

**OAKLAND COUNTY, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended September 30, 2005
(With Independent Auditors' Report Thereon)**

Prepared by:

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

Cover: Oakland County Executive Office Building

	Page(s)
I. Introductory Section	
Supplemental Financial Information	
Letter of Transmittal	1-15
Organizational Chart	16
List of Principal Officials.....	17
Government Finance Officers Association of the United States and Canada Certificate of Achievement for Excellence in Financial Reporting.....	18
II. Financial Section	
Report of Independent Auditors.....	19-20
Management’s Discussion and Analysis.....	21-36
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	37-38
Statement of Activities.....	39-40
Governmental Fund Financial Statements	
Balance Sheet.....	41-42
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	43
Statement of Revenues, Expenditures and Changes in Fund Balances.....	44-45
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities.....	46
Proprietary Fund Financial Statements	
Statement of Net Assets	47-48
Statement of Revenues, Expenses and Changes in Fund Net Assets.....	49-50
Statement of Cash Flows.....	51-55
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	58
Statement of Activities.....	59

County of Oakland

Index

September 30, 2005

	Page(s)
II. Financial Section (continued)	
Notes to Basic Financial Statements	
1. Summary of Significant Accounting Policies	60-69
2. Legal Compliance – Budgets	69-70
3. Deposits and Investments	71-77
4. Receivables	77
5. Allowance for Uncollectible Receivables	78
6. Investment Income – Pension Trust Funds	78
7. Capital Assets	79-81
8. Long-Term Debt	82-86
9. Interfund Balances	87-89
10. Fund Equities	90-91
11. Employee Benefits	92
12. Defined Benefit Pension Plan	92-96
13. Defined Contribution Plans	97
14. Postemployment Benefits	97-99
15. Deferred Compensation Plan	99
16. Risk Management	100-101
17. Leases	101
18. Commitments and Contingencies	102
19. Statement of Net Assets – Reconciliation of Internal Balances	103
20. Extraordinary Items	103
 Required Supplementary Information other than Management’s Discussion and Analysis	
Schedule of Funding Progress and Employer Contributions – Retirement System –	
Primary Government and Component Units – Six-Year Historical Trend Information	
Unaudited	104-105
Budgetary Comparison Schedule – Major Governmental Funds	106-113
 Combining and Individual Fund Statements and Schedules	
<i>Governmental Funds</i>	
Balance Sheet – By Fund Type	114
Statement of Revenues, Expenditures and Changes in Fund Balances – By Fund Type	115
 <i>Special Revenue Funds</i>	
Combining Balance Sheet	116-119
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	120-123
Combining Statement of Revenues, Expenditures and Changes in Fund Balances –	
Budget and Actual	124-125
 <i>Debt Service Funds</i>	
Combining Balance Sheet	126-127
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	128-129

County of Oakland
Index
September 30, 2005

	Page(s)
II. Financial Section (continued)	
<i>Capital Projects Funds</i>	
Combining Balance Sheet.....	130-131
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	132-133
<i>Internal Service Funds</i>	
Combining Statement of Net Assets	134-137
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	138-139
Combining Statement of Cash Flows.....	140-143
<i>Enterprise Funds</i>	
Combining Statement of Net Assets	144-145
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	146-147
Combining Statement of Cash Flows.....	148-151
<i>Pension (and Other Postemployment Benefits) Trust Funds</i>	
Combining Statement of Fiduciary Net Assets.....	152
Combining Statement of Changes in Fiduciary Net Assets	153
<i>Investment Trust Funds</i>	
Statement of Fiduciary Net Assets.....	154
Statement of Changes in Fiduciary Net Assets.....	155
<i>Agency Funds</i>	
Combining Statement of Fiduciary Net Assets.....	156-157
Combining Statement of Changes in Assets and Liabilities	158-161
<i>Governmental Funds – Component Unit – Drainage Districts</i>	
Combining Balance Sheet.....	162
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	163
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	164
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	165
III. Statistical Section – Unaudited	
General Governmental Expenditures by Function.....	166
General Governmental Revenues by Source.....	167
County Operating Property Tax Collection and Levy Record.....	168
Assessed, Equalized, and Estimated Value of Taxable Property.....	169
Property Tax Rates – Direct and Overlapping Governments.....	170
Principal Taxpayers	171
Special Assessment Billings and Collections	172
Percentage of Net Long-Term Debt to Equalized Value and Net Long-Term Debt Per Capita.....	173

	Page(s)
III. Statistical Section – Unaudited (continued)	
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures.....	174
Computation of Legal Debt Limit.....	175
Net County Direct and Overlapping Debt.....	176-177
Demographic Statistics and Age Distribution.....	178
Property Value, Construction and Bank Deposits.....	179
Miscellaneous Statistics	180-181
Building Authority Data	182

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 7, 2006

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 those requirements, we hereby issue the Comprehensive Annual Financial Report (CAFR) of Oakland County, Michigan for the fiscal year ended September 30, 2005.

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 designed to protect the government's assets from loss, theft or misuse and to compile sufficient and 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 that the financial statements are 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 Plante & Moran, PLLC, 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, 2005 that 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, 2005 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

County of Oakland

Letter of Transmittal

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.

The Fiscal Year 2005 Comprehensive Annual Financial Report is issued 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*. The financial report includes a Statement of Net Assets and a Statement of Activities, which provide readers with the financial position of Oakland County viewed as a single entity. In addition, the report provides a narrative introduction, overview and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). Oakland County's MD&A, which provides a detailed discussion of the County's Fiscal Year 2005 financial performance, can be found immediately following the report of the independent auditors. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of Oakland County

Incorporated on March 28, 1820, Oakland County covers approximately 910 square miles, immediately north of the City of Detroit and Wayne 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 62 cities, villages and townships, including 30 downtown areas and many scenic natural settings, providing a high quality of life for any lifestyle. The County ranks as the fourth wealthiest county in the nation among counties with populations of more than one million people. Oakland County enjoys a world class reputation due to its renowned business environment and its many attributes that contribute to an excellent quality of life.

Government Structure

Oakland County 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. Specific programs and services under the County Executive include human services in the form of public health, child care, skilled nursing care and resident hospitalization; community and economic development; 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.

County of Oakland Letter of Transmittal

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 (as amended), the Uniform Drain Code. These offices, including the County Executive, are elected countywide 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 the 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 of incarceration, civil damage cases where the claim 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.

Component Units

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 2,600 miles of roads. Its budget of more than \$120 million is funded principally by 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 three-member Drain Board was established pursuant to Michigan Public Act 40 of 1956, and consists of the Oakland County Drain Commissioner, the Chairperson 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, funding for which 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 10-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, which is annually adjusted pursuant to the Michigan constitution, 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.

County Budget

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 continuous planning at least two fiscal years into the future. Such a process allows the County to anticipate financial challenges and take appropriate action in response 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, which covers the County's fiscal year of October 1st through September 30th. The County Executive is required to submit a proposed budget and recommended General Appropriations Act to the Board of Commissioners no later than 90 days prior to the beginning of the next fiscal year (July 1st). 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 Controllable Personnel Expenditures (e.g., salaries, overtime, and fringe benefits), Controllable Operating Expenditures (e.g., contractual services and commodities), and Non-Controllable Operating Expenditures (e.g., Internal Service charges for printing, motor pool, office space, etc.). (It should be noted that beginning with FY 2006, the control categories have been renamed to Personnel, Operating, and Internal Support). 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.

Budget-to-actual comparisons are provided in this Financial Section of this report for each individual governmental fund for which an appropriated annual budget has been adopted.

County of Oakland

Letter of Transmittal

Economic Condition of Oakland County

Local Economy

Oakland County is known as the “economic engine of the state.” As other sectors of the Michigan and national economy faced slowdowns, Oakland’s economic base remained solid. In a strong rebound from the 1991 recession, Oakland entered a long stretch of job growth, averaging 21,600 new jobs per year from 1991 to 2000. Much of this growth was due to an increase of 33% in both the manufacturing and private nonmanufacturing sectors. Between 1991 and 2004, private sector job growth was 22.3%. In fact, County employment grew about 90% faster than the State of Michigan as a whole. Oakland is the number one job producing county in Michigan, responsible for 30% of all new jobs in the last decade. After the U.S. economy fell into recession in 2001, the trend was reversed with an average annual loss of 13,100 jobs over the last four years. However, research produced by the University of Michigan predicts that Oakland County will add approximately 12,600 jobs in 2006.

During the 1990s, employment in the County began shifting from the manufacturing, trade, transportation and utility industries to service and construction industries. The steady gain in service industries was primarily dominated by increases in business services with health, engineering and management services also making significant contributions. The number of service-providing jobs have increased by 31% since 1990 while the number of goods-producing jobs have decreased by 5%.

In September 2005, Oakland's unemployment rate was relatively low at 5.1% when compared to Michigan's 6.5%, but equal to the national unemployment average.

Business growth has accelerated at the same pace as job growth. From 1994 to 2003, the number of businesses in the County rose by 25% to 41,300 with total annual payroll increasing by 70.6% to \$34 billion. This activity has definitely been enhanced by Oakland’s attractive business climate and dynamic economic development programs. Oakland County is also Michigan’s leading center for international commercial activity with 653 foreign-owned companies representing 24 countries. Of the foreign-owned firms in southeast Michigan, 67% are located in Oakland County. The number of businesses generates enough economic activity to rank Oakland County above 15 separate states.

Oakland’s per capita income of \$49,050 is the highest among Michigan’s 83 counties and is ranked fourth among counties having more than one million in population and 21st of all counties nationwide. In fact, Oakland County’s per capita income is more than 50% greater than both the nation (\$31,470) and the state (\$31,180).

The booming economy of the past decade has produced a 106% increase in the true cash value and a 72% increase in the taxable value of real and personal property in the County. During this period of growth, the County exercised a prudent and conservative approach to tax revenues by

County of Oakland Letter of Transmittal

controlling the millage rate levied on the tax base. In fact, the County millage rate for the December 1, 2005 property tax levy remained at 4.19 mills for operations, the third lowest total county tax rate in the state of Michigan. In spite of several reductions in the millage rate since 1994, moderate increases to the tax levy have resulted from the rising tax base. This increase in tax revenue allowed the County to keep pace with current programs and technology.

The 2004 market value of property in Oakland County is approximately \$147 billion, the highest value of all 83 counties in Michigan. While Oakland County's population represents approximately 10 percent of Michigan's total, its property value represents approximately 19 percent of the state's total. The growth in market value of property in Oakland County was over \$6 billion from 2003 to 2004. This growth alone exceeds the total tax base of 70 of the 83 Michigan counties in the year 2005. The majority of Oakland County's taxable value is within the residential class of property, which is approximately 71 percent of the total property tax base. From 1997 to 2004, the average price of a single family home also increased by 52 percent, from \$159,900 to \$242,900.

The average 2005 property tax rate is \$40.58 per thousand taxable value, which is distributed to the following taxing authorities:

Local School Districts	33.7%
Cities, Villages, Townships	27.8%
State Education Tax	14.9%
County Operating	10.3%
Intermediate School District	8.3%
Community College	3.9%
Parks and Recreation	1.1%
	<u>100.0%</u>

Long-Term Financial Planning/Financial Policies

Budgeting and Forecasting

As previously stated, a primary reason for Oakland County's solid financial position is the fact that county management and policymakers engage in long-term financial planning. Financial policies have been implemented to support practices that focus on how decisions made today will affect the County's fiscal position in years to come.

This planning begins with the preparation and adoption of a biennial budget and five-year forecast. Not only is the budget adopted for the next two fiscal years, the biennial budget is considered a "rolling" budget in that when it is amended, the amendment reflects the impact for both the remainder of the current fiscal year and the entire next fiscal year.

Also, 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

County of Oakland Letter of Transmittal

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

Establishment and Use of General 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. This increase in fund balance is not accomplished by accident, but is part of the design to assure the County's ability to continue to provide services to its citizens through long-term financial stability.

It is Oakland County's practice to develop and maintain a General Fund balance equaling approximately 15% of the General Fund/General Purpose budget. The purpose of this practice is twofold. First, it provides a cushion against sudden fiscal crises, allowing the County to meet emergency demands and/or unexpected changes in revenue without severely disrupting ongoing operations and services.

For example, a portion of the General Fund balance has been designated as a "Budget Transition Fund." These funds were first set aside from expenditure reductions instituted during fiscal year 2003, in response to the State of Michigan reducing local revenue-sharing payments. Reductions originally planned for fiscal year 2004 were accelerated into fiscal year 2003, generating \$12 million in one-time savings which were designated to smooth and soften the effect of potential further immediate reductions from the State (or other sources), until long-term plans could be implemented. As of September 30, 2005, \$8.3 million remains in the Budget Transition Fund to support any issues arising in fiscal year 2006 and beyond.

The second purpose of establishing a healthy General Fund balance is to provide a source of funds for one-time or limited time enhancements, which would not normally be considered during the biennial budget development. This allows the County to enhance services to citizens, and develop procedures to meet long-term financial needs, without limiting on-going services, such as the one-time special transfer of \$50.9 million from the General Fund balance to the Voluntary Employee Benefit Association (VEBA) Trust Fund at the end of fiscal year 2004.

County of Oakland

Letter of Transmittal

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

The Delinquent Tax Revolving Fund (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.

The law demands 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.

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. Further, the use of these funds for one-time expenditures requires a two-thirds approval by the Board of Commissioners. Except for a small annual transfer of interest income, DTRF funds 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 lieu of new taxes as a funding source for necessary capital projects.

The net assets in the DTRF as of September 30, 2005 are approximately \$199.1 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 DTRF continuing to earn interest on the cash maintained in that fund at a rate more than the bond rate. The use of the DTRF to support these capital projects will not adversely affect the fund balance. The projected fund balance in the DTRF at the conclusion of debt service in FY 2022 should be approximately the same level as the current fund balance.

County of Oakland Letter of Transmittal

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 is undertaken only after it is determined to be fiscally advantageous to do so, as opposed to use of current resources or fund balance. Oakland County's debt administration practice was codified in a Debt Management Policy that was approved by the Board of Commissioners in January 2004.

During fiscal year 2005, Oakland County issued \$21.9 million in new limited taxing authority bonds for the renovation of the Oakland Intermediate School District Building (to be converted to an Executive Office Building for county administration) and to control local lake levels, as well as \$1.1 million in advanced refunding water bonds. In addition, the County maintained a AAA bond rating from Standard and Poor's, 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.

Cash Management Policies and Practices

The County Treasurer invests cash temporarily idle during the year. 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, bankers' acceptances, 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 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 made with parties related to the pension plan.
- Investment income is allocated to all funds based on the respective share of their average daily balances. In some cases, the share of investment income of specific funds is credited to the General Fund and used to fund overall County operations.

County of Oakland Letter of Transmittal

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

Pension and Other Postemployment Benefits

Realizing its employees are its most valuable resource, Oakland County established two pension plans. The first plan is the Defined Benefit Pension Program, referred to as the County's Public Employees' Retirement System (PERS). The second plan is the Defined Contribution Pension Program, referred to as the Oakland Performance Retirement System (OPRS), which qualifies under Internal Revenue Code Section 401(a). Individuals employed on or before July 1, 1994 had a one-time choice to belong either to the PERS or the OPRS. All eligible individuals employed since July 1, 1994 were enrolled in the OPRS.

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.

In addition, the County established a Voluntary Employee Benefits Association (VEBA), to cover other postemployment benefits, particularly retiree health care. The VEBA is funded by annual actuarially determined contributions. The amount contributed includes not only the current cost of retiree health care, but also includes an amount needed to reduce the unfunded liability for future retirees and beneficiaries, as outlined in GASB Statement 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. In fact, the County has been "advanced funding" this actuarially determined cost of future retirees and beneficiaries for over 20 years, long before the GASB pronouncements.

The current actuarially determined contribution is calculated to alleviate the retiree health care liability over 40 years. However, GASB Statements 43 and 45 limit the liability amortization to 30 years. A quick recalculation of this change will require an additional \$4 million annual contribution to the VEBA, based upon fiscal year 2005 actuarial assumptions. Although the County is not required to implement GASB 43 and 45 until the fiscal year beginning October 1, 2006, the VEBA charged the General Fund for the additional \$4 million, allowing the County to maintain the contribution amounts required by GASB 43 and 45. Further, an additional \$12 million has been designated in the General Fund balance to cover anticipated increases in annual VEBA contributions for both FY 2006 and FY 2007 (\$6 million annually).

The County continues to pay and set aside funds to cover the increasing actuarially determined annual contribution for retiree health care liability as it exists today; however, these costs will continue to escalate. Unchecked, these costs will require even greater annual contributions which could limit the County's ability to fund vital public services. Thus, the County continues to look for ways to manage the increasing cost of providing health care to its retirees, while at

County of Oakland Letter of Transmittal

the same time providing these individuals, who have dedicated their work life to the welfare of county residents, with a well-earned benefit. In November 2005, the “Retirement Health Savings Plan” (RHS) was established through adoption of the Board of Commissioners Miscellaneous Resolution #05258. The plan changes the retirement health care benefit provided to employees hired after January 1, 2006. Employees hired before January 1, 2006 receive a specific level of health care insurance when they retire from county service. The level of benefit depends upon their length of county service, with a partial benefit (60%) being provided after 15 years of service and a full benefit provided only after 25 years of service. Under RHS, the vesting schedule remains the same; however, rather than receiving a defined health insurance benefit, employees hired after January 1, 2006 will receive a cash payment upon retirement from which they can purchase their own health insurance. The County will contribute \$1,300 annually (\$50 per pay) to each employee’s retirement health savings account; the employee may contribute as well. Once the employee retires and receives the cash payment, the County’s financial obligations ends, unlike the plan for current employees, for which the County’s financial obligation to fund the health care benefit continues until the retiree leaves the system. The RHS will eventually reduce the County’s financial obligation related to retiree health care, increasing the fiscal flexibility to provide services to county residents.

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

County government has faced a number of financial challenges over the past several years. However, because of its 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 postemployment benefit planning along with the efforts of elected officials and employees, Oakland County has met the challenges and is in a position to ensure the long-term fiscal stability of Oakland County government and preserves its ability to provide necessary public services to its citizens.

Major Initiatives

Oakland County continues to explore opportunities to improve the quality of life for its citizens. Such improvement is obtained not only through direct service provision, but also through strengthening the financial stability of county government and initiating partnerships with local cities, villages, and townships, which leverage the use of public resources, in order to provide those needed services. During fiscal year 2005, the County engaged in several initiatives to strengthen community and economic development, provide jobs for county citizens, and improve the technological infrastructure. These initiatives should attract and retain business investment, which in turn improves the County’s tax base.

One initiative is the *Emerging Sectors Project*, which is in its second year; it focuses on the identification of the top 10 emerging and promising business sectors for the new economy of the 21st century that Oakland County might be able to cultivate for future job growth and long-lasting economic stability. By identifying these sectors, and soliciting those companies that

County of Oakland Letter of Transmittal

provide the emerging sector services, Oakland County will diversify its economic base. The goal is to make the County's economy "recession resistant."

Through research begun in 2003, the 10 fastest-growing business sectors were identified, including financial services, alternative energy and power generation, biotechnology, and micro and nanotechnology. Based upon this research, Oakland County has identified the fastest-growing companies within each sector and is actively soliciting them to expand into the County. There have already been positive results from these efforts. In 2005 alone, 15 companies from around the world were recruited to do business in Oakland County, representing advanced electronic and control systems, advanced materials and chemicals, alternate energy and power generation, financial services, and biotechnology.

Over the past two years, the *Emerging Sectors* initiative has generated more than \$209 million in new investments; \$5.2 million in new taxes for the County and local units of government; 2,452 new jobs created; and 1,215 existing jobs retained. The "financial services" sector has been particularly successful with a dozen financial institutions moving to Oakland County in the last two years. Thirty major banks are now located in Oakland County, with approximately \$32 billion in total deposits.

In order to maintain and expand the momentum of *Emerging Sectors*, the County Executive Administration area eliminated two support positions and reduced expenditures in order to fund the creation of two additional Senior Business Development Representative positions within the Department of Economic Development and Community Affairs. It is anticipated that each position will generate \$40 million in new investments each year and \$1 million in new taxes for Oakland County and its communities.

Another economic development initiative is Automation Alley – a 610-member partnership between business, government, and education designed to enhance southeast Michigan's technology cluster. In its eighth year of operation, Automation Alley covers eight (8) county areas. The consortium, which is an independent organization that grew out of the Oakland County Executive's efforts, moved to a new headquarters in Troy during 2004. In the past 18 months, the Center has interacted with 130 companies and has secured federal and state grants for various projects. For example, a \$3.5 million federal grant was received to build two bus prototypes designed by an engineering firm in Troy.

During 2005, Oakland County also initiated the *Wireless Oakland* program. *Wireless Oakland* is designed to blanket the County with wireless Internet access and provide free high-speed Internet access to every resident, business, and visitor. The County plans to approach this venture as a public/private partnership, a mix of "free" and "for fee" services. The successful implementation will help bridge the "digital divide" that now exists between County residents who are highly trained in the use of technology and those residents who are from populations that do not have access or training on personal computers and the Internet. Residents who do not have access or training on personal computers find themselves poorly prepared for the economic and workplace of tomorrow. By working in partnership with education, foundations, and business, long-term

County of Oakland Letter of Transmittal

support and training can be developed that will ensure the County's workforce possesses the technical skills necessary to compete in the global high-tech economy for the 21st century.

Wireless Oakland was first tested during the Arts, Beats, and Eats Labor Day weekend festival in 2005. Working with MichTel Communications, 11 blocks of the City of Pontiac were covered by wireless service. The demonstration was a rousing success and has led to the second phase – the installation of free wireless service to portions of seven (7) communities by the end of 2007. The initiative is headed by the County's Department of Information Technology and should influence continued business investment in Oakland County.

As stated above, the County has been actively investigating and pursuing areas where it can partner with local cities, villages, and townships to develop more efficient methods of providing necessary public services. Several of these efforts have been in place for years, including the *Court and Law Enforcement Management Information System (CLEMIS)*, the *Fire Records Management System*, and the *Cooperative Purchasing Agreements*. However, beginning in fiscal year 2006, a new program, the *Capital and Cooperative Initiatives Revolving Fund (CCIRF)* will be implemented, which should help expand these efforts.

CCIRF was created by setting aside a portion of the funds collected from the state-mandated shift of the county operating tax from a December levy to a July levy over the next three years, beginning with the July 2005 levy. This state-mandated shift generates an additional year of property tax revenue (equivalent of four years of taxes over three fiscal years), which are designed to replace state revenue-sharing payments to counties. Through this mechanism, the County is guaranteed approximately 11 years of revenue-sharing payments. However, rather than budget for a constant level of these payments, the County has been "weaning" or reducing the use of these payments for on-going operations in the anticipation that revenue-sharing dollars will never be restored by the State. The difference between the amount available for operating use and the amount actually budgeted for on-going operations is placed in the *CCIRF* fund. As the County continues to wean off these payments, the annual contribution to the *CCIRF* grows.

In lieu of using these funds to support the County's on-going operating needs with the end result of having to make large budget cuts when the revenue-sharing reserve fund is depleted in 11 years, *CCIRF* funds are available to support various one-time capital and other projects throughout the County. These projects will be designed to encourage cooperative service relationships with either the County or jointly provided among the cities, villages, and townships within the County's borders. Two projects are currently under consideration; a study to explore the creation of a four-community fire authority in the southeast portion of the County, and a study to explore combining public safety services among several communities in the western portion of the County.

County of Oakland Letter of Transmittal

CCIRF funds will also be used to support various items previously funded by on-going revenues, freeing up those on-going revenues (which are stagnant or shrinking) to support increasingly expensive on-going expenditures. Under the current planned level of use, the CCIRF fund balance should grow to approximately \$76 million by fiscal year 2022.

Awards and Acknowledgements

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 Standard and Poor's, Fitch Investor Services, and Moody's Investor Services, Incorporated. In their transmittal letter reaffirming Oakland County's AAA status, Moody's stated:

“Moody's believes that Oakland County will continue its role as an economic engine...New residential and commercial development continues to keep pace with the demands of an increasing affluent population...The County's sound financial management is further evident in the continuous proactive measures it takes to address challenges for further years.”

Out of more than 3,000 counties in the United States, only 34 enjoy the distinction of a AAA bond rating. The AAA bond rating allows the County to borrow at the lowest possible interest rate, saving County taxpayers millions of dollars in future costs. 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, 2004. This was the 14th 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, 2004. This latest award is the tenth 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 2004 PAFR award was the County's eighth consecutive citation. Oakland County is one of two counties in the state of Michigan that holds all three of the GFOA 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, as well as members of the Internal Audit Division. 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
Oakland County Executive



Laurie Van Pelt, CPFO
Fiscal Officer and Director, Department of
Management and Budget

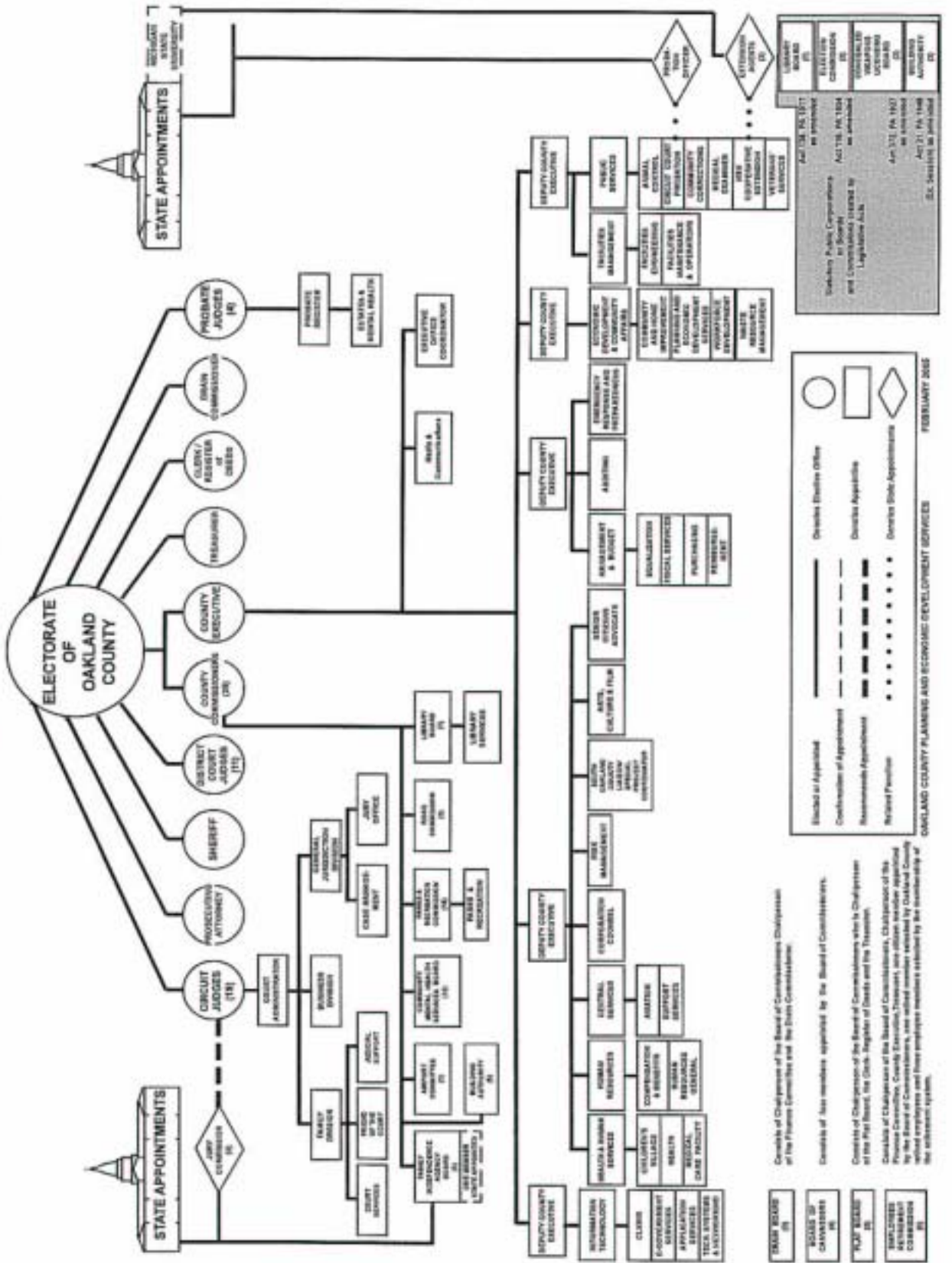


Wm. Art Holdsworth
Deputy Director,
Department of Management and Budget



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

OAKLAND COUNTY GOVERNMENT ORGANIZATIONAL CHART



COUNTY EXECUTIVE

L. Brooks Patterson

BOARD OF COMMISSIONERS

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Hugh D. Crawford, Vice-Chairperson

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David Coulter
Sue Ann Douglas
Marcia Gershenson
Vincent Gregory
Mattie McKinney Hatchett
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Jim Nash
Charles E. Palmer

William R. Patterson
Jeff Potter
Mike Rogers
John A. Scott
George W. Suarez
Eric S. Wilson
Dave Woodward
Helaine Zack

OTHER ELECTED OFFICIALS

Clerk/Register of Deeds
Ruth Johnson

Treasurer
Patrick M. Dohany

Drain Commissioner
John P. McCulloch

Prosecuting Attorney
David G. Gorecyca

Sheriff
Michael J. Bouchard

Chief Circuit Judge
Wendy L. Potts

Chief Probate Judge
Eugene Arthur Moore

Chief District Judge
William E. Bolle

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Vincent Gregory, Vice-Chairperson
Tom Middleton, Secretary
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J. David VanderVeen

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Tamara Van Wormer-Tazzia, Vice-Chairperson
Harvey Wedell, Secretary
L. Brooks Patterson, County Executive
Patrick M. Dohany, County Treasurer

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Richard Skarritt, Vice-Chairperson
Martin Knollenberg, Secretary

Hugh D. Crawford
Vincent Gregory

John P. McCulloch
Charles E. Palmer
John Richards

J. David VanderVeen
Suzette Vogt

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Larry P. Crake, Vice-Chairperson
Richard G. Skarritt, Commissioner

DRAIN BOARD

John P. McCulloch, Drain Commissioner
Bill Bullard, Jr., Board of Commissioners Chairperson
Chuck Moss, Finance Committee Chairperson

Personnel as of October 2005

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Oakland County,
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2004

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



Carla E. Perry

President

Jeffrey R. Enos

Executive Director

II. Financial Section

The Financial Section contains:

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

Independent Auditor's Report

To the Board of Commissioners
Oakland County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oakland County as of and for the year ended September 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Oakland County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oakland County as of September 30, 2005 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oakland County's basic financial statements. The management's discussion and analysis, retirement system schedules of funding progress, and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. The introductory section, combining and individual fund statements and schedules, and statistical section as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The budgetary comparison schedules and the combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. We have applied certain limited procedures to the management's discussion and analysis and retirement systems schedules of funding progress, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it. The introductory section and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

To the Board of Commissioners
Oakland County, Michigan

In accordance with *Government Auditing Standards*, we will also issue a report on our consideration of Oakland County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Plante & Moran, PLLC

January 20, 2006

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 ended September 30, 2005. 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.

FINANCIAL HIGHLIGHTS

Government-wide:

- In total, Oakland County improved its financial position during Fiscal Year 2005.
- Net assets increased by \$84.4 million to \$928.4 million (excluding component units).
- Governmental activities net assets increased by \$61.8 million to \$372.5 million.
- Business-type activity net assets increased \$22.6 million to \$555.9 million.

Fund Level:

- At the close of the fiscal year, the County's governmental funds reported combined ending fund balance of \$196.8 million, an increase of \$60.0 million from the fiscal year 2004 governmental funds combined ending fund balance.
- The primary reason for the increase was the establishment of a "Revenue Sharing Reserve Fund" (RSRF) required pursuant to the adoption of Public Act 357 of 2004. The RSRF is created from the proceeds of shifting the annual County operating millage from a December 1 levy date to a July 1 levy date, over the next three years.
- The shift actually accelerates the tax collections and results in an additional year of property tax collections over a three-year period (four years' worth of property taxes levied within three fiscal periods). The additional years' worth of property tax revenue is not used to fund current County operations, but will be used to offset the effect of the State suspending revenue-sharing payments to counties over the next eleven (11) years.
- The General Fund balance decreased by \$2.0 million, from \$67.4 million at the end of fiscal year 2004 to \$ 65.4 million at the end of fiscal year 2005. The decrease was the result of planned use of the fund balance.

Capital and Long-term Debt Activities:

- The County's capital assets experienced a net increase of \$22.0 million during fiscal year 2005.
- The County issued \$21.9 million in new bonds during fiscal year 2005; \$20.2 million to finance renovation of the Oakland Intermediate School District Administration Building and \$1.7 million to control local lake levels and to advance refund water supply and sewer debt.
- The County paid \$11.3 million in bond obligations during fiscal year 2005.
- The County is \$6.7 billion below its authorized debt limit.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial report of the County consists of the following components: 1) the Introductory Section, which includes the *Transmittal Letter*; 2) the Financial Section, which includes the *Auditor's Report*, the *Management's Discussion and Analysis*, the *Basic Financial Statements* (government-wide financial statements, fund financial statements, and 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) the Statistical Section, which provides a 10-year history on specific data regarding the County.

County of Oakland

Management's Discussion and Analysis

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. Accrual accounting 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 presents the entire 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 presents information showing how the County's net assets changed during fiscal year 2005. 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 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. Two organizations are included as component units: the Road Commission for Oakland County and the Drainage Districts.

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, and 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, reconciliation between the two statement types is presented in the financial section. The following summarizes the impact of transitioning from modified accrual to accrual accounting:

- Capital assets used in government activities (depreciation) are not reported on the government fund financial 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.

County of Oakland Management's Discussion and Analysis

- Long-term contingencies, such as reserves in the Fringe Benefit Fund, 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 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 Public 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, which include the internal services funds (e.g., Motor Pool, Building and Liability Insurance, etc.) and enterprise funds (e.g., Airports 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.

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 governmental 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), and *Debt Service Funds* (accounts for resources used to pay long-term debt principal and interest).

- *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*

County of Oakland Management's Discussion and Analysis

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. 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.

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 special revenue funds as well as pension trend data.

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.

County of Oakland

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

As previously stated, Oakland County's financial position improved during fiscal year 2005. The County's combined net assets increased by \$84.4 million over the course of this fiscal year's operations. The net assets of the governmental activities increased by \$61.8 million primarily related to a change in state law explained below. The business-type activities had an increase of \$22.6 million in net assets, which reflects an increase in total assets.

Oakland County's Net Assets

(in millions of dollars)

	Governmental Activities		Business Type Activities		Total Primary Government	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Current Assets	\$ 371.4	\$ 306.1	\$ 378.0	\$ 372.8	\$ 749.4	\$ 678.9
Capital Assets	193.2	186.2	224.7	209.7	417.9	395.9
Other Long-Term Assets	41.2	46.4	-	-	41.2	46.4
Total Assets	\$ 605.8	\$ 538.7	\$ 602.7	\$ 582.5	\$ 1,208.5	\$ 1,121.2
Current Liabilities	77.9	83.6	46.8	49.2	124.7	132.8
Other Liabilities	155.4	144.4	-	-	155.4	144.4
Total Liabilities	\$ 233.3	\$ 228.0	\$ 46.8	\$ 49.2	\$ 280.1	\$ 277.2
Net Assets:						
Invested in Capital Assets						
Less Related Debt	116.4	125.7	215.6	190.3	332.0	316.0
Restricted	38.0	22.4	7.3	23.5	45.3	45.9
Unrestricted	218.1	162.6	333.0	319.5	551.1	482.1
Total Net Assets	\$ 372.5	\$ 310.7	\$ 555.9	\$ 533.3	\$ 928.4	\$ 844.0

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 Oakland County Net Assets (in millions of dollars)

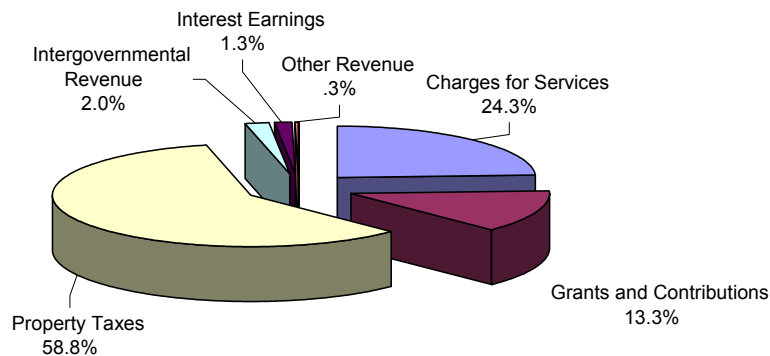
	Governmental Activities		Business Type Activities		Total Primary Government	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenues						
Program Revenues						
Charges for Services	\$ 125.9	\$ 129.5	164.9	155.9	\$ 290.8	\$ 285.4
Grants and Contributions						
Operating	60.6	54.9			60.6	54.9
Capital	8.5	1.5	17.1	6.0	25.6	7.5
General Revenues						
Property Taxes	304.5	214.3	12.8	12.6	317.3	226.9
Intergovernmental Revenue	10.2	30.3	-	-	10.2	30.3
Investment Earnings	7.0	2.5	6.8	2.2	13.8	4.7
Other Revenue	1.4	2.3	-	-	1.4	2.3
Gain on Sale of Assets	0.1	0.6	-	-	0.1	0.6
Total Revenues	<u>518.2</u>	<u>435.9</u>	<u>201.6</u>	<u>176.7</u>	<u>719.8</u>	<u>612.6</u>
Expenses						
Public Safety	173.9	165.1	12.2	10.9	186.1	176.0
Justice Administration	86.0	83.2	-	-	86.0	83.2
Citizen Services	84.0	77.6	16.3	16.8	100.3	94.4
Public Works	35.6	18.5	118.1	113.7	153.7	132.2
Recreation and Leisure	2.6	2.5	20.8	19.2	23.4	21.7
Commerce and Community Dev.	43.0	46.8	-	-	43.0	46.8
General Government	34.9	35.6	1.3	1.1	36.2	36.7
Interest on Debt Service	5.6	5.5	-	-	5.6	5.5
Unallocated Depreciation	1.1	1.1	-	-	1.1	1.1
Total Expenses	<u>466.7</u>	<u>435.9</u>	<u>168.7</u>	<u>161.7</u>	<u>635.4</u>	<u>597.6</u>
Excess (Deficiency) before Special Items and Transfers	51.5	-	32.9	15.0	84.4	15.0
Special Item - Write Off	-	-	-	(0.2)	-	(0.2)
Transfers - Special Item	-	(50.9)	-	-	-	(50.9)
Transfers - On-going	10.3	11.8	(10.3)	(11.8)	-	-
Increase (decrease) in Net Assets	<u>61.8</u>	<u>(39.1)</u>	<u>22.6</u>	<u>3.0</u>	<u>84.4</u>	<u>(36.1)</u>
Net Assets - Beginning	310.7	281.6	533.3	527.4	844.0	809.0
Restatement of Net Assets	-	68.2	-	2.9	-	71.1
Net Assets - Ending	<u>\$ 372.5</u>	<u>\$ 310.7</u>	<u>\$ 555.9</u>	<u>\$ 533.3</u>	<u>\$ 928.4</u>	<u>\$ 844.0</u>

County of Oakland Management's Discussion and Analysis

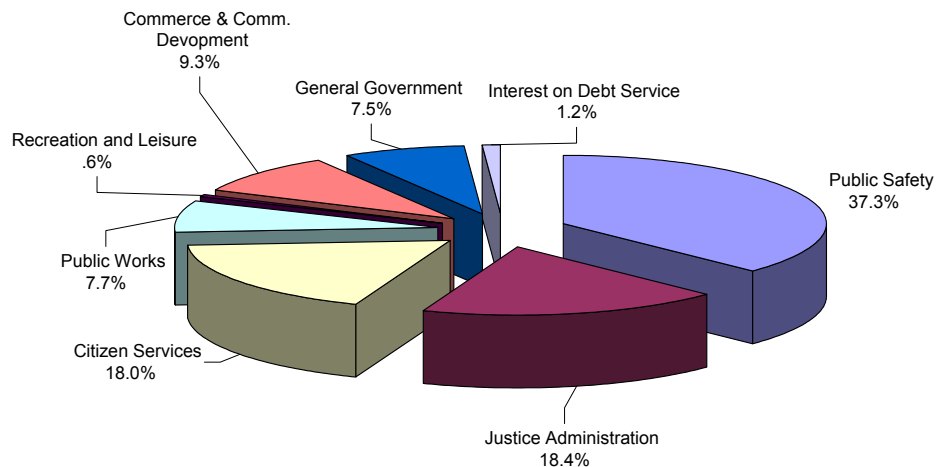
Governmental Activities:

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

Revenues - Governmental Activities Fiscal Year Ended September 20, 2005



Expenses - Governmental Activities Fiscal Year Ended September 30, 2005



In total, fiscal year 2005 governmental activity revenue collections increased by \$82.3 million from fiscal year 2004. This net increase reflects the implementation of Public Act 357 of 2004, which requires the gradual shifting of the County's annual property tax levy from a December 1 levy date to a July 1 levy date, over a three-year period, beginning in fiscal year 2005. The proportion of the levy moving from December to July increases each year so that by July 2007, 100% of the annual tax will be levied in the summer tax bill.

County of Oakland Management's Discussion and Analysis

The fiscal impact of shifting the county operating tax levy to a summer collection, however, is an actual *acceleration* of the payment of property taxes over the three-year period. The County operates on an October-September fiscal year; however, property tax collections are generated by a calendar year levy. The shifting of the levy date from December to July does not impact the calendar year levy; taxpayers are still paying one year's worth of property taxes for a 12-month period. However, because the shifting of the levy date, and thus collections, happens between county fiscal years, the County receives an accelerated payment equal to an additional one-third of the annual property tax levy each *fiscal* year for three fiscal years. Of the additional revenue collected over the three fiscal years, an amount equal to the December 2004 property tax collection must be used to replace state revenue-sharing payments, which were suspended by the State in September 2004 as part of a budget balancing action.

