

**OAKLAND COUNTY, MICHIGAN  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Fiscal Year Ended September 30, 2006  
(With Independent Auditors' Report Thereon)**

**Prepared by:**

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

**Cover: Foreground: Vintage 1934 Plymouth PE Business Coupe  
Background: Meadow Brook Hall, Rochester Hills, Michigan  
Courtesy: Michael Zack, Graphic Artist for Oakland County**

# County of Oakland

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## **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, 2007

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, 2006.

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 that the financial statements of Oakland County for the fiscal year ended September 30, 2006 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, 2006 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**

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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 2006 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 2006 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

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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*, as amended by Statement Number 39, *Determining Whether Certain Organizations are Component Units*.

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. All aspects of the Drainage Districts are administered by the Oakland County Drain Commissioner. However, the Drainage Districts are not subject to the Board of Commissioners' appropriation process, and therefore are reported as a distinctly presented component unit in the County's Comprehensive Annual Financial Report (CAFR) as required by GASB Statement No. 14 and Statement No. 39.

## County of Oakland

### Letter of Transmittal

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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 and Statement Number 39.

#### *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 1 through September 30. 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 1). 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 30, the close of the current fiscal year.

The appropriated budget is prepared by fund, function (e.g., Administration of Justice), and department (e.g., Circuit Court). Control categories are established at the department level for Personnel Expenditures (e.g., salaries, overtime, and fringe benefits), Operating Expenditures (e.g., contractual services and commodities), and Internal Support Expenditures (e.g., Internal Service charges for printing, motor pool, office space, etc.). 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 the 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**

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#### **Economic Condition of Oakland County**

##### *Local Economy*

Oakland County is traditionally one of the strongest local economies in the United States. Between 1991 and 2004, the County experienced 22.3% increase in private sector job growth. In fact, County employment grew approximately 90% faster during that time period than the remainder of the state of Michigan. A total of 21,600 new jobs per year were added between 1991 and 2000, accounting for 30% of all new jobs in the last decade. It is no wonder that Oakland County is known as the “economic engine of the state.”

Although the state economy has experienced an economic slowdown since 2001, Oakland County’s economic strength continues to assert itself within this difficult environment. The Michigan economy has clearly been affected by the sluggish performance of the domestic automobile industry and its related enterprises; this situation has also affected Oakland’s economy. From 2000 through 2004, the County lost one-third of its automotive workforce. However, Oakland County’s response is to embrace the challenge of the changing economy by diversifying its economic strength. Sparked by innovative programs such as Emerging Sectors and Automation Alley (discussed later in this letter), Oakland County is successfully transforming from a traditional industrial economy to a knowledge-based economy.

The continuing creation of knowledge-based jobs more than offsets job losses in other sectors. During 2006, strong public sector leadership and the entrepreneurial spirit of its residents have helped return overall job growth to the County for the first calendar year since 2000. This job growth has been spearheaded by increases in business services with health, engineering and management services also making significant contributions. Oakland County, which is anticipating adding 5,300 jobs in 2007 thanks to these gains in professional and business services, has been ranked the most successful county in the state according to the University of Michigan Economic Forecast.

In September 2006, Oakland County's unemployment rate was 5.6%, moderately higher than the national average of 4.6% yet lower when compared to Michigan’s 6.7%.

Business growth has accelerated at the same pace as job growth. From 1994 to 2004, the number of businesses in the County rose by 6% to 41,828 with total annual payroll increasing by 74.8% to \$35.3 billion. This activity has definitely been enhanced by Oakland County’s attractive business climate and dynamic economic development programs. Oakland County is also Michigan’s leading center for international commercial activity with 658 foreign-owned companies representing 25 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 \$50,990 is the highest among Michigan’s 83 counties and is ranked fourth among counties having more than one million in population. In fact, Oakland County’s per capita income is more than 60% greater than both the nation (\$33,050) and the state (\$32,080).

## County of Oakland Letter of Transmittal

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The booming economy of the past decade has produced a 96% increase in the true cash value and a 70% 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 controlling the millage rate levied on the tax base. In fact, the County millage rate for the December 1, 2006 property tax levy remained at 4.19 mills (out of an authorized levy of 4.2240 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 2006 market value of property in Oakland County is approximately \$152.9 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 2005 to 2006. This growth alone exceeds the total tax base of 56 of the 83 Michigan counties in the year 2006. The majority of Oakland County's taxable value is within the residential class of property, which is approximately 72 percent of the total property tax base. From 1997 to 2005, the average price of a single family home also increased by 54.7 percent, from \$159,900 to \$247,330.

The average 2006 property tax rate is \$40.23 per thousand taxable value, which is distributed to the following taxing authorities:

|                              |               |
|------------------------------|---------------|
| Local School Districts       | 33.2%         |
| Cities, Villages, Townships  | 28.1%         |
| State Education Tax          | 14.9%         |
| County Operating             | 10.4%         |
| Intermediate School District | 8.4%          |
| Community College            | 3.9%          |
| Parks and Recreation         | <u>1.1%</u>   |
|                              | <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.

## County of Oakland

### Letter of Transmittal

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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 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, 2006, \$8.3 million remains in the Budget Transition Fund to support any issues arising in fiscal year 2007 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**

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#### 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, 2006 are approximately \$205.3 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 future income and restricted 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

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#### 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 2006, Oakland County issued \$34.2 million in new limited taxing authority bonds, including \$19.6 million under the Building Authority, to assist the City of Pontiac in making improvements and refunding previous debt for the Phoenix Center, as well as \$14.5 million under Act 342 for improvements to Rochester Hills and Oxford Township water supply systems. 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

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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 \$48.8 million since inception of the program without jeopardizing the retirement security of valued employees.

However, it is in the area of other postemployment benefits (OPEB) where Oakland County has been a true innovator and leader in exploring methods to provide and finance this escalating benefit. Over 20 years before the release of 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*, the County began to "advance fund" its retiree health care obligation. This involved securing an actuary study to determine the annual required contribution (ARC), a figure that represents not only the current cost for retiree health care, but also includes an amount needed to reduce the unfunded liability for future retirees and beneficiaries. In 2000, Oakland County shifted these resources to the newly established Voluntary Employee Benefits Association (VEBA), which secures these assets to cover other postemployment benefits, particularly retiree health care.

Even with these long-term efforts, which places Oakland County well ahead of almost all governments in the state and nation, the VEBA is 35% funded as of 2006 with an unfunded accrued liability (UAL) of approximately \$480 million. Recognizing both the importance of the benefit promise made to current employees, as well as the need to expend taxpayers' money as prudently as possible, the County has taken several bold steps in order to meet these two goals.

First, in order to stem the increasing cost of this benefit, limit the County's financial obligation on an on-going basis, yet still provide a useful benefit, a "Retirement Health Savings Plan" (RHS) was established for all employees hired after January 1, 2006. Rather than receive a specific level of health care insurance when they retire from County service, new hires enrolled in the RHS will receive a cash payment upon retirement from which they can purchase their own health insurance. The County contributes \$1,300 annually (\$50 per pay) to each employee's retirement health savings account; the employee may contribute as well. Upon leaving County service, the employee is entitled to all funds they contributed to the RHS as well



## County of Oakland Letter of Transmittal

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as funds the County contributed based upon their length of service, with a partial benefit (60%) being provided after 15 years of service, increasing 4% per year. A full benefit is provided after 25 years of service. Once the employee retires, and receives the cash payment, the County's financial obligations ends, unlike the plan for employees hired prior to January 1, 2006, 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.

The second step involves implementing a strategy to eliminate the burden of the VEBA's unfunded accrued liability on the County taxpayers. Specifically, the County is pursuing financing the entire remaining UAL through the sale of taxable bonds or trust certificates. Due to several converging factors, financing the UAL would be responsible stewardship for the County's citizens and long-term employees by securing funding for this obligation without raising taxes or reducing services. In fact, the projected annual debt service payments will be less than the actuarially determined ARC.

A factor in deciding to finance the UAL is the fact that the VEBA is a closed system. With a finite number of retirees and beneficiaries, the County can obtain a UAL and ARC amount that should not fluctuate inordinately. It is important to note, however, that the immediate effect of closing the VEBA (along with decreasing the UAL amortization period from 40 to 30 years as required by GASB) increased the ARC from \$37.5 million in FY 2006 to \$54.8 million in FY 2007.

In addition, interest rates on debt instruments are at the lowest point they have been in decades; and with Oakland County's AAA bond rating and low level of debt (4.4% of the legally permissible debt level) the County is well positioned to take advantage of the current market. Accordingly, an opportunity existed for Oakland County to issue taxable bonds to finance its entire UAL at a low interest rate.

Analysis indicated that the County could sell 20-year taxable general obligation bonds, in the amount of \$500 million, at approximately 5.5% interest rate. The projected debt service would be \$42 million annually or \$12.8 million less than the ARC. Further, because this would be a taxable issue, the County could invest the \$500 million in bond proceeds through the VEBA trust fund at 7.5% over the same 20-year period and realize net gains of \$150 million (net present value).

This approach would fully fund the VEBA, reduce the funding period for Oakland County by 10 years (a 20-year bond issue versus a 30-year amortization period which the ARC was based on); replace the \$54.8 million annual ARC payment with a \$42 million debt service payment – retraining \$12.8 million to maintain citizen services; and could be accomplished within the existing County budget so no tax or fee increases would be required. A more detailed discussion of Oakland County's approach can be found on the County website at [http://www.oakgov.com/exec/assets/docs/insight/retiree\\_health\\_07\\_2006](http://www.oakgov.com/exec/assets/docs/insight/retiree_health_07_2006) and at [http://www.oakgov.com/exec/insight/retiree\\_072406.html](http://www.oakgov.com/exec/insight/retiree_072406.html)

## County of Oakland

### Letter of Transmittal

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However, Michigan law prohibits municipalities from selling bonds for retiree health care. Therefore, the County engaged in efforts during the summer and fall of 2006 to legislatively add language to the State's Municipal Finance Act to allow for such debt. Oakland County was joined by other units of government and several governmental associations in these efforts, which were successful in that the Michigan House and Senate passed such legislation during their last session of calendar year 2006. Unfortunately, the governor pocket vetoed this legislation in early January, citing concerns over potential adverse impact, in the State's FY 2009 budget, on Michigan's Medicaid distribution as a result of the Federal allocation formula which could potentially treat these bond proceeds as "personal income", one of the variables in the formula (estimated impact statewide = \$3 million).

Because of this veto, Oakland County is positioning itself to sell Trust Certificates, which are supported by the assets of the trust rather than the full faith and credit of the County. Because the issue is backed by the trust rather than the full faith and credit of the County, and require additional legal and underwriter services to sell, the annual debt service payments would increase to approximately \$45 million. Although this figure is still below the ARC, the overall net savings would be reduced by \$55-\$60 million. Current plans include the County issuing Trust Certificates to fully fund the VEBA in June 2007.

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. Many of these initiatives fall into three major categories: Diversifying and Strengthening the Local Business Economy; Initiating Partnerships and Supporting Local Cities, Villages and Townships (CVTs); and Continued Improvement in County Government Service Delivery and Efficiency.

The County's efforts to Diversify and Strengthen the Local Business Economy have been a hallmark testifying to the innovative approaches County government officials take to enhancing the quality of life for its citizens. Two long-established initiatives, *Emerging Sectors* and *Automation Alley*, experienced continuing success during 2006 while a relatively new initiative, *Wireless Oakland*, moves toward full implementation.

## County of Oakland

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The *Emerging Sectors Project*, which is in its third year, focuses on the identification of the top emerging and promising business sectors for the new economy of the 21<sup>st</sup> 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 provide the emerging sector services, Oakland County will diversify its economic base. The goal is to make the County's economy "recession resistant."

During FY 2006, special teams, consisting of Oakland County government officials and local business leaders, visited businesses in Munich, Sweden, New York, Philadelphia, Chicago, and China explaining the benefits of locating in Oakland County. A visit to India is planned for 2007. During calendar year 2006 alone, *Emerging Sectors* brought \$64 million in investments into the County, created more than 1,000 new jobs, retained another 473 jobs, and generated almost \$1.6 million in tax revenue.

Since its inception in late calendar year 2004, *Emerging Sectors* has attracted 35 businesses to the County which specialize in advanced electronics and control systems, advanced materials and chemicals, alternative energy and power generation, communication and information technology, micro and nanotechnology, homeland security and finance.

Over these past three years, the *Emerging Sectors* initiative has generated more than \$273 million in new investments, created 3,480 new jobs, and assisted in retaining 1,680 jobs. The *Emerging Sectors* companies have generated \$6.7 million in new taxes for the county and local units of government.

*Automation Alley* began in 1999 with 44 members located in Oakland County; today it is a 680-member partnership between business, government, and education, spanning an eight (8) county area, designed to enhance southeast Michigan's technology cluster housed in its own headquarters in Troy. The "*Alley*" enhances regional prosperity through its Technology Center, which brings stakeholders together to help entrepreneurs accelerate technology commercialization. The Center has interacted with more than 150 companies and has secured federal and state grants for various projects. Also, in conjunction with various companies, a solar panel demonstration site was developed at the Automation Alley headquarters, through the work of the Technology Center. The system, which will demonstrate recent technology advances in solar and battery power, was paid for by a \$550,000 grant from the Michigan Public Service Commission.

In addition to the Technology Center, *Automation Alley* also hosts an International Business Center (IBC) which presents new opportunities for international business organizations that would like to establish a business presence in southeast Michigan. The IBC has hosted trade missions to China, Germany and Mexico. Upcoming trade missions include India, Central Europe, Chile, Argentina and Australia.

## County of Oakland

### Letter of Transmittal

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Finally, the *Wireless Oakland* program, which began in FY 2005, is a public/private partnership designed to blanket the 910 square miles of Oakland County with wireless Internet access and provide free high-speed Internet access to every resident, business, and visitor; it is well on its way to full implementation. The County's Department of Information Technology has partnered with a team of private sector providers to establish Oakland County as a truly high-tech county educating our children, re-educating and retraining our current workforce, and attracting those emerging sector companies to locate in the County with their high-tech, high-paying jobs of the 21<sup>st</sup> century.

No government funds have been invested in order to make available free wireless Internet service to the County's 1.2 million residents. Rather, a number of private technology and financial experts have joined the *Wireless Oakland* team sensing the opportunity to invest *their* resources in a project that promises to be an economic development bonanza.

The primary private sector partners includes MichTel Communications, a local company that will function as the prime contractor; Cisco, a multinational company that will provide technical training and equipment; Johnson Controls, a multinational company that will provide technical construction management; LECOM, a major southeast Michigan installation firm that will install and maintain the utility infrastructure; RF Connect, an Oakland County company that will provide the necessary engineering and design of the network; Johnson and Anderson, a local firm that will provide the civil engineering; XTnrgy, a firm from New York that will act as the prime financial partner, investing \$80 million and \$120 million for the opportunity to sell bandwidth above the free Internet; and finally the Microsoft Corporation, which will develop and maintain all content, advertising, and services on the *Wireless Oakland* portal.

In addition to the private firms willing to invest their own resources in this project, *Wireless Oakland* is attracting worldwide attention. The *Wireless Oakland* website is receiving thousands of hits a month from 48 countries in Europe, Asia, North and South America, and Australia.

The first phase of implementation, which is scheduled to end in April 2007, will install a wireless network in portions of seven (7) communities, covering 18 square miles and providing service to approximately 75,000 residents. The remaining areas of the County should be built out by 2008. Once the infrastructure is in place and operating, the second phase will begin which focuses on finding low-cost and not-cost computers and getting those computers in the hands of underserved County residents. In addition to the computers, several local colleges and business schools have stepped forward to offer necessary training free of charge to these residents.

The final phase of *Wireless Oakland* is to develop a tool kit for local communities, assisting them in embracing technology in order to position themselves to keep pace with the challenges and opportunities of the 21<sup>st</sup> century. This third phase is also representative of another set of initiatives Oakland County promotes, partnering with local units of government.

## County of Oakland

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Oakland County has long recognized that having solid, prosperous cities, villages, and townships (CVTs) contributes to its ability to attract business and provide public services. Over the past fourteen (14) years of this administration, the County has actively pursued partnering with its CVTs, sharing resources and/or using the County's vast abilities, to develop more efficient methods of providing necessary public services. Ongoing examples of these efforts include the *Court and Law Enforcement Management Information System (CLEMIS)*, the *Fire Records Management System*, and the *Cooperative Purchasing Agreements*. During the last year, however, two initiatives drew special attention: the initial implementation of the *Capital and Cooperative Initiatives Revolving Fund (CCIRF)*, and the use of the County's AAA bond rating to secure favorable debt issuance for CVTs throughout the County.

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. This state-mandated shift generates an additional year of property tax revenue (equivalent of four years of taxes over three fiscal years) which the County may draw from, in equal annual payments, to replace suspended state 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 CCIRF grows.

A portion of the CCIRF funds is available to encourage cooperative service relationships with either the County or jointly provided among the cities, villages, and townships within the County's borders. Specifically, funds have been allocated to hire outside consultants to investigate certain functions for collaboration between CVTs. Currently, 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 are being conducted.

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.

Oakland County's AAA bond rating not only provides recognition of the efficiency of the County's government and the strength of the economy, it provides an opportunity to meet the needs of the residents through the issuance of debt at reduced cost. Generally, the County's bond ratings have been more favorable than most of its CVTs. Acknowledging this fact, County Administration proposed in 2001, and the Board of Commissioners supported the concept of allowing the CVTs to partner with the County when debt issuance was required. Under these arrangements, the County would issue debt for a CVT project provided the project served the public interest of the County in total (as well as the individual CVT), that the CVT signed an agreement to repay the debt, and that the CVT could provide assets as collateral to support the debt. Among the projects previously implemented include the building of a Sheriff's Substation in Rochester Hills.

## County of Oakland Letter of Transmittal

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During FY 2006, the County initiated the issuance of debt for two projects, one which provided relief for a city struggling with shrinking revenues, and the other which facilitated the expansion of services for the County's most vulnerable population. The County Seat, the City of Pontiac (the "City"), is facing the fiscal pressures that most older, "built out" cities face, which are stagnant revenues combined with increasing costs. One benefit of the stagnant economy was to reduce the cost of borrowing, a situation Pontiac desired to take advantage of to refinance certain debt and expand its Phoenix Center complex. The reduced interest rates would allow the City to reduce its actual debt service payments and expand crucial services. Unfortunately, the City's bond ratings were such that the cost of issuing debt would outweigh the benefits even in a relatively favorable market.

Recognizing the value to the residents of Pontiac (who are also County residents) and the remaining residents of the County, Oakland County worked out an arrangement with the City through which the Oakland County Building Authority issued \$19,660,000 in full faith and credit county bonds to cover a debt defeasance and expansion of the Phoenix Center. The City pledged to make semiannual debt service payments and supported that pledge by conferring the Phoenix Center to the County, for the term of the debt service, as well as pledging additional revenues as collateral.

Presently, the County is working with the Oakland County Community Mental Health Authority (OCCMHA) to secure housing for developmentally disabled and mentally ill county residents. Currently, OCCMHA leases houses for their clients; by its nature, this relationship can be tenuous with the control of the property, and the rent amounts, in the hands of private investors. In order to secure these homes for future use, and stabilize the annual cost of service, OCCMHA is proposing to purchase a number of homes. Again, working with the Oakland County Building Authority, an agreement has been reached for the County to issue debt to purchase the homes. The homes will then be leased to OCCMHA for the life of the debt service. OCCMHA will make the semiannual debt service payments, with the County's \$9.6 million annually required contribution to the OCCMHA used as support for the debt. As the debt is paid, the houses will be turned over to OCCMHA. Final work on the lease agreement and the actual purchase of the homes is still in process. OCCMHA is expecting to save \$150,000 annually, which can be directed to expanded services.

The County Administration and Policy Makers are always pursuing improvements in efficiency and service delivery and looking for creative, innovative methods to meeting the demands of county residents. Since October 1993, Oakland County implemented eleven (11) separate privatization efforts, including such things as the contracting of food service to the jail and the Medical Care Facility and contracting with private physicians to provide health care services. These efforts have generated a reduction of 74 positions, annual savings of \$3.7 million and total savings of \$32.7 million (present value) as of February 2007.

Maintaining the desire to provide the best services to County residents, while utilizing taxpayers' money in the most efficient way possible, Oakland County is in the process of negotiating a contract with a private vendor to operate Golden Oaks, the County's Medical Care Facility. Over the past 75 years, the County has operated Golden Oaks, a 120-bed skilled care facility that

## **County of Oakland**

### **Letter of Transmittal**

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generally serves the Medicaid/Medicare population. Since the early 1990s, the facility has been fiscally self sufficient. However, over the last three years, changes in Medicaid/Medicare reimbursement practices, as well as increased competition from private sector providers, have changed the financial fortunes of the facility. A General Fund subsidy of \$2.6 million was required in FY 2006 to keep the facility afloat. It is anticipated that annual subsidies of \$2.8 million will be required for FY 2007 and FY 2008. Further, the current facility was built in 1977; thus, it would require upgrades to provide the expanded services needed to attract new clients and to successfully compete against the private sector facilities. These upgrades are estimated to cost \$4.9 million.

Given the increased competition, the financial losses already experienced, the projection of continued operating losses, and the costly facility renovations required, the County decided to investigate alternative service delivery sources. A Request for Proposal (RFP) was issued in April 2006, soliciting vendors who would maintain the services currently provided to residents, meet or exceed present levels of quality of care, and maintain an acceptable mix of Medicaid, Medicare, and Private Pay residents. After an eight-month process of reviewing responses to the RFP, investigating and interviewing potential vendors, the County proposed to manage the facility with an outside firm. Under this proposed agreement, the County would pay the vendor a \$500,000 annual management fee for a three-year period, for which the vendor would assume all responsibility for operating Golden Oaks - including compliance with state and federal regulatory codes, cost reports, contracts, insurances, periodic building maintenance, retention of staff, and employment. By the end of the three-year period, the vendor will have built a new facility in the Pontiac area and will transfer the remaining Golden Oaks residents to the new facility. The vendor will also maintain the number of Medicaid/Medicare beds, occupied at Golden Oaks, within the County borders.

### **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.”

## **County of Oakland**

### **Letter of Transmittal**

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Out of more than 3,000 counties in the United States, only 42 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 the fiscal year ended September 30, 2005. This was the 15th 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, 2005. This latest award is the eleventh 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 2005 PAFR award was the County's ninth 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**

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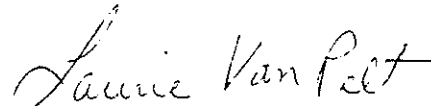
Acknowledgements:

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,



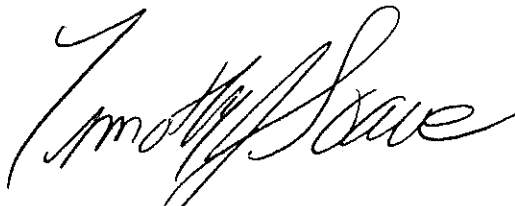
L. Brooks Patterson  
Oakland County Executive



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

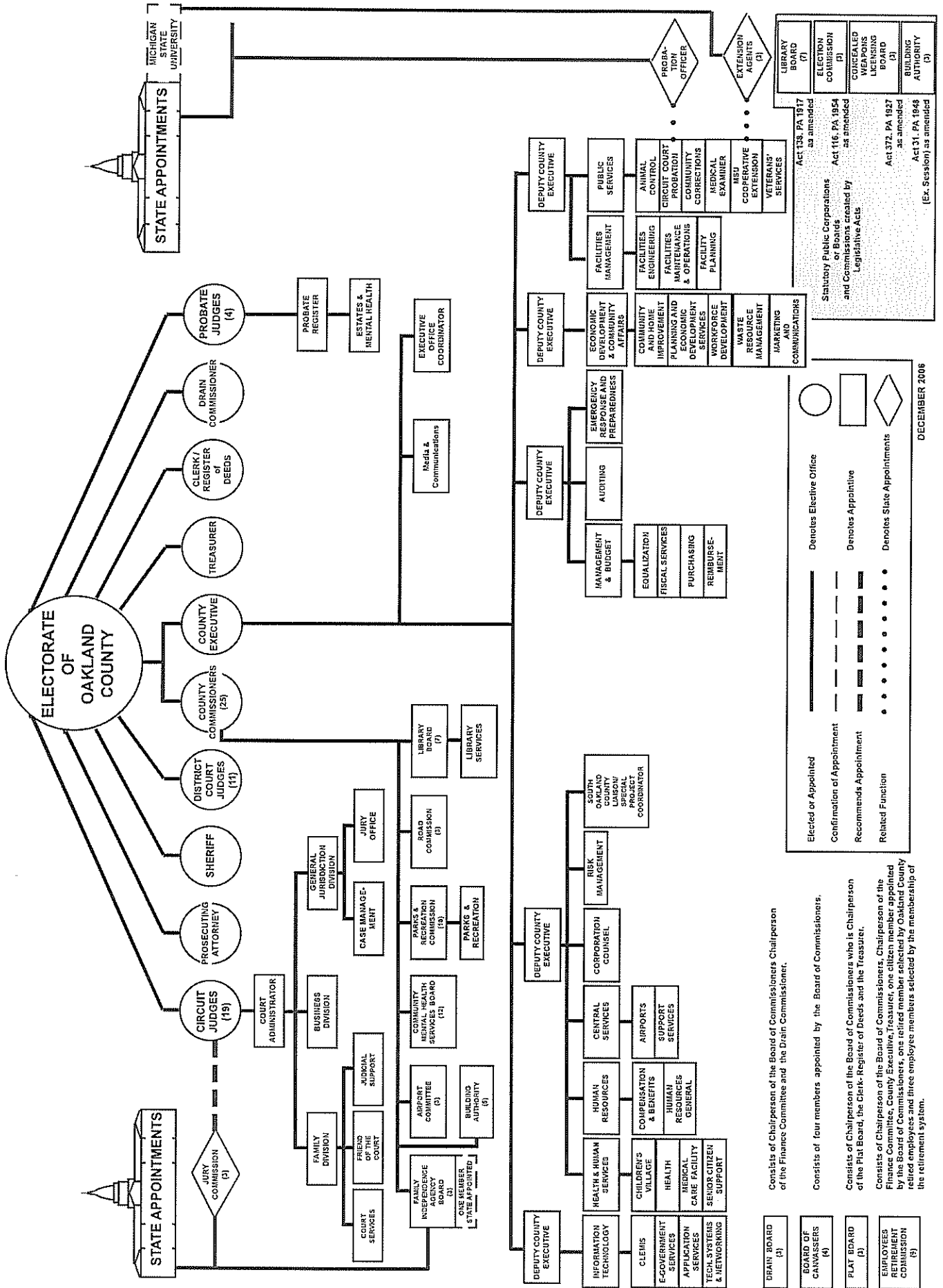


Wm. Art Holdsworth, CPFO  
Deputy Director,  
Department of Management and Budget



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

# OAKLAND COUNTY GOVERNMENT ORGANIZATIONAL CHART



**Legend:**

- Elected or Appointed
- Confirmation of Appointment
- ▭ Recommends Appointment
- ◊ Related Function
- Denotes Elective Office
- - - Denotes Appointive
- Denotes State Appointments

- DRAIN BOARD (4)**
  - BOARD OF CANVASERS (4)**
  - PLAT BOARD (2)**
  - EMPLOYEES RETIREMENT COMMISSION (9)**
- Consists of Chairperson of the Board of Commissioners Chairperson of the Finance Committee and the Drain Commissioner.
- Consists of four members appointed by the Board of Commissioners.
- Consists of Chairperson of the Board of Commissioners who is Chairperson of the Plat Board, the Clerk-Register of Deeds and the Treasurer.
- Consists of Chairperson of the Board of Commissioners, Chairperson of the Finance Committee, County Executive, Treasurer, one citizen member appointed by the Board of Commissioners, one retired member selected by Oakland County related employer and three employee members selected by the membership of the retirement system.

**COUNTY EXECUTIVE**

L. Brooks Patterson

**BOARD OF COMMISSIONERS**

Bill Bullard, Jr., Chairperson  
Hugh D. Crawford, Vice-Chairperson

Eric Coleman  
David Coulter  
Sue Ann Douglas  
Marcia Gershenson  
Vincent Gregory  
Mattie McKinney Hatchett  
Greg Jamian  
Eileen Kowall

Christine A. Long  
Tim Melton  
Thomas F. Middleton  
William D. Molnar  
Chuck Moss  
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. Gorcyca

Sheriff  
Michael J. Bouchard

Chief Circuit Judge  
Wendy L. Potts

Chief Probate Judge  
Eugene Arthur Moore

Chief District Judge  
William E. Bolle

**AIRPORT COMMITTEE**

William R. Patterson, Chairperson  
Vincent Gregory, Vice-Chairperson  
Tom Middleton, Secretary  
Hugh D. Crawford  
J. David VanderVeen

**BUILDING AUTHORITY**

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

**PARKS AND RECREATION**

Pecky D. Lewis, Jr., Chairperson  
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

**ROAD COMMISSION**

Rudy D. Lozano, Chairperson  
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 September 2006

# 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, 2005

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.



President

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, 2006, 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, 2006 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 12, 2007

# County of Oakland

## Management's Discussion and Analysis

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of Oakland County's (the "County") financial performance, providing an overview of the activities for the fiscal year ended September 30, 2006. 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

- In total, Oakland County improved its financial position during Fiscal Year 2006.
- Net assets increased by \$113.8 million to \$1.04 billion (excluding component units).
- Governmental activities net assets increased by \$91.7 million to \$464.2 million.
- Business-type activity net assets increased \$22.1 million to \$578.0 million.

#### Fund Level:

- At the close of the fiscal year, the County's governmental funds reported combined ending fund balance of \$247.9 million, an increase of \$51.1 million from the fiscal year 2005 governmental funds combined ending fund balance.
- This increase is primarily a result of the second year of the county property tax acceleration required pursuant to Public Act 357 of 2004. The statute required the acceleration of the County's annual property tax operating levy from December 1 to July 1. The acceleration 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), which is placed in a Revenue Sharing Reserve Fund. Money from the Revenue Sharing Reserve Fund 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 increased by \$8.6 million from \$65.5 million at the end of fiscal year 2005 to \$74.1 million at the end of fiscal year 2006. The increase is primarily attributed to receipt of additional revenue for investment income and charges for services.

#### Capital and Long-term Debt Activities:

- The County's capital assets experienced a net increase of \$29.4 million during fiscal year 2006.
- The County issued \$34.2 million in new bonds during fiscal year 2006; \$19.7 million to assist the City of Pontiac to complete the Phoenix Center project (debt service to be paid by Pontiac) and \$14.5 million to improve two water supply systems.
- The County paid \$12 million in bond obligations during fiscal year 2006.
- The County is \$7.3 billion below its authorized debt limit.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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



# County of Oakland

## Management's Discussion and Analysis

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### 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 2006. 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

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- 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).

## County of Oakland Management's Discussion and Analysis

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- *Proprietary Funds* – Services for which the County charges customers (whether outside the County structure or a County department) a fee are generally reported in proprietary funds. Proprietary funds use the *accrual* basis of accounting used in the government-wide statements and by private business. There are two types of proprietary funds. *Enterprise Funds* report activities that provide supplies and services to the general public. An example is the Oakland County International Airport. *Internal Service Funds* report activities that provide supplies and services to the County's other operations, such as the Motor Pool fund. Internal Service Funds are reported as governmental activities on the government-wide statements.
- *Fiduciary Funds* – The County acts as a trustee or fiduciary for its employee pension plans. It is also responsible for other assets that, because of trust arrangements, can only be used for the trust beneficiaries. The County's fiduciary activities are reported in separate statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. 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**

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**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE**

As previously stated, Oakland County's financial position improved during Fiscal Year 2006. As reflected on the table below, the County's combined net assets increased by \$113.8 million over the course of this fiscal year's operations. The net assets of the governmental activities increased by \$91.7 million primarily due to implementation of the second year of Public Act 357 of 2004 adding additional cash to the County's portfolio as well as improved investment returns. The business-type activities had an increase of \$22.1 million in net assets, which reflects increased delinquent property tax receivables, related to Public Act 357 of 2004, as well as increases in capital assets, particularly additional infrastructure development.

**Oakland County's Net Assets**  
*(in millions of dollars)*

|                            | <b>Governmental Activities</b> |                    | <b>Business-Type Activities</b> |                    | <b>Total Primary Government</b> |                    |
|----------------------------|--------------------------------|--------------------|---------------------------------|--------------------|---------------------------------|--------------------|
|                            | <b><u>2006</u></b>             | <b><u>2005</u></b> | <b><u>2006</u></b>              | <b><u>2005</u></b> | <b><u>2006</u></b>              | <b><u>2005</u></b> |
| Current Assets             | \$ 472.5                       | \$ 371.4           | \$ 396.5                        | \$ 378.0           | \$ 869.0                        | \$ 749.4           |
| Capital Assets             | 213.1                          | 193.2              | 234.2                           | 224.7              | 447.3                           | 417.9              |
| Other Long-term Assets     | 72.5                           | 41.2               | -                               | -                  | 72.5                            | 41.2               |
| <b>Total Assets</b>        | <b>758.1</b>                   | <b>605.8</b>       | <b>630.7</b>                    | <b>602.7</b>       | <b>1,388.8</b>                  | <b>1,208.5</b>     |
| Current Liabilities        | 119.3                          | 77.9               | 52.7                            | 46.8               | 172.0                           | 124.7              |
| Other Liabilities          | 174.6                          | 155.4              | -                               | -                  | 174.6                           | 155.4              |
| <b>Total Liabilities</b>   | <b>293.9</b>                   | <b>233.3</b>       | <b>52.7</b>                     | <b>46.8</b>        | <b>346.6</b>                    | <b>280.1</b>       |
| Net Assets:                |                                |                    |                                 |                    |                                 |                    |
| Invested in Capital Assets |                                |                    |                                 |                    |                                 |                    |
| Less Related Debt          | 144.7                          | 116.4              | 225.9                           | 215.6              | 370.6                           | 332.0              |
| Restricted                 | 21.3                           | 38.0               | 10.7                            | 7.3                | 32.0                            | 45.3               |
| Unrestricted               | 298.2                          | 218.1              | 341.4                           | 333.0              | 639.6                           | 551.1              |
| <b>Total Net Assets</b>    | <b>\$ 464.2</b>                | <b>\$ 372.5</b>    | <b>\$ 578.0</b>                 | <b>\$ 555.9</b>    | <b>\$ 1,042.2</b>               | <b>\$ 928.4</b>    |

## 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)

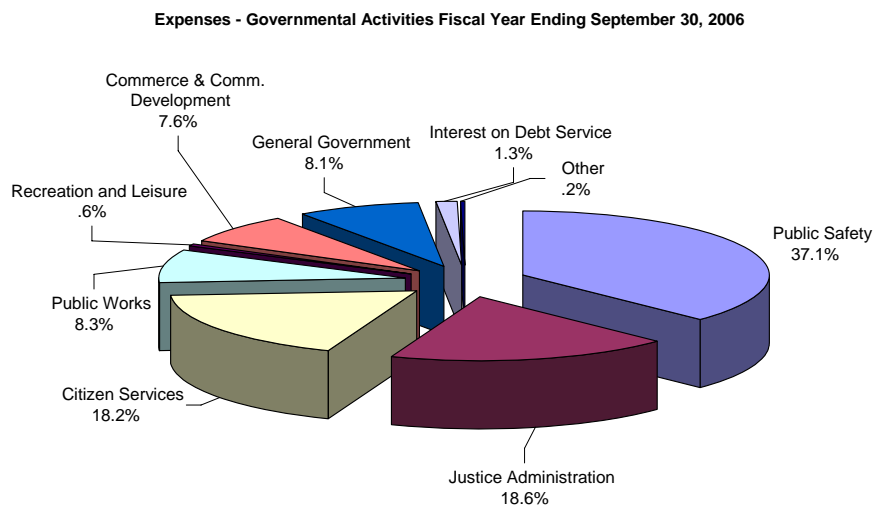
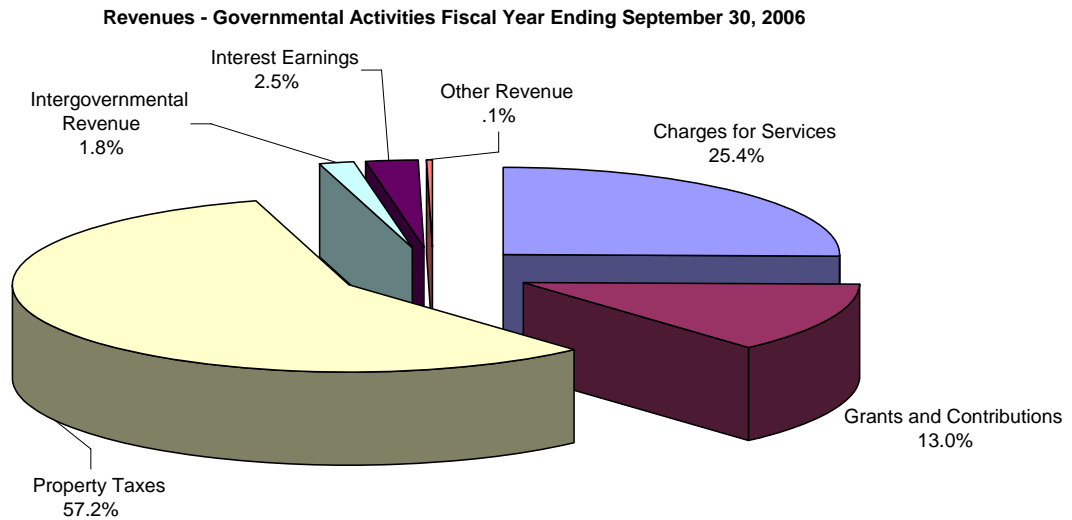
|                                   | Governmental<br>Activities |                 | Business-type<br>Activities |                 | Total Primary<br>Government |                 |
|-----------------------------------|----------------------------|-----------------|-----------------------------|-----------------|-----------------------------|-----------------|
|                                   | <u>2006</u>                | <u>2005</u>     | <u>2006</u>                 | <u>2005</u>     | <u>2006</u>                 | <u>2005</u>     |
| <b>Revenues</b>                   |                            |                 |                             |                 |                             |                 |
| Program Revenues                  |                            |                 |                             |                 |                             |                 |
| Charges for Services              | \$ 144.4                   | \$ 125.9        | \$ 171.5                    | \$ 164.9        | \$ 315.9                    | \$ 290.8        |
| Grants and Contributions          |                            |                 |                             |                 |                             |                 |
| Operating                         | 65.3                       | 60.6            | -                           | -               | 65.3                        | 60.6            |
| Capital                           | 8.7                        | 8.5             | 13.6                        | 17.1            | 22.3                        | 25.6            |
| General Revenues                  |                            |                 |                             |                 |                             |                 |
| Property Taxes                    | 324.9                      | 304.5           | 14.1                        | 12.8            | 339.0                       | 317.3           |
| Intergovernmental Revenue         | 10.0                       | 10.2            | -                           | -               | 10.0                        | 10.2            |
| Investment Earnings               | 14.3                       | 7.0             | 13.8                        | 6.8             | 28.1                        | 13.8            |
| Other Revenue                     | 0.8                        | 1.4             | -                           | -               | 0.8                         | 1.4             |
| Gain on sale of assets            | -                          | 0.1             | -                           | -               | -                           | 0.1             |
| <b>Total Revenues</b>             | <u>568.4</u>               | <u>518.2</u>    | <u>213.0</u>                | <u>201.6</u>    | <u>781.4</u>                | <u>719.8</u>    |
| <b>Expenses</b>                   |                            |                 |                             |                 |                             |                 |
| Public Safety                     | 180.8                      | 173.9           | 13.8                        | 12.2            | 194.6                       | 186.1           |
| Justice Administration            | 90.4                       | 86.0            | -                           | -               | 90.4                        | 86.0            |
| Citizen Services                  | 88.5                       | 84.0            | 14.7                        | 16.3            | 103.2                       | 100.3           |
| Public Works                      | 40.5                       | 35.6            | 130.2                       | 118.1           | 170.7                       | 153.7           |
| Recreation and Leisure            | 2.8                        | 2.6             | 20.7                        | 20.8            | 23.5                        | 23.4            |
| Commerce and Community Dev.       | 36.8                       | 43.0            | -                           | -               | 36.8                        | 43.0            |
| General Government                | 39.4                       | 34.9            | 1.3                         | 1.3             | 40.7                        | 36.2            |
| Interest on Debt Service          | 6.6                        | 5.6             | -                           | -               | 6.6                         | 5.6             |
| Unallocated Depreciation          | 1.1                        | 1.1             | -                           | -               | 1.1                         | 1.1             |
| <b>Total Expenses</b>             | <u>486.9</u>               | <u>466.7</u>    | <u>180.7</u>                | <u>168.7</u>    | <u>667.6</u>                | <u>635.4</u>    |
| Revenue over/(under) expenditures | 81.5                       | 51.5            | 32.3                        | 32.9            | 113.8                       | 84.4            |
| Transfers - On-going              | 10.2                       | 10.3            | (10.2)                      | (10.3)          | -                           | -               |
| <b>Increase in Net Assets</b>     | <u>91.7</u>                | <u>61.8</u>     | <u>22.1</u>                 | <u>22.6</u>     | <u>113.8</u>                | <u>84.4</u>     |
| Net Assets - Beginning            | 372.5                      | 310.7           | 555.9                       | 533.3           | 928.4                       | 844.0           |
| Net Assets - Ending               | <u>\$ 464.2</u>            | <u>\$ 372.5</u> | <u>\$ 578.0</u>             | <u>\$ 555.9</u> | <u>\$1,042.2</u>            | <u>\$ 928.4</u> |

# County of Oakland Management's Discussion and Analysis

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## Governmental Activities:

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



In total, fiscal year 2006 governmental activity revenue collections increased by \$50.1 million from fiscal year 2005. Of this total increase, \$20.4 million represents additional property tax revenue, \$18.5 million represents increased revenue derived by charging benefiting parties for county services, and \$7.3 million reflects additional interest income earned on the County's investments. The remaining portion of the revenue increase resulted from additional operating and capital grants.

## County of Oakland Management's Discussion and Analysis

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Property taxes, which generated \$324.9 million in revenue, remains the largest source of support for governmental activities, comprising 57.2% of all governmental activity revenue. Dependency on property taxes as a support for governmental activities lessened from fiscal year 2005 when these taxes represented 58.8% of governmental activity revenue. This reduction, however, is more reflective of increasing charges and investment income than a reduction in the growth of this particular revenue source.

As stated above, property tax revenue increased by \$20.4 million from the amount realized during fiscal year 2005. This increase is reflective of a 5.56% increase in taxable value of real and personal property in the County during fiscal year 2006, as well as the levying of an additional .00139 in property tax millage in July 2006, as required by Public Act 357 of 2004. This state statute accelerated County property tax collections from December 1 to July 1 over a three-year period, with the County required to levy one-third of its property tax millage in July 2005 (while still maintaining a full levy in December 2005); two-thirds of that millage in July 2006 (again maintaining a full levy in December 2006); and the full amount in July 2007 (no December levy). This acceleration provides the County an additional year's worth of property tax revenues over the three-year period, from which the County can draw to replace suspended revenue-sharing payments from the State.

For more details regarding the financial impact of this act, please see the analysis of governmental funds later in this document. 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 is generated by county operations invoicing specific benefiting parties for services performed, is the second largest source of governmental activity revenue, generating 25.4% of the total. There is a wide variety of activities invoiced under this category including service rendered to individuals, such as fees for marriage licenses, passports, and access to county records; services rendered to other governmental units include Sheriff patrol and dispatch services as well as the housing of state wards in the County's juvenile home. The \$144.4 million collected in fiscal year 2006 represents an \$18.5 million increase from the previous fiscal year. Of this increase, \$14.5 million is attributed to the Public Works function and reflects receipt of bond proceeds from issues sold to finance upgrades to the Oxford and Rochester Hills water infrastructure. The remaining portion of the increase reflects increased services, provided to other communities under contract, by the Sheriff and the Medical Examiner, as well as increased indirect cost charged to the County's Enterprise Funds.

Together, property taxes and charges for services account for over 82% of the governmental activities revenue sources.

Governmental activities generated \$14.3 million in investment earnings during fiscal year 2006. This amount is over double the \$7.0 million earned in fiscal year 2005. The additional interest earnings have resulted from a larger investment base, due to increased revenues, particularly property tax revenues related to the issue discussed above, the County Treasurer's practice of pooling all county funds for investment purposes, and higher rates of returns being received by the County Treasurer.

Governmental activities received \$74.0 million in operating and capital grants and contributions during fiscal year 2006, which is 13.1% of the total revenue for governmental activities. This amount represents a \$4.9 million increase from fiscal year 2005. The additional revenue reflects the net effect of increases and decreases in various federal and state grants. Notable increases include \$2.0 million in Water and Sewer Act 342 funds from the federal government; \$1.7 million in additional job training funds directly from the federal government and as a federal pass-through from the state; and an additional \$1.4 million in funds from the State to support wards of the Oakland County Circuit Court.

## County of Oakland Management's Discussion and Analysis

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Oakland County governmental activities also recorded \$10.0 million in intergovernmental revenue during fiscal year 2006, a slight reduction (\$200,000) from the amount received in fiscal year 2005. This is revenue "shared" by the state and federal government, through statutory formula, it is not tied to contractual obligations such as grant agreements.

Governmental activity fiscal year expenses increased by \$20.2 million above the fiscal year 2005 expense level. Of this total increase, \$10.6 million represents general cost increases which are reflected across all activities. These general costs include the effect of a 3% across-the-board cost-of-living adjustment for all non-represented employees and those represented employees whose collective bargaining agreement reflects a "me-too" on cost of living adjustment with non-represented whose groups (\$7.6 million), and increased internal service fund charges of \$3.0 million. Specific spending changes experienced by activity appear below.

Public Safety continued to be the largest governmental activity, expending \$180.8 million of the \$486.9 million total (37.1%). Public Safety expenses encompass law enforcement, crime prevention, incarceration, emergency management, and technical support. Expenses grew by \$6.9 million in this activity from the previous fiscal year. Of this total increase amount, \$5.7 million is increased salary and fringe benefit costs which include \$3.0 million reflecting the cost-of-living adjustment discussed above; \$800,000 for additional fringe benefit costs for the current year; and \$1.9 million representing the impact on fringe benefit rate increases on retroactive pay for an unsettled union agreement and additional patrol services provided by the Sheriff. There is also a \$1.2 million increase in operating expenses reflecting additional use for homeland security grants for expanded technology and communications linkages between the County and the local cities, villages and townships; increased cost for housing state wards from Oakland County in state youth facilities due to rate increases and lengthening stays in those facilities; and expanded veterinarian and medical supplies needs in the Animal Control area.

Closely linked to Public Safety, Justice Administration is the second largest expense category at \$90.4 million or 18.6% of the total governmental activity expenses. The Justice Administration activity, which centers on the operations of the 6<sup>th</sup> Judicial Circuit Court, the Oakland County Probate Court, and the 52<sup>nd</sup> District Court, experienced a \$4.4 million expense increase over the previous fiscal year, related to the cost-of-living adjustment described above (\$2.8 million) as well as additional expenses for court-appointed defense attorneys and guardian ad litem, and expanded professional services for interpreters, psychological testing and drug testing.

Citizen Services, which includes all public health activities, public services such as Veterans' Services, and the care of children who have been declared wards of the Oakland County Family Court or the State Department of Human Services, is the third largest governmental activity with \$88.5 million in expenses or 18.2% of the total governmental activities. Expenses for this activity increased by \$4.5 million over the fiscal year 2005 level. The increases are primarily a result of additional cost of care for children who have been declared court or state wards, for reasons of neglect, abuse, or delinquency; expanded Medical Examiner expenses related to contract work for other counties; and increased public health activity particularly related to expanded vaccine efforts.

Together, Public Safety, Citizen Services, and Justice Administration accounted for almost 74% of all governmental activity expenses during fiscal year 2006. Of the remaining expenses, 26.1% were concentrated in three areas, Public Works (8.3%), General Government (8.1%) and Commerce and Community Development (8.0%).



## County of Oakland Management's Discussion and Analysis

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The Public Works activity, which includes the operating systems that form the infrastructure of basic county functions, expended \$40.5 million in fiscal year 2006, up \$4.9 million from fiscal year 2005. The increase reflects the reclassification of certain programs/projects from the Commerce and Community Development activity to this activity to provide more consistent reporting. The reclassified programs reflect activity in the Drain Commissioner's department including the portion work of the environmental unit which is supported by the General Fund, as well as other governmental funded activities such as the lake level control activity and the pollution control grants (\$2.0 million). Additionally, activity related to recording of land transactions was reclassified from Commerce and Community Development including expenses from the Register of Deeds Automation Fund and all activity from Information Technology's land records and land management and GIS areas (\$1.0 million). Finally, \$2.2 million in expenses related to the Jail Management/Video conferencing activity was reclassified from the Public Safety activity.

Commerce and Community Development, which reflects all efforts to promote and sustain a strong economic and business climate and vibrant communities, experienced \$36.8 million in expenses, down \$6.2 million from fiscal year 2005. A total of \$3.0 million of this reduction relates to the reclassification of programs/projects discussed above under the Public Works activity. In addition, Community Development Special Revenue Funds expended \$1.3 million less than in fiscal year 2005 due to federal reductions; the Environmental Infrastructure Program, providing funds to local cities, villages and townships for environmental improvements, ended in fiscal year 2005, effectively "reducing" expenditures by \$900,000; finally a number of projects, originally funded by the County, were transferred to other organizations for on-going support and expansion including various efforts of Automation Alley. These Automation Alley efforts are explained in more detail in the Transmittal Letter.

The General Government activity, which is comprised of the administration and financial management of County business, expended \$39.4 million in fiscal year 2006, \$5.0 million more than the previous fiscal year. Of the total increase, \$1.5 million represents the cost-of-living adjustment discussed earlier; also expenses for joint efforts with the Road Commission for Oakland County, including the Tri-Party Agreement, assessments on County roads, and special projects increased by \$1.2 million. In addition, there were \$800,000 of expenses from the newly established Capital and Cooperative Initiative Revolving Fund (CCIRF); the details of CCIRF are discussed in the Transmittal Letter. The remaining portion of the increase reflects a portion of debt payments related to the Phoenix Center refunding for the City of Pontiac, discussed later in this document.

Finally, operating transfers reflects a net transfer of \$10.2 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).

As stated previously, the result of fiscal year 2006 governmental activity was an overall increase of \$91.7 million in net assets, to \$464.2 million. This amount reflects the County's governmental activities, which generated \$81.5 million more in revenue than they expended and the receipt of \$10.2 million in transfers from business-type activities. Of the total \$464.2 million in governmental activities' net assets, \$144.7 million is invested in capital assets less related debt, and \$21.3 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 \$298.2 million is listed as unrestricted, having no legal commitment. Most of the increase in governmental activities net assets (\$80.1 million) was recorded as unrestricted. However, it should be noted that of the total unrestricted amount, all but \$766,000 is designated, or otherwise earmarked for specific purposes.

## County of Oakland Management's Discussion and Analysis

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### **Business-type Activities:**

Net assets in business-type activities are reported at \$578.0 million for fiscal year 2006, an increase of \$22.1 million over the amount reported at the end of fiscal year 2005. Of the total net assets, \$225.9 million is invested in capital assets net of related debt, \$10.7 million is restricted by agreement or covenant, and \$341.4 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 2006, business-type activities generated \$213.0 million in revenue; this is an increase of \$11.4 million from the previous fiscal year. Of this total increase, \$7.0 million reflects additional investment earnings related to increased cash flow and improved rates of return obtained by the County Treasurer. In addition, property taxes, collected through a separate Parks and Recreation millage, increased by \$1.3 million, reflecting growth in the value of real and personal property in the county.

The business-type activities also generated \$3.1 million more in program revenue than was generated in fiscal year 2005. This increase in program revenue is divided between a \$6.6 million increase in charges for services and a \$3.5 million reduction in operating and capital grants and contributions.

The charges for services growth reflects increased use charges for the sewage disposal systems (\$4.4 million) and water and sewer operations (\$3.6 million), as additional infrastructure systems come on line and the cost to provide these services increases. Further, the Oakland County Airports generated an additional \$700,000 in fee income as new T-hangars, completed during fiscal year 2006, are leased to private corporations and individuals. The Delinquent Tax Revolving Fund received additional fee and interest collections of approximately \$500,000. A portion of this charge for service increase described above was offset by a \$2.1 million reduction in charge for service revenue at the County's Medical Care Facility. This reduction reflects reduced patient care days as private sector competition increases. Please note that the reduced number of patient days also lead to expense reductions.

The \$3.5 million decrease in operating and capital grants and contributions almost entirely reflects changes in capital contributions. This figure reflects additional capital improvements for the water and sewer systems infrastructure of \$7.0 million including work on the Oakland Township and Rochester Hills water supply systems, and continued infrastructure improvements to the County's three airports of \$2.6 million, particularly completion of the new T-hangars and noise abatement improvements at the Oakland County International Airport. The increases in capital contributions are more than offset by the fact that major improvements booked in fiscal year 2005 to sewer disposal systems infrastructure (\$7.2 million) and the Courts and Law Enforcement Management Information System (CLEMIS) fund (\$5.7 million) are not repeated in fiscal year 2006.

Business-type activity posted expenses of \$180.7 million, an increase of \$12.0 million above fiscal year 2005. New infrastructure construction and increasing cost for operations of the sewer disposal systems (\$9.7 million) and the water and sewer systems (\$2.4 million) are the primary reason for the increase in expenses. Please note that additional charge for service revenue was also generated because of this activity. Community Safety Support expenses also increased by \$1.5 million as the County expanded both its CLEMIS and Fire Records Management system. Medical Care Facility expenses were reduced by \$1.7 million from the fiscal year 2005 levels, related to the reduced patient days discussed above. In addition, there was a \$10.2 million transfer to governmental activities discussed in the governmental activity section.

# County of Oakland

## Management's Discussion and Analysis

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### FINANCIAL ANALYSIS OF THE COUNTY'S 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.

#### Governmental Funds

Five (5) governmental funds are designated as major funds of the County; the *General Fund*, the *Public Health Fund*, the *Revenue Sharing Reserve Fund*, the *Water and Sewer Refunding Debt Act 202 Fund*, and the *Water and Sewer Debt Act 342 Fund*. As the County completed fiscal year 2006, the governmental funds reported *combined* fund balances of \$247.9 million. This amount represents an increase of \$51.1 million from the combined fund balances reported at the end of fiscal year 2005. The increase in the combined governmental funds balance reflects activity in two major funds: an increase in General Fund balance of \$8.6 million and an increase the Revenue Sharing Reserve Fund (special revenue fund) balance of \$54.1 million. The reasons for these increases are explained below. Please note that the increased fund balance of these two major funds was partially offset by an \$11.6 million reduction in the fund balance of the non-major funds which reflects the net effect of capital projects expenditures (funds needed for construction projects in progress).

#### **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, 2006, the General Fund reported a fund balance of \$74.1 million. This amount reflects an increase of \$8.6 million from the fund balance of \$65.5 million reported as of September 30, 2005.

The increase in the General Fund balance is primarily due to the fact that fiscal year 2006 revenue increased by \$20.5 million above the amount collected in fiscal year 2005, while fiscal year 2006 expenditures increased only \$300,000 above the fiscal year 2005 amount. The additional revenue was generated through an increase of \$17.8 million in property taxes, due to the recording of higher taxable value on real and personal property within the County, as well as an increase of \$2.8 million in investment income, reflecting improved market rates.

This net increase was partially offset by transferring \$11.8 million more in General Fund resources to other funds than was transferred during fiscal year 2005. The General Fund 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. (For detailed information regarding transfers between funds, please refer to note #9 to the financial statements). During fiscal year 2006, \$2.0 million more was transferred from the General Fund to the Public Health Fund than was transferred during fiscal year 2005, due to the level of state reimbursement being insufficient to keep up with required cost increases. There were also increased transfers of \$9.0 million to the non-major governmental funds, specifically to the newly created Cooperative Capital Initiative Revolving Fund (CCIRF). A further discussion of CCIRF is contained in the Transmittal Letter contained in this document.

## County of Oakland Management's Discussion and Analysis

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The General Fund fiscal year 2006 revenues exceeded fiscal year 2006 expenditures by \$129.8 million. However, when annual net transfers of \$121.2 million are taken into account, the result of fiscal year 2006 activity is the increase in the General Fund balance of \$8.6 million from September 30, 2005 to September 30, 2006. Of the total fund balance, all but \$766,000 is reserved, designated or earmarked for specific purposes. This amount of fund balance represents 17.4 percent of the fiscal year 2007 General Fund/General Purpose operations.

### General Fund Budgetary Highlights

Oakland County's budget is a dynamic document. Although adopted in September 2005 (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 \$4.9 million during fiscal year 2006, from \$418.5 million to \$423.4 million (1.2 percent). Of the total revenue amendments, \$3.4 million reflects increased investment income estimate, based upon the improving rates of return obtained by the Treasurer. The remaining \$1.5 million in revenue budget increase represents multiple minor adjustments such as recognition of the use of forfeited drug funds by the Sheriff to expand the crime lab and the canine program (\$684,000); additional homeland security grants for bulletproof vests; the housing of non-citizens in the county jail and additional patrol services (\$315,600); additional convention facility payments from the state (\$224,000); and increased fees within the Circuit Court (\$220,000).

Actual General Fund revenue totaled \$432.9 million, \$9.5 million greater than the final amended budget. Eighty-five (85) percent of this increase came from the following areas: property taxes received exceeding budget by \$3.6 million primarily due to the use of the April 2006 equalized value as the tax base for the July 2006 levy, the budget was predicated on the April 2005 equalized value; \$2.0 million in fees for mortgage refinancing activity received above the amended budget amount through the Clerk/Register of Deeds; increased case filings and fees in the 52<sup>nd</sup> District Court generated an additional \$1.2 million in revenue above the amended budget; the Sheriff's Office also received \$1.2 million in revenue above budget, primarily due to additional state payments for housing an increasing number of offenders in the Oakland County jail who were sentenced to state prison as well as additional patrol revenue generated by the Sheriff providing patrol services for an increased number of special and/or one-time events hosted by local cities, villages, and townships; and increased investment income of \$1.1 million due to the improved rate of return on the Treasurer's investments. Additional revenue was also generated by expanded use of drug forfeiture funds, refunds of prior year's expenditures, and increased contract work by various departments.

The County's expenditure budget was decreased by \$2.3 million (0.7 percent below the original budget) during fiscal year 2006. This overall reduction was a result of the reappropriation of \$10.8 million originally budgeted for contingency purposes, not only to other General Fund operations, but to other funds as well, hence the overall reduction in the General Fund budget. The majority of the funds originally budgeted for contingency purposes were reappropriated into General Fund operating department budgets. For example, the budget for the Department of Management and Budget was increased by \$1.7 million to fund Phase II of the PeopleSoft financial system implementation.

Actual General Fund expenditures for fiscal year 2006 were \$7.8 million below budget. Of this total, \$3.6 million (46 percent) 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.

## County of Oakland Management's Discussion and Analysis

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Another \$3.8 million in operating appropriations was also unspent. This amount includes \$1.7 million in grant match funds not required due to an increase in federal incentive payments for the Friend of the Court operations and other grant expenditures being less than anticipated, as well as having several programs, originally budgeted in FY 2006, which were unable to be completed. These include funding to support a specific road extension (\$1.9 million) and the Drain Commissioner's Master Plan (\$556,000). Please note that the unspent funds were carried forward and reappropriated in FY 2007.

The adopted budget also included other financing sources and uses for General Fund resources, essentially the net result of the General Fund receiving resources from other funds less the amount of General Fund resources provided to (transferred) to other funds. The adopted budget assumed that the General Fund would transfer \$106.1 million more in resources to other funds (financing uses) than it would take in from those funds (financing sources). The net financing uses budget was increased during fiscal year 2006 by \$16.3 million to \$122.4 million. The net budget change reflects movement of funds to various special revenue funds to support required grant matches (\$6.3 million); funds supporting the purchase of capital equipment through the various internal service funds (\$3.0 million); a transfer to the Medical Care Facility Fund required to maintain positive fund equity (\$2.6 million); an additional transfer to the Capital and Cooperative Initiative Revolving Fund (\$1.3 million) reflecting increased property tax collections from the accelerated levy of County property taxes pursuant to Public Act 357 of 2004; a transfer of favorable General Fund expenditure variances to the newly created Jail Population Management Fund (\$1.3 million) which has been created to support innovative programs to reduce the population in the Oakland County jail; and a transfer to the Building and Liability Insurance Fund (\$1.0 million) to build reserves supporting the County's self-insurance program.

Actual financing uses from the General Fund were \$1.2 million less than budgeted. This reflects the actual resources needed by the Public Health and Juvenile Maintenance funds were less than anticipated due to reduced expenditures by those operations supported by those funds.

