	-	59,645
Accounts receivable (net of allowance for uncollectibles where applicable)	-	33,377	-	-	-	402,318
Due from other funds	14,634	90	14,243	-	50,765	18,389,256
Other assets	-	4,849	-	-	-	11,398
Total current assets	4,232,913	5,251,937	2,473,619	5,682	8,701,642	69,888,476
Long-term assets						
Special assessments receivable	-	-	-	-	-	19,356
Total assets	\$ 4,232,913	\$ 5,251,937	\$ 2,473,619	\$ 5,682	\$ 8,701,642	\$ 69,907,832
Liabilities and Fund Balances						
Current liabilities						
Vouchers payable	\$ 164,239	\$ 479,552	\$ 24,463	\$ -	\$ 2,475	\$ 3,198,560
Due to other governmental units	-	362,173	-	-	-	491,048
Due to other funds	-	42,272	2,203,183	5,682	4,993	16,709,487
Deferred revenue	4,068,636	1,655,349	43,202	-	8,549,064	14,438,554
Other accrued liabilities	38	2,712,591	202,771	-	145,110	9,024,977
Total current liabilities	4,232,913	5,251,937	2,473,619	5,682	8,701,642	43,862,626
Long-term liabilities						
Advances	-	-	-	-	-	31,530
Total liabilities	4,232,913	5,251,937	2,473,619	5,682	8,701,642	43,894,156
Fund balances						
Reserve for encumbrances	-	-	-	-	-	232,134
Unreserved						
Designated for construction and maintenance	-	-	-	-	-	5,968,118
Designated for programs	-	-	-	-	-	19,813,424
Total unreserved	-	-	-	-	-	25,781,542
Total fund balances	-	-	-	-	-	26,013,676
Total liabilities and fund balances	\$ 4,232,913	\$ 5,251,937	\$ 2,473,619	\$ 5,682	\$ 8,701,642	\$ 69,907,832

County of Oakland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended September 30, 2002

	Juvenile Maintenance	Social Welfare Foster Care	Friend of the Court	Delinquent Personal Tax Administration	Parks and Recreation	County Veterans' Trust
Revenues						
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	227,377	-	-	-	-	-
State grants	9,729,416	-	4,280,653	-	-	170,076
Other intergovernmental revenues	-	-	1,544,653	-	-	-
Charges for services	3,814,470	-	7,428,104	906,872	-	-
Investment income	-	-	-	230,448	-	-
Other	145,504	-	3,542	-	-	-
Total revenues	<u>13,916,767</u>	<u>-</u>	<u>13,256,952</u>	<u>1,137,320</u>	<u>-</u>	<u>170,076</u>
Expenditures						
Salaries	7,692,048	-	7,168,771	315,706	-	-
Fringe benefits	3,039,353	-	2,733,721	119,149	-	-
Contractual services	16,837,329	107	1,484,865	245,263	-	180,989
Commodities	555,719	-	33,004	-	-	258
Capital outlay	43,183	-	-	-	-	-
Internal services	2,234,114	-	1,836,591	124,270	-	-
Intergovernmental	-	-	-	-	-	-
Total expenditures	<u>30,401,746</u>	<u>107</u>	<u>13,256,952</u>	<u>804,388</u>	<u>-</u>	<u>181,247</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,484,979)</u>	<u>(107)</u>	<u>-</u>	<u>332,932</u>	<u>-</u>	<u>(11,171)</u>
Other financing sources (uses)						
Transfers in	16,682,421	107	551,614	-	-	-
Transfers out	-	-	-	-	(5,985,341)	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	197,442	-	551,614	332,932	(5,985,341)	(11,171)
Fund balances (deficit) at October 1, 2001	<u>5,784</u>	<u>-</u>	<u>(551,614)</u>	<u>9,369,130</u>	<u>5,985,341</u>	<u>16,260</u>
Fund balances at September 30, 2002	<u>\$ 203,226</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,702,062</u>	<u>\$ -</u>	<u>\$ 5,089</u>

(continued)

County of Oakland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended September 30, 2002

	Restricted Funds	Social Welfare	Environmental Infrastructure	Oakland Enhancement	Water & Sewer Act 342	Drains-Act 40 Maintenance Chapter 4 & 18
Revenues						
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ 792,704	\$ 166,044
Federal grants	-	-	-	-	2,635	-
State grants	-	-	-	-	-	-
Other intergovernmental revenues	-	-	-	-	-	-
Charges for services	35,915	1,165,141	-	350,786	42,931	2,950
Investment income	1,870	-	-	5,336	65,109	63,273
Other	334,389	-	-	10,500	-	-
Total revenues	<u>372,174</u>	<u>1,165,141</u>	<u>-</u>	<u>366,622</u>	<u>903,379</u>	<u>232,267</u>
Expenditures						
Salaries	-	-	-	188,248	231,692	183,804
Fringe benefits	-	-	-	82,491	78,500	65,095
Contractual services	175,239	1,165,141	-	84,195	657,528	47,999
Commodities	11,157	-	-	1,291	309	2,229
Capital outlay	-	-	-	-	-	-
Internal services	49,511	-	-	-	14,431	47,442
Intergovernmental	-	-	4,288,621	-	-	-
Total expenditures	<u>235,907</u>	<u>1,165,141</u>	<u>4,288,621</u>	<u>356,225</u>	<u>982,460</u>	<u>346,569</u>
Excess (deficiency) of revenues over (under) expenditures	<u>136,267</u>	<u>-</u>	<u>(4,288,621)</u>	<u>10,397</u>	<u>(79,081)</u>	<u>(114,302)</u>
Other financing sources (uses)						
Transfers in	-	-	5,000,000	-	3,665,768	51,665
Transfers out	(1,027,485)	-	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(891,218)	-	711,379	10,397	3,586,687	(62,637)
Fund balances (deficit) at October 1, 2001	<u>1,708,297</u>	<u>-</u>	<u>8,325,777</u>	<u>270,549</u>	<u>-</u>	<u>1,098,217</u>
Fund balances at September 30, 2002	<u>\$ 817,079</u>	<u>\$ -</u>	<u>\$ 9,037,156</u>	<u>\$ 280,946</u>	<u>\$ 3,586,687</u>	<u>\$ 1,035,580</u>

(continued)

County of Oakland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended September 30, 2002

	Lake Levels Act 146	Lake Improvements Act 345	Multi- Organizational Grants	Workforce Development Grants	Judicial Grants	Law Enforcement Grants
Revenues						
Special assessments	\$ 496,797	\$ 828,063	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	568,543	11,092,856	174,114	987,193
State grants	-	-	3,148,882	2,270,720	348,208	2,638,401
Other intergovernmental revenues	-	-	-	-	42	150,439
Charges for services	982	-	-	-	-	1,128,298
Investment income	4,515	23,331	-	14,140	-	-
Other	-	12,257	-	-	-	10,086
Total revenues	<u>502,294</u>	<u>863,651</u>	<u>3,717,425</u>	<u>13,377,716</u>	<u>522,364</u>	<u>4,914,417</u>
Expenditures						
Salaries	167,330	-	1,432,854	372,494	217,847	2,618,531
Fringe benefits	54,460	-	553,488	132,396	61,934	1,000,641
Contractual services	182,104	829,286	1,642,967	12,782,005	220,719	280,520
Commodities	10,843	13	16,926	2,072	21,769	614,803
Capital outlay	-	-	23,840	-	-	3,112
Internal services	50,047	94	47,350	88,749	95	396,810
Intergovernmental	-	-	-	-	-	-
Total expenditures	<u>464,784</u>	<u>829,393</u>	<u>3,717,425</u>	<u>13,377,716</u>	<u>522,364</u>	<u>4,914,417</u>
Excess (deficiency) of revenues over (under) expenditures	<u>37,510</u>	<u>34,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>37,510</u>	<u>34,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) at October 1, 2001	<u>34,205</u>	<u>1,239,878</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at September 30, 2002	<u>\$ 71,715</u>	<u>\$ 1,274,136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

County of Oakland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended September 30, 2002

	Housing and Community Development	Human Service Grants	Other Grants	COPS More Grant	Totals September 30, 2002
Revenues					
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ 2,283,608
Federal grants	9,416,503	9,755,672	406,609	1,040,821	33,672,323
State grants	-	2,309,134	796,048	-	25,691,538
Other intergovernmental revenues	296,948	-	-	473,538	2,465,620
Charges for services	1,046,444	-	10,428	-	15,933,321
Investment income	-	-	-	-	408,022
Other	-	-	-	-	516,278
Total revenues	<u>10,759,895</u>	<u>12,064,806</u>	<u>1,213,085</u>	<u>1,514,359</u>	<u>80,970,710</u>
Expenditures					
Salaries	1,143,885	3,403,781	367,693	166,601	25,671,285
Fringe benefits	459,575	1,210,778	168,949	59,861	9,820,391
Contractual services	8,903,530	6,720,213	481,048	308,983	53,230,030
Commodities	46,143	302,384	177,550	250,906	2,047,376
Capital outlay	-	-	-	710,508	780,643
Internal services	206,762	427,650	17,845	17,500	5,559,261
Intergovernmental	-	-	-	-	4,288,621
Total expenditures	<u>10,759,895</u>	<u>12,064,806</u>	<u>1,213,085</u>	<u>1,514,359</u>	<u>101,397,607</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	(20,426,897)
Other financing sources (uses)					
Transfers in	-	-	-	-	25,951,575
Transfers out	-	-	-	-	(7,012,826)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	-	-	(1,488,148)
Fund balances (deficit) at October 1, 2001	-	-	-	-	27,501,824
Fund balances at September 30, 2002	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,013,676</u>

County of Oakland
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances – Budget and Actual –
Non-Major Special Revenue Funds
For the Year Ended September 30, 2002

	Juvenile Maintenance		
	Final Amended Budget	Actual	Variance with Final Amended Budget
Revenues			
Federal grants	\$ 218,000	\$ 227,377	\$ 9,377
State grants	9,100,000	9,729,416	629,416
Charges for services	3,957,761	3,814,470	(143,291)
Other	5,784	145,504	139,720
Total revenues	<u>13,281,545</u>	<u>13,916,767</u>	<u>635,222</u>
Expenditures			
Current operations			
County Executive			
Human Services			
Controllable personnel expenditures	10,285,226	9,526,105	759,121
Controllable operating expenditures	7,986,147	9,111,593	(1,125,446)
Non-controllable operating expenditures	2,294,829	2,232,661	62,168
Total Human Services	<u>20,566,202</u>	<u>20,870,359</u>	<u>(304,157)</u>
Total County Executive	<u>20,566,202</u>	<u>20,870,359</u>	<u>(304,157)</u>
Justice Administration			
Circuit Court			
Controllable personnel expenditures	1,431,880	1,205,296	226,584
Controllable operating expenditures	6,848,029	8,324,638	(1,476,609)
Non-controllable operating expenditures	58,456	1,453	57,003
Total Circuit Court	<u>8,338,365</u>	<u>9,531,387</u>	<u>(1,193,022)</u>
Total Justice Administration	<u>8,338,365</u>	<u>9,531,387</u>	<u>(1,193,022)</u>
Total expenditures	<u>28,904,567</u>	<u>30,401,746</u>	<u>(1,497,179)</u>
Deficiency of revenues under expenditures	(15,623,022)	(16,484,979)	(861,957)
Other financing sources			
Operating transfers in	<u>15,623,022</u>	<u>16,682,421</u>	<u>1,059,399</u>
Excess of revenues and other financing sources under expenditures	-	197,442	197,442
Fund balance at October 1, 2001	<u>5,784</u>	<u>5,784</u>	<u>-</u>
Fund balance at September 30, 2002	<u>\$ 5,784</u>	<u>\$ 203,226</u>	<u>\$ 197,442</u>

County of Oakland
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances – Budget and Actual –
Non-Major Special Revenue Funds
For the Year Ended September 30, 2002

	Social Welfare Foster Care		
	Final Amended Budget	Actual	Variance with Final Amended Budget
Revenues			
State grants	\$ 15,000	\$ -	\$ (15,000)
Total revenues	<u>15,000</u>	<u>-</u>	<u>(15,000)</u>
Expenditures			
Current operations			
County Executive			
Human Services			
Controllable operating expenditures	30,000	107	29,893
Total Human Services	<u>30,000</u>	<u>107</u>	<u>29,893</u>
Total County Executive	<u>30,000</u>	<u>107</u>	<u>29,893</u>
Total expenditures	<u>30,000</u>	<u>107</u>	<u>29,893</u>
Deficiency of revenues under expenditures	(15,000)	(107)	14,893
Other financing sources			
Operating transfers in	<u>15,000</u>	<u>107</u>	<u>(14,893)</u>
Excess of revenues and other financing sources over expenditures	-	-	-
Fund balance at October 1, 2001	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at September 30, 2002	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

County of Oakland Non-Major Debt Service Funds

Debt Service Funds

These funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

The Building Authority Lyon Oaks Park Fund - was established to accumulate the resources for the payment of bonded debt issued for the construction of facilities at the Lyon Oaks Park.

The Building Authority Work Release, Jail Management and Video Conferencing Fund - was established to accumulate resources for the payment of bonded debt issued to construct the Work Release Facility and administration buildings for housing of non-violent offenders and Sheriff Department personnel.

The Building Authority 52nd District Court, 3^d Division and Sheriff Substation Fund - was established to accumulate resources for the payment of bonded debt issued to construct a new facility for the District Court located in Rochester Hills and an adjacent Sheriff Department substation.

The Building Authority Refunding Series 1992 Fund - was established to accumulate resources for the payment of bonded debt issued for the refinancing of debt obligations for various Building Authority funds.

The Building Authority Computer Center Fund - was established to accumulate resources for the payment of bonded debt issued to construct the Oakland County Computer Center.

The Building Authority West Wing Extension Fund - was established to accumulate resources for the payment of bonded debt issued to construct an addition to the Oakland County Courthouse West Wing.

The Building Authority Refunding Series 1998 Fund - was established to accumulate resources for the payment of bonded debt issued for the refinancing of debt obligations of the Building Authority West Wing Extension.

The Water and Sewer Act 185 Fund - is used to account for the accumulation of resources for the payment of bonded debt issued for the construction of water and sewer systems under Public Act 185 of 1957 (currently 6 issues).