For more details regarding the financial impact of this act, please see the analysis of governmental funds later in this document.

Implementation of P.A. 357 is the primary reason for the increase in property tax revenue. Property taxes, which generated \$304.5 million in revenue, remains the largest source of support for governmental activities, comprising 58.8% of all governmental activities revenue. The increase of \$98.2 million is related to recognition of \$79.3 million from the P.A. 357 July 2005 tax levy, as well as a 5.14% increase in taxable value of property within Oakland County. The County's operating millage rate of 4.19 mills remains the third lowest county general operating millage rate in the state.

Charge for services, which reimburses the County for specific activities, is the second largest source of governmental activity revenue, generating 24.3% of the total. The \$125.9 million collected in fiscal year 2004 represents a \$3.6 million decrease from the previous fiscal year. This decrease is attributed to reduced fee revenue in the Register of Deeds office for mortgage re-evaluations, reflecting the slowing of the mortgage refinancing market.

Together, property taxes and charges for services account for over 83% of the governmental activities revenue sources.

Oakland County received \$10.2 million in intergovernmental revenue. This is revenue "shared" by the state and federal government, which is not tied to contractual obligations such as grant agreements. The amount received in fiscal year 2005 is \$20.1 million less than the \$30.3 million received in fiscal year 2004. This reduction was a result of the suspension of state revenue-sharing payments at the end of September 2004. The suspension was part of the State's budget balancing action, and is related to implementation of Public Act 357.

Governmental activities received an additional \$12.7 million in grants and contributions above the amount received in fiscal year 2004. Of this amount, \$4.2 million reflects a capital contribution for the purchase of a new financial system in the Information Technology Fund. (Please note that Information Technology is an Internal Service Fund. As such, it appears as a governmental "activity" on the entity-wide statements, but is accounted for as a proprietary or business "fund" in the fund financial statements.) An additional \$4.0 million reflects new capital grants received in fiscal year 2005 for water and sewer improvements (\$2.7 million) and homeland security improvements (\$1.3 million). The remaining \$4.5 million reflects additional operating grants, particularly related to homeland security, bioterrorism, law enforcement, and other public health and safety programs.

Governmental activities also experienced an increase in investment income revenue of \$4.5 million, reflecting a higher market rate of return on investments.

County of Oakland Management's Discussion and Analysis

Governmental activity fiscal year expenses increased by \$30.8 million above the fiscal year 2004 expense level. Public Safety continued to be the largest governmental activity, expending \$173.9 million of the \$466.7 million total (37.3%). Public Safety expenses encompass law enforcement, crime prevention, incarceration, emergency management, and technical support. Expenses grew by \$8.8 million in this activity from the previous fiscal year, as a result of increased cost for housing and care of prisoners in the Oakland County Jail, expansion of activities related to jail diversion programs, upgrade of the technical support programs including automated fingerprinting and mugshot capabilities, and increased expenses related to expanded homeland security efforts including county-wide first responder training.

Closely linked to Public Safety, Justice Administration is the second largest expense category at \$86.0 million or 18.4% of the total governmental activity expenses. The Justice Administration activity, which centers around the operations of the 6th Judicial Circuit Court, the Oakland County Probate Court, and the 52nd District Court, experienced a \$2.8 million expense increase over the previous fiscal year, related to efforts to accelerate the processing of criminal cases so as to reduce the crowding in the Oakland County Jail.

Citizen Services, which includes all public health activities, public services such as Animal Control and Veterans' Services, and the care of children who have been declared wards of the Court or the State Department of Human Services, is the third largest governmental activity with \$84.0 million in expenses or 18.0% of the total governmental activities. Expenses for this activity increased by \$6.4 million over the fiscal year 2004 level. The increases are primarily a result of increased cost of care for children who have been declared court or state wards, for reasons of neglect, abuse, or delinquency and increased public health activity due to expanded efforts to combat bioterrorism and expanded vaccine efforts.

Together, Public Safety, Citizen Services, and Justice Administration accounted for almost 74% of all governmental activity expenses during fiscal year 2005. Of the remaining expenses, 26.3% were concentrated in three areas, Commerce and Community Development (9.2%), Public Works (7.6%) and General Government (7.5%).

The Public Works activity, which includes the operating systems that form the infrastructure of basic county functions, generated \$35.6 million in expenses in fiscal year 2005, up \$17.1 million from fiscal year 2004. The additional expenses reflect increased capital projects cost and debt service payments for renovation of the Oakland Intermediate School District Building (\$3.9 million) and the Oakland International Airport T-Hanger expansion (\$2.9 million). Increased expenses also reflect use of capital grants discussed above (\$4.0 million), as well as purchase and implementation of the new financial system (\$4.2 million) and expenses related to various information technology projects.

Commerce and Community Development, which reflects all efforts to promote and sustain a strong economic and business climate and vibrant communities, experienced \$43.0 million in expenses, down \$3.8 million from fiscal year 2004. These reduced expenses reflect programs, initiated by the County prior to 2005 with "seed money" funding, being completed or migrating to local control and maintenance. These include the North Oakland County Household Hazardous Waste Program (NO HAZ) and the Environmental Infrastructure Project, which provided funding to local cities, villages, and townships to improve local water and sewer infrastructure. In addition, due to reductions in Community Development special revenue funds from the federal government, required match expenditures were also reduced.

The General Government activity, which is comprised of the administration and financial management of County business, expended \$34.9 million in fiscal year 2005, \$700,000 less than the previous fiscal year. The reduced expenses reflect an effort to reduce operating expenses by delayed filling and underfilling of vacant positions, reductions in travel and contracted services expenses, as well as the transfer of several positions from the County Clerk to the Circuit Court.

County of Oakland Management's Discussion and Analysis

Finally, operating transfers reflects a net transfer of \$10.3 million from business-type activities. A majority of this net transfer is from the Delinquent Tax Revolving Fund to support debt service payments (\$3.8 million) as well as General Fund activities (\$5.8 million).

The result of fiscal year 2005 governmental activity was an overall increase of \$61.8 million in net assets, to \$372.5 million. This increase in net assets is directly related to the implementation of Public Act 357 of 2004. Specifically, an additional \$79.3 million in property tax revenue was recognized from the new July 2005 levy. From that levy, \$20.7 million was used to replace the suspended state revenue-sharing payments. The balance of these transactions increased the County's governmental activities net assets.

Of the total governmental activities' net assets, \$116.4 million is invested in capital assets less related debt, \$38.0 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 \$218.1 million is listed as unrestricted, having no legal commitment. The amount of unrestricted net assets increased by \$55.5 million, which again primarily reflects implementation of Public Act 357. However, it should be noted that of the total unrestricted amount, all but \$1.5 million is reserved, designated, or otherwise earmarked for specific purposes.

Business-type Activities:

Net assets in business-type activities are reported at \$555.9 million for fiscal year 2005, an increase of \$22.6 million over the amount reported at the end of fiscal year 2004. Of the total net assets, \$215.6 is invested in capital assets, \$7.3 million is restricted by agreement or covenant, and \$333.0 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.

During fiscal year 2005, business-type activities generated \$201.6 million in revenue; this is an increase of \$24.9 million from the previous fiscal year. Please note that the revenue increases were partially offset by expenditure increases and transfers to governmental activities. The revenue increase includes an additional \$9.0 million in program revenue primarily generated by increased use charges for water and sewer operations (\$4.8 million), due to increased cost for services; increased Delinquent Tax Revolving Fund fee and interest collections (\$1.2 million), due to additional delinquencies; and increased Parks and Recreation charges (\$.6 million) due to an increased number of parks users. Additional program revenue was also generated through increased charges by the four sewer disposal systems operated by the County.

In addition to increasing program revenue, the business-type activities also experienced an \$11.1 million increase in capital grants and contributions. This figure reflects capital improvements for the sewer disposal systems (\$7.2 million) related to new pumping stations and other infrastructure; new T-hangers and noise abatement improvements at the Oakland County International Airport (\$2.4 million); and water and sewer system infrastructure improvements (\$1.0 million).

Business-type activity posted expenses of \$168.7 million, an increase of \$7.0 million above fiscal year 2004. New infrastructure construction for the sewer disposal systems is the primary reason for the increase in expenses. In addition, there was a \$10.3 million transfer to governmental activities discussed in the governmental activity section.

County of Oakland

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR FUNDS

As the County completed fiscal year 2005, its governmental funds reported *combined* fund balances of \$196.8 million. This figure reflects an increase of \$60.0 million from the combined fund balances reported at the end of fiscal year 2004. This overall increase in governmental fund balance primarily reflects the creation of a *Revenue Sharing Reserve Fund* pursuant to Public Act 357 of 2004. This statute gradually shifts the County's annual property tax levy from a December 1 levy date to a July 1 levy date, over a three-year period. The proportion of the levy moving from December to July increases each year so that by July 2007, 100% of the annual tax will be levied. The propose of this shift is to build a "revenue-sharing reserve fund" in each Michigan county, equal to the December 2004 property tax levy, which those counties can use to replace annual revenue-sharing payments. County revenue-sharing payments were suspended by the State as part of a budget balancing action in September 2004.

In fiscal year 2005, an amount equal to one-third of the December 2004 Oakland County property tax levy (\$75,861,063) was transferred into the Revenue Sharing Reserve Fund as required by law. Subsequently, \$20,717,000 was transferred from the Revenue Sharing Reserve Fund to the General Fund to replace the suspended state revenue-sharing payment. Please note that the amount of property taxes transferred into the Revenue Sharing Reserve Fund is \$3.4 million less than the total collected in the July 2005 levy as reported on the entity-wide statements. The difference is a result of the entity-wide statements using accrual accounting. The \$3.4 million difference is reported as deferred revenue in the fund statements.

The balance of \$55.1 million in the Revenue Sharing Reserve Fund accounts for 92% of the increase in the combined governmental funds fund balance. Full implementation of the public act anticipates that the fund balance of the Revenue Sharing Reserve Fund will increase to approximately \$227.7 million. With approximately \$21 million annually transferred from the Revenue Sharing Reserve Fund (annual amounts to increase with inflation), the Revenue Sharing Reserve Fund should be depleted in 11.5 years (fiscal year 2015). The State has committed to restore revenue sharing payments once the Revenue Sharing Reserve Fund is depleted.

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, 2005, the General Fund reported a fund balance of \$65.4 million. This amount reflects a decrease of \$2.0 million from the fund balance of \$67.4 million reported as of September 30, 2004. The decrease in the General Fund balance is primarily due to the planned use of fund balance, as approved by the Board of Commissioners, for a number of one-time projects. Of the total fund balance, all but \$1.47 million is reserved, designated, or earmarked for specific purposes.

The General Fund fiscal year 2005 revenues exceeded fiscal year 2005 expenditures by \$109.6 million. However, the General Fund also routinely supports the operations of other funds including the Public 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 annual transfers are taken into account, the result of fiscal year 2005 non-special activity was a decrease in the General Fund balance of \$2.0 million from September 30, 2004 to September 30, 2005. (For detailed information regarding transfers between funds, please refer to note #9 to the financial statements). This amount of fund balance represents 13.9% of the fiscal year 2006 General Fund/General Purpose operations.

County of Oakland Management's Discussion and Analysis

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 \$60.5 million during fiscal year 2005, from \$346.8 million to \$407.3 million (17.4 percent). The primary reason for this budget increase is the recognition of the 1.39 mills levied in July 2005, as required by Public Act 357 of 2004. As is discussed below, the revenue raised by this levy was not used to support General Fund operations. Rather, proceeds from the levy were transferred to a "Revenue Sharing Reserve Fund" as required by the public act. The revenue budget increase resulting from the levy was \$75.9 million. However, this budget increase was offset by a revenue budget reduction of \$20.7 million recognizing the suspension of state revenue-sharing payments also connected to Public Act 357 of 2004.

Other amendments to the General Fund revenue budget include an increase of \$4.6 million for Sheriff Department activities related to increased state reimbursements for the housing of state prisoners in the Oakland County Jail as well as new patrol service contracts; and a \$1.9 million revenue budget increase recognizing increased land transfer tax activities in the Register of Deeds office.

Actual General Fund revenue totaled \$412.4 million, \$5.1 million greater than the final amended budget. Significant revenue variances include fees for mortgage refinancing activity, in the amount of \$3.8 million, under the Clerk/Register of Deeds (higher than budgeted in fiscal year 2005, but less than received in fiscal year 2004), and increased case filings and fees generated by the 52nd District Court, in the amount of \$1.2 million.

The County's expenditure budget was increased by \$9.1 million (3.0 percent above the original budget) during fiscal year 2005. Of this total, \$4.0 million reflects a budget amendment covering a charge to the General Fund recognizing changes to the actuarial assumptions used to calculate the contribution to the county's Voluntary Employee Benefits Association (VEBA). The County began pre-funding retiree health care two decades ago. The current pre-funding schedule amortizes the unfunded actuarial accrued liability (AAL) over a 40-year period. With the adoption of Government Accounting Standards Board (GASB) Statements 43 and 45, the AAL cannot exceed thirty (30) years. The increased annual contribution required due to this change was calculated at \$4.0 million. As has been the practice regarding retiree health care, rather than wait for the full implementation of GASB 43 and 45, the County began charging the additional contribution in FY 2005.

In addition to the VEBA charge, the expenditure budget was increased by:

- \$5.0 million, in the 6th Judicial Circuit Court, recognizing additional positions related to a new "gate keeper" function designed to accelerate case processing and reduce crowding in the Oakland County Jail, and increased expenses for the care of county wards who have come under the care of the Court due to neglect or abusive situations;
- \$4.7 million in the County Executive area recognizing the implementation of the Emerging Sectors initiative to stimulate economic growth and other economic development and trade initiative (\$2.1 million), implementation of the second phase of the PeopleSoft financial system (\$1.4 million), expansion of community corrections efforts (\$.8 million), and public health initiatives (\$.6 million);
- \$3.7 million in the Sheriff Department reflecting increased expenditures for housing and care of prisoners;
- \$1.7 million in the Drain Commissioner to fund development of a master plan.

County of Oakland Management's Discussion and Analysis

The above expenditure budget increases were partially offset by reappropriation of funds budgeted for contingency purposes.

Actual General Fund expenditures for fiscal year 2005 were \$9.5 million below budget. Of this total, \$4.7 million is a result of vacant positions and positions filled at a lower classification than budgeted. Many positions were purposefully left vacant, filled at a lower classification, or filled with part-time employees not eligible for benefits, to reduce General Fund spending due to concerns regarding how the State's budget difficulties and the regional economy could potentially affect County operations. Another \$7.5 million of the unspent budget is a result of a number of programs, originally budgeted in FY 2005, however for a variety of reasons were not able to be completed. These include funding to support a specific road extension (\$2.0 million), the Drain Commissioner's Master Plan (\$1.0 million), and other technology projects (\$1.0 million). Please note that the unspent funds were carried forward and reappropriated in FY 2006. These "under-expenditures" were partially offset by \$2.8 million in expenditures incurred above budget in the Sheriff Department. Of this total, \$1.2 million reflects the fact that the FY 2005 budget did not include sufficient funds to support the actual fringe benefit cost associated with the authorized positions in the Sheriff Department. The remaining expenditures are related to increased overtime cost as a result of the overcrowding of the Oakland County Jail.

The adopted budget also included \$46.8 million in net transfers out of the General Fund to other funds. The net transfer budget was increased during fiscal year 2005 by \$66.1 million to \$112.9 million. The net change in the transfer budget reflects required actions resulting from the passage of Public Act 357 of 2004 as described above. Specifically, the General Fund budget was amended by including a \$75.9 million transfer from the General Fund to the Revenue Sharing Reserve Fund, which represents the proceeds of the July 2005 tax levy, and a transfer of \$20.7 million from the Revenue Sharing Reserve Fund to the General Fund to replace the state revenue-sharing payments suspended by adoption of P.A. 357.

Significant Changes – Other Major Funds

GASB Statement 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 represents five (5) percent of those categories for governmental and enterprise funds combined.

In addition to the General Fund, three other *governmental funds* are classified as major: the Public Health Fund, the Revenue Sharing Reserve Fund, and the Water and Sewer Refunding Debt Act 202 Fund. The Public Health Fund and the Act 202 Fund experienced no major changes. The Revenue Sharing Reserve Fund (RSRF) was established in FY 2005 pursuant to Public Act 357 of 2004. As discussed above, the RSRF has a fund balance of \$55.1 million as of September 30, 2005. This fund balance results from a \$75.8 million transfer from the General Fund and a subsequent \$20.7 million transfer back to the General Fund to replace the suspended state revenue-sharing payments.

There are four (4) *enterprise funds* that are classified as major: the County Airports Fund, the Delinquent Tax Revolving Fund, the Parks and Recreation Fund, and the Water and Sewer Trust Fund. The net assets of these four funds increased by \$7.1 million primarily related to increased capital assets for the County Parks and water and sewer operations. It should be noted that this level of increase represents only a 1.8 percent change in the net assets of the funds in question.

County of Oakland

Management's Discussion and Analysis

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - At the end of fiscal year 2005, the County had invested \$417.9 million, net of accumulated depreciation, in a broad range of capital assets (see table below). This amount of net capital assets reflects an increase of \$22.0 million above the fiscal year 2004 amount (\$7.1 million in governmental activities and \$14.9 million in business-type activities). Depreciation charges for this fiscal year totaled \$23.2 million.

Oakland County Capital Assets

(net of depreciation, in millions of dollars)

	Governmental Activities		Business Type Activities		Total Primary Government	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2003</u>
Land	\$ 7.7	\$ 7.7	\$ 45.7	\$ 45.4	\$ 53.4	\$ 53.1
Land Improvements	4.6	3.9	11.1	11.5	15.7	15.4
Buildings and Improvements	69.4	71.3	25.4	26.5	94.8	97.8
Equipment and Vehicles	31.3	26.4	5.5	9.4	36.8	35.8
Infrastructure	12.8	13.1	86.1	91.2	98.9	104.3
Subtotal	<u>125.8</u>	<u>122.4</u>	<u>173.8</u>	<u>184.0</u>	<u>299.6</u>	<u>306.4</u>
Construction in Progress	<u>67.4</u>	<u>63.7</u>	<u>50.9</u>	<u>25.8</u>	<u>118.3</u>	<u>89.5</u>
Total Capital Assets	<u>\$ 193.2</u>	<u>\$ 186.1</u>	<u>\$ 224.7</u>	<u>\$ 209.8</u>	<u>\$ 417.9</u>	<u>\$ 395.9</u>

Net capital assets for the governmental activities increased by \$7.1 million in fiscal year 2005. A total of \$4.9 million of this increase is a result of purchases to improve homeland security, including an armored multi-purpose vehicle, 16 additional electrical generators, additional equipment to be used by the Sheriff's helicopter, 16 additional tornado sirens, additional vehicles purchased for patrol services and community corrections, and hazardous material removal. In addition, there was a \$3.0 million increase related to the continued renovations of the former Oakland Intermediate School District Building (see Long Term debt below), a \$1.2 million increase for improvements to the former Community Mental Health Authority building, which is being converted to a Sheriff's Administration Building, and a \$500,000 improvement to the 52nd District Court, Division III facility. The gain in capital assets listed above was partially offset by increased depreciation in the existing government buildings and improvements.

Net capital assets for the business-type activities increased by \$14.9 million during fiscal year 2005. Increased assets include \$8.0 million for sewer disposal system improvements; \$6.0 million for acquisition of a new 821 MHz radio system; \$5.3 million for development of a Video Arraignment System; and \$3.5 million in land acquisition through the Parks and Recreation Commission. The above acquisitions were partially offset by increased depreciation of current assets.

Please review Note 7 of the financial statements for additional information regarding capital assets.

County of Oakland Management's Discussion and Analysis

Long-term Debt - As of September 30, 2005, the County had \$151.9 million in bonds and notes outstanding. Of this amount, \$126.9 million are bonds with limited taxing authority, and \$25 million are notes with limited taxing authority. This obligation is \$10.5 million more than the obligation recorded as of September 30, 2004. The increased obligation is a result of additional \$21.9 million in new limited taxing authority debt and advanced refunding of current limited taxing authority debt partially offset by \$11.4 million paid off existing debt. The level of obligation for the limited taxing authority notes remained the same. In addition, the County uses its full faith and credit (as a secondary obligator), to back \$172.6 million Drainage District component unit debt.

Outstanding Debt as of September 30, 2005

(in millions of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government		Drainage Districts Component Unit		Total County Commitment	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Bonds - Unlimited Tax Authority	\$ -	\$ 0.1	\$ -	\$ -	\$ -	\$.1	\$ -	\$ -	\$ -	\$.1
Bonds - Limited Tax Authority	126.9	116.3	-	-	126.9	116.3	172.6	173.5	299.5	289.8
Total Bonds	<u>\$ 126.9</u>	<u>\$ 116.4</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126.9</u>	<u>\$ 116.4</u>	<u>\$ 172.6</u>	<u>\$ 173.5</u>	<u>\$ 299.5</u>	<u>\$ 289.9</u>
Notes - Unlimited Tax Authority	\$ -	\$ -	\$ 25.0	\$ 25.0	\$ 25.0	\$ 25.0	\$ -	\$ -	\$ 25.0	\$ 25.0
Total Outstanding Debt	<u>\$ 126.9</u>	<u>\$ 116.4</u>	<u>\$ 25.0</u>	<u>\$ 25.0</u>	<u>\$ 151.9</u>	<u>\$ 141.4</u>	<u>\$ 172.6</u>	<u>\$ 173.5</u>	<u>\$ 324.5</u>	<u>\$ 314.9</u>
Debt Limit (10% of SEV)									\$ 7,345.9	\$ 7,029.7
Available Statutory Debt Limit									\$ 6,705.2	\$ 6,393.6

Activity during fiscal year 2005 included the issuance of \$21.9 million in limited taxing authority bonds. Of this amount, \$20.2 million in bonds were issued, under agreement with the Oakland County Building Authority, to purchase and renovate the Oakland Intermediate School District Administration Building into the new Executive Office Building for the county administration. Anticipated completion for this project is spring 2007. Additionally, the County issued \$575,000 in limited taxing authority bonds to provide lake level control for Watkins Lake (under Public Act 147 to be refunded by the Watkins Lake Board) and further advance refunded \$1.1 million of limited tax bonds for water supply under Public Act 202. This action reduced the debt service payment on those issues by \$114,867 over the next eleven (11) years. Finally, \$25 million in limited taxing authority notes, related to the Delinquent Tax Revolving Fund, was issued. These notes are routinely paid off during the fiscal year.

\$36.4 million in outstanding debt was paid during fiscal year 2005, including the elimination of \$100,000 in unlimited taxing authority bonds, \$11.3 million in limited taxing authority bonds, and \$25 million in limited taxing authority notes.

County of Oakland

Management's Discussion and Analysis

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 Aaa by 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, 2005 was \$73.3 billion.

ECONOMIC OUTLOOK

Oakland County's use of a two-year operating budget process and five-year forecasting process ensures a longer-term focus on the County's fiscal health. This long-term focus has allowed the County to maintain a balanced budget and continue to provide requested public services despite the economic conditions that are causing budgetary concerns for the State of Michigan and many local units of government in the state. The County's fiscal year 2006 and fiscal year 2007 budgets are balanced. In addition, the County retains over \$8 million in a "budget transition fund" which can be used to transition expenditures that may be reduced through probable reductions in state and federal pass-through spending, and other economic pressures.

Even though Oakland County's budget is balanced for the next two years, fiscal pressures are expected to continue. Therefore, the County utilizes a long-term financial perspective in developing contingencies to handle fiscal concerns before they become fiscal crises. In addition to the probable reduction in state and federal pass-through spending, the increasing cost of employee and retiree health care is reducing fiscal flexibility. The County continues to scrutinize the services offered to its citizens to ascertain whether it is appropriate to provide those services and, if service is appropriate, what level of service should be provided. The County continues to work to define and refine program and performance measures, which will provide necessary information for rational policy choices. Some of these initiatives, such as the new health savings account, are discussed in the transmittal letter.

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, 2005

	Primary Government			Component Units
	Governmental Activities	Business Type Activities	Totals	
Assets				
Current assets				
Pooled cash and investments	\$ 287,747,371	\$ 297,186,755	\$ 584,934,126	\$ 25,720,356
Cash and cash equivalents	-	-	-	36,062,731
Investments	-	-	-	20,525,000
Receivables (net of allowance for uncollectibles where applicable)				
Current property taxes	13,471,713	-	13,471,713	-
Delinquent property taxes	4,734,786	45,676,581	50,411,367	-
Special assessments	-	-	-	6,035,911
Due from other governmental units	23,085,955	18,919,469	42,005,424	1,598,519
Due from component units	485,215	109,356	594,571	-
Accrued interest receivable	1,914,015	6,684,412	8,598,427	443,096
Accounts receivable	5,103,856	16,640,782	21,744,638	23,769,231
Internal balances - footnote 19	8,957,675	(8,957,675)	-	-
Due from fiduciary funds	15,041,701	3,018	15,044,719	-
Inventories and supplies	599,341	916,070	1,515,411	3,849,847
Prepayments and other assets	10,223,192	822,612	11,045,804	475,330
Total current assets	<u>371,364,820</u>	<u>378,001,380</u>	<u>749,366,200</u>	<u>118,480,021</u>
Contracts receivable	170,801	-	170,801	-
Special assessments receivable	41,106,449	-	41,106,449	177,025,000
Capital assets, net				
Land and other nondepreciable assets	75,061,483	96,584,942	171,646,425	266,927,749
Land improvements, net	4,650,126	11,147,879	15,798,005	596,290
Buildings and improvements, net	69,405,633	25,364,309	94,769,942	8,081,246
Equipment and vehicles, net	31,342,425	5,513,016	36,855,441	12,904,023
Infrastructure, net	12,743,239	86,071,279	98,814,518	696,911,429
Total capital assets, net	<u>193,202,906</u>	<u>224,681,425</u>	<u>417,884,331</u>	<u>985,420,737</u>
Total assets	<u>\$ 605,844,976</u>	<u>\$ 602,682,805</u>	<u>\$ 1,208,527,781</u>	<u>\$ 1,280,925,758</u>

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

County of Oakland
Statement of Net Assets (Continued)
September 30, 2005

	Primary Government			Component Units
	Governmental Activities	Business Type Activities	Totals	
Liabilities				
Current liabilities				
Vouchers payable	\$ 1,061,644	\$ 322	\$ 1,061,966	\$ 9,152,898
Accrued payroll	11,294,989	-	11,294,989	-
Due to other governmental units	2,967,011	15,058,955	18,025,966	5,386,302
Due to primary government	-	-	-	594,571
Accrued interest payable	334,997	-	334,997	10,267
Other accrued liabilities	23,475,819	5,459,740	28,935,559	6,711,842
Accrued unreported health costs	972,000	-	972,000	-
Accrued sick and annual leave	1,254,103	-	1,254,103	-
Accrued workers' compensation	1,603,678	-	1,603,678	-
Unearned revenue	21,688,016	1,242,173	22,930,189	17,361,995
Claims and judgments	2,304,459	-	2,304,459	-
Bonds and notes payable	10,980,000	25,000,000	35,980,000	12,175,000
Total current liabilities	<u>77,936,716</u>	<u>46,761,190</u>	<u>124,697,906</u>	<u>51,392,875</u>
Accrued unreported health costs	1,944,000	-	1,944,000	
Accrued sick and annual leave	11,286,926	-	11,286,926	-
Accrued workers' compensation	11,254,120	-	11,254,120	-
Claims and judgments	8,364,196	-	8,364,196	
Unearned revenue	6,451,449	-	6,451,449	5,141,278
Bonds and notes payable	115,955,000	-	115,955,000	170,293,722
Other long-term liabilities	132,368	-	132,368	5,873,638
Total liabilities	<u>233,324,775</u>	<u>46,761,190</u>	<u>280,085,965</u>	<u>232,701,513</u>
Net assets				
Investment in capital assets, net of related debt	116,382,905	215,651,425	332,034,330	802,952,015
Restricted for				
Capital projects	37,821,259	495,367	38,316,626	12,644,698
Debt service	214,078	-	214,078	173,478,986
Community water and sewer	-	6,799,626	6,799,626	-
Unrestricted	218,101,959	332,975,197	551,077,156	59,148,546
Total net assets	<u>\$ 372,520,201</u>	<u>\$ 555,921,615</u>	<u>\$ 928,441,816</u>	<u>\$ 1,048,224,245</u>

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

County of Oakland
Statement of Activities
Year Ended September 30, 2005

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government				
Governmental activities				
General government, administrative	\$ 34,915,722	\$ 12,839,070	\$ 1,658,934	\$ -
Public safety	173,911,642	45,251,275	20,278,356	1,590,024
Justice administration	85,956,260	29,630,731	780,681	-
Citizen services	83,919,462	8,357,404	18,136,755	-
Public works	35,622,915	6,392,216	5,854	6,904,972
Recreation and leisure	2,577,424	99,049	-	-
Commerce and community development	42,979,748	22,975,217	19,718,664	-
Unallocated depreciation	1,123,059	-	-	-
Interest on debt	5,652,842	386,479	-	-
Total governmental activities	<u>466,659,074</u>	<u>125,931,441</u>	<u>60,579,244</u>	<u>8,494,996</u>
Business-type activities				
Airports	5,632,833	4,608,834	40	817,888
Community safety support	10,971,037	10,821,190	-	6,624,066
Community tax financing	1,315,521	11,984,075	-	-
Community water and sewer	37,700,658	38,620,408	-	1,390,686
Jail commissary	1,252,825	1,323,321	-	-
Recreation and leisure	20,773,917	9,204,041	13,627	88,900
Sewage disposal systems	80,423,546	79,161,520	-	8,137,741
Skilled nursing care	10,685,844	9,225,119	31,061	-
Total business-type activities	<u>168,756,181</u>	<u>164,948,508</u>	<u>44,728</u>	<u>17,059,281</u>
Total primary government	<u>\$ 635,415,255</u>	<u>\$ 290,879,949</u>	<u>\$ 60,623,972</u>	<u>\$ 25,554,277</u>
Component units				
Drainage districts	\$ 11,830,657	\$ 1,946,678	\$ 1,090,854	\$ 15,084,121
Road commission	87,138,689	19,858,183	62,643,669	31,456,601
Total component units	<u>\$ 98,969,346</u>	<u>\$ 21,804,861</u>	<u>\$ 63,734,523</u>	<u>\$ 46,540,722</u>
General revenues				
Taxes				
Property taxes				
State-shared revenue (unrestricted)				
Unrestricted investment earnings				
Gain on sale of capital assets				
Other revenues				
Extraordinary item - loss on insurance recovery				
Transfers in (out)				
Total general revenues, extraordinary item and transfers				
Change in net assets				
Net assets				
Beginning				
Ending				

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

County of Oakland
Statement of Activities (Continued)
Year Ended September 30, 2005

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			
Governmental Activities	Business Type Activities	Totals	Component Units
\$ (20,417,718)	\$ -	\$ (20,417,718)	\$ -
(106,791,987)	-	(106,791,987)	-
(55,544,848)	-	(55,544,848)	-
(57,425,303)	-	(57,425,303)	-
(22,319,873)	-	(22,319,873)	-
(2,478,375)	-	(2,478,375)	-
(285,867)	-	(285,867)	-
(1,123,059)	-	(1,123,059)	-
(5,266,363)	-	(5,266,363)	-
<u>(271,653,393)</u>	<u>-</u>	<u>(271,653,393)</u>	<u>-</u>
-	(206,071)	(206,071)	-
-	6,474,219	6,474,219	-
-	10,668,554	10,668,554	-
-	2,310,436	2,310,436	-
-	70,496	70,496	-
-	(11,467,349)	(11,467,349)	-
-	6,875,715	6,875,715	-
-	(1,429,664)	(1,429,664)	-
<u>-</u>	<u>13,296,336</u>	<u>13,296,336</u>	<u>-</u>
<u>(271,653,393)</u>	<u>13,296,336</u>	<u>(258,357,057)</u>	<u>-</u>
-	-	-	6,290,996
<u>-</u>	<u>-</u>	<u>-</u>	<u>26,819,764</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>33,110,760</u>
304,477,931	12,811,366	317,289,297	-
10,197,734	-	10,197,734	-
6,991,101	6,811,588	13,802,689	2,656,217
95,379	-	95,379	-
1,378,194	-	1,378,194	-
-	-	-	(70,548)
<u>10,329,047</u>	<u>(10,329,047)</u>	<u>-</u>	<u>-</u>
<u>333,469,386</u>	<u>9,293,907</u>	<u>342,763,293</u>	<u>2,585,669</u>
61,815,993	22,590,243	84,406,236	35,696,429
<u>310,704,208</u>	<u>533,331,372</u>	<u>844,035,580</u>	<u>1,012,527,816</u>
<u>\$ 372,520,201</u>	<u>\$ 555,921,615</u>	<u>\$ 928,441,816</u>	<u>\$ 1,048,224,245</u>

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

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.

Public 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.

Revenue-Sharing Reserve Fund – This fund was created in 2005 under State of Michigan Public Act 357 of 2004 to serve as a substitute to county revenue-sharing payments. This fund provides a funding mechanism to shift county property tax levies from winter to summer over a three-year period.

Water and Sewer Refunding Debt Act 202 – This fund is used to account for the accumulation of resources, mainly special assessments, 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, in the following sections:

Special Revenue funds

Debt Service funds

Capital Projects funds

**County of Oakland
Balance Sheet
Governmental Funds
September 30, 2005**

	Major Funds		
	General	Public Health	Revenue Sharing Reserve
Assets			
Current assets			
Pooled cash and investments	\$ 99,135,465	\$ 1,983,261	\$ -
Receivables (net of allowance for uncollectibles where applicable)			
Current property taxes	13,471,713	-	-
Delinquent property taxes	4,734,786	-	-
Due from other governmental units	3,197,517	203,556	-
Due from component units	77,015	-	-
Accrued interest receivable	1,264,633	-	-
Accounts receivable	4,143,484	182,317	-
Due from other funds	55,659,469	12,396	75,861,063
Prepayments and other assets	598,097	298	-
Total current assets	<u>182,282,179</u>	<u>2,381,828</u>	<u>75,861,063</u>
Advances	-	-	-
Special assessments receivable	-	-	-
Contracts receivable	-	-	-
Total assets	<u>\$ 182,282,179</u>	<u>\$ 2,381,828</u>	<u>\$ 75,861,063</u>
Liabilities and Fund Balances			
Current liabilities			
Vouchers payable	\$ 175	\$ -	\$ -
Accrued payroll	11,282,363	-	-
Due to other governmental units	1,347,461	103,683	-
Due to other funds	85,740,266	1,891,039	20,717,000
Accrued interest payable	-	-	-
Deferred revenue	5,727,819	-	-
Deferred revenue - property taxes	8,155,059	-	-
Other accrued liabilities	4,084,363	283,090	-
Advances payable - current portion	500,000	-	-
Total current liabilities	<u>116,837,506</u>	<u>2,277,812</u>	<u>20,717,000</u>
Deferred revenue	-	-	-
Advances	-	-	-
Total liabilities	<u>116,837,506</u>	<u>2,277,812</u>	<u>20,717,000</u>
Fund balances			
Reserved			
Long-term receivables	-	-	-
Prepayments	598,097	-	-
Programs	-	-	-
Debt service	-	-	-
Unreserved, designated for, reported in:			
Encumbrances	1,585,771	104,016	-
General fund	62,063,429	-	-
Special revenue funds	-	-	55,144,063
Capital projects funds	-	-	-
Unreserved, undesignated reported in:			
General fund	1,197,376	-	-
Capital projects funds	-	-	-
Total fund balances	<u>65,444,673</u>	<u>104,016</u>	<u>55,144,063</u>
Total liabilities and fund balances	<u>\$ 182,282,179</u>	<u>\$ 2,381,828</u>	<u>\$ 75,861,063</u>

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

**County of Oakland
Balance Sheet (Continued)
Governmental Funds
September 30, 2005**

	Major Funds		
	Water and Sewer Refunding Debt Act 202	Non-Major Funds	Totals September 30, 2005
Assets			
Current assets			
Pooled cash and investments	\$ 3,588,064	\$ 84,229,441	\$ 188,936,231
Receivables (net of allowance for uncollectibles where applicable)			
Current property taxes	-	-	13,471,713
Delinquent property taxes	-	-	4,734,786
Due from other governmental units	-	19,569,084	22,970,157
Due from component units	-	360,757	437,772
Accrued interest receivable	6,204	317,227	1,588,064
Accounts receivable	-	215,294	4,541,095
Due from other funds	-	4,757,347	136,290,275
Prepayments and other assets	-	4,106,329	4,704,724
Total current assets	<u>3,594,268</u>	<u>113,555,479</u>	<u>377,674,817</u>
Advances	-	814,323	814,323
Special assessments receivable	26,935,000	14,171,449	41,106,449
Contracts receivable	-	164,667	164,667
Total assets	<u>\$ 30,529,268</u>	<u>\$ 128,705,918</u>	<u>\$ 419,760,256</u>
Liabilities and Fund Balances			
Current liabilities			
Vouchers payable	\$ -	\$ -	\$ 175
Accrued payroll	-	-	11,282,363
Due to other governmental units	81,462	1,115,628	2,648,234
Due to other funds	-	12,630,870	120,979,175
Accrued interest payable	-	376	376
Deferred revenue	-	11,225,411	16,953,230
Deferred revenue - property taxes	-	-	8,155,059
Other accrued liabilities	3,399,316	12,775,095	20,541,864
Advances payable - current portion	-	-	500,000
Total current liabilities	<u>3,480,778</u>	<u>37,747,380</u>	<u>181,060,476</u>
Deferred revenue	26,935,000	14,171,449	41,106,449
Advances payable	-	814,323	814,323
Total liabilities	<u>30,415,778</u>	<u>52,733,152</u>	<u>222,981,248</u>
Fund balances			
Reserved			
Long-term receivables	-	978,990	978,990
Prepayments	-	-	598,097
Programs	-	34,771,259	34,771,259
Debt service	113,490	100,588	214,078
Unreserved, designated for, reported in:			
Encumbrances	-	87,004	1,776,791
General fund	-	-	62,063,429
Special revenue funds	-	18,875,134	74,019,197
Capital projects funds	-	15,842,509	15,842,509
Unreserved, undesignated reported in:			
General fund	-	-	1,197,376
Capital projects funds	-	5,317,282	5,317,282
Total fund balances	<u>113,490</u>	<u>75,972,766</u>	<u>196,779,008</u>
Total liabilities and fund balances	<u>\$ 30,529,268</u>	<u>\$ 128,705,918</u>	<u>\$ 419,760,256</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, 2005

Total fund balances for governmental funds		\$ 196,779,008
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, not being depreciated	\$ 7,542,088	
Construction in progress, not being depreciated	63,155,251	
Land improvements, net of \$3,444,833 depreciation	4,650,126	
Buildings and improvements, net of \$57,946,417 depreciation	68,623,538	
Equipment and vehicles, net of \$5,297,596 depreciation	6,736,211	
Infrastructure, net of \$4,912,784 depreciation	<u>12,448,434</u>	
		163,155,648
Other long-term assets are not available to pay for current period expenditures and therefore are not reported in the funds.		
Capital lease receivable		9,030,000
Internal service funds are used by management to charge the cost 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.		92,749,893
Delinquent real property taxes were deferred in the governmental funds because they were not available to pay for current year expenditures.		3,420,273
Deferred revenue on unearned lease receivable is not reported in the funds.		(6,430,000)
Long-term receivables such as special assessments are expected to be collected over several years and are deferred in the governmental funds and are not available to pay for current year expenditures.		41,085,000
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	(126,935,000)	
Accrued interest payable	<u>(334,621)</u>	
		<u>(127,269,621)</u>
Net assets of governmental activities		<u>\$ 372,520,201</u>

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
Year Ended September 30, 2005

	Major Funds		
	General	Public Health	Revenue Sharing Reserve
Revenues			
Taxes	\$ 301,057,658	\$ -	\$ -
Special assessments	-	-	-
Federal grants	49,172	55,297	-
State grants	2,400	4,690,730	-
Other intergovernmental revenues	13,091,126	-	-
Charges for services	84,032,046	2,560,156	-
Contributions	-	1,253	-
Investment income	3,719,489	-	-
Indirect cost recovery	9,410,302	-	-
Other	988,771	87,195	-
Total revenues	<u>412,350,964</u>	<u>7,394,631</u>	<u>-</u>
Expenditures			
Current operations			
County executive	61,723,285	30,799,895	-
Clerk/register of deeds	11,324,999	-	-
Treasurer	3,303,403	-	-
Justice administration	59,129,137	-	-
Law enforcement	136,129,564	-	-
Legislative	5,107,485	-	-
Drain commissioner	5,144,803	-	-
Non-departmental	20,840,232	-	-
Total current operations	<u>302,702,908</u>	<u>30,799,895</u>	<u>-</u>
Capital outlay	-	-	-
Intergovernmental	-	-	-
Debt service			
Principal payments	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>302,702,908</u>	<u>30,799,895</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>109,648,056</u>	<u>(23,405,264)</u>	<u>-</u>
Other financing sources (uses)			
Transfers in	27,599,342	23,337,436	75,861,063
Transfers out	(139,242,946)	-	(20,717,000)
Payment to bond escrow agent	-	-	-
Issuance of bonds	-	-	-
Discount on bonds sold	-	-	-
Total other financing sources (uses)	<u>(111,643,604)</u>	<u>23,337,436</u>	<u>55,144,063</u>
Net change in fund balances	<u>(1,995,548)</u>	<u>(67,828)</u>	<u>55,144,063</u>
Fund balances			
October 1, 2004	<u>67,440,221</u>	<u>171,844</u>	<u>-</u>
September 30, 2005	<u>\$ 65,444,673</u>	<u>\$ 104,016</u>	<u>\$ 55,144,063</u>

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

County of Oakland
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
Year Ended September 30, 2005

	<u>Major Funds</u>		
	<u>Water and Sewer Refunding Debt Act 202</u>	<u>Non-Major Funds</u>	<u>Totals September 30, 2005</u>
Revenues			
Taxes	\$ -	\$ -	\$ 301,057,658
Special assessments	5,665,065	5,132,524	10,797,589
Federal grants	-	41,672,284	41,776,753
State grants	-	23,881,278	28,574,408
Other intergovernmental revenues	-	2,998,354	16,089,480
Charges for services	3,363	22,107,002	108,702,567
Contributions	-	73,827	75,080
Investment income	15,493	1,346,541	5,081,523
Indirect cost recovery	-	-	9,410,302
Other	-	218,382	1,294,348
Total revenues	<u>5,683,921</u>	<u>97,430,192</u>	<u>522,859,708</u>
Expenditures			
Current operations			
County executive	-	70,607,397	163,130,577
Clerk/register of deeds	-	386,758	11,711,757
Treasurer	-	2,355,372	5,658,775
Justice administration	-	25,214,809	84,343,946
Law enforcement	-	6,618,395	142,747,959
Legislative	-	-	5,107,485
Drain commissioner	-	10,527,921	15,672,724
Non-departmental	-	89,595	20,929,827
Total current operations	-	<u>115,800,247</u>	<u>449,303,050</u>
Capital outlay		18,354,001	18,354,001
Intergovernmental	-	1,020,567	1,020,567
Debt service			
Principal payments	4,420,000	5,900,000	10,320,000
Interest and fiscal charges	1,248,065	4,302,042	5,550,107
Total expenditures	<u>5,668,065</u>	<u>145,376,857</u>	<u>484,547,725</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,856</u>	<u>(47,946,665)</u>	<u>38,311,983</u>
Other financing sources (uses)			
Transfers in	-	50,241,025	177,038,866
Transfers out	-	(16,189,945)	(176,149,891)
Payments to bond escrow agent	-	(1,099,561)	(1,099,561)
Issuance of bonds	-	21,955,000	21,955,000
Discount on bonds sold	-	(96,435)	(96,435)
Total other financing sources (uses)	-	<u>54,810,084</u>	<u>21,647,979</u>
Net change in fund balances	15,856	6,863,419	59,959,962
Fund balances			
October 1, 2004	97,634	69,109,347	136,819,046
September 30, 2005	<u>\$ 113,490</u>	<u>\$ 75,972,766</u>	<u>\$ 196,779,008</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 Year Ended September 30, 2005

Net change in fund balance - total governmental funds		\$ 59,959,962
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.		
Equipment and vehicles	\$ 2,161,925	
Construction in progress	5,936,555	
Depreciation expense	<u>(4,541,289)</u>	
		3,557,191
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net assets		(204,825)
Payment received on capital lease from a business-type fund provide current financial resources and therefore revenue to governmental funds. The payment received reduces a capital lease receivable in the Statement of Net Assets.		(450,000)
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.		11,308,434
Delinquent real property taxes reported in the Statement of Activities did not provide current year financial resources in the governmental funds.		3,420,273
Revenue from special assessments reported in the Statement of Activities in previous years did not provide current financial resources in the governmental funds until the current year.		(5,800,000)
Current year special assessments reported in the Statement of Activities did not provide current year financial resources in the governmental funds.		640,000
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	(21,955,000)	
Bond refunding	1,075,000	
Repayment of bond principal	10,320,000	
Accrued interest	<u>(55,042)</u>	
		(10,615,042)
Change in net assets of governmental activities		<u>\$ 61,815,993</u>

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

Proprietary Fund Financial Statements

Major Funds

County Airports – 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.