### **Revenue Sharing Reserve Fund**

The Revenue Sharing Reserve Fund, created pursuant to Public Act 357 of 2004, is a special revenue fund designed to replace annual revenue-sharing payments, which were suspended by the State as part of a budget balancing action in September 2004. Specifically, this statute accelerates 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 July 2005. The process of this acceleration generates additional annual property tax revenue in an amount equal to one-third of the fiscal year levy; proceeds from this additional levy are placed in the Revenue Sharing Reserve Fund. Annually, the County may draw funds from the Revenue Sharing Reserve Fund, equal to the state revenue-sharing payment received in fiscal year 2004, including an inflation factor (approximately \$21.0 million annually).

As of September 30, 2006, the Revenue Sharing Reserve Fund had a fund balance of \$109.3 million, which represents 22.7 percent of the combined funds balance of the governmental funds. This amount is a \$54.1 million increase above the fund balance as of September 30, 2005 and reflects the second year of the accelerated tax levy (July 2006).

In fiscal year 2005, \$75.8 million was transferred into the Revenue Sharing Reserve Fund as required by law. Subsequently, \$20.7 million was transferred from the Revenue Sharing Reserve Fund, to the General Fund to replace the suspended state revenue-sharing payment, leaving a fund balance of \$55.1 million. In fiscal year 2006, a second transfer of \$75.8 million was made into the Revenue Sharing Reserve Fund; \$22.7 million was transferred to the General Fund to replace revenue-sharing payments. A total of \$1.0 million in interest earnings was credited to the fund, generating the \$54.1 million increase in fund balance.

## County of Oakland Management's Discussion and Analysis

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During fiscal year 2007 a final transfer of \$75.8 million will be made into the Revenue Sharing Reserve Fund. From this point on, funds will only be transferred out of the Revenue Sharing Reserve Fund to replace the suspended revenue-sharing payments from the State. The anticipated transfers from this fund to the General Fund will deplete the Revenue Sharing Reserve fund during fiscal year 2015. The State has committed to restore revenue-sharing payments once the Revenue Sharing Reserve Fund is depleted.

The three remaining governmental funds are classified as major: the *Public Health Fund*, the *Water and Sewer Refunding Debt Act 202 Fund* and the *Water and Sewer Debt Act 342 Fund* experienced combined reduction in fund balances of \$9,518.

### Enterprise Funds

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 \$22.0 million during fiscal year 2006; a majority of this increase reflects the addition of new capital assets including \$8.4 million in infrastructure improvements in the *Water and Sewer Trust Fund*, \$3.3 million for new land acquisition in the *Parks and Recreation Fund*, and \$1.7 million in new T-hangars at the *County Airport*. Further, the *Delinquent Tax Revolving Fund* received an additional \$6.3 million in delinquent property taxes above the fiscal year 2005 amount. It should be noted that this level of increase represents a 5.6 percent change in the net assets of the funds in question.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - At the end of fiscal year 2006, the County had invested \$447.3 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 \$29.4 million above the fiscal year 2005 amount. Depreciation charges for this fiscal year totaled \$18.3 million.

### Oakland County Capital Assets

*(net of depreciation, in millions of dollars)*

|                            | Governmental<br>Activities |             | Business-type<br>Activities |             | Total Primary<br>Government |             |
|----------------------------|----------------------------|-------------|-----------------------------|-------------|-----------------------------|-------------|
|                            | <u>2006</u>                | <u>2005</u> | <u>2006</u>                 | <u>2005</u> | <u>2006</u>                 | <u>2005</u> |
| Land                       | \$ 7.7                     | \$ 7.7      | \$ 49.1                     | \$ 45.7     | \$ 56.8                     | \$ 53.4     |
| Land Improvements          | 4.3                        | 4.6         | 9.9                         | 11.1        | 14.2                        | 15.7        |
| Buildings and Improvements | 73.2                       | 69.4        | 29.7                        | 25.4        | 102.9                       | 94.8        |
| Equipment and Vehicles     | 36.4                       | 31.3        | 9.2                         | 5.5         | 45.6                        | 36.8        |
| Infrastructure             | 12.4                       | 12.8        | 90.1                        | 86.1        | 102.5                       | 98.9        |
| Subtotal                   | 134.0                      | 125.8       | 188.0                       | 173.8       | 322.0                       | 299.6       |
| Construction in Progress   | 79.1                       | 67.4        | 46.2                        | 50.9        | 125.3                       | 118.3       |
| Total Capital Assets       | \$ 213.1                   | \$ 193.2    | \$ 234.2                    | \$ 224.7    | \$ 447.3                    | \$ 417.9    |

## County of Oakland Management's Discussion and Analysis

Net capital assets for the governmental activities increased by \$19.9 million in fiscal year 2006. Of this net amount, \$30.4 million reflects gross additions to the County's capital assets including \$21.6 million increase in construction in process for renovations/ improvements to the new Executive Office Building (former Oakland Intermediate School District Building) (\$11.0 million), conversion of the old Community Mental Health Building into a Sheriff's Administration building (\$8.0 million), and improvements to the Drain Storage Building (\$650,000), as well as a \$7.0 million increase in building assets reflecting completion of the Children's Village detention facility renovations. Additionally, governmental funds purchased \$14.6 million in new equipment and vehicles, most related to public safety and homeland security including 31 new tornado sirens, 30 in-patrol car digital cameras, four (4) emergency generators for critical county facilities, a walk-through metal detector, fingerprinting lab equipment, and a vapor tracer. The Information Technology Fund added software for Phase II of the PeopleSoft financial/human resource system and for Tax Assessment Software licenses. The gross gain in capital assets listed above was partially offset by \$13.0 million in depreciation expenses on the existing assets. Governmental activities also disposed of \$10.5 million in capital assets during FY 2006.

Net capital assets for the business-type activities increased by \$9.5 million during fiscal year 2006, which reflects \$27.9 million in gross additions and \$18.4 million in disposals. New assets include \$8.4 million in water and sewer infrastructure improvements; \$5.3 million for new T-hangars at the Oakland County International Airport; \$4.0 million for acquisition of a new 821 MHz radio system; \$5.3 million for development of a Video Arraignment System; \$4.8 million for improvements to Parks and Recreation facilities; and \$3.5 million in new parks 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.

Long-term Debt - As of September 30, 2006, the County had \$174.1 million in bonds and notes outstanding. Of this amount, \$149.1 million are bonds with limited taxing authority, and \$25.0 million are notes with limited taxing authority. This obligation is \$22.2 million more than the obligation recorded as of September 30, 2005. The increased obligation is a result of additional \$34.2 million in new limited taxing authority debt and advanced refunding of current limited taxing authority debt partially offset by \$12.0 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 \$173.1 million Drainage District component unit debt.

Outstanding Debt as of September 30, 2006  
(in millions of dollars)

|                                 | Governmental Activities |          | Business-type Activities |         | Total Primary Government |          | Drainage Districts Component Unit |          | Total County Commitment |            |
|---------------------------------|-------------------------|----------|--------------------------|---------|--------------------------|----------|-----------------------------------|----------|-------------------------|------------|
|                                 | 2006                    | 2005     | 2006                     | 2005    | 2006                     | 2005     | 2006                              | 2005     | 2006                    | 2005       |
| Bonds - Limited Tax Authority   | \$ 149.1                | \$ 126.9 | \$ -                     | \$ -    | \$ 149.1                 | \$ 126.9 | \$ 173.1                          | \$ 172.6 | \$ 322.2                | \$ 299.5   |
| Total Bonds                     | 149.1                   | 126.9    | -                        | -       | 149.1                    | 126.9    | 173.1                             | 172.6    | 322.2                   | 299.5      |
| Notes - Unlimited Tax Authority | \$ -                    | \$ -     | \$ 25.0                  | \$ 25.0 | \$ 25.0                  | \$ 25.0  | \$ -                              | \$ -     | \$ 25.0                 | \$ 25.0    |
| Total Outstanding Debt          | \$ 149.1                | \$ 126.9 | \$ 25.0                  | \$ 25.0 | \$ 174.1                 | \$ 151.9 | \$ 173.1                          | \$ 172.6 | \$ 347.2                | \$ 324.5   |
| Debt Limit (10% of SEV)         |                         |          |                          |         |                          |          |                                   |          | \$ 7,644.0              | \$ 7,345.9 |
| Available Statutory Debt Limit  |                         |          |                          |         |                          |          |                                   |          | \$ 7,296.8              | \$ 7,021.4 |

Primary government activity during fiscal year 2006 included the issuance of \$34.2 million in limited taxing authority bonds. Of this amount, \$19.7 million in bonds was issued, under agreement with the Oakland County Building Authority, providing fiscal resource to the City of Pontiac in order to complete renovation of the Phoenix Entertainment Center. The \$19.7 million reflects two issues: \$8.2 million in a refunding issue under Public Act 20, and \$11.5 million in taxable bonds. Through the County issuing the debt, the City can take advantage of the County's more favorable debt rating. The City will pay the County the annual debt service and has provided the County collateral equal to five times the debt in the

## County of Oakland Management's Discussion and Analysis

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form of tax increment financing revenues; the ability to capture delinquent tax revenues owed the City; and through title to the Phoenix Center.

Additionally, the County issued \$14.5 million in limited taxing authority bonds to support improvement to two water systems under Public Act 342; \$10.7 million for the Oxford Township Water Supply System and \$3.8 million for the Rochester Hills Water Supply System. Finally, \$25.0 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.

A total of \$37.0 million in outstanding debt was paid during fiscal year 2006, including \$12.0 million in limited taxing authority bonds, and \$25.0 million in limited taxing authority notes.

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

### **Bond Ratings**

The County's general obligations are rated AAA by Standards and Poor's as well as Fitch Investors, and 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, 2006 was \$76.4 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 continues 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 2007 and fiscal year 2008 budgets are balanced. In addition, the County retains over \$8.0 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. Of primary concern is the increasing cost of retiree health care. As explained in the transmittal letter, Oakland County is pursuing innovative methods to fund this increasing obligation.

### **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.



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**Basic  
Financial Statements**

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**County of Oakland**  
**Statement of Net Assets**  
**September 30, 2006**

|  | <b>Primary Government</b>          |  |                         | <b>Component<br/>Units</b> |
|--|------------------------------------|--|-------------------------|----------------------------|
|  | <b>Governmental<br/>Activities</b> | <b>Business-<br/>Type<br/>Activities</b> | <b>Totals</b>           |                            |
| <b>Assets</b>  |                                    |  |                         |                            |
| <b>Current assets</b>  |                                    |  |                         |                            |
| Pooled cash and investments  | \$ 371,603,973                     | \$295,409,594                            | \$ 667,013,567          | \$ 28,820,651              |
| Cash and cash equivalents  | -                                  | -  | -                       | 30,011,528                 |
| Investments  | -                                  | -  | -                       | 18,974,938                 |
| Receivables (net of allowance for uncollectibles where applicable) |                                    |  |                         |                            |
| Current property taxes   | 23,642,106                         | -  | 23,642,106              | -                          |
| Delinquent property taxes  | 4,531,608                          | 56,995,455                               | 61,527,063              | -                          |
| Special assessments  | -                                  | -  | -                       | 10,145,720                 |
| Due from other governmental units                                  | 21,174,240                         | 23,267,126                               | 44,441,366              | 612,482                    |
| Due from component units   | 415,107                            | 28,346                                   | 443,453                 | -                          |
| Accrued interest receivable  | 1,553,567                          | 7,365,083                                | 8,918,650               | 529,174                    |
| Accounts receivable  | 4,439,053                          | 19,103,755                               | 23,542,808              | 21,426,906                 |
| Contracts receivable   | 28,242,792                         | -  | 28,242,792              | -                          |
| Internal balances - footnote 19                                    | 6,947,282                          | (6,947,282)                              | -                       | -                          |
| Inventories and supplies   | 600,816                            | 932,782                                  | 1,533,598               | 3,313,382                  |
| Prepayments and other assets                                       | 9,324,875                          | 378,306                                  | 9,703,181               | 742,871                    |
| Total current assets   | <u>472,475,419</u>                 | <u>396,533,165</u>                       | <u>869,008,584</u>      | <u>114,577,652</u>         |
| <b>Non-current assets</b>  |                                    |  |                         |                            |
| Contracts receivable   | 23,318,134                         | -  | 23,318,134              | -                          |
| Special assessments receivable                                     | 49,224,198                         | -  | 49,224,198              | 174,650,000                |
| <b>Capital assets, net</b>   |                                    |  |                         |                            |
| Land and other nondepreciable assets                               | 86,797,380                         | 95,318,584                               | 182,115,964             | 295,991,292                |
| Land improvements, net   | 4,336,796                          | 9,928,137                                | 14,264,933              | 475,921                    |
| Buildings and improvements, net                                    | 73,105,255                         | 29,656,874                               | 102,762,129             | 8,332,314                  |
| Equipment and vehicles, net  | 36,377,171                         | 9,201,452                                | 45,578,623              | 10,961,277                 |
| Infrastructure, net  | 12,443,051                         | 90,095,364                               | 102,538,415             | 711,361,827                |
| Total capital assets, net  | <u>213,059,653</u>                 | <u>234,200,411</u>                       | <u>447,260,064</u>      | <u>1,027,122,631</u>       |
| Total non-current assets   | <u>285,601,985</u>                 | <u>234,200,411</u>                       | <u>519,802,396</u>      | <u>1,201,772,631</u>       |
| Total assets   | <u>\$ 758,077,404</u>              | <u>\$630,733,576</u>                     | <u>\$ 1,388,810,980</u> | <u>\$ 1,316,350,283</u>    |

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

**County of Oakland**  
**Statement of Net Assets (Continued)**  
**September 30, 2006**

|   | <b>Primary Government</b>          |  |                        | <b>Component<br/>Units</b> |
|---|------------------------------------|--|------------------------|----------------------------|
|   | <b>Governmental<br/>Activities</b> | <b>Business-<br/>Type<br/>Activities</b> | <b>Totals</b>          |                            |
| <b>Liabilities</b>                                |                                    |  |                        |                            |
| <b>Current liabilities</b>                        |                                    |  |                        |                            |
| Vouchers payable                                  | \$ 12,922,354                      | \$ 4,005,861                             | \$ 16,928,215          | \$ 12,336,167              |
| Accrued payroll                                   | 12,164,964                         | 133,344                                  | 12,298,308             | -                          |
| Due to other governmental units                   | 1,831,918                          | 16,278,700                               | 18,110,618             | 5,028,145                  |
| Due to primary government                         | -                                  | -  | -                      | 443,453                    |
| Accrued interest payable                          | 730,265                            | -  | 730,265                | 30,132                     |
| Other accrued liabilities                         | 27,354,848                         | 4,573,793                                | 31,928,641             | 6,602,833                  |
| Accrued compensated absences                      | 1,303,260                          | -  | 1,303,260              | -                          |
| Unearned revenue                                  | 45,303,698                         | 2,749,199                                | 48,052,897             | 18,802,966                 |
| Claims and judgments                              | 4,855,618                          | -  | 4,855,618              | -                          |
| Contracts payable                                 | 132,368                            | -  | 132,368                | -                          |
| Bonds and notes payable                           | 12,745,000                         | 25,000,000                               | 37,745,000             | 13,040,000                 |
| Total current liabilities                         | <u>119,344,293</u>                 | <u>52,740,897</u>                        | <u>172,085,190</u>     | <u>56,283,696</u>          |
| <b>Non-current liabilities</b>                    |                                    |  |                        |                            |
| Accrued compensated absences                      | 11,729,340                         | -  | 11,729,340             | -                          |
| Claims and judgments                              | 20,335,930                         | -  | 20,335,930             | -                          |
| Unearned revenue                                  | 6,199,198                          | -  | 6,199,198              | 2,200,833                  |
| Bonds and notes payable                           | 136,340,000                        | -  | 136,340,000            | 168,019,167                |
| Other long-term liabilities                       | -                                  | -  | -                      | 5,367,245                  |
| Total noncurrent liabilities                      | <u>174,604,468</u>                 | <u>-</u>                                 | <u>174,604,468</u>     | <u>175,587,245</u>         |
| Total liabilities                                 | <u>293,948,761</u>                 | <u>52,740,897</u>                        | <u>346,689,658</u>     | <u>231,870,941</u>         |
| <b>Net assets</b>                                 |                                    |  |                        |                            |
| Investment in capital assets, net of related debt | 144,694,653                        | 225,880,411                              | 370,575,064            | 846,063,464                |
| <b>Restricted for</b>                             |                                    |  |                        |                            |
| Capital projects                                  | 21,005,972                         | 729,844                                  | 21,735,816             | 13,755,128                 |
| Debt service                                      | 234,089                            | -  | 234,089                | 173,955,107                |
| Community water and sewer                         | -                                  | 10,000,651                               | 10,000,651             | -                          |
| Unrestricted                                      | 298,193,929                        | 341,381,773                              | 639,575,702            | 50,705,643                 |
| Total net assets                                  | <u>\$ 464,128,643</u>              | <u>\$ 577,992,679</u>                    | <u>\$1,042,121,322</u> | <u>\$1,084,479,342</u>     |

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

**County of Oakland**  
**Statement of Activities**  
**Year Ended September 30, 2006**

|  | Expenses              | Program Revenues      |                                    |                                  |
|--|-----------------------|-----------------------|------------------------------------|----------------------------------|
|  |                       | Charges for Services  | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Functions/Programs</b>                                |                       |                       |                                    |                                  |
| <b>Primary government</b>                                |                       |                       |                                    |                                  |
| Governmental activities                                  |                       |                       |                                    |                                  |
| General government, administrative                       | \$ 39,448,194         | \$ 14,285,484         | \$ 1,121,105                       | \$ -                             |
| Public safety  | 180,827,863           | 49,434,892            | 22,825,519                         | 1,254,486                        |
| Justice administration                                   | 90,373,934            | 30,576,767            | 1,634,191                          | -                                |
| Citizen services   | 88,508,774            | 9,113,293             | 19,070,669                         | -                                |
| Public works   | 40,467,118            | 20,878,079            | 86,254                             | 7,404,889                        |
| Recreation and leisure                                   | 2,779,800             | 98,935                | 31,700                             | -                                |
| Commerce and community development                       | 36,748,872            | 20,009,846            | 20,584,131                         | -                                |
| Unallocated depreciation                                 | 1,129,853             | -                     | -                                  | -                                |
| Interest on debt   | 6,624,240             | -                     | -                                  | -                                |
| Total governmental activities                            | <u>486,908,648</u>    | <u>144,397,296</u>    | <u>65,353,569</u>                  | <u>8,659,375</u>                 |
| Business-type activities                                 |                       |                       |                                    |                                  |
| Airports   | 5,676,193             | 5,300,440             | -                                  | 3,390,266                        |
| Community safety support                                 | 12,539,437            | 11,202,550            | -                                  | 864,928                          |
| Community tax financing                                  | 1,340,229             | 12,442,217            | -                                  | -                                |
| Community water and sewer                                | 40,118,287            | 41,514,810            | -                                  | 8,428,755                        |
| Jail commissary  | 1,334,057             | 1,377,018             | -                                  | -                                |
| Recreation and leisure                                   | 20,665,548            | 8,953,868             | 24,411                             | 7,955                            |
| Sewage disposal systems                                  | 90,093,986            | 83,641,440            | -                                  | 864,895                          |
| Skilled nursing care                                     | 8,981,260             | 7,078,913             | 18,055                             | -                                |
| Total business-type activities                           | <u>180,748,997</u>    | <u>171,511,256</u>    | <u>42,466</u>                      | <u>13,556,799</u>                |
| Total primary government                                 | <u>\$ 667,657,645</u> | <u>\$ 315,908,552</u> | <u>\$ 65,396,035</u>               | <u>\$ 22,216,174</u>             |
| <b>Component units</b>                                   |                       |                       |                                    |                                  |
| Drainage districts                                       | \$ 12,253,972         | \$ 1,713,861          | \$ 546,082                         | \$ 18,583,596                    |
| Road commission  | 93,970,052            | 14,030,950            | 64,216,692                         | 38,241,414                       |
| Total component units                                    | <u>\$ 106,224,024</u> | <u>\$ 15,744,811</u>  | <u>\$ 64,762,774</u>               | <u>\$ 56,825,010</u>             |
| General revenues   |                       |                       |                                    |                                  |
| Taxes  |                       |                       |                                    |                                  |
| Property taxes   |                       |                       |                                    |                                  |
| State-shared revenue (unrestricted)                      |                       |                       |                                    |                                  |
| Unrestricted investment earnings                         |                       |                       |                                    |                                  |
| Other revenues   |                       |                       |                                    |                                  |
| Extraordinary item - gain on insurance recovery          |                       |                       |                                    |                                  |
| Transfers in (out)                                       |                       |                       |                                    |                                  |
| Total general revenues, extraordinary item and transfers |                       |                       |                                    |                                  |
| Change in net assets                                     |                       |                       |                                    |                                  |
| <b>Net assets</b>  |                       |                       |                                    |                                  |
| Beginning  |                       |                       |                                    |                                  |
| Ending   |                       |                       |                                    |                                  |

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

**County of Oakland**  
**Statement of Activities (Continued)**  
**Year Ended September 30, 2006**

| Net (Expenses) Revenues and<br>Changes in Net Assets |                                 |                         |                         |
|--|---------------------------------|-------------------------|-------------------------|
| Primary Government                                   |                                 |                         |                         |
| Governmental<br>Activities                           | Business-<br>Type<br>Activities | Totals                  | Component<br>Units      |
| \$ (24,041,605)                                      | \$ -                            | \$ (24,041,605)         | \$ -                    |
| (107,312,966)  | -                               | (107,312,966)           | -                       |
| (58,162,976)   | -                               | (58,162,976)            | -                       |
| (60,324,812)   | -                               | (60,324,812)            | -                       |
| (12,097,896)   | -                               | (12,097,896)            | -                       |
| (2,649,165)  | -                               | (2,649,165)             | -                       |
| 3,845,105  | -                               | 3,845,105               | -                       |
| (1,129,853)  | -                               | (1,129,853)             | -                       |
| (6,624,240)  | -                               | (6,624,240)             | -                       |
| <u>(268,498,408)</u>                                 | <u>-</u>                        | <u>(268,498,408)</u>    | <u>-</u>                |
| -  | 3,014,513                       | 3,014,513               | -                       |
| -  | (471,959)                       | (471,959)               | -                       |
| -  | 11,101,988                      | 11,101,988              | -                       |
| -  | 9,825,278                       | 9,825,278               | -                       |
| -  | 42,961                          | 42,961                  | -                       |
| -  | (11,679,314)                    | (11,679,314)            | -                       |
| -  | (5,587,651)                     | (5,587,651)             | -                       |
| -  | (1,884,292)                     | (1,884,292)             | -                       |
| <u>-</u>   | <u>4,361,524</u>                | <u>4,361,524</u>        | <u>-</u>                |
| <u>(268,498,408)</u>                                 | <u>4,361,524</u>                | <u>(264,136,884)</u>    | <u>-</u>                |
| -  | -                               | -                       | 8,589,567               |
| <u>-</u>   | <u>-</u>                        | <u>-</u>                | <u>22,519,004</u>       |
| <u>-</u>   | <u>-</u>                        | <u>-</u>                | <u>31,108,571</u>       |
| 324,933,152  | 14,071,266                      | 339,004,418             | -                       |
| 9,959,900  | -                               | 9,959,900               | -                       |
| 14,325,859   | 13,792,861                      | 28,118,720              | 3,987,831               |
| 733,352  | -                               | 733,352                 | -                       |
| -  | -                               | -                       | 54,336                  |
| <u>10,154,587</u>                                    | <u>(10,154,587)</u>             | <u>-</u>                | <u>-</u>                |
| <u>360,106,850</u>                                   | <u>17,709,540</u>               | <u>377,816,390</u>      | <u>4,042,167</u>        |
| 91,608,442   | 22,071,064                      | 113,679,506             | 35,150,738              |
| <u>372,520,201</u>                                   | <u>555,921,615</u>              | <u>928,441,816</u>      | <u>1,049,328,604</u>    |
| <u>\$ 464,128,643</u>                                | <u>\$ 577,992,679</u>           | <u>\$ 1,042,121,322</u> | <u>\$ 1,084,479,342</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).

**The Water and Sewer Debt Act 342 Fund** – This 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).

## 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, 2006**

|  | <b>Major Funds</b>    |                      |                                |
|--|-----------------------|----------------------|--------------------------------|
|  | <b>General</b>        | <b>Public Health</b> | <b>Revenue Sharing Reserve</b> |
| <b>Assets</b>  |                       |                      |                                |
| Current assets   |                       |                      |                                |
| Pooled cash and investments  | \$ 109,010,986        | \$ 434,047           | \$ 73,423,049                  |
| Receivables (net of allowance for uncollectibles where applicable) |                       |                      |                                |
| Current property taxes   | 23,642,106            | -                    | -                              |
| Delinquent property taxes  | 4,531,608             | -                    | -                              |
| Due from other governmental units                                  | 3,034,798             | 291,674              | -                              |
| Due from component units   | 68,305                | -                    | -                              |
| Accrued interest receivable  | 953,119               | -                    | 7,751                          |
| Accounts receivable  | 2,604,366             | 354,342              | -                              |
| Contracts receivable   | 28,203,992            | -                    | -                              |
| Due from other funds   | 16,098,257            | 31,436               | 35,861,063                     |
| Prepayments and other assets                                       | 951,791               | 109                  | -                              |
| Total current assets   | <u>189,099,328</u>    | <u>1,111,608</u>     | <u>109,291,863</u>             |
| Advances   | -                     | -                    | -                              |
| Special assessments receivable                                     | -                     | -                    | -                              |
| Contracts receivable   | -                     | -                    | -                              |
| Total assets   | <u>\$ 189,099,328</u> | <u>\$ 1,111,608</u>  | <u>\$ 109,291,863</u>          |
| <b>Liabilities and Fund Balances</b>                               |                       |                      |                                |
| Current liabilities  |                       |                      |                                |
| Vouchers payable   | \$ 6,953,417          | \$ 120,443           | \$ -                           |
| Accrued payroll  | 12,054,918            | -                    | -                              |
| Due to other governmental units                                    | 947,556               | 122,445              | -                              |
| Due to other funds   | 44,358,716            | 418,259              | -                              |
| Deferred revenue   | 31,373,317            | -                    | -                              |
| Deferred revenue - property taxes                                  | 14,501,882            | -                    | -                              |
| Other accrued liabilities  | 4,829,048             | 348,920              | -                              |
| Total current liabilities  | <u>115,018,854</u>    | <u>1,010,067</u>     | <u>-</u>                       |
| Deferred revenue   | -                     | -                    | -                              |
| Advances   | -                     | -                    | -                              |
| Total liabilities  | <u>115,018,854</u>    | <u>1,010,067</u>     | <u>-</u>                       |
| Fund balances  |                       |                      |                                |
| Reserved   |                       |                      |                                |
| Long-term receivables  | -                     | -                    | -                              |
| Prepayments  | 951,791               | -                    | -                              |
| Programs   | 269,790               | -                    | -                              |
| Debt service   | -                     | -                    | -                              |
| Unreserved, designated for, reported in:                           |                       |                      |                                |
| Encumbrances   | 291,107               | 101,541              | -                              |
| General fund   | 71,801,336            | -                    | -                              |
| Special revenue funds  | -                     | -                    | 109,291,863                    |
| Capital projects funds   | -                     | -                    | -                              |
| Unreserved, undesignated reported in:                              |                       |                      |                                |
| General fund   | 766,450               | -                    | -                              |
| Capital projects funds   | -                     | -                    | -                              |
| Special revenue funds  | -                     | -                    | -                              |
| Total fund balances  | <u>74,080,474</u>     | <u>101,541</u>       | <u>109,291,863</u>             |
| Total liabilities and fund balances                                | <u>\$ 189,099,328</u> | <u>\$ 1,111,608</u>  | <u>\$ 109,291,863</u>          |

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

**County of Oakland  
Balance Sheet (Continued)  
Governmental Funds  
September 30, 2006**

|  | <b>Major Funds</b>  |   |                            | <b>Totals<br/>September 30,<br/>2006</b> |
|--|---|---|----------------------------|--|
|  | <b>Water and<br/>Sewer<br/>Refunding<br/>Debt Act 202</b> | <b>Water and<br/>Sewer<br/>Debt<br/>Act 342</b> | <b>Non-Major<br/>Funds</b> |  |
| <b>Assets</b>  |   |   |                            |  |
| <b>Current assets</b>  |   |   |                            |  |
| Pooled cash and investments  | \$ 2,602,215  | \$ 527,837                                      | \$ 76,108,452              | \$ 262,106,586                           |
| Receivables (net of allowance for uncollectibles where applicable) |   |   |                            |  |
| Current property taxes   | -   | -   | -                          | 23,642,106                               |
| Delinquent property taxes  | -   | -   | -                          | 4,531,608                                |
| Due from other governmental units                                  | 936,035   | 134,924   | 16,684,422                 | 21,081,853                               |
| Due from component units   | -   | -   | 222,978                    | 291,283                                  |
| Accrued interest receivable  | 975   | 665   | 308,415                    | 1,270,925                                |
| Accounts receivable  | -   | -   | 1,123,895                  | 4,082,603                                |
| Contracts receivable   | -   | -   | 32,666                     | 28,236,658                               |
| Due from other funds   | 85,597  | -   | 5,818,321                  | 57,894,674                               |
| Prepayments and other assets                                       | -   | -   | 3,550,073                  | 4,501,973                                |
| Total current assets   | <u>3,624,822</u>  | <u>663,426</u>                                  | <u>103,849,222</u>         | <u>407,640,269</u>                       |
| Advances   | -   | -   | 1,602,823                  | 1,602,823                                |
| Special assessments receivable                                     | 21,990,000  | 26,740,000                                      | 494,198                    | 49,224,198                               |
| Contracts receivable   | -   | -   | 23,312,000                 | 23,312,000                               |
| Total assets   | <u>\$ 25,614,822</u>                                      | <u>\$ 27,403,426</u>                            | <u>\$ 129,258,243</u>      | <u>\$ 481,779,290</u>                    |
| <b>Liabilities and Fund Balances</b>                               |   |   |                            |  |
| <b>Current liabilities</b>   |   |   |                            |  |
| Vouchers payable   | \$ -  | \$ -  | \$ 3,517,786               | \$ 10,591,646                            |
| Accrued payroll  | -   | -   | -                          | 12,054,918                               |
| Due to other governmental units                                    | 81,462  | -   | 345,057                    | 1,496,520                                |
| Due to other funds   | -   | 85,597  | 14,307,208                 | 59,169,780                               |
| Deferred revenue   | -   | -   | 9,398,773                  | 40,772,090                               |
| Deferred revenue - property taxes                                  | -   | -   | -                          | 14,501,882                               |
| Other accrued liabilities  | 3,408,519   | 510,641   | 12,172,584                 | 21,269,712                               |
| Total current liabilities  | <u>3,489,981</u>  | <u>596,238</u>                                  | <u>39,741,408</u>          | <u>159,856,548</u>                       |
| Deferred revenue   | 21,990,000  | 26,740,000                                      | 23,674,198                 | 72,404,198                               |
| Advances payable   | -   | -   | 1,602,823                  | 1,602,823                                |
| Total liabilities  | <u>25,479,981</u>   | <u>27,336,238</u>                               | <u>65,018,429</u>          | <u>233,863,569</u>                       |
| <b>Fund balances</b>   |   |   |                            |  |
| <b>Reserved</b>  |   |   |                            |  |
| Long-term receivables  | -   | -   | 1,734,823                  | 1,734,823                                |
| Prepayments  | -   | -   | -                          | 951,791                                  |
| Programs   | -   | -   | 21,005,972                 | 21,275,762                               |
| Debt service   | 134,841   | 67,188  | 32,060                     | 234,089                                  |
| <b>Unreserved, designated for, reported in:</b>                    |   |   |                            |  |
| Encumbrances   | -   | -   | 42,539                     | 435,187                                  |
| General fund   | -   | -   | -                          | 71,801,336                               |
| Special revenue funds  | -   | -   | 31,363,942                 | 140,655,805                              |
| Capital projects funds   | -   | -   | 4,662,919                  | 4,662,919                                |
| <b>Unreserved, undesignated reported in:</b>                       |   |   |                            |  |
| General fund   | -   | -   | -                          | 766,450                                  |
| Capital projects funds   | -   | -   | 5,618,828                  | 5,618,828                                |
| Special revenue funds  | -   | -   | (221,269)                  | (221,269)                                |
| Total fund balances  | <u>134,841</u>  | <u>67,188</u>                                   | <u>64,239,814</u>          | <u>247,915,721</u>                       |
| Total liabilities and fund balances                                | <u>\$ 25,614,822</u>                                      | <u>\$ 27,403,426</u>                            | <u>\$ 129,258,243</u>      | <u>\$ 481,779,290</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, 2006**

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|   |                   |                       |
|---|-------------------|-----------------------|
| Total fund balances for governmental funds  |                   | \$ 247,915,721        |
| 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   | 75,873,107        |                       |
| Land improvements, net of \$3,876,102 depreciation  | 4,336,796         |                       |
| Buildings and improvements, net of \$61,250,475 depreciation  | 72,345,823        |                       |
| Equipment and vehicles, net of \$6,168,394 depreciation   | 7,031,830         |                       |
| Infrastructure, net of \$5,203,115 depreciation   | <u>12,158,103</u> |                       |
|   |                   | 179,287,747           |
| Other long-term assets are not available to pay for current period expenditures and therefore are not reported in the funds.  |                   |                       |
| Capital lease receivable  |                   | 8,320,000             |
| 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.   |                   | 102,245,166           |
| Delinquent real property taxes were deferred in the governmental funds because they were not available to pay for current year expenditures.  |                   | 9,970,274             |
| Deferred revenue on unearned lease receivable is not reported in the funds.   |                   | (6,195,000)           |
| Long-term receivables such as special assessments and contracts receivable 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.   |                   | 72,400,000            |
| 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   | (149,085,000)     |                       |
| Accrued interest payable  | <u>(730,265)</u>  |                       |
|   |                   | <u>(149,815,265)</u>  |
| Net assets of governmental activities   |                   | <u>\$ 464,128,643</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, 2006**

|   | <b>Major Funds</b>   |                      |                                |
|---|----------------------|----------------------|--------------------------------|
|   | <b>General</b>       | <b>Public Health</b> | <b>Revenue Sharing Reserve</b> |
| <b>Revenues</b>   |                      |                      |                                |
| Taxes   | \$ 318,383,151       | \$ -                 | \$ -                           |
| Special assessments                                       | -                    | -                    | -                              |
| Federal grants  | 190,647              | 125,232              | -                              |
| State grants  | 166,485              | 4,491,735            | -                              |
| Other intergovernmental revenues                          | 12,910,149           | -                    | -                              |
| Charges for services                                      | 84,116,374           | 2,583,635            | -                              |
| Contributions   | 671                  | -                    | -                              |
| Investment income   | 6,529,153            | -                    | 1,014,575                      |
| Indirect cost recovery                                    | 9,007,715            | -                    | -                              |
| Other   | 1,555,593            | 5,180                | -                              |
| Total revenues  | <u>432,859,938</u>   | <u>7,205,782</u>     | <u>1,014,575</u>               |
| <b>Expenditures</b>                                       |                      |                      |                                |
| Current operations  |                      |                      |                                |
| County executive  | 62,114,029           | 32,444,877           | -                              |
| Clerk/register of deeds                                   | 10,881,679           | -                    | -                              |
| Treasurer   | 3,703,504            | -                    | -                              |
| Justice administration                                    | 58,074,967           | -                    | -                              |
| Law enforcement   | 139,954,802          | -                    | -                              |
| Legislative   | 5,319,760            | -                    | -                              |
| Drain commissioner  | 5,456,605            | -                    | -                              |
| Non-departmental  | 17,507,381           | -                    | -                              |
| Total current operations                                  | <u>303,012,727</u>   | <u>32,444,877</u>    | <u>-</u>                       |
| Capital outlay  | -                    | -                    | -                              |
| Intergovernmental   | -                    | -                    | -                              |
| Debt service  | -                    | -                    | -                              |
| Principal payments  | -                    | -                    | -                              |
| Interest and fiscal charges                               | -                    | -                    | -                              |
| Total expenditures  | <u>303,012,727</u>   | <u>32,444,877</u>    | <u>-</u>                       |
| Excess (deficiency) of revenues over (under) expenditures | <u>129,847,211</u>   | <u>(25,239,095)</u>  | <u>1,014,575</u>               |
| Other financing sources (uses)                            |                      |                      |                                |
| Transfers in  | 29,769,014           | 25,236,620           | 75,861,063                     |
| Transfers out   | (150,980,424)        | -                    | (22,727,838)                   |
| Payment to bond escrow agent                              | -                    | -                    | -                              |
| Issuance of bonds   | -                    | -                    | -                              |
| Discount on bonds sold                                    | -                    | -                    | -                              |
| Total other financing sources (uses)                      | <u>(121,211,410)</u> | <u>25,236,620</u>    | <u>53,133,225</u>              |
| Net change in fund balances                               | 8,635,801            | (2,475)              | 54,147,800                     |
| <b>Fund balances</b>                                      |                      |                      |                                |
| October 1, 2005   | <u>65,444,673</u>    | <u>104,016</u>       | <u>55,144,063</u>              |
| September 30, 2006  | <u>\$ 74,080,474</u> | <u>\$ 101,541</u>    | <u>\$ 109,291,863</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, 2006**

|  | <b>Major Funds</b>  |   | <b>Non-Major<br/>Funds</b> | <b>Totals<br/>September 30,<br/>2006</b> |
|--|---|---|----------------------------|--|
|  | <b>Water and<br/>Sewer<br/>Refunding<br/>Debt Act 202</b> | <b>Water and<br/>Sewer<br/>Debt<br/>Act 342</b> |                            |  |
| <b>Revenues</b>  |   |   |                            |  |
| Taxes  | \$ -  | \$ -  | \$ -                       | \$ 318,383,151                           |
| Special assessments  | 6,028,836   | 2,420,537                                       | 2,883,611                  | 11,332,984                               |
| Federal grants   | -   | -   | 42,578,832                 | 42,894,711                               |
| State grants   | -   | -   | 18,917,391                 | 23,575,611                               |
| Other intergovernmental revenues                             | -   | -   | 2,324,258                  | 15,234,407                               |
| Charges for services   | 3,275   | 6,063   | 21,236,585                 | 107,945,932                              |
| Contributions  | -   | -   | 101,995                    | 102,666                                  |
| Investment income  | 21,126  | 31,831  | 2,713,720                  | 10,310,405                               |
| Indirect cost recovery                                       | -   | -   | -                          | 9,007,715                                |
| Other  | -   | -   | 193,353                    | 1,754,126                                |
| Total revenues   | <u>6,053,237</u>  | <u>2,458,431</u>                                | <u>90,949,745</u>          | <u>540,541,708</u>                       |
| <b>Expenditures</b>  |   |   |                            |  |
| Current operations   |   |   |                            |  |
| County executive   | -   | -   | 72,028,085                 | 166,586,991                              |
| Clerk/register of deeds                                      | -   | -   | 1,016,231                  | 11,897,910                               |
| Treasurer  | -   | -   | 2,418,952                  | 6,122,456                                |
| Justice administration                                       | -   | -   | 25,636,954                 | 83,711,921                               |
| Law enforcement  | -   | -   | 7,148,752                  | 147,103,554                              |
| Legislative  | -   | -   | 11,368,314                 | 16,688,074                               |
| Drain commissioner   | -   | -   | 973,758                    | 6,430,363                                |
| Non-departmental   | -   | -   | -                          | 17,507,381                               |
| Total current operations                                     | -   | -   | 120,591,046                | 456,048,650                              |
| Capital outlay   | -   | -   | 32,271,856                 | 32,271,856                               |
| Intergovernmental  | -   | 43,179  | 11,950,980                 | 11,994,159                               |
| Debt service   | -   | -   | -                          | -  |
| Principal payments   | 4,945,000   | 1,370,000                                       | 4,875,000                  | 11,190,000                               |
| Interest and fiscal charges                                  | 1,086,886   | 1,073,286                                       | 3,721,892                  | 5,882,064                                |
| Total expenditures   | <u>6,031,886</u>  | <u>2,486,465</u>                                | <u>173,410,774</u>         | <u>517,386,729</u>                       |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>21,351</u>   | <u>(28,034)</u>                                 | <u>(82,461,029)</u>        | <u>23,154,979</u>                        |
| Other financing sources (uses)                               |   |   |                            |  |
| Transfers in   | -   | -   | 55,060,779                 | 185,927,476                              |
| Transfers out  | -   | -   | (9,027,230)                | (182,735,492)                            |
| Payments to bond escrow agent                                | -   | -   | (9,009,368)                | (9,009,368)                              |
| Issuance of bonds  | -   | -   | 34,160,000                 | 34,160,000                               |
| Discount on bonds sold                                       | -   | -   | (360,882)                  | (360,882)                                |
| Total other financing sources (uses)                         | -   | -   | <u>70,823,299</u>          | <u>27,981,734</u>                        |
| Net change in fund balances                                  | 21,351  | (28,034)  | (11,637,730)               | 51,136,713                               |
| <b>Fund balances</b>   |   |   |                            |  |
| October 1, 2005  | 113,490   | 95,222  | 75,877,544                 | 196,779,008                              |
| September 30, 2006   | <u>\$ 134,841</u>   | <u>\$ 67,188</u>                                | <u>\$ 64,239,814</u>       | <u>\$ 247,915,721</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, 2006

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|   |                    |                      |
|---|--------------------|----------------------|
| Net change in fund balance - total governmental funds   |                    | \$ 51,136,713        |
| 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  | \$ 879,344         |                      |
| Construction in progress  | 20,334,112         |                      |
| Depreciation expense  | <u>(5,081,357)</u> |                      |
|   |                    | 16,132,099           |
| 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.  |                    | (475,000)            |
| 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.   |                    | 9,495,273            |
| Delinquent real property taxes reported in the Statement of Activities did not provide current year financial resources in the governmental funds.  |                    |                      |
| Prior years deferral  | (3,420,273)        |                      |
| Current year deferral   | <u>9,970,274</u>   |                      |
|   |                    | 6,550,001            |
| Revenue from special assessments and contracts receivable reported in the Statement of Activities in previous years did not provide current financial resources in the governmental funds until the current year.   |                    | (6,475,000)          |
| Current year special assessments and contracts receivable reported in the Statement of Activities did not provide current year financial resources in the governmental funds.   |                    | 37,790,000           |
| 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   | (34,160,000)       |                      |
| Bond refunding  | 820,000            |                      |
| Repayment of bond principal   | 11,190,000         |                      |
| Accrued interest  | <u>(395,644)</u>   |                      |
|   |                    | (22,545,644)         |
| Change in net assets of governmental activities   |                    | <u>\$ 91,608,442</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, 2006**

|  | <b>Business-Type Activities - Enterprise Funds</b> |                                     |                                 |                                      |
|--|--|-------------------------------------|---------------------------------|--------------------------------------|
|  | <b>Major</b>                                       |                                     |                                 |                                      |
|  | <b>County<br/>Airports</b>                         | <b>Delinquent<br/>Tax Revolving</b> | <b>Parks and<br/>Recreation</b> | <b>Water and<br/>Sewer<br/>Trust</b> |
| <b>Assets</b>  |  |                                     |                                 |                                      |
| Current assets   |  |                                     |                                 |                                      |
| Pooled cash and investments  | \$ 13,593,338                                      | \$ 164,324,801                      | \$ 18,503,596                   | \$ 23,034,405                        |
| Delinquent property taxes  | -  | 56,995,455                          | -                               | -                                    |
| Due from other governmental units  | 71,722   | 1,826,274                           | 34,650                          | 1,130,251                            |
| Due from component units   | -  | -                                   | -                               | 937                                  |
| Accrued interest receivable  | 54,865   | 6,841,549                           | 91,326                          | 55,672                               |
| Accounts receivable (net of allowance for uncollectibles where applicable) | 2,268,901  | -                                   | 282,494                         | 14,321,432                           |
| Due from other funds   | -  | -                                   | -                               | 1,660,619                            |
| Current portion of contracts receivable                                    | -  | -                                   | -                               | -                                    |
| Current portion of advances receivable                                     | -  | 450,383                             | -                               | -                                    |
| Inventories and supplies   | -  | -                                   | 36,171                          | 145,522                              |
| Prepayments and other assets   | 81,753   | -                                   | 17,471                          | 1,333                                |
| Total current assets   | <u>16,070,579</u>                                  | <u>230,438,462</u>                  | <u>18,965,708</u>               | <u>40,350,171</u>                    |
| Noncurrent assets  |  |                                     |                                 |                                      |
| Contracts receivable   | -  | -                                   | -                               | -                                    |
| Advances   | -  | 1,455,362                           | -                               | -                                    |
| Capital assets, net  |  |                                     |                                 |                                      |
| Land and other nondepreciable assets                                       | 37,918,249   | -                                   | 20,890,411                      | -                                    |
| Land improvements, net   | 9,928,137  | -                                   | -                               | -                                    |
| Building and improvements, net   | 8,361,182  | -                                   | 18,228,520                      | -                                    |
| Equipment and vehicles, net  | 103,475  | -                                   | 1,241,162                       | 98,172                               |
| Infrastructure, net  | 63,420   | -                                   | 24,908,697                      | 28,595,233                           |
| Total noncurrent assets  | <u>56,374,463</u>                                  | <u>1,455,362</u>                    | <u>65,268,790</u>               | <u>28,693,405</u>                    |
| Total assets   | <u>72,445,042</u>                                  | <u>231,893,824</u>                  | <u>84,234,498</u>               | <u>69,043,576</u>                    |
| <b>Liabilities</b>   |  |                                     |                                 |                                      |
| Current liabilities  |  |                                     |                                 |                                      |
| Vouchers payable   | 31,517   | 1,030,840                           | 346,714                         | 2,181,700                            |
| Accrued payroll  | -  | -                                   | 33,243                          | 47,426                               |
| Due to other governmental units  | 42,932   | 224,499                             | -                               | 877,565                              |
| Due to other funds   | -  | -                                   | 10,869                          | 3,853,882                            |
| Deferred revenue   | 1,874,185  | -                                   | 172,395                         | -                                    |
| Capital lease obligation-current portion                                   | 240,000  | -                                   | 500,000                         | -                                    |
| Notes payable  | -  | 25,000,000                          | -                               | -                                    |
| Current portion of compensated absences                                    | -  | -                                   | -                               | -                                    |
| Current portion of claims and judgments                                    | -  | -                                   | -                               | -                                    |
| Current portion of contracts payable                                       | -  | -                                   | -                               | -                                    |
| Current portion of advances payable  | -  | -                                   | -                               | -                                    |
| Other accrued liabilities  | 475,023  | 280,094                             | 133,947                         | 2,659,740                            |
| Total current liabilities  | <u>2,663,657</u>                                   | <u>26,535,433</u>                   | <u>1,197,168</u>                | <u>9,620,313</u>                     |
| Noncurrent liabilities   |  |                                     |                                 |                                      |
| Capital lease obligations  | 5,955,000  | -                                   | 1,625,000                       | -                                    |
| Accrued compensated absences   | -  | -                                   | -                               | -                                    |
| Claims and judgments   | -  | -                                   | -                               | -                                    |
| Advances   | -  | -                                   | -                               | -                                    |
| Total noncurrent liabilities   | <u>5,955,000</u>                                   | <u>-</u>                            | <u>1,625,000</u>                | <u>-</u>                             |
| Total liabilities  | <u>8,618,657</u>                                   | <u>26,535,433</u>                   | <u>2,822,168</u>                | <u>9,620,313</u>                     |
| <b>Net assets</b>  |  |                                     |                                 |                                      |
| Invested in capital assets, net of related debt                            | 50,179,463   | -                                   | 63,143,790                      | 28,693,405                           |
| Restricted for programs  | 729,844  | -                                   | -                               | 10,000,651                           |
| Unrestricted   | 12,917,078   | 205,358,391                         | 18,268,540                      | 20,729,207                           |
| Total net assets   | <u>\$ 63,826,385</u>                               | <u>\$ 205,358,391</u>               | <u>\$ 81,412,330</u>            | <u>\$ 59,423,263</u>                 |

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

**County of Oakland  
Statement of Net Assets (Continued)  
Proprietary Funds  
September 30, 2006**

|   | <b>Business-Type Activities -<br/>Enterprise Funds</b> |  | <b>Governmental<br/>Activities -<br/>Internal<br/>Service<br/>Funds</b> |
|---|--|--|---|
|   | <b>Non-Major<br/>Funds</b>                             | <b>Totals<br/>September 30,<br/>2006</b> |   |
| <b>Assets</b>   |  |  |   |
| <b>Current assets</b>   |  |  |   |
| Pooled cash and investments   | \$ 75,953,454  | \$ 295,409,594                           | \$ 109,497,387  |
| Delinquent property taxes   | -  | 56,995,455                               | -   |
| Due from other governmental units   | 20,204,229   | 23,267,126                               | 92,387  |
| Due from component units  | 27,409   | 28,346                                   | 123,824   |
| Accrued interest receivable   | 321,671  | 7,365,083                                | 282,642   |
| Accounts receivable (net of allowance for<br>uncollectibles where applicable) | 2,230,928  | 19,103,755                               | 356,450   |
| Due from other funds  | 2,962,026  | 4,622,645                                | 3,141,443   |
| Current portion of contracts receivable                                       | -  | -  | 6,134   |
| Current portion of advances receivable  | -  | 450,383                                  | -   |
| Inventories and supplies  | 751,089  | 932,782                                  | 600,816   |
| Prepayments and other assets  | 277,749  | 378,306                                  | 4,822,902   |
| Total current assets  | <u>102,728,555</u>                                     | <u>408,553,475</u>                       | <u>118,923,985</u>  |
| <b>Noncurrent assets</b>  |  |  |   |
| Contracts receivable  | -  | -  | 6,134   |
| Advances  | -  | 1,455,362                                | -   |
| <b>Capital assets, net</b>  |  |  |   |
| Land and other nondepreciable assets  | 36,509,924   | 95,318,584                               | 3,382,185   |
| Land improvements, net  | -  | 9,928,137                                | -   |
| Building and improvements, net  | 3,067,172  | 29,656,874                               | 759,432   |
| Equipment and vehicles, net   | 7,758,643  | 9,201,452                                | 29,345,341  |
| Infrastructure, net   | 36,528,014   | 90,095,364                               | 284,948   |
| Total noncurrent assets   | <u>83,863,753</u>                                      | <u>235,655,773</u>                       | <u>33,778,040</u>   |
| Total assets  | <u>186,592,308</u>                                     | <u>644,209,248</u>                       | <u>152,702,025</u>  |
| <b>Liabilities</b>  |  |  |   |
| <b>Current liabilities</b>  |  |  |   |
| Vouchers payable  | 415,090  | 4,005,861                                | 2,330,708   |
| Accrued payroll   | 52,675   | 133,344                                  | 110,046   |
| Due to other governmental units   | 15,133,704   | 16,278,700                               | 335,398   |
| Due to other funds  | 1,290,921  | 5,155,672                                | 1,333,310   |
| Deferred revenue  | 702,619  | 2,749,199                                | -   |
| Capital lease obligation-current portion                                      | -  | 740,000                                  | -   |
| Notes payable   | -  | 25,000,000                               | -   |
| Current portion of compensated absences                                       | -  | -  | 1,303,260   |
| Current portion of claims and judgments                                       | -  | -  | 4,855,618   |
| Current portion of contracts payable  | -  | -  | 132,368   |
| Current portion of advances payable   | -  | -  | 450,383   |
| Other accrued liabilities   | 1,024,989  | 4,573,793                                | 6,085,136   |
| Total current liabilities   | <u>18,619,998</u>                                      | <u>58,636,569</u>                        | <u>16,936,227</u>   |
| <b>Noncurrent liabilities</b>   |  |  |   |
| Capital lease obligations   | -  | 7,580,000                                | -   |
| Accrued compensated absences  | -  | -  | 11,729,340  |
| Claims and judgments  | -  | -  | 20,335,930  |
| Advances  | -  | -  | 1,455,362   |
| Total noncurrent liabilities  | <u>-</u>   | <u>7,580,000</u>                         | <u>33,520,632</u>   |
| Total liabilities   | <u>18,619,998</u>                                      | <u>66,216,569</u>                        | <u>50,456,859</u>   |
| <b>Net assets</b>   |  |  |   |
| Invested in capital assets, net of related debt                               | 83,863,753   | 225,880,411                              | 33,771,906  |
| Restricted for programs   | -  | 10,730,495                               | -   |
| Unrestricted  | 84,108,557   | 341,381,773                              | 68,473,260  |
| Total net assets  | <u>\$ 167,972,310</u>                                  | <u>\$ 577,992,679</u>                    | <u>\$ 102,245,166</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, 2006**

|  | <b>Business-Type Activities - Enterprise Funds</b> |                                     |                                 |                                      |
|--|--|-------------------------------------|---------------------------------|--------------------------------------|
|  | <b>Major</b>                                       |                                     |                                 |                                      |
|  | <b>County<br/>Airports</b>                         | <b>Delinquent<br/>Tax Revolving</b> | <b>Parks and<br/>Recreation</b> | <b>Water and<br/>Sewer<br/>Trust</b> |
| <b>Operating revenues</b>                        |  |                                     |                                 |                                      |
| Charges for services                             | \$ 5,300,425                                       | \$ 12,394,198                       | \$ 8,745,171                    | \$ 41,459,728                        |
| Other  | 15   | 48,019                              | 16,171                          | 55,082                               |
| Total operating revenues                         | <u>5,300,440</u>                                   | <u>12,442,217</u>                   | <u>8,761,342</u>                | <u>41,514,810</u>                    |
| <b>Operating expenses</b>                        |  |                                     |                                 |                                      |
| Salaries   | 1,086,531  | 46,353                              | 7,878,391                       | 6,466,870                            |
| Fringe benefits                                  | 543,067  | 18,040                              | 2,752,173                       | 2,815,987                            |
| Contractual services                             | 1,801,854  | 128,336                             | 4,681,930                       | 25,276,552                           |
| Commodities                                      | 144,446  | -                                   | 937,567                         | 1,812,328                            |
| Depreciation                                     | 1,585,928  | -                                   | 3,134,960                       | 595,950                              |
| Internal services                                | 267,007  | -                                   | 1,043,693                       | 2,405,707                            |
| Intergovernmental                                | -  | -                                   | -                               | 744,893                              |
| Total operating expenses                         | <u>5,428,833</u>                                   | <u>192,729</u>                      | <u>20,428,714</u>               | <u>40,118,287</u>                    |
| Operating income (loss)                          | <u>(128,393)</u>                                   | <u>12,249,488</u>                   | <u>(11,667,372)</u>             | <u>1,396,523</u>                     |
| <b>Nonoperating revenues (expenses)</b>          |  |                                     |                                 |                                      |
| Property taxes                                   | -  | -                                   | 14,071,266                      | -                                    |
| Contributions                                    | -  | -                                   | 24,411                          | -                                    |
| Interest revenue                                 | 664,814  | 7,972,541                           | 871,505                         | 937,582                              |
| Interest expense and paying agent fees           | (247,360)  | (1,147,500)                         | (93,755)                        | -                                    |
| Gain (loss) on sale of property and equipment    | -  | -                                   | 37,300                          | -                                    |
| Total nonoperating revenues                      | <u>417,454</u>                                     | <u>6,825,041</u>                    | <u>14,910,727</u>               | <u>937,582</u>                       |
| Income (loss) before transfers and contributions | <u>289,061</u>                                     | <u>19,074,529</u>                   | <u>3,243,355</u>                | <u>2,334,105</u>                     |
| <b>Transfers and contributions</b>               |  |                                     |                                 |                                      |
| Capital contributions                            | 3,390,266  | -                                   | 7,955                           | 8,428,755                            |
| Transfers in                                     | -  | 243,461                             | -                               | -                                    |
| Transfers out                                    | (2,020,000)  | (13,049,293)                        | -                               | -                                    |
| Total transfers and contributions                | <u>1,370,266</u>                                   | <u>(12,805,832)</u>                 | <u>7,955</u>                    | <u>8,428,755</u>                     |
| Change in net assets                             | <u>1,659,327</u>                                   | <u>6,268,697</u>                    | <u>3,251,310</u>                | <u>10,762,860</u>                    |
| <b>Net assets</b>                                |  |                                     |                                 |                                      |
| October 1, 2005                                  | <u>62,167,058</u>                                  | <u>199,089,694</u>                  | <u>78,161,020</u>               | <u>48,660,403</u>                    |
| September 30, 2006                               | <u>\$ 63,826,385</u>                               | <u>\$ 205,358,391</u>               | <u>\$ 81,412,330</u>            | <u>\$ 59,423,263</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, 2006**

|   | <b>Business-Type Activities -<br/>Enterprise Funds</b> |  | <b>Governmental<br/>Activities -<br/>Internal<br/>Service<br/>Funds</b> |
|---|--|--|---|
|   | <b>Non-Major<br/>Funds</b>                             | <b>Totals<br/>September 30,<br/>2006</b> |   |
| <b>Operating revenues</b>                           |  |  |   |
| Charges for services                                | \$ 102,916,310   | \$ 170,815,832                           | \$ 190,537,663  |
| Other   | 538,837  | 658,124                                  | 488,119   |
| Total operating revenues                            | <u>103,455,147</u>                                     | <u>171,473,956</u>                       | <u>191,025,782</u>  |
| <b>Operating expenses</b>                           |  |  |   |
| Salaries  | 7,596,516  | 23,074,661                               | 20,504,430  |
| Fringe benefits                                     | 3,620,136  | 9,749,403                                | 10,035,233  |
| Contractual services                                | 89,050,301   | 120,938,973                              | 146,719,390   |
| Commodities   | 2,340,538  | 5,234,879                                | 7,927,522   |
| Depreciation  | 7,585,659  | 12,902,497                               | 7,857,834   |
| Internal services                                   | 2,898,669  | 6,615,076                                | 5,836,821   |
| Intergovernmental                                   | -  | 744,893                                  | -   |
| Total operating expenses                            | <u>113,091,819</u>                                     | <u>179,260,382</u>                       | <u>198,881,230</u>  |
| Operating income (loss)                             | <u>(9,636,672)</u>                                     | <u>(7,786,426)</u>                       | <u>(7,855,448)</u>  |
| <b>Nonoperating revenues (expenses)</b>             |  |  |   |
| Property taxes                                      | -  | 14,071,266                               | -   |
| Contributions                                       | 18,055   | 42,466                                   | -   |
| Interest revenue                                    | 3,346,419  | 13,792,861                               | 4,015,454   |
| Interest expense and paying agent fees              | -  | (1,488,615)                              | (90,461)  |
| Gain on sale of property and equipment              | -  | 37,300                                   | (49,150)  |
| Total nonoperating revenues                         | <u>3,364,474</u>                                       | <u>26,455,278</u>                        | <u>3,875,843</u>  |
| Income (loss) before transfers<br>and contributions | <u>(6,272,198)</u>                                     | <u>18,668,852</u>                        | <u>(3,979,605)</u>  |
| Transfers and contributions                         |  |  |   |
| Capital contributions                               | 1,729,823  | 13,556,799                               | 6,512,275   |
| Transfers in  | 4,676,245  | 4,919,706                                | 7,784,900   |
| Transfers out                                       | (5,000)  | (15,074,293)                             | (822,297)   |
| Total transfers and contributions                   | <u>6,401,068</u>                                       | <u>3,402,212</u>                         | <u>13,474,878</u>   |
| Change in net assets                                | <u>128,870</u>   | <u>22,071,064</u>                        | <u>9,495,273</u>  |
| <b>Net assets</b>                                   |  |  |   |
| October 1, 2005                                     | <u>167,843,440</u>                                     | <u>555,921,615</u>                       | <u>92,749,893</u>   |
| September 30, 2006                                  | <u>\$ 167,972,310</u>                                  | <u>\$ 577,992,679</u>                    | <u>\$ 102,245,166</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, 2006**