**County of Oakland
Combining Balance Sheet
Non-Major Debt Service Funds
September 30, 2002**

	Building Authority Lyon Oaks Park	Building Authority Work Rel/Jail MgmtVideo	Building Authority 52/3 District Court & Sheriff Substation	Building Authority Refunding Series 1992	Building Authority Computer Center
Assets					
Current assets					
Cash and cash equivalents	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
Accrued interest receivable	-	-	-	-	-
Total current assets	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
Long-term assets					
Special assessments receivable	-	-	-	-	-
Total assets	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 5</u>
Liabilities and Fund Balances					
Current liabilities					
Due to other governmental units	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term liabilities					
Deferred revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - reserved for debt service	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
Total liabilities and fund balances	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 5</u>

(continued)

**County of Oakland
Combining Balance Sheet
Non-Major Debt Service Funds
September 30, 2002**

	Building Authority West Wing Extension	Building Authority Refunding Series 1998	Water and Sewer Act 185	Total September 30, 2002
Assets				
Current assets				
Cash and cash equivalents	\$ 523	\$ 5	\$ 633,917	\$ 634,470
Accrued interest receivable	-	-	2,169	2,169
Total current assets	<u>523</u>	<u>5</u>	<u>636,086</u>	<u>636,639</u>
Long-term assets				
Special assessments receivable	-	-	6,105,000	6,105,000
Total assets	<u>\$ 523</u>	<u>\$ 5</u>	<u>\$ 6,741,086</u>	<u>\$ 6,741,639</u>
Liabilities and Fund Balances				
Current liabilities				
Due to other governmental units	\$ -	\$ -	\$ 461,029	\$ 461,029
Long-term liabilities				
Deferred revenue	-	-	6,105,000	6,105,000
Total liabilities	<u>-</u>	<u>-</u>	<u>6,566,029</u>	<u>6,566,029</u>
Fund balances - reserved for debt service	<u>523</u>	<u>5</u>	<u>175,057</u>	<u>175,610</u>
Total liabilities and fund balances	<u>\$ 523</u>	<u>\$ 5</u>	<u>\$ 6,741,086</u>	<u>\$ 6,741,639</u>

County of Oakland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Debt Service Funds
For the Year Ended September 30, 2002

	Building Authority Lyon Oaks Park	Building Authority Work Rel/Jail Mgmt/Video	Building Authority 52/3 District Court & Sheriff Substation	Building Authority Refunding Series 1992	Building Authority Computer Center
Revenues					
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures					
Principal payments	400,000	-	-	1,450,000	-
Interest	162,475	730,575	190,437	117,775	108,938
Paying agent fees	300	458	321	1,500	1,000
Intergovernmental	-	-	-	-	-
Total expenditures	<u>562,775</u>	<u>731,033</u>	<u>190,758</u>	<u>1,569,275</u>	<u>109,938</u>
Excess (deficiency) of revenues over (under) expenditures	(562,775)	(731,033)	(190,758)	(1,569,275)	(109,938)
Other financing sources (uses):					
Transfers in	<u>562,775</u>	<u>731,038</u>	<u>190,763</u>	<u>1,569,275</u>	<u>109,938</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	-	5	5	-	-
Fund balances at October 1, 2001	<u>5</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>5</u>
Fund balances at September 30, 2002	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 5</u>

(continued)

County of Oakland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Debt Service Funds
For the Year Ended September 30, 2002

	Building Authority West Wing Extension	Building Authority Refunding Series 1998	Water and Sewer Act 185	Totals September 30, 2002
Revenues				
Special assessments	\$ -	\$ -	\$ 3,841,347	\$ 3,841,347
Charges for services	518	-	1,087	1,605
Investment income	-	-	21,396	21,396
Total revenues	<u>518</u>	<u>-</u>	<u>3,863,830</u>	<u>3,864,348</u>
Expenditures				
Principal payments	850,000	115,000	3,370,000	6,185,000
Interest	47,600	430,338	471,347	2,259,485
Paying agent fees	1,000	300	2,956	7,835
Intergovernmental	-	-	823,573	823,573
Total expenditures	<u>898,600</u>	<u>545,638</u>	<u>4,667,876</u>	<u>9,275,893</u>
Excess (deficiency) of revenues under (under) expenditures	(898,082)	(545,638)	(804,046)	(5,411,545)
Other financing sources (uses):				
Transfers in	<u>898,600</u>	<u>545,638</u>	<u>-</u>	<u>4,608,027</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	518	-	(804,046)	(803,518)
Fund balances at October 1, 2001	<u>5</u>	<u>5</u>	<u>979,103</u>	<u>979,128</u>
Fund balances at September 30, 2002	<u>\$ 523</u>	<u>\$ 5</u>	<u>\$ 175,057</u>	<u>\$ 175,610</u>

County of Oakland Non-Major Capital Projects Funds

Capital Projects Funds

These funds account for the purchase or construction of major capital facilities which are not financed by Proprietary funds.

The Building Improvement Fund - was established to account for the funding of major County building programs.

The Project Work Orders Fund - was established to account for the costs of various improvement projects for County facilities.

The Major Projects Fund - was established to account for the costs of major improvement projects to various County facilities, which are funded by current available resources rather than bond issues.

The Lyon Oaks Park Fund - was established to account for the cost of construction of the golf course and facilities at Lyon Oaks Park.

The Parks and Recreation Capital Improvements Fund - was established to account for the cost of construction and capital improvements at the various County parks. This fund was reclassified to Enterprise Fund type at October 1, 2001.

The Work Release, Jail Management and Video Conferencing Fund - is used to account for the cost of construction of a Work Release Facility and development of a Jail Management and Video Conference System.

The Office Building Renovation Fund - was established to account for the cost of the purchase and renovation of the Oakland Schools Building.

The 52/3 District Court & Sheriff Substation Fund - was established to account for the cost of construction of the new district court building and Sheriff Department substation in Rochester Hills.

The Water and Sewer Act 342 Fund - is used to account for the construction of water and sewer systems under P.A. 342 of 1939. This fund was reclassified to Special Revenue Fund type at October 1, 2001.

The Lake Levels Act 146 Fund - is to account for the costs of construction or reconstruction of various dam structures for purposes of lake level control and augmentation wells (currently 2) under P.A. 146 of 1961.

The Lake Improvements Act 345 Fund - is used to account for the costs of construction of an augmentation well for purposes of lake level control for a lake in Waterford Township. Financing is provided by a special assessment roll as permitted under P.A. 345 of 1966.

The Drain Commissioner Revolving Fund - was established to provide funds for preliminary costs of various drains (including component unit drainage districts), lake level projects, and lake improvements.

The Long-term Revolving Fund - was established to provide preliminary financing for specific capital projects as approved by the Oakland County Board of Commissioners. Funds advanced are recovered through special assessments.

**County of Oakland
Combining Balance Sheet
Non-Major Capital Projects Funds
September 30, 2002**

	Building Improvement	Project Work Orders	Major Projects	Lyon Oaks Park	Work Release/ Jail Mgt/Video Conferencing	Office Building Renovation
Assets						
Current assets						
Cash and cash equivalents	\$ 2,617,283	\$ 16,013,209	\$ 18,795	\$ 823,861	\$ 2,327,731	\$ 800,000
Investments	-	-	-	-	17,424,595	-
Due from other governmental units	-	-	-	-	130,493	-
Accrued interest receivable	-	-	-	303	86,635	-
Due from component units	-	-	-	-	-	-
Due from other funds	5,035,000	291	-	-	-	-
Total current assets	<u>7,652,283</u>	<u>16,013,500</u>	<u>18,795</u>	<u>824,164</u>	<u>19,969,454</u>	<u>800,000</u>
Long-term assets						
Advances	800,000	-	-	-	-	-
Special assessments receivable	-	-	-	-	-	-
Total long-term assets	<u>800,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	\$ 8,452,283	\$ 16,013,500	\$ 18,795	\$ 824,164	\$ 19,969,454	\$ 800,000
Liabilities and Fund Balances						
Current liabilities						
Vouchers payable	\$ -	\$ 363,322	\$ -	\$ -	\$ -	\$ -
Due to other component units	-	-	-	-	-	-
Due to other funds	-	36,450	-	-	-	-
Other accrued liabilities	82,500	275,069	-	341,352	489,952	-
Total current liabilities	<u>82,500</u>	<u>674,841</u>	<u>-</u>	<u>341,352</u>	<u>489,952</u>	<u>-</u>
Long-term liabilities						
Deferred revenue	-	-	-	-	-	-
Advances	-	-	-	-	-	800,000
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>800,000</u>
Total liabilities	<u>82,500</u>	<u>674,841</u>	<u>-</u>	<u>341,352</u>	<u>489,952</u>	<u>800,000</u>
Fund balances						
Reserved						
Long-term advances	800,000	-	-	-	-	-
Work projects	-	-	-	482,812	19,479,502	-
Total reserved	<u>800,000</u>	<u>-</u>	<u>-</u>	<u>482,812</u>	<u>19,479,502</u>	<u>-</u>
Unreserved						
Designated for work projects	-	15,338,659	18,795	-	-	-
Undesignated	7,569,783	-	-	-	-	-
Total unreserved	<u>7,569,783</u>	<u>15,338,659</u>	<u>18,795</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>8,369,783</u>	<u>15,338,659</u>	<u>18,795</u>	<u>482,812</u>	<u>19,479,502</u>	<u>-</u>
Total liabilities and fund balances	\$ 8,452,283	\$ 16,013,500	\$ 18,795	\$ 824,164	\$ 19,969,454	\$ 800,000

(continued)

**County of Oakland
Combining Balance Sheet
Non-Major Capital Projects Funds
September 30, 2002**

	52/3 District Court/Sheriff Substation	Lake Levels Act 146	Lake Improvements Act 345	Drain Commissioner Revolving	Long-term Revolving	Totals September 30, 2002
Assets						
Current assets						
Cash and cash equivalents	\$ 8,239,170	\$ 68,840	\$ 14,275	\$ 654,341	\$ 1,380,254	\$ 32,957,759
Investments	11,503,700	-	-	-	-	28,928,295
Due from other governmental units	-	-	-	-	-	130,493
Accrued interest receivable	56,013	-	-	-	-	142,951
Due from component units	-	-	-	274,203	-	274,203
Due from other funds	-	-	-	896,498	63,386	5,995,175
Total current assets	<u>19,798,883</u>	<u>68,840</u>	<u>14,275</u>	<u>1,825,042</u>	<u>1,443,640</u>	<u>68,428,876</u>
Long-term assets						
Advances	-	-	-	-	47,360	847,360
Special assessments receivable	-	42,311	15,282	-	-	57,593
Total long-term assets	<u>-</u>	<u>42,311</u>	<u>15,282</u>	<u>-</u>	<u>47,360</u>	<u>904,953</u>
Total assets	\$ 19,798,883	\$ 111,151	\$ 29,557	\$ 1,825,042	\$ 1,491,000	\$ 69,333,829
Liabilities and Fund Balances						
Current liabilities						
Vouchers payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 363,322
Due to other component units	-	-	-	42	-	42
Due to other funds	17,604	87,782	9,141	-	-	150,977
Other accrued liabilities	174,270	10,000	-	-	-	1,373,143
Total current liabilities	<u>191,874</u>	<u>97,782</u>	<u>9,141</u>	<u>42</u>	<u>-</u>	<u>1,887,484</u>
Long-term liabilities						
Deferred revenue	-	42,311	15,282	-	-	57,593
Advances	-	40,123	-	-	-	840,123
Total long-term liabilities	<u>-</u>	<u>82,434</u>	<u>15,282</u>	<u>-</u>	<u>-</u>	<u>897,716</u>
Total liabilities	<u>191,874</u>	<u>180,216</u>	<u>24,423</u>	<u>42</u>	<u>-</u>	<u>2,785,200</u>
Fund balances						
Reserved						
Long-term advances	-	-	-	-	47,360	847,360
Work projects	19,607,009	-	5,134	1,825,000	1,443,640	42,843,097
Total reserved	<u>19,607,009</u>	<u>-</u>	<u>5,134</u>	<u>1,825,000</u>	<u>1,491,000</u>	<u>43,690,457</u>
Unreserved						
Designated for work projects	-	-	-	-	-	15,357,454
Undesignated	-	(69,065)	-	-	-	7,500,718
Total unreserved	<u>-</u>	<u>(69,065)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,858,172</u>
Total fund balances (deficit)	<u>19,607,009</u>	<u>(69,065)</u>	<u>5,134</u>	<u>1,825,000</u>	<u>1,491,000</u>	<u>66,548,629</u>
Total liabilities and fund balances	\$ 19,798,883	\$ 111,151	\$ 29,557	\$ 1,825,042	\$ 1,491,000	\$ 69,333,829

County of Oakland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Capital Projects Funds
For the Year Ended September 30, 2002

	Building Improvement	Project Work Orders	Major Projects	Lyon Oaks Park	Parks & Recr. Capital Improvements	Work Release/ Jail Mgt/Video Conferencing	Office Building Renovation
Revenues							
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-	-	130,493	-
Investment income	-	-	-	11,686	-	323,054	-
Other	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,686</u>	<u>-</u>	<u>453,547</u>	<u>-</u>
Expenditures - capital outlay	<u>-</u>	<u>5,009,345</u>	<u>-</u>	<u>1,563,574</u>	<u>-</u>	<u>4,138,363</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(5,009,345)</u>	<u>-</u>	<u>(1,551,888)</u>	<u>-</u>	<u>(3,684,816)</u>	<u>-</u>
Other financing sources (uses)							
Transfers in	10,124,325	7,627,487	-	949,508	-	-	-
Transfers out	(6,445,300)	(5,089,325)	-	-	(12,465,815)	-	-
Proceeds from issuance of bonds	-	-	-	-	-	23,400,000	-
Discounts on bonds sold	-	-	-	-	-	(234,000)	-
Total other financing sources (uses)	<u>3,679,025</u>	<u>2,538,162</u>	<u>-</u>	<u>949,508</u>	<u>(12,465,815)</u>	<u>23,166,000</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>3,679,025</u>	<u>(2,471,183)</u>	<u>-</u>	<u>(602,380)</u>	<u>(12,465,815)</u>	<u>19,481,184</u>	<u>-</u>
Fund balances (deficits) at October 1, 2001	<u>4,690,758</u>	<u>17,809,842</u>	<u>18,795</u>	<u>1,085,192</u>	<u>12,465,815</u>	<u>(1,682)</u>	<u>-</u>
Fund balances (deficits) at September 30, 2002	<u>\$ 8,369,783</u>	<u>\$ 15,338,659</u>	<u>\$ 18,795</u>	<u>\$ 482,812</u>	<u>\$ -</u>	<u>\$ 19,479,502</u>	<u>\$ -</u>

(continued)

County of Oakland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Capital Projects Funds
For the Year Ended September 30, 2002

	52/3 District Court/Sheriff Substation	Water and Sewer Act 342	Lake Levels Act 146	Lake Improvements Act 345	Drain Commissioner Revolving	Long-term Revolving	Totals September 30, 2002
Revenues							
Special assessments	\$ -	\$ -	\$ 41,678	\$ 10,069	\$ -	\$ -	\$ 51,747
State grants	-	-	-	-	-	-	130,493
Investment income	161,990	-	-	-	-	-	496,730
Other	-	-	2,556	1,032	-	-	3,588
Total revenues	<u>161,990</u>	<u>-</u>	<u>44,234</u>	<u>11,101</u>	<u>-</u>	<u>-</u>	<u>682,558</u>
Expenditures - capital outlay	<u>3,676,590</u>	<u>-</u>	<u>8,050</u>	<u>560</u>	<u>-</u>	<u>-</u>	<u>14,396,482</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,514,600)</u>	<u>-</u>	<u>36,184</u>	<u>10,541</u>	<u>-</u>	<u>-</u>	<u>(13,713,924)</u>
Other financing sources (uses)							
Transfers in	-	-	-	-	-	1,000,000	19,701,320
Transfers out	-	(3,665,768)	-	-	-	-	(27,666,208)
Proceeds from issuance of bonds	23,300,000	-	-	-	-	-	46,700,000
Discounts on bonds sold	(178,391)	-	-	-	-	-	(412,391)
Total other financing sources (uses)	<u>23,121,609</u>	<u>(3,665,768)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>38,322,721</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	19,607,009	(3,665,768)	36,184	10,541	-	1,000,000	24,608,797
Fund balances (deficits) at October 1, 2001	<u>-</u>	<u>3,665,768</u>	<u>(105,249)</u>	<u>(5,407)</u>	<u>1,825,000</u>	<u>491,000</u>	<u>41,939,832</u>
Fund balances (deficits) at September 30, 2002	<u>\$ 19,607,009</u>	<u>\$ -</u>	<u>\$ (69,065)</u>	<u>\$ 5,134</u>	<u>\$ 1,825,000</u>	<u>\$ 1,491,000</u>	<u>\$ 66,548,629</u>

County of Oakland Internal Service Funds

Internal Service Funds

These funds account for the financing of goods or services provided by one County department or agency to other departments or agencies on a cost-reimbursed basis.

The Fringe Benefits Fund - is used as a clearing account for the County's employee fringe benefits. Monies are accumulated in this fund as a result of payroll allocations made on a departmental and/or bargaining unit basis. This fund also accumulates and disburses monies related to workers' compensation and unemployment compensation claims.

The Information Technology Fund - accounts for the operations of the Department of Information Technology, a service bureau that provides I.T. services to other County departments and divisions, local governmental units, private sector and @access Oakland customers. Costs include the program and system support, maintenance, enhancements and new development for all major systems applications.

The Drain Equipment Fund - accounts for the cost of vehicles and other equipment used for the construction and maintenance of various drains and lake level projects. The fund is reimbursed as the accumulated costs are distributed to specific projects or funds.

The Building and Liability Insurance Fund - was established to accumulate monies, which are available to settle claims against the County when no insurance coverage exists and to make insurance premium payments. The fund is reimbursed by the user departments for insurance premiums paid and monies accumulated for self-insurance.

The Office Equipment Fund - accumulates the costs of servicing and operating County-owned office equipment. The fund recovers these costs by developing rates and billing user departments.

The Facilities Maintenance and Operations Fund - accumulates the costs of operating and maintaining the County's buildings, grounds, and utilities. The fund recovers costs by developing rates and billing user departments.

The Motor Pool Fund - accumulates the costs of purchasing, servicing, and operating County-owned vehicles. The fund recovers these costs by developing rates and billing user departments.

The Micrographics Fund - accumulates the costs of microfilming and photocopying County records. The fund recovers costs by developing rates and billing user departments and title insurance companies.

The Telephone Communications Fund - accumulates the costs of operating the County telephone system. The fund is reimbursed for the accumulated costs by distributing the charges to the specific fund or department.

The Mailing, Copier, and Printing Fund - accumulates the costs of County mail, printing services, and servicing and operating leased copier machines. The fund recovers these costs by developing rates and billing user departments.