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.

Non-Major Funds

Non-major proprietary funds are presented, by fund type, in the following sections:

Internal Service funds

Enterprise funds

**County of Oakland
Statement of Net Assets
Proprietary Funds
September 30, 2005**

	Business-Type Activities - Enterprise Funds			
	Major			
	County Airports	Delinquent Tax Revolving	Parks and Recreation	Water and Sewer Trust
Assets				
Current assets				
Pooled cash and investments	\$ 14,488,965	\$ 169,871,101	\$ 17,074,555	\$ 19,553,314
Delinquent property taxes	-	45,676,581	-	-
Due from other governmental units	71,722	1,165,095	-	358,212
Due from component units	-	-	-	730
Accrued interest receivable	57,852	6,163,762	72,378	57,978
Accounts receivable (net of allowance for uncollectibles where applicable)	688,074	188	416,494	13,408,731
Due from other funds	-	-	29,633	715,118
Current portion of advances receivable	-	937,500	-	-
Inventories and supplies	-	-	26,155	233,684
Prepayments and other assets	72,585	-	17,802	-
Total current assets	<u>15,379,198</u>	<u>223,814,227</u>	<u>17,637,017</u>	<u>34,327,767</u>
Noncurrent assets				
Contracts receivable	-	-	-	-
Advances	-	1,712,500	-	-
Capital assets, net				
Land and other nondepreciable assets	35,802,772	-	21,349,759	-
Land improvements, net	11,147,879	-	-	-
Building and improvements, net	7,049,272	-	14,964,209	-
Equipment and vehicles, net	209,681	-	1,361,485	163,620
Infrastructure, net	-	-	26,233,129	20,696,980
Total noncurrent assets	<u>54,209,604</u>	<u>1,712,500</u>	<u>63,908,582</u>	<u>20,860,600</u>
Total assets	<u>69,588,802</u>	<u>225,526,727</u>	<u>81,545,599</u>	<u>55,188,367</u>
Liabilities				
Current liabilities				
Vouchers payable	-	-	-	322
Accrued payroll	-	-	-	-
Due to other governmental units	42,932	10,655	-	756,355
Due to other funds	-	1,007,901	99,970	3,245,052
Deferred revenue	456,636	-	372,649	-
Capital lease obligation-current portion	230,000	-	475,000	-
Notes payable	-	25,000,000	-	-
Current portion of workers' compensation	-	-	-	-
Current portion of unreported health costs	-	-	-	-
Current portion of sick and annual leave	-	-	-	-
Current portion of claims and judgments	-	-	-	-
Current portion of advances payable	-	-	-	-
Other accrued liabilities	492,176	418,477	311,960	2,526,235
Total current liabilities	<u>1,221,744</u>	<u>26,437,033</u>	<u>1,259,579</u>	<u>6,527,964</u>
Noncurrent liabilities				
Capital lease obligations	6,200,000	-	2,125,000	-
Accrued workers' compensation	-	-	-	-
Accrued unreported health costs	-	-	-	-
Accrued sick and annual leave	-	-	-	-
Contracts payable	-	-	-	-
Claims and judgments	-	-	-	-
Advances	-	-	-	-
Total noncurrent liabilities	<u>6,200,000</u>	<u>-</u>	<u>2,125,000</u>	<u>-</u>
Total liabilities	<u>7,421,744</u>	<u>26,437,033</u>	<u>3,384,579</u>	<u>6,527,964</u>
Net assets				
Invested in capital assets, net of related debt	47,779,604	-	61,308,582	20,860,600
Restricted for programs	495,367	-	-	6,799,626
Unrestricted	13,892,087	199,089,694	16,852,438	21,000,177
Total net assets	<u>\$ 62,167,058</u>	<u>\$ 199,089,694</u>	<u>\$ 78,161,020</u>	<u>\$ 48,660,403</u>

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

**County of Oakland
Statement of Net Assets (Continued)
Proprietary Funds
September 30, 2005**

	Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
	Non-Major Funds	Totals September 30, 2005	
Assets			
Current assets			
Pooled cash and investments	\$ 76,198,820	\$ 297,186,755	\$ 98,811,140
Delinquent property taxes	-	45,676,581	-
Due from other governmental units	17,324,440	18,919,469	115,798
Due from component units	108,626	109,356	47,443
Accrued interest receivable	332,442	6,684,412	325,951
Accounts receivable (net of allowance for uncollectibles where applicable)	2,127,295	16,640,782	562,761
Due from other funds	3,614,556	4,359,307	7,201,071
Current portion of advances receivable	-	937,500	-
Inventories and supplies	656,231	916,070	599,341
Prepayments and other assets	732,225	822,612	5,518,468
Total current assets	<u>101,094,635</u>	<u>392,252,844</u>	<u>113,181,973</u>
Noncurrent assets			
Contracts receivable	-	-	6,134
Advances	-	1,712,500	-
Capital assets, net			
Land and other nondepreciable assets	39,420,411	96,572,942	4,364,144
Land improvements, net	-	11,147,879	-
Building and improvements, net	3,350,828	25,364,309	782,096
Equipment and vehicles, net	3,790,230	5,525,016	24,606,213
Infrastructure, net	39,141,170	86,071,279	294,805
Total noncurrent assets	<u>85,702,639</u>	<u>226,393,925</u>	<u>30,053,392</u>
Total assets	<u>186,797,274</u>	<u>618,646,769</u>	<u>143,235,365</u>
Liabilities			
Current liabilities			
Vouchers payable	-	322	1,061,469
Accrued payroll	-	-	12,626
Due to other governmental units	14,249,013	15,058,955	318,777
Due to other funds	2,581,041	6,933,964	4,892,795
Deferred revenue	412,888	1,242,173	-
Capital lease obligation-current portion	-	705,000	-
Notes payable	-	25,000,000	-
Current portion of workers' compensation	-	-	1,603,678
Current portion of unreported health costs	-	-	972,000
Current portion of sick and annual leave	-	-	1,254,103
Current portion of claims and judgments	-	-	2,304,459
Current portion of advances payable	-	-	437,500
Other accrued liabilities	1,710,892	5,459,740	2,933,955
Total current liabilities	<u>18,953,834</u>	<u>54,400,154</u>	<u>15,791,362</u>
Noncurrent liabilities			
Capital lease obligations	-	8,325,000	-
Accrued workers' compensation	-	-	11,254,120
Accrued unreported health costs	-	-	1,944,000
Accrued sick and annual leave	-	-	11,286,926
Contracts payable	-	-	132,368
Claims and judgments	-	-	8,364,196
Advances	-	-	1,712,500
Total noncurrent liabilities	<u>-</u>	<u>8,325,000</u>	<u>34,694,110</u>
Total liabilities	<u>18,953,834</u>	<u>62,725,154</u>	<u>50,485,472</u>
Net assets			
Invested in capital assets, net of related debt	85,702,639	215,651,425	30,047,258
Restricted for programs	-	7,294,993	-
Unrestricted	82,140,801	332,975,197	62,702,635
Total net assets	<u>\$ 167,843,440</u>	<u>\$ 555,921,615</u>	<u>\$ 92,749,893</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
Year Ended September 30, 2005

	Business-Type Activities - Enterprise Funds			
	Major			
	County Airports	Delinquent Tax Revolving	Parks and Recreation	Water and Sewer Trust
Operating revenues				
Charges for services	\$ 4,574,903	\$ 11,984,075	\$ 9,009,648	\$ 40,300,692
Other	32,460	-	7,145	77,940
Total operating revenues	<u>4,607,363</u>	<u>11,984,075</u>	<u>9,016,793</u>	<u>40,378,632</u>
Operating expenses				
Salaries	1,050,172	39,126	7,682,486	6,334,540
Fringe benefits	508,095	12,154	2,734,663	2,684,227
Contractual services	1,812,621	529,555	4,853,887	23,861,855
Commodities	126,997	-	872,061	1,613,451
Depreciation	1,584,727	-	3,369,878	575,948
Internal services	276,611	13,697	1,003,035	2,047,999
Intergovernmental	-	-	-	582,638
Total operating expenses	<u>5,359,223</u>	<u>594,532</u>	<u>20,516,010</u>	<u>37,700,658</u>
Operating income (loss)	<u>(751,860)</u>	<u>11,389,543</u>	<u>(11,499,217)</u>	<u>2,677,974</u>
Nonoperating revenues (expenses)				
Property taxes	-	-	12,811,366	-
Contributions	40	-	13,627	-
Interest revenue	317,737	4,027,643	443,032	369,474
Interest expense and paying agent fees	(273,610)	(720,989)	(112,869)	-
Gain (loss) on sale of property and equipment	1,471	-	48,459	(1,758,224)
Total nonoperating revenues	<u>45,638</u>	<u>3,306,654</u>	<u>13,203,615</u>	<u>(1,388,750)</u>
Income (loss) before transfers and contributions	<u>(706,222)</u>	<u>14,696,197</u>	<u>1,704,398</u>	<u>1,289,224</u>
Transfers and contributions				
Capital contributions	817,888	-	88,900	1,390,686
Transfers in	-	-	-	-
Transfers out	-	(11,872,297)	(15,275)	(248,904)
Total transfers and contributions	<u>817,888</u>	<u>(11,872,297)</u>	<u>73,625</u>	<u>1,141,782</u>
Change in net assets	<u>111,666</u>	<u>2,823,900</u>	<u>1,778,023</u>	<u>2,431,006</u>
Net assets				
October 1, 2004	<u>62,055,392</u>	<u>196,265,794</u>	<u>76,382,997</u>	<u>46,229,397</u>
September 30, 2005	<u>\$ 62,167,058</u>	<u>\$ 199,089,694</u>	<u>\$ 78,161,020</u>	<u>\$ 48,660,403</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 (Continued)
Proprietary Funds
Year Ended September 30, 2005

	Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
	Non-Major Funds	Totals September 30, 2005	
Operating revenues			
Charges for services	\$ 100,497,786	\$ 166,367,104	\$ 184,349,265
Other	172,153	289,698	104,146
Total operating revenues	<u>100,669,939</u>	<u>166,656,802</u>	<u>184,453,411</u>
Operating expenses			
Salaries	7,608,142	22,714,466	19,427,327
Fringe benefits	3,527,623	9,466,762	9,308,949
Contractual services	79,694,282	110,752,200	141,826,263
Commodities	3,267,562	5,880,071	6,599,030
Depreciation	6,620,023	12,150,576	6,511,311
Internal services	2,760,658	6,102,000	5,532,241
Intergovernmental	-	582,638	-
Total operating expenses	<u>103,478,290</u>	<u>167,648,713</u>	<u>189,205,121</u>
Operating income (loss)	<u>(2,808,351)</u>	<u>(991,911)</u>	<u>(4,751,710)</u>
Nonoperating revenues (expenses)			
Property taxes	-	12,811,366	-
Contributions	31,061	44,728	-
Interest revenue	1,653,702	6,811,588	1,909,578
Interest expense and paying agent fees	-	(1,107,468)	(62,254)
Gain on sale of property and equipment	-	(1,708,294)	279,904
Total nonoperating revenues	<u>1,684,763</u>	<u>16,851,920</u>	<u>2,127,228</u>
Income (loss) before transfers and contributions	<u>(1,123,588)</u>	<u>15,860,009</u>	<u>(2,624,482)</u>
Transfers and contributions			
Capital contributions	14,761,807	17,059,281	4,492,844
Transfers in	2,126,083	2,126,083	10,350,425
Transfers out	(318,654)	(12,455,130)	(910,353)
Total transfers and contributions	<u>16,569,236</u>	<u>6,730,234</u>	<u>13,932,916</u>
Change in net assets	<u>15,445,648</u>	<u>22,590,243</u>	<u>11,308,434</u>
Net assets			
October 1, 2004	<u>152,397,792</u>	<u>533,331,372</u>	<u>81,441,459</u>
September 30, 2005	<u>\$ 167,843,440</u>	<u>\$ 555,921,615</u>	<u>\$ 92,749,893</u>

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

County of Oakland
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2005

	Business-Type Activities - Enterprise Funds			
	Major			
	County Airports	Delinquent Tax Revolving	Parks and Recreation	Water and Sewer Trust
Cash flows from operating activities				
Cash received from users	\$ 4,090,800	\$ 9,611,045	\$ 9,544,235	\$ 41,043,831
Cash paid to suppliers	(2,152,856)	(555,406)	(9,470,940)	(32,355,564)
Cash paid to employees	(1,050,172)	(39,126)	(7,714,873)	(6,410,982)
Net cash provided by (used in) operating activities	<u>887,772</u>	<u>9,016,513</u>	<u>(7,641,578)</u>	<u>2,277,285</u>
Cash flows from noncapital financing activities				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	(11,872,297)	(15,275)	(248,904)
Contributions	40	-	13,627	-
Issuance of short-term borrowings	-	25,000,000	-	-
Repayments received on advances	-	937,500	-	-
Property taxes	-	-	12,811,366	-
Interest paid on short-term borrowings	-	(905,306)	-	-
Payments on short-term borrowings	-	(25,000,000)	-	-
Net cash provided by (used in) noncapital financing activities	<u>40</u>	<u>(11,840,103)</u>	<u>12,809,718</u>	<u>(248,904)</u>
Cash flows from capital and related financing activities				
Transfers from other funds	-	-	-	-
Capital contributions	817,888	-	-	-
Proceeds from sale of capital assets	1,471	-	48,459	-
Acquisition of capital assets	(922,155)	-	(5,560,406)	-
Payments on capital lease obligation	(230,000)	-	(450,000)	-
Interest and fees paid on capital lease obligation	(273,610)	-	(112,869)	-
Amount paid on advances and equipment contracts	-	-	-	-
Interest paid on advances and equipment contracts	-	-	-	-
Net cash provided by (used in) capital and related financing activities	<u>(606,406)</u>	<u>-</u>	<u>(6,074,816)</u>	<u>-</u>
Cash flows from investing activities				
Interest on investments	301,746	3,620,473	435,331	355,919
Net cash provided by (used in) investing activities	<u>301,746</u>	<u>3,620,473</u>	<u>435,331</u>	<u>355,919</u>
Net increase (decrease) in cash and cash equivalents	583,152	796,883	(471,345)	2,384,300
Pooled cash and investments				
October 1, 2004	<u>13,905,813</u>	<u>169,074,218</u>	<u>17,545,900</u>	<u>17,169,014</u>
September 30, 2005	<u>\$ 14,488,965</u>	<u>\$ 169,871,101</u>	<u>\$ 17,074,555</u>	<u>\$ 19,553,314</u>

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

County of Oakland
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended September 30, 2005

	Business-Type Activities		Governmental Activities - Internal Service Funds
	Enterprise Funds		
	Non-Major Funds	Totals September 30, 2005	
Cash flows from operating activities			
Cash received from users	\$ 99,988,932	\$ 164,278,843	\$ 179,643,724
Cash paid to suppliers	(88,639,542)	(133,174,308)	(161,843,059)
Cash paid to employees	(7,649,302)	(22,864,455)	(19,501,765)
Net cash provided by (used in) operating activities	<u>3,700,088</u>	<u>8,240,080</u>	<u>(1,701,100)</u>
Cash flows from noncapital financing activities			
Transfers from other funds	2,076,183	2,076,183	3,291,640
Transfers to other funds	(318,654)	(12,455,130)	(910,353)
Contributions	31,061	44,728	-
Issuance of short-term borrowings	-	25,000,000	-
Repayments received on advances	-	937,500	-
Property taxes	-	12,811,366	-
Interest paid on short-term borrowings	-	(905,306)	-
Payments on short-term borrowings	-	(25,000,000)	-
Net cash provided by (used in) noncapital financing activities	<u>1,788,590</u>	<u>2,509,341</u>	<u>2,381,287</u>
Cash flows from capital and related financing activities			
Transfers from other funds	49,900	49,900	7,058,785
Capital contributions	8,137,741	8,955,629	-
Proceeds from sale of capital assets	-	49,930	410,604
Acquisition of capital assets	(15,693,080)	(22,175,641)	(5,858,115)
Payments on capital lease obligation	-	(680,000)	-
Interest and fees paid on capital lease obligation	-	(386,479)	-
Amount paid on advances and equipment contracts	-	-	(437,500)
Interest paid on advances and equipment contracts	-	-	(62,254)
Net cash used in capital and related financing activities	<u>(7,505,439)</u>	<u>(14,186,661)</u>	<u>1,111,520</u>
Cash flows from investing activities			
Interest on investments	<u>1,570,905</u>	<u>6,284,374</u>	<u>1,824,600</u>
Net cash provided by (used in) investing activities	<u>1,570,905</u>	<u>6,284,374</u>	<u>1,824,600</u>
Net increase (decrease) in cash and cash equivalents	(445,856)	2,847,134	3,616,307
Pooled cash and investments			
October 1, 2004	<u>76,644,676</u>	<u>294,339,621</u>	<u>95,194,833</u>
September 30, 2005	<u>\$ 76,198,820</u>	<u>\$ 297,186,755</u>	<u>\$ 98,811,140</u>

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

County of Oakland
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended September 30, 2005

	Business-Type Activities - Enterprise Funds			
	Major			
	County Airports	Delinquent Tax Revolving	Parks and Recreation	Water and Sewer Trust
Operating income (loss)	\$ (751,860)	\$ 11,389,543	\$ (11,499,217)	\$ 2,677,974
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	1,584,727	-	3,369,878	575,948
(Increase) decrease in delinquent property taxes receivable	-	313,418	-	-
(Increase) decrease in due from other governmental units	-	(78,194)	-	100,826
(Increase) decrease in due from component units	-	-	-	(297)
(Increase) decrease in accounts receivable	(516,841)	74	156,349	307,045
(Increase) decrease in due from other funds	278	-	9,981	257,625
(Increase) decrease in inventories and supplies	-	-	4,887	29,413
(Increase) decrease in prepayments and other assets	6,483	-	(13,142)	-
Increase (decrease) in vouchers payable	(9,044)	(323,972)	(256,256)	(1,892,351)
Increase (decrease) in accrued payroll	-	-	(32,387)	(76,442)
Increase (decrease) in due to other govern- mental units	-	(42,533)	-	77,846
Increase (decrease) in due to component units	-	-	-	(106)
Increase (decrease) in due to other funds	(1,041)	(2,359,381)	82,702	128,394
Increase (decrease) in deferred revenue	456,636	-	361,112	-
Increase (decrease) in current portion of workers' compensation	-	-	-	-
Increase (decrease) in current portion of unreported health costs	-	-	-	-
Increase (decrease) in current portion of sick and annual leave	-	-	-	-
Increase (decrease) in current portion of claims and judgments	-	-	-	-
Increase (decrease) in other accrued liabilities	118,434	117,558	174,515	91,410
Increase (decrease) in accrued workers' compensation	-	-	-	-
Increase (decrease) in unreported health costs	-	-	-	-
Increase (decrease) in accrued sick and annual leave	-	-	-	-
Increase (decrease) in claims and judgments	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 887,772</u>	<u>\$ 9,016,513</u>	<u>\$ (7,641,578)</u>	<u>\$ 2,277,285</u>

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

County of Oakland
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended September 30, 2005

	Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
	Non-Major Funds	Totals September 30, 2005	
Operating income (loss)	\$ (2,808,351)	\$ (991,911)	\$ (4,751,710)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation expense	6,620,023	12,150,576	6,511,311
(Increase) decrease in delinquent property taxes receivable	-	313,418	-
(Increase) decrease in due from other governmental units	(885,079)	(862,447)	89,785
(Increase) decrease in due from component units	69,603	69,306	(3,813)
(Increase) decrease in accounts receivable	733,256	679,883	77,502
(Increase) decrease in due from other funds	(405,462)	(137,578)	(4,966,886)
(Increase) decrease in inventories and supplies	194,747	229,047	(57,418)
(Increase) decrease in prepayments and other assets	(583,362)	(590,021)	(1,821,789)
Increase (decrease) in vouchers payable	(243,946)	(2,725,569)	(412,284)
Increase (decrease) in accrued payroll	(41,160)	(149,989)	(74,438)
Increase (decrease) in due to other govern- mental units	(612,703)	(577,390)	80,693
Increase (decrease) in due to component units	-	(106)	-
Increase (decrease) in due to other funds	376,932	(1,772,394)	4,131,547
Increase (decrease) in deferred revenue	343,360	1,161,108	-
Increase (decrease) in current portion of workers' compensation	-	-	269,730
Increase (decrease) in current portion of unreported health costs	-	-	209,333
Increase (decrease) in current portion of sick and annual leave	-	-	25,495
Increase (decrease) in current portion of claims and judgments	-	-	(3,045,541)
Increase (decrease) in other accrued liabilities	942,230	1,444,147	338,430
Increase (decrease) in accrued workers' compensation	-	-	128,896
Increase (decrease) in unreported health costs	-	-	418,667
Increase (decrease) in accrued sick and annual leave	-	-	229,457
Increase (decrease) in claims and judgments	-	-	921,933
Net cash provided by (used in) operating activities	<u>\$ 3,700,088</u>	<u>\$ 8,240,080</u>	<u>\$ (1,701,100)</u>

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

County of Oakland
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended September 30, 2005

Noncash transactions

Enterprise Funds

Major funds:

Noncash and capital related financing activities included \$1,390,686 of capital assets contributed and disposal of \$1,758,224 of capital assets (\$2,020,279 less accumulated depreciation of \$262,055) in the Water and Sewer Trust fund; and \$88,900 of capital assets contributed in the Parks and Recreation fund.

Nonmajor funds:

Noncash and capital related financing activities included \$6,624,066 of capital assets contributed in the CLEMIS fund; and purchase of capital assets of \$192,854 included in Other accrued liabilities, and write-off of \$4,050 in fully depreciated capital assets in the Radio Communications fund.

Internal Service Funds

Noncash capital and related financing included \$4,330,412 of capital assets contributed in the Information Technology fund, and \$294,800 of capital assets contributed in the Sheriff Aviation fund.

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

Fiduciary Fund Financial Statements

Pension (and Other Postemployment Benefits) Trust Funds – Employee Pension Trust funds accept payments made by the County, invest fund resources, and calculate and pay pensions to beneficiaries. Postemployment benefit trust funds accumulate resources to provide health-related benefits to retired employees, dependents and beneficiaries.

Investment Trust Funds – These funds account for monies from external local units of government, held in a pooled investment portfolio for the benefit of the respective governmental units under contractual arrangement.

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, in the following sections:

Pension (and Other Postemployment Benefits) Trust funds

Investment Trust funds

Agency funds

County of Oakland
Statement of Fiduciary Net Assets
Fiduciary Funds
September 30, 2005

	Pension (and Other Post- employment Benefits) Trust Funds (1)	Investment Trust Funds	Agency Funds
Assets			
Cash and cash equivalents	\$ 26,542,682	\$ 11,557,815	\$ 907,800
Pooled cash and investments	-	-	177,040,388
Investments, at fair value			
Common stock	633,566,173	-	-
U.S. government securities	164,314,163	-	-
Corporate bonds	219,833,548	-	-
Money markets	55,973,478	-	-
Real estate	2,833,123	-	-
Other	111,140,345	-	-
Total investments	<u>1,187,660,830</u>	<u>-</u>	<u>-</u>
Receivables - interest and dividends	4,666,211	81	177,073
Receivables - other	-	-	79,568
Prepaid expenses	150,730	-	-
Due from other funds	4,000,000	-	-
Total assets	<u>1,223,020,453</u>	<u>11,557,896</u>	<u>178,204,829</u>
Liabilities			
Due to other governmental units	-	-	142,740,965
Due to other funds	1,090,441	-	17,954,278
Other accrued liabilities	26,639,005	-	17,509,586
Total liabilities	<u>27,729,446</u>	<u>-</u>	<u>178,204,829</u>
Net assets			
Held in Trust for Pension and other Postemployment healthcare benefits, and pool participants	<u>\$ 1,195,291,007</u>	<u>\$ 11,557,896</u>	<u>\$ -</u>

(1) Road Commission Retirement System Component Unit financial information is reported as of December 31, 2004.

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

County of Oakland
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended September 30, 2005

	Pension (and Other Post- employment Benefits) Trust Funds (1)	Investment Trust Funds
Additions		
Contributions		
Employer	\$ 35,272,451	\$ -
Pool participants	-	11,550,000
Plan members	1,124,179	-
Total contributions	<u>36,396,630</u>	<u>11,550,000</u>
Investment income	114,994,395	7,896
Less: Investment expense	(1,095,400)	-
Net investment income	<u>113,898,995</u>	<u>7,896</u>
Total additions	<u>150,295,625</u>	<u>11,557,896</u>
Deductions		
Benefits	51,783,701	-
Administrative expenses	2,603,242	-
Total deductions	<u>54,386,943</u>	<u>-</u>
Net increase	95,908,682	11,557,896
Net assets held in trust for pension and other postemployment healthcare benefits, and pool participants		
October 1, 2004	<u>1,099,382,325</u>	<u>-</u>
September 30, 2005	<u>\$ 1,195,291,007</u>	<u>\$ 11,557,896</u>

(1) Road Commission Retirement System Component Unit financial information is reported as of December 31, 2004.

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 accounting for the resources and costs associated with the construction, maintenance, and financing of the individual drainage districts.

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.

Combining schedules for Drainage Districts Funds are presented, by fund type, in the Drainage Districts section.

County of Oakland
Combining Statement of Net Assets
Component Units
September 30, 2005

	Drainage Districts	Road Commission	Total Component Units
Assets			
Current assets			
Pooled cash and investments	\$ 25,720,356	\$ -	\$ 25,720,356
Cash and cash equivalents	-	36,062,731	36,062,731
Investments	-	20,525,000	20,525,000
Receivables (net of allowance for uncollectibles where applicable)			
Special assessments	-	6,035,911	6,035,911
Due from other governmental units	1,598,519	-	1,598,519
Accrued interest receivable	124,083	319,013	443,096
Accounts receivable	-	23,769,231	23,769,231
Inventories and supplies	-	3,849,847	3,849,847
Prepayments and other assets	-	475,330	475,330
Total current assets	<u>27,442,958</u>	<u>91,037,063</u>	<u>118,480,021</u>
Capital assets, net			
Land and other nondepreciable assets	143,549,688	123,378,061	266,927,749
Land improvements, net	-	596,290	596,290
Buildings and improvements, net	-	8,081,246	8,081,246
Equipment and vehicles, net	-	12,904,023	12,904,023
Infrastructure, net	267,703,898	429,207,531	696,911,429
Total capital assets, net	<u>411,253,586</u>	<u>574,167,151</u>	<u>985,420,737</u>
Special assessments receivable	<u>177,025,000</u>	-	<u>177,025,000</u>
Total assets	<u>615,721,544</u>	<u>665,204,214</u>	<u>1,280,925,758</u>
Liabilities			
Current liabilities			
Vouchers payable	-	9,152,898	9,152,898
Due to other governmental units	5,386,302	-	5,386,302
Due to primary government	553,186	41,385	594,571
Deferred revenue and advances	55,974	17,306,021	17,361,995
Accrued interest payable	10,267	-	10,267
Current portion of long-term debt	10,200,000	1,975,000	12,175,000
Other accrued liabilities	2,559,993	4,151,849	6,711,842
Total current liabilities	<u>18,765,722</u>	<u>32,627,153</u>	<u>51,392,875</u>
Deferred revenue	5,141,278	-	5,141,278
Bonds and notes payable	162,368,722	7,925,000	170,293,722
Other long-term liabilities	-	5,873,638	5,873,638
Total liabilities	<u>186,275,722</u>	<u>46,425,791</u>	<u>232,701,513</u>
Net assets			
Invested in capital assets, net of related debt	238,684,864	564,267,151	802,952,015
Restricted for			
Capital projects	12,644,698	-	12,644,698
Debt service	173,478,986	-	173,478,986
Unrestricted	4,637,274	54,511,272	59,148,546
Total net assets	<u>\$ 429,445,822</u>	<u>\$ 618,778,423</u>	<u>\$ 1,048,224,245</u>

**County of Oakland
Statement of Activities
Component Units
Year Ended September 30, 2005**

	Program Revenues				Drainage Districts	Road Commission	Total Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Functions/Programs							
Drainage Districts	\$ 11,830,657	\$ 1,946,678	\$ 1,090,854	\$ 15,084,121	\$ 6,290,996	\$ -	\$ 6,290,996
Road Commission	87,138,689	19,858,183	62,643,669	31,456,601	-	26,819,764	26,819,764
Total component units	<u>\$ 98,969,346</u>	<u>\$ 21,804,861</u>	<u>\$ 63,734,523</u>	<u>\$ 46,540,722</u>	<u>6,290,996</u>	<u>26,819,764</u>	<u>33,110,760</u>
General Revenues							
Unrestricted investment earnings					683,682	1,972,535	2,656,217
Extraordinary item - Loss on insurance recovery					-	(70,548)	(70,548)
Change in net assets					<u>6,974,678</u>	<u>28,721,751</u>	<u>35,696,429</u>
Net assets							
Beginning					422,471,144	590,056,672	1,012,527,816
Ending					<u>\$ 429,445,822</u>	<u>\$ 618,778,423</u>	<u>\$ 1,048,224,245</u>

County of Oakland

Notes to Basic Financial Statements

September 30, 2005

1. Summary of Significant Accounting Policies

The basic 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.

Separate financial statements for the Authority are not published.

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

Discretely Presented Component Unit

A 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, 2005, 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, 2004, 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 its separately issued 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 187 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, 2005 are 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

Basic (Government-Wide) and Fund Financial Statements – GASB Statement #34

GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that net assets be classified for accounting and reporting purposes into the following three categories:

County of Oakland

Notes to Basic Financial Statements

September 30, 2005

- **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** consist 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.

The government-wide Statement of Activities reflects the degree to which direct expenses that are clearly identifiable with a given functional category (General Government, Public Safety, Justice Administration, Citizen Services, Public Works, Recreation and Leisure, and Commerce and Community Development) are offset by program revenues. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or category, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular functional category. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Property taxes and certain intergovernmental revenues are reported instead as general revenues, which are used to cover the net cost of the various functional categories of the County.

The County policy is to eliminate internal activity from the Statement of Activities. This policy dictates the elimination of indirect expenses, but not direct expenses. The exception to this general rule is activities between funds reported as governmental activities and funds reported as business-type activities (i.e., billings for services or products by Internal Service Funds to Enterprise Funds).

The County does not currently employ an indirect cost allocation system. Rather, an administrative service fee is charged by the General Fund to the other operating funds to address General Fund services such as finance, personnel, purchasing, legal, administration, etc. This is treated like a reimbursement, eliminating revenues and expenses on the Statement of Activities.

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.

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

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, Public Health, Revenue Sharing Reserve, and Water and Sewer Refunding Debt Act 202.

The governmental funds statements 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 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 finance activities or obligations of the government, these funds are not incorporated into the government-wide statements.

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.

The County reports the following major governmental funds:

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.

The Public Health Fund accounts for revenues reserved for the provision of health protection, maintenance, and improvement for the residents of Oakland County.

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

The Revenue Sharing Reserve Fund accounts for the State mandated transfers of equal amounts for a three-year period of the property tax shift from a winter levy to a summer levy to replace county revenue-sharing payments. These transfers from the General Fund will amount to the property tax levy for fiscal year 2004.

The Water and Sewer Refunding Debt Act 202 Fund accounts for the accumulation of resources, mainly special assessments, for the payment of bonded debt issued for the refinancing of debt obligations for construction of various water and sewer systems in Oakland County.

The County reports the following major enterprise funds:

The County Airports Fund was created to account for operations of the County's airports.

The Delinquent Tax Revolving Fund accounts for money advanced to the County and other local units of government for unpaid property taxes, and the subsequent collection of delinquencies.

The Parks and Recreation Fund accounts for the operation of County parks.

The Water and Sewer Trust Fund accounts for collection of resources for operation of various water and sewer systems maintained by the County rather than the respective municipalities.

Additionally, the County reports the following fund types:

Governmental Fund Types

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.

Proprietary Fund Types

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 include 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.

County of Oakland

Notes to Basic Financial Statements

September 30, 2005

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The exception to this general rule is activities between funds reported as governmental activities and funds reported as business-type activities.

Amounts reported as program revenues include 1) charges for customers for goods supplied or services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources, as well as taxes, are reported as general revenues rather than as program revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Fund Types

Fiduciary Funds consist of Pension (and other postemployment benefits) Trust, Investment Trust and Agency funds, which 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, Pension Trust and Investment 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.

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

- The financial statements have been prepared in conformity with generally accepted accounting principles. Governmental funds use the modified accrual basis of accounting, which recognizes revenues in the accounting period in which they become susceptible to accrual, generally when they become both measurable and available. Property taxes are levied on December 1 and, beginning in fiscal year 2005, July 1 each year (see note 4) and are recognized as revenues in the fiscal year during which they are levied, and interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Other revenues are considered to be available when anticipated to be collected within 60 days of the end of the fiscal period. Expenditures are recorded when the related fund liability is incurred, except debt service expenditures, which are recorded when paid.
- Proprietary, Pension Trust and Investment 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. Agency funds, which report only a statement of fiduciary net assets, use the accrual basis of accounting.

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.

The Drainage Districts uses 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 debt service expenditures, which are recorded when paid.

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, 2004 and presented in a separate document. Appropriation budgets were adopted for the General Fund and the following Special Revenue funds: Public Health, Juvenile Maintenance, and Social Welfare-Foster Care. 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.

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

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 designated 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.

Pooled Cash and Investments

The County maintains a cash and investment pool for all funds except the pension trust funds and two agency funds (Jail Inmate Trust and District Court Trust), and the investment trust fund, which is in a separate pool, in order to maximize investment earnings. Investments of the pool are not segregated by fund but each contributing fund's balance is treated as equity in the pool. For funds not in the pool, cash equivalents are considered to be demand deposits and short-term investments with an original maturity date of three months or less from the date of acquisition.

Cash overdrafts occurring in funds participating in pooled cash accounts at September 30, 2005 have been reclassified as a "due to other funds," and a corresponding "due from other funds" was established in the General Fund. Similarly, negative accrued interest receivable caused by negative cash balances are also reclassified at year end as interfund liabilities.

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. There are no derivative instruments or products in the County's non-pension investment portfolio at September 30, 2005.

Pooled investment income is allocated to all funds based on the respective share of their average daily balances. Interest charges for funds with negative balances are reported as negative interest income.

Interfund Receivables/Payable

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.

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 cost or market using the first-in, first-out method. Inventories in the Facilities Maintenance and Operations fund are stated at cost or market using the average-cost basis.

Prepayments

Payments made for services that will benefit periods beyond September 30, 2005 are recorded as prepayments.

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

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 lives of the major classes of property and equipment follow:

Class	Years
Land improvements	10-15
Buildings and improvements	35-45
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

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.

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

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.

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

Property taxes levied December 1, 2004 (when they become a lien against the property) are used to finance the expenditures of the current fiscal period (October 1, 2004 through September 30, 2005) and are reported as revenues in the financial statements.

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 basic financial statements, September 30, 2005. 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. Budgets are adopted and presented on the GAAP basis of accounting.

The Board of Commissioners is authorized to make amendments to the various budgets as deemed necessary. Current year supplemental budgetary appropriations were not material. Funds which receive an appropriation and can therefore be defined as those with an appropriated, annual, legally adopted budget are the General Fund and the following Special Revenue funds: Public Health, Juvenile Maintenance, and Social Welfare-Foster Care. The budgetary comparison for the General Fund and the Public Health fund (major special revenue fund) is presented in the Required Supplementary Information. The Juvenile Maintenance and Social Welfare Foster Care funds are presented in the Special Revenue Funds section.

As required by the State of Michigan, the County created the Revenue Sharing Reserve Fund in the current year. This fund is a major special revenue fund and a budgetary comparison schedule should be presented in the Required Supplementary Information. A budget was not adopted for this fund in the current year, but this fund will be budgeted in 2006 and thereafter.

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.
- (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.

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

- (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 Human Resources 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			
Facilities Management			
Noncontrollable operating expenditures	\$ 145,780	\$ 154,786	\$ 9,006
Clerk/Register of Deeds			
Controllable personnel expenditures	6,588,664	6,661,459	72,795
Sheriff			
Controllable personnel expenditures	88,642,547	91,204,337	2,561,790
Noncontrollable operating expenditures	15,485,146	15,896,752	411,606
Drain Commissioner			
Noncontrollable operating expenditures	1,251,139	1,322,058	70,919
Special Revenue Funds			
Public Health			
County Executive			
Human Services	3,919,117	4,061,564	142,447
Juvenile Maintenance Fund			
County Executive			
Human Services			
Controllable operating expenditures	8,935,622	9,873,401	937,779
Noncontrollable operating expenditures	2,510,429	2,513,968	3,539
Justice Administration			
Circuit Court			
Controllable personnel expenditures	1,489,116	1,543,422	54,306

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 2006.

County of Oakland

Notes to Basic Financial Statements

September 30, 2005

3. Deposits and Investments

The County has deposits and investments which are maintained for both its primary government, component unit and fiduciary fund type.

For the primary government, the County manages its investments in a pool format which is used by all County funds. Share value is maintained at \$1, with interest rates floating daily. Investment income is allocated back to County funds based on their share of the pool which is based on their average daily cash balance.

For its pool, the County only uses federal and state-chartered banks and savings institutions, which are members of the FDIC, and have a location in the state of Michigan. All deposits and investments for the pool are held in the County's name and tax ID number.

During fiscal year 2005, the Board of Commissioners allowed the County Treasurer to offer the County's investment pool to local units of government, within the County, as a Local Government Investment Pool (LGIP). Contracted participants are treated just like County funds and receive a share of earnings based on their average daily cash balance. The LGIP is not subject to regulatory oversight, is not registered with the SEC and does not issue a separate report. The LGIP is managed as a 2(a)7 fund with its net asset value maintained at \$1. Fair value of the position in the pool is the same as the value of the pool shares. The LGIP has not provided or obtained any legally binding guarantees during the period to support the value of the shares. Investments are valued monthly.

Deposits

It is County policy to review and verify a bank's creditworthiness through a system of ratio analysis and from information provided by several third-party sources. In addition, the County places concentration limits on banks based on creditworthiness resulting from both the ratio analysis and third-party information.

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the County's deposits may not be returned. As an indication of the level of deposit custodial credit risk assumed by the County, deposits are categorized as follows:

- Category 1: Insured or collateralized with securities held by the County or its agent in the County's name
- Category 2: Collateralized with securities held by the counter-party's trust department or agent in the County's name
- Category 3: Uninsured and uncollateralized

As of September 30, 2005, the book value of the County's deposits was \$335,300,000, with a corresponding bank balance of \$335,300,000. Insured deposits were \$2,300,000, and the remaining \$333,000,000 was uninsured, uncollateralized, and in the County's name.