|   | <b>Business-Type Activities - Enterprise Funds</b> |                                     |                                 |                                      |
|---|--|-------------------------------------|---------------------------------|--------------------------------------|
|   | <b>Major</b>                                       |                                     |                                 |                                      |
|   | <b>County<br/>Airports</b>                         | <b>Delinquent<br/>Tax Revolving</b> | <b>Parks and<br/>Recreation</b> | <b>Water and<br/>Sewer<br/>Trust</b> |
| <b>Cash flows from operating activities</b>                       |  |                                     |                                 |                                      |
| Cash received from users  | \$ 5,137,162                                       | \$ 560,752                          | \$ 8,690,071                    | \$ 38,884,362                        |
| Cash paid to suppliers  | (2,751,178)  | (146,376)                           | (9,345,448)                     | (29,923,715)                         |
| Cash paid to employees  | (1,086,531)  | (46,353)                            | (7,845,148)                     | (6,419,444)                          |
| Net cash provided by (used in)<br>operating activities            | <u>1,299,453</u>                                   | <u>368,023</u>                      | <u>(8,500,525)</u>              | <u>2,541,203</u>                     |
| <b>Cash flows from noncapital financing activities</b>            |  |                                     |                                 |                                      |
| Transfers from other funds  | -  | 243,461                             | -                               | -                                    |
| Transfers to other funds  | (2,020,000)  | (13,049,293)                        | -                               | -                                    |
| Amounts received on contracts                                     | -  | -                                   | -                               | -                                    |
| Interest received on contracts                                    | -  | -                                   | -                               | -                                    |
| Contributions   | -  | -                                   | 24,411                          | -                                    |
| Issuance of short-term borrowings                                 | -  | 25,000,000                          | -                               | -                                    |
| Repayments received on advances                                   | -  | 744,255                             | -                               | -                                    |
| Property taxes  | -  | -                                   | 14,071,266                      | -                                    |
| Interest paid on short-term borrowings                            | -  | (1,147,500)                         | -                               | -                                    |
| Payments on short-term borrowings                                 | -  | (25,000,000)                        | -                               | -                                    |
| Net cash provided by (used in)<br>noncapital financing activities | <u>(2,020,000)</u>                                 | <u>(13,209,077)</u>                 | <u>14,095,677</u>               | <u>-</u>                             |
| <b>Cash flows from capital and related financing activities</b>   |  |                                     |                                 |                                      |
| Advances received   | -  | -                                   | -                               | -                                    |
| Transfers from other funds  | -  | -                                   | -                               | -                                    |
| Capital contributions   | 1,370,266  | -                                   | 7,955                           | -                                    |
| Proceeds from sale of capital assets                              | -  | -                                   | 37,300                          | -                                    |
| Acquisition of capital assets                                     | (1,730,787)  | -                                   | (4,495,168)                     | -                                    |
| Payments on capital lease obligation                              | (235,000)  | -                                   | (475,000)                       | -                                    |
| Interest and fees paid on capital lease obligation                | (247,360)  | -                                   | (93,755)                        | -                                    |
| Amount paid on advances and equipment contracts                   | -  | -                                   | -                               | -                                    |
| Interest paid on advances and equipment contracts                 | -  | -                                   | -                               | -                                    |
| Net cash used in capital and<br>related financing activities      | <u>(842,881)</u>                                   | <u>-</u>                            | <u>(5,018,668)</u>              | <u>-</u>                             |
| <b>Cash flows from investing activities</b>                       |  |                                     |                                 |                                      |
| Interest on investments   | <u>667,801</u>                                     | <u>7,294,754</u>                    | <u>852,557</u>                  | <u>939,888</u>                       |
| Net cash provided by investing<br>activities                      | <u>667,801</u>                                     | <u>7,294,754</u>                    | <u>852,557</u>                  | <u>939,888</u>                       |
| Net increase (decrease) in cash<br>and cash equivalents           | (895,627)  | (5,546,300)                         | 1,429,041                       | 3,481,091                            |
| <b>Pooled cash and investments</b>                                |  |                                     |                                 |                                      |
| October 1, 2005   | <u>14,488,965</u>                                  | <u>169,871,101</u>                  | <u>17,074,555</u>               | <u>19,553,314</u>                    |
| September 30, 2006  | <u>\$ 13,593,338</u>                               | <u>\$ 164,324,801</u>               | <u>\$ 18,503,596</u>            | <u>\$ 23,034,405</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, 2006**

|   | <b>Business-Type Activities</b> |  | <b>Governmental<br/>Activities -<br/>Internal<br/>Service<br/>Funds</b> |
|---|---------------------------------|--|---|
|   | <b>Enterprise Funds</b>         |  |   |
|   | <b>Non-Major<br/>Funds</b>      | <b>Totals<br/>September 30,<br/>2006</b> |   |
| <b>Cash flows from operating activities</b>                       |                                 |  |   |
| Cash received from users  | \$ 101,495,203                  | \$ 154,767,550                           | \$ 195,226,483  |
| Cash paid to suppliers  | (98,039,764)                    | (140,206,481)                            | (169,706,653)   |
| Cash paid to employees  | (7,543,841)                     | (22,941,317)                             | (20,407,010)  |
| Net cash provided by (used in)<br>operating activities            | <u>(4,088,402)</u>              | <u>(8,380,248)</u>                       | <u>5,112,820</u>  |
| <b>Cash flows from noncapital financing activities</b>            |                                 |  |   |
| Transfers from other funds  | 4,661,845                       | 4,905,306                                | 4,824,566   |
| Transfers to other funds  | (5,000)                         | (15,074,293)                             | (822,297)   |
| Amounts received on contracts                                     | -                               | -  | 6,134   |
| Interest received on contracts                                    | -                               | -  | 712   |
| Contributions   | 18,055                          | 42,466                                   | -   |
| Issuance of short-term borrowings                                 | -                               | 25,000,000                               | -   |
| Repayments received on advances                                   | -                               | 744,255                                  | -   |
| Property taxes  | -                               | 14,071,266                               | -   |
| Interest paid on short-term borrowings                            | -                               | (1,147,500)                              | -   |
| Payments on short-term borrowings                                 | -                               | (25,000,000)                             | -   |
| Net cash provided by (used in)<br>noncapital financing activities | <u>4,674,900</u>                | <u>3,541,500</u>                         | <u>4,009,115</u>  |
| <b>Cash flows from capital and related financing activities</b>   |                                 |  |   |
| Advances received   | -                               | -  | 193,245   |
| Transfers from other funds  | 14,400                          | 14,400                                   | 2,960,334   |
| Capital contributions   | 864,895                         | 2,243,116                                | -   |
| Proceeds from sale of capital assets                              | -                               | 37,300                                   | 276,712   |
| Acquisition of capital assets                                     | (5,068,349)                     | (11,294,304)                             | (5,396,069)   |
| Payments on capital lease obligation                              | -                               | (710,000)                                | -   |
| Interest and fees paid on capital lease obligation                | -                               | (341,115)                                | -   |
| Amount paid on advances and equipment contracts                   | -                               | -  | (437,500)   |
| Interest paid on advances and equipment contracts                 | -                               | -  | (90,461)  |
| Net cash used in capital and related<br>financing activities      | <u>(4,189,054)</u>              | <u>(10,050,603)</u>                      | <u>(2,493,739)</u>  |
| <b>Cash flows from investing activities</b>                       |                                 |  |   |
| Interest on investments   | 3,357,190                       | 13,112,190                               | 4,058,051   |
| Net cash provided by investing<br>activities                      | <u>3,357,190</u>                | <u>13,112,190</u>                        | <u>4,058,051</u>  |
| Net increase (decrease) in cash<br>and cash equivalents           | (245,366)                       | (1,777,161)                              | 10,686,247  |
| <b>Pooled cash and investments</b>                                |                                 |  |   |
| October 1, 2005   | <u>76,198,820</u>               | <u>297,186,755</u>                       | <u>98,811,140</u>   |
| September 30, 2006  | <u>\$ 75,953,454</u>            | <u>\$ 295,409,594</u>                    | <u>\$ 109,497,387</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, 2006**

|   | <b>Business-Type Activities - Enterprise Funds</b> |                                     |                                 |                                      |
|---|--|-------------------------------------|---------------------------------|--------------------------------------|
|   | <b>Major</b>                                       |                                     |                                 |                                      |
|   | <b>County<br/>Airports</b>                         | <b>Delinquent<br/>Tax Revolving</b> | <b>Parks and<br/>Recreation</b> | <b>Water and<br/>Sewer<br/>Trust</b> |
| Operating income (loss)   | \$ (128,393)                                       | \$ 12,249,488                       | \$ (11,667,372)                 | \$ 1,396,523                         |
| Adjustments to reconcile operating income (loss)<br>to net cash provided by (used in) operating<br>activities |  |                                     |                                 |                                      |
| Depreciation expense  | 1,585,928  | -                                   | 3,134,960                       | 595,950                              |
| (Increase) decrease in delinquent property<br>taxes receivable  | -  | (11,318,874)                        | -                               | -                                    |
| (Increase) decrease in due from other<br>governmental units   | -  | (661,179)                           | (34,650)                        | (772,039)                            |
| (Increase) decrease in due from component<br>units  | -  | -                                   | -                               | (207)                                |
| (Increase) decrease in accounts receivable  | 293,177  | 188                                 | 134,000                         | (912,701)                            |
| (Increase) decrease in due from other funds   | -  | -                                   | 29,633                          | (945,501)                            |
| (Increase) decrease in inventories and supplies   | -  | -                                   | (10,016)                        | 88,162                               |
| (Increase) decrease in prepayments and other<br>assets  | (9,168)  | -                                   | 331                             | (1,333)                              |
| Increase (decrease) in vouchers payable   | 31,517   | 1,030,840                           | 346,714                         | 2,181,378                            |
| Increase (decrease) in accrued payroll  | -  | -                                   | 33,243                          | 47,426                               |
| Increase (decrease) in due to other govern-<br>mental units   | -  | 213,844                             | -                               | 121,210                              |
| Increase (decrease) in due to other funds   | -  | (1,007,901)                         | (89,101)                        | 608,830                              |
| Increase (decrease) in deferred revenue   | (456,455)  | -                                   | (200,254)                       | -                                    |
| Increase (decrease) in current portion of<br>compensated absences   | -  | -                                   | -                               | -                                    |
| Increase (decrease) in current portion of<br>claims and judgments   | -  | -                                   | -                               | -                                    |
| Increase (decrease) in other accrued liabilities  | (17,153)   | (138,383)                           | (178,013)                       | 133,505                              |
| Increase (decrease) in accrued compensated<br>absences  | -  | -                                   | -                               | -                                    |
| Increase (decrease) in claims and judgments   | -  | -                                   | -                               | -                                    |
| Net cash provided by (used in)<br>operating activities  | <u>\$ 1,299,453</u>                                | <u>\$ 368,023</u>                   | <u>\$ (8,500,525)</u>           | <u>\$ 2,541,203</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, 2006**

|   | <b>Business-Type Activities -<br/>Enterprise Funds</b> |  | <b>Governmental<br/>Activities -<br/>Internal<br/>Service<br/>Funds</b> |
|---|--|--|---|
|   | <b>Non-Major<br/>Funds</b>                             | <b>Totals<br/>September 30,<br/>2006</b> |   |
| Operating income (loss)   | \$ (9,636,672)   | \$ (7,786,426)                           | \$ (7,855,448)  |
| Adjustments to reconcile operating income (loss)<br>to net cash provided by (used in) operating<br>activities |  |  |   |
| Depreciation expense  | 7,585,659  | 12,902,497                               | 7,857,834   |
| (Increase) decrease in delinquent property<br>taxes receivable  | -  | (11,318,874)                             | -   |
| (Increase) decrease in due from other<br>governmental units   | (2,879,789)  | (4,347,657)                              | 23,331  |
| (Increase) decrease in due from component<br>units  | 81,217   | 81,010                                   | (76,301)  |
| (Increase) decrease in accounts receivable  | (103,633)  | (588,969)                                | 194,043   |
| (Increase) decrease in due from other funds   | 652,530  | (263,338)                                | 4,059,628   |
| (Increase) decrease in inventories and supplies   | (94,858)   | (16,712)                                 | (1,475)   |
| (Increase) decrease in prepayments and other<br>assets  | 454,476  | 444,306                                  | 695,566   |
| Increase (decrease) in vouchers payable   | 415,090  | 4,005,539                                | 1,269,239   |
| Increase (decrease) in accrued payroll  | 52,675   | 133,344                                  | 97,420  |
| Increase (decrease) in due to other govern-<br>mental units   | 812,669  | 1,147,723                                | 16,621  |
| Increase (decrease) in due to other funds   | (1,218,098)  | (1,706,270)                              | (3,559,485)   |
| Increase (decrease) in deferred revenue   | 289,731  | (366,978)                                | -   |
| Increase (decrease) in current portion of<br>compensated absences   | -  | -  | 49,157  |
| Increase (decrease) in current portion of<br>claims and judgments   | -  | -  | (24,519)  |
| Increase (decrease) in other accrued liabilities  | (499,399)  | (699,443)                                | 3,151,181   |
| Increase (decrease) in accrued compensated<br>absences  | -  | -  | 442,414   |
| Increase (decrease) in claims and judgments   | -  | -  | (1,226,386)   |
| Net cash provided by (used in)<br>operating activities  | <u>\$ (4,088,402)</u>                                  | <u>\$ (8,380,248)</u>                    | <u>\$ 5,112,820</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, 2006**

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**Noncash transactions**

**Enterprise Funds**

Major funds:

Noncash and capital related financing activities included \$2,020,000 of capital assets contributed, recording of Accounts Receivable and Deferred Revenue of \$1,874,004 in the County Airports fund, and \$16,000 of capital assets used as trade-in on acquisition in the Parks and Recreation fund.

Nonmajor funds:

Noncash and capital related financing activities included \$864,928 of capital assets contributed in the CLEMIS fund; purchase of capital assets of \$6,350 included in Other accrued liabilities; and write-off of \$17,058 in fully depreciated capital assets in the Radio Communications fund.

**Internal Service Funds**

Noncash capital and related financing included \$6,512,275 of capital assets contributed, and write-off of \$325,862 of capital assets (software) in the Information Technology 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 others, 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, 2006**

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|   | <b>Pension<br/>(and Other<br/>Post-<br/>employment<br/>Benefits)<br/>Trust Funds</b> | <b>Investment<br/>Trust<br/>Funds</b> | <b>Agency<br/>Funds</b> |
|---|--|---------------------------------------|-------------------------|
| <b>Assets</b>   |  |                                       |                         |
| Cash and cash equivalents   | \$ 51,670,628  | \$ 5,632,697                          | \$ 647,989              |
| Pooled cash and investments   | -  | -                                     | 266,363,414             |
| Investments, at fair value  |  |                                       |                         |
| Common stock  | 684,465,897  | -                                     | -                       |
| Government securities   | 144,204,105  | -                                     | -                       |
| Corporate bonds and asset-backed securities   | 189,943,356  | -                                     | -                       |
| Money markets   | 17,397,138   | -                                     | -                       |
| Real estate   | 47,977   | -                                     | -                       |
| Other   | 6,902,553  | -                                     | -                       |
| Total investments   | <u>1,042,961,026</u>   | <u>-</u>                              | <u>-</u>                |
| Receivables - interest and dividends  | 4,577,951  | 5,123                                 | 177,434                 |
| Receivables - other   | 16,143   | -                                     | -                       |
| Prepaid expenses  | 118,868  | -                                     | -                       |
| Total assets  | <u>1,099,344,616</u>   | <u>5,637,820</u>                      | <u>267,188,837</u>      |
| <b>Liabilities</b>  |  |                                       |                         |
| Vouchers payable  | 138,514  | -                                     | 103,808,934             |
| Due to other governmental units   | -  | -                                     | 145,876,515             |
| Other accrued liabilities   | 1,871,825  | -                                     | 17,503,388              |
| Total liabilities   | <u>2,010,339</u>   | <u>-</u>                              | <u>267,188,837</u>      |
| <b>Net assets</b>   |  |                                       |                         |
| Held in Trust for Pension and other Postemployment healthcare benefits, and pool participants | <u>\$ 1,097,334,277</u>  | <u>\$ 5,637,820</u>                   | <u>\$ -</u>             |

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



**County of Oakland**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**Year Ended September 30, 2006**

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|   | <b>Pension<br/>(and Other<br/>Post-<br/>employment<br/>Benefits)<br/>Trust Funds</b> | <b>Investment<br/>Trust<br/>Funds</b> |
|---|--|---------------------------------------|
| <b>Additions</b>  |  |                                       |
| Contributions   |  |                                       |
| Employer  | \$ 37,488,000  | \$ -                                  |
| Pool participants   | -  | 3,750,000                             |
| Plan members  | 1,087,851  | -                                     |
| Total contributions   | <u>38,575,851</u>  | <u>3,750,000</u>                      |
| Investment income   | 75,540,567   | 302,947                               |
| Total additions   | <u>114,116,418</u>   | <u>4,052,947</u>                      |
| <b>Deductions</b>   |  |                                       |
| Benefits  | 50,167,868   | -                                     |
| Administrative expenses   | 2,731,409  | -                                     |
| Distribution to pool participants   | -  | 9,973,023                             |
| Total deductions  | <u>52,899,277</u>  | <u>9,973,023</u>                      |
| Net increase  | 61,217,141   | (5,920,076)                           |
| Net assets held in trust for pension and other postemployment<br>healthcare benefits, and pool participants |  |                                       |
| October 1, 2005   | <u>1,036,117,136</u>   | <u>11,557,896</u>                     |
| September 30, 2006  | <u>\$ 1,097,334,277</u>  | <u>\$ 5,637,820</u>                   |

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

# Combining Component Unit Financial Statements

## Component Units

**Drainage Districts** – This component unit consists of many individual districts created for the purpose of alleviating drainage problems. This involves 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, 2006**

|  | <b>Drainage<br/>Districts</b> | <b>Road<br/>Commission</b> | <b>Total<br/>Component<br/>Units</b> |
|--|-------------------------------|----------------------------|--------------------------------------|
| <b>Assets</b>  |                               |                            |                                      |
| <b>Current assets</b>  |                               |                            |                                      |
| Pooled cash and investments  | \$ 28,820,651                 | \$ -                       | \$ 28,820,651                        |
| Cash and cash equivalents  | -                             | 30,011,528                 | 30,011,528                           |
| Investments  | -                             | 18,974,938                 | 18,974,938                           |
| Receivables (net of allowance for uncollectibles where applicable) |                               |                            |                                      |
| Special assessments  | -                             | 10,145,720                 | 10,145,720                           |
| Due from other governmental units                                  | 612,482                       | -                          | 612,482                              |
| Accrued interest receivable  | 118,565                       | 410,609                    | 529,174                              |
| Accounts receivable  | -                             | 21,426,906                 | 21,426,906                           |
| Inventories and supplies   | -                             | 3,313,382                  | 3,313,382                            |
| Prepayments and other assets                                       | -                             | 742,871                    | 742,871                              |
| Total current assets   | <u>29,551,698</u>             | <u>85,025,954</u>          | <u>114,577,652</u>                   |
| <b>Capital assets, net</b>   |                               |                            |                                      |
| Land and other nondepreciable assets                               | 156,045,142                   | 139,946,150                | 295,991,292                          |
| Land improvements, net   | -                             | 475,921                    | 475,921                              |
| Buildings and improvements, net                                    | -                             | 8,332,314                  | 8,332,314                            |
| Equipment and vehicles, net  | -                             | 10,961,277                 | 10,961,277                           |
| Infrastructure, net  | 264,984,709                   | 446,377,118                | 711,361,827                          |
| Total capital assets, net  | <u>421,029,851</u>            | <u>606,092,780</u>         | <u>1,027,122,631</u>                 |
| Special assessments receivable                                     | <u>174,650,000</u>            | -                          | <u>174,650,000</u>                   |
| Total assets   | <u>625,231,549</u>            | <u>691,118,734</u>         | <u>1,316,350,283</u>                 |
| <b>Liabilities</b>   |                               |                            |                                      |
| <b>Current liabilities</b>   |                               |                            |                                      |
| Vouchers payable   | 3,031,528                     | 9,304,639                  | 12,336,167                           |
| Due to other governmental units                                    | 5,028,145                     | -                          | 5,028,145                            |
| Due to primary government  | 326,954                       | 116,499                    | 443,453                              |
| Deferred revenue and advances                                      | -                             | 18,802,966                 | 18,802,966                           |
| Accrued interest payable   | 30,132                        | -                          | 30,132                               |
| Current portion of long-term debt                                  | 11,065,000                    | 1,975,000                  | 13,040,000                           |
| Other accrued liabilities  | 2,268,738                     | 4,334,095                  | 6,602,833                            |
| Total current liabilities  | <u>21,750,497</u>             | <u>34,533,199</u>          | <u>56,283,696</u>                    |
| Deferred revenue   | 2,200,833                     | -                          | 2,200,833                            |
| Bonds and notes payable  | 162,069,167                   | 5,950,000                  | 168,019,167                          |
| Other long-term liabilities  | -                             | 5,367,245                  | 5,367,245                            |
| Total liabilities  | <u>186,020,497</u>            | <u>45,850,444</u>          | <u>231,870,941</u>                   |
| <b>Net assets</b>  |                               |                            |                                      |
| Invested in capital assets, net of related debt                    | 247,895,684                   | 598,167,780                | 846,063,464                          |
| Restricted for   |                               |                            |                                      |
| Capital projects   | 13,755,128                    | -                          | 13,755,128                           |
| Debt service   | 173,955,107                   | -                          | 173,955,107                          |
| Unrestricted   | 3,605,133                     | 47,100,510                 | 50,705,643                           |
| Total net assets   | <u>\$ 439,211,052</u>         | <u>\$ 645,268,290</u>      | <u>\$ 1,084,479,342</u>              |

The accompanying notes are an integral part of the financial statements

**County of Oakland  
Statement of Activities  
Component Units  
Year Ended September 30, 2006**

|  | <b>Program Revenues</b> |                                 |   |   | <b>Drainage<br/>Districts</b> | <b>Road<br/>Commission</b> | <b>Total<br/>Component<br/>Units</b> |
|--|-------------------------|---------------------------------|---|---|-------------------------------|----------------------------|--------------------------------------|
|  | <b>Expenses</b>         | <b>Charges for<br/>Services</b> | <b>Operating<br/>Grants and<br/>Contributions</b> | <b>Capital<br/>Grants and<br/>Contributions</b> |                               |                            |                                      |
| <b>Functions/Programs</b>                              |                         |                                 |   |   |                               |                            |                                      |
| Drainage Districts                                     | \$ 12,253,972           | \$ 1,713,861                    | \$ 546,082  | \$ 18,583,596                                   | \$ 8,589,567                  | \$ -                       | \$ 8,589,567                         |
| Road Commission  | 93,970,052              | 14,030,950                      | 64,216,692  | 38,241,414                                      | -                             | 22,519,004                 | 22,519,004                           |
| Total component units                                  | <u>\$ 106,224,024</u>   | <u>\$ 15,744,811</u>            | <u>\$ 64,762,774</u>                              | <u>\$ 56,825,010</u>                            | <u>8,589,567</u>              | <u>22,519,004</u>          | <u>31,108,571</u>                    |
| <b>General Revenues</b>                                |                         |                                 |   |   |                               |                            |                                      |
| Unrestricted investment earnings                       |                         |                                 |   |   | 1,175,663                     | 2,812,168                  | 3,987,831                            |
| <b>Extraordinary item - Gain on insurance recovery</b> |                         |                                 |   |   | -                             | 54,336                     | 54,336                               |
| Change in net assets                                   |                         |                                 |   |   | <u>9,765,230</u>              | <u>25,385,508</u>          | <u>35,150,738</u>                    |
| <b>Net assets</b>                                      |                         |                                 |   |   |                               |                            |                                      |
| Beginning  |                         |                                 |   |   | 429,445,822                   | 619,882,782                | 1,049,328,604                        |
| Ending   |                         |                                 |   |   | <u>\$ 439,211,052</u>         | <u>\$ 645,268,290</u>      | <u>\$ 1,084,479,342</u>              |

The accompanying notes are an integral part of the financial statements

# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2006

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#### 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, 2006**

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**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, 2006, 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, 2005, is not reported in the financial statements of Oakland County.
- 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 197 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 Road Commission for Oakland County and the State of Michigan for road drainage. All activities of the various drainage districts are administered by the Oakland County Drain Commissioner. However, the drainage districts are not subject to the County's appropriation process. Because of the relationship between the component unit and the primary government, it would be misleading to exclude the Drainage Districts Component Unit from the financial statements of Oakland County.
- The financial activities of the Drainage Districts as of and for the year ended September 30, 2006 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

# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2006

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#### **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:

- **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).

# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2006

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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.

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 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.



**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2006**

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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.

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 against benefiting municipalities, 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 Water and Sewer Refunding Debt Act 342 Fund accounts for the accumulation of resources, mainly special assessments against benefiting municipalities, for the payment of bonded debt issued 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 the County's 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.

# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2006

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#### **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.

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 post-employment 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.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2006**

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- 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.
- 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 July 1 of 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 Drainage Districts use the current financial resources measurement focus for its activities. The governmental fund type is used to account for all of the Drainage Districts' activities, including the financing of the cost of construction and maintenance of Drainage Districts and servicing of long-term debt. Revenues and expenditures are recorded under the modified accrual basis of accounting, and as such, revenue is recorded when measurable and available, and earned. Project-related revenue is recognized as related costs are incurred, except for debt service expenditures, which are recorded when paid.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2006**

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**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, 2005 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.

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, 2006 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 inter-fund 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, 2006.

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.

**Inter-fund 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.

Non-current portions of long-term inter-fund 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.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2006**

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**Prepayments**

Payments made for services that will benefit periods beyond September 30, 2006 are recorded as prepayments.

**Capital Assets**

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

The County's estimated useful lives of the major classes of property and equipment follow:

| <b>Class</b>               | <b>Years</b> |
|----------------------------|--------------|
| 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, 2006**

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Property taxes levied are used to finance the expenditures of the current fiscal period (October 1, 2005 through September 30, 2006) and are reported as revenues in the financial statements. Amounts not collected within 60 days of the end of the fiscal year are considered unavailable for the current period, and are reported as deferred revenue.

**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, 2006. 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 personnel expenditures (salaries, overtime, and fringes), operating expenditures, and internal support 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, Revenue Sharing Reserve, Juvenile Maintenance, and Social Welfare-Foster Care. The budgetary comparison for the General Fund, the Public Health fund and Revenue Sharing Reserve fund (major special revenue funds), are presented in the Required Supplementary Information. The Juvenile Maintenance and Social Welfare Foster Care funds are presented in the Special Revenue Funds section.

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.
- (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.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2006**

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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:

|                               | <b>Appropriation</b> | <b>Expenditures</b> | <b>Excess<br/>Expenditures</b> |
|-------------------------------|----------------------|---------------------|--------------------------------|
| <b>General Fund</b>           |                      |                     |                                |
| County Executive              |                      |                     |                                |
| Facilities Management         |                      |                     |                                |
| Operating expenditures        | \$ 128,600           | \$ 133,174          | \$ 4,574                       |
| Treasurer                     |                      |                     |                                |
| Internal support expenditures | 913,324              | 983,874             | 70,550                         |
| Justice Administration        |                      |                     |                                |
| District Courts               |                      |                     |                                |
| Operating expenditures        | 2,530,324            | 2,655,825           | 125,501                        |
| Probate Court                 |                      |                     |                                |
| Internal support expenditures | 767,199              | 893,581             | 126,382                        |
| Law Enforcement               |                      |                     |                                |
| Sheriff                       |                      |                     |                                |
| Personnel expenditures        | 91,490,514           | 95,943,426          | 4,452,912                      |
| Internal support expenditures | 16,833,910           | 17,092,509          | 258,599                        |
| Drain Commissioner            |                      |                     |                                |
| Internal support expenditures | 1,376,792            | 1,526,992           | 150,200                        |
| Non-departmental              |                      |                     |                                |
| Internal support expenditures | 2,771,676            | 2,821,378           | 49,702                         |
| <b>Special Revenue Funds</b>  |                      |                     |                                |
| Public Health                 |                      |                     |                                |
| County Executive              |                      |                     |                                |
| Human Services                |                      |                     |                                |
| Operating expenditures        | 4,916,581            | 5,112,756           | 196,175                        |
| Juvenile Maintenance Fund     |                      |                     |                                |
| County Executive              |                      |                     |                                |
| Human Services                |                      |                     |                                |
| Personnel expenditures        | 12,305,775           | 12,316,374          | 10,599                         |
| Operating expenditures        | 10,814,109           | 11,090,945          | 276,836                        |
| Internal support expenditures | 2,496,556            | 2,541,096           | 44,540                         |
| Justice Administration        |                      |                     |                                |
| Circuit Court                 |                      |                     |                                |
| Internal support expenditures | 3,514                | 4,427               | 913                            |
| Non-departmental              |                      |                     |                                |
| Operating expenditures        | -                    | 176,268             | 176,268                        |

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 2007.

# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2006

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### 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, 2006, the book value of the County's deposits was \$448,700,000 with a corresponding bank balance of \$448,700,000. Insured deposits were \$2,200,000, and the remaining \$446,500,000 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**  
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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, 2006, the Road Commission component unit had \$45,407,229 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 \$30,011,528 and investments of \$13,230,000.

**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, 2006**

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As of September 30, 2006, the County had the following deposit and investment types in its internal investment pool.

| <u>Deposit and Investment Type</u>                                  | <u>Weighted Average<br/>Market Value</u> | <u>Maturity (days)</u> |
|---|--|------------------------|
| Certificates of Deposit (1)   | \$448,700,000                            | 84                     |
| Money Market Investment Pools                                       | 132,892,747                              | 1                      |
| Commercial Paper  | 215,669,878                              | 11                     |
| U.S. Agencies   | 295,800,165                              | 144                    |
| <br>Total Market Value of Internal Investment Pool                  | <br>\$1,093,062,789                      |                        |
| <br>Weighted Average Maturity of Internal Investment Pool (in days) |  | <br>78                 |

(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 \$295,800,165 invested in U.S. Agencies 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, 2006, the County had \$29,878,869 invested in A1+ (S&P), P1 (Moody's) commercial paper, \$155,880,047 A1(S&P), P1 (Moody's) commercial paper and \$29,910,961 invested in F1 (Fitch), P1 (Moody's) commercial paper. Four of the money market investment pools used by the County, with a fair value of \$118,871,426, at September 30, 2006, carry an AAA (Standard & Poor's) and an Aaa (Moody's) rating. Three other money market investment pools used by the County, with a fair value of \$14,021,321, at September 30, 2006, 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, 2006, \$644,362,789 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 safe-keeping requirement.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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*Concentration of Credit Risk – Investments* - On September 30, 2006, the County had investments of 5% or more, of the total portfolio, with the following U.S. Agency issuers: Fannie Mae 11.36%, Federal Home Loan Bank 11.3% 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, 2006, the internal investment pool had a weighted average maturity of 78 days and the longest investment maturity in the portfolio was 731 days (2.003 years).

**Investments – Pension Trust Funds (Retirement System)**

The Pension Trust Funds (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, 2006, 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, 2006, the County had the following investment types in its Retirement System:

| <b>Investment Type</b>             | <b>Fair Value</b>      | <b>Percentage</b> | <b>Average Duration</b> |
|------------------------------------|------------------------|-------------------|-------------------------|
| Government Bonds                   | \$127,216,197          | 11.5%             | 4.43 years              |
| Mortgage/Asset-Backed Fixed Income | 69,725,894             | 6.3               | 17.23                   |
| Municipal Bonds                    | 5,948,960              | .5                | 4.12                    |
| Corporate Bonds                    | 110,950,246            | 10.1              | 7.07                    |
| CMO/REMIC Investments              | 19,766,168             | 1.8               | 31.75                   |
| Common Stock                       | 494,855,222            | 44.9              | N/A                     |
| International Common Stock         | 78,477,272             | 7.1               | N/A                     |
| Investment Companies-Mutual Funds  | 107,531,783            | 9.8               | N/A                     |
| Money Market Funds (1)             | 71,346,397             | 6.5               | .0027                   |
| Certificates of Deposit (2)        | 10,000,000             | .9                | .18                     |
| Commercial Paper                   | 6,902,553              | .6                | .18                     |
| Real Estate                        | 62,408                 | .0                | N/A                     |
| <b>Total</b>                       | <b>\$1,102,783,100</b> | <b>100.0%</b>     |                         |

(1) Money Market Funds are included in cash and cash equivalents and investment on the Statement of Fiduciary Net Assets

(2) 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 weigh average maturity.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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*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, 2006, debt obligation investments held in the retirement system had the following ratings:

| <u>Fair Value</u> | <u>Percentage</u> | <u>Rating (S&amp;P)</u> |
|-------------------|-------------------|-------------------------|
| \$218,363,595     | 65.46%            | Aaa                     |
| 15,337,854        | 4.60              | Aa3                     |
| 6,694,294         | 2.01              | Aa2                     |
| 6,802,592         | 2.04              | Aa1                     |
| 6,511,675         | 1.95              | A3                      |
| 14,395,596        | 4.32              | A2                      |
| 28,406,395        | 8.51              | A1                      |
| 5,908,085         | 1.77              | Baa3                    |
| 14,854,705        | 4.45              | Baa2                    |
| 7,171,533         | 2.15              | Baa1                    |
| <u>9,161,142</u>  | <u>2.75</u>       | Not Rated               |
| \$ 333,607,465    | 100.00%           |                         |

*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, 2006, \$1,085,880,547 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, 2006, the system did not exceed any of the Board's adopted limits.

*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 4.43 years and 17.23 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.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2006**

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*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 102 percent of the market value of the loaned securities.

The County did not impose any restrictions during the year ended September 30, 2006 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, 2006, 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, 2006 were \$162,748,005 and \$158,823,632, respectively.

*Collateralized Mortgage Obligations* In the County's Retirement System investment portfolio are Collateralized Mortgage Obligations (CMOs) with a market value of \$19,766,168 as of September 30, 2006. 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, 2006, 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, 2006, the County's CMO portfolio had an average days-to-maturity of 11,588 days.

*Variable Rate Coupon Notes and Bonds* In the County's Retirement System investment portfolio are Variable Rate coupon instruments with a market value of \$16,986,326 as of September 30, 2006. Such investments include U.S. government-issued securities and corporate-issued securities. The variable rate securities have maturities through the year 2046 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, 2006, 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.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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**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. Michigan Public Act 357 of 2004 required a gradual shift of county property tax levies from winter to summer as a substitute to county revenue sharing from the state. This caused an accelerated levy of one-third of the millage rate times the 2005 taxable values on July 1. The levy dated December 1, 2005 for fiscal year 2006 was at two-thirds of the levy rate, then a levy dated July 1, 2006 at two-thirds of the levy rate times 2006 taxable values; then one-third of the levy rate billed on the levy of December 1, 2006 for fiscal year 2007. The entire County Operating Tax will be levied on July 1 each year beginning in 2007. 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 2005 levy totaled \$73,459,188,359, with taxable values of \$58,862,840,140 and equalized values for the summer 2006 levy totaled \$76,439,725,583 with taxable values of \$62,133,415,235. The operating tax rate for the 2005 winter levy, collected in 2006, and the 2006 summer levy was 2.800 mills each, for a total of 5.6 mills. There is an additional 0.2416 mills voted for Parks and Recreation (winter levy only). As a side note, the date for delinquencies did not change with the shift in levy dates; therefore, while the levies are accelerated, the collections are not necessarily so.

**Delinquent Taxes**

The Treasurer purchases, at face amount, real property tax receivables that are delinquent on March 1. These receivables (\$56,995,455) at September 30, 2006 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 \$20,366,739 in 2006, are used to service the notes payable.

**5. Allowances for Uncollectible Receivables**

At September 30, 2006, the allowances for uncollectible receivables were as follows:

|                         |                     |
|-------------------------|---------------------|
| <b>General Fund</b>     | \$ 362,842          |
| <b>Enterprise funds</b> |                     |
| County Airports         | 34,116              |
| Medical Care Facility   | 728,616             |
| Radio Communications    | 53,493              |
| Total                   | <u>\$ 1,179,067</u> |

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2006**

**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, 2006:

|  | <b>Employees'<br/>Retirement</b> | <b>VEBA<br/>Trust</b> |
|--|----------------------------------|-----------------------|
| Interest and dividends                                 | \$ 24,512,390                    | \$ 9,476,114          |
| Unrealized/ Realized gain on sale of investments (net) | 28,898,007                       | 12,654,056            |
| Total  | <u>\$ 53,410,397</u>             | <u>\$ 22,130,170</u>  |

**7. Capital Assets**

An analysis of property and equipment as reported in the Statement of Net Assets, and related accumulated depreciation, at September 30, 2006, for governmental activities follows:

|   | <b>Balance<br/>October 1,<br/>2005</b> | <b>Additions</b>     | <b>Disposals</b>       | <b>Balance<br/>September 30,<br/>2006</b> |
|---|--|----------------------|------------------------|---|
| <b>Governmental Activities</b>              |  |                      |                        |   |
| Capital assets, not being depreciated       |  |                      |                        |   |
| Land  | \$ 7,672,088                           | \$ -                 | \$ -                   | \$ 7,672,088                              |
| Construction in progress                    | 67,389,395                             | 21,605,546           | (9,869,649)            | 79,125,292                                |
| Total capital assets not being depreciated  | <u>75,061,483</u>                      | <u>21,605,546</u>    | <u>(9,869,649)</u>     | <u>86,797,380</u>                         |
| Capital assets, being depreciated           |  |                      |                        |   |
| Land improvements                           | 8,094,959                              | 117,939              | -                      | 8,212,898                                 |
| Buildings and improvements                  | 128,388,975                            | 7,026,343            | -                      | 135,415,318                               |
| Equipment and vehicles                      | 88,928,406                             | 14,599,732           | (8,076,976)            | 95,451,162                                |
| Infrastructure                              | 20,530,901                             | -                    | -                      | 20,530,901                                |
| Total capital assets being depreciated      | <u>245,943,241</u>                     | <u>21,744,014</u>    | <u>(8,076,976)</u>     | <u>259,610,279</u>                        |
| Less: Accumulated depreciation              |  |                      |                        |   |
| Land improvements                           | 3,444,833                              | 431,269              | -                      | 3,876,102                                 |
| Buildings and improvements                  | 58,983,342                             | 3,326,721            | -                      | 62,310,063                                |
| Equipment and vehicles                      | 57,585,981                             | 8,881,013            | (7,393,003)            | 59,073,991                                |
| Infrastructure                              | 7,787,662                              | 300,188              | -                      | 8,087,850                                 |
| Total accumulated depreciation              | <u>127,801,818</u>                     | <u>12,939,191</u>    | <u>(7,393,003)</u>     | <u>133,348,006</u>                        |
| Total capital assets being depreciated, net | <u>118,141,423</u>                     | <u>8,804,823</u>     | <u>(683,973)</u>       | <u>126,262,273</u>                        |
| Governmental activities capital assets, net | <u>\$ 193,202,906</u>                  | <u>\$ 30,410,369</u> | <u>\$ (10,553,622)</u> | <u>\$ 213,059,653</u>                     |

Depreciation expense was charged to functions as follows:

|  |                      |
|--|----------------------|
| Public safety  | \$ 2,239,961         |
| Justice administration   | 702,465              |
| Citizens services  | 351,484              |
| Public infrastructure  | 630,981              |
| Commerce and Community Development   | 26,613               |
| Unallocated depreciation   | 1,129,853            |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | <u>7,857,834</u>     |
| Total depreciation expense - governmental activities   | <u>\$ 12,939,191</u> |

**County of Oakland**  
**Notes to Basic Financial Statements**  
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A summary of business-type property and equipment at September 30, 2006 follows:

|   | Balance<br>October 1,<br>2005 | Additions            | Disposals              | Balance<br>September 30,<br>2006 |
|---|-------------------------------|----------------------|------------------------|----------------------------------|
| <b>Business-type Activities</b>                           |                               |                      |                        |                                  |
| Capital assets, not being depreciated                     |                               |                      |                        |                                  |
| Land  | \$ 45,656,278                 | \$ 3,473,769         | \$ -                   | \$ 49,130,047                    |
| Construction in progress                                  | 50,916,664                    | 13,621,164           | (18,349,291)           | 46,188,537                       |
| Other   | 12,000                        | -                    | -                      | 12,000                           |
| Total capital assets not being depreciated                | <u>96,584,942</u>             | <u>17,094,933</u>    | <u>(18,349,291)</u>    | <u>95,330,584</u>                |
| Capital assets, being depreciated                         |                               |                      |                        |                                  |
| Land improvements   | 23,944,142                    | -                    | (34,687)               | 23,909,455                       |
| Buildings and improvements                                | 41,868,125                    | 5,392,313            | -                      | 47,260,438                       |
| Equipment and vehicles                                    | 37,703,937                    | 9,011,989            | (125,215)              | 46,590,711                       |
| Infrastructure  | 218,277,660                   | 9,306,226            | -                      | 227,583,886                      |
| Total capital assets being depreciated                    | <u>321,793,864</u>            | <u>23,710,528</u>    | <u>(159,902)</u>       | <u>345,344,490</u>               |
| Less: Accumulated depreciation                            |                               |                      |                        |                                  |
| Land improvements   | 12,796,263                    | 1,185,055            | -                      | 13,981,318                       |
| Buildings and improvements                                | 16,503,816                    | 1,099,748            | -                      | 17,603,564                       |
| Equipment and vehicles                                    | 32,190,921                    | 5,335,553            | (125,215)              | 37,401,259                       |
| Infrastructure  | 132,206,381                   | 5,282,141            | -                      | 137,488,522                      |
| Total accumulated depreciation                            | <u>193,697,381</u>            | <u>12,902,497</u>    | <u>(125,215)</u>       | <u>206,474,663</u>               |
| Total capital assets being depreciated, net               | <u>128,096,483</u>            | <u>10,808,031</u>    | <u>(34,687)</u>        | <u>138,869,827</u>               |
| Business-type activities capital assets, net              | <u>\$ 224,681,425</u>         | <u>\$ 27,902,964</u> | <u>\$ (18,383,978)</u> | <u>\$ 234,200,411</u>            |
| Depreciation expense was charged to functions as follows: |                               |                      |                        |                                  |
| Airports  |                               | \$ 1,585,928         |                        |                                  |
| Community safety support                                  |                               | 4,663,526            |                        |                                  |
| Community water and sewer                                 |                               | 595,950              |                        |                                  |
| Recreation and leisure                                    |                               | 3,134,960            |                        |                                  |
| Sewage disposal systems                                   |                               | 2,835,617            |                        |                                  |
| Skilled nursing care                                      |                               | 86,516               |                        |                                  |
| Total depreciation expense - business-type activities     |                               | <u>\$ 12,902,497</u> |                        |                                  |



**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2006**

An analysis of property and equipment, and related accumulated depreciation where applicable, at September 30, 2006, for component units follows:

|   | <b>Balance<br/>October 1,<br/>2005</b> | <b>Additions</b>     | <b>Disposals</b>    | <b>Balance<br/>September 30,<br/>2006</b> |
|---|--|----------------------|---------------------|---|
| <b>Component Units</b>                      |  |                      |                     |   |
| <b>Drainage Districts</b>                   |  |                      |                     |   |
| Capital assets not being depreciated        |  |                      |                     |   |
| Construction in progress                    | \$ 143,549,688                         | \$ 13,026,285        | \$ (530,831)        | \$ 156,045,142                            |
| Capital assets being depreciated            |  |                      |                     |   |
| Infrastructure                              | 324,471,134                            | 530,831              | -                   | 325,001,965                               |
| Less: Accumulated depreciation              |  |                      |                     |   |
| Infrastructure                              | 56,767,236                             | 3,250,020            | -                   | 60,017,256                                |
| Total capital assets being depreciated, net | 267,703,898                            | (2,719,189)          | -                   | 264,984,709                               |
| Governmental activity capital assets, net   | <u>\$ 411,253,586</u>                  | <u>\$ 10,307,096</u> | <u>\$ (530,831)</u> | <u>\$ 421,029,851</u>                     |
| <b>Road Commission</b>                      |  |                      |                     |   |
| Capital assets not being depreciated        |  |                      |                     |   |
| Land and other                              | \$ 123,326,301                         | \$ 15,485,762        | \$ -                | \$ 138,812,063                            |
| Construction in progress                    | 51,760                                 | 1,082,327            | -                   | 1,134,087                                 |
| Total capital assets not being depreciated  | 123,378,061                            | 16,568,089           | -                   | 139,946,150                               |
| Capital assets being depreciated            |  |                      |                     |   |
| Buildings and storage bins                  | 15,723,821                             | 828,625              | (15,617)            | 16,536,829                                |
| Road equipment                              | 48,193,602                             | 2,672,820            | (5,297,435)         | 45,568,987                                |
| Other equipment                             | 5,767,587                              | 312,335              | (231,952)           | 5,847,970                                 |
| Infrastructure                              | 701,765,292                            | 46,916,447           | -                   | 748,681,739                               |
| Brine wells and gravel pits                 | 1,364,232                              | -                    | -                   | 1,364,232                                 |
| Total capital assets being depreciated      | 772,814,534                            | 50,730,227           | (5,545,004)         | 817,999,757                               |
| Less: Accumulated depreciation              |  |                      |                     |   |
| Buildings and storage bins                  | 7,642,575                              | 577,557              | (15,617)            | 8,204,515                                 |
| Road equipment                              | 37,447,560                             | 4,425,789            | (5,275,806)         | 36,597,543                                |
| Other equipment                             | 3,609,606                              | 446,338              | (197,807)           | 3,858,137                                 |
| Infrastructure                              | 272,557,761                            | 29,746,860           | -                   | 302,304,621                               |
| Brine wells and gravel pits                 | 767,942                                | 120,369              | -                   | 888,311                                   |
| Total accumulated depreciation              | 322,025,444                            | 35,316,913           | (5,489,230)         | 351,853,127                               |
| Total capital assets being depreciated, net | 450,789,090                            | 15,413,314           | (55,774)            | 466,146,630                               |
| Governmental activity capital assets, net   | <u>\$ 574,167,151</u>                  | <u>\$ 31,981,403</u> | <u>\$ (55,774)</u>  | <u>\$ 606,092,780</u>                     |

**County of Oakland**  
**Notes to Basic Financial Statements**  
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**8. Long-term Debt**

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

| <b>Primary Government</b>  |                      |                        |                      |                        |                           |                                    |                               |                           |                                     |
|--|----------------------|------------------------|----------------------|------------------------|---------------------------|------------------------------------|-------------------------------|---------------------------|-------------------------------------|
|  | <b>Interest rate</b> | <b>October 1, 2005</b> | <b>Additions</b>     | <b>Reductions</b>      | <b>September 30, 2006</b> | <b>Amounts due within one year</b> | <b>Amounts due thereafter</b> | <b>General obligation</b> | <b>With governmental commitment</b> |
| <b>Bonds with limited taxing authority</b>                             |                      |                        |                      |                        |                           |                                    |                               |                           |                                     |
| Building authority - Act 31  | 2.50%-5.60%          | \$ 77,305,000          | \$ 11,500,000        | \$ (4,305,000)         | \$ 84,500,000             | \$ 3,965,000                       | \$ 80,535,000                 | \$ 69,370,000             | \$ 15,130,000                       |
| Building authority refunding   | 4.37%-4.75%          | 8,545,000              | 8,160,000            | (1,340,000)            | 15,365,000                | 2,310,000                          | 13,055,000                    | 7,315,000                 | 8,050,000                           |
| Lake levels - Act 451  | 2.25%-3.40%          | 540,000                | -                    | (50,000)               | 490,000                   | 50,000                             | 440,000                       | -                         | 490,000                             |
| Sewage disposal - Act 342  | 3.50%-8.50%          | 5,720,000              | -                    | (735,000)              | 4,985,000                 | 385,000                            | 4,600,000                     | -                         | 4,985,000                           |
| Water and sewer - Act 342  | 4.00%-4.50%          | -                      | 3,800,000            | (100,000)              | 3,700,000                 | 150,000                            | 3,550,000                     | -                         | 3,700,000                           |
| Water supply - Act 342   | 4.40%-7.00%          | 1,345,000              | 10,700,000           | (95,000)               | 11,950,000                | 350,000                            | 11,600,000                    | -                         | 11,950,000                          |
| Water and sewer refunding - Act 202                                    | 2.00%-3.50%          | 2,490,000              | -                    | (280,000)              | 2,210,000                 | 285,000                            | 1,925,000                     | -                         | 2,210,000                           |
| Water supply refunding - Act 202                                       | 4.40%-4.70%          | 2,305,000              | -                    | (240,000)              | 2,065,000                 | 245,000                            | 1,820,000                     | -                         | 2,065,000                           |
| Sewage disposal refunding- Act 202                                     | 3.00%-5.20%          | 22,140,000             | -                    | (4,425,000)            | 17,715,000                | 4,555,000                          | 13,160,000                    | -                         | 17,715,000                          |
| Michigan Bond Authority - Sewage Disposal Bonds                        | 2.25%                | 6,545,000              | -                    | (440,000)              | 6,105,000                 | 450,000                            | 5,655,000                     | -                         | 6,105,000                           |
| Total bonds - governmental activities                                  |                      | <u>\$ 126,935,000</u>  | <u>\$ 34,160,000</u> | <u>\$ (12,010,000)</u> | <u>\$ 149,085,000</u>     | <u>\$ 12,745,000</u>               | <u>\$ 136,340,000</u>         | <u>\$ 76,685,000</u>      | <u>\$ 72,400,000</u>                |
| <b>Tax notes - limited taxing authority - business-type activities</b> |                      |                        |                      |                        |                           |                                    |                               |                           |                                     |
|  | 1.625%               | <u>\$ 25,000,000</u>   | <u>\$ 25,000,000</u> | <u>\$ (25,000,000)</u> | <u>\$ 25,000,000</u>      | <u>\$ 25,000,000</u>               | <u>\$ -</u>                   | <u>\$ 25,000,000</u>      | <u>\$ -</u>                         |
| <b>Component units</b>   |                      |                        |                      |                        |                           |                                    |                               |                           |                                     |
|  | <b>Interest rate</b> | <b>October 1, 2005</b> | <b>Additions</b>     | <b>Reductions</b>      | <b>September 30, 2006</b> | <b>Amounts due within one year</b> | <b>Amounts due thereafter</b> | <b>General obligation</b> | <b>With governmental commitment</b> |
| <b>Drainage Districts</b>  |                      |                        |                      |                        |                           |                                    |                               |                           |                                     |
| <b>Bonds with limited taxing authority</b>                             |                      |                        |                      |                        |                           |                                    |                               |                           |                                     |
| Drain bonds - Act 40   | 3.60%-8.00%          | \$ 29,960,000          | \$ 8,210,000         | \$ (2,150,000)         | \$ 36,020,000             | \$ 2,225,000                       | \$ 33,795,000                 | \$ 1,912,313              | \$ 34,107,687                       |
| Drain Notes - Act 40   | 2.90%                | 685,000                | -                    | -                      | 685,000                   | -                                  | 685,000                       | 685,000                   | -                                   |
| Drain refunding - Act 202  | 3.75%-6.70%          | 42,270,000             | -                    | (3,795,000)            | 38,475,000                | 4,025,000                          | 34,450,000                    | 3,631,206                 | 34,843,794                          |
| Michigan Bond Authority - Drain Bonds                                  | 2.00%-2.50%          | 99,653,722             | 2,940,445            | (4,640,000)            | 97,954,167                | 4,815,000                          | 93,139,167                    | 1,729,211                 | 96,224,956                          |
| Total Drainage Districts   |                      | <u>\$ 172,568,722</u>  | <u>\$ 11,150,445</u> | <u>\$ (10,585,000)</u> | <u>\$ 173,134,167</u>     | <u>\$ 11,065,000</u>               | <u>\$ 162,069,167</u>         | <u>\$ 7,957,730</u>       | <u>\$ 165,176,437</u>               |
| Total County Debt  |                      | <u>\$ 324,503,722</u>  | <u>\$ 70,310,445</u> | <u>\$ (47,595,000)</u> | <u>\$ 347,219,167</u>     | <u>\$ 48,810,000</u>               | <u>\$ 298,409,167</u>         | <u>\$ 109,642,730</u>     | <u>\$ 237,576,437</u>               |

**County of Oakland**  
**Notes to Basic Financial Statements**  
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| Road Commission                            | Interest rate | October 1, 2005       | Additions            | Reductions             | September 30, 2006    | Amounts due within one year | Amounts due thereafter | General obligation    | With governmental commitment |
|--|---------------|-----------------------|----------------------|------------------------|-----------------------|-----------------------------|------------------------|-----------------------|------------------------------|
| Compensated absences                       | --            | \$ 3,273,638          | \$ -                 | \$ (56,393)            | \$ 3,217,245          | \$ -                        | \$ 3,217,245           | \$ -                  | \$ 3,217,245                 |
| Self-insured losses                        | --            | 2,600,000             | -                    | (450,000)              | 2,150,000             | -                           | 2,150,000              | -                     | 2,150,000                    |
| Michigan Transportation Fund revenue notes | 3.50%-4.75%   | 9,900,000             | -                    | (1,975,000)            | 7,925,000             | -                           | 7,925,000              | -                     | 7,925,000                    |
| Total Road Commission                      |               | <u>\$ 15,773,638</u>  | <u>\$ -</u>          | <u>\$ (2,481,393)</u>  | <u>\$ 13,292,245</u>  | <u>\$ -</u>                 | <u>\$ 13,292,245</u>   | <u>\$ -</u>           | <u>\$ 13,292,245</u>         |
| Total reporting entity                     |               | <u>\$ 340,277,360</u> | <u>\$ 70,310,445</u> | <u>\$ (50,076,393)</u> | <u>\$ 360,511,412</u> | <u>\$ 48,810,000</u>        | <u>\$ 311,701,412</u>  | <u>\$ 109,642,730</u> | <u>\$ 250,868,682</u>        |

The annual requirements to pay principal and interest on debt outstanding at September 30, 2006 (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             |
| 2007      | \$ 12,745,000                       | \$ 6,447,607         | \$ 25,000,000                       | \$ 668,750        | \$ 37,745,000            | \$ 7,116,357         |
| 2008      | 13,040,000                          | 5,810,932            | -                                   | -                 | 13,040,000               | 5,810,932            |
| 2009      | 11,685,000                          | 5,296,453            | -                                   | -                 | 11,685,000               | 5,296,453            |
| 2010      | 10,525,000                          | 4,824,079            | -                                   | -                 | 10,525,000               | 4,824,079            |
| 2011      | 6,980,000                           | 4,438,927            | -                                   | -                 | 6,980,000                | 4,438,927            |
| 2012-2016 | 35,305,000                          | 17,922,599           | -                                   | -                 | 35,305,000               | 17,922,599           |
| 2017-2021 | 35,095,000                          | 10,434,201           | -                                   | -                 | 35,095,000               | 10,434,201           |
| 2022-2026 | 20,490,000                          | 3,072,966            | -                                   | -                 | 20,490,000               | 3,072,966            |
| 2027-2031 | 3,220,000                           | 336,500              | -                                   | -                 | 3,220,000                | 336,500              |
| Totals    | <u>\$ 149,085,000</u>               | <u>\$ 58,584,264</u> | <u>\$ 25,000,000</u>                | <u>\$ 668,750</u> | <u>\$ 174,085,000</u>    | <u>\$ 59,253,014</u> |

|           | Drainage Districts    |                      | Road Commission     |                   | Total reporting entity |                       |
|-----------|-----------------------|----------------------|---------------------|-------------------|------------------------|-----------------------|
|           | Principal             | Interest             | Principal           | Interest          | Principal              | Interest              |
| 2007      | \$ 11,065,000         | \$ 5,515,131         | \$ 1,975,000        | \$ 328,512        | \$ 50,785,000          | \$ 12,960,000         |
| 2008      | 12,235,000            | 5,214,377            | 1,975,000           | 246,650           | 27,250,000             | 11,271,959            |
| 2009      | 11,815,000            | 4,780,568            | 1,975,000           | 163,813           | 25,475,000             | 10,240,834            |
| 2010      | 12,325,000            | 4,387,117            | 1,000,000           | 80,000            | 23,850,000             | 9,291,196             |
| 2011      | 12,640,000            | 3,966,831            | 1,000,000           | 40,000            | 20,620,000             | 8,445,758             |
| 2012-2016 | 53,200,000            | 13,927,499           | -                   | -                 | 88,505,000             | 31,850,098            |
| 2017-2021 | 37,754,167            | 6,342,217            | -                   | -                 | 72,849,167             | 16,776,418            |
| 2022-2026 | 22,100,000            | 1,065,408            | -                   | -                 | 42,590,000             | 4,138,374             |
| 2027-2031 | -                     | -                    | -                   | -                 | 3,220,000              | 336,500               |
| Totals    | <u>\$ 173,134,167</u> | <u>\$ 45,199,148</u> | <u>\$ 7,925,000</u> | <u>\$ 858,975</u> | <u>\$ 355,144,167</u>  | <u>\$ 105,311,137</u> |

**County of Oakland**  
**Notes to Basic Financial Statements**  
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The County has pledged its full faith and credit on debt totaling \$347,219,167. By statute, general obligation debt is limited to 10 percent of the state equalized value. As of September 30, 2006, the debt limit was \$7,643,972,558. The County is obligated if payments received on assessments or contracts levied against benefiting municipalities are insufficient to meet principal and interest requirements of this debt when due, and is shown in the preceding table as debt "with governmental commitment."

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

**Building Authority – Act 31**

Act 31, Michigan Public Acts of 1948, 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, 2006, there were eight issues outstanding, totaling \$84,500,000, maturing in the years 2007-2026, which represents debt originally issued in the years 1999-2006 totaling \$97,760,000.

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

Act 342, Michigan Public Acts of 1939 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, 2006, there were 11 issues outstanding, totaling \$20,635,000, maturing in the years 2007-2030. This represents debt originally issued in the amount of \$43,660,000 issued in the years 1986-2005.

**Refunding Bonds**

Michigan Public Act 202 of 1943 and Act 34 of 2001 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, 2006, there were 13 issues outstanding, totaling \$37,355,000, maturing in the years 2007-2027. This represents debt originally issued in the years 1994-2006 totaling \$69,525,000.

**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, 2006 was \$6,105,000, which matures in the years 2007-2018.

**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, 2006 was \$490,000, which matures in the years 2007-2014.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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**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 \$231,893,824 at September 30, 2006, 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, 2006 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, 2006, there were 18 issues outstanding, totaling \$36,020,000, maturing in the years 2007-2026. This represents original debt issued for \$49,330,000 in the years 1993-2006. 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, 2006, there were 16 issues outstanding, totaling \$38,475,000, maturing in the years 2007-2017. 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, with the entire amount from the State Revolving Loan Fund being received by 2005. Further, in 2001 the County authorized an additional \$82,200,000 for the George W. Kuhn Drainage District Segment II, with successive authorizations of \$1,620,000 in 2005 and \$3,170,000 in 2006. Through September 30, 2006 the drainage district received \$84,789,167 from the State Revolving Loan Fund for Segment II. At September 30, 2006, there were eight issues outstanding, totaling \$97,954,167, maturing in the years 2007-2024. Subsequent to September 30, 2006, the George W. Kuhn Drainage District received \$561,241 in additional proceeds from the State Revolving Loan Fund.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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**Advance Refunding of General Obligation Limited Tax Bonds**

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, 2006, 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.

In June 2006, the County advance refunded a portion of a general obligation limited tax bond issue with surplus construction funds transferred to the debt service fund. These funds were placed in trust for the purpose of generating resources for the repayment of the refunded debt. Accordingly, the trust account assets and liability for the refunded bonds are not included in the County's financial statements. At September 30, 2006 there is an in-substance defeasance of \$820,000 of Building Authority Bonds Series 2002A (Rochester Hills - Sheriff Substation), maturing in the years 2020 through 2022 inclusively. The advance refunding was undertaken to reduce the debt service payments over the next 16 years by \$572,107, and to obtain an economic (present value) gain of \$17,162.