The Sheriff Aviation Fund - accumulates the cost of the purchase and operations of the helicopter(s) used by the Oakland County Sheriff's Department. The fund recovers the costs through user charges to the Sheriff Dept./General Fund.

The Materials Management Fund - was permanently closed into the General Fund in October, 2001.

**County of Oakland
Combining Statement of Net Assets
Internal Service Funds
September 30, 2002**

	Fringe Benefits	Information Technology	Drain Equipment	Building and Liability Insurance	Office Equipment	Facilities Maintenance and Operations
Assets						
Current assets						
Cash and cash equivalents	\$ 7,710,941	\$ 6,104,062	\$ 1,371,405	\$ 736,099	\$ 2,121,878	\$ 1,997,686
Investments	32,953,875	3,000,000	-	23,655,628	-	4,216,362
Due from other governmental units	-	152,751	-	-	-	-
Due from component units	92	10,794	16,195	-	-	390
Accrued interest receivable	69,697	2,769	3,368	235,396	1,972	4,923
Accounts receivable (net of allowance for uncollectibles where applicable)	-	217,223	434,434	14,735	-	215,146
Due from other funds	794,048	1,897,345	5,061	45,422	-	117,342
Inventories and supplies	-	168,601	-	-	-	76,982
Prepayments and other assets	2,497,078	1,256,056	94,331	-	-	-
Total current assets	<u>44,025,731</u>	<u>12,809,601</u>	<u>1,924,794</u>	<u>24,687,280</u>	<u>2,123,850</u>	<u>6,628,831</u>
Capital assets, at cost						
Land and improvements	-	-	130,000	-	-	-
Buildings and improvements	-	-	371,407	-	-	525,283
Infrastructure	-	-	-	-	-	3,169,683
Equipment and vehicles	-	41,323,008	5,617,463	-	3,772,055	1,513,818
Construction in progress	-	6,154,949	360,333	-	-	-
	-	47,477,957	6,479,203	-	3,772,055	5,208,784
Less: Accumulated depreciation	-	24,877,249	3,733,251	-	2,608,641	3,933,461
Capital assets, net	<u>-</u>	<u>22,600,708</u>	<u>2,745,952</u>	<u>-</u>	<u>1,163,414</u>	<u>1,275,323</u>
Total assets	<u>\$ 44,025,731</u>	<u>\$ 35,410,309</u>	<u>\$ 4,670,746</u>	<u>\$ 24,687,280</u>	<u>\$ 3,287,264</u>	<u>\$ 7,904,154</u>

(continued)

**County of Oakland
Combining Statement of Net Assets
Internal Service Funds
September 30, 2002**

	Motor Pool	Micrographics	Telephone Communications	Mailing, Copier, and Printing	Sheriff Aviation	Totals September 30, 2002
Assets						
Current assets						
Cash and cash equivalents	\$ 1,694,375	\$ 546,123	\$ 371,508	\$ 500,324	\$ 183,675	\$ 23,338,076
Investments	-	978,000	-	-	-	64,803,865
Due from other governmental units	2,757	-	-	9,669	-	165,177
Due from component units	-	-	-	5,976	-	33,447
Accrued interest receivable	1,257	5,498	-	12	-	324,892
Accounts receivable (net of allowance for uncollectibles where applicable)	-	63,855	760	741	-	946,894
Due from other funds	6,500	-	100	12	33,297	2,899,127
Inventories and supplies	92,580	-	-	164,006	-	502,169
Prepayments and other assets	804,972	-	34,499	36,802	-	4,723,738
Total current assets	<u>2,602,441</u>	<u>1,593,476</u>	<u>406,867</u>	<u>717,542</u>	<u>216,972</u>	<u>97,737,385</u>
Capital assets, at cost						
Land and improvements	-	-	-	-	-	130,000
Buildings and improvements	424,861	-	-	-	-	1,321,551
Infrastructure	-	-	-	-	-	3,169,683
Equipment and vehicles	7,690,844	401,212	3,929,524	361,330	3,989,410	68,598,664
Construction in progress	-	-	63,972	-	-	6,579,254
	<u>8,115,705</u>	<u>401,212</u>	<u>3,993,496</u>	<u>361,330</u>	<u>3,989,410</u>	<u>79,799,152</u>
Less: Accumulated depreciation	<u>5,482,888</u>	<u>219,951</u>	<u>1,290,909</u>	<u>341,170</u>	<u>166,095</u>	<u>42,653,615</u>
Capital assets, net	<u>2,632,817</u>	<u>181,261</u>	<u>2,702,587</u>	<u>20,160</u>	<u>3,823,315</u>	<u>37,145,537</u>
Total assets	<u>\$ 5,235,258</u>	<u>\$ 1,774,737</u>	<u>\$ 3,109,454</u>	<u>\$ 737,702</u>	<u>\$ 4,040,287</u>	<u>\$ 134,882,922</u>

(continued)

**County of Oakland
Combining Statement of Net Assets
Internal Service Funds
September 30, 2002**

	Fringe Benefits	Information Technology	Drain Equipment	Building and Liability Insurance	Office Equipment	Facilities Maintenance and Operations
Liabilities						
Current liabilities						
Vouchers payable	\$ 451,185	\$ 83,892	\$ 141,541	\$ 22,882	\$ 3,708	\$ 306,769
Accrued payroll	-	-	-	-	-	147,525
Due to other funds	1,581	166,078	14,757	-	-	21,813
Due to other governmental units	-	29,095	-	-	-	-
Current portion of workers' compensation	1,304,421	-	-	-	-	-
Current portion of advances payable	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Other accrued liabilities	670,506	1,633,442	281,960	16,199,989	1,400	38,652
Total current liabilities	2,427,693	1,912,507	438,258	16,222,871	5,108	514,759
Long-term liabilities						
Accrued workers' compensation	11,426,913	-	-	-	-	-
Accrued unreported health costs	2,368,000	-	-	-	-	-
Accrued sick and annual leave	12,890,629	-	-	-	-	-
Advances	-	-	-	-	-	-
Contracts payable	-	590,483	-	-	-	-
Total long-term liabilities	26,685,542	590,483	-	-	-	-
Total liabilities	29,113,235	2,502,990	438,258	16,222,871	5,108	514,759
Net Assets						
Invested in capital assets	-	22,600,708	2,745,952	-	1,163,414	1,275,323
Restricted for programs	-	7,157,523	400,579	-	-	-
Unrestricted	14,912,496	3,149,088	1,085,957	8,464,409	2,118,742	6,114,072
Total net assets	\$ 14,912,496	\$ 32,907,319	\$ 4,232,488	\$ 8,464,409	\$ 3,282,156	\$ 7,389,395

(continued)

**County of Oakland
Combining Statement of Net Assets
Internal Service Funds
September 30, 2002**

	Motor Pool	Micrographics	Telephone Communications	Mailing, Copier, and Printing	Sheriff Aviation	Totals September 30, 2002
Liabilities						
Current liabilities						
Vouchers payable	\$ 24,851	\$ 6,334	\$ 12,739	\$ 219,073	\$ 7,193	\$ 1,280,167
Accrued payroll	-	-	-	-	-	147,525
Due to other funds	45,942	-	-	-	127,500	377,671
Due to other governmental units	-	-	-	-	-	29,095
Current portion of workers' compensation	-	-	-	-	-	1,304,421
Current portion of advances payable	-	-	-	-	437,500	437,500
Deferred revenue	1,600	-	-	-	-	1,600
Other accrued liabilities	40,523	7,894	52,909	2,593	5,594	18,935,462
Total current liabilities	<u>112,916</u>	<u>14,228</u>	<u>65,648</u>	<u>221,666</u>	<u>577,787</u>	<u>22,513,441</u>
Long-term liabilities						
Accrued workers' compensation	-	-	-	-	-	11,426,913
Accrued unreported health costs	-	-	-	-	-	2,368,000
Accrued sick and annual leave	-	-	-	-	-	12,890,629
Advances	-	-	-	-	3,025,000	3,025,000
Contracts payable	-	-	-	-	-	590,483
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,025,000</u>	<u>30,301,025</u>
Total liabilities	<u>112,916</u>	<u>14,228</u>	<u>65,648</u>	<u>221,666</u>	<u>3,602,787</u>	<u>52,814,466</u>
Net Assets						
Invested in capital assets	2,632,817	181,261	2,702,587	20,160	360,815	33,683,037
Restricted for programs	-	-	683,891	-	-	8,241,993
Unrestricted	2,489,525	1,579,248	(342,672)	495,876	76,685	40,143,426
Total net assets	<u>\$ 5,122,342</u>	<u>\$ 1,760,509</u>	<u>\$ 3,043,806</u>	<u>\$ 516,036</u>	<u>\$ 437,500</u>	<u>\$ 82,068,456</u>

County of Oakland
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended September 30, 2002

	Fringe Benefits	Information Technology	Drain Equipment	Building and Liability Insurance	Office Equipment	Facilities Maintenance and Operations
Operating revenues:						
Charges for services	\$ 78,079,736	\$ 23,139,423	\$ 2,167,494	\$ 2,616,433	\$ 610,297	\$ 24,038,455
Other	-	70	609	14,720	-	5,491
Total operating revenues	<u>78,079,736</u>	<u>23,139,493</u>	<u>2,168,103</u>	<u>2,631,153</u>	<u>610,297</u>	<u>24,043,946</u>
Operating expenses						
Salaries	669,000	7,794,066	266,039	452,031	-	7,232,626
Fringe benefits	80,030,989	2,781,422	90,525	162,569	-	3,095,705
Contractual services	3,729,815	13,760,864	573,988	1,227,732	143,572	9,521,450
Commodities	14,459	596,744	335,296	1,424	21,442	1,165,775
Depreciation	-	9,437,113	530,366	-	693,703	150,497
Internal services	<u>183,407</u>	<u>1,353,937</u>	<u>1,062,936</u>	<u>393,570</u>	<u>1,101</u>	<u>813,073</u>
Total operating expenses	<u>84,627,670</u>	<u>35,724,146</u>	<u>2,859,150</u>	<u>2,237,326</u>	<u>859,818</u>	<u>21,979,126</u>
Operating income (loss)	<u>(6,547,934)</u>	<u>(12,584,653)</u>	<u>(691,047)</u>	<u>393,827</u>	<u>(249,521)</u>	<u>2,064,820</u>
Nonoperating revenues (expenses)						
Interest revenue	793,610	53,778	13,069	568,480	37,514	83,424
Interest expense	-	-	-	-	-	-
Gain on sale of property and equipment	-	25,675	78,754	-	3,375	-
Net nonoperating revenues	<u>793,610</u>	<u>79,453</u>	<u>91,823</u>	<u>568,480</u>	<u>40,889</u>	<u>83,424</u>
Income (loss) before contributions and transfers	<u>(5,754,324)</u>	<u>(12,505,200)</u>	<u>(599,224)</u>	<u>962,307</u>	<u>(208,632)</u>	<u>2,148,244</u>
Capital contributions	-	44,378	-	-	53,298	-
Transfers in	-	14,026,798	550,000	-	-	54,000
Transfers out	-	(243,890)	(459,768)	-	-	-
Change in net assets	<u>(5,754,324)</u>	<u>1,322,086</u>	<u>(508,992)</u>	<u>962,307</u>	<u>(155,334)</u>	<u>2,202,244</u>
Net assets at October 1, 2001	<u>20,666,820</u>	<u>31,585,233</u>	<u>4,741,480</u>	<u>7,502,102</u>	<u>3,437,490</u>	<u>5,187,151</u>
Net assets at September 30, 2002	<u>\$ 14,912,496</u>	<u>\$ 32,907,319</u>	<u>\$ 4,232,488</u>	<u>\$ 8,464,409</u>	<u>\$ 3,282,156</u>	<u>\$ 7,389,395</u>

(continued)

County of Oakland
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended September 30, 2002

	Motor Pool	Micrographics	Telephone Communications	Mailing, Copier, and Printing	Sheriff Aviation	Totals September 30, 2002
Operating revenues:						
Charges for services	\$ 6,053,229	\$ 1,174,945	\$ 3,588,878	\$ 3,205,829	\$ 1,175,274	\$ 145,849,993
Other	<u>21,778</u>	<u>50</u>	<u>247</u>	<u>57</u>	<u>-</u>	<u>43,022</u>
Total operating revenues	<u>6,075,007</u>	<u>1,174,995</u>	<u>3,589,125</u>	<u>3,205,886</u>	<u>1,175,274</u>	<u>145,893,015</u>
Operating expenses						
Salaries	614,902	354,190	295,099	289,477	196,468	18,163,898
Fringe benefits	264,367	135,178	129,793	118,627	79,356	86,888,531
Contractual services	1,521,163	340,689	2,067,511	972,823	59,682	33,919,289
Commodities	2,250,891	4,303	246,814	1,566,625	47,980	6,251,753
Depreciation	1,283,157	40,485	312,929	3,137	101,202	12,552,589
Internal services	<u>391,223</u>	<u>73,318</u>	<u>561,437</u>	<u>68,534</u>	<u>210,467</u>	<u>5,113,003</u>
Total operating expenses	<u>6,325,703</u>	<u>948,163</u>	<u>3,613,583</u>	<u>3,019,223</u>	<u>695,155</u>	<u>162,889,063</u>
Operating income (loss)	<u>(250,696)</u>	<u>226,832</u>	<u>(24,458)</u>	<u>186,663</u>	<u>480,119</u>	<u>(16,996,048)</u>
Nonoperating revenues (expenses)						
Interest revenue	18,627	26,201	1,582	13	-	1,596,298
Interest expense	-	-	-	-	(42,619)	(42,619)
Gain on sale of property and equipment	<u>456,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>564,025</u>
Net nonoperating revenues	<u>474,848</u>	<u>26,201</u>	<u>1,582</u>	<u>13</u>	<u>(42,619)</u>	<u>2,117,704</u>
Income (loss) before contributions and transfers	<u>224,152</u>	<u>253,033</u>	<u>(22,876)</u>	<u>186,676</u>	<u>437,500</u>	<u>(14,878,344)</u>
Capital contributions	-	-	-	-	-	97,676
Transfers in	466,730	-	36,667	-	-	15,134,195
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(703,658)</u>
Change in net assets	690,882	253,033	13,791	186,676	437,500	(350,131)
Net assets at October 1, 2001	<u>4,431,460</u>	<u>1,507,476</u>	<u>3,030,015</u>	<u>329,360</u>	<u>-</u>	<u>82,418,587</u>
Net assets at September 30, 2002	<u>\$ 5,122,342</u>	<u>\$ 1,760,509</u>	<u>\$ 3,043,806</u>	<u>\$ 516,036</u>	<u>\$ 437,500</u>	<u>\$ 82,068,456</u>

**County of Oakland
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2002**

	Fringe Benefits	Materials Management	Information Technology	Drain Equipment	Building and Liability Insurance	Office Equipment	Facilities Maintenance and Operations
Cash flows from operating activities							
Cash received from users	\$ 79,511,723	\$ 589	\$ 22,033,355	\$ 2,126,175	\$ 2,577,686	\$ 620,372	\$ 24,425,029
Cash paid to suppliers	(85,731,475)	(408,034)	(19,683,703)	(1,983,778)	(2,629,640)	(179,029)	(14,337,204)
Cash paid to employees	(669,000)	-	(7,794,066)	(266,039)	(452,031)	-	(7,085,101)
Net cash provided by (used in) operating activities	(6,888,752)	(407,445)	(5,444,414)	(123,642)	(503,985)	441,343	3,002,724
Cash flows from noncapital financing activities							
Transfers from other funds	-	-	5,408,298	-	-	-	54,000
Transfers to other funds	-	-	(243,890)	(459,768)	-	-	-
Net cash provided by (used in) noncapital financing activities	-	-	5,164,408	(459,768)	-	-	54,000
Cash flows from capital and related financing activities							
Transfers from other funds	-	-	8,618,500	550,000	-	-	-
Advances	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	53,298	-
Proceeds on sale of capital assets	-	-	25,675	78,754	-	3,375	-
Acquisition of capital assets	-	-	(5,188,407)	(829,031)	-	(575,545)	(138,541)
Amount paid on advances and equipment contracts	-	-	(269,517)	-	-	-	-
Interest paid on advances and equipment contracts	-	-	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	-	-	3,186,251	(200,277)	-	(518,872)	(138,541)
Cash flows from investing activities							
Purchase of investments	(91,821,907)	-	(3,000,000)	-	(52,021,968)	-	(4,216,362)
Interest on investments	71,898,032	-	53,363	10,247	501,675	43,199	81,877
Sale of investments	779,026	-	-	-	49,939,467	-	-
Net cash provided by (used in) investing activities	(19,144,849)	-	(2,946,637)	10,247	(1,580,826)	43,199	(4,134,485)
Net increase (decrease) in cash and cash equivalents	(26,033,601)	(407,445)	(40,392)	(773,440)	(2,084,811)	(34,330)	(1,216,302)
Cash and cash equivalents at October 1, 2001	33,744,542	407,445	6,144,454	2,144,845	2,820,910	2,156,208	3,213,988
Cash and cash equivalents at September 30, 2002	\$ 7,710,941	\$ -	\$ 6,104,062	\$ 1,371,405	\$ 736,099	\$ 2,121,878	\$ 1,997,686