The Drainage District's component units cash, deposit and investments are maintained in pooled accounts of the County; therefore, their amount of insurance would be allocated to the Drainage District's deposits based on their prorated share of the investment portfolio.

County of Oakland

Notes to Basic Financial Statements

September 30, 2005

The County's Investment Policy allows for the use of bank deposits including certificates of deposit. The only limitation placed on bank deposits is that they cannot exceed 60% of the total investment portfolio. In addition, the County's investment policy allows for no more than 15% be invested with any single financial institution.

At September 30, 2005, the Road Commission component unit had \$57,719,861 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The book balance for these deposits has been reported on the Statement of Net Assets as cash and cash equivalents of \$36,062,731 and investments of \$18,125,030.

Investments - Internal Investment Pool

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 and the Investment policy as adopted by the County's Board of Commissioners. The County's Investment Policy is more restrictive than state law and allows for the following instruments:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of Michigan financial institutions.
3. Commercial paper rated at the time of purchase at the *highest* classification established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
4. Repurchase agreements consisting of instruments in subdivision 1. The PSA Master Repurchase Agreement prototype agreement shall be employed with appropriate supplemental provisions regarding security delivery, security substitutions, and governing law. A signed Repurchase agreement must be on file before entering into a repurchase transaction.
5. Bankers' acceptances of United States banks.
6. Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than 1 standard rating service.
7. Obligations described in subdivisions 1 through 6 if purchased through an inter-local agreement under the Urban Cooperation Act of 1967.
8. Investment pools organized under the Surplus Funds Investment Pool Act, PA 367 of 1982.
9. Investment pools organized under the Local Government Investment Pool Act, PA 121 of 1985.
10. Mutual funds registered under the Investment Company Act of 1940 with authority to only purchase investment vehicles that are legal for direct investment by a Michigan public corporation. Investment is limited to mutual funds that maintain a net asset value of \$1.00 per share.

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

As of September 30, 2005, the County had following deposit and investment types in its internal investment pool.

Deposit and Investment Type	Weighted Average Market Value	Maturity (days)
Certificates of Deposit (1)	\$335,300,000	72
Money Market Investment Pools	119,079,873	1
Commercial Paper	155,624,668	18
U.S. Treasury	9,949,438	75
U.S. Agencies	215,809,646	161
Total Market Value of Internal Invest. Pool		
	\$835,763,624	
Weighted Average Maturity of Internal Investment Pool (in days)		
		69

- (1) The certificates of deposit are non-negotiable and therefore are not considered investments. They are presented here to give a clear picture of the investment pools' overall weighed average maturity.

Credit Risk – The County has \$9,949,438 invested in U.S. Treasury securities and \$215,809,646 invested U.S. Agencies, both of which are rated AAA by Standard & Poor's and Aaa by Moody's. State law limits investments in commercial paper to the top two ratings issued by a nationally recognized statistical rating organization (NRSROs). It is the County's policy to further limit its investments in commercial paper to only the top rating as issued by NRSROs. As of September 30, 2005, the County had \$35,411,460 invested in A1+ (S&P), P1 (Moody's) commercial paper, \$90,300,414 A1(S&P), P1 (Moody's) commercial paper and \$29,912,794 invested in F1 (Fitch), P1 (Moody's) commercial paper. Five of the money market investment pools used by the County, with a fair value of \$30,345,107, carry an AAA (Standard & Poor's) and an Aaa (Moody's) rating. Five other money market investment pools used by the County, with a fair value of \$88,734,766, are not rated. The County's investment policy is silent on the use of rated versus unrated money market funds. In addition, there is no rating requirement for those money market funds that are rated.

Custodial Credit Risk – Investments is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments that are in the possession of another side party. The County's Investment Policy requires that all investment transactions (including collateral for repurchase agreements) be conducted on a delivery-versus-payment (DVP) basis. Securities shall be held by a third-party custodian, as designated by the County Treasurer, and shall be evidenced by a safekeeping receipt. As of September 30, 2005, \$500,463,624 in investments was held in third-party safekeeping in the County's name.

The County also invests in money market funds that have their securities safe kept with a third party selected by the counterparty. However, the pool's securities are held in trust for the participants of the fund and are not available to the counterparty if the counterparty should happen to fail. We believe this arrangement satisfies the County's investment policy safekeeping requirement.

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

Concentration of Credit Risk – Investments – On September 30, 2005, the County had investments of 5% or more of the total portfolio with the following U.S. Agency issuers: Fannie Mae 10.32%, Federal Home Loan Bank 7.75% and Freddie Mac 6.46%. No other issuer of investments exceeded 5%. The County’s investment policy allows for no more than 15% be invested with any single financial institution.

Interest Rate Risk – To limit its exposure to fair value losses from raising interest rates, the County’s Investment Policy limits the County’s internal investment pool from purchasing investments that have a final maturity that is no more than three years from the date of purchase. As of September 30, 2005, the internal investment pool had a weighted average maturity of 69 days and the longest investment maturity in the portfolio was 256 days.

Investments – Retirement System

The Retirement System investments are made in accordance with Act 55 of the Michigan Public Acts of 1982, as amended, and are limited to no more than 65 percent in common stock. In addition, no investments, loans, or leases are with parties related to the pension plan.

Pension investments are made through the use of Investment Advisors which are selected and retained by the various Retirement Boards. The advisors serve at the leisure of the various boards as provided by investment agreements. At September 30, 2005, the Primary Government's Pension Trust fund had 14 investment advisors. Investments are held in street name by safekeeping agents under formal trust agreements and/or in the Retirement Systems' name.

As of September 30, 2005, the County had the following investment types in its Retirement System:

Investment Type	Fair Value	Percentage	Average Duration
US Treasury and Agency Securities	\$131,160,213	12.68%	3.97 years
Municipal Bonds	5,441,013	.52	2.22
Common Stock	574,024,378	55.49	N/A
Corporate Bonds	188,358,769	18.21	4.37
Other Investments	20,730,298	2.00	3.75
Money Market Funds	112,037,282	10.83	0
Real Estate	2,719,931	.26	0
Total	\$1,034,471,885	100.00%	

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

Credit Risk The Board's adopted Statement of Investment Goals and Objectives (SIGO) states that no Non-convertible bonds and convertible securities are authorized for purchase. In addition, no more than 10% of the total value of the portfolio may be held in non-investment grade bonds as rated by Moody's and/or Standard & Poor's. Ninety percent of the total value of the portfolio must have a quality rating of A or better by Moody's and Standard & Poor's. Any security held in the portfolio that drops below investment grade as rated by Moody's or Standard & Poor's shall be sold immediately. As of September 30, 2005, debt obligation investments held in the retirement system had the following ratings:

<u>Fair Value</u>	<u>Percentage</u>	<u>Rating (S&P)</u>
\$90,818,292	56.5	AAA
696,289	0.4	AA+
304,399	0.2	AA-
2,096,722	1.3	AA
6,915,175	4.3	A+
15,562,615	9.7	A
5,822,332	3.6	A-
6,084,950	3.8	BBB+
4,380,404	2.7	BBB
2,815,601	1.8	BBB-
5,223,005	3.3	Not Rated
<u>19,933,396</u>	<u>12.4</u>	Not Assigned
160,653,720	100.0	

Custodial Credit Risk is the risk that, in the event of the failure of the counterparty, the Retirement System would not be able to recover the value of its investments that are in the possession of another side party. The Retirement System's Statement of Investment Goals and Objectives (SIGO) require that all investment transactions shall be conducted through a custodian that will act as the system's third party. Securities shall be held by the custodian, as designated by the Retirement Boards, and shall be evidenced by a custodial report. As of September 30, 2005, \$1,031,751,954 in investments was held in third party safekeeping in the County's name.

Concentration of Credit Risk The Board's adopted Statement of Investment Goals and Objectives (SIGO) states that no more than 5% of the assets of the Retirement System's portfolio may be invested in the fixed income obligations of any one corporation or its affiliates or 10% may be invested in the equity of any one corporation or its affiliates. Further, for fixed income investments, no more than 10% of the assets of the portfolio may be invested in the securities of any governmental agency that is not fully backed by the U.S. government. No limitation applies to obligations of the United States Treasury or any fully guaranteed agency of the federal government.

For equities, holdings of all securities of an industry group should not exceed 25% of the portfolio at cost. ADRs should not exceed a maximum of 10% of the portfolio at cost and shall be further limited to Canadian securities and non-U.S. domiciled corporations issuing U.S. securities. As of September 30, 2005, the system had a position of \$49,081,755 or 5.69% of its portfolio invested in Electronic Traded Fund (ETF) shares (commonly known as iShares) of the Russell Mid Cap Value Index. The system did not hold 5% or more in any other issuer.

County of Oakland

Notes to Basic Financial Statements

September 30, 2005

Interest Rate Risk The Board's adopted Statement of Investment Goals and Objectives (SIGO) places no limitation on the system's fixed income managers on the length to maturity for fixed income investments. As the schedule indicates above, the system's fixed income investments had average durations of between 2.22 years and 4.37 years which is reasonable given the long-term nature of the system. Having reasonable durations will reduce the retirement system's risk exposure to raising interest rates.

Security Lending Transactions. Under the provisions of State statutes, the Oakland County Employees' Retirement System lends U.S. government securities, corporate bonds, and common stock to brokers and/or dealers in exchange 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, 2005, on the amount of loans that the agent made on its behalf. There were also 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, 2005, 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, 2005 were \$72,720,838 and \$70,554,968, respectively.

Collateralized Mortgage Obligations. In the County's Retirement System investment portfolio are Collateralized Mortgage Obligations (CMOs) with a market value of \$39,352,439 as of September 30, 2005. Investments include U.S. government-issued asset-backed certificates and corporate-issued asset-backed certificates. CMOs have maturity dates through the year 2048 and are backed by investments in various assets, including mortgages.

Interest Rate Risk - Collateralized Mortgage Obligations The market value of such investments can be affected by, among other factors, changes in interest rates, including the effect of prepayments, marketability, and default rates on assets underlying the securities. At September 30, 2005, the Retirement system's investment in CMOs were in the Interest Only (IO) Class. Rapid prepayments on the CMO related mortgages, especially those with relatively high interest rates, would reduce the yields on the Interest Only Class and could even result in the failure of investors in that Class to recover their investments. As prepayments increase in falling interest rate environments, IOs have a negative duration, which means that its price typically rises when interest rates rise. At September 30, 2005, the County's CMO portfolio had an average duration of (13.09). Therefore, if interest rates increase by 100 basis points, the County's CMO portfolio's prices would increase by 13.09%.

County of Oakland

Notes to Basic Financial Statements

September 30, 2005

Variable Rate Coupon Notes and Bonds In the County's Retirement System investment portfolio are Variable Rate coupon instruments with a market value of \$18,644,208 as of September 30, 2005. Such investments include U.S. government-issued securities and corporate-issued securities. The variable rate securities have maturities through the year 2045 and are backed by investments in various assets, including mortgages.

Interest Rate Risk – Variable Rate Coupon Notes and Bonds The market value of these investments can be affected by, among other factors, changes in interest rates which affect their marketability. At September 30, 2005, the Retirement System was holding variable rate instruments that are reset against the LIBOR (London Inter Bank Offering Rate) with a plus factor. The coupons had short reset points ranging from every quarter to every month. The shorter the reset point the less sensitive the investment is to interest rate changes.

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 on 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 2004 levy totaled \$70,296,996,641, with taxable values of \$55,986,490,872. The operating tax rate for the 2004 levy, collected in 2005, was 4.1900 mills, with an additional 0.2422 mills voted for Parks and Recreation. In addition, Act 357 of Michigan Public Acts of 2004, which requires a gradual shift of county property tax levies from winter to summer as a substitute to county revenue sharing, caused an additional tax levy on July 1, 2005. This levy was one-third of the millage rate times the 2005 taxable values of \$58,827,219,871. As also required the County records a transfer of one-third of the tax levy for 2004, or \$75,861,063, as due to the newly created Revenue Sharing Reserve Fund, a Special Revenue fund. Two-thirds of the 2005 levy will be collected levied on December 1, 2005, the 2006 levy will be levied two-thirds on July 1, and one-third on December 1, and the 2007 and thereafter levies will all be shifted to July 1.

Delinquent Taxes

The Treasurer purchases, at face amount, real property tax receivables that are delinquent on March 1. These receivables (\$45,676,581) at September 30, 2005 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 \$16,011,718 in 2004, are used to service the notes payable.

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

5. Allowances for Uncollectible Receivables

At September 30, 2005, the allowances for uncollectible receivables were as follows:

General Fund	\$ 362,842
Enterprise funds	
County Airports	34,116
Medical Care Facility	324,323
Radio Communications	53,493
Total	<u>\$ 774,774</u>

6. Investment Income – Pension Trust Funds

The following is a breakdown of the investment income for the primary government for the year ended September 30, 2005:

	Employees' Retirement	VEBA Trust
Interest and dividends	\$ 22,598,612	\$ 7,680,219
Unrealized/ Realized gain on sale of investments (net)	<u>58,188,906</u>	<u>12,406,973</u>
Total	<u>\$ 80,787,518</u>	<u>\$ 20,087,192</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

7. Capital Assets

An analysis of property and equipment as reported in the Statement of Net Assets, and related accumulated depreciation, at September 30, 2005, for governmental activities follows:

	Balance October 1, 2004	Additions	Disposals	Balance September 30, 2005
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 7,672,088	\$ -	\$ -	\$ 7,672,088
Construction in progress	63,709,706	6,787,108	(3,107,419)	67,389,395
Total capital assets not being depreciated	<u>71,381,794</u>	<u>6,787,108</u>	<u>(3,107,419)</u>	<u>75,061,483</u>
Capital assets, being depreciated				
Land improvements	6,978,442	1,116,517	-	8,094,959
Buildings and improvements	127,551,371	1,386,872	(549,268)	128,388,975
Equipment and vehicles	80,823,383	12,648,413	(4,543,390)	88,928,406
Infrastructure	20,530,901	-	-	20,530,901
Total capital assets being depreciated	<u>235,884,097</u>	<u>15,151,802</u>	<u>(5,092,658)</u>	<u>245,943,241</u>
Less: Accumulated depreciation				
Land improvements	3,033,000	411,833	-	3,444,833
Buildings and improvements	56,286,758	3,062,032	(365,448)	58,983,342
Equipment and vehicles	54,398,015	7,221,855	(4,033,889)	57,585,981
Infrastructure	7,430,782	356,880	-	7,787,662
Total accumulated depreciation	<u>121,148,555</u>	<u>11,052,600</u>	<u>(4,399,337)</u>	<u>127,801,818</u>
Total capital assets being depreciated, net	<u>114,735,542</u>	<u>4,099,202</u>	<u>(693,321)</u>	<u>118,141,423</u>
Governmental activities capital assets, net	<u>\$ 186,117,336</u>	<u>\$ 10,886,310</u>	<u>\$ (3,800,740)</u>	<u>\$ 193,202,906</u>
Depreciation expense was charged to functions as follows:				
Public safety		\$ 1,793,750		
Justice administration		694,867		
Citizens services		308,881		
Public infrastructure		620,732		
Commerce and Community Development				
Unallocated depreciation		1,123,059		
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		<u>6,511,311</u>		
Total depreciation expense - governmental activities		<u>\$ 11,052,600</u>		

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

A summary of business-type property and equipment at September 30, 2005 follows:

	Balance October 1, 2004	Additions	Disposals	Balance September 30, 2005
Business-type Activities				
Capital assets, not being depreciated				
Land	\$ 45,418,286	\$ 237,992	\$ -	\$ 45,656,278
Construction in progress	25,754,108	26,053,850	(891,294)	50,916,664
Other	-	12,000	-	12,000
Total capital assets not being depreciated	<u>71,172,394</u>	<u>26,303,842</u>	<u>(891,294)</u>	<u>96,584,942</u>
Capital assets, being depreciated				
Land improvements	23,066,776	877,366	-	23,944,142
Buildings and improvements	42,150,296	119,631	(401,802)	41,868,125
Equipment and vehicles	37,551,923	520,101	(368,087)	37,703,937
Infrastructure	218,387,915	1,914,138	(2,024,393)	218,277,660
Total capital assets being depreciated	<u>321,156,910</u>	<u>3,431,236</u>	<u>(2,794,282)</u>	<u>321,793,864</u>
Less: Accumulated depreciation				
Land improvements	11,613,618	1,182,645	-	12,796,263
Buildings and improvements	15,626,336	1,279,282	(401,802)	16,503,816
Equipment and vehicles	28,112,617	4,434,332	(356,028)	32,190,921
Infrastructure	127,218,231	5,254,317	(266,167)	132,206,381
Total accumulated depreciation	<u>182,570,802</u>	<u>12,150,576</u>	<u>(1,023,997)</u>	<u>193,697,381</u>
Total capital assets being depreciated, net	<u>138,586,108</u>	<u>(8,719,340)</u>	<u>(1,770,285)</u>	<u>128,096,483</u>
Business-type activities capital assets, net	<u>\$ 209,758,502</u>	<u>\$ 17,584,502</u>	<u>\$ (2,661,579)</u>	<u>\$ 224,681,425</u>
Depreciation expense was charged to functions as follows:				
Airports		\$ 1,584,727		
Community safety support		3,686,306		
Community water and sewer		575,948		
Recreation and leisure		3,369,878		
Sewage disposal systems		2,849,311		
Skilled nursing care		84,406		
Total depreciation expense - business-type activities		<u>\$ 12,150,576</u>		

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

An analysis of property and equipment, and related accumulated depreciation where applicable, at September 30, 2005, for component units follows:

	Balance October 1, 2004	Additions	Disposals	Balance September 30, 2005
Component Units				
Drainage Districts				
Capital assets not being depreciated				
Construction in progress	\$ 123,587,376	\$ 20,592,747	\$ (630,435)	\$ 143,549,688
Capital assets being depreciated				
Infrastructure	323,840,699	630,435	-	324,471,134
Less: Accumulated depreciation				
Infrastructure	53,527,075	3,240,161	-	56,767,236
Total capital assets being depreciated, net	<u>270,313,624</u>	<u>(2,609,726)</u>	<u>-</u>	<u>267,703,898</u>
Governmental activity capital assets, net	<u>\$ 393,901,000</u>	<u>\$ 17,983,021</u>	<u>\$ (630,435)</u>	<u>\$ 411,253,586</u>
Road Commission				
Capital assets not being depreciated				
Land and other	\$ 111,191,351	\$ 12,134,950	\$ -	\$ 123,326,301
Construction in progress	<u>2,324,166</u>	<u>989,020</u>	<u>(3,261,426)</u>	<u>51,760</u>
Total capital assets not being depreciated	<u>113,515,517</u>	<u>13,123,970</u>	<u>(3,261,426)</u>	<u>123,378,061</u>
Capital assets being depreciated				
Buildings and storage bins	12,120,514	3,607,257	(3,950)	15,723,821
Road equipment	43,238,105	5,476,039	(520,542)	48,193,602
Other equipment	5,535,814	410,754	(178,981)	5,767,587
Infrastructure	658,182,841	43,582,451	-	701,765,292
Brine wells and gravel pits	<u>1,067,337</u>	<u>296,895</u>	<u>-</u>	<u>1,364,232</u>
Total capital assets being depreciated	<u>720,144,611</u>	<u>53,373,396</u>	<u>(703,473)</u>	<u>772,814,534</u>
Less: Accumulated depreciation				
Buildings and storage bins	7,282,022	364,503	(3,950)	7,642,575
Road equipment	33,324,983	4,642,276	(519,699)	37,447,560
Other equipment	3,257,747	437,523	(85,664)	3,609,606
Infrastructure	246,231,256	26,326,505	-	272,557,761
Brine wells and gravel pits	<u>690,940</u>	<u>77,002</u>	<u>-</u>	<u>767,942</u>
Total accumulated depreciation	<u>290,786,948</u>	<u>31,847,809</u>	<u>(609,313)</u>	<u>322,025,444</u>
Total capital assets being depreciated, net	<u>429,357,663</u>	<u>21,525,587</u>	<u>(94,160)</u>	<u>450,789,090</u>
Governmental activity capital assets, net	<u>\$ 542,873,180</u>	<u>\$ 34,649,557</u>	<u>\$ (3,355,586)</u>	<u>\$ 574,167,151</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

8. Long-Term Debt

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

Primary Government

	Interest rate	October 1, 2004	Additions	Reductions	September 30, 2005	Amounts due within one year	Amounts due thereafter	General obligation	With governmental commitment
Bonds with unlimited taxing authority									
Sewage disposal - Act 342	4.00%-6.50%	\$ 100,000	\$ -	\$ (100,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds with limited taxing authority									
Building authority - Act 31	2.50%-5.60%	60,445,000	20,240,000	(3,380,000)	77,305,000	3,485,000	73,820,000	77,305,000	-
Building authority refunding - Act 202	4.37%-4.75%	9,685,000	-	(1,140,000)	8,545,000	1,230,000	7,315,000	8,545,000	-
Lake levels - Act 451	2.25%-3.40%	-	575,000	(35,000)	540,000	50,000	490,000	-	540,000
Sewage disposal - Act 342	3.50%-8.50%	7,545,000	-	(1,825,000)	5,720,000	735,000	4,985,000	-	5,720,000
Water supply - Act 342	4.40%-7.00%	1,415,000	-	(70,000)	1,345,000	95,000	1,250,000	-	1,345,000
Water and sewer refunding - Act 202	2.00%-3.50%	2,770,000	-	(280,000)	2,490,000	280,000	2,210,000	-	2,490,000
Water supply refunding - Act 202	4.40%-4.70%	2,540,000	-	(235,000)	2,305,000	240,000	2,065,000	-	2,305,000
Sewage disposal refunding- Act 202	3.00%-5.20%	24,905,000	1,140,000	(3,905,000)	22,140,000	4,425,000	17,715,000	-	22,140,000
Michigan Bond Authority - Sewage Disposal Bonds	2.25%	6,970,000	-	(425,000)	6,545,000	440,000	6,105,000	-	6,545,000
		<u>116,275,000</u>	<u>21,955,000</u>	<u>(11,295,000)</u>	<u>126,935,000</u>	<u>10,980,000</u>	<u>115,955,000</u>	<u>85,850,000</u>	<u>41,085,000</u>
Total bonds - governmental activities		<u>\$ 116,375,000</u>	<u>\$ 21,955,000</u>	<u>\$ (11,395,000)</u>	<u>\$ 126,935,000</u>	<u>\$ 10,980,000</u>	<u>\$ 115,955,000</u>	<u>\$ 85,850,000</u>	<u>\$ 41,085,000</u>
Tax notes - limited taxing authority - business type activities									
	1.625%	\$ 25,000,000	\$ 25,000,000	\$ (25,000,000)	\$ 25,000,000	\$ 25,000,000	\$ -	\$ 25,000,000	\$ -
Component units									
	Interest rate	October 1, 2004	Additions	Reductions	September 30, 2005	Amounts due within one year	Amounts due thereafter	General obligation	With governmental commitment
Drainage Districts									
Bonds with limited taxing authority									
Drain bonds - Act 40	3.60%-8.00%	\$ 33,675,000	\$ 3,235,000	\$ (6,950,000)	\$ 29,960,000	\$ 1,890,000	\$ 28,070,000	\$ 772,757	\$ 29,187,243
Drain Notes - Act 40	2.90%	-	685,000	-	685,000	\$ -	685,000	685,000	-
Drain refunding - Act 202	3.75%-6.70%	41,260,000	5,095,000	(4,085,000)	42,270,000	3,795,000	38,475,000	3,984,969	38,285,031
Michigan Bond Authority - Drain Bonds	2.00%-2.50%	98,569,961	5,473,761	(4,390,000)	99,653,722	4,515,000	95,138,722	1,801,330	97,852,392
Total Drainage Districts		<u>\$ 173,504,961</u>	<u>\$ 14,488,761</u>	<u>\$ (15,425,000)</u>	<u>\$ 172,568,722</u>	<u>\$ 10,200,000</u>	<u>\$ 162,368,722</u>	<u>\$ 7,244,056</u>	<u>\$ 165,324,666</u>
Total County Debt		<u>\$ 314,879,961</u>	<u>\$ 61,443,761</u>	<u>\$ (51,820,000)</u>	<u>\$ 324,503,722</u>	<u>\$ 46,180,000</u>	<u>\$ 278,323,722</u>	<u>\$ 118,094,056</u>	<u>\$ 206,409,666</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

Road Commission	Interest rate	October 1, 2004	Additions	Reductions	September 30, 2005	Amounts due within one year	Amounts due thereafter	General obligation	With governmental commitment
Compensated absences	--	\$ 3,345,433	\$ -	\$ (3,273,638)	\$ 71,795	\$ -	\$ 71,795	\$ -	\$ 71,795
Self-insured losses	--	3,400,000	800,000	(2,600,000)	1,600,000	-	1,600,000	-	1,600,000
Michigan Transportation Fund revenue notes	3.50%-4.75%	11,875,000	-	(1,975,000)	9,900,000	1,975,000	7,925,000	-	9,900,000
Total Road Commission		<u>\$ 18,620,433</u>	<u>\$ 800,000</u>	<u>\$ (7,848,638)</u>	<u>\$ 11,571,795</u>	<u>\$ 1,975,000</u>	<u>\$ 9,596,795</u>	<u>\$ -</u>	<u>\$ 11,571,795</u>
Total reporting entity		<u>\$ 333,500,394</u>	<u>\$ 62,243,761</u>	<u>\$ (59,668,638)</u>	<u>\$ 336,075,517</u>	<u>\$ 48,155,000</u>	<u>\$ 287,920,517</u>	<u>\$ 118,094,056</u>	<u>\$ 217,981,461</u>

The annual requirements to pay principal and interest on debt outstanding at September 30, 2005 (excluding the liabilities for compensated absences and uninsured losses for the Road Commission component unit) were:

	Bonds with limited taxing authority		Notes with limited taxing authority		Total primary government	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 10,980,000	\$ 5,221,883	\$ 25,000,000	\$ 487,500	\$ 35,980,000	\$ 5,709,383
2007	11,950,000	4,794,259	-	-	11,950,000	4,794,259
2008	12,210,000	4,342,059	-	-	12,210,000	4,342,059
2009	10,840,000	3,863,089	-	-	10,840,000	3,863,089
2010	9,640,000	3,426,827	-	-	9,640,000	3,426,827
2011-2015	29,285,000	13,019,478	-	-	29,285,000	13,019,478
2016-2020	26,650,000	7,240,366	-	-	26,650,000	7,240,366
2021-2025	15,380,000	1,478,060	-	-	15,380,000	1,478,060
Totals	<u>\$ 126,935,000</u>	<u>\$ 43,386,021</u>	<u>\$ 25,000,000</u>	<u>\$ 487,500</u>	<u>\$ 151,935,000</u>	<u>\$ 43,873,521</u>

	Drainage Districts		Road Commission		Total reporting entity	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 10,200,000	\$ 5,499,522	\$ 1,975,000	\$ 406,900	\$ 48,155,000	\$ 11,615,805
2007	10,575,000	5,155,584	1,975,000	328,512	24,500,000	10,278,355
2008	11,735,000	4,868,665	1,975,000	246,650	25,920,000	9,457,374
2009	11,315,000	4,449,068	1,975,000	163,813	24,130,000	8,475,970
2010	11,780,000	4,070,720	1,000,000	80,000	22,420,000	7,577,547
2011-2015	53,115,000	14,508,681	1,000,000	40,000	83,400,000	27,568,159
2016-2020	37,060,000	6,767,558	-	-	63,710,000	14,007,924
2021-2025	26,788,722	1,556,820	-	-	42,168,722	3,034,880
Totals	<u>\$ 172,568,722</u>	<u>\$ 46,876,618</u>	<u>\$ 9,900,000</u>	<u>\$ 1,265,875</u>	<u>\$ 334,403,722</u>	<u>\$ 92,016,014</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

The County has pledged its full faith and credit on debt totaling \$324,503,722. 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, 2005, the debt limit was \$7,345,918,836, and general obligation debt was \$118,094,056.

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, 2005, there were seven issues outstanding, totaling \$77,305,000, maturing in the years 2006-2024, which represents debt originally issued in the years 1999-2005 totaling \$86,260,000.

Sewage Disposal, Water and Sewer, and Water Supply Bonds – Act 342

Act 342 provides 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, 2005, there were 10 issues outstanding, totaling \$7,065,000, maturing in the years 2006-2018. This represents debt originally issued in the amount of \$31,760,000 issued in the years 1986-1999.

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, 2005, there were 12 issues outstanding, totaling \$35,480,000, maturing in the years 2006-2016. This represents debt originally issued in the years 1994-2005 totaling \$61,365,000.

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 entire amount was received as of the end of fiscal year 1999. The amount outstanding for this issue at September 30, 2005 was \$6,545,000, which matures in the years 2006-2018.

Lake Levels – Act 146

Act 451 of Michigan Public Acts of 1994 permits the issuance of debt for providing lake level control. Bonds are to be repaid through special assessments levied against benefiting property owners. In October 2004 the County authorized the issuance of bonds in the amount of \$575,000 for the Watkins Lake Level. The amount outstanding at September 30, 2005 was \$540,000, which matures in the years 2006-2014.

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

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 \$223,814,227 at September 30, 2005, 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, 2005 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.

Drain Bonds and Notes – 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, 2005, there were 14 issues outstanding, totaling \$29,960,000, maturing in the years 2006-2025. This represents original debt issued for \$41,120,000 in the years 1993-2005. In May 2005, a Drain Note was issued by a financial institution in the amount of \$685,000, which will mature in the year 2008, for purchase of property within the Franklin Sub-Watershed Drainage District. A long-term liability is reported in the financial statements for the Drainage District Component Unit. Funds for repayment of this note will be provided through the sale of the property once drain improvements have been completed.

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, 2005, there were 16 issues outstanding, totaling \$42,270,000, maturing in the years 2006-2017. This represents debt originally issued in the years 1997-2005 in the amount of \$52,500,000.

Michigan Bond Authority Drain Bonds (Component Unit)

The County authorized issuance of bonds in the amount of \$9,365,000 in 1994 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, 2005, the drainage district had received the entire amount 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, 2005, the drainage district received \$81,848,722 from the State Revolving Loan Fund for Segment II. At September 30, 2005, there were six issues outstanding, totaling \$99,653,722, maturing in the years 2006-2024. Subsequent to September 30, 2005, the George W. Kuhn Drainage District received \$351,278 in additional proceeds from the State Revolving Loan Fund.

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

Advance Refunding of General Obligation Limited Tax Bonds

In February 2005, the County issued \$1,140,000 of refunding bonds for a current refunding of a general obligation limited tax bond issue, pursuant to Act 202, Public Acts of Michigan of 1943. General obligation limited tax refunding sewage disposal bonds were issued for the payment of future debt service payments of the refunded debt. The debt refunded amounted to \$1,075,000 for the Village of Franklin System, Series 1996 sewage disposal bonds, maturing in the years 2006 through 2016 inclusively. The refunding was undertaken to reduce the debt service payments over the next 11 years by \$114,867 and to obtain an economic (present value) gain of \$98,573.

In February 2005, the County issued \$1,365,000 of refunding bonds for a current refunding of a general obligation limited tax bond issue on behalf of the Drainage Districts component unit, pursuant to authorization contained in Act 202, Public Acts of Michigan of 1943. General obligation limited tax refunding drain bonds were issued for the payment of future debt service payments of the refunded debt. The debt refunded amounted to \$1,675,000 for the Bloomfield Township CSO Drainage District Series 1996 drain bonds maturing in the years 2006 through 2015 inclusively. The refunding was undertaken to reduce the debt service payments over the next 10 years by \$286,816 and to obtain an economic (present value) gain of \$145,481.

Additionally, in May 2005, the County advance refunded a portion of a general obligation limited tax bond issue with a general obligation limited tax refunding drain bond issue of behalf of the Drainage Districts component unit, pursuant to authorization contained in Act 202, Public Acts of Michigan of 1943. The County issued \$3,730,000 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 refunding bonds are not included in the Drainage Districts component unit, or the County's financial statements. At September 30, 2005, there is an in-substance defeasance of \$3,500,000 for the Robert A. Reid Drainage District, Series 1997 drain bonds maturing in the years 2008-2017 inclusively. The advance refunding was undertaken to reduce the debt service payments over the next 12 years by \$184,017 and to obtain an economic (present value) gain of \$147,294.

Changes in Other Long-Term Liabilities

Long-term liabilities activity, as reported in the Fringe Benefit Fund and Building Liability Insurance Fund, Internal Service funds, for the fiscal year ended September 30, 2005 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities					
Accrued unreported health costs	\$ 2,288,000	\$ 628,000	\$ -	\$ 2,916,000	\$ 972,000
Accrued sick and annual leave	12,286,077	254,952	-	12,541,029	1,254,103
Accrued workers' compensation	12,459,172	1,836,715	(1,438,089)	12,857,798	1,603,678
Claims and judgments	12,792,263	3,114,206	(5,237,814)	10,668,655	2,304,459
Governmental activity long-term liabilities	<u>\$ 39,825,512</u>	<u>\$ 5,833,873</u>	<u>\$ (6,675,903)</u>	<u>\$ 38,983,482</u>	<u>\$ 6,134,240</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

9. Interfund Balances

Interfund receivables and payables at September 30, 2005 were:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General Fund	Public Health	\$ 1,878,675
	Revenue Sharing Reserve	20,717,000
	Nonmajor governmental	11,869,060
	Delinquent Tax Revolving	1,007,901
	Parks and Recreation	99,780
	Water and Sewer Trust	2,317
	Nonmajor enterprise	1,834,518
	Internal Service	298,643
	Pension	315
	Agency	17,951,260
	Total	55,659,469
Public Health	Nonmajor governmental	12,396
Revenue Sharing Reserve	General	75,861,063
Nonmajor governmental	General	3,859,921
	Public Health	2,005
	Nonmajor governmental	346,074
	Nonmajor enterprise	1,898
	Internal Service	547,449
	Total	4,757,347
Parks and Recreation	General	23,998
	Internal Service	2,617
	Agency	3,018
	Total	29,633
Water and Sewer Trust	Nonmajor enterprise	715,118
Nonmajor enterprise	General	12,218
	Nonmajor governmental	365,005
	Water and Sewer Trust	3,235,062
	Nonmajor enterprise	2,271
	Total	3,614,556
Internal service	General	5,983,066
	Public Health	10,359
	Nonmajor governmental	38,335
	Parks and Recreation	190
	Water and Sewer Trust	7,673
	Nonmajor enterprise	27,236
	Internal Service	44,086
	Pension	1,090,126
	Total	7,201,071
Pension Trust	Internal Service	4,000,000
	Total	\$ 151,850,653

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

These balances result from the time difference between the dates that services are provided or transfers are authorized, transactions are recorded in the accounting system, and payments between funds are made.

Receivables and payables between funds of the Primary Government and the Component Units at September 30, 2005 were:

Primary Government	Component Unit	
Due from Component Unit	Due to Primary Government	
General Fund	Drainage Districts	\$ 75,737
	Road Commission	1,278
		<u>77,015</u>
Nonmajor governmental	Drainage Districts	<u>360,757</u>
Water and Sewer Trust	Drainage Districts	<u>730</u>
Nonmajor enterprise	Drainage Districts	<u>108,626</u>
Internal Service	Drainage Districts	7,336
	Road Commission	40,107
		<u>47,443</u>
	Total	<u>\$ 594,571</u>

Advances to/from other funds (including current and long-term portions) at September 30, 2005 were:

Receivable Fund	Payable Fund	
Nonmajor governmental	Nonmajor governmental	<u>\$ 814,323</u>
Delinquent Tax Revolving	General Fund	500,000
	Internal Service	2,150,000
		<u>2,650,000</u>
	Total	<u>\$ 3,464,323</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

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, 2005 were:

Transfers In	Transfers Out	Amount
General Fund	Revenue Sharing Reserve	\$ 20,717,000
	Nonmajor governmental	70,995
	Delinquent Tax Revolving	6,725,127
	Nonmajor enterprise	32,268
	Internal Service	53,952
		<u>27,599,342</u>
Revenue Sharing Reserve	General Fund	<u>75,861,063</u>
Public Health	General Fund	<u>23,337,436</u>
Nonmajor governmental	General Fund	31,443,400
	Nonmajor governmental	13,279,400
	Delinquent Tax Revolving	5,147,170
	Internal Service	371,055
		<u>50,241,025</u>
Nonmajor enterprise	General Fund	2,051,533
	Nonmajor governmental	24,550
	Nonmajor enterprise	50,000
		<u>2,126,083</u>
Internal Service	General Fund	6,549,514
	Nonmajor governmental	2,815,000
	Parks and Recreation	15,275
	Water and Sewer Trust	248,904
	Nonmajor enterprise	236,386
	Internal Service	485,346
		<u>10,350,425</u>
	Total transfers	<u>\$ 189,515,374</u>

The transfers to and from the various funds are made to account for budgetary authorizations and/or providing funding for operations as needed.

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

10. Fund Equities

At September 30, 2005, a deficit existed in the following funds:

Capital Projects Fund	
Lake Levels Act 146	\$ 43,107
Internal Service Fund	
Sheriff Aviation	1,362,616
Enterprise Fund	
Medical Care Facility	289,609

The deficit in the Lake Levels Act 146 fund reflects two accounting issues. The first involves the commencement of a new lake level construction project in FY2004. The Watkins Lake Level Control Structure and Augmentation Well project is funded by a bond issue in the amount of \$575,000 received in FY2005. The construction costs exceeded the bond funding for this project which resulted in a negative unreserved fund balance of \$34,098 as of September 30, 2005. This will be eliminated by a special assessment to benefiting property holders, to be collected over the next two to three years. The second issue is expenditures for the Waumegah Lake Level Dam project, which is funded by an advance from the Long-term Revolving fund. A multi-year assessment roll has been authorized and upon collection will be used to pay back the Revolving fund and thus eliminate the deficit, which at September 30, 2005 was \$9,009.

The negative unrestricted net assets in the Sheriff Aviation fund reflects two separate interfund advances (FY2001 and FY2002) from the Delinquent Tax Revolving fund to purchase two helicopters. The negative unrestricted net assets will be eliminated as the advances are repaid to the Delinquent Tax Revolving fund, which should be completed by FY2011.

The negative unrestricted net assets in the Medical Care Facility fund reflects a reduced cash position due to the presence of a number of open beds in the facility. In the fourth quarter of FY2005, the facility added a new level of care, which will attract patients with specialized needs. This specialized care is eligible for full reimbursement from both Medicare and Medicaid, as well as private insurance, resulting in increased revenue for the facility leading to the elimination of the deficit over the next two years.

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

Reserved, designated, and undesignated fund balances and net assets at September 30, 2005, including the Road Commission and Drainage Districts component units, were as follows:

	Reserved	Unreserved	
		Designated	Undesignated
Primary Government			
General Fund			
Encumbrances	\$ -	\$ 1,585,771	\$ -
Prepays	598,097	-	-
Future operating requirements	-	48,195,799	-
Capital outlay	-	10,417,630	-
Other programs	-	3,450,000	-
Uncommitted	-	-	1,197,376
	<u>\$ 598,097</u>	<u>\$ 63,649,200</u>	<u>\$ 1,197,376</u>
Special Revenue Funds			
Encumbrances	\$ -	\$ 191,020	\$ -
Construction and maintenance	-	1,073,892	-
Specific programs	-	72,945,305	-
	<u>\$ -</u>	<u>\$ 74,210,217</u>	<u>\$ -</u>
Debt Service Funds			
Debt service - general obligations	\$ 214,078	\$ -	\$ -
Capital Projects Funds			
Long-term receivables	\$ 978,990	\$ -	\$ -
Work projects	34,771,259	15,842,509	-
Uncommitted	-	-	5,317,282
	<u>\$ 35,750,249</u>	<u>\$ 15,842,509</u>	<u>\$ 5,317,282</u>
	Reserved	Unreserved	
		Designated	Undesignated
Component Units			
Road Commission			
Governmental Fund			
Construction and maintenance	\$ 12,724,555	\$ 20,513,558	\$ -
Subsequent year's budget	-	7,956,278	-
Other postemployment benefits	-	5,290,823	-
Long-term portion of provision for uninsured losses	-	2,600,000	-
Compensated absences	-	3,273,638	-
	<u>\$ 12,724,555</u>	<u>\$ 39,634,297</u>	<u>\$ -</u>
Drainage Districts			
Governmental Fund			
Construction and maintenance	\$ 17,281,972	\$ -	\$ -
Debt Service	910,264	-	-
	<u>\$ 18,192,236</u>	<u>\$ -</u>	<u>\$ -</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

11. Employee Benefits

Primary Government

The County provides various benefits to its employees. Expenditures in 2005 for these benefits totaled the following: medical insurance, \$29,674,593; dental insurance, \$3,057,028; optical insurance, \$334,658; annual and sick leave, \$1,294,769; disability, \$2,425,609; tuition reimbursement, \$331,796; Social Security, \$16,941,786; workers' compensation, \$2,244,454; and unemployment claims, \$436,245.

Road Commission

The Road Commission provides medical, dental, and optical insurance to its employees. Expenditures in 2005 for these benefits approximated \$9,383,800. Workers' compensation expense in 2005 approximated \$891,200.

12. Defined Benefit Pension Plans

Plan Description

The County has a single-employer defined benefit pension plan, covering substantially all full-time employees. The plan provides retirement, disability, and death benefits to plan members and their beneficiaries.

Since the County does not issue a stand-alone report for its County PERS, following are condensed financial statements for the period as of and including September 30, 2005:

Statement of Net Assets

Cash and investments	\$ 757,324,627
Other assets	3,018,849
Total assets	<u>760,343,476</u>
Liabilities	<u>637,340</u>
Net assets	<u>\$ 759,706,136</u>

Statement of Changes in Net Assets

Additions:	
Contributions	\$ 1,052,875
Investment income	80,787,518
Total additions	<u>81,840,393</u>
Deductions:	
Benefit payments	28,621,263
Other expenses	2,598,742
Total deductions	<u>31,220,005</u>
Change in net assets	50,620,388
Net assets held in trust, beginning of year	<u>709,085,748</u>
Net assets held in trust, end of year	<u>\$ 759,706,136</u>

County of Oakland

Notes to Basic Financial Statements

September 30, 2005

Basis of Accounting

The County's 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, 2003 and September 30, 2002, respectively. There were no contributions from County funds for the years 2000 through 2005.

