

**OAKLAND COUNTY, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended September 30, 2008
(With Independent Auditors' Report Thereon)**

Prepared by:

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

**Cover: Oakland County Farmers Market
(Serving citizens since 1955)
2350 Pontiac Lake Road, Waterford, Michigan
Courtesy: Michael Zack, Graphic Artist for Oakland County**

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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 24, 2009

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

State law requires all general purpose local governments to 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, 2008.

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, 2008 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, 2008 are fairly presented in conformity with GAAP. The independent auditor's report is presented in the financial section of this report.

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

County of Oakland

Letter of Transmittal

The Fiscal Year 2008 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 2008 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 thirty-two (32) downtown areas and many scenic natural settings, providing a high quality of life for any lifestyle. The County ranks as the seventh 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; airports; and a wide range of other services, such as Michigan State University Cooperative Extension, animal control, work force development, veterans' services and senior programs. All of these activities are supported by administrative services, central services and information technology.

County of Oakland

Letter of Transmittal

The Treasurer, Clerk/Register of Deeds, Prosecutor, and Sheriff are offices established by the State's constitution. A Water Resources Commissioner (formerly known as the 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 Water Resources Commissioner is responsible for construction and maintenance of drains, lake level controls, water supply systems 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 Water Resources Commissioner, the Chairperson of the County Board of Commissioners, and the Chairperson of the County Board of Commissioner's Finance Committee. This board is responsible for the construction and maintenance of drainage districts created under Chapter 20 of Act 40, funding for which is provided by assessments against the benefiting municipalities. Debt issued is backed by the full faith and credit of Oakland County.

County of Oakland Letter of Transmittal

A ten-member commission, appointed by the Board of Commissioners, is responsible for Parks and Recreation, which acquires, develops, maintains and operates thirteen (13) 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.

Please note that beginning with fiscal year 2010, the County will implement a Triennial Rolling Budget. This concept is discussed in more detail in the "Major Initiatives" section of this Letter of Transmittal.

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

Economic Condition of Oakland County

Local Economy

Oakland County is traditionally one of the most prosperous local economies in the United States. However, the dire economic situations existing from 2000 to 2007 cost the County a large segment of its automotive work force and has tested the County's ability to diversify its economy quickly enough to offset the losses. Sparked by the creation of innovative programs such as Automation Alley and Emerging Sectors (discussed under *Major Initiatives*), Oakland County continues to transform from a traditional industrial economy to a knowledge-based economy. Despite recent job losses, certain sectors show promise as the County continues to transition away from an industrial economy. Specifically the areas of health care, education, engineering, alternate energy, and finance management services indicate job growth.

In September 2008, Oakland's unemployment rate was 6.6%; while higher than the national average of 6.0%, it is lower when compared to Michigan's 8.3%.

Enhanced by Oakland's dynamic economic development programs and despite recent downturns in the economy, Oakland County remains a favorable location for business. Currently, 60% of Fortune 500 companies and 50% of Global Fortune 500 companies have business locations in the County. Oakland County is also Michigan's leading center for international commercial activity, hosting 740 companies representing 35 countries. Of all the foreign-owned firms in southeast Michigan, 67% are located in Oakland County.

The April 2008 Oakland County Economic Outlook report, prepared by the University of Michigan, forecasts job gains to rise by 3,000 jobs in 2009 and 5,500 in 2010 following losses of an additional 200 jobs in the private service-providing sector in 2008. However, it is important to note that since the time of that outlook report, economic conditions have further deteriorated, indicating these projected job gains may not be realized.

Oakland's per capita income of \$53,865 is the highest among Michigan's 83 counties and is ranked seventh (7th) among counties having more than one million in population (and is 39th among all counties in the country). Oakland County's per capita income also compares favorably to the national average (\$38,564) and the state average (\$34,342).

Despite challenges in the local economy, the past decade has produced a 56% increase in the true cash value and a 55% 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 July 1, 2008 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 during the 1990s and earlier this decade.

County of Oakland Letter of Transmittal

However, the restructuring of the domestic automobile industry and soaring foreclosures have resulted in a depressed housing market. These actions have begun to have a detrimental impact on the value of real and personal property within Oakland County's borders, affecting the County's tax base and property tax revenue, the largest source of revenue for General Fund/General Purpose operations (59%).

The 2008 market value of property in Oakland County is approximately \$149.0 billion. Although this value remains the highest value of all 83 counties in Michigan, and represents 17.7 percent of the state's total value (even though Oakland County's population represents only approximately 10 percent of Michigan's total), the value of property has decreased by approximately \$5.6 billion from 2007 to 2008. The majority of Oakland County's taxable value is within the residential class of property, which is approximately 71 percent of the total property tax base. From 1997 to 2007, the average price of a single family home also increased by 54 percent, from \$159,900 to \$246,250. However, this average price fell to \$216,080 during 2008.

The average 2008 property tax rate is \$39.08 per thousand taxable value, a reduction from the 2007 average of \$40.08 per thousand taxable value. The average property tax rate is distributed to the following taxing authorities:

Local School Districts	31.5%
Cities, Villages, Townships	28.6%
State Education Tax	15.1%
County Operating	10.7%
Intermediate School District	8.6%
Community College	4.1%
Parks and Recreation/Zoo Authority	1.4%
	<u>100.0%</u>

It appears that the on-going economic slump will continue to have a negative impact on the local housing market and thus property values within the County's borders. Current trends indicate the taxable value of real and personal property in the County will fall in 2009 by 4.5%. These values are projected to decline in 2010 by another 9.0%. Again, since property tax revenue supports 59% of the County's General Fund/General Purpose (GF/GP) operations, the reduced property values could challenge the County's ability to provide the current level of services to its residents.

At the same time, as will be described throughout this letter, because the County utilizes long-term financial planning, and a long-term strategy regarding development, policy makers and administrators are taking action today to limit the budgetary impact of these reduced values so as to maintain the services County citizens require and expect.

County of Oakland

Letter of Transmittal

Long-term Financial Planning/Financial Policies

Budgeting and Forecasting

A primary reason for Oakland County's solid financial position is the fact that County management and policy makers 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 (changing to triennial in fiscal year 2010) and five-year forecast. Not only is the budget adopted for the next two fiscal years, the biennial budget is considered a "rolling" budget in that when it is amended, the amendment reflects the impact for both the remainder of the current fiscal year and the entire next fiscal year.

Also, in accordance with PA 139 of 1973, the County Executive is required to report the current financial condition of the County to the Board of Commissioners on a quarterly basis. These quarterly reports are prepared by the Fiscal Services Division of the Department of Management and Budget and presented to the Board of Commissioners' Finance Committee. The County 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.

County of Oakland

Letter of Transmittal

A portion of the General Fund equity balance has been designated for “Budget Transition,” the purpose of which is to lessen the immediate impact of revenue reductions on on-going operations and services. The Budget Transition designation, which totals \$19.8 million, had been developed because of a number of planned, accelerated expenditure reductions over the last five (5) years.

Funds in the amount of \$12.0 million were originally set aside with the fiscal year 2003 closing process. These funds represented the one-time impact of accelerating budget reductions planned for fiscal year 2004 (primarily as a result of the State of Michigan reducing local revenue sharing payments) into fiscal year 2003. Of the original \$12 million set aside in that designation, \$8.3 million remained at the end of FY 2006. An additional \$1.7 million was added to this designation at the close of fiscal year 2007, rendering a designation of \$10.0 million as of September 30, 2007.

The downturn of the local housing market and subsequent reduction in Oakland County property tax revenues, discussed in the “Economic Condition of Oakland County” section of this letter, required a reduction of the General Fund/General Purpose appropriation for fiscal years 2009 and 2010. As was the case in fiscal year 2003, a portion of those reductions was accelerated into fiscal year 2008. This created one-time savings of \$9.8 million, which was added to the Budget Transition designation. Of the \$9.8 million in new one-time savings, \$1.6 million is committed to support fiscal year 2009 operations (limited to a one-year timeframe); the remainder will provide limited support to on-going General Fund/General Purpose operations as the County’s Elected Officials work to restructure County government operations within the constraints of the limited resource base.

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. Even under constricted budgets, there still may be occasions where a one-time expenditure for a particular pilot project or program could lead to future efficiencies. A healthy General Fund balance provides the County’s management and policy makers with a degree of limited flexibility to explore these options.

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.

County of Oakland Letter of Transmittal

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 and/or limited purpose expenditures. Further, the use of these funds for one-time and/or limited purpose expenditures requires a two-thirds approval by the Board of Commissioners. 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, 2008 are approximately \$223.6 million, an amount in excess of that required to guarantee timely payments to local units of government and to pay outstanding notes on delinquent taxes. Rather than simply leaving excess assets in the fund, the County has engaged in the practice (within provisions of the Fiscal Responsibility Plan) 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 identified with a combined capital outlay of approximately \$53.0 million that were funded with bond issues.

The Fiscal Responsibility Plan utilizes future income streams and restricted fund balance in the DTRF for debt service over a 20-year period for each of these projects. Funding is 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. Over the long term, the savings result from the DTRF continuing to earn interest on the cash maintained in that fund at a higher rate than the bond rates. 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.

Even using the DTRF to support these capital initiatives, the fund's net assets are still approximately \$23.6 million higher than required to meet all the fund commitments. As explained in the "Major Initiatives" section of this letter, the County is planning to use these excess assets to provide limited support for on-going General Fund/General Purpose operations as the County's Elected Officials work to restructure County government to operate within the increasingly limited resource base.

County of Oakland

Letter of Transmittal

Debt Administration

With the exception of the annual issuance of limited taxing authority notes related to delinquent tax receivables, Oakland County's practice is to only issue debt for the purchase and/or construction of long-lived assets. Further, the issuance of debt is undertaken only after it is determined to be fiscally advantageous to do so, as opposed to use of current resources or fund balance. Oakland County's debt administration practice was codified in a Debt Management Policy that was approved by the Board of Commissioners in January 2004.

During fiscal year 2008, Oakland County issued \$1.7 million in new sewage disposal system bonds and \$4.5 million in drain bonds (related to drainage district component units). No new general obligation debt was issued during fiscal year 2008. 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.

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

County of Oakland Letter of Transmittal

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 fiscal year 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 \$70.1 million since inception of the program without jeopardizing the retirement security of valued employees.

Oakland County has also been a true innovator and leader in exploring methods to providing and financing Other Post-Employment Benefits (OPEB). Specifically, the County has implemented benefit changes that will limit the growth of the cost of these benefits in the future, while still providing employees with a method to retain health care insurance once they leave County service. Rather than receiving a specific level of health care insurance when they retire from County service, employees hired after January 1, 2006 are enrolled in a "Retirement Health Savings Plan" (RHS). Under the RHS, the County contributes \$1,300 annually (\$50 per pay) to each employee's retirement health savings account. Upon leaving County service, the employee is entitled to the 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 vested cash benefit, the County's financial obligations ends.

For employees hired prior to January 1, 2006, they qualify for participation in the County's Voluntary Employees' Benefit Association (VEBA). The VEBA is an irrevocable trust fund; assets from this fund can only be used to pay retiree health care cost. Although this is an increasingly popular vehicle to support retiree health care, Oakland County has gone one significant step further – it has fully funded its VEBA.

In July 2007 the County issued \$557.0 million in Trust Certificates of Participation (COPs). COPs are taxable certificates, which were issued over a period of 20 years at a 6.23% interest rate. Even though this instrument is unique, the County was still able to secure a AAA rating on the issue. Proceeds from the COPs were deposited in a separate irrevocable trust fund, the Interim Retiree Medical Care Benefits Trust (IRMBT). The IRMBT will be able to invest these proceeds at a higher rate over the long term than the debt service rate, creating a reserve from the COPs proceeds plus the earned investment income to allow the fund to complete its primary purpose, making the future annual Actuarial Required Contribution (ARC) payments to the VEBA. It is important to note, however if the ARC payment is no longer required for some reason, such as establishment of a national health care program, proceeds from the IRMBT can then be used to pay the debt service on the COPs.

County of Oakland

Letter of Transmittal

Together the VEBA and the IRMBT have total combined assets to satisfy the established liability as determined by the most recent actuary study. In addition, this funding mechanism will save County taxpayers approximately \$100 million over 20 years as opposed to the traditional mechanism used to fund ARC payments.

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, the use of alternative funding sources, sound cash and investment management, and solid pension and post-employment benefit planning along with the efforts of elected officials and employees, Oakland County has met the challenges. It is in a position to ensure the long-term fiscal stability of Oakland County government and preserve its ability to provide necessary public services to its citizens.

Major Initiatives

In the next several fiscal years, Oakland County will face its most daunting fiscal challenge in decades. The international economic downturn has particularly negatively impacted Southeast Michigan. The severe constriction of the domestic automobile industry, the nationwide credit crunch and the subsequent deterioration of the housing market has forced shrinkage of Oakland County's primary General Fund/General Purpose resource, property taxes, as well as other revenues. Further, as the economy deteriorates and the demand for public services increases, a "perfect storm" is developing which forces the County to restructure and reduce.

Because Oakland County government's fiscal strength is built upon taking a long-term view of its financial and business operations, it has anticipated these issues and has been working to address these concerns before they become crises. The County does not intend to be in business simply through the next fiscal year, but in perpetuity, providing necessary services to its citizens. This long-term fiscal view allows the County's policy makers and administrators to identify areas of potential fiscal weakness within a time frame that allows for thoughtful corrective action, avoiding disruptive fluctuations in services.

Oakland County is working on a number of fronts to meet this fiscal challenge. These efforts include recognizing the need to diversify the County's economy to become more recession resistant; analyzing the current fiscal structure of the County to ascertain if there are underutilized resources available which can provide some temporary support for needed public services; and a continuing effort to redesign County operations to make certain that services are being provided in the most cost efficient and effective way possible, including enhancing the current multi-year budget process.

Oakland County government continues to build partnerships with education and private business to sustain and improve the region's economic strength. In particular, the County continues to look for ways to diversify the local business economy, preparing our region to be more competitive in the global market place. These efforts include the continued support for its on-going award-winning efforts, *Emerging Sectors*, *Automation Alley*, and *Main Street*.

County of Oakland Letter of Transmittal

Launched in 2004, the *Emerging Sectors Project* identifies the top emerging and promising business sectors for the new economy of the 21st century which Oakland County can 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.

Ten sectors have been identified as emerging sectors: advanced electronics and controls; advanced materials and chemicals; alternative energy and power generation; biotechnology; communications and information technology; health care, finance, and fast growth; homeland security; medical devices and instrumentation; robotics; and automation. Since its inception, *Emerging Sectors* has attracted 106 businesses to the County that specialize in these various sectors. These firms have generated nearly \$1.3 billion in new investments, created over 14,700 new jobs, retained over 5,600 current jobs, and have spun off more than \$29 million in new tax revenues for federal, state, and local governments, including \$2.6 million for Oakland County.

Even in one of the worst economies since the Great Depression, *Emerging Sectors* continues to generate significant investment.

Enhancing the support for both the new emerging sector industries as well as established local companies is *Automation Alley*. The “Alley,” which began in 1999 with 42 members located in Oakland County, brings business, education, and government together to drive the growth of southeast Michigan’s technology economy. From these small beginnings, the “Alley” now consists of over 1,000 members spanning eight (8) counties. With a 17% increase in membership in 2008 alone, *Automation Alley* now ranks as Michigan’s premier high technology corridor.

Automation Alley’s trade missions abroad have expanded the reach of small and mid-sized businesses into global markets they might not otherwise have been able to penetrate. Entering or expanding into these markets has netted \$130 million in new business for trade mission participants along with creating 200 new jobs. *Automation Alley* sponsored trade missions to China, Vietnam and Brazil in 2008, and is looking at possibly Russia, Canada, and India in 2009.

Main Street is Oakland County’s effort, linked to the non-profit National Main Street Program, to develop central business districts which are symbols of historical development, economic health, and community pride. Oakland County’s program, which is in its ninth (9th) year, remains the only county-operated program in the country.

The economic return on the investment generated by the *Main Street* program continues to grow. During 2008, downtowns in the *Main Street* program generated over \$63 million in public and private investment, and created 924 new jobs and 28 new businesses. Since 2001, a total of \$563 million in new investment has taken place, along with 2,782 new jobs being created and 344 new businesses being established.

County of Oakland

Letter of Transmittal

The County Elected Officials, Administration and Policy Makers are always pursuing improvements in efficiency and service delivery looking for creative, innovative methods to meeting the demands of county residents. Oakland County has been proactively addressing these issues for several years by restructuring and downsizing through business process reengineering, retirement incentives, hiring freezes, fringe benefit changes, privatization of some programs, as well as reducing or closing some programs.

For example, in November 2007, the budgeting, accounting, and financial reporting functions of the Parks and Recreation Commission were transferred from Parks and Recreation staff to the Department of Management and Budget/Fiscal Services Division. This transfer not only allowed the Parks Commission to delete several administrative positions, but the combining of these functions will allow for a more streamlined fiscal function and will improve the transparency of financial information.

Also in fiscal year 2008, the County Executive Administration recommended, and the County Board of Commissioners approved, a Retirement Incentive Program through which individuals *who were already eligible to retire* were provided with a one-time cash incentive equal to one-week's pay for every year of eligible County service, up to a maximum of 35 years. Overall, 152 employees took advantage of the incentive and retired. This allowed Elected Officials to reengineer business process and delete 168 positions (by fiscal year 2010), saving \$10.5 million annually.

Since 1984, Oakland County has engaged a process of continuing analysis and review of the employee fringe benefit package, desiring to limit expenses paid by the County taxpayers yet providing a fair and competitive benefit package to the employees. Over these last 14 years, the County has eliminated longevity pay; developed a new vesting schedule for retiree health care; instituted a Defined Contribution Retirement program for new hires; increased prescription and medical co-pays and deductibles; instituted employee contributions to health care; and established a Health Savings Account to replace retiree health care. These changes were mandated for new hires and most were offered to current employees.

During fiscal year 2008, no less than four (4) benefit modifications were introduced, all of which either maintained or *improved* employee benefits and *saved* taxpayer money. In January 2008, employee bi-weekly health care contributions were increased to a point slightly below private sector plans, but far ahead of any local public sector plan. This action saved the County \$1.1 million annually. Also, in March 2008, Social Security contributions and taxes were eliminated for part-time non-eligible employees. This benefit was replaced with a defined contribution program and will save approximately \$543,000 per year.

County of Oakland

Letter of Transmittal

Oakland County also engaged in a competitive bid process during fiscal year 2008, for third-party administration of the employee prescription plan. Pursuant to this process, in April 2008, the County moved the employee prescription coverage from Blue Cross to a new vendor, Navitus. Although the level of benefit did not change, the new administrative contract which was negotiated to include a reduced fee structure and rebates is estimated to save County taxpayers approximately \$900,000 annually. Finally, in July 2008, the County switched its Medicare A & B Supplemental coverage for retirees on Medicare from Blue Cross to Aetna. Again, the level of benefit will not change; however, the new contract will save the County approximately \$543,000 in administration cost.

In addition to these new initiatives, Oakland County administrators are continuously reviewing operations and performance of contracted vendors to make certain that taxpayer money is used in the most effective and efficient way. For example, during a detailed review of a proposed contract between the County and Blue Cross/Blue Shield, to renew Blue Cross as the County's administrator for the active and retired employee health care benefit, some unsubstantiated charges were discovered. Specifically, contractual payment of savings from Blue Cross to the County was being offset by an additional administrative fee.

Upon this discovery, the County's Human Resources Department, along with Corporation Counsel, engaged in negotiations with Blue Cross to eliminate the questionable fee. When Blue Cross refused to eliminate the unsubstantiated fee, the County filed suit in Circuit Court. Before the court entered judgment, Blue Cross offered a settlement which the County agreed to. Under the settlement agreement, not only was the unsubstantiated fee removed, but Blue Cross agreed to pay the County \$650,000 in cash and provide a credit toward administration fees for 2009 to 2011, valued at approximately \$7.5 million.

Since October 1993, Oakland County has implemented twelve (12) separate privatization efforts, including the contracting of jail food service and the Medical Care Facility and contracting with private physicians to provide health care services. These efforts have generated a reduction of 178 positions, annual savings of \$5.9 million and total savings of \$37.6 million (present value) as of February 2008. During fiscal year 2009, the County has issued several new Requests for Proposal exploring continued possibilities for privatization.

On September 18, 2008, the Oakland County Board of Commissioners adopted balanced budgets for both fiscal year 2009 and fiscal year 2010. The budgets for both fiscal years anticipated shrinking revenues. In particular, property tax revenue estimates were reduced based on assumed reduction in taxable value for property within the County's borders of 4.5% for fiscal year 2009 and another 2.5% for fiscal year 2010. However, the budgets for both fiscal years also included sufficient expenditure reductions matching the anticipated revenue reductions.

County of Oakland Letter of Transmittal

Unfortunately, since September 2009, the economy has continued to deteriorate, particularly the local housing market. Although the assumed 4.5% reduction in taxable value used for the fiscal year 2009 budget appears sufficient, the additional 2.5% reduction used for fiscal year 2010 budget purposes appears substantially inadequate. Current projections from the Department of Management and Budget's Equalization Division forecast the taxable value will fall 9.0% for fiscal year 2010, opening up a \$17.8 million shortfall for that fiscal year. Further, it is anticipated that the housing market will not bottom out until sometime in 2010, meaning that fiscal year 2011 will experience an additional 5.0% reduction in taxable value for Oakland County property and another 5.0% reduction in fiscal year 2012. Unless additional corrective action is taken, the County anticipates a \$58.7 million shortfall in fiscal year 2012.

The current two-year rolling budget and five-year forecast has served Oakland County well, allowing the County's Elected Officials, Administration and Policy Makers to stay on top of the deteriorating fiscal situation and adjust early. However, the level and speed of the County's revenue deterioration (e.g., the anticipated fiscal year 2012 \$58.7 million shortfall) requires an even more detailed planning process. Under these circumstances, leaving an unaddressed anticipated major shortfall three years out is not good public policy. Therefore, the County Executive has proposed to adjust Oakland County's budget practice from a biennial format to a triennial format.

Beginning this year, the County's Elected Officials will be asked to submit detailed revenue and expenditure plans, and the County Board of Commissioners will be asked to approve a budget for fiscal years 2010, 2011, and 2012. Oakland County's focus will NOT be to simply balance and authorize the fiscal year 2010 budget, but to plan for a level of expenditures which will **STRUCTURALLY** change how the County operates so that the County's budget will be balanced through September 30, 2012 and beyond.

In order to balance the budget through fiscal year 2012 and eliminate the projected \$58.7 million shortfall, the County Executive has proposed a two-fold approach. First, as stated previously, there are assets available in various County funds which can be used on a limited time basis, to alleviate a portion of the projected shortfall. These include use of General Fund designation for Budget Transition, assets in the Delinquent Tax Revolving Fund (DTRF) in excess of plan, and through the eventual elimination of the little-used Capital and Cooperative Initiatives Revolving Fund (CCIRF).

It is important to realize that the use of these fund balances is not a wholesale raid simply to grab resources leaving these funds, and the County's overall fiscal condition, worse than before. Rather, these are limited, planned uses of assets in excess of what is needed to maintain the funds' and the County's long-term fiscal stability while allowing the funds to operate for the purpose for which they were intended.

County of Oakland Letter of Transmittal

For example, the County Treasurer and the Department of Management and Budget estimate the DTRF needs a corpus of \$200.0 million in order to meet its obligations which include not only covering delinquent taxes to local governments, but covering debt payments for various County projects as well as providing sufficient funds to support the County's pooled investments. As of September 30, 2009, the DTRF has assets of \$223.6 million, which is \$23.6 million above the planned amount. Detailed analysis has also been performed projecting DTRF balance through fiscal year 2022, which shows slow but continued growth. Given this information, the County Executive is proposing to use a portion of these assets annually for fiscal years 2010, 2011, and 2012 to reduce a portion of the projected \$58.7 million shortfall. This will allow the County's Elected Officials a degree of flexibility as they reengineer their work processes.

In addition, there are a number of actions proposed by County Executives which will lessen the overall burden of the projected shortfall on the Elected Officials. These include elimination of the planned 2% general salary increase built into the current fiscal year 2010 budget plan, and reduction of various internal service fund operations including the Building and Liability Insurance operation and Information Technology. Taken in total, these "county-wide" actions should reduce the projected fiscal year 2012 shortfall by almost one-half, leaving \$30 million in structural reductions which Elected Officials must address during the Fiscal Year 2010, 2011, 2012 Triennial Budget process.

As in previous years, the County Executive has assigned a "budget task" to each Elected Official. This task is calculated based upon the fiscal year 2009 General Fund/General Purpose budget percentage for each Elected Official. It is assumed that those percentages represented the Board of Commissioners' policy priorities. For example, if a particular Elected Official's fiscal year appropriation represents 33% of the total General Fund/General Purpose county-wide appropriation, then their budget task is equal to 33% of the remaining \$30 million anticipated shortfall. Elected Officials are asked to develop plans which will make structural expenditure reductions of \$10 million in fiscal year 2010, another \$10 million in fiscal year 2011, and another \$10 million in fiscal year 2012. The details of those reductions are left to the specific Elected Official to propose. Should an Elected Official accelerate the reductions, any additional savings will be credited to that official against any further budgetary challenges.

Clearly the current deterioration of the international, national and local economies has a detrimental impact on Oakland County's (and all government's) revenue base generating concerns regarding the County's ability to maintain required public services without resulting in long-term damage to the County's financial position. However, it must also be realized that Oakland County's Elected Officials, Administrators, and Policy Makers have already demonstrated the capacity to *manage* the business of the County through difficult economic environments. Oakland County has proven the willingness and ability to redesign, restructure, and downsize operations to meet the revenue challenges AND to continue to provide quality public services. This ability to manage County operations and finances WILL allow the County to weather the current storm and come out stronger than ever.

County of Oakland

Letter of Transmittal

Awards and Acknowledgements

The financial community has acknowledged the County's solid tax base and financial policies in recent years. The County earned the highest bond rating achievable, AAA, from Standard and Poor's, Fitch Investor Services, and Moody's Investor Services, Incorporated. In their transmittal letter reaffirming Oakland County's AAA status, Moody's stated:

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

Out of more than 3,000 counties in the United States, only 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, 2007. This was the 17th 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, 2007. This latest award is the 12th 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 2007 PAFR award was the County's 11th consecutive citation. Oakland County is one of two counties in the state of Michigan that holds all three of the GFOA awards simultaneously.

County of Oakland
Letter of Transmittal

Acknowledgements:

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

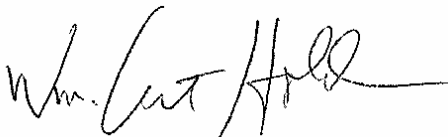
Respectfully submitted,



L. Brooks Patterson
Oakland County Executive



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

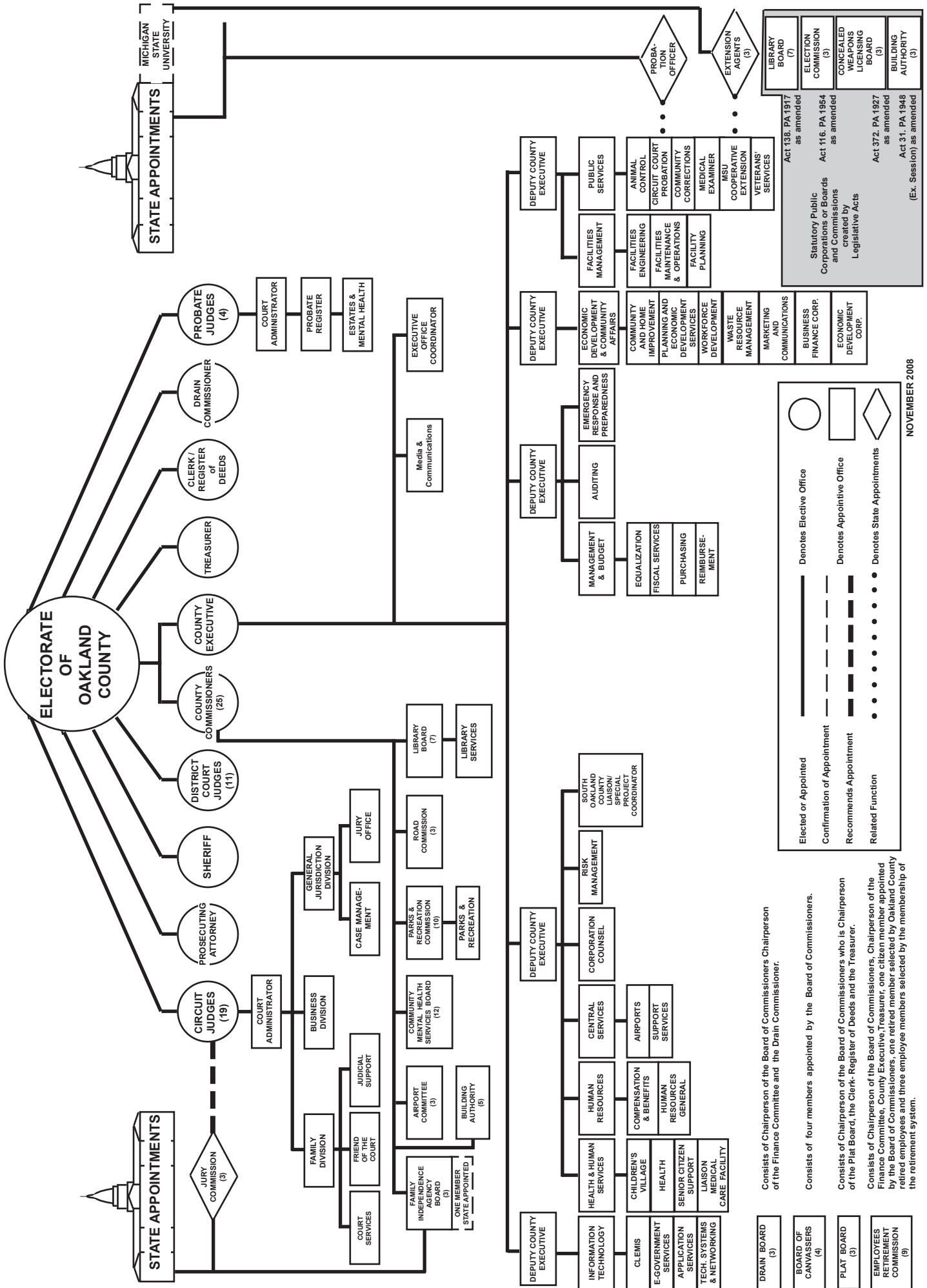


Wm. Art Holdsworth
Deputy Director,
Department of Management and Budget



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

OAKLAND COUNTY GOVERNMENT ORGANIZATIONAL CHART

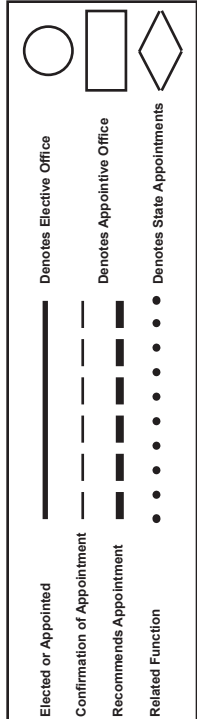


Consists of Chairperson of the Board of Commissioners Chairperson of the Finance Committee and the Drain Commissioner.

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 retired employees 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

Tim Burns	Vincent Gregory	Jim Nash
Glenn Clark *	Tim Greimel	Jeff Potter
Eric Coleman	Mattie McKinney Hatchett	David W. Potts
David Coulter	Bradford C. Jacobsen	Mike Rogers
Sue Ann Douglas	Eileen Kowall	John A. Scott
Marcia Gershenson	Christine A. Long	Karen Spector
Michael J. Gingell	Thomas F. Middleton	Dave Woodward
Robert Gosselin		Helaine Zack

* Filling unexpired term of George W. Suarez (Deceased)

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 Elizabeth Pezzetti	Chief District Judge William E. Bolle

AIRPORT COMMITTEE

Thomas F. Middleton, Chairperson
Vincent Gregory, Vice-Chairperson
Hugh D. Crawford, Secretary
Christine Long
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
J. David VanderVeen, Secretary

Hugh D. Crawford	Gregory C. Jamian	Charles E. Palmer
Vincent Gregory	Eileen Kowall	Shelley G. Taub
	John P. McCulloch	

ROAD COMMISSION

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

DRAIN BOARD

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

Personnel as of September 2008

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, 2007

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, 2008, 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, 2008 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 & Moreau, PLLC

March 24, 2009

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, 2008. This analysis should be read in conjunction with the Transmittal Letter, beginning on page 1 of this report, and with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Government-wide:

- In total, Oakland County's financial position constricted during Fiscal Year 2008, primarily due to the loss of investment income in the Interim Retiree Medical Benefit Trust Fund.
- Net assets decreased by \$111.1 million to \$1.06 billion (excluding component units).
- Governmental activities net assets decreased by \$124.6 million to \$442.1 million.
- Business-type activity net assets increased \$13.5 million to \$615.2 million.

Fund Level:

- At the close of the fiscal year, the County's governmental funds reported combined ending fund balance of \$736.3 million, a decrease of \$138.1 million from the fiscal year 2007 governmental funds combined ending fund balance.
- This decrease is primarily a result of the planned use of \$62.1 million in fund balance in the Interim Retiree Medical Benefit Trust Fund (IRMBT), as well as the loss of \$69.1 million in investment income in the same fund, due to the deteriorating securities market. The assets of the fund, which were derived from the debt issued in fiscal year 2007, are held in trust to pay the Annual Required Contribution (ARC) to the County's retiree health care trust fund (the VEBA).
- The General Fund balance increased by \$5.5 million from \$78.8 million at the end of fiscal year 2007 to \$84.3 million at the end of fiscal year 2008. The increase is primarily attributed to a concerted effort to limit General Fund expenditures during the fiscal year.

Capital and Long-term Debt Activities:

- The County's capital assets experienced a net decrease of \$9.1 million during fiscal year 2008.
- The County issued \$1.7 million in new general government debt during fiscal year 2008, which supported improvements to sewage disposal systems.
- The County paid \$34.5 million in general government bond obligations during fiscal year 2008.
- The County is \$6.6 *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's 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, proprietary funds and fiduciary funds; and 3) Statistical Section which provides a ten (10) year history on specific data regarding the County.

County of Oakland

Management's Discussion and Analysis

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

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

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

The Statement of Activities presents information showing how the County's net assets changed during fiscal year 2008. 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 Parks and Recreation 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 governmental activities (depreciation) are not reported on the governmental fund financial statements.
- Capital outlay spending results in capital assets on the government-wide statements, but are reported as expenditures on the governmental fund financial statements.
- Internal Service Funds are reported as governmental activities on the government-wide statements, but are reported as proprietary funds on the fund financial statements.

County of Oakland Management's Discussion and Analysis

- Long-term contingencies, such as litigation, etc., appear as liabilities on the government-wide statements; however, they will not appear on the governmental fund financial 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 the Child Care 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

- *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 a service to the County's other operations, such as the Motor Pool fund. Internal Service funds are reported as governmental activities on the government-wide statements.
- *Fiduciary Funds* – The County acts as a trustee or fiduciary for its employee pension plans. It is also responsible for other assets that, because of trust arrangements, can only be used for the trust beneficiaries. The County's fiduciary activities are reported in separate statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. These funds, which include pension, VEBA, and agency funds, are reported using the accrual basis of accounting. The government-wide statements *exclude* the fiduciary fund activities and balances because these assets are not available to the County to fund its operations.

Notes to the Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the detail provided in the government-wide and fund financial statements.

Required Supplementary Information

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

Other Supplementary Information

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

County of Oakland
Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

As previously stated, Oakland County's financial position deteriorated during Fiscal Year 2008. As reflected on the table below, the County's combined net assets decreased by \$111.1 million over the course of this fiscal year's operations. The net assets of the governmental activities decreased by \$124.6 million primarily due to the planned use of fund balance and the loss of investment income in the Interim Retiree Medical Benefit Trust Fund (IRMBT), which is reported under Program Revenues – Charges for Services; as well as an increase in Interest on Debt Service reflecting payments on the Certificates of Participation (COPs) issued to fund the County's retiree medical care benefit contribution. The business-type activities had an increase of \$13.5 million in net assets which reflect increased delinquent property tax receivables, related to the housing market.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Current Assets	\$ 538.1	\$ 561.1	\$ 436.1	\$ 418.5	\$ 974.2	\$ 979.6
Capital Assets	214.9	217.6	231.5	237.9	446.4	455.5
Restricted Assets	429.9	560.6	-	-	429.9	560.6
Other Long-term Assets	64.5	72.4	-	-	64.5	72.4
Total Assets	1,247.4	1,411.7	667.6	656.4	1,915.0	2,068.1
Current Liabilities	139.8	149.5	52.4	54.7	192.2	204.2
Other Liabilities	665.5	695.5	-	-	665.5	695.5
Total Liabilities	805.3	845.0	52.4	54.7	857.7	899.7
Net Assets:						
Invested in Capital Assets						
Less Related Debt	156.5	154.2	224.7	230.3	381.2	384.5
Restricted	9.7	14.2	11.2	10.5	20.9	24.7
Unrestricted	275.9	398.3	379.3	360.9	655.2	759.2
Total Net Assets	\$ 442.1	\$ 566.7	\$ 615.2	\$ 601.7	\$ 1,057.3	\$ 1,168.4

County of Oakland Management's Discussion and Analysis

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

Changes in Oakland County Net Assets (in millions of dollars)

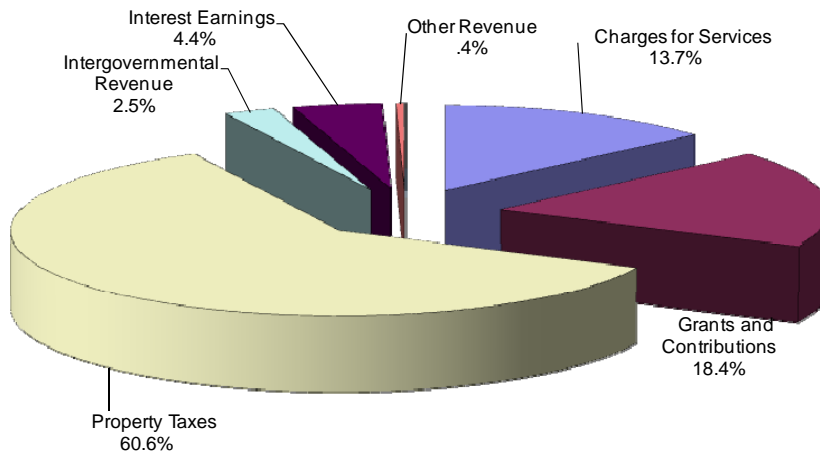
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues						
Program Revenues						
Charges for Services	\$ 58.8	\$ 166.2	\$ 178.2	\$ 178.3	\$ 237.0	\$ 344.5
Grants and Contributions						
Operating	73.6	69.1	0.3	-	73.9	69.1
Capital	5.5	1.4	4.2	10.8	9.7	12.2
General Revenues						
Property Taxes	260.6	346.4	15.1	14.6	275.7	361.0
Intergovernmental Revenue	10.7	10.3	-	-	10.7	10.3
Investment Earnings	18.8	16.6	15.8	17.6	34.6	34.2
Other Revenue	1.7	1.3	-	-	1.7	1.3
Gain on Sale of Assets	0.1	0.6	-	-	0.1	0.60
Total Revenues	<u>429.8</u>	<u>611.9</u>	<u>213.6</u>	<u>221.3</u>	<u>643.4</u>	<u>833.2</u>
Expenses						
Public Safety	193.7	196.0	16.4	13.7	210.1	209.7
Justice Administration	94.2	93.1	-	-	94.2	93.1
Citizen Services	89.5	89.8	6.6	12.3	96.1	102.1
Public Works	33.7	24.8	138.9	138.2	172.6	163.0
Recreation and Leisure	2.5	2.8	20.8	21.8	23.3	24.6
Commerce and Community Dev.	49.5	47.2	-	-	49.5	47.2
General Government	55.9	55.8	2.7	1.9	58.6	57.7
Interest on Debt Service	48.2	8.1	-	-	48.2	8.1
Unallocated Depreciation	1.9	1.5	-	-	1.9	1.5
Total Expenses	<u>569.1</u>	<u>519.1</u>	<u>185.4</u>	<u>187.9</u>	<u>754.5</u>	<u>707.0</u>
Revenue Over (Under)						
Expenditures	(139.3)	92.8	28.2	33.4	(111.1)	126.2
Transfers - On-going	14.7	9.7	(14.7)	(9.7)	-	-
Increase in Net Assets	<u>(124.6)</u>	<u>102.5</u>	<u>13.5</u>	<u>23.7</u>	<u>(111.1)</u>	<u>126.2</u>
Net Assets - Beginning	566.7	464.2	601.7	578.0	1,168.4	1,042.2
Net Assets - Ending	<u>\$ 442.1</u>	<u>\$ 566.7</u>	<u>\$ 615.2</u>	<u>\$ 601.7</u>	<u>\$ 1,057.3</u>	<u>\$ 1,168.4</u>

County of Oakland Management's Discussion and Analysis

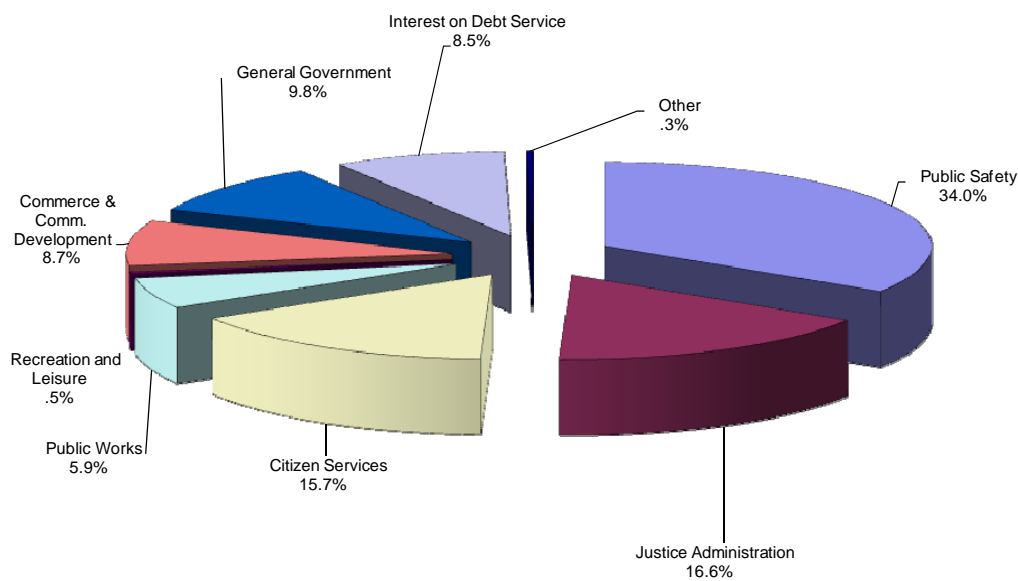
Governmental Activities:

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

Revenues - Governmental Activities Fiscal Year Ended September 30, 2008



Expenses - Governmental Activities Fiscal Year Ended September 30, 2008



In total, fiscal year 2008 governmental activity revenue collections decreased by \$182.1 million from fiscal year 2007. Of this total decrease, \$107.4 million represents reduced charges for service revenue; \$85.8 million represents reduced property tax revenue; and \$500,000 in reduced gain on sale of assets. These reductions were partially offset by increases in grants and contributions of \$8.6 million; increases in general investment earnings of \$2.2 million; and a \$400,000 increase in intergovernmental revenue.