**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, 2006 was as follows:

|   | <b>Beginning<br/>balance</b> | <b>Additions</b>    | <b>Reductions</b>     | <b>Ending<br/>balance</b> | <b>Due within<br/>one year</b> |
|---|------------------------------|---------------------|-----------------------|---------------------------|--------------------------------|
| <b>Governmental activities</b>              |                              |                     |                       |                           |                                |
| Accrued compensated absences                | \$ 12,541,029                | \$ 1,745,674        | \$ (1,254,103)        | \$ 13,032,600             | \$ 1,303,260                   |
| Claims and judgments                        |                              |                     |                       |                           |                                |
| Accrued unreported health costs             | 2,916,000                    | 973,000             | (1,016,000)           | 2,873,000                 | 957,667                        |
| Accrued workers' compensation               | 12,857,798                   | 1,603,678           | (2,059,503)           | 12,401,973                | 1,194,736                      |
| Building and liability insurance            | 10,668,655                   | 398,756             | (1,150,836)           | 9,916,575                 | 2,703,215                      |
| Governmental activity long-term liabilities | <u>\$ 38,983,482</u>         | <u>\$ 4,721,108</u> | <u>\$ (5,480,442)</u> | <u>\$ 38,224,148</u>      | <u>\$ 6,158,878</u>            |

**County of Oakland**  
**Notes to Basic Financial Statements**  
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**9. Interfund Balances**

Interfund receivables and payables at September 30, 2006 were:

Due to/from other funds:

| <u>Receivable Fund</u>                 | <u>Payable Fund</u>          |                      |
|--|------------------------------|----------------------|
| General Fund                           | Public Health                | \$ 418,259           |
|  | Nonmajor governmental        | 13,785,579           |
|  | Water and Sewer Trust        | 56                   |
|  | Nonmajor enterprise          | 648,322              |
|  | Internal Service             | 1,246,041            |
|  | Total                        | <u>16,098,257</u>    |
| Public Health                          | Nonmajor enterprise          | 234                  |
|  | Internal Service             | 31,202               |
|  | Total                        | <u>31,436</u>        |
| Revenue Sharing Reserve                | General                      | <u>35,861,063</u>    |
| Water and Sewer Refunding Debt Act 202 | Water and Sewer Debt Act 342 | <u>85,597</u>        |
| Nonmajor governmental                  | General                      | 5,428,305            |
|  | Nonmajor governmental        | 351,801              |
|  | Nonmajor enterprise          | 19,091               |
|  | Internal Service             | 19,124               |
|  | Total                        | <u>5,818,321</u>     |
| Water and Sewer Trust                  | Nonmajor governmental        | 157,105              |
|  | Water and Sewer Trust        | 897,550              |
|  | Nonmajor enterprise          | 605,964              |
|  | Total                        | <u>1,660,619</u>     |
| Nonmajor enterprise                    | General                      | 12,218               |
|  | Nonmajor governmental        | 7,997                |
|  | Water and Sewer Trust        | 2,940,768            |
|  | Nonmajor enterprise          | 85                   |
|  | Internal Service             | 958                  |
|  | Total                        | <u>2,962,026</u>     |
| Internal service                       | General                      | 3,057,130            |
|  | Nonmajor governmental        | 4,726                |
|  | Parks and Recreation         | 10,869               |
|  | Water and Sewer Trust        | 15,508               |
|  | Nonmajor enterprise          | 17,225               |
|  | Internal Service             | 35,985               |
|  | Total                        | <u>3,141,443</u>     |
|  | Total                        | <u>\$ 65,658,762</u> |

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2006**

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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, 2006 were:

| <b>Primary Government</b>      | <b>Component Unit</b>            |                   |
|--------------------------------|----------------------------------|-------------------|
| <b>Due from Component Unit</b> | <b>Due to Primary Government</b> |                   |
| General Fund                   | Drainage Districts               | <u>\$ 68,305</u>  |
| Nonmajor governmental          | Drainage Districts               | <u>222,979</u>    |
| Water and Sewer Trust          | Drainage Districts               | <u>937</u>        |
| Nonmajor enterprise            | Drainage Districts               | <u>27,409</u>     |
| Internal Service               | Drainage Districts               | 7,324             |
|                                | Road Commission                  | <u>116,499</u>    |
|                                |                                  | <u>123,823</u>    |
|                                | Total                            | <u>\$ 443,453</u> |

Advances to/from other funds (including current and long-term portions) at September 30, 2006 were:

| <b>Receivable Fund</b>   | <b>Payable Fund</b>   |                     |
|--------------------------|-----------------------|---------------------|
| Nonmajor governmental    | Nonmajor governmental | <u>\$ 1,602,823</u> |
| Delinquent Tax Revolving | Internal Service      | <u>1,905,745</u>    |
|                          | Total                 | <u>\$ 3,508,568</u> |



**County of Oakland**  
**Notes to Basic Financial Statements**  
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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, 2006 were:

| <b>Transfers In</b>      | <b>Transfers Out</b>     | <b>Amount</b>         |
|--------------------------|--------------------------|-----------------------|
| General Fund             | Revenue Sharing Reserve  | \$ 22,043,440         |
|                          | Nonmajor governmental    | 20,607                |
|                          | Delinquent Tax Revolving | 7,704,967             |
|                          |                          | <u>29,769,014</u>     |
| Public Health            | General Fund             | <u>25,236,620</u>     |
| Revenue Sharing Reserve  | General Fund             | <u>75,861,063</u>     |
| Nonmajor governmental    | General Fund             | 40,674,132            |
|                          | Revenue Sharing Reserve  | 684,398               |
|                          | Nonmajor governmental    | 5,920,843             |
|                          | County Airports          | 2,020,000             |
|                          | Delinquent Tax Revolving | 5,344,326             |
|                          | Internal Service         | 417,080               |
|                          |                          | <u>55,060,779</u>     |
| Delinquent Tax Revolving | Nonmajor governmental    | 243,461               |
| Nonmajor enterprise      | General Fund             | 4,662,877             |
|                          | Nonmajor governmental    | 13,368                |
|                          |                          | <u>4,676,245</u>      |
| Internal Service         | General Fund             | 4,545,732             |
|                          | Nonmajor governmental    | 2,828,951             |
|                          | Nonmajor enterprise      | 5,000                 |
|                          | Internal Service         | 405,217               |
|                          |                          | <u>7,784,900</u>      |
|                          | Total transfers          | <u>\$ 198,632,082</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, 2006**

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**10. Fund Equities**

At September 30, 2006, a deficit existed in the following funds:

|                              |            |
|------------------------------|------------|
| <b>Special Revenue Funds</b> |            |
| Pollution Control Grants     | \$ 189,775 |
| Multi-Organizational Grants  | 2,559      |
| Law Enforcement Grants       | 27,943     |
| Judicial Grants              | 992        |
| <b>Capital Projects Fund</b> |            |
| Lake Levels Act 146          | 41,834     |
| <b>Internal Service Fund</b> |            |
| Drain Equipment              | 906,353    |
| Sheriff Aviation             | 688,034    |

The negative unreserved fund balances in the grant funds listed above reflects the fact that these grant funds operate on a reimbursement basis; e.g., the County pays the original expenses and is reimbursed by the grantor agency after submission of the proper support documentation. Typically, reimbursement for year-end expenditures lags by two to three months. Once reimbursement is obtained, the negative unreserved fund balance will be eliminated. Should the reimbursement not be sufficient to cover the expense, the County has match funds budgeted which will be transferred to cover any remaining deficit.

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 \$39,582 as of September 30, 2006. 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, 2006 was \$2,252.

The negative unrestricted net assets in the Drain Equipment fund are primarily due to the recent change over the past several years to replace department-owned vehicles with leased vehicles from the Motor Pool Fund. The replacement of Drain department-owned vehicles requires a transfer from the Drain Equipment Fund to the Motor Pool Fund at the time of purchase and the number of owned vehicle replacements has been fairly significant over the past several years. Also, the lease charges from the Motor Pool Fund were more than anticipated (budgeted) for the fiscal year ended September 30, 2006. All vehicle rates, as well as other equipment rates, are under review and are being updated accordingly to cover annual operations and future replacement. It is anticipated the negative unrestricted net assets will be eliminated within the next two to three fiscal years based on the rate adjustments planned for fiscal year 2007 and the decrease in the number of Drain Equipment owned vehicles requiring one-time transfers to the Motor Pool Fund for replacement.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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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.

Reserved, designated, and undesignated fund balances and net assets at September 30, 2006, including the Road Commission and Drainage Districts component units, were as follows:

|                                    | <b>Reserved</b>      | <b>Unreserved</b>     |                     |
|------------------------------------|----------------------|-----------------------|---------------------|
|                                    |                      | <b>Designated</b>     | <b>Undesignated</b> |
| <b>Primary Government</b>          |                      |                       |                     |
| <b>General Fund</b>                |                      |                       |                     |
| Encumbrances                       | \$ -                 | \$ 291,107            | \$ -                |
| Prepays                            | 951,791              | -                     | -                   |
| Future operating requirements      | -                    | 49,055,336            | -                   |
| Capital outlay                     | -                    | 18,846,000            | -                   |
| Other programs                     | 269,790              | 3,900,000             | -                   |
| Uncommitted                        | -                    | -                     | 766,450             |
|                                    | <u>\$ 1,221,581</u>  | <u>\$ 72,092,443</u>  | <u>\$ 766,450</u>   |
| <b>Special Revenue Funds</b>       |                      |                       |                     |
| Encumbrances                       | \$ -                 | \$ 144,080            | \$ -                |
| Specific programs                  | -                    | 140,655,805           | (221,269)           |
|                                    | <u>\$ -</u>          | <u>\$ 140,799,885</u> | <u>\$ (221,269)</u> |
| <b>Debt Service Funds</b>          |                      |                       |                     |
| Debt service - general obligations | \$ 234,089           | \$ -                  | \$ -                |
| <b>Capital Projects Funds</b>      |                      |                       |                     |
| Long-term receivables              | \$ 1,734,823         | \$ -                  | \$ -                |
| Work projects                      | 21,005,972           | 4,662,919             | -                   |
| Uncommitted                        | -                    | -                     | 5,618,828           |
|                                    | <u>\$ 22,740,795</u> | <u>\$ 4,662,919</u>   | <u>\$ 5,618,828</u> |

**County of Oakland**  
**Notes to Basic Financial Statements**  
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| Component Units  | Reserved             | Unreserved           |              |
|--|----------------------|----------------------|--------------|
|  |                      | Designated           | Undesignated |
| <b>Road Commission</b>                                 |                      |                      |              |
| Governmental Fund                                      |                      |                      |              |
| Construction and maintenance                           | \$ 11,220,617        | \$ 24,935,681        | \$ -         |
| Subsequent year's budget                               | -                    | 763,164              | -            |
| Other postemployment benefits                          | -                    | -                    | -            |
| Long-term portion of provision for<br>uninsured losses | -                    | 2,150,000            | -            |
| Compensated absences                                   | -                    | 3,217,245            | -            |
|  | <u>\$ 11,220,617</u> | <u>\$ 31,066,090</u> | <u>\$ -</u>  |
| <b>Drainage Districts</b>                              |                      |                      |              |
| Governmental Fund                                      |                      |                      |              |
| Construction and maintenance                           | \$ 17,360,261        | \$ -                 | \$ -         |
| Debt Service   | 820,940              | -                    | -            |
|  | <u>\$ 18,181,201</u> | <u>\$ -</u>          | <u>\$ -</u>  |

The Road Commission component unit restated its fund balance for the Subdivision Improvement fund as of September 30, 2005. The net effect of this restatement is an increase in fund balance of \$1,104,359 to reflect special assessment revenue from collections received within 60 days of September 30, 2005.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2006**

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**11. Employee Benefits**

**Primary Government**

The County provides various benefits to its employees. Expenditures in 2006 for these benefits totaled the following: medical insurance, \$32,238,926; dental insurance, \$3,150,300; optical insurance, \$302,577; annual and sick leave, \$1,370,672; disability, \$2,542,629; tuition reimbursement, \$320,810; Social Security, \$16,891,638 workers' compensation, \$1,612,899; and unemployment claims, \$461,228.

**Road Commission**

The Road Commission provides medical, dental, and optical insurance to its employees. Expenditures in 2006 for these benefits approximated \$9,575,965. Workers' compensation expense in 2006 approximated \$1,206,680.

**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, 2006:

Statement of Net Assets

|                      |                       |
|----------------------|-----------------------|
| Cash and investments | \$ 779,046,898        |
| Other assets         | 3,230,397             |
| Total assets         | <u>782,277,295</u>    |
| Liabilities          | <u>567,909</u>        |
| Net assets           | <u>\$ 781,709,386</u> |

Statement of Changes in Net Assets

|   |                       |
|---|-----------------------|
| Additions:                                  |                       |
| Contributions                               | \$ 1,016,212          |
| Investment income                           | 53,410,397            |
| Total additions                             | <u>54,426,609</u>     |
| Deductions:                                 |                       |
| Benefit payments                            | 29,695,450            |
| Other expenses                              | 2,727,909             |
| Total deductions                            | <u>32,423,359</u>     |
| Change in net assets                        | 22,003,250            |
| Net assets held in trust, beginning of year | <u>759,706,136</u>    |
| Net assets held in trust, end of year       | <u>\$ 781,709,386</u> |

# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2006

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#### **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, 2004 and September 30, 2003, respectively. There were no contributions from County funds for the years 2000 through 2006.

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, 2006 and September 30, 2005 amounted to \$1,016,212 and \$1,052,875, 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, 2006**

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**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, 2005, the date of the latest actuarial valuation:

|   |              |
|---|--------------|
| Retirees and beneficiaries receiving benefits                       | 1,593        |
| Terminated plan members entitled to, but not yet receiving benefits | 256          |
| Active plan members   | <u>988</u>   |
| Total   | <u>2,837</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.

**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) which was a contribution of 145.45%. 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, 1999 based on the September 30, 1997 actuarial evaluation was \$1,215,589, and for the year ended September 30, 2000 based on the September 30, 1998 actuarial evaluation was \$365,699 recorded as 0% of covered payroll, which was not paid due to the prior period overpayment. The plan consists of three divisions: General County, Command Officers and Sheriff's Deputies, with actuarial assumptions applied to each separately, and in cases where a required contribution is determined for a group, a "transfer" is made between groups to meet any obligation therefore, the recommended contribution is \$0 and 0% since fiscal year 2001. 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. As of the latest available actuarial report dated September 30, 2005, the Retirement System is considered 108% funded.

A recalculation of the negative pension obligation based on actual investment earnings indicates a balance of (\$890,339) as of September 30, 2002. In fiscal year 2003, the County offered the aforementioned retirement incentive to County employees at a cost of \$6.4 million, which was paid from the County's Retirement fund. Since in actuarial terms, the Retirement System cannot contribute back to the County, the outflow of funds from the PERS was determined to be first a use of the negative pension obligation amount. Therefore, as of the end of fiscal year 2003, the negative pension obligation is reported at \$0.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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**Fund Balance Reserved for Employees' Pension Benefits**

Fund balances reserved for employees' pension benefits include legally required reserves. Fund balance as of September 30, 2006 consists of the following reserves:

|                             |                       |
|-----------------------------|-----------------------|
| Annuity reserve             | \$ 7,735,352          |
| Pension reserve             | 488,968,906           |
| Pension accumulated reserve | <u>285,005,128</u>    |
| Total fund balance          | <u>\$ 781,709,386</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.

**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, 2006 was 2,790, which includes 712 employees who elected to transfer from the PERS in 1995 through 2000 and 2,078 current employees hired since July 1, 1994.



**County of Oakland**  
**Notes to Basic Financial Statements**  
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The County's payroll for employees covered by the OPRS for the year ended September 30, 2006 was \$147,724,132, and the County's total payroll was \$221,787,340. The required contributions, which matched those actually made, were \$5,994,609 by employees and \$13,603,212 by the County, representing 4.1% and 9.2% 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).

In 2006, the County provided 1,762 retirees medical insurance and reimbursed them for Medicare premiums under the Trust. In 2006, the County disbursed \$20,472,418 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. The County established a "Retirement Health Savings Plan" beginning January 1, 2006, whereby employees hired on or after this date 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.

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, 2005. The County's Trust has an estimated unfunded liability that was determined as part of an actuarial valuation as of September 30, 2005, the most recent date for which actuarial data are available, and is as follows:

|  |                       |
|--|-----------------------|
| Retirees and beneficiaries   | \$ 329,621,176        |
| Vested terminated employees who will be eligible when they collect retirement (age 60 in most cases) and their beneficiaries | 50,882,023            |
| Active employees and beneficiaries   | <u>371,720,976</u>    |
| Total  | <u>752,224,175</u>    |
| Net assets available for benefits, at fair value   | <u>265,554,787</u>    |
| Unfunded accrued liability   | <u>\$ 486,669,388</u> |

Unfunded actuarial accrued liabilities are being amortized as a fixed percentage of payroll over a period of 30 years.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2006**

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The consulting actuary determines contribution requirements and actuarial present values for benefits by applying actuarial assumptions to the benefit provisions of the Trust and the following assumptions regarding future experiences: a long-term rate of investment return of 7.5%, future rate of increase in health care costs of 11%, 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 17.56% of payroll. In 2006, the County contributed \$37,488,000 and earned \$22,130,170 of interest income, with retirees contributing \$71,639 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.

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, 2006:

Statement of Net Assets

|                      |                       |
|----------------------|-----------------------|
| Cash and investments | \$ 315,584,756        |
| Other assets         | 1,482,565             |
| Total assets         | <u>317,067,321</u>    |
| Liabilities          | <u>1,442,430</u>      |
| Net assets           | <u>\$ 315,624,891</u> |

Statement of Changes in Net Assets

|   |                       |
|---|-----------------------|
| Additions:                                  |                       |
| Contributions                               | \$ 37,559,639         |
| Investment income                           | 22,130,170            |
| Total additions                             | <u>59,689,809</u>     |
| Deductions:                                 |                       |
| Benefit payments                            | 20,472,418            |
| Other expenses                              | 3,500                 |
| Total deductions                            | <u>20,475,918</u>     |
| Change in net assets                        | 39,213,891            |
| Net assets held in trust, beginning of year | <u>276,411,000</u>    |
| Net assets held in trust, end of year       | <u>\$ 315,624,891</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 540 retirees and their spouses are eligible. The Road Commission includes retirees and their spouses in its health care plan, with no contribution required by the participant in most circumstances. Expenditures for post-employment benefits are on a "pay as you go" basis and, accordingly, are recognized as the life insurance premiums and medical costs become due. Approximately \$3,972,000 was charged to operations during the year ended September 30, 2006.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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**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, 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: building and contents in the amount of \$435,656,554, builder's risk in the amount of \$3,146,783), electronic data processing equipment in the amount of \$40,903,733, boats and motors in the amount of \$503,000, ATV/snowmobiles in the amount of \$66,000, 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. General liability claims are covered \$1,000,000 per occurrence and \$4,000,000 in aggregate with a maximum coverage of \$15,000,000. Workers' compensation claims are covered with \$350,000 per occurrence with no aggregate coverage.

The County and Road Commission estimate the liability for all the above-mentioned claims that have been incurred through September 30, 2006, 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, 2006**

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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:

|   | <b>September 30,</b> |                      |
|---|----------------------|----------------------|
|   | <b>2006</b>          | <b>2005</b>          |
| <b>Primary Government</b>   |                      |                      |
| Beginning-of-period liability   | <u>\$ 26,442,453</u> | <u>\$ 27,539,435</u> |
| Estimated claims incurred, claim adjustment expenses and changes in estimates |                      |                      |
| Provisions for current-year events  | 42,336,617           | 40,491,111           |
| Increase (decrease) in provisions for prior-year events                       | <u>(2,819,923)</u>   | <u>579,698</u>       |
| Total incurred claims, claim adjustment expenses and changes in estimates     | 39,516,694           | 41,070,809           |
| Claim payments and claim adjustment expenses                                  |                      |                      |
| Related to current-year events  | (38,481,666)         | (35,954,974)         |
| Related to prior-year events  | <u>(2,285,933)</u>   | <u>(6,212,817)</u>   |
| Total claim payments and claim adjustment expenses                            | <u>(40,767,599)</u>  | <u>(42,167,791)</u>  |
| End-of-period liability   | <u>\$ 25,191,548</u> | <u>\$ 26,442,453</u> |
| <b>Road Commission - Component Unit</b>                                       |                      |                      |
| Beginning-of-year liability   | \$ 4,010,000         | \$ 4,900,000         |
| Estimated claims incurred and changes in estimates                            | 10,659,208           | 9,900,599            |
| Claim payments  | <u>(10,909,208)</u>  | <u>(10,790,599)</u>  |
| End-of-year liability   | <u>\$ 3,760,000</u>  | <u>\$ 4,010,000</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, 2006 were \$1,098,334. The future minimum lease payments as of September 30, 2006 are as follows:

| <b>Fiscal year</b> | <b>Primary government</b> |
|--------------------|---------------------------|
| 2007               | \$ 1,086,836              |
| 2008               | 972,800                   |
| 2009               | 622,976                   |
| 2010               | 313,659                   |
| 2011               | 157,604                   |
| 2012 - 2016        | 788,020                   |
| 2017 - 2021        | 425,531                   |
|                    | <u>\$ 4,367,426</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, 2006 amounted to \$90,036, recorded in the Facilities Maintenance & Operations fund, an internal service fund type.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2006**

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The County has also “loaned” its AAA bond rating to assist local communities in ability to finance local projects by pledging full faith and credit on the debt issued through the Oakland County Building Authority. Debt is to be paid from payments from the benefiting community over the life of the debt issues, with the structures being collateral. A contract, or lease, receivable with a corresponding deferred revenue is shown in the Debt Service Fund financial statements of the County. Debt and receivables are reported for a Sheriff’s Sub-station in the City of Rochester Hills for \$5.2 million in 2002, Pontiac Phoenix Center and Phoenix Plaza Amphitheatre Refunding bonds in the City of Pontiac in the amount of \$11.5 million and \$8.16 million, respectively, in 2006. The future minimum lease payments to be received as of September 30, 2006 are as follows:

| <b>Fiscal year</b> | <b>Primary<br/>government</b> |
|--------------------|-------------------------------|
| 2007               | \$ 1,833,585                  |
| 2008               | 1,707,360                     |
| 2009               | 1,684,355                     |
| 2010               | 1,680,818                     |
| 2011               | 1,675,688                     |
| 2012 - 2016        | 9,711,018                     |
| 2017 - 2021        | 9,671,841                     |
| 2022 - 2026        | 8,442,863                     |
| 2027               | 546,000                       |
|                    | <u>\$ 36,953,528</u>          |

**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, 2006 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. In addition, there are four construction contracts for the Oxford Village Water Supply System project under Act 342 with a total cost of \$5,914,339 with a remaining balance of \$2,147,212.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2006**

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The Drainage Districts component unit has three construction contracts for the George W. Kuhn Drainage District project with a total cost of \$87,271,074, with a remaining balance of \$2,021,294 as of September 30, 2006.

**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  | \$ 57,894,674       |
| Long-term advances receivable   | 1,602,823           |
| Due to other funds  | (59,169,780)        |
| Current and long-term advances payable                                      | (1,602,823)         |
| Internal Service Funds  |                     |
| Due from other funds  | 3,141,443           |
| Due to other funds  | (1,333,310)         |
| Current and long-term advances payable                                      | (1,905,745)         |
| Capital lease receivable for Parks and Recreation,<br>not reported in funds | 2,125,000           |
| Capital lease receivable for County Airports,<br>not reported in funds      | 6,195,000           |
| Governmental activities, internal balances                                  | <u>\$ 6,947,282</u> |

**Business-Type Activities**

|   |                       |
|---|-----------------------|
| Proprietary Funds                           |                       |
| Due from other funds                        | \$ 4,622,645          |
| Current and long-term advances receivable   | 1,905,745             |
| Due to other funds                          | (5,155,672)           |
| Current and long-term capital lease payable | (8,320,000)           |
| Business-type activities, internal balances | <u>\$ (6,947,282)</u> |

**20. Extraordinary Items**

The following are reported as extraordinary items in the Basic Financial Statements for the fiscal year ended September 30, 2006. The Road Commission Component Unit experienced a fire in 2004 which destroyed or severely damaged a building, vehicles, equipment and supplies. At September 30, 2005, the insurance proceeds receivable balance was \$501,728. During the year ended September 30, 2006, the Road Commission collected the entire receivable plus an additional \$54,336, resulting in total collections of \$556,064.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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

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| Actuarial valuation date<br>September 30, | Actuarial value of assets | Actuarial accrued liability (AAL) | Unfunded AAL (UAAL) | Funded ratio | Covered payroll | UAAL as a percentage of covered payroll |
|---|---------------------------|-----------------------------------|---------------------|--------------|-----------------|---|
| 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%                                    |
| 2005                                      | 709,058,495               | 658,515,200                       | (50,543,295)        | 107.7%       | 58,521,380      | 0.0%                                    |

\* Plan amended.

Schedule of employer contributions:

| Year ended<br>September 30, | Annual required contribution | Percentage contributed |
|-----------------------------|------------------------------|------------------------|
| 2000                        | \$ 365,699                   | 0%                     |
| 2001                        | 0                            | 100%                   |
| 2002                        | 0                            | 100%                   |
| 2003                        | 0                            | 100%                   |
| 2004                        | 0                            | 100%                   |
| 2005                        | 0                            | 100%                   |

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;<br>individual entry-age normal cost previously |
| Asset valuation method     | 3-year average of adjusted market values   |
| Actuarial assumptions      |  |
| Investment rate of return  | 7.5%   |
| Projected salary increases | 5.25% to 12.25%  |
| Cost-of-living adjustments | 1.5% non-compounding annually  |

\* Includes pay inflation at 5.25%

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



**County of Oakland  
Required Supplementary Information  
Budgetary Comparison Schedule  
Major Governmental Funds  
Year Ended September 30, 2006**

|                                    | <b>General Fund</b>        |                                     |                    | <b>Variance with<br/>Final Amended<br/>Budget</b> |
|------------------------------------|----------------------------|-------------------------------------|--------------------|---|
|                                    | <b>Original<br/>Budget</b> | <b>Final<br/>Amended<br/>Budget</b> | <b>Actual</b>      |   |
| <b>Revenues</b>                    |                            |                                     |                    |   |
| Taxes                              |                            |                                     |                    |   |
| Current property taxes             | \$ 314,628,660             | \$ 314,628,660                      | \$ 318,251,898     | \$ 3,623,238                                      |
| Delinquent taxes - prior years     | 28,000                     | 28,000                              | 36,643             | 8,643   |
| Trailer tax                        | 101,500                    | 101,500                             | 94,610             | (6,890)   |
| Total                              | <u>314,758,160</u>         | <u>314,758,160</u>                  | <u>318,383,151</u> | <u>3,624,991</u>                                  |
| Other intergovernmental revenues   |                            |                                     |                    |   |
| Cigarette tax distribution         | 718,000                    | 718,000                             | 746,467            | 28,467  |
| Circuit judges' salaries           | 908,200                    | 908,200                             | 868,756            | (39,444)  |
| Community corrections              | 380,000                    | 380,000                             | 566,610            | 186,610   |
| Probate judges' salaries           | 591,010                    | 591,010                             | 590,170            | (840)   |
| District judges' salaries          | 530,000                    | 530,000                             | 502,964            | (27,036)  |
| State revenue sharing              | -                          | -                                   | -                  | -   |
| State reimbursement - P.A. 228     | -                          | -                                   | -                  | -   |
| State court fund - P.A. 189        | 5,500,000                  | 5,500,000                           | 6,068,942          | 568,942   |
| Convention facility liquor tax     | 2,900,000                  | 3,124,527                           | 3,124,527          | -   |
| Other                              | 354,850                    | 384,850                             | 441,713            | 56,863  |
| Total                              | <u>11,882,060</u>          | <u>12,136,587</u>                   | <u>12,910,149</u>  | <u>773,562</u>                                    |
| Charges for services               |                            |                                     |                    |   |
| County Executive                   | 188,000                    | 188,000                             | 207,470            | 19,470  |
| Management and Budget              | 2,782,678                  | 2,838,751                           | 3,058,279          | 219,528   |
| Central Services                   | 165,000                    | 165,000                             | 171,922            | 6,922   |
| Human Resources                    | 18,800                     | 18,800                              | 19,228             | 428   |
| Public Services                    | 1,636,685                  | 1,707,285                           | 1,639,618          | (67,667)  |
| Community and Economic Development | 511,625                    | 511,625                             | 253,604            | (258,021)   |
| Clerk/Register of Deeds            | 16,603,975                 | 16,670,395                          | 18,677,407         | 2,007,012   |
| Treasurer                          | 3,037,280                  | 3,037,280                           | 2,173,214          | (864,066)   |
| Circuit Court                      | 4,029,490                  | 4,159,490                           | 4,072,589          | (86,901)  |
| District Court                     | 12,021,871                 | 12,060,382                          | 13,309,328         | 1,248,946   |
| Probate Court                      | 525,300                    | 525,300                             | 612,512            | 87,212  |
| Prosecuting Attorney               | 213,700                    | 213,700                             | 218,814            | 5,114   |
| Sheriff                            | 35,414,217                 | 35,494,300                          | 36,704,659         | 1,210,359   |
| Legislative                        | 39,800                     | 39,800                              | 92,828             | 53,028  |
| Drain Commissioner                 | 1,876,928                  | 1,761,928                           | 1,817,114          | 55,186  |
| Non-Departmental                   | 1,400,000                  | 1,400,000                           | 1,087,788          | (312,212)   |
| Total                              | <u>80,465,349</u>          | <u>80,792,036</u>                   | <u>84,116,374</u>  | <u>3,324,338</u>                                  |

(continued)

**County of Oakland**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule (Continued)**  
**Major Governmental Funds**  
**Year Ended September 30, 2006**

|                             | <b>General Fund</b>        |                                     |                    | <b>Variance with<br/>Final Amended<br/>Budget</b> |
|-----------------------------|----------------------------|-------------------------------------|--------------------|---|
|                             | <b>Original<br/>Budget</b> | <b>Final<br/>Amended<br/>Budget</b> | <b>Actual</b>      |   |
| <b>Revenues (continued)</b> |                            |                                     |                    |   |
| Investment income           | \$ 2,012,000               | \$ 5,441,412                        | \$ 6,529,153       | \$ 1,087,741                                      |
| Indirect cost recovery      | 9,000,000                  | 9,000,000                           | 9,007,715          | 7,715   |
| Federal grants              | 199,000                    | 200,548                             | 190,647            | (9,901)   |
| State grants                | -                          | 165,572                             | 166,485            | 913   |
| Contributions               | -                          | 32,000                              | 671                | (31,329)  |
| Other revenue               | 175,839                    | 863,478                             | 1,555,593          | 692,115   |
| Total revenues              | <u>418,492,408</u>         | <u>423,389,793</u>                  | <u>432,859,938</u> | <u>9,470,145</u>                                  |
| <b>Expenditures</b>         |                            |                                     |                    |   |
| County Executive            |                            |                                     |                    |   |
| Administration              |                            |                                     |                    |   |
| Personnel                   | 6,060,959                  | 5,944,370                           | 5,934,025          | 10,345  |
| Operating                   | 633,843                    | 771,738                             | 626,543            | 145,195   |
| Internal Support            | 1,360,282                  | 1,393,293                           | 1,300,303          | 92,990  |
| Total Administration        | <u>8,055,084</u>           | <u>8,109,401</u>                    | <u>7,860,871</u>   | <u>248,530</u>                                    |
| Management and Budget       |                            |                                     |                    |   |
| Personnel                   | 16,182,878                 | 16,388,352                          | 16,018,446         | 369,906   |
| Operating                   | 497,704                    | 599,839                             | 428,614            | 171,225   |
| Internal Support            | 3,643,719                  | 5,027,551                           | 4,664,786          | 362,765   |
| Total Management and Budget | <u>20,324,301</u>          | <u>22,015,742</u>                   | <u>21,111,846</u>  | <u>903,896</u>                                    |
| Central Services            |                            |                                     |                    |   |
| Personnel                   | 1,368,101                  | 1,390,750                           | 1,364,885          | 25,865  |
| Operating                   | 40,870                     | 40,870                              | 24,892             | 15,978  |
| Internal Support            | 1,010,182                  | 1,126,238                           | 1,109,243          | 16,995  |
| Total Central Services      | <u>2,419,153</u>           | <u>2,557,858</u>                    | <u>2,499,020</u>   | <u>58,838</u>                                     |
| Facilities Management       |                            |                                     |                    |   |
| Personnel                   | 1,323,871                  | 1,323,871                           | 1,186,215          | 137,656   |
| Operating                   | 121,100                    | 128,600                             | 133,174            | (4,574)   |
| Internal Support            | 142,536                    | 142,839                             | 135,186            | 7,653   |
| Total Facilities Management | <u>1,587,507</u>           | <u>1,595,310</u>                    | <u>1,454,575</u>   | <u>140,735</u>                                    |
| Human Resources             |                            |                                     |                    |   |
| Personnel                   | 2,962,494                  | 2,986,634                           | 2,836,626          | 150,008   |
| Operating                   | 713,681                    | 807,163                             | 603,820            | 203,343   |
| Internal Support            | 692,271                    | 1,063,524                           | 1,053,934          | 9,590   |
| Total Personnel             | <u>4,368,446</u>           | <u>4,857,321</u>                    | <u>4,494,380</u>   | <u>362,941</u>                                    |

(continued)

**County of Oakland  
Required Supplementary Information  
Budgetary Comparison Schedule (Continued)  
Major Governmental Funds  
Year Ended September 30, 2006**

|   | <b>General Fund</b>        |                                     |                   | <b>Variance with<br/>Final Amended<br/>Budget</b> |
|---|----------------------------|-------------------------------------|-------------------|---|
|   | <b>Original<br/>Budget</b> | <b>Final<br/>Amended<br/>budget</b> | <b>Actual</b>     |   |
| <b>Expenditures (continued)</b>             |                            |                                     |                   |   |
| County Executive (continued)                |                            |                                     |                   |   |
| Human Services                              |                            |                                     |                   |   |
| Personnel                                   | \$ 194,384                 | \$ 194,384                          | \$ 183,066        | \$ 11,318   |
| Operating                                   | 2,197,038                  | 2,223,688                           | 2,153,761         | 69,927  |
| Internal Support                            | 7,591                      | 7,591                               | 6,691             | 900   |
| Total Human Services                        | <u>2,399,013</u>           | <u>2,425,663</u>                    | <u>2,343,518</u>  | <u>82,145</u>                                     |
| Public Services                             |                            |                                     |                   |   |
| Personnel                                   | 10,605,540                 | 10,786,854                          | 10,569,908        | 216,946   |
| Operating                                   | 1,794,210                  | 2,164,702                           | 1,989,868         | 174,834   |
| Internal Support                            | 3,235,362                  | 3,927,522                           | 3,869,501         | 58,021  |
| Total Public Services                       | <u>15,635,112</u>          | <u>16,879,078</u>                   | <u>16,429,277</u> | <u>449,801</u>                                    |
| Community and Economic Development          |                            |                                     |                   |   |
| Personnel                                   | 4,445,705                  | 4,597,462                           | 4,166,952         | 430,510   |
| Operating                                   | 1,443,009                  | 2,031,833                           | 831,054           | 1,200,779   |
| Internal Support                            | 941,822                    | 1,077,037                           | 922,536           | 154,501   |
| Total Community and Economic<br>Development | <u>6,830,536</u>           | <u>7,706,332</u>                    | <u>5,920,542</u>  | <u>1,785,790</u>                                  |
| Total County Executive                      | <u>61,619,152</u>          | <u>66,146,705</u>                   | <u>62,114,029</u> | <u>4,032,676</u>                                  |
| Clerk/Register of Deeds                     |                            |                                     |                   |   |
| Personnel                                   | 6,852,018                  | 6,826,284                           | 6,745,995         | 80,289  |
| Operating                                   | 2,315,970                  | 2,348,127                           | 1,546,202         | 801,925   |
| Internal Support                            | 2,037,974                  | 2,675,221                           | 2,589,482         | 85,739  |
| Total Clerk/Register of Deeds               | <u>11,205,962</u>          | <u>11,849,632</u>                   | <u>10,881,679</u> | <u>967,953</u>                                    |
| Treasurer                                   |                            |                                     |                   |   |
| Personnel                                   | 2,645,027                  | 2,649,681                           | 2,554,178         | 95,503  |
| Operating                                   | 203,990                    | 207,967                             | 165,452           | 42,515  |
| Internal Support                            | 599,575                    | 913,324                             | 983,874           | (70,550)  |
| Total Treasurer                             | <u>3,448,592</u>           | <u>3,770,972</u>                    | <u>3,703,504</u>  | <u>67,468</u>                                     |

(continued)

**County of Oakland  
Required Supplementary Information  
Budgetary Comparison Schedule (Continued)  
Major Governmental Funds  
Year Ended September 30, 2006**

|                                 | <b>General Fund</b>        |                                     |                    | <b>Variance with<br/>Final Amended<br/>Budget</b> |
|---------------------------------|----------------------------|-------------------------------------|--------------------|---|
|                                 | <b>Original<br/>Budget</b> | <b>Final<br/>Amended<br/>Budget</b> | <b>Actual</b>      |   |
| <b>Expenditures (continued)</b> |                            |                                     |                    |   |
| <b>Justice Administration</b>   |                            |                                     |                    |   |
| Circuit Court                   |                            |                                     |                    |   |
| Personnel                       | \$ 23,577,004              | \$ 23,552,389                       | \$ 23,202,193      | \$ 350,196  |
| Operating                       | 7,815,383                  | 7,998,836                           | 7,894,041          | 104,795   |
| Internal Support                | 4,310,401                  | 4,728,026                           | 4,680,858          | 47,168  |
| Total Circuit Court             | <u>35,702,788</u>          | <u>36,279,251</u>                   | <u>35,777,092</u>  | <u>502,159</u>                                    |
| District Court                  |                            |                                     |                    |   |
| Personnel                       | 11,615,408                 | 11,641,632                          | 11,261,238         | 380,394   |
| Operating                       | 2,531,597                  | 2,530,324                           | 2,655,825          | (125,501)   |
| Internal Support                | 2,229,931                  | 2,437,021                           | 2,353,078          | 83,943  |
| Total District Court            | <u>16,376,936</u>          | <u>16,608,977</u>                   | <u>16,270,141</u>  | <u>338,836</u>                                    |
| Probate Court                   |                            |                                     |                    |   |
| Personnel                       | 4,344,810                  | 4,353,963                           | 4,290,011          | 63,952  |
| Operating                       | 784,245                    | 860,815                             | 844,142            | 16,673  |
| Internal Support                | 722,861                    | 767,199                             | 893,581            | (126,382)   |
| Total Probate Court             | <u>5,851,916</u>           | <u>5,981,977</u>                    | <u>6,027,734</u>   | <u>(45,757)</u>                                   |
| Total Justice Administration    | <u>57,931,640</u>          | <u>58,870,205</u>                   | <u>58,074,967</u>  | <u>795,238</u>                                    |
| <b>Law Enforcement</b>          |                            |                                     |                    |   |
| Prosecuting Attorney            |                            |                                     |                    |   |
| Personnel                       | 14,945,332                 | 14,901,663                          | 14,470,804         | 430,859   |
| Operating                       | 886,892                    | 921,258                             | 707,132            | 214,126   |
| Internal Support                | 1,797,685                  | 1,913,368                           | 1,882,890          | 30,478  |
| Total Prosecuting Attorney      | <u>17,629,909</u>          | <u>17,736,289</u>                   | <u>17,060,826</u>  | <u>675,463</u>                                    |
| Sheriff                         |                            |                                     |                    |   |
| Personnel                       | 91,120,497                 | 91,490,514                          | 95,943,426         | (4,452,912)                                       |
| Operating                       | 10,238,875                 | 9,959,609                           | 9,858,041          | 101,568   |
| Internal Support                | 16,150,857                 | 16,833,910                          | 17,092,509         | (258,599)   |
| Total Sheriff                   | <u>117,510,229</u>         | <u>118,284,033</u>                  | <u>122,893,976</u> | <u>(4,609,943)</u>                                |
| Total Law Enforcement           | <u>135,140,138</u>         | <u>136,020,322</u>                  | <u>139,954,802</u> | <u>(3,934,480)</u>                                |

(continued)

**County of Oakland**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule (Continued)**  
**Major Governmental Funds**  
**Year Ended September 30, 2006**

|                                       | <b>General Fund</b>        |                                     |                    |   |
|---------------------------------------|----------------------------|-------------------------------------|--------------------|---|
|                                       | <b>Original<br/>Budget</b> | <b>Final<br/>Amended<br/>Budget</b> | <b>Actual</b>      | <b>Variance with<br/>Final Amended<br/>Budget</b> |
| <b>Expenditures (continued)</b>       |                            |                                     |                    |   |
| Legislative                           |                            |                                     |                    |   |
| Board of Commissioners                |                            |                                     |                    |   |
| Personnel                             | \$ 3,185,806               | \$ 3,179,078                        | \$ 3,110,728       | \$ 68,350   |
| Operating                             | 1,109,686                  | 1,203,468                           | 1,116,487          | 86,981  |
| Internal Support                      | 1,115,305                  | 1,141,355                           | 1,092,545          | 48,810  |
| Total Legislative                     | <u>5,410,797</u>           | <u>5,523,901</u>                    | <u>5,319,760</u>   | <u>204,141</u>                                    |
| Drain Commissioner                    |                            |                                     |                    |   |
| Personnel                             | 3,393,334                  | 3,356,494                           | 3,283,198          | 73,296  |
| Operating                             | 481,002                    | 1,332,568                           | 646,415            | 686,153   |
| Internal Support                      | 1,083,909                  | 1,376,792                           | 1,526,992          | (150,200)   |
| Total Drain Commissioner              | <u>4,958,245</u>           | <u>6,065,854</u>                    | <u>5,456,605</u>   | <u>609,249</u>                                    |
| Non-departmental                      |                            |                                     |                    |   |
| Personnel                             | -                          | -                                   | -                  | -   |
| Operating                             | 23,656,466                 | 19,827,131                          | 14,686,003         | 5,141,128   |
| Internal Support                      | 9,765,919                  | 2,771,676                           | 2,821,378          | (49,702)  |
| Total non-departmental                | <u>33,422,385</u>          | <u>22,598,807</u>                   | <u>17,507,381</u>  | <u>5,091,426</u>                                  |
| Total expenditures                    | <u>313,136,911</u>         | <u>310,846,398</u>                  | <u>303,012,727</u> | <u>7,833,671</u>                                  |
| Excess of revenues over expenditures  | <u>105,355,497</u>         | <u>112,543,395</u>                  | <u>129,847,211</u> | <u>17,303,816</u>                                 |
| <b>Other Financing Sources (Uses)</b> |                            |                                     |                    |   |
| Transfers in                          |                            |                                     |                    |   |
| Special Revenue Funds                 |                            |                                     |                    |   |
| Revenue Sharing Reserve               | 22,043,000                 | 22,043,000                          | 22,043,440         | 440   |
| Restricted funds                      | -                          | 30,000                              | 20,602             | (9,398)   |
| Total special revenue                 | <u>22,043,000</u>          | <u>22,073,000</u>                   | <u>22,064,042</u>  | <u>(8,958)</u>                                    |
| Debt Service                          |                            |                                     |                    |   |
| Building Authority Refunding Debt     | -                          | -                                   | 5                  | 5   |
| Enterprise Funds                      |                            |                                     |                    |   |
| Delinquent Tax Revolving              | 5,952,101                  | 6,702,101                           | 7,704,967          | 1,002,866   |
| Total Transfers In                    | <u>27,995,101</u>          | <u>28,775,101</u>                   | <u>29,769,014</u>  | <u>993,913</u>                                    |

(continued)

**County of Oakland  
Required Supplementary Information  
Budgetary Comparison Schedule (Continued)  
Major Governmental Funds  
Year Ended September 30, 2006**

|   | <b>General Fund</b>        |                                     |                      | <b>Variance with<br/>Final Amended<br/>Budget</b> |
|---|----------------------------|-------------------------------------|----------------------|---|
|   | <b>Original<br/>Budget</b> | <b>Final<br/>Amended<br/>Budget</b> | <b>Actual</b>        |   |
| <b>Other Financing Sources (Uses) (continued)</b> |                            |                                     |                      |   |
| Transfers out                                     |                            |                                     |                      |   |
| Special Revenue Funds                             |                            |                                     |                      |   |
| Public Health                                     | \$ (24,016,747)            | \$ (26,011,762)                     | \$ (25,236,620)      | \$ 775,142  |
| Revenue Sharing Reserve                           | (77,153,076)               | (75,861,063)                        | (75,861,063)         | -   |
| Juvenile Maintenance                              | (20,928,134)               | (21,630,121)                        | (21,050,391)         | 579,730   |
| Social Welfare Foster Care                        | (2,000)                    | (2,000)                             | -                    | 2,000   |
| Oakland Enhancement                               | (55,700)                   | (55,700)                            | -                    | 55,700  |
| CCIRF   | (7,826,400)                | (9,118,413)                         | (9,118,413)          | -   |
| Jail Population Management                        | -                          | (1,352,887)                         | (1,352,887)          | -   |
| Drains-Act 40 Chapters 4 & 18<br>Maintenance      | (56,165)                   | (56,165)                            | (56,165)             | -   |
| Friend of the Court Grant                         | -                          | (3,693,292)                         | (4,191,878)          | (498,586)   |
| Multi Organizational Grants                       | -                          | (15,721)                            | (284,027)            | (268,306)   |
| Law Enforcement Grants                            | -                          | (1,415,039)                         | (1,523,778)          | (108,739)   |
| Housing Community Development                     | -                          | (355,611)                           | (355,611)            | -   |
| Other Grants                                      | -                          | (86,248)                            | (79,914)             | 6,334   |
| Judicial Grants                                   | -                          | (180,179)                           | (87,235)             | 92,944  |
| Total special revenue funds                       | <u>(130,038,222)</u>       | <u>(139,834,201)</u>                | <u>(139,197,982)</u> | <u>636,219</u>                                    |
| Debt Service Funds                                |                            |                                     |                      |   |
| Building Authority Debt Act 31                    | -                          | -                                   | (5)                  | (5)   |
| Building Authority Refunding                      | (1,564,300)                | (1,564,300)                         | (1,563,255)          | 1,045   |
| Total debt service funds                          | <u>(1,564,300)</u>         | <u>(1,564,300)</u>                  | <u>(1,563,260)</u>   | <u>1,040</u>                                      |
| Capital Projects Funds                            |                            |                                     |                      |   |
| Project Work Orders                               | (400,000)                  | (467,500)                           | (468,973)            | (1,473)   |
| Major Department Support Projects                 | -                          | (541,600)                           | (541,600)            | -   |
| Total capital projects funds                      | <u>(400,000)</u>           | <u>(1,009,100)</u>                  | <u>(1,010,573)</u>   | <u>(1,473)</u>                                    |
| Internal Service Funds                            |                            |                                     |                      |   |
| Facilities Maintenance and Operations             | -                          | -                                   | (16,105)             | (16,105)  |
| Information Technology                            | (5,000)                    | (2,346,492)                         | (2,341,492)          | 5,000   |
| Motor Pool  | -                          | (670,753)                           | (1,139,753)          | (469,000)   |
| Office Equipment                                  | -                          | (47,557)                            | (47,557)             | -   |
| Telephone Communications                          | -                          | (825)                               | (825)                | -   |
| Building and Liability Insurance                  | -                          | (1,000,000)                         | (1,000,000)          | -   |
| Total internal service funds                      | <u>(5,000)</u>             | <u>(4,065,627)</u>                  | <u>(4,545,732)</u>   | <u>(480,105)</u>                                  |

(continued)

**County of Oakland**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule (Continued)**  
**Major Governmental Funds**  
**Year Ended September 30, 2006**

|   | <b>General Fund</b>        |                                     |                      | <b>Variance with<br/>Final Amended<br/>Budget</b> |
|---|----------------------------|-------------------------------------|----------------------|---|
|   | <b>Original<br/>Budget</b> | <b>Final<br/>Amended<br/>Budget</b> | <b>Actual</b>        |   |
| <b>Other Financing Sources (Uses) (continued)</b> |                            |                                     |                      |   |
| Transfers out (continued)                         |                            |                                     |                      |   |
| Enterprise Funds                                  |                            |                                     |                      |   |
| Medical Care Facility                             | \$ -                       | \$ (2,654,651)                      | \$ (2,654,651)       | \$ -  |
| Fire Records Management                           | (395,700)                  | (395,700)                           | (357,765)            | 37,935  |
| CLEMIS  | (1,656,100)                | (1,670,500)                         | (1,633,400)          | 37,100  |
| Radio Communications                              | -                          | (17,061)                            | (17,061)             | -   |
| Total enterprise funds                            | <u>(2,051,800)</u>         | <u>(4,737,912)</u>                  | <u>(4,662,877)</u>   | <u>75,035</u>                                     |
| Total transfers out                               | <u>(134,059,322)</u>       | <u>(151,211,140)</u>                | <u>(150,980,424)</u> | <u>230,716</u>                                    |
| Total other financing sources (uses)              | <u>(106,064,221)</u>       | <u>(122,436,039)</u>                | <u>(121,211,410)</u> | <u>1,224,629</u>                                  |
| Net change in fund balance                        | (708,724)                  | (9,892,644)                         | 8,635,801            | 18,528,445  |
| <b>Fund balance</b>                               |                            |                                     |                      |   |
| October 1, 2005                                   | <u>65,444,673</u>          | <u>65,444,673</u>                   | <u>65,444,673</u>    | <u>-</u>  |
| September 30, 2006                                | <u>\$ 64,735,949</u>       | <u>\$ 55,552,029</u>                | <u>\$ 74,080,474</u> | <u>\$ 18,528,445</u>                              |

**County of Oakland**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule (Continued)**  
**Major Governmental Funds**  
**Year Ended September 30, 2006**

|   | <b>Public Health</b>       |                                     |                     |   |
|---|----------------------------|-------------------------------------|---------------------|---|
|   | <b>Original<br/>budget</b> | <b>Final<br/>Amended<br/>budget</b> | <b>Actual</b>       | <b>Variance with<br/>Final Amended<br/>Budget</b> |
| <b>Revenues</b>                           |                            |                                     |                     |   |
| State grants                              | \$ 4,779,430               | \$ 4,775,674                        | \$ 4,491,735        | \$ (283,939)                                      |
| Charges for services                      | 2,737,592                  | 2,733,654                           | 2,708,867           | (24,787)  |
| Other                                     | -                          | -                                   | 5,180               | 5,180   |
| Total revenues                            | <u>7,517,022</u>           | <u>7,509,328</u>                    | <u>7,205,782</u>    | <u>(303,546)</u>                                  |
| <b>Expenditures</b>                       |                            |                                     |                     |   |
| Current operations                        |                            |                                     |                     |   |
| County Executive                          |                            |                                     |                     |   |
| Human Services                            |                            |                                     |                     |   |
| Personnel                                 | 24,038,451                 | 24,050,334                          | 22,711,396          | 1,338,938   |
| Operating                                 | 4,331,418                  | 4,916,581                           | 5,112,756           | (196,175)   |
| Internal Support                          | 3,163,900                  | 4,658,191                           | 4,620,725           | 37,466  |
| Total Human Services                      | <u>31,533,769</u>          | <u>33,625,106</u>                   | <u>32,444,877</u>   | <u>1,180,229</u>                                  |
| Total County Executive                    | <u>31,533,769</u>          | <u>33,625,106</u>                   | <u>32,444,877</u>   | <u>1,180,229</u>                                  |
| Total expenditures                        | <u>31,533,769</u>          | <u>33,625,106</u>                   | <u>32,444,877</u>   | <u>1,180,229</u>                                  |
| Deficiency of revenues under expenditures | <u>(24,016,747)</u>        | <u>(26,115,778)</u>                 | <u>(25,239,095)</u> | <u>876,683</u>                                    |
| <b>Other financing sources</b>            |                            |                                     |                     |   |
| Transfers in                              | 24,016,747                 | 26,011,762                          | 25,236,620          | (775,142)   |
| Net change in fund balance                | -                          | (104,016)                           | (2,475)             | 101,541   |
| <b>Fund balance</b>                       |                            |                                     |                     |   |
| October 1, 2005                           | 104,016                    | 104,016                             | 104,016             | -   |
| September 30, 2006                        | <u>\$ 104,016</u>          | <u>\$ -</u>                         | <u>\$ 101,541</u>   | <u>\$ 101,541</u>                                 |



**County of Oakland**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule (Continued)**  
**Major Governmental Funds**  
**Year Ended September 30, 2006**

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|                                       | <b>Revenue Sharing Reserve</b> |                                     |                       | <b>Variance with<br/>Final Amended<br/>Budget</b> |
|---------------------------------------|--------------------------------|-------------------------------------|-----------------------|---|
|                                       | <b>Original<br/>budget</b>     | <b>Final<br/>Amended<br/>budget</b> | <b>Actual</b>         |   |
| <b>Revenues</b>                       |                                |                                     |                       |   |
| Investment income                     | \$ -                           | \$ -                                | \$ 1,014,575          | \$ 1,014,575                                      |
| <b>Other financing sources (uses)</b> |                                |                                     |                       |   |
| Transfers in                          | 79,225,076                     | 79,225,076                          | 75,861,063            | (3,364,013)                                       |
| Transfers out                         | (22,043,440)                   | (22,043,440)                        | (22,727,838)          | 684,398   |
| Total other financing sources (uses)  | <u>57,181,636</u>              | <u>57,181,636</u>                   | <u>53,133,225</u>     | <u>(2,679,615)</u>                                |
| Net change in fund balance            | 57,181,636                     | 57,181,636                          | 54,147,800            | (1,665,040)                                       |
| <b>Fund balance</b>                   |                                |                                     |                       |   |
| October 1, 2005                       | <u>55,144,063</u>              | <u>55,144,063</u>                   | <u>55,144,063</u>     | -   |
| September 30, 2006                    | <u>\$ 112,325,699</u>          | <u>\$ 112,325,699</u>               | <u>\$ 109,291,863</u> | <u>\$ (1,665,040)</u>                             |

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

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**County of Oakland  
Balance Sheet  
Non-Major Governmental Funds – By Fund Type  
September 30, 2006**

|  | Special<br>Revenue   | Debt<br>Service      | Capital<br>Projects  | Totals<br>September 30,<br>2006 |
|--|----------------------|----------------------|----------------------|---------------------------------|
| <b>Assets</b>  |                      |                      |                      |                                 |
| Current assets   |                      |                      |                      |                                 |
| Pooled cash and investments  | \$ 42,110,094        | \$ 227,392           | \$ 33,770,966        | \$ 76,108,452                   |
| Due from other governmental units  | 16,684,422           | -                    | -                    | 16,684,422                      |
| Due from component units   | -                    | -                    | 222,978              | 222,978                         |
| Accrued interest receivable  | 119,155              | 414                  | 188,846              | 308,415                         |
| Accounts receivable (net of allowance for uncollectibles where applicable) | 1,123,895            | -                    | -                    | 1,123,895                       |
| Contracts receivable   | -                    | -                    | 32,666               | 32,666                          |
| Due from other funds   | 5,435,414            | 8,668                | 374,239              | 5,818,321                       |
| Other assets   | 3,550,073            | -                    | -                    | 3,550,073                       |
| Total current assets   | <u>69,023,053</u>    | <u>236,474</u>       | <u>34,589,695</u>    | <u>103,849,222</u>              |
| Noncurrent assets  |                      |                      |                      |                                 |
| Advances   | -                    | -                    | 1,602,823            | 1,602,823                       |
| Special assessments receivable   | -                    | 490,000              | 4,198                | 494,198                         |
| Contracts receivable   | -                    | 23,180,000           | 132,000              | 23,312,000                      |
| Total noncurrent assets  | <u>-</u>             | <u>23,670,000</u>    | <u>1,739,021</u>     | <u>25,409,021</u>               |
| Total assets   | <u>\$ 69,023,053</u> | <u>\$ 23,906,474</u> | <u>\$ 36,328,716</u> | <u>\$ 129,258,243</u>           |
| <b>Liabilities and Fund Balances</b>                                       |                      |                      |                      |                                 |
| Current liabilities  |                      |                      |                      |                                 |
| Vouchers payable   | \$ 2,635,717         | \$ 1,100             | \$ 880,969           | \$ 3,517,786                    |
| Due to other governmental units  | 345,057              | -                    | -                    | 345,057                         |
| Due to other funds   | 14,218,776           | 175                  | 88,257               | 14,307,208                      |
| Deferred revenue   | 9,195,634            | 203,139              | -                    | 9,398,773                       |
| Other accrued liabilities  | 11,442,657           | -                    | 729,927              | 12,172,584                      |
| Total current liabilities  | <u>37,837,841</u>    | <u>204,414</u>       | <u>1,699,153</u>     | <u>39,741,408</u>               |
| Noncurrent liabilities   |                      |                      |                      |                                 |
| Deferred revenue   | -                    | 23,670,000           | 4,198                | 23,674,198                      |
| Advances   | -                    | -                    | 1,602,823            | 1,602,823                       |
| Total noncurrent liabilities   | <u>-</u>             | <u>23,670,000</u>    | <u>1,607,021</u>     | <u>25,277,021</u>               |
| Total liabilities  | <u>37,837,841</u>    | <u>23,874,414</u>    | <u>3,306,174</u>     | <u>65,018,429</u>               |
| Fund balances  |                      |                      |                      |                                 |
| Reserved   |                      |                      |                      |                                 |
| Debt service   | -                    | 32,060               | -                    | 32,060                          |
| Long-term receivables  | -                    | -                    | 1,734,823            | 1,734,823                       |
| Programs   | -                    | -                    | 21,005,972           | 21,005,972                      |
| Unreserved   |                      |                      |                      |                                 |
| Designated for encumbrances  | 42,539               | -                    | -                    | 42,539                          |
| Designated for programs  | 31,363,942           | -                    | 4,662,919            | 36,026,861                      |
| Undesignated   | (221,269)            | -                    | 5,618,828            | 5,397,559                       |
| Total fund balances  | <u>31,185,212</u>    | <u>32,060</u>        | <u>33,022,542</u>    | <u>64,239,814</u>               |
| Total Liabilities and Fund Balances  | <u>\$ 69,023,053</u> | <u>\$ 23,906,474</u> | <u>\$ 36,328,716</u> | <u>\$ 129,258,243</u>           |

**County of Oakland**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds – By Fund Type**  
**Year Ended September 30, 2006**

|   | Special<br>Revenue   | Debt<br>Service    | Capital<br>Projects  | Totals<br>September 30,<br>2006 |
|---|----------------------|--------------------|----------------------|---------------------------------|
| <b>Revenues</b>                           |                      |                    |                      |                                 |
| Special assessments                       | \$ 1,205,192         | \$ 1,671,714       | \$ 6,705             | \$ 2,883,611                    |
| Federal grants                            | 42,578,832           | -                  | -                    | 42,578,832                      |
| State grants                              | 18,917,391           | -                  | -                    | 18,917,391                      |
| Other intergovernmental revenues          | 2,324,258            | -                  | -                    | 2,324,258                       |
| Charges for services                      | 21,221,763           | 13,536             | 1,286                | 21,236,585                      |
| Contributions                             | 101,995              | -                  | -                    | 101,995                         |
| Investment income                         | 1,490,591            | 30,755             | 1,192,374            | 2,713,720                       |
| Other                                     | 193,074              | -                  | 279                  | 193,353                         |
| Total revenues                            | <u>88,033,096</u>    | <u>1,716,005</u>   | <u>1,200,644</u>     | <u>90,949,745</u>               |
| <b>Expenditures</b>                       |                      |                    |                      |                                 |
| Current operations                        |                      |                    |                      |                                 |
| County Executive                          | 71,878,975           | 11,000             | 138,110              | 72,028,085                      |
| Clerk/Register of Deeds                   | 1,016,231            | -                  | -                    | 1,016,231                       |
| Treasurer                                 | 2,418,952            | -                  | -                    | 2,418,952                       |
| Justice administration                    | 25,636,954           | -                  | -                    | 25,636,954                      |
| Law enforcement                           | 7,148,752            | -                  | -                    | 7,148,752                       |
| Drain Commissioner                        | 11,368,314           | -                  | -                    | 11,368,314                      |
| Non-departmental                          | 973,758              | -                  | -                    | 973,758                         |
| Total current operations                  | <u>120,441,936</u>   | <u>11,000</u>      | <u>138,110</u>       | <u>120,591,046</u>              |
| Capital outlay                            | 1,717,950            | -                  | 30,553,906           | 32,271,856                      |
| Intergovernmental                         | 772,058              | -                  | 11,178,922           | 11,950,980                      |
| Debt service                              |                      |                    |                      |                                 |
| Principal payments                        | -                    | 4,875,000          | -                    | 4,875,000                       |
| Interest and fiscal charges               | -                    | 3,721,892          | -                    | 3,721,892                       |
| Total expenditures                        | <u>122,931,944</u>   | <u>8,607,892</u>   | <u>41,870,938</u>    | <u>173,410,774</u>              |
| Deficiency of revenues under expenditures | <u>(34,898,848)</u>  | <u>(6,891,887)</u> | <u>(40,670,294)</u>  | <u>(82,461,029)</u>             |
| <b>Other financing sources (uses)</b>     |                      |                    |                      |                                 |
| Transfers in                              | 38,784,697           | 7,767,954          | 8,508,128            | 55,060,779                      |
| Transfers out                             | (6,027,130)          | (5)                | (3,000,095)          | (9,027,230)                     |
| Payment to bond escrow agent              | -                    | (849,368)          | (8,160,000)          | (9,009,368)                     |
| Issuance of bonds                         | 14,500,000           | -                  | 19,660,000           | 34,160,000                      |
| Discount on bonds sold                    | (135,645)            | -                  | (225,237)            | (360,882)                       |
| Total other financing sources (uses)      | <u>47,121,922</u>    | <u>6,918,581</u>   | <u>16,782,796</u>    | <u>70,823,299</u>               |
| Net change in fund balance                | 12,223,074           | 26,694             | (23,887,498)         | (11,637,730)                    |
| <b>Fund balances</b>                      |                      |                    |                      |                                 |
| October 1, 2005                           | <u>18,962,138</u>    | <u>5,366</u>       | <u>56,910,040</u>    | <u>75,877,544</u>               |
| September 30, 2006                        | <u>\$ 31,185,212</u> | <u>\$ 32,060</u>   | <u>\$ 33,022,542</u> | <u>\$ 64,239,814</u>            |

# County of Oakland

## Non-Major Special Revenue Funds

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### 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 (column not shown on statements where there is no balance or activity).

***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

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***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 Capital and Cooperative Initiatives Revolving Fund (CCIRF)*** - was created as a result of the state mandated shift in property tax levies from winter to summer. The difference between the amount available for operating use and the amount actually budgeted for on-going operations is placed in this fund each year, and the resulting balances are available to finance various capital projects throughout the County.

***The Waste Resource Management Fund*** - is used to account for administrative costs associated with Brownfield plans.

***The Jail Population Management Fund*** - was created for the purpose of tracking costs associated with jail overcrowding and the jail expansion.

***The Water and Sewer Act 342 Fund*** - is used to account for the construction, under contractual arrangement, of water and sewer systems (currently 11) 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 303 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 (3 remaining as of 9/30/2006).

***The Pollution Control Grants Fund*** - is used to account for awards of various pollution control program grants received from federal, state and local sources.