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, 2005 and September 30, 2004 amounted to \$1,052,875 and \$1,071,778, 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. All administrative costs of the plan are financed directly by Oakland County.

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 eight years of service. Members vest after eight years of service.

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. Maximum County 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. Death benefits are provided to beneficiaries after ten years of service, based on years of service.

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

Classes of Employees

The County PERS covers the majority of full-time employees of the County hired prior to July 1, 1994. The Plans' membership consists of the following at September 30, 2004, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	1,625
Terminated plan members entitled to, but not yet receiving benefits	264
Active plan members	<u>1,031</u>
Total	<u>2,920</u>

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.

During fiscal year 2003, the County offered a retirement incentive for qualifying employees to retire, and 186 active employees elected to retire. This incentive amounted to \$6.4 million and was paid from the Oakland County Employees' Retirement Fund.

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

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. No contributions have been made since that time. The recommended rate of contribution for the year ended September 30, 2005 based on the actuarial evaluation of September 30, 2003 is again 0% of covered payroll, expressed in dollars as \$801,207. 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:

	2005	2004	2003
Annual required contribution	\$ 801,207	\$ 91,071	\$ -
Interest on the NPO	(56,182)	(58,616)	(54,527)
Annual pension cost	<u>745,025</u>	<u>32,455</u>	<u>(54,527)</u>
Actual pension contribution	<u>-</u>	<u>-</u>	<u>-</u>
Change in the NPO	745,025	32,455	(54,527)
NPO at beginning of year	<u>(749,096)</u>	<u>(781,551)</u>	<u>(727,024)</u>
NPO at end of year	<u>\$ (4,071)</u>	<u>\$ (749,096)</u>	<u>\$ (781,551)</u>

Fund Balance Reserved for Employees’ Pension Benefits

Fund balances reserved for employees’ pension benefits include legally required reserves. Fund balance as of September 30, 2005 consists of the following reserves:

Annuity reserve	\$ 7,097,356
Pension reserve	477,233,734
Pension accumulated reserve	<u>275,375,046</u>
Total fund balance	<u>\$ 759,706,136</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.

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

Road Commission

The Road Commission contributes to the Road Commission for Oakland County Retirement System (the "System"), which is the administrator of a single-employer public employees' retirement system that covers substantially all employees of the Road Commission. The System provides retirement, disability, and death benefits to plan members and their beneficiaries. The System currently requires no employee contribution. The obligation of the Road Commission to contribute to and maintain the System for these employees was established by negotiation with various collective bargaining units or other actions of the Oakland County Board of Road Commissioners. At December 31, 2004, the date of the most recent actuarial valuation, membership consisted of 445 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them and 551 current active employees.

A complete analysis of the dollar amounts of the actuarial value of assets, actuarial accrued liability, and unfunded actuarial accrued liability is reported in the Road Commission's Retirement System Financial Report as of December 31, 2004. A copy of this report may be obtained from the Road Commission's administrative office, located at 31001 Lahser Road, Beverly Hills, MI 48025.

For the year ended December 31, 2004, the Road Commission's annual pension cost of \$2,494,941 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of the actuarial valuations at December 31, 2002 and 2003, using the individual entry age normal cost method. Significant actuarial assumptions used include (a) a 7.5 percent investment rate of return, (b) projected salary increases of 4.5 percent to 8.0 percent per year, and (c) no cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at December 31, 2004 was 14 years.

As of December 31, 2004, the plan's legally required reserves have been fully funded as follows:

Reserve for employee's contributions	\$ 212,749
Reserve for retired benefit payments	66,772,105

Trend Information

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

	Fiscal year ended December 31,		
	2004	2003	2002
Annual pension cost (APC)	\$ 2,494,941	\$ 1,895,360	\$ 1,573,200
Percentage of APC contributed	100%	100%	100%
Net pension obligation	\$ -	\$ -	\$ -

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

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 first 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 County reopened the opportunity for transfer from the County PERS to the OPRS again in 1997, 1998, and 2000. As a result, there was a total of 1,230 employees which amounted to \$107,395,133 transferred to the OPRS through 2000. In 1999, establishment of the Community Mental Health Authority resulted in the transfer of 247 employees out of the County OPRS.

The OPRS maintains a schedule of vesting, with the participants becoming fully vested upon completion of six 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.

Total membership in the OPRS as of September 30, 2005 was 2,743, which includes 742 employees who elected to transfer from the PERS in 1995 through 2000 and 2,001 current employees hired since July 1, 1994.

The County's payroll for employees covered by the OPRS for the year ended September 30, 2005 was \$147,142,203, and the County's total payroll was \$216,848,540. The required contributions, which matched those actually made, were \$6,049,500 by employees and \$13,648,213 by the County, representing 4.1% and 9.3% 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.

14. Postemployment Benefits

The Oakland VEBA Trust (the 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).

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

In 2005, the County provided 1,686 retirees medical insurance and reimbursed them for Medicare premiums under the Trust. In 2005, the County disbursed \$16,626,943 for this purpose.

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

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, 2004. The County's Trust has an estimated unfunded liability that was determined as part of an actuarial valuation as of September 30, 2004, the most recent date for which actuarial data are available, and is as follows:

Retirees and beneficiaries	\$ 306,936,178
Vested terminated employees who will be eligible when they collect retirement (age 60 in most cases) and their beneficiaries	50,944,324
Active employees and beneficiaries	<u>350,980,311</u>
Total	708,860,813
Net assets available for benefits, at fair value	<u>230,455,929</u>
Unfunded accrued liability	<u>\$ 478,404,884</u>

Unfunded actuarial accrued liabilities are being amortized as a fixed percentage of payroll over a period of 40 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 6.0%, 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 15.04% of payroll. In 2005, the County contributed \$32,777,510 and earned \$20,087,192 of interest income, with retirees contributing \$71,304 toward the cost of hospitalization riders. Additionally, during 2004 a change was made in actuarial assumptions used in the calculation of retiree hospitalization, which will increase the County's required contribution to retiree health care in future years. Therefore, in 2004 the County transferred approximately \$50.9 million from the General Fund unreserved fund balance to the VEBA Trust fund, thus reducing the amount of unfunded actuarial liability, and generating additional investment income for future funding. Subsequent to year end, the County established a "Retirement Health Savings Plan" whereby employees hired after January 1, 2006 will no longer receive a defined health insurance benefit, but will receive a cash payment upon retirement, from which they can purchase their own health insurance.

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

Since the County does not issue stand-alone financial reports for the VEBA Trust, following are condensed financial statements as of and including September 30, 2005:

Statement of Net Assets

Cash and investments	\$ 273,290,232
Other assets	5,102,932
Total assets	<u>278,393,164</u>
Liabilities	<u>1,982,164</u>
Net assets	<u>\$ 276,411,000</u>

Statement of Changes in Net Assets

Additions:	
Contributions	\$ 32,848,814
Investment income	20,087,192
Total additions	<u>52,936,006</u>
Deductions:	
Benefit payments	16,626,943
Other expenses	4,500
Total deductions	<u>16,631,443</u>
Change in net assets	36,304,563
Net assets held in trust, beginning of year	<u>240,106,437</u>
Net assets held in trust, end of year	<u>\$ 276,411,000</u>

The Road Commission provides health care 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 520 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 postemployment benefits are on a "pay as you go" basis and accordingly are recognized as the life insurance premiums and medical costs become due. Approximately \$3,346,000 was charged to operations during the year ended September 30, 2005.

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.

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 property insurance for: its building and contents in the amount of \$250,000,000 loss limit (rated values \$415,167,131), builder's risk in the amount of \$8,428,785, electronic data processing equipment in the amount of \$32,061,068, boats and motors in the amount of \$673,000, helicopter physical damage in the amount of \$3,442,003, and automobile catastrophe physical damage in the amount of \$2,000,000. Liability insurance has been purchased for: airport operations in the amount of \$50,000,000, helicopter operations in the amount of \$100,000,000, and automobile fleet operations in the amount of \$5,000,000, fiduciary liability in the amount of \$25,000,000, employee bonds in the amount of \$3,000,000, travel accident in the amount of \$100,000 per person/\$500,000 aggregate, N.E.T. law enforcement liability in the amount of \$5,000,000, workers' compensation statutory coverage in excess of \$500,000 each occurrence self-insured retention, and employers liability in the amount of \$1,000,000.

The County is uninsured for all other 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, 2005, 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
September 30, 2005

The County records estimates in the Fringe Benefits and the Building and 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,	
	2005	2004
Primary Government		
Beginning-of-period liability	<u>\$ 39,825,512</u>	<u>\$ 43,928,295</u>
Estimated claims incurred, claim adjustment expenses and changes in estimates		
Provisions for current-year events	40,746,063	36,897,401
Increase (decrease) in provisions for prior-year events	<u>579,698</u>	<u>(5,799,266)</u>
Total incurred claims, claim adjustment expenses and changes in estimates	41,325,761	31,098,135
Claim payments and claim adjustment expenses		
Related to current-year events	(35,954,974)	(33,112,420)
Related to prior-year events	<u>(6,212,817)</u>	<u>(2,088,498)</u>
Total claim payments and claim adjustment expenses	<u>(42,167,791)</u>	<u>(35,200,918)</u>
End-of-period liability	<u>\$ 38,983,482</u>	<u>\$ 39,825,512</u>
Road Commission - Component Unit		
Beginning-of-year liability	\$ 4,900,000	\$ 5,234,000
Estimated claims incurred and changes in estimates	9,900,599	11,375,577
Claim payments	<u>(10,790,599)</u>	<u>(11,709,577)</u>
End-of-year liability	<u>\$ 4,010,000</u>	<u>\$ 4,900,000</u>

17. Leases

The County (primary government) leases certain office facilities and other equipment under non-cancelable operating leases. Total costs for such leases for the County for the year ended September 30, 2005 were \$785,714. The future minimum lease payments as of September 30, 2005 are as follows:

Fiscal year	Primary government
2006	\$ 1,098,334
2007	1,068,498
2008	958,509
2009	614,351
2010	309,853
2011 - 2015	788,020
2016 - 2020	583,135
	<u>\$ 5,420,700</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, 2005 amounted to \$95,268, recorded in the Facilities Maintenance & Operations fund, an internal service fund type.

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

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.

The County has outstanding construction commitments (contracts) at September 30, 2005 as follows: Work Release/Jail Management/Video Conferencing with a cost of \$2,420,000 for the Jail Management System portion and a remaining balance of \$2,059,287; the Office Building Renovation project with preliminary construction contracts (2) of \$3,476,971 and a remaining balance of \$910,536, Airport T-Hangar project with preliminary construction contracts (3) of \$5,513,312 and a remaining balance of \$3,800,610.

County of Oakland
Notes to Basic Financial Statements
September 30, 2005

19. Statement of Net Assets – Reconciliation of Internal Balances

* The internal balances amount on the Statement of Net Assets is reconciled as follows:

Governmental Activities

Governmental Funds	
Due from other funds	\$ 136,290,275
Long-term advances receivable	814,323
Due to other funds	(120,979,175)
Current and long-term advances payable	(1,314,323)
Internal Service Funds	
Due from other funds	7,201,071
Due to other funds	(4,892,795)
Current and long-term advances payable	(2,150,000)
Transferred to due to/due from fiduciary funds	
Due to fiduciary funds	(15,041,701)
Capital lease receivable for Parks and Recreation, not reported in funds	2,600,000
Capital lease receivable for County Airports, not reported in funds	6,430,000
	<u>8,957,675</u>
Governmental activities, internal balances	<u>\$ 8,957,675</u>

Business-Type Activities

Proprietary Funds	
Due from other funds	\$ 4,359,307
Current and long-term advances receivable	2,650,000
Due to other funds	(6,933,964)
Current and long-term capital lease payable	(9,030,000)
Transferred to due to/due from fiduciary funds	
Due to fiduciary funds	(3,018)
	<u>(8,957,675)</u>
Business-type activities, internal balances	<u>\$ (8,957,675)</u>

20. Extraordinary Items

The following are reported as an extraordinary item in the Basic Financial Statements for the fiscal year ended September 30, 2005. The Road Commission Component Unit experienced a fire in 2004 which destroyed or severely damaged a building, vehicles, equipment and supplies. During the fiscal year ended September 30, 2005, the Road Commission recorded an addition to the insurance claim of \$285,572. Incremental costs such as security, rentals, maintenance, etc. related to the fire were \$356,120 in aggregate. As a result, there is an extraordinary loss reported in the financial statements. The damaged building has been replaced with an expanded and updated facility and has purchased or ordered new vehicles and equipment to replace those lost in the fire. The actual costs of the improved facility and equipment fleet significantly exceed the anticipated total insurance proceeds.

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 September 30,	Actuarial value of assets	Actuarial accrued liability (AAL)	Unfunded AAL (UAAL)	Funded ratio	Covered payroll	UAAL as a percentage of covered payroll
1999 *	\$ 716,127,212	\$ 567,224,551	\$ (148,902,661)	123.9%	\$ 73,990,858	0.0%
2000 *	775,243,552	573,768,933	(201,474,619)	135.1%	69,175,806	0.0%
2001	789,236,897	580,370,868	(208,866,029)	136.0%	67,115,144	0.0%
2002	723,402,622	602,229,408	(121,173,214)	120.1%	67,665,611	0.0%
2003	658,078,396	626,340,056	(31,738,340)	105.1%	58,244,337	0.0%
2004	655,564,045	641,879,328	(13,684,717)	102.1%	60,605,120	0.0%

* Plan amended.

Schedule of employer contributions:

Year ended September 30,	Annual required contribution	Percentage contributed
1999	\$ 1,215,589	0%
2000	365,699	0%
2001	-	0%
2002	-	0%
2003	-	0%
2004	-	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 actual valuation follows:

Actuarial cost method	Aggregate actuarial cost beginning in 1995; individual entry-age normal cost previously 3-year average of adjusted market values
Asset valuation method	
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 (Continued)
Six-Year Historical Trend Information – Unaudited

Schedule of funding progress:

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
1999 *	\$ 131,926,367	\$ 116,292,106	\$ (15,634,261)	113.4%	\$ 24,177,412	0.0%
2000	143,780,578	122,490,587	(21,289,991)	117.4%	25,409,923	0.0%
2001	150,647,599	127,603,386	(23,044,213)	118.1%	26,570,231	0.0%
2002	149,363,853	132,828,911	(16,534,942)	112.4%	26,759,461	0.0%
2003 *	154,182,955	142,068,917	(12,114,038)	108.5%	28,259,643	0.0%
2004	159,759,473	147,662,189	(12,097,284)	108.2%	28,582,921	0.0%

* Retirement System amended.

Schedule of employer contributions:

Year ended December 31,	Annual required contribution	Percentage contributed
1999	\$ 2,566,035	111.5%
2000	1,840,456	135.5%
2001	2,108,248	106.0%
2002	1,739,618	90.4%
2003	1,841,781	102.9%
2004	2,347,343	0.0%

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 normal cost
Amortization method	Level percent of payroll contributions, closed
Remaining amortization period	15 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
Year Ended September 30, 2005**

	General Fund			Variance with Final Amended Budget
	Original Budget	Final Amended Budget	Actual	
Revenues				
Taxes				
Current property taxes	\$ 224,910,000	\$ 299,095,650	\$ 300,288,375	\$ 1,192,725
Delinquent taxes - prior years	500,000	500,000	673,000	173,000
Trailer tax	105,000	105,000	96,283	(8,717)
Total	<u>225,515,000</u>	<u>299,700,650</u>	<u>301,057,658</u>	<u>1,357,008</u>
Other intergovernmental revenues				
Cigarette tax distribution	900,000	900,000	686,759	(213,241)
Circuit judges' salaries	903,506	903,506	994,159	90,653
Community corrections	380,000	434,700	520,793	86,093
Probate judges' salaries	565,619	565,619	589,628	24,009
District judges' salaries	536,702	536,702	377,561	(159,141)
State revenue sharing	18,700,000	-	-	-
State reimbursement - P.A. 228	2,017,000	-	-	-
State court fund - P.A. 189	6,100,000	6,193,400	6,540,402	347,002
Convention facility liquor tax	2,900,000	2,970,573	2,970,573	-
Other	390,730	425,730	411,251	(14,479)
Total	<u>33,393,557</u>	<u>12,930,230</u>	<u>13,091,126</u>	<u>160,896</u>
Charges for services				
County Executive	228,500	228,500	218,046	(10,454)
Management and Budget	2,774,247	2,862,722	2,897,071	34,349
Central Services	143,000	143,000	188,835	45,835
Human Resources	800	800	18,873	18,073
Public Services	1,705,885	1,705,885	1,603,630	(102,255)
Community and Economic Development	530,806	467,292	260,198	(207,094)
Clerk/Register of Deeds	15,162,500	16,919,412	20,692,851	3,773,439
Treasurer	2,825,680	2,825,680	2,394,535	(431,145)
Circuit Court	3,964,790	4,088,190	4,102,693	14,503
District Court	11,993,653	12,083,903	13,279,234	1,195,331
Probate Court	524,100	524,100	522,691	(1,409)
Prosecuting Attorney	214,600	216,600	220,689	4,089
Sheriff	33,197,046	35,189,205	35,031,991	(157,214)
Legislative	39,800	59,200	100,074	40,874
Drain Commissioner	1,870,821	1,870,821	1,596,546	(274,275)
Non-Departmental	1,550,000	1,550,000	904,089	(645,911)
Total	<u>76,726,228</u>	<u>80,735,310</u>	<u>84,032,046</u>	<u>3,296,736</u>

(continued)

County of Oakland
Required Supplementary Information
Budgetary Comparison Schedule (Continued)
Major Governmental Funds
Year Ended September 30, 2005

	General Fund			Variance with Final Amended Budget
	Original Budget	Final Amended Budget	Actual	
Revenues, continued				
Investment income	\$ 1,430,200	\$ 3,431,100	\$ 3,719,489	\$ 288,389
Indirect cost recovery	9,364,000	9,364,000	9,410,302	46,302
Federal grants	113,652	122,352	49,172	(73,180)
State grants	-	2,400	2,400	-
Contributions	-	-	-	-
Other revenue	236,194	963,947	988,771	24,824
Total revenues	<u>346,778,831</u>	<u>407,249,989</u>	<u>412,350,964</u>	<u>5,100,975</u>
Expenditures				
County Executive				
Administration				
Controllable personnel expenditures	5,670,747	5,872,630	5,810,616	62,014
Controllable operating expenditures	850,769	1,046,639	755,008	291,631
Non-controllable operating expenditures	1,261,901	1,398,386	1,379,636	18,750
Total Administration	<u>7,783,417</u>	<u>8,317,655</u>	<u>7,945,260</u>	<u>372,395</u>
Management and Budget				
Controllable personnel expenditures	15,787,984	15,986,420	15,319,947	666,473
Controllable operating expenditures	535,182	706,763	457,778	248,985
Non-controllable operating expenditures	3,641,380	4,545,338	4,502,491	42,847
Total Management and Budget	<u>19,964,546</u>	<u>21,238,521</u>	<u>20,280,216</u>	<u>958,305</u>
Central Services				
Controllable personnel expenditures	1,337,822	1,376,334	1,355,426	20,908
Controllable operating expenditures	37,583	150,223	133,201	17,022
Non-controllable operating expenditures	1,016,763	1,113,141	1,097,587	15,554
Total Central Services	<u>2,392,168</u>	<u>2,639,698</u>	<u>2,586,214</u>	<u>53,484</u>
Facilities Management				
Controllable personnel expenditures	1,284,592	1,291,892	1,206,980	84,912
Controllable operating expenditures	116,925	116,925	97,608	19,317
Non-controllable operating expenditures	144,516	145,780	154,786	(9,006)
Total Facilities Management	<u>1,546,033</u>	<u>1,554,597</u>	<u>1,459,374</u>	<u>95,223</u>
Human Resources				
Controllable personnel expenditures	3,346,503	3,426,064	3,204,771	221,293
Controllable operating expenditures	646,425	830,024	781,612	48,412
Non-controllable operating expenditures	806,291	993,114	950,266	42,848
Total Personnel	<u>4,799,219</u>	<u>5,249,202</u>	<u>4,936,649</u>	<u>312,553</u>

(continued)

**County of Oakland
Required Supplementary Information
Budgetary Comparison Schedule (Continued)
Major Governmental Funds
Year Ended September 30, 2005**

	General Fund			Variance with Final Amended Budget
	Original Budget	Final Amended budget	Actual	
Expenditures (continued)				
County Executive (continued)				
Human Services				
Controllable personnel expenditures	\$ 189,028	\$ 189,028	\$ 187,723	\$ 1,305
Controllable operating expenditures	2,141,587	2,784,565	2,680,279	104,286
Non-controllable operating expenditures	10,835	10,835	8,035	2,800
Total Human Services	<u>2,341,450</u>	<u>2,984,428</u>	<u>2,876,037</u>	<u>108,391</u>
Public Services				
Controllable personnel expenditures	10,037,550	10,004,832	9,810,485	194,347
Controllable operating expenditures	1,653,763	2,044,103	2,023,558	20,545
Non-controllable operating expenditures	3,329,791	3,790,214	3,654,821	135,393
Total Public Services	<u>15,021,104</u>	<u>15,839,149</u>	<u>15,488,864</u>	<u>350,285</u>
Community and Economic Development				
Controllable personnel expenditures	4,306,288	4,180,757	4,075,016	105,741
Controllable operating expenditures	1,384,744	2,168,257	1,076,197	1,092,060
Non-controllable operating expenditures	964,235	1,055,023	999,458	55,565
Total Community and Economic Development	<u>6,655,267</u>	<u>7,404,037</u>	<u>6,150,671</u>	<u>1,253,366</u>
Total County Executive	<u>60,503,204</u>	<u>65,227,287</u>	<u>61,723,285</u>	<u>3,504,002</u>
Clerk/Register of Deeds				
Controllable personnel expenditures	7,831,543	6,588,664	6,661,459	(72,795)
Controllable operating expenditures	2,251,368	2,494,962	2,223,597	271,365
Non-controllable operating expenditures	2,154,387	2,609,161	2,439,943	169,218
Total Clerk/Register of Deeds	<u>12,237,298</u>	<u>11,692,787</u>	<u>11,324,999</u>	<u>367,788</u>
Treasurer				
Controllable personnel expenditures	2,650,124	2,615,608	2,405,813	209,795
Controllable operating expenditures	183,290	222,500	154,073	68,427
Non-controllable operating expenditures	649,928	762,114	743,517	18,597
Total Treasurer	<u>3,483,342</u>	<u>3,600,222</u>	<u>3,303,403</u>	<u>296,819</u>

(continued)

County of Oakland
Required Supplementary Information
Budgetary Comparison Schedule (Continued)
Major Governmental Funds
Year Ended September 30, 2005

	General Fund			Variance with Final Amended Budget
	Original Budget	Final Amended Budget	Actual	
Expenditures (continued)				
Justice Administration				
Circuit Court				
Controllable personnel expenditures	\$ 21,886,430	\$ 22,339,652	\$ 22,004,771	\$ 334,881
Controllable operating expenditures	7,627,634	11,821,078	11,195,808	625,270
Non-controllable operating expenditures	4,502,770	4,897,923	4,789,747	108,176
Total Circuit Court	<u>34,016,834</u>	<u>39,058,653</u>	<u>37,990,326</u>	<u>1,068,327</u>
District Court				
Controllable personnel expenditures	11,048,654	11,009,143	10,688,682	320,461
Controllable operating expenditures	2,496,937	2,720,788	2,538,198	182,590
Non-controllable operating expenditures	1,968,613	2,474,171	2,409,706	64,465
Total District Court	<u>15,514,204</u>	<u>16,204,102</u>	<u>15,636,586</u>	<u>567,516</u>
Probate Court				
Controllable personnel expenditures	4,000,486	4,182,402	4,028,567	153,835
Controllable operating expenditures	704,981	722,704	641,216	81,488
Non-controllable operating expenditures	763,161	869,417	832,442	36,975
Total Probate Court	<u>5,468,628</u>	<u>5,774,523</u>	<u>5,502,225</u>	<u>272,298</u>
Total Justice Administration	<u>54,999,666</u>	<u>61,037,278</u>	<u>59,129,137</u>	<u>1,908,141</u>
Law Enforcement				
Prosecuting Attorney				
Controllable personnel expenditures	14,330,834	14,319,607	13,736,558	583,049
Controllable operating expenditures	895,281	1,935,157	1,791,584	143,573
Non-controllable operating expenditures	1,856,347	1,931,928	1,860,881	71,047
Total Prosecuting Attorney	<u>17,082,462</u>	<u>18,186,692</u>	<u>17,389,023</u>	<u>797,669</u>
Sheriff				
Controllable personnel expenditures	87,039,727	88,642,547	91,204,337	(2,561,790)
Controllable operating expenditures	10,334,185	11,832,211	11,639,452	192,759
Non-controllable operating expenditures	14,893,944	15,485,146	15,896,752	(411,606)
Total Sheriff	<u>112,267,856</u>	<u>115,959,904</u>	<u>118,740,541</u>	<u>(2,780,637)</u>
Total Law Enforcement	<u>129,350,318</u>	<u>134,146,596</u>	<u>136,129,564</u>	<u>(1,982,968)</u>

(continued)

County of Oakland
Required Supplementary Information
Budgetary Comparison Schedule (Continued)
Major Governmental Funds
Year Ended September 30, 2005

	General Fund			Variance with Final Amended Budget
	Original Budget	Final Amended Budget	Actual	
Expenditures (continued)				
Legislative				
Board of Commissioners				
Controllable personnel expenditures	\$ 3,120,317	\$ 3,115,812	\$ 2,998,527	\$ 117,285
Controllable operating expenditures	1,097,070	1,183,000	981,453	201,547
Non-controllable operating expenditures	1,235,907	1,185,345	1,127,505	57,840
Total Legislative	<u>5,453,294</u>	<u>5,484,157</u>	<u>5,107,485</u>	<u>376,672</u>
Drain Commissioner				
Controllable personnel expenditures	3,414,457	3,413,987	3,015,970	398,017
Controllable operating expenditures	382,475	1,876,500	806,775	1,069,725
Non-controllable operating expenditures	1,039,683	1,251,139	1,322,058	(70,919)
Total Drain Commissioner	<u>4,836,615</u>	<u>6,541,626</u>	<u>5,144,803</u>	<u>1,396,823</u>
Non-departmental				
Controllable personnel expenditures	-	4,000,000	4,000,000	-
Controllable operating expenditures	22,577,238	16,905,850	14,087,936	2,817,914
Non-controllable operating expenditures	9,666,517	3,607,744	2,752,296	855,448
Total non-departmental	<u>32,243,755</u>	<u>24,513,594</u>	<u>20,840,232</u>	<u>3,673,362</u>
Total expenditures	<u>303,107,492</u>	<u>312,243,547</u>	<u>302,702,908</u>	<u>9,540,639</u>
Excess of revenues over expenditures	<u>43,671,339</u>	<u>95,006,442</u>	<u>109,648,056</u>	<u>14,641,614</u>
Other Financing Sources (Uses)				
Transfers in				
Special Revenue Funds				
Revenue Sharing Reserve	-	20,717,000	20,717,000	-
Restricted funds	-	24,300	24,300	-
Total special revenue	<u>-</u>	<u>20,741,300</u>	<u>20,741,300</u>	<u>-</u>
Capital Projects				
Long Term Revolving	-	-	5	5
Project Work Order Funds	-	-	46,690	46,690
Total capital projects funds	<u>-</u>	<u>-</u>	<u>46,695</u>	<u>46,695</u>
Internal service				
Fringe Benefit fund	-	53,952	53,952	-
Enterprise Funds				
Delinquent Tax Revolving	5,952,101	5,952,101	6,725,127	773,026
Jail Inmate Commissary	88,231	60,498	32,268	(28,230)
Total enterprise funds	<u>6,040,332</u>	<u>6,012,599</u>	<u>6,757,395</u>	<u>744,796</u>
Total Transfers In	<u>6,040,332</u>	<u>26,807,851</u>	<u>27,599,342</u>	<u>791,491</u>

(continued)

County of Oakland
Required Supplementary Information
Budgetary Comparison Schedule (Continued)
Major Governmental Funds
Year Ended September 30, 2005

	General Fund			Variance with Final Amended Budget
	Original Budget	Final Amended Budget	Actual	
Other Financing Sources (Uses) (continued)				
Transfers out				
Special Revenue Funds				
Public Health	\$ (24,046,218)	\$ (25,215,811)	\$ (23,337,436)	\$ 1,878,375
Juvenile Maintenance	(16,302,953)	(19,525,464)	(19,358,326)	167,138
Social Welfare Foster Care	(15,000)	(15,000)	-	15,000
Drains-Act 40 Chapters 4 & 18 Maintenance	(56,165)	(56,165)	(56,165)	-
Revenue Sharing Reserve	-	(74,185,650)	(75,861,063)	(1,675,413)
Oakland Enhancement	(55,700)	(55,700)	(55,700)	-
Total special revenue funds	<u>(40,476,036)</u>	<u>(119,053,790)</u>	<u>(118,668,690)</u>	<u>385,100</u>
Debt Service Funds				
Building Authority Computer Center Refunding	(84,000)	(84,000)	(80,620)	3,380
Building Authority Refunding Series 1998	(1,440,000)	(1,440,000)	(1,439,388)	612
Total debt service funds	<u>(1,524,000)</u>	<u>(1,524,000)</u>	<u>(1,520,008)</u>	<u>3,992</u>
Capital Projects Funds				
Major Department Support Projects	-	(3,671,938)	(3,671,938)	-
Building Improvement	(5,500,000)	(5,383,058)	(5,383,058)	-
Project Work Orders	(650,000)	(1,375,000)	(1,398,205)	(23,205)
Total capital projects funds	<u>(6,150,000)</u>	<u>(10,429,996)</u>	<u>(10,453,201)</u>	<u>(23,205)</u>
Internal Service Funds				
Information Technology	(2,580,000)	(6,235,714)	(6,230,714)	5,000
Office Equipment fund	(60,000)	(284,538)	(263,765)	20,773
Motor Pool	(20,773)	(55,035)	(55,035)	-
Total internal service funds	<u>(2,660,773)</u>	<u>(6,575,287)</u>	<u>(6,549,514)</u>	<u>25,773</u>
				(continued)

County of Oakland
Required Supplementary Information
Budgetary Comparison Schedule (Continued)
Major Governmental Funds
Year Ended September 30, 2005

	General Fund			Variance with Final Amended Budget
	Original Budget	Final Amended Budget	Actual	
Other Financing Sources (Uses) (continued)				
Transfers out (continued)				
Enterprise Funds				
CLEMIS	\$ (1,622,808)	\$ (1,672,708)	\$ (1,666,400)	\$ 6,308
Radio Communications	(3,922)	(32,749)	(28,827)	3,922
Fire Records Management	(373,800)	(382,556)	(356,306)	26,250
Total enterprise funds	<u>(2,000,530)</u>	<u>(2,088,013)</u>	<u>(2,051,533)</u>	<u>36,480</u>
Total transfers out	<u>(52,811,339)</u>	<u>(139,671,086)</u>	<u>(139,242,946)</u>	<u>428,140</u>
Total other financing sources (uses)	<u>(46,771,007)</u>	<u>(112,863,235)</u>	<u>(111,643,604)</u>	<u>1,219,631</u>
Net change in fund balance	(3,099,668)	(17,856,793)	(1,995,548)	15,861,245
Fund balance				
October 1, 2004	<u>67,440,221</u>	<u>67,440,221</u>	<u>67,440,221</u>	<u>-</u>
September 30, 2005	<u>\$ 64,340,553</u>	<u>\$ 49,583,428</u>	<u>\$ 65,444,673</u>	<u>\$ 15,861,245</u>

County of Oakland
Required Supplementary Information
Budgetary Comparison Schedule (Continued)
Major Governmental Funds
Year Ended September 30, 2005

	Public Health			
	Original budget	Final Amended budget	Actual	Variance with Final Amended Budget
Revenues				
State grants	\$ 3,642,619	\$ 4,790,856	\$ 4,690,730	\$ (100,126)
Charges for services	3,126,248	2,063,756	2,615,453	551,697
Other	-	-	1,253	1,253
Contributions	-	171,844	87,195	(84,649)
Total revenues	<u>6,768,867</u>	<u>7,026,456</u>	<u>7,394,631</u>	<u>368,175</u>
Expenditures				
Current operations				
County Executive				
Human Services				
Controllable personnel expenditures	23,497,338	23,592,293	22,249,956	1,342,337
Controllable operating expenditures	4,389,282	4,730,857	4,488,375	242,482
Non-controllable operating expenditures	2,928,465	3,919,117	4,061,564	(142,447)
Total Human Services	<u>30,815,085</u>	<u>32,242,267</u>	<u>30,799,895</u>	<u>1,442,372</u>
Total County Executive	<u>30,815,085</u>	<u>32,242,267</u>	<u>30,799,895</u>	<u>1,442,372</u>
Total expenditures	<u>30,815,085</u>	<u>32,242,267</u>	<u>30,799,895</u>	<u>1,442,372</u>
Deficiency of revenues under expenditures	<u>(24,046,218)</u>	<u>(25,215,811)</u>	<u>(23,405,264)</u>	<u>1,810,547</u>
Other financing sources (uses)				
Transfers in	24,046,218	25,215,811	23,337,436	(1,878,375)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>24,046,218</u>	<u>25,215,811</u>	<u>23,337,436</u>	<u>(1,878,375)</u>
Net change in fund balance	-	-	(67,828)	(67,828)
Fund balance				
October 1, 2004	<u>171,844</u>	<u>171,844</u>	<u>171,844</u>	<u>-</u>
September 30, 2005	<u>\$ 171,844</u>	<u>\$ 171,844</u>	<u>\$ 104,016</u>	<u>\$ (67,828)</u>

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

**County of Oakland
Balance Sheet
Non-Major Governmental Funds – By Fund Type
September 30, 2005**

	Special Revenue	Debt Service	Capital Projects	Totals September 30, 2005
Assets				
Current assets				
Pooled cash and investments	\$ 28,434,205	\$ 774,988	\$ 55,020,248	\$ 84,229,441
Due from other governmental units	19,569,084	-	-	19,569,084
Due from component units	-	-	360,757	360,757
Accrued interest receivable	111,351	1,919	203,957	317,227
Accounts receivable (net of allowance for uncollectibles where applicable)	182,627	-	32,667	215,294
Due from other funds	1,501,391	-	3,255,956	4,757,347
Other assets	4,106,329	-	-	4,106,329
Total current assets	<u>53,904,987</u>	<u>776,907</u>	<u>58,873,585</u>	<u>113,555,479</u>
Noncurrent assets				
Advances	-	-	814,323	814,323
Special assessments receivable	-	14,150,000	21,449	14,171,449
Contracts receivable	-	-	164,667	164,667
Total noncurrent assets	<u>-</u>	<u>14,150,000</u>	<u>1,000,439</u>	<u>15,150,439</u>
Total assets	<u>\$ 53,904,987</u>	<u>\$ 14,926,907</u>	<u>\$ 59,874,024</u>	<u>\$ 128,705,918</u>
Liabilities and Fund Balances				
Current liabilities				
Due to other governmental units	\$ 1,115,628	\$ -	\$ -	\$ 1,115,628
Due to other funds	12,178,840	61	451,969	12,630,870
Accrued interest payable	-	-	376	376
Deferred revenue	11,059,506	165,905	-	11,225,411
Other accrued liabilities	10,588,875	510,353	1,675,867	12,775,095
Total current liabilities	<u>34,942,849</u>	<u>676,319</u>	<u>2,128,212</u>	<u>37,747,380</u>
Noncurrent				
Deferred Revenue	-	14,150,000	21,449	14,171,449
Advances	-	-	814,323	814,323
Total noncurrent liabilities	<u>-</u>	<u>14,150,000</u>	<u>835,772</u>	<u>14,985,772</u>
Total liabilities	<u>34,942,849</u>	<u>14,826,319</u>	<u>2,963,984</u>	<u>52,733,152</u>
Fund balances				
Reserved				
Debt service	-	100,588	-	100,588
Long-term receivables	-	-	978,990	978,990
Programs	-	-	34,771,259	34,771,259
Unreserved				
Designated for Encumbrances	87,004	-	-	87,004
Designated for Programs	18,875,134	-	15,842,509	34,717,643
Undesignated	-	-	5,317,282	5,317,282
Total fund balances	<u>18,962,138</u>	<u>100,588</u>	<u>56,910,040</u>	<u>75,972,766</u>
Total Liabilities and Fund Balances	<u>\$ 53,904,987</u>	<u>\$ 14,926,907</u>	<u>\$ 59,874,024</u>	<u>\$ 128,705,918</u>

County of Oakland
Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds – By Fund Type
Year Ended September 30, 2005

	Special Revenue	Debt Service	Capital Projects	Totals September 30, 2005
Revenues				
Special assessments	\$ 1,675,976	\$ 3,443,967	\$ 12,581	\$ 5,132,524
Federal grants	41,672,284	-	-	41,672,284
State grants	23,881,278	-	-	23,881,278
Other intergovernmental revenues	2,998,354	-	-	2,998,354
Charges for services	22,023,840	81,650	1,512	22,107,002
Contributions	73,827	-	-	73,827
Investment income	549,913	73,362	723,266	1,346,541
Other	218,382	-	-	218,382
Total revenues	<u>93,093,854</u>	<u>3,598,979</u>	<u>737,359</u>	<u>97,430,192</u>
Expenditures				
Current operations				
County Executive	70,607,397	-	-	70,607,397
Clerk/Register of Deeds	386,758	-	-	386,758
Treasurer	2,355,372	-	-	2,355,372
Justice administration	25,214,809	-	-	25,214,809
Law enforcement	6,618,395	-	-	6,618,395
Drain Commissioner	10,527,921	-	-	10,527,921
Non-departmental	89,595	-	-	89,595
Total current operations	<u>115,800,247</u>	<u>-</u>	<u>-</u>	<u>115,800,247</u>
Capital outlay	-	-	18,354,001	18,354,001
Intergovernmental	862,881	157,686	-	1,020,567
Debt service				
Principal payments	-	5,900,000	-	5,900,000
Interest and fiscal charges	-	4,302,042	-	4,302,042
Total expenditures	<u>116,663,128</u>	<u>10,359,728</u>	<u>18,354,001</u>	<u>145,376,857</u>
Deficiency of revenues under expenditures	<u>(23,569,274)</u>	<u>(6,760,749)</u>	<u>(17,616,642)</u>	<u>(47,946,665)</u>
Other financing sources (uses)				
Transfers in	19,470,190	6,667,178	24,103,657	50,241,025
Transfers out	(4,863,850)	(5)	(11,326,090)	(16,189,945)
Payment to bond escrow agent	-	(1,099,561)	-	(1,099,561)
Issuance of bonds	-	1,140,000	20,815,000	21,955,000
Discount on bonds sold	-	(8,268)	(88,167)	(96,435)
Total other financing sources (uses)	<u>14,606,340</u>	<u>6,699,344</u>	<u>33,504,400</u>	<u>54,810,084</u>
Net change in fund balance	<u>(8,962,934)</u>	<u>(61,405)</u>	<u>15,887,758</u>	<u>6,863,419</u>
Fund balances				
October 1, 2004	<u>27,925,072</u>	<u>161,993</u>	<u>41,022,282</u>	<u>69,109,347</u>
September 30, 2005	<u>\$ 18,962,138</u>	<u>\$ 100,588</u>	<u>\$ 56,910,040</u>	<u>\$ 75,972,766</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 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 Register of Deeds Automation Fund - is used to account for revenues from additional fees as authorized by the State of Michigan to allow for technology improvements in Clerk/Register of Deeds offices.

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 Property Tax Forfeiture Fund - is used to account for the collection of revenues from land sale fees and subsequent sales of forfeited parcels of land. Proceeds from the forfeited properties are disbursed to the respective municipalities upon completion of sale.

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.
- Blind/Handicapped Library 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.
- Probate Court Trust is used to account for individual donations made to the court and their subsequent disbursement to assist youths.
- Donations for programs such as: Easter Egg Hunt, Medical Examiner Library and FSC, Animal Population Control and Education, Arts, Culture and Film.

County of Oakland

Non-Major Special Revenue Funds

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

The Water and Sewer Act 342 Fund - is used to account for the construction, under contractual arrangement, of water and sewer systems (currently 9) under Public Act 342 of 1939. Upon completion of the projects, these systems are turned over to the respective municipalities for operations and maintenance.

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 30) created under Public Act 146 of 1961.

The Drains Act 40 Chapter 4 & 18 Maintenance Fund - is used to record expenditures for the operations and maintenance of drainage districts created under Chapters 4 and 18 of Public Act 40 of 1956 (currently 298 drains). Revenues are provided from special assessments against the benefiting properties within the district.

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. Efforts are in progress whereby the lake improvement board will name the Treasurer of the local municipality (as opposed to the former arrangement with the Oakland County Treasurer) as treasurer of the respective improvement board. This will remove accounting and reporting responsibility from Oakland County.

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

- Main 1-2 Storm Water Detention Pond Inventory, which utilizes federal funds to inventory the existing stormwater detention basins within the Main 1-2 Subwatershed, identify the existing capacity and outlet structures, and to evaluate each individual facility for improvements and impact on water quality and flow.
- Main 1-2 Stream Bank Inventory, utilizes federal funds to inventory and identify stream bank erosion sites along the main branch of the Rouge River and to make recommendations that will incorporate best management practices to decrease sediment loading to the river.
- Rouge-Oakland Public Education Activities, which utilizes for public education and information measures to control sources of water pollution and improve water quality.

The Friend of the Court Fund - is used to account for costs of the operation of this division of the Circuit Court, responsible for providing services to individuals involved in court actions relating to case initiation, establishment, collections and enforcement of child support orders as directed by the State of Michigan Child Support Enforcement System. Revenue sources include federal and state funding and charges for services.