County of Oakland Management's Discussion and Analysis

Property taxes, which generated \$260.6 million in revenue, remain the largest source of support for governmental activities, comprising 60.6 percent of all governmental activity revenue. Governmental activities increased their dependency on property taxes from fiscal year 2007 when these taxes represented 56.6 percent of governmental activity revenue. This increased dependency, however, is reflective of the substantial decrease in charges for service revenue rather than a growth of this particular revenue source. In fact, the growth in property tax revenues has decreased substantially over the past two years.

As stated above, property tax revenue decreased by \$85.8 million from the amount realized during fiscal year 2007. This reduction reflects the completion of the three-year process to accelerate county property tax levies 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 (with a two-thirds levy in December 2006); and the full amount in July 2007 (with a one-third December levy). Therefore, the fiscal year 2007 revenue reflected a levy one-third higher than the annual amount. Fiscal year 2007 ended the acceleration process; fiscal year 2008 property tax revenues simply reflect the annual collection levied in July 2008.

For more details regarding the actual property tax collections, please see the statistical section appearing in the last section of this document. The County's operating millage rate of 4.19 mills remains the third lowest county general operating millage rate in the state.

Governmental activities received \$79.1 million in operating and capital grants and contributions during fiscal year 2008, which is 18.4 percent of the total revenue for governmental activities, the second largest source of support for governmental activities. This amount represents an \$8.6 million increase from fiscal year 2007. Included in this total is \$4.5 million for increased operating grants which consists of additional federal dollars for workforce development efforts (\$3.2 million) and public health efforts (\$700,000) provided in response to the struggling economic situation; as well as \$600,000 in expanded law enforcement grants. In addition, capital grants and contributions increased \$4.1 million. The increase included \$2.0 million in additional capital contributions to the Information Technology Fund reflecting capitalized projects, \$1.4 million in expanded capital grants for law enforcement and homeland security efforts, and \$600,000 in water resource efforts.

Charges for services, which reflects revenue generated by county operations invoicing specific benefiting parties for services performed as well as recognition of other specific program revenues, is the third largest source of governmental activity revenue, generating 13.7 percent 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; as well as services rendered to other governmental units including Sheriff patrol and dispatch services, and the housing of state wards in the County's juvenile home.

The \$58.8 million collected in fiscal year 2008 represents a \$107.4 million decrease from the previous fiscal year. Of this total decrease, \$88.9 million (83 percent) reflects losses in restricted investment earnings in the Interim Retiree Medical Benefit Trust Fund (IRMBT). The IRMBT was established in fiscal year 2007 from \$557.0 million in debt proceeds, to fully fund the County's retiree medical benefit obligation. The deteriorating situation in the securities market adversely affected the IRMBT performance. During fiscal year 2007, the IRMBT received \$19.8 million in investment income; during fiscal year 2008, the fund experienced *negative* investment earnings of \$69.1 million. It was anticipated that the proceeds placed in the IRMBT, as well as the investments earned from those proceeds, would be sufficient to pay off the actuarially determined retiree medical benefit obligation in twenty (20) years. The practical effect of the poor investment performance could mean additional contributions may be required, in later years, to meet the planned 20-year pay period.

County of Oakland Management's Discussion and Analysis

The remaining portion of the charge for service revenue decrease primarily reflects elimination of one-time revenues recorded in fiscal year 2007 (not repeated in fiscal year 2008) including deferred revenue recognition across the governmental activities (\$7.8 million) and capital leases (\$6.2 million). Charges for services revenues were also reduced due to the struggling economic environment which reduced demand for mortgage evaluations (reducing fee income), land transfer tax receipts, deed recordings, plat service fees, and recording fees (\$2.9 million); as well as reduced Industrial Facility Tax receipts.

Governmental activities generated \$18.8 million in investment earnings during fiscal year 2008; this amount reflects an increase of \$2.2 million earned in fiscal year 2007. The additional interest earnings have resulted from a larger investment base in the Revenue Sharing Reserve Fund, as the final year of the tax acceleration was completed leaving that fund at its optimum funding level. Also, during most of the fiscal year, the County Treasurer's practice of pooling all county funds for investment purposes allowed the County to receive higher rates of return. However, it must be noted that rates of return fell sharply in the final quarter of fiscal year 2008. It is also important to note that since the tax acceleration process authorized by P.A. 357 of 2004 is now completed, the County anticipates cash flow difficulties in the future. Specifically, property tax revenue required to operate the County's fiscal year which begins in October of one calendar year, will not be levied until July of the following calendar year, nine months into the fiscal year.

Oakland County governmental activities also recorded \$10.7 million in intergovernmental revenue during fiscal year 2008, a \$400,000 increase from the amount received in fiscal year 2007, primarily due to increased liquor tax distribution and court equity payments. This is revenue "shared" by the state and federal government, which is not tied to contractual obligations such as grant agreements.

Governmental activity fiscal year expenses increased by \$50.0 million above the fiscal year 2007 expense level. However, of this total increase, 80 percent or \$40.1 million represented one item, increased interest expense related to debt service payments on the \$557 million in Certificates of Participation (COPs) issued to fund the County's retiree medical benefit. This expense is paid from the Fringe Benefit Fund.

After considering this item, governmental activities expense increased only \$9.9 million or 1.9 percent above the fiscal year 2007 amount. Of this total, \$4.0 million (40.4 percent) reflects increases in employee compensation, with the vast majority (\$3.6 million) reflecting increased fringe benefit cost, specifically fringe benefits related to the Oakland County Deputy Sheriff's Association. The County and the Association have been in contract negotiations since 2003 and are currently engaged in Public Act 312 binding arbitration. The current active health care package for members of the Deputy Association are "richer" than the package available to the non-represented employees; therefore, an additional \$2.0 million appropriation was required in fiscal year 2008 to support the benefit accrual for fiscal years 2003 to 2007, and an additional \$1.6 million accrual for fiscal year 2008.

Salary expense increased a modest \$400,000, even though the County granted a 1.0 percent cost of living increase to non-represented employees and represented employees whose collective bargaining agreement contained a "me too" clause on cost of living adjustments with non-represented employees. This low level of increase reflects a concerted effort on the part of the County's elected officials and administrators to reduce expenses to meet shrinking revenues. During fiscal year 2008, \$5.5 million in personnel and operating reductions were implemented. These reductions, some of which are described below, partially offset the cost of the 1.0 percent cost of living adjustment, as well as increases in merit pay provided for by the County's salary administration plan and position reclassifications as authorized by the County's merit system. No new positions were added during fiscal year 2008 without corresponding revenue.

County of Oakland Management's Discussion and Analysis

Public Safety continued to be the largest governmental activity, expending \$193.7 million of the \$569.1 million total governmental activities amount (34.0 percent). Public Safety expenses encompass law enforcement, crime prevention, incarceration, emergency management, and technical support. Public Safety expenses decreased by \$2.3 million (1.2 percent) from the previous fiscal year, related to the concerted efforts by the County to have elected officials control expenditure growth. Changes in state statute, facilitated by Oakland County officials, gave local courts and sheriffs more flexibility in controlling the population of county jails. This flexibility allowed the Sheriff to reduce the number of prisoner days in the Oakland County Jail. This in turn allowed the Sheriff to permanently close the Southfield Detention Facility and temporarily close the Boot Camp Facility in Auburn Hills. These decreases offset the standard inflationary increases experienced by this function related to personnel cost and other operating inflation.

Closely linked to Public Safety, Justice Administration is the second largest expense category accounting for \$94.2 million, or 16.6 percent, of the total governmental activity expenses. The Justice Administration activity, which centers on the operations of the 6th Judicial Circuit Court, the Oakland County Probate Court, 52nd District Court, as well as County Clerk functions which support the courts, experienced a \$1.1 million expense increase (1.2 percent) over the previous fiscal year. This increase primarily reflects the above described personnel adjustments. These adjustments were partially offset by the deletion of various positions.

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 \$89.5 million in expenses, or 15.7 percent, of the total governmental activities. Expenses for this activity decreased by \$300,000 over the fiscal year 2007 level (.3 percent), primarily a result of programmatic changes involving the care of Circuit Court and State wards. Efforts were engaged to transition these youths out of the child care system into permanent placement or to have support provided through Federal Title IV-E money. These actions dropped the number of youths funded through the County's child care fund.

The General Government activity, which is comprised of the administration and financial management of County business, expended \$55.9 million in fiscal year 2008, or 9.8 percent of the total governmental activities expenditures. The level of expenditures in fiscal year 2008 increased by only \$100,000 from fiscal year 2007. A portion of this limited increase is due to elimination of one-time or extraordinary expenses which occurred in fiscal year 2007. Specifically, fiscal year 2007 expenses included \$1.1 million in cost associated with the issuing of the Certificates of Participation debt instrument and an \$11.9 million increase in the actuarially determined Annual Required Contribution (ARC) to the County's Voluntary Employee Beneficiary Association (VEBA) necessitated by the closing of the plan to new hires and the restructuring of the liability amortization from 40 to 30 years.

Commerce and Community Development, which reflects all efforts to promote and sustain a strong economic and business climate and vibrant communities, experienced \$49.5 million in expenses, an increase of \$2.3 million (4.9 percent) from fiscal year 2007. This additional expense reflects increased job location and displaced worker training provided through additional grant funding to the Workforce Development Division.

The Public Works activity, which includes the operating systems that form the infrastructure of basic county functions, expended \$33.7 million in fiscal year 2008, up \$8.9 million from fiscal year 2007, a 35.9 percent increase. This increase primarily reflects a change in allocation of the internal service funds (\$3.1 million) as well as \$4.7 million in new expenses related to the purchase and renovation of group homes by the Oakland County Community Mental Health Authority (OCCMHA). OCCMHA worked with the Oakland County Building Authority to increase group home capacity.

County of Oakland Management's Discussion and Analysis

Finally, operating transfers reflect a net transfer of \$14.7 million from business type activities. These transfers primarily come from the Delinquent Tax Revolving Fund including \$3.8 million to support debt service payments and \$10.3 million to support General Fund operations and the Tri-Party Road program. This net transfer amount is a \$5.0 million increase from the amount transferred during fiscal year 2007 as governmental activities revenue restrictions required additional DTRF support.

As stated previously, the result of fiscal year 2008 governmental activity was an overall decrease of \$124.6 million in net assets, to \$442.1 million. This amount reflects the fact that the County's governmental activities expended \$139.3 million more than the revenue generated, partially offset by \$14.7 million in transfers in from the business-type activities. This situation resulted from both reduced revenue, due to the loss of restricted investment income in the Interim Retiree Medical Benefit Trust Fund and increased interest expense related to debt service payments on the Certificate of Participation debt issued in July 2007. Of the total \$442.1 million in governmental activities' net assets, \$156.5 million is invested in capital assets less related debt; \$9.7 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; and \$275.9 million is reported as unrestricted.

Business-type Activities

Net assets in business-type activities are reported at \$615.2 million for fiscal year 2008, an increase of \$13.5 million over the amount reported at the end of fiscal year 2007. Of the total net assets, \$224.7 million is invested in capital assets net of related debt, \$11.2 million is restricted by agreement or covenant, and \$379.3 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 2008, business-type activities generated \$213.6 million in revenue; this is a decrease of \$7.7 million (3.5 percent) from the previous fiscal year. The vast majority of this decrease (\$6.6 million) reflects reductions in capital grants and contributions. Further, investment earnings fell \$1.8 million from the fiscal year 2007 amount due to the deterioration in the securities market. Property tax revenue increased by \$500,000 reflecting the slight increase in property values levied for Parks and Recreation activities. (Please note that the Parks and Recreation millage is NOT part of the tax acceleration required by P.A. 357 of 2004). Business activities charges for service revenue were virtually unchanged.

The \$6.6 million reduction in capital grants and contributions reflects completion of several state grants and projects in fiscal year 2007, thus eliminating the flow of these funds in fiscal year 2008. These projects included completion of several state grants to the Oakland County International Airport for capital improvements to the airport and noise abatement for surrounding residences (\$3.9 million); completion of the relocation of the Ellis Barn and the construction of a Science Building at Springfield Oaks for the Parks and Recreation Commission (\$1.9 million); and the completion of several water and sewer projects (\$1.0 million).

Business-type activity posted expenses of \$185.4 million, a decrease of \$2.5 million from fiscal year 2007 (1.3 percent). This net expense decrease reflects a combination of a \$2.7 million in increased Public Safety related expenses, related to continued improvements to the radio communication system and the deployment of additional homeland security equipment, offset by a \$5.7 million decrease in the Citizen Services activities related to the implementation of the management contract for the Medical Care Facility, completed in fiscal year 2007, which reduced the County's annual expenses to a \$600,000 annual management fee.

Finally, there was a \$14.7 million transfer to governmental activities discussed in the governmental activity section.

County of Oakland

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR FUNDS

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

Six (6) governmental funds are designated as major funds of the County; the *General Fund*, the *Public Health Fund*, the *Revenue Sharing Reserve Fund*, the *Interim Retiree Medical Benefit Trust Fund*, the *Building Authority Debt Act 31 Fund*, and the *Water and Sewer Debt Act 342 Fund*. As the County completed fiscal year 2008, the governmental funds reported *combined* fund balances of \$736.3 million with the General Fund, the Revenue Sharing Reserve Fund, and the Interim Retiree Medical Benefit Trust Fund representing 90.6 percent of the combined governmental funds balance.

The fiscal year ending combined fund balances of \$736.3 million is a decrease of \$138.1 million from the combined fund balances reported at the end of fiscal year 2007. The decrease in the combined governmental funds balance reflects designed reductions in the Revenue Sharing Reserve Fund and the Interim Retiree Medical Benefit Trust Fund, as well as the loss of investment income in the Interim Retiree Medical Benefit Trust Fund due to the deteriorating securities market.

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, 2008, the General Fund reported a fund balance of \$84.3 million. This amount reflects an increase of \$5.5 million from the fund balance of \$78.8 million reported as of September 30, 2007.

The increase in the General Fund balance is primarily due to a concerted effort to limit expenditure growth to match a shrinking revenue base. Even in the face of local Consumer Price Index of 1.0 percent, General Fund expenditures only grew by \$910,200, or .29 percent. As is discussed below under General Fund Budgetary Highlights, the County engages in a number of practices including a hiring and promotion freeze as well as a freeze on capital expenditures in order to limit expenditure growth.

Although the change in fund balance was relatively small (7 percent), there were significant changes in certain operations primarily related to P.A. 357 of 2004. As previously stated, this legislation required that Michigan counties accelerate property tax levies, from December 1 to July 1, for calendar years 2004, 2005, and 2006 (affecting fiscal years 2005, 2006, 2007 revenues). This resulted in the County collecting an additional year's worth of property tax revenue, which was required to be transferred to a Revenue Sharing Reserve Fund. Annually the County could draw a state directed amount into the General Fund to replace the state revenue-sharing payment eliminated as part of a state budget balancing effort.

Fiscal year 2007 was the last year of the accelerated levy, therefore fiscal year 2008 records report:

- A reduction of \$81.6 million in property tax revenue collected compared to fiscal year 2007, reflecting elimination of the additional levy;
- A reduction of \$75.9 million transfer from the General Fund to the Revenue Sharing Reserve Fund, reflecting the fact that the Revenue Sharing Reserve Fund received its required full year of property tax levy by the end of fiscal year 2007.

County of Oakland Management's Discussion and Analysis

Please note that the additional levy is higher than the amount of required transfer due to the particularities of the state statute which required a constant \$75.9 million transfer for three years into the Revenue Sharing Reserve Fund (one-third of the fiscal year 2004 levy), even though property values increased during that time rendering additional revenue collections.

The General Fund also reduced the transfer of resources to the internal services funds by \$2.9 million, reflecting completion of a number of information technology projects during fiscal year 2007 and a conscious effort to curtail new technology development in fiscal year 2008. Transfers to non-major enterprise funds also experienced a \$1.9 million reduction primarily reflecting the fact that the Medical Care Facility operated under private management during fiscal year 2008, eliminating the need for a General Fund subsidy.

Regarding General Fund revenue, investment income fell \$2.9 million, reflecting the poor securities market; charges for services revenue was reduced by \$1.9 million due to reduced land transfer tax collection, mortgage filing fees and various construction inspection fees related to the slumping housing market.

The General Fund fiscal year 2008 revenues exceeded fiscal year 2008 expenditures by \$45.0 million. However, when annual net transfers of \$39.5 million are taken into account, the result of fiscal year 2008 activity is an increase in the General Fund balance of \$5.5 million from September 30, 2007 to September 30, 2008. Of the total fund balance, all but \$2.7 million is reserved, designated or earmarked for specific purposes. The total fiscal year 2008 General Fund balance represents 19.8 percent of the fiscal year 2009 General Fund/General Purpose operations. However, it should be noted that \$19.8 million from General Fund balance has been designated for "Budget Transition" to support future operations. When this designation is removed, the remaining fund balance represents 15.1 percent of the fiscal year 2009 General Fund/General Purpose operations.

The General Fund balance of \$84.3 million represents 11.5 percent of the combined fund balances of the governmental funds.

General Fund Budgetary Highlights

Oakland County's budget is a dynamic document. Although adopted in September 2007 (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 decreased by \$2.0 million during fiscal year 2008, from \$373.7 million to \$371.7 million (1.0 percent). Of the total revenue amendments, \$6.3 million accounted for a reduction of anticipated property tax revenue to fully recognize the elimination of the accelerated property tax levy authorized pursuant to P.A. 357 of 2004. The original fiscal year 2008 budget assumed the higher tax base in fiscal year 2008. The amended property tax revenue was partially offset by revenue budget increases of \$1.9 million under the Sheriff's Office reflecting use of forfeited drug funds by the Sheriff to expand anti-drug equipment, technology and the canine program (\$1.1 million); additional Sheriff road patrol and dispatch contracts (\$452,000); and recognition of additional payments for the housing of state prisoners in the Oakland County Jail (\$388,000). In addition, anticipated convention facility payments from the State were increased by \$1.1 million as was the use of various fund balances (\$1.1 million).

County of Oakland Management's Discussion and Analysis

Actual General Fund revenue totaled \$365.1 million, \$6.6 million less than the final amended budget. Of this total, \$2.8 million reflects investment income revenue under projections due not only to reduced rate of return on market securities, but a reduced cash position which resulted from P.A. 357 of 2004 forcing the County to now collect property taxes "in arrears" (fiscal year 2008 revenue was collected in August/September 2008) leaving a cash flow problem. In addition, Clerk/Register of Deeds fee income generated less than budgeted (\$2.5 million) as a result of reduced mortgage evaluations and home refinancing activity. Finally, overall property tax collections were \$1.5 million below budget due to tax increment financing (TIF) captures higher than anticipated.

The General Fund expenditure budget increased by \$4.9 million, from \$332.5 million to \$337.4 million, a 1.5 percent increase during fiscal year 2008. Included in these budget adjustments were increases in the Sheriff's Office of \$2.2 million to properly accrue the potential retroactive pay related to the unsettled labor agreement with the Oakland County Deputy Sheriff's Association (agreement open since 2003), specifically the additional cost of the health care package enjoyed by employees covered by this bargaining unit; \$1.1 million related to use of drug forfeiture funds to support the canine program and enhance drug enforcement activities; \$1.1 million to purchase replacement patrol vehicles (funds allocated to Central Services/Motor Pool); anticipated expenditures for additional patrol and service contracts of \$400,000 and \$300,000 to expand the tethering program.

Actual General Fund expenditures for fiscal year 2008 were \$17.3 million below budget. This favorable variance from budget reflects conscious efforts on behalf of the County's elected officials to limit expenditures in response to the anticipated revenue shortfalls discussed in the Transmittal Letter immediately preceding this document. Specifically, this includes \$5.5 million reflecting position deletions and operating expenditures reductions, originally planned for fiscal year 2009, which however were accelerated into fiscal year 2008. The variance reflects savings from the point in time the positions were deleted until the end of fiscal year 2008.

Further, there was an additional \$2.9 million in salary and fringe benefit savings (above the position deletions included in the \$5.5 million above) resulting from vacant positions and positions filled at a lower classification than budgeted. In November 2007, the County implemented a hiring and promotion freeze for all operations except 24/7 emergency services and certain judicial appointments in anticipation of revenue shortages.

In addition, \$2.0 million reflects planned contingency and supplemental appropriation accounts that were not used due to a purposeful commitment on the part of county officials and administrators to reduce expenditures. The amounts of unused contingency funding include \$835,000 unspent for additional fringe benefit adjustments, overtime adjustments and classifications and rate changes related to salary reviews; \$797,000 in general contingency; and \$297,000 unspent for potential new grant match.

Beyond the unspent contingency funding and personnel savings, another \$6.2 million in operating appropriations was also unspent. This amount includes \$2.0 million in reduced use of Internal Service Funds such as Leased Vehicles, Equipment Fund and Information Technology as County departments made a conscious effort to reduce expenditures; \$1.8 million in planned fiscal year 2008 expenditures which were unable to be completed including \$543,000 in Community and Economic Development activities related to business recruitment, trade missions, and publications; \$418,000 for the Sheriff to complete expansion of the tethering program; \$188,000 related to the completion and publication of the Drain Master Plan; \$188,000 for on-going road improvement projects under agreement between the County, the Road Commission, and local units of government; and \$185,000 for the Sheriff to improve the forensic laboratory management system. Please note that the unspent planned fiscal year 2008 expenditures were carried forward and reappropriated in fiscal year 2009.

County of Oakland Management's Discussion and Analysis

Other expenditures which were below budgeted amounts include \$733,000 in jail food service cost due to the Sheriff renegotiating the contract with the food service vendor; \$648,000 in reduced land transfer and land recording activity related to the stagnant housing market; \$297,000 in unspent travel and conference, workshops and meetings, training expenses, and memberships, dues and publications (33 percent of the allocation for these four accounts) due to a concerted effort to limit these expenditures; \$261,000 as the Health Division changed how interpreter services were provided; and \$250,000 in reduced out-county prisoner housing due to efforts to more effectively manage the jail population.

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 \$41.2 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 2008 by \$5.3 million to \$46.5 million. Amendments included an additional planned transfer from the General Fund in the amount of \$6.6 million to develop and implement a Collaborative Asset Management System which will include infrastructure assets from the Water Resources (Drain) Commissioner, Parks and Recreation, the Road Commission for Oakland County, and those owned by the participating cities, villages and townships in the County; \$1.6 million planned transfer to the Public Health Fund reflecting expanded funding for substance abuse satellite centers (carryforward of fiscal year 2007 unspent funds of \$1.1 million, and additional fiscal year 2008 state appropriation of \$500,000); \$1.4 million in planned transfers to the Child Care Fund reflecting anticipated increased cost of care for wards of the Oakland County Circuit Court; \$1.3 million to support expanded Friend of the Court expenditures; and \$1.1 million transferred to the Motor Pool Fund to purchase replacement patrol vehicles.

These amendments reflecting planned transfers from the General Fund were partially offset by amendments reflecting planned transfers into the General Fund, including an additional \$4.8 million transfer from the Delinquent Tax Revolving Fund to support anticipated budget shortfalls and \$2.1 million from the Fringe Benefit Fund to cover additional health insurance cost for the Deputy Sheriff Association.

Actual financing uses from the General Fund were \$7.0 million less than budgeted. This reflects the actual resources needed by the Child Care Fund (\$3.7 million) and the Public Health Fund (\$2.2 million) funds being less than anticipated due to reduced expenditures by those operations supported by those funds reflecting the county-wide hiring, promotion, and capital purchase freeze. Further transfers to the General Fund from the Delinquent Tax Revolving Fund (DTRF) were \$1.1 million greater than budgeted due to additional debt service payments supported by the DTRF.

Interim Retiree Medical Benefit Trust Fund

The Interim Retiree Medical Benefit Trust Fund (IRMBT) is a special revenue fund established for the purpose of making the Annual Required Contribution (ARC) payment to the County's Voluntary Employee Beneficiary Association (VEBA). The ARC payment is an actuarially determined amount which is calculated to cover the current cost of retiree health care as well as an amount to reduce the unfunded retiree health care liability.

County of Oakland Management's Discussion and Analysis

The IRMBT was originally funded through receipt of \$557.0 million in proceeds from the issuance of Certificates of Participation (COPs) in July 2007. The County Treasurer invests those proceeds on behalf of the fund, which receives all interest from those investments. Annually, the Fund transfers money to the VEBA to cover the ARC payment as determined by the County's actuary. With investment income being the only revenue source, and annual ARC payments required, the IRMBT is designed to experience annual reductions in fund balance. The use of the original proceeds, plus investment income, should be sufficient to fund the annual ARC payment for 20 years. At that time the VEBA unfunded liability should be eliminated.

For fiscal year 2008, the County's contract actuary calculated the ARC payment to be \$62.1 million. This amount, which was transferred out of the IRMBT to the VEBA, represents an expenditure of the IRMBT and a reduction in fund balance. However, due to the losses experienced in the securities and bond markets, IRMBT fund investments lost \$69.1 million during fiscal year 2008 (in addition to the foregone \$19.8 million in investment earned in fiscal year 2007). Since there are no other sources of revenue for the IRMBT, other than a minor charge for service amount to the VEBA (\$430,000), the investment loss is also a direct reduction of fund balance.

As of September 30, 2008, the fund had a balance of \$429.4 million recorded in reserve for future ARC payments. This amount is \$130.8 million less than the fund balance reported as of September 30, 2007. This IRMBT fund balance represents 58.3 percent of the combined fund balance of the governmental funds; however, the loss of \$130.8 million represents 94.8 percent of the total combined fund balance reduction for the governmental funds.

It should be noted that, although the funds held in trust in the IRMBT are designated to pay the ARC payment, the trust agreement and public ordinance which established the fund include one additional purpose. If for some reason the ARC payment is no longer required, such as the implementation of a federal or state funded retiree health care system, the remaining balance of IRMBT funds can be used to pay the remaining debt service generated by the COPs sale.

Revenue Sharing Reserve Fund

The Revenue Sharing Reserve Fund (RSRF), 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 \$23.0 million annually).

As of September 30, 2008, the Revenue Sharing Reserve Fund had a fund balance of \$153.4 million, which represents 20.8 percent of the combined funds balance of the governmental funds. This amount is a \$14.8 million decrease from the fund balance as of September 30, 2007. The decrease reflects the fact that since the RSRF no longer receives the \$75.9 million property tax transfer from the General Fund, earned investment income (\$8.3 million in fiscal year 2008) is that only source of revenue. The RSRF transferred \$23.1 million to the General Fund to replace the suspended state revenue-sharing payment. The anticipated annual 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.

County of Oakland Management's Discussion and Analysis

The three remaining governmental funds classified as major, the *Public Health Fund*, the *Water and Sewer Debt Act 342 Fund*, and the *Building Authority Debt Act 31 Fund*, experienced combined reduction in fund balance of \$26,274. These funds function as a pass-through for various activities and are designed to retain a small fund balance. As of September 30, 2008, the combined fund balance of these three funds totaled \$28,829. The General Fund is committed to supporting the *Public Health Fund* balance should the need arise. By agreement, any shortfall in the *Water and Sewer Debt Act 342 Fund* and the *Building Authority Debt Act 31 Fund* would be supported by the local communities.

Enterprise Funds

There are four (4) *enterprise funds* that are classified as major: the *Delinquent Tax Revolving Fund*, the *Parks and Recreation Fund*, the *Water and Sewer Trust Fund*, and the *Southeast Oakland County Sewage Disposal System (SOCSDS) Fund*. As of September 30, 2008, the Enterprise Funds had combined fund balances of \$615.2 million, an increase of \$13.5 million from the combined fund balances reported at the end of fiscal year 2007. The four major enterprise funds alone reported fund balances of \$401.6 million (65.3 percent of the total combined Enterprise fund balance). The net asset of these four major enterprise funds increased by \$11.5 million during fiscal year 2008, which is 85.2 percent of the combined enterprise fund balances increase. The \$11.5 million increase represents a 2.9 percent increase in the fund balances of the four major Enterprise fund balances.

Of the total increase in the four major enterprise fund balances, 60.9 percent is attributed to increases in the *Delinquent Tax Revolving Fund* (\$7.0 million). The challenged regional housing market has led to an increase in tax delinquencies; this translated to an increase in current assets in the *Delinquent Tax Revolving Fund* of \$4.5 million. In addition, the current liabilities decreased by \$3.0 million due to the completion of certain debt service payments. The remainder of the increase in the combined fund balances of the four major enterprise funds is attributed to the \$4.6 million increase in the net assets of the *Parks and Recreation Fund*. This increase resulted from operating reductions as the Parks and Recreation Commission participated in the County-wide effort to curtail expenditures as well as increases in property tax revenue (the Parks levy is NOT subject to P.A. 357 of 2004).

**County of Oakland
Management's Discussion and Analysis**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - At the end of fiscal year 2008, the County had invested \$446.4 million, net of accumulated depreciation, in a broad range of capital assets (see table below). This amount of net capital assets reflects a decrease of \$9.1 million above the fiscal year 2007 amount. Depreciation expense for 2008 totaled \$25.6 million.

Oakland County's Capital Assets
(net of depreciation, in millions of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land	\$ 7.4	\$ 7.4	\$ 55.0	\$ 55.0	\$ 62.4	\$ 62.4
Land Improvements	0.2	0.2	7.6	8.7	7.8	8.9
Buildings and Improvements	138.0	108.2	50.2	32.5	188.2	140.7
Equipment and Vehicles	30.2	32.5	7.4	7.3	37.6	39.8
Infrastructure	15.6	15.8	81.3	86.1	96.9	101.9
Subtotal	<u>191.4</u>	<u>164.1</u>	<u>201.5</u>	<u>189.6</u>	<u>392.9</u>	<u>353.7</u>
Construction in Progress	<u>23.5</u>	<u>53.5</u>	<u>30.0</u>	<u>48.3</u>	<u>53.5</u>	<u>101.8</u>
Total Capital Assets	<u>\$ 214.9</u>	<u>\$ 217.6</u>	<u>\$ 231.5</u>	<u>\$ 237.9</u>	<u>\$ 446.4</u>	<u>\$ 455.5</u>

Net capital assets for the governmental activities decreased by \$2.7 million in fiscal year 2008. This change includes an increase of \$27.3 million (net of depreciation) in building and improvements, equipment and vehicles and infrastructure. This increase is offset by a net reduction of \$30.0 million in construction in progress (moved to buildings and improvements). In terms of gross numbers, the County's governmental activities had additions to capital assets of \$50.0 million, \$40.3 million in disposals of capital assets, and \$12.4 million increase in net accumulated depreciation.

Changes in governmental capital assets includes \$35.6 million in additions and disposals for buildings and improvements (this figure does not include depreciation) reflecting the capitalization of several major projects under construction in 2008. Most prominently the completion of: the 52nd Division III District Court Facility in Rochester Hills (\$15.9 million), the Sheriff's new Work Release Facility (\$13.0 million), the Sheriff's Substation in Rochester Hills (\$4.5 million), the addition to the Sheriff's Boot Camp in Auburn Hills (\$859,000), the Drain/Public Works Storage Building (\$673,000), and additional cost to the Executive Office Building (\$432,000).

In addition, \$8.2 million in new construction projects were begun in fiscal year 2008 (additions to construction in progress) including an addition to the visitation area of the Oakland County Jail (\$4.4 million); implementation work for the Jail Management System (\$2.3 million); and additional work on the Executive Office Building (\$432,000).

County of Oakland Management's Discussion and Analysis

Governmental activities also purchased \$5.7 million in equipment and vehicles during fiscal year 2008 (this figure does not include depreciation) including: \$2.2 million in various new and replacement vehicles, specifically 48 new and seven replacement patrol cars (\$972,000), 21 special vehicles (\$434,000), 15 standard intermediate vehicles (\$240,000), nine patrol Tahoe vehicles (\$261,000), and eight pickups and vans (\$149,000); GIS Record Conversion project for the Water Resources (Drain) Commissioner (\$2.1 million); switches for Information Technology's critical services network (\$267,000); various equipment for the Water Resources (Drain) Commissioner including a crane, van, and easement equipment (\$251,000); various office equipment including in-car terminals for patrol vehicles, printers, spectrometer for the crime lab (\$186,000); 12 Harley-Davidson motorcycles for the Sheriff's Road Patrol (\$173,000); two computer integrated navigation systems for the Sheriff's helicopters (\$140,000); tractors and mowers for Facilities Management (\$147,000); and six new and/or replacement tornado sirens for the County's early warning system (\$115,000).

The increase in governmental activities capital assets were offset by \$38.2 million in reductions in construction in progress activities. Of this total, \$35.6 million reflects capitalization of completed projects during fiscal year 2008 which were reclassified as increases to buildings and improvements (52nd Division III District Court, Work Release Facility, Rochester Hills Substation, GIS Record Conversion, Boot Camp Addition, DPW Storage Building, and Executive Office Building). The remaining reductions reflect projects started and completed during fiscal year 2008, including reconstruction of the Drain/Public Works Building parking lot and service center sidewalk repairs (\$500,000), and planning work to expand the 52nd District Court I Division II in Independence Township to accommodate an additional judge (\$300,000).

Net capital assets for the business-type activities decreased by \$6.4 million during fiscal year 2008. This change includes an increase of \$11.9 million (net of depreciation) in land improvements, building and improvements, equipment and vehicles and infrastructure. This increase is offset by a net reduction of \$18.3 million in construction in progress (moved to buildings and improvements). In terms of gross numbers, the County's business-type activities had additions to capital assets of \$26.4 million, \$21.5 million in disposals of capital assets, and \$11.3 million increase in accumulated depreciation.

Changes in business-type activities capital assets include \$19.2 million in additions and disposals (figure does not include depreciation) for buildings and improvements. This includes the capitalization of several projects completed in fiscal year 2008 (reclassified from construction in progress) including the completion of: the Walnut Lake Pump Station / Force Main (\$10.7 million); T-hangars at the Oakland County International Airport (\$8.2 million), and a river trail at Parks and Recreation's Independence Oaks (\$309,000). In addition new building improvements added to the business-type activities in fiscal year 2008 include irrigation pump houses for Parks and Recreation at White Lake Oaks in White Lake Township and Glen Oaks in Farmington Hills (\$263,000), as well as improvements to the Sheriff's Commissary (\$46,000).

In addition, business-type activities recorded \$2.9 million in new construction and upgrades that began during fiscal year 2008 including: \$1.1 million in Parks and Recreation projects reflecting land acquisitions (\$502,000), construction of trails, camp grounds and play areas (\$375,000), various parking and fence improvements (\$223,000); \$690,000 in improvements at the Oakland County International Airport including a west perimeter road (\$282,000), sound attenuation (\$207,000), design of a new terminal building (\$201,000); and \$408,000 for a new 821 MHz radio system.

County of Oakland Management's Discussion and Analysis

Business activities experienced purchases of \$3.6 million in new equipment during fiscal year 2008. Of this total increase, \$3.1 million reflects purchases to support the programs of the Courts and Law Enforcement Management Information System (CLEMIS) including \$1.9 million for policing and dispatch equipment under the COPS More program, \$707,000 for 24 desk-top fingerprinting systems, and \$457,000 to enhance the OakVideo teleconferencing-video arraignment system. In addition, Parks and Recreation purchased \$300,000 in ground and maintenance equipment and vehicles, and the Oakland County International Airport purchased \$100,000 in vehicles and mowers.

These additions were offset by \$21.2 million in reductions in construction in progress. These reductions are reflected as increases to buildings and improvements (Walnut Lake Pump Station and Force Main, Airport T-hangars, Jail Management System, and Independence Oaks River Trail).

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

Long-term Debt - As of September 30, 2008, the County had \$690.8 million in bonds and notes outstanding. Of this amount, \$665.8 million are bonds with limited taxing authority, and \$25.0 million are notes with limited taxing authority. This obligation is \$32.8 million less than the obligation recorded as of September 30, 2007. The decreased obligation is a result of the fact that only \$1.7 million in new debt was issued during fiscal year 2008, which were sewage disposal system bonds offered through the Michigan Bond Authority. These bonds will be covered by charges to the participating municipalities. This addition was offset by \$34.5 million in reductions during the fiscal year. 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 \$152.8 million Drainage District component unit debt. Of this total obligation, \$4.5 million reflected new debt issues offset by \$15.0 million in debt reductions. The Drainage District component unit debt experienced a \$10.5 million net obligation reduction during fiscal year 2008.