(continued)

County of Oakland
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2002

	Motor Pool	Micrographics	Telephone Communications	Mailing, Copier, and Printing	Sheriff Aviation	Totals September 30, 2002
Cash flows from operating activities						
Cash received from users	\$ 6,076,030	\$ 1,143,785	\$ 3,610,170	\$ 3,244,388	\$ 1,156,516	\$ 146,525,818
Cash paid to suppliers	(4,559,619)	(539,266)	(3,133,114)	(2,664,709)	(261,467)	(136,111,038)
Cash paid to employees	(614,902)	(354,190)	(295,099)	(289,477)	(196,468)	(18,016,373)
Net cash provided by (used in) operating activities	901,509	250,329	181,957	290,202	698,581	(7,601,593)
Cash flows from noncapital financing activities						
Transfers from other funds	-	-	36,667	-	-	5,498,965
Transfers to other funds	-	-	-	-	-	(703,658)
Net cash provided by (used in) noncapital financing activities	-	-	36,667	-	-	4,795,307
Cash flows from capital and related financing activities						
Transfers from other funds	466,730	-	-	-	-	9,635,230
Advances	-	-	-	-	2,000,000	2,000,000
Contributions	-	-	-	-	-	53,298
Proceeds on sale of capital assets	609,421	-	-	-	-	717,225
Acquisition of capital assets	(1,201,054)	-	(617,505)	(10,245)	(2,039,166)	(10,599,494)
Amount paid on advances and equipment contracts	-	-	-	-	(437,500)	(707,017)
Interest paid on advances and equipment contracts	-	-	-	-	(42,619)	(42,619)
Net cash provided by (used in) capital and related financing activities	(124,903)	-	(617,505)	(10,245)	(519,285)	1,056,623
Cash flows from investing activities						
Purchase of investments	-	(2,932,320)	-	-	-	(153,992,557)
Interest on investments	18,362	23,215	2,294	1	-	72,632,265
Sale of investments	-	3,194,154	-	-	-	53,912,647
Net cash provided by (used in) investing activities	18,362	285,049	2,294	1	-	(27,447,645)
Net increase (decrease) in cash and cash equivalents	794,968	535,378	(396,587)	279,958	179,296	(29,197,308)
Cash and cash equivalents at October 1, 2001	899,407	10,745	768,095	220,366	4,379	52,535,384
Cash and cash equivalents at September 30, 2002	\$ 1,694,375	\$ 546,123	\$ 371,508	\$ 500,324	\$ 183,675	\$ 23,338,076

(continued)

**County of Oakland
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2002**

	Fringe Benefits	Materials Management	Information Technology	Drain Equipment	Building and Liability Insurance	Office Equipment	Facilities Maintenance and Operations
Operating income (loss)	\$ (6,547,934)	\$ -	\$ (12,584,653)	\$ (691,047)	\$ 393,827	\$ (249,521)	\$ 2,064,820
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities							
Depreciation expense	-	-	9,437,113	530,366	-	693,703	150,497
(Increase) decrease in due from other governmental units	115,616	-	13,049	-	-	-	-
(Increase) decrease in accounts receivable	3,325	589	178,351	(204,006)	(8,045)	10,075	204,445
(Increase) decrease in due from other funds	1,313,138	-	(1,286,744)	178,273	(45,422)	-	177,028
(Increase) decrease in due from component units	(92)	-	(10,794)	(16,195)	-	-	(390)
(Increase) decrease in inventories and supplies	-	-	(27,274)	-	-	-	42,244
(Increase) decrease in prepayments and other assets	(979,322)	-	(610,888)	(94,331)	-	-	-
Increase (decrease) in vouchers payable	32,420	-	(397,226)	133,210	22,255	(8,597)	213,916
Increase (decrease) in accrued payroll	-	-	-	-	-	-	147,525
Increase (decrease) in due to other funds	(13,502)	(408,034)	70,762	(9,206)	(500)	-	19,289
Increase (decrease) in due to other governmental units	-	-	29,095	-	-	-	-
(Decrease) in current portion of workers' compensation	(36,671)	-	-	-	-	-	-
Increase (decrease) in deferred revenue	-	-	-	-	-	-	-
Increase (decrease) in other accrued liabilities	(38,988)	-	(255,205)	49,294	(866,100)	(4,317)	(16,650)
(Decrease) in accrued workers' compensation	(1,280,253)	-	-	-	-	-	-
Increase in accrued sick and annual leave	543,511	-	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ (6,888,752)</u>	<u>\$ (407,445)</u>	<u>\$ (5,444,414)</u>	<u>\$ (123,642)</u>	<u>\$ (503,985)</u>	<u>\$ 441,343</u>	<u>\$ 3,002,724</u>

(continued)

County of Oakland
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2002

	Motor Pool	Micrographics	Telephone Communications	Mailing, Copier, and Printing	Sheriff Aviation	Totals September 30, 2002
Operating income (loss)	\$ (250,696)	\$ 226,832	\$ (24,458)	\$ 186,663	\$ 480,119	\$ (16,996,048)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation expense	1,283,157	40,485	312,929	3,137	101,202	12,552,589
(Increase) decrease in due from other governmental units	338	195	-	(7,182)	-	122,016
(Increase) decrease in accounts receivable	6,685	(31,405)	240	5,772	-	166,026
(Increase) decrease in due from other funds	(6,000)	-	20,805	45,888	(18,758)	378,208
(Increase) decrease in due from component units	-	-	-	(5,976)	-	(33,447)
(Increase) decrease in inventories and supplies	7,364	-	-	(30,748)	-	(8,414)
(Increase) decrease in prepayments and other assets	(174,268)	-	(4,710)	1,812	-	(1,861,707)
Increase (decrease) in vouchers payable	(34,593)	6,328	(21,195)	88,665	2,924	38,107
Increase (decrease) in accrued payroll	-	-	-	-	-	147,525
Increase (decrease) in due to other funds	28,124	-	(59,853)	(422)	127,500	(245,842)
Increase (decrease) in due to other governmental units	-	-	-	-	-	29,095
(Decrease) in current portion of workers' compensation	-	-	-	-	-	(36,671)
Increase (decrease) in deferred revenue	1,600	-	-	-	-	1,600
Increase (decrease) in other accrued liabilities	39,798	7,894	(41,801)	2,593	5,594	(1,117,888)
(Decrease) in accrued workers' compensation	-	-	-	-	-	(1,280,253)
Increase in accrued sick and annual leave	-	-	-	-	-	543,511
Net cash provided by (used in) operating activities	<u>\$ 901,509</u>	<u>\$ 250,529</u>	<u>\$ 181,957</u>	<u>\$ 290,202</u>	<u>\$ 698,581</u>	<u>\$ (1,601,595)</u>

Noncash transactions:

Non-cash capital and related financing included \$860,000 asset purchase recorded in Contracts Payable-Long term, \$44,378 of capital assets contributed, and purchase of assets included in payables of \$759,490 in the Information Technology Fund; \$52,909 purchase of assets included in payables in the Telephone Communications Fund

County of Oakland Non-Major Enterprise Funds

Enterprise Funds

These funds account for operations and services provided for County residents and are financed primarily through user charges.

The Medical Care Facility Fund - was established to account for the financial operations of a 120-bed skilled nursing facility. Costs are recovered by charges to Medicare, Medicaid, or other third-party insurers for patient services.

The Fire Records Management Fund – was established to accumulate revenues and costs associated with providing a centralized Fire Records Management System (FRMS). The system will aid in uniform reporting and data sharing for participating local fire departments.

The Clinton-Oakland S.D.S. (Sewage Disposal System) Fund - was established to record operations and maintenance of the system, which is used to move sewage to the City of Detroit for treatment. Costs are recovered by developing rates and billing the municipalities being serviced.

The Huron-Rouge S.D.S. Fund - was established to record operations and maintenance of the system, which is used to move sewage to Wayne County for treatment. Costs are recovered by developing rates and billing the municipalities being serviced.

The Evergreen-Farmington S.D.S. Fund - was established to record the operations and maintenance of the system, which is used to move sewage to the City of Detroit for treatment. Costs are recovered by developing rates and billing the municipalities being serviced.

The Southeastern Oakland County S.D.S. (S.O.C.S.D.S.) Fund - was established to record operations and maintenance of the system, which is used to move sewage and storm water to the City of Detroit for treatment. Costs are recovered by developing rates and billing the municipalities being serviced.

The County Market Fund – is used to account for the operations of the farmer’s market located in Waterford.

The CLEMIS (Courts and Law Enforcement Management Information System) Fund - was established to accumulate revenues and costs associated with providing law enforcement units with immediate access to criminal and vehicle information throughout the United States and Canada. This includes the costs of purchasing, servicing, and operating mobile data terminals and base stations.

The Radio Communications Fund – accumulates the costs of purchasing, servicing and operating the County radio system. The fund recovers costs by developing rates and billing users, and also receives revenue from 911 surcharge.

The Jail Inmate Commissary Fund – is used to account for commissary operations and services, library operations and services, and indigent services for inmates at the Oakland County Jail. Inmate commissary transactions are logged in individual accounts in the Jail Management System (JAMS). Monies collected for these individual accounts are held in the Jail Inmate Trust Account.

**County of Oakland
Combining Statement of Net Assets
Non-Major Enterprise Funds
September 30, 2002**

	Medical Care Facility	Fire Records Management	Clinton- Oakland S.D.S.	Huron- Rouge S.D.S.	Evergreen- Farmington S.D.S.	S.O.C.S.D.S.
Assets						
Current assets						
Cash and cash equivalents	\$ 10,330,237	\$ 49,266	\$ 12,396,261	\$ 2,184,690	\$ 22,164,172	\$ 14,413,824
Investments	-	-	-	-	-	-
Due from other governmental units	-	68,542	6,462,759	1,186,789	7,031,037	4,867,081
Due from component units	-	-	-	-	354,169	-
Accrued interest receivable	-	-	8,215	719	20,550	-
Accounts receivable (net of allowances for uncollectibles where applicable)	1,285,797	-	-	-	-	-
Due from other funds	-	99,627	75,527	-	3,648,591	46,562
Inventories and supplies	-	-	-	-	-	-
Prepayments and other assets	418	-	-	-	-	-
Total current assets	11,616,452	217,435	18,942,762	3,372,198	33,218,519	19,327,467
Capital assets, at cost						
Land and improvements	13,771	-	25,725	19,748	27,681	625,998
Buildings and improvements	2,970,108	-	734,721	348,504	3,167,894	3,364,094
Equipment and vehicles	56,696	517,860	7,047	-	24,848	353,329
Infrastructure	-	-	36,799,208	2,962,297	25,784,033	76,214,844
Construction in progress	-	-	-	-	-	-
	3,040,575	517,860	37,566,701	3,330,549	29,004,456	80,558,265
Less accumulated depreciation	1,962,843	134,483	17,318,396	1,918,856	18,145,156	61,897,882
Capital assets, net	1,077,732	383,377	20,248,305	1,411,693	10,859,300	18,660,383
Total assets	\$ 12,694,184	\$ 600,812	\$ 39,191,067	\$ 4,783,891	\$ 44,077,819	\$ 37,987,850
Liabilities						
Current liabilities						
Vouchers payable	10,284,340	-	2,654,118	115,062	1,351	2,068
Accrued payroll	61,209	-	4,704	-	5,399	4,556
Due to other governmental units	-	-	1,544,144	922,166	5,210,261	7,774,986
Due to other funds	6,155	140,199	267,204	19,240	186,171	171,660
Deferred revenue	-	-	-	-	-	-
Other accrued liabilities	41,252	-	362,318	-	578,365	116,830
Total liabilities	10,392,956	140,199	4,832,488	1,056,468	5,981,547	8,070,100
Net Assets						
Invested in capital assets, net of related debt	1,077,732	383,377	20,248,305	1,411,693	10,859,300	18,660,383
Restricted for programs	-	-	-	-	-	-
Unrestricted	1,223,496	77,236	14,110,274	2,315,730	27,236,972	11,257,367
Total net assets	\$ 2,301,228	\$ 460,613	\$ 34,358,579	\$ 3,727,423	\$ 38,096,272	\$ 29,917,750

(continued)

**County of Oakland
Combining Statement of Net Assets
Non-Major Enterprise Funds
September 30, 2002**

	County Market	CLEMIS	Radio Communications	Jail Inmate Commissary	Totals September 30, 2002
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ 3,326,992	\$ 2,464,064	\$ 154,555	\$ 67,484,061
Investments	-	-	6,568,961	-	6,568,961
Due from other governmental units	-	306,357	85,825	-	20,008,390
Due from component units	-	-	-	-	354,169
Accrued interest receivable	-	2,825	28,648	179	61,136
Accounts receivable (net of allowances for uncollectibles where applicable)	12,246	7,363	587,623	91,222	1,984,251
Due from other funds	-	73,227	-	-	3,943,534
Inventories and supplies	-	100,527	457,117	46,012	603,656
Prepayments and other assets	-	5,536	7,481	-	13,435
Total current assets	12,246	3,822,827	10,199,719	291,968	101,021,593
Capital assets, at cost					
Land and improvements	-	-	-	-	712,923
Buildings and improvements	-	-	-	-	10,585,321
Equipment and vehicles	-	9,269,280	11,277,429	-	21,506,489
Infrastructure	-	-	-	-	141,760,382
Construction in progress	-	8,808,175	6,717,323	-	15,525,498
	-	18,077,455	17,994,752	-	190,090,613
Less accumulated depreciation	-	5,906,974	7,288,022	-	114,572,612
Capital assets, net	-	12,170,481	10,706,730	-	75,518,001
Total assets	\$ 12,246	\$ 15,993,308	\$ 20,906,449	\$ 291,968	\$ 176,539,594
Liabilities					
Current liabilities					
Vouchers payable	-	31,102	-	50,235	13,138,276
Accrued payroll	-	-	-	3,314	79,182
Due to other governmental units	-	200,900	-	-	15,652,457
Due to other funds	10,632	105,930	349	55,000	962,540
Deferred revenue	-	8,500	-	-	8,500
Other accrued liabilities	-	371,505	161,168	868	1,632,306
Total liabilities	10,632	717,937	161,517	109,417	31,473,261
Net Assets					
Invested in capital assets, net of related debt	-	12,170,481	10,706,730	-	75,518,001
Restricted for programs	-	129,301	8,292,309	-	8,421,610
Unrestricted	1,614	2,975,589	1,745,893	182,551	61,126,722
Total net assets	\$ 1,614	\$ 15,275,371	\$ 20,744,932	\$ 182,551	\$ 145,066,333

County of Oakland
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Non-Major Enterprise Funds
For the Year Ended September 30, 2002

	Medical Care Facility	Fire Records Management	Clinton- Oakland S.D.S.	Huron- Rouge S.D.S.	Evergreen- Farmington S.D.S.	S.O.C.S.D.S.
Operating revenues						
Charges for services	\$ 10,218,571	\$ 100,267	\$ 16,710,559	\$ 2,672,234	\$ 24,041,649	\$ 27,778,491
Other	218,689	-	149,787	-	251	58
Total operating revenues	<u>10,437,260</u>	<u>100,267</u>	<u>16,860,346</u>	<u>2,672,234</u>	<u>24,041,900</u>	<u>27,778,549</u>
Operating expenses						
Salaries	4,017,749	119,937	550,367	61,607	533,346	487,350
Fringe benefits	1,586,301	47,206	183,705	20,280	179,853	162,844
Contractual services	1,711,120	6,862	18,903,779	2,678,713	21,383,493	25,916,578
Commodities	1,888,214	752	52,763	113	82,412	349,374
Depreciation	83,127	116,372	751,384	66,216	585,230	1,661,880
Internal services	766,919	172,277	192,309	11,988	228,875	129,934
Total operating expenses	<u>10,053,430</u>	<u>463,406</u>	<u>20,634,307</u>	<u>2,838,917</u>	<u>22,993,209</u>	<u>28,707,960</u>
Operating income (loss)	<u>383,830</u>	<u>(363,139)</u>	<u>(3,773,961)</u>	<u>(166,683)</u>	<u>1,048,691</u>	<u>(929,411)</u>
Nonoperating revenues						
Interest revenue	-	68	298,673	30,971	447,326	282,024
Interest expense and paying agent fees	-	-	(55,960)	-	-	-
Net nonoperating revenues	<u>-</u>	<u>68</u>	<u>242,713</u>	<u>30,971</u>	<u>447,326</u>	<u>282,024</u>
Income (loss) before contributions and transfers	<u>383,830</u>	<u>(363,071)</u>	<u>(3,531,248)</u>	<u>(135,712)</u>	<u>1,496,017</u>	<u>(647,387)</u>
Capital contributions	-	-	-	-	-	-
Transfers in	-	349,627	-	-	-	-
Transfers out	-	-	-	-	-	-
Change in net assets	<u>383,830</u>	<u>(13,444)</u>	<u>(3,531,248)</u>	<u>(135,712)</u>	<u>1,496,017</u>	<u>(647,387)</u>
Net assets October 1, 2001	<u>1,917,398</u>	<u>474,057</u>	<u>37,889,827</u>	<u>3,863,135</u>	<u>36,600,255</u>	<u>30,565,137</u>
Net assets at September 30, 2002	<u>\$ 2,301,228</u>	<u>\$ 460,613</u>	<u>\$ 34,358,579</u>	<u>\$ 3,727,423</u>	<u>\$ 38,096,272</u>	<u>\$ 29,917,750</u>