***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

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***The Multi-Organizational Grants Fund*** - accounts for costs in the following grants:

- 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 provides funds for projects to reduce crimes and improve public safety.
- Justice Assistance Grants (JAG) which replaces Byrne Formula and LLEBG programs, provides state and local governments funds to support a broad range of activities to prevent and control crime, and to improve the criminal justice system.

***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.

***The Law Enforcement Grants Fund*** - consists of grants 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 grants where the function does not relate specifically to one of the other areas:

- 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, Community Corrections In-Step, Domestic Preparedness Equipment, and Homeland Security grants.

***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 52<sup>nd</sup> 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.

***The MI Child Fund*** - accounts for monies received from the state (based on the number of participants in the program) to be used for Oakland County's MI Child program.

**County of Oakland  
Combining Balance Sheet  
Non-Major Special Revenue Funds  
September 30, 2006**

|  | <b>Juvenile<br/>Maintenance</b> | <b>Delinquent<br/>Personal Tax<br/>Administration</b> | <b>Register<br/>of Deeds<br/>Automation</b> | <b>Oakland<br/>Enhancement</b> | <b>Property<br/>Tax<br/>Forfeiture</b> | <b>Restricted<br/>Funds</b> | <b>Social<br/>Welfare</b> | <b>Environmental<br/>Infrastructure</b> |
|--|---------------------------------|---|---|--------------------------------|--|-----------------------------|---------------------------|---|
| <b>Assets</b>  |                                 |   |   |                                |  |                             |                           |   |
| Current assets   |                                 |   |   |                                |  |                             |                           |   |
| Pooled cash and investments  | \$ -                            | \$ 5,739,380  | \$ 6,547,979                                | \$ 271,277                     | \$ 5,825,683                           | \$ 253,985                  | \$ -                      | \$ 728                                  |
| Due from other governmental units  | 3,621,958                       | -   | -   | 9                              | -                                      | -                           | 54,590                    | -                                       |
| Accrued interest receivable  | -                               | 36,189  | -   | 1,082                          | 17,666                                 | 449                         | -                         | -                                       |
| Accounts receivable (net of allowance for uncollectibles where applicable) | 96,252                          | -   | 275   | 17,481                         | -                                      | -                           | 72,080                    | -                                       |
| Due from other funds   | 498                             | -   | -   | -                              | -                                      | 12,763                      | -                         | -                                       |
| Other assets   | 972                             | -   | -   | -                              | -                                      | -                           | -                         | -                                       |
| Total assets   | <u>\$ 3,719,680</u>             | <u>\$ 5,775,569</u>                                   | <u>\$ 6,548,254</u>                         | <u>\$ 289,849</u>              | <u>\$ 5,843,349</u>                    | <u>\$ 267,197</u>           | <u>\$ 126,670</u>         | <u>\$ 728</u>                           |
| <b>Liabilities and Fund Balances</b>                                       |                                 |   |   |                                |  |                             |                           |   |
| Current liabilities  |                                 |   |   |                                |  |                             |                           |   |
| Vouchers payable   | \$ 206,617                      | \$ -  | \$ 39,180                                   | \$ 5,303                       | \$ -                                   | \$ 2,048                    | \$ -                      | \$ -                                    |
| Due to other governmental units  | -                               | -   | -   | -                              | -                                      | -                           | 72,080                    | -                                       |
| Due to other funds   | 1,983,440                       | -   | 730   | -                              | -                                      | 3,365                       | 54,590                    | -                                       |
| Deferred revenue   | -                               | -   | -   | -                              | -                                      | -                           | -                         | -                                       |
| Other accrued liabilities  | 1,487,084                       | 7,067   | -   | 75                             | 2,562,530                              | -                           | -                         | 728                                     |
| Total liabilities  | <u>3,677,141</u>                | <u>7,067</u>  | <u>39,910</u>                               | <u>5,378</u>                   | <u>2,562,530</u>                       | <u>5,413</u>                | <u>126,670</u>            | <u>728</u>                              |
| Fund balances  |                                 |   |   |                                |  |                             |                           |   |
| Unreserved, designated for   |                                 |   |   |                                |  |                             |                           |   |
| Encumbrances   | 42,539                          | -   | -   | -                              | -                                      | -                           | -                         | -                                       |
| Programs   | -                               | 5,768,502   | 6,508,344                                   | 284,471                        | 3,280,819                              | 261,784                     | -                         | -                                       |
| Unreserved, undesignated   | -                               | -   | -   | -                              | -                                      | -                           | -                         | -                                       |
| Total fund balances (deficit)  | <u>42,539</u>                   | <u>5,768,502</u>                                      | <u>6,508,344</u>                            | <u>284,471</u>                 | <u>3,280,819</u>                       | <u>261,784</u>              | <u>-</u>                  | <u>-</u>                                |
| Total liabilities and fund balances  | <u>\$ 3,719,680</u>             | <u>\$ 5,775,569</u>                                   | <u>\$ 6,548,254</u>                         | <u>\$ 289,849</u>              | <u>\$ 5,843,349</u>                    | <u>\$ 267,197</u>           | <u>\$ 126,670</u>         | <u>\$ 728</u>                           |

(continued)



**County of Oakland  
Combining Balance Sheet (Continued)  
Non-Major Special Revenue Funds  
September 30, 2006**

|  | County<br>Veterans'<br>Trust | CCIRF               | Waste<br>Resource<br>Management | Jail<br>Population<br>Management | Water & Sewer<br>Act 342 | Lake<br>Levels<br>Act 146 | Drains-Act 40<br>Maintenance<br>Chapter 4 & 18 | Lake<br>Improvements<br>Act 345 |
|--|------------------------------|---------------------|---------------------------------|----------------------------------|--------------------------|---------------------------|--|---------------------------------|
| <b>Assets</b>  |                              |                     |                                 |                                  |                          |                           |  |                                 |
| Current assets   |                              |                     |                                 |                                  |                          |                           |  |                                 |
| Pooled cash and investments  | \$ 849                       | \$ 3,850,527        | \$ 72,837                       | \$ 1,352,887                     | \$ 8,875,244             | \$ 131,852                | \$ 4,119,949                                   | \$ 899                          |
| Due from other governmental units  | -                            | -                   | -                               | -                                | 108,479                  | 32,009                    | 7,750  | -                               |
| Accrued interest receivable  | -                            | 1,010               | -                               | -                                | 30,534                   | 2,309                     | 17,007   | 3                               |
| Accounts receivable (net of allowance for uncollectibles where applicable) | -                            | -                   | -                               | -                                | -                        | 5,711                     | 3,280  | -                               |
| Due from other funds   | -                            | -                   | -                               | -                                | -                        | -                         | 1,399  | -                               |
| Other assets   | -                            | -                   | -                               | -                                | 784,230                  | -                         | -  | -                               |
| Total assets   | <u>\$ 849</u>                | <u>\$ 3,851,537</u> | <u>\$ 72,837</u>                | <u>\$ 1,352,887</u>              | <u>\$ 9,798,487</u>      | <u>\$ 171,881</u>         | <u>\$ 4,149,385</u>                            | <u>\$ 902</u>                   |
| <b>Liabilities and Fund Balances</b>                                       |                              |                     |                                 |                                  |                          |                           |  |                                 |
| Current liabilities  |                              |                     |                                 |                                  |                          |                           |  |                                 |
| Vouchers payable   | \$ -                         | \$ 222,369          | \$ -                            | \$ -                             | \$ 359,651               | \$ 1,552                  | \$ 878   | \$ -                            |
| Due to other governmental units  | -                            | -                   | -                               | -                                | -                        | -                         | 270  | -                               |
| Due to other funds   | -                            | -                   | -                               | -                                | 65                       | 62,928                    | 217,216  | -                               |
| Deferred revenue   | -                            | -                   | -                               | -                                | -                        | -                         | -  | -                               |
| Other accrued liabilities  | -                            | 92,841              | -                               | -                                | 742,100                  | 19,104                    | 2,851,684                                      | -                               |
| Total liabilities  | <u>-</u>                     | <u>315,210</u>      | <u>-</u>                        | <u>-</u>                         | <u>1,101,816</u>         | <u>83,584</u>             | <u>3,070,048</u>                               | <u>-</u>                        |
| Fund balances  |                              |                     |                                 |                                  |                          |                           |  |                                 |
| Unreserved, designated for   |                              |                     |                                 |                                  |                          |                           |  |                                 |
| Encumbrances   | -                            | -                   | -                               | -                                | -                        | -                         | -  | -                               |
| Programs   | 849                          | 3,536,327           | 72,837                          | 1,352,887                        | 8,696,671                | 88,297                    | 1,079,337                                      | 902                             |
| Unreserved, undesignated   | -                            | -                   | -                               | -                                | -                        | -                         | -  | -                               |
| Total fund balances (deficit)  | <u>849</u>                   | <u>3,536,327</u>    | <u>72,837</u>                   | <u>1,352,887</u>                 | <u>8,696,671</u>         | <u>88,297</u>             | <u>1,079,337</u>                               | <u>902</u>                      |
| Total liabilities and fund balances  | <u>\$ 849</u>                | <u>\$ 3,851,537</u> | <u>\$ 72,837</u>                | <u>\$ 1,352,887</u>              | <u>\$ 9,798,487</u>      | <u>\$ 171,881</u>         | <u>\$ 4,149,385</u>                            | <u>\$ 902</u>                   |

(continued)

**County of Oakland  
Combining Balance Sheet (Continued)  
Non-Major Special Revenue Funds  
September 30, 2006**

|  | <b>Pollution<br/>Control<br/>Grants</b> | <b>Friend<br/>of the<br/>Court</b> | <b>Multi-<br/>Organizational<br/>Grants</b> | <b>Workforce<br/>Development<br/>Grants</b> | <b>Law<br/>Enforcement<br/>Grants</b> | <b>Housing and<br/>Community<br/>Development</b> | <b>Human<br/>Service<br/>Grants</b> |
|--|---|------------------------------------|---|---|---------------------------------------|--|-------------------------------------|
| <b>Assets</b>  |   |                                    |   |   |                                       |  |                                     |
| Current assets   |   |                                    |   |   |                                       |  |                                     |
| Pooled cash and investments  | \$ -                                    | \$ -                               | \$ 55,896                                   | \$ 78,709                                   | \$ -                                  | \$ 4,145,528                                     | \$ 717,493                          |
| Due from other governmental units  | 906                                     | 1,594,471                          | 646,092                                     | 1,106,186                                   | 1,216,752                             | 245,790  | 233,771                             |
| Accrued interest receivable  | -                                       | -                                  | -   | -   | -                                     | 12,906   | -                                   |
| Accounts receivable (net of allowance for uncollectibles where applicable) | -                                       | 22,862                             | -   | -   | -                                     | -  | 1,286                               |
| Due from other funds   | -                                       | 4,302,413                          | 26,248                                      | -   | 1,010,674                             | -  | 611                                 |
| Other assets   | -                                       | 7,148                              | -   | 2,738,183                                   | 1,122                                 | -  | 18,418                              |
| <b>Total assets</b>  | <b>\$ 906</b>                           | <b>\$ 5,926,894</b>                | <b>\$ 728,236</b>                           | <b>\$ 3,923,078</b>                         | <b>\$ 2,228,548</b>                   | <b>\$ 4,404,224</b>                              | <b>\$ 971,579</b>                   |
| <b>Liabilities and Fund Balances</b>                                       |   |                                    |   |   |                                       |  |                                     |
| Current liabilities  |   |                                    |   |   |                                       |  |                                     |
| Vouchers payable   | \$ 45,000                               | \$ 5,766                           | \$ 134,209                                  | \$ 1,210,282                                | \$ 69,052                             | \$ 8,690   | \$ 206,502                          |
| Due to other governmental units  | -                                       | -                                  | 99,981                                      | -   | 172,726                               | -  | -                                   |
| Due to other funds   | 134,530                                 | 5,898,939                          | -   | -   | 1,828,126                             | -  | 852                                 |
| Deferred revenue   | 11,139                                  | -                                  | 290,864                                     | -   | 140,297                               | 4,014,414  | 142,138                             |
| Other accrued liabilities  | 12                                      | 22,189                             | 205,741                                     | 2,712,796                                   | 46,290                                | 25,509   | 616,498                             |
| <b>Total liabilities</b>   | <b>190,681</b>                          | <b>5,926,894</b>                   | <b>730,795</b>                              | <b>3,923,078</b>                            | <b>2,256,491</b>                      | <b>4,048,613</b>                                 | <b>965,990</b>                      |
| Fund balances  |   |                                    |   |   |                                       |  |                                     |
| Unreserved, designated for   |   |                                    |   |   |                                       |  |                                     |
| Encumbrances   | -                                       | -                                  | -   | -   | -                                     | -  | -                                   |
| Programs   | -                                       | -                                  | -   | -   | -                                     | 355,611  | 5,589                               |
| Unreserved, undesignated   | (189,775)                               | -                                  | (2,559)                                     | -   | (27,943)                              | -  | -                                   |
| <b>Total fund balances (deficit)</b>                                       | <b>(189,775)</b>                        | <b>-</b>                           | <b>(2,559)</b>                              | <b>-</b>                                    | <b>(27,943)</b>                       | <b>355,611</b>                                   | <b>5,589</b>                        |
| <b>Total liabilities and fund balances</b>                                 | <b>\$ 906</b>                           | <b>\$ 5,926,894</b>                | <b>\$ 728,236</b>                           | <b>\$ 3,923,078</b>                         | <b>\$ 2,228,548</b>                   | <b>\$ 4,404,224</b>                              | <b>\$ 971,579</b>                   |

(continued)

**County of Oakland  
Combining Balance Sheet (Continued)  
Non-Major Special Revenue Funds  
September 30, 2006**

|  | <b>Other<br/>Grants</b> | <b>COPS More<br/>Grant</b> | <b>Judicial<br/>Grants</b> | <b>Oakland<br/>Brownfield<br/>Initiative</b> | <b>MI Child</b>  | <b>Totals<br/>September 30,<br/>2006</b> |
|--|-------------------------|----------------------------|----------------------------|--|------------------|--|
| <b>Assets</b>  |                         |                            |                            |  |                  |  |
| Current assets   |                         |                            |                            |  |                  |  |
| Pooled cash and investments  | \$ -                    | \$ -                       | \$ -                       | \$ 54,049                                    | \$ 14,343        | \$ 42,110,094                            |
| Due from other governmental units  | 1,848,482               | 5,527,941                  | 431,482                    | 7,754  | -                | 16,684,422                               |
| Accrued interest receivable  | -                       | -                          | -                          | -  | -                | 119,155                                  |
| Accounts receivable (net of allowance for uncollectibles where applicable) | 885,436                 | -                          | 19,232                     | -  | -                | 1,123,895                                |
| Due from other funds   | 95                      | 9,584                      | 71,129                     | -  | -                | 5,435,414                                |
| Other assets   | -                       | -                          | -                          | -  | -                | 3,550,073                                |
| <b>Total assets</b>  | <b>\$ 2,734,013</b>     | <b>\$ 5,537,525</b>        | <b>\$ 521,843</b>          | <b>\$ 61,803</b>                             | <b>\$ 14,343</b> | <b>\$ 69,023,053</b>                     |
| <b>Liabilities and Fund Balances</b>                                       |                         |                            |                            |  |                  |  |
| Current liabilities  |                         |                            |                            |  |                  |  |
| Vouchers payable   | \$ 89,630               | \$ -                       | \$ 27,089                  | \$ -   | \$ 1,899         | \$ 2,635,717                             |
| Due to other governmental units  | -                       | -                          | -                          | -  | -                | 345,057                                  |
| Due to other funds   | 2,366,478               | 1,200,517                  | 467,000                    | -  | -                | 14,218,776                               |
| Deferred revenue   | 207,933                 | 4,322,531                  | 28,746                     | 37,572                                       | -                | 9,195,634                                |
| Other accrued liabilities  | 35,932                  | 14,477                     | -                          | -  | -                | 11,442,657                               |
| <b>Total liabilities</b>   | <b>2,699,973</b>        | <b>5,537,525</b>           | <b>522,835</b>             | <b>37,572</b>                                | <b>1,899</b>     | <b>37,837,841</b>                        |
| Fund balances  |                         |                            |                            |  |                  |  |
| Unreserved, designated for   |                         |                            |                            |  |                  |  |
| Encumbrances   | -                       | -                          | -                          | -  | -                | 42,539                                   |
| Programs   | 34,040                  | -                          | -                          | 24,231                                       | 12,444           | 31,363,942                               |
| Unreserved, undesignated   | -                       | -                          | (992)                      | -  | -                | (221,269)                                |
| <b>Total fund balances (deficit)</b>                                       | <b>34,040</b>           | <b>-</b>                   | <b>(992)</b>               | <b>24,231</b>                                | <b>12,444</b>    | <b>31,185,212</b>                        |
| <b>Total liabilities and fund balances</b>                                 | <b>\$ 2,734,013</b>     | <b>\$ 5,537,525</b>        | <b>\$ 521,843</b>          | <b>\$ 61,803</b>                             | <b>\$ 14,343</b> | <b>\$ 69,023,053</b>                     |

**County of Oakland**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**  
**Year Ended September 30, 2006**

|  | Juvenile<br>Maintenance | Delinquent<br>Personal Tax<br>Administration | Register<br>of Deeds<br>Automation | Oakland<br>Enhancement | Property<br>Tax<br>Forfeiture | Restricted<br>Funds | Social<br>Welfare | Environmental<br>Infrastructure |
|--|-------------------------|--|------------------------------------|------------------------|-------------------------------|---------------------|-------------------|---------------------------------|
| <b>Revenues</b>  |                         |  |                                    |                        |                               |                     |                   |                                 |
| Special assessments  | \$ -                    | \$ -   | \$ -                               | \$ -                   | \$ -                          | \$ -                | \$ -              | \$ -                            |
| Federal grants   | 308,472                 | -  | -                                  | -                      | -                             | -                   | -                 | -                               |
| State grants   | 12,762,801              | -  | -                                  | -                      | -                             | -                   | -                 | -                               |
| Other intergovernmental revenues                             | -                       | -  | -                                  | -                      | -                             | -                   | -                 | -                               |
| Charges for services   | 3,011,419               | 946,338                                      | 1,548,755                          | 401,007                | 1,620,746                     | 19,927              | 1,366,879         | -                               |
| Contributions  | -                       | -  | -                                  | 37,300                 | -                             | 64,695              | -                 | -                               |
| Investment income  | -                       | 269,128                                      | 248,068                            | 14,969                 | 246,051                       | 4,191               | -                 | -                               |
| Other  | 182,898                 | -  | -                                  | -                      | -                             | -                   | -                 | -                               |
| Total revenues   | <u>16,265,590</u>       | <u>1,215,466</u>                             | <u>1,796,823</u>                   | <u>453,276</u>         | <u>1,866,797</u>              | <u>88,813</u>       | <u>1,366,879</u>  | <u>-</u>                        |
| <b>Expenditures</b>  |                         |  |                                    |                        |                               |                     |                   |                                 |
| Salaries   | 9,262,838               | 340,840                                      | 55,650                             | 228,521                | 28,059                        | -                   | -                 | -                               |
| Fringe benefits  | 4,709,660               | 169,447                                      | 26,410                             | 116,678                | 12,290                        | -                   | -                 | -                               |
| Contractual services   | 20,012,076              | 472,575                                      | 206,680                            | 152,903                | 1,270,011                     | 64,510              | 1,366,879         | -                               |
| Commodities  | 811,258                 | -  | -                                  | 2,454                  | 605                           | 39,099              | -                 | -                               |
| Capital outlay   | -                       | -  | 25,078                             | -                      | -                             | -                   | -                 | -                               |
| Internal services  | 2,545,523               | 114,892                                      | 62,477                             | -                      | 10,231                        | 705                 | -                 | -                               |
| Intergovernmental  | -                       | -  | -                                  | -                      | -                             | -                   | -                 | 760,940                         |
| Total expenditures   | <u>37,341,355</u>       | <u>1,097,754</u>                             | <u>376,295</u>                     | <u>500,556</u>         | <u>1,321,196</u>              | <u>104,314</u>      | <u>1,366,879</u>  | <u>760,940</u>                  |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>(21,075,765)</u>     | <u>117,712</u>                               | <u>1,420,528</u>                   | <u>(47,280)</u>        | <u>545,601</u>                | <u>(15,501)</u>     | <u>-</u>          | <u>(760,940)</u>                |
| <b>Other financing sources (uses)</b>                        |                         |  |                                    |                        |                               |                     |                   |                                 |
| Transfers in   | 21,050,391              | -  | -                                  | -                      | -                             | -                   | -                 | -                               |
| Transfers out  | -                       | -  | -                                  | -                      | -                             | (20,602)            | -                 | (243,461)                       |
| Issuance of bonds  | -                       | -  | -                                  | -                      | -                             | -                   | -                 | -                               |
| Discount on bonds sold                                       | -                       | -  | -                                  | -                      | -                             | -                   | -                 | -                               |
| Total other financing sources (uses)                         | <u>21,050,391</u>       | <u>-</u>                                     | <u>-</u>                           | <u>-</u>               | <u>-</u>                      | <u>(20,602)</u>     | <u>-</u>          | <u>(243,461)</u>                |
| Net change in fund balances                                  | <u>(25,374)</u>         | <u>117,712</u>                               | <u>1,420,528</u>                   | <u>(47,280)</u>        | <u>545,601</u>                | <u>(36,103)</u>     | <u>-</u>          | <u>(1,004,401)</u>              |
| <b>Fund balances (deficit)</b>                               |                         |  |                                    |                        |                               |                     |                   |                                 |
| October 1, 2005  | <u>67,913</u>           | <u>5,650,790</u>                             | <u>5,087,816</u>                   | <u>331,751</u>         | <u>2,735,218</u>              | <u>297,887</u>      | <u>-</u>          | <u>1,004,401</u>                |
| September 30, 2006   | <u>\$ 42,539</u>        | <u>\$ 5,768,502</u>                          | <u>\$ 6,508,344</u>                | <u>\$ 284,471</u>      | <u>\$ 3,280,819</u>           | <u>\$ 261,784</u>   | <u>\$ -</u>       | <u>\$ -</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, 2006**

|  | County<br>Vererans'<br>Trust | CCIRF               | Waste<br>Resource<br>Management | Jail<br>Population<br>Management | Water & Sewer<br>Act 342 | Lake<br>Levels<br>Act 146 | Drains-Act 40<br>Maintenance<br>Chapter 4 & 18 | Lake<br>Improvements<br>Act 345 |
|--|------------------------------|---------------------|---------------------------------|----------------------------------|--------------------------|---------------------------|--|---------------------------------|
| <b>Revenues</b>  |                              |                     |                                 |                                  |                          |                           |  |                                 |
| Special assessments  | \$ -                         | \$ -                | \$ -                            | \$ -                             | \$ 833,632               | \$ 247,018                | \$ 124,542                                     | \$ -                            |
| Federal grants   | -                            | -                   | -                               | -                                | 892,614                  | -                         | 92,434   | -                               |
| State grants   | 44,374                       | -                   | -                               | -                                | -                        | -                         | -  | -                               |
| Other intergovernmental revenues                             | -                            | -                   | -                               | -                                | -                        | -                         | -  | -                               |
| Charges for services   | -                            | -                   | 74,025                          | -                                | 6                        | 50                        | 17,545   | -                               |
| Contributions  | -                            | -                   | -                               | -                                | -                        | -                         | -  | -                               |
| Investment income  | -                            | 17,813              | -                               | -                                | 474,783                  | 11,219                    | 179,078  | 68                              |
| Other  | -                            | -                   | -                               | -                                | -                        | 131                       | -  | -                               |
| Total revenues   | <u>44,374</u>                | <u>17,813</u>       | <u>74,025</u>                   | <u>-</u>                         | <u>2,201,035</u>         | <u>258,418</u>            | <u>413,599</u>                                 | <u>68</u>                       |
| <b>Expenditures</b>  |                              |                     |                                 |                                  |                          |                           |  |                                 |
| Salaries   | -                            | -                   | 827                             | -                                | 479,359                  | 135,555                   | 292,633  | -                               |
| Fringe benefits  | -                            | -                   | 361                             | -                                | 206,443                  | 55,759                    | 116,496  | -                               |
| Contractual services   | 53,582                       | 686,275             | -                               | -                                | 9,545,842                | 73,645                    | 83,694   | 128                             |
| Commodities  | 190                          | -                   | -                               | -                                | 14,311                   | 4,915                     | 9,896  | -                               |
| Capital outlay   | -                            | 91,121              | -                               | -                                | -                        | -                         | -  | -                               |
| Internal services  | -                            | 6,901               | -                               | -                                | 63,978                   | 46,719                    | 50,689   | -                               |
| Intergovernmental  | -                            | -                   | -                               | -                                | 8,110                    | -                         | -  | 3,008                           |
| Total expenditures   | <u>53,772</u>                | <u>784,297</u>      | <u>1,188</u>                    | <u>-</u>                         | <u>10,318,043</u>        | <u>316,593</u>            | <u>553,408</u>                                 | <u>3,136</u>                    |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>(9,398)</u>               | <u>(766,484)</u>    | <u>72,837</u>                   | <u>-</u>                         | <u>(8,117,008)</u>       | <u>(58,175)</u>           | <u>(139,809)</u>                               | <u>(3,068)</u>                  |
| <b>Other financing sources (uses)</b>                        |                              |                     |                                 |                                  |                          |                           |  |                                 |
| Transfers in   | -                            | 9,802,811           | -                               | 1,352,887                        | -                        | -                         | 56,165   | -                               |
| Transfers out  | -                            | (5,500,000)         | -                               | -                                | (13,368)                 | -                         | -  | -                               |
| Issuance of bonds  | -                            | -                   | -                               | -                                | 14,500,000               | -                         | -  | -                               |
| Discount on bonds sold                                       | -                            | -                   | -                               | -                                | (135,645)                | -                         | -  | -                               |
| Total other financing sources (uses)                         | <u>-</u>                     | <u>4,302,811</u>    | <u>-</u>                        | <u>1,352,887</u>                 | <u>14,350,987</u>        | <u>-</u>                  | <u>56,165</u>                                  | <u>-</u>                        |
| Net change in fund balances                                  | <u>(9,398)</u>               | <u>3,536,327</u>    | <u>72,837</u>                   | <u>1,352,887</u>                 | <u>6,233,979</u>         | <u>(58,175)</u>           | <u>(83,644)</u>                                | <u>(3,068)</u>                  |
| <b>Fund balances (deficit)</b>                               |                              |                     |                                 |                                  |                          |                           |  |                                 |
| October 1, 2005  | <u>10,247</u>                | <u>-</u>            | <u>-</u>                        | <u>-</u>                         | <u>2,462,692</u>         | <u>146,472</u>            | <u>1,162,981</u>                               | <u>3,970</u>                    |
| September 30, 2006   | <u>\$ 849</u>                | <u>\$ 3,536,327</u> | <u>\$ 72,837</u>                | <u>\$ 1,352,887</u>              | <u>\$ 8,696,671</u>      | <u>\$ 88,297</u>          | <u>\$ 1,079,337</u>                            | <u>\$ 902</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, 2006**

|   | <b>Pollution<br/>Control<br/>Grants</b> | <b>Friend<br/>of the<br/>Court</b> | <b>Multi-<br/>Organizational<br/>Grants</b> | <b>Workforce<br/>Development<br/>Grants</b> | <b>Law<br/>Enforcement<br/>Grants</b> | <b>Housing and<br/>Community<br/>Development</b> | <b>Human<br/>Service<br/>Grants</b> |
|---|---|------------------------------------|---|---|---------------------------------------|--|-------------------------------------|
| <b>Revenues</b>   |   |                                    |   |   |                                       |  |                                     |
| Special assessments                                       | \$ -                                    | \$ -                               | \$ -  | \$ -  | \$ -                                  | \$ -   | \$ -                                |
| Federal grants  | 23,430                                  | -                                  | 294,476                                     | 16,335,105                                  | 1,962,212                             | 5,640,741  | 12,850,839                          |
| State grants  | -                                       | -                                  | 3,601,472                                   | 698,629                                     | 1,272,193                             | -  | 12,975                              |
| Other intergovernmental revenues                          | 19,965                                  | 1,705,051                          | -   | -   | 55,659                                | 277,113  | -                                   |
| Charges for services                                      | -                                       | 8,388,911                          | 150   | -   | 1,452,444                             | 2,331,420  | 4,760                               |
| Contributions   | -                                       | -                                  | -   | -   | -                                     | -  | -                                   |
| Investment income   | 83                                      | -                                  | 909   | -   | -                                     | -  | -                                   |
| Other   | -                                       | 1,122                              | -   | -   | 288                                   | -  | 8,635                               |
| <b>Total revenues</b>                                     | <b>43,478</b>                           | <b>10,095,084</b>                  | <b>3,897,007</b>                            | <b>17,033,734</b>                           | <b>4,742,796</b>                      | <b>8,249,274</b>                                 | <b>12,877,209</b>                   |
| <b>Expenditures</b>                                       |   |                                    |   |   |                                       |  |                                     |
| Salaries  | 97,312                                  | 7,998,551                          | 1,347,411                                   | 347,775                                     | 3,048,815                             | 1,280,316  | 3,580,901                           |
| Fringe benefits   | 38,767                                  | 3,953,086                          | 648,547                                     | 132,523                                     | 1,500,998                             | 635,259  | 1,550,016                           |
| Contractual services                                      | 41,379                                  | 569,635                            | 2,009,297                                   | 16,462,697                                  | 1,277,765                             | 6,144,181  | 6,539,467                           |
| Commodities   | 43,118                                  | 44,815                             | 69,433                                      | 1,441                                       | 131,008                               | 8,500  | 435,235                             |
| Capital outlay  | -                                       | -                                  | 71,141                                      | -   | -                                     | -  | 4,219                               |
| Internal services   | 12,677                                  | 1,720,875                          | 37,764                                      | 89,298                                      | 335,931                               | 181,018  | 520,140                             |
| Intergovernmental   | -                                       | -                                  | -   | -   | -                                     | -  | -                                   |
| <b>Total expenditures</b>                                 | <b>233,253</b>                          | <b>14,286,962</b>                  | <b>4,183,593</b>                            | <b>17,033,734</b>                           | <b>6,294,517</b>                      | <b>8,249,274</b>                                 | <b>12,629,978</b>                   |
| Excess (deficiency) of revenues over (under) expenditures | (189,775)                               | (4,191,878)                        | (286,586)                                   | -   | (1,551,721)                           | -  | 247,231                             |
| <b>Other financing sources (uses)</b>                     |   |                                    |   |   |                                       |  |                                     |
| Transfers in  | -                                       | 4,191,878                          | 284,027                                     | -   | 1,523,778                             | 355,611  | -                                   |
| Transfers out   | -                                       | -                                  | -   | -   | -                                     | -  | (241,642)                           |
| Issuance of bonds   | -                                       | -                                  | -   | -   | -                                     | -  | -                                   |
| Discount on bonds sold                                    | -                                       | -                                  | -   | -   | -                                     | -  | -                                   |
| <b>Total other financing sources (uses)</b>               | <b>-</b>                                | <b>4,191,878</b>                   | <b>284,027</b>                              | <b>-</b>                                    | <b>1,523,778</b>                      | <b>355,611</b>                                   | <b>(241,642)</b>                    |
| <b>Net change in fund balances</b>                        | <b>(189,775)</b>                        | <b>-</b>                           | <b>(2,559)</b>                              | <b>-</b>                                    | <b>(27,943)</b>                       | <b>355,611</b>                                   | <b>5,589</b>                        |
| <b>Fund balances (deficit)</b>                            |   |                                    |   |   |                                       |  |                                     |
| October 1, 2005   | -                                       | -                                  | -   | -   | -                                     | -  | -                                   |
| September 30, 2006  | \$ (189,775)                            | \$ -                               | \$ (2,559)                                  | \$ -  | \$ (27,943)                           | \$ 355,611                                       | \$ 5,589                            |

(continued)

**County of Oakland**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)**  
**Non-Major Special Revenue Funds**  
**Year Ended September 30, 2006**

|  | <b>Other<br/>Grants</b> | <b>COPS More<br/>Grant</b> | <b>Judicial<br/>Grants</b> | <b>Oakland<br/>Brownfield<br/>Initiative</b> | <b>MI Child</b> | <b>Totals<br/>September 30,<br/>2006</b> |
|--|-------------------------|----------------------------|----------------------------|--|-----------------|--|
| <b>Revenues</b>  |                         |                            |                            |  |                 |  |
| Special assessments  | \$ -                    | \$ -                       | \$ -                       | \$ -   | \$ -            | \$ 1,205,192                             |
| Federal grants   | 3,070,973               | 701,824                    | 330,853                    | 74,859                                       | -               | 42,578,832                               |
| State grants   | 166,601                 | -                          | 358,346                    | -  | -               | 18,917,391                               |
| Other intergovernmental revenues                             | 25,959                  | 240,511                    | -                          | -  | -               | 2,324,258                                |
| Charges for services   | 12,000                  | -                          | -                          | -  | 25,381          | 21,221,763                               |
| Contributions  | -                       | -                          | -                          | -  | -               | 101,995                                  |
| Investment income  | -                       | -                          | -                          | 24,231                                       | -               | 1,490,591                                |
| Other  | -                       | -                          | -                          | -  | -               | 193,074                                  |
| <b>Total revenues</b>  | <b>3,275,533</b>        | <b>942,335</b>             | <b>689,199</b>             | <b>99,090</b>                                | <b>25,381</b>   | <b>88,033,096</b>                        |
| <b>Expenditures</b>  |                         |                            |                            |  |                 |  |
| Salaries   | 195,917                 | -                          | 350,399                    | 33,264                                       | -               | 29,104,943                               |
| Fringe benefits  | 97,109                  | -                          | 144,724                    | 9,423  | -               | 14,123,996                               |
| Contractual services   | 1,224,148               | 444,037                    | 266,311                    | 32,172                                       | 12,937          | 69,012,826                               |
| Commodities  | 309,107                 | 453,264                    | 10,162                     | -  | -               | 2,388,811                                |
| Capital outlay   | 1,481,357               | 45,034                     | -                          | -  | -               | 1,717,950                                |
| Internal services  | 5,712                   | -                          | 5,830                      | -  | -               | 5,811,360                                |
| Intergovernmental  | -                       | -                          | -                          | -  | -               | 772,058                                  |
| <b>Total expenditures</b>                                    | <b>3,313,350</b>        | <b>942,335</b>             | <b>777,426</b>             | <b>74,859</b>                                | <b>12,937</b>   | <b>122,931,944</b>                       |
| Excess (deficiency) of revenues over<br>(under) expenditures | (37,817)                | -                          | (88,227)                   | 24,231                                       | 12,444          | (34,898,848)                             |
| <b>Other financing sources (uses)</b>                        |                         |                            |                            |  |                 |  |
| Transfers in   | 79,914                  | -                          | 87,235                     | -  | -               | 38,784,697                               |
| Transfers out  | (8,057)                 | -                          | -                          | -  | -               | (6,027,130)                              |
| Issuance of bonds  | -                       | -                          | -                          | -  | -               | 14,500,000                               |
| Discount on bonds sold                                       | -                       | -                          | -                          | -  | -               | (135,645)                                |
| <b>Total other financing sources (uses)</b>                  | <b>71,857</b>           | <b>-</b>                   | <b>87,235</b>              | <b>-</b>                                     | <b>-</b>        | <b>47,121,922</b>                        |
| <b>Net change in fund balances</b>                           | <b>34,040</b>           | <b>-</b>                   | <b>(992)</b>               | <b>24,231</b>                                | <b>12,444</b>   | <b>12,223,074</b>                        |
| <b>Fund balances (deficit)</b>                               |                         |                            |                            |  |                 |  |
| October 1, 2005  | -                       | -                          | -                          | -  | -               | 18,962,138                               |
| September 30, 2006   | \$ 34,040               | \$ -                       | \$ (992)                   | \$ 24,231                                    | \$ 12,444       | \$ 31,185,212                            |

**County of Oakland**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget**  
**and Actual – Non-Major Special Revenue Funds**  
**Year Ended September 30, 2006**

|   | <b>Juvenile Maintenance</b>         |                   |   |
|---|-------------------------------------|-------------------|---|
|   | <b>Final<br/>Amended<br/>Budget</b> | <b>Actual</b>     | <b>Variance with<br/>Final Amended<br/>Budget</b> |
| <b>Revenues</b>                           |                                     |                   |   |
| Federal grants                            | \$ 245,000                          | \$ 308,472        | \$ 63,472   |
| State grants                              | 11,430,000                          | 12,762,801        | 1,332,801   |
| Charges for services                      | 3,653,192                           | 3,011,419         | (641,773)   |
| Other                                     | -                                   | 182,898           | 182,898   |
| Total revenues                            | <u>15,328,192</u>                   | <u>16,265,590</u> | <u>937,398</u>                                    |
| <b>Expenditures</b>                       |                                     |                   |   |
| Current operations                        |                                     |                   |   |
| County Executive                          |                                     |                   |   |
| Human Services                            |                                     |                   |   |
| Personnel                                 | 12,305,776                          | 12,316,375        | (10,599)  |
| Operating                                 | 10,814,109                          | 11,090,945        | (276,836)   |
| Internal Support                          | 2,496,556                           | 2,541,096         | (44,540)  |
| Total Human Services                      | <u>25,616,441</u>                   | <u>25,948,416</u> | <u>(331,975)</u>                                  |
| Total County Executive                    | <u>25,616,441</u>                   | <u>25,948,416</u> | <u>(331,975)</u>                                  |
| Justice administration                    |                                     |                   |   |
| Circuit Court                             |                                     |                   |   |
| Personnel                                 | 1,676,096                           | 1,656,123         | 19,973  |
| Operating                                 | 9,730,175                           | 9,556,121         | 174,054   |
| Internal Support                          | 3,514                               | 4,427             | (913)   |
| Total Circuit Court                       | <u>11,409,785</u>                   | <u>11,216,671</u> | <u>193,114</u>                                    |
| Total Justice administration              | <u>11,409,785</u>                   | <u>11,216,671</u> | <u>193,114</u>                                    |
| Non-departmental                          |                                     |                   |   |
| Operating                                 | -                                   | 176,268           | (176,268)   |
| Total Non-departmental                    | <u>-</u>                            | <u>176,268</u>    | <u>(176,268)</u>                                  |
| Total expenditures                        | <u>37,026,226</u>                   | <u>37,341,355</u> | <u>(315,129)</u>                                  |
| Deficiency of revenues under expenditures | (21,698,034)                        | (21,075,765)      | 622,269   |
| <b>Other financing sources</b>            |                                     |                   |   |
| Transfers in                              | 21,630,121                          | 21,050,391        | (579,730)   |
| Net change in fund balance                | <u>(67,913)</u>                     | <u>(25,374)</u>   | <u>42,539</u>                                     |
| <b>Fund balance</b>                       |                                     |                   |   |
| October 1, 2005                           | 67,913                              | 67,913            | -   |
| September 30, 2006                        | <u>\$ -</u>                         | <u>\$ 42,539</u>  | <u>\$ 42,539</u>                                  |



**County of Oakland**  
**Schedule Revenues, Expenditures and Changes in Fund Balances – Budget and**  
**Actual – Non-Major Special Revenue Funds (Continued)**  
**Year Ended September 30, 2006**

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|   | <b>Social Welfare Foster Care</b>   |               |   |
|---|-------------------------------------|---------------|---|
|   | <b>Final<br/>Amended<br/>Budget</b> | <b>Actual</b> | <b>Variance with<br/>Final Amended<br/>Budget</b> |
| <b>Revenues</b>                           |                                     |               |   |
| State grants                              | \$ -                                | \$ -          | \$ -  |
| Total revenues                            | <u>-</u>                            | <u>-</u>      | <u>-</u>  |
| <b>Expenditures</b>                       |                                     |               |   |
| Current operations                        |                                     |               |   |
| County Executive                          |                                     |               |   |
| Human Services                            |                                     |               |   |
| Operating                                 | 2,000                               | -             | 2,000   |
| Total Human Services                      | <u>2,000</u>                        | <u>-</u>      | <u>2,000</u>                                      |
| Total County Executive                    | <u>2,000</u>                        | <u>-</u>      | <u>2,000</u>                                      |
| Total expenditures                        | <u>2,000</u>                        | <u>-</u>      | <u>2,000</u>                                      |
| Deficiency of revenues under expenditures | (2,000)                             | -             | 2,000   |
| Other financing sources                   |                                     |               |   |
| Transfers in                              | 2,000                               | -             | (2,000)   |
| Net change in fund balance                | <u>-</u>                            | <u>-</u>      | <u>-</u>  |
| <b>Fund balance</b>                       |                                     |               |   |
| October 1, 2005                           | <u>-</u>                            | <u>-</u>      | <u>-</u>  |
| September 30, 2006                        | <u>\$ -</u>                         | <u>\$ -</u>   | <u>\$ -</u>                                       |

## County of Oakland

### Non-Major Debt Service Funds

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#### **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 Debt Act 31 Fund*** - was established to accumulate the resources for the payment of bonded debt issued for the construction of, or improvement to various facilities (currently 7 issues). Also includes debt issued as assistance in obtaining favorable lending rates for other units of government within the County.

***The Building Authority Refunding Debt Fund*** - was established to accumulate resources for the payment of bonded debt issued for the refinancing of debt obligations under Public Act 202 of 1943, or Act 34 of 2001 for various Building Authority funds (currently 2 issues). Also includes refunding debt issued as assistance in obtaining favorable lending rates for other units of government within Oakland County.

***The Lake Level Debt Act 146 Fund*** - was established to account for the accumulation of resources, mainly special assessments, for the payment of bonded debt issued for the construction of dam structures for purposes of lake level control authorized under Public Act 451 of 1994 (currently 1 issue).

**County of Oakland  
Combining Balance Sheet  
Non-Major Debt Service Funds  
September 30, 2006**

|   | <b>Building<br/>Authority<br/>Debt<br/>Act 31</b> | <b>Building<br/>Authority<br/>Debt<br/>Refunding</b> | <b>Lake<br/>Level<br/>Debt<br/>Act 146</b> | <b>Totals<br/>September 30,<br/>2006</b> |
|---|---|--|--|--|
| <b>Assets</b>                             |   |  |  |  |
| Current assets                            |   |  |  |  |
| Pooled cash and investments               | \$ 12,484   | \$ 487   | \$ 214,421                                 | \$ 227,392                               |
| Accrued interest receivable               | 17  | 143  | 254  | 414                                      |
| Due from other funds                      | -   | -  | 8,668                                      | 8,668                                    |
| Total current assets                      | <u>12,501</u>                                     | <u>630</u>   | <u>223,343</u>                             | <u>236,474</u>                           |
| Noncurrent assets                         |   |  |  |  |
| Contracts receivable                      | 15,130,000  | \$ 8,050,000   | \$ -                                       | 23,180,000                               |
| Special assessments receivable            | -   | -  | 490,000                                    | 490,000                                  |
| Total assets                              | <u>\$ 15,142,501</u>                              | <u>\$ 8,050,630</u>                                  | <u>\$ 713,343</u>                          | <u>\$ 23,906,474</u>                     |
| <b>Liabilities and Fund Balances</b>      |   |  |  |  |
| Current liabilities                       |   |  |  |  |
| Vouchers payable                          | \$ 1,100  | \$ -   | \$ -                                       | \$ 1,100                                 |
| Due to other funds                        | 175   | -  | -  | 175                                      |
| Deferred revenue                          | -   | -  | 203,139                                    | 203,139                                  |
| Total current liabilities                 | <u>1,275</u>                                      | <u>-</u>   | <u>203,139</u>                             | <u>204,414</u>                           |
| Noncurrent liabilities                    |   |  |  |  |
| Deferred revenue                          | <u>15,130,000</u>                                 | <u>8,050,000</u>                                     | <u>490,000</u>                             | <u>23,670,000</u>                        |
| Total liabilities                         | <u>15,131,275</u>                                 | <u>8,050,000</u>                                     | <u>693,139</u>                             | <u>23,874,414</u>                        |
| Fund balances - reserved for debt service | <u>11,226</u>                                     | <u>630</u>   | <u>20,204</u>                              | <u>32,060</u>                            |
| Total liabilities and fund balances       | <u>\$ 15,142,501</u>                              | <u>\$ 8,050,630</u>                                  | <u>\$ 713,343</u>                          | <u>\$ 23,906,474</u>                     |

**County of Oakland**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Debt Service Funds**  
**Year Ended September 30, 2006**

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|  | <b>Building<br/>Authority<br/>Debt<br/>Act 31</b> | <b>Building<br/>Authority<br/>Debt<br/>Refunding</b> | <b>Lake<br/>Level<br/>Debt<br/>Act 146</b> | <b>Totals<br/>September 30,<br/>2006</b> |
|--|---|--|--|--|
| <b>Revenues</b>  |   |  |  |  |
| Special assessments  | \$ 1,422,803                                      | \$ 190,243   | \$ 58,668                                  | \$ 1,671,714                             |
| Charges for services   | 275   | 275  | 12,986                                     | 13,536                                   |
| Investment income  | 13,777  | 7,388  | 9,590                                      | 30,755                                   |
| Total revenues   | <u>1,436,855</u>                                  | <u>197,906</u>                                       | <u>81,244</u>                              | <u>1,716,005</u>                         |
| <b>Expenditures</b>  |   |  |  |  |
| Principal payments   | 3,485,000   | 1,340,000  | 50,000                                     | 4,875,000                                |
| Interest   | 3,282,654   | 419,961  | 15,702                                     | 3,718,317                                |
| Paying agent fees  | 3,000   | 575  | -  | 3,575                                    |
| Contractual services   | 11,000  | -  | -  | 11,000                                   |
| Total expenditures   | <u>6,781,654</u>                                  | <u>1,760,536</u>                                     | <u>65,702</u>                              | <u>8,607,892</u>                         |
| Excess (deficiency) of revenues over (under)<br>expenditures | (5,344,799)                                       | (1,562,630)  | 15,542                                     | (6,891,887)                              |
| <b>Other financing sources (uses)</b>                        |   |  |  |  |
| Transfers in   | 6,204,699   | 1,563,255  | -  | 7,767,954                                |
| Transfers out  | -   | (5)  | -  | (5)                                      |
| Payment to bond escrow agent                                 | (849,368)   | -  | -  | (849,368)                                |
| Total other financing sources (uses)                         | <u>5,355,331</u>                                  | <u>1,563,250</u>                                     | <u>-</u>                                   | <u>6,918,581</u>                         |
| Net change in fund balances                                  | 10,532  | 620  | 15,542                                     | 26,694                                   |
| <b>Fund balances</b>   |   |  |  |  |
| October 1, 2005  | 694   | 10   | 4,662                                      | 5,366                                    |
| September 30, 2006   | <u>\$ 11,226</u>                                  | <u>\$ 630</u>  | <u>\$ 20,204</u>                           | <u>\$ 32,060</u>                         |

## County of Oakland Non-Major Capital Project Funds

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### 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-Hangar Construction Fund* - was established to account for the costs of construction of T-Hangars 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 Pontiac Phoenix Center Fund* - was created for the one-time purpose of recording the transactions associated with the bond issues sold through the Oakland County Building Authority as an assist to the City of Pontiac - Pontiac Phoenix Center, and Phoenix Plaza Amphitheatre Refunding.

*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, or contracts with municipalities, in the individual projects.

**County of Oakland  
Combining Balance Sheet  
Non-Major Capital Project Funds  
September 30, 2006**

|                                      | <b>Building<br/>Improvement</b> | <b>Project Work<br/>Orders</b> | <b>Work Release/<br/>Jail Mgt/Video<br/>Conferencing</b> | <b>Office<br/>Building<br/>Renovation</b> | <b>52/3 District<br/>Court &amp; Sheriff<br/>Substation</b> | <b>Airport<br/>T-Hangar<br/>Construction</b> |
|--------------------------------------|---------------------------------|--------------------------------|--|---|---|--|
| <b>Assets</b>                        |                                 |                                |  |   |   |  |
| Current assets                       |                                 |                                |  |   |   |  |
| Pooled cash and investments          | \$ 5,660,662                    | \$ 5,477,236                   | \$ 5,546,137   | \$ 9,302,739                              | \$ 2,884,857  | \$ 1,825,724                                 |
| Accrued interest receivable          | -                               | -                              | 66,205   | 36,782                                    | 83,362  | 2,136  |
| Contracts receivable                 | -                               | -                              | -  | -   | -   | -  |
| Due from component units             | -                               | -                              | -  | -   | -   | -  |
| Due from other funds                 | -                               | -                              | -  | -   | -   | -  |
| Total current assets                 | <u>5,660,662</u>                | <u>5,477,236</u>               | <u>5,612,342</u>   | <u>9,339,521</u>                          | <u>2,968,219</u>  | <u>1,827,860</u>                             |
| Noncurrent assets                    |                                 |                                |  |   |   |  |
| Advances                             | 1,600,000                       | -                              | -  | -   | -   | -  |
| Special assessments receivable       | -                               | -                              | -  | -   | -   | -  |
| Contracts receivable                 | -                               | -                              | -  | -   | -   | -  |
| Total noncurrent assets              | <u>1,600,000</u>                | <u>-</u>                       | <u>-</u>   | <u>-</u>                                  | <u>-</u>  | <u>-</u>                                     |
| Total assets                         | <u>\$ 7,260,662</u>             | <u>\$ 5,477,236</u>            | <u>\$ 5,612,342</u>                                      | <u>\$ 9,339,521</u>                       | <u>\$ 2,968,219</u>   | <u>\$ 1,827,860</u>                          |
| <b>Liabilities and Fund Balances</b> |                                 |                                |  |   |   |  |
| Current liabilities                  |                                 |                                |  |   |   |  |
| Vouchers payable                     | \$ -                            | \$ 12,548                      | \$ 25,215  | \$ 829,076                                | \$ -  | \$ 2,755                                     |
| Due to other funds                   | -                               | -                              | 7,997  | 4,726                                     | -   | -  |
| Other accrued liabilities            | -                               | 432,347                        | 18,701   | 235,779                                   | 911   | 5,749  |
| Total current liabilities            | <u>-</u>                        | <u>444,895</u>                 | <u>51,913</u>  | <u>1,069,581</u>                          | <u>911</u>  | <u>8,504</u>                                 |
| Noncurrent liabilities               |                                 |                                |  |   |   |  |
| Deferred revenue                     | -                               | -                              | -  | -   | -   | -  |
| Advances                             | -                               | 800,000                        | -  | 800,000                                   | -   | -  |
| Total noncurrent liabilities         | <u>-</u>                        | <u>800,000</u>                 | <u>-</u>   | <u>800,000</u>                            | <u>-</u>  | <u>-</u>                                     |
| Total liabilities                    | <u>-</u>                        | <u>1,244,895</u>               | <u>51,913</u>  | <u>1,869,581</u>                          | <u>911</u>  | <u>8,504</u>                                 |
| Fund balances                        |                                 |                                |  |   |   |  |
| Reserved                             |                                 |                                |  |   |   |  |
| Long-term receivables                | 1,600,000                       | -                              | -  | -   | -   | -  |
| Work projects                        | -                               | -                              | 5,560,429  | 7,469,940                                 | 2,967,308   | 1,819,356                                    |
| Total reserved                       | <u>1,600,000</u>                | <u>-</u>                       | <u>5,560,429</u>   | <u>7,469,940</u>                          | <u>2,967,308</u>  | <u>1,819,356</u>                             |
| Unreserved                           |                                 |                                |  |   |   |  |
| Designated for work projects         | -                               | 4,232,341                      | -  | -   | -   | -  |
| Undesignated                         | 5,660,662                       | -                              | -  | -   | -   | -  |
| Total unreserved                     | <u>5,660,662</u>                | <u>4,232,341</u>               | <u>-</u>   | <u>-</u>                                  | <u>-</u>  | <u>-</u>                                     |
| Total fund balances (deficit)        | <u>7,260,662</u>                | <u>4,232,341</u>               | <u>5,560,429</u>   | <u>7,469,940</u>                          | <u>2,967,308</u>  | <u>1,819,356</u>                             |
| Total liabilities and fund balances  | <u>\$ 7,260,662</u>             | <u>\$ 5,477,236</u>            | <u>\$ 5,612,342</u>                                      | <u>\$ 9,339,521</u>                       | <u>\$ 2,968,219</u>   | <u>\$ 1,827,860</u>                          |

(continued)

**County of Oakland  
Combining Balance Sheet (Continued)  
Non-Major Capital Project Funds  
September 30, 2006**

|                                      | Major<br>Dept. Support<br>Projects | Lake Levels<br>Act 146 | Pontiac<br>Phoenix<br>Center | Lake<br>Improvements<br>Act 345 | Drain<br>Commissioner<br>Revolving | Long-term<br>Revolving | Totals<br>September 30,<br>2006 |
|--------------------------------------|------------------------------------|------------------------|------------------------------|---------------------------------|------------------------------------|------------------------|---------------------------------|
| <b>Assets</b>                        |                                    |                        |                              |                                 |                                    |                        |                                 |
| Current assets                       |                                    |                        |                              |                                 |                                    |                        |                                 |
| Pooled cash and investments          | \$ 457,018                         | \$ 41,547              | \$ -                         | \$ 8,004                        | \$ 1,243,531                       | \$ 1,323,511           | \$ 33,770,966                   |
| Accrued interest receivable          | -                                  | 314                    | -                            | 47                              | -                                  | -                      | 188,846                         |
| Contracts receivable                 | -                                  | -                      | -                            | -                               | -                                  | 32,666                 | 32,666                          |
| Due from component units             | -                                  | -                      | -                            | -                               | 222,978                            | -                      | 222,978                         |
| Due from other funds                 | 9,539                              | -                      | 4,373                        | -                               | 360,327                            | -                      | 374,239                         |
| Total current assets                 | <u>466,557</u>                     | <u>41,861</u>          | <u>4,373</u>                 | <u>8,051</u>                    | <u>1,826,836</u>                   | <u>1,356,177</u>       | <u>34,589,695</u>               |
| Noncurrent assets                    |                                    |                        |                              |                                 |                                    |                        |                                 |
| Advances                             | -                                  | -                      | -                            | -                               | -                                  | 2,823                  | 1,602,823                       |
| Special assessments receivable       | -                                  | 4,198                  | -                            | -                               | -                                  | -                      | 4,198                           |
| Contracts receivable                 | -                                  | -                      | -                            | -                               | -                                  | 132,000                | 132,000                         |
| Total noncurrents assets             | <u>-</u>                           | <u>4,198</u>           | <u>-</u>                     | <u>-</u>                        | <u>-</u>                           | <u>134,823</u>         | <u>1,739,021</u>                |
| Total assets                         | <u>\$ 466,557</u>                  | <u>\$ 46,059</u>       | <u>\$ 4,373</u>              | <u>\$ 8,051</u>                 | <u>\$ 1,826,836</u>                | <u>\$ 1,491,000</u>    | <u>\$ 36,328,716</u>            |
| <b>Liabilities and Fund Balances</b> |                                    |                        |                              |                                 |                                    |                        |                                 |
| Current liabilities                  |                                    |                        |                              |                                 |                                    |                        |                                 |
| Vouchers payable                     | \$ 9,539                           | \$ -                   | \$ -                         | \$ -                            | \$ 1,836                           | \$ -                   | \$ 880,969                      |
| Due to other funds                   | -                                  | 70,872                 | 4,373                        | 289                             | -                                  | -                      | 88,257                          |
| Other accrued liabilities            | 26,440                             | 10,000                 | -                            | -                               | -                                  | -                      | 729,927                         |
| Total current liabilities            | <u>35,979</u>                      | <u>80,872</u>          | <u>4,373</u>                 | <u>289</u>                      | <u>1,836</u>                       | <u>-</u>               | <u>1,699,153</u>                |
| Noncurrent liabilities               |                                    |                        |                              |                                 |                                    |                        |                                 |
| Deferred revenue                     | -                                  | 4,198                  | -                            | -                               | -                                  | -                      | 4,198                           |
| Advances                             | -                                  | 2,823                  | -                            | -                               | -                                  | -                      | 1,602,823                       |
| Total noncurrent liabilities         | <u>-</u>                           | <u>7,021</u>           | <u>-</u>                     | <u>-</u>                        | <u>-</u>                           | <u>-</u>               | <u>1,607,021</u>                |
| Total liabilities                    | <u>35,979</u>                      | <u>87,893</u>          | <u>4,373</u>                 | <u>289</u>                      | <u>1,836</u>                       | <u>-</u>               | <u>3,306,174</u>                |
| Fund balances                        |                                    |                        |                              |                                 |                                    |                        |                                 |
| Reserved                             |                                    |                        |                              |                                 |                                    |                        |                                 |
| Long-term receivables                | -                                  | -                      | -                            | -                               | -                                  | 134,823                | 1,734,823                       |
| Work projects                        | -                                  | -                      | -                            | 7,762                           | 1,825,000                          | 1,356,177              | 21,005,972                      |
| Total reserved                       | <u>-</u>                           | <u>-</u>               | <u>-</u>                     | <u>7,762</u>                    | <u>1,825,000</u>                   | <u>1,491,000</u>       | <u>22,740,795</u>               |
| Unreserved                           |                                    |                        |                              |                                 |                                    |                        |                                 |
| Designated for work projects         | 430,578                            | -                      | -                            | -                               | -                                  | -                      | 4,662,919                       |
| Undesignated                         | -                                  | (41,834)               | -                            | -                               | -                                  | -                      | 5,618,828                       |
| Total unreserved                     | <u>430,578</u>                     | <u>(41,834)</u>        | <u>-</u>                     | <u>-</u>                        | <u>-</u>                           | <u>-</u>               | <u>10,281,747</u>               |
| Total fund balances (deficit)        | <u>430,578</u>                     | <u>(41,834)</u>        | <u>-</u>                     | <u>7,762</u>                    | <u>1,825,000</u>                   | <u>1,491,000</u>       | <u>33,022,542</u>               |
| Total liabilities and fund balances  | <u>\$ 466,557</u>                  | <u>\$ 46,059</u>       | <u>\$ 4,373</u>              | <u>\$ 8,051</u>                 | <u>\$ 1,826,836</u>                | <u>\$ 1,491,000</u>    | <u>\$ 36,328,716</u>            |