Outstanding Debt as of September 30, 2008
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government		Drainage Districts Component Unit		Total County Commitment	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Bonds - Limited Tax Authority	\$ 665.8	\$ 698.6	\$ -	\$ -	\$ 665.8	\$ 698.6	\$ 152.8	\$ 163.3	\$ 818.6	\$ 861.9
Total Bonds	\$ 665.8	\$ 698.6	\$ -	\$ -	\$ 665.8	\$ 698.6	\$ 152.8	\$ 163.3	\$ 818.6	\$ 861.9
Notes - Limited Tax Authority	\$ -	\$ -	\$ 25.0	\$ 25.0	\$ 25.0	\$ 25.0	\$ -	\$ -	\$ 25.0	\$ 25.0
Total Outstanding Debt	\$ 665.8	\$ 698.6	\$ 25.0	\$ 25.0	\$ 690.8	\$ 723.6	\$ 152.8	\$ 163.3	\$ 843.6	\$ 886.9
Debt Limit (10% of SEV)									\$ 7,449.1	\$ 7,733.1
Available Statutory Debt Limit									\$ 6,605.5	\$ 6,846.2

Oakland County issued \$1.7 million in general government debt through the Michigan Bond Authority (state revolving fund) to support improvements to the Clinton-Oakland Sewage Disposal System. Specifically, debt was issued for installation of 8,700 feet of main pipeline, replacement of a pump station, and decommissioning of an existing waste water treatment plant.

The Drainage Districts component unit issued \$4.5 million in new debt during fiscal year 2008. This includes \$2.5 million in refunding bonds for the Birmingham Drainage District; \$1.3 million for improvements to the George W. Kuhn Drainage District; and \$765,000 for the Franklin Subwatershed Drainage District. Customers of the drainage districts are primary obligators on these issues.

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.

County of Oakland

Management's Discussion and Analysis

During fiscal year 2008, \$34.5 million in outstanding general government debt was paid, primarily reflecting the retirement of a portion of the Certificate of Participation taxable notes (retiree health care - \$20.8 million), the refunding of certain water and sewer bonds (\$4.4 million), the scheduled payment of some Building Authority bonds (\$4.3 million), refunding of various Building Authority bonds (\$2.4 million), and the scheduled payment of some water and sewer bonds (\$2.1 million). Also, \$25.0 million limited taxing authority notes were also retired.

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, 2008 was \$74.5 billion.

ECONOMIC OUTLOOK

Oakland County for years has used a two-year operating budget process and a five-year forecasting process, which ensured a longer-term focus on the County's fiscal health. This process allowed the County to anticipate fiscal problems and react within a sufficient time frame so as to minimize the disruption of vital public services. Although this practice has served the County well, the current economic difficulty experienced in Southeast Michigan emphasizes the need for even more detailed financial forecasting and analysis. Accordingly, beginning with fiscal year 2010, the County will implement a three-year operating budget process.

Subsequent to the adoption by the Oakland County Board of Commissioners of balanced budgets for fiscal years 2009 and 2010, revised property value projections resulted in projected budget shortfalls for fiscal year 2010 and extending to future years. Property tax revenue constitutes 59.0 percent of all General Fund/General Purpose (GF/GP) revenues. The fiscal year 2009 and 2010 budgets assumed a 4.5 percent and 2.5 percent reduction in property values for each respective year. These projections were revised in December 2008, and although the 4.5 percent reduction in fiscal year 2009 remains accurate, the anticipated fiscal year 2010 property tax value reduction was increased to 9.0 percent. This opens up a \$17.5 million budget shortfall for fiscal year 2010, which would grow to a \$58.7 million shortfall by fiscal year 2012 if no corrective action is taken.

The Transmittal Letter, which precedes this Management's Discussion and Analysis, provides a detailed discussion of the steps Oakland County will take to balance the General Fund/General Purpose budget through fiscal year 2012, and how those steps will ensure the long-term fiscal viability of the County. Through the use of a long-term fiscal focus, the County realizes an on-going structural issue that must be addressed and is developing contingencies to handle fiscal concerns before they become a fiscal crisis.

CONTACTING THE COUNTY'S DEPARTMENT OF MANAGEMENT AND BUDGET

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

**Basic
Financial Statements**

**County of Oakland
Statement of Net Assets
September 30, 2008**

	Primary Government			Component Units
	Governmental Activities	Business- Type Activities	Totals	
Assets				
Current assets				
Pooled cash and investments	\$ 439,981,637	\$ 282,527,310	\$ 722,508,947	\$ 25,367,332
Cash and cash equivalents	-	-	-	16,933,256
Investments	-	-	-	22,228,721
Receivables (net of allowance for uncollectibles where applicable)				
Current property taxes	34,745,370	-	34,745,370	-
Delinquent property taxes	2,751,193	97,216,535	99,967,728	-
Special assessments	-	-	-	11,067,910
Due from other governmental units	22,401,425	25,020,552	47,421,977	487,683
Due from component units	1,350,107	133,483	1,483,590	-
Accrued interest receivable	3,889,154	2,857,299	6,746,453	382,781
Accounts receivable	6,408,200	30,011,981	36,420,181	19,607,882
Contracts receivable	10,409,300	1,642,414	12,051,714	-
Internal balances - footnote 19	5,640,578	(5,640,578)	-	-
Inventories and supplies	448,852	827,428	1,276,280	3,188,875
Prepayments and other assets	10,097,582	1,536,851	11,634,433	1,133,269
Total current assets	<u>538,123,398</u>	<u>436,133,275</u>	<u>974,256,673</u>	<u>100,397,709</u>
Non-current assets				
Contracts receivable	27,331,667	-	27,331,667	-
Special assessments receivable	37,184,162	-	37,184,162	162,615,000
Restricted assets				
Cash and investments	428,028,418	-	428,028,418	-
Accrued interest receivable	1,852,014	-	1,852,014	-
Capital assets, net				
Land and other nondepreciable assets	30,902,717	84,946,141	115,848,858	300,737,188
Land improvements, net	204,039	7,574,367	7,778,406	327,904
Buildings and improvements, net	137,967,078	50,208,555	188,175,633	8,887,675
Equipment and vehicles, net	30,237,714	7,418,812	37,656,526	9,438,565
Infrastructure, net	15,580,156	81,348,496	96,928,652	771,499,461
Total capital assets, net	<u>214,891,704</u>	<u>231,496,371</u>	<u>446,388,075</u>	<u>1,090,890,793</u>
Total non-current assets	<u>709,287,965</u>	<u>231,496,371</u>	<u>940,784,336</u>	<u>1,253,505,793</u>
Total assets	<u>\$ 1,247,411,363</u>	<u>\$ 667,629,646</u>	<u>\$ 1,915,041,009</u>	<u>\$1,353,903,502</u>

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

County of Oakland
Statement of Net Assets (Continued)
September 30, 2008

	Primary Government			Component Units
	Governmental Activities	Business- Type Activities	Totals	
Liabilities				
Current liabilities				
Vouchers payable	\$ 29,684,775	\$ 3,516,678	\$ 33,201,453	\$ 10,138,081
Accrued payroll	21,714,245	-	21,714,245	-
Due to other governmental units	2,051,948	17,961,228	20,013,176	3,947,551
Due to primary government	-	-	-	1,483,590
Accrued interest payable	245,415	-	245,415	56,277
Other accrued liabilities	28,190,140	4,107,983	32,298,123	4,819,659
Accrued compensated absences	1,242,445	-	1,242,445	-
Unearned revenue	24,473,858	1,836,758	26,310,616	12,111,358
Claims and judgments	3,572,679	-	3,572,679	-
Bonds and notes payable	28,565,000	25,000,000	53,565,000	14,465,000
Total current liabilities	<u>139,740,505</u>	<u>52,422,647</u>	<u>192,163,152</u>	<u>47,021,516</u>
Non-current liabilities				
Accrued compensated absences	11,182,003	-	11,182,003	3,295,222
Claims and judgments	17,078,260	-	17,078,260	1,900,000
Other postemployment benefits	-	-	-	2,260,219
Unearned revenue	-	-	-	9,826,766
Bonds and notes payable	637,259,371	-	637,259,371	146,298,234
Total noncurrent liabilities	<u>665,519,634</u>	<u>-</u>	<u>665,519,634</u>	<u>163,580,441</u>
Total liabilities	<u>805,260,139</u>	<u>52,422,647</u>	<u>857,682,786</u>	<u>210,601,957</u>
Net assets				
Investment in capital assets, net of related debt	156,516,704	224,691,371	381,208,075	930,127,559
Restricted for				
Capital projects	9,238,783	-	9,238,783	11,508,932
Debt service	476,139	-	476,139	153,655,709
Airports	-	58,839	58,839	-
Community water and sewer	-	11,159,034	11,159,034	-
Unrestricted	275,919,598	379,297,755	655,217,353	48,009,345
Total net assets	<u>\$ 442,151,224</u>	<u>\$ 615,206,999</u>	<u>\$ 1,057,358,223</u>	<u>\$ 1,143,301,545</u>

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

County of Oakland
Statement of Activities
Year Ended September 30, 2008

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government				
Governmental activities				
General government, administrative	\$ 55,917,104	\$ (52,389,036)	\$ 854,210	\$ -
Public safety	193,657,522	49,174,229	26,927,251	2,179,783
Justice administration	94,185,884	31,465,349	674,877	-
Citizen services	89,557,378	6,345,201	19,547,323	-
Public works	33,657,302	8,973,627	313,462	3,294,672
Recreation and leisure	2,500,868	118,119	1,300	-
Commerce and community development	49,522,895	15,163,579	25,301,094	-
Unallocated depreciation	1,900,360	-	-	-
Interest on debt	48,251,563	-	-	-
Total governmental activities	<u>569,150,876</u>	<u>58,851,068</u>	<u>73,619,517</u>	<u>5,474,455</u>
Business-type activities				
Airports	6,607,247	4,896,123	-	95,525
Community safety support	14,885,712	9,305,150	-	3,599,133
Community tax financing	2,682,543	20,471,957	-	-
Community water and sewer	43,094,681	45,216,075	-	-
Jail commissary	1,439,198	1,403,706	-	-
Recreation and leisure	20,841,960	8,728,377	282,469	240,734
Sewage disposal systems	95,836,418	88,241,160	-	233,497
Total business-type activities	<u>185,387,759</u>	<u>178,262,548</u>	<u>282,469</u>	<u>4,168,889</u>
Total primary government	<u>\$ 754,538,635</u>	<u>\$ 237,113,616</u>	<u>\$ 73,901,986</u>	<u>\$ 9,643,344</u>
Component units				
Drainage districts	\$ 13,169,395	\$ 3,029,380	\$ 305,558	\$ 7,691,591
Road commission	100,914,230	17,360,061	60,976,537	40,626,477
Total component units	<u>\$ 114,083,625</u>	<u>\$ 20,389,441</u>	<u>\$ 61,282,095</u>	<u>\$ 48,318,068</u>
General revenues				
Taxes				
Property taxes				
State-shared revenue (unrestricted)				
Unrestricted investment earnings				
Gain on sale of capital assets				
Other revenues				
Transfers in (out)				
Total general revenues and transfers				
Change in net assets				
Net assets				
Beginning				
Ending				

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

County of Oakland
Statement of Activities (Continued)
Year Ended September 30, 2008

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			
Governmental Activities	Business Type Activities	Totals	Component Units
\$ (107,451,930)	\$ -	\$ (107,451,930)	\$ -
(115,376,259)	-	(115,376,259)	-
(62,045,658)	-	(62,045,658)	-
(63,664,854)	-	(63,664,854)	-
(21,075,541)	-	(21,075,541)	-
(2,381,449)	-	(2,381,449)	-
(9,058,222)	-	(9,058,222)	-
(1,900,360)	-	(1,900,360)	-
(48,251,563)	-	(48,251,563)	-
<u>(431,205,836)</u>	<u>-</u>	<u>(431,205,836)</u>	<u>-</u>
-	(1,615,599)	(1,615,599)	-
-	(1,981,429)	(1,981,429)	-
-	17,789,414	17,789,414	-
-	2,121,394	2,121,394	-
-	(35,492)	(35,492)	-
-	(11,590,380)	(11,590,380)	-
-	(7,361,761)	(7,361,761)	-
-	(2,673,853)	(2,673,853)	-
<u>(431,205,836)</u>	<u>(2,673,853)</u>	<u>(433,879,689)</u>	<u>-</u>
-	-	-	(2,142,866)
-	-	-	18,048,845
-	-	-	<u>15,905,979</u>
260,528,403	15,124,023	275,652,426	-
10,687,879	-	10,687,879	-
18,827,633	15,840,203	34,667,836	3,012,570
123,665	-	123,665	-
1,714,661	-	1,714,661	-
<u>14,740,624</u>	<u>(14,740,624)</u>	<u>-</u>	<u>-</u>
<u>306,622,865</u>	<u>16,223,602</u>	<u>322,846,467</u>	<u>3,012,570</u>
(124,582,971)	13,549,749	(111,033,222)	18,918,549
<u>566,734,195</u>	<u>601,657,250</u>	<u>1,168,391,445</u>	<u>1,124,382,996</u>
<u>\$ 442,151,224</u>	<u>\$ 615,206,999</u>	<u>\$ 1,057,358,223</u>	<u>\$ 1,143,301,545</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.

Interim Retiree Medical Benefits Trust Fund - This fund was created in 2007 under the authority of Act 139 of Michigan Public Acts of 1973 to account for money placed in trust from Certificates of Participation sold to fund future estimated accrued actuarial liabilities of County retiree medical benefits.

Building Authority Debt Act 31 Fund – This fund was established to accumulate the resources for the payment of bonded debt issued for the construction of, or improvement to various facilities (currently nine issues). The fund also includes debt issued as assistance in obtaining favorable lending rates for other units of government within the County.

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 10 issues).

Non-Major Funds

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

Special Revenue funds

Debt Service funds

Capital Projects funds

**County of Oakland
Balance Sheet
Governmental Funds
September 30, 2008**

	Major Funds			
	General	Public Health	Revenue Sharing Reserve	Interim Retiree Medical Benefits Trust
Assets				
Current assets				
Pooled cash and investments	\$ 83,663,642	\$ 2,008,744	\$ 152,959,031	\$ 472,302
Investments, at fair value	-	-	-	427,556,116
Receivables (net of allowance for uncollectibles where applicable)				
Current property taxes	34,745,370	-	-	-
Delinquent property taxes	2,751,193	-	-	-
Due from other governmental units	3,011,878	205,251	-	-
Due from component units	29,503	-	-	-
Accrued interest receivable	2,053,290	-	462,067	1,852,014
Accounts receivable	5,614,528	45,129	-	7,577
Contracts receivable	10,376,633	-	-	-
Due from other funds	21,038,837	102,011	-	-
Prepayments and other assets	134,276	2,239	-	-
Total current assets	<u>163,419,150</u>	<u>2,363,374</u>	<u>153,421,098</u>	<u>429,888,009</u>
Advances	-	-	-	-
Special assessments receivable	-	-	-	-
Contracts receivable	-	-	-	-
Total assets	<u>\$ 163,419,150</u>	<u>\$ 2,363,374</u>	<u>\$ 153,421,098</u>	<u>\$ 429,888,009</u>
Liabilities and Fund Balances				
Current liabilities				
Vouchers payable	\$ 5,624,815	\$ 274,409	\$ -	\$ 406,792
Accrued payroll	21,538,758	58,638	-	-
Due to other governmental units	1,109,475	114,065	-	-
Due to other funds	9,650,648	1,652,474	-	-
Deferred revenue	13,007,019	-	-	-
Deferred revenue - property taxes	22,871,139	-	-	-
Other accrued liabilities	5,289,934	262,542	-	77,707
Total current liabilities	<u>79,091,788</u>	<u>2,362,128</u>	<u>-</u>	<u>484,499</u>
Deferred revenue	-	-	-	-
Advances	-	-	-	-
Total liabilities	<u>79,091,788</u>	<u>2,362,128</u>	<u>-</u>	<u>484,499</u>
Fund balances				
Reserved				
Long-term receivables	-	-	-	-
Prepayments	134,276	-	-	-
Programs	267,215	-	-	429,403,510
Debt service	-	-	-	-
Unreserved, designated for, reported in:				
General fund	81,211,880	-	-	-
Special revenue funds	-	1,246	153,421,098	-
Capital projects funds	-	-	-	-
Unreserved, undesignated reported in:				
General fund	2,713,991	-	-	-
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balances	<u>84,327,362</u>	<u>1,246</u>	<u>153,421,098</u>	<u>429,403,510</u>
Total liabilities and fund balances	<u>\$ 163,419,150</u>	<u>\$ 2,363,374</u>	<u>\$ 153,421,098</u>	<u>\$ 429,888,009</u>

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

**County of Oakland
Balance Sheet (Continued)
Governmental Funds
September 30, 2008**

	Major Funds			Totals September 30, 2008
	Building Authority Debt Act 31	Water and Sewer Debt Act 342	Non-Major Funds	
Assets				
Current assets				
Pooled cash and investments	\$ 3,430	\$ 715,221	\$ 82,833,191	\$ 322,655,561
Investments, at fair value	-	-	-	427,556,116
Receivables (net of allowance for uncollectibles where applicable)				
Current property taxes	-	-	-	34,745,370
Delinquent property taxes	-	-	-	2,751,193
Due from other governmental units	280,624	13,705	18,830,853	22,342,311
Due from component units	-	-	1,304,439	1,333,942
Accrued interest receivable	94	398	530,567	4,898,430
Accounts receivable	-	-	434,641	6,101,875
Contracts receivable	-	-	32,667	10,409,300
Due from other funds	-	-	3,949,453	25,090,301
Prepayments and other assets	-	-	4,236,025	4,372,540
Total current assets	<u>284,148</u>	<u>729,324</u>	<u>112,151,836</u>	<u>862,256,939</u>
Advances	-	-	126,000	126,000
Special assessments receivable	-	24,505,000	12,679,162	37,184,162
Contracts receivable	19,305,000	-	8,026,667	27,331,667
Total assets	<u>\$ 19,589,148</u>	<u>\$ 25,234,324</u>	<u>\$ 132,983,665</u>	<u>\$ 926,898,768</u>
Liabilities and Fund Balances				
Current liabilities				
Vouchers payable	\$ 1,100	\$ 551,050	\$ 3,046,668	\$ 9,904,834
Accrued payroll	-	-	57,494	21,654,890
Due to other governmental units	-	-	528,239	1,751,779
Due to other funds	-	895	15,708,619	27,012,636
Deferred revenue	280,624	-	8,433,522	21,721,165
Deferred revenue - property taxes	-	-	-	22,871,139
Other accrued liabilities	-	152,220	15,290,936	21,073,339
Total current liabilities	<u>281,724</u>	<u>704,165</u>	<u>43,065,478</u>	<u>125,989,782</u>
Deferred revenue	19,305,000	24,505,000	20,639,162	64,449,162
Advances payable	-	-	126,000	126,000
Total liabilities	<u>19,586,724</u>	<u>25,209,165</u>	<u>63,830,640</u>	<u>190,564,944</u>
Fund balances				
Reserved				
Long-term receivables	-	-	192,667	192,667
Prepayments	-	-	-	134,276
Programs	-	-	7,581,007	437,251,732
Debt service	2,424	25,159	448,556	476,139
Unreserved, designated for, reported in:				
General fund	-	-	-	81,211,880
Special revenue funds	-	-	42,517,900	195,940,244
Capital projects funds	-	-	9,238,783	9,238,783
Unreserved, undesignated reported in:				
General fund	-	-	-	2,713,991
Special revenue funds	-	-	(286,530)	(286,530)
Capital projects funds	-	-	9,460,642	9,460,642
Total fund balances	<u>2,424</u>	<u>25,159</u>	<u>69,153,025</u>	<u>736,333,824</u>
Total liabilities and fund balances	<u>\$ 19,589,148</u>	<u>\$ 25,234,324</u>	<u>\$ 132,983,665</u>	<u>\$ 926,898,768</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, 2008

Total fund balances for governmental funds		\$ 736,333,824
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	\$ 7,235,551	
Construction in progress, not being depreciated	20,153,799	
Land improvements, net of \$927,243 depreciation	204,039	
Buildings and improvements, net of \$73,110,959 depreciation	136,611,645	
Equipment and vehicles, net of \$8,322,977 depreciation	6,268,303	
Infrastructure, net of \$9,602,916 depreciation	<u>15,348,344</u>	
		185,821,681
Other long-term assets are not available to pay for current period expenditures and therefore are not reported in the funds.		
Capital lease receivable		6,805,000
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.		94,691,397
Delinquent real property taxes were deferred in the governmental funds because they were not available to pay for current year expenditures.		20,119,946
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.		64,449,162
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	(665,824,371)	
Accrued interest payable	<u>(245,415)</u>	
		<u>(666,069,786)</u>
Net assets of governmental activities		<u>\$ 442,151,224</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, 2008

	Major Funds			
	General	Public Health	Revenue Sharing Reserve	Interim Retiree Medical Benefits Trust
Revenues				
Taxes	\$ 257,609,031	\$ -	\$ -	\$ -
Special assessments		-	-	-
Federal grants	230,721	36,400	-	-
State grants	9,740	5,076,878	-	-
Other intergovernmental revenues	13,019,919	-	-	-
Charges for services	81,540,752	1,784,829	-	430,290
Contributions	25,000	-	-	-
Investment income	2,752,375	-	8,348,430	(69,118,561)
Indirect cost recovery	8,661,578	-	-	-
Other	1,270,605	5,727	-	-
Total revenues	<u>365,119,721</u>	<u>6,903,834</u>	<u>8,348,430</u>	<u>(68,688,271)</u>
Expenditures				
Current operations				
County executive	65,390,381	33,548,493	-	-
Clerk/register of deeds	11,664,523	-	-	-
Treasurer	4,373,213	-	-	-
Justice administration	60,370,255	-	-	-
Law enforcement	149,692,928	-	-	-
Legislative	5,315,075	-	-	-
Drain commissioner	5,678,341	-	-	-
Non-departmental	17,129,106	-	-	62,151,426
Total current operations	<u>319,613,822</u>	<u>33,548,493</u>	<u>-</u>	<u>62,151,426</u>
Capital outlay	472,024	24,927	-	-
Intergovernmental	-	-	-	-
Debt service				
Principal payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>320,085,846</u>	<u>33,573,420</u>	<u>-</u>	<u>62,151,426</u>
Excess (deficiency) of revenues over (under) expenditures	<u>45,033,875</u>	<u>(26,669,586)</u>	<u>8,348,430</u>	<u>(130,839,697)</u>
Other financing sources (uses)				
Transfers in	39,592,441	26,791,025	-	-
Transfers out	(79,095,894)	(149,115)	(23,108,986)	-
Issuance of bonds	-	-	-	-
Discount on bonds sold	-	-	-	-
Total other financing sources (uses)	<u>(39,503,453)</u>	<u>26,641,910</u>	<u>(23,108,986)</u>	<u>-</u>
Net change in fund balances	5,530,422	(27,676)	(14,760,556)	(130,839,697)
Fund balances				
October 1, 2007	78,796,940	28,922	168,181,654	560,243,207
September 30, 2008	<u>\$ 84,327,362</u>	<u>\$ 1,246</u>	<u>\$ 153,421,098</u>	<u>\$ 429,403,510</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, 2008

	Major Funds			Totals September 30, 2008
	Building Authority Debt Act 31	Water and Sewer Debt Act 342	Non-Major Funds	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ 257,609,031
Special assessments	2,804,703	3,628,492	8,867,299	15,300,494
Federal grants	-	-	52,144,174	52,411,295
State grants	-	-	19,130,945	24,217,563
Other intergovernmental revenues	-	-	3,464,948	16,484,867
Charges for services	720	6,275	22,362,333	106,125,199
Contributions	-	-	129,072	154,072
Investment income	3,557	15,433	2,547,563	(55,451,203)
Indirect cost recovery	-	-	-	8,661,578
Other	-	-	438,329	1,714,661
Total revenues	<u>2,808,980</u>	<u>3,650,200</u>	<u>109,084,663</u>	<u>427,227,557</u>
Expenditures				
Current operations				
County executive	-	-	85,748,319	184,687,193
Clerk/register of deeds	-	-	837,385	12,501,908
Treasurer	-	-	3,400,177	7,773,390
Justice administration	-	-	27,505,785	87,876,040
Law enforcement	-	-	7,218,295	156,911,223
Legislative	-	-	-	5,315,075
Drain commissioner	-	-	7,607,619	13,285,960
Non-departmental	-	-	1,337,318	80,617,850
Total current operations	-	-	<u>133,654,898</u>	<u>548,968,639</u>
Capital outlay	-	-	10,517,168	11,014,119
Intergovernmental	-	4,840	460,235	465,075
Debt service				
Principal payments	4,300,000	2,645,000	6,775,000	13,720,000
Interest and fiscal charges	3,866,829	989,767	1,214,790	6,071,386
Total expenditures	<u>8,166,829</u>	<u>3,639,607</u>	<u>152,622,091</u>	<u>580,239,219</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,357,849)</u>	<u>10,593</u>	<u>(43,537,428)</u>	<u>(153,011,662)</u>
Other financing sources (uses)				
Transfers in	5,349,646	-	53,589,547	125,322,659
Transfers out	-	(988)	(9,827,054)	(112,182,037)
Issuance of bonds	-	-	1,739,371	1,739,371
Total other financing sources (uses)	<u>5,349,646</u>	<u>(988)</u>	<u>45,501,864</u>	<u>14,879,993</u>
Net change in fund balances	(8,203)	9,605	1,964,436	(138,131,669)
Fund balances				
October 1, 2007	<u>10,627</u>	<u>15,554</u>	<u>67,188,589</u>	<u>874,465,493</u>
September 30, 2008	<u>\$ 2,424</u>	<u>\$ 25,159</u>	<u>\$ 69,153,025</u>	<u>\$ 736,333,824</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, 2008

Net change in fund balance - total governmental funds		\$ (138,131,669)
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.		
Construction in progress	\$ 5,869,954	
Equipment and vehicles	293,250	
Depreciation expense	<u>(7,390,983)</u>	(1,227,779)
The net effect of the transfer of capital assets from Internal Service fund-type to the general government is to increase net assets.		60,671
Payment received on capital lease from a business-type fund provides current financial resources and therefore revenue to governmental funds. The payment received reduces a capital lease receivable in the Statement of Net Assets.		(775,000)
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.		(12,318,069)
Delinquent real property taxes reported in the Statement of Activities did not provide current year financial resources in the governmental funds.		
Prior year's deferral	(17,200,574)	
Current year deferral	<u>20,119,946</u>	2,919,372
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.		(7,882,663)
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	(1,739,371)	
Repayment of bond principal	34,485,000	
Accrued interest	<u>26,537</u>	32,772,166
Change in net assets of governmental activities		<u>\$ (124,582,971)</u>

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

Proprietary Fund Financial Statements

Major Funds

Parks and Recreation - This fund is used to account for revenue earmarked for the operation of the County parks (currently 13). Principal revenues are from a voter-approved millage and user 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.

Southeastern Oakland County S.D.S. (S.O.C.S.D.S.) - This 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.

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 respective city, villages, or townships by Oakland County. There are currently 22 municipal water systems, and 16 municipal sewer systems that are operated under these contractual arrangements.

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, 2008**

	Business-Type Activities - Enterprise Funds			
	Major			
	Parks and Recreation	Delinquent Tax Revolving	S.O.C.S.D.S.	Water and Sewer Trust
Assets				
Current assets				
Pooled cash and investments	\$ 23,218,616	\$ 134,315,740	\$ 18,955,035	\$ 18,777,887
Delinquent property taxes	-	97,216,535	-	-
Due from other governmental units	1,311,303	3,344,069	3,697,312	1,363,363
Due from component units	-	-	-	-
Accrued interest receivable	83,445	1,691,702	195,837	158,716
Accounts receivable (net of allowance for uncollectibles where applicable)	387,573	11,553,815	5,973	17,021,055
Due from other funds	-	-	-	466,936
Current portion of contracts receivable	-	-	-	-
Current portion of advances receivable	-	450,383	-	-
Inventories and supplies	42,082	-	-	111,896
Prepayments and other assets	84,385	-	782,000	3,385
Total current assets	<u>25,127,404</u>	<u>248,572,244</u>	<u>23,636,157</u>	<u>37,903,238</u>
Noncurrent assets				
Advances	-	554,596	-	-
Capital assets, net				
Land and other nondepreciable assets	25,300,812	-	613,529	-
Land improvements, net	-	-	-	-
Building and improvements, net	19,206,473	-	76,688	-
Equipment and vehicles, net	1,110,408	-	116,956	-
Infrastructure, net	21,593,627	-	9,152,488	28,374,996
Total noncurrent assets	<u>67,211,320</u>	<u>554,596</u>	<u>9,959,661</u>	<u>28,374,996</u>
Total assets	<u>92,338,724</u>	<u>249,126,840</u>	<u>33,595,818</u>	<u>66,278,234</u>
Liabilities				
Current liabilities				
Vouchers payable	224,835	139,407	51,584	2,640,706
Accrued payroll	-	-	-	-
Due to other governmental units	-	326,129	6,648,971	720,031
Due to other funds	-	-	1,899	472,842
Deferred revenue	2,350	-	-	-
Capital lease obligation - current portion	550,000	-	-	-
Notes payable	-	25,000,000	-	-
Current portion of compensated absences	-	-	-	-
Current portion of claims and judgments	-	-	-	-
Current portion of advances payable	-	-	-	-
Other accrued liabilities	91,674	70,738	100,749	2,181,017
Total current liabilities	<u>868,859</u>	<u>25,536,274</u>	<u>6,803,203</u>	<u>6,014,596</u>
Noncurrent liabilities				
Capital lease obligations	550,000	-	-	-
Accrued compensated absences	-	-	-	-
Claims and judgments	-	-	-	-
Advances	-	-	-	-
Total noncurrent liabilities	<u>550,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,418,859</u>	<u>25,536,274</u>	<u>6,803,203</u>	<u>6,014,596</u>
Net assets				
Invested in capital assets, net of related debt	66,111,320	-	9,959,661	28,374,996
Restricted for programs	-	-	-	11,159,034
Unrestricted	24,808,545	223,590,566	16,832,954	20,729,608
Total net assets	<u>\$ 90,919,865</u>	<u>\$ 223,590,566</u>	<u>\$ 26,792,615</u>	<u>\$ 60,263,638</u>

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

**County of Oakland
Statement of Net Assets (Continued)
Proprietary Funds
September 30, 2008**

	Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
	Non-Major Funds	Totals September 30, 2008	
Assets			
Current assets			
Pooled cash and investments	\$ 87,260,032	\$ 282,527,310	\$ 117,798,378
Delinquent property taxes	-	97,216,535	-
Due from other governmental units	15,304,505	25,020,552	59,114
Due from component units	133,483	133,483	16,165
Accrued interest receivable	727,599	2,857,299	842,738
Accounts receivable (net of allowance for uncollectibles where applicable)	1,043,565	30,011,981	306,325
Due from other funds	366,537	833,473	6,429,819
Current portion of contracts receivable	1,642,414	1,642,414	-
Current portion of advances receivable	-	450,383	-
Inventories and supplies	673,450	827,428	448,852
Prepayments and other assets	667,081	1,536,851	5,725,042
Total current assets	<u>107,818,666</u>	<u>443,057,709</u>	<u>131,626,433</u>
Noncurrent assets			
Advances	-	554,596	-
Capital assets, net			
Land and other nondepreciable assets	59,031,800	84,946,141	3,513,367
Land improvements, net	7,574,367	7,574,367	-
Building and improvements, net	30,925,394	50,208,555	1,355,433
Equipment and vehicles, net	6,191,448	7,418,812	23,969,411
Infrastructure, net	22,227,385	81,348,496	231,812
Total noncurrent assets	<u>125,950,394</u>	<u>232,050,967</u>	<u>29,070,023</u>
Total assets	<u>233,769,060</u>	<u>675,108,676</u>	<u>160,696,456</u>
Liabilities			
Current liabilities			
Vouchers payable	460,146	3,516,678	19,779,941
Accrued payroll	-	-	59,355
Due to other governmental units	10,266,097	17,961,228	300,169
Due to other funds	199,289	674,030	4,666,927
Deferred revenue	1,834,408	1,836,758	1,500
Capital lease obligation - current portion	255,000	805,000	-
Notes payable	-	25,000,000	-
Current portion of compensated absences	-	-	1,242,445
Current portion of claims and judgments	-	-	3,572,679
Current portion of advances payable	-	-	450,383
Other accrued liabilities	1,663,805	4,107,983	7,116,801
Total current liabilities	<u>14,678,745</u>	<u>53,901,677</u>	<u>37,190,200</u>
Noncurrent liabilities			
Capital lease obligations	5,450,000	6,000,000	-
Accrued compensated absences	-	-	11,182,003
Claims and judgments	-	-	17,078,260
Advances	-	-	554,596
Total noncurrent liabilities	<u>5,450,000</u>	<u>6,000,000</u>	<u>28,814,859</u>
Total liabilities	<u>20,128,745</u>	<u>59,901,677</u>	<u>66,005,059</u>
Net assets			
Invested in capital assets, net of related debt	120,245,394	224,691,371	29,070,023
Restricted for programs	58,839	11,217,873	-
Unrestricted	93,336,082	379,297,755	65,621,374
Total net assets	<u>\$ 213,640,315</u>	<u>\$ 615,206,999</u>	<u>\$ 94,691,397</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, 2008

	Business-Type Activities - Enterprise Funds			
	Major			
	Parks and Recreation	Delinquent Tax Revolving	S.O.C.S.D.S.	Water and Sewer Trust
Operating revenues				
Charges for services	\$ 8,695,821	\$ 20,430,129	\$ 33,024,959	\$ 44,859,091
Other	15,844	41,828	8,492	356,984
Total operating revenues	<u>8,711,665</u>	<u>20,471,957</u>	<u>33,033,451</u>	<u>45,216,075</u>
Operating expenses				
Salaries	7,879,804	53,679	599,247	7,212,967
Fringe benefits	2,807,334	36,351	280,545	3,436,293
Contractual services	4,921,469	228,829	34,487,218	25,493,817
Commodities	845,529	-	262,448	2,147,126
Depreciation	3,238,945	-	1,355,817	631,990
Internal services	1,093,849	1,363,684	187,039	2,788,589
Intergovernmental	-	-	-	1,367,803
Total operating expenses	<u>20,786,930</u>	<u>1,682,543</u>	<u>37,172,314</u>	<u>43,078,585</u>
Operating income (loss)	<u>(12,075,265)</u>	<u>18,789,414</u>	<u>(4,138,863)</u>	<u>2,137,490</u>
Nonoperating revenues (expenses)				
Property taxes	15,124,023	-	-	-
Contributions	282,469	-	-	-
Interest revenue	1,072,069	8,444,540	1,010,899	1,054,027
Interest expense and paying agent fees	(55,030)	(1,000,000)	-	-
Bonds maturing	-	-	-	-
Gain (loss) on sale of property and equipment	16,712	-	-	(16,096)
Total nonoperating revenues	<u>16,440,243</u>	<u>7,444,540</u>	<u>1,010,899</u>	<u>1,037,931</u>
Income (loss) before transfers and contributions	<u>4,364,978</u>	<u>26,233,954</u>	<u>(3,127,964)</u>	<u>3,175,421</u>
Transfers and contributions				
Capital contributions	240,734	-	-	-
Transfers in	-	-	-	988
Transfers out	-	(19,189,736)	(21,700)	(147,560)
Total transfers and contributions	<u>240,734</u>	<u>(19,189,736)</u>	<u>(21,700)</u>	<u>(146,572)</u>
Change in net assets	<u>4,605,712</u>	<u>7,044,218</u>	<u>(3,149,664)</u>	<u>3,028,849</u>
Net assets				
October 1, 2007	<u>86,314,153</u>	<u>216,546,348</u>	<u>29,942,279</u>	<u>57,234,789</u>
September 30, 2008	<u>\$ 90,919,865</u>	<u>\$ 223,590,566</u>	<u>\$ 26,792,615</u>	<u>\$ 60,263,638</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, 2008

	Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
	Non-Major Funds	Totals September 30, 2008	
Operating revenues			
Charges for services	\$ 70,475,384	\$ 177,485,384	\$ 209,232,726
Other	337,304	760,452	36,554
Total operating revenues	<u>70,812,688</u>	<u>178,245,836</u>	<u>209,269,280</u>
Operating expenses			
Salaries	4,592,565	20,338,262	22,010,549
Fringe benefits	2,417,748	8,978,271	11,955,069
Contractual services	61,010,568	126,141,901	113,487,402
Commodities	1,763,074	5,018,177	7,141,535
Depreciation	6,283,980	11,510,732	6,745,345
Internal services	2,551,313	7,984,474	6,402,987
Intergovernmental	-	1,367,803	-
Total operating expenses	<u>78,619,248</u>	<u>181,339,620</u>	<u>167,742,887</u>
Operating income (loss)	<u>(7,806,560)</u>	<u>(3,093,784)</u>	<u>41,526,393</u>
Nonoperating revenues (expenses)			
Property taxes	-	15,124,023	-
Contributions	-	282,469	-
Interest revenue	4,258,668	15,840,203	5,160,275
Interest expense and paying agent fees	(237,099)	(1,292,129)	(42,213,775)
Bonds maturing	-	-	(20,765,000)
Gain (loss) on sale of property and equipment	(2,739,914)	(2,739,298)	123,665
Total nonoperating revenues	<u>1,281,655</u>	<u>27,215,268</u>	<u>(57,694,835)</u>
Income (loss) before transfers and contributions	<u>(6,524,905)</u>	<u>24,121,484</u>	<u>(16,168,442)</u>
Transfers and contributions			
Capital contributions	3,928,155	4,168,889	2,311,042
Transfers in	4,865,124	4,866,112	4,987,944
Transfers out	(247,740)	(19,606,736)	(3,448,613)
Total transfers and contributions	<u>8,545,539</u>	<u>(10,571,735)</u>	<u>3,850,373</u>
Change in net assets	<u>2,020,634</u>	<u>13,549,749</u>	<u>(12,318,069)</u>
Net assets			
October 1, 2007	<u>211,619,681</u>	<u>601,657,250</u>	<u>107,009,466</u>
September 30, 2008	<u>\$ 213,640,315</u>	<u>\$ 615,206,999</u>	<u>\$ 94,691,397</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, 2008

	Business-Type Activities - Enterprise Funds			
	Major			
	Parks and Recreation	Delinquent Tax Revolving	S.O.C.S.D.S.	Water and Sewer Trust
Cash flows from operating activities				
Cash received from users	\$ 8,617,623	\$ 17,626,559	\$ 33,918,250	\$ 43,763,540
Cash paid to suppliers	(9,776,785)	(5,039,795)	(34,928,128)	(34,846,706)
Cash paid to employees	(7,879,804)	(53,679)	(599,247)	(7,212,967)
Net cash provided by (used in) operating activities	<u>(9,038,966)</u>	<u>12,533,085</u>	<u>(1,609,125)</u>	<u>1,703,867</u>
Cash flows from noncapital financing activities				
Transfers from other funds	-	-	-	988
Transfers to other funds	-	(20,689,736)	(21,700)	(147,560)
Contributions	282,469	-	-	-
Principal paid on debt	-	-	-	-
Interest paid on debt	-	-	-	-
Purchase of delinquent property taxes	-	(150,012,692)	-	-
Delinquent property taxes collected	-	130,997,606	-	-
Issuance of short-term borrowings	-	25,000,000	-	-
Repayments received on advances	-	450,383	-	-
Property taxes	15,124,023	-	-	-
Interest paid on short-term borrowings	-	(1,000,000)	-	-
Payments on short-term borrowings	-	(25,000,000)	-	-
Net cash provided by (used in) noncapital financing activities	<u>15,406,492</u>	<u>(40,254,439)</u>	<u>(21,700)</u>	<u>(146,572)</u>
Cash flows from capital and related financing activities				
Transfers from other funds	-	-	-	-
Capital contributions	230,640	-	-	-
Proceeds from sale of capital assets	26,034	-	-	-
Acquisition of capital assets	(1,777,643)	-	-	-
Payments on capital lease obligation	(525,000)	-	-	-
Interest and fees paid on capital lease obligation	(55,030)	-	-	-
Amount paid on advances and equipment contracts	-	-	-	-
Interest paid on advances and equipment contracts	-	-	-	-
Net cash used in capital and related financing activities	<u>(2,100,999)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities				
Interest on investments	1,065,194	8,110,303	975,972	1,038,012
Net cash provided by investing activities	<u>1,065,194</u>	<u>8,110,303</u>	<u>975,972</u>	<u>1,038,012</u>
Net increase (decrease) in cash and cash equivalents	5,331,721	(19,611,051)	(654,853)	2,595,307
Pooled cash and investments				
October 1, 2007	17,886,895	153,926,791	19,609,888	16,182,580
September 30, 2008	<u>\$ 23,218,616</u>	<u>\$ 134,315,740</u>	<u>\$ 18,955,035</u>	<u>\$ 18,777,887</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, 2008