(continued)

County of Oakland
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Non-Major Enterprise Funds
For the Year Ended September 30, 2002

	County Market	CLEMIS	Radio Communications	Jail Inmate Commissary	Totals September 30, 2002
Operating revenues					
Charges for services	\$ 133,854	\$ 1,262,011	\$ 8,731,278	\$ 1,212,489	\$ 92,861,403
Other	-	97	426	-	369,308
Total operating revenues	<u>133,854</u>	<u>1,262,108</u>	<u>8,731,704</u>	<u>1,212,489</u>	<u>93,230,711</u>
Operating expenses					
Salaries	56,827	795,285	462,465	211,355	7,296,288
Fringe benefits	18,474	269,148	159,805	89,144	2,716,760
Contractual services	11,252	892,436	898,359	70,481	72,473,073
Commodities	-	35,991	308,609	818,860	3,537,088
Depreciation	-	2,918,824	859,674	-	7,042,707
Internal services	59,302	754,545	434,835	15,112	2,766,096
Total operating expenses	<u>145,855</u>	<u>5,666,229</u>	<u>3,123,747</u>	<u>1,204,952</u>	<u>95,832,012</u>
Operating income (loss)	<u>(12,001)</u>	<u>(4,404,121)</u>	<u>5,607,957</u>	<u>7,537</u>	<u>(2,601,301)</u>
Nonoperating revenues					
Interest revenue	-	71,023	235,638	5,340	1,371,063
Interest expense and paying agent fees	-	-	-	-	(55,960)
Net nonoperating revenues	<u>-</u>	<u>71,023</u>	<u>235,638</u>	<u>5,340</u>	<u>1,315,103</u>
Income (loss) before contributions and transfers	<u>(12,001)</u>	<u>(4,333,098)</u>	<u>5,843,595</u>	<u>12,877</u>	<u>(1,286,198)</u>
Capital contributions	-	1,514,359	-	-	1,514,359
Transfers in	11,017	1,593,564	58,600	-	2,012,808
Transfers out	-	-	-	(55,000)	(55,000)
Change in net assets	<u>(984)</u>	<u>(1,225,175)</u>	<u>5,902,195</u>	<u>(42,123)</u>	<u>2,185,969</u>
Net assets October 1, 2001	<u>2,598</u>	<u>16,500,546</u>	<u>14,842,737</u>	<u>224,674</u>	<u>142,880,364</u>
Net assets at September 30, 2002	<u>\$ 1,614</u>	<u>\$ 15,275,371</u>	<u>\$ 20,744,932</u>	<u>\$ 182,551</u>	<u>\$ 145,066,333</u>

**County of Oakland
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended September 30, 2002**

	Medical Care Facility	Fire Records Management	Clinton- Oakland S.D.S.	Huron- Rouge S.D.S.	Evergreen- Farmington S.D.S.	S.O.C.S.D.S.
Cash flows from operating activities						
Cash received from users	\$ 21,092,516	\$ 40,075	\$ 15,131,224	\$ 2,288,589	\$ 21,554,701	\$ 26,817,061
Cash paid to suppliers	(6,805,739)	(147,645)	(19,936,963)	(2,451,272)	(20,723,401)	(25,365,335)
Cash paid to employees	<u>(3,956,540)</u>	<u>(119,937)</u>	<u>(545,663)</u>	<u>(61,607)</u>	<u>(527,947)</u>	<u>(482,794)</u>
Net cash provided by (used in) operating activities	<u>10,330,237</u>	<u>(227,507)</u>	<u>(5,351,402)</u>	<u>(224,290)</u>	<u>303,353</u>	<u>968,932</u>
Cash flows from noncapital financing activities						
Transfers from other funds	-	250,000	-	-	-	-
Transfers to other funds	-	-	-	-	-	-
Interest paid on short-term borrowings	<u>-</u>	<u>-</u>	<u>(55,960)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used in noncapital financing activities	<u>-</u>	<u>250,000</u>	<u>(55,960)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities						
Transfers from other funds	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Acquisition of capital assets	<u>-</u>	<u>(16,885)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>-</u>	<u>(16,885)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities						
Purchase of investments	-	-	(4,500,000)	-	-	-
Interest on investments	-	77	389,495	34,716	439,940	284,047
Proceeds from sale of investments	<u>-</u>	<u>-</u>	<u>9,500,556</u>	<u>-</u>	<u>15,111,250</u>	<u>-</u>
Net cash provided by investing activities	<u>-</u>	<u>77</u>	<u>5,390,051</u>	<u>34,716</u>	<u>15,551,190</u>	<u>284,047</u>
Net increase (decrease) in cash and cash equivalents	10,330,237	5,685	(17,311)	(189,574)	15,854,543	1,252,979
Cash and cash equivalents at October 1, 2001	<u>-</u>	<u>43,581</u>	<u>12,413,572</u>	<u>2,374,264</u>	<u>6,309,629</u>	<u>13,160,845</u>
Cash and cash equivalents at September 30, 2002	<u>\$ 10,330,237</u>	<u>\$ 49,266</u>	<u>\$ 12,396,261</u>	<u>\$ 2,184,690</u>	<u>\$ 22,164,172</u>	<u>\$ 14,413,824</u>

(continued)

County of Oakland
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended September 30, 2002

	County Market	CLEMIS	Radio Communications	Jail Inmate Commissary	Totals September 30, 2002
Cash flows from operating activities					
Cash received from users	\$ 127,149	\$ 1,164,773	\$ 8,896,464	\$ 1,220,411	\$ 98,332,963
Cash paid to suppliers	(81,339)	(2,913,393)	(1,648,709)	(1,026,113)	(81,099,909)
Cash paid to employees	<u>(56,827)</u>	<u>(795,285)</u>	<u>(462,465)</u>	<u>(208,041)</u>	<u>(7,217,106)</u>
Net cash provided by (used in) operating activities	<u>(11,017)</u>	<u>(2,543,905)</u>	<u>6,785,290</u>	<u>(13,743)</u>	<u>10,015,948</u>
Cash flows from noncapital financing activities					
Transfers from other funds	11,017	1,545,916	-	-	1,806,933
Transfers to other funds	-	-	-	(55,000)	(55,000)
Interest paid on short-term borrowings	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,960)</u>
Net cash used in noncapital financing activities	<u>11,017</u>	<u>1,545,916</u>	<u>-</u>	<u>(55,000)</u>	<u>1,695,973</u>
Cash flows from capital and related financing activities					
Transfers from other funds	-	47,648	58,600	-	106,248
Proceeds from sale of capital assets	-	-	5,561	-	5,561
Acquisition of capital assets	<u>-</u>	<u>-</u>	<u>(6,717,323)</u>	<u>-</u>	<u>(6,734,208)</u>
Net cash used in capital and related financing activities	<u>-</u>	<u>47,648</u>	<u>(6,653,162)</u>	<u>-</u>	<u>(6,622,399)</u>
Cash flows from investing activities					
Purchase of investments	-	(426,675)	(19,956,739)	-	(24,883,414)
Interest on investments	-	73,856	302,059	5,519	1,529,709
Proceeds from sale of investments	<u>-</u>	<u>426,675</u>	<u>20,882,053</u>	<u>67,000</u>	<u>45,987,534</u>
Net cash provided by investing activities	<u>-</u>	<u>73,856</u>	<u>1,227,373</u>	<u>72,519</u>	<u>22,633,829</u>
Net increase (decrease) in cash and cash equivalents	-	(876,485)	1,359,501	3,776	27,723,351
Cash and cash equivalents at October 1, 2001	<u>-</u>	<u>4,203,477</u>	<u>1,104,563</u>	<u>150,779</u>	<u>39,760,710</u>
Cash and cash equivalents at September 30, 2002	<u>\$ -</u>	<u>\$ 3,326,992</u>	<u>\$ 2,464,064</u>	<u>\$ 154,555</u>	<u>\$ 67,484,061</u>

(continued)

County of Oakland
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended September 30, 2002

	Medical Care Facility	Fire Records Management	Clinton- Oakland S.D.S.	Huron- Rouge S.D.S.	Evergreen- Farmington S.D.S.	S.O.C.S.D.S.
Operating income (loss)	\$ 383,830	\$ (363,139)	\$ (3,773,961)	\$ (166,683)	\$ 1,048,691	\$ (929,411)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation expense	83,127	116,372	751,384	66,216	585,230	1,661,880
(Increase) decrease in due from other governmental units	-	(60,192)	(1,707,566)	(383,645)	(1,118,086)	(959,755)
(Increase) decrease in due from component units	-	-	-	-	(354,169)	-
(Increase) decrease in accounts receivable	289,108	-	-	-	-	-
(Increase) decrease in due from other funds	90,265	-	(21,556)	-	(1,014,944)	(1,733)
(Increase) decrease in inventories and supplies	-	-	-	-	-	-
(Increase) decrease in prepayments and other assets	(288)	-	-	-	-	-
Increase (decrease) in vouchers payable	10,232,485	-	1,369,169	4,474	(77,148)	749
Increase (decrease) in due to other governmental units	-	-	(1,999,302)	249,741	1,011,089	1,014,905
Increase (decrease) in due to other funds	(830,288)	87,708	(49,386)	5,607	76,049	115,541
Increase (decrease) in accrued payroll	61,209	-	4,704	-	5,399	4,556
Increase (decrease) in deferred revenue	-	-	-	-	-	-
Increase (decrease) in other accrued liabilities	20,789	(8,256)	75,112	-	141,242	62,200
Net cash provided by (used in) operating activities	<u>\$ 10,330,237</u>	<u>\$ (227,507)</u>	<u>\$ (5,351,402)</u>	<u>\$ (224,290)</u>	<u>\$ 303,353</u>	<u>\$ 968,932</u>

(continued)

**County of Oakland
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended September 30, 2002**

	County Market	CLEMIS	Radio Communications	Jail Inmate Commissary	Totals September 30, 2002
Operating income (loss)	\$ (12,001)	\$ (4,404,121)	\$ 5,607,957	\$ 7,537	\$ (2,601,301)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation expense	-	2,918,824	859,674	-	7,042,707
(Increase) decrease in due from other governmental units	-	(74,116)	7,280	-	(4,296,080)
(Increase) decrease in due from component units	-	-	-	-	(354,169)
(Increase) decrease in accounts receivable	(12,246)	5,426	94,640	7,922	384,850
(Increase) decrease in due from other funds	5,541	(37,145)	62,840	-	(916,732)
(Increase) decrease in inventories and supplies	-	(100,527)	(42,955)	(7,213)	(150,695)
(Increase) decrease in prepayments and other assets	-	(1,256)	228,335	-	226,791
Increase (decrease) in vouchers payable	-	30,082	(12,713)	(20,427)	11,526,671
Increase (decrease) in due to other governmental units	-	-	-	-	276,433
Increase (decrease) in due to other funds	7,689	79,148	274	(5,744)	(513,402)
Increase (decrease) in accrued payroll	-	-	-	3,314	79,182
Increase (decrease) in deferred revenue	-	8,500	-	-	8,500
Increase (decrease) in other accrued liabilities	-	(968,720)	(20,042)	868	(696,807)
Net cash provided by (used in) operating activities	<u>\$ (11,017)</u>	<u>\$ (2,543,905)</u>	<u>\$ 6,785,290</u>	<u>\$ (13,743)</u>	<u>\$ 10,015,948</u>

Noncash transactions:

Noncash and capital related financing activities included \$1,412,583 of capital assets contributed in the CLEMIS Fund and \$49,280,798 in the Parks and Recreation Fund. Also transfer of fund balances from Capital Projects and Special Revenue funds for Parks and Recreation included \$89,187 noncash transfer. Also, \$99,627 of Transfers in for Fire Records Management Fund included in Due from other funds at September 30, 2002.

County of Oakland Pension (and Other Postemployment Benefit) Trust Funds

Pension Trust Funds

Employee Pension Trust funds accept payments made by the County, invest fund resources, and calculate and pay pensions to beneficiaries.

The Oakland County Employees' Retirement Fund - is used to account for the financial operations of the Oakland County Employees' Retirement System. The system is administered by a nine-member board of trustees, while the County acts as the custodian of the system.

The VEBA (Voluntary Employees' Beneficiary Association) Trust Fund – was established as a trust under Internal Revenue Code Section 501(c)(9) to account for funding on an actuarial basis including contributions by Oakland County, and subsequent disbursement for post-employment medical benefits.

Component Unit - Road Commission Retirement – This fund is used to account for the financial operations of the Oakland County Road Commission Retirement System. The Road Commission for Oakland County Retirement System is a single-employer defined benefit pension plan that is administered by the Road Commission for Oakland County Retirement System Board of Trustees. This plan covers substantially all employees of the Road Commission.

County of Oakland
Combining Statement of Fiduciary Net Assets
Pension (and Other Postemployment Benefit) Trust Funds
September 30, 2002

	Oakland County		Component Unit	
	Employees' Retirement	VEBA Trust	Road Commission Retirement (1)	Totals September 30, 2002
Assets				
Cash and cash equivalents	\$ 5,238,218	\$ 2,179,873	\$ 5,241,398	\$ 12,659,489
Investments, at fair value:				
Common stock	332,512,634	65,774,921	78,748,172	477,035,727
U.S. government securities	71,493,507	36,225,111	31,365,929	139,084,547
Corporate bonds	165,887,894	29,924,465	32,719,437	228,531,796
Money market	21,587,939	4,139,099	-	25,727,038
Real estate	7,902,345	-	-	7,902,345
Other	-	-	713,362	713,362
Total investments	<u>599,384,319</u>	<u>136,063,596</u>	<u>143,546,900</u>	<u>878,994,815</u>
Receivables - interest and dividends	3,709,117	892,304	829,027	5,430,448
Receivables - other	8,885	2,430	-	11,315
Due from other funds	440	-	-	440
Total assets	<u>608,340,979</u>	<u>139,138,203</u>	<u>149,617,325</u>	<u>897,096,507</u>
Liabilities				
Vouchers payable	1,821,318	67,929	-	1,889,247
Due to other funds	-	685,276	-	685,276
Other accrued liabilities	516,722	633,000	725,023	1,874,745
Total liabilities	<u>2,338,040</u>	<u>1,386,205</u>	<u>725,023</u>	<u>4,449,268</u>
Net assets held in trust for employees' pension and other post-employment healthcare benefits	<u>\$ 606,002,939</u>	<u>\$ 137,751,998</u>	<u>\$ 148,892,302</u>	<u>\$ 892,647,239</u>

(1) Road Commission component unit financial information is reported as of December 31, 2001.