**County of Oakland**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Capital Project Funds**  
**Year Ended September 30, 2006**

|  | <b>Building<br/>Improvement</b> | <b>Project Work<br/>Orders</b> | <b>Work Release/<br/>Jail Mgt/Video<br/>Conferencing</b> | <b>Office<br/>Building<br/>Renovation</b> | <b>52/3 District<br/>Court &amp; Sheriff<br/>Substation</b> | <b>Airport<br/>T-Hanger<br/>Construction</b> |
|--|---------------------------------|--------------------------------|--|---|---|--|
| <b>Revenues</b>  |                                 |                                |  |   |   |  |
| Special assessments  | \$ -                            | \$ -                           | \$ -   | \$ -                                      | \$ -  | \$ -   |
| Charges for services   | -                               | -                              | -  | -   | 462   | -  |
| Investment income  | -                               | -                              | 253,923  | 680,380                                   | 147,385   | 95,955                                       |
| Other  | -                               | -                              | -  | -   | 279   | -  |
| Total revenues   | <u>-</u>                        | <u>-</u>                       | <u>253,923</u>   | <u>680,380</u>                            | <u>148,126</u>  | <u>95,955</u>                                |
| <b>Expenditures</b>  |                                 |                                |  |   |   |  |
| Contractual Services   | -                               | -                              | -  | -   | -   | -  |
| Intergovernmental  | -                               | -                              | -  | -   | -   | -  |
| Capital Outlay   | -                               | 11,849,705                     | 734,792  | 10,899,228                                | 9,184   | 4,474,870                                    |
| Total expenditures   | <u>-</u>                        | <u>11,849,705</u>              | <u>734,792</u>   | <u>10,899,228</u>                         | <u>9,184</u>  | <u>4,474,870</u>                             |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>-</u>                        | <u>(11,849,705)</u>            | <u>(480,869)</u>   | <u>(10,218,848)</u>                       | <u>138,942</u>  | <u>(4,378,915)</u>                           |
| <b>Other financing sources (uses)</b>                        |                                 |                                |  |   |   |  |
| Transfers in   | 3,000,000                       | 2,946,528                      | -  | -   | -   | 2,020,000                                    |
| Transfers out  | (1,899,727)                     | -                              | -  | -   | (860,368)   | -  |
| Payment to bond escrow agent                                 | -                               | -                              | -  | -   | -   | -  |
| Issuance of bonds  | -                               | -                              | -  | -   | -   | -  |
| Discounts on bonds sold                                      | -                               | -                              | -  | -   | -   | -  |
| Total other financing sources (uses)                         | <u>1,100,273</u>                | <u>2,946,528</u>               | <u>-</u>   | <u>-</u>                                  | <u>(860,368)</u>  | <u>2,020,000</u>                             |
| Net change in fund balances                                  | <u>1,100,273</u>                | <u>(8,903,177)</u>             | <u>(480,869)</u>   | <u>(10,218,848)</u>                       | <u>(721,426)</u>  | <u>(2,358,915)</u>                           |
| <b>Fund balances (deficit)</b>                               |                                 |                                |  |   |   |  |
| October 1, 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>                             |
| September 30, 2006   | <u>\$ 7,260,662</u>             | <u>\$ 4,232,341</u>            | <u>\$ 5,560,429</u>                                      | <u>\$ 7,469,940</u>                       | <u>\$ 2,967,308</u>   | <u>\$ 1,819,356</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, 2006**

|  | Major<br>Dept. Support<br>Projects | Lake Levels<br>Act 146 | Pontiac<br>Phoenix<br>Center | Lake<br>Improvements<br>Act 345 | Drain<br>Commissioner<br>Revolving | Long-term<br>Revolving | Totals<br>September 30,<br>2006 |
|--|------------------------------------|------------------------|------------------------------|---------------------------------|------------------------------------|------------------------|---------------------------------|
| <b>Revenues</b>  |                                    |                        |                              |                                 |                                    |                        |                                 |
| Special assessments  | \$ -                               | \$ 5,937               | \$ -                         | \$ 768                          | \$ -                               | \$ -                   | \$ 6,705                        |
| Charges for services   | -                                  | 774                    | -                            | 50                              | -                                  | -                      | 1,286                           |
| Investment income  | -                                  | 2,266                  | 11,829                       | 636                             | -                                  | -                      | 1,192,374                       |
| Other  | -                                  | -                      | -                            | -                               | -                                  | -                      | 279                             |
| Total revenues   | -                                  | 8,977                  | 11,829                       | 1,454                           | -                                  | -                      | 1,200,644                       |
| <b>Expenditures</b>  |                                    |                        |                              |                                 |                                    |                        |                                 |
| Contractual Services   | -                                  | -                      | 138,110                      | -                               | -                                  | -                      | 138,110                         |
| Intergovernmental  | -                                  | -                      | 11,148,482                   | 30,440                          | -                                  | -                      | 11,178,922                      |
| Capital Outlay   | 2,578,013                          | 7,704                  | -                            | 410                             | -                                  | -                      | 30,553,906                      |
| Total expenditures   | 2,578,013                          | 7,704                  | 11,286,592                   | 30,850                          | -                                  | -                      | 41,870,938                      |
| Excess (deficiency) of revenues over<br>(under) expenditures | (2,578,013)                        | 1,273                  | (11,274,763)                 | (29,396)                        | -                                  | -                      | (40,670,294)                    |
| <b>Other financing sources (uses)</b>                        |                                    |                        |                              |                                 |                                    |                        |                                 |
| Transfers in   | 541,600                            | -                      | -                            | -                               | -                                  | -                      | 8,508,128                       |
| Transfers out  | (240,000)                          | -                      | -                            | -                               | -                                  | -                      | (3,000,095)                     |
| Payment to bond escrow agent                                 | -                                  | -                      | (8,160,000)                  | -                               | -                                  | -                      | (8,160,000)                     |
| Issuance of bonds  | -                                  | -                      | 19,660,000                   | -                               | -                                  | -                      | 19,660,000                      |
| Discounts on bonds sold                                      | -                                  | -                      | (225,237)                    | -                               | -                                  | -                      | (225,237)                       |
| Total other financing sources (uses)                         | 301,600                            | -                      | 11,274,763                   | -                               | -                                  | -                      | 16,782,796                      |
| Net change in fund balances                                  | (2,276,413)                        | 1,273                  | -                            | (29,396)                        | -                                  | -                      | (23,887,498)                    |
| <b>Fund balances (deficits)</b>                              |                                    |                        |                              |                                 |                                    |                        |                                 |
| October 1, 2005  | 2,706,991                          | (43,107)               | -                            | 37,158                          | 1,825,000                          | 1,491,000              | 56,910,040                      |
| September 30, 2006   | \$ 430,578                         | \$ (41,834)            | \$ -                         | \$ 7,762                        | \$ 1,825,000                       | \$ 1,491,000           | \$ 33,022,542                   |

# County of Oakland

## Internal Service Funds

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### **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, 2006**

|  | <b>Facilities<br/>Maintenance<br/>and Operations</b> | <b>Information<br/>Technology</b> | <b>Drain<br/>Equipment</b> | <b>Micrographics</b> | <b>Motor Pool</b>   | <b>Office<br/>Equipment</b> |
|--|--|-----------------------------------|----------------------------|----------------------|---------------------|-----------------------------|
| <b>Assets</b>  |  |                                   |                            |                      |                     |                             |
| Current assets   |  |                                   |                            |                      |                     |                             |
| Pooled cash and investments  | \$ 9,867,381   | \$ 18,427,018                     | \$ -                       | \$ 264,635           | \$ -                | \$ 2,084,075                |
| Due from other governmental units  | 25,013   | 15,101                            | 25,058                     | -                    | 11,807              | -                           |
| Due from component units   | 61,329   | 12,111                            | 49,724                     | 80                   | -                   | -                           |
| Accrued interest receivable  | 9,173  | 31,506                            | 1,232                      | 6,506                | 9,833               | 8,174                       |
| Accounts receivable (net of allowance for uncollectibles where applicable) | 14,864   | 180,636                           | 92,631                     | 27,150               | 3,600               | -                           |
| Due from other funds   | 20,831   | -                                 | 78                         | -                    | 469,000             | -                           |
| Current portion of contracts receivable                                    | -  | -                                 | -                          | -                    | -                   | 6,134                       |
| Inventories and supplies   | 80,834   | 82,925                            | -                          | -                    | 196,581             | -                           |
| Prepayments and other assets   | 1,783  | 1,686,720                         | 26,089                     | 126,772              | 346,540             | -                           |
| Total current assets   | <u>10,081,208</u>                                    | <u>20,436,017</u>                 | <u>194,812</u>             | <u>425,143</u>       | <u>1,037,361</u>    | <u>2,098,383</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   | 1,665,820  | 49,163,352                        | 3,946,817                  | 463,328              | 13,089,018          | 4,544,604                   |
| Infrastructure   | 3,169,683  | -                                 | -                          | -                    | -                   | -                           |
| Construction in progress   | -  | 508,686                           | 2,743,499                  | -                    | -                   | -                           |
|  | <u>5,360,786</u>                                     | <u>49,672,038</u>                 | <u>7,689,192</u>           | <u>463,328</u>       | <u>13,513,879</u>   | <u>4,544,604</u>            |
| Less: Accumulated depreciation   | <u>4,865,082</u>                                     | <u>34,243,444</u>                 | <u>3,419,191</u>           | <u>361,354</u>       | <u>6,734,217</u>    | <u>3,288,696</u>            |
| Capital assets, net  | <u>495,704</u>                                       | <u>15,428,594</u>                 | <u>4,270,001</u>           | <u>101,974</u>       | <u>6,779,662</u>    | <u>1,255,908</u>            |
| Total noncurrent assets  | <u>495,704</u>                                       | <u>15,428,594</u>                 | <u>4,270,001</u>           | <u>101,974</u>       | <u>6,779,662</u>    | <u>1,262,042</u>            |
| Total assets   | <u>\$ 10,576,912</u>                                 | <u>\$ 35,864,611</u>              | <u>\$ 4,464,813</u>        | <u>\$ 527,117</u>    | <u>\$ 7,817,023</u> | <u>\$ 3,360,425</u>         |

(continued)

**County of Oakland  
Combining Statement of Net Assets (Continued)  
Internal Service Funds  
September 30, 2006**

|  | <b>Mailing, Copier,<br/>and Printing</b> | <b>Telephone<br/>Communications</b> | <b>Building and<br/>Liability<br/>Insurance</b> | <b>Fringe<br/>Benefits</b> | <b>Sheriff<br/>Aviation</b> | <b>Totals<br/>September 30,<br/>2006</b> |
|--|--|-------------------------------------|---|----------------------------|-----------------------------|--|
| <b>Assets</b>  |  |                                     |   |                            |                             |  |
| Current assets   |  |                                     |   |                            |                             |  |
| Pooled cash and investments  | \$ 121,113                               | \$ 2,536,729                        | \$ 21,035,513                                   | \$ 54,561,486              | \$ 599,437                  | \$ 109,497,387                           |
| Due from other governmental units  | 14,445                                   | 963                                 | -   | -                          | -                           | 92,387                                   |
| Due from component units   | -  | -                                   | -   | 580                        | -                           | 123,824                                  |
| Accrued interest receivable  | 502                                      | 858                                 | 98,965  | 115,893                    | -                           | 282,642                                  |
| Accounts receivable (net of allowance for uncollectibles where applicable) | 21,489                                   | 528                                 | -   | 15,552                     | -                           | 356,450                                  |
| Due from other funds   | -  | -                                   | -   | 2,155,995                  | 495,539                     | 3,141,443                                |
| Current portion of contracts receivable                                    | -  | -                                   | -   | -                          | -                           | 6,134                                    |
| Inventories and supplies   | 240,476                                  | -                                   | -   | -                          | -                           | 600,816                                  |
| Prepayments and other assets   | 56,248                                   | 41,856                              | 194,049   | 2,342,291                  | 554                         | 4,822,902                                |
| Total current assets   | <u>454,273</u>                           | <u>2,580,934</u>                    | <u>21,328,527</u>                               | <u>59,191,797</u>          | <u>1,095,530</u>            | <u>118,923,985</u>                       |
| Noncurrent assets  |  |                                     |   |                            |                             |  |
| Contracts receivable   | -  | -                                   | -   | -                          | -                           | 6,134                                    |
| Capital assets, at cost  |  |                                     |   |                            |                             |  |
| Land   | -  | -                                   | -   | -                          | -                           | 130,000                                  |
| Buildings and improvements   | -  | -                                   | -   | -                          | -                           | 1,819,020                                |
| Equipment and vehicles   | 527,599                                  | 4,772,559                           | -   | -                          | 4,077,841                   | 82,250,938                               |
| Infrastructure   | -  | -                                   | -   | -                          | -                           | 3,169,683                                |
| Construction in progress   | -  | -                                   | -   | -                          | -                           | 3,252,185                                |
|  | <u>527,599</u>                           | <u>4,772,559</u>                    | <u>-</u>  | <u>-</u>                   | <u>4,077,841</u>            | <u>90,621,826</u>                        |
| Less: Accumulated depreciation   | <u>376,957</u>                           | <u>2,547,772</u>                    | <u>-</u>  | <u>-</u>                   | <u>1,013,207</u>            | <u>56,849,920</u>                        |
| Capital assets, net  | <u>150,642</u>                           | <u>2,224,787</u>                    | <u>-</u>  | <u>-</u>                   | <u>3,064,634</u>            | <u>33,771,906</u>                        |
| Total noncurrent assets  | <u>150,642</u>                           | <u>2,224,787</u>                    | <u>-</u>  | <u>-</u>                   | <u>3,064,634</u>            | <u>33,778,040</u>                        |
| Total assets   | <u>\$ 604,915</u>                        | <u>\$ 4,805,721</u>                 | <u>\$ 21,328,527</u>                            | <u>\$ 59,191,797</u>       | <u>\$ 4,160,164</u>         | <u>\$ 152,702,025</u>                    |

(continued)

**County of Oakland  
Combining Statement of Net Assets (Continued)  
Internal Service Funds  
September 30, 2006**

|   | <b>Facilities<br/>Maintenance<br/>and Operations</b> | <b>Information<br/>Technology</b> | <b>Drain<br/>Equipment</b> | <b>Micrographics</b> | <b>Motor Pool</b>   | <b>Office<br/>Equipment</b> |
|---|--|-----------------------------------|----------------------------|----------------------|---------------------|-----------------------------|
| <b>Liabilities</b>                      |  |                                   |                            |                      |                     |                             |
| Current liabilities                     |  |                                   |                            |                      |                     |                             |
| Vouchers payable                        | \$ 83,281  | \$ 1,204,266                      | \$ 20,088                  | \$ 138,297           | \$ 314,675          | \$ 7,089                    |
| Accrued payroll                         | 82,808   | -                                 | 2,293                      | -                    | -                   | -                           |
| Due to other governmental units         | -  | -                                 | -                          | -                    | -                   | -                           |
| Due to other funds                      | 27,078   | 56,249                            | 613,184                    | -                    | 627,473             | -                           |
| Current portion of compensated absences | -  | -                                 | -                          | -                    | -                   | -                           |
| Current portion of claims and judgments | -  | -                                 | -                          | -                    | -                   | -                           |
| Current portion of contracts payable    | -  | 132,368                           | -                          | -                    | -                   | -                           |
| Current portion of advances payable     | -  | -                                 | 12,883                     | -                    | -                   | -                           |
| Other accrued liabilities               | 371,476  | 736,025                           | 272,355                    | -                    | 94,677              | 10,125                      |
| Total current liabilities               | <u>564,643</u>                                       | <u>2,128,908</u>                  | <u>920,803</u>             | <u>138,297</u>       | <u>1,036,825</u>    | <u>17,214</u>               |
| Noncurrent liabilities                  |  |                                   |                            |                      |                     |                             |
| Accrued compensated absences            | -  | -                                 | -                          | -                    | -                   | -                           |
| Claims and judgments                    | -  | -                                 | -                          | -                    | -                   | -                           |
| Advances                                | -  | -                                 | 180,362                    | -                    | -                   | -                           |
| Total noncurrent liabilities            | <u>-</u>   | <u>-</u>                          | <u>180,362</u>             | <u>-</u>             | <u>-</u>            | <u>-</u>                    |
| Total liabilities                       | <u>564,643</u>                                       | <u>2,128,908</u>                  | <u>1,101,165</u>           | <u>138,297</u>       | <u>1,036,825</u>    | <u>17,214</u>               |
| <b>Net Assets</b>                       |  |                                   |                            |                      |                     |                             |
| Invested in capital assets              | 495,704  | 15,428,594                        | 4,270,001                  | 101,974              | 6,779,662           | 1,255,908                   |
| Unrestricted                            | 9,516,565  | 18,307,109                        | (906,353)                  | 286,846              | 536                 | 2,087,303                   |
| Total net assets                        | <u>\$ 10,012,269</u>                                 | <u>\$ 33,735,703</u>              | <u>\$ 3,363,648</u>        | <u>\$ 388,820</u>    | <u>\$ 6,780,198</u> | <u>\$ 3,343,211</u>         |

(continued)

**County of Oakland  
Combining Statement of Net Assets (Continued)  
Internal Service Funds  
September 30, 2006**

|   | <b>Mailing, Copier,<br/>and Printing</b> | <b>Telephone<br/>Communications</b> | <b>Building and<br/>Liability<br/>Insurance</b> | <b>Fringe<br/>Benefits</b> | <b>Sheriff<br/>Aviation</b> | <b>Totals<br/>September 30,<br/>2006</b> |
|---|--|-------------------------------------|---|----------------------------|-----------------------------|--|
| <b>Liabilities</b>                      |  |                                     |   |                            |                             |  |
| Current liabilities                     |  |                                     |   |                            |                             |  |
| Vouchers payable                        | \$ 149,083                               | \$ 70,605                           | \$ 5,068  | \$ 321,494                 | \$ 16,762                   | \$ 2,330,708                             |
| Accrued payroll                         | -  | -                                   | -   | -                          | 24,945                      | 110,046                                  |
| Due to other governmental units         | -  | -                                   | -   | 335,398                    | -                           | 335,398                                  |
| Due to other funds                      | -  | -                                   | -   | -                          | 9,326                       | 1,333,310                                |
| Current portion of compensated absences | -  | -                                   | -   | 1,303,260                  | -                           | 1,303,260                                |
| Current portion of claims and judgments | -  | -                                   | 2,703,215                                       | 2,152,403                  | -                           | 4,855,618                                |
| Current portion of contracts payable    | -  | -                                   | -   | -                          | -                           | 132,368                                  |
| Current portion of advances payable     | -  | -                                   | -   | -                          | 437,500                     | 450,383                                  |
| Other accrued liabilities               | 42,637                                   | 80,275                              | 26,512  | 4,431,023                  | 20,031                      | 6,085,136                                |
| Total current liabilities               | <u>191,720</u>                           | <u>150,880</u>                      | <u>2,734,795</u>                                | <u>8,543,578</u>           | <u>508,564</u>              | <u>16,936,227</u>                        |
| Noncurrent liabilities                  |  |                                     |   |                            |                             |  |
| Accrued compensated absences            | -  | -                                   | -   | 11,729,340                 | -                           | 11,729,340                               |
| Claims and judgments                    | -  | -                                   | 7,213,360                                       | 13,122,570                 | -                           | 20,335,930                               |
| Advances                                | -  | -                                   | -   | -                          | 1,275,000                   | 1,455,362                                |
| Total noncurrent liabilities            | <u>-</u>                                 | <u>-</u>                            | <u>7,213,360</u>                                | <u>24,851,910</u>          | <u>1,275,000</u>            | <u>33,520,632</u>                        |
| Total liabilities                       | <u>191,720</u>                           | <u>150,880</u>                      | <u>9,948,155</u>                                | <u>33,395,488</u>          | <u>1,783,564</u>            | <u>50,456,859</u>                        |
| <b>Net Assets</b>                       |  |                                     |   |                            |                             |  |
| Invested in capital assets              | 150,642                                  | 2,224,787                           | -   | -                          | 3,064,634                   | 33,771,906                               |
| Unrestricted                            | 262,553                                  | 2,430,054                           | 11,380,372                                      | 25,796,309                 | (688,034)                   | 68,473,260                               |
| Total net assets                        | <u>\$ 413,195</u>                        | <u>\$ 4,654,841</u>                 | <u>\$ 11,380,372</u>                            | <u>\$ 25,796,309</u>       | <u>\$ 2,376,600</u>         | <u>\$ 102,245,166</u>                    |

**County of Oakland**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Internal Service Funds**  
**Year Ended September 30, 2006**

|  | <b>Facilities<br/>Maintenance<br/>and Operations</b> | <b>Information<br/>Technology</b> | <b>Drain<br/>Equipment</b> | <b>Micrographics</b> | <b>Motor Pool</b>   | <b>Office<br/>Equipment</b> |
|--|--|-----------------------------------|----------------------------|----------------------|---------------------|-----------------------------|
| <b>Operating revenues</b>                        |  |                                   |                            |                      |                     |                             |
| Charges for services                             | \$ 24,362,011  | \$ 25,157,014                     | \$ 3,485,726               | \$ 384,469           | \$ 6,238,168        | \$ 596,747                  |
| Other  | 2,041  | 7,074                             | 26,312                     | -                    | 6,020               | -                           |
| Total operating revenues                         | <u>24,364,052</u>                                    | <u>25,164,088</u>                 | <u>3,512,038</u>           | <u>384,469</u>       | <u>6,244,188</u>    | <u>596,747</u>              |
| <b>Operating expenses</b>                        |  |                                   |                            |                      |                     |                             |
| Salaries   | 7,480,508  | 8,733,995                         | 687,051                    | 366,584              | 739,920             | -                           |
| Fringe benefits                                  | 3,909,784  | 4,038,325                         | 285,603                    | 201,330              | 387,160             | -                           |
| Contractual services                             | 10,736,785   | 13,428,621                        | 466,187                    | 218,088              | 1,685,558           | 513,786                     |
| Commodities                                      | 1,143,324  | 2,225,180                         | 232,979                    | 82,177               | 2,453,671           | -                           |
| Depreciation                                     | 111,122  | 4,289,511                         | 292,403                    | 31,262               | 2,007,496           | 535,126                     |
| Internal services                                | 936,664  | 1,499,364                         | 1,698,844                  | 55,437               | 500,800             | 920                         |
| Total operating expenses                         | <u>24,318,187</u>                                    | <u>34,214,996</u>                 | <u>3,663,067</u>           | <u>954,878</u>       | <u>7,774,605</u>    | <u>1,049,832</u>            |
| Operating income (loss)                          | <u>45,865</u>  | <u>(9,050,908)</u>                | <u>(151,029)</u>           | <u>(570,409)</u>     | <u>(1,530,417)</u>  | <u>(453,085)</u>            |
| <b>Nonoperating revenues (expenses)</b>          |  |                                   |                            |                      |                     |                             |
| Interest revenue                                 | 360,910  | 748,551                           | (26,067)                   | 24,472               | (42,933)            | 88,760                      |
| Interest expense                                 | -  | -                                 | -                          | -                    | -                   | -                           |
| Gain (loss) on sale of property and equipment    | 3,726  | (317,432)                         | 35,286                     | -                    | 210,408             | 18,862                      |
| Net nonoperating revenues (expenses)             | <u>364,636</u>                                       | <u>431,119</u>                    | <u>9,219</u>               | <u>24,472</u>        | <u>167,475</u>      | <u>107,622</u>              |
| Income (loss) before transfers and contributions | <u>410,501</u>                                       | <u>(8,619,789)</u>                | <u>(141,810)</u>           | <u>(545,937)</u>     | <u>(1,362,942)</u>  | <u>(345,463)</u>            |
| Capital contributions                            | -  | 6,512,275                         | -                          | -                    | -                   | -                           |
| Transfers in                                     | 16,105   | 5,162,386                         | -                          | -                    | 1,557,777           | 47,557                      |
| Transfers out                                    | (400,000)  | (17,330)                          | (404,967)                  | -                    | -                   | -                           |
| Change in net assets                             | <u>26,606</u>  | <u>3,037,542</u>                  | <u>(546,777)</u>           | <u>(545,937)</u>     | <u>194,835</u>      | <u>(297,906)</u>            |
| <b>Net assets</b>                                |  |                                   |                            |                      |                     |                             |
| October 1, 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>            |
| September 30, 2006                               | <u>\$ 10,012,269</u>                                 | <u>\$ 33,735,703</u>              | <u>\$ 3,363,648</u>        | <u>\$ 388,820</u>    | <u>\$ 6,780,198</u> | <u>\$ 3,343,211</u>         |

(continued)

**County of Oakland**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets (Continued)**  
**Internal Service Funds**  
**Year Ended September 30, 2006**

|  | <b>Mailing, Copier,<br/>and Printing</b> | <b>Telephone<br/>Communications</b> | <b>Building and<br/>Liability<br/>Insurance</b> | <b>Fringe<br/>Benefits</b> | <b>Sheriff<br/>Aviation</b> | <b>Totals<br/>September 30,<br/>2006</b> |
|--|--|-------------------------------------|---|----------------------------|-----------------------------|--|
| <b>Operating revenues</b>                        |  |                                     |   |                            |                             |  |
| Charges for services                             | \$ 3,400,094                             | \$ 4,462,493                        | \$ 3,717,491                                    | \$ 116,974,547             | \$ 1,758,903                | \$ 190,537,663                           |
| Other  | -  | -                                   | 446,672   | -                          | -                           | 488,119                                  |
| Total operating revenues                         | <u>3,400,094</u>                         | <u>4,462,493</u>                    | <u>4,164,163</u>                                | <u>116,974,547</u>         | <u>1,758,903</u>            | <u>191,025,782</u>                       |
| <b>Operating expenses</b>                        |  |                                     |   |                            |                             |  |
| Salaries   | 349,103                                  | 287,417                             | 450,769   | 1,142,390                  | 266,693                     | 20,504,430                               |
| Fringe benefits                                  | 171,023                                  | 172,030                             | 183,106   | 545,386                    | 141,486                     | 10,035,233                               |
| Contractual services                             | 1,747,813                                | 2,239,469                           | 1,799,226                                       | 113,677,932                | 205,925                     | 146,719,390                              |
| Commodities                                      | 1,342,625                                | 333,099                             | 2,135   | 7,598                      | 104,734                     | 7,927,522                                |
| Depreciation                                     | 16,492                                   | 337,340                             | -   | -                          | 237,082                     | 7,857,834                                |
| Internal services                                | 85,100                                   | 542,863                             | 73,024  | 183,330                    | 260,475                     | 5,836,821                                |
| Total operating expenses                         | <u>3,712,156</u>                         | <u>3,912,218</u>                    | <u>2,508,260</u>                                | <u>115,556,636</u>         | <u>1,216,395</u>            | <u>198,881,230</u>                       |
| Operating income (loss)                          | <u>(312,062)</u>                         | <u>550,275</u>                      | <u>1,655,903</u>                                | <u>1,417,911</u>           | <u>542,508</u>              | <u>(7,855,448)</u>                       |
| <b>Nonoperating revenues (expenses)</b>          |  |                                     |   |                            |                             |  |
| Interest revenue                                 | 6,594                                    | 85,604                              | 820,084   | 1,964,026                  | (14,547)                    | 4,015,454                                |
| Interest expense                                 | -  | -                                   | -   | -                          | (90,461)                    | (90,461)                                 |
| Gain (loss) on sale of property and equipment    | -  | -                                   | -   | -                          | -                           | (49,150)                                 |
| Net nonoperating revenues (expenses)             | <u>6,594</u>                             | <u>85,604</u>                       | <u>820,084</u>                                  | <u>1,964,026</u>           | <u>(105,008)</u>            | <u>3,875,843</u>                         |
| Income (loss) before transfers and contributions | <u>(305,468)</u>                         | <u>635,879</u>                      | <u>2,475,987</u>                                | <u>3,381,937</u>           | <u>437,500</u>              | <u>(3,979,605)</u>                       |
| Capital contributions                            | -  | -                                   | -   | -                          | -                           | 6,512,275                                |
| Transfers in                                     | -  | 1,075                               | 1,000,000                                       | -                          | -                           | 7,784,900                                |
| Transfers out                                    | -  | -                                   | -   | -                          | -                           | (822,297)                                |
| Change in net assets                             | <u>(305,468)</u>                         | <u>636,954</u>                      | <u>3,475,987</u>                                | <u>3,381,937</u>           | <u>437,500</u>              | <u>9,495,273</u>                         |
| <b>Net assets</b>                                |  |                                     |   |                            |                             |  |
| October 1, 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>                        |
| September 30, 2006                               | <u>\$ 413,195</u>                        | <u>\$ 4,654,841</u>                 | <u>\$ 11,380,372</u>                            | <u>\$ 25,796,309</u>       | <u>\$ 2,376,600</u>         | <u>\$ 102,245,166</u>                    |



**County of Oakland  
Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended September 30, 2006**

|   | <b>Facilities<br/>Maintenance<br/>and Operations</b> | <b>Information<br/>Technology</b> | <b>Drain<br/>Equipment</b> | <b>Micrographics</b> | <b>Motor Pool</b>  | <b>Office<br/>Equipment</b> |
|---|--|-----------------------------------|----------------------------|----------------------|--------------------|-----------------------------|
| <b>Cash flows from operating activities</b>                             |  |                                   |                            |                      |                    |                             |
| Cash received from users  | \$ 24,311,772  | \$ 25,256,482                     | \$ 3,619,776               | \$ 378,764           | \$ 5,775,207       | \$ 596,747                  |
| Cash paid to suppliers  | (16,441,616)   | (20,736,150)                      | (2,089,529)                | (556,703)            | (4,255,612)        | (670,742)                   |
|   | (7,397,700)  | (8,733,995)                       | (684,758)                  | (366,584)            | (739,920)          | -                           |
| Net cash provided by (used in) operating activities                     | <u>472,456</u>                                       | <u>(4,213,663)</u>                | <u>845,489</u>             | <u>(544,523)</u>     | <u>779,675</u>     | <u>(73,995)</u>             |
| <b>Cash flows from noncapital financing activities</b>                  |  |                                   |                            |                      |                    |                             |
| Transfers from other funds  | 16,105   | 2,828,386                         | -                          | -                    | 979,000            | -                           |
| Transfers to other funds  | (400,000)  | (17,330)                          | (404,967)                  | -                    | -                  | -                           |
| Amounts received on contracts   | -  | -                                 | -                          | -                    | -                  | 6,134                       |
| Interest received on contracts  | -  | -                                 | -                          | -                    | -                  | 712                         |
| Net cash provided by (used in) noncapital financing activities          | <u>(383,895)</u>                                     | <u>2,811,056</u>                  | <u>(404,967)</u>           | <u>-</u>             | <u>979,000</u>     | <u>6,846</u>                |
| <b>Cash flows from capital and related financing activities</b>         |  |                                   |                            |                      |                    |                             |
| Advances received   | -  | -                                 | 193,245                    | -                    | -                  | -                           |
| Transfers from other funds  | -  | 2,334,000                         | -                          | -                    | 578,777            | 47,557                      |
| Proceeds from sale of capital assets                                    | 3,726  | 8,430                             | 35,286                     | -                    | 210,408            | 18,862                      |
| Acquisition of capital assets   | (43,375)   | (1,784,474)                       | (762,748)                  | -                    | (2,506,193)        | (247,298)                   |
| 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>(39,649)</u>                                      | <u>557,956</u>                    | <u>(534,217)</u>           | <u>-</u>             | <u>(1,717,008)</u> | <u>(180,879)</u>            |
| <b>Cash flows from investing activities</b>                             |  |                                   |                            |                      |                    |                             |
| Interest on investments   | 370,059  | 756,995                           | (25,139)                   | 25,017               | (41,667)           | 89,036                      |
| Net cash provided by (used in) investing activities                     | <u>370,059</u>                                       | <u>756,995</u>                    | <u>(25,139)</u>            | <u>25,017</u>        | <u>(41,667)</u>    | <u>89,036</u>               |
| Net increase (decrease) in cash and cash equivalents                    | 418,971  | (87,656)                          | (118,834)                  | (519,506)            | -                  | (158,992)                   |
| <b>Pooled cash and investments</b>                                      |  |                                   |                            |                      |                    |                             |
| October 1, 2005   | 9,448,410  | 18,514,674                        | 118,834                    | 784,141              | -                  | 2,243,067                   |
| September 30, 2006  | <u>\$ 9,867,381</u>                                  | <u>\$ 18,427,018</u>              | <u>\$ -</u>                | <u>\$ 264,635</u>    | <u>\$ -</u>        | <u>\$ 2,084,075</u>         |

(continued)

**County of Oakland**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**Year Ended September 30, 2006**

|   | <b>Mailing, Copier<br/>and Printing</b> | <b>Telephone<br/>Communications</b> | <b>Building and<br/>Liability<br/>Insurance</b> | <b>Fringe<br/>Benefits</b> | <b>Sheriff<br/>Aviation</b> | <b>Totals<br/>September 30,<br/>2006</b> |
|---|---|-------------------------------------|---|----------------------------|-----------------------------|--|
| <b>Cash flows from operating activities</b>                             |   |                                     |   |                            |                             |  |
| Cash received from users  | \$ 3,409,574                            | \$ 4,462,616                        | \$ 4,194,468                                    | \$ 121,047,131             | \$ 2,173,946                | \$ 195,226,483                           |
| Cash paid to suppliers  | (3,078,346)                             | (3,212,809)                         | (2,776,668)                                     | (114,890,657)              | (997,821)                   | (169,706,653)                            |
| Cash paid to employees  | (349,103)                               | (287,417)                           | (450,769)                                       | (1,142,390)                | (254,374)                   | (20,407,010)                             |
| Net cash provided by (used in) operating activities                     | (17,875)                                | 962,390                             | 967,031   | 5,014,084                  | 921,751                     | 5,112,820                                |
| <b>Cash flows from noncapital financing activities</b>                  |   |                                     |   |                            |                             |  |
| Transfers from other funds  | -                                       | 1,075                               | 1,000,000                                       | -                          | -                           | 4,824,566                                |
| Transfers to other funds  | -                                       | -                                   | -   | -                          | -                           | (822,297)                                |
| Amounts received on contracts   | -                                       | -                                   | -   | -                          | -                           | 6,134                                    |
| Interest received on contracts  | -                                       | -                                   | -   | -                          | -                           | 712                                      |
| Net cash provided by (used in) noncapital financing activities          | -                                       | 1,075                               | 1,000,000                                       | -                          | -                           | 4,009,115                                |
| <b>Cash flows from capital and related financing activities</b>         |   |                                     |   |                            |                             |  |
| Advances received   | -                                       | -                                   | -   | -                          | -                           | 193,245                                  |
| Transfers from other funds  | -                                       | -                                   | -   | -                          | -                           | 2,960,334                                |
| Proceeds from sale of capital assets                                    | -                                       | -                                   | -   | -                          | -                           | 276,712                                  |
| Acquisition of capital assets   | (43,956)                                | (8,025)                             | -   | -                          | -                           | (5,396,069)                              |
| Amount paid on advances and equipment contracts                         | -                                       | -                                   | -   | -                          | (437,500)                   | (437,500)                                |
| Interest paid on advances and equipment contracts                       | -                                       | -                                   | -   | -                          | (90,461)                    | (90,461)                                 |
| Net cash provided by (used in) capital and related financing activities | (43,956)                                | (8,025)                             | -   | -                          | (527,961)                   | (2,493,739)                              |
| <b>Cash flows from investing activities</b>                             |   |                                     |   |                            |                             |  |
| Interest on investments   | 6,552                                   | 85,180                              | 823,851   | 1,982,714                  | (14,547)                    | 4,058,051                                |
| Net cash provided by (used in) investing activities                     | 6,552                                   | 85,180                              | 823,851   | 1,982,714                  | (14,547)                    | 4,058,051                                |
| Net increase (decrease) in cash and cash equivalents                    | (55,279)                                | 1,040,620                           | 2,790,882                                       | 6,996,798                  | 379,243                     | 10,686,247                               |
| <b>Pooled cash and investments</b>                                      |   |                                     |   |                            |                             |  |
| October 1, 2005   | 176,392                                 | 1,496,109                           | 18,244,631                                      | 47,564,688                 | 220,194                     | 98,811,140                               |
| September 30, 2006  | \$ 121,113                              | \$ 2,536,729                        | \$ 21,035,513                                   | \$ 54,561,486              | \$ 599,437                  | \$ 109,497,387                           |

(continued)

**County of Oakland**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**Year Ended September 30, 2006**

|   | <b>Facilities<br/>Maintenance<br/>and Operations</b> | <b>Information<br/>Technology</b> | <b>Drain<br/>Equipment</b> | <b>Micrographics</b> | <b>Motor Pool</b> | <b>Office<br/>Equipment</b> |
|---|--|-----------------------------------|----------------------------|----------------------|-------------------|-----------------------------|
| Operating income (loss)   | \$ 45,865  | \$ (9,050,908)                    | \$ (151,029)               | \$ (570,409)         | \$ (1,530,417)    | \$ (453,085)                |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities |  |                                   |                            |                      |                   |                             |
| Depreciation expense  | 111,122  | 4,289,511                         | 292,403                    | 31,262               | 2,007,496         | 535,126                     |
| (Increase) decrease in due from other governmental units  | (12,955)   | (6,063)                           | 46,044                     | (80)                 | (6,361)           | -                           |
| (Increase) decrease in due from component units   | (33,667)   | (2,481)                           | (40,031)                   | -                    | -                 | -                           |
| (Increase) decrease in accounts receivable  | 9,997  | (24,957)                          | 94,130                     | (5,625)              | (3,600)           | -                           |
| (Increase) decrease in due from other funds   | (15,655)   | 125,895                           | 7,595                      | -                    | (459,020)         | -                           |
| (Increase) decrease in inventories and supplies   | 19,186   | (7,413)                           | -                          | -                    | (103,028)         | -                           |
| (Increase) decrease in prepayments and other assets   | (1,783)  | 129,525                           | (19,814)                   | (126,772)            | (14,328)          | -                           |
| Increase (decrease) in vouchers payable   | 83,281   | 1,204,266                         | 20,088                     | 138,297              | 314,675           | 7,089                       |
| Increase (decrease) in accrued payroll  | 82,808   | -                                 | 2,293                      | -                    | -                 | -                           |
| Increase (decrease) in due to other governmental units  | -  | (17,407)                          | -                          | -                    | -                 | -                           |
| Increase (decrease) in due to other funds   | 21,118   | (682,468)                         | 613,184                    | -                    | 514,169           | -                           |
| Increase (decrease) in current portion of compensated absences  | -  | -                                 | -                          | -                    | -                 | -                           |
| Increase (decrease) in current portion claims and judgments   | -  | -                                 | -                          | -                    | -                 | -                           |
| Increase (decrease) in other accrued liabilities  | 163,139  | (171,163)                         | (19,374)                   | (11,196)             | 60,089            | (163,125)                   |
| Increase (decrease) in accrued compensated absences   | -  | -                                 | -                          | -                    | -                 | -                           |
| Increase (decrease) in claims and judgments   | -  | -                                 | -                          | -                    | -                 | -                           |
| Net cash provided by (used in) operating activities   | <u>\$ 472,456</u>                                    | <u>\$ (4,213,663)</u>             | <u>\$ 845,489</u>          | <u>\$ (544,523)</u>  | <u>\$ 779,675</u> | <u>\$ (73,995)</u>          |

(continued)

**County of Oakland**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**Year Ended September 30, 2006**

|   | <b>Mailing, Copier,<br/>and Printing</b> | <b>Telephone<br/>Communications</b> | <b>Building and<br/>Liability<br/>Insurance</b> | <b>Fringe<br/>Benefits</b> | <b>Sheriff<br/>Aviation</b> | <b>Totals<br/>September 30,<br/>2006</b> |
|---|--|-------------------------------------|---|----------------------------|-----------------------------|--|
| Operating income (loss)   | \$ (312,062)                             | \$ 550,275                          | \$ 1,655,903                                    | \$ 1,417,911               | \$ 542,508                  | \$ (7,855,448)                           |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities |  |                                     |   |                            |                             |  |
| Depreciation expense  | 16,492                                   | 337,340                             | -   | -                          | 237,082                     | 7,857,834                                |
| (Increase) decrease in due from other governmental units  | 2,733                                    | 13                                  | -   | -                          | -                           | 23,331                                   |
| (Increase) decrease in due from component units   | -  | -                                   | -   | (122)                      | -                           | (76,301)                                 |
| (Increase) decrease in accounts receivable  | 6,747                                    | 110                                 | 740   | (15,552)                   | 132,053                     | 194,043                                  |
| (Increase) decrease in due from other funds   | -  | -                                   | 29,565  | 4,088,258                  | 282,990                     | 4,059,628                                |
| (Increase) decrease in inventories and supplies   | 89,780                                   | -                                   | -   | -                          | -                           | (1,475)                                  |
| (Increase) decrease in prepayments and other assets   | 1,452                                    | 27,712                              | 2,581   | 697,547                    | (554)                       | 695,566                                  |
| Increase (decrease) in vouchers payable   | 149,083                                  | 70,605                              | 5,068   | (739,975)                  | 16,762                      | 1,269,239                                |
| Increase (decrease) in accrued payroll  | -  | -                                   | -   | -                          | 12,319                      | 97,420                                   |
| Increase (decrease) in due to other governmental units  | -  | -                                   | -   | 34,028                     | -                           | 16,621                                   |
| Increase (decrease) in due to other funds   | (1,465)                                  | -                                   | -   | (4,029,028)                | 5,005                       | (3,559,485)                              |
| Increase (decrease) in current portion of compensated absences  | -  | -                                   | -   | 49,157                     | -                           | 49,157                                   |
| Increase (decrease) in current portion claims and judgments   | -  | -                                   | 398,756   | (423,275)                  | -                           | (24,519)                                 |
| Increase (decrease) in other accrued liabilities  | 29,365                                   | (23,665)                            | 25,254  | 3,568,271                  | (306,414)                   | 3,151,181                                |
| Increase (decrease) in accrued compensated absences   | -  | -                                   | -   | 442,414                    | -                           | 442,414                                  |
| Increase (decrease) in claims and judgments   | -  | -                                   | (1,150,836)                                     | (75,550)                   | -                           | (1,226,386)                              |
| Net cash provided by (used in) operating activities   | <u>\$ (17,875)</u>                       | <u>\$ 962,390</u>                   | <u>\$ 967,031</u>                               | <u>\$ 5,014,084</u>        | <u>\$ 921,751</u>           | <u>\$ 5,112,820</u>                      |

**Noncash transactions**

Non-cash capital and related financing included \$6,512,275 of capital assets contributed and write-off of \$325,862 of capital assets (software) in the Information Technology Fund.

## County of Oakland Non-Major Enterprise Funds

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### **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, 2006**

|  | <b>Medical<br/>Care Facility</b> | <b>Fire Records<br/>Management</b> | <b>Evergreen-<br/>Farmington S.D.S.</b> | <b>S.O.C.S.D.S.</b>  | <b>Clinton-<br/>Oakland S.D.S.</b> | <b>Huron-<br/>Rouge S.D.S.</b> |
|--|----------------------------------|------------------------------------|---|----------------------|------------------------------------|--------------------------------|
| <b>Assets</b>  |                                  |                                    |   |                      |                                    |                                |
| Current assets   |                                  |                                    |   |                      |                                    |                                |
| Pooled cash and investments  | \$ -                             | \$ 151,124                         | \$ 13,277,274                           | \$ 19,859,783        | \$ 18,151,327                      | \$ 3,399,660                   |
| Due from other governmental units  | -                                | 39,167                             | 7,054,042                               | 4,232,111            | 6,037,566                          | 1,490,784                      |
| Due from component units   | -                                | -                                  | 27,409                                  | -                    | -                                  | -                              |
| Accrued interest receivable  | 616                              | 571                                | 109,140                                 | 74,869               | 66,843                             | 9,245                          |
| Accounts receivable (net of allowances<br>for uncollectibles where applicable) | 1,275,537                        | 1,025                              | -                                       | 6,120                | -                                  | -                              |
| Due from other funds   | -                                | -                                  | 2,940,768                               | -                    | -                                  | -                              |
| Inventories and supplies   | -                                | -                                  | -                                       | -                    | -                                  | -                              |
| Prepayments and other assets   | 200                              | 15,107                             | -                                       | -                    | -                                  | -                              |
| Total current assets   | <u>1,276,353</u>                 | <u>206,994</u>                     | <u>23,408,633</u>                       | <u>24,172,883</u>    | <u>24,255,736</u>                  | <u>4,899,689</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   | -                                | -                                  | 9,914,884                               | -                    | -                                  | -                              |
|  | <u>3,128,138</u>                 | <u>517,860</u>                     | <u>38,919,340</u>                       | <u>80,442,504</u>    | <u>37,566,701</u>                  | <u>3,330,550</u>               |
| Less: Accumulated depreciation   | <u>2,290,436</u>                 | <u>516,171</u>                     | <u>20,483,357</u>                       | <u>67,779,466</u>    | <u>20,321,286</u>                  | <u>2,183,722</u>               |
| Capital assets, net  | <u>837,702</u>                   | <u>1,689</u>                       | <u>18,435,983</u>                       | <u>12,663,038</u>    | <u>17,245,415</u>                  | <u>1,146,828</u>               |
| Total assets   | <u>2,114,055</u>                 | <u>208,683</u>                     | <u>41,844,616</u>                       | <u>36,835,921</u>    | <u>41,501,151</u>                  | <u>6,046,517</u>               |
| <b>Liabilities</b>   |                                  |                                    |   |                      |                                    |                                |
| Current liabilities  |                                  |                                    |   |                      |                                    |                                |
| Vouchers payable   | 14,971                           | -                                  | 119,995                                 | 19,324               | 51,281                             | 8                              |
| Accrued payroll  | 35,725                           | -                                  | 4,400                                   | 5,340                | 3,821                              | 118                            |
| Due to other governmental units  | -                                | -                                  | 5,610,355                               | 5,654,212            | 2,774,911                          | 1,094,226                      |
| Due to other funds   | 593,217                          | -                                  | 249,555                                 | 146,145              | 211,122                            | 22,706                         |
| Deferred revenue   | -                                | -                                  | -                                       | -                    | -                                  | -                              |
| Other accrued liabilities  | 158,123                          | -                                  | 52,175                                  | 96,270               | 321,856                            | 53,684                         |
| Total liabilities  | <u>802,036</u>                   | <u>-</u>                           | <u>6,036,480</u>                        | <u>5,921,291</u>     | <u>3,362,991</u>                   | <u>1,170,742</u>               |
| <b>Net Assets</b>  |                                  |                                    |   |                      |                                    |                                |
| Invested in capital assets, net of related debt                                | 837,702                          | 1,689                              | 18,435,983                              | 12,663,038           | 17,245,415                         | 1,146,828                      |
| Unrestricted   | 474,317                          | 206,994                            | 17,372,153                              | 18,251,592           | 20,892,745                         | 3,728,947                      |
| Total net assets   | <u>\$ 1,312,019</u>              | <u>\$ 208,683</u>                  | <u>\$ 35,808,136</u>                    | <u>\$ 30,914,630</u> | <u>\$ 38,138,160</u>               | <u>\$ 4,875,775</u>            |

(continued)

**County of Oakland  
Combining Statement of Net Assets (Continued)  
Non-Major Enterprise Funds  
September 30, 2006**

|  | <b>Farmers<br/>Market</b> | <b>CLEMIS</b>        | <b>Radio<br/>Communications</b> | <b>Jail Inmate<br/>Commissary</b> | <b>Totals<br/>September 30,<br/>2006</b> |
|--|---------------------------|----------------------|---------------------------------|-----------------------------------|--|
| <b>Assets</b>  |                           |                      |                                 |                                   |  |
| Current assets   |                           |                      |                                 |                                   |  |
| Pooled cash and investments  | \$ 16,049                 | \$ 2,536,343         | \$ 18,561,894                   | \$ -                              | \$ 75,953,454                            |
| Due from other governmental units  | -                         | 1,306,633            | 43,926                          | -                                 | 20,204,229                               |
| Due from component units   | -                         | -                    | -                               | -                                 | 27,409                                   |
| Accrued interest receivable  | -                         | 15,381               | 44,671                          | 335                               | 321,671                                  |
| Accounts receivable (net of allowances<br>for uncollectibles where applicable) | -                         | 100,303              | 744,534                         | 103,409                           | 2,230,928                                |
| Due from other funds   | -                         | 9,040                | -                               | 12,218                            | 2,962,026                                |
| Inventories and supplies   | -                         | 72,833               | 643,270                         | 34,986                            | 751,089                                  |
| Prepayments and other assets   | -                         | 158,468              | 103,974                         | -                                 | 277,749                                  |
| Total current assets   | <u>16,049</u>             | <u>4,199,001</u>     | <u>20,142,269</u>               | <u>150,948</u>                    | <u>102,728,555</u>                       |
| Noncurrent assets  |                           |                      |                                 |                                   |  |
| Capital assets, at cost  |                           |                      |                                 |                                   |  |
| Land   | -                         | -                    | -                               | -                                 | 686,684                                  |
| Land improvements  | -                         | -                    | -                               | -                                 | 25,045                                   |
| Buildings and improvements   | -                         | -                    | -                               | -                                 | 10,581,100                               |
| Equipment and vehicles   | -                         | 26,123,440           | 11,149,094                      | -                                 | 38,209,533                               |
| Infrastructure   | -                         | -                    | -                               | -                                 | 141,760,381                              |
| Construction in progress   | -                         | 1,727,482            | 24,180,874                      | -                                 | 35,823,240                               |
|  | -                         | 27,850,922           | 35,329,968                      | -                                 | 227,085,983                              |
| Less: Accumulated depreciation   | -                         | 18,514,269           | 11,133,523                      | -                                 | 143,222,230                              |
| Capital assets, net  | <u>-</u>                  | <u>9,336,653</u>     | <u>24,196,445</u>               | <u>-</u>                          | <u>83,863,753</u>                        |
| Total assets   | <u>16,049</u>             | <u>13,535,654</u>    | <u>44,338,714</u>               | <u>150,948</u>                    | <u>186,592,308</u>                       |
| <b>Liabilities</b>   |                           |                      |                                 |                                   |  |
| Current liabilities  |                           |                      |                                 |                                   |  |
| Vouchers payable   | -                         | 165,786              | 19,065                          | 24,660                            | 415,090                                  |
| Accrued payroll  | -                         | -                    | -                               | 3,271                             | 52,675                                   |
| Due to other governmental units  | -                         | -                    | -                               | -                                 | 15,133,704                               |
| Due to other funds   | 344                       | -                    | 85                              | 67,747                            | 1,290,921                                |
| Deferred revenue   | -                         | 702,619              | -                               | -                                 | 702,619                                  |
| Other accrued liabilities  | -                         | 203,267              | 139,614                         | -                                 | 1,024,989                                |
| Total liabilities  | <u>344</u>                | <u>1,071,672</u>     | <u>158,764</u>                  | <u>95,678</u>                     | <u>18,619,998</u>                        |
| <b>Net Assets</b>  |                           |                      |                                 |                                   |  |
| Invested in capital assets, net of related debt                                | -                         | 9,336,653            | 24,196,445                      | -                                 | 83,863,753                               |
| Unrestricted   | 15,705                    | 3,127,329            | 19,983,505                      | 55,270                            | 84,108,557                               |
| Total net assets   | <u>\$ 15,705</u>          | <u>\$ 12,463,982</u> | <u>\$ 44,179,950</u>            | <u>\$ 55,270</u>                  | <u>\$ 167,972,310</u>                    |

**County of Oakland**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Non-Major Enterprise Funds**  
**Year Ended September 30, 2006**

|   | <b>Medical<br/>Care Facility</b> | <b>Fire Records<br/>Management</b> | <b>Evergreen-<br/>Farmington S.D.S.</b> | <b>S.O.C.S.D.S.</b>  | <b>Clinton-<br/>Oakland S.D.S.</b> | <b>Huron-<br/>Rouge S.D.S.</b> |
|---|----------------------------------|------------------------------------|---|----------------------|------------------------------------|--------------------------------|
| <b>Operating revenues</b>                           |                                  |                                    |   |                      |                                    |                                |
| Charges for services                                | \$ 7,076,985                     | \$ 150,374                         | \$ 26,946,638                           | \$ 30,462,274        | \$ 21,946,744                      | \$ 3,749,839                   |
| Other   | 1,928                            | -                                  | 899                                     | 4,084                | 530,962                            | -                              |
| Total operating revenues                            | <u>7,078,913</u>                 | <u>150,374</u>                     | <u>26,947,537</u>                       | <u>30,466,358</u>    | <u>22,477,706</u>                  | <u>3,749,839</u>               |
| <b>Operating expenses</b>                           |                                  |                                    |   |                      |                                    |                                |
| Salaries  | 3,575,080                        | 208,053                            | 514,187                                 | 592,118              | 537,750                            | 62,570                         |
| Fringe benefits                                     | 1,790,483                        | 119,028                            | 227,541                                 | 235,400              | 243,128                            | 27,629                         |
| Contractual services                                | 2,241,918                        | 147,022                            | 29,646,009                              | 30,844,985           | 19,629,512                         | 3,277,332                      |
| Commodities   | 444,343                          | 26,713                             | 71,161                                  | 567,956              | 79,766                             | 382                            |
| Depreciation  | 86,516                           | 81,839                             | 584,505                                 | 1,434,217            | 750,678                            | 66,217                         |
| Internal services                                   | 842,920                          | 72,387                             | 290,771                                 | 183,231              | 214,160                            | 12,781                         |
| Total operating expenses                            | <u>8,981,260</u>                 | <u>655,042</u>                     | <u>31,334,174</u>                       | <u>33,857,907</u>    | <u>21,454,994</u>                  | <u>3,446,911</u>               |
| Operating income (loss)                             | <u>(1,902,347)</u>               | <u>(504,668)</u>                   | <u>(4,386,637)</u>                      | <u>(3,391,549)</u>   | <u>1,022,712</u>                   | <u>302,928</u>                 |
| <b>Nonoperating revenues (expenses)</b>             |                                  |                                    |   |                      |                                    |                                |
| Contributions                                       | 18,055                           | -                                  | -                                       | -                    | -                                  | -                              |
| Interest revenue                                    | (92,949)                         | 5,251                              | 722,661                                 | 911,532              | 809,951                            | 132,171                        |
| Net nonoperating revenues (expenses)                | <u>(74,894)</u>                  | <u>5,251</u>                       | <u>722,661</u>                          | <u>911,532</u>       | <u>809,951</u>                     | <u>132,171</u>                 |
| Income (loss) before contributions<br>and transfers | (1,977,241)                      | (499,417)                          | (3,663,976)                             | (2,480,017)          | 1,832,663                          | 435,099                        |
| Capital contributions                               | -                                | -                                  | 864,895                                 | -                    | -                                  | -                              |
| Transfers in  | 2,654,651                        | 357,765                            | 13,368                                  | -                    | -                                  | -                              |
| Transfers out                                       | -                                | -                                  | -                                       | -                    | -                                  | -                              |
| Change in net assets                                | <u>677,410</u>                   | <u>(141,652)</u>                   | <u>(2,785,713)</u>                      | <u>(2,480,017)</u>   | <u>1,832,663</u>                   | <u>435,099</u>                 |
| <b>Net assets</b>                                   |                                  |                                    |   |                      |                                    |                                |
| October 1, 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>               |
| September 30, 2006                                  | <u>\$ 1,312,019</u>              | <u>\$ 208,683</u>                  | <u>\$ 35,808,136</u>                    | <u>\$ 30,914,630</u> | <u>\$ 38,138,160</u>               | <u>\$ 4,875,775</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, 2006**

|  | <b>Farmers<br/>Market</b> | <b>CLEMIS</b>        | <b>Radio<br/>Communications</b> | <b>Jail Inmate<br/>Commissary</b> | <b>Totals<br/>September 30,<br/>2006</b> |
|--|---------------------------|----------------------|---------------------------------|-----------------------------------|--|
| <b>Operating revenues</b>                        |                           |                      |                                 |                                   |  |
| Charges for services                             | \$ 155,226                | \$ 2,912,201         | \$ 8,139,011                    | \$ 1,377,018                      | \$ 102,916,310                           |
| Other  | -                         | 959                  | 5                               | -                                 | 538,837                                  |
| Total operating revenues                         | <u>155,226</u>            | <u>2,913,160</u>     | <u>8,139,016</u>                | <u>1,377,018</u>                  | <u>103,455,147</u>                       |
| <b>Operating expenses</b>                        |                           |                      |                                 |                                   |  |
| Salaries   | 64,916                    | 1,167,133            | 564,855                         | 309,854                           | 7,596,516                                |
| Fringe benefits                                  | 20,926                    | 503,074              | 267,239                         | 185,688                           | 3,620,136                                |
| Contractual services                             | 8,686                     | 2,340,344            | 848,311                         | 66,182                            | 89,050,301                               |
| Commodities                                      | -                         | 267,477              | 123,824                         | 758,916                           | 2,340,538                                |
| Depreciation                                     | -                         | 4,579,118            | 2,569                           | -                                 | 7,585,659                                |
| Internal services                                | 48,551                    | 860,331              | 360,120                         | 13,417                            | 2,898,669                                |
| Total operating expenses                         | <u>143,079</u>            | <u>9,717,477</u>     | <u>2,166,918</u>                | <u>1,334,057</u>                  | <u>113,091,819</u>                       |
| Operating income (loss)                          | <u>12,147</u>             | <u>(6,804,317)</u>   | <u>5,972,098</u>                | <u>42,961</u>                     | <u>(9,636,672)</u>                       |
| <b>Nonoperating revenues (expenses)</b>          |                           |                      |                                 |                                   |  |
| Contributions                                    | -                         | -                    | -                               | -                                 | 18,055                                   |
| Interest revenue                                 | (680)                     | 112,393              | 738,770                         | 7,319                             | 3,346,419                                |
| Net nonoperating revenues (expenses)             | <u>(680)</u>              | <u>112,393</u>       | <u>738,770</u>                  | <u>7,319</u>                      | <u>3,364,474</u>                         |
| Income (loss) before contributions and transfers | 11,467                    | (6,691,924)          | 6,710,868                       | 50,280                            | (6,272,198)                              |
| Capital contributions                            | -                         | 864,928              | -                               | -                                 | 1,729,823                                |
| Transfers in                                     | -                         | 1,633,400            | 17,061                          | -                                 | 4,676,245                                |
| Transfers out                                    | -                         | (5,000)              | -                               | -                                 | (5,000)                                  |
| Change in net assets                             | <u>11,467</u>             | <u>(4,198,596)</u>   | <u>6,727,929</u>                | <u>50,280</u>                     | <u>128,870</u>                           |
| <b>Net assets</b>                                |                           |                      |                                 |                                   |  |
| October 1, 2005                                  | <u>4,238</u>              | <u>16,662,578</u>    | <u>37,452,021</u>               | <u>4,990</u>                      | <u>167,843,440</u>                       |
| September 30, 2006                               | <u>\$ 15,705</u>          | <u>\$ 12,463,982</u> | <u>\$ 44,179,950</u>            | <u>\$ 55,270</u>                  | <u>\$ 167,972,310</u>                    |

**County of Oakland  
Combining Statement of Cash Flows  
Non-Major Enterprise Funds  
Year Ended September 30, 2006**

|   | <b>Medical<br/>Care Facility</b> | <b>Fire Records<br/>Management</b> | <b>Evergreen-<br/>Farmington S.D.S.</b> | <b>S.O.C.S.D.S.</b>  | <b>Clinton-<br/>Oakland S.D.S.</b> | <b>Huron-<br/>Rouge S.D.S.</b> |
|---|----------------------------------|------------------------------------|---|----------------------|------------------------------------|--------------------------------|
| <b>Cash flows from operating activities</b>                     |                                  |                                    |   |                      |                                    |                                |
| Cash received from users  | \$ 7,634,023                     | \$ 148,031                         | \$ 27,124,064                           | \$ 29,176,398        | \$ 21,457,327                      | \$ 3,789,946                   |
| Cash paid to suppliers  | (6,674,950)                      | (370,619)                          | (30,232,388)                            | (32,259,882)         | (18,490,942)                       | (3,324,788)                    |
| Cash paid to employees  | (3,539,355)                      | (208,053)                          | (509,787)                               | (586,778)            | (533,929)                          | (62,452)                       |
| Net cash provided by (used in) operating activities             | <u>(2,580,282)</u>               | <u>(430,641)</u>                   | <u>(3,618,111)</u>                      | <u>(3,670,262)</u>   | <u>2,432,456</u>                   | <u>402,706</u>                 |
| <b>Cash flows from noncapital financing activities</b>          |                                  |                                    |   |                      |                                    |                                |
| Transfers from other funds                                      | 2,654,651                        | 357,765                            | 13,368                                  | -                    | -                                  | -                              |
| Transfers to other funds  | -                                | -                                  | -                                       | -                    | -                                  | -                              |
| Contributions   | 18,055                           | -                                  | -                                       | -                    | -                                  | -                              |
| Net cash provided by noncapital financing activities            | <u>2,672,706</u>                 | <u>357,765</u>                     | <u>13,368</u>                           | <u>-</u>             | <u>-</u>                           | <u>-</u>                       |
| <b>Cash flows from capital and related financing activities</b> |                                  |                                    |   |                      |                                    |                                |
| Transfers from other funds                                      | -                                | -                                  | -                                       | -                    | -                                  | -                              |
| Capital contributions   | -                                | -                                  | 864,895                                 | -                    | -                                  | -                              |
| Acquisition of capital assets                                   | -                                | -                                  | (864,895)                               | -                    | -                                  | -                              |
| Net cash used in capital and related financing activities       | <u>-</u>                         | <u>-</u>                           | <u>-</u>                                | <u>-</u>             | <u>-</u>                           | <u>-</u>                       |
| <b>Cash flows from investing activities</b>                     |                                  |                                    |   |                      |                                    |                                |
| Interest on investments   | (92,424)                         | 5,558                              | 719,618                                 | 921,102              | 809,328                            | 132,053                        |
| Net cash provided by investing activities                       | <u>(92,424)</u>                  | <u>5,558</u>                       | <u>719,618</u>                          | <u>921,102</u>       | <u>809,328</u>                     | <u>132,053</u>                 |
| Net increase (decrease) in cash and cash equivalents            | -                                | (67,318)                           | (2,885,125)                             | (2,749,160)          | 3,241,784                          | 534,759                        |
| <b>Pooled cash and investments</b>                              |                                  |                                    |   |                      |                                    |                                |
| October 1, 2005   | -                                | 218,442                            | 16,162,399                              | 22,608,943           | 14,909,543                         | 2,864,901                      |
| September 30, 2006  | <u>\$ -</u>                      | <u>\$ 151,124</u>                  | <u>\$ 13,277,274</u>                    | <u>\$ 19,859,783</u> | <u>\$ 18,151,327</u>               | <u>\$ 3,399,660</u>            |

(continued)

**County of Oakland**  
**Combining Statement of Cash Flows (Continued)**  
**Non-Major Enterprise Funds**  
**Year Ended September 30, 2006**

|   | <b>Farmers<br/>Market</b> | <b>CLEMIS</b>       | <b>Radio<br/>Communications</b> | <b>Jail Inmate<br/>Commissary</b> | <b>Totals<br/>September 30,<br/>2006</b> |
|---|---------------------------|---------------------|---------------------------------|-----------------------------------|--|
| <b>Cash flows from operating activities</b>                     |                           |                     |                                 |                                   |  |
| Cash received from users  | \$ 155,226                | \$ 3,118,412        | \$ 7,504,413                    | \$ 1,387,363                      | \$ 101,495,203                           |
| Cash paid to suppliers  | (78,110)                  | (4,297,062)         | (1,223,012)                     | (1,088,011)                       | (98,039,764)                             |
| Cash paid to employees  | (64,916)                  | (1,167,133)         | (564,855)                       | (306,583)                         | (7,543,841)                              |
| Net cash provided by (used in) operating activities             | <u>12,200</u>             | <u>(2,345,783)</u>  | <u>5,716,546</u>                | <u>(7,231)</u>                    | <u>(4,088,402)</u>                       |
| <b>Cash flows from noncapital financing activities</b>          |                           |                     |                                 |                                   |  |
| Transfers from other funds                                      | -                         | 1,619,000           | 17,061                          | -                                 | 4,661,845                                |
| Transfers to other funds  | -                         | (5,000)             | -                               | -                                 | (5,000)                                  |
| Contributions   | -                         | -                   | -                               | -                                 | 18,055                                   |
| Net cash provided by noncapital financing activities            | <u>-</u>                  | <u>1,614,000</u>    | <u>17,061</u>                   | <u>-</u>                          | <u>4,674,900</u>                         |
| <b>Cash flows from capital and related financing activities</b> |                           |                     |                                 |                                   |  |
| Transfers from other funds                                      | -                         | 14,400              | -                               | -                                 | 14,400                                   |
| Capital contributions   | -                         | -                   | -                               | -                                 | 864,895                                  |
| Acquisition of capital assets                                   | -                         | (79,225)            | (4,124,229)                     | -                                 | (5,068,349)                              |
| Net cash used in capital and related financing activities       | <u>-</u>                  | <u>(64,825)</u>     | <u>(4,124,229)</u>              | <u>-</u>                          | <u>(4,189,054)</u>                       |
| <b>Cash flows from investing activities</b>                     |                           |                     |                                 |                                   |  |
| Interest on investments   | (680)                     | 113,382             | 742,022                         | 7,231                             | 3,357,190                                |
| Net cash provided by investing activities                       | <u>(680)</u>              | <u>113,382</u>      | <u>742,022</u>                  | <u>7,231</u>                      | <u>3,357,190</u>                         |
| Net increase (decrease) in cash and cash equivalents            | 11,520                    | (683,226)           | 2,351,400                       | -                                 | (245,366)                                |
| <b>Pooled cash and investments</b>                              |                           |                     |                                 |                                   |  |
| October 1, 2005   | <u>4,529</u>              | <u>3,219,569</u>    | <u>16,210,494</u>               | <u>-</u>                          | <u>76,198,820</u>                        |
| September 30, 2006  | <u>\$ 16,049</u>          | <u>\$ 2,536,343</u> | <u>\$ 18,561,894</u>            | <u>\$ -</u>                       | <u>\$ 75,953,454</u>                     |

(continued)

**County of Oakland**  
**Combining Statement of Cash Flows (Continued)**  
**Non-Major Enterprise Funds**  
**Year Ended September 30, 2006**

|   | <b>Medical<br/>Care Facility</b> | <b>Fire Records<br/>Management</b> | <b>Evergreen-<br/>Farmington S.D.S.</b> | <b>S.O.C.S.D.S.</b>   | <b>Clinton-<br/>Oakland S.D.S.</b> | <b>Huron-<br/>Rouge S.D.S.</b> |
|---|----------------------------------|------------------------------------|---|-----------------------|------------------------------------|--------------------------------|
| Operating income (loss)   | \$ (1,902,347)                   | \$ (504,668)                       | \$ (4,386,637)                          | \$ (3,391,549)        | \$ 1,022,712                       | \$ 302,928                     |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities |                                  |                                    |   |                       |                                    |                                |
| Depreciation expense  | 86,516                           | 81,839                             | 584,505                                 | 1,434,217             | 750,678                            | 66,217                         |
| (Increase) decrease in due from other governmental units  | -                                | (2,343)                            | (38,416)                                | (1,326,792)           | (1,150,251)                        | 38,950                         |
| (Increase) decrease in due from component units   | -                                | -                                  | 81,217                                  | -                     | -                                  | -                              |
| (Increase) decrease in accounts receivable  | 555,110                          | -                                  | -                                       | 730                   | -                                  | -                              |
| (Increase) decrease in due from other funds   | -                                | -                                  | 133,726                                 | 36,102                | 129,872                            | 1,157                          |
| (Increase) decrease in inventories and supplies   | -                                | -                                  | -                                       | -                     | -                                  | -                              |
| (Increase) decrease in prepayments and other assets   | (200)                            | 955                                | 519                                     | -                     | 53,673                             | -                              |
| Increase (decrease) in vouchers payable   | 14,971                           | -                                  | 119,995                                 | 19,324                | 51,281                             | 8                              |
| Increase (decrease) in accrued payroll  | 35,725                           | -                                  | 4,400                                   | 5,340                 | 3,821                              | 118                            |
| Increase (decrease) in due to other governmental units  | -                                | -                                  | (7,681)                                 | (400,965)             | 1,362,205                          | (68,868)                       |
| Increase (decrease) in due to other funds   | (1,103,521)                      | (6,424)                            | 29,651                                  | (58,358)              | (69,564)                           | 8,512                          |
| Increase (decrease) in deferred revenue   | -                                | -                                  | -                                       | -                     | -                                  | -                              |
| Increase (decrease) in other accrued liabilities  | (266,536)                        | -                                  | (139,390)                               | 11,689                | 278,029                            | 53,684                         |
| Net cash provided by (used in) operating activities   | <u>\$ (2,580,282)</u>            | <u>\$ (430,641)</u>                | <u>\$ (3,618,111)</u>                   | <u>\$ (3,670,262)</u> | <u>\$ 2,432,456</u>                | <u>\$ 402,706</u>              |

(continued)

**County of Oakland**  
**Combining Statement of Cash Flows (Continued)**  
**Non-Major Enterprise Funds**  
**Year Ended September 30, 2006**

|   | <b>Farmers<br/>Market</b> | <b>CLEMIS</b>         | <b>Radio<br/>Communications</b> | <b>Jail Inmate<br/>Commissary</b> | <b>Totals<br/>September 30,<br/>2006</b> |
|---|---------------------------|-----------------------|---------------------------------|-----------------------------------|--|
| Operating income (loss)   | \$ 12,147                 | \$ (6,804,317)        | \$ 5,972,098                    | \$ 42,961                         | \$ (9,636,672)                           |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities |                           |                       |                                 |                                   |  |
| Depreciation expense  | -                         | 4,579,118             | 2,569                           | -                                 | 7,585,659                                |
| (Increase) decrease in due from other governmental units  | -                         | (425,442)             | 24,505                          | -                                 | (2,879,789)                              |
| (Increase) decrease in due from component units   | -                         | -                     | -                               | -                                 | 81,217                                   |
| (Increase) decrease in accounts receivable  | -                         | (99,228)              | (570,590)                       | 10,345                            | (103,633)                                |
| (Increase) decrease in due from other funds   | -                         | 351,673               | -                               | -                                 | 652,530                                  |
| (Increase) decrease in inventories and supplies   | -                         | 788                   | (81,959)                        | (13,687)                          | (94,858)                                 |
| (Increase) decrease in prepayments and other assets   | -                         | (109,743)             | 509,272                         | -                                 | 454,476                                  |
| Increase (decrease) in vouchers payable   | -                         | 165,786               | 19,065                          | 24,660                            | 415,090                                  |
| Increase (decrease) in accrued payroll  | -                         | -                     | -                               | 3,271                             | 52,675                                   |
| Increase (decrease) in due to other governmental units  | -                         | -                     | -                               | (72,022)                          | 812,669                                  |
| Increase (decrease) in due to other funds   | 53                        | (18,532)              | 85                              | -                                 | (1,218,098)                              |
| Increase (decrease) in deferred revenue   | -                         | 378,249               | (88,518)                        | -                                 | 289,731                                  |
| Increase (decrease) in other accrued liabilities  | -                         | (364,135)             | (69,981)                        | (2,759)                           | (499,399)                                |
| Net cash provided by (used in) operating activities   | <u>\$ 12,200</u>          | <u>\$ (2,345,783)</u> | <u>\$ 5,716,546</u>             | <u>\$ (7,231)</u>                 | <u>\$ (4,088,402)</u>                    |

**Noncash transactions**

Noncash and capital related financing activities included \$864,928 of capital assets contributed in the CLEMIS fund, and purchase of capital assets of \$6,350 included in other accrued liabilities and write-off of \$17,058 in fully depreciated capital assets in the Radio Communications fund.