	Business-Type Activities		Governmental
	Enterprise Funds		
	Non-Major	Totals	Activities -
	Funds	September 30,	Internal
		2008	Service
			Funds
Cash flows from operating activities			
Cash received from users	\$ 70,524,394	\$ 174,450,366	\$ 207,348,824
Cash paid to suppliers	(66,904,673)	(151,496,087)	(120,023,587)
Cash paid to employees	(4,592,565)	(20,338,262)	(21,993,833)
Net cash provided by (used in) operating activities	<u>(972,844)</u>	<u>2,616,017</u>	<u>65,331,404</u>
Cash flows from noncapital financing activities			
Transfers from other funds	4,080,285	4,081,273	2,714,232
Transfers to other funds	(247,740)	(21,106,736)	(3,387,942)
Contributions	-	282,469	-
Principal paid on debt	-	-	(20,765,000)
Interest paid on debt	-	-	(42,160,909)
Purchase of delinquent property taxes	-	(150,012,692)	-
Delinquent property taxes collected	-	130,997,606	-
Issuance of short-term borrowings	-	25,000,000	-
Repayments received on advances	-	450,383	-
Property taxes	-	15,124,023	-
Interest paid on short-term borrowings	-	(1,000,000)	-
Payments on short-term borrowings	-	(25,000,000)	-
Net cash provided by (used in) noncapital financing activities	<u>3,832,545</u>	<u>(21,183,674)</u>	<u>(63,599,619)</u>
Cash flows from capital and related financing activities			
Transfers from other funds	784,839	784,839	1,953,697
Capital contributions	-	230,640	-
Proceeds from sale of capital assets	-	26,034	484,172
Acquisition of capital assets	(2,192,260)	(3,969,903)	(3,307,990)
Payments on capital lease obligation	(250,000)	(775,000)	-
Interest and fees paid on capital lease obligation	(237,099)	(292,129)	-
Amount paid on advances and equipment contracts	-	-	(450,383)
Interest paid on advances and equipment contracts	-	-	(52,866)
Net cash used in capital and related financing activities	<u>(1,894,520)</u>	<u>(3,995,519)</u>	<u>(1,373,370)</u>
Cash flows from investing activities			
Interest on investments	4,125,295	15,314,776	4,985,388
Net cash provided by investing activities	<u>4,125,295</u>	<u>15,314,776</u>	<u>4,985,388</u>
Net increase (decrease) in cash and cash equivalents	5,090,476	(7,248,400)	5,343,803
Pooled cash and investments			
October 1, 2007	<u>82,169,556</u>	<u>289,775,710</u>	<u>112,454,575</u>
September 30, 2008	<u>\$ 87,260,032</u>	<u>\$ 282,527,310</u>	<u>\$ 117,798,378</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, 2008

	Business-Type Activities - Enterprise Funds			
	Major			
	Parks and Recreation	Delinquent Tax Revolving	S.O.C.S.D.S.	Water and Sewer Trust
Operating income (loss)	\$ (12,075,265)	\$ 18,789,414	\$ (4,138,863)	\$ 2,137,490
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	3,238,945	-	1,355,817	631,990
(Increase) decrease in due from other governmental units	93,453	(1,908,216)	863,549	34,087
(Increase) decrease in due from component units	-	-	-	2,117
(Increase) decrease in accounts receivable	8,513	(2,845,398)	689	(1,419,633)
(Increase) decrease in due from other funds	-	-	20,561	(69,106)
(Increase) decrease in contracts receivable	-	-	-	-
(Increase) decrease in inventories and supplies	588	-	-	(14,387)
(Increase) decrease in prepayments and other assets	(67,193)	-	34,000	977
Increase (decrease) in vouchers payable	87,581	(1,469,591)	29,988	921,792
Increase (decrease) in accrued payroll	-	-	-	-
Increase (decrease) in due to other govern- mental units	-	130,983	205,106	(103,366)
Increase (decrease) in due to other funds	(190)	-	1	12,877
Increase (decrease) in deferred revenue	(196,008)	-	-	-
Increase (decrease) in current portion of compensated absences	-	-	-	-
Increase (decrease) in current portion of claims and judgments	-	-	-	-
Increase (decrease) in other accrued liabilities	(129,390)	(164,107)	20,027	(430,971)
Increase (decrease) in accrued compensated absences	-	-	-	-
Increase (decrease) in claims and judgments	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ (9,038,966)</u>	<u>\$ 12,533,085</u>	<u>\$ (1,609,125)</u>	<u>\$ 1,703,867</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, 2008

	Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
	Non-Major Funds	Totals September 30, 2008	
Operating income (loss)	\$ (7,806,560)	\$ (3,093,784)	\$ 41,526,393
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation expense	6,283,980	11,510,732	6,745,345
(Increase) decrease in due from other governmental units	(450,134)	(1,367,261)	12,026
(Increase) decrease in due from component units	358,431	360,548	49,669
(Increase) decrease in accounts receivable	53,461	(4,202,368)	(33,832)
(Increase) decrease in due from other funds	(257,885)	(306,430)	(1,948,363)
(Increase) decrease in contracts receivable	11,450	11,450	-
(Increase) decrease in inventories and supplies	69,099	55,300	22,522
(Increase) decrease in prepayments and other assets	(87,905)	(120,121)	7,741,583
Increase (decrease) in vouchers payable	(136,367)	(566,597)	12,217,031
Increase (decrease) in accrued payroll	-	-	16,716
Increase (decrease) in due to other govern- mental units	357,342	590,065	(83,497)
Increase (decrease) in due to other funds	171,058	183,746	2,502,063
Increase (decrease) in deferred revenue	(3,617)	(199,625)	(3,240)
Increase (decrease) in current portion of compensated absences	-	-	(89,394)
Increase (decrease) in current portion of claims and judgments	-	-	(691,794)
Increase (decrease) in other accrued liabilities	464,803	(239,638)	(22,972)
Increase (decrease) in accrued compensated absences	-	-	(804,547)
Increase (decrease) in claims and judgments	-	-	(1,824,305)
Net cash provided by (used in) operating activities	<u>\$ (972,844)</u>	<u>\$ 2,616,017</u>	<u>\$ 65,331,404</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, 2008

Noncash transactions

Enterprise Funds

Major funds:

Noncash and capital related financing activities included capital assets contributed in the amount of \$10,094 in the Parks and Recreation fund, and write-off of \$16,096 of capital assets in the Water and Sewer Trust fund.

Nonmajor funds:

Noncash and capital related financing activities included contribution of capital assets of \$3,599,133, \$95,525 and \$233,497 in the CLEMIS, County Airports and Evergreen-Farmington SDS funds, respectively; write-off of \$2,262,115, \$98,510 and \$477,799 of capital assets in the CLEMIS, Radio Communications and County Airports funds, respectively.

Noncash and non-capital related financing activities included recording of Contracts Receivable and Deferred Revenue of \$733 and \$1,515,433 in the CLEMIS and County Airports funds, respectively.

Internal Service Funds

Noncash capital and related financing included \$2,297,115 of capital asset contributions in the Information Technology fund, \$13,927 of capital assets contributed in the Drain Equipment fund, and transfer of \$60,671 of capital assets to the general government in the Micrographics fund.

Noncash and non-capital related financing includes \$320,015 Transfers from Other Funds included in Due from Other Funds asset in the Micrographics 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, 2008

	Pension (and Other Post- employment Benefits) Trust Funds	Investment Trust Funds	Agency Funds
Assets			
Cash and cash equivalents	\$ 4,750,235	\$ 31,279,091	\$ 715,971
Pooled cash and investments	-	-	308,660,599
Investments, at fair value			
Common stock	552,772,670	-	-
Government securities	71,138,732	-	-
Corporate bonds	129,154,097	-	-
Municipal bonds	1,842,529	-	-
Commingled	34,162,213	-	-
Limited partnerships	40,338,239	-	-
Asset-backed fixed income	23,634,224	-	-
CMO/REMIC investments	19,652,176	-	-
Mortgage-backed securities	46,746,158	-	-
Short-term investments	3,167,636	-	-
Commercial mortgage-backed securities	45,468,071	-	-
Money market funds	44,625,399	-	-
International common stock	25,265,350	-	-
Equity REIT	13,159,650	-	-
Other	11,625,183	-	-
Total investments	<u>1,062,752,327</u>	<u>-</u>	<u>-</u>
Receivables - interest and dividends	4,846,449	2,677	266,403
Receivables - other	9,518	-	-
Prepaid expenses	104,900	-	-
Total assets	<u>1,072,463,429</u>	<u>31,281,768</u>	<u>309,642,973</u>
Liabilities			
Vouchers payable	774,284	-	3,220
Due to other governmental units	-	-	294,693,612
Other accrued liabilities	1,001,153	-	14,946,141
Total liabilities	<u>1,775,437</u>	<u>-</u>	<u>309,642,973</u>
Net assets			
Held in Trust for Pension and other Postemployment healthcare benefits, and pool participants	<u>\$ 1,070,687,992</u>	<u>\$ 31,281,768</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, 2008

	Pension (and Other Post- employment Benefits) Trust Funds	Investment Trust Funds
Additions		
Contributions		
Employer	\$ 60,200,684	\$ -
Pool participants	-	24,341,867
Plan members	1,003,088	-
Total contributions	<u>61,203,772</u>	<u>24,341,867</u>
Investment income (loss)	(161,606,513)	850,399
Other revenue	2,287,489	-
Total additions (decreases)	<u>(98,115,252)</u>	<u>25,192,266</u>
Deductions		
Benefits	53,255,596	-
Retirement incentive	5,606,085	-
Administrative expenses	3,142,419	-
Distribution to pool participants	-	5,339,591
Total deductions	<u>62,004,100</u>	<u>5,339,591</u>
Net increase (decrease)	<u>(160,119,352)</u>	<u>19,852,675</u>
Net assets held in trust for pension and other postemployment healthcare benefits, and pool participants		
October 1, 2007	<u>1,230,807,344</u>	<u>11,429,093</u>
September 30, 2008	<u>\$ 1,070,687,992</u>	<u>\$ 31,281,768</u>

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

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 Michigan Public Act 51 of 1951.

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

**County of Oakland
Statement of Net Assets
Component Units
September 30, 2008**

	Drainage Districts	Road Commission	Total Component Units
Assets			
Current assets			
Pooled cash and investments	\$ 25,367,332	\$ -	\$ 25,367,332
Cash and cash equivalents	-	16,933,256	16,933,256
Investments	-	22,228,721	22,228,721
Receivables (net of allowance for uncollectibles where applicable)			
Special assessments	-	11,067,910	11,067,910
Due from other governmental units	487,683	-	487,683
Accrued interest receivable	241,945	140,836	382,781
Accounts receivable	14,753	19,593,129	19,607,882
Inventories and supplies	-	3,188,875	3,188,875
Prepayments and other assets	-	1,133,269	1,133,269
Total current assets	<u>26,111,713</u>	<u>74,285,996</u>	<u>100,397,709</u>
Capital assets, net			
Land and other nondepreciable assets	144,426,679	156,310,509	300,737,188
Land improvements, net	-	327,904	327,904
Buildings and improvements, net	-	8,887,675	8,887,675
Equipment and vehicles, net	-	9,438,565	9,438,565
Infrastructure, net	<u>277,663,534</u>	<u>493,835,927</u>	<u>771,499,461</u>
Total capital assets, net	<u>422,090,213</u>	<u>668,800,580</u>	<u>1,090,890,793</u>
Special assessments receivable	<u>162,615,000</u>	<u>-</u>	<u>162,615,000</u>
Total assets	<u>610,816,926</u>	<u>743,086,576</u>	<u>1,353,903,502</u>
Liabilities			
Current liabilities			
Vouchers payable	3,039,705	7,098,376	10,138,081
Due to other governmental units	3,947,551	-	3,947,551
Due to primary government	1,472,353	11,237	1,483,590
Deferred revenue and advances	-	12,111,358	12,111,358
Accrued interest payable	2,309	53,968	56,277
Current portion of long-term debt	11,990,000	2,475,000	14,465,000
Other accrued liabilities	<u>1,410,352</u>	<u>3,409,307</u>	<u>4,819,659</u>
Total current liabilities	<u>21,862,270</u>	<u>25,159,246</u>	<u>47,021,516</u>
Deferred revenue	9,826,766	-	9,826,766
Bonds and notes payable	140,798,234	5,500,000	146,298,234
Accrued compensated absences	-	3,295,222	3,295,222
Claims and judgments	-	1,900,000	1,900,000
Other postemployment benefits	<u>-</u>	<u>2,260,219</u>	<u>2,260,219</u>
Total liabilities	<u>172,487,270</u>	<u>38,114,687</u>	<u>210,601,957</u>
Net assets			
Invested in capital assets, net of related debt	269,301,979	660,825,580	930,127,559
Restricted for			
Capital projects	11,508,932	-	11,508,932
Debt service	153,655,709	-	153,655,709
Unrestricted	<u>3,863,036</u>	<u>44,146,309</u>	<u>48,009,345</u>
Total net assets	<u>\$ 438,329,656</u>	<u>\$ 704,971,889</u>	<u>\$ 1,143,301,545</u>

The accompanying notes are an integral part of the financial statements

**County of Oakland
Statement of Activities
Component Units
Year Ended September 30, 2008**

	Program Revenues				Drainage Districts	Road Commission	Total Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Functions/Programs							
Drainage Districts	\$ 13,169,395	\$ 3,029,380	\$ 305,558	\$ 7,691,591	\$ (2,142,866)	\$ -	\$ (2,142,866)
Road Commission	100,914,230	17,360,061	60,976,537	40,626,477	-	18,048,845	18,048,845
Total component units	<u>\$ 114,083,625</u>	<u>\$ 20,389,441</u>	<u>\$ 61,282,095</u>	<u>\$ 48,318,068</u>	<u>(2,142,866)</u>	<u>18,048,845</u>	<u>15,905,979</u>
General Revenues							
Unrestricted investment earnings					1,222,985	1,789,585	3,012,570
Change in net assets					(919,881)	19,838,430	18,918,549
Net assets							
Beginning					439,249,537	685,133,459	1,124,382,996
Ending					<u>\$ 438,329,656</u>	<u>\$ 704,971,889</u>	<u>\$ 1,143,301,545</u>

The accompanying notes are an integral part of the financial statements

County of Oakland

Notes to Basic Financial Statements

September 30, 2008

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, 2008

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 Michigan Public Act 51 of 1951. 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, 2008, are 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, 2007, 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 200 individual districts created under Chapters 20 and 21 of Michigan Public Act 40 of 1956, 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, which consists of 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, 2008 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, 2008

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, restricted investment earnings, 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.

During fiscal year 2008, the Interim Retiree Medical Benefit Trust fund had losses of \$69,118,561 in restricted investment earnings which have been included in the General Government charges for services on the Statement of Activities.

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, 2008

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, 2008

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 Interim Retirees' Medical Benefits Trust Fund accounts for monies received from the sale of trust certificates for the purpose of funding future estimated accrued actuarial liabilities of medical benefits of Oakland County retirees.

The Building Authority Debt Act 31 Fund was established to accumulate the resources for payment of bonded debt issued for the construction of, or improvement to various facilities. This also includes debt issued as assistance in obtaining favorable lending rates for other units of government within the 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 Parks and Recreation Fund accounts for the operation of the Oakland County parks system.

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 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 served.

The Water and Sewer Trust Fund accounts for the 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.

County of Oakland
Notes to Basic Financial Statements
September 30, 2008

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

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

Proprietary Fund Types

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

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

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 inter-fund 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 non-operating 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 non-operating 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.

County of Oakland
Notes to Basic Financial Statements
September 30, 2008

Basis of Accounting

- **Primary government** - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets, except for certain miscellaneous receivables and special assessments, and current liabilities are included on the balance sheet. Governmental funds are used to account for all or most of the County's general activities, including the collection and disbursement of earmarked resources and the servicing of long-term debt.
- Proprietary, Pension Trust and Investment Trust Funds are accounted for on a flow-of-economic-resources measurement focus. All assets and liabilities are included on the Statement of Net Assets with the balance classified as net assets. Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration.
- 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.

County of Oakland
Notes to Basic Financial Statements
September 30, 2008

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.

Budgets

Budgets and budgetary accounting are on the modified accrual basis, which is consistent with generally accepted accounting principles (GAAP basis) 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, 2007 and presented in a separate document. Appropriation budgets were adopted for the General Fund and the following Special Revenue funds: Public Health, Child Care, 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, the Interim Retiree Medical Benefits Trust fund, and two agency funds (Jail Inmate Trust and District Court Trust), 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, 2008 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, 2008.

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.

County of Oakland
Notes to Basic Financial Statements
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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.

Prepayments

Payments made for services that will benefit periods beyond September 30, 2008 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:

Class	Years
Land improvements	10-15
Buildings and improvements	35-45
Equipment and vehicles	3-10
Sewage disposal systems	40-50
Infrastructure	10-75

Capital assets used in the general operation of the Road Commission are depreciated under various methods, including straight-line and sum-of-the-years digits.

Compensated Absences

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2008

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.

Property taxes levied are used to finance the expenditures of the current fiscal period (October 1, 2007 through September 30, 2008) 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, 2008. 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.

Accounting and Reporting Change

During fiscal year 2008, the County implemented Governmental Accounting Standards Board Statement No. 45, *Reporting for Employers for Postemployment Benefits Other Than Pension* and Statement No. 50, *Pension Disclosures*. These Statements established uniform financial reporting standards for OPEB and pension plans. Additional disclosures have been included in the Notes to the Financial Statements and Required Supplementary Information as required by these standards. Implementing these standards did not have a significant impact on current year operations.

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, Interim Retirees' Medical Benefits Trust, Child Care, and Social Welfare-Foster Care. The budgetary comparison for the General Fund, the Public Health, Interim Retirees' Medical Benefits Trust, and Revenue Sharing Reserve funds (major special revenue funds) are presented in the Required Supplementary Information. The Child Care and Social Welfare Foster Care funds are presented in the Special Revenue Funds section.

County of Oakland
Notes to Basic Financial Statements
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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.

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

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

	Appropriation	Expenditures	Excess Expenditures
General Fund			
County Executive			
Human Services			
Operating expenditures	\$ 2,504,165	\$ 2,540,350	\$ 36,185
Internal support expenditures	10,598	13,984	3,386
Public Services			
Personnel expenditures	11,533,063	11,634,391	101,328
Justice administration			
Probate Court			
Operating expenditures	882,319	936,990	54,671
Law Enforcement			
Sheriff			
Personnel expenditures	102,486,318	102,921,659	435,341
Drain Commissioner			
Internal support expenditures	1,655,805	1,740,696	84,891
Special Revenue Funds			
Interim Retirees' Medical Benefits Trust			
Non-departmental			
Operating expenditures	60,200,000	62,151,426	1,951,426

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 2009.

County of Oakland
Notes to Basic Financial Statements
September 30, 2008

3. Deposits and Investments

The County has deposits and investments which are maintained for 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.

The County Treasurer is permitted to offer an investment pool to local units of government, within the County, as a Local Government Investment Pool (LGIP). Contracted participant deposits 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 of September 30, 2008, the bank balance of the County's deposits was \$357,200,000. Insured deposits were \$2,100,000, and the remaining \$355,100,000 was uninsured, uncollateralized, and held 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.

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.

County of Oakland
Notes to Basic Financial Statements
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At September 30, 2008, the Road Commission component unit had \$27,145,000 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 \$16,933,256 and investments of \$12,950,000.

Investments - Internal Investment Pool

Investments, except those of the Retirement Systems, Interim Retiree Medical Benefits Trust 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.

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Notes to Basic Financial Statements
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As of September 30, 2008, the County had the following deposit and investment types in its internal investment pool.

Deposit and Investment Type	Market Value	Weighted Average Maturity (days)
Certificates of Deposit (1)	\$ 357,200,000	54
Money Market Investment Pools	179,381,961	1
Commercial Paper	64,823,405	10
U.S. Agencies	481,191,618	479
Total Market Value of Internal Investment Pool	\$ 1,082,596,984	
Weighted Average Maturity of Internal Investment Pool (in days)		166

- (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 weighted average maturity.

Credit Risk – The County has \$481,191,618 invested in U.S. Government securities 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, 2008, the County had \$49,851,461 invested in A1+ (S&P), P1 (Moody's) commercial paper and \$14,971,944 invested in A1 (S&P), P1 (Moody's) commercial paper. Three of the money market investment pools used by the County, with a fair value of \$149,160,177 at September 30, 2008, carry an AAA (Standard & Poor's) and an Aaa (Moody's) rating. Six other money market investment pools used by the County, with a fair value of \$30,221,784 at September 30, 2008, 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, 2008, \$546,015,023 in investments, at par value, 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
September 30, 2008

Concentration of Credit Risk – Investments - On September 30, 2008, the County had investments of 5% or more, of the total portfolio, with the following U.S. Agency issuers: Fannie Mae 10.68%, Federal Home Loan Bank 18.08% and Freddie Mac 13.67%. 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, 2008, the internal investment pool had a weighted average maturity of 166 days and the longest investment maturity in the portfolio was 1,095 days (3 years).

Investments – Pension Trust and Intermediate Retiree Medical Benefits Trust Funds

The Pension Trust Funds and the Intermediate Retirees' Medical Benefits Trust Fund 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 (PERS, VEBA and IRMB). The advisors serve at the leisure of the various boards as provided by investment agreements. At September 30, 2008, the Primary Government's Pension Trust fund had 18 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, 2008, the County had the following investment types in its Retirement System:

Investment Type	Fair Value	Percentage	Average Duration (InYears)
Government Bonds	\$ 105,699,845	7.1 %	5.503654
Asset-Backed Fixed Income	31,635,028	2.1	1.939946
Commercial Mortgage Backed Securities	60,907,579	4.1	4.505013
Mortgage Backed Securities	80,504,722	5.4	3.311814
Municipal Bonds	2,847,515	0.2	0.14
Corporate Bonds	179,541,661	12.0	3.837325
CMO/REMIC Investments	24,470,843	1.6	0.969441
Common Stock	776,940,116	51.9	N/A
Equity ADR	2,788,259	0.2	N/A
Equity REIT	18,742,374	1.2	N/A
International Common Stock	36,668,357	2.4	N/A
Investment Companies-Mutual Funds	60,780,664	4.1	N/A
Money Market Funds	56,133,011	3.7	0.025028
Short Term Investments	59,379,332	4.0	0.19
Real Estate	3,530	0.0	N/A
Total	\$ 1,497,042,836	100.0 %	

County of Oakland
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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, at the time of purchase, 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. If any security held in the portfolio drops below investment grade as rated by Moody's or Standard & Poor's, the investment manager is to advise the board of that fact along with a buy hold recommendation. The Board then shall instruct the investment manager as to which action should be taken. As of September 30, 2008, debt obligation investments held in the retirement system had the following ratings:

Fair Value	Percentage	Ratings	
		Moody's	S&P
\$289,638,461	59.20 %	Aaa	AAA
9,907,035	2.00	Aa1	AA+
18,364,394	3.80	Aa2	AA
35,239,279	7.20	Aa3	AA-
33,340,355	6.80	A1	A+
40,694,098	8.30	A2	A
37,335,952	7.60	A3	A-
19,479,273	4.00	Baa1	BBB+
5,142,820	1.10	Baa2	BBB
<u>\$489,141,667</u>	<u>100.00 %</u>		

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) requires 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, 2008, \$1,497,039,306 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, 2008, as reported by the system's investment managers, no holdings exceed any of the Board's adopted limits.

County of Oakland

Notes to Basic Financial Statements

September 30, 2008

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 .025 years and 5.50 years which is reasonable given the long-term nature of the system. Having reasonable durations will reduce the retirement system's risk exposure to rapidly adjusting interest rates.

Security Lending Transactions Under the provisions of State statutes, the Oakland County Employees' Retirement System lends U.S. government securities, corporate bonds, and common stock to brokers and/or dealers in exchange for collateral that will be returned for the same securities in the future. The County's custodial bank (agent) manages the securities lending program and receives cash and cash equivalent securities 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 but 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, 2008 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, 2008, 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, 2008 were \$211,649,881 and \$206,707,273, respectively, or 102.4% collateral to market value coverage.

Collateralized Mortgage Obligations In the County's Retirement System investment portfolio are Collateralized Mortgage Obligations (CMOs) with a market value of \$24,470,843 as of September 30, 2008. Investments include U.S. government-issued asset-backed certificates and corporate-issued asset-backed certificates. Current CMO holdings have maturity lengths ranging from 2.3 years to 59.1 years 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, 2008, the Retirement system's investment in CMOs included investment in the Interest Only (IO) Class. Prepayments on the CMO related mortgages, especially those with relatively high interest rates, could 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 their price typically rises when interest rates rise. At September 30, 2008, the County's CMO portfolio had effective duration ranges of -39.04 years and 18.2 years.

Variable Rate Coupon Notes and Bonds In the County's Retirement System investment portfolio are Variable Rate coupon instruments with a market value of \$16,911,723 as of September 30, 2008. Such investments include U.S. government-issued securities and corporate-issued securities. The variable rate securities have maturities through the year 2049 and are backed by investments in various assets, including mortgages.

County of Oakland

Notes to Basic Financial Statements

September 30, 2008

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, 2008, 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 twice a year, quarterly or monthly. The shorter the reset point, the less sensitive the investment is to interest rate changes.

Subsequent to September 30, 2008, the credit and liquidity crisis in the United States and throughout the global financial system continued to trigger significant events and substantial volatility in world financial markets and the banking system. As a result, the Oakland County's Interim Retiree Medical Benefits Trust Fund and the Pension (and Other Post-employment Benefits) Trust Funds investment portfolios have incurred significant declines in fair value since September 30, 2008. However, because the values of these individual investments have fluctuated and will fluctuate in response to changing market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot presently be determined.

4. Receivables

Property Taxes

Prior to 2004, taxes were levied on December 1 on the taxable value of real and personal property as established the preceding December 31. Taxes became a lien on the property on December 1 and were due and payable on that date through February 28 of the following year, after which unpaid taxes became delinquent and subject to penalty. 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 on July 1, 2005 of one-third of the millage rate times the 2005 taxable values. The levy then alternated with two-thirds, two-thirds, and one-third of the rate times the applicable taxable value through December 1, 2006. The entire County Operating Tax is 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 2008 summer levy amounted to \$74,491,081,562 with taxable values of \$64,745,976,336. The operating tax rate for the 2008 levy was 4.19 mills, with an additional 0.2415 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 were accelerated, the collections are not necessarily so. These receivables (current and delinquent) amounted to \$37,496,563 at September 30, 2008.

Delinquent Taxes

The Treasurer purchases, at face amount, real property tax receivables that are delinquent on March 1. These receivables (\$97,216,535 at September 30, 2008) 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 \$28,874,669 in 2008, are used to service the notes payable.

County of Oakland
Notes to Basic Financial Statements
September 30, 2008

5. Allowances for Uncollectible Receivables

At September 30, 2008, the allowances for uncollectible receivables were as follows:

General Fund \$ 201,814

6. Investment Income – Pension Trust Funds

The following is a breakdown of the investment income for Pension Trust funds, and the Interim Retirees' Medical Benefits Trust fund of the primary government for the year ended September 30, 2008:

	Employees' Retirement	VEBA Trust	IRMB Trust
Interest and dividends	\$ 22,927,612	\$ 11,726,200	\$ 13,637,711
Unrealized/ Realized gain (loss) on sale of investments (net)	<u>(130,483,562)</u>	<u>(65,776,763)</u>	<u>(82,756,272)</u>
Total	<u>\$ (107,555,950)</u>	<u>\$ (54,050,563)</u>	<u>\$ (69,118,561)</u>

County of Oakland
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September 30, 2008

7. Capital Assets

An analysis of property and equipment as reported in the Statement of Net Assets, and related accumulated depreciation, at September 30, 2008, for governmental activities follows:

	Balance October 1, 2007	Additions	Disposals	Balance September 30, 2008
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 7,365,551	\$ -	\$ -	\$ 7,365,551
Construction in progress	53,551,092	8,180,997	(38,194,923)	23,537,166
Total capital assets not being depreciated	<u>60,916,643</u>	<u>8,180,997</u>	<u>(38,194,923)</u>	<u>30,902,717</u>
Capital assets being depreciated				
Land improvements	1,131,282	-	-	1,131,282
Buildings and improvements	176,600,953	35,613,769	-	212,214,722
Equipment and vehicles	97,504,873	5,703,409	(2,129,868)	101,078,414
Infrastructure	27,626,288	494,655	-	28,120,943
Total capital assets being depreciated	<u>302,863,396</u>	<u>41,811,833</u>	<u>(2,129,868)</u>	<u>342,545,361</u>
Less: Accumulated depreciation				
Land improvements	905,619	21,624	-	927,243
Buildings and improvements	68,461,106	5,786,538	-	74,247,644
Equipment and vehicles	65,002,164	7,592,226	(1,753,690)	70,840,700
Infrastructure	11,804,847	735,940	-	12,540,787
Total accumulated depreciation	<u>146,173,736</u>	<u>14,136,328</u>	<u>(1,753,690)</u>	<u>158,556,374</u>
Total capital assets being depreciated, net	<u>156,689,660</u>	<u>27,675,505</u>	<u>(376,178)</u>	<u>183,988,987</u>
Governmental activities capital assets, net	<u>\$ 217,606,303</u>	<u>\$ 35,856,502</u>	<u>\$ (38,571,101)</u>	<u>\$ 214,891,704</u>
Depreciation expense was charged to functions as follows:				
Public safety		\$ 3,040,264		
Justice administration		1,444,146		
Citizens services		350,871		
Public infrastructure		628,729		
Commerce and Community Development		26,613		
Unallocated depreciation		1,900,360		
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		<u>6,745,345</u>		
Total depreciation expense - governmental activities		<u>\$ 14,136,328</u>		

County of Oakland
Notes to Basic Financial Statements
September 30, 2008

A summary of business-type property and equipment at September 30, 2008 follows:

	Balance October 1, 2007	Additions	Disposals	Balance September 30, 2008
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 54,967,399	\$ 23,754	\$ -	\$ 54,991,153
Construction in progress	48,300,773	2,857,853	(21,215,638)	29,942,988
Other	12,000	-	-	12,000
Total capital assets not being depreciated	<u>103,280,172</u>	<u>2,881,607</u>	<u>(21,215,638)</u>	<u>84,946,141</u>
Capital assets being depreciated				
Land improvements	23,895,684	-	-	23,895,684
Buildings and improvements	48,951,770	19,194,657	(18,414)	68,128,013
Equipment and vehicles	48,616,153	3,649,930	(294,341)	51,971,742
Infrastructure	228,970,099	628,509	-	229,598,608
Total capital assets being depreciated	<u>350,433,706</u>	<u>23,473,096</u>	<u>(312,755)</u>	<u>373,594,047</u>
Less: Accumulated depreciation				
Land improvements	15,145,434	1,175,883	-	16,321,317
Buildings and improvements	16,537,437	1,391,113	(9,092)	17,919,458
Equipment and vehicles	41,287,501	3,543,672	(278,243)	44,552,930
Infrastructure	142,850,048	5,400,064	-	148,250,112
Total accumulated depreciation	<u>215,820,420</u>	<u>11,510,732</u>	<u>(287,335)</u>	<u>227,043,817</u>
Total capital assets being depreciated, net	<u>134,613,286</u>	<u>11,962,364</u>	<u>(25,420)</u>	<u>146,550,230</u>
Business-type activities capital assets, net	<u>\$ 237,893,458</u>	<u>\$ 14,843,971</u>	<u>\$ (21,241,058)</u>	<u>\$ 231,496,371</u>
Depreciation expense was charged to functions as follows:				
Airports		\$ 1,812,090		
Community safety support		3,024,698		
Community water and sewer		631,990		
Recreation and leisure		3,238,945		
Sewage disposal systems		2,803,009		
Total depreciation expense - business-type activities		<u>\$ 11,510,732</u>		

County of Oakland
Notes to Basic Financial Statements
September 30, 2008

An analysis of property and equipment, and related accumulated depreciation where applicable, at September 30, 2008, for component units follows:

	Balance October 1, 2007	Additions	Disposals	Balance September 30, 2008
Component Units				
Drainage Districts				
Capital assets not being depreciated				
Construction in progress	\$ 149,726,095	\$ 3,075,755	\$ (8,375,171)	\$ 144,426,679
Capital assets being depreciated				
Infrastructure	336,836,441	8,044,368	-	344,880,809
Less: Accumulated depreciation				
Infrastructure	63,255,900	3,961,375	-	67,217,275
Total capital assets being depreciated, net	273,580,541	4,082,993	-	277,663,534
Governmental activity capital assets, net	<u>\$ 423,306,636</u>	<u>\$ 7,158,748</u>	<u>\$ (8,375,171)</u>	<u>\$ 422,090,213</u>
Road Commission				
Capital assets not being depreciated				
Land and other	\$ 148,577,708	\$ 7,403,956	\$ -	\$ 155,981,664
Construction in progress	20,500	308,345	-	328,845
Total capital assets not being depreciated	148,598,208	7,712,301	-	156,310,509
Capital assets being depreciated				
Buildings and storage bins	17,817,903	85,461	(3,984)	17,899,380
Road equipment	49,673,973	2,722,370	(489,458)	51,906,885
Other equipment	5,787,403	132,765	(180,724)	5,739,444
Infrastructure	807,703,130	51,005,532	-	858,708,662
Brine wells and gravel pits	1,364,232	24,796	-	1,389,028
Total capital assets being depreciated	882,346,641	53,970,924	(674,166)	935,643,399
Less: Accumulated depreciation				
Buildings and storage bins	8,575,962	439,727	(3,984)	9,011,705
Road equipment	40,097,231	4,129,443	(485,211)	43,741,463
Other equipment	4,202,370	444,654	(180,723)	4,466,301
Infrastructure	332,791,496	32,081,239	-	364,872,735
Brine wells and gravel pits	976,021	85,103	-	1,061,124
Total accumulated depreciation	386,643,080	37,180,166	(669,918)	423,153,328
Total capital assets being depreciated, net	495,703,561	16,790,758	(4,248)	512,490,071
Governmental activity capital assets, net	<u>\$ 644,301,769</u>	<u>\$ 24,503,059</u>	<u>\$ (4,248)</u>	<u>\$ 668,800,580</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2008

8. Long-term Debt

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

Primary Government

	Interest rate	October 1, 2007	Additions	Reductions	September 30, 2008	Amounts due within one year	Amounts due thereafter	General obligation	With governmental commitment
Debt with limited taxing authority									
Building authority - Act 31	2.50%-5.60%	\$ 86,035,000	\$ -	\$ (4,300,000)	\$ 81,735,000	\$ 4,455,000	\$ 77,280,000	\$ 62,430,000	\$ 19,305,000
Building authority refunding	4.37%-4.75%	13,055,000	-	(2,345,000)	10,710,000	1,405,000	9,305,000	2,750,000	7,960,000
Certificates of Participation - Taxable	6.00%-6.25%	556,985,000	-	(20,765,000)	536,220,000	16,610,000	519,610,000	536,220,000	-
Lake levels - Act 451	2.25%-3.40%	440,000	-	(55,000)	385,000	55,000	330,000	-	385,000
Sewage disposal - Act 342	3.50%-8.50%	4,600,000	-	(1,640,000)	2,960,000	1,000,000	1,960,000	-	2,960,000
Water and sewer - Act 342	4.00%-4.50%	3,550,000	-	(150,000)	3,400,000	150,000	3,250,000	-	3,400,000
Water supply - Act 342	4.40%-7.00%	11,345,000	-	(330,000)	11,015,000	340,000	10,675,000	-	11,015,000
Water and sewer refunding bonds	2.00%-3.50%	1,925,000	-	(310,000)	1,615,000	315,000	1,300,000	-	1,615,000
Water supply refunding bonds	4.40%-4.70%	1,820,000	-	(250,000)	1,570,000	255,000	1,315,000	-	1,570,000
Sewage disposal refunding bonds	3.00%-5.20%	13,160,000	-	(3,815,000)	9,345,000	3,410,000	5,935,000	-	9,345,000
Michigan Bond Authority - Sewage Disposal Bonds	2.25%	5,655,000	1,739,371	(525,000)	6,869,371	570,000	6,299,371	-	6,869,371
Total bonds - governmental activities		<u>\$ 698,570,000</u>	<u>\$ 1,739,371</u>	<u>\$ (34,485,000)</u>	<u>\$ 665,824,371</u>	<u>\$ 28,565,000</u>	<u>\$ 637,259,371</u>	<u>\$ 601,400,000</u>	<u>\$ 64,424,371</u>
Tax notes - limited taxing authority - business-type activities									
	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>
Component units									
	Interest rate	October 1, 2007	Additions	Reductions	September 30, 2008	Amounts due within one year	Amounts due thereafter	General obligation	With governmental commitment
Drainage Districts									
Debt with limited taxing authority									
Drain bonds - Act 40	3.60%-8.00%	\$ 22,005,000	\$ 765,000	\$ (2,080,000)	\$ 20,690,000	\$ 2,170,000	\$ 18,520,000	\$ 1,485,685	\$ 19,204,315
Drain notes - Act 40	2.90%	685,000	-	(685,000)	-	-	-	-	-
Drain refunding bonds	3.75%-6.70%	46,910,000	2,475,000	(7,310,000)	42,075,000	4,685,000	37,390,000	3,213,084	38,861,916
Michigan Bond Authority - Drain Bonds	2.00%-2.50%	93,695,408	1,262,826	(4,935,000)	90,023,234	5,135,000	84,888,234	1,570,639	88,452,595
Total Drainage Districts		<u>\$ 163,295,408</u>	<u>\$ 4,502,826</u>	<u>\$ (15,010,000)</u>	<u>\$ 152,788,234</u>	<u>\$ 11,990,000</u>	<u>\$ 140,798,234</u>	<u>\$ 6,269,408</u>	<u>\$ 146,518,826</u>
Total County Debt		<u>\$ 886,865,408</u>	<u>\$ 31,242,197</u>	<u>\$ (74,495,000)</u>	<u>\$ 843,612,605</u>	<u>\$ 65,555,000</u>	<u>\$ 778,057,605</u>	<u>\$ 632,669,408</u>	<u>\$ 210,943,197</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2008

Component Units (Continued)

Road Commission	Interest rate	October 1, 2007	Additions	Reductions	September 30, 2008	Amounts due within one year	Amounts due thereafter	General obligation	With governmental commitment
Compensated absences	--	\$ 3,385,579	\$ -	\$ (90,357)	\$ 3,295,222	\$ -	\$ 3,295,222	\$ -	\$ 3,295,222
Self-insured losses	--	2,000,000	-	(100,000)	1,900,000	-	1,900,000	-	1,900,000
Michigan Transportation Fund revenue notes	--	-	2,260,219	-	2,260,219	-	2,260,219	-	2,260,219
Total Road Commission	3.75%-4.75%	10,450,000	-	(2,475,000)	7,975,000	2,475,000	5,500,000	-	7,975,000
Total reporting entity		\$ 902,700,987	\$ 33,502,416	\$ (77,160,357)	\$ 859,043,046	\$ 68,030,000	\$ 791,013,046	\$ 632,669,408	\$ 226,373,638

The annual requirements to pay principal and interest on debt outstanding at September 30, 2008 (excluding the liabilities for compensated absences and uninsured losses for the Road Commission component unit) were:

	Bonds with limited taxing authority		Certificates of Participation limited taxing authority		Notes with limited taxing authority		Total primary government	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 11,955,000	\$ 5,513,559	\$ 16,610,000	\$ 32,482,888	\$ 25,000,000	\$ 343,750	\$ 53,565,000	\$ 38,340,197
2010	10,790,000	5,033,720	17,590,000	31,456,887	-	-	28,380,000	36,490,607
2011	7,275,000	4,640,600	18,320,000	30,379,588	-	-	25,595,000	35,020,188
2012	7,325,000	4,358,005	19,545,000	29,243,638	-	-	26,870,000	33,601,643
2013	7,900,000	4,062,083	114,085,000	126,906,287	-	-	121,985,000	130,968,370
2014-2018	36,325,000	15,884,619	150,245,000	86,925,000	-	-	186,570,000	102,809,619
2019-2023	34,530,000	7,763,168	199,825,000	32,673,281	-	-	234,355,000	40,436,449
2024-2028	12,094,371	1,559,323	-	-	-	-	12,094,371	1,559,323
2029-2033	1,410,000	95,850	-	-	-	-	1,410,000	95,850
Totals	\$ 129,604,371	\$ 48,910,927	\$ 536,220,000	\$ 370,067,569	\$ 25,000,000	\$ 343,750	\$ 690,824,371	\$ 419,322,246

	Drainage Districts		Road Commission		Total reporting entity	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 11,990,000	\$ 4,745,267	\$ 2,475,000	\$ 323,813	\$ 68,030,000	\$ 43,409,277
2010	12,495,000	4,349,446	1,500,000	220,000	42,375,000	41,060,053
2011	12,810,000	3,928,640	1,500,000	160,000	39,905,000	39,108,828
2012	11,380,000	3,492,544	500,000	100,000	38,750,000	37,194,187
2013	11,665,000	3,117,908	500,000	80,000	134,150,000	134,166,278
2014-2018	46,485,000	10,350,162	1,500,000	120,000	234,555,000	113,279,781
2019-2023	38,277,826	4,015,135	-	-	272,632,826	44,451,584
2024-2028	7,685,408	202,129	-	-	19,779,779	1,761,452
2029-2033	-	-	-	-	1,410,000	95,850
Totals	\$ 152,788,234	\$ 34,201,231	\$ 7,975,000	\$ 1,003,813	\$ 851,587,605	\$ 454,527,290

County of Oakland
Notes to Basic Financial Statements
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The County has pledged its full faith and credit on debt totaling \$843,612,605. By statute, general obligation debt is limited to 10 percent of the state equalized value. As of September 30, 2008, the debt limit was \$7,449,108,156. 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, 2008, there were nine issues outstanding, totaling \$81,735,000, maturing in the years 2009-2027, which represents debt originally issued in the years 1999-2007 totaling \$103,260,000.