County of Oakland
Combining Statement of Changes in Fiduciary Net Assets
Pension (and Other Postemployment Benefit) Trust Funds
For the Year Ended September 30, 2002

	Oakland County Employees' Retirement	VEBA Trust	Component Unit Road Commission Retirement (1)	Totals September 30, 2002
Additions				
Contributions				
Employer	\$ -	\$ 20,521,589	\$ 2,235,000	\$ 22,756,589
Plan members	987,731	50,979	-	1,038,710
Total contributions	<u>987,731</u>	<u>20,572,568</u>	<u>2,235,000</u>	<u>23,795,299</u>
Investment income	(80,624,351)	(9,805,441)	(5,568,240)	(95,998,032)
Less - investment expense	-	-	(719,056)	(719,056)
Net investment income (loss)	<u>(80,624,351)</u>	<u>(9,805,441)</u>	<u>(6,287,296)</u>	<u>(96,717,088)</u>
Total additions (deletions)	<u>(79,636,620)</u>	<u>10,767,127</u>	<u>(4,052,296)</u>	<u>(72,921,789)</u>
Deductions				
Benefits	21,317,818	12,179,407	4,794,970	38,292,195
Administrative expenses	<u>2,154,891</u>	<u>-</u>	<u>-</u>	<u>2,154,891</u>
Total deductions	<u>23,472,709</u>	<u>12,179,407</u>	<u>4,794,970</u>	<u>40,447,086</u>
Net decrease	(103,109,329)	(1,412,280)	(8,847,266)	(113,368,875)
Net assets held in trust for employees' pension and other postemployment healthcare benefits				
At October 1, 2001	<u>709,112,268</u>	<u>139,164,278</u>	<u>157,739,568</u>	<u>1,006,016,114</u>
At September 30, 2002	<u>\$ 606,002,939</u>	<u>\$ 137,751,998</u>	<u>\$ 148,892,302</u>	<u>\$ 892,647,239</u>

(1) Road Commission component unit financial information is reported for the year ended December 31, 2001.

County of Oakland Agency Funds

Agency Funds

These funds account for assets held by the County in a trustee capacity. Disbursements from these funds are contingent upon the trust agreement or applicable legislative enactment for each particular fund. Agency funds are generally clearance devices for monies collected for others, held briefly, and then disbursed to authorized recipients.

The Undistributed Taxes Fund - is a conglomerate of various current year tax funds that receive tax monies and disburse them to municipalities, school districts, and other governmental units.

The Escheats Trust Fund – is used to account for monies that have not been claimed. This includes payroll, retirement and other checks issued by the County, and monies from the Legatee Trust and Special Trust funds. All monies go to the State of Michigan after a prescribed length of time.

The Public Library Trust Fund - is used to account for monies received by District and Circuit Courts for court fines and disbursed to public libraries, based on a percentage of the current census.

The Contractor's Retainage Fund - is used to account for a portion of those monies due to a particular contractor who is involved with an Oakland County project. Disbursement, including interest earnings, is made to the contractor upon completion of the project.

The Circuit Court Trust Fund - is used to account for monies received and disbursed by the Clerk's Office per Circuit Court order.

The Register of Deeds Trust Fund - is used to account for redemption monies received from the sale of real estate by the Sheriff's Department and their subsequent disbursement.

The Medical Care Facility (M.C.F) Patient Trust Fund - is used to account for personal funds of patients at the Medical Care Facility.

The Legatee Trust Fund - is used to account for estate assets that remain unclaimed. After five years, these monies are transferred to the Oakland County Escheats Trust Fund.

The Special Trust Fund - is used to account for monies deposited with the County Treasurer that are released at a later date. Juvenile Court bonds, Transient Merchant License bonds, and overbids on Sheriff land sales are included.

The Sheriff's NET (Narcotics Enforcement Team) Forfeiture Fund (formerly the Prosecutor Forfeiture Evidence Fund) - is used to account for the sale of confiscated property by the Sheriff's Department. Monies collected in this fund are used to purchase surveillance equipment needed by investigators.

The District Court Trust Fund - is used to account for appearance bonds and other trust monies in the County's District Court system.

The Child Support Account - is used to account for child support, alimony, and medical expense payments as ordered by the Friend of the Court and their subsequent disbursement.

County of Oakland Agency Funds

Agency Funds (continued)

The Jail Inmate Trust Account Fund - is used to hold monies collected from and for inmates of the Oakland County Jail. Checks are written to cover bond payments, commissary purchases of other personal needs, and to return account balances upon inmate release or transfer to another facility. Individual accounts are tracked in the Jail Management System (JAMS).

County of Oakland
Combining Statement of Fiduciary Net Assets
Agency Funds
September 30, 2002

	Undistributed Taxes	Escheats Trust	Public Library Trust	Contractor's Retainage	Circuit Court Trust	Register of Deeds Trust	M.C.F. Patient Trust
Assets							
Cash and cash equivalents	\$ 162,087,215	\$ 460,281	\$ 171,745	\$ 3,562,584	\$ 19,107,438	\$ 1,247,937	\$ 12,475
Investments	-	-	310,000	-	202,382	-	-
Accrued interest receivable	-	-	599	-	-	-	-
Accounts receivable	-	-	57,033	-	-	-	-
Total assets	<u>162,087,215</u>	<u>460,281</u>	<u>539,377</u>	<u>3,562,584</u>	<u>19,309,820</u>	<u>1,247,937</u>	<u>12,475</u>
Liabilities							
Vouchers payable	-	-	-	-	745,483	-	-
Due to other governmental units	162,087,215	460,281	-	-	-	-	-
Other accrued liabilities	-	-	539,377	3,562,584	18,564,337	1,247,937	12,475
Total liabilities	<u>162,087,215</u>	<u>460,281</u>	<u>539,377</u>	<u>3,562,584</u>	<u>19,309,820</u>	<u>1,247,937</u>	<u>12,475</u>
Net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

County of Oakland
Combining Statement of Fiduciary Net Assets
Agency Funds
September 30, 2002

	Legatee Trust	Special Trust	Sheriff NET Forfeiture	District Court Trust	Child Support Account	Jail Inmate Trust Account	Totals September 30, 2002
Assets							
Cash and cash equivalents	\$ 197,143	\$ 1,156,557	\$ 3,195,140	\$ 1,045,884	\$ 2,207,903	\$ 173,483	\$ 194,625,785
Investments	-	12,132	100,000	-	-	-	624,514
Accrued interest receivable	-	-	212	-	-	-	811
Accounts receivable	-	-	-	-	-	-	57,033
Total assets	<u>197,143</u>	<u>1,168,689</u>	<u>3,295,352</u>	<u>1,045,884</u>	<u>2,207,903</u>	<u>173,483</u>	<u>195,308,143</u>
Liabilities							
Vouchers payable	-	-	-	-	-	-	745,483
Due to other governmental units	-	-	-	-	-	-	162,547,496
Other accrued liabilities	<u>197,143</u>	<u>1,168,689</u>	<u>3,295,352</u>	<u>1,045,884</u>	<u>2,207,903</u>	<u>173,483</u>	<u>32,015,164</u>
Total liabilities	<u>197,143</u>	<u>1,168,689</u>	<u>3,295,352</u>	<u>1,045,884</u>	<u>2,207,903</u>	<u>173,483</u>	<u>195,308,143</u>
Net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

County of Oakland
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended September 30, 2002

	Balance October 1, 2001	Additions	Deductions	Balance September 30, 2002
Undistributed Taxes				
Assets				
Cash and cash equivalents	\$ 52,125,562	\$ 928,700,280	\$ 818,738,627	\$ 162,087,215
Liabilities				
Vouchers payable	\$ -	\$ 526,023,442	\$ 526,023,442	\$ -
Due to other governmental units	52,118,775	841,763,287	731,794,847	162,087,215
Due to other funds	6,568	83,341,845	83,348,413	-
Other accrued liabilities	219	3,595,148	3,595,367	-
Total	\$ 52,125,562	\$ 1,454,723,722	\$ 1,344,762,069	\$ 162,087,215
Escheats Trust				
Assets				
Cash and cash equivalents	\$ 79,303	\$ 426,346	\$ 45,368	\$ 460,281
Liabilities				
Vouchers payable	\$ 98	\$ 44,580	\$ 44,678	\$ -
Due to other governmental units	79,205	426,346	45,270	460,281
Total	\$ 79,303	\$ 470,926	\$ 89,948	\$ 460,281
Public Library Trust				
Assets				
Cash and cash equivalents	\$ 67,104	\$ 1,997,862	\$ 1,893,221	\$ 171,745
Investments	365,758	-	55,758	310,000
Accrued interest receivable	825	599	825	599
Accounts receivable	56,570	463	-	57,033
Due from other funds	18,636	137,528	156,164	-
Total	\$ 508,893	\$ 2,136,452	\$ 2,105,968	\$ 539,377
Liabilities				
Vouchers payable	\$ -	\$ 1,851,105	\$ 1,851,105	\$ -
Other accrued liabilities	508,893	1,871,472	1,840,988	539,377
Total	\$ 508,893	\$ 3,722,577	\$ 3,692,093	\$ 539,377

(continued)

County of Oakland
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended September 30, 2002

	Balance October 1, 2001	Additions	Deductions	Balance September 30, 2002
Contractor's Retainage				
Assets				
Cash and cash equivalents	\$ 1,951,469	\$ 3,038,272	\$ 1,427,157	\$ 3,562,584
Liabilities				
Vouchers payable	\$ -	\$ 1,390,023	\$ 1,390,023	\$ -
Other accrued liabilities	1,951,469	3,038,272	1,427,157	3,562,584
Total	<u>\$ 1,951,469</u>	<u>\$ 4,428,295</u>	<u>\$ 2,817,180</u>	<u>\$ 3,562,584</u>
Circuit Court Trust				
Assets				
Cash and cash equivalents	\$ 7,211,052	\$ 20,582,617	\$ 8,686,231	\$ 19,107,438
Investments	149,663	52,719	-	202,382
Total	<u>\$ 7,360,715</u>	<u>\$ 20,635,336</u>	<u>\$ 8,686,231</u>	<u>\$ 19,309,820</u>
Liabilities				
Vouchers payable	\$ -	\$ 9,378,995	\$ 8,633,512	\$ 745,483
Other accrued liabilities	7,360,715	20,582,617	9,378,995	18,564,337
Total	<u>\$ 7,360,715</u>	<u>\$ 29,961,612</u>	<u>\$ 18,012,507</u>	<u>\$ 19,309,820</u>
Register of Deeds Trust				
Assets				
Cash and cash equivalents	\$ 1,920,224	\$ 35,832,273	\$ 36,504,560	\$ 1,247,937
Liabilities				
Vouchers payable	\$ 206,264	\$ 35,477,015	\$ 35,683,279	\$ -
Due to other governmental units	6	-	6	-
Other accrued liabilities	1,713,954	35,832,273	36,298,290	1,247,937
Total	<u>\$ 1,920,224</u>	<u>\$ 71,309,288</u>	<u>\$ 71,981,575</u>	<u>\$ 1,247,937</u>

(continued)

County of Oakland
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended September 30, 2002

	Balance October 1, 2001	Additions	Deductions	Balance September 30, 2002
M.C.F. Patient Trust				
Assets				
Cash and cash equivalents	\$ 13,082	\$ 37,010	\$ 37,617	\$ 12,475
Liabilities				
Vouchers payable	\$ -	\$ 37,407	\$ 37,407	\$ -
Other accrued liabilities	13,082	36,920	37,527	12,475
Total	<u>\$ 13,082</u>	<u>\$ 74,327</u>	<u>\$ 74,934</u>	<u>\$ 12,475</u>
Legatee Trust				
Assets				
Cash and cash equivalents	\$ 267,128	\$ 67,729	\$ 137,714	\$ 197,143
Liabilities				
Vouchers payable	\$ -	\$ 137,714	\$ 137,714	\$ -
Other accrued liabilities	267,128	67,729	137,714	197,143
Total	<u>\$ 267,128</u>	<u>\$ 205,443</u>	<u>\$ 275,428</u>	<u>\$ 197,143</u>
Special Trust				
Assets				
Cash and cash equivalents	\$ 555,457	\$ 2,356,329	\$ 1,755,229	\$ 1,156,557
Investments	12,094	38	-	12,132
Total	<u>\$ 567,551</u>	<u>\$ 2,356,367</u>	<u>\$ 1,755,229</u>	<u>\$ 1,168,689</u>
Liabilities				
Vouchers payable	\$ -	\$ 534,993	\$ 534,993	\$ -
Other accrued liabilities	567,551	2,356,367	1,755,229	1,168,689
Total	<u>\$ 567,551</u>	<u>\$ 2,891,360</u>	<u>\$ 2,290,222</u>	<u>\$ 1,168,689</u>

(continued)

County of Oakland
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended September 30, 2002

	Balance October 1, 2001	Additions	Deductions	Balance September 30, 2002
Sheriff NET Forfeiture				
Assets				
Cash and cash equivalents	\$ 3,189,446	\$ 1,341,526	\$ 1,335,832	\$ 3,195,140
Investments	100,000	-	-	100,000
Accrued interest receivable	4,579	212	4,579	212
	<u>3,294,025</u>	<u>1,341,738</u>	<u>1,340,411</u>	<u>3,295,352</u>
Total	<u>\$ 3,294,025</u>	<u>\$ 1,341,738</u>	<u>\$ 1,340,411</u>	<u>\$ 3,295,352</u>
Liabilities				
Vouchers payable	\$ 30,552	\$ 713,843	\$ 744,395	\$ -
Other accrued liabilities	3,263,473	1,453,172	1,421,293	3,295,352
	<u>3,294,025</u>	<u>2,167,015</u>	<u>2,165,688</u>	<u>3,295,352</u>
Total	<u>\$ 3,294,025</u>	<u>\$ 2,167,015</u>	<u>\$ 2,165,688</u>	<u>\$ 3,295,352</u>
District Court Trust				
Assets				
Cash and cash equivalents	\$ 1,006,003	\$ 3,955,718	\$ 3,915,837	\$ 1,045,884
Liabilities				
Other accrued liabilities	\$ 1,006,003	\$ 3,955,718	\$ 3,915,837	\$ 1,045,884
	<u>1,006,003</u>	<u>3,955,718</u>	<u>3,915,837</u>	<u>1,045,884</u>
Total	<u>\$ 1,006,003</u>	<u>\$ 3,955,718</u>	<u>\$ 3,915,837</u>	<u>\$ 1,045,884</u>
Child Support Account				
Assets				
Cash and cash equivalents	\$ 1,325,330	\$ 188,322,875	\$ 187,440,302	\$ 2,207,903
Liabilities				
Other accrued liabilities	\$ 1,325,330	\$ 188,322,875	\$ 187,440,302	\$ 2,207,903
	<u>1,325,330</u>	<u>188,322,875</u>	<u>187,440,302</u>	<u>2,207,903</u>
Total	<u>\$ 1,325,330</u>	<u>\$ 188,322,875</u>	<u>\$ 187,440,302</u>	<u>\$ 2,207,903</u>
Jail Inmate Trust Account				
Assets				
Cash and cash equivalents	\$ 167,053	\$ 2,591,556	\$ 2,585,126	\$ 173,483
Liabilities				
Other accrued liabilities	\$ 167,053	\$ 2,591,556	\$ 2,585,126	\$ 173,483
	<u>167,053</u>	<u>2,591,556</u>	<u>2,585,126</u>	<u>173,483</u>
Total	<u>\$ 167,053</u>	<u>\$ 2,591,556</u>	<u>\$ 2,585,126</u>	<u>\$ 173,483</u>

(continued)

County of Oakland
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended September 30, 2002

	Balance October 1, 2001	Additions	Deductions	Balance September 30, 2002
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 69,878,213	\$ 1,189,250,393	\$ 1,064,502,821	\$ 194,625,785
Investments	627,515	52,757	55,758	624,514
Accrued interest receivable	5,404	811	5,404	811
Accounts receivable	56,570	463	-	57,033
Due from other funds	18,636	137,528	156,164	-
	<u>\$ 70,586,338</u>	<u>\$ 1,189,441,952</u>	<u>\$ 1,064,720,147</u>	<u>\$ 195,308,143</u>
Total				
Liabilities				
Vouchers payable	\$ 236,914	\$ 575,589,117	\$ 575,080,548	\$ 745,483
Due to other governmental units	52,197,986	842,189,633	731,840,123	162,547,496
Due to other funds	6,568	83,341,845	83,348,413	-
Other accrued liabilities	18,144,870	263,704,119	249,833,825	32,015,164
	<u>\$ 70,586,338</u>	<u>\$ 1,764,824,714</u>	<u>\$ 1,640,102,909</u>	<u>\$ 195,308,143</u>
Total				