County of Oakland

Non-Major Special Revenue Funds

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 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/Remonumentation, 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 and Film, Medical Examiner Family Counseling, Community Corrections In-Step, and Domestic Preparedness Equipment.

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.

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

The Oakland Brownfield Initiative Fund - is used to account for grant revenue and administration/management costs incurred in assisting the redevelopment of tax reverted properties through Brownfield Cleanup Revolving Loan Fund programs.

**County of Oakland
Combining Balance Sheet
Non-Major Special Revenue Funds
September 30, 2005**

	Juvenile Maintenance	Social Welfare Foster Care	Delinquent Personal Tax Administration	Register of Deeds Automation	Oakland Enhancement	Property Tax Forfeiture
Assets						
Current assets						
Pooled cash and investments	\$ -	\$ -	\$ 5,623,826	\$ 5,067,108	\$ 318,611	\$ 5,195,265
Due from other governmental units	4,741,133	-	-	-	-	-
Accrued interest receivable	-	-	42,119	-	1,222	17,970
Accounts receivable (net of allowance for uncollectibles where applicable)	70,791	-	-	-	11,918	-
Due from other funds	-	-	-	21,092	-	-
Other assets	-	-	-	-	-	-
Total assets	<u>\$ 4,811,924</u>	<u>\$ -</u>	<u>\$ 5,665,945</u>	<u>\$ 5,088,200</u>	<u>\$ 331,751</u>	<u>\$ 5,213,235</u>
Liabilities and Fund Balances						
Current liabilities						
Due to other governmental units	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	3,814,522	-	-	309	-	-
Deferred revenue	-	-	-	-	-	-
Other accrued liabilities	929,489	-	15,155	75	-	2,478,017
Total liabilities	<u>4,744,011</u>	<u>-</u>	<u>15,155</u>	<u>384</u>	<u>-</u>	<u>2,478,017</u>
Fund balances						
Unreserved, designated for						
Encumbrances	67,913	-	-	-	1,543	-
Construction and maintenance Programs	-	-	-	-	-	-
	-	-	5,650,790	5,087,816	330,208	2,735,218
Total fund balances	<u>67,913</u>	<u>-</u>	<u>5,650,790</u>	<u>5,087,816</u>	<u>331,751</u>	<u>2,735,218</u>
Total liabilities and fund balances	<u>\$ 4,811,924</u>	<u>\$ -</u>	<u>\$ 5,665,945</u>	<u>\$ 5,088,200</u>	<u>\$ 331,751</u>	<u>\$ 5,213,235</u>

(continued)

**County of Oakland
Combining Balance Sheet (Continued)
Non-Major Special Revenue Funds
September 30, 2005**

	Restricted Funds	Social Welfare	Environmental Infrastructure	County Veterans' Trust	Water & Sewer Act 342	Lake Levels Act 146
Assets						
Current assets						
Pooled cash and investments	\$ 301,119	\$ -	\$ -	\$ 10,247	\$ 2,278,630	\$ 190,395
Due from other governmental units	-	42,464	-	-	-	23,800
Accrued interest receivable	468	-	-	-	14,409	2,162
Accounts receivable (net of allowance for uncollectibles where applicable)	-	72,080	-	-	-	-
Due from other funds	-	-	1,007,901	-	-	-
Other assets	-	-	-	-	1,050,946	-
Total assets	<u>\$ 301,587</u>	<u>\$ 114,544</u>	<u>\$ 1,007,901</u>	<u>\$ 10,247</u>	<u>\$ 3,343,985</u>	<u>\$ 216,357</u>
Liabilities and Fund Balances						
Current liabilities						
Due to other governmental units	\$ -	\$ 72,080	\$ -	\$ -	\$ 784,230	\$ -
Due to other funds	-	42,464	3,500	-	4,509	51,785
Deferred revenue	-	-	-	-	-	-
Other accrued liabilities	3,700	-	-	-	92,554	18,100
Total liabilities	<u>3,700</u>	<u>114,544</u>	<u>3,500</u>	<u>-</u>	<u>881,293</u>	<u>69,885</u>
Fund balances						
Unreserved, designated for						
Encumbrances	17,548	-	-	-	-	-
Construction and maintenance Programs	280,339	-	1,004,401	10,247	2,462,692	146,472
Total fund balances	<u>297,887</u>	<u>-</u>	<u>1,004,401</u>	<u>10,247</u>	<u>2,462,692</u>	<u>146,472</u>
Total liabilities and fund balances	<u>\$ 301,587</u>	<u>\$ 114,544</u>	<u>\$ 1,007,901</u>	<u>\$ 10,247</u>	<u>\$ 3,343,985</u>	<u>\$ 216,357</u>

(continued)

**County of Oakland
Combining Balance Sheet (Continued)
Non-Major Special Revenue Funds
September 30, 2005**

	Drains-Act 40 Maintenance Chapter 4 & 18	Lake Improvements Act 345	Pollution Control Grants	Friend of the Court	Multi- Organizational Grants	Workforce Development Grants	Law Enforcement Grants
Assets							
Current assets							
Pooled cash and investments	\$ 4,095,949	\$ 3,838	\$ -	\$ -	\$ -	\$ 100,230	\$ -
Due from other governmental units	6,970	-	41,183	1,885,099	756,627	49,926	1,206,569
Accrued interest receivable	18,022	132	-	-	-	-	-
Accounts receivable (net of allowance for uncollectibles where applicable)	3,276	-	-	22,962	128	-	185
Due from other funds	56,165	-	-	110,535	155,913	16,392	90,990
Other assets	-	-	41,287	4,741	-	3,006,976	364
Total assets	<u>\$ 4,180,382</u>	<u>\$ 3,970</u>	<u>\$ 82,470</u>	<u>\$ 2,023,337</u>	<u>\$ 912,668</u>	<u>\$ 3,173,524</u>	<u>\$ 1,298,108</u>
Liabilities and Fund Balances							
Current liabilities							
Due to other governmental units	\$ 270	\$ -	\$ -	\$ -	\$ 86,322	\$ -	\$ 172,726
Due to other funds	215,644	-	48,377	2,006,463	165,891	-	1,103,833
Deferred revenue	-	-	11,139	-	325,715	-	16,737
Other accrued liabilities	2,801,487	-	22,954	16,874	334,740	3,173,524	4,812
Total liabilities	<u>3,017,401</u>	<u>-</u>	<u>82,470</u>	<u>2,023,337</u>	<u>912,668</u>	<u>3,173,524</u>	<u>1,298,108</u>
Fund balances							
Unreserved, designated for							
Encumbrances	-	-	-	-	-	-	-
Construction and maintenance	1,073,892	-	-	-	-	-	-
Programs	89,089	3,970	-	-	-	-	-
Total fund balances	<u>1,162,981</u>	<u>3,970</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 4,180,382</u>	<u>\$ 3,970</u>	<u>\$ 82,470</u>	<u>\$ 2,023,337</u>	<u>\$ 912,668</u>	<u>\$ 3,173,524</u>	<u>\$ 1,298,108</u>

(continued)

**County of Oakland
Combining Balance Sheet (Continued)
Non-Major Special Revenue Funds
September 30, 2005**

	Housing and Community Development	Human Service Grants	Other Grants	COPS More Grant	Judicial Grants	Oakland Brownfield Initiative	Totals September 30, 2005
Assets							
Current assets							
Pooled cash and investments	\$ 4,178,162	\$ 1,016,729	\$ -	\$ -	\$ -	\$ 54,096	\$ 28,434,205
Due from other governmental units	92,421	222,677	4,576,424	5,527,941	376,613	19,237	19,569,084
Accrued interest receivable	14,847	-	-	-	-	-	111,351
Accounts receivable (net of allowance for uncollectibles where applicable)	-	1,287	-	-	-	-	182,627
Due from other funds	569	-	10,866	-	30,968	-	1,501,391
Other assets	-	2,015	-	-	-	-	4,106,329
Total assets	<u>\$ 4,285,999</u>	<u>\$ 1,242,708</u>	<u>\$ 4,587,290</u>	<u>\$ 5,527,941</u>	<u>\$ 407,581</u>	<u>\$ 73,333</u>	<u>\$ 53,904,987</u>
Liabilities and Fund Balances							
Current liabilities							
Due to other governmental units	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,115,628
Due to other funds	-	12,396	4,166,712	134,854	407,581	-	12,178,840
Deferred revenue	4,260,565	739,306	367,845	5,264,866	-	73,333	11,059,506
Other accrued liabilities	25,434	491,006	52,733	128,221	-	-	10,588,875
Total liabilities	<u>4,285,999</u>	<u>1,242,708</u>	<u>4,587,290</u>	<u>5,527,941</u>	<u>407,581</u>	<u>73,333</u>	<u>34,942,849</u>
Fund balances							
Unreserved, designated for							
Encumbrances	-	-	-	-	-	-	87,004
Construction and maintenance Programs	-	-	-	-	-	-	1,073,892
	-	-	-	-	-	-	17,801,242
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,962,138</u>
Total liabilities and fund balances	<u>\$ 4,285,999</u>	<u>\$ 1,242,708</u>	<u>\$ 4,587,290</u>	<u>\$ 5,527,941</u>	<u>\$ 407,581</u>	<u>\$ 73,333</u>	<u>\$ 53,904,987</u>

County of Oakland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
Year Ended September 30, 2005

	Juvenile Maintenance	Social Welfare Foster Care	Delinquent Personal Tax Administration	Register of Deeds Automation	Oakland Enhancement	Property Tax Forfeiture
Revenues						
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	277,349	-	-	-	-	-
State grants	11,385,790	-	-	-	-	-
Other intergovernmental revenues	-	-	-	-	-	-
Charges for services	3,361,406	-	1,398,267	1,767,880	439,018	1,664,794
Contributions	-	-	-	-	28,830	-
Investment income	-	-	129,968	95,658	7,540	105,180
Other	2,657	-	-	-	-	-
Total revenues	<u>15,027,202</u>	<u>-</u>	<u>1,528,235</u>	<u>1,863,538</u>	<u>475,388</u>	<u>1,769,974</u>
Expenditures						
Salaries	8,820,909	-	364,116	-	219,886	23,216
Fringe benefits	4,247,381	-	167,530	-	118,618	10,498
Contractual services	18,104,955	-	460,516	552,267	152,065	1,202,232
Commodities	657,762	-	1,852	10,707	4,711	1,322
Capital outlay	-	-	-	-	-	-
Internal services	2,517,681	-	113,446	-	-	10,644
Intergovernmental	-	-	-	-	-	-
Total expenditures	<u>34,348,688</u>	<u>-</u>	<u>1,107,460</u>	<u>562,974</u>	<u>495,280</u>	<u>1,247,912</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(19,321,486)</u>	<u>-</u>	<u>420,775</u>	<u>1,300,564</u>	<u>(19,892)</u>	<u>522,062</u>
Other financing sources (uses)						
Transfers in	19,358,325	-	-	-	55,700	-
Transfers out	-	-	(4,815,000)	-	-	-
Total other financing sources (uses)	<u>19,358,325</u>	<u>-</u>	<u>(4,815,000)</u>	<u>-</u>	<u>55,700</u>	<u>-</u>
Net change in fund balances	<u>36,839</u>	<u>-</u>	<u>(4,394,225)</u>	<u>1,300,564</u>	<u>35,808</u>	<u>522,062</u>
Fund balances (deficit)						
October 1, 2004	<u>31,074</u>	<u>-</u>	<u>10,045,015</u>	<u>3,787,252</u>	<u>295,943</u>	<u>2,213,156</u>
September 30, 2005	<u>\$ 67,913</u>	<u>\$ -</u>	<u>\$ 5,650,790</u>	<u>\$ 5,087,816</u>	<u>\$ 331,751</u>	<u>\$ 2,735,218</u>

(continued)

County of Oakland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Non-Major Special Revenue Funds
Year Ended September 30, 2005

	Restricted Funds	Social Welfare	Environmental Infrastructure	County Vererans' Trust	Water & Sewer Act 342	Lake Levels Act 146
Revenues						
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ 1,106,257	\$ 445,837
Federal grants	-	-	-	-	2,706,928	-
State grants	-	-	-	15,865	-	-
Other intergovernmental revenues	-	-	-	-	-	-
Charges for services	44,578	1,159,760	-	-	-	114
Contributions	44,702	-	-	-	-	-
Investment income	1,920	-	-	-	119,810	5,991
Other	6,486	-	-	-	-	-
Total revenues	97,686	1,159,760	-	15,865	3,932,995	451,942
Expenditures						
Salaries	-	-	-	-	662,486	150,373
Fringe benefits	-	-	-	-	273,089	57,002
Contractual services	56,435	1,159,760	-	31,575	8,443,973	94,001
Commodities	32,081	-	-	322	43,658	4,665
Capital outlay	-	-	-	-	-	-
Internal services	1,079	-	-	-	95,855	47,191
Intergovernmental	-	-	862,881	-	-	-
Total expenditures	89,595	1,159,760	862,881	31,897	9,519,061	353,232
Excess (deficiency) of revenues over (under) expenditures	8,091	-	(862,881)	(16,032)	(5,586,066)	98,710
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	(24,300)	-	-	-	-	-
Total other financing sources (uses)	(24,300)	-	-	-	-	-
Net change in fund balances	(16,209)	-	(862,881)	(16,032)	(5,586,066)	98,710
Fund balances (deficit)						
October 1, 2004	314,096	-	1,867,282	26,279	8,048,758	47,762
September 30, 2005	\$ 297,887	\$ -	\$ 1,004,401	\$ 10,247	\$ 2,462,692	\$ 146,472

(continued)

County of Oakland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Non-Major Special Revenue Funds
Year Ended September 30, 2005

	Drains-Act 40 Maintenance Chapter 4 & 18	Lake Improvements Act 345	Pollution Control Grants	Friend of the Court	Multi- Organizational Grants	Workforce Development Grants	Law Enforcement Grants
Revenues							
Special assessments	\$ 123,816	\$ 66	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	6,828	-	178,414	-	544,373	14,940,439	624,221
State grants	-	-	-	3,760,525	3,603,765	714,462	3,539,228
Other intergovernmental revenues	-	-	90,146	2,375,860	-	-	40,466
Charges for services	34,970	-	-	7,846,097	1,453	-	1,035,267
Contributions	-	-	-	-	-	-	-
Investment income	83,469	83	(83)	-	377	-	-
Other	250	-	-	63,890	-	-	104,228
Total revenues	249,333	149	268,477	14,046,372	4,149,968	15,654,901	5,343,410
Expenditures							
Salaries	218,811	-	18,286	7,559,378	1,440,008	319,364	3,027,625
Fringe benefits	87,146	-	7,051	3,639,965	673,421	144,383	1,450,828
Contractual services	42,739	-	232,538	1,100,749	1,671,832	15,104,268	507,946
Commodities	2,131	-	2,059	42,279	299,807	2,410	16,623
Capital outlay	-	-	-	-	-	-	2,474
Internal services	36,324	-	8,543	1,704,001	40,350	84,476	337,914
Intergovernmental	-	-	-	-	-	-	-
Total expenditures	387,151	-	268,477	14,046,372	4,125,418	15,654,901	5,343,410
Excess (deficiency) of revenues over (under) expenditures	(137,818)	149	-	-	24,550	-	-
Other financing sources (uses)							
Transfers in	56,165	-	-	-	-	-	-
Transfers out	-	-	-	-	(24,550)	-	-
Total other financing sources (uses)	56,165	-	-	-	(24,550)	-	-
Net change in fund balances	(81,653)	149	-	-	-	-	-
Fund balances (deficit)							
October 1, 2004	1,244,634	3,821	-	-	-	-	-
September 30, 2005	\$ 1,162,981	\$ 3,970	\$ -	\$ -	\$ -	\$ -	\$ -

(continued)

County of Oakland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Non-Major Special Revenue Funds
Year Ended September 30, 2005

	Housing and Community Development	Human Service Grants	Other Grants	COPS More Grant	Judicial Grants	Oakland Brownfield Initiative	Totals September 30, 2005
Revenues							
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,675,976
Federal grants	6,280,644	11,563,765	3,132,682	1,055,090	306,189	55,362	41,672,284
State grants	-	2,400	493,713	-	365,530	-	23,881,278
Other intergovernmental revenues	206,748	-	-	285,134	-	-	2,998,354
Charges for services	2,852,006	3,730	414,500	-	-	-	22,023,840
Contributions	-	295	-	-	-	-	73,827
Investment income	-	-	-	-	-	-	549,913
Other	-	39,308	1,563	-	-	-	218,382
Total revenues	9,339,398	11,609,498	4,042,458	1,340,224	671,719	55,362	93,093,854
Expenditures							
Salaries	1,265,649	3,390,844	460,255	7,413	299,784	39,841	28,288,244
Fringe benefits	621,262	1,386,463	234,574	3,592	117,137	12,306	13,252,246
Contractual services	7,269,635	6,262,644	888,184	577,483	225,841	2,371	64,144,009
Commodities	9,143	214,224	944,502	239,220	27,929	844	2,558,251
Capital outlay	-	-	1,511,057	512,516	-	-	2,026,047
Internal services	173,709	355,323	3,886	-	1,028	-	5,531,450
Intergovernmental	-	-	-	-	-	-	862,881
Total expenditures	9,339,398	11,609,498	4,042,458	1,340,224	671,719	55,362	116,663,128
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-	(23,569,274)
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	19,470,190
Transfers out	-	-	-	-	-	-	(4,863,850)
Total other financing sources (uses)	-	-	-	-	-	-	14,606,340
Net change in fund balances	-	-	-	-	-	-	(8,962,934)
Fund balances (deficit)							
October 1, 2004	-	-	-	-	-	-	27,925,072
September 30, 2005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,962,138

County of Oakland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
– Budget and Actual – Non-Major Special Revenue Funds
Year Ended September 30, 2005

	Juvenile Maintenance		
	Final Amended Budget	Actual	Variance with Final Amended Budget
Revenues			
Federal grants	\$ 239,800	\$ 277,349	\$ 37,549
State grants	9,933,600	11,385,790	1,452,190
Charges for services	4,202,841	3,361,406	(841,435)
Other	31,074	2,657	(28,417)
Total revenues	<u>14,407,315</u>	<u>15,027,202</u>	<u>619,887</u>
Expenditures			
Current operations			
County Executive			
Human Services			
Controllable personnel expenditures	11,533,670	11,524,868	8,802
Controllable operating expenditures	8,935,622	9,873,401	(937,779)
Non-controllable operating expenditures	2,510,429	2,513,968	(3,539)
Total Human Services	<u>22,979,721</u>	<u>23,912,237</u>	<u>(932,516)</u>
Total County Executive	<u>22,979,721</u>	<u>23,912,237</u>	<u>(932,516)</u>
Justice administration			
Circuit Court			
Controllable personnel expenditures	1,489,116	1,543,422	(54,306)
Controllable operating expenditures	9,460,090	8,889,316	570,774
Non-controllable operating expenditures	3,852	3,713	139
Total Circuit Court	<u>10,953,058</u>	<u>10,436,451</u>	<u>516,607</u>
Total Justice administration	<u>10,953,058</u>	<u>10,436,451</u>	<u>516,607</u>
Total expenditures	<u>33,932,779</u>	<u>34,348,688</u>	<u>(415,909)</u>
Deficiency of revenues under expenditures	(19,525,464)	(19,321,486)	203,978
Other financing sources (uses)			
Transfers in	19,525,464	19,358,325	(167,139)
Transfers out	-	-	-
Total other financing sources (uses)	<u>19,525,464</u>	<u>19,358,325</u>	<u>(167,139)</u>
Net change in fund balance	-	36,839	36,839
Fund balance			
October 1, 2004	31,074	31,074	-
September 30, 2005	<u>\$ 31,074</u>	<u>\$ 67,913</u>	<u>\$ 36,839</u>

County of Oakland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
– Budget and Actual – Non-Major Special Revenue Funds (Continued)
Year Ended September 30, 2005

	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	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Total Human Services	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Total County Executive	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Total expenditures	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Deficiency of revenues under expenditures	(15,000)	-	15,000
Other financing sources			
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(15,000)</u>	<u>-</u>	<u>15,000</u>
Fund balance			
October 1, 2004	<u>-</u>	<u>-</u>	<u>-</u>
September 30, 2005	<u>\$ (15,000)</u>	<u>\$ -</u>	<u>\$ 15,000</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 Office Building Renovation Fund - was established to accumulate the resources for the payment of bonded debt issued for the renovation of the former Oakland Schools building.

The Building Authority 52nd District Court, 3rd 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 Airport T-Hangers Fund - was established to accumulate the resources for the payment of bonded debt issued for the construction of T-Hangers at Oakland County International Airport.

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 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 Building Authority Computer Center Refunding Fund - was established to accumulate resources for the payment of bonded debt issued to for the refinancing of debt obligations of the Building Authority Computer Center.

The Water and Sewer Debt Act 342 Fund – was established to account for the accumulation of resources, mainly special assessments, for the payment of bonded debt issued for the construction of water and sewer systems under Public Act 342 of 1939 (currently 12 issues).

**County of Oakland
Combining Balance Sheet
Non-Major Debt Service Funds
September 30, 2005**

	Building Authority Lyon Oaks Park	Building Authority Work Rel/Jail Mgmt/Video	Building Authority Office Bldg. Renovation	Building Authority 52/3 District Court & Sheriff Substation	Building Authority Airport T-Hangars	Building Authority Refunding Series 1992
Assets						
Current assets						
Pooled cash and investments	\$ 65	\$ 5	\$ 5	\$ 5	\$ 671	\$ -
Accrued interest receivable	4	-	-	-	-	-
Total current assets	<u>69</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>671</u>	<u>-</u>
Noncurrent assets						
Special assessments receivable	-	-	-	-	-	-
Total assets	<u>\$ 69</u>	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 671</u>	<u>\$ -</u>
Liabilities and Fund Balances						
Current liabilities						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 61	\$ -
Deferred revenue	-	-	-	-	-	-
Other accrued liabilities	-	-	-	-	-	-
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61</u>	<u>-</u>
Noncurrent liabilities						
Deferred revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61</u>	<u>-</u>
Fund balances - reserved for debt service	69	5	5	5	610	-
Total liabilities and fund balances	<u>\$ 69</u>	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 671</u>	<u>\$ -</u>

(continued)

**County of Oakland
Combining Balance Sheet (Continued)
Non-Major Debt Service Funds
September 30, 2005**

	Building Authority Refunding Series 1998	Building Authority Computer Center Refunding	Lake Level Debt Act 146	Water and Sewer Debt Act 342	Totals September 30, 2005
Assets					
Current assets					
Pooled cash and investments	\$ 5	\$ 5	\$ 170,406	\$ 603,821	\$ 774,988
Accrued interest receivable	-	-	161	1,754	1,919
Total current assets	<u>5</u>	<u>5</u>	<u>170,567</u>	<u>605,575</u>	<u>776,907</u>
Noncurrent assets					
Special assessments receivable	-	-	540,000	13,610,000	14,150,000
Total assets	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 710,567</u>	<u>\$ 14,215,575</u>	<u>\$ 14,926,907</u>
Liabilities and Fund Balances					
Current liabilities					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 61
Deferred revenue	-	-	165,905	-	165,905
Other accrued liabilities	-	-	-	510,353	510,353
Total current liabilities	<u>-</u>	<u>-</u>	<u>165,905</u>	<u>510,353</u>	<u>676,319</u>
Noncurrent liabilities					
Deferred revenue	-	-	540,000	13,610,000	14,150,000
Total liabilities	<u>-</u>	<u>-</u>	<u>705,905</u>	<u>14,120,353</u>	<u>14,826,319</u>
Fund balances - reserved for debt service	<u>5</u>	<u>5</u>	<u>4,662</u>	<u>95,222</u>	<u>100,588</u>
Total liabilities and fund balances	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 710,567</u>	<u>\$ 14,215,575</u>	<u>\$ 14,926,907</u>

County of Oakland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Debt Service Funds
Year Ended September 30, 2005

	Building Authority Lyon Oaks Park	Building Authority Work Rel/Jail Mgmt/Video	Building Authority Office Bldg. Renovation	Building Authority 52/3 District Court & Sheriff Substation	Building Authority Airport T-Hangars	Building Authority Refunding Series 1992
Revenues						
Special assessments	\$ 562,869	\$ -	\$ -	\$ 397,088	\$ 503,610	\$ -
Charges for services	-	-	-	-	-	-
Investment income	64	-	64,217	-	761	-
Total revenues	<u>562,933</u>	<u>-</u>	<u>64,217</u>	<u>397,088</u>	<u>504,371</u>	<u>-</u>
Expenditures						
Principal payments	450,000	875,000	975,000	850,000	230,000	-
Interest	112,569	1,033,050	948,550	926,650	273,761	-
Paying agent fees	300	-	225	-	-	-
Contractual services	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Total expenditures	<u>562,869</u>	<u>1,908,050</u>	<u>1,923,775</u>	<u>1,776,650</u>	<u>503,761</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	64	(1,908,050)	(1,859,558)	(1,379,562)	610	-
Other financing sources (uses)						
Transfers in	-	1,908,050	1,859,558	1,379,562	-	-
Transfers out	-	-	-	-	-	(5)
Payment to bond escrow agent	-	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	-
Premiums on bonds sold	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>1,908,050</u>	<u>1,859,558</u>	<u>1,379,562</u>	<u>-</u>	<u>(5)</u>
Net change in fund balances	64	-	-	-	610	(5)
Fund balances						
October 1, 2004	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>-</u>	<u>5</u>
September 30, 2005	<u>\$ 69</u>	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 610</u>	<u>\$ -</u>

(continued)

County of Oakland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Non-Major Debt Service Funds
Year Ended September 30, 2005

	Building Authority Refunding Series 1998	Building Authority Computer Center Refunding	Lake Level Debt Act 146	Water and Sewer Debt Act 342	Totals September 30, 2005
Revenues					
Special assessments	\$ -	\$ -	\$ 45,024	\$ 1,935,376	\$ 3,443,967
Charges for services	-	-	849	80,801	81,650
Investment income	-	-	3,408	4,912	73,362
Total revenues	-	-	49,281	2,021,089	3,598,979
Expenditures					
Principal payments	1,105,000	35,000	35,000	1,345,000	5,900,000
Interest	334,088	47,906	9,619	575,353	4,261,546
Paying agent fees	300	-	-	7,500	8,325
Contractual services	-	-	-	32,171	32,171
Intergovernmental	-	-	-	157,686	157,686
Total expenditures	1,439,388	82,906	44,619	2,117,710	10,359,728
Excess (deficiency) of revenues over (under) expenditures	(1,439,388)	(82,906)	4,662	(96,621)	(6,760,749)
Other financing sources (uses)					
Transfers in	1,439,388	80,620	-	-	6,667,178
Transfers out	-	-	-	-	(5)
Payment to bond escrow agent	-	-	-	(1,099,561)	(1,099,561)
Issuance of bonds	-	-	-	1,140,000	1,140,000
Discounts on bonds sold	-	-	-	(8,268)	(8,268)
Total other financing sources (uses)	1,439,388	80,620	-	32,171	6,699,344
Net change in fund balances	-	(2,286)	4,662	(64,450)	(61,405)
Fund balances					
October 1, 2004	5	2,291	-	159,672	161,993
September 30, 2005	\$ 5	\$ 5	\$ 4,662	\$ 95,222	\$ 100,588

County of Oakland

Non-Major Capital Project 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 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 former 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 Airport T-Hanger Construction Fund - was established to account for the costs of construction of T-Hangers at the County airports.

The Major Departmental Support Projects Fund - was established to account for the costs of departmental support projects with estimated aggregated expenditures over \$5 million, which are funded by current available resources rather than bond issues.

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 3) under P.A. 146 of 1961.

The Lake Improvements Act 345 Fund - is used to account for the costs of construction of augmentation wells (currently 2) for purposes of lake level control. Financing is provided by special assessment rolls 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 in the individual projects.

**County of Oakland
Combining Balance Sheet
Non-Major Capital Project Funds
September 30, 2005**

	Building Improvement	Project Work Orders	Work Release/ Jail Mgt/Video Conferencing	Office Building Renovation	52/3 District Court & Sheriff Substation	Airport T-Hangar Construction
Assets						
Current assets						
Pooled cash and investments	\$ 2,977,331	\$ 13,746,100	\$ 6,442,801	\$ 18,656,498	\$ 3,622,318	\$ 4,523,082
Accrued interest receivable	-	-	69,040	43,441	83,531	7,152
Accounts receivable	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-
Due from other funds	2,383,058	-	6,053	-	-	-
Total current assets	<u>5,360,389</u>	<u>13,746,100</u>	<u>6,517,894</u>	<u>18,699,939</u>	<u>3,705,849</u>	<u>4,530,234</u>
Noncurrent assets						
Advances	800,000	-	-	-	-	-
Special assessments receivable	-	-	-	-	-	-
Contracts receivable	-	-	-	-	-	-
Total noncurrent assets	<u>800,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 6,160,389</u>	<u>\$ 13,746,100</u>	<u>\$ 6,517,894</u>	<u>\$ 18,699,939</u>	<u>\$ 3,705,849</u>	<u>\$ 4,530,234</u>
Liabilities and Fund Balances						
Current liabilities						
Due to other funds	\$ -	\$ -	\$ 360,713	\$ -	\$ -	\$ -
Accrued interest payable	-	-	-	-	-	-
Other accrued liabilities	-	610,582	115,883	211,151	17,115	351,963
Total current liabilities	<u>-</u>	<u>610,582</u>	<u>476,596</u>	<u>211,151</u>	<u>17,115</u>	<u>351,963</u>
Noncurrent liabilities						
Deferred revenue	-	-	-	-	-	-
Advances	-	-	-	800,000	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>800,000</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>610,582</u>	<u>476,596</u>	<u>1,011,151</u>	<u>17,115</u>	<u>351,963</u>
Fund balances						
Reserved						
Long-term receivables	800,000	-	-	-	-	-
Work projects	-	-	6,041,298	17,688,788	3,688,734	4,178,271
Total reserved	<u>800,000</u>	<u>-</u>	<u>6,041,298</u>	<u>17,688,788</u>	<u>3,688,734</u>	<u>4,178,271</u>
Unreserved						
Designated for work projects	-	13,135,518	-	-	-	-
Undesignated	5,360,389	-	-	-	-	-
Total unreserved	<u>5,360,389</u>	<u>13,135,518</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>6,160,389</u>	<u>13,135,518</u>	<u>6,041,298</u>	<u>17,688,788</u>	<u>3,688,734</u>	<u>4,178,271</u>
Total liabilities and fund balances	<u>\$ 6,160,389</u>	<u>\$ 13,746,100</u>	<u>\$ 6,517,894</u>	<u>\$ 18,699,939</u>	<u>\$ 3,705,849</u>	<u>\$ 4,530,234</u>

(continued)

**County of Oakland
Combining Balance Sheet (Continued)
Non-Major Capital Project Funds
September 30, 2005**

	Major Dept. Support Projects	Lake Levels Act 146	Lake Improvements Act 345	Drain Commissioner Revolving	Long-term Revolving	Totals September 30, 2005
Assets						
Current assets						
Pooled cash and investments	\$ 2,559,901	\$ 52,127	\$ 36,991	\$ 1,123,756	\$ 1,279,343	\$ 55,020,248
Accrued interest receivable	-	337	456	-	-	203,957
Accounts receivable	-	-	-	-	32,667	32,667
Due from component units	-	-	-	360,757	-	360,757
Due from other funds	526,358	-	-	340,487	-	3,255,956
Total current assets	<u>3,086,259</u>	<u>52,464</u>	<u>37,447</u>	<u>1,825,000</u>	<u>1,312,010</u>	<u>58,873,585</u>
Noncurrent assets						
Advances	-	-	-	-	14,323	814,323
Special assessments receivable	-	16,097	5,352	-	-	21,449
Contracts receivable	-	-	-	-	164,667	164,667
Total noncurrents assets	<u>-</u>	<u>16,097</u>	<u>5,352</u>	<u>-</u>	<u>178,990</u>	<u>1,000,439</u>
Total assets	<u>\$ 3,086,259</u>	<u>\$ 68,561</u>	<u>\$ 42,799</u>	<u>\$ 1,825,000</u>	<u>\$ 1,491,000</u>	<u>\$ 59,874,024</u>
Liabilities and Fund Balances						
Current liabilities						
Due to other funds	\$ 20,095	\$ 70,872	\$ 289	\$ -	\$ -	\$ 451,969
Accrued interest payable	-	376	-	-	-	376
Other accrued liabilities	359,173	10,000	-	-	-	1,675,867
Total current liabilities	<u>379,268</u>	<u>81,248</u>	<u>289</u>	<u>-</u>	<u>-</u>	<u>2,128,212</u>
Noncurrent liabilities						
Deferred revenue	-	16,097	5,352	-	-	21,449
Advances	-	14,323	-	-	-	814,323
Total noncurrent liabilities	<u>-</u>	<u>30,420</u>	<u>5,352</u>	<u>-</u>	<u>-</u>	<u>835,772</u>
Total liabilities	<u>379,268</u>	<u>111,668</u>	<u>5,641</u>	<u>-</u>	<u>-</u>	<u>2,963,984</u>
Fund balances						
Reserved						
Long-term receivables	-	-	-	-	178,990	978,990
Work projects	-	-	37,158	1,825,000	1,312,010	34,771,259
Total reserved	<u>-</u>	<u>-</u>	<u>37,158</u>	<u>1,825,000</u>	<u>1,491,000</u>	<u>35,750,249</u>
Unreserved						
Designated for work projects	2,706,991	-	-	-	-	15,842,509
Undesignated	-	(43,107)	-	-	-	5,317,282
Total unreserved	<u>2,706,991</u>	<u>(43,107)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,159,791</u>
Total fund balances (deficit)	<u>2,706,991</u>	<u>(43,107)</u>	<u>37,158</u>	<u>1,825,000</u>	<u>1,491,000</u>	<u>56,910,040</u>
Total liabilities and fund balances	<u>\$ 3,086,259</u>	<u>\$ 68,561</u>	<u>\$ 42,799</u>	<u>\$ 1,825,000</u>	<u>\$ 1,491,000</u>	<u>\$ 59,874,024</u>

County of Oakland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Capital Project Funds
Year Ended September 30, 2005

	Building Improvement	Project Work Orders	Work Release/ Jail Mgt/Video Conferencing	Office Building Renovation	52/3 District Court & Sheriff Substation	Airport T-Hanger Construction
Revenues						
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	165,411	335,156	82,993	134,573
Charges for services	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>165,411</u>	<u>335,156</u>	<u>82,993</u>	<u>134,573</u>
Expenditures - capital outlay	<u>-</u>	<u>4,665,446</u>	<u>2,333,074</u>	<u>2,917,808</u>	<u>491,545</u>	<u>2,515,826</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(4,665,446)</u>	<u>(2,167,663)</u>	<u>(2,582,652)</u>	<u>(408,552)</u>	<u>(2,381,253)</u>
Other financing sources (uses)						
Transfers in	5,656,806	12,774,913	-	-	-	-
Transfers out	(11,005,652)	(320,438)	-	-	-	-
Issuance of bonds	-	-	-	20,240,000	-	-
Discounts on bonds sold	-	-	-	(85,867)	-	-
Total other financing sources (uses)	<u>(5,348,846)</u>	<u>12,454,475</u>	<u>-</u>	<u>20,154,133</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(5,348,846)</u>	<u>7,789,029</u>	<u>(2,167,663)</u>	<u>17,571,481</u>	<u>(408,552)</u>	<u>(2,381,253)</u>
Fund balances (deficit)						
October 1, 2004	<u>11,509,235</u>	<u>5,346,489</u>	<u>8,208,961</u>	<u>117,307</u>	<u>4,097,286</u>	<u>6,559,524</u>
September 30, 2005	<u>\$ 6,160,389</u>	<u>\$ 13,135,518</u>	<u>\$ 6,041,298</u>	<u>\$ 17,688,788</u>	<u>\$ 3,688,734</u>	<u>\$ 4,178,271</u>

(continued)

County of Oakland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Non-Major Capital Project Funds
Year Ended September 30, 2005

	Major Dept. Support Projects	Lake Levels Act 146	Lake Improvements Act 345	Drain Commissioner Revolving	Long-term Revolving	Totals September 30, 2005
Revenues						
Special assessments	\$ -	\$ 8,911	\$ 3,670	\$ -	\$ -	\$ 12,581
Investment income	-	4,383	750	-	-	723,266
Charges for services	-	1,163	349	-	-	1,512
Total revenues	<u>-</u>	<u>14,457</u>	<u>4,769</u>	<u>-</u>	<u>-</u>	<u>737,359</u>
Expenditures - capital outlay						
	<u>4,889,038</u>	<u>541,225</u>	<u>39</u>	<u>-</u>	<u>-</u>	<u>18,354,001</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,889,038)</u>	<u>(526,768)</u>	<u>4,730</u>	<u>-</u>	<u>-</u>	<u>(17,616,642)</u>
Other financing sources (uses)						
Transfers in	5,671,938	-	-	-	-	24,103,657
Transfers out	-	-	-	-	-	(11,326,090)
Issuance of bonds	-	575,000	-	-	-	20,815,000
Discounts on bonds sold	-	(2,300)	-	-	-	(88,167)
Total other financing sources (uses)	<u>5,671,938</u>	<u>572,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,504,400</u>
Net change in fund balances	782,900	45,932	4,730	-	-	15,887,758
Fund balances (deficits)						
October 1, 2004	<u>1,924,091</u>	<u>(89,039)</u>	<u>32,428</u>	<u>1,825,000</u>	<u>1,491,000</u>	<u>41,022,282</u>
September 30, 2005	<u>\$ 2,706,991</u>	<u>\$ (43,107)</u>	<u>\$ 37,158</u>	<u>\$ 1,825,000</u>	<u>\$ 1,491,000</u>	<u>\$ 56,910,040</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 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 Information Technology Fund - accounts for the operations of the Department of Information Technology, a service bureau that provides 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 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 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 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 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 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 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 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 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 Department (General Fund).