Taxable Certificates of Participation

Represents debt issued in the form of trust certificates to fund future retiree health care costs reported in the VEBA Trust fund. Debt was issued under the authority of Public Act 139, Michigan Public Acts of 1973, in the amount of \$556,985,000, maturing in the years 2008 through 2027, and funds were placed in trust in the Intermediate Retirees' Medical Benefits Trust fund, a special revenue fund. The annual actuarially determined amount will be transferred from the trust to the VEBA Trust Fund. At September 30, 2008, there remained debt outstanding in the amount of \$536,220,000, maturing in the years 2009-2027.

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, 2008, there were eight issues outstanding, totaling \$17,375,000, maturing in the years 2009-2030. This represents debt originally issued in the amount of \$31,410,000 issued in the years 1988-2005.

Refunding Bonds

Michigan Public Act 202 of 1943 and Act 34 of 2001 provide for the refunding of bonds based on covenants contained in the acts. 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, 2008, there were 11 issues outstanding, totaling \$23,240,000, maturing in the years 2009-2027. This represents debt originally issued in the years 1994-2006 totaling \$62,005,000.

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, 2008 was \$5,200,000, which matures in the years 2009-2018.

County of Oakland

Notes to Basic Financial Statements

September 30, 2008

In September 2007, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$2,000,000 for the Softwater Lake Capital Improvement Sewage Disposal System project. Through September 30, 2008, the County received \$1,739,371 from the State Revolving Loan fund, which matures in the years 2009-2025.

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, 2008 was \$385,000, which matures in the years 2009-2014.

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 \$249,126,840 at September 30, 2008, 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, 2008 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, 2008, there were 18 issues outstanding, totaling \$22,429,371, maturing in the years 2009-2028. This represents original debt issued for \$44,540,000 in the years 1993-2008. In May 2005, a Drain Note was issued by a financial institution in the amount of \$685,000, which matured in the year 2008, for purchase of property within the Franklin Sub-Watershed Drainage District. Funds for repayment of this note were to be provided through the sale of the property once drain improvements were completed; however, with the declining market, this was not possible. Debt was issued in 2008 in the amount of \$765,000 in order to pay the amount of the note and cover additional carrying costs (and is included in the details above).

Drain Refunding Bonds (Component Unit)

Act 202 of 1943 and Act 34 of 2001 provide for the refunding of bonds based on covenants contained in the acts. The County initiates the refunding of various drain bonds issued under Act 40 on behalf of the drainage district's component unit. Bonds will be repaid from assessments levied against the benefiting municipalities. At September 30, 2008, there were 17 issues outstanding, totaling \$42,075,000, maturing in the years 2009-2024. This represents debt originally issued in the years 1997-2008 in the amount of \$63,900,000.

County of Oakland
Notes to Basic Financial Statements
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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, \$3,170,000 in 2006, and \$1,765,000 in 2007. Through September 30, 2008, the drainage district received \$86,613,234 from the State Revolving Loan Fund for Segment II. At September 30, 2008, there were nine issues outstanding, totaling \$90,023,234, maturing in the years 2009-2024.

Advance Refunding of General Obligation Limited Tax Bonds

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, 2008, 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.

In August 2007, the County advance refunded a portion of two general obligation limited tax bond issues with a general obligation limited tax refunding drain bond issue on behalf of the Drainage Districts' component unit, pursuant to authorization contained in Act 34, Public Acts of Michigan of 2001. The County issued \$12,460,000 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, 2008, there is an in-substance defeasance of \$4,945,000 and \$6,845,000 for the George Kuhn Drainage District Series 2000B and 2001E, respectively, maturing in the years 2009 through 2024 inclusively.

In April 2008, the County issued \$2,475,000 of refunding bonds for a current refunding of a general obligation limited tax refunding bond issue on behalf of the Drainage Districts' component unit, pursuant to authorization contained in Act 34, Public Acts of Michigan of 2001. General obligation limited tax refunding drain bonds were issued for the payment of future debt service payment of the refunded debt. The debt refunded amounted to \$2,530,000 for the Birmingham CSO Drainage District Refunding Bonds Series 1999 maturing in the years 2009 through 2016 inclusively. The refunding was undertaken to reduce the debt service payments over the next eight years by \$226,884 and obtain an economic (present value) gain of \$198,757.

County of Oakland
Notes to Basic Financial Statements
September 30, 2008

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, 2008 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities					
Accrued compensated absences	\$ 13,318,389	\$ 1,331,839	\$ (2,225,780)	\$ 12,424,448	\$ 1,242,445
Claims and judgments					
Accrued unreported health costs	3,033,000	1,009,989	(1,310,989)	2,732,000	910,667
Accrued workers' compensation	12,047,810	1,065,330	(355,034)	12,758,106	1,485,960
Building and liability insurance	8,086,228	382,649	(3,308,044)	5,160,833	1,176,052
Governmental activity long-term liabilities	<u>\$ 36,485,427</u>	<u>\$ 3,789,807</u>	<u>\$ (7,199,847)</u>	<u>\$ 33,075,387</u>	<u>\$ 4,815,124</u>

9. Interfund Balances

Interfund receivables and payables at September 30, 2008 were:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General Fund	Public Health	\$ 1,629,430
	Water and Sewer Debt Act 342	895
	Nonmajor governmental	15,263,382
	Nonmajor enterprise	38,448
	Internal Service	4,106,682
	Total	<u>21,038,837</u>
Public Health	Nonmajor governmental	<u>102,011</u>
Nonmajor governmental	General	3,294,895
	Nonmajor governmental	320,370
	S.O.C.S.D.S.	1,899
	Nonmajor enterprise	37,352
	Internal service	294,937
	Total	<u>3,949,453</u>
Water and Sewer Trust	Water and Sewer Trust	343,447
	Nonmajor enterprise	123,489
	Total	<u>466,936</u>
Nonmajor enterprise	Water and Sewer Trust	129,395
	Internal Service	237,142
	Total	<u>366,537</u>
Internal service	General	6,355,753
	Public Health	23,044
	Nonmajor governmental	22,856
	Internal Service	28,166
	Total	<u>6,429,819</u>
	Total	<u>\$ 32,353,593</u>

County of Oakland
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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, 2008 were:

Primary Government	Component Unit	
Due from Component Unit	Due to Primary Government	
General Fund	Drainage Districts	<u>\$ 29,503</u>
Nonmajor governmental	Drainage Districts	<u>1,304,439</u>
Nonmajor enterprise	Drainage Districts	<u>133,483</u>
Internal Service	Drainage Districts	4,928
	Road Commission	<u>11,237</u>
		<u>16,165</u>
	Total	<u>\$ 1,483,590</u>

Advances to/from other funds (including current and long-term portions) at September 30, 2008 were:

Receivable Fund	Payable Fund	
Nonmajor governmental	Nonmajor governmental	<u>\$ 126,000</u>
Delinquent Tax Revolving	Internal Service	<u>554,596</u>
	Total	<u>\$ 680,596</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, 2008 were:

Transfers In	Transfers Out	Amount
General Fund	Revenue Sharing Reserve	\$ 23,108,986
	Nonmajor governmental	623,111
	Delinquent Tax Revolving	13,840,090
	Internal service	<u>2,020,254</u>
		39,592,441
Public Health	General Fund	<u>26,791,025</u>
Building Authority Act 31	Delinquent Tax Revolving	<u>5,349,646</u>
Nonmajor governmental	General Fund	48,127,501
	Public Health	136,115
	Nonmajor governmental	4,227,237
	Internal Service	<u>1,098,694</u>
		53,589,547
Water & Sewer Trust	Water & Sewer Debt Act 342	<u>988</u>
Nonmajor enterprise	General Fund	1,994,613
	Nonmajor governmental	2,668,742
	Nonmajor enterprises	200,000
	Internal service	<u>1,769</u>
		4,865,124
Internal Service	General Fund	2,182,755
	Public Health	13,000
	Nonmajor governmental	2,307,964
	Water & Sewer Trust	147,560
	S.O.C.S.D.S.	21,700
	Nonmajor enterprise	47,740
	Internal Service	<u>267,225</u>
		4,987,944
*General government	Internal service	<u>60,671</u>
	Total transfers	<u>\$ 135,176,715</u>

*Transfers of capital assets from Micrographics fund, internal service to general government.

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
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10. Fund Equities

At September 30, 2008, a deficit existed in the following funds:

Special Revenue Funds	
Lake Levels Act 146	\$ 167,539
Pollution Control Grants	118,991
Capital Projects Fund	
Lake Levels Act 146	53,089
Internal Service Funds	
Drain Equipment	2,084,121

In the Special Revenue funds, the Lake Levels Act 146 fund consists of 30 separate lake level funds. Annually, lake level funds are reviewed and assessments authorized. Assessments are determined in July and are placed on December tax bills. The assessments are meant to cover any individual fund deficits at that time, and also to cover the anticipated operating costs for the following year. Due to unexpected costs in FY 2008, there are several individual lake level funds with deficit balances; however, the majority of the overall net negative unreserved fund balance is due to a \$139,403 deficit in the Oxford Multi Lake Level fund. This deficit is related to a large maintenance project being funded through a five-year special assessment beginning in FY 2009. Negative unreserved fund balances in the various other lake level funds will be reviewed and eliminated in future years' assessments.

The negative unreserved fund balances in the Pollution Control Grant fund reflect the fact that 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 negative unreserved fund balance in the Lake Levels Act 146 Fund (Capital Projects fund type) primarily reflects costs that are related to the Bush Lake Level project. Costs-to-date include preliminary design costs as well as litigation costs associated with an on-going legal action that has not been resolved to date. Once the design phase is complete and the litigation is settled, a decision will be made to determine if the project will move forward. If the project is to move forward, a total project cost analysis and plan of financing will be prepared. If the project does not move forward, a special assessment will be issued to cover the preliminary design costs as well as the costs for litigation.

County of Oakland
Notes to Basic Financial Statements
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The negative unrestricted net assets balance in the Drain Equipment Fund (Internal Service fund type) is 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, 2008 due to increased operating/fuel costs. Even with higher than anticipated fuel costs charged to the Drain Equipment Fund, there was a significant fiscal improvement in FY 2008 realizing a positive change of net assets of \$137,171 as compared to an operating loss of \$984,668 in the prior year (a swing of over \$1.1 million between years of operations). The Drain Equipment vehicle rates, as well as other equipment rates, were increased for FY 2008 and will continue to escalate in order to cover annual operations and future replacement. It is anticipated the negative unrestricted net assets will be eliminated by the end of FY 2011 based on the continued rate adjustments, and the decrease in the number of department owned vehicles requiring one-time transfers to the Motor Pool Fund for replacement.

Reserved, designated, and undesignated fund balances and net assets at September 30, 2008, including the Road Commission and Drainage Districts component units, were as follows:

	Reserved	Unreserved	
		Designated	Undesignated
Primary Government			
General Fund			
Encumbrances	\$ -	\$ 133,569	\$ -
Prepays	134,276	-	-
Future operating requirements	-	66,137,160	-
Capital outlay	-	9,350,000	-
Other programs	267,215	5,591,151	-
Uncommitted	-	-	2,713,991
	<u>\$ 401,491</u>	<u>\$ 81,211,880</u>	<u>\$ 2,713,991</u>
Special Revenue Funds			
Encumbrances	\$ -	\$ 24,259	\$ -
Specific programs	429,403,510	195,915,985	(286,530)
	<u>\$ 429,403,510</u>	<u>\$ 195,940,244</u>	<u>\$ (286,530)</u>
Debt Service Funds			
Debt service - general obligations	\$ 476,139	\$ -	\$ -
Capital Projects Funds			
Long-term receivables	\$ 192,667	\$ -	\$ -
Work projects	7,581,007	9,238,783	-
Uncommitted	-	-	9,460,642
	<u>\$ 7,773,674</u>	<u>\$ 9,238,783</u>	<u>\$ 9,460,642</u>

County of Oakland
Notes to Basic Financial Statements
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Component Units	Reserved	Unreserved	
		Designated	Undesignated
Road Commission			
Governmental Fund			
Construction and maintenance	\$ 8,170,508	\$ 16,141,883	\$ -
Subsequent year's budget	-	5,634,965	-
Long-term portion of provision for uninsured losses	-	1,900,000	-
Compensated absences	-	3,295,222	-
Postemployment benefits	-	2,260,219	-
	<u>\$ 8,170,508</u>	<u>\$ 29,232,289</u>	<u>\$ -</u>
Drainage Districts			
Governmental Fund			
Construction and maintenance	\$ 15,371,968	\$ -	\$ -
Debt Service	867,475	-	-
	<u>\$ 16,239,443</u>	<u>\$ -</u>	<u>\$ -</u>

11. Employee Benefits

Primary Government

The County provides various benefits to its employees. Expenditures in 2008 for these benefits totaled the following: medical insurance, \$31,227,713; dental insurance, \$3,141,460; optical insurance, \$276,940; annual and sick leave, \$1,536,597; disability, \$2,469,015; tuition reimbursement, \$275,470; Social Security, \$16,688,241; workers' compensation, \$2,665,297; and unemployment claims, \$471,813.

Road Commission

The Road Commission provides medical, dental, and optical insurance to its employees. Expenditures in 2008 for these benefits approximated \$10,371,768. Workers' compensation expense in 2008 approximated \$1,079,283.

12. Defined Benefit Pension Plan

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.

County of Oakland
Notes to Basic Financial Statements
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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, 2008:

Statement of Net Assets

Cash and investments	\$ 689,679,503
Other assets	3,199,530
Total assets	<u>692,879,033</u>
Liabilities	<u>587,404</u>
Net assets	<u>\$ 692,291,629</u>

Statement of Changes in Net Assets

Additions:	
Contributions	\$ 940,823
Investment income	(107,555,950)
Other revenue	1,166,265
Total additions	<u>(105,448,862)</u>
Deductions:	
Benefit payments	33,299,613
Retirement incentive	5,606,085
Other expenses	3,142,419
Total deductions	<u>42,048,117</u>
Change in net assets	(147,496,979)
Net assets held in trust, beginning of year	<u>839,788,608</u>
Net assets held in trust, end of year	<u>\$ 692,291,629</u>

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, 2006 and September 30, 2005, respectively. There were no contributions from County funds for the years 2000 through 2008.

County of Oakland
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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 years ended September 30, 2008 and September 30, 2007 amounted to \$940,823 and \$1,003,782, 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 10 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 10 years of service are computed as a regular retirement. Death benefits are provided to beneficiaries after 10 years of service, based on years of service.

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, 2007, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	1,659
Terminated plan members entitled to, but not yet receiving benefits	212
Active plan members	895
Total	2,766

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 2008, the County offered a retirement incentive for qualifying employees to retire. This incentive amounted to \$5.6 million representing 152 employees and was paid from the Oakland County Employees' Retirement Fund.

County of Oakland
Notes to Basic Financial Statements
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Annual Pension Cost

The Oakland County Employees' Retirement System is considered 100% funded since fiscal year 2001; the annual contribution is \$0 and 0% since that period.

Funded Status and Funding Progress

	Actuarial Valuation as of September 30,		
	2007	2006	2005
Actuarial value of assets	\$ 799,307,403	\$ 746,695,624	\$ 709,058,495
Actuarial Accrued Liability (entry age)	652,118,082	668,999,513	658,515,200
Unfunded AAL	<u>\$ (147,189,321)</u>	<u>\$ (77,696,111)</u>	<u>\$ (50,543,295)</u>
Funded ratio	122.6%	111.6%	107.7%
Covered payroll	\$ 55,704,389	\$ 57,453,054	\$ 58,521,380
UAAL as percentage of covered payroll	0.0%	0.0%	0.0%

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 to the financial statements.

Actuarial Methods and Assumptions

The annual required contribution was determined as part of the actuarial valuation as of September 30, 2007, using the aggregate actuarial cost method. Significant actuarial assumptions used include (a) a 7.25 investment rate of return, (b) projected salary increases of 4.5 to 10.5 percent per year and (c) 1.5 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.50 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a three-year period.

Fund Balance Reserved for Employees' Pension Benefits

Fund balances reserved for employees' pension benefits include legally required reserves. Fund balance as of September 30, 2008 consists of the following reserves:

Annuity reserve	\$ 8,135,155
Pension reserve	369,289,339
Pension accumulated reserve	<u>314,867,135</u>
Total fund balance	<u>\$ 692,291,629</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.

County of Oakland
Notes to Basic Financial Statements
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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. Subsequent to 1995, the County reopened the opportunity for transfer several times, resulting in an additional 1,477 employees transferred from the County PERS to the 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 their contribution with a county match of 2% for new hires 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, 2008 was 2,751, which includes 624 employees who elected to transfer from the PERS in 1995 through 2000 and 2,127 current employees hired since July 1, 1994.

The County's payroll for employees covered by the OPRS for the year ended September 30, 2008 was \$155,590,556, and the County's total payroll was \$225,569,890. The required contributions, which matched those actually made, were \$6,144,088 by employees and \$14,183,955 by the County, representing 3.9% and 9.1% of covered payroll, respectively.

In 2008, the County offered a voluntary defined contribution plan for part-time non-eligible employees. The plan qualifies under the Omnibus Budget Reconciliation Act of 1990 (OBRA) and IRS Section 3121 (b) (&) (F) which allows for a defined contribution plan in lieu of Social Security. With the implementation of this plan, the County contributes 1.3% and the employee contributes 6.2% of their earnings into a defined contribution plan. The employee would be immediately 100% vested in both the employer and employee contributions, but cannot access the money invested in the plan until they are separated from County employment. During fiscal year 2008, the County contributed \$101,358 to the plan.

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

Oakland County 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). This single-employer defined benefit plan is administered through the Oakland County VEBA Trust (the Trust).

County of Oakland
Notes to Basic Financial Statements
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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 2008, the County provided 1,906 retirees medical insurance and reimbursed them for Medicare premiums under the Trust. In 2008, the County disbursed \$19,955,983 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 plan covers the following classes of employees: General Union, Command Officers, Deputies, and General Non-Union. The County established a "Retirement Health Savings Plan" beginning January 1, 2007, whereby the general non-union class of 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. At September 30, 2007, the date of the most recent actuarial valuation, membership in the OPEB consisted of 1,988 retirees and beneficiaries currently receiving benefits, 3,501 active employees and 313 terminated employees entitled to benefits but not yet receiving them.

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current and two preceding years were as follows:

	Fiscal year ended September 30,		
	2008	2007	2006
Annual OPEB cost (ARC)	\$ 60,200,684	\$ 54,780,659	\$ 37,488,000
Percentage of ARC contributed	100%	100%	100%
Net OPEB obligation	\$ -	\$ -	\$ -

In 2008, the County contributed \$60,200,684 and experienced a loss of \$54,050,563 in interest income, with retirees contributing \$62,265 toward the cost of hospitalization riders. Employer contributions in 2008 for the County OPEB as determined through actuarial valuations performed at September 30, 2006 were: General Union \$4,911,528, Command Officers \$2,285,205, Deputies \$8,816,879, and General Non-Union \$44,187,072. This is expressed in percentages of covered payroll as 31.93%, 25.28%, and 18.59%, respectively, for the first three classes. The General Non-Union division is expressed only in dollars due to a change to the level dollar amortization method, used to finance the unfunded accrued liability. Employees are not required to contribute to the plan.

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The funding progress of the plan as of September 30, 2007, the most recent actuarial valuation report, is as follows:

Retirees and beneficiaries	\$ 393,524,759
Vested terminated employees who will be eligible when they collect retirement (age 60 in most cases) and their beneficiaries	61,600,806
Active employees and beneficiaries	<u>431,018,398</u>
Actuarial accrued liability	886,143,963
Actuarial value of assets	<u>366,334,143</u>
Unfunded AAL (UAAL)	<u>\$ 519,809,820</u>
Funded ratio	41.3%
Annual covered payroll	\$ 200,409,433
UAAL as a percentage of covered payroll	259.4%

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the September 30, 2007 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses), which consists of a real rate of return of 2.25 percent a year plus a long-term rate of inflation of 5.25 percent a year and an annual healthcare cost trend rate of 9.5 percent initially, reduced by decrements to an ultimate rate of 5.25 percent after 10 years. Both rates included a 5.25 percent inflation assumption. The actuarial value of assets was determined using the average of the market value at the valuation date with adjusted market values from the two prior years. Prior year market values are adjusted by adding contributions and regular investment income and subtracting benefits, refunds and expenses for the intervening years. The UAAL for the General group was amortized using a level dollar payment method. All other groups were amortized by level (principal and interest combined) percent-of-payroll contributions. Active member payroll was assumed to increase 5.25 percent a year for the purpose of determining the level percent contributions. The remaining amortization period at September 30, 2007 was 28 years.

County of Oakland
Notes to Basic Financial Statements
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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, 2008:

Statement of Net Assets

Cash and investments	\$ 377,823,059
Other assets	1,761,337
Total assets	<u>379,584,396</u>
Liabilities	<u>1,188,033</u>
Net assets	<u>\$ 378,396,363</u>

Statement of Changes in Net Assets

Additions:	
Contributions	\$ 60,262,949
Investment income	(54,050,563)
Other revenue	1,121,224
Total additions	<u>7,333,610</u>
Deductions:	
Benefits	<u>19,955,983</u>
Change in net assets	(12,622,373)
Net assets held in trust, beginning of year	<u>391,018,736</u>
Net assets held in trust, end of year	<u>\$ 378,396,363</u>

The Road Commission contributes to the Road Commission for Oakland County Retiree Health Care Trust (the "Trust"). The Trust provides for future payment of medical benefits for eligible retirees, their spouses and their dependents. The obligation to provide benefits to employees was established by negotiation with various collective bargaining units or other actions of the Oakland County Board of Road Commissioners. At December 31, 2006, the date of the most recent actuarial valuation, membership consisted of 441 retirees and beneficiaries currently receiving benefits, 341 vested active employees, and 194 nonvested active employees. For the year ended September 30, 2008, the Road Commission's annual required contribution to the Trust was \$10,288,941. The Road Commission contributed \$3,000,000 in calendar year 2007, and paid \$5,028,722 directly toward insurance premiums and medical costs for retirees during fiscal year 2008, leaving a net OPEB obligation of \$2,260,219 at September 30, 2008.

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 the Road Commission each placed all Deferred Compensation Plan assets with a trustee, relinquishing all fiduciary accountability for the assets. Accordingly, the related assets and liabilities of the plan are not reported in the County and Road Commission financial statements.

County of Oakland
Notes to Basic Financial Statements
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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 \$300,000,000 loss limit (rated values: building and contents in the amount of \$506,758,227), electronic data processing equipment in the amount of \$39,303,098, 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, 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 \$20,000,000. Workers' compensation claims are covered with \$500,000 per occurrence with no aggregate coverage.

The County and the Road Commission estimate the liability for all the above-mentioned claims that have been incurred through September 30, 2008, including both those 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
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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:

	September 30,	
	2008	2007
Primary Government		
Beginning-of-period liability	\$ 23,167,038	\$ 25,191,548
Estimated claims incurred, claim adjustment expenses and changes in estimates		
Provisions for current-year events	40,303,839	48,168,954
Increase (decrease) in provisions for prior-year events	(1,992,486)	(2,830,882)
Total incurred claims, claim adjustment expenses and changes in estimates	38,311,353	45,338,072
Claim payments and claim adjustment expenses		
Related to current-year events	(37,942,828)	(44,754,470)
Related to prior-year events	(2,884,624)	(2,608,112)
Total claim payments and claim adjustment expenses	(40,827,452)	(47,362,582)
End-of-period liability	\$ 20,650,939	\$ 23,167,038
Road Commission - Component Unit		
Beginning-of-year liability	\$ 3,510,000	\$ 3,760,000
Estimated claims incurred and changes in estimates	11,651,410	11,645,423
Claim payments	(11,511,410)	(11,895,423)
End-of-year liability	\$ 3,650,000	\$ 3,510,000

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, 2008 were \$998,675. The future minimum lease payments as of September 30, 2008 are as follows:

Fiscal year	Primary government
2009	\$ 1,114,090
2010	768,839
2011	438,241
2012	321,309
2013	157,604
2014 - 2018	788,020
2019 - 2023	110,323
	<u>\$ 3,698,426</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, 2008 amounted to \$115,415, recorded in the Facilities Maintenance & Operations fund, an internal service fund type.

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The County has also “loaned” its AAA bond rating to assist local communities in the 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, and Community Mental Health Authority Housing Project in the amount of \$5,500,000 in 2007. The future minimum lease payments to be received as of September 30, 2008 are as follows:

Fiscal year	Primary government
2009	\$ 2,111,225
2010	2,099,913
2011	2,111,338
2012	2,095,900
2013	2,413,837
2014 - 2018	12,194,427
2019 - 2023	11,034,776
2024 - 2027	7,201,350
	<u>\$41,262,766</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, 2008 as follows: Work Release/Jail Management/Video Conferencing with a cost of \$2,420,000 for the Jail Management System portion with a remaining balance of \$653,472; the Jail Renovation and Visitation project with a cost of \$4,459,984 with a remaining balance of \$118,446; radio tower project of \$35,799,108 with a balance of \$18,118,300; and a commitment for purchase of multiple group homes for the Community Mental Health Authority Housing Project in the amount of \$5,500,000 with a remaining balance of \$1,100,000.

The Drainage Districts’ component unit has three construction contracts for the George W. Kuhn Drainage District project with a total cost of \$94,342,352, with a remaining balance of \$6,995,050 as of September 30, 2008.

County of Oakland
Notes to Basic Financial Statements
September 30, 2008

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	\$ 25,090,301
Long-term advances receivable	126,000
Due to other funds	(27,012,636)
Current and long-term advances payable	(126,000)
Internal Service Funds	
Due from other funds	6,429,819
Due to other funds	(4,666,927)
Current and long-term advances payable	(1,004,979)
Capital lease receivable for Parks and Recreation, not reported in funds	1,100,000
Capital lease receivable for County Airports, not reported in funds	5,705,000
Governmental activities, internal balances	<u>\$ 5,640,578</u>

Business-Type Activities

Proprietary Funds	
Due from other funds	\$ 833,473
Current and long-term advances receivable	1,004,979
Due to other funds	(674,030)
Current and long-term capital lease payable	(6,805,000)
Business-type activities, internal balances	<u>\$ (5,640,578)</u>

20. Restricted Assets

Cash and investments in the amount of \$428,028,418 and accrued interest on the investments of \$1,852,014 recorded in the Interim Retirees' Medical Benefits Trust Fund have been restricted on the County's entity-wide Statement of Net Assets. The amounts are a result of proceeds from the sale of the Trust Certificates of Participation, and are to be used exclusively for payment of the annual required contribution (ARC) to the VEBA Trust, a fiduciary fund, which accounts for post-employment benefits for retirees

REQUIRED SUPPLEMENTARY INFORMATION

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

Schedule of funding progress:

Actuarial valuation date September 30,	Actuarial value of assets	Actuarial accrued liability (AAL)	Unfunded AAL (UAAL)	Funded ratio	Covered payroll	UAAL as a percentage of covered payroll
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%
2006	746,695,624	668,999,513	(77,696,111)	111.6%	57,453,054	0.0%
2007	799,307,403	652,118,082	(147,189,321)	122.6%	55,704,389	0.0%

Schedule of employer contributions:

Year ended September 30,	Annual required contribution	Percentage contributed
2002	\$ 0	100%
2003	0	100%
2004	0	100%
2005	0	100%
2006	0	100%
2007	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 actuarial valuation follows:

Actuarial cost method	Aggregate actuarial cost
Asset valuation method	3-year smoothed market value
Actuarial assumptions	
Investment rate of return*	7.25%
Projected salary increases [~]	4.50% to 10.50%
Cost-of-living adjustments	1.5% non-compounding annually

* Includes pay inflation at 4.50%

The aggregate actuarial cost method does not produce an actuarial accrued liability. The liability values shown above prior to 9/30/2007 are present values of future benefit payments (both accrued and future, net of future employee contributions). Effective with the 9/30/2007 valuation, the entry age actuarial cost method is used to develop the actuarial liability and the associated values shown above in compliance with GASB Statement No. 50.

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

Schedule of funding progress:

Actuarial valuation date September 30,	Actuarial value of assets	Actuarial accrued liability (AAL)	Unfunded AAL (UAAL)	Funded ratio	Covered payroll	UAAL as a percentage of covered payroll
2002	\$ 154,273,962	\$ 471,114,547	\$ 316,840,585	32.7%	\$ 183,705,032	172.5%
2003	161,875,682	497,259,571	335,383,889	32.6%	181,772,063	184.5%
2004	230,455,929	708,860,813	478,404,884	32.5%	192,689,384	248.3%
2005	265,554,787	752,224,175	486,669,388	35.3%	201,187,290	241.9%
2006	303,053,196	829,684,653	526,631,457	36.5%	201,019,205	262.0%
2007	366,334,143	886,143,963	519,809,820	41.3%	200,409,433	259.4%

Schedule of employer contributions:

Year ended September 30,	Annual required contribution	Percentage contributed
2002	\$ 20,521,589	100.0%
2003	23,473,437	100.0%
2004 (1)	27,194,338	100.0%
2005	28,777,510	100.0%
2006	37,488,000	100.0%
2007	54,780,659	100.0%

(1) The County made an additional discretionary contribution of \$50,890,224 in fiscal year 2004.

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

Actuarial cost method	Individual entry-age normal cost
Amortization method	Level percent of payroll contributions, closed
Remaining amortization period	28 years
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%

**County of Oakland
Budgetary Comparison Schedule
Major Governmental Funds
Year Ended September 30, 2008**

	General Fund			Variance with Final Amended Budget
	Original Budget	Final Amended Budget	Actual	
Revenues				
Taxes				
Current property taxes	\$ 265,565,011	\$ 259,287,500	\$ 257,803,650	\$ (1,483,850)
Delinquent taxes - prior years	98,500	98,500	(283,973)	(382,473)
Trailer tax	95,000	95,000	89,354	(5,646)
Total	<u>265,758,511</u>	<u>259,481,000</u>	<u>257,609,031</u>	<u>(1,871,969)</u>
Other intergovernmental revenues				
Cigarette tax distribution	540,000	540,000	576,300	36,300
Circuit judges' salaries	868,756	868,756	868,756	-
Probate judges' salaries	590,170	590,170	592,001	1,831
District judges' salaries	502,965	502,965	502,964	(1)
State court fund - P.A. 189	5,500,000	5,500,000	6,138,325	638,325
Convention facility/ Liquor tax	2,900,000	4,000,254	3,973,254	(27,000)
Other	361,350	409,190	368,319	(40,871)
Total	<u>11,263,241</u>	<u>12,411,335</u>	<u>13,019,919</u>	<u>608,584</u>
Charges for services				
County Executive	231,750	231,000	280,526	49,526
Management and Budget	3,136,119	3,186,119	3,324,528	138,409
Central Services	177,000	177,000	166,080	(10,920)
Facilities Management	-	-	188	188
Human Resources	18,800	18,800	19,224	424
Human Services	-	-	150,000	150,000
Public Services	2,175,447	2,106,747	2,035,290	(71,457)
Community and Economic Development	253,000	253,000	290,945	37,945
Clerk/Register of Deeds	16,093,900	16,096,100	13,590,898	(2,505,202)
Treasurer	3,138,453	3,138,453	2,597,167	(541,286)
Circuit Court	4,170,690	4,215,690	3,947,653	(268,037)
District Court	13,129,025	13,172,025	12,991,576	(180,449)
Probate Court	566,300	566,300	568,007	1,707
Prosecuting Attorney	213,300	248,105	248,113	8
Sheriff	35,795,143	37,657,732	38,561,030	903,298
Legislative	35,000	28,700	80,234	51,534
Drain Commissioner	1,933,778	1,933,778	1,794,973	(138,805)
Non-Departmental	1,000,000	1,000,000	894,320	(105,680)
Total	<u>82,067,705</u>	<u>84,029,549</u>	<u>81,540,752</u>	<u>(2,488,797)</u>

(continued)

**County of Oakland
 Budgetary Comparison Schedule (Continued)
 Major Governmental Funds
 Year Ended September 30, 2008**

	General Fund			Variance with Final Amended Budget
	Original Budget	Final Amended Budget	Actual	
Revenues (continued)				
Investment income	\$ 5,541,000	\$ 5,541,000	\$ 2,752,375	\$ (2,788,625)
Indirect cost recovery	8,200,000	8,212,034	8,661,578	449,544
Federal grants	196,000	238,954	230,721	(8,233)
State grants	-	19,000	9,740	(9,260)
Contributions	32,000	32,000	25,000	(7,000)
Other revenue	602,726	1,716,521	1,270,605	(445,916)
Total revenues	<u>373,661,183</u>	<u>371,681,393</u>	<u>365,119,721</u>	<u>(6,561,672)</u>
Expenditures				
County Executive				
Administration				
Personnel	6,240,957	6,282,248	6,120,150	162,098
Operating	629,066	684,134	511,181	172,953
Internal Support	1,436,467	1,436,483	1,346,202	90,281
Total Administration	<u>8,306,490</u>	<u>8,402,865</u>	<u>7,977,533</u>	<u>425,332</u>
Management and Budget				
Personnel	17,611,386	17,278,898	16,529,650	749,248
Operating	517,511	774,698	348,899	425,799
Internal Support	3,796,946	4,974,885	4,293,719	681,166
Total Management and Budget	<u>21,925,843</u>	<u>23,028,481</u>	<u>21,172,268</u>	<u>1,856,213</u>
Central Services				
Personnel	1,465,768	1,449,683	1,400,846	48,837
Operating	59,418	59,460	37,884	21,576
Internal Support	1,238,796	1,342,644	1,259,837	82,807
Total Central Services	<u>2,763,982</u>	<u>2,851,787</u>	<u>2,698,567</u>	<u>153,220</u>
Facilities Management				
Personnel	1,426,856	1,377,205	1,339,838	37,367
Operating	121,100	177,882	95,189	82,693
Internal Support	126,887	122,682	111,010	11,672
Total Facilities Management	<u>1,674,843</u>	<u>1,677,769</u>	<u>1,546,037</u>	<u>131,732</u>
Human Resources				
Personnel	3,255,236	3,203,345	3,078,672	124,673
Operating	722,295	989,262	879,479	109,783
Internal Support	759,608	950,615	901,064	49,551
Total Personnel	<u>4,737,139</u>	<u>5,143,222</u>	<u>4,859,215</u>	<u>284,007</u>

(continued)

**County of Oakland
 Budgetary Comparison Schedule (Continued)
 Major Governmental Funds
 Year Ended September 30, 2008**

	General Fund			Variance with Final Amended Budget
	Original Budget	Final Amended budget	Actual	
Expenditures (continued)				
County Executive (continued)				
Human Services				
Personnel	\$ 208,038	\$ 208,038	\$ 181,672	\$ 26,366
Operating	2,504,165	2,504,165	2,540,350	(36,185)
Internal Support	11,172	10,598	13,984	(3,386)
Total Human Services	<u>2,723,375</u>	<u>2,722,801</u>	<u>2,736,006</u>	<u>(13,205)</u>
Public Services				
Personnel	11,628,990	11,533,063	11,634,391	(101,328)
Operating	1,989,681	2,166,964	1,957,642	209,322
Internal Support	3,316,559	3,776,322	3,680,307	96,015
Total Public Services	<u>16,935,230</u>	<u>17,476,349</u>	<u>17,272,340</u>	<u>204,009</u>
Community and Economic Development				
Personnel	5,091,566	5,127,113	4,933,423	193,690
Operating	1,186,009	1,960,200	1,296,934	663,266
Internal Support	1,045,464	1,057,218	970,649	86,569
Total Community and Economic Development	<u>7,323,039</u>	<u>8,144,531</u>	<u>7,201,006</u>	<u>943,525</u>
Total County Executive	<u>66,389,941</u>	<u>69,447,805</u>	<u>65,462,972</u>	<u>3,984,833</u>
Clerk/Register of Deeds				
Personnel	7,484,101	7,426,063	7,311,031	115,032
Operating	2,342,523	2,438,563	1,669,473	769,090
Internal Support	2,364,441	3,014,155	2,684,019	330,136
Total Clerk/Register of Deeds	<u>12,191,065</u>	<u>12,878,781</u>	<u>11,664,523</u>	<u>1,214,258</u>
Treasurer				
Personnel	2,974,824	2,954,774	2,877,003	77,771
Operating	257,121	254,498	194,965	59,533
Internal Support	698,186	1,338,459	1,301,245	37,214
Total Treasurer	<u>3,930,131</u>	<u>4,547,731</u>	<u>4,373,213</u>	<u>174,518</u>