III. Statistical Section - Unaudited

**County of Oakland
General Governmental Expenditures by Function – Unaudited (1) Table 1
Last Ten Fiscal Years**

	2002	2001	2000	1999	1998	1997 (3)	1996	1995	1994	1993
County Executive (2)	\$ 154,605,827	\$ 149,744,060	\$ 143,209,213	\$ 122,219,972	\$ 108,277,397	\$ 77,300,241	\$ 90,960,686	\$ 87,722,234	\$ 182,323,576	\$ 170,282,683
Clerk/Register of Deeds	13,445,569	10,506,883	10,517,386	9,377,996	7,772,822	5,165,502	7,729,797	7,074,120	7,135,780	6,317,667
Treasurer	4,525,029	4,077,255	3,765,565	3,195,915	3,140,747	2,070,410	2,715,039	2,719,456	2,553,221	2,771,787
Justice administration	75,480,801	72,303,297	63,267,727	56,737,135	54,028,545	39,071,526	50,999,116	49,168,161	46,673,608	45,539,848
Law enforcement	115,316,654	104,520,100	101,585,022	92,965,913	91,885,843	67,197,922	85,354,740	79,936,285	72,275,836	66,495,510
Legislative	5,249,616	5,368,932	5,094,162	4,863,777	4,574,804	3,821,751	4,280,773	4,087,369	3,259,838	3,181,571
Drain Commissioner	5,218,322	4,879,051	4,150,030	5,352,683	10,910,333	6,722,531	8,273,246	6,685,724	6,320,481	6,427,397
Community Mental Health (2)	-	-	-	-	162,774,890	142,172,445	115,283,122	105,655,621	-	-
Parks and Recreation (5)	-	13,928,752	12,674,964	11,170,098	14,842,244	13,101,085	14,352,481	13,484,912	13,146,451	10,808,857
Road Commission	130,393,152	100,024,144	93,162,727	86,277,547	95,737,761	95,601,844	93,217,591	89,478,562	81,703,416	69,412,289
Drainage Districts (4)	13,319,697	13,928,502	14,777,287	-	-	-	-	-	-	-
Non-departmental	6,255,161	12,122,018	7,526,763	29,759,027	20,474,392	12,334,851	18,545,234	18,545,612	20,284,499	20,947,139
Intergovernmental	7,001,272	992,065	3,886,220	2,868,781	6,638,976	650,470	2,642,774	2,308,208	2,432,229	-
Principal payments	20,125,000	19,350,000	21,100,000	28,975,000	29,135,000	26,710,300	28,320,000	26,855,000	26,005,000	28,982,900
Interest and fiscal charges	<u>6,389,790</u>	<u>6,624,072</u>	<u>7,396,538</u>	<u>14,963,232</u>	<u>16,045,822</u>	<u>10,402,469</u>	<u>18,197,493</u>	<u>18,870,736</u>	<u>18,846,796</u>	<u>20,264,763</u>
Memo total	<u>\$ 557,325,890</u>	<u>\$ 518,369,131</u>	<u>\$ 492,113,604</u>	<u>\$ 468,727,076</u>	<u>\$ 626,239,576</u>	<u>\$ 502,323,347</u>	<u>\$ 540,872,092</u>	<u>\$ 512,592,000</u>	<u>\$ 482,960,731</u>	<u>\$ 451,432,411</u>

- (1) Includes General, Special Revenue, and Debt Service funds of Primary Government and Component Units, governmental fund types.
- (2) Community Mental Health is reported as a separate function from the County Executive effective in 1995. Became a component unit, proprietary fund type effective in 1999.
- (3) Amounts are for the nine-month period ended September 30, 1997, except for Community Mental Health and Road Commission, which are reported for the year ended September 30, 1997.
- (4) Beginning in fiscal year 2000, the Drainage districts became a component unit, governmental fund type, of the Primary Government. The expenditures for this component unit is shown
- (5) Beginning in fiscal year 2002, the Parks and Recreation fund is reported as Proprietary fund type (Enterprise Fund)

**County of Oakland
General Governmental Revenues by Source – Unaudited (1) Table 2
Last Ten Fiscal Years**

	2002 (6)	2001 (5)	2000 (4)	1999 (3)	1998	1997 (2)	1996	1995	1994	1993
Taxes	\$ 192,372,010	\$ 235,061,095	\$ 176,092,094	\$ 166,654,002	\$ 161,045,318	\$ 116,488,640	\$ 151,476,700	\$ 144,256,414	\$ 139,864,644	\$ 133,216,478
Special assessments	39,359,558	40,206,945	42,790,778	45,688,622	44,826,243	36,647,916	44,253,563	42,516,911	41,909,910	46,152,764
Federal grants	64,481,712	41,953,147	24,667,428	19,376,175	26,018,791	28,277,520	33,845,779	35,756,794	30,391,291	23,515,832
State grants	103,377,013	114,646,658	117,360,317	114,725,441	156,809,207	156,734,244	167,016,478	161,719,552	151,334,369	142,260,917
Other intergovernmental	49,050,157	49,176,678	44,918,577	44,124,712	138,652,543	89,596,701	50,016,340	43,469,683	40,726,413	36,316,011
Charges for services	104,240,077	92,351,324	91,725,334	94,701,083	90,893,704	61,656,982	74,893,304	68,971,488	62,735,451	59,244,008
Investment income	7,428,928	16,774,577	16,252,027	13,988,609	15,909,461	12,681,852	16,162,998	18,661,745	13,716,269	6,281,840
Other	<u>2,997,236</u>	<u>2,221,346</u>	<u>763,601</u>	<u>3,162,301</u>	<u>2,921,672</u>	<u>5,781,769</u>	<u>4,572,180</u>	<u>4,648,074</u>	<u>3,293,385</u>	<u>3,508,059</u>
Memo total	<u>\$ 563,306,691</u>	<u>\$ 592,391,770</u>	<u>\$ 514,570,156</u>	<u>\$ 502,420,945</u>	<u>\$ 637,076,939</u>	<u>\$ 507,865,624</u>	<u>\$ 542,237,342</u>	<u>\$ 520,000,661</u>	<u>\$ 483,971,732</u>	<u>\$ 450,495,909</u>

(1) Includes General, Special Revenue, and Debt Service funds of Primary Government and Component Units.

(2) Amounts are for the nine-month period ended September 30, 1997, except for Community Mental Health and Road Commission, which are reported for the year ended September 30, 1997.

(3) Amounts beginning with fiscal year ended September 30, 1999 reflect removal of revenues for Community Mental Health, which became a component unit - proprietary fund type.

(4) Beginning in fiscal year 2000, the Drainage districts became a component unit of the Primary Government. For comparative purposes, the revenues for this component unit is shown excluding those of the Capital Projects fund type.

(5) Effective with fiscal year 2001 property taxes are no longer shown as deferred for one quarter as previously done. This is in compliance with GASB Statement No. 33 for reporting of tax revenues.

(6) Beginning in fiscal year 2002, the Parks & Recreation fund is reported as Proprietary Fund type (Enterprise Fund)

County of Oakland
County Operating Property Tax Collection and Levy Record – Unaudited Table 3
Last Ten Fiscal Years

Year of levy(1)	Tax Levy	Collections to March 1 Each Year		Collections to December 31 Each Year (2)	
		Amount	Percent	Amount	Percent
1992	\$ 128,659,509	\$ 117,560,793	91.37%	\$ 128,293,275	99.72%
1993	134,806,159	124,680,706	92.49%	134,496,499	99.77%
1994	137,211,588	130,150,654	94.85%	136,976,159	99.83%
1995	142,993,143	136,217,398	95.26%	142,593,625	99.72%
1996	146,793,283	139,773,122	95.22%	146,495,460	99.80%
1997	154,608,230	146,878,133	95.00%	154,271,960	99.78%
1998	158,822,030	150,584,994	94.81%	158,511,893	99.80%
1999	169,119,667	160,852,822	95.11%	168,158,174	99.43%
2000	179,455,454	170,218,781	94.85%	178,468,449	99.45%
2001	192,549,695	181,781,363	94.41%	186,950,162	97.09%

(1) Property taxes are recorded as revenue in the General Fund, net of certain adjustments, in the year following the year of levy.

(2) Starting with the 1996 levy, collections are as of September 30.

Source: Oakland County Treasurer

County of Oakland
Assessed, Equalized and Estimated Value of Taxable Property – Unaudited Table 4
Last Ten Fiscal Years

Year of levy	Real Property		Personal Property Assessed and equalized value	Total		Ratio of Total Equalized to total estimated amount value
	Assessed value	Equalized value		Equalized value	Estimated amount value	
1992	\$ 25,472,661,563	\$ 25,472,661,563	\$ 2,668,097,200	\$ 28,140,758,763	\$ 56,281,516,167	50.00%
1993	27,348,848,151	27,349,484,194	2,737,964,110	30,087,448,304	60,536,264,146	49.70%
1994	28,280,195,479	28,280,520,470	2,899,739,160	31,180,259,630	62,578,336,350	49.80%
1995	30,032,307,086	30,032,307,086	3,180,629,809	33,212,936,895	66,630,865,970	49.80%
1996	32,312,811,773	32,312,811,773	3,432,142,210	35,744,953,983	71,638,355,161	49.90%
1997	35,207,616,066	35,207,616,066	3,718,065,750	38,925,681,816	78,136,973,925	49.80%
1998	38,968,362,590	38,968,362,590	4,088,471,704	43,056,834,284	86,533,042,471	49.80%
1999	43,351,722,556	43,351,722,556	4,520,810,144	47,872,532,700	96,134,183,439	49.80%
2000	47,946,109,270	47,946,109,270	4,491,256,560	52,437,365,830	105,324,743,044	49.80%
2001	52,802,069,063	52,802,069,063	4,667,642,532	57,469,711,595	115,434,231,652	49.79%

Source: Oakland County Treasurer

County of Oakland

Property Tax Rates – Direct and Overlapping Governments – Unaudited Table 5

Last Ten Fiscal Years

Tax rates (per \$1,000 equalized valuation):

Year of levy	General operating	Parks	Oakland Schools	Oakland Community College	Huron-Clinton Authority	Public Transportation Authority (1)
1992	4.5720	0.2500	2.1836	1.0735	0.2303	-
1993	4.4805	0.2439	2.1294	1.0522	0.2236	-
1994	4.4805	0.2439	2.1294	0.8522	0.2236	-
1995	4.4805	0.2439	2.1294	1.6522	0.2236	0.3300
1996	4.3805	0.2439	2.1294	1.6522	0.2236	0.3300
1997	4.3505	0.2439	2.1294	1.6522	0.2236	0.3300
1998	4.1900	0.2429	2.1208	1.6456	0.2235	0.3300
1999	4.1900	0.2404	2.0998	1.6295	0.2218	0.3270
2000	4.1900	0.2376	2.0752	1.6109	0.2202	0.3236
2001	4.1900	0.2376	3.4526	1.5952	0.2186	0.3207

Tax Levies:

Year of levy	County operating	County special assessments	County Parks	Schools	Community Colleges	Intermediate Schools	Huron-Clinton Authority	Public Transportation Authority	Township/City/Village	State Education Tax	Total
1992	\$ 128,659,509	\$ 1,516,316	\$ 7,035,188	\$ 1,025,856,424	\$ 30,503,802	\$ 61,420,285	\$ 6,480,815	\$ -	\$ 333,621,590	\$ -	\$ 1,595,093,929
1993	134,806,159	1,276,753	7,338,293	1,090,753,871	31,972,242	64,055,313	6,727,521	-	348,240,297	-	1,685,170,449
1994	137,211,588	1,345,465	7,469,112	419,314,749	26,571,057	65,439,640	6,847,582	-	381,542,567	184,204,983	1,229,946,743
1995	142,993,143	1,454,214	7,783,942	450,014,718	52,825,635	68,297,090	7,136,226	5,012,535	402,878,254	192,284,901	1,330,680,658
1996	146,793,283	1,266,384	8,173,217	473,616,159	55,472,501	71,823,105	7,492,953	5,956,447	429,314,926	202,298,601	1,402,207,576
1997	154,608,230	1,226,846	8,667,708	513,820,527	58,835,473	76,301,284	7,946,287	6,279,516	457,898,335	214,983,831	1,500,568,037
1998	158,822,030	1,337,373	9,207,007	547,134,854	62,510,779	81,285,938	8,277,076	7,463,667	493,489,635	229,877,253	1,599,405,612
1999	169,119,667	1,431,429	9,701,960	577,962,494	66,785,373	84,930,971	8,951,210	7,802,081	520,239,559	245,046,073	1,691,970,817
2000	179,455,454	1,634,771	10,175,140	606,070,951	69,114,118	90,295,980	9,424,695	8,105,501	557,184,664	260,362,350	1,791,823,624
2001	192,549,695	1,656,765	10,807,301	658,727,717	73,539,976	160,183,110	10,044,456	8,572,752	577,297,316	282,501,420	1,975,880,508

(1) Taxes levied only on certain communities.

Source: Oakland County Treasurer

**County of Oakland
Principal Taxpayers – Unaudited Table 6
September 30, 2002**

Taxpayer	Principal Products or Services	2002 Taxable Valuation*	2002 Percentage County Taxable Valuation
General Motors Corporation	Automobiles, Trucks, and Buses	\$ 491,819,755	1.03%
Detroit Edison Company	Electric Utility	331,550,924	0.70%
Twelve Oaks/Taubman, et. al.	Real Estate	194,725,167	0.41%
Daimler-Chrysler Corporation	Automobiles and Trucks	157,703,872	0.33%
Consumers Power/Energy	Gas and Electric Utility	146,647,327	0.31%
Ford Motor Company	Automobiles and Trucks	119,779,148	0.25%
Manufacturer's Hanover Bank	Office Building	100,970,070	0.21%
Town Centre Delaware, Inc.	Real Estate	100,284,520	0.21%
Ramco - Gershenson	Real Estate	90,781,265	0.19%
W.R.C. Properties, Inc.	Real Estate	89,708,253	0.19%
Frankel/Forbes/Cohen, et. al.	Real Estate	83,186,415	0.17%
Liberty Property Investments	Real Estate Investment Trust	70,709,039	0.15%
Electronic Data Systems Corp.	Computer Systems	68,106,140	0.14%
Gale & Wentworth, LLC	Real Estate	57,334,631	0.12%
K-Mart Corp.	Retail Sales	49,716,227	0.10%
First Industrial Realty	Real Estate Investment Trust	49,470,960	0.10%
Comerica Bank	Banking, Real Estate, Financial	48,645,888	0.10%
Nykel Management Co.	Real Estate	47,398,059	0.10%
Prudential/ Prudential Insurance Company	Real Estate, Office Management	42,726,454	0.09%
Standard Federal Bank	Banking, Real Estate, Financial	41,621,514	0.09%
Total		\$ 2,382,885,628	4.99%

* Note: The Taxable Values have been compiled from a number of sources/reports and may include estimated figures.

Source: Oakland County Equalization Division

County of Oakland
Special Assessment Billings and Collections – Unaudited Table 7
Last Ten Fiscal Years

Year		Special assessment billings		Special assessment collections
1993		\$ 24,928,695		\$ 24,928,695
1994		21,318,181		21,318,181
1995		22,604,562		22,604,562
1996		24,661,730		24,661,730
1997	(1)	22,526,440		22,257,294
1998		23,238,490		23,607,636
1999		27,365,934		27,361,028
2000	(2)	18,401,969		18,306,875
2001		16,705,455		16,705,455
2002		17,310,000		17,310,000

(1) For the nine-month period ended September 30, 1997

(2) Effective with year 2000, excludes Drainage Districts component unit

Source: Oakland County Department of Management and Budget
Fiscal Services Division

County of Oakland
Percentage of Net Long-term Debt to Equalized Value
and Net Long-term Debt per Capita – Unaudited Table 8
Last Ten Fiscal Years

Calendar year (1)	Population (2)	Equalized value	Net long-term debt (3)	Percentage of Net Long-term debt to equalized value	Net long-term debt per capita
1992	1,083,592	\$ 28,140,758,763	\$ 363,459,475	1.292%	\$ 335
1993	1,083,592	30,087,448,304	322,534,031	1.072%	298
1994	1,083,592	31,180,259,630	333,167,665	1.069%	307
1995	1,083,592	33,212,936,895	329,528,022	0.992%	304
1996	1,083,592	35,744,953,983	307,611,984	0.861%	284
1997	1,083,592	38,925,681,816	305,818,474	0.786%	282
1998	1,083,592	43,056,834,284	287,233,125	0.667%	265
1999	1,083,592	47,872,532,700	155,650,000	0.325%	144
2000	1,194,156	52,437,365,830	128,345,000	0.245%	107
2001	1,194,156	57,469,711,595	167,920,000	0.292%	141

(1) Represents the year in which property taxes are levied, collections of which are made in the subsequent year.

(2) Source: U.S. Department of Commerce, Bureau of Census

(3) General obligation indebtedness, including Delinquent Tax Revolving Notes outstanding at December 31 through 1996, thereafter, September 30. Also, excluding Drainage Districts component unit debt effective 2000.