## **County of Oakland Pension (and Other Postemployment Benefits) Trust Funds**

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### **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.

**County of Oakland**  
**Combining Statement of Fiduciary Net Assets**  
**Pension (and Other Postemployment Benefits) Trust Funds**  
**September 30, 2006**

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|   | <b>Oakland County<br/>Employees'<br/>Retirement</b> | <b>VEBA<br/>Trust</b> | <b>Totals<br/>September 30,<br/>2006</b> |
|---|---|-----------------------|--|
| <b>Assets</b>   |   |                       |  |
| Cash and cash equivalents   | \$ 28,213,421                                       | \$ 23,457,207         | \$ 51,670,628                            |
| Investments, at fair value:   |   |                       |  |
| Common stock  | 493,512,991   | 190,952,906           | 684,465,897                              |
| Government securities   | 97,326,198  | 46,877,907            | 144,204,105                              |
| Corporate bonds and asset-backed securities   | 142,721,445   | 47,221,911            | 189,943,356                              |
| Money market  | 17,224,866  | 172,272               | 17,397,138                               |
| Real estate   | 47,977  | -                     | 47,977                                   |
| Other   | -   | 6,902,553             | 6,902,553                                |
| Total investments   | <u>750,833,477</u>                                  | <u>292,127,549</u>    | <u>1,042,961,026</u>                     |
| Receivables - interest and dividends  | 3,226,288   | 1,351,663             | 4,577,951                                |
| Receivables - other   | -   | 16,143                | 16,143                                   |
| Prepaid expenses  | 4,109   | 114,759               | 118,868                                  |
| Total assets  | <u>782,277,295</u>                                  | <u>317,067,321</u>    | <u>1,099,344,616</u>                     |
| <b>Liabilities</b>  |   |                       |  |
| Vouchers payable  | 71,084  | 67,430                | 138,514                                  |
| Other accrued liabilities   | 496,825   | 1,375,000             | 1,871,825                                |
| Total liabilities   | <u>567,909</u>                                      | <u>1,442,430</u>      | <u>2,010,339</u>                         |
| <b>Net assets</b>   |   |                       |  |
| Held in trust for employees' pension<br>and other postemployment<br>healthcare benefits | <u>\$ 781,709,386</u>                               | <u>\$ 315,624,891</u> | <u>\$ 1,097,334,277</u>                  |

**County of Oakland**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**Pension (and Other Postemployment Benefits) Trust Funds**  
**Year Ended September 30, 2006**

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|   | <b>Oakland County<br/>Employees'<br/>Retirement</b> | <b>VEBA<br/>Trust</b> | <b>Totals<br/>September 30,<br/>2006</b> |
|---|---|-----------------------|--|
| <b>Additions</b>  |   |                       |  |
| Contributions   |   |                       |  |
| Employer  | \$ -  | \$ 37,488,000         | \$ 37,488,000                            |
| Plan members  | 1,016,212   | 71,639                | 1,087,851                                |
| Total contributions   | <u>1,016,212</u>                                    | <u>37,559,639</u>     | <u>38,575,851</u>                        |
| Investment income   | 53,410,397  | 22,130,170            | 75,540,567                               |
| Total additions   | <u>54,426,609</u>                                   | <u>59,689,809</u>     | <u>114,116,418</u>                       |
| <b>Deductions</b>   |   |                       |  |
| Benefits  | 29,695,450  | 20,472,418            | 50,167,868                               |
| Administrative expenses   | 2,727,909   | 3,500                 | 2,731,409                                |
| Total deductions  | <u>32,423,359</u>                                   | <u>20,475,918</u>     | <u>52,899,277</u>                        |
| Net increase  | 22,003,250  | 39,213,891            | 61,217,141                               |
| <b>Net assets held in trust for<br/>employees' pension and other<br/>postemployment healthcare<br/>benefits</b> |   |                       |  |
| October 1, 2005   | <u>759,706,136</u>                                  | <u>276,411,000</u>    | <u>1,036,117,136</u>                     |
| September 30, 2006  | <u>\$ 781,709,386</u>                               | <u>\$ 315,624,891</u> | <u>\$ 1,097,334,277</u>                  |



## **County of Oakland Investment Trust Funds**

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### **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, 2006**

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|   | <b>Local<br/>Government<br/>Investment<br/>Pool</b> |
|---|---|
| <b>Assets</b>                                     |   |
| Cash and cash equivalents                         | \$ 5,632,697  |
| Receivables - interest and dividends              | 5,123   |
| Total assets                                      | <u>\$ 5,637,820</u>                                 |
| <br><b>Net assets</b>                             |   |
| Held in trust for investment<br>pool participants | <br><u>\$ 5,637,820</u>                             |

**County of Oakland**  
**Statement of Changes in Fiduciary Net Assets**  
**Investment Trust Funds**  
**Year Ended September 30, 2006**

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|   | <b>Local<br/>Government<br/>Investment<br/>Pool</b> |
|---|---|
| <b>Additions</b>  |   |
| Contributions from pool participants                      | \$ 3,750,000  |
| Investment income   | 302,947   |
| Total additions   | <u>4,052,947</u>                                    |
| <b>Deductions</b>   |   |
| Distribution to pool participants                         | <u>9,973,023</u>                                    |
| Net decrease  | (5,920,076)   |
| <b>Net assets held in trust for<br/>pool participants</b> |   |
| October 1, 2005   | <u>11,557,896</u>                                   |
| September 30, 2006  | <u>\$ 5,637,820</u>                                 |

# County of Oakland

## Agency Funds

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### **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 District Court Investments Fund*** - is used to account for excess monies in the four District Court Trust Accounts, turned over to the Oakland County Treasurer for investing. Interest earned is recorded in the County's General Fund to help offset bank service fee costs.

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

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

***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 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 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 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 District Court Trust Accounts*** - 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, 2006**

|                                 | <b>District<br/>Court<br/>Investments</b> | <b>Undistributed<br/>Taxes</b> | <b>Register<br/>of<br/>Deeds Trust</b> | <b>Sheriff<br/>NET<br/>Forfeiture</b> | <b>M.C.F.<br/>Patient Trust</b> | <b>Circuit Court<br/>Trust</b> | <b>Escheats<br/>Trust</b> |
|---------------------------------|---|--------------------------------|--|---------------------------------------|---------------------------------|--------------------------------|---------------------------|
| <b>Assets</b>                   |   |                                |  |                                       |                                 |                                |                           |
| Pooled cash and investments     | \$ 300,000                                | \$ 249,409,774                 | \$ 30,365                              | \$ 1,887,080                          | \$ 18,706                       | \$ 7,687,688                   | \$ 161,237                |
| Cash and cash equivalents       | -   | -                              | -                                      | -                                     | -                               | -                              | -                         |
| Accrued interest receivable     | -   | -                              | -                                      | 14,104                                | 101                             | 129,075                        | -                         |
| Total assets                    | <u>300,000</u>                            | <u>249,409,774</u>             | <u>30,365</u>                          | <u>1,901,184</u>                      | <u>18,807</u>                   | <u>7,816,763</u>               | <u>161,237</u>            |
| <b>Liabilities</b>              |   |                                |  |                                       |                                 |                                |                           |
| Vouchers payable                | -   | 103,694,496                    | -                                      | -                                     | -                               | -                              | 161,237                   |
| Due to other governmental units | -   | 145,715,278                    | -                                      | -                                     | -                               | -                              | -                         |
| Other accrued liabilities       | 300,000                                   | -                              | 30,365                                 | 1,901,184                             | 18,807                          | 7,816,763                      | -                         |
| Total liabilities               | <u>300,000</u>                            | <u>249,409,774</u>             | <u>30,365</u>                          | <u>1,901,184</u>                      | <u>18,807</u>                   | <u>7,816,763</u>               | <u>161,237</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**  
**September 30, 2006**

|                                 | <b>Legatee<br/>Trust</b> | <b>Special<br/>Trust</b> | <b>Contractor's<br/>Retainage</b> | <b>Public<br/>Library<br/>Trust</b> | <b>District<br/>Court Trust<br/>Accounts</b> | <b>Jail<br/>Inmate Trust<br/>Account</b> | <b>Totals<br/>September 30,<br/>2006</b> |
|---------------------------------|--------------------------|--------------------------|-----------------------------------|-------------------------------------|--|--|--|
| <b>Assets</b>                   |                          |                          |                                   |                                     |  |  |  |
| Pooled cash and investments     | \$ 357,947               | \$ 2,767,537             | \$ 3,196,209                      | \$ 546,871                          | \$ -   | \$ -                                     | \$ 266,363,414                           |
| Cash and cash equivalents       | -                        | -                        | -                                 | -                                   | 379,149                                      | 268,840                                  | 647,989                                  |
| Accrued interest receivable     | 842                      | 5,156                    | 16,011                            | 12,145                              | -  | -  | 177,434                                  |
| Total assets                    | <u>358,789</u>           | <u>2,772,693</u>         | <u>3,212,220</u>                  | <u>559,016</u>                      | <u>379,149</u>                               | <u>268,840</u>                           | <u>267,188,837</u>                       |
| <b>Liabilities</b>              |                          |                          |                                   |                                     |  |  |  |
| Vouchers payable                | -                        | -                        | 114,438                           | -                                   | -  | -  | 103,970,171                              |
| Due to other governmental units | -                        | -                        | -                                 | -                                   | -  | -  | 145,715,278                              |
| Other accrued liabilities       | 358,789                  | 2,772,693                | 3,097,782                         | 559,016                             | 379,149                                      | 268,840                                  | 17,503,388                               |
| Total liabilities               | <u>358,789</u>           | <u>2,772,693</u>         | <u>3,212,220</u>                  | <u>559,016</u>                      | <u>379,149</u>                               | <u>268,840</u>                           | <u>267,188,837</u>                       |
| Net assets                      | <u>\$ -</u>              | <u>\$ -</u>              | <u>\$ -</u>                       | <u>\$ -</u>                         | <u>\$ -</u>                                  | <u>\$ -</u>                              | <u>\$ -</u>                              |

**County of Oakland**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**Year Ended September 30, 2006**

|                                   | Balance<br>October 1,<br>2005 | Additions               | Deductions              | Balance<br>September 30,<br>2006 |
|-----------------------------------|-------------------------------|-------------------------|-------------------------|----------------------------------|
| <b>District Court Investments</b> |                               |                         |                         |                                  |
| Assets                            |                               |                         |                         |                                  |
| Pooled cash and investments       | \$ -                          | \$ 300,000              | \$ -                    | \$ 300,000                       |
| Accrued interest receivable       | -                             | 1,838                   | 1,838                   | -                                |
| Total                             | <u>\$ -</u>                   | <u>\$ 301,838</u>       | <u>\$ 1,838</u>         | <u>\$ 300,000</u>                |
| Liabilities                       |                               |                         |                         |                                  |
| Due to other funds                | \$ -                          | \$ 20,494               | \$ 20,494               | \$ -                             |
| Other accrued liabilities         | -                             | 316,541                 | 16,541                  | 300,000                          |
| Total                             | <u>\$ -</u>                   | <u>\$ 337,035</u>       | <u>\$ 37,035</u>        | <u>\$ 300,000</u>                |
| <b>Undistributed Taxes</b>        |                               |                         |                         |                                  |
| Assets                            |                               |                         |                         |                                  |
| Pooled cash and investments       | \$ 160,537,546                | \$ 1,161,034,182        | \$ 1,072,161,954        | \$ 249,409,774                   |
| Liabilities                       |                               |                         |                         |                                  |
| Vouchers payable                  | \$ -                          | \$ 707,989,989          | \$ 604,295,493          | \$ 103,694,496                   |
| Due to other governmental units   | 142,586,934                   | 1,589,571,995           | 1,586,443,651           | 145,715,278                      |
| Due to other funds                | 17,950,612                    | 152,343,533             | 170,294,145             | -                                |
| Total                             | <u>\$ 160,537,546</u>         | <u>\$ 2,449,905,517</u> | <u>\$ 2,361,033,289</u> | <u>\$ 249,409,774</u>            |
| <b>Register of Deeds Trust</b>    |                               |                         |                         |                                  |
| Assets                            |                               |                         |                         |                                  |
| Pooled cash and investments       | \$ 279,524                    | \$ 949,619              | \$ 1,198,778            | \$ 30,365                        |
| Liabilities                       |                               |                         |                         |                                  |
| Vouchers payable                  | \$ -                          | \$ 407,082              | \$ 407,082              | \$ -                             |
| Other accrued liabilities         | 279,524                       | 1,339,928               | 1,589,087               | 30,365                           |
| Total                             | <u>\$ 279,524</u>             | <u>\$ 1,747,010</u>     | <u>\$ 1,996,169</u>     | <u>\$ 30,365</u>                 |
| <b>Sheriff NET Forfeiture</b>     |                               |                         |                         |                                  |
| Assets                            |                               |                         |                         |                                  |
| Pooled cash and investments       | \$ 1,162,939                  | \$ 2,446,692            | \$ 1,722,551            | \$ 1,887,080                     |
| Accrued interest receivable       | 16,033                        | 4,697                   | 6,626                   | 14,104                           |
| Total                             | <u>\$ 1,178,972</u>           | <u>\$ 2,451,389</u>     | <u>\$ 1,729,177</u>     | <u>\$ 1,901,184</u>              |
| Liabilities                       |                               |                         |                         |                                  |
| Vouchers payable                  | \$ -                          | \$ 1,696,670            | \$ 1,696,670            | \$ -                             |
| Other accrued liabilities         | 1,178,972                     | 3,539,508               | 2,817,296               | 1,901,184                        |
| Total                             | <u>\$ 1,178,972</u>           | <u>\$ 5,236,178</u>     | <u>\$ 4,513,966</u>     | <u>\$ 1,901,184</u>              |

(continued)

**County of Oakland**  
**Combining Statement of Changes in Assets and Liabilities (Continued)**  
**Agency Funds**  
**Year Ended September 30, 2006**

|                                 | Balance<br>October 1,<br>2005 | Additions            | Deductions           | Balance<br>September 30,<br>2006 |
|---------------------------------|-------------------------------|----------------------|----------------------|----------------------------------|
| <b>M.C.F. Patient Trust</b>     |                               |                      |                      |                                  |
| Assets                          |                               |                      |                      |                                  |
| Pooled cash and investments     | \$ 19,600                     | \$ 659,462           | \$ 660,356           | \$ 18,706                        |
| Accrued interest receivable     | 78                            | 348                  | 325                  | 101                              |
| Total                           | <u>\$ 19,678</u>              | <u>\$ 659,810</u>    | <u>\$ 660,681</u>    | <u>\$ 18,807</u>                 |
| Liabilities                     |                               |                      |                      |                                  |
| Vouchers payable                | \$ -                          | \$ 35,320            | \$ 35,320            | \$ -                             |
| Other accrued liabilities       | 19,678                        | 626,141              | 627,012              | 18,807                           |
| Total                           | <u>\$ 19,678</u>              | <u>\$ 661,461</u>    | <u>\$ 662,332</u>    | <u>\$ 18,807</u>                 |
| <b>Circuit Court Trust</b>      |                               |                      |                      |                                  |
| Assets                          |                               |                      |                      |                                  |
| Pooled cash and investments     | \$ 5,078,073                  | \$ 13,615,684        | \$ 11,006,069        | \$ 7,687,688                     |
| Accrued interest receivable     | 121,734                       | 36,063               | 28,722               | 129,075                          |
| Total                           | <u>\$ 5,199,807</u>           | <u>\$ 13,651,747</u> | <u>\$ 11,034,791</u> | <u>\$ 7,816,763</u>              |
| Liabilities                     |                               |                      |                      |                                  |
| Vouchers payable                | \$ -                          | \$ 10,038,499        | \$ 10,038,499        | \$ -                             |
| Other accrued liabilities       | 5,199,807                     | 13,913,913           | 11,296,957           | 7,816,763                        |
| Total                           | <u>\$ 5,199,807</u>           | <u>\$ 23,952,412</u> | <u>\$ 21,335,456</u> | <u>\$ 7,816,763</u>              |
| <b>Escheats Trust</b>           |                               |                      |                      |                                  |
| Assets                          |                               |                      |                      |                                  |
| Pooled cash and investments     | \$ 154,031                    | \$ 71,969            | \$ 64,763            | \$ 161,237                       |
| Liabilities                     |                               |                      |                      |                                  |
| Vouchers payable                | \$ -                          | \$ 60,856            | \$ 60,856            | \$ -                             |
| Due to other governmental units | 154,031                       | 70,962               | 63,756               | 161,237                          |
| Total                           | <u>\$ 154,031</u>             | <u>\$ 131,818</u>    | <u>\$ 124,612</u>    | <u>\$ 161,237</u>                |
| <b>Legatee Trust</b>            |                               |                      |                      |                                  |
| Assets                          |                               |                      |                      |                                  |
| Pooled cash and investments     | \$ 316,869                    | \$ 160,810           | \$ 119,732           | \$ 357,947                       |
| Accrued interest receivable     | 746                           | 1,795                | 1,699                | 842                              |
| Total                           | <u>\$ 317,615</u>             | <u>\$ 162,605</u>    | <u>\$ 121,431</u>    | <u>\$ 358,789</u>                |
| Liabilities                     |                               |                      |                      |                                  |
| Vouchers payable                | \$ -                          | \$ 114,012           | \$ 114,012           | \$ -                             |
| Other accrued liabilities       | 317,615                       | 313,001              | 271,827              | 358,789                          |
| Total                           | <u>\$ 317,615</u>             | <u>\$ 427,013</u>    | <u>\$ 385,839</u>    | <u>\$ 358,789</u>                |

(continued)



**County of Oakland**  
**Combining Statement of Changes in Assets and Liabilities (Continued)**  
**Agency Funds**  
**Year Ended September 30, 2006**

|                                      | Balance<br>October 1,<br>2005 | Additions           | Deductions           | Balance<br>September 30,<br>2006 |
|--------------------------------------|-------------------------------|---------------------|----------------------|----------------------------------|
| <b>Special Trust</b>                 |                               |                     |                      |                                  |
| Assets                               |                               |                     |                      |                                  |
| Pooled cash and investments          | \$ 3,239,736                  | \$ 2,421,400        | \$ 2,893,599         | \$ 2,767,537                     |
| Accrued interest receivable          | 7,947                         | 9,435               | 12,226               | 5,156                            |
| Total                                | <u>\$ 3,247,683</u>           | <u>\$ 2,430,835</u> | <u>\$ 2,905,825</u>  | <u>\$ 2,772,693</u>              |
| Liabilities                          |                               |                     |                      |                                  |
| Vouchers payable                     | \$ -                          | \$ 1,969,864        | \$ 1,969,864         | \$ -                             |
| Other accrued liabilities            | 3,247,683                     | 2,156,684           | 2,631,674            | 2,772,693                        |
| Total                                | <u>\$ 3,247,683</u>           | <u>\$ 4,126,548</u> | <u>\$ 4,601,538</u>  | <u>\$ 2,772,693</u>              |
| <b>Contractor's Retainage</b>        |                               |                     |                      |                                  |
| Assets                               |                               |                     |                      |                                  |
| Pooled cash and investments          | \$ 5,603,128                  | \$ 3,593,038        | \$ 5,999,957         | \$ 3,196,209                     |
| Accrued interest receivable          | 19,089                        | 18,221              | 21,299               | 16,011                           |
| Total                                | <u>\$ 5,622,217</u>           | <u>\$ 3,611,259</u> | <u>\$ 6,021,256</u>  | <u>\$ 3,212,220</u>              |
| Liabilities                          |                               |                     |                      |                                  |
| Vouchers payable                     | \$ -                          | \$ 5,210,640        | \$ 5,096,202         | \$ 114,438                       |
| Other accrued liabilities            | 5,622,217                     | 3,920,326           | 6,444,761            | 3,097,782                        |
| Total                                | <u>\$ 5,622,217</u>           | <u>\$ 9,130,966</u> | <u>\$ 11,540,963</u> | <u>\$ 3,212,220</u>              |
| <b>Public Library Trust</b>          |                               |                     |                      |                                  |
| Assets                               |                               |                     |                      |                                  |
| Pooled cash and investments          | \$ 465,411                    | \$ 2,079,018        | \$ 1,997,558         | \$ 546,871                       |
| Accrued interest receivable          | 11,311                        | 5,859               | 5,025                | 12,145                           |
| Accounts receivable                  | 79,568                        | -                   | 79,568               | -                                |
| Total                                | <u>\$ 556,290</u>             | <u>\$ 2,084,877</u> | <u>\$ 2,082,151</u>  | <u>\$ 559,016</u>                |
| Liabilities                          |                               |                     |                      |                                  |
| Vouchers payable                     | \$ -                          | \$ 1,861,730        | \$ 1,861,730         | \$ -                             |
| Other accrued liabilities            | 556,290                       | 4,104,854           | 4,102,128            | 559,016                          |
| Total                                | <u>\$ 556,290</u>             | <u>\$ 5,966,584</u> | <u>\$ 5,963,858</u>  | <u>\$ 559,016</u>                |
| <b>District Court Trust Accounts</b> |                               |                     |                      |                                  |
| Assets                               |                               |                     |                      |                                  |
| Pooled cash and investments          | \$ 183,531                    | \$ -                | \$ 183,531           | \$ -                             |
| Cash and cash equivalents            | 690,340                       | 4,149,855           | 4,461,046            | 379,149                          |
| Accrued interest receivable          | 135                           | -                   | 135                  | -                                |
| Total                                | <u>\$ 874,006</u>             | <u>\$ 4,149,855</u> | <u>\$ 4,644,712</u>  | <u>\$ 379,149</u>                |
| Liabilities                          |                               |                     |                      |                                  |
| Due to other funds                   | \$ 3,666                      | \$ -                | \$ 3,666             | \$ -                             |
| Other accrued liabilities            | 870,340                       | 4,149,855           | 4,641,046            | 379,149                          |
| Total                                | <u>\$ 874,006</u>             | <u>\$ 4,149,855</u> | <u>\$ 4,644,712</u>  | <u>\$ 379,149</u>                |

(continued)

**County of Oakland**  
**Combining Statement of Changes in Assets and Liabilities (Continued)**  
**Agency Funds**  
**Year Ended September 30, 2006**

|                                  | Balance<br>October 1,<br>2005 | Additions               | Deductions              | Balance<br>September 30,<br>2006 |
|----------------------------------|-------------------------------|-------------------------|-------------------------|----------------------------------|
| <b>Jail Inmate Trust Account</b> |                               |                         |                         |                                  |
| Assets                           |                               |                         |                         |                                  |
| Cash and cash equivalents        | \$ 217,460                    | \$ 1,300,339            | \$ 1,248,959            | \$ 268,840                       |
| Liabilities                      |                               |                         |                         |                                  |
| Other accrued liabilities        | \$ 217,460                    | \$ 1,300,339            | \$ 1,248,959            | \$ 268,840                       |
| <b>Total All Agency Funds</b>    |                               |                         |                         |                                  |
| Assets                           |                               |                         |                         |                                  |
| Pooled cash and investments      | \$ 177,040,388                | \$ 1,187,331,874        | \$ 1,098,008,848        | \$ 266,363,414                   |
| Cash and cash equivalents        | 907,800                       | 5,450,194               | 5,710,005               | 647,989                          |
| Accrued interest receivable      | 177,073                       | 78,256                  | 77,895                  | 177,434                          |
| Accounts receivable              | 79,568                        | -                       | 79,568                  | -                                |
| Total                            | <u>\$ 178,204,829</u>         | <u>\$ 1,192,860,324</u> | <u>\$ 1,103,876,316</u> | <u>\$ 267,188,837</u>            |
| Liabilities                      |                               |                         |                         |                                  |
| Vouchers payable                 | \$ -                          | \$ 729,384,662          | \$ 625,575,728          | \$ 103,808,934                   |
| Due to other governmental units  | 142,740,965                   | 1,589,642,957           | 1,586,507,407           | 145,876,515                      |
| Due to other funds               | 17,954,278                    | 152,364,027             | 170,318,305             | -                                |
| Other accrued liabilities        | 17,509,586                    | 35,681,090              | 35,687,288              | 17,503,388                       |
| Total                            | <u>\$ 178,204,829</u>         | <u>\$ 2,507,072,736</u> | <u>\$ 2,418,088,728</u> | <u>\$ 267,188,837</u>            |

## **County of Oakland**

### **Governmental Funds – Component Unit – Drainage Districts**

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#### **Drainage Districts**

This component unit consists of many individual districts (currently 197) 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, 2006**

|  | <b>Drainage Districts</b>  |                         |                             | <b>Total</b>         |
|--|----------------------------|-------------------------|-----------------------------|----------------------|
|  | <b>Special<br/>Revenue</b> | <b>Debt<br/>Service</b> | <b>Capital<br/>Projects</b> |                      |
| <b>Assets</b>  |                            |                         |                             |                      |
| Current assets   |                            |                         |                             |                      |
| Pooled cash and investments  | \$6,212,091                | \$ 4,896,814            | \$17,711,746                | \$ 28,820,651        |
| Receivables (net of allowance for uncollectibles where applicable) |                            |                         |                             |                      |
| Due from other governmental units                                  | 12,353                     | 403,430                 | 196,699                     | 612,482              |
| Accrued interest receivable  | 34,625                     | 3,594                   | 80,346                      | 118,565              |
| Due from other funds   | 15                         | 42,389                  | 16,046                      | 58,450               |
| Total current assets   | <u>6,259,084</u>           | <u>5,346,227</u>        | <u>18,004,837</u>           | <u>29,610,148</u>    |
| Noncurrent assets  |                            |                         |                             |                      |
| Special assessments receivable                                     | -                          | 174,650,000             | -                           | 174,650,000          |
| Total assets   | <u>\$6,259,084</u>         | <u>\$179,996,227</u>    | <u>\$18,004,837</u>         | <u>\$204,260,148</u> |
| <b>Liabilities</b>   |                            |                         |                             |                      |
| Current liabilities  |                            |                         |                             |                      |
| Vouchers payable   | \$ 95,562                  | \$ 2,935,698            | \$ 268                      | \$ 3,031,528         |
| Due to other governmental units                                    | 2,166,528                  | 911,961                 | 1,949,656                   | 5,028,145            |
| Due to other funds   | -                          | 29,555                  | 28,895                      | 58,450               |
| Due to primary government  | 215,386                    | -                       | 111,568                     | 326,954              |
| Deferred revenue   | -                          | -                       | -                           | -                    |
| Accrued interest payable   | -                          | 1,990                   | 28,142                      | 30,132               |
| Other accrued liabilities  | 176,475                    | 646,083                 | 1,446,180                   | 2,268,738            |
| Total current liabilities  | <u>2,653,951</u>           | <u>4,525,287</u>        | <u>3,564,709</u>            | <u>10,743,947</u>    |
| Noncurrent liabilities   |                            |                         |                             |                      |
| Deferred revenue   | -                          | 174,650,000             | -                           | 174,650,000          |
| Bonds and notes payable  | -                          | -                       | 685,000                     | 685,000              |
| Total noncurrent liabilities                                       | <u>-</u>                   | <u>174,650,000</u>      | <u>685,000</u>              | <u>175,335,000</u>   |
| Total liabilities  | <u>2,653,951</u>           | <u>179,175,287</u>      | <u>4,249,709</u>            | <u>186,078,947</u>   |
| <b>Fund balances</b>   |                            |                         |                             |                      |
| Reserved   | <u>3,605,133</u>           | <u>820,940</u>          | <u>13,755,128</u>           | <u>18,181,201</u>    |
| Total fund balances  | <u>3,605,133</u>           | <u>820,940</u>          | <u>13,755,128</u>           | <u>18,181,201</u>    |
| Total liabilities and fund balances                                | <u>\$6,259,084</u>         | <u>\$179,996,227</u>    | <u>\$18,004,837</u>         | <u>\$204,260,148</u> |

**County of Oakland**  
**Reconciliation of the Balance Sheet – Governmental Funds to the**  
**Statement of Net Assets**  
**Component Unit – Drainage Districts**  
**September 30, 2006**

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|   |                     |                       |
|---|---------------------|-----------------------|
| Total fund balances for governmental funds  |                     | \$ 18,181,201         |
| 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  | \$ 325,001,965      |                       |
| Construction in progress  | 156,045,142         |                       |
| Accumulated depreciation  | <u>(60,017,256)</u> |                       |
|   |                     | 421,029,851           |
| Elimination of interfund balances   |                     |                       |
| Due from other funds  | (58,450)            |                       |
| Due to other funds  | <u>58,450</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.  |                     | 173,134,167           |
| 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>(173,134,167)</u>  |
| Net assets of governmental activities   |                     | <u>\$ 439,211,052</u> |

**County of Oakland**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds – Component Unit – Drainage Districts**  
**Year Ended September 30, 2006**

|  | <b>Drainage Districts</b>  |                         |                             | <b>Total</b>         |
|--|----------------------------|-------------------------|-----------------------------|----------------------|
|  | <b>Special<br/>Revenue</b> | <b>Debt<br/>Service</b> | <b>Capital<br/>Projects</b> |                      |
| <b>Revenues</b>                              |                            |                         |                             |                      |
| Special assessments                          | \$ 1,645,069               | \$ 16,401,298           | \$ 1,727,709                | \$ 19,774,076        |
| Federal grants                               | 124,211                    | -                       | 421,871                     | 546,082              |
| Charges for services                         | 11,914                     | 46,320                  | 10,558                      | 68,792               |
| Investment income                            | 311,471                    | 38,061                  | 826,131                     | 1,175,663            |
| Total revenues                               | <u>2,092,665</u>           | <u>16,485,679</u>       | <u>2,986,269</u>            | <u>21,564,613</u>    |
| <b>Expenditures</b>                          |                            |                         |                             |                      |
| Salaries                                     | 656,217                    | -                       | 860,432                     | 1,516,649            |
| Fringe benefits                              | 265,173                    | -                       | 370,926                     | 636,099              |
| Contractual services                         | 1,988,538                  | 9,560                   | 11,554,848                  | 13,552,946           |
| Commodities                                  | 88,660                     | -                       | 3,436                       | 92,096               |
| Principal payments                           | -                          | 10,585,000              | -                           | 10,585,000           |
| Interest                                     | -                          | 5,822,640               | 19,865                      | 5,842,505            |
| Paying agent fees                            | -                          | 11,150                  | -                           | 11,150               |
| Intergovernmental                            | -                          | 146,653                 | -                           | 146,653              |
| Internal services                            | 126,218                    | -                       | 105,921                     | 232,139              |
| Total expenditures                           | <u>3,124,806</u>           | <u>16,575,003</u>       | <u>12,915,428</u>           | <u>32,615,237</u>    |
| Deficiency of revenues<br>under expenditures | <u>(1,032,141)</u>         | <u>(89,324)</u>         | <u>(9,929,159)</u>          | <u>(11,050,624)</u>  |
| <b>Other financing sources (uses)</b>        |                            |                         |                             |                      |
| Issuance of bonds                            | -                          | -                       | 11,150,445                  | 11,150,445           |
| Discounts on bonds sold                      | -                          | -                       | (110,856)                   | (110,856)            |
| Total other financing sources<br>(uses)      | <u>-</u>                   | <u>-</u>                | <u>11,039,589</u>           | <u>11,039,589</u>    |
| Net change in fund balances                  | <u>(1,032,141)</u>         | <u>(89,324)</u>         | <u>1,110,430</u>            | <u>(11,035)</u>      |
| <b>Fund balances</b>                         |                            |                         |                             |                      |
| October 1, 2005                              | <u>4,637,274</u>           | <u>910,264</u>          | <u>12,644,698</u>           | <u>18,192,236</u>    |
| September 30, 2006                           | <u>\$ 3,605,133</u>        | <u>\$ 820,940</u>       | <u>\$ 13,755,128</u>        | <u>\$ 18,181,201</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, 2006

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|   |                    |                     |
|---|--------------------|---------------------|
| Net change in fund balance - total governmental funds   |                    | \$ (11,035)         |
| 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  | \$ 12,495,454      |                     |
| Infrastructure  | 530,831            |                     |
| Depreciation expense  | <u>(3,250,020)</u> |                     |
|   |                    | 9,776,265           |
| Revenue from special assessments reported in the Statement of Activities in previous years did not provide current financial resources in the governmental funds.   |                    | (10,585,000)        |
| Current year special assessments will not be reported in the Statement of Activities because it did not provide current year financial resources in the governmental funds.   |                    | 11,039,589          |
| 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   | (11,039,589)       |                     |
| Repayment of bond principal   | <u>10,585,000</u>  |                     |
|   |                    | (454,589)           |
| Change in net assets of governmental activities   |                    | <u>\$ 9,765,230</u> |

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**III. STATISTICAL SECTION – UNAUDITED**

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County of Oakland  
Statistical Section

### **Statistical Section**

This part of the County's comprehensive annual financial report presents detailed information to assist in understanding what the information in the financial statements, note disclosures, and required supplementary information says about the overall financial condition of Oakland County.

***Financial Trends*** - These schedules contain trend information to help the reader understand how the County's financial position and performance have changed over time. The schedules are:

- Net Assets by Component - Last Five Fiscal Years
- Changes in Net Assets - Last Five Fiscal Years
- Fund Balances, Governmental Funds - Last Ten Fiscal Years
- Changes in Fund Balances, Governmental Funds - Last Nine Fiscal Years

***Revenue Capacity*** - These schedules contain information to help the reader assess the factors affecting the County's ability to generate its main income source - property taxes. The schedules are:

- Assessed, Equalized and Taxable Value of Property - Last Ten Fiscal Years
- Direct and Overlapping Property Tax Rates - Last Ten Years
- Principal Taxpayers - Current Year and Nine Years Ago
- County Operating Property Tax Levies and Collections - Last Ten Fiscal Years

***Debt Capacity*** - These schedules present information to help the reader assess the affordability of the County's current level of outstanding debt and the ability to issue additional debt in the future. The schedules are:

- Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years
- Net County Direct and Overlapping Debt - Current Year
- Legal Debt Margin - Last Ten Years

***Demographic and Economic Information*** - These schedules present various demographic and economic indicators the reader understand the environment within the County that affect the County's financial activities. The schedules are:

- Demographic and Economic Statistics (Population and Personal Income) - Last Ten Years
- Principal Employers - Current Year and Nine Years Ago

***Operating Information*** - These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs. The schedules are:

- County Employees by Function/Program - Last Ten Fiscal Years
- Operating Indicators by Function/Program - Last Ten Fiscal Years
- Capital Asset Statistics by Function/Program - Last Ten Fiscal Years
- Building Authority Data - Detail on Debt Issues

**County of Oakland**  
**Net Assets by Component – Unaudited Table 1**  
**Last Five Fiscal Years**

|  | Fiscal Year             |                       |                       |                       |                       |
|--|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 2006                    | 2005                  | 2004                  | 2003                  | 2002                  |
| Governmental activities:                           |                         |                       |                       |                       |                       |
| Invested in capital assets,<br>net of related debt | \$ 144,694,653          | \$ 116,382,905        | \$ 125,697,336        | \$ 58,629,622         | \$ 21,551,366         |
| Restricted   | 21,240,061              | 38,035,337            | 22,377,377            | 28,514,882            | 55,835,122            |
| Unrestricted                                       | 298,193,929             | 218,101,959           | 162,629,495           | 194,485,944           | 181,035,407           |
| Total governmental activities net assets           | <u>\$ 464,128,643</u>   | <u>\$ 372,520,201</u> | <u>\$ 310,704,208</u> | <u>\$ 281,630,448</u> | <u>\$ 258,421,895</u> |
| Business-type activities:                          |                         |                       |                       |                       |                       |
| Invested in capital assets,<br>net of related debt | \$ 225,880,411          | \$ 215,651,425        | \$ 190,338,502        | \$ 198,922,094        | \$ 179,629,620        |
| Restricted   | 10,730,495              | 7,294,993             | 23,448,148            | 20,368,141            | 27,017,375            |
| Unrestricted                                       | 341,381,773             | 332,975,197           | 319,544,722           | 308,056,427           | 280,329,861           |
| Total business-type activities net assets          | <u>\$ 577,992,679</u>   | <u>\$ 555,921,615</u> | <u>\$ 533,331,372</u> | <u>\$ 527,346,662</u> | <u>\$ 486,976,856</u> |
| Primary government:                                |                         |                       |                       |                       |                       |
| Invested in capital assets,<br>net of related debt | \$ 370,575,064          | \$ 332,034,330        | \$ 316,035,838        | \$ 257,551,716        | \$ 201,180,986        |
| Restricted   | 31,970,556              | 45,330,330            | 45,825,525            | 48,883,023            | 82,852,497            |
| Unrestricted                                       | 639,575,702             | 551,077,156           | 482,174,217           | 502,542,371           | 461,365,268           |
| Total primary government net assets                | <u>\$ 1,042,121,322</u> | <u>\$ 928,441,816</u> | <u>\$ 844,035,580</u> | <u>\$ 808,977,110</u> | <u>\$ 745,398,751</u> |

Note: Accrual-basis financial information as a whole is available beginning with fiscal year 2002, the year GASB Statement 34 was implemented.

**County of Oakland  
Changes in Net Assets – Unaudited Table 2  
Last Five Fiscal Years**

|  | Fiscal Year           |                       |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 2006                  | 2005                  | 2004                  | 2003                  | 2002                  |
| <b>Expenses</b>                                |                       |                       |                       |                       |                       |
| Governmental activities:                       |                       |                       |                       |                       |                       |
| General government, administrative             | \$ 39,448,194         | \$ 34,915,722         | \$ 35,578,079         | \$ 32,821,805         | \$ 36,480,813         |
| Public safety                                  | 180,827,863           | 173,911,642           | 165,067,831           | 151,546,402           | 144,451,972           |
| Justice administration                         | 90,373,934            | 85,956,260            | 83,235,490            | 81,373,123            | 79,933,470            |
| Citizen services                               | 88,508,774            | 83,919,462            | 77,571,680            | 76,612,458            | 87,645,381            |
| Public works                                   | 40,467,118            | 35,622,915            | 18,486,726            | 18,876,007            | 17,552,954            |
| Recreation and leisure                         | 2,779,800             | 2,577,424             | 2,462,791             | 2,808,343             | 2,996,623             |
| Commerce and community development             | 36,748,872            | 42,979,748            | 46,808,623            | 54,193,367            | 44,639,565            |
| Unallocated depreciation                       | 1,129,853             | 1,123,059             | 1,123,059             | 2,835,206             | 1,020,845             |
| Interest on debt                               | 6,624,240             | 5,652,842             | 5,551,625             | 6,726,688             | 6,570,446             |
| Total governmental activities expenses         | <u>486,908,648</u>    | <u>466,659,074</u>    | <u>435,885,904</u>    | <u>427,793,399</u>    | <u>421,292,069</u>    |
| Business-type activities:                      |                       |                       |                       |                       |                       |
| Airports                                       | 5,676,193             | 5,632,833             | 5,005,242             | 4,823,282             | 4,487,009             |
| Community safety support                       | 12,539,437            | 10,971,037            | 10,865,506            | 9,340,875             | 9,253,381             |
| Community tax financing                        | 1,340,229             | 1,315,521             | 1,077,366             | 1,409,967             | 1,984,852             |
| Community water and sewer                      | 40,118,287            | 37,700,658            | 34,802,235            | 34,877,178            | 33,482,071            |
| Jail commissary                                | 1,334,057             | 1,252,825             | 1,283,311             | 1,186,284             | 1,204,952             |
| Recreation and leisure                         | 20,665,548            | 20,773,917            | 19,165,552            | 17,008,848            | 16,663,091            |
| Sewage disposal systems                        | 90,093,986            | 80,423,546            | 78,962,606            | 71,884,188            | 75,230,353            |
| Skilled nursing care                           | 8,981,260             | 10,685,844            | 10,568,345            | 10,686,838            | 10,053,430            |
| Total business-type activities expenses        | <u>180,748,997</u>    | <u>168,756,181</u>    | <u>161,730,163</u>    | <u>151,217,460</u>    | <u>152,359,139</u>    |
| Total primary government expenses              | <u>\$ 667,657,645</u> | <u>\$ 635,415,255</u> | <u>\$ 597,616,067</u> | <u>\$ 579,010,859</u> | <u>\$ 573,651,208</u> |
| <b>Program Revenues</b>                        |                       |                       |                       |                       |                       |
| Governmental activities:                       |                       |                       |                       |                       |                       |
| Charges for services:                          |                       |                       |                       |                       |                       |
| General government, administrative             | \$ 14,285,484         | \$ 12,839,070         | \$ 12,299,340         | \$ 11,548,896         | \$ 14,682,954         |
| Public safety                                  | 49,434,892            | 45,251,275            | 42,939,243            | 41,903,525            | 41,238,007            |
| Justice administration                         | 30,576,767            | 29,630,731            | 29,768,509            | 26,858,948            | 27,350,803            |
| Citizen services                               | 9,113,293             | 8,357,404             | 8,784,563             | 7,598,168             | 5,541,962             |
| Public works                                   | 20,878,079            | 6,392,216             | 6,566,260             | 28,951,559            | 23,099,115            |
| Recreation and leisure                         | 98,935                | 99,049                | 117,393               | 88,279                | 117,826               |
| Commerce and community development             | 20,009,846            | 22,975,217            | 28,894,323            | 25,548,227            | 19,525,047            |
| Interest on debt                               | -                     | 386,479               | 168,080               | -                     | -                     |
| Operating grants and contributions:            |                       |                       |                       |                       |                       |
| General government, administrative             | 1,121,105             | 1,658,934             | 1,521,884             | 72,460                | 244,630               |
| Public safety                                  | 20,550,578            | 20,278,356            | 16,506,327            | 15,519,406            | 15,202,364            |
| Justice administration                         | 1,634,191             | 780,681               | 862,643               | 338,254               | 2,140,019             |
| Citizen services                               | 19,070,669            | 18,136,755            | 15,926,459            | 17,103,251            | 20,732,185            |
| Public works                                   | 86,254                | 5,854                 | 158,119               | 436,520               | 44,378                |
| Recreation and leisure                         | 31,700                | -                     | 8,750                 | 84,519                | 114,509               |
| Commerce and community development             | 20,584,131            | 19,718,664            | 19,898,125            | 20,054,932            | 18,218,192            |
| Capital grants and contributions:              |                       |                       |                       |                       |                       |
| Public safety                                  | 3,529,427             | 1,590,024             | 1,245,668             | 959,459               | 1,514,359             |
| Public works                                   | 7,404,889             | 6,904,972             | 298,282               | 369,031               | 133,128               |
| Total governmental activities program revenues | <u>218,410,240</u>    | <u>195,005,681</u>    | <u>185,963,968</u>    | <u>197,435,434</u>    | <u>189,899,478</u>    |

(Continued)

**County of Oakland  
Changes in Net Assets – Unaudited Table 2 (Continued)  
Last Five Fiscal Years**

|   | Fiscal Year             |                         |                         |                         |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|   | 2006                    | 2005                    | 2004                    | 2003                    | 2002                    |
| <b>Program Revenues (Continued)</b>                         |                         |                         |                         |                         |                         |
| Business-type activities:                                   |                         |                         |                         |                         |                         |
| Charges for services:                                       |                         |                         |                         |                         |                         |
| Airports  | \$ 5,300,440            | \$ 4,608,834            | \$ 4,280,322            | \$ 4,079,620            | \$ 3,942,609            |
| Community safety support                                    | 11,202,550              | 10,821,190              | 10,931,124              | 10,552,618              | 10,093,556              |
| Community tax financing                                     | 12,442,217              | 11,984,075              | 11,056,283              | 14,012,054              | 14,830,389              |
| Community water and sewer                                   | 41,514,810              | 38,620,408              | 35,673,610              | 35,297,873              | 32,369,622              |
| Jail commissary   | 1,377,018               | 1,323,321               | 1,207,479               | 1,148,072               | 1,212,489               |
| Recreation and leisure                                      | 8,953,868               | 9,204,041               | 8,629,438               | 8,055,511               | 8,269,873               |
| Sewage disposal systems                                     | 83,641,440              | 79,161,520              | 73,673,723              | 75,762,691              | 71,176,635              |
| Skilled nursing care  | 7,078,913               | 9,225,119               | 10,477,016              | 9,903,162               | 10,218,571              |
| Operating grants and contributions:                         |                         |                         |                         |                         |                         |
| Airports  | -                       | 40                      | 8,636                   | 6,078                   | -                       |
| Community safety support                                    | -                       | -                       | -                       | -                       | 1,514,359               |
| Recreation and leisure                                      | 24,411                  | 13,627                  | 11,448                  | 9,043                   | -                       |
| Skilled nursing care  | 18,055                  | 31,061                  | 29,368                  | 15,090                  | -                       |
| Capital grants and contributions:                           |                         |                         |                         |                         |                         |
| Airports  | 3,390,266               | 817,888                 | 3,198,595               | 265,152                 | 146,991                 |
| Community safety support                                    | 864,928                 | 6,624,066               | 1,256,922               | 959,549                 | -                       |
| Community water and sewer                                   | 8,428,755               | 1,390,686               | 358,806                 | 22,249,780              | -                       |
| Recreation and leisure                                      | 7,955                   | 88,900                  | 183,040                 | 411,290                 | -                       |
| Sewage disposal systems                                     | 864,895                 | 8,137,741               | 912,247                 | 10,000                  | 26,299                  |
| Skilled nursing care  | -                       | -                       | -                       | 34,168                  | -                       |
| Total business-type activities program revenues             | <u>185,110,521</u>      | <u>182,052,517</u>      | <u>161,888,057</u>      | <u>182,771,751</u>      | <u>153,801,393</u>      |
| Total primary government program revenues                   | <u>\$ 403,520,761</u>   | <u>\$ 377,058,198</u>   | <u>\$ 347,852,025</u>   | <u>\$ 380,207,185</u>   | <u>\$ 343,700,871</u>   |
| <b>Net (Expense)/Revenue</b>                                |                         |                         |                         |                         |                         |
| Governmental activities                                     | \$ (268,498,408)        | \$ (271,653,393)        | \$ (249,921,936)        | \$ (230,357,965)        | \$ (231,392,591)        |
| Business-type activities                                    | 4,361,524               | 13,296,336              | 157,894                 | 31,554,291              | 1,442,254               |
| Total primary government net expense                        | <u>\$ (264,136,884)</u> | <u>\$ (258,357,057)</u> | <u>\$ (249,764,042)</u> | <u>\$ (198,803,674)</u> | <u>\$ (229,950,337)</u> |
| <b>General Revenues and Other Changes<br/>in Net Assets</b> |                         |                         |                         |                         |                         |
| Governmental activities:                                    |                         |                         |                         |                         |                         |
| Property taxes  | \$ 324,933,152          | \$ 304,477,931          | \$ 214,309,074          | \$ 204,057,370          | \$ 192,253,197          |
| State-shared revenues (unrestricted)                        | 9,959,900               | 10,197,734              | 30,239,698              | 32,911,846              | 35,117,729              |
| Unrestricted investment earnings                            | 14,325,859              | 6,991,101               | 2,498,825               | 6,579,296               | 7,895,868               |
| Gain on sale of capital assets                              | -                       | 95,379                  | 592,234                 | 379,413                 | 592,896                 |
| Other revenues  | 733,352                 | 1,378,194               | 2,303,411               | 3,097,397               | 3,019,648               |
| Special items - write off of C.I.P.                         | -                       | -                       | -                       | (6,033,983)             | -                       |
| Special items - Contribution to VEBA Trust                  | -                       | -                       | (50,890,224)            | -                       | -                       |
| Transfers in (out)  | 10,154,587              | 10,329,047              | 11,737,678              | 12,575,179              | (55,576,974)            |
| Total governmental activities                               | <u>360,106,850</u>      | <u>333,469,386</u>      | <u>210,790,696</u>      | <u>253,566,518</u>      | <u>183,302,364</u>      |

(Continued)

**County of Oakland**  
**Changes in Net Assets – Unaudited Table 2 (Continued)**  
**Last Five Fiscal Years**

|   | Fiscal Year           |                       |                        |                       |                       |
|---|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|
|   | 2006                  | 2005                  | 2004                   | 2003                  | 2002                  |
| <b>General Revenues and Other Changes in Net Assets (Continued)</b> |                       |                       |                        |                       |                       |
| Business-type activities:   |                       |                       |                        |                       |                       |
| Property taxes  | \$ 14,071,266         | \$ 12,811,366         | \$ 12,647,696          | \$ 12,196,371         | \$ 10,950,682         |
| Unrestricted investment earnings                                    | 13,792,861            | 6,811,588             | 2,204,973              | 5,262,876             | 6,709,123             |
| Gain on sale of capital assets                                      | -                     | -                     | -                      | 16,991                | 13,157                |
| Other revenues  | -                     | -                     | -                      | 3,914,456             | 506,140               |
| Special items - write off of C.I.P.                                 | -                     | -                     | (198,826)              | -                     | -                     |
| Transfers in (out)  | (10,154,587)          | (10,329,047)          | (11,737,678)           | (12,575,179)          | 55,576,974            |
| Total business-type activities                                      | <u>17,709,540</u>     | <u>9,293,907</u>      | <u>2,916,165</u>       | <u>8,815,515</u>      | <u>73,756,076</u>     |
| Total primary government  | <u>\$ 377,816,390</u> | <u>\$ 342,763,293</u> | <u>\$ 213,706,861</u>  | <u>\$ 262,382,033</u> | <u>\$ 257,058,440</u> |
| <b>Change in Net Assets</b>   |                       |                       |                        |                       |                       |
| Governmental activities   | \$ 91,608,442         | \$ 61,815,993         | \$ (39,131,240)        | \$ 23,208,553         | \$ (48,090,227)       |
| Business-type activities  | <u>22,071,064</u>     | <u>22,590,243</u>     | <u>3,074,059</u>       | <u>40,369,806</u>     | <u>75,198,330</u>     |
| Total primary government  | <u>\$ 113,679,506</u> | <u>\$ 84,406,236</u>  | <u>\$ (36,057,181)</u> | <u>\$ 63,578,359</u>  | <u>\$ 27,108,103</u>  |

Note: Accrual-basis financial information as a whole is available beginning with fiscal year 2002, the year GASB Statement 34 was implemented.

**County of Oakland  
Fund Balances, Governmental Funds – Unaudited Table 3  
Last Ten Fiscal Years  
(Modified accrual basis of accounting)**

|                                   | Fiscal Year           |                       |                      |                       |                      |                      |                      |                      |                      |                      |
|-----------------------------------|-----------------------|-----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                   | 2006                  | 2005 (3)              | 2004                 | 2003                  | 2002                 | 2001 (2)             | 2000                 | 1999                 | 1998                 | 1997                 |
| General Fund:                     |                       |                       |                      |                       |                      |                      |                      |                      |                      |                      |
| Reserved                          | \$ 1,221,581          | \$ 598,097            | \$ 2,577,664         | \$ 2,736,083          | \$ 4,249,521         | \$ 43,081,080        | \$ 1,344,791         | \$ 2,693,238         | \$ 10,139,421        | \$ 421,120           |
| Unreserved:                       |                       |                       |                      |                       |                      |                      |                      |                      |                      |                      |
| Designated                        | 72,092,443            | 63,649,200            | 64,412,160           | 109,291,076           | 90,318,299           | 53,852,800           | 40,616,600           | 35,166,000           | 25,306,092           | 31,082,859           |
| Undesignated                      | <u>766,450</u>        | <u>1,197,376</u>      | <u>450,397</u>       | <u>482,968</u>        | <u>82,370</u>        | <u>207,313</u>       | <u>1,027,971</u>     | <u>627,446</u>       | <u>571,457</u>       | <u>771,663</u>       |
| Total General Fund                | <u>\$ 74,080,474</u>  | <u>\$ 65,444,673</u>  | <u>\$ 67,440,221</u> | <u>\$ 112,510,127</u> | <u>\$ 94,650,190</u> | <u>\$ 97,141,193</u> | <u>\$ 42,989,362</u> | <u>\$ 38,486,684</u> | <u>\$ 36,016,970</u> | <u>\$ 32,275,642</u> |
| All Other Governmental Funds (1): |                       |                       |                      |                       |                      |                      |                      |                      |                      |                      |
| Reserved                          | \$ 22,974,884         | \$ 35,964,327         | \$ 23,674,613        | \$ 29,973,040         | \$ 48,939,335        | \$ 14,739,815        | \$ 28,306,962        | \$ 31,171,658        | \$ 28,239,890        | \$ 33,114,014        |
| Unreserved:                       |                       |                       |                      |                       |                      |                      |                      |                      |                      |                      |
| Designated:                       |                       |                       |                      |                       |                      |                      |                      |                      |                      |                      |
| Special Revenue Funds             | 140,799,885           | 74,210,217            | 27,813,436           | 21,643,363            | 25,781,542           | 22,057,625           | 14,498,602           | 12,915,741           | 8,938,687            | 9,688,326            |
| Capital Projects Funds            | 4,662,919             | 15,842,509            | 7,270,580            | 6,218,795             | 15,357,454           | 17,828,637           | 8,920,955            | 5,576,463            | 13,221,827           | 10,892,198           |
| Undesignated                      | <u>5,397,559</u>      | <u>5,317,282</u>      | <u>10,620,196</u>    | <u>10,156,881</u>     | <u>7,500,718</u>     | <u>4,026,806</u>     | <u>12,131,382</u>    | <u>4,974,383</u>     | <u>331,070</u>       | <u>3,123,455</u>     |
|                                   | <u>\$ 173,835,247</u> | <u>\$ 131,334,335</u> | <u>\$ 69,378,825</u> | <u>\$ 67,992,079</u>  | <u>\$ 97,579,049</u> | <u>\$ 58,652,883</u> | <u>\$ 63,857,901</u> | <u>\$ 54,638,245</u> | <u>\$ 50,731,474</u> | <u>\$ 56,817,993</u> |

- (1) Fund Balances have been restated to reflect the following changes during the time period reported: Years 1997-1998 to reflect Community Mental Health becoming a component unit of the primary government effective with fiscal year 1999; Years 1997-1999 to reflect Drainage Districts becoming a component unit of the primary government effective with fiscal year 2000; Years 1997-2000 to reflect Delinquent Personal Tax Administration fund and Probate Court Trust fund being reclassified from fiduciary fund-type (Expendable Trust Funds) to governmental fund-type (Special Revenue Funds), and County Market Fund being reclassified from governmental fund-type (Special Revenue Fund) to proprietary fund-type (Enterprise Fund) effective with fiscal year 2001; Years 1997-2001 to reflect Parks and Recreation Fund being reclassified from a governmental fund-type to a proprietary fund-type (Enterprise Fund) effective with fiscal year 2002.
- (2) 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. This resulted in an increase in Reserved Fund Balance in the General Fund.
- (3) Fiscal year 2005 began State mandated shift of County property taxes from winter to summer over a three-year period. This also required establishment of the Revenue Sharing Reserve fund (Special Revenue fund-type) to be funded by a transfer of an amount equal to one-third of the FY2004 levy, increasing Designated Fund Balances for Other Governmental Funds by \$55,144,063.