(continued)

**County of Oakland
 Budgetary Comparison Schedule (Continued)
 Major Governmental Funds
 Year Ended September 30, 2008**

	General Fund			Variance with Final Amended Budget
	Original Budget	Final Amended Budget	Actual	
Expenditures (continued)				
Justice Administration				
Circuit Court				
Personnel	\$ 25,299,784	\$ 25,159,507	\$ 24,419,666	\$ 739,841
Operating	7,688,880	7,955,779	7,633,196	322,583
Internal Support	4,500,663	4,868,210	4,704,747	163,463
Total Circuit Court	<u>37,489,327</u>	<u>37,983,496</u>	<u>36,757,609</u>	<u>1,225,887</u>
District Court				
Personnel	12,456,753	12,342,025	12,140,317	201,708
Operating	2,710,359	2,911,359	2,629,730	281,629
Internal Support	2,261,404	2,446,827	2,312,316	134,511
Total District Court	<u>17,428,516</u>	<u>17,700,211</u>	<u>17,082,363</u>	<u>617,848</u>
Probate Court				
Personnel	4,749,476	4,787,642	4,725,107	62,535
Operating	854,457	882,319	936,990	(54,671)
Internal Support	896,297	919,770	868,186	51,584
Total Probate Court	<u>6,500,230</u>	<u>6,589,731</u>	<u>6,530,283</u>	<u>59,448</u>
Total Justice Administration	<u>61,418,073</u>	<u>62,273,438</u>	<u>60,370,255</u>	<u>1,903,183</u>
Law Enforcement				
Prosecuting Attorney				
Personnel	16,225,558	16,158,236	15,687,661	470,575
Operating	902,267	893,829	706,634	187,195
Internal Support	1,874,926	1,967,863	1,902,187	65,676
Total Prosecuting Attorney	<u>19,002,751</u>	<u>19,019,928</u>	<u>18,296,482</u>	<u>723,446</u>
Sheriff				
Personnel	100,121,783	102,486,318	102,921,659	(435,341)
Operating	8,950,434	10,561,016	10,193,705	367,311
Internal Support	19,502,245	18,883,131	18,694,677	188,454
Total Sheriff	<u>128,574,462</u>	<u>131,930,465</u>	<u>131,810,041</u>	<u>120,424</u>
Total Law Enforcement	<u>147,577,213</u>	<u>150,950,393</u>	<u>150,106,523</u>	<u>843,870</u>

(continued)

**County of Oakland
 Budgetary Comparison Schedule (Continued)
 Major Governmental Funds
 Year Ended September 30, 2008**

	General Fund			Variance with Final Amended Budget
	Original Budget	Final Amended Budget	Actual	
Expenditures (continued)				
Legislative				
Board of Commissioners				
Personnel	\$ 3,345,522	\$ 3,360,606	\$ 3,127,135	\$ 233,471
Operating	1,141,770	1,204,221	1,088,096	116,125
Internal Support	1,143,534	1,138,267	1,099,844	38,423
Total Legislative	<u>5,630,826</u>	<u>5,703,094</u>	<u>5,315,075</u>	<u>388,019</u>
Drain Commissioner				
Personnel	3,870,905	3,724,773	3,515,698	209,075
Operating	479,784	922,362	421,947	500,415
Internal Support	1,184,438	1,655,805	1,740,696	(84,891)
Total Drain Commissioner	<u>5,535,127</u>	<u>6,302,940</u>	<u>5,678,341</u>	<u>624,599</u>
Non-departmental				
Operating	20,383,215	22,536,207	14,375,870	8,160,337
Internal Support	9,428,525	2,780,881	2,739,074	41,807
Total non-departmental	<u>29,811,740</u>	<u>25,317,088</u>	<u>17,114,944</u>	<u>8,202,144</u>
Total expenditures	<u>332,484,116</u>	<u>337,421,270</u>	<u>320,085,846</u>	<u>17,335,424</u>
Excess of revenues over expenditures	<u>41,177,067</u>	<u>34,260,123</u>	<u>45,033,875</u>	<u>10,773,752</u>
Other Financing Sources (Uses)				
Transfers in				
Special Revenue Funds				
Revenue Sharing Reserve	22,959,762	22,959,762	23,108,986	149,224
CCIRF	-	75,000	75,000	-
Restricted funds	-	-	10,555	10,555
Jail Population Management	-	404,236	404,236	-
Total special revenue	<u>22,959,762</u>	<u>23,438,998</u>	<u>23,598,777</u>	<u>159,779</u>
Capital Projects				
Project Work Orders	-	83,748	133,320	49,572
Internal Service Funds				
Fringe Benefits	-	2,020,254	2,020,254	-
Enterprise Funds				
Delinquent Tax Revolving	7,952,101	12,767,196	13,840,090	1,072,894
Total Transfers In	<u>30,911,863</u>	<u>38,310,196</u>	<u>39,592,441</u>	<u>1,282,245</u>

(continued)

County of Oakland
Budgetary Comparison Schedule (Continued)
Major Governmental Funds
Year Ended September 30, 2008

	General Fund			Variance with Final Amended Budget
	Original Budget	Final Amended Budget	Actual	
Other Financing Sources (Uses) (continued)				
Transfers out				
Special Revenue Funds				
Public Health	\$ (27,381,655)	\$ (28,999,175)	\$ (26,791,025)	\$ 2,208,150
Revenue Sharing Reserve	-	-	-	-
Juvenile Maintenance	(23,387,368)	(24,745,402)	(21,072,053)	3,673,349
Social Welfare Foster Care	(1,000)	(1,000)	-	1,000
Oakland Enhancement	-	-	-	-
CCIRF	(11,242,762)	(10,542,762)	(10,542,762)	-
Environmental Infrastructure	-	-	-	-
Jail Population Management	(1,145,764)	-	-	-
Water & Sewer Act 342	-	-	-	-
Drains-Act 40 Chapters 4 & 18				
Maintenance	(56,165)	(56,165)	(27,420)	28,745
Friend of the Court Grant	(3,771,186)	(5,148,672)	(4,533,549)	615,123
Multi Organizational Grants	-	(311,263)	(459,592)	(148,329)
Law Enforcement Grants	(65,150)	(745,489)	(1,427,987)	(682,498)
Housing Community Development	-	(341,292)	(341,292)	-
Pollution Control Grants	(11,675)	(11,675)	(11,675)	-
Judicial Grants	(30,482)	(100,557)	(79,773)	20,784
Total special revenue funds	<u>(67,093,207)</u>	<u>(71,003,452)</u>	<u>(65,287,128)</u>	<u>5,716,324</u>
Debt Service Funds				
Building Authority Refunding	<u>(2,504,125)</u>	<u>(2,504,125)</u>	<u>(2,503,120)</u>	<u>1,005</u>
Total debt service funds	<u>(2,504,125)</u>	<u>(2,504,125)</u>	<u>(2,503,120)</u>	<u>1,005</u>
Capital Projects Funds				
Project Work Orders	(452,217)	(477,217)	(528,278)	(51,061)
Major Departmental Support Projects	-	(6,600,000)	(6,600,000)	-
Total capital projects funds	<u>(452,217)</u>	<u>(7,077,217)</u>	<u>(7,128,278)</u>	<u>(51,061)</u>
Internal Service Funds				
Facilities Maintenance and Operations	-	-	(10,754)	(10,754)
Information Technology	(6,234)	(406,285)	(406,285)	-
Drain Equipment	-	-	(22,229)	(22,229)
Telephone Communications	(150)	(150)	(150)	-
Motor Pool	-	(1,149,047)	(1,149,047)	-
Micrographics	-	(320,015)	(320,015)	-
Office Equipment	-	(274,275)	(274,275)	-
Total internal service funds	<u>(6,384)</u>	<u>(2,149,772)</u>	<u>(2,182,755)</u>	<u>(32,983)</u>

(continued)

**County of Oakland
 Budgetary Comparison Schedule (Continued)
 Major Governmental Funds
 Year Ended September 30, 2008**

	General Fund			Variance with Final Amended Budget
	Original Budget	Final Amended Budget	Actual	
Other Financing Sources (Uses) (continued)				
Transfers out (continued)				
Enterprise Funds				
CLEMIS	\$ (1,619,000)	\$ (1,624,195)	\$ (1,390,131)	\$ 234,064
Fire Records Management	(413,997)	(425,179)	(420,795)	4,384
Radio Communications	-	(5,687)	(183,687)	(178,000)
Total enterprise funds	<u>(2,032,997)</u>	<u>(2,055,061)</u>	<u>(1,994,613)</u>	<u>60,448</u>
Total transfers out	<u>(72,088,930)</u>	<u>(84,789,627)</u>	<u>(79,095,894)</u>	<u>5,693,733</u>
Total other financing sources (uses)	<u>(41,177,067)</u>	<u>(46,479,431)</u>	<u>(39,503,453)</u>	<u>6,975,978</u>
Net change in fund balance	-	(12,219,308)	5,530,422	17,749,730
Fund balance				
October 1, 2007	<u>78,796,940</u>	<u>78,796,940</u>	<u>78,796,940</u>	<u>-</u>
September 30, 2008	<u>\$ 78,796,940</u>	<u>\$ 66,577,632</u>	<u>\$ 84,327,362</u>	<u>\$ 17,749,730</u>

**County of Oakland
 Budgetary Comparison Schedule (Continued)
 Major Governmental Funds
 Year Ended September 30, 2008**

	Public Health			
	Original budget	Final Amended budget	Actual	Variance with Final Amended Budget
Revenues				
Federal grants	\$ -	\$ -	\$ 36,400	\$ 36,400
State grants	4,822,675	4,845,967	5,076,878	230,911
Charges for services	2,565,139	2,864,901	1,784,829	(1,080,072)
Contributions	-	-	-	-
Other	-	-	5,727	5,727
Total revenues	<u>7,387,814</u>	<u>7,710,868</u>	<u>6,903,834</u>	<u>(807,034)</u>
Expenditures				
Current operations				
County Executive				
Human Services				
Personnel	26,449,794	26,410,559	24,544,677	1,865,882
Operating	4,871,749	5,634,072	4,585,216	1,048,856
Internal Support	3,447,926	4,543,426	4,443,527	99,899
Total Human Services	<u>34,769,469</u>	<u>36,588,057</u>	<u>33,573,420</u>	<u>3,014,637</u>
Total County Executive	<u>34,769,469</u>	<u>36,588,057</u>	<u>33,573,420</u>	<u>3,014,637</u>
Total expenditures	<u>34,769,469</u>	<u>36,588,057</u>	<u>33,573,420</u>	<u>3,014,637</u>
Deficiency of revenues under expenditures	<u>(27,381,655)</u>	<u>(28,877,189)</u>	<u>(26,669,586)</u>	<u>2,207,603</u>
Other financing sources				
Transfers in	27,381,655	28,999,175	26,791,025	(2,208,150)
Transfers out	-	(150,908)	(149,115)	1,793
Total other financing sources	<u>27,381,655</u>	<u>28,848,267</u>	<u>26,641,910</u>	<u>(2,206,357)</u>
Net change in fund balance	-	(28,922)	(27,676)	1,246
Fund balance				
October 1, 2007	<u>28,922</u>	<u>28,922</u>	<u>28,922</u>	<u>-</u>
September 30, 2008	<u>\$ 28,922</u>	<u>\$ -</u>	<u>\$ 1,246</u>	<u>\$ 1,246</u>

County of Oakland
Budgetary Comparison Schedule (Continued)
Major Governmental Funds
Year Ended September 30, 2008

	Revenue Sharing Reserve			Variance with Final Amended Budget
	Original budget	Final Amended budget	Actual	
Revenues				
Investment income	\$ 5,065,717	\$ 5,065,717	\$ 8,348,430	\$ 3,282,713
Other financing sources (uses)				
Transfers out	(22,959,762)	(22,959,762)	(23,108,986)	149,224
Net change in fund balance	(17,894,045)	(17,894,045)	(14,760,556)	3,431,937
Fund balance				
October 1, 2007	168,181,654	168,181,654	168,181,654	-
September 30, 2008	\$ 150,287,609	\$ 150,287,609	\$ 153,421,098	\$ 3,431,937

County of Oakland
Budgetary Comparison Schedule (Continued)
Major Governmental Funds
Year Ended September 30, 2008

	Interim Retirees' Medical Benefits Trust			
	Original budget	Final Amended budget	Actual	Variance with Final Amended Budget
Revenues				
Investment income	\$ 41,842,000	\$ 41,842,000	\$ (69,118,561)	\$ (110,960,561)
Charges for services	-	-	430,290	430,290
Total revenues	<u>\$ 41,842,000</u>	<u>\$ 41,842,000</u>	<u>\$ (68,688,271)</u>	<u>\$ (110,530,271)</u>
Expenditures				
Non-departmental				
Operating	<u>60,200,000</u>	<u>60,200,000</u>	<u>62,151,426</u>	<u>(1,951,426)</u>
Total expenditures	<u>60,200,000</u>	<u>60,200,000</u>	<u>62,151,426</u>	<u>(1,951,426)</u>
Net change in fund balance	(18,358,000)	(18,358,000)	(130,839,697)	(124,481,697)
Fund balance				
October 1, 2007	<u>560,243,207</u>	<u>560,243,207</u>	<u>560,243,207</u>	-
September 30, 2008	<u>\$ 541,885,207</u>	<u>\$ 541,885,207</u>	<u>\$ 429,403,510</u>	<u>\$ (124,481,697)</u>

County of Oakland
Notes to Required Supplementary Information
September 30, 2008

Budgetary Comparisons

Budgets and budgetary accounting are on the modified accrual basis of accounting, consistent with generally accepted accounting principles (GAAP). The Oakland County Board of Commissioners has established the legal level of control by control groups as outlined in the County's General Appropriations Act.

The appropriated budget for Oakland County is prepared by fund, function, and department, with control categories established at the department level for Personnel, Operating and Internal Support expenditures. Departments may exceed individual line item appropriations within the aforementioned categories provided the control category is not overspent. Budget amendments providing additional spending authorizations are required to be made by action of the Board of Commissioners, upon recommendation of the Oakland County Executive. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as designations of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year(s).

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, Child Care, and Social Welfare Foster Care. Budgetary comparisons for funds in the "Major" funds category are reported in the Required Supplemental Information section.

The County 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."

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

**County of Oakland
Balance Sheet
Non-Major Governmental Funds – By Fund Type
September 30, 2008**

	Special Revenue	Debt Service	Capital Projects	Totals September 30, 2008
Assets				
Current assets				
Pooled cash and investments	\$ 56,656,043	\$ 1,809,456	\$ 24,367,692	\$ 82,833,191
Due from other governmental units	16,492,486	2,338,367	-	18,830,853
Due from component units	-	-	1,304,439	1,304,439
Accrued interest receivable	341,275	10,137	179,155	530,567
Accounts receivable (net of allowance for uncollectibles where applicable)	434,641	-	-	434,641
Contracts receivable	-	-	32,667	32,667
Due from other funds	2,627,527	-	1,321,926	3,949,453
Other assets	4,236,025	-	-	4,236,025
Total current assets	<u>80,787,997</u>	<u>4,157,960</u>	<u>27,205,879</u>	<u>112,151,836</u>
Noncurrent assets				
Advances	-	-	126,000	126,000
Special assessments receivable	-	12,679,162	-	12,679,162
Contracts receivable	-	7,960,000	66,667	8,026,667
Total noncurrent assets	<u>-</u>	<u>20,639,162</u>	<u>192,667</u>	<u>20,831,829</u>
Total assets	<u>\$ 80,787,997</u>	<u>\$ 24,797,122</u>	<u>\$ 27,398,546</u>	<u>\$ 132,983,665</u>
Liabilities and Fund Balances				
Current liabilities				
Vouchers payable	\$ 2,364,081	\$ 150	\$ 682,437	\$ 3,046,668
Accrued payroll	57,494	-	-	57,494
Due to other governmental units	528,239	-	-	528,239
Due to other funds	15,673,947	-	34,672	15,708,619
Deferred revenue	8,263,324	170,198	-	8,433,522
Other accrued liabilities	11,543,542	3,539,056	208,338	15,290,936
Total current liabilities	<u>38,430,627</u>	<u>3,709,404</u>	<u>925,447</u>	<u>43,065,478</u>
Noncurrent liabilities				
Deferred revenue	-	20,639,162	-	20,639,162
Advances	126,000	-	-	126,000
Total noncurrent liabilities	<u>126,000</u>	<u>20,639,162</u>	<u>-</u>	<u>20,765,162</u>
Total liabilities	<u>38,556,627</u>	<u>24,348,566</u>	<u>925,447</u>	<u>63,830,640</u>
Fund balances				
Reserved				
Long-term receivables	-	-	192,667	192,667
Programs	-	-	7,581,007	7,581,007
Debt service	-	448,556	-	448,556
Unreserved				
Designated for encumbrances	23,013	-	-	23,013
Designated for programs	42,494,887	-	9,238,783	51,733,670
Undesignated	(286,530)	-	9,460,642	9,174,112
Total fund balances	<u>42,231,370</u>	<u>448,556</u>	<u>26,473,099</u>	<u>69,153,025</u>
Total liabilities and fund balances	<u>\$ 80,787,997</u>	<u>\$ 24,797,122</u>	<u>\$ 27,398,546</u>	<u>\$ 132,983,665</u>

County of Oakland
Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds – By Fund Type
Year Ended September 30, 2008

	Special Revenue	Debt Service	Capital Projects	Totals September 30, 2008
Revenues				
Special assessments	\$ 3,369,026	\$ 5,460,744	\$ 37,529	\$ 8,867,299
Federal grants	52,144,174	-	-	52,144,174
State grants	19,130,945	-	-	19,130,945
Other intergovernmental revenues	3,464,948	-	-	3,464,948
Charges for services	22,350,662	11,671	-	22,362,333
Contributions	129,072	-	-	129,072
Investment income	2,110,436	47,423	389,704	2,547,563
Other	437,907	-	422	438,329
Total revenues	<u>103,137,170</u>	<u>5,519,838</u>	<u>427,655</u>	<u>109,084,663</u>
Expenditures				
Current operations				
County Executive	85,748,319	-	-	85,748,319
Clerk/Register of Deeds	837,385	-	-	837,385
Treasurer	3,400,177	-	-	3,400,177
Justice administration	27,505,785	-	-	27,505,785
Law enforcement	7,218,295	-	-	7,218,295
Drain Commissioner	7,606,437	1,182	-	7,607,619
Non-departmental	1,337,318	-	-	1,337,318
Total current operations	<u>133,653,716</u>	<u>1,182</u>	<u>-</u>	<u>133,654,898</u>
Capital outlay	2,066,971	-	8,450,197	10,517,168
Intergovernmental	460,235	-	-	460,235
Debt service				
Principal payments	-	6,775,000	-	6,775,000
Interest and fiscal charges	-	1,214,790	-	1,214,790
Total expenditures	<u>136,180,922</u>	<u>7,990,972</u>	<u>8,450,197</u>	<u>152,622,091</u>
Deficiency of revenues under expenditures	<u>(33,043,752)</u>	<u>(2,471,134)</u>	<u>(8,022,542)</u>	<u>(43,537,428)</u>
Other financing sources (uses)				
Transfers in	38,811,521	2,503,120	12,274,906	53,589,547
Transfers out	(7,947,418)	-	(1,879,636)	(9,827,054)
Issuance of bonds	1,739,371	-	-	1,739,371
Total other financing sources (uses)	<u>32,603,474</u>	<u>2,503,120</u>	<u>10,395,270</u>	<u>45,501,864</u>
Net change in fund balance	(440,278)	31,986	2,372,728	1,964,436
Fund balances				
October 1, 2007	<u>42,671,648</u>	<u>416,570</u>	<u>24,100,371</u>	<u>67,188,589</u>
September 30, 2008	<u>\$ 42,231,370</u>	<u>\$ 448,556</u>	<u>\$ 26,473,099</u>	<u>\$ 69,153,025</u>

County of Oakland

Non-Major Special Revenue Funds

Special Revenue Funds

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

The Child Care Fund - (formerly 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

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 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 Building Authority External Projects Fund - is used to account for transactions associated with bond issues sold through the Oakland County Building Authority as a means of lending the County's bond rating to benefit municipalities or agencies within Oakland County under a lease arrangement.

The Water and Sewer Act 342 Fund - is used to account for the construction, under contractual arrangement, of water and sewer systems (currently 15) 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 Chapters 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 305 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 (three remaining as of September 30, 2008).

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

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 - consists 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 52nd District Courts.

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

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, 2008**

	Child Care	Delinquent Personal Tax Administration	Register of Deeds Automation	Oakland Enhancement	Property Tax Forfeiture	Restricted Funds	Social Welfare
Assets							
Current assets							
Pooled cash and investments	\$ 1,996,157	\$ 6,244,172	\$ 7,791,911	\$ 266,035	\$ 7,230,842	\$ 304,254	\$ 93,684
Due from other governmental units	2,765,962	-	-	-	-	-	-
Accrued interest receivable	-	69,708	32,100	2,559	46,174	810	-
Accounts receivable (net of allowance for uncollectibles where applicable)	143,375	-	-	21,870	-	-	142,000
Due from other funds	-	-	-	-	-	-	1,185
Other assets	-	-	-	-	-	-	-
Total assets	<u>\$ 4,905,494</u>	<u>\$ 6,313,880</u>	<u>\$ 7,824,011</u>	<u>\$ 290,464</u>	<u>\$ 7,277,016</u>	<u>\$ 305,064</u>	<u>\$ 236,869</u>
Liabilities and Fund Balances							
Current liabilities							
Vouchers payable	\$ 485,342	\$ -	\$ 127,638	\$ 1,933	\$ 51,613	\$ 6,153	\$ -
Accrued payroll	57,494	-	-	-	-	-	-
Due to other governmental units	-	-	-	-	-	-	142,000
Due to other funds	3,294,794	-	-	-	-	-	-
Deferred revenue	150,765	-	-	-	-	-	-
Other accrued liabilities	894,086	21,832	-	60	2,926,115	-	-
Total liabilities	<u>4,882,481</u>	<u>21,832</u>	<u>127,638</u>	<u>1,993</u>	<u>2,977,728</u>	<u>6,153</u>	<u>142,000</u>
Noncurrent liabilities							
Advances payable	-	-	-	-	-	-	-
Total liabilities	<u>4,882,481</u>	<u>21,832</u>	<u>127,638</u>	<u>1,993</u>	<u>2,977,728</u>	<u>6,153</u>	<u>142,000</u>
Fund balances							
Unreserved, designated for							
Encumbrances	23,013	-	-	-	-	-	-
Programs	-	6,292,048	7,696,373	288,471	4,299,288	298,911	94,869
Unreserved, undesignated							
Total fund balances (deficit)	<u>23,013</u>	<u>6,292,048</u>	<u>7,696,373</u>	<u>288,471</u>	<u>4,299,288</u>	<u>298,911</u>	<u>94,869</u>
Total liabilities and fund balances	<u>\$ 4,905,494</u>	<u>\$ 6,313,880</u>	<u>\$ 7,824,011</u>	<u>\$ 290,464</u>	<u>\$ 7,277,016</u>	<u>\$ 305,064</u>	<u>\$ 236,869</u>

(continued)

**County of Oakland
Combining Balance Sheet (Continued)
Non-Major Special Revenue Funds
September 30, 2008**

	County Vererans' Trust	CCIRF	Waste Resource Management	Jail Population Management	Bldg Auth External Projects	Water & Sewer Act 342	Lake Levels Act 146	Drains-Act 40 Maintenance Chapter 4 & 18
Assets								
Current assets								
Pooled cash and investments	\$ 4,501	\$ 15,884,257	\$ 227,948	\$ 2,147,126	\$ 1,174,354	\$ 2,752,503	\$ -	\$ 3,575,963
Due from other governmental units	-	-	-	-	-	-	36,500	9,424
Accrued interest receivable	-	49,312	58	-	16,115	52,418	1,724	38,072
Accounts receivable (net of allowance for uncollectibles where applicable)	-	-	-	-	-	-	-	5,814
Due from other funds	-	294,937	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total assets	<u>\$ 4,501</u>	<u>\$ 16,228,506</u>	<u>\$ 228,006</u>	<u>\$ 2,147,126</u>	<u>\$ 1,190,469</u>	<u>\$ 2,804,921</u>	<u>\$ 38,224</u>	<u>\$ 3,629,273</u>
Liabilities and Fund Balances								
Current liabilities								
Vouchers payable	\$ -	\$ 21,808	\$ -	\$ -	\$ -	\$ 100,403	\$ 8,922	\$ 1,339
Accrued payroll	-	-	-	-	-	-	-	-
Due to other governmental units	-	-	-	-	-	106,126	-	270
Due to other funds	-	-	-	-	-	-	58,617	224,142
Deferred revenue	-	-	-	-	-	-	-	-
Other accrued liabilities	-	12,833	-	-	4,565	823,204	12,224	2,518,797
Total current liabilities	<u>-</u>	<u>34,641</u>	<u>-</u>	<u>-</u>	<u>4,565</u>	<u>1,029,733</u>	<u>79,763</u>	<u>2,744,548</u>
Noncurrent liabilities								
Advances payable	-	-	-	-	-	-	126,000	-
Total liabilities	<u>-</u>	<u>34,641</u>	<u>-</u>	<u>-</u>	<u>4,565</u>	<u>1,029,733</u>	<u>205,763</u>	<u>2,744,548</u>
Fund balances								
Unreserved, designated for								
Encumbrances	-	-	-	-	-	-	-	-
Programs	4,501	16,193,865	228,006	2,147,126	1,185,904	1,775,188	-	884,725
Unreserved, undesignated								
	-	-	-	-	-	-	(167,539)	-
Total fund balances (deficit)	<u>4,501</u>	<u>16,193,865</u>	<u>228,006</u>	<u>2,147,126</u>	<u>1,185,904</u>	<u>1,775,188</u>	<u>(167,539)</u>	<u>884,725</u>
Total liabilities and fund balances	<u>\$ 4,501</u>	<u>\$ 16,228,506</u>	<u>\$ 228,006</u>	<u>\$ 2,147,126</u>	<u>\$ 1,190,469</u>	<u>\$ 2,804,921</u>	<u>\$ 38,224</u>	<u>\$ 3,629,273</u>

(continued)

**County of Oakland
Combining Balance Sheet (Continued)
Non-Major Special Revenue Funds
September 30, 2008**

	Lake Improvements Act 345	Pollution Control Grants	Friend of the Court	Multi- Organizational Grants	Workforce Development Grants	Law Enforcement Grants	Housing and Community Development
Assets							
Current assets							
Pooled cash and investments	\$ 961	\$ -	\$ -	\$ 228,073	\$ 49,811	\$ -	\$ 5,067,644
Due from other governmental units	-	58,859	1,393,094	87,101	36,017	945,230	100,322
Accrued interest receivable	8	-	-	-	-	-	32,217
Accounts receivable (net of allowance for uncollectibles where applicable)	-	84,899	27,154	-	-	-	-
Due from other funds	-	432,340	1,168,547	11,187	-	475,808	-
Other assets	-	-	6,676	-	4,227,318	1,536	-
Total assets	<u>\$ 969</u>	<u>\$ 576,098</u>	<u>\$ 2,595,471</u>	<u>\$ 326,361</u>	<u>\$ 4,313,146</u>	<u>\$ 1,422,574</u>	<u>\$ 5,200,183</u>
Liabilities and Fund Balances							
Current liabilities							
Vouchers payable	\$ -	\$ 10,341	\$ 5,516	\$ 125,184	\$ 653,957	\$ 66,701	\$ 565
Accrued payroll	-	-	-	-	-	-	-
Due to other governmental units	-	-	-	98,651	-	172,726	-
Due to other funds	-	674,468	2,578,296	-	-	1,138,584	-
Deferred revenue	-	10,264	-	101,874	-	43,750	4,188,055
Other accrued liabilities	-	16	11,659	652	3,659,189	813	1,336
Total liabilities	<u>-</u>	<u>695,089</u>	<u>2,595,471</u>	<u>326,361</u>	<u>4,313,146</u>	<u>1,422,574</u>	<u>4,189,956</u>
Noncurrent liabilities							
Advances payable	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>695,089</u>	<u>2,595,471</u>	<u>326,361</u>	<u>4,313,146</u>	<u>1,422,574</u>	<u>4,189,956</u>
Fund balances							
Unreserved, designated for							
Encumbrances	-	-	-	-	-	-	-
Programs	969	-	-	-	-	-	1,010,227
Unreserved, undesignated							
	-	(118,991)	-	-	-	-	-
Total fund balances (deficit)	<u>969</u>	<u>(118,991)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,010,227</u>
Total liabilities and fund balances	<u>\$ 969</u>	<u>\$ 576,098</u>	<u>\$ 2,595,471</u>	<u>\$ 326,361</u>	<u>\$ 4,313,146</u>	<u>\$ 1,422,574</u>	<u>\$ 5,200,183</u>

(continued)

**County of Oakland
Combining Balance Sheet (Continued)
Non-Major Special Revenue Funds
September 30, 2008**

	Human Service Grants	Other Grants	COPS More Grant	Judicial Grants	Oakland Brownfield Initiative	MI Child	Totals September 30, 2008
Assets							
Current assets							
Pooled cash and investments	\$ 1,243,227	\$ -	\$ 294,321	\$ -	\$ 67,330	\$ 10,969	\$ 56,656,043
Due from other governmental units	25,497	8,809,648	2,083,350	126,542	14,940	-	16,492,486
Accrued interest receivable	-	-	-	-	-	-	341,275
Accounts receivable (net of allowance for uncollectibles where applicable)	90	-	-	8,262	1,177	-	434,641
Due from other funds	135	224,357	-	19,031	-	-	2,627,527
Other assets	495	-	-	-	-	-	4,236,025
Total assets	\$ 1,269,444	\$ 9,034,005	\$ 2,377,671	\$ 153,835	\$ 83,447	\$ 10,969	\$ 80,787,997
Liabilities and Fund Balances							
Current liabilities							
Vouchers payable	\$ 417,314	\$ 74,322	\$ 198,449	\$ 6,581	\$ -	\$ -	\$ 2,364,081
Accrued payroll	-	-	-	-	-	-	57,494
Due to other governmental units	8,466	-	-	-	-	-	528,239
Due to other funds	102,146	7,486,655	-	116,245	-	-	15,673,947
Deferred revenue	104,594	1,464,529	2,168,945	30,548	-	-	8,263,324
Other accrued liabilities	636,924	8,499	10,277	461	-	-	11,543,542
Total liabilities	1,269,444	9,034,005	2,377,671	153,835	-	-	38,430,627
Noncurrent liabilities							
Advances payable	-	-	-	-	-	-	126,000
Total liabilities	1,269,444	9,034,005	2,377,671	153,835	-	-	38,556,627
Fund balances							
Unreserved, designated for							
Encumbrances	-	-	-	-	-	-	23,013
Programs	-	-	-	-	83,447	10,969	42,494,887
Unreserved, undesignated	-	-	-	-	-	-	(286,530)
Total fund balances (deficit)	-	-	-	-	83,447	10,969	42,231,370
Total liabilities and fund balances	\$ 1,269,444	\$ 9,034,005	\$ 2,377,671	\$ 153,835	\$ 83,447	\$ 10,969	\$ 80,787,997

County of Oakland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
Year Ended September 30, 2008

	Child Care	Delinquent Personal Tax Administration	Register of Deeds Automation	Oakland Enhancement	Property Tax Forfeiture	Restricted Funds	Social Welfare
Revenues							
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	317,261	-	-	-	-	-	-
State grants	13,274,455	-	-	-	-	-	-
Other intergovernmental revenues	-	-	-	-	-	-	-
Charges for services	4,372,394	996,280	1,062,472	586,460	2,487,665	-	1,595,677
Contributions	-	-	-	26,800	-	102,272	-
Investment income	-	307,477	359,256	15,576	364,416	3,559	-
Other	-	662	-	-	20	-	-
Total revenues	17,964,110	1,304,419	1,421,728	628,836	2,852,101	105,831	1,595,677
Expenditures							
Salaries	9,565,560	344,199	64,382	296,777	32,142	-	-
Fringe benefits	5,421,151	177,247	39,553	165,184	14,587	-	-
Contractual services	20,836,433	312,153	314,281	172,795	2,360,027	36,404	1,575,871
Commodities	819,092	1,573	-	3,544	1,399	39,187	-
Capital outlay	7,972	-	-	-	-	-	-
Internal services	2,399,884	124,166	87	3,900	32,684	1,540	-
Intergovernmental	-	-	-	-	-	-	-
Total expenditures	39,050,092	959,338	418,303	642,200	2,440,839	77,131	1,575,871
Excess (deficiency) of revenues over (under) expenditures	(21,085,982)	345,081	1,003,425	(13,364)	411,262	28,700	19,806
Other financing sources (uses)							
Transfers in	21,072,053	-	-	-	-	-	-
Transfers out	(250)	-	-	-	(11,910)	(10,555)	-
Issuance of bonds	-	-	-	-	-	-	-
Total other financing sources (uses)	21,071,803	-	-	-	(11,910)	(10,555)	-
Net change in fund balances	(14,179)	345,081	1,003,425	(13,364)	399,352	18,145	19,806
Fund balances (deficit)							
October 1, 2007	37,192	5,946,967	6,692,948	301,835	3,899,936	280,766	75,063
September 30, 2008	\$ 23,013	\$ 6,292,048	\$ 7,696,373	\$ 288,471	\$ 4,299,288	\$ 298,911	\$ 94,869

(continued)

County of Oakland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Non-Major Special Revenue Funds
Year Ended September 30, 2008

	County Veterans' Trust	CCIRF	Waste Resource Management	Jail Population Management	Bldg Auth External Projects	Water & Sewer Act 342	Lake Levels Act 146	Drains-Act 40 Maintenance Chapters 4 & 18
Revenues								
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,725,247	\$ 481,772	\$ 162,007
Federal grants	-	-	-	-	-	983,630	-	-
State grants	200,749	-	-	-	-	-	-	-
Other intergovernmental revenues	-	-	-	-	-	-	-	-
Charges for services	-	275	51,738	-	-	100	850	61,862
Contributions	-	-	-	-	-	-	-	-
Investment income	-	449,556	9,617	-	183,317	183,966	5,524	196,123
Other	-	-	-	-	-	-	1,734	350
Total revenues	<u>200,749</u>	<u>449,831</u>	<u>61,355</u>	<u>-</u>	<u>183,317</u>	<u>3,892,943</u>	<u>489,880</u>	<u>420,342</u>
Expenditures								
Salaries	-	-	-	-	-	679,819	215,898	245,781
Fringe benefits	-	-	-	-	-	320,969	89,904	127,734
Contractual services	213,564	774,795	-	-	-	4,737,778	211,178	87,417
Commodities	244	17	-	-	-	4,391	7,744	8,344
Capital outlay	-	17,909	-	-	4,378,809	-	-	-
Internal services	-	1,799	-	-	-	133,973	84,533	72,386
Intergovernmental	-	-	-	-	-	461,417	-	-
Total expenditures	<u>213,808</u>	<u>794,520</u>	<u>-</u>	<u>-</u>	<u>4,378,809</u>	<u>6,338,347</u>	<u>609,257</u>	<u>541,662</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,059)</u>	<u>(344,689)</u>	<u>61,355</u>	<u>-</u>	<u>(4,195,492)</u>	<u>(2,445,404)</u>	<u>(119,377)</u>	<u>(121,320)</u>
Other financing sources (uses)								
Transfers in	-	10,542,762	-	-	-	208,500	553	27,420
Transfers out	-	(5,280,063)	-	(404,236)	-	(2,092,404)	-	-
Issuance of bonds	-	-	-	-	-	1,739,371	-	-
Total other financing sources (uses)	<u>-</u>	<u>5,262,699</u>	<u>-</u>	<u>(404,236)</u>	<u>-</u>	<u>(144,533)</u>	<u>553</u>	<u>27,420</u>
Net change in fund balances	<u>(13,059)</u>	<u>4,918,010</u>	<u>61,355</u>	<u>(404,236)</u>	<u>(4,195,492)</u>	<u>(2,589,937)</u>	<u>(118,824)</u>	<u>(93,900)</u>
Fund balances (deficit)								
October 1, 2007	<u>17,560</u>	<u>11,275,855</u>	<u>166,651</u>	<u>2,551,362</u>	<u>5,381,396</u>	<u>4,365,125</u>	<u>(48,715)</u>	<u>978,625</u>
September 30, 2008	<u>\$ 4,501</u>	<u>\$ 16,193,865</u>	<u>\$ 228,006</u>	<u>\$ 2,147,126</u>	<u>\$ 1,185,904</u>	<u>\$ 1,775,188</u>	<u>\$ (167,539)</u>	<u>\$ 884,725</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, 2008

	Lake Improvements Act 345	Pollution Control Grants	Friend of the Court	Multi- Organizational Grants	Workforce Development Grants	Law Enforcement Grants	Housing and Community Development
Revenues							
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	-	397,670	-	375,886	20,664,178	1,529,002	6,429,267
State grants	-	-	-	1,628,722	1,320,205	2,032,356	-
Other intergovernmental revenues	-	-	2,674,735	-	-	85,632	215,092
Charges for services	-	-	8,356,287	-	-	1,519,555	1,172,603
Contributions	-	-	-	-	-	-	-
Investment income	16	-	-	11,509	-	-	-
Other	-	-	900	1,653	12,451	1,010	-
Total revenues	16	397,670	11,031,922	2,017,770	21,996,834	5,167,555	7,816,962
Expenditures							
Salaries	-	124,166	8,273,736	1,340,446	385,278	3,132,185	1,226,391
Fringe benefits	-	44,694	4,459,960	710,777	164,121	1,713,587	659,839
Contractual services	-	341,963	1,018,233	127,247	21,360,753	721,686	5,715,068
Commodities	-	-	76,009	257,524	2,747	752,573	8,059
Capital outlay	-	-	-	-	-	389	-
Internal services	-	24,473	1,734,623	18,205	83,935	352,053	247,003
Intergovernmental	-	-	-	-	-	-	-
Total expenditures	-	535,296	15,562,561	2,454,199	21,996,834	6,672,473	7,856,360
Excess (deficiency) of revenues over (under) expenditures	16	(137,626)	(4,530,639)	(436,429)	-	(1,504,918)	(39,398)
Other financing sources (uses)							
Transfers in	-	11,675	4,533,549	459,842	-	1,534,102	341,292
Transfers out	-	-	-	(22,000)	-	-	-
Issuance of bonds	-	-	-	-	-	-	-
Total other financing sources (uses)	-	11,675	4,533,549	437,842	-	1,534,102	341,292
Net change in fund balances	16	(125,951)	2,910	1,413	-	29,184	301,894
Fund balances (deficit)							
October 1, 2007	953	6,960	(2,910)	(1,413)	-	(29,184)	708,333
September 30, 2008	\$ 969	\$ (118,991)	\$ -	\$ -	\$ -	\$ -	\$ 1,010,227

(continued)

County of Oakland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Non-Major Special Revenue Funds
Year Ended September 30, 2008

	Human Service Grants	Other Grants	COPS More Grant	Judicial Grants	Oakland Brownfield Initiative	MI Child	Totals September 30, 2008
Revenues							
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,369,026
Federal grants	11,635,619	8,245,289	1,422,577	10,903	132,892	-	52,144,174
State grants	18,150	419,083	-	237,225	-	-	19,130,945
Other intergovernmental revenues	-	-	489,489	-	-	-	3,464,948
Charges for services	10,772	38,400	-	-	24,118	13,154	22,350,662
Contributions	-	-	-	-	-	-	129,072
Investment income	-	-	-	-	20,524	-	2,110,436
Other	409,691	-	-	1,283	-	8,153	437,907
Total revenues	12,074,232	8,702,772	1,912,066	249,411	177,534	21,307	103,137,170
Expenditures							
Salaries	3,459,024	203,106	-	161,438	-	-	29,750,328
Fringe benefits	1,708,663	115,528	-	80,128	-	-	16,013,626
Contractual services	6,124,629	2,014,696	972,050	81,467	157,010	14,596	70,282,094
Commodities	215,844	367,103	940,016	3,512	-	-	3,508,922
Capital outlay	2,860	5,962,080	-	-	-	-	10,370,019
Internal services	437,212	40,467	-	1,593	-	-	5,794,516
Intergovernmental	-	-	-	-	-	-	461,417
Total expenditures	11,948,232	8,702,980	1,912,066	328,138	157,010	14,596	136,180,922
Excess (deficiency) of revenues over (under) expenditures	126,000	(208)	-	(78,727)	20,524	6,711	(33,043,752)
Other financing sources (uses)							
Transfers in	-	-	-	79,773	-	-	38,811,521
Transfers out	(126,000)	-	-	-	-	-	(7,947,418)
Issuance of bonds	-	-	-	-	-	-	1,739,371
Total other financing sources (uses)	(126,000)	-	-	79,773	-	-	32,603,474
Net change in fund balances	-	(208)	-	1,046	20,524	6,711	(440,278)
Fund balances (deficit)							
October 1, 2007	-	208	-	(1,046)	62,923	4,258	42,671,648
September 30, 2008	\$ -	\$ -	\$ -	\$ -	\$ 83,447	\$ 10,969	\$ 42,231,370

County of Oakland

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Non-Major Special Revenue Funds Year Ended September 30, 2008

	Child Care		
	Final Amended Budget	Actual	Variance with Final Amended Budget
Revenues			
Federal grants	\$ 245,000	\$ 317,261	\$ 72,261
State grants	12,542,255	13,274,455	732,200
Charges for services	3,564,587	4,372,394	807,807
Other	-	-	-
Total revenues	<u>16,351,842</u>	<u>17,964,110</u>	<u>1,612,268</u>
Expenditures			
Current operations			
County Executive			
Human Services			
Personnel	13,288,588	13,122,441	166,147
Operating	12,581,858	11,242,949	1,338,909
Internal Support	2,407,264	2,397,335	9,929
Total Human Services	<u>28,277,710</u>	<u>26,762,725</u>	<u>1,514,985</u>
Total County Executive	<u>28,277,710</u>	<u>26,762,725</u>	<u>1,514,985</u>
Justice administration			
Circuit Court			
Personnel	1,910,156	1,864,270	45,886
Operating	10,943,595	10,420,548	523,047
Internal Support	2,898	2,549	349
Total Circuit Court	<u>12,856,649</u>	<u>12,287,367</u>	<u>569,282</u>
Total Justice administration	<u>12,856,649</u>	<u>12,287,367</u>	<u>569,282</u>
Total expenditures	<u>41,134,359</u>	<u>39,050,092</u>	<u>2,084,267</u>
Deficiency of revenues under expenditures	(24,782,517)	(21,085,982)	3,696,535
Other financing sources (uses)			
Transfers in	24,745,401	21,072,053	(3,673,348)
Transfers out	-	(250)	(250)
Total other financing sources (uses)	<u>24,745,401</u>	<u>21,071,803</u>	<u>(3,673,598)</u>
Net change in fund balance	(37,116)	(14,179)	22,937
Fund balance			
October 1, 2007	37,192	37,192	-
September 30, 2008	<u>\$ 76</u>	<u>\$ 23,013</u>	<u>\$ 22,937</u>

County of Oakland

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Non-Major Special Revenue Funds (Continued)

Year Ended September 30, 2008

	Social Welfare Foster Care		
	Final Amended Budget	Actual	Variance with Final Amended Budget
Revenues			
State grants	\$ 1,000	\$ -	\$ (1,000)
Total revenues	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Expenditures			
Current operations			
County Executive			
Human Services			
Operating	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Deficiency of revenues under expenditures	(1,000)	-	1,000
Other financing sources			
Transfers in	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Net change in fund balance	-	-	-
Fund balance			
October 1, 2007	-	-	-
September 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

County of Oakland Non-Major Debt Service Funds

Debt Service Funds

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

The Building Authority Debt Refunding 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 two 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 one issue).