County of Oakland
Ratio of Annual Debt Service Expenditures for General Bonded
Debt to Total General Governmental Expenditures – Unaudited Table 9
Last Ten Fiscal Years

Fiscal year	Principal	Interest and fees	Total debt service	Total general governmental expenditures (1)	Ratio of debt service to total general governmental expenditures
1993	\$ 28,982,900	\$ 20,264,763	\$ 49,247,663	\$ 451,432,411	10.9
1994	26,005,000	18,846,796	44,851,796	482,960,731	9.3
1995	26,855,000	18,870,736	45,725,736	512,592,000	8.9
1996	28,320,000	18,197,493	46,517,493	540,872,092	8.6
1997 (2)	26,710,300	10,402,469	37,112,769	502,323,347	7.4
1998	29,135,000	16,045,822	45,180,822	626,239,576	7.2
1999	28,975,000	14,963,232	43,938,232	468,727,076 (3)	9.4
2000 (4)	21,100,000	7,396,538	28,496,538	492,113,604	5.8
2001	19,350,000	6,624,072	25,974,072	518,369,131	5.0
2002 (5)	20,125,000	6,389,790	26,514,790	557,325,890	4.8

(1) Includes General, Special Revenue, and Debt Service funds of Primary Government and Component Units.

(2) For the nine-month period ended September 30, 1997 except for Road Commission Component Unit and Community Mental Health which are reported for the year ended September 30, 1997

(3) In 1999, the Community Mental Health Authority is reported as a discretely presented component unit.

(4) Beginning in fiscal year 2000, the Drainage Districts became a discretely presented component unit, removing the respective debt service and total expenditures.

(5) Beginning in fiscal year 2002, the Parks and Recreation fund is reported as Proprietary fund type, removing the respective expenditures from total governmental expenditures.

County of Oakland
Computation of Legal Debt Limit – Unaudited Table 10
September 30, 2002

Statutory limit - 10% of 2002 SEV	<u>\$ 6,282,953,042</u>
Bonds and Notes with County Credit and Unlimited Tax	
Refunding Bonds - Water and Sewer	\$ 925,000
Sewage Disposal Bonds - Act 185	3,710,000
Sewage Disposal Bonds - Act 342	2,800,000
Sewer and Water Supply Bonds - Act 342	2,500,000
Water Supply Bonds - Act 185	<u>2,395,000</u>
Total	<u>12,330,000</u>
Bonds and Notes with County Credit and Limited Tax	
General Obligation Limited Tax Building Authority - Act 31	52,700,000
General Obligation Limited Tax Building Authority Refunding - Act 202	11,400,000
General Obligation Limited Tax Drain Bonds - Act 40	51,205,000
General Obligation Limited Tax Drain Refunding Bonds - Act 202	35,310,000
General Obligation Limited Tax Sewage Disposal Bonds - Act 342	11,920,000
General Obligation Limited Tax Water Supply Bonds - Act 342	14,970,000
General Obligation Limited Tax Water Supply Refunding - Act 202	365,000
General Obligation Limited Tax Sewage Disposal Refunding - Act 202	31,735,000
General Obligation Limited Tax Michigan Bond Authority Drain Bonds	50,556,679
General Obligation Limited Tax Michigan Bond Authority Sewage Disposal Bond	<u>7,800,000</u>
Total	<u>267,961,679</u>
Bonds and Notes with County Credit and Limited Tax - Taxable	
General Obligation Limited Tax Notes - taxable obligation	<u>25,000,000</u>
Total bonds and notes with County credit	<u>305,291,679</u>
Available balance	<u>\$ 5,977,661,363</u>

Source: Oakland County Treasurer

County of Oakland
Net County Direct and Overlapping Debt – Unaudited Table 11
September 30, 2002

	Gross	Municipalities' share of funds on hand with County Treasurer	Self-supporting or portion paid directly by benefited municipalities	Net	County share of funds on hand	Net County debt
Bonds and Notes with County Credit and unlimited tax						
Refunding Bonds - Water & Sewer	\$ 925,000	\$ 753,916 (d)	\$ 171,084 (a)	-	-	-
Sewage Disposal Bonds - Act 185	3,710,000	432,603 (d)	3,277,397 (a)	-	-	-
Sewage Disposal Bonds - Act 342	2,800,000	2,800,000 (d)	- (a)	-	-	-
Sewer and Water Bonds - Act 342	2,500,000	98,225 (d)	2,401,775 (a)	-	-	-
Water Supply Bonds - Act 185	2,395,000	201,314 (d)	2,193,686 (a)	-	-	-
Total	<u>\$ 12,330,000</u>	<u>\$ 4,286,058</u>	<u>\$ 8,043,942</u>	<u>-</u>	<u>-</u>	<u>-</u>
Bonds and Notes with County Credit and Limited Tax						
General Obligation Building Authority	\$ 52,700,000	-	-	\$ 52,700,000	\$ 543 (d)	\$ 52,699,457
General Obligation Building Authority Refunding	11,400,000	-	-	11,400,000	10 (d)	11,399,990
Drain Bonds - Chapter 20, Act 40	51,205,000	218,434	47,409,038	3,577,528	99,406 (d)	3,478,122
Sewage Disposal Bonds	11,920,000	941,784 (d)	10,978,216 (a)	-	-	-
Drain Bonds - Chapter 20, Refunding	35,310,000	357,738 (d)	32,671,099 (a)	2,281,163	12,839 (d)	2,268,324
Water Supply Bonds	14,970,000	250,596 (d)	14,719,404 (a)	-	-	-
Water Supply Bonds- Refunding	365,000	27,114 (d)	337,886 (a)	-	-	-
Sewage Disposal Bonds Refunding	31,735,000	736,038 (d)	30,998,962 (a)	-	-	-
Michigan Bond Authority - Drain Bonds	50,556,679	- (d)	49,844,598 (a)	712,081	-	712,081
Michigan Bond Authority - Sewage Disp. Bonds	7,800,000	1,237 (d)	7,798,763 (a)	-	-	-
Total	<u>\$ 267,961,679</u>	<u>\$ 2,532,941</u>	<u>\$ 194,757,966</u>	<u>\$ 70,670,772</u>	<u>\$ 112,798</u>	<u>\$ 70,557,974</u>
Bonds and Notes with County Credit and Limited Tax - Taxable						
General Obligation Limited Taxable	<u>\$ 25,000,000</u>	<u>-</u>	<u>-</u>	<u>\$ 25,000,000</u>	<u>\$ 25,000,000 (d)</u>	<u>-</u>
Bonds and Notes with No County Credit						
Michigan Transportation Fund	<u>\$ 15,825,000</u>	<u>-</u>	<u>\$ 15,825,000 (c)</u>	<u>-</u>	<u>-</u>	<u>-</u>

Continued

County of Oakland
Net County Direct and Overlapping Debt – Unaudited Table 11 (continued)
September 30, 2002

	Gross	Municipalities' share of funds on hand with County Treasurer	Self-supporting or portion paid directly by benefited municipalities	Net	County share of funds on hand	Net County debt
Overlapping Debt of County						
Cities, villages and townships						\$ 886,445,605 (e)
School districts						2,314,275,073 (e)
Community college and intermediate school districts						25,916,729 (e)
County issued bonds paid by local municipalities						<u>198,623,633 (b)</u>
Net County overlapping debt						<u>3,425,261,040</u>
Net County direct and overlapping debt						<u>\$ 3,495,819,014</u>

- (a) Total County Issued Bonds Paid by Local Municipalities
- (b) It is expected that a sizable portion of these amounts will be paid from benefit charges and earnings of the various systems. (This amount is arrived by the totals indicated by "a")
- (c) Self-supporting Obligations
- (d) September 30, 2002 Cash, cash equivalents and investments balance
- (e) Amount as of September 30, 2002

Source: Oakland County Treasurer

**County of Oakland
Demographics Statistics and Age Distribution – Unaudited Table 12
(Latest Figures Available)**

Population count:

1950	396,001
1960	690,259
1970	907,858
1975	966,562
1980	1,011,793
1990	1,083,592
2000	1,194,156

Age distribution:

	Under 5	5-9	10-14	15-19	20-24	25-44	45-64	Over 64
1950	49,285	40,217	31,173	25,678	28,171	126,499	74,157	20,821
1960	93,057	85,914	69,424	47,048	33,779	199,697	123,686	37,654
1970	81,038	96,181	106,298	88,131	63,386	228,193	184,268	60,363
1975	66,204	92,536	109,922	100,512	62,534	238,934	222,741	73,179
1980	67,489	75,580	88,087	91,920	88,238	300,206	210,480	89,793
1990	78,224	75,088	71,220	71,477	72,122	381,212	216,361	117,888
2000	80,367	86,326	85,498	74,272	60,591	387,242	284,901	134,959

Age	Males		Females	
	Number	Percentage	Number	Percentage
Under 5 years	41,325	7.1%	39,042	6.4%
5-9 years	44,480	7.6%	41,846	6.9%
10-14 years	43,964	7.5%	41,534	6.8%
15-19 years	38,512	6.6%	35,760	5.9%
20-24 years	30,339	5.2%	30,252	5.0%
25-34 years	87,788	15.0%	88,399	14.5%
35-44 years	103,910	17.8%	107,145	17.6%
45-54 years	88,256	15.1%	91,560	15.0%
55-59 years	30,975	5.3%	31,435	5.2%
60-64 years	20,723	3.5%	21,952	3.6%
65-74 years	31,478	5.4%	38,793	6.4%
75 years and over	22,910	3.9%	41,778	6.9%
Total	584,660	100.00%	609,496	100.00%

Source: Department of Commerce, Bureau of Census, and Oakland County Community and Economic Development Department.

County of Oakland
Property Value, Construction and Bank Deposits – Unaudited Table 13
Last Ten Fiscal Years

Fiscal Year	Commercial Construction (1)		Residential Construction (1)		Bank Deposits (2) (in thousands)	Property Value (in thousands) (4)				
	Number of Units	Value (in thousands)	Number of Units	Value (in thousands)		Commercial	Industrial	Residential	Developmental	Agricultural
1993	143	\$ 105,726	5,492	\$ 609,592	\$ 17,692,490	\$ 11,180,723	\$ 3,613,265	\$ 39,726,711	\$ 156,328	\$ 380,310
1994	461	328,653	5,718	823,960	17,189,871	11,160,094	3,625,288	41,456,725	156,788	379,961
1995	420	214,629	5,529	862,071	18,433,604	11,363,918	3,974,099	44,417,880	284,434	229,121
1996	357	179,026	5,949	978,594	19,641,898	11,835,245	4,164,651	48,106,612	286,425	232,687
1997	254	303,088	4,580	764,741	20,981,118	12,813,368	4,446,758	52,868,661	300,555	271,395
1998	198	165,851	5,579	912,631	22,500,823	14,194,871	4,731,202	58,841,000	301,558	287,851
1999	254	312,117	5,609	1,075,720	23,087,150	15,834,736	5,373,882	65,300,684	339,684	243,402
2000	205	463,291	4,752	992,696	24,667,182	17,807,252	6,049,399	71,757,105	456,216	267,237
2001	233	361,180	3,812	891,719	24,989,144	19,359,413	6,752,136	79,195,946	484,729	304,602
2002	81	123,782	3,717	947,905	(3)	21,350,501	7,675,173	87,047,386	597,048	333,175

Sources:

- (1) Oakland County Community and Economic Development and Dodge Construction Monthly Publication.
1998 reflects figures for nine months activity.
- (2) State Financial Institution Bureau Bank and Trust Division.
Sheshunoff - The Branches of Michigan, deposits on record in banks, savings and loan, and credit unions as of June 30.
- (3) Information not available until April 2003.
- (4) Oakland County Equalization Division, Department of Management & Budget.

**County of Oakland
Miscellaneous Statistics – Unaudited Table 14**

Education:

Grade	Number of Students
Kindergarten	13,555
1	14,330
2	14,550
3	14,625
4	15,017
5	15,120
6	15,194
7	16,012
8	15,277
9	16,054
10	14,995
11	13,648
12	12,751
Other	<u>12,424</u>
Total enrollment	203,552
Number of districts	42

Source: Oakland Schools Board of Education

Colleges	Locations
Baker College	Auburn Hills
Central Michigan University - Extensions	Southfield, Troy, Auburn Hills
Davenport University	Highland, Oxford
Michigan State University - Extensions	Troy
Midwestern Baptist College	Pontiac
Northwood University - Extensions	Troy
Oakland Community College	Auburn Hills, Farmington Hills, Royal Oak, Southfield and Waterford
Oakland University	Rochester Hills
Rochester College	Rochester Hills
St. Mary's College	Orchard Lake
Sienna Heights University - Extension	Southfield
University of Phoenix - Extension	Troy
Walsh College	Troy, Novi
Wayne State University - Extensions	Farmington Hills
William Tyndale College	Farmington Hills
Technical Institutes	Locations
Cranbrook Academy of Art	Bloomfield Hills
Lawrence Technological University	Southfield
Oakland Technical Centers	Pontiac, Clarkston, Royal Oak, Wixom
I T T Technical Institute	Troy

Source: Oakland County Community and Economic Development Department

continued

County of Oakland
Miscellaneous Statistics – Unaudited Table 14 (continued)

Elections - Last Ten Fiscal Years

1993	General election - November 3, 1992		
	Registered voters	761,611	
	Ballots cast	562,691	73.88%
1994	Primary election - August 2, 1994		
	Registered voters	755,622	
	Ballots cast	192,448	25.47%
1994	General election - November 8, 1994		
	Registered voters	767,852	
	Ballots cast	413,394	53.84%
1995	Public Transportation millage - June 6, 1995		
	Registered voters (20 units participating)	390,648	
	Ballots cast	53,634	13.73%
1996	Primary election - August 6, 1996		
	Registered voters	806,172	
	Ballots cast	159,284	19.76%
1996	General election - November 5, 1996		
	Registered voters	826,440	
	Ballots cast	510,747	61.80%
1998	Primary election - August 4, 1998		
	Registered voters	858,576	
	Ballots cast	184,169	21.45%
1999	General election - November 3, 1998		
	Registered voters	867,144	
	Ballots cast	414,227	47.77%
2000	Primary election - August 8, 2000		
	Registered voters	850,783	
	Ballots cast	127,076	14.94%
2001	General election - November 7, 2000		
	Registered voters	860,037	
	Ballots cast	574,501	66.80%
2002	Primary election - August 6, 2002		
	Registered voters	857,652	
	Ballots cast	239,856	27.97%

Source: Oakland County Clerk/Register of Deeds - Elections Division

County of Oakland
Building Authority Data – Unaudited Table 15
September 30, 2002

	Lyon Oaks Park	Work Release Facility	52/3 District Court Bldg.	Sheriff Substation Rochester Hills	Refunding Series 1992	Computer Center	West Wing Extension	Refunding Series 1998	Total
Cash	\$ 5	\$ 5	\$ 5		\$ 5	\$ 5	\$ 523	\$ 5	\$ 553
Lease receivable	3,925,000	23,400,000	18,100,000	\$ 5,200,000	1,765,000	2,075,000	-	9,635,000	64,100,000
Bond payable	3,925,000	23,400,000	18,100,000	5,200,000	1,765,000	2,075,000	-	9,635,000	64,100,000
Year ended September 30, 2002:									
Operating transfers in	562,775	731,038	190,763		1,569,275	109,938	898,600	545,638	4,608,027
Other income	-				-	-	518	-	518
Debt Service									
Principal	400,000				1,450,000	-	850,000	115,000	2,815,000
Interest	162,475	730,575	190,437		117,775	108,938	47,600	430,338	1,788,138
Fiscal charges	300	458	321		1,500	1,000	1,000	300	4,879
Principal and interest requirements									
2003	\$ 571,800	\$ 1,920,863	\$ 1,361,750	\$ 397,261	\$ 1,806,918	\$ 108,938	\$ -	\$ 1,445,306	\$ 7,612,836
2004	580,006	1,914,925	1,371,750	374,712	-	108,937	-	1,445,681	5,796,011
2005	562,569	1,908,050	1,379,563	394,088	-	108,938	-	1,439,088	5,792,296
2006	569,587	1,898,050	1,385,062	388,087	-	108,937	-	1,480,744	5,830,467
2007	575,575	1,886,150	1,388,125	381,838	-	1,108,938	-	1,463,462	6,804,088
Thereafter	1,725,288	27,315,106	20,978,050	5,789,638	-	1,131,437	-	4,386,893	61,326,412
	<u>\$ 4,584,825</u>	<u>\$36,843,144</u>	<u>\$27,864,300</u>	<u>\$ 7,725,624</u>	<u>\$ 1,806,918</u>	<u>\$ 2,676,125</u>	<u>\$ -</u>	<u>\$11,661,174</u>	<u>\$93,162,110</u>