**County of Oakland
Combining Statement of Net Assets
Internal Service Funds
September 30, 2005**

	Facilities Maintenance and Operations	Information Technology	Drain Equipment	Micrographics	Motor Pool	Office Equipment
Assets						
Current assets						
Pooled cash and investments	\$ 9,448,410	\$ 18,514,674	\$ 118,834	\$ 784,141	\$ -	\$ 2,243,067
Due from other governmental units	12,058	9,038	71,102	-	5,446	-
Due from component units	27,662	9,630	9,693	-	-	-
Accrued interest receivable	18,322	39,950	2,160	7,051	11,099	9,162
Accounts receivable (net of allowance for uncollectibles where applicable)	24,861	155,679	186,761	21,525	-	12,268
Due from other funds	5,176	125,895	7,673	-	9,980	-
Inventories and supplies	100,020	75,512	-	-	93,553	-
Prepayments and other assets	-	1,816,245	6,275	-	332,212	-
Total current assets	<u>9,636,509</u>	<u>20,746,623</u>	<u>402,498</u>	<u>812,717</u>	<u>452,290</u>	<u>2,264,497</u>
Noncurrent assets						
Contracts receivable	-	-	-	-	-	6,134
Capital assets, at cost						
Land	-	-	130,000	-	-	-
Buildings and improvements	525,283	-	868,876	-	424,861	-
Equipment and vehicles	1,656,154	45,058,718	3,987,491	463,328	12,105,584	4,297,306
Infrastructure	3,169,683	-	-	-	-	-
Construction in progress	-	2,253,393	1,980,751	-	-	-
	<u>5,351,120</u>	<u>47,312,111</u>	<u>6,967,118</u>	<u>463,328</u>	<u>12,530,445</u>	<u>4,297,306</u>
Less: Accumulated depreciation	<u>4,787,669</u>	<u>35,564,893</u>	<u>3,167,462</u>	<u>330,092</u>	<u>6,249,480</u>	<u>2,753,570</u>
Capital assets, net	<u>563,451</u>	<u>11,747,218</u>	<u>3,799,656</u>	<u>133,236</u>	<u>6,280,965</u>	<u>1,543,736</u>
Total noncurrent assets	<u>563,451</u>	<u>11,747,218</u>	<u>3,799,656</u>	<u>133,236</u>	<u>6,280,965</u>	<u>1,549,870</u>
Total assets	<u>\$ 10,199,960</u>	<u>\$ 32,493,841</u>	<u>\$ 4,202,154</u>	<u>\$ 945,953</u>	<u>\$ 6,733,255</u>	<u>\$ 3,814,367</u>

(continued)

**County of Oakland
Combining Statement of Net Assets (Continued)
Internal Service Funds
September 30, 2005**

	Mailing, Copier, and Printing	Telephone Communications	Building and Liability Insurance	Fringe Benefits	Sheriff Aviation	Totals September 30, 2005
Assets						
Current assets						
Pooled cash and investments	\$ 176,392	\$ 1,496,109	\$ 18,244,631	\$ 47,564,688	\$ 220,194	\$ 98,811,140
Due from other governmental units	17,178	976	-	-	-	115,798
Due from component units	-	-	-	458	-	47,443
Accrued interest receivable	460	434	102,732	134,581	-	325,951
Accounts receivable (net of allowance for uncollectibles where applicable)	28,236	638	740	-	132,053	562,761
Due from other funds	-	-	29,565	6,244,253	778,529	7,201,071
Inventories and supplies	330,256	-	-	-	-	599,341
Prepayments and other assets	57,700	69,568	196,630	3,039,838	-	5,518,468
Total current assets	<u>610,222</u>	<u>1,567,725</u>	<u>18,574,298</u>	<u>56,983,818</u>	<u>1,130,776</u>	<u>113,181,973</u>
Noncurrent assets						
Contracts receivable	-	-	-	-	-	6,134
Capital assets, at cost						
Land	-	-	-	-	-	130,000
Buildings and improvements	-	-	-	-	-	1,819,020
Equipment and vehicles	483,643	4,764,534	-	-	4,077,841	76,894,599
Infrastructure	-	-	-	-	-	3,169,683
Construction in progress	-	-	-	-	-	4,234,144
	<u>483,643</u>	<u>4,764,534</u>	<u>-</u>	<u>-</u>	<u>4,077,841</u>	<u>86,247,446</u>
Less: Accumulated depreciation	<u>360,465</u>	<u>2,210,432</u>	<u>-</u>	<u>-</u>	<u>776,125</u>	<u>56,200,188</u>
Capital assets, net	<u>123,178</u>	<u>2,554,102</u>	<u>-</u>	<u>-</u>	<u>3,301,716</u>	<u>30,047,258</u>
Total noncurrent assets	<u>123,178</u>	<u>2,554,102</u>	<u>-</u>	<u>-</u>	<u>3,301,716</u>	<u>30,053,392</u>
Total assets	<u>\$ 733,400</u>	<u>\$ 4,121,827</u>	<u>\$ 18,574,298</u>	<u>\$ 56,983,818</u>	<u>\$ 4,432,492</u>	<u>\$ 143,235,365</u>

(continued)

**County of Oakland
Combining Statement of Net Assets (Continued)
Internal Service Funds
September 30, 2005**

	Facilities Maintenance and Operations	Information Technology	Drain Equipment	Micrographics	Motor Pool	Office Equipment
Liabilities						
Current liabilities						
Vouchers payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-
Due to other governmental units	-	17,407	-	-	-	-
Due to other funds	5,960	738,717	-	-	113,304	-
Current portion of workers' compensation	-	-	-	-	-	-
Current portion of unreported health costs	-	-	-	-	-	-
Current portion of sick and annual leave	-	-	-	-	-	-
Current portion of claims and judgments	-	-	-	-	-	-
Current portion of advances payable	-	-	-	-	-	-
Other accrued liabilities	208,337	907,188	291,729	11,196	34,588	173,250
Total current liabilities	<u>214,297</u>	<u>1,663,312</u>	<u>291,729</u>	<u>11,196</u>	<u>147,892</u>	<u>173,250</u>
Noncurrent liabilities						
Accrued workers' compensation	-	-	-	-	-	-
Accrued unreported health costs	-	-	-	-	-	-
Accrued sick and annual leave	-	-	-	-	-	-
Claims and judgments	-	-	-	-	-	-
Contracts payable	-	132,368	-	-	-	-
Advances	-	-	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>132,368</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>214,297</u>	<u>1,795,680</u>	<u>291,729</u>	<u>11,196</u>	<u>147,892</u>	<u>173,250</u>
Net Assets						
Invested in capital assets	563,451	11,747,218	3,799,656	133,236	6,280,965	1,543,736
Unrestricted	9,422,212	18,950,943	110,769	801,521	304,398	2,097,381
Total net assets	<u>\$ 9,985,663</u>	<u>\$ 30,698,161</u>	<u>\$ 3,910,425</u>	<u>\$ 934,757</u>	<u>\$ 6,585,363</u>	<u>\$ 3,641,117</u>

(continued)

**County of Oakland
Combining Statement of Net Assets (Continued)
Internal Service Funds
September 30, 2005**

	Mailing, Copier, and Printing	Telephone Communications	Building and Liability Insurance	Fringe Benefits	Sheriff Aviation	Totals September 30, 2005
Liabilities						
Current liabilities						
Vouchers payable	\$ -	\$ -	\$ -	\$ 1,061,469	\$ -	\$ 1,061,469
Accrued payroll	-	-	-	-	12,626	12,626
Due to other governmental units	-	-	-	301,370	-	318,777
Due to other funds	1,465	-	-	4,029,028	4,321	4,892,795
Current portion of workers' compensation	-	-	-	1,603,678	-	1,603,678
Current portion of unreported health costs	-	-	-	972,000	-	972,000
Current portion sick and annual leave	-	-	-	1,254,103	-	1,254,103
Current portion of claims and judgments	-	-	2,304,459	-	-	2,304,459
Current portion of advances payable	-	-	-	-	437,500	437,500
Other accrued liabilities	13,272	103,940	1,258	862,752	326,445	2,933,955
Total current liabilities	<u>14,737</u>	<u>103,940</u>	<u>2,305,717</u>	<u>10,084,400</u>	<u>780,892</u>	<u>15,791,362</u>
Noncurrent liabilities						
Accrued workers' compensation	-	-	-	11,254,120	-	11,254,120
Accrued unreported health costs	-	-	-	1,944,000	-	1,944,000
Accrued sick and annual leave	-	-	-	11,286,926	-	11,286,926
Claims and judgments	-	-	8,364,196	-	-	8,364,196
Contracts payable	-	-	-	-	-	132,368
Advances	-	-	-	-	1,712,500	1,712,500
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>8,364,196</u>	<u>24,485,046</u>	<u>1,712,500</u>	<u>34,694,110</u>
Total liabilities	<u>14,737</u>	<u>103,940</u>	<u>10,669,913</u>	<u>34,569,446</u>	<u>2,493,392</u>	<u>50,485,472</u>
Net Assets						
Invested in capital assets	123,178	2,554,102	-	-	3,301,716	30,047,258
Unrestricted	595,485	1,463,785	7,904,385	22,414,372	(1,362,616)	62,702,635
Total net assets	<u>\$ 718,663</u>	<u>\$ 4,017,887</u>	<u>\$ 7,904,385</u>	<u>\$ 22,414,372</u>	<u>\$ 1,939,100</u>	<u>\$ 92,749,893</u>

County of Oakland
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
Year Ended September 30, 2005

	Facilities Maintenance and Operations	Information Technology	Drain Equipment	Micrographics	Motor Pool	Office Equipment
Operating revenues						
Charges for services	\$ 24,782,593	\$ 24,276,664	\$ 3,007,760	\$ 533,405	\$ 5,094,682	\$ 680,720
Other	11,822	20,469	70,412	1,396	-	-
Total operating revenues	<u>24,794,415</u>	<u>24,297,133</u>	<u>3,078,172</u>	<u>534,801</u>	<u>5,094,682</u>	<u>680,720</u>
Operating expenses						
Salaries	7,373,187	8,478,464	358,728	394,408	704,663	-
Fringe benefits	3,845,266	3,748,045	149,708	199,891	369,380	-
Contractual services	11,357,064	12,548,359	498,584	198,186	1,393,398	291,498
Commodities	1,193,736	1,492,101	243,707	61,911	1,885,304	31,114
Depreciation	132,802	3,213,500	484,022	32,518	1,698,691	396,661
Internal services	905,027	1,644,186	1,447,825	65,887	321,753	4,881
Total operating expenses	<u>24,807,082</u>	<u>31,124,655</u>	<u>3,182,574</u>	<u>952,801</u>	<u>6,373,189</u>	<u>724,154</u>
Operating income (loss)	<u>(12,667)</u>	<u>(6,827,522)</u>	<u>(104,402)</u>	<u>(418,000)</u>	<u>(1,278,507)</u>	<u>(43,434)</u>
Nonoperating revenues (expenses)						
Interest revenue	187,004	316,553	(2,526)	21,607	7,886	49,692
Interest expense	-	-	-	-	-	-
Gain on sale of property and equipment	21,746	1,438	71,710	-	289,025	1,685
Net nonoperating revenues (expenses)	<u>208,750</u>	<u>317,991</u>	<u>69,184</u>	<u>21,607</u>	<u>296,911</u>	<u>51,377</u>
Income (loss) before transfers and contributions	<u>196,083</u>	<u>(6,509,531)</u>	<u>(35,218)</u>	<u>(396,393)</u>	<u>(981,596)</u>	<u>7,943</u>
Capital contributions	-	4,198,044	-	-	-	-
Transfers in	-	9,045,714	485,290	-	764,386	55,035
Transfers out	<u>(390,200)</u>	<u>(11,055)</u>	<u>(455,146)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>(194,117)</u>	<u>6,723,172</u>	<u>(5,074)</u>	<u>(396,393)</u>	<u>(217,210)</u>	<u>62,978</u>
Net assets						
October 1, 2004	<u>10,179,780</u>	<u>23,974,989</u>	<u>3,915,499</u>	<u>1,331,150</u>	<u>6,802,573</u>	<u>3,578,139</u>
September 30, 2005	<u>\$ 9,985,663</u>	<u>\$ 30,698,161</u>	<u>\$ 3,910,425</u>	<u>\$ 934,757</u>	<u>\$ 6,585,363</u>	<u>\$ 3,641,117</u>

(continued)

County of Oakland
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets (Continued)
Internal Service Funds
Year Ended September 30, 2005

	Mailing, Copier, and Printing	Telephone Communications	Building and Liability Insurance	Fringe Benefits	Sheriff Aviation	Totals September 30, 2005
Operating revenues						
Charges for services	\$ 3,279,762	\$ 4,308,876	\$ 2,728,434	\$ 113,705,797	\$ 1,950,572	\$ 184,349,265
Other	-	47	-	-	-	104,146
Total operating revenues	<u>3,279,762</u>	<u>4,308,923</u>	<u>2,728,434</u>	<u>113,705,797</u>	<u>1,950,572</u>	<u>184,453,411</u>
Operating expenses						
Salaries	323,505	321,253	450,886	766,609	255,624	19,427,327
Fringe benefits	170,061	170,212	177,844	351,786	126,756	9,308,949
Contractual services	1,483,479	2,196,696	4,506,639	106,871,648	480,712	141,826,263
Commodities	1,338,062	229,075	2,679	7,979	113,362	6,599,030
Depreciation	9,078	314,818	-	-	229,221	6,511,311
Internal services	84,065	547,479	76,266	176,371	258,501	5,532,241
Total operating expenses	<u>3,408,250</u>	<u>3,779,533</u>	<u>5,214,314</u>	<u>108,174,393</u>	<u>1,464,176</u>	<u>189,205,121</u>
Operating income (loss)	<u>(128,488)</u>	<u>529,390</u>	<u>(2,485,880)</u>	<u>5,531,404</u>	<u>486,396</u>	<u>(4,751,710)</u>
Nonoperating revenues (expenses)						
Interest revenue	7,255	32,153	430,974	845,622	13,358	1,909,578
Interest expense	-	-	-	-	(62,254)	(62,254)
Gain on sale of property and equipment	-	-	-	-	(105,700)	279,904
Net nonoperating revenues (expenses)	<u>7,255</u>	<u>32,153</u>	<u>430,974</u>	<u>845,622</u>	<u>(154,596)</u>	<u>2,127,228</u>
Income (loss) before transfers and contributions	<u>(121,233)</u>	<u>561,543</u>	<u>(2,054,906)</u>	<u>6,377,026</u>	<u>331,800</u>	<u>(2,624,482)</u>
Capital contributions	-	-	-	-	294,800	4,492,844
Transfers in	-	-	-	-	-	10,350,425
Transfers out	-	-	-	(53,952)	-	(910,353)
Change in net assets	<u>(121,233)</u>	<u>561,543</u>	<u>(2,054,906)</u>	<u>6,323,074</u>	<u>626,600</u>	<u>11,308,434</u>
Net assets						
October 1, 2004	<u>839,896</u>	<u>3,456,344</u>	<u>9,959,291</u>	<u>16,091,298</u>	<u>1,312,500</u>	<u>81,441,459</u>
September 30, 2005	<u>\$ 718,663</u>	<u>\$ 4,017,887</u>	<u>\$ 7,904,385</u>	<u>\$ 22,414,372</u>	<u>\$ 1,939,100</u>	<u>\$ 92,749,893</u>

**County of Oakland
Combining Statement of Cash Flows
Internal Service Funds
Year Ended September 30, 2005**

	Facilities Maintenance and Operations	Information Technology	Drain Equipment	Micrographics	Motor Pool	Office Equipment
Cash flows from operating activities						
Cash received from users	\$ 24,832,960	\$ 24,582,237	\$ 3,192,193	\$ 536,847	\$ 5,341,458	\$ 680,720
Cash paid to suppliers	(17,453,580)	(20,463,395)	(2,952,932)	(498,316)	(4,135,842)	(159,187)
Cash paid to employees	(7,455,405)	(8,478,464)	(358,728)	(394,408)	(704,663)	-
Net cash provided by (used in) operating activities	(76,025)	(4,359,622)	(119,467)	(355,877)	500,953	521,533
Cash flows from noncapital financing activities						
Transfers from other funds	-	3,291,640	-	-	-	-
Transfers to other funds	(390,200)	(11,055)	(455,146)	-	-	-
Net cash provided by (used in) noncapital financing activities	(390,200)	3,280,585	(455,146)	-	-	-
Cash flows from capital and related financing activities						
Transfers from other funds	-	5,754,074	485,290	-	764,386	55,035
Proceeds from sale of capital assets	21,746	1,438	71,710	-	289,025	1,685
Acquisition of capital assets	(70,492)	(929,463)	(755,098)	-	(2,651,921)	(907,691)
Amount paid on advances and equipment contracts	-	-	-	-	-	-
Interest paid on advances and equipment contracts	-	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	(48,746)	4,826,049	(198,098)	-	(1,598,510)	(850,971)
Cash flows from investing activities						
Interest on investments	178,223	304,972	(2,538)	20,394	7,584	47,253
Net cash provided by (used in) investing activities	178,223	304,972	(2,538)	20,394	7,584	47,253
Net increase (decrease) in cash and cash equivalents	(336,748)	4,051,984	(775,249)	(335,483)	(1,089,973)	(282,185)
Pooled cash and investments						
October 1, 2004	9,785,158	14,462,690	894,083	1,119,624	1,089,973	2,525,252
September 30, 2005	\$ 9,448,410	\$ 18,514,674	\$ 118,834	\$ 784,141	\$ -	\$ 2,243,067

(continued)

**County of Oakland
Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended September 30, 2005**

	Mailing, Copier and Printing	Telephone Communications	Building and Liability Insurance	Fringe Benefits	Sheriff Aviation	Totals September 30, 2005
Cash flows from operating activities						
Cash received from users	\$ 3,282,129	\$ 4,340,655	\$ 2,702,141	\$ 109,052,495	\$ 1,099,889	\$ 179,643,724
Cash paid to suppliers	(3,148,517)	(3,239,354)	(7,230,347)	(101,891,111)	(670,478)	(161,843,059)
Cash paid to employees	(323,505)	(321,253)	(450,886)	(766,609)	(247,844)	(19,501,765)
Net cash provided by (used in) operating activities	(189,893)	780,048	(4,979,092)	6,394,775	181,567	(1,701,100)
Cash flows from noncapital financing activities						
Transfers from other funds	-	-	-	-	-	3,291,640
Transfers to other funds	-	-	-	(53,952)	-	(910,353)
Net cash provided by (used in) noncapital financing activities	-	-	-	(53,952)	-	2,381,287
Cash flows from capital and related financing activities						
Transfers from other funds	-	-	-	-	-	7,058,785
Proceeds from sale of capital assets	-	-	-	-	25,000	410,604
Acquisition of capital assets	(102,753)	(440,697)	-	-	-	(5,858,115)
Amount paid on advances and equipment contracts	-	-	-	-	(437,500)	(437,500)
Interest paid on advances and equipment contracts	-	-	-	-	(62,254)	(62,254)
Net cash provided by (used in) capital and related financing activities	(102,753)	(440,697)	-	-	(474,754)	1,111,520
Cash flows from investing activities						
Interest on investments	6,795	31,719	409,425	807,415	13,358	1,824,600
Net cash provided by (used in) investing activities	6,795	31,719	409,425	807,415	13,358	1,824,600
Net increase (decrease) in cash and cash equivalents	(285,851)	371,070	(4,569,667)	7,148,238	(279,829)	3,616,307
Pooled cash and investments						
October 1, 2004	462,243	1,125,039	22,814,298	40,416,450	500,023	95,194,833
September 30, 2005	\$ 176,392	\$ 1,496,109	\$ 18,244,631	\$ 47,564,688	\$ 220,194	\$ 98,811,140

(continued)

County of Oakland
Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended September 30, 2005

	Facilities Maintenance and Operations	Information Technology	Drain Equipment	Micrographics	Motor Pool	Office Equipment
Operating income (loss)	\$ (12,667)	\$ (6,827,522)	\$ (104,402)	\$ (418,000)	\$ (1,278,507)	\$ (43,434)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation expense	132,802	3,213,500	484,022	32,518	1,698,691	396,661
(Increase) decrease in due from other governmental units	(8,395)	138,861	(51,045)	-	1,449	-
(Increase) decrease in due from component units	(1,974)	-	(1,812)	95	-	-
(Increase) decrease in accounts receivable	90	9,702	177,809	1,951	11,305	-
(Increase) decrease in due from other funds	48,824	136,541	(4,656)	-	234,022	-
(Increase) decrease in inventories and supplies	(5,161)	15,555	-	-	-	-
(Increase) decrease in prepayments and other assets	-	(651,500)	(6,275)	23,673	(55,658)	-
Increase (decrease) in vouchers payable	(132,154)	(667,386)	(70,062)	(3,850)	(210,595)	-
Increase (decrease) in accrued payroll	(82,218)	-	-	-	-	-
Increase (decrease) in due to other governmental units	-	17,407	-	-	-	-
Increase (decrease) in due to other funds	(40,201)	274,816	(245,756)	-	113,195	-
Increase (decrease) in current portion of workers' compensation	-	-	-	-	-	-
Increase (decrease) in current portion unreported health costs	-	-	-	-	-	-
Increase (decrease) in current portion sick and annual leave	-	-	-	-	-	-
Increase (decrease) in current portion claims and judgments	-	-	-	-	-	-
Increase (decrease) in other accrued liabilities	25,029	(19,596)	(297,290)	7,736	(12,949)	168,306
Increase (decrease) in accrued workers' compensation	-	-	-	-	-	-
Increase (decrease) in unreported health costs	-	-	-	-	-	-
Increase (decrease) in accrued sick and annual leave	-	-	-	-	-	-
Increase (decrease) in claims and judgments	-	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ (76,025)</u>	<u>\$ (4,359,622)</u>	<u>\$ (119,467)</u>	<u>\$ (355,877)</u>	<u>\$ 500,953</u>	<u>\$ 521,533</u>

(continued)

County of Oakland
Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended September 30, 2005

	Mailing, Copier, and Printing	Telephone Communications	Building and Liability Insurance	Fringe Benefits	Sheriff Aviation	Totals September 30, 2005
Operating income (loss)	\$ (128,488)	\$ 529,390	\$ (2,485,880)	\$ 5,531,404	\$ 486,396	\$ (4,751,710)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation expense	9,078	314,818	-	-	229,221	6,511,311
(Increase) decrease in due from other governmental units	9,891	(976)	-	-	-	89,785
(Increase) decrease in due from component units	-	-	-	(122)	-	(3,813)
(Increase) decrease in accounts receivable	(8,752)	16,350	1,100	-	(132,053)	77,502
(Increase) decrease in due from other funds	1,228	16,358	(27,393)	(4,653,180)	(718,630)	(4,966,886)
(Increase) decrease in inventories and supplies	(67,812)	-	-	-	-	(57,418)
(Increase) decrease in prepayments and other assets	(2,955)	(564)	(195,158)	(933,352)	-	(1,821,789)
Increase (decrease) in vouchers payable	-	(89,289)	(2,208)	770,870	(7,610)	(412,284)
Increase (decrease) in accrued payroll	-	-	-	-	7,780	(74,438)
Increase (decrease) in due to other governmental units	-	-	-	63,286	-	80,693
Increase (decrease) in due to other funds	(386)	(1,142)	-	4,029,028	1,993	4,131,547
Increase (decrease) in current portion of workers' compensation	-	-	-	269,730	-	269,730
Increase (decrease) in current portion unreported health costs	-	-	-	209,333	-	209,333
Increase (decrease) in current portion sick and annual leave	-	-	-	25,495	-	25,495
Increase (decrease) in current portion claims and judgments	-	-	(3,045,541)	-	-	(3,045,541)
Increase (decrease) in other accrued liabilities	(1,697)	(4,897)	(145,945)	305,263	314,470	338,430
Increase (decrease) in accrued workers' compensation	-	-	-	128,896	-	128,896
Increase (decrease) in unreported health costs	-	-	-	418,667	-	418,667
Increase (decrease) in accrued sick and annual leave	-	-	-	229,457	-	229,457
Increase (decrease) in claims and judgments	-	-	921,933	-	-	921,933
Net cash provided by (used in) operating activities	<u>\$ (189,893)</u>	<u>\$ 780,048</u>	<u>\$ (4,979,092)</u>	<u>\$ 6,394,775</u>	<u>\$ 181,567</u>	<u>\$ (1,701,100)</u>

Noncash transactions

Non-cash capital and related financing included \$4,330,412 of capital assets contributed in the Information Technology fund, and \$294,800 of capital assets contributed in the Sheriff Aviation 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 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 the 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 Clinton-Oakland S.D.S. (Sewage Disposal System) 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 Huron-Rouge S.D.S. Fund - was established to record the 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 Farmers Market Fund - is used to account for the operations of the Oakland County 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 the 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, 2005**

	Medical Care Facility	Fire Records Management	Evergreen- Farmington S.D.S.	S.O.C.S.D.S.	Clinton- Oakland S.D.S.	Huron- Rouge S.D.S.
Assets						
Current assets						
Pooled cash and investments	\$ -	\$ 218,442	\$ 16,162,399	\$ 22,608,943	\$ 14,909,543	\$ 2,864,901
Due from other governmental units	-	36,824	7,015,626	2,905,319	4,887,315	1,529,734
Due from component units	-	-	108,626	-	-	-
Accrued interest receivable	1,141	878	106,097	84,439	66,220	9,127
Accounts receivable (net of allowances for uncollectibles where applicable)	1,830,647	1,025	-	6,850	-	-
Due from other funds	-	-	3,074,494	36,102	129,872	1,157
Inventories and supplies	-	-	-	-	-	-
Prepayments and other assets	-	16,062	519	-	53,673	-
Total current assets	<u>1,831,788</u>	<u>273,231</u>	<u>26,467,761</u>	<u>25,641,653</u>	<u>20,046,623</u>	<u>4,404,919</u>
Noncurrent assets						
Capital assets, at cost						
Land	-	-	27,681	613,529	25,725	19,749
Land improvements	13,771	-	-	11,274	-	-
Buildings and improvements	3,004,276	-	3,167,894	3,325,705	734,721	348,504
Equipment and vehicles	110,091	517,860	24,848	277,153	7,047	-
Infrastructure	-	-	25,784,033	76,214,843	36,799,208	2,962,297
Construction in progress	-	-	9,049,989	-	-	-
	<u>3,128,138</u>	<u>517,860</u>	<u>38,054,445</u>	<u>80,442,504</u>	<u>37,566,701</u>	<u>3,330,550</u>
Less: Accumulated depreciation	<u>2,203,920</u>	<u>434,332</u>	<u>19,898,852</u>	<u>66,345,249</u>	<u>19,570,608</u>	<u>2,117,505</u>
Capital assets, net	<u>924,218</u>	<u>83,528</u>	<u>18,155,593</u>	<u>14,097,255</u>	<u>17,996,093</u>	<u>1,213,045</u>
Total assets	<u>2,756,006</u>	<u>356,759</u>	<u>44,623,354</u>	<u>39,738,908</u>	<u>38,042,716</u>	<u>5,617,964</u>
Liabilities						
Current liabilities						
Due to other governmental units	-	-	5,618,036	6,055,177	1,412,706	1,163,094
Due to other funds	1,696,738	6,424	219,904	204,503	280,686	14,194
Deferred revenue	-	-	-	-	-	-
Other accrued liabilities	424,659	-	191,565	84,581	43,827	-
Total liabilities	<u>2,121,397</u>	<u>6,424</u>	<u>6,029,505</u>	<u>6,344,261</u>	<u>1,737,219</u>	<u>1,177,288</u>
Net Assets						
Invested in capital assets, net of related debt	924,218	83,528	18,155,593	14,097,255	17,996,093	1,213,045
Unrestricted	(289,609)	266,807	20,438,256	19,297,392	18,309,404	3,227,631
Total net assets	<u>\$ 634,609</u>	<u>\$ 350,335</u>	<u>\$ 38,593,849</u>	<u>\$ 33,394,647</u>	<u>\$ 36,305,497</u>	<u>\$ 4,440,676</u>

(continued)

**County of Oakland
Combining Statement of Net Assets (Continued)
Non-Major Enterprise Funds
September 30, 2005**

	Farmers Market	CLEMIS	Radio Communications	Jail Inmate Commissary	Totals September 30, 2005
Assets					
Current assets					
Pooled cash and investments	\$ 4,529	\$ 3,219,569	\$ 16,210,494	\$ -	\$ 76,198,820
Due from other governmental units	-	881,191	68,431	-	17,324,440
Due from component units	-	-	-	-	108,626
Accrued interest receivable	-	16,370	47,923	247	332,442
Accounts receivable (net of allowances for uncollectibles where applicable)	-	1,075	173,944	113,754	2,127,295
Due from other funds	-	360,713	-	12,218	3,614,556
Inventories and supplies	-	73,621	561,311	21,299	656,231
Prepayments and other assets	-	48,725	613,246	-	732,225
Total current assets	<u>4,529</u>	<u>4,601,264</u>	<u>17,675,349</u>	<u>147,518</u>	<u>101,094,635</u>
Noncurrent assets					
Capital assets, at cost					
Land	-	-	-	-	686,684
Land improvements	-	-	-	-	25,045
Buildings and improvements	-	-	-	-	10,581,100
Equipment and vehicles	-	17,475,180	11,157,152	-	29,569,331
Infrastructure	-	-	-	-	141,760,381
Construction in progress	-	9,431,589	20,252,149	-	38,733,727
	-	26,906,769	31,409,301	-	221,356,268
Less: Accumulated depreciation	-	13,935,151	11,148,012	-	135,653,629
Capital assets, net	<u>-</u>	<u>12,971,618</u>	<u>20,261,289</u>	<u>-</u>	<u>85,702,639</u>
Total assets	<u>4,529</u>	<u>17,572,882</u>	<u>37,936,638</u>	<u>147,518</u>	<u>186,797,274</u>
Liabilities					
Current liabilities					
Due to other governmental units	-	-	-	-	14,249,013
Due to other funds	291	18,532	-	139,769	2,581,041
Deferred revenue	-	324,370	88,518	-	412,888
Other accrued liabilities	-	567,402	396,099	2,759	1,710,892
Total liabilities	<u>291</u>	<u>910,304</u>	<u>484,617</u>	<u>142,528</u>	<u>18,953,834</u>
Net Assets					
Invested in capital assets, net of related debt	-	12,971,618	20,261,289	-	85,702,639
Unrestricted	4,238	3,690,960	17,190,732	4,990	82,140,801
Total net assets	<u>\$ 4,238</u>	<u>\$ 16,662,578</u>	<u>\$ 37,452,021</u>	<u>\$ 4,990</u>	<u>\$ 167,843,440</u>

**County of Oakland
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Non-Major Enterprise Funds
Year Ended September 30, 2005**

	Medical Care Facility	Fire Records Management	Evergreen- Farmington S.D.S.	S.O.C.S.D.S.	Clinton- Oakland S.D.S.	Huron- Rouge S.D.S.
Operating revenues						
Charges for services	\$ 9,095,204	\$ 147,666	\$ 25,328,228	\$ 29,914,000	\$ 19,888,901	\$ 3,988,153
Other	129,915	-	3,513	556	37,192	977
Total operating revenues	<u>9,225,119</u>	<u>147,666</u>	<u>25,331,741</u>	<u>29,914,556</u>	<u>19,926,093</u>	<u>3,989,130</u>
Operating expenses						
Salaries	3,953,459	197,140	607,351	444,610	470,257	56,913
Fringe benefits	1,894,146	100,649	271,315	181,581	199,882	24,807
Contractual services	2,356,858	130,122	25,011,772	28,371,299	17,487,508	3,330,345
Commodities	1,636,860	78,029	101,976	337,235	40,066	730
Depreciation	84,406	81,839	584,505	1,447,911	750,679	66,216
Internal services	760,115	67,409	302,289	120,930	198,314	15,055
Total operating expenses	<u>10,685,844</u>	<u>655,188</u>	<u>26,879,208</u>	<u>30,903,566</u>	<u>19,146,706</u>	<u>3,494,066</u>
Operating income (loss)	<u>(1,460,725)</u>	<u>(507,522)</u>	<u>(1,547,467)</u>	<u>(989,010)</u>	<u>779,387</u>	<u>495,064</u>
Nonoperating revenues (expenses)						
Interest revenue	(24,548)	5,187	404,085	434,173	342,057	53,416
Contributions	31,061	-	-	-	-	-
Net nonoperating revenues (expenses)	<u>6,513</u>	<u>5,187</u>	<u>404,085</u>	<u>434,173</u>	<u>342,057</u>	<u>53,416</u>
Income (loss) before contributions and transfers	(1,454,212)	(502,335)	(1,143,382)	(554,837)	1,121,444	548,480
Capital contributions	-	-	8,137,741	-	-	-
Transfers in	-	356,306	-	-	-	-
Transfers out	-	-	(111,809)	(1,217)	(122,825)	(535)
Change in net assets	<u>(1,454,212)</u>	<u>(146,029)</u>	<u>6,882,550</u>	<u>(556,054)</u>	<u>998,619</u>	<u>547,945</u>
Net assets						
October 1, 2004	<u>2,088,821</u>	<u>496,364</u>	<u>31,711,299</u>	<u>33,950,701</u>	<u>35,306,878</u>	<u>3,892,731</u>
September 30, 2005	<u>\$ 634,609</u>	<u>\$ 350,335</u>	<u>\$ 38,593,849</u>	<u>\$ 33,394,647</u>	<u>\$ 36,305,497</u>	<u>\$ 4,440,676</u>

(continued)

County of Oakland
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets (Continued)
Non-Major Enterprise Funds
Year Ended September 30, 2005

	Farmers Market	CLEMIS	Radio Communications	Jail Inmate Commissary	Totals September 30, 2005
Operating revenues					
Charges for services	\$ 138,789	\$ 2,373,295	\$ 8,300,229	\$ 1,323,321	\$ 100,497,786
Other	-	-	-	-	172,153
Total operating revenues	<u>138,789</u>	<u>2,373,295</u>	<u>8,300,229</u>	<u>1,323,321</u>	<u>100,669,939</u>
Operating expenses					
Salaries	60,428	963,352	571,575	283,057	7,608,142
Fringe benefits	23,051	413,390	262,375	156,427	3,527,623
Contractual services	9,657	2,183,088	747,372	66,261	79,694,282
Commodities	-	168,199	168,920	735,547	3,267,562
Depreciation	-	1,679,989	1,924,478	-	6,620,023
Internal services	51,902	852,481	380,630	11,533	2,760,658
Total operating expenses	<u>145,038</u>	<u>6,260,499</u>	<u>4,055,350</u>	<u>1,252,825</u>	<u>103,478,290</u>
Operating income (loss)	<u>(6,249)</u>	<u>(3,887,204)</u>	<u>4,244,879</u>	<u>70,496</u>	<u>(2,808,351)</u>
Nonoperating revenues (expenses)					
Interest revenue	(270)	73,914	363,700	1,988	1,653,702
Contributions	-	-	-	-	31,061
Net nonoperating revenues (expenses)	<u>(270)</u>	<u>73,914</u>	<u>363,700</u>	<u>1,988</u>	<u>1,684,763</u>
Income (loss) before contributions and transfers	<u>(6,519)</u>	<u>(3,813,290)</u>	<u>4,608,579</u>	<u>72,484</u>	<u>(1,123,588)</u>
Capital contributions	-	6,624,066	-	-	14,761,807
Transfers in	-	1,716,400	53,377	-	2,126,083
Transfers out	-	-	(50,000)	(32,268)	(318,654)
Change in net assets	<u>(6,519)</u>	<u>4,527,176</u>	<u>4,611,956</u>	<u>40,216</u>	<u>15,445,648</u>
Net assets					
October 1, 2004	<u>10,757</u>	<u>12,135,402</u>	<u>32,840,065</u>	<u>(35,226)</u>	<u>152,397,792</u>
September 30, 2005	<u>\$ 4,238</u>	<u>\$ 16,662,578</u>	<u>\$ 37,452,021</u>	<u>\$ 4,990</u>	<u>\$ 167,843,440</u>

County of Oakland
Combining Statement of Cash Flows
Non-Major Enterprise Funds
Year Ended September 30, 2005

	Medical Care Facility	Fire Records Management	Evergreen- Farmington S.D.S.	S.O.C.S.D.S.	Clinton- Oakland S.D.S.	Huron- Rouge S.D.S.
Cash flows from operating activities						
Cash received from users	\$ 9,448,238	\$ 175,462	\$ 24,287,221	\$ 30,630,314	\$ 19,917,503	\$ 3,780,101
Cash paid to suppliers	(5,432,070)	(393,711)	(25,342,503)	(28,828,032)	(19,332,600)	(3,250,994)
Cash paid to employees	(3,992,257)	(197,140)	(607,351)	(444,610)	(470,257)	(56,913)
Net cash provided by (used in) operating activities	<u>23,911</u>	<u>(415,389)</u>	<u>(1,662,633)</u>	<u>1,357,672</u>	<u>114,646</u>	<u>472,194</u>
Cash flows from noncapital financing activities						
Transfers from other funds	-	356,306	-	-	-	-
Transfers to other funds	-	-	(111,809)	(1,217)	(122,825)	(535)
Contributions	31,061	-	-	-	-	-
Net cash used in noncapital financing activities	<u>31,061</u>	<u>356,306</u>	<u>(111,809)</u>	<u>(1,217)</u>	<u>(122,825)</u>	<u>(535)</u>
Cash flows from capital and related financing activities						
Transfers from other funds	-	-	-	-	-	-
Capital contributions	-	-	8,137,741	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Acquisition of capital assets	(31,650)	-	(8,137,741)	(79,840)	-	-
Net cash used in capital and related financing activities	<u>(31,650)</u>	<u>-</u>	<u>-</u>	<u>(79,840)</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities						
Interest on investments	(23,322)	4,945	383,627	411,928	324,961	51,500
Net cash provided by investing activities	<u>(23,322)</u>	<u>4,945</u>	<u>383,627</u>	<u>411,928</u>	<u>324,961</u>	<u>51,500</u>
Net increase (decrease) in cash and cash equivalents	-	(54,138)	(1,390,815)	1,688,543	316,782	523,159
Pooled cash and investments						
October 1, 2004	-	272,580	17,553,214	20,920,400	14,592,761	2,341,742
September 30, 2005	<u>\$ -</u>	<u>\$ 218,442</u>	<u>\$ 16,162,399</u>	<u>\$ 22,608,943</u>	<u>\$ 14,909,543</u>	<u>\$ 2,864,901</u>

(continued)

County of Oakland
Combining Statement of Cash Flows (Continued)
Non-Major Enterprise Funds
Year Ended September 30, 2005

	Farmers Market	CLEMIS	Radio Communications	Jail Inmate Commissary	Totals September 30, 2005
Cash flows from operating activities					
Cash received from users	\$ 138,789	\$ 2,048,090	\$ 8,250,508	\$ 1,312,706	\$ 99,988,932
Cash paid to suppliers	(84,603)	(3,440,537)	(1,537,304)	(997,188)	(88,639,542)
Cash paid to employees	(60,428)	(963,352)	(571,575)	(285,419)	(7,649,302)
Net cash provided by (used in) operating activities	(6,242)	(2,355,799)	6,141,629	30,099	3,700,088
Cash flows from noncapital financing activities					
Transfers from other funds	-	1,666,500	53,377	-	2,076,183
Transfers to other funds	-	-	(50,000)	(32,268)	(318,654)
Contributions	-	-	-	-	31,061
Net cash used in noncapital financing activities	-	1,666,500	3,377	(32,268)	1,788,590
Cash flows from capital and related financing activities					
Transfers from other funds	-	49,900	-	-	49,900
Capital contributions	-	-	-	-	8,137,741
Proceeds from sale of capital assets	-	-	-	-	-
Acquisition of capital assets	-	(5,376)	(7,438,473)	-	(15,693,080)
Net cash used in capital and related financing activities	-	44,524	(7,438,473)	-	(7,505,439)
Cash flows from investing activities					
Interest on investments	(270)	70,021	345,346	2,169	1,570,905
Net cash provided by investing activities	(270)	70,021	345,346	2,169	1,570,905
Net increase (decrease) in cash and cash equivalents	(6,512)	(574,754)	(948,121)	-	(445,856)
Pooled cash and investments					
October 1, 2004	11,041	3,794,323	17,158,615	-	76,644,676
September 30, 2005	\$ 4,529	\$ 3,219,569	\$ 16,210,494	\$ -	\$ 76,198,820

(continued)

County of Oakland
Combining Statement of Cash Flows (Continued)
Non-Major Enterprise Funds
Year Ended September 30, 2005

	Medical Care Facility	Fire Records Management	Evergreen- Farmington S.D.S.	S.O.C.S.D.S.	Clinton- Oakland S.D.S.	Huron- Rouge S.D.S.
Operating income (loss)	\$ (1,460,725)	\$ (507,522)	\$ (1,547,467)	\$ (989,010)	\$ 779,387	\$ 495,064
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation expense	84,406	81,839	584,505	1,447,911	750,679	66,216
(Increase) decrease in due from other governmental units	-	28,821	(961,286)	698,952	10,479	(207,872)
(Increase) decrease in due from component units	-	-	69,603	-	-	-
(Increase) decrease in accounts receivable	223,119	(1,025)	-	(6,850)	-	-
(Increase) decrease in due from other funds	-	2,082	(152,837)	23,656	(19,069)	(1,157)
(Increase) decrease in inventories and supplies	221,003	-	-	-	-	-
(Increase) decrease in prepayments and other assets	-	(1,187)	(519)	-	(53,673)	-
Increase (decrease) in vouchers payable	(1,567)	-	(40,924)	(5,329)	(9,405)	(50)
Increase (decrease) in accrued payroll	(38,798)	-	-	-	-	-
Increase (decrease) in due to other governmental units	-	-	518,268	109,310	(1,360,912)	120,631
Increase (decrease) in due to other funds	804,747	(18,087)	(305,443)	30,432	20,044	(638)
Increase (decrease) in deferred revenue	-	-	-	-	-	-
Increase (decrease) in other accrued liabilities	191,726	(310)	173,467	48,600	(2,884)	-
Net cash provided by (used in) operating activities	<u>\$ 23,911</u>	<u>\$ (415,389)</u>	<u>\$ (1,662,633)</u>	<u>\$ 1,357,672</u>	<u>\$ 114,646</u>	<u>\$ 472,194</u>

(continued)

County of Oakland
Combining Statement of Cash Flows (Continued)
Non-Major Enterprise Funds
Year Ended September 30, 2005

	Farmers Market	CLEMIS	Radio Communications	Jail Inmate Commissary	Totals September 30, 2005
Operating income (loss)	\$ (6,249)	\$ (3,887,204)	\$ 4,244,879	\$ 70,496	\$ (2,808,351)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation expense	-	1,679,989	1,924,478	-	6,620,023
(Increase) decrease in due from other governmental units	-	(437,912)	(16,261)	-	(885,079)
(Increase) decrease in due from component units	-	-	-	-	69,603
(Increase) decrease in accounts receivable	-	35,203	482,153	656	733,256
(Increase) decrease in due from other funds	-	(246,866)	-	(11,271)	(405,462)
(Increase) decrease in inventories and supplies	-	(10,997)	(24,891)	9,632	194,747
(Increase) decrease in prepayments and other assets	-	20,762	(548,745)	-	(583,362)
Increase (decrease) in vouchers payable	-	(135,725)	(20,655)	(30,291)	(243,946)
Increase (decrease) in accrued payroll	-	-	-	(2,362)	(41,160)
Increase (decrease) in due to other governmental units	-	-	-	-	(612,703)
Increase (decrease) in due to other funds	7	(149,894)	-	(4,236)	376,932
Increase (decrease) in deferred revenue	-	324,370	18,990	-	343,360
Increase (decrease) in other accrued liabilities	-	452,475	81,681	(2,525)	942,230
Net cash provided by (used in) operating activities	<u>\$ (6,242)</u>	<u>\$ (2,355,799)</u>	<u>\$ 6,141,629</u>	<u>\$ 30,099</u>	<u>\$ 3,700,088</u>

Noncash transactions

Noncash and capital related financing activities included \$6,624,066 of capital assets contributed in the CLEMIS fund, and purchase of capital assets of \$192,854 included in Other accrued liabilities and write-off of \$4,050 in fully depreciated capital assets in the Radio Communications fund.

County of Oakland Pension (and Other Postemployment Benefits) 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 postemployment 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 Benefits) Trust Funds
September 30, 2005

	Oakland County Employees' Retirement	VEBA Trust	Component Unit Road Commission Retirement (1)	Totals September 30, 2005
Assets				
Cash and cash equivalents	\$ 17,755,640	\$ 3,366,712	\$ 5,420,330	\$ 26,542,682
Investments, at fair value:				
Common stock	381,579,541	156,761,759	95,224,873	633,566,173
U.S. government securities	98,472,112	32,282,816	33,559,235	164,314,163
Corporate bonds	149,080,020	44,718,110	26,035,418	219,833,548
Money market	40,071,274	15,712,954	189,250	55,973,478
Real estate	2,833,123	-	-	2,833,123
Other	67,532,917	20,447,881	23,159,547	111,140,345
Total investments	<u>739,568,987</u>	<u>269,923,520</u>	<u>178,168,323</u>	<u>1,187,660,830</u>
Receivables - interest and dividends	2,975,891	995,160	695,160	4,666,211
Prepaid expenses	42,958	107,772	-	150,730
Due from other funds	-	4,000,000	-	4,000,000
Total assets	<u>760,343,476</u>	<u>278,393,164</u>	<u>184,283,813</u>	<u>1,223,020,453</u>
Liabilities				
Due to other funds	525	1,089,916	-	1,090,441
Other accrued liabilities	636,815	892,248	25,109,942	26,639,005
Total liabilities	<u>637,340</u>	<u>1,982,164</u>	<u>25,109,942</u>	<u>27,729,446</u>
Net assets				
Held in trust for employees' pension and other postemployment healthcare benefits	<u>\$ 759,706,136</u>	<u>\$ 276,411,000</u>	<u>\$ 159,173,871</u>	<u>\$ 1,195,291,007</u>

(1) Road Commission Retirement System component unit financial information is reported as of December 31, 2004.