**County of Oakland**  
**Changes in Fund Balances, Governmental Funds – Unaudited Table 4**  
**Last Nine Fiscal Years**  
**(Modified accrual basis of accounting)**

|  | Fiscal Year        |                    |                    |                    |                    |                    |                    |                    |                    |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|  | 2006               | 2005 (3)           | 2004               | 2003               | 2002               | 2001 (2)           | 2000               | 1999               | 1998               |
| <b>Revenues</b>                              |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Property taxes                               | \$ 318,383,151     | \$ 301,057,658     | \$ 214,309,074     | \$ 204,057,370     | \$ 192,253,197     | \$ 222,230,797     | \$ 166,305,331     | \$ 157,386,962     | \$ 152,301,324     |
| Special assessments                          | 11,332,984         | 10,797,589         | 19,082,203         | 27,056,515         | 24,330,224         | 24,028,230         | 27,706,723         | 33,318,319         | 34,015,933         |
| Federal grants                               | 42,894,711         | 41,776,753         | 36,478,198         | 33,791,532         | 34,093,696         | 25,256,189         | 10,871,818         | 10,865,402         | 13,497,794         |
| State grants                                 | 23,575,611         | 28,574,408         | 24,623,610         | 28,126,308         | 29,533,395         | 40,531,592         | 48,606,095         | 46,379,401         | 28,169,605         |
| Other intergovernmental revenues             | 15,234,407         | 16,089,480         | 36,588,382         | 38,356,990         | 40,386,058         | 41,565,243         | 38,457,493         | 36,174,456         | 32,810,442         |
| Charges for services                         | 107,945,932        | 108,702,567        | 111,916,185        | 103,837,967        | 93,733,665         | 83,955,030         | 83,186,092         | 79,335,940         | 77,128,775         |
| Contributions                                | 102,666            | 75,080             | 96,823             | 138,092            | 345,489            | 766,913            | 458,524            | 6,400              | 40,012             |
| Investment income                            | 10,310,405         | 5,081,523          | 1,931,085          | 5,136,061          | 6,299,570          | 13,851,656         | 13,611,029         | 11,913,680         | 14,291,796         |
| Indirect cost recovery                       | 9,007,715          | 9,410,302          | 9,618,232          | 9,220,915          | 8,676,209          | 3,104,059          | 779,876            | 3,079,183          | 3,312,025          |
| Other  | 1,754,126          | 1,294,348          | 2,230,760          | 3,063,177          | 2,651,747          | 1,447,927          | 8,201,932          | 3,495,277          | 588,020            |
| <b>Total revenues</b>                        | <b>540,541,708</b> | <b>522,859,708</b> | <b>456,874,552</b> | <b>452,784,927</b> | <b>432,303,250</b> | <b>456,737,636</b> | <b>398,184,913</b> | <b>381,955,020</b> | <b>356,155,726</b> |
| <b>Expenditures</b>                          |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| County Executive                             | 166,586,991        | 163,130,577        | 156,550,456        | 149,307,293        | 154,605,827        | 149,744,060        | 143,063,229        | 137,061,549        | 108,169,398        |
| Clerk/Register of Deeds                      | 11,897,910         | 11,711,757         | 13,080,040         | 12,423,937         | 13,445,569         | 10,506,883         | 10,517,386         | 9,377,996          | 7,772,822          |
| Treasurer                                    | 6,122,456          | 5,658,775          | 5,458,196          | 5,774,036          | 4,525,029          | 4,077,255          | 4,382,546          | 3,808,342          | 3,682,121          |
| Justice administration                       | 83,711,921         | 84,343,946         | 80,416,159         | 77,410,722         | 75,480,801         | 72,303,297         | 63,291,914         | 56,737,135         | 54,028,545         |
| Law enforcement                              | 147,103,554        | 142,747,959        | 132,216,411        | 121,606,032        | 115,316,654        | 104,520,100        | 101,585,022        | 92,965,913         | 91,885,843         |
| Legislative                                  | 16,688,074         | 5,107,485          | 5,059,493          | 5,002,440          | 5,249,616          | 5,368,932          | 5,094,162          | 4,863,777          | 4,574,804          |
| Drain Commissioner                           | 6,430,363          | 15,672,724         | 8,921,658          | 8,131,493          | 5,218,322          | 4,879,051          | 4,150,030          | 4,042,744          | 7,348,014          |
| Non-departmental                             | 17,507,381         | 20,929,827         | 18,182,953         | 16,588,079         | 18,125,777         | 17,995,977         | 18,397,379         | 26,060,096         | 21,644,259         |
| Capital outlay                               | 32,271,857         | 18,354,001         | 17,962,682         | 35,680,591         | 14,396,482         | 11,439,838         | 7,014,507          | 17,063,521         | 16,953,723         |
| Intergovernmental                            | 11,994,158         | 1,020,567          | 2,249,932          | 14,333,573         | 7,001,272          | 5,989,146          | 4,213,835          | 2,714,375          | 6,184,819          |
| Debt service:                                |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Principal payments                           | 11,190,000         | 10,320,000         | 17,555,000         | 23,590,000         | 20,125,000         | 19,350,000         | 21,100,000         | 23,150,000         | 22,755,000         |
| Interest and fiscal charges                  | 5,882,064          | 5,550,107          | 5,666,354          | 6,759,378          | 6,389,790          | 6,624,072          | 7,396,538          | 9,852,955          | 10,993,966         |
| <b>Total expenditures</b>                    | <b>517,386,729</b> | <b>484,547,725</b> | <b>463,319,334</b> | <b>476,607,574</b> | <b>439,880,139</b> | <b>412,798,611</b> | <b>390,206,548</b> | <b>387,698,403</b> | <b>355,993,314</b> |
| Excess of revenues over (under) expenditures | 23,154,979         | 38,311,983         | (6,444,782)        | (23,822,647)       | (7,576,889)        | 43,939,025         | 7,978,365          | (5,743,383)        | 162,412            |

(Continued)

**County of Oakland**  
**Changes in Fund Balances, Governmental Funds – Unaudited Table 4 (Continued)**  
**Last Nine Fiscal Years**  
**(Modified accrual basis of accounting)**

|   | Fiscal Year          |                      |                        |                        |                      |                      |                      |                     |                       |
|---|----------------------|----------------------|------------------------|------------------------|----------------------|----------------------|----------------------|---------------------|-----------------------|
|   | 2006                 | 2005 (3)             | 2004                   | 2003                   | 2002                 | 2001 (2)             | 2000                 | 1999                | 1998                  |
| <b>Other Financing Sources (Uses)</b>                   |                      |                      |                        |                        |                      |                      |                      |                     |                       |
| Transfers in  | \$ 185,927,476       | \$ 177,038,866       | \$ 73,514,467          | \$ 66,522,904          | \$ 83,430,971        | \$ 85,155,942        | \$ 90,486,096        | \$ 78,069,575       | \$ 69,654,001         |
| Transfers out   | (182,735,492)        | (176,149,891)        | (66,602,070)           | (62,076,753)           | (85,706,528)         | (80,105,888)         | (84,742,127)         | (72,501,943)        | (75,636,698)          |
| Payment to bond escrow agent                            | (9,009,368)          | (1,099,561)          | (4,832,368)            | (2,605,000)            | -                    | (2,414,514)          | -                    | (26,809,670)        | (9,942,038)           |
| Issuance of bonds                                       | 34,160,000           | 21,955,000           | 11,590,000             | 10,330,000             | 46,700,000           | 2,395,000            | -                    | 33,625,000          | 13,498,052            |
| Premiums on bonds sold                                  | (360,882)            | -                    | 37,774                 | -                      | -                    | -                    | -                    | -                   | -                     |
| Discount on bonds sold                                  | -                    | (96,435)             | (55,957)               | (75,537)               | (412,391)            | (22,752)             | -                    | (263,094)           | (80,920)              |
| <b>Total other financing sources (uses)</b>             | <b>27,981,734</b>    | <b>21,647,979</b>    | <b>13,651,846</b>      | <b>12,095,614</b>      | <b>44,012,052</b>    | <b>5,007,788</b>     | <b>5,743,969</b>     | <b>12,119,868</b>   | <b>(2,507,603)</b>    |
| <b>Special items</b>                                    |                      |                      |                        |                        |                      |                      |                      |                     |                       |
| Contribution to VEBA Trust (OPEB)                       | -                    | -                    | (50,890,224)           | -                      | -                    | -                    | -                    | -                   | -                     |
| <b>Net change in fund balances</b>                      | <b>\$ 51,136,713</b> | <b>\$ 59,959,962</b> | <b>\$ (43,683,160)</b> | <b>\$ (11,727,033)</b> | <b>\$ 36,435,163</b> | <b>\$ 48,946,813</b> | <b>\$ 13,722,334</b> | <b>\$ 6,376,485</b> | <b>\$ (2,345,191)</b> |
| Debt service as a percentage of noncapital expenditures | 3.52%                | 3.43%                | 5.23%                  | 6.91%                  | 6.26%                | 6.53%                | 7.55%                | 9.00%               | 9.63%                 |

- (1) Revenues, Expenditures and Other Financing Sources (Uses) have been restated to reflect the following changes during the time period reported: Year 1998 to reflect Community Mental Health becoming a component unit of the primary government effective with fiscal year 1999; Years 1998-1999 to reflect Drainage Districts becoming a component unit of the primary government effective with fiscal year 2000; Years 1998-2000 to reflect Delinquent Personal Tax Administration fund and Probate Court Trust fund being reclassified from fiduciary fund-type (Expendable Trust Funds) to governmental fund-type (Special Revenue Funds) effective with fiscal year 2001; Years 1998-2001 to reflect Parks and Recreation fund being reclassified from a governmental fund-type to proprietary fund-type (Enterprise Fund) effective with fiscal year 2002. Also, reporting for this table begins with fiscal year 1998 since fiscal year 1997 was a nine-month period due to change in fiscal year ending date.
- (2) 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, resulting in an increase in Property Tax revenues.
- (3) Property Tax revenue increased in fiscal year 2005 to reflect State mandated shift in county levies from winter to summer over a three-year period, resulting in revenue reported for a one and one-third tax levy.



# County of Oakland

## Assessed, Equalized and Taxable Value of Property – Unaudited Table 5

### Last Ten Years

| Real Property   |                              |                   |                              |                  |                              |                  |                              |                |
|-----------------|------------------------------|-------------------|------------------------------|------------------|------------------------------|------------------|------------------------------|----------------|
| Fiscal Year (4) | Residential Property         |                   | Commercial Property          |                  | Industrial Property          |                  | Other Property (2)           |                |
|                 | Assessed and Equalized Value | Taxable Value     | Assessed and Equalized Value | Taxable Value    | Assessed and Equalized Value | Taxable Value    | Assessed and Equalized Value | Taxable Value  |
| 1997            | \$ 24,053,306,683            | \$ 22,862,752,764 | \$ 5,917,622,736             | \$ 5,747,928,710 | \$ 2,082,325,788             | \$ 2,020,136,871 | \$ 259,556,566               | \$ 230,276,622 |
| 1998            | 26,344,550,517               | 24,355,021,126    | 6,367,905,697                | 6,033,103,331    | 2,210,513,131                | 2,131,568,321    | 284,646,721                  | 230,920,357    |
| 1999            | 29,283,454,119               | 26,058,947,041    | 7,039,644,131                | 6,394,377,351    | 2,351,595,974                | 2,246,237,410    | 293,668,366                  | 224,237,162    |
| 2000            | 32,512,141,685               | 27,769,387,734    | 7,880,200,156                | 6,846,528,524    | 2,668,632,045                | 2,410,932,618    | 290,748,670                  | 209,157,136    |
| 2001            | 35,706,691,127               | 29,612,462,232    | 8,860,269,915                | 7,430,999,738    | 3,018,125,108                | 2,603,993,273    | 361,023,120                  | 233,217,826    |
| 2002            | 39,403,105,948               | 31,986,147,909    | 9,638,252,705                | 7,964,898,466    | 3,367,641,990                | 2,803,602,553    | 393,068,420                  | 236,251,798    |
| 2003            | 43,302,023,776               | 34,367,791,079    | 10,609,472,888               | 8,429,612,676    | 3,822,186,970                | 3,006,710,986    | 463,686,820                  | 255,848,882    |
| 2004            | 46,577,341,174               | 36,359,626,588    | 11,435,938,410               | 8,844,705,777    | 4,133,581,982                | 3,259,170,159    | 454,426,510                  | 232,927,499    |
| 2005            | 49,408,890,846               | 38,842,901,603    | 11,850,471,372               | 9,155,127,947    | 4,265,204,120                | 3,405,223,134    | 288,458,040                  | 133,077,813    |
| 2005            | 52,230,680,064               | 41,437,282,259    | 12,373,303,295               | 9,591,582,791    | 4,369,825,460                | 3,553,642,970    | 309,452,950                  | 106,066,950    |
| 2006            | 52,230,680,064               | 41,437,282,259    | 12,373,303,295               | 9,591,582,791    | 4,369,825,460                | 3,553,642,970    | 309,452,950                  | 106,066,950    |
| 2006            | 54,926,992,118               | 44,249,526,081    | 12,704,731,140               | 9,959,236,636    | 4,491,747,190                | 3,710,576,990    | 167,858,925                  | 66,813,058     |

| Fiscal Year (4) | Personal Property            |                  | Total Property               |                   | Total Direct Tax Rate (3) |
|-----------------|------------------------------|------------------|------------------------------|-------------------|---------------------------|
|                 | Assessed and Equalized Value | Taxable Value    | Assessed and Equalized Value | Taxable Value     |                           |
| 1997            | \$ 3,432,142,210             | \$ 3,432,057,120 | \$ 35,744,953,983            | \$ 34,293,152,087 | 4.6244                    |
| 1998            | 3,718,065,750                | 3,717,932,420    | 38,925,681,816               | 36,468,545,555    | 4.5944                    |
| 1999            | 4,088,471,704                | 4,088,132,744    | 43,056,834,294               | 39,011,931,708    | 4.4329                    |
| 2000            | 4,520,810,144                | 4,520,015,264    | 47,872,532,700               | 41,756,021,276    | 4.4304                    |
| 2001            | 4,491,256,560                | 4,489,900,840    | 52,437,365,830               | 44,370,573,909    | 4.4276                    |
| 2002            | 4,667,642,532                | 4,665,829,152    | 57,469,711,595               | 47,656,729,878    | 4.4252                    |
| 2003            | 4,632,159,968                | 4,628,845,976    | 62,829,530,422               | 50,688,809,599    | 4.4353                    |
| 2004            | 4,484,153,706                | 4,483,455,987    | 67,085,441,782               | 53,179,886,010    | 4.4336                    |
| 2005            | 4,483,972,263                | 4,450,160,375    | 70,296,996,641               | 55,986,490,872    | 4.4322                    |
| 2005            | 4,175,926,590                | 4,174,265,170    | 73,459,188,359               | 58,862,840,140    | 1.3900                    |
| 2006            | 4,175,926,590                | 4,174,265,170    | 73,459,188,359               | 58,862,840,140    | 3.0415                    |
| 2006            | 4,148,396,210                | 4,147,262,470    | 76,439,725,583               | 62,133,415,235    | 2.8000                    |

**Notes:**

- (1) The County assesses property annually. Assessed value is approximately 50% of actual cash value (estimated market value). Values are equalized by adding or deducting from the assessed value of each class of property in all assessing jurisdictions in order to bring each unit to a common level of valuation. Taxable value is a result of a ballot proposal passed by the electorate in the State of Michigan in 1994. Taxable value increases are limited to (following adjustments for additions or losses) the rate of inflation or 5%, whichever is less. The taxable value limit does not apply to a property in the year following a transfer of ownership (sale).
- (2) Includes Agricultural and Developmental property
- (3) Per \$1,000 of taxable value.
- (4) The County has historically levied taxes on December 1 to finance the calendar year to follow. Michigan Public Act 357 of 2004 mandated a shift in County operating tax from a winter tax levy to a summer tax levy. To ease the transition of shifting collection of the tax from winter to summer (accelerated collection), there is a three-year phase-in of the payment schedule. In 2005, one-third of the County Operating Tax was billed on the summer tax statement of 2005, two-thirds on the winter tax statements. In 2006, two-thirds of the millage is billed on the summer statements, and one-third on the winter statement. In 2007, the entire County Operating Tax will be billed on the summer tax statements. These millage rates are applied to the respective taxable values determined as certified at the time of billing.

Source: Oakland County Department of Management & Budget, Equalization Division

**County of Oakland**  
**Direct and Overlapping Property Tax Rates – Unaudited Table 6**  
**Last Ten Years**  
**(Rates per \$1,000 of taxable value)**

|                                     | Year Taxes Are Payable |         |         |         |         |         |         |         |         |         |
|-------------------------------------|------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|                                     | 2006                   | 2005    | 2004    | 2003    | 2002    | 2001    | 2000    | 1999    | 1998    | 1997    |
| <b>County direct rates</b>          |                        |         |         |         |         |         |         |         |         |         |
| County operating                    | 4.1900                 | 4.1900  | 4.1900  | 4.1900  | 4.1900  | 4.1900  | 4.1900  | 4.1900  | 4.3505  | 4.3805  |
| Parks and Recreation                | 0.2415                 | 0.2422  | 0.2436  | 0.2453  | 0.2352  | 0.2376  | 0.2404  | 0.2429  | 0.2439  | 0.2439  |
| Total rate                          | 4.4315                 | 4.4322  | 4.4336  | 4.4353  | 4.4252  | 4.4276  | 4.4304  | 4.4329  | 4.5944  | 4.6244  |
| <b>Overlapping rates</b>            |                        |         |         |         |         |         |         |         |         |         |
| Huron-Clinton Metro Authority (a)   | 0.2146                 | 0.2154  | 0.2161  | 0.2170  | 0.2186  | 0.2202  | 0.2218  | 0.2235  | 0.2236  | 0.2236  |
| Intermediate school districts (5)   |                        |         |         |         |         |         |         |         |         |         |
| Median rate                         | 3.3690                 | 3.3789  | 3.3991  | 3.4224  | 3.0773  | 2.0752  | 2.0998  | 2.1208  | 2.1294  | 2.1294  |
| Low range                           | 2.9430                 | 2.9615  | 2.9729  | 2.9863  | 1.9753  | 1.9789  | 1.9914  | 1.9971  | 1.9971  | 1.9971  |
| High range                          | 3.5361                 | 3.5361  | 3.5469  | 3.5673  | 3.5835  | 3.5894  | 3.5894  | 3.6032  | 3.6032  | 3.6032  |
| Community colleges (3)              |                        |         |         |         |         |         |         |         |         |         |
| Median rate                         | 1.7967                 | 1.7967  | 1.8024  | 1.8043  | 1.8193  | 1.8310  | 1.8440  | 1.8521  | 1.8521  | 1.8521  |
| Low range                           | 1.5844                 | 1.5889  | 1.5983  | 1.6090  | 1.5952  | 1.6109  | 1.6295  | 1.6456  | 1.6522  | 1.6522  |
| High range                          | 2.6807                 | 2.6807  | 2.7466  | 2.8280  | 2.8672  | 1.8694  | 1.8694  | 1.8745  | 1.8745  | 1.8745  |
| Cities (30)                         |                        |         |         |         |         |         |         |         |         |         |
| Median rate                         | 15.1084                | 15.2367 | 14.4680 | 14.7619 | 14.8009 | 15.1415 | 15.2815 | 15.5644 | 15.6534 | 15.0850 |
| Low range                           | 8.3000                 | 8.3000  | 7.5500  | 7.5500  | 7.5500  | 7.6400  | 7.6400  | 6.7100  | 6.4200  | 6.3800  |
| High range                          | 24.8349                | 25.5163 | 25.4554 | 26.1031 | 26.3122 | 27.1553 | 28.6535 | 29.8450 | 29.2171 | 30.7177 |
| Villages (11)                       |                        |         |         |         |         |         |         |         |         |         |
| Median rate                         | 14.1290                | 14.1870 | 14.0552 | 14.0752 | 15.2989 | 15.3971 | 15.2898 | 14.5575 | 13.9302 | 13.3404 |
| Low range                           | 7.7443                 | 7.9462  | 7.9474  | 7.9500  | 7.7207  | 7.7236  | 7.7270  | 7.2300  | 7.7300  | 7.4000  |
| High range                          | 19.7520                | 17.9480 | 18.3524 | 18.7615 | 19.0911 | 19.1639 | 19.4194 | 19.7036 | 21.4862 | 19.6414 |
| Townships (21)                      |                        |         |         |         |         |         |         |         |         |         |
| Median rate                         | 6.0380                 | 6.0937  | 6.1765  | 6.2628  | 6.2266  | 6.0678  | 6.0015  | 5.3345  | 5.9302  | 5.2207  |
| Low range                           | 0.5500                 | 0.5500  | 0.5500  | 0.5500  | 0.6000  | 0.6000  | 0.6000  | 0.6000  | 0.6000  | 0.6000  |
| High range                          | 11.6081                | 11.5495 | 11.8007 | 10.7166 | 13.4073 | 9.9092  | 9.6419  | 10.5348 | 10.7560 | 10.7560 |
| School districts (35) (b)           |                        |         |         |         |         |         |         |         |         |         |
| Homestead:                          |                        |         |         |         |         |         |         |         |         |         |
| Median rate                         | 13.4910                | 13.6373 | 12.6015 | 13.8641 | 13.9538 | 13.7500 | 13.6442 | 13.5786 | 13.8154 | 13.6317 |
| Low range                           | 7.7200                 | 6.7000  | 5.0000  | 8.7872  | 8.7923  | 8.8000  | 8.4852  | 8.5196  | 7.0000  | 7.2500  |
| High range                          | 27.8925                | 27.8945 | 27.8945 | 28.8945 | 28.9094 | 28.7971 | 29.6651 | 29.8814 | 30.2460 | 30.4940 |
| Non-Homestead:                      |                        |         |         |         |         |         |         |         |         |         |
| Median rate                         | 29.6000                | 29.3455 | 28.8508 | 29.8627 | 30.1332 | 29.4666 | 29.6430 | 29.8827 | 29.9500 | 28.9400 |
| Low range                           | 25.7200                | 23.9010 | 23.0000 | 24.6700 | 24.6700 | 24.6700 | 24.5008 | 24.6700 | 24.0000 | 24.0000 |
| High range                          | 33.2110                | 32.6884 | 31.6925 | 34.2910 | 34.2910 | 34.2894 | 33.9590 | 33.9856 | 32.9091 | 32.6800 |
| DDAs (10) (c)                       |                        |         |         |         |         |         |         |         |         |         |
| Median rate                         | 1.8856                 | 1.9290  | 1.9339  | 1.9128  | 1.9558  | 1.9810  | 1.9890  | 1.9860  | -       | -       |
| Low range                           | 1.4010                 | 1.4393  | 1.4869  | 1.4869  | 1.4869  | 1.5224  | 1.7536  | 1.7536  | -       | -       |
| High range                          | 1.9860                 | 1.9860  | 2.0000  | 1.9705  | 1.9924  | 2.0000  | 2.0000  | 2.0000  | -       | -       |
| Public Transportation Authority (d) | 0.5950                 | 0.5962  | 0.5974  | 0.6000  | 0.3207  | 0.3236  | 0.3270  | 0.3300  | 0.3300  | 0.3300  |

Source: Oakland County Department of Management & Budget, Equalization Division yearly "Apportionment of Local Tax Rates" document.

**Notes**

- (a) Tax rate is recommended by this parks authority, and is approved by the Oakland County Board of Commissioners. The rate is included in the "County Combined Rate" on tax statements, but is not recorded as revenue on the County's financial statements.
- (b) Includes State of Michigan levy of 6.0000 mills for State Education Tax. District count is for actual school districts, but does not count separate rates for transfers, development authorities, and other agreements which are used in determining ranges of rates.
- (c) Downtown Development Authorities rates began in tax year 1999 with 7 districts. Consists of 10 districts as of tax year 2005.
- (d) Special voted tax, levied in 16 cities, 3 villages, and 3 townships only.

**County of Oakland  
Principal Taxpayers – Unaudited Table 7  
Current Year and Nine Years Ago**

| Taxpayer                                 | Principal Products or Services  | Fiscal Year 2006        |      |                                     | Fiscal Year 1997        |      |                                     |
|--|---------------------------------|-------------------------|------|-------------------------------------|-------------------------|------|-------------------------------------|
|  |                                 | Taxable Valuation*      | Rank | Percentage County Taxable Valuation | Taxable Valuation*      | Rank | Percentage County Taxable Valuation |
| General Motors Corporation               | Automobiles, Trucks, and Buses  | \$ 549,439,936          | 1    | 0.88 %                              | \$ 465,640,693          | 2    | 1.28 %                              |
| Detroit Edison Company                   | Electric Utility                | 372,822,429             | 2    | 0.60 %                              | 766,363,700             | 1    | 2.10 %                              |
| Twelve Oaks/Taubman, et. al.             | Real Estate, Twelve Oaks Mall   | 214,959,608             | 3    | 0.35 %                              | 52,496,002              |      | 0.14 %                              |
| Daimler-Chrysler Corporation             | Automobiles and Trucks          | 175,894,786             | 4    | 0.28 %                              | 296,643,609             | 4    | 0.81 %                              |
| Consumers Energy                         | Gas and Electric Utility        | 163,634,118             | 5    | 0.26 %                              | 346,042,117             | 3    | 0.95 %                              |
| Ford Motor Company                       | Automobiles and Trucks          | 135,061,310             | 6    | 0.22 %                              | 166,081,886             | 5    | 0.46 %                              |
| Town Centre Delaware, Inc.               | Real Estate                     | 129,211,983             | 7    | 0.21 %                              | -                       |      | - %                                 |
| Manufacturer's Hanover Bank              | Office Building                 | 113,096,729             | 8    | 0.18 %                              | 53,282,556              |      | 0.15 %                              |
| Ramco - Gershenson                       | Real Estate                     | 102,043,007             | 9    | 0.16 %                              | 69,323,262              | 10   | 0.19 %                              |
| W.R.C. Properties, Inc.                  | Real Estate                     | 100,964,211             | 10   | 0.16 %                              | 80,098,306              | 8    | 0.22 %                              |
| Frankel/Forbes/Cohen, et. al.            | Real Estate                     | 93,966,545              | 11   | 0.15 %                              | 37,599,707              |      | 0.10 %                              |
| Liberty Property Investments             | Real Estate Investment Trust    | 81,049,203              | 12   | 0.13 %                              | -                       |      | - %                                 |
| Electronic Data Systems Corp.            | Computer Systems                | 77,364,096              | 13   | 0.12 %                              | 91,240,130              | 6    | 0.25 %                              |
| Gale & Wentworth, LLC                    | Real Estate                     | 64,340,227              | 14   | 0.10 %                              | -                       |      | - %                                 |
| First Industrial Realty                  | Real Estate Investment Trust    | 56,316,608              | 15   | 0.09 %                              | -                       |      | - %                                 |
| Comerica Bank                            | Banking, Real Estate, Financial | 54,879,144              | 16   | 0.09 %                              | -                       |      | - %                                 |
| Nykel Management Co.                     | Real Estate                     | 53,770,872              | 17   | 0.09 %                              | 40,167,846              |      | 0.11 %                              |
| Kmart Corp.                              | Retail Sales                    | 53,667,534              | 18   | 0.09 %                              | 75,553,909              | 9    | 0.21 %                              |
| Prudential/ Prudential Insurance Company | Real Estate, Office Management  | 48,922,547              | 19   | 0.08 %                              | 90,808,473              | 7    | 0.25 %                              |
| Standard Federal Bank                    | Banking, Real Estate, Financial | 46,935,769              | 20   | 0.08 %                              | -                       |      | - %                                 |
| <b>Total</b>                             |                                 | <b>\$ 2,688,340,662</b> |      | <b>4.33 %</b>                       | <b>\$ 2,631,342,196</b> |      | <b>7.22 %</b>                       |

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

Source: Oakland County Department of Management & Budget, Equalization Division

**County of Oakland**  
**County Operating Property Tax Levies and Collections – Unaudited Table 8**  
**Last Ten Fiscal Years**

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| Year of Levy (1) | Tax Levy       | Collected within the Fiscal Year of the Levy |                    | Collections in Subsequent Years | Total Collections to Date |                    |
|------------------|----------------|--|--------------------|---------------------------------|---------------------------|--------------------|
|                  |                | Amount                                       | Percentage of Levy |                                 | Amount                    | Percentage of Levy |
| 1997             | \$ 146,793,283 | \$ 146,495,460                               | 99.80 %            | \$ 297,753                      | \$ 146,793,213            | 100.00 %           |
| 1998             | 154,608,230    | 150,980,892                                  | 97.65 %            | 3,619,330                       | 154,600,222               | 99.99 %            |
| 1999             | 158,822,030    | 155,281,200                                  | 97.77 %            | 3,518,411                       | 158,799,611               | 99.99 %            |
| 2000             | 169,119,667    | 165,732,647                                  | 98.00 %            | 3,352,374                       | 169,085,021               | 99.98 %            |
| 2001             | 179,455,454    | 175,467,354                                  | 97.78 %            | 3,332,525                       | 178,799,879               | 99.63 %            |
| 2002             | 192,549,695    | 187,779,963                                  | 97.52 %            | 4,042,442                       | 191,822,405               | 99.62 %            |
| 2003             | 206,294,411    | 201,567,944                                  | 97.71 %            | 3,837,358                       | 205,405,302               | 99.57 %            |
| 2004             | 216,173,657    | 211,292,953                                  | 97.74 %            | 3,913,299                       | 215,206,252               | 99.55 %            |
| 2005             | W 227,583,190  | 222,651,567                                  | 97.83 %            | 3,048,590                       | 225,700,157               | 99.17 %            |
| 2005             | S 79,281,336   | 65,809,623                                   | 83.01 %            | 12,241,437                      | 78,051,060                | 98.45 %            |
| 2006             | W 159,403,731  | 156,102,121                                  | 97.93 %            | -                               | 156,102,121               | 97.93 %            |
| 2006             | S 166,634,796  | 142,992,690                                  | 85.81 %            | -                               | 142,992,690               | 85.81 %            |

Source: Oakland County Treasurer

- (1) Tax levy date is December 1 of each year until calendar year 2005, at which time a shift in tax levy from Winter to Summer over a three-year period began. At that point the levy date is July 1. To accomplish this, the County Operating Tax levy for Summer 2005 is 1/3 of the annual rate, 2/3 for Winter 2005 (FY2006), 2/3 for Summer 2006, 1/3 for Winter 2006 (FY2007). In 2007, the entire County Operating Tax will be collected on the Summer Tax statements.

**County of Oakland**  
**Ratio of General Bonded Debt Outstanding – Unaudited Table 9**  
**Last Ten Fiscal Years**

| Year | General Bonded Debt (1)        |  |                   | Other Governmental Activities Debt |                                   | Business-Type           | Total<br>Primary<br>Government | Percentage<br>of Personal<br>Income (b) | Per<br>Capita (b) |
|------|--------------------------------|--|-------------------|------------------------------------|-----------------------------------|-------------------------|--------------------------------|---|-------------------|
|      | General<br>Obligation<br>Bonds | Percentage<br>of Taxable<br>Property<br>Values (a) | Per<br>Capita (b) | Special<br>Assessment<br>Bonds (c) | Drainage<br>Districts<br>Debt (d) | Activities<br>Tax Notes |                                |   |                   |
| 1997 | \$ 24,163,910                  | 0.07 %   | \$ 21.98          | \$ 154,426,948                     | \$ 7,791,573                      | \$ 16,500,000           | \$ 202,882,431                 | 4.48 %                                  | \$ 184.55         |
| 1998 | 22,755,000                     | 0.06 %   | 19.37             | 141,415,000                        | 7,475,034                         | 14,500,000              | 186,145,034                    | 3.71 %                                  | 158.41            |
| 1999 | 25,605,000                     | 0.07 %   | 21.70             | 127,520,000                        | 7,056,073                         | 10,000,000              | 170,181,073                    | 3.25 %                                  | 144.22            |
| 2000 | 22,925,000                     | 0.05 %   | 19.20             | 112,725,000                        | 6,721,082                         | 20,000,000              | 162,371,082                    | 2.88 %                                  | 135.97            |
| 2001 | 20,215,000                     | 0.05 %   | 16.82             | 96,130,000                         | 6,876,394                         | 12,000,000              | 135,221,394                    | 2.37 %                                  | 112.48            |
| 2002 | 64,100,000                     | 0.13 %   | 53.29             | 78,820,000                         | 6,904,807                         | 25,000,000              | 174,824,807                    | 3.01 %                                  | 145.33            |
| 2003 | 66,850,000                     | 0.13 %   | 55.34             | 60,205,000                         | 6,915,207                         | 25,000,000              | 158,970,207                    | 2.61 %                                  | 131.60            |
| 2004 | 70,130,000                     | 0.13 %   | 57.85             | 46,245,000                         | 6,864,854                         | 25,000,000              | 148,239,854                    | 2.40 %                                  | 122.29            |
| 2005 | 85,850,000                     | 0.15 %   | 70.70             | 41,085,000                         | 7,244,056                         | 25,000,000              | 159,179,056                    | 2.58 %                                  | 131.08            |
| 2006 | 76,685,000                     | 0.12 %   | 63.15             | 72,400,000                         | 7,957,730                         | 25,000,000              | 182,042,730                    | 2.95 %                                  | 149.91            |

**Notes:**

- (1) The County does not hold any funds restricted for the repayment of debt principal
- (a) Taxable values can be found in Table 5
- (b) Population and personal income data can be found in Table 12
- (c) See Notes to Basic Financial Statements, Note 8 - Long-term Debt. Special Assessment debt is shown with governmental commitment.
- (d) See Note 8 in Notes to Basic Financial Statements - Long-term Debt. Special Assessment debt for Drainage Districts Component Unit, General Obligation (owed by Primary Government).

**County of Oakland**  
**Net County Direct and Overlapping Debt – Unaudited Table 10**  
**September 30, 2006**

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|   | <b>Gross<br/>Amount<br/>Outstanding</b> | <b>Self-supporting<br/>or Paid by<br/>Benefiting<br/>Entity</b> | <b>Net<br/>Amount<br/>Outstanding</b> |
|---|---|---|---------------------------------------|
| <b>Direct debt</b>                              |   |   |                                       |
| Building authority bonds                        | \$ 99,865,000                           | \$ 23,180,000   | \$ 76,685,000                         |
| Water and sewer debt (Special assessment)       | 48,730,000                              | 48,730,000  | -                                     |
| Lake Levels (Special assessment)                | 490,000                                 | 490,000   | -                                     |
| General obligation tax notes                    | 25,000,000                              | -   | 25,000,000                            |
| Drainage Districts bonds and notes              | 173,134,167                             | 165,176,437   | 7,957,730                             |
| Road Commission debt (no County credit)         | <u>13,292,245</u>                       | <u>13,292,245</u>   | <u>-</u>                              |
| Net direct debt                                 | <u>\$ 360,511,412</u>                   | <u>\$ 250,868,682</u>   | <u>109,642,730</u>                    |
| <b>Overlapping debt</b>                         |   |   |                                       |
| Cities  |   |   | 657,926,092                           |
| Villages  |   |   | 295,125,059                           |
| Townships                                       |   |   | 29,958,658                            |
| School districts                                |   |   | 2,877,492,255                         |
| Intermediate school districts                   |   |   | 9,101,097                             |
| Community colleges                              |   |   | 10,536,940                            |
| Library   |   |   | 8,795,294                             |
| County-issued debt paid by local municipalities |   |   | <u>250,868,682</u>                    |
| Net overlapping debt                            |   |   | <u>4,139,804,077</u>                  |
| <b>Net direct and overlapping debt</b>          |   |   | <u><u>\$ 4,249,446,807</u></u>        |

Source: Oakland County Treasurer and Municipal Advisory Council of Michigan

**County of Oakland**  
**Legal Debt Margin – Unaudited Table 11**  
**Last Ten Years**

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| <b>Year</b> | <b>State<br/>Equalized<br/>Valuation</b> | <b>Debt Limit<br/>10% of SEV</b> | <b>Amount of<br/>Debt Applicable<br/>to Limit</b> | <b>Legal<br/>Debt Margin</b> | <b>Debt<br/>Applicable<br/>to Limit as a<br/>Percentage of<br/>Debt Limit</b> |
|-------------|--|----------------------------------|---|------------------------------|---|
| 1997        | \$ 38,925,681,816                        | \$ 3,892,568,182                 | \$ 305,818,474                                    | \$ 3,586,749,708             | 7.86%   |
| 1998        | 43,056,834,284                           | 4,305,683,428                    | 287,233,125                                       | 4,018,450,303                | 6.67%   |
| 1999        | 47,872,532,700                           | 4,787,253,270                    | 263,705,721                                       | 4,523,547,549                | 5.51%   |
| 2000        | 52,437,365,830                           | 5,243,736,583                    | 244,435,000                                       | 4,999,301,583                | 4.66%   |
| 2001        | 57,469,711,595                           | 5,746,971,160                    | 232,076,943                                       | 5,514,894,217                | 4.04%   |
| 2002        | 62,829,530,422                           | 6,282,953,042                    | 303,211,679                                       | 5,979,741,363                | 4.83%   |
| 2003        | 67,085,441,782                           | 6,708,544,178                    | 305,792,167                                       | 6,402,752,011                | 4.56%   |
| 2004        | 70,296,996,641                           | 7,029,699,664                    | 314,879,961                                       | 6,714,819,703                | 4.48%   |
| 2005        | 73,459,188,359                           | 7,345,918,836                    | 324,503,722                                       | 7,021,415,114                | 4.42%   |
| 2006        | 76,439,725,583                           | 7,643,972,558                    | 347,219,167                                       | 7,296,753,391                | 4.54%   |

Sources:

Equalized Valuations = Oakland County Department of Management & Budget, Equalization Division

General Obligation Debt = Oakland County Department of Management and Budget, Fiscal Services Division

**County of Oakland**  
**Demographic and Economic Statistics – Unaudited Table 12**  
**Last Ten Years**

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| <b>Year</b> | <b>Population</b> | <b>Personal<br/>Income</b> | <b>Per Capita<br/>Personal<br/>Income</b> | <b>Unemployment<br/>Rate</b> |
|-------------|-------------------|----------------------------|---|------------------------------|
| 1997        | 1,099,323         | \$ 45,246,145              | \$ 41                                     | 3.20 %                       |
| 1998        | 1,175,057         | 50,217,376                 | 43  | 3.00 %                       |
| 1999        | 1,179,978         | 52,357,495                 | 44  | 2.90 %                       |
| 2000        | 1,194,156         | 56,335,375                 | 47  | 2.90 %                       |
| 2001        | 1,202,176         | 57,026,820                 | 47  | 4.40 %                       |
| 2002        | 1,202,962         | 58,023,888                 | 48  | 5.20 %                       |
| 2003        | 1,208,013         | 60,992,510                 | 50  | 5.50 %                       |
| 2004        | 1,212,181         | 61,810,176                 | 51  | 5.60 %                       |
| 2005        | 1,214,361         | 61,810,176 (a)             | 51  | 5.70 %                       |
| 2006        | 1,214,361 (a)     | 61,810,176 (a)             | 51  | 5.00 %                       |

(a) Census Data not available at the time of publication.

Sources:

Population = U.S. Department of Commerce, Bureau of Census

Personal Income = Michigan Bureau of Economic Analysis

Unemployment Rate = Michigan Department of Labor & Economic Growth



**County of Oakland  
Principal Employers – Unaudited Table 13  
Current Year and Nine Years Ago**

| Employer   | Principal Products or Services  | Fiscal Year 2006 |      |                                       | Fiscal Year 1997 |      |                                       |
|--|---------------------------------|------------------|------|---------------------------------------|------------------|------|---------------------------------------|
|  |                                 | Employees        | Rank | Percentage of Total County Employment | Employees        | Rank | Percentage of Total County Employment |
| General Motors Corporation                                 | Automobiles, Trucks, and Buses  | 17,486           | 1    | 2.86%                                 | 26,700           | 1    | 4.17%                                 |
| William Beaumont Hospital                                  | Health Care                     | 12,227           | 2    | 2.00%                                 | 9,870            | 2    | 1.54%                                 |
| Chrysler Group   | Automotive                      | 10,382           | 3    | 1.70%                                 | 3,900            | 6    | 0.61%                                 |
| Oakland County   | County Government Services      | 4,536            | 4    | 0.74%                                 | 4,530            | 8    | 0.71%                                 |
| Electronic Data Systems Corp.                              | Computer Systems                | 4,450            | 5    | 0.73%                                 | 8,900            | 3    | 1.39%                                 |
| St. John Health Services<br>(formerly Providence Hospital) | Health Care Organization        | 4,027            | 6    | 0.66%                                 | 3,550            | 7    | 0.56%                                 |
| AT&T Michigan  | Telecommunications              | 4,000            | 7    | 0.66%                                 | n/a              | n/a  | n/a                                   |
| U.S. Postal Service  | Postal Services                 | 3,977            | 8    | 0.65%                                 | n/a              | n/a  | n/a                                   |
| Blue Cross Blue Shield of Michigan                         | Health Insurer                  | 3,923            | 9    | 0.64%                                 | n/a              | n/a  | n/a                                   |
| Trinity Health<br>(formerly St. Joseph Mercy)              | Health Services                 | 3,674            | 10   | 0.60%                                 | 2,870            | 10   | 0.45%                                 |
| Kmart Corporation  | Retail Sales                    | n/a              | n/a  | n/a                                   | 6,530            | 4    | 1.02%                                 |
| Ford Motor Company   | Automotive                      | 1,690            | 16   | 0.28%                                 | 3,970            | 5    | 0.62%                                 |
| Modern Engineering Service Co.                             | Transport, Design & Engineering | n/a              | n/a  | n/a                                   | 3,070            | 9    | 0.48%                                 |
|  |                                 | <u>70,372</u>    |      | <u>11.53%</u>                         | <u>73,890</u>    |      | <u>11.55%</u>                         |

**Source**

Oakland County Department of Planning & Economic Development

**County of Oakland  
County Employees by Function/Program – Unaudited Table 14  
Last Ten Fiscal Years**

| Functions/Programs                         | Employees as of September 30 |              |              |              |              |              |              |              |              |              |
|--|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  | 2006                         | 2005         | 2004         | 2003         | 2002         | 2001         | 2000         | 1999         | 1998         | 1997         |
| General government                         |                              |              |              |              |              |              |              |              |              |              |
| County Executive Administration            | 63                           | 65           | 65           | 71           | 62           | 62           | 62           | 60           | 60           | 57           |
| Management & Budget                        | 205                          | 204          | 204          | 221          | 222          | 244          | 242          | 237          | 237          | 255          |
| Central Services                           | 65                           | 61           | 61           | 63           | 69           | 72           | 73           | 72           | 72           | 70           |
| Human Resources                            | 51                           | 51           | 50           | 51           | 51           | 49           | 45           | 46           | 45           | 42           |
| Board of Commissioners                     | 34                           | 34           | 34           | 34           | 34           | 34           | 34           | 34           | 34           | 34           |
| Clerk/Register of Deeds                    | 133                          | 154          | 151          | 153          | 152          | 146          | 138          | 133          | 133          | 122          |
| County Treasurer                           | 48                           | 48           | 48           | 49           | 49           | 49           | 49           | 49           | 49           | 49           |
| Public Safety                              |                              |              |              |              |              |              |              |              |              |              |
| Sheriff                                    | 1,130                        | 1,092        | 1,042        | 1,040        | 1,011        | 987          | 975          | 916          | 887          | 855          |
| Community Corrections                      | 66                           | 68           | 67           | 71           | 71           | 62           | 57           | 39           | 33           | 26           |
| Animal Control                             | 24                           | 24           | 23           | 24           | 24           | 24           | 24           | 24           | 26           | 26           |
| Justice Administration                     |                              |              |              |              |              |              |              |              |              |              |
| Circuit Court                              | 473                          | 455          | 456          | 465          | 458          | 419          | 242          | 241          | 234          | 228          |
| District Court                             | 201                          | 194          | 188          | 183          | 177          | 167          | 165          | 162          | 161          | 152          |
| Probate Court                              | 61                           | 59           | 59           | 61           | 63           | 64           | 242          | 240          | 240          | 239          |
| Prosecuting Attorney                       | 189                          | 188          | 189          | 198          | 197          | 191          | 187          | 186          | 186          | 176          |
| Medical Examiner                           | 34                           | 34           | 26           | 28           | 27           | 28           | 27           | 23           | 21           | 21           |
| Citizens Services                          |                              |              |              |              |              |              |              |              |              |              |
| Administration                             | 5                            | 5            | 5            | 5            | 5            | 7            | 7            | 5            | 5            | 2            |
| Health                                     | 403                          | 413          | 441          | 472          | 477          | 475          | 474          | 474          | 481          | 484          |
| Medical Care Facility                      | 104                          | 110          | 112          | 112          | 112          | 112          | 112          | 112          | 111          | 111          |
| Children's Village                         | 161                          | 161          | 161          | 166          | 166          | 151          | 149          | 148          | 146          | 149          |
| Veterans' Services                         | 18                           | 16           | 16           | 18           | 18           | 18           | 18           | 18           | 18           | 18           |
| MSU Extension-Oakland County               | 13                           | 13           | 13           | 14           | 14           | 15           | 20           | 15           | 15           | 13           |
| Public Works                               |                              |              |              |              |              |              |              |              |              |              |
| Drain Commissioner                         | 269                          | 269          | 263          | 251          | 240          | 227          | 226          | 221          | 213          | 211          |
| Facilities Management                      | 201                          | 201          | 201          | 200          | 202          | 204          | 207          | 221          | 220          | 218          |
| Information Technology                     | 165                          | 159          | 157          | 165          | 172          | 165          | 148          | 118          | 118          | 104          |
| Recreation and Leisure                     |                              |              |              |              |              |              |              |              |              |              |
| Library Board                              | 18                           | 23           | 23           | 24           | 24           | 24           | 24           | 25           | 25           | 25           |
| Parks and Recreation                       | 317                          | 313          | 313          | 289          | 288          | 288          | 264          | 259          | 258          | 252          |
| Commerce and Community Development         |                              |              |              |              |              |              |              |              |              |              |
| Administration                             | 13                           | 14           | 9            | 8            | 6            | 5            | 3            | 1            | 1            | 1            |
| Planning and Economic Development Services | 42                           | 41           | 40           | 43           | 43           | 41           | 40           | 40           | 37           | 38           |
| Community and Home Improvement             | 21                           | 21           | 21           | 21           | 21           | 21           | 19           | 19           | 19           | 19           |
| Workforce Development                      | 9                            | 9            | 9            | 9            | 9            | 9            | 9            | 9            | 9            | 9            |
| Totals                                     | <u>4,536</u>                 | <u>4,499</u> | <u>4,447</u> | <u>4,509</u> | <u>4,464</u> | <u>4,360</u> | <u>4,282</u> | <u>4,147</u> | <u>4,094</u> | <u>4,006</u> |

Note: Employee count is based on authorized, budgeted positions

Source  
Oakland County Human Resources Department

**County of Oakland  
Operating Indicators by Function/Program – Unaudited Table 15  
Last Ten Fiscal Years**

| Functions/Programs                       | Fiscal Year |         |         |         |         |         |         |         |         |         |
|--|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|  | 2006        | 2005    | 2004    | 2003    | 2002    | 2001    | 2000    | 1999    | 1998    | 1997    |
| <b>Law Enforcement</b>                   |             |         |         |         |         |         |         |         |         |         |
| Dispatched Calls                         | 180,472     | 180,940 | 171,858 | 174,861 | 167,220 | 172,233 | 167,618 | 140,653 | 130,682 | 129,366 |
| Arrests                                  | 17,284      | 16,985  | 17,936  | 17,950  | 18,922  | 20,335  | 18,354  | 16,471  | 17,871  | 17,828  |
| Inmate bookings                          | 27,003      | 25,734  | 26,066  | 24,573  | 24,805  | 24,295  | 23,922  | 22,003  | 22,659  | 25,531  |
| <b>Judicial</b>                          |             |         |         |         |         |         |         |         |         |         |
| Circuit Court cases disposed             | 16,129      | 16,424  | 16,244  | 16,375  | 16,782  | 16,212  | 15,803  | 16,336  | 19,760  | n/a     |
| District Court cases filed               | 159,380     | 157,920 | 158,882 | 162,650 | 173,278 | 169,929 | 158,781 | 162,321 | 168,353 | 131,579 |
| <b>Citizen Services</b>                  |             |         |         |         |         |         |         |         |         |         |
| Veteran benefits claims filed            | 7,182       | 6,784   | 6,337   | 6,604   | 6,258   | 5,510   | 4,929   | 4,699   | 4,853   | 3,741   |
| Deeds/Mortgages                          | 141,157     | 176,787 | 223,553 | 295,114 | 237,153 | 181,559 | 143,268 | 162,527 | n/a     | n/a     |
| Jobs retained and created                | 1,640       | 4,422   | 3,417   | 2,826   | 8,991   | 5,851   | 6,596   | 5,610   | 4,137   | 3,294   |
| Immunizations                            | 95,202      | 117,679 | 125,660 | 103,787 | 116,173 | 120,030 | 123,579 | 124,752 | 112,141 | n/a     |
| <b>Community Development</b>             |             |         |         |         |         |         |         |         |         |         |
| BFC/EDC Loans                            | 26          | 20      | 22      | 15      | 14      | 15      | 21      | 27      | 31      | 22      |
| Applications for home improvement        | 373         | 369     | 369     | 389     | 378     | 400     | 346     | 328     | 333     | 352     |
| Single family homes rehabilitated        | 253         | 229     | 300     | 269     | 208     | 239     | 239     | 272     | 247     | 190     |
| <b>Parks and Recreation</b>              |             |         |         |         |         |         |         |         |         |         |
| Participants-Park                        | 789,867     | 793,215 | 752,662 | 660,597 | 575,847 | 751,052 | 709,929 | 679,555 | 659,253 | n/a     |
| Participants-Golf Course                 | 198,477     | 200,521 | 215,551 | 177,716 | 181,168 | 166,178 | 219,654 | 229,264 | 235,380 | n/a     |
| Participants-Recreation, Facilities      | 374,853     | 381,025 | 365,954 | 391,353 | 595,336 | 534,634 | 583,657 | 505,774 | 498,882 | n/a     |
| Participants-Nature Interpretive Service | 46,428      | 47,062  | 44,967  | 41,253  | 46,028  | 46,050  | 50,304  | 44,198  | 45,207  | n/a     |
| Participants-Banquet Facilities          | 170,524     | 182,100 | 158,091 | 161,471 | 94,153  | 86,842  | 90,686  | 91,361  | 80,979  | n/a     |
| <b>Airports</b>                          |             |         |         |         |         |         |         |         |         |         |
| Takeoffs and landings                    | 202,973     | 207,757 | 243,395 | 276,153 | 277,616 | 283,369 | 337,219 | 346,573 | 332,647 | 365,010 |
| <b>Public Works</b>                      |             |         |         |         |         |         |         |         |         |         |
| Water and sewer customers                | 73,129      | 72,602  | 72,157  | 68,685  | 66,876  | 64,978  | 63,153  | 61,242  | 59,047  | 56,115  |
| Water main breaks                        | 119         | 146     | 256     | 212     | 115     | 132     | 246     | 202     | 150     | 122     |
| Water permits issued                     | 168         | 343     | 518     | 589     | 541     | 519     | 473     | 602     | 570     | 378     |

**Source**

Oakland County Department of Management & Budget, Fiscal Services Division  
and other individual departments

**County of Oakland  
Capital Asset Statistics by Function/Program – Unaudited Table 16  
Last Ten Fiscal Years**

| Functions/Programs                             | Fiscal Year |           |           |           |           |           |           |           |           |           |
|--|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|  | 2006        | 2005      | 2004      | 2003      | 2002      | 2001      | 2000      | 1999      | 1998      | 1997      |
| Justice and Law Enforcement                    |             |           |           |           |           |           |           |           |           |           |
| Correction facilities capacities               | 1,981       | 1,981     | 1,956     | 1,868     | 1,856     | 1,856     | 1,856     | 1,856     | 1,856     | 1,856     |
| Substations                                    | 12          | 12        | 12        | 12        | 12        | 12        | 10        | 10        | 10        | 10        |
| Parks and Recreation                           |             |           |           |           |           |           |           |           |           |           |
| Number of county parks                         | 11          | 11        | 11        | 11        | 11        | 11        | 11        | 11        | 11        | 11        |
| Park acreage                                   | 6,089       | 5,742     | 5,715     | 5,715     | 5,715     | 5,715     | 5,715     | 5,661     | 5,661     | 5,420     |
| Airport  |             |           |           |           |           |           |           |           |           |           |
| Number of runways                              | 5           | 5         | 5         | 5         | 6         | 6         | 6         | 5         | 5         | 5         |
| Number of T-Hangars                            | 711         | 619       | 619       | 619       | 619       | 619       | 619       | 493       | 493       | 484       |
| Facilities                                     |             |           |           |           |           |           |           |           |           |           |
| Buildings                                      | 36          | 37        | 38        | 39        | 39        | 39        | 41        | 42        | 42        | 42        |
| County facilities square footage               | 1,921,389   | 1,921,389 | 1,960,310 | 1,956,433 | 1,693,808 | 1,693,808 | 1,714,873 | 1,667,393 | 1,696,233 | 1,696,233 |
| Public Works                                   |             |           |           |           |           |           |           |           |           |           |
| Combined Sewer Overflow Retention              |             |           |           |           |           |           |           |           |           |           |
| Treatment Facilities                           | 3           | 3         | 3         | 3         | 3         | 3         | 3         | 3         | 3         | 3         |
| Water mains (miles)                            | 162.57      | 148.67    | 173.99    | 164.80    | 158.41    | 139.60    | 125.07    | 104.53    | 80.00     | 69.21     |
| Water storage capacity (millions of gallons)   | 2.068       | 2.068     | 2.068     | 2.068     | 2.068     | 2.068     | 2.068     | 2.068     | 2.068     | 2.068     |
| Sewers (miles)                                 | 131.84      | 131.84    | 131.84    | 131.84    | 131.84    | 131.59    | 131.59    | 131.59    | 131.59    | 131.59    |
| Sewer treatment capacity (millions of gallons) | 151.80      | 121.80    | 121.80    | 121.80    | 121.80    | 121.80    | 121.80    | 121.80    | 121.80    | 121.80    |

**Sources**

Various County departments

**County of Oakland  
Building Authority Data – Unaudited Table 17  
September 30, 2006**

|                                      | Lyon Oaks<br>Park   | Work<br>Release<br>Facility | Office<br>Bldg.<br>Renovation | 5/3 District<br>Court Bldg. | Sheriff<br>Substation<br>Rochester Hills | Oakland<br>Int'l Airport<br>T-Hangars | Pontiac<br>Phoenix<br>Center | Phoenix Plaza<br>Amphitheatre<br>Refunding | Refunding<br>Series<br>1998 | Computer<br>Center<br>Refunding | Totals                |
|--------------------------------------|---------------------|-----------------------------|-------------------------------|-----------------------------|--|---------------------------------------|------------------------------|--|-----------------------------|---------------------------------|-----------------------|
| Cash                                 | \$ 10               | \$ 5                        | \$ 5                          | \$ 5                        | \$ 5                                     | \$ 773                                | \$ 11,681                    | \$ 477                                     | \$ 5                        | \$ 5                            | \$ 12,971             |
| Lease receivable                     | 2,125,000           | 19,950,000                  | 25,550,000                    | 15,550,000                  | 3,630,000                                | 6,195,000                             | 11,500,000                   | 8,050,000                                  | 5,250,000                   | 2,065,000                       | 99,865,000            |
| Other assets                         | -                   | -                           | -                             | -                           | -  | -                                     | 17                           | 143  | -                           | -                               | 160                   |
| Bonds payable                        | 2,125,000           | 19,950,000                  | 25,550,000                    | 15,550,000                  | 3,630,000                                | 6,195,000                             | 11,500,000                   | 8,050,000                                  | 5,250,000                   | 2,065,000                       | 99,865,000            |
| Other liabilities                    | 127                 | 275                         | 275                           | 275                         | 275                                      | 48                                    | -                            | -  | -                           | -                               | 1,275                 |
| Year ended September 30, 2006:       |                     |                             |                               |                             |  |                                       |                              |  |                             |                                 |                       |
| Transfers in                         | -                   | 1,898,325                   | 2,060,664                     | 1,385,337                   | 860,373                                  | -                                     | -                            | -  | 1,481,044                   | 82,211                          | 7,767,954             |
| Leases and other income              | 569,702             | -                           | -                             | -                           | 371,962                                  | 483,218                               | 11,973                       | 197,906                                    | -                           | -                               | 1,634,761             |
| Debt service:                        |                     |                             |                               |                             |  |                                       |                              |  |                             |                                 |                       |
| Principal                            | 475,000             | 900,000                     | 1,000,000                     | 675,000                     | 200,000                                  | 235,000                               | -                            | 110,000                                    | 1,195,000                   | 35,000                          | 4,825,000             |
| Interest                             | 94,588              | 998,050                     | 1,060,164                     | 710,062                     | 171,687                                  | 248,103                               | -                            | 87,011                                     | 285,744                     | 47,206                          | 3,702,615             |
| Fiscal charges                       | 300                 | 550                         | 775                           | 550                         | 550                                      | -                                     | 275                          | 275  | 300                         | -                               | 3,575                 |
| Contractual services                 | -                   | -                           | -                             | -                           | 860,368                                  | -                                     | -                            | -  | -                           | -                               | 860,368               |
| Transfers out                        | -                   | -                           | -                             | -                           | -  | -                                     | -                            | -  | -                           | 5                               | 5                     |
| Principal and interest requirements: |                     |                             |                               |                             |  |                                       |                              |  |                             |                                 |                       |
| 2007                                 | \$ 575,575          | \$ 1,886,150                | \$ 2,088,351                  | \$ 1,388,125                | \$ 343,038                               | \$ 483,403                            | \$ 1,101,078                 | \$ 389,469                                 | \$ 1,463,462                | \$ 1,081,463                    | \$ 10,800,114         |
| 2008                                 | 580,325             | 1,871,375                   | 2,087,101                     | 1,390,375                   | 360,991                                  | 487,402                               | 958,363                      | 388,006                                    | 1,449,650                   | 1,053,175                       | 10,626,763            |
| 2009                                 | 583,688             | 1,855,525                   | 2,080,601                     | 1,414,275                   | 353,256                                  | 486,153                               | 939,612                      | 391,487                                    | 1,478,770                   | -                               | 9,583,367             |
| 2010                                 | 561,275             | 1,862,625                   | 2,096,851                     | 1,385,600                   | 345,156                                  | 488,502                               | 945,862                      | 389,800                                    | 1,458,473                   | -                               | 9,534,144             |
| 2011                                 | -                   | 1,842,525                   | 2,082,633                     | 1,405,375                   | 336,775                                  | 489,890                               | 950,863                      | 388,050                                    | -                           | -                               | 7,496,111             |
| Thereafter                           | -                   | 19,883,056                  | 26,612,109                    | 15,382,425                  | 3,038,584                                | 6,520,598                             | 14,162,788                   | 11,170,350                                 | -                           | -                               | 96,769,910            |
|                                      | <u>\$ 2,300,863</u> | <u>\$ 29,201,256</u>        | <u>\$ 37,047,646</u>          | <u>\$ 22,366,175</u>        | <u>\$ 4,777,800</u>                      | <u>\$ 8,955,948</u>                   | <u>\$ 19,058,566</u>         | <u>\$ 13,117,162</u>                       | <u>\$ 5,850,355</u>         | <u>\$ 2,134,638</u>             | <u>\$ 144,810,409</u> |