The Water and Sewer Debt Refunding Fund - was established 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 nine issues).

**County of Oakland
Combining Balance Sheet
Non-Major Debt Service Funds
September 30, 2008**

	Building Authority Debt Refunding	Lake Level Debt Act 146	Water and Sewer Debt Refunding	Totals September 30, 2008
Assets				
Current assets				
Pooled cash and investments	\$ 706	\$ 247,832	\$ 1,560,918	\$ 1,809,456
Accrued interest receivable	85	1,669	8,383	10,137
Due from other governmental units	170,198	-	2,168,169	2,338,367
Total current assets	<u>170,989</u>	<u>249,501</u>	<u>3,737,470</u>	<u>4,157,960</u>
Noncurrent assets				
Contracts receivable	7,960,000	-	-	7,960,000
Special assessments receivable	-	149,162	12,530,000	12,679,162
Total assets	<u>\$ 8,130,989</u>	<u>\$ 398,663</u>	<u>\$ 16,267,470</u>	<u>\$ 24,797,122</u>
Liabilities and Fund Balances				
Current liabilities				
Vouchers payable	\$ 150	\$ -	\$ -	\$ 150
Deferred revenue	170,198	-	-	170,198
Other accrued liabilities	-	-	3,539,056	3,539,056
Total current liabilities	<u>170,348</u>	<u>-</u>	<u>3,539,056</u>	<u>3,709,404</u>
Noncurrent liabilities				
Deferred revenue	7,960,000	149,162	12,530,000	20,639,162
Total liabilities	<u>8,130,348</u>	<u>149,162</u>	<u>16,069,056</u>	<u>24,348,566</u>
Fund balances - reserved for debt service	641	249,501	198,414	448,556
Total liabilities and fund balances	<u>\$ 8,130,989</u>	<u>\$ 398,663</u>	<u>\$ 16,267,470</u>	<u>\$ 24,797,122</u>

County of Oakland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Debt Service Funds
Year Ended September 30, 2008

	Building Authority Debt Refunding	Lake Level Debt Act 146	Water and Sewer Debt Refunding	Totals September 30, 2008
Revenues				
Special assessments	\$ 387,069	\$ 46,534	\$ 5,027,141	\$ 5,460,744
Charges for services	213	7,501	3,957	11,671
Investment income	531	13,808	33,084	47,423
Total revenues	<u>387,813</u>	<u>67,843</u>	<u>5,064,182</u>	<u>5,519,838</u>
Expenditures				
Principal payments	2,345,000	55,000	4,375,000	6,775,000
Interest	545,831	13,427	652,141	1,211,399
Paying agent fees	575	-	2,816	3,391
Contractual services	-	-	1,182	1,182
Total expenditures	<u>2,891,406</u>	<u>68,427</u>	<u>5,031,139</u>	<u>7,990,972</u>
Excess (deficiency) of revenues over (under) expenditures	(2,503,593)	(584)	33,043	(2,471,134)
Other financing sources				
Transfers in	<u>2,503,120</u>	-	-	<u>2,503,120</u>
Total other financing sources	<u>2,503,120</u>	-	-	<u>2,503,120</u>
Net change in fund balances	(473)	(584)	33,043	31,986
Fund balances				
October 1, 2007	1,114	250,085	165,371	416,570
September 30, 2008	<u>\$ 641</u>	<u>\$ 249,501</u>	<u>\$ 198,414</u>	<u>\$ 448,556</u>

County of Oakland

Non-Major Capital Project Funds

Capital Projects Funds

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

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

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

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

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

The Airport T-Hangar Construction Fund - was established to account for the costs of construction of T-Hangars at the County airports.

The Jail Renovation - Visitation Fund - was established to account for the costs of renovating several areas of the Law Enforcement Center (Jail) and installation of a video visitation system.

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 four) under P.A. 146 of 1961.

The Lake Improvements Act 345 Fund - is used to account for the costs of construction of augmentation wells (currently three) 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 Projects Funds
September 30, 2008**

	Building Improvement	Project Work Orders	Work Release/ Jail Mgt/Video Conferencing	Office Building Renovation	Airport T-Hangar Construction	Jail Renovation- Visitation
Assets						
Current assets						
Pooled cash and investments	\$ 9,513,731	\$ 3,654,609	\$ 1,950,432	\$ 540,759	\$ -	\$ 1,042,398
Accrued interest receivable	-	-	90,732	71,179	-	17,037
Contracts receivable	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-
Due from other funds	-	-	600,000	-	-	400,000
Total current assets	<u>9,513,731</u>	<u>3,654,609</u>	<u>2,641,164</u>	<u>611,938</u>	<u>-</u>	<u>1,459,435</u>
Noncurrent assets						
Advances	-	-	-	-	-	-
Contracts receivable	-	-	-	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 9,513,731</u>	<u>\$ 3,654,609</u>	<u>\$ 2,641,164</u>	<u>\$ 611,938</u>	<u>\$ -</u>	<u>\$ 1,459,435</u>
Liabilities and Fund Balances						
Current liabilities						
Vouchers payable	\$ -	\$ 454,794	\$ 51,133	\$ 20,623	\$ -	\$ 88,246
Due to other funds	-	-	-	-	-	-
Other accrued liabilities	-	77,582	57,473	10,348	-	35,702
Total liabilities	<u>-</u>	<u>532,376</u>	<u>108,606</u>	<u>30,971</u>	<u>-</u>	<u>123,948</u>
Fund balances						
Reserved						
Long-term receivables	-	-	-	-	-	-
Work projects	-	-	2,532,558	580,967	-	1,335,487
Total reserved	<u>-</u>	<u>-</u>	<u>2,532,558</u>	<u>580,967</u>	<u>-</u>	<u>1,335,487</u>
Unreserved						
Designated for work projects	-	3,122,233	-	-	-	-
Undesignated	9,513,731	-	-	-	-	-
Total unreserved	<u>9,513,731</u>	<u>3,122,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>9,513,731</u>	<u>3,122,233</u>	<u>2,532,558</u>	<u>580,967</u>	<u>-</u>	<u>1,335,487</u>
Total liabilities and fund balances	<u>\$ 9,513,731</u>	<u>\$ 3,654,609</u>	<u>\$ 2,641,164</u>	<u>\$ 611,938</u>	<u>\$ -</u>	<u>\$ 1,459,435</u>

(continued)

**County of Oakland
Combining Balance Sheet (Continued)
Non-Major Capital Project Funds
September 30, 2008**

	Major Dept. Support Projects	Lake Levels Act 146	Lake Improvements Act 345	Drain Commissioner Revolving	Long-term Revolving	Totals September 30, 2008
Assets						
Current assets						
Pooled cash and investments	\$ 6,190,370	\$ -	\$ 8,863	\$ 200,864	\$ 1,265,666	\$ 24,367,692
Accrued interest receivable	-	119	88	-	-	179,155
Contracts receivable	-	-	-	-	32,667	32,667
Due from component units	-	-	-	1,304,439	-	1,304,439
Due from other funds	-	-	-	321,926	-	1,321,926
Total current assets	<u>6,190,370</u>	<u>119</u>	<u>8,951</u>	<u>1,827,229</u>	<u>1,298,333</u>	<u>27,205,879</u>
Noncurrent assets						
Advances	-	-	-	-	126,000	126,000
Contracts receivable	-	-	-	-	66,667	66,667
Total noncurrents assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>192,667</u>	<u>192,667</u>
Total assets	<u>\$ 6,190,370</u>	<u>\$ 119</u>	<u>\$ 8,951</u>	<u>\$ 1,827,229</u>	<u>\$ 1,491,000</u>	<u>\$ 27,398,546</u>
Liabilities and Fund Balances						
Current liabilities						
Vouchers payable	\$ 65,300	\$ 112	\$ -	\$ 2,229	\$ -	\$ 682,437
Due to other funds	-	34,383	289	-	-	34,672
Other accrued liabilities	8,520	18,713	-	-	-	208,338
Total liabilities	<u>73,820</u>	<u>53,208</u>	<u>289</u>	<u>2,229</u>	<u>-</u>	<u>925,447</u>
Fund balances						
Reserved						
Long-term receivables	-	-	-	-	192,667	192,667
Work projects	-	-	8,662	1,825,000	1,298,333	7,581,007
Total reserved	<u>-</u>	<u>-</u>	<u>8,662</u>	<u>1,825,000</u>	<u>1,491,000</u>	<u>7,773,674</u>
Unreserved						
Designated for work projects	6,116,550	-	-	-	-	9,238,783
Undesignated	-	(53,089)	-	-	-	9,460,642
Total unreserved	<u>6,116,550</u>	<u>(53,089)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,699,425</u>
Total fund balances (deficit)	<u>6,116,550</u>	<u>(53,089)</u>	<u>8,662</u>	<u>1,825,000</u>	<u>1,491,000</u>	<u>26,473,099</u>
Total liabilities and fund balances	<u>\$ 6,190,370</u>	<u>\$ 119</u>	<u>\$ 8,951</u>	<u>\$ 1,827,229</u>	<u>\$ 1,491,000</u>	<u>\$ 27,398,546</u>

County of Oakland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Capital Project Funds
Year Ended September 30, 2008

	Building Improvement	Project Work Orders	Work Release/ Jail Mgt/Video Conferencing	Office Building Renovation	Airport T-Hangar Construction	Jail Renovation- Visitation
Revenues						
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	122,042	61,308	-	204,607
Other	-	-	-	8	-	414
Total revenues	<u>-</u>	<u>-</u>	<u>122,042</u>	<u>61,316</u>	<u>-</u>	<u>205,021</u>
Expenditures						
Capital Outlay	-	2,230,120	831,250	431,659	1,385	4,430,098
Total expenditures	<u>-</u>	<u>2,230,120</u>	<u>831,250</u>	<u>431,659</u>	<u>1,385</u>	<u>4,430,098</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(2,230,120)</u>	<u>(709,208)</u>	<u>(370,343)</u>	<u>(1,385)</u>	<u>(4,225,077)</u>
Other financing sources (uses)						
Transfers in	3,196,700	2,478,206	-	-	-	-
Transfers out	(708,324)	(385,920)	-	-	(784,839)	-
Total other financing sources (uses)	<u>2,488,376</u>	<u>2,092,286</u>	<u>-</u>	<u>-</u>	<u>(784,839)</u>	<u>-</u>
Net change in fund balances	<u>2,488,376</u>	<u>(137,834)</u>	<u>(709,208)</u>	<u>(370,343)</u>	<u>(786,224)</u>	<u>(4,225,077)</u>
Fund balances (deficit)						
October 1, 2007	<u>7,025,355</u>	<u>3,260,067</u>	<u>3,241,766</u>	<u>951,310</u>	<u>786,224</u>	<u>5,560,564</u>
September 30, 2008	<u>\$ 9,513,731</u>	<u>\$ 3,122,233</u>	<u>\$ 2,532,558</u>	<u>\$ 580,967</u>	<u>\$ -</u>	<u>\$ 1,335,487</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, 2008

	Major Dept. Support Projects	Lake Levels Act 146	Lake Improvements Act 345	Drain Commissioner Revolving	Long-term Revolving	Totals September 30, 2008
Revenues						
Special assessments	\$ -	\$ 37,529	\$ -	\$ -	\$ -	\$ 37,529
Investment income	-	1,307	440	-	-	389,704
Other	-	-	-	-	-	422
Total revenues	<u>-</u>	<u>38,836</u>	<u>440</u>	<u>-</u>	<u>-</u>	<u>427,655</u>
Expenditures						
Capital Outlay	483,576	42,109	-	-	-	8,450,197
Total expenditures	<u>483,576</u>	<u>42,109</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,450,197</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(483,576)</u>	<u>(3,273)</u>	<u>440</u>	<u>-</u>	<u>-</u>	<u>(8,022,542)</u>
Other financing sources (uses)						
Transfers in	6,600,000	-	-	-	-	12,274,906
Transfers out	-	(553)	-	-	-	(1,879,636)
Total other financing sources (uses)	<u>6,600,000</u>	<u>(553)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,395,270</u>
Net change in fund balances	6,116,424	(3,826)	440	-	-	2,372,728
Fund balances (deficit)						
October 1, 2007	126	(49,263)	8,222	1,825,000	1,491,000	24,100,371
September 30, 2008	<u>\$ 6,116,550</u>	<u>\$ (53,089)</u>	<u>\$ 8,662</u>	<u>\$ 1,825,000</u>	<u>\$ 1,491,000</u>	<u>\$ 26,473,099</u>

County of Oakland

Internal Service Funds

Internal Service Funds

These funds account for the financing of goods or services provided by one County department or agency to other departments or agencies on a cost-reimbursement 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. This fund absorbed the cost of operation of the Farmers Market fund (Enterprise Fund type) in fiscal year 2008.

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 operations of this fund are being closed into the General Fund at year-end 2008.

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, and performs as the debt service fund for the County's Interim Retiree Medical Benefits Trust effective with fiscal year 2008.

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's Department (General Fund).

**County of Oakland
Combining Statement of Net Assets
Internal Service Funds
September 30, 2008**

	Facilities Maintenance and Operations	Information Technology	Drain Equipment	Micrographics	Motor Pool	Office Equipment
Assets						
Current assets						
Pooled cash and investments	\$ 9,453,293	\$ 18,769,271	\$ -	\$ -	\$ 1,834,172	\$ 2,296,839
Due from other governmental units	16,330	1,623	14,876	-	6,200	-
Due from component units	-	11,163	4,928	74	-	-
Accrued interest receivable	58,032	113,106	-	-	9,182	18,571
Accounts receivable (net of allowance for uncollectibles where applicable)	83,898	52,663	142,781	3,000	500	-
Due from other funds	-	-	4,839	320,015	-	-
Inventories and supplies	107,274	63,346	-	-	166,409	-
Prepayments and other assets	-	1,907,025	-	-	26,496	61,200
Total current assets	<u>9,718,827</u>	<u>20,918,197</u>	<u>167,424</u>	<u>323,089</u>	<u>2,042,959</u>	<u>2,376,610</u>
Noncurrent assets						
Capital assets, at cost						
Land	-	-	130,000	-	-	-
Buildings and improvements	525,283	-	1,541,974	-	424,861	-
Equipment and vehicles	1,920,741	50,160,881	6,154,213	-	13,780,107	4,892,567
Infrastructure	3,169,683	-	-	-	-	-
Construction in progress	-	3,383,367	-	-	-	-
	<u>5,615,707</u>	<u>53,544,248</u>	<u>7,826,187</u>	<u>-</u>	<u>14,204,968</u>	<u>4,892,567</u>
Less: Accumulated depreciation	<u>5,081,202</u>	<u>41,310,864</u>	<u>3,225,915</u>	<u>-</u>	<u>7,775,119</u>	<u>4,059,648</u>
Capital assets, net	<u>534,505</u>	<u>12,233,384</u>	<u>4,600,272</u>	<u>-</u>	<u>6,429,849</u>	<u>832,919</u>
Total assets	<u>\$ 10,253,332</u>	<u>\$ 33,151,581</u>	<u>\$ 4,767,696</u>	<u>\$ 323,089</u>	<u>\$ 8,472,808</u>	<u>\$ 3,209,529</u>

(continued)

**County of Oakland
Combining Statement of Net Assets (Continued)
Internal Service Funds
September 30, 2008**

	Mailing, Copier, and Printing	Telephone Communications	Building and Liability Insurance	Fringe Benefits	Sheriff Aviation	Totals September 30, 2008
Assets						
Current assets						
Pooled cash and investments	\$ 288,087	\$ 3,679,290	\$ 22,707,898	\$ 57,530,857	\$ 1,238,671	\$ 117,798,378
Due from other governmental units	17,336	2,064	-	685	-	59,114
Due from component units	-	-	-	-	-	16,165
Accrued interest receivable	-	15,553	208,862	414,027	5,405	842,738
Accounts receivable (net of allowance for uncollectibles where applicable)	11,265	5,030	-	7,188	-	306,325
Due from other funds	-	-	-	5,879,152	225,813	6,429,819
Inventories and supplies	111,823	-	-	-	-	448,852
Prepayments and other assets	57,202	75,151	492,887	3,105,081	-	5,725,042
Total current assets	<u>485,713</u>	<u>3,777,088</u>	<u>23,409,647</u>	<u>66,936,990</u>	<u>1,469,889</u>	<u>131,626,433</u>
Noncurrent assets						
Capital assets, at cost						
Land	-	-	-	-	-	130,000
Buildings and improvements	-	-	-	-	-	2,492,118
Equipment and vehicles	527,599	4,833,705	-	-	4,217,321	86,487,134
Infrastructure	-	-	-	-	-	3,169,683
Construction in progress	-	-	-	-	-	3,383,367
	<u>527,599</u>	<u>4,833,705</u>	<u>-</u>	<u>-</u>	<u>4,217,321</u>	<u>95,662,302</u>
Less: Accumulated depreciation	<u>413,605</u>	<u>3,224,607</u>	<u>-</u>	<u>-</u>	<u>1,501,319</u>	<u>66,592,279</u>
Capital assets, net	<u>113,994</u>	<u>1,609,098</u>	<u>-</u>	<u>-</u>	<u>2,716,002</u>	<u>29,070,023</u>
Total assets	<u>\$ 599,707</u>	<u>\$ 5,386,186</u>	<u>\$ 23,409,647</u>	<u>\$ 66,936,990</u>	<u>\$ 4,185,891</u>	<u>\$ 160,696,456</u>

(continued)

County of Oakland
Combining Statement of Net Assets (Continued)
Internal Service Funds
September 30, 2008

	Facilities Maintenance and Operations	Information Technology	Drain Equipment	Micrographics	Motor Pool	Office Equipment
Liabilities						
Current liabilities						
Vouchers payable	\$ 176,640	\$ 1,005,966	\$ 62,494	\$ 1,093	\$ 244,648	\$ 928
Accrued payroll	-	-	-	-	-	-
Due to other governmental units	-	-	-	-	-	-
Due to other funds	-	532,079	1,763,182	321,996	4,839	-
Deferred revenue	-	1,500	-	-	-	-
Current portion of compensated absences	-	-	-	-	-	-
Current portion of claims and judgments	-	-	-	-	-	-
Current portion of advances payable	-	-	12,883	-	-	-
Other accrued liabilities	236,739	1,122,225	258,390	-	45,841	15,477
Total current liabilities	<u>413,379</u>	<u>2,661,770</u>	<u>2,096,949</u>	<u>323,089</u>	<u>295,328</u>	<u>16,405</u>
Noncurrent liabilities						
Accrued compensated absences	-	-	-	-	-	-
Claims and judgments	-	-	-	-	-	-
Advances	-	-	154,596	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>154,596</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>413,379</u>	<u>2,661,770</u>	<u>2,251,545</u>	<u>323,089</u>	<u>295,328</u>	<u>16,405</u>
Net Assets						
Invested in capital assets	534,505	12,233,384	4,600,272	-	6,429,849	832,919
Unrestricted	9,305,448	18,256,427	(2,084,121)	-	1,747,631	2,360,205
Total net assets	<u>\$ 9,839,953</u>	<u>\$ 30,489,811</u>	<u>\$ 2,516,151</u>	<u>\$ -</u>	<u>\$ 8,177,480</u>	<u>\$ 3,193,124</u>

(continued)

County of Oakland
Combining Statement of Net Assets (Continued)
Internal Service Funds
September 30, 2008

	Mailing, Copier, and Printing	Telephone Communications	Building and Liability Insurance	Fringe Benefits	Sheriff Aviation	Totals September 30, 2008
Liabilities						
Current liabilities						
Vouchers payable	\$ 116,960	\$ 78,351	\$ 116,734	\$ 17,973,013	\$ 3,114	\$ 19,779,941
Accrued payroll	-	-	-	-	59,355	59,355
Due to other governmental units	-	-	-	300,169	-	300,169
Due to other funds	1,251	-	-	2,020,254	23,326	4,666,927
Deferred revenue	-	-	-	-	-	1,500
Current portion of compensated absences	-	-	-	1,242,445	-	1,242,445
Current portion of claims and judgments	-	-	1,176,052	2,396,627	-	3,572,679
Current portion of advances payable	-	-	-	-	437,500	450,383
Other accrued liabilities	16,194	70,994	18,399	5,321,546	10,996	7,116,801
Total current liabilities	<u>134,405</u>	<u>149,345</u>	<u>1,311,185</u>	<u>29,254,054</u>	<u>534,291</u>	<u>37,190,200</u>
Noncurrent liabilities						
Accrued compensated absences	-	-	-	11,182,003	-	11,182,003
Claims and judgments	-	-	3,984,781	13,093,479	-	17,078,260
Advances	-	-	-	-	400,000	554,596
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>3,984,781</u>	<u>24,275,482</u>	<u>400,000</u>	<u>28,814,859</u>
Total liabilities	<u>134,405</u>	<u>149,345</u>	<u>5,295,966</u>	<u>53,529,536</u>	<u>934,291</u>	<u>66,005,059</u>
Net Assets						
Invested in capital assets	113,994	1,609,098	-	-	2,716,002	29,070,023
Unrestricted	<u>351,308</u>	<u>3,627,743</u>	<u>18,113,681</u>	<u>13,407,454</u>	<u>535,598</u>	<u>65,621,374</u>
Total net assets	<u>\$ 465,302</u>	<u>\$ 5,236,841</u>	<u>\$ 18,113,681</u>	<u>\$ 13,407,454</u>	<u>\$ 3,251,600</u>	<u>\$ 94,691,397</u>

County of Oakland
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
Year Ended September 30, 2008

	Facilities Maintenance and Operations	Information Technology	Drain Equipment	Micrographics	Motor Pool	Office Equipment
Operating revenues						
Charges for services	\$ 26,135,959	\$ 25,578,472	\$ 4,224,335	\$ 592,258	\$ 8,120,079	\$ 660,163
Other	28,878	6,994	399	-	-	-
Total operating revenues	<u>26,164,837</u>	<u>25,585,466</u>	<u>4,224,734</u>	<u>592,258</u>	<u>8,120,079</u>	<u>660,163</u>
Operating expenses						
Salaries	7,904,131	9,915,361	549,268	340,145	731,665	-
Fringe benefits	4,499,948	5,119,234	257,398	203,101	463,685	-
Contractual services	11,207,145	12,681,841	359,685	277,702	1,443,918	291,100
Commodities	1,118,842	875,804	167,880	63,794	3,451,397	-
Depreciation	99,768	3,122,486	376,656	17,955	2,123,048	397,117
Internal services	944,889	1,494,201	2,307,703	56,651	436,557	758
Total operating expenses	<u>25,774,723</u>	<u>33,208,927</u>	<u>4,018,590</u>	<u>959,348</u>	<u>8,650,270</u>	<u>688,975</u>
Operating income (loss)	<u>390,114</u>	<u>(7,623,461)</u>	<u>206,144</u>	<u>(367,090)</u>	<u>(530,191)</u>	<u>(28,812)</u>
Nonoperating revenues (expenses)						
Interest revenue	545,826	883,242	(103,469)	(5,872)	56,946	92,250
Interest expense	-	-	(7,061)	-	-	-
Bonds maturing	-	-	-	-	-	-
Gain on sale of property and equipment	5,539	-	55,626	-	62,110	390
Net nonoperating revenues (expenses)	<u>551,365</u>	<u>883,242</u>	<u>(54,904)</u>	<u>(5,872)</u>	<u>119,056</u>	<u>92,640</u>
Income (loss) before transfers and contributions	<u>941,479</u>	<u>(6,740,219)</u>	<u>151,240</u>	<u>(372,962)</u>	<u>(411,135)</u>	<u>63,828</u>
Capital contributions	-	2,297,115	13,927	-	-	-
Transfers in	75,599	2,624,404	239,229	320,015	1,429,272	299,275
Transfers out	(1,085,463)	-	(267,225)	(60,671)	(15,000)	-
Change in net assets	<u>(68,385)</u>	<u>(1,818,700)</u>	<u>137,171</u>	<u>(113,618)</u>	<u>1,003,137</u>	<u>363,103</u>
Net assets						
October 1, 2007	<u>9,908,338</u>	<u>32,308,511</u>	<u>2,378,980</u>	<u>113,618</u>	<u>7,174,343</u>	<u>2,830,021</u>
September 30, 2008	<u>\$ 9,839,953</u>	<u>\$ 30,489,811</u>	<u>\$ 2,516,151</u>	<u>\$ -</u>	<u>\$ 8,177,480</u>	<u>\$ 3,193,124</u>

(continued)

County of Oakland
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets (Continued)
Internal Service Funds
Year Ended September 30, 2008

	Mailing, Copier, and Printing	Telephone Communications	Building and Liability Insurance	Fringe Benefits	Sheriff Aviation	Totals September 30, 2008
Operating revenues						
Charges for services	\$ 3,408,446	\$ 3,314,221	\$ 2,959,995	\$ 132,425,030	\$ 1,813,768	\$ 209,232,726
Other	-	-	283	-	-	36,554
Total operating revenues	<u>3,408,446</u>	<u>3,314,221</u>	<u>2,960,278</u>	<u>132,425,030</u>	<u>1,813,768</u>	<u>209,269,280</u>
Operating expenses						
Salaries	331,063	310,960	464,771	1,198,669	264,516	22,010,549
Fringe benefits	197,756	202,687	224,375	621,770	165,115	11,955,069
Contractual services	1,533,238	2,103,500	160,890	83,057,352	371,031	113,487,402
Commodities	1,142,446	123,758	61,121	13,686	122,807	7,141,535
Depreciation	18,324	338,961	-	-	251,030	6,745,345
Internal services	86,004	526,475	89,578	255,661	204,510	6,402,987
Total operating expenses	<u>3,308,831</u>	<u>3,606,341</u>	<u>1,000,735</u>	<u>85,147,138</u>	<u>1,379,009</u>	<u>167,742,887</u>
Operating income (loss)	<u>99,615</u>	<u>(292,120)</u>	<u>1,959,543</u>	<u>47,277,892</u>	<u>434,759</u>	<u>41,526,393</u>
Nonoperating revenues (expenses)						
Interest revenue	(2,181)	183,177	1,153,840	2,307,970	48,546	5,160,275
Interest expense	-	-	-	(42,160,909)	(45,805)	(42,213,775)
Bonds maturing	-	-	-	(20,765,000)	-	(20,765,000)
Gain on sale of property and equipment	-	-	-	-	-	123,665
Net nonoperating revenues (expenses)	<u>(2,181)</u>	<u>183,177</u>	<u>1,153,840</u>	<u>(60,617,939)</u>	<u>2,741</u>	<u>(57,694,835)</u>
Income (loss) before transfers and contributions	<u>97,434</u>	<u>(108,943)</u>	<u>3,113,383</u>	<u>(13,340,047)</u>	<u>437,500</u>	<u>(16,168,442)</u>
Capital contributions	-	-	-	-	-	2,311,042
Transfers in	-	150	-	-	-	4,987,944
Transfers out	-	-	-	(2,020,254)	-	(3,448,613)
Change in net assets	<u>97,434</u>	<u>(108,793)</u>	<u>3,113,383</u>	<u>(15,360,301)</u>	<u>437,500</u>	<u>(12,318,069)</u>
Net assets						
October 1, 2007	<u>367,868</u>	<u>5,345,634</u>	<u>15,000,298</u>	<u>28,767,755</u>	<u>2,814,100</u>	<u>107,009,466</u>
September 30, 2008	<u>\$ 465,302</u>	<u>\$ 5,236,841</u>	<u>\$ 18,113,681</u>	<u>\$ 13,407,454</u>	<u>\$ 3,251,600</u>	<u>\$ 94,691,397</u>

**County of Oakland
Combining Statement of Cash Flows
Internal Service Funds
Year Ended September 30, 2008**

	Facilities Maintenance and Operations	Information Technology	Drain Equipment	Micrographics	Motor Pool	Office Equipment
Cash flows from operating activities						
Cash received from users	\$ 26,155,699	\$ 25,631,259	\$ 4,202,030	\$ 592,792	\$ 8,121,509	\$ 660,163
Cash paid to suppliers	(17,840,967)	(19,900,114)	(3,336,584)	(253,749)	(5,674,354)	(361,113)
Cash paid to employees	(7,904,131)	(9,915,361)	(549,268)	(340,145)	(731,665)	-
Net cash provided by (used in) operating activities	<u>410,601</u>	<u>(4,184,216)</u>	<u>316,178</u>	<u>(1,102)</u>	<u>1,715,490</u>	<u>299,050</u>
Cash flows from noncapital financing activities						
Transfers from other funds	75,599	2,616,404	22,229	-	-	-
Transfers to other funds	(1,085,463)	-	(267,225)	-	(15,000)	-
Amounts received on contracts	-	-	-	-	-	-
Interest received on contracts	-	-	-	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>(1,009,864)</u>	<u>2,616,404</u>	<u>(244,996)</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>
Cash flows from capital and related financing activities						
Transfers from other funds	-	8,000	217,000	-	1,429,272	299,275
Proceeds from sale of capital assets	5,539	-	55,626	-	422,617	390
Acquisition of capital assets	(151,776)	(466,698)	(220,395)	-	(2,144,529)	(123,966)
Amount paid on advances and equipment contracts	-	-	(12,883)	-	-	-
Interest paid on advances and equipment contracts	-	-	(7,061)	-	-	-
Net cash provided by (used in) capital and related financing activities	<u>(146,237)</u>	<u>(458,698)</u>	<u>32,287</u>	<u>-</u>	<u>(292,640)</u>	<u>175,699</u>
Cash flows from investing activities						
Interest on investments	534,295	861,543	(103,469)	1,102	56,381	90,227
Net cash provided by (used in) investing activities	<u>534,295</u>	<u>861,543</u>	<u>(103,469)</u>	<u>1,102</u>	<u>56,381</u>	<u>90,227</u>
Net increase (decrease) in cash and cash equivalents	<u>(211,205)</u>	<u>(1,164,967)</u>	<u>-</u>	<u>-</u>	<u>1,464,231</u>	<u>564,976</u>
Pooled cash and investments						
October 1, 2007	9,664,498	19,934,238	-	-	369,941	1,731,863
September 30, 2008	<u>\$ 9,453,293</u>	<u>\$ 18,769,271</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,834,172</u>	<u>\$ 2,296,839</u>

(continued)

County of Oakland
Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended September 30, 2008

	Mailing, Copier and Printing	Telephone Communications	Building and Liability Insurance	Fringe Benefits	Sheriff Aviation	Totals September 30, 2008
Cash flows from operating activities						
Cash received from users	\$ 3,425,309	\$ 3,312,384	\$ 2,960,278	\$ 130,526,356	\$ 1,761,045	\$ 207,348,824
Cash paid to suppliers	(2,844,645)	(2,942,883)	(3,430,093)	(62,565,582)	(873,503)	(120,023,587)
Cash paid to employees	(331,063)	(310,960)	(464,771)	(1,198,669)	(247,800)	(21,993,833)
Net cash provided by (used in) operating activities	<u>249,601</u>	<u>58,541</u>	<u>(934,586)</u>	<u>66,762,105</u>	<u>639,742</u>	<u>65,331,404</u>
Cash flows from noncapital financing activities						
Transfers from other funds	-	-	-	-	-	2,714,232
Transfers to other funds	-	-	-	(2,020,254)	-	(3,387,942)
Principal paid on debt	-	-	-	(20,765,000)	-	(20,765,000)
Interest paid on debt	-	-	-	(42,160,909)	-	(42,160,909)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(64,946,163)</u>	<u>-</u>	<u>(63,599,619)</u>
Cash flows from capital and related financing activities						
Transfers from other funds	-	150	-	-	-	1,953,697
Proceeds from sale of capital assets	-	-	-	-	-	484,172
Acquisition of capital assets	-	(61,146)	-	-	(139,480)	(3,307,990)
Amount paid on advances and equipment contracts	-	-	-	-	(437,500)	(450,383)
Interest paid on advances and equipment contracts	-	-	-	-	(45,805)	(52,866)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>(60,996)</u>	<u>-</u>	<u>-</u>	<u>(622,785)</u>	<u>(1,373,370)</u>
Cash flows from investing activities						
Interest on investments	(2,181)	178,868	1,124,637	2,199,156	44,829	4,985,388
Net cash provided by (used in) investing activities	<u>(2,181)</u>	<u>178,868</u>	<u>1,124,637</u>	<u>2,199,156</u>	<u>44,829</u>	<u>4,985,388</u>
Net increase (decrease) in cash and cash equivalents	247,420	176,413	190,051	4,015,098	61,786	5,343,803
Pooled cash and investments						
October 1, 2007	40,667	3,502,877	22,517,847	53,515,759	1,176,885	112,454,575
September 30, 2008	<u>\$ 288,087</u>	<u>\$ 3,679,290</u>	<u>\$ 22,707,898</u>	<u>\$ 57,530,857</u>	<u>\$ 1,238,671</u>	<u>\$ 117,798,378</u>

(continued)

County of Oakland
Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended September 30, 2008

	Facilities Maintenance and Operations	Information Technology	Drain Equipment	Micrographics	Motor Pool	Office Equipment
Operating income (loss)	\$ 390,114	\$ (7,623,461)	\$ 206,144	\$ (367,090)	\$ (530,191)	\$ (28,812)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation expense	99,768	3,122,486	376,656	17,955	2,123,048	397,117
(Increase) decrease in due from other governmental units	-	3,949	(2,114)	-	1,905	-
(Increase) decrease in due from component units	8,491	(1,167)	42,261	84	-	-
(Increase) decrease in accounts receivable	(17,629)	42,967	(58,012)	450	(475)	-
(Increase) decrease in due from other funds	-	-	(4,839)	-	-	-
(Increase) decrease in inventories and supplies	(19,073)	3,085	-	-	(33,180)	-
(Increase) decrease in prepayments and other assets	855	(182,716)	-	81,648	(26,496)	(61,200)
Increase (decrease) in vouchers payable	105,216	415,192	51,711	1,093	133,004	(560)
Increase (decrease) in accrued payroll	-	-	-	-	-	-
Increase (decrease) in due to other governmental units	-	-	-	-	-	-
Increase (decrease) in due to other funds	-	494,077	(290,031)	264,758	4,839	-
Increase (decrease) in deferred revenue	-	(3,240)	-	-	-	-
Increase (decrease) in current portion of compensated absences	-	-	-	-	-	-
Increase (decrease) in current portion claims and judgments	-	-	-	-	-	-
Increase (decrease) in other accrued liabilities	(157,141)	(455,388)	(5,598)	-	43,036	(7,495)
Increase (decrease) in accrued compensated absences	-	-	-	-	-	-
Increase (decrease) in claims and judgments	-	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 410,601</u>	<u>\$ (4,184,216)</u>	<u>\$ 316,178</u>	<u>\$ (1,102)</u>	<u>\$ 1,715,490</u>	<u>\$ 299,050</u>

(continued)

County of Oakland
Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended September 30, 2008

	Mailing, Copier, and Printing	Telephone Communications	Building and Liability Insurance	Fringe Benefits	Sheriff Aviation	Totals September 30, 2008
Operating income (loss)	\$ 99,615	\$ (292,120)	\$ 1,959,543	\$ 47,277,892	\$ 434,759	\$ 41,526,393
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation expense	18,324	338,961	-	-	251,030	6,745,345
(Increase) decrease in due from other governmental units	10,295	(1,324)	-	(685)	-	12,026
(Increase) decrease in due from component units	-	-	-	-	-	49,669
(Increase) decrease in accounts receivable	6,568	(513)	-	(7,188)	-	(33,832)
(Increase) decrease in due from other funds	-	-	-	(1,890,801)	(52,723)	(1,948,363)
(Increase) decrease in inventories and supplies	71,690	-	-	-	-	22,522
(Increase) decrease in prepayments and other assets	(35,200)	(36,550)	(7,640)	8,008,882	-	7,741,583
Increase (decrease) in vouchers payable	77,994	4,790	21,771	11,405,242	1,578	12,217,031
Increase (decrease) in accrued payroll	-	-	-	-	16,716	16,716
Increase (decrease) in due to other governmental units	-	-	-	(83,497)	-	(83,497)
Increase (decrease) in due to other funds	980	(150)	-	2,020,254	7,336	2,502,063
Increase (decrease) in deferred revenue	-	-	-	-	-	(3,240)
Increase (decrease) in current portion of compensated absences	-	-	-	(89,394)	-	(89,394)
Increase (decrease) in current portion claims and judgments	-	-	(1,013,102)	321,308	-	(691,794)
Increase (decrease) in other accrued liabilities	(665)	45,447	17,135	516,651	(18,954)	(22,972)
Increase (decrease) in accrued compensated absences	-	-	-	(804,547)	-	(804,547)
Increase (decrease) in claims and judgments	-	-	(1,912,293)	87,988	-	(1,824,305)
Net cash provided by (used in) operating activities	<u>\$ 249,601</u>	<u>\$ 58,541</u>	<u>\$ (934,586)</u>	<u>\$ 66,762,105</u>	<u>\$ 639,742</u>	<u>\$ 65,331,404</u>

Noncash transactions

Non-cash capital and related financing activities included \$2,297,115 of capital assets contributed (including \$2,262,115 transferred from the CLEMIS fund (Enterprise Fund) in the Information Technology fund, \$13,927 of capital assets contributed in the Drain Equipment fund, and transfer of \$60,671 of capital assets to the general government in the Micrographics fund.

Non-cash and non-capital related financing activities include Transfers from other funds of \$320,015 included in Due from Other Funds asset in the Micrographics fund.

County of Oakland Non-Major Enterprise Funds

Enterprise Funds

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

The 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 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 Farmers Market Fund - is used to account for the operations of the Oakland County Farmer's Market located in Waterford. Operations of this fund were absorbed into the Facilities Maintenance & Operations Fund (Internal Service fund type) in fiscal year 2008.

The County Airports Fund - 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.

The Evergreen-Farmington 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 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. (Sewage Disposal System) 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 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, 2008**

	Fire Records Management	CLEMIS	Radio Communications	Farmers Market	County Airports
Assets					
Current assets					
Pooled cash and investments	\$ 236,542	\$ 747,988	\$ 25,941,276	\$ -	\$ 15,806,432
Due from other governmental units	46,190	860,743	109,835	-	275
Due from component units	-	-	-	-	-
Accrued interest receivable	1,592	29,087	144,634	-	127,694
Accounts receivable (net of allowances for uncollectibles where applicable)	3,875	33,683	537,345	-	357,901
Due from other funds	-	237,142	-	-	-
Current portion of contracts receivable	-	733	-	-	1,641,681
Inventories and supplies	-	17,902	594,758	-	-
Prepayments and other assets	14,967	439,172	104,984	-	87,958
Total current assets	<u>303,166</u>	<u>2,366,450</u>	<u>27,432,832</u>	<u>-</u>	<u>18,021,941</u>
Noncurrent assets					
Capital assets, at cost					
Land and collectibles	-	-	-	-	29,868,329
Land improvements	-	-	-	-	23,884,410
Buildings and improvements	-	-	-	-	24,369,576
Equipment and vehicles	533,989	31,203,660	11,047,802	-	2,006,775
Infrastructure	-	-	-	-	87,599
Construction in progress	-	1,788,655	25,210,946	-	2,090,715
	<u>533,989</u>	<u>32,992,315</u>	<u>36,258,748</u>	<u>-</u>	<u>82,307,404</u>
Less: Accumulated depreciation	<u>526,372</u>	<u>25,120,405</u>	<u>11,021,555</u>	<u>-</u>	<u>24,278,840</u>
Capital assets, net	<u>7,617</u>	<u>7,871,910</u>	<u>25,237,193</u>	<u>-</u>	<u>58,028,564</u>
Total assets	<u>310,783</u>	<u>10,238,360</u>	<u>52,670,025</u>	<u>-</u>	<u>76,050,505</u>
Liabilities					
Current liabilities					
Vouchers payable	-	71,977	109,693	-	22,758
Due to other governmental units	-	-	-	-	-
Due to other funds	-	-	37,573	-	-
Deferred revenue	-	318,975	-	-	1,515,433
Capital lease obligation	-	-	-	-	255,000
Other accrued liabilities	-	390,819	186,890	-	519,364
Total current liabilities	<u>-</u>	<u>781,771</u>	<u>334,156</u>	<u>-</u>	<u>2,312,555</u>
Noncurrent liabilities					
Capital lease obligations	-	-	-	-	5,450,000
Total liabilities	<u>-</u>	<u>781,771</u>	<u>334,156</u>	<u>-</u>	<u>7,762,555</u>
Net Assets					
Invested in capital assets, net of related debt	7,617	7,871,910	25,237,193	-	52,323,564
Restricted for programs	-	-	-	-	58,839
Unrestricted	303,166	1,584,679	27,098,676	-	15,905,547
Total net assets	<u>\$ 310,783</u>	<u>\$ 9,456,589</u>	<u>\$ 52,335,869</u>	<u>\$ -</u>	<u>\$ 68,287,950</u>

(continued)

County of Oakland
Combining Statement of Net Assets (Continued)
Non-Major Enterprise Funds
September 30, 2008

	Evergreen- Farmington S.D.S.	Clinton- Oakland S.D.S.	Huron- Rouge S.D.S.	Jail Inmate Commissary	Totals September 30, 2008
Assets					
Current assets					
Pooled cash and investments	\$ 20,263,982	\$ 19,971,682	\$ 4,292,130	\$ -	\$ 87,260,032
Due from other governmental units	6,482,385	6,292,047	1,513,030	-	15,304,505
Due from component units	133,483	-	-	-	133,483
Accrued interest receivable	222,899	176,407	25,286	-	727,599
Accounts receivable (net of allowances for uncollectibles where applicable)	-	-	400	110,361	1,043,565
Due from other funds	-	129,395	-	-	366,537
Current portion of contracts receivable	-	-	-	-	1,642,414
Inventories and supplies	-	-	-	60,790	673,450
Prepayments and other assets	-	-	-	20,000	667,081
Total current assets	<u>27,102,749</u>	<u>26,569,531</u>	<u>5,830,846</u>	<u>191,151</u>	<u>107,818,666</u>
Noncurrent assets					
Capital assets, at cost					
Land and collectibles	27,681	25,725	19,749	-	29,941,484
Land improvements	-	-	-	-	23,884,410
Buildings and improvements	13,851,751	734,721	348,504	45,990	39,350,542
Equipment and vehicles	37,596	7,047	-	-	44,836,869
Infrastructure	25,784,033	36,799,208	2,962,297	-	65,633,137
Construction in progress	-	-	-	-	29,090,316
	<u>39,701,061</u>	<u>37,566,701</u>	<u>3,330,550</u>	<u>45,990</u>	<u>232,736,758</u>
Less: Accumulated depreciation	<u>21,698,476</u>	<u>21,822,644</u>	<u>2,316,156</u>	<u>1,916</u>	<u>106,786,364</u>
Capital assets, net	<u>18,002,585</u>	<u>15,744,057</u>	<u>1,014,394</u>	<u>44,074</u>	<u>125,950,394</u>
Total assets	<u>45,105,334</u>	<u>42,313,588</u>	<u>6,845,240</u>	<u>235,225</u>	<u>233,769,060</u>
Liabilities					
Current liabilities					
Vouchers payable	137,141	57,575	-	61,002	460,146
Due to other governmental units	6,045,041	3,123,465	1,097,591	-	10,266,097
Due to other funds	-	123,489	-	38,227	199,289
Deferred revenue	-	-	-	-	1,834,408
Capital lease obligation	-	-	-	-	255,000
Other accrued liabilities	426,796	123,596	4	16,336	1,663,805
Total current liabilities	<u>6,608,978</u>	<u>3,428,125</u>	<u>1,097,595</u>	<u>115,565</u>	<u>14,678,745</u>
Noncurrent liabilities					
Capital lease obligations	-	-	-	-	5,450,000
Total liabilities	<u>6,608,978</u>	<u>3,428,125</u>	<u>1,097,595</u>	<u>115,565</u>	<u>20,128,745</u>
Net Assets					
Invested in capital assets, net of related debt	18,002,585	15,744,057	1,014,394	44,074	120,245,394
Restricted for programs	-	-	-	-	58,839
Unrestricted	20,493,771	23,141,406	4,733,251	75,586	93,336,082
Total net assets	<u>\$ 38,496,356</u>	<u>\$ 38,885,463</u>	<u>\$ 5,747,645</u>	<u>\$ 119,660</u>	<u>\$ 213,640,315</u>

County of Oakland
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Non-Major Enterprise Funds
Year Ended September 30, 2008

	Fire Records Management	CLEMIS	Radio Communications	Farmers Market	County Airports
Operating revenues					
Charges for services	\$ 198,778	\$ 3,904,164	\$ 5,147,343	\$ -	\$ 4,853,190
Other	-	-	54,865	-	42,933
Total operating revenues	<u>198,778</u>	<u>3,904,164</u>	<u>5,202,208</u>	<u>-</u>	<u>4,896,123</u>
Operating expenses					
Salaries	223,131	1,106,938	563,655	-	1,178,825
Fringe benefits	138,616	565,333	304,428	-	641,828
Contractual services	153,275	2,990,108	1,255,449	-	1,890,485
Commodities	7,686	67,279	465,675	-	114,015
Depreciation	5,376	3,009,519	7,887	-	1,812,090
Internal services	68,354	900,000	790,888	-	255,106
Total operating expenses	<u>596,438</u>	<u>8,639,177</u>	<u>3,387,982</u>	<u>-</u>	<u>5,892,349</u>
Operating income (loss)	<u>(397,660)</u>	<u>(4,735,013)</u>	<u>1,814,226</u>	<u>-</u>	<u>(996,226)</u>
Nonoperating revenues (expenses)					
Interest revenue	8,250	65,430	1,252,869	-	807,332
Interest expense	-	-	-	-	(237,099)
Gain (loss) on sale of property and equipment	-	(2,262,115)	-	-	(477,799)
Net nonoperating revenues (expenses)	<u>8,250</u>	<u>(2,196,685)</u>	<u>1,252,869</u>	<u>-</u>	<u>92,434</u>
Income (loss) before contributions and transfers	(389,410)	(6,931,698)	3,067,095	-	(903,792)
Capital contributions	-	3,599,133	-	-	95,525
Transfers in	420,795	1,590,131	183,687	1,769	784,839
Transfers out	-	-	(200,000)	-	-
Change in net assets	<u>31,385</u>	<u>(1,742,434)</u>	<u>3,050,782</u>	<u>1,769</u>	<u>(23,428)</u>
Net assets					
October 1, 2007	<u>279,398</u>	<u>11,199,023</u>	<u>49,285,087</u>	<u>(1,769)</u>	<u>68,311,378</u>
September 30, 2008	<u>\$ 310,783</u>	<u>\$ 9,456,589</u>	<u>\$ 52,335,869</u>	<u>\$ -</u>	<u>\$ 68,287,950</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, 2008

	Evergreen- Farmington S.D.S.	Clinton- Oakland S.D.S.	Huron- Rouge S.D.S.	Jail Inmate Commissary	Totals September 30, 2008
Operating revenues					
Charges for services	\$ 27,631,911	\$ 23,515,998	\$ 3,820,294	\$ 1,403,706	\$ 70,475,384
Other	45,125	194,381	-	-	337,304
Total operating revenues	<u>27,677,036</u>	<u>23,710,379</u>	<u>3,820,294</u>	<u>1,403,706</u>	<u>70,812,688</u>
Operating expenses					
Salaries	679,915	457,861	56,748	325,492	4,592,565
Fringe benefits	332,926	222,985	27,879	183,753	2,417,748
Contractual services	29,456,900	21,535,047	3,622,762	106,542	61,010,568
Commodities	203,417	95,966	687	808,349	1,763,074
Depreciation	630,296	750,679	66,217	1,916	6,283,980
Internal services	297,778	207,738	18,303	13,146	2,551,313
Total operating expenses	<u>31,601,232</u>	<u>23,270,276</u>	<u>3,792,596</u>	<u>1,439,198</u>	<u>78,619,248</u>
Operating income (loss)	<u>(3,924,196)</u>	<u>440,103</u>	<u>27,698</u>	<u>(35,492)</u>	<u>(7,806,560)</u>
Nonoperating revenues (expenses)					
Interest revenue	954,867	951,933	206,955	11,032	4,258,668
Interest expense	-	-	-	-	(237,099)
Gain (loss) on sale of property and equipment	-	-	-	-	(2,739,914)
Net nonoperating revenues (expenses)	<u>954,867</u>	<u>951,933</u>	<u>206,955</u>	<u>11,032</u>	<u>1,281,655</u>
Income (loss) before contributions and transfers	(2,969,329)	1,392,036	234,653	(24,460)	(6,524,905)
Capital contributions	233,497	-	-	-	3,928,155
Transfers in	1,883,903	-	-	-	4,865,124
Transfers out	(21,700)	(21,700)	(4,340)	-	(247,740)
Change in net assets	<u>(873,629)</u>	<u>1,370,336</u>	<u>230,313</u>	<u>(24,460)</u>	<u>2,020,634</u>
Net assets					
October 1, 2007	<u>39,369,985</u>	<u>37,515,127</u>	<u>5,517,332</u>	<u>144,120</u>	<u>211,619,681</u>
September 30, 2008	<u>\$ 38,496,356</u>	<u>\$ 38,885,463</u>	<u>\$ 5,747,645</u>	<u>\$ 119,660</u>	<u>\$ 213,640,315</u>

County of Oakland
Combining Statement of Cash Flows
Non-Major Enterprise Funds
Year Ended September 30, 2008

	Fire Records Management	CLEMIS	Radio Communications	Farmers Market	County Airports
Cash flows from operating activities					
Cash received from users	\$ 189,012	\$ 3,622,329	\$ 5,181,255	\$ 26,397	\$ 5,031,837
Cash paid to suppliers	(365,938)	(4,548,952)	(2,638,719)	(28,166)	(2,894,479)
Cash paid to employees	(223,131)	(1,106,938)	(563,655)	-	(1,178,825)
Net cash provided by (used in) operating activities	(400,057)	(2,033,561)	1,978,881	(1,769)	958,533
Cash flows from noncapital financing activities					
Transfers from other funds	420,795	1,590,131	183,687	1,769	-
Transfers to other funds	-	-	(200,000)	-	-
Net cash provided by (used in) noncapital financing activities	420,795	1,590,131	(16,313)	1,769	-
Cash flows from capital and related financing activities					
Transfers from other funds	-	-	-	-	784,839
Acquisition of capital assets	-	(831,392)	(452,794)	-	(862,084)
Payments on capital lease obligations	-	-	-	-	(250,000)
Interest and fees paid on capital lease obligations	-	-	-	-	(237,099)
Net cash used in capital and related financing activities	-	(831,392)	(452,794)	-	(564,344)
Cash flows from investing activities					
Interest on investments	7,926	60,243	1,225,997	-	787,392
Net cash provided by investing activities	7,926	60,243	1,225,997	-	787,392
Net increase (decrease) in cash and cash equivalents	28,664	(1,214,579)	2,735,771	-	1,181,581
Pooled cash and investments					
October 1, 2007	207,878	1,962,567	23,205,505	-	14,624,851
September 30, 2008	\$ 236,542	\$ 747,988	\$ 25,941,276	\$ -	\$ 15,806,432

(continued)

County of Oakland
Combining Statement of Cash Flows (Continued)
Non-Major Enterprise Funds
Year Ended September 30, 2008

	Evergreen- Farmington S.D.S.	Clinton- Oakland S.D.S.	Huron- Rouge S.D.S.	Jail Inmate Commissary	Totals September 30, 2008
Cash flows from operating activities					
Cash received from users	\$ 28,928,550	\$ 21,563,141	\$ 4,548,460	\$ 1,433,413	\$ 70,524,394
Cash paid to suppliers	(28,476,007)	(22,637,851)	(4,231,040)	(1,083,521)	(66,904,673)
Cash paid to employees	(679,915)	(457,861)	(56,748)	(325,492)	(4,592,565)
Net cash provided by (used in) operating activities	<u>(227,372)</u>	<u>(1,532,571)</u>	<u>260,672</u>	<u>24,400</u>	<u>(972,844)</u>
Cash flows from noncapital financing activities					
Transfers from other funds	1,883,903	-	-	-	4,080,285
Transfers to other funds	(21,700)	(21,700)	(4,340)	-	(247,740)
Net cash provided by (used in) noncapital financing activities	<u>1,862,203</u>	<u>(21,700)</u>	<u>(4,340)</u>	<u>-</u>	<u>3,832,545</u>
Cash flows from capital and related financing activities					
Transfers from other funds	-	-	-	-	784,839
Acquisition of capital assets	-	-	-	(45,990)	(2,192,260)
Payments on capital lease obligations	-	-	-	-	(250,000)
Interest and fees paid on capital lease obligations	-	-	-	-	(237,099)
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,990)</u>	<u>(1,894,520)</u>
Cash flows from investing activities					
Interest on investments	904,553	925,694	202,458	11,032	4,125,295
Net cash provided by investing activities	<u>904,553</u>	<u>925,694</u>	<u>202,458</u>	<u>11,032</u>	<u>4,125,295</u>
Net increase (decrease) in cash and cash equivalents	2,539,384	(628,577)	458,790	(10,558)	5,090,476
Pooled cash and investments					
October 1, 2007	17,724,598	20,600,259	3,833,340	10,558	82,169,556
September 30, 2008	<u>\$ 20,263,982</u>	<u>\$ 19,971,682</u>	<u>\$ 4,292,130</u>	<u>\$ -</u>	<u>\$ 87,260,032</u>

(continued)

County of Oakland
Combining Statement of Cash Flows (Continued)
Non-Major Enterprise Funds
Year Ended September 30, 2008

	Fire Records Management	CLEMIS	Radio Communications	Farmers Market	County Airports
Operating income (loss)	\$ (397,660)	\$ (4,735,013)	\$ 1,814,226	\$ -	\$ (996,226)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation expense	5,376	3,009,519	7,887	-	1,812,090
(Increase) decrease in due from other governmental units	(7,019)	(69,645)	(6,140)	-	72,041
(Increase) decrease in due from component units	-	-	-	-	-
(Increase) decrease in accounts receivable	(2,747)	(10,509)	(14,813)	-	52,223
(Increase) decrease in due from other funds	-	(198,064)	-	26,397	-
(Increase) decrease in contracts receivable	-	-	-	-	11,450
(Increase) decrease in inventories and supplies	-	63,771	36,059	-	-
(Increase) decrease in prepayments and other assets	3,515	(111,167)	(2,791)	-	42,538
Increase (decrease) in vouchers payable	(922)	30,945	69,741	-	920
Increase (decrease) in due to other governmental units	-	-	-	-	(42,932)
Increase (decrease) in due to other funds	-	-	37,573	(28,166)	-
Increase (decrease) in deferred revenue	-	(3,617)	-	-	-
Increase (decrease) in other accrued liabilities	(600)	(9,781)	37,139	-	6,429
Net cash provided by (used in) operating activities	<u>\$ (400,057)</u>	<u>\$ (2,033,561)</u>	<u>\$ 1,978,881</u>	<u>\$ (1,769)</u>	<u>\$ 958,533</u>

(continued)

County of Oakland
Combining Statement of Cash Flows (Continued)
Non-Major Enterprise Funds
Year Ended September 30, 2008

	Evergreen- Farmington S.D.S.	Clinton- Oakland S.D.S.	Huron- Rouge S.D.S.	Jail Inmate Commissary	Totals September 30, 2008
Operating income (loss)	\$ (3,924,196)	\$ 440,103	\$ 27,698	\$ (35,492)	\$ (7,806,560)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation expense	630,296	750,679	66,217	1,916	6,283,980
(Increase) decrease in due from other governmental units	872,522	(2,038,403)	726,510	-	(450,134)
(Increase) decrease in due from component units	358,431	-	-	-	358,431
(Increase) decrease in accounts receivable	-	-	(400)	29,707	53,461
(Increase) decrease in due from other funds	20,561	(108,835)	2,056	-	(257,885)
(Increase) decrease in contracts receivable	-	-	-	-	11,450
(Increase) decrease in inventories and supplies	-	-	-	(30,731)	69,099
(Increase) decrease in prepayments and other assets	-	-	-	(20,000)	(87,905)
Increase (decrease) in vouchers payable	(121,192)	(156,941)	-	41,082	(136,367)
Increase (decrease) in due to other governmental units	1,576,153	(614,468)	(561,411)	-	357,342
Increase (decrease) in due to other funds	-	123,489	-	38,162	171,058
Increase (decrease) in deferred revenue	-	-	-	-	(3,617)
Increase (decrease) in other accrued liabilities	360,053	71,805	2	(244)	464,803
Net cash provided by (used in) operating activities	<u>\$ (227,372)</u>	<u>\$ (1,532,571)</u>	<u>\$ 260,672</u>	<u>\$ 24,400</u>	<u>\$ (972,844)</u>

Noncash transactions

Noncash and capital related financing activities included \$3,599,133 of capital assets contributed, and write-off of \$2,262,115 of capital assets (CIP) transferred to the Information Technology (Internal Service) fund in the CLEMIS fund; write-off of \$98,510 in fully depreciated capital assets in the Radio Communications fund; write-off of \$477,799 of capital assets (CIP), and \$95,525 of capital assets contributed in the County Airports fund; \$233,497 of capital assets contributed in the Evergreen-Farmington SDS fund..

Noncash and non-capital related financing activities included recording of Contracts Receivable and Deferred Revenue of \$733 and \$1,515,433 in the CLEMIS fund and County Airports fund, respectively.

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

Pension Trust Funds

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

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

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

County of Oakland
Combining Statement of Fiduciary Net Assets
Pension (and Other Postemployment Benefits) Trust Funds
September 30, 2008

	Oakland County Employees' Retirement	VEBA Trust	Totals September 30, 2008
Assets			
Cash and cash equivalents	\$ 4,102,723	\$ 647,512	\$ 4,750,235
Investments, at fair value:			
Common stock	356,969,591	195,803,079	552,772,670
Government securities	40,449,721	30,689,011	71,138,732
Corporate bonds	83,081,185	46,072,912	129,154,097
Municipal bonds	1,103,949	738,580	1,842,529
Commingled	22,413,638	11,748,575	34,162,213
Limited partnerships	26,541,104	13,797,135	40,338,239
Asset-backed fixed income	16,007,937	7,626,287	23,634,224
CMO/REMIC investments	13,367,067	6,285,109	19,652,176
Mortgage-backed securities	30,095,631	16,650,527	46,746,158
Short-term investments	2,414,811	752,825	3,167,636
Commercial mortgage-backed securities	30,205,238	15,262,833	45,468,071
Money market funds	31,275,548	13,349,851	44,625,399
International common stock	16,531,400	8,733,950	25,265,350
Equity REIT	8,736,338	4,423,312	13,159,650
Other	6,383,622	5,241,561	11,625,183
Total investments	<u>685,576,780</u>	<u>377,175,547</u>	<u>1,062,752,327</u>
Receivables - interest and dividends	3,193,482	1,652,967	4,846,449
Receivables - other	6,048	3,470	9,518
Prepaid expenses	-	104,900	104,900
Total assets	<u>692,879,033</u>	<u>379,584,396</u>	<u>1,072,463,429</u>
Liabilities			
Vouchers payable	417,964	356,320	774,284
Other accrued liabilities	169,440	831,713	1,001,153
Total liabilities	<u>587,404</u>	<u>1,188,033</u>	<u>1,775,437</u>
Net assets			
Held in trust for employees' pension and other postemployment healthcare benefits	<u>\$ 692,291,629</u>	<u>\$ 378,396,363</u>	<u>\$ 1,070,687,992</u>

County of Oakland
Combining Statement of Changes in Fiduciary Net Assets
Pension (and Other Postemployment Benefits) Trust Funds
Year Ended September 30, 2008

	Oakland County Employees' Retirement	VEBA Trust	Totals September 30, 2008
Additions			
Contributions			
Employer	\$ -	\$ 60,200,684	\$ 60,200,684
Plan members	940,823	62,265	1,003,088
Total contributions	<u>940,823</u>	<u>60,262,949</u>	<u>61,203,772</u>
Investment income	(107,555,950)	(54,050,563)	(161,606,513)
Other revenue	1,166,265	1,121,224	2,287,489
Total additions (decreases)	<u>(105,448,862)</u>	<u>7,333,610</u>	<u>(98,115,252)</u>
Deductions			
Benefits	33,299,613	19,955,983	53,255,596
Retirement incentive	5,606,085	-	5,606,085
Administrative expenses	3,142,419	-	3,142,419
Total deductions	<u>42,048,117</u>	<u>19,955,983</u>	<u>62,004,100</u>
Net decrease	(147,496,979)	(12,622,373)	(160,119,352)
Net assets held in trust for employees' pension and other postemployment healthcare benefits			
October 1, 2007	<u>839,788,608</u>	<u>391,018,736</u>	<u>1,230,807,344</u>
September 30, 2008	<u>\$ 692,291,629</u>	<u>\$ 378,396,363</u>	<u>\$ 1,070,687,992</u>

County of Oakland Investment Trust Funds

Investment Trust Funds

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

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

County of Oakland
Statement of Fiduciary Net Assets
Investment Trust Funds
September 30, 2008

	Local Government Investment Pool
Assets	
Cash and cash equivalents	\$ 31,279,091
Receivables - interest and dividends	<u>2,677</u>
Total assets	<u>\$ 31,281,768</u>
Net assets	
Held in trust for investment pool participants	<u>\$ 31,281,768</u>

County of Oakland
Statement of Changes in Fiduciary Net Assets
Investment Trust Funds
Year Ended September 30, 2008

	Local Government Investment Pool
Additions	
Contributions from pool participants	\$ 24,341,867
Investment income	850,399
Total additions	<u>25,192,266</u>
Deductions	
Distribution to pool participants	<u>5,339,591</u>
Net increase	19,852,675
Net assets held in trust for pool participants	
October 1, 2007	<u>11,429,093</u>
September 30, 2008	<u>\$ 31,281,768</u>

County of Oakland

Agency Funds

Agency Funds

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

The 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 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, 2008

	District Court Investments	Undistributed Taxes	Register of Deeds Trust	Sheriff NET Forfeiture	Circuit Court Trust	Escheats Trust	Legatee Trust
Assets							
Pooled cash and investments	\$ 200,000	\$ 294,356,143	\$ 30,365	\$ 1,455,024	\$ 9,009,686	\$ 337,469	\$ 357,700
Cash and cash equivalents	-	-	-	-	-	-	-
Accrued interest receivable	-	-	-	22,980	182,621	-	2,920
Total assets	<u>200,000</u>	<u>294,356,143</u>	<u>30,365</u>	<u>1,478,004</u>	<u>9,192,307</u>	<u>337,469</u>	<u>360,620</u>
Liabilities							
Vouchers payable	-	-	-	-	3,220	-	-
Due to other governmental units	-	294,356,143	-	-	-	337,469	-
Other accrued liabilities	<u>200,000</u>	<u>-</u>	<u>30,365</u>	<u>1,478,004</u>	<u>9,189,087</u>	<u>-</u>	<u>360,620</u>
Total liabilities	<u>200,000</u>	<u>294,356,143</u>	<u>30,365</u>	<u>1,478,004</u>	<u>9,192,307</u>	<u>337,469</u>	<u>360,620</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, 2008

	Special Trust	Contractor's Retainage	Public Library Trust	District Court Trust Accounts	Jail Inmate Trust Account	Totals September 30, 2008
Assets						
Pooled cash and investments	\$ 1,005,233	\$ 1,413,675	\$ 495,304	\$ -	\$ -	\$ 308,660,599
Cash and cash equivalents	-	-	-	334,307	381,664	715,971
Accrued interest receivable	14,495	29,661	13,726	-	-	266,403
Total assets	<u>1,019,728</u>	<u>1,443,336</u>	<u>509,030</u>	<u>334,307</u>	<u>381,664</u>	<u>309,642,973</u>
Liabilities						
Vouchers payable	-	-	-	-	-	3,220
Due to other governmental units	-	-	-	-	-	294,693,612
Other accrued liabilities	1,019,728	1,443,336	509,030	334,307	381,664	14,946,141
Total liabilities	<u>1,019,728</u>	<u>1,443,336</u>	<u>509,030</u>	<u>334,307</u>	<u>381,664</u>	<u>309,642,973</u>
Net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

County of Oakland
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended September 30, 2008

	Balance October 1, 2007	Additions	Deductions	Balance September 30, 2008
District Court Investments				
Assets				
Pooled cash and investments	\$ 300,000	\$ 12,367	\$ 112,367	\$ 200,000
Accrued interest receivable	-	2,745	2,745	-
Total	<u>\$ 300,000</u>	<u>\$ 15,112</u>	<u>\$ 115,112</u>	<u>\$ 200,000</u>
Liabilities				
Vouchers payable	\$ -	\$ 100,000	\$ 100,000	\$ -
Other accrued liabilities	300,000	14,942	114,942	200,000
Total	<u>\$ 300,000</u>	<u>\$ 114,942</u>	<u>\$ 214,942</u>	<u>\$ 200,000</u>
Undistributed Taxes				
Assets				
Pooled cash and investments	\$ 291,030,904	\$ 985,517,462	\$ 982,192,223	\$ 294,356,143
Liabilities				
Vouchers payable	\$ 87,582,991	\$ 595,613,896	\$ 683,196,887	\$ -
Due to other governmental units	203,447,913	996,610,934	905,702,704	294,356,143
Due to other funds	-	53,532,328	53,532,328	-
Total	<u>\$ 291,030,904</u>	<u>\$ 1,645,757,158</u>	<u>\$ 1,642,431,919</u>	<u>\$ 294,356,143</u>
Register of Deeds Trust				
Assets				
Pooled cash and investments	\$ 75,365	\$ 31,966	\$ 76,966	\$ 30,365
Liabilities				
Vouchers payable	\$ -	\$ 76,966	\$ 76,966	\$ -
Other accrued liabilities	75,365	31,966	76,966	30,365
Total	<u>\$ 75,365</u>	<u>\$ 108,932</u>	<u>\$ 153,932</u>	<u>\$ 30,365</u>
Sheriff NET Forfeiture				
Assets				
Pooled cash and investments	\$ 1,670,210	\$ 1,604,436	\$ 1,819,622	\$ 1,455,024
Accrued interest receivable	21,049	5,918	3,987	22,980
Total	<u>\$ 1,691,259</u>	<u>\$ 1,610,354</u>	<u>\$ 1,823,609</u>	<u>\$ 1,478,004</u>
Liabilities				
Vouchers payable	\$ -	\$ 1,024,561	\$ 1,024,561	\$ -
Other accrued liabilities	1,691,259	1,610,615	1,823,870	1,478,004
Total	<u>\$ 1,691,259</u>	<u>\$ 2,635,176</u>	<u>\$ 2,848,431</u>	<u>\$ 1,478,004</u>

(continued)

County of Oakland
Combining Statement of Changes in Assets and Liabilities (Continued)
Agency Funds
Year Ended September 30, 2008

	Balance October 1, 2007	Additions	Deductions	Balance September 30, 2008
Circuit Court Trust				
Assets				
Pooled cash and investments	\$ 11,213,501	\$ 10,872,164	\$ 13,075,979	\$ 9,009,686
Accrued interest receivable	166,048	59,198	42,625	182,621
Total	<u>\$ 11,379,549</u>	<u>\$ 10,931,362</u>	<u>\$ 13,118,604</u>	<u>\$ 9,192,307</u>
Liabilities				
Vouchers payable	\$ 1,350	\$ 12,505,228	\$ 12,503,358	\$ 3,220
Other accrued liabilities	11,378,199	10,920,968	13,110,080	9,189,087
Total	<u>\$ 11,379,549</u>	<u>\$ 23,426,196</u>	<u>\$ 25,613,438</u>	<u>\$ 9,192,307</u>
Escheats Trust				
Assets				
Pooled cash and investments	\$ 252,716	\$ 288,956	\$ 204,203	\$ 337,469
Liabilities				
Vouchers payable	\$ -	\$ 162,135	\$ 162,135	\$ -
Due to other governmental units	252,716	288,956	204,203	337,469
Total	<u>\$ 252,716</u>	<u>\$ 451,091</u>	<u>\$ 366,338</u>	<u>\$ 337,469</u>
Legatee Trust				
Assets				
Pooled cash and investments	\$ 478,297	\$ 67,635	\$ 188,232	\$ 357,700
Accrued interest receivable	2,210	2,555	1,845	2,920
Total	<u>\$ 480,507</u>	<u>\$ 70,190</u>	<u>\$ 190,077</u>	<u>\$ 360,620</u>
Liabilities				
Vouchers payable	\$ -	\$ 103,404	\$ 103,404	\$ -
Other accrued liabilities	480,507	70,190	190,077	360,620
Total	<u>\$ 480,507</u>	<u>\$ 173,594</u>	<u>\$ 293,481</u>	<u>\$ 360,620</u>
Special Trust				
Assets				
Pooled cash and investments	\$ 1,718,000	\$ 1,998,674	\$ 2,711,441	\$ 1,005,233
Accrued interest receivable	16,101	5,780	7,386	14,495
Total	<u>\$ 1,734,101</u>	<u>\$ 2,004,454</u>	<u>\$ 2,718,827</u>	<u>\$ 1,019,728</u>
Liabilities				
Vouchers payable	\$ -	\$ 2,528,878	\$ 2,528,878	\$ -
Other accrued liabilities	1,734,101	1,855,634	2,570,007	1,019,728
Total	<u>\$ 1,734,101</u>	<u>\$ 4,384,512</u>	<u>\$ 5,098,885</u>	<u>\$ 1,019,728</u>

(continued)

County of Oakland
Combining Statement of Changes in Assets and Liabilities (Continued)
Agency Funds
Year Ended September 30, 2008

	Balance October 1, 2007	Additions	Deductions	Balance September 30, 2008
Contractor's Retainage				
Assets				
Pooled cash and investments	\$ 1,406,328	\$ 692,442	\$ 685,095	\$ 1,413,675
Accrued interest receivable	28,011	7,998	6,348	29,661
Total	<u>\$ 1,434,339</u>	<u>\$ 700,440</u>	<u>\$ 691,443</u>	<u>\$ 1,443,336</u>
Liabilities				
Vouchers payable	\$ -	\$ 660,716	\$ 660,716	\$ -
Other accrued liabilities	1,434,339	767,575	758,578	1,443,336
Total	<u>\$ 1,434,339</u>	<u>\$ 1,428,291</u>	<u>\$ 1,419,294</u>	<u>\$ 1,443,336</u>
Public Library Trust				
Assets				
Pooled cash and investments	\$ 494,323	\$ 1,780,546	\$ 1,779,565	\$ 495,304
Accrued interest receivable	15,235	4,704	6,213	13,726
Total	<u>\$ 509,558</u>	<u>\$ 1,785,250</u>	<u>\$ 1,785,778</u>	<u>\$ 509,030</u>
Liabilities				
Vouchers payable	\$ -	\$ 1,714,391	\$ 1,714,391	\$ -
Other accrued liabilities	509,558	1,735,759	1,736,287	509,030
Total	<u>\$ 509,558</u>	<u>\$ 3,450,150</u>	<u>\$ 3,450,678</u>	<u>\$ 509,030</u>
District Court Trust Accounts				
Assets				
Cash and cash equivalents	<u>\$ 519,517</u>	<u>\$ 3,655,057</u>	<u>\$ 3,840,267</u>	<u>\$ 334,307</u>
Liabilities				
Other accrued liabilities	<u>\$ 519,517</u>	<u>\$ 3,655,057</u>	<u>\$ 3,840,267</u>	<u>\$ 334,307</u>
Jail Inmate Trust Account				
Assets				
Cash and cash equivalents	<u>\$ 238,189</u>	<u>\$ 1,358,457</u>	<u>\$ 1,214,982</u>	<u>\$ 381,664</u>
Liabilities				
Other accrued liabilities	<u>\$ 238,189</u>	<u>\$ 1,358,457</u>	<u>\$ 1,214,982</u>	<u>\$ 381,664</u>

(continued)

County of Oakland
Combining Statement of Changes in Assets and Liabilities (Continued)
Agency Funds
Year Ended September 30, 2008

	Balance October 1, 2007	Additions	Deductions	Balance September 30, 2008
Total All Agency Funds				
Assets				
Pooled cash and investments	\$ 308,639,644	\$ 1,002,866,648	\$ 1,002,845,693	\$ 308,660,599
Cash and cash equivalents	757,706	5,013,514	5,055,249	715,971
Accrued interest receivable	248,654	88,898	71,149	266,403
Total	<u>\$ 309,646,004</u>	<u>\$ 1,007,969,060</u>	<u>\$ 1,007,972,091</u>	<u>\$ 309,642,973</u>
Liabilities				
Vouchers payable	\$ 87,584,341	\$ 614,390,175	\$ 701,971,296	\$ 3,220
Due to other governmental units	203,700,629	996,899,890	905,906,907	294,693,612
Due to other funds	-	53,632,328	53,632,328	-
Other accrued liabilities	18,361,034	22,021,163	25,436,056	14,946,141
Total	<u>\$ 309,646,004</u>	<u>\$ 1,686,943,556</u>	<u>\$ 1,686,946,587</u>	<u>\$ 309,642,973</u>

County of Oakland

Governmental Funds – Component Unit – Drainage Districts

Drainage Districts

This component unit consists of many individual districts (currently 196) created pursuant to Michigan Public Act 40 of 1956, Chapters 20 and 21 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 (including 44 debt issues) of the individual drainage districts.

**County of Oakland
Combining Balance Sheet
Governmental Funds – Component Unit – Drainage Districts
September 30, 2008**

	Drainage Districts			Total
	Special Revenue	Debt Service	Capital Projects	
Assets				
Current assets				
Pooled cash and investments	\$6,618,679	\$ 4,691,505	\$14,057,148	\$ 25,367,332
Receivables (net of allowance for uncollectibles where applicable)				
Accounts receivable	6,488	-	8,265	14,753
Due from other governmental units	85,588	143,873	258,222	487,683
Accrued interest receivable	76,120	7,744	158,081	241,945
Due from other funds	-	-	13	13
Total current assets	<u>6,786,875</u>	<u>4,843,122</u>	<u>14,481,729</u>	<u>26,111,726</u>
Noncurrent assets				
Special assessments receivable	-	162,615,000	-	162,615,000
Total assets	<u>\$6,786,875</u>	<u>\$167,458,122</u>	<u>\$14,481,729</u>	<u>\$188,726,726</u>
Liabilities				
Current liabilities				
Vouchers payable	\$ 12,390	\$ 3,005,670	\$ 21,645	\$ 3,039,705
Due to other governmental units	2,043,163	424,026	1,480,362	3,947,551
Due to other funds	-	-	13	13
Due to primary government	656,586	-	815,767	1,472,353
Accrued interest payable	-	2,309	-	2,309
Other accrued liabilities	211,700	543,642	655,010	1,410,352
Total current liabilities	<u>2,923,839</u>	<u>3,975,647</u>	<u>2,972,797</u>	<u>9,872,283</u>
Noncurrent liabilities				
Deferred revenue	-	162,615,000	-	162,615,000
Total liabilities	<u>2,923,839</u>	<u>166,590,647</u>	<u>2,972,797</u>	<u>172,487,283</u>
Fund balances				
Reserved	<u>3,863,036</u>	<u>867,475</u>	<u>11,508,932</u>	<u>16,239,443</u>
Total fund balances	<u>3,863,036</u>	<u>867,475</u>	<u>11,508,932</u>	<u>16,239,443</u>
Total liabilities and fund balances	<u>\$6,786,875</u>	<u>\$167,458,122</u>	<u>\$14,481,729</u>	<u>\$188,726,726</u>

County of Oakland
Reconciliation of the Balance Sheet – Governmental Funds to