County of Oakland
Combining Statement of Changes in Fiduciary Net Assets
Pension (and Other Postemployment Benefits) Trust Funds
Year Ended September 30, 2005

	Oakland County Employees' Retirement	VEBA Trust	Component Unit Road Commission Retirement (1)	Totals September 30, 2005
Additions				
Contributions				
Employer	\$ -	\$ 32,777,510	\$ 2,494,941	\$ 35,272,451
Plan members	1,052,875	71,304	-	1,124,179
Total contributions	<u>1,052,875</u>	<u>32,848,814</u>	<u>2,494,941</u>	<u>36,396,630</u>
Investment income	80,787,518	20,087,192	14,119,685	114,994,395
Less: Investment expense	-	-	(1,095,400)	(1,095,400)
Net investment income	<u>80,787,518</u>	<u>20,087,192</u>	<u>13,024,285</u>	<u>113,898,995</u>
Total additions	<u>81,840,393</u>	<u>52,936,006</u>	<u>15,519,226</u>	<u>150,295,625</u>
Deductions				
Benefits	28,621,263	16,626,943	6,535,495	51,783,701
Administrative expenses	2,598,742	4,500	-	2,603,242
Total deductions	<u>31,220,005</u>	<u>16,631,443</u>	<u>6,535,495</u>	<u>54,386,943</u>
Net increase	50,620,388	36,304,563	8,983,731	95,908,682
Net assets held in trust for employees' pension and other postemployment healthcare benefits				
October 1, 2004	<u>709,085,748</u>	<u>240,106,437</u>	<u>150,190,140</u>	<u>1,099,382,325</u>
September 30, 2005	<u>\$ 759,706,136</u>	<u>\$ 276,411,000</u>	<u>\$ 159,173,871</u>	<u>\$ 1,195,291,007</u>

(1) Road Commission Retirement System component unit financial information is reported for the year ended December 31, 2004.

County of Oakland Investment Trust Funds

Investment Trust Funds

Investment Trust funds account for resources of external units of government which are pooled in an investment portfolio for the benefit of the participants.

The Local Governmental Investment Pool Fund - was established as a trust with cities, townships and villages of Oakland County whereby the County Treasurer, under contractual arrangement, pools resources of the participants. Interest earnings net of fees accrue to the benefit of the participants in the pool.

County of Oakland
Statement of Fiduciary Net Assets
Investment Trust Funds
September 30, 2005

	Local Government Investment Pool
Assets	
Cash and cash equivalents	\$ 11,557,815
Receivables - interest and dividends	81
Total assets	<u>11,557,896</u>
 Net assets	
Held in trust for investment pool participants	 <u>\$ 11,557,896</u>

County of Oakland
Statement of Changes in Fiduciary Net Assets
Investment Trust Funds
Year Ended September 30, 2005

	Local Government Investment Pool
Additions	
Contributions from pool participants	\$ 11,550,000
Investment income	7,896
Total additions	<u>11,557,896</u>
Net increase	11,557,896
Net assets held in trust for pool participants	
October 1, 2004	-
September 30, 2005	<u>\$ 11,557,896</u>

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 - is used to account for money seized, or the sale of confiscated property at auction, under authorization of Michigan state law. The money is held until the court case has been resolved, and at least yearly any forfeited monies are distributed to local, state or federal police agencies that participate in the NET program.

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

The Jail Inmate Trust Account - 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, 2005

	Undistributed Taxes	Escheats Trust	Public Library Trust	Contractor's Retainage	Circuit Court Trust	Register of Deeds Trust	M.C.F. Patient Trust
Assets							
Pooled cash and investments	\$ 160,537,546	\$ 154,031	\$ 465,411	\$ 5,603,128	\$ 5,078,073	\$ 279,524	\$ 19,600
Cash and cash equivalents	-	-	-	-	-	-	-
Accrued interest receivable	-	-	11,311	19,089	121,734	-	78
Accounts receivable	-	-	79,568	-	-	-	-
Total assets	<u>160,537,546</u>	<u>154,031</u>	<u>556,290</u>	<u>5,622,217</u>	<u>5,199,807</u>	<u>279,524</u>	<u>19,678</u>
Liabilities							
Due to other governmental units	142,586,934	154,031	-	-	-	-	-
Due to other funds	17,950,612	-	-	-	-	-	-
Other accrued liabilities	-	-	556,290	5,622,217	5,199,807	279,524	19,678
Total liabilities	<u>160,537,546</u>	<u>154,031</u>	<u>556,290</u>	<u>5,622,217</u>	<u>5,199,807</u>	<u>279,524</u>	<u>19,678</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 (Continued)
Agency Funds
Year Ended September 30, 2005

	Legatee Trust	Special Trust	Sheriff NET Forfeiture	District Court Trust	Jail Inmate Trust Account	Totals September 30, 2005
Assets						
Pooled cash and investments	\$ 316,869	\$ 3,239,736	\$ 1,162,939	\$ 183,531	\$ -	\$ 177,040,388
Cash and cash equivalents	-	-	-	690,340	217,460	907,800
Accrued interest receivable	746	7,947	16,033	135	-	177,073
Accounts receivable	-	-	-	-	-	79,568
Total assets	<u>317,615</u>	<u>3,247,683</u>	<u>1,178,972</u>	<u>874,006</u>	<u>217,460</u>	<u>178,204,829</u>
Liabilities						
Due to other governmental units	-	-	-	-	-	142,740,965
Due to other funds	-	-	-	3,666	-	17,954,278
Other accrued liabilities	<u>317,615</u>	<u>3,247,683</u>	<u>1,178,972</u>	<u>870,340</u>	<u>217,460</u>	<u>17,509,586</u>
Total liabilities	<u>317,615</u>	<u>3,247,683</u>	<u>1,178,972</u>	<u>874,006</u>	<u>217,460</u>	<u>178,204,829</u>
Net assets	<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
Year Ended September 30, 2005

	Balance October 1, 2004	Additions	Deductions	Balance September 30, 2005
Undistributed Taxes				
Assets				
Pooled cash and investments	\$ 155,733,226	\$ 949,510,947	\$ 944,706,627	\$ 160,537,546
Liabilities				
Vouchers payable	\$ 108,070,921	\$ 730,260,131	\$ 838,331,052	\$ -
Due to other governmental units	47,662,305	825,184,760	730,260,131	142,586,934
Due to other funds	-	124,326,187	106,375,575	17,950,612
Total	<u>\$ 155,733,226</u>	<u>\$ 1,679,771,078</u>	<u>\$ 1,674,966,758</u>	<u>\$ 160,537,546</u>
Escheats Trust				
Assets				
Pooled cash and investments	\$ 187,015	\$ 97,518	\$ 130,502	\$ 154,031
Liabilities				
Vouchers payable	\$ -	\$ 128,252	\$ 128,252	\$ -
Due to other governmental units	187,015	97,518	130,502	154,031
Total	<u>\$ 187,015</u>	<u>\$ 225,770</u>	<u>\$ 258,754</u>	<u>\$ 154,031</u>
Public Library Trust				
Assets				
Pooled cash and investments	\$ 380,356	\$ 1,711,011	\$ 1,625,956	\$ 465,411
Accrued interest receivable	9,859	1,452	-	11,311
Accounts receivable	67,773	11,795	-	79,568
Total	<u>\$ 457,988</u>	<u>\$ 1,724,258</u>	<u>\$ 1,625,956</u>	<u>\$ 556,290</u>
Liabilities				
Vouchers payable	\$ -	\$ 1,591,230	\$ 1,591,230	\$ -
Other accrued liabilities	457,988	1,677,093	1,578,791	556,290
Total	<u>\$ 457,988</u>	<u>\$ 3,268,323</u>	<u>\$ 3,170,021</u>	<u>\$ 556,290</u>
Contractor's Retainage				
Assets				
Pooled cash and investments	\$ 5,446,653	\$ 1,525,659	\$ 1,369,184	\$ 5,603,128
Accrued interest receivable	13,114	5,975	-	19,089
Total	<u>\$ 5,459,767</u>	<u>\$ 1,531,634</u>	<u>\$ 1,369,184</u>	<u>\$ 5,622,217</u>
Liabilities				
Vouchers payable	\$ -	\$ 1,205,651	\$ 1,205,651	\$ -
Other accrued liabilities	5,459,767	1,394,082	1,231,632	5,622,217
Total	<u>\$ 5,459,767</u>	<u>\$ 2,599,733</u>	<u>\$ 2,437,283</u>	<u>\$ 5,622,217</u>

(continued)

County of Oakland
Combining Statement of Changes in Assets and Liabilities (Continued)
Agency Funds
Year Ended September 30, 2005

	Balance October 1, 2004	Additions	Deductions	Balance September 30, 2005
Circuit Court Trust				
Assets				
Pooled cash and investments	\$ 5,777,587	\$ 8,119,968	\$ 8,819,482	\$ 5,078,073
Accrued interest receivable	115,687	6,047	-	121,734
Total	<u>\$ 5,893,274</u>	<u>\$ 8,126,015</u>	<u>\$ 8,819,482</u>	<u>\$ 5,199,807</u>
Liabilities				
Vouchers payable	\$ -	\$ 7,287,608	\$ 7,287,608	\$ -
Other accrued liabilities	5,893,274	8,011,581	8,705,048	5,199,807
Total	<u>\$ 5,893,274</u>	<u>\$ 15,299,189</u>	<u>\$ 15,992,656</u>	<u>\$ 5,199,807</u>
Register of Deeds Trust				
Assets				
Pooled cash and investments	\$ 3,336,956	\$ 41,161,605	\$ 44,219,037	\$ 279,524
Liabilities				
Vouchers payable	\$ -	\$ 42,614,404	\$ 42,614,404	\$ -
Other accrued liabilities	3,336,956	41,161,605	44,219,037	279,524
Total	<u>\$ 3,336,956</u>	<u>\$ 83,776,009</u>	<u>\$ 86,833,441</u>	<u>\$ 279,524</u>
M.C.F. Patient Trust				
Assets				
Pooled cash and investments	\$ 15,783	\$ 143,372	\$ 139,555	\$ 19,600
Accrued interest receivable	66	12	-	78
Total	<u>\$ 15,849</u>	<u>\$ 143,384</u>	<u>\$ 139,555</u>	<u>\$ 19,678</u>
Liabilities				
Vouchers payable	\$ 313	\$ 20,628	\$ 20,941	\$ -
Other accrued liabilities	15,536	142,918	138,776	19,678
Total	<u>\$ 15,849</u>	<u>\$ 163,546</u>	<u>\$ 159,717</u>	<u>\$ 19,678</u>
Legatee Trust				
Assets				
Pooled cash and investments	\$ 363,335	\$ 53,510	\$ 99,976	\$ 316,869
Accrued interest receivable	321	425	-	746
Total	<u>\$ 363,656</u>	<u>\$ 53,935</u>	<u>\$ 99,976</u>	<u>\$ 317,615</u>
Liabilities				
Vouchers payable	\$ -	\$ 90,315	\$ 90,315	\$ -
Other accrued liabilities	363,656	46,493	92,534	317,615
Total	<u>\$ 363,656</u>	<u>\$ 136,808</u>	<u>\$ 182,849</u>	<u>\$ 317,615</u>

(continued)

County of Oakland
Combining Statement of Changes in Assets and Liabilities (Continued)
Agency Funds
Year Ended September 30, 2005

	Balance October 1, 2004	Additions	Deductions	Balance September 30, 2005
Special Trust				
Assets				
Pooled cash and investments	\$ 2,433,496	\$ 7,745,810	\$ 6,939,570	\$ 3,239,736
Accrued interest receivable	4,629	3,318	-	7,947
Total	<u>\$ 2,438,125</u>	<u>\$ 7,749,128</u>	<u>\$ 6,939,570</u>	<u>\$ 3,247,683</u>
Liabilities				
Vouchers payable	\$ -	\$ 4,048,369	\$ 4,048,369	\$ -
Other accrued liabilities	2,438,125	7,702,173	6,892,615	3,247,683
Total	<u>\$ 2,438,125</u>	<u>\$ 11,750,542</u>	<u>\$ 10,940,984</u>	<u>\$ 3,247,683</u>
Sheriff NET Forfeiture				
Assets				
Pooled cash and investments	\$ 1,063,379	\$ 1,507,080	\$ 1,407,520	\$ 1,162,939
Accrued interest receivable	14,119	1,914	-	16,033
Total	<u>\$ 1,077,498</u>	<u>\$ 1,508,994</u>	<u>\$ 1,407,520</u>	<u>\$ 1,178,972</u>
Liabilities				
Vouchers payable	\$ -	\$ 791,043	\$ 791,043	\$ -
Other accrued liabilities	1,077,498	1,475,614	1,374,140	1,178,972
Total	<u>\$ 1,077,498</u>	<u>\$ 2,266,657</u>	<u>\$ 2,165,183</u>	<u>\$ 1,178,972</u>
District Court Trust				
Assets				
Pooled cash and investments	\$ 182,472	\$ 4,194	\$ 3,135	\$ 183,531
Cash and cash equivalents	557,495	4,265,447	4,132,602	690,340
Accrued interest receivable	-	135	-	135
Total	<u>\$ 739,967</u>	<u>\$ 4,269,776</u>	<u>\$ 4,135,737</u>	<u>\$ 874,006</u>
Liabilities				
Due to other funds	\$ 2,472	\$ 3,666	\$ 2,472	\$ 3,666
Other accrued liabilities	737,495	4,265,447	4,132,602	870,340
Total	<u>\$ 739,967</u>	<u>\$ 4,269,113</u>	<u>\$ 4,135,074</u>	<u>\$ 874,006</u>

(continued)

County of Oakland
Combining Statement of Changes in Assets and Liabilities (Continued)
Agency Funds
Year Ended September 30, 2005

	Balance October 1, 2004	Additions	Deductions	Balance September 30, 2005
Jail Inmate Trust Account				
Assets				
Cash and cash equivalents	\$ 212,584	\$ 1,273,406	\$ 1,268,530	\$ 217,460
Liabilities				
Other accrued liabilities	\$ 212,584	\$ 1,273,406	\$ 1,268,530	\$ 217,460
Total All Agency Funds				
Assets				
Pooled cash and investments	\$ 174,920,258	\$ 1,011,580,674	\$ 1,009,460,544	\$ 177,040,388
Cash and cash equivalents	770,079	5,538,853	5,401,132	907,800
Accrued interest receivable	157,795	19,278	-	177,073
Accounts receivable	67,773	11,795	-	79,568
Total	<u>\$ 175,915,905</u>	<u>\$ 1,017,150,600</u>	<u>\$ 1,014,861,676</u>	<u>\$ 178,204,829</u>
Liabilities				
Vouchers payable	\$ 108,071,234	\$ 788,037,631	\$ 896,108,865	\$ -
Due to other governmental units	47,849,320	825,282,278	730,390,633	142,740,965
Due to other funds	2,472	124,329,853	106,378,047	17,954,278
Other accrued liabilities	19,992,879	67,150,412	69,633,705	17,509,586
Total	<u>\$ 175,915,905</u>	<u>\$ 1,804,800,174</u>	<u>\$ 1,802,511,250</u>	<u>\$ 178,204,829</u>

County of Oakland

Governmental Funds – Component Unit – Drainage Districts

Drainage Districts

This component unit consists of many individual districts (currently 187) created for the purpose of alleviating drainage problems. Separate funds and fund types are established to account for the resources and cost associated with the construction, maintenance, and financing of the individual drainage districts.

**County of Oakland
Combining Balance Sheet
Governmental Funds – Component Unit – Drainage Districts
September 30, 2005**

	Drainage Districts			Total
	Special Revenue	Debt Service	Capital Projects	
Assets				
Current assets				
Pooled cash and investments	\$6,649,799	\$ 1,287,629	\$17,782,948	\$ 25,720,376
Receivables (net of allowance for uncollectibles where applicable)				
Due from other governmental units	296,948	637,066	664,485	1,598,499
Accrued interest receivable	34,998	3,932	85,153	124,083
Due from other funds	25,300	19,700	-	45,000
Total current assets	<u>7,007,045</u>	<u>1,948,327</u>	<u>18,532,586</u>	<u>27,487,958</u>
Noncurrent assets				
Special assessments receivable	-	177,025,000	-	177,025,000
Total assets	<u>\$7,007,045</u>	<u>\$178,973,327</u>	<u>\$18,532,586</u>	<u>\$204,512,958</u>
Liabilities				
Current liabilities				
Due to other governmental units	\$1,891,458	\$ 849,263	\$ 2,645,581	\$ 5,386,302
Due to other funds	-	19,700	25,300	45,000
Due to primary government	316,571	5,274	231,341	553,186
Deferred revenue	-	55,974	-	55,974
Accrued interest payable	-	1,990	8,277	10,267
Other accrued liabilities	161,742	105,862	2,292,389	2,559,993
Total current liabilities	<u>2,369,771</u>	<u>1,038,063</u>	<u>5,202,888</u>	<u>8,610,722</u>
Noncurrent liabilities				
Deferred revenue	-	177,025,000	-	177,025,000
Bonds and notes payable	-	-	685,000	685,000
Total noncurrent liabilities	<u>-</u>	<u>177,025,000</u>	<u>685,000</u>	<u>177,710,000</u>
Total liabilities	<u>2,369,771</u>	<u>178,063,063</u>	<u>5,887,888</u>	<u>186,320,722</u>
Fund balances				
Reserved	4,637,274	910,264	12,644,698	18,192,236
Total fund balances	<u>4,637,274</u>	<u>910,264</u>	<u>12,644,698</u>	<u>18,192,236</u>
Total liabilities and fund balances	<u>\$7,007,045</u>	<u>\$178,973,327</u>	<u>\$18,532,586</u>	<u>\$204,512,958</u>

County of Oakland
Reconciliation of the Balance Sheet – Governmental Funds to the
Statement of Net Assets
Component Unit – Drainage Districts
September 30, 2005

Total fund balances for governmental funds		\$ 18,192,236
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	\$ 324,471,134	
Construction in progress	143,549,688	
Accumulated depreciation	<u>(56,767,236)</u>	
		411,253,586
Elimination of interfund balances.		
Due from other funds	(45,000)	
Due to other funds	<u>45,000</u>	
		-
Long-term receivables such as special assessments are expected to be collected over several years and are deferred in the governmental funds and are not available to pay for current year expenditures.		172,568,722
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>(172,568,722)</u>
Net assets of governmental activities		<u>\$ 429,445,822</u>

County of Oakland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds – Component Unit – Drainage Districts
Year Ended September 30, 2005

	Drainage Districts			Total
	Special Revenue	Debt Service	Capital Projects	
Revenues				
Special assessments	\$ 1,487,626	\$ 15,921,948	\$ 1,057,312	\$ 18,466,886
Federal grants	4,918	-	1,085,936	1,090,854
Charges for services	312,832	33,442	112,778	459,052
Investment income	127,801	40,264	515,617	683,682
Total revenues	<u>1,933,177</u>	<u>15,995,654</u>	<u>2,771,643</u>	<u>20,700,474</u>
Expenditures				
Salaries	633,729	-	695,939	1,329,668
Fringe benefits	245,892	-	283,632	529,524
Contractual services	649,359	102,541	18,750,049	19,501,949
Commodities	59,481	-	2,964	62,445
Principal payments	-	10,250,275	-	10,250,275
Interest	-	5,701,418	8,277	5,709,695
Paying agent fees	-	7,175	-	7,175
Intergovernmental	1,010,895	87,445	731,488	1,829,828
Internal services	119,843	-	93,116	212,959
Total expenditures	<u>2,719,199</u>	<u>16,148,854</u>	<u>20,565,465</u>	<u>39,433,518</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(786,022)</u>	<u>(153,200)</u>	<u>(17,793,822)</u>	<u>(18,733,044)</u>
Other financing sources (uses)				
Transfers in	1,833,391	404,781	231,488	2,469,660
Transfers out	(636,269)	-	(1,833,391)	(2,469,660)
Issuance of bonds	-	5,095,000	8,708,761	13,803,761
Payment to bond escrow agent	-	(5,380,269)	-	(5,380,269)
Discounts on bonds sold	-	(36,006)	(32,350)	(68,356)
Total other financing sources (uses)	<u>1,197,122</u>	<u>83,506</u>	<u>7,074,508</u>	<u>8,355,136</u>
Net change in fund balances	411,100	(69,694)	(10,719,314)	(10,377,908)
Fund balances				
October 1, 2004	<u>4,226,174</u>	<u>979,958</u>	<u>23,364,012</u>	<u>28,570,144</u>
September 30, 2005	<u>\$ 4,637,274</u>	<u>\$ 910,264</u>	<u>\$ 12,644,698</u>	<u>\$ 18,192,236</u>

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

Year Ended September 30, 2005

Net change in fund balance - total governmental funds		\$ (10,377,908)
Governmental funds report capital outlay as expenditure. 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.		
Construction in progress	\$ 19,962,312	
Infrastructure	630,435	
Depreciation expense	<u>(3,240,161)</u>	
		17,352,586
Revenue from special assessments reported in the Statement of Activities in previous years did not provide current financial resources in the governmental funds.		(10,250,275)
Current year special assessments will not be reported in Statement of Activities because it did not provide current year financial resources in the governmental funds.		8,355,136
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	(13,735,405)	
Repayment of bond principal	<u>15,630,544</u>	
		1,895,139
Change in net assets of governmental activities		<u>\$ 6,974,678</u>

III. Statistical Section – Unaudited

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

	2005	2004	2003	2002	2001	2000	1999	1998	1997 (2)	1996
County Executive (2)	\$ 163,091,157	\$ 156,550,456	\$ 149,307,293	\$ 154,605,827	\$ 149,744,060	\$ 143,209,213	\$ 122,219,972	\$ 108,277,397	\$ 77,300,241	\$ 90,960,686
Clerk/Register of Deeds	11,707,891	13,080,040	12,423,937	13,445,569	10,506,883	10,517,386	9,377,996	7,772,822	5,165,502	7,729,797
Treasurer	5,658,775	5,458,196	5,774,036	4,525,029	4,077,255	3,765,565	3,195,915	3,140,747	2,070,410	2,715,039
Justice administration	84,897,704	80,416,159	77,410,722	75,480,801	72,303,297	63,267,727	56,737,135	54,028,545	39,071,526	50,999,116
Law enforcement	142,237,487	132,216,411	121,606,032	115,316,654	104,520,100	101,585,022	92,965,913	91,885,843	67,197,922	85,354,740
Legislative	5,107,485	5,059,493	5,002,440	5,249,616	5,368,932	5,094,162	4,863,777	4,574,804	3,821,751	4,280,773
Drain Commissioner	15,672,724	8,921,658	8,131,493	5,218,322	4,879,051	4,150,030	5,352,683	10,910,333	6,722,531	8,273,246
Community Mental Health (3)	-	-	-	-	-	-	-	162,774,890	142,172,445	115,283,122
Parks and Recreation (5)	-	-	-	-	13,928,752	12,674,964	11,170,098	14,842,244	13,101,085	14,352,481
Road Commission	120,706,965	123,261,138	114,186,402	130,393,152	100,024,144	93,162,727	86,277,547	95,737,761	95,601,844	93,217,591
Drainage Districts (4)	18,868,053	15,618,696	15,985,701	13,319,697	13,928,502	14,777,287	-	-	-	-
Non-departmental	20,929,827	18,182,953	16,588,079	6,255,161	12,122,018	7,526,763	29,759,027	20,474,392	12,334,851	18,545,234
Intergovernmental	1,020,567	2,249,932	14,333,573	7,001,272	992,065	3,886,220	2,868,781	6,638,976	650,470	2,642,774
Principal payments	10,320,000	17,555,000	23,590,000	20,125,000	19,350,000	21,100,000	28,975,000	29,135,000	26,710,300	28,320,000
Interest and fiscal charges	5,550,107	5,666,354	6,759,378	6,389,790	6,624,072	7,396,538	14,963,232	16,045,822	10,402,469	18,197,493
Memo total	\$ 605,768,742	\$ 584,236,486	\$ 571,099,086	\$ 557,325,890	\$ 518,369,131	\$ 492,113,604	\$ 468,727,076	\$ 626,239,576	\$ 502,323,347	\$ 540,872,092

- (1) Includes General, Special Revenue, and Debt Service funds of Primary Government and Component Units, governmental fund types.
- (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) Community Mental Health Authority is excluded from governmental expenditures effective with fiscal year 1999.
- (4) Beginning in fiscal year 2000, the Drainage Districts became a component unit, governmental fund type, of the Primary Government. For comparative purposes, the expenditures for this component unit is shown excluding those of the Capital Projects fund type.
- (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**

	2005 (7)	2004	2003	2002 (6)	2001 (5)	2000 (4)	1999 (3)	1998	1997 (2)	1996
Taxes	\$ 301,057,658	\$ 214,309,074	\$ 204,057,370	\$ 192,372,010	\$ 235,061,095	\$ 176,092,094	\$ 166,654,002	\$ 161,045,318	\$ 116,488,640	\$ 151,476,700
Special assessments	31,040,050	35,994,667	43,902,424	39,359,558	40,206,945	42,790,778	45,688,622	44,826,243	36,647,916	44,253,563
Federal grants	58,104,296	64,212,617	52,892,846	64,481,712	41,953,147	24,667,428	19,376,175	26,018,791	28,277,520	33,845,779
State grants	109,632,328	105,723,949	108,818,523	103,377,013	114,646,658	117,360,317	114,725,441	156,809,207	156,734,244	167,016,478
Other intergovernmental	40,549,847	58,460,632	56,167,492	49,050,157	49,176,678	44,918,577	44,124,712	138,652,543	89,596,701	50,016,340
Charges for services	110,738,666	113,607,991	109,359,385	104,240,077	92,351,324	91,725,334	94,701,083	90,893,704	61,656,982	74,893,304
Investment income	6,498,857	2,922,207	5,716,388	7,428,928	16,774,577	16,252,027	13,988,609	15,909,461	12,681,852	16,162,998
Other	1,369,428	2,290,297	2,335,012	2,997,236	2,221,346	763,601	3,162,301	2,921,672	5,781,769	4,572,180
Memo total	<u>\$ 658,991,130</u>	<u>\$ 597,521,434</u>	<u>\$ 583,249,440</u>	<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>

- (1) Includes General, Special Revenue, and Debt Service funds of Primary Government and Component Units, governmental fund types.
- (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 exclusion of revenue for Community Mental Health Authority.
- (4) Beginning in fiscal year 2000, the Drainage districts became a component unit, governmental fund type, of the Primary Government. For comparative purposes, the revenue for this component unit is shown excluding those of the Capital Projects fund type.
- (5) Effective with fiscal year 2001, in compliance with GASB Statement No. 33 for reporting of tax revenues, property taxes are no longer shown as deferred for one quarter.
- (6) Beginning in fiscal year 2002, the Parks & Recreation fund is reported as Proprietary Fund type (Enterprise Fund)
- (7) Amounts for tax revenues beginning with fiscal year ended September 30, 2005 reflect accelerated tax levies to accommodate shift of property tax levy from Winter to Summer (3 year phase).

**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 End of Fiscal Year (2)	
		Amount	Percent	Amount	Percent
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%
2002	206,294,411	194,663,962	94.36%	204,411,316	99.09%
2003	216,173,657	204,777,737	94.73%	214,408,609	99.18%
2004	227,583,190	214,916,156	94.43%	225,737,450	99.19%
2005 (3)	79,281,336	-	0.00%	65,809,623	83.01%

- (1) Property taxes are recorded as revenue in the General Fund, net of certain adjustments, in the year following the year of levy prior to 1996.
- (2) Starting with the 1996 levy, collections are as of September 30, previously December 31.
- (3) Due to the property tax shift from December 1 to July 1, this amount is one-third of 2005 levy

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 (1)	Real Property		Personal Property	Total		Ratio of total equalized value to total estimated amount value
	Assessed value	Equalized value	Assessed and equalized value	Equalized value	Estimated amount value	
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%
2002	58,197,370,454	58,197,370,454	4,632,159,968	62,829,530,422	126,268,454,165	49.76%
2003	62,601,288,076	62,601,288,076	4,484,153,706	67,085,441,782	135,120,290,347	49.65%
2004	65,813,024,378	65,813,024,378	4,483,972,263	70,296,996,641	141,335,448,781	49.74%

(1) Levy is dated December 1 of each year.

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)
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	0.2352	3.4526	1.5952	0.2186	0.3207
2002	4.1900	0.2453	3.4224	1.6090	0.2170	0.6000
2003	4.1900	0.2436	3.3991	1.5983	0.2161	0.5974
2004	4.1900	0.2422	3.3789	1.5889	0.2154	0.5962
2005 (2)	1.3900					

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
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	56,472,501	71,823,105	7,492,953	5,956,447	429,314,926	202,298,601	1,403,207,576
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
2002	206,294,411	1,928,990	12,076,101	692,893,805	79,448,227	172,119,820	10,682,752	17,139,800	605,556,172	301,878,650	2,100,018,728
2003	216,173,657	775,569	12,565,003	710,593,349	82,695,346	179,047,884	11,146,203	17,702,892	652,655,226	263,627,075	2,146,982,204
2004	227,583,190	768,235	13,152,095	756,087,584	86,569,884	188,014,579	11,696,432	18,402,651	692,243,008	334,058,054	2,328,575,712
2005 (2)	79,281,336	-	-	-	-	-	-	-	-	-	79,281,336

(1) Taxes levied only on certain communities.

(2) Accelerated levy July 1 for shift of tax levy from Winter to Summer

Source: Oakland County Treasurer

**County of Oakland
Principal Taxpayers – Unaudited Table 6
September 30, 2005**

Taxpayer	Principal Products or Services	2005 Taxable Valuation*	2005 Percentage County Taxable Valuation
General Motors Corporation	Automobiles, Trucks, and Buses	\$ 531,887,644	0.90%
Detroit Edison Company	Electric Utility	360,912,322	0.61%
Twelve Oaks/Taubman, et. al.	Real Estate	208,092,554	0.35%
DaimlerChrysler Corporation	Automobiles and Trucks	170,275,688	0.29%
Consumers Power/Energy	Gas and Electric Utility	158,406,697	0.27%
Ford Motor Company	Automobiles and Trucks	130,746,670	0.22%
Town Centre Delaware, Inc.	Real Estate	125,084,204	0.21%
Manufacturer's Hanover Bank	Office Building	109,483,765	0.19%
Ramco - Gershenson	Real Estate	98,783,163	0.17%
W.R.C. Properties, Inc.	Real Estate	97,738,830	0.17%
Frankel/Forbes/Cohen, et. al.	Real Estate	90,964,710	0.15%
Liberty Property Investments	Real Estate Investment Trust	78,460,022	0.13%
Electronic Data Systems Corp.	Computer Systems	74,892,639	0.13%
Gale & Wentworth, LLC	Real Estate	62,284,828	0.11%
First Industrial Realty	Real Estate Investment Trust	54,517,530	0.09%
Comerica Bank	Banking, Real Estate, Financial	53,125,986	0.09%
Nykel Management Co.	Real Estate	52,053,119	0.09%
K-Mart Corp.	Retail Sales	51,953,082	0.09%
Prudential/ Prudential Insurance Company	Real Estate, Office Management	47,359,678	0.08%
Standard Federal Bank	Banking, Real Estate, Financial	45,436,369	0.08%
Total		\$ 2,602,459,500	4.42%

* 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
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
2003		18,780,000	18,780,000
2004		14,090,000	14,090,000
2005		5,765,000	5,765,000

(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
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
2002	1,194,156	62,829,530,422	152,055,000	0.242%	127
2003	1,194,156	67,085,441,782	141,375,000	0.211%	118
2004	1,194,156	70,296,996,641	151,935,000	0.216%	127

(1) Represents the year in which property taxes are levied (December 1), 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
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
2003	23,590,000	6,759,378	30,349,378	571,099,086	5.3
2004	17,555,000	5,666,354	23,221,354	445,356,652	5.2
2005	10,320,000	5,550,107	15,870,107	466,193,724	3.4

- (1) Includes General, Special Revenue, and Debt Service funds of Primary Government.
- (2) For the nine-month period ended September 30, 1997, except for Community Mental Health, which is reported for the year ended September 30, 1997
- (3) In 1999, the Community Mental Health Authority is reported as a discretely presented component unit, excluding the respective expenditures from total governmental expenditures.
- (4) Beginning in fiscal year 2000, the Drainage Districts became a discretely presented component unit, excluding the respective debt service and total expenditures.
- (5) Beginning in fiscal year 2002, the Parks and Recreation fund is reported as Proprietary fund type, excluding the respective expenditures from total governmental expenditures.

County of Oakland
Computation of Legal Debt Limit – Unaudited Table 10
September 30, 2005

Statutory limit - 10% of 2005 SEV	\$ 7,345,918,836
Bonds and Notes with County Credit and Limited Tax - Untaxed	
<u>Primary Government</u>	
General Obligation Limited Tax Building Authority - Act 31	\$ 77,305,000
General Obligation Limited Tax Building Authority Refunding - Act 202	8,545,000
General Obligation Limited Tax Lake Levels - Act 451	540,000
General Obligation Limited Tax Sewage Disposal Bonds - Act 342	5,720,000
General Obligation Limited Tax Water Supply Bonds - Act 342	1,345,000
General Obligation Limited Tax Water Supply Refunding - Act 202	2,305,000
General Obligation Limited Tax Sewage Disposal Refunding - Act 202	22,140,000
General Obligation Limited Tax Water Supply & Sewage Disposal Refunding - Act 202	2,490,000
General Obligation Limited Tax Michigan Bond Authority Sewage Disposal Bond	6,545,000
Total	<u>126,935,000</u>
<u>Drainage Districts Component Unit</u>	
General Obligation Limited Tax Drain Bonds - Act 40	30,030,000
General Obligation Limited Tax Drain Notes	685,000
General Obligation Limited Tax Drain Refunding Bonds - Act 202	43,910,000
General Obligation Limited Tax Michigan Bond Authority Drain Bonds	100,088,722
Total	<u>174,713,722</u>
Total Limited Tax - Untaxed	<u>301,648,722</u>
Bonds and Notes with County Credit and Limited Tax - Taxable	
General Obligation Limited Tax Notes - taxable obligation	25,000,000
Total bonds and notes with County credit	<u>326,648,722</u>
Available balance	<u>\$ 7,019,270,114</u>

Source: Oakland County Treasurer

County of Oakland
Net County Direct and Overlapping Debt – Unaudited Table 11
September 30, 2005

	Gross	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 Limited Tax					
General Obligation Building Authority	\$ 77,305,000	\$ 4,650,000 (a)	\$ 72,655,000	\$ 751 (b)	\$ 72,654,249
General Obligation Building Authority Refunding	8,545,000	-	8,545,000	10 (b)	8,544,990
Lake Level Bonds	540,000	-	540,000	170,406 (b)	369,594
Sewage Disposal Bonds	5,720,000	5,720,000 (a)	-	-	-
Water Supply Bonds	1,345,000	1,345,000 (a)	-	-	-
Water Supply Bonds Refunding	2,305,000	2,305,000 (a)	-	-	-
Sewage Disposal Bonds Refunding	22,140,000	22,140,000 (a)	-	-	-
Water Supply & Sewage Disposal Refunding	2,490,000	2,490,000 (a)	-	-	-
Michigan Bond Authority - Sewage Disp. Bonds	6,545,000	6,545,000 (a)	-	-	-
Total	<u>\$ 126,935,000</u>	<u>\$ 45,195,000</u>	<u>\$ 81,740,000</u>	<u>\$ 171,167</u>	<u>\$ 81,568,833</u>
Drainage District Component Unit					
Drain Bonds	\$ 30,030,000	\$ 29,257,244 (a)	\$ 772,756	\$ 44,623 (b)	\$ 728,133
Drain Notes	685,000	685,000 (a)	-	-	-
Drain Bonds Refunding	43,910,000	39,925,031 (a)	3,984,969	-	3,984,969
Michigan Bond Authority - Drain Bonds	100,088,722	98,287,392 (a)	1,801,330	-	1,801,330
Total	<u>\$ 174,713,722</u>	<u>\$ 168,154,667</u>	<u>\$ 6,559,055</u>	<u>\$ 44,623</u>	<u>\$ 6,514,432</u>
Bonds and Notes with County Credit and Limited Tax - Taxable					
General Obligation Limited Taxable	<u>\$ 25,000,000</u>	<u>\$ 25,000,000 (c)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Bonds and Notes with No County Credit					
Michigan Transportation Fund	<u>\$ 9,900,000</u>	<u>\$ 9,900,000 (c)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

County of Oakland
Net County Direct and Overlapping Debt – Unaudited Table 11 (Continued)
September 30, 2005

	Gross	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					\$ 958,177,287 (d)
School districts					2,831,913,502 (d)
Community college and intermediate school districts					31,468,598 (d)
County-issued bonds paid by local municipalities					213,349,667 (a)
Net County overlapping debt					<u>4,034,909,054</u>
Net County direct and overlapping debt					<u>\$ 4,122,992,319</u>

- (a) Total County Issued Bonds Paid by Local Municipalities
- (b) September 30, 2005 Pooled cash and investments balance
- (c) Self-supporting obligations
- (d) Amount as of September 30, 2005

Source: Oakland County Treasurer

**County of Oakland
Demographic 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	<u>584,660</u>	<u>100.00%</u>		<u>609,496</u>	<u>100.00%</u>			

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
1996	371	\$ 192,852	5,957	\$ 982,407	\$ 19,641,898	\$ 11,835,245	\$ 4,164,651	\$ 48,106,612	\$ 286,425	\$ 232,687
1997	235	293,333	4,095	683,508	20,981,118	12,813,368	4,446,758	52,868,661	300,555	271,395
1998	205	160,952	5,565	973,550	22,500,823	14,194,871	4,731,202	58,841,000	301,558	287,851
1999	236	298,953	5,714	1,074,914	23,087,150	15,834,736	5,373,882	65,300,684	339,684	243,402
2000	206	427,619	4,700	1,007,561	24,667,182	17,807,252	6,049,399	71,757,105	456,216	267,237
2001	283	464,085	3,988	971,729	24,989,144	19,359,413	6,752,136	79,195,946	484,729	304,602
2002	93	139,821	3,550	892,628	29,967,318	21,350,501	7,675,173	87,047,386	597,048	333,175
2003	127	129,172	3,980	1,013,348	37,798,700	23,051,769	8,342,933	93,767,958	554,682	361,267
2004	221	247,286	4,230	991,512	35,542,550	23,824,212	8,575,570	99,350,718	162,947	417,286
2005	272	263,438	3,973	1,015,406	(3)	24,898,602	8,804,707	105,044,072	45,940	576,616

Sources:

- (1) Oakland County Community and Economic Development and Dodge Construction Monthly Publication.
1997 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 2006.
- (4) Oakland County Equalization Division, Department of Management & Budget.

County of Oakland
Miscellaneous Statistics – Unaudited Table 14

Education

Grade	Number of Students
Kindergarten	14,110
1	14,356
2	14,343
3	14,244
4	14,556
5	14,785
6	14,801
7	15,087
8	15,268
9	17,156
10	16,975
11	14,828
12	13,788
Other	10,058
Total enrollment	204,355
Number of districts	49

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	Southfield, 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 (1)

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%
2003	General election - November 5, 2002		
	Registered voters	854,842	
	Ballots cast	439,751	51.44%
2004	Primary election - August 3, 2005		
	Registered voters	861,420	
	Ballots cast	159,973	18.57%
2005	General election - November 2, 2004		
	Registered voters	874,132	
	Ballots cast	645,644	73.86%

(1) Fiscal Year ended December 31 prior to 1997

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

County of Oakland
Building Authority Data – Unaudited Table 15
September 30, 2005

	Lyon Oaks Park	Work Release Facility	Office Bldg. Renovation	52/3 District Court Bldg.	Sheriff Substation Rochester Hills	Oakland Int'l Airport T-Hangers	Refunding Series 1998	Computer Center Refunding	Totals
Cash	\$ 65	\$ 5	\$ 5	\$ 5	\$ -	\$ 671	\$ 5	\$ 5	\$ 761
Leases receivable	2,600,000	20,850,000	26,550,000	16,225,000	4,650,000	6,430,000	6,445,000	2,100,000	85,850,000
Bonds payable	2,600,000	20,850,000	26,550,000	16,225,000	4,650,000	6,430,000	6,445,000	2,100,000	85,850,000
Year ended September 30, 2005:									
Transfers in	-	1,908,050	1,859,558	1,379,562	-	-	1,439,388	80,620	6,667,178
Leases and other income	562,933	-	64,217	-	397,088	504,371	-	-	1,528,609
Debt Service:									
Principal	450,000	875,000	975,000	650,000	200,000	230,000	1,105,000	35,000	4,520,000
Interest	112,569	1,033,050	948,550	729,563	197,087	273,761	334,088	47,906	3,676,574
Fiscal charges	300	-	225	-	-	-	300	-	825
Principal and interest requirements									
2006	\$ 569,587	\$ 1,898,050	\$ 2,060,164	\$ 1,385,062	\$ 391,088	\$ 483,102	\$ 1,480,744	\$ 82,206	\$ 8,350,003
2007	575,575	1,886,150	2,088,351	1,388,125	385,087	483,403	1,463,462	1,081,463	9,351,616
2008	580,325	1,871,375	2,087,101	1,390,375	403,587	487,402	1,449,650	1,053,175	9,322,990
2009	583,688	1,855,525	2,080,601	1,414,275	395,994	486,153	1,478,770	-	8,295,006
2010	561,275	1,862,625	2,096,851	1,385,600	388,119	488,502	1,458,473	-	8,241,445
Thereafter	-	21,725,581	7,941,717	16,787,800	4,691,231	7,010,488	-	-	58,156,817
	<u>\$ 2,870,450</u>	<u>\$ 31,099,306</u>	<u>\$ 18,354,785</u>	<u>\$ 23,751,237</u>	<u>\$ 6,655,106</u>	<u>\$ 9,439,050</u>	<u>\$ 7,331,099</u>	<u>\$ 2,216,844</u>	<u>\$ 101,717,877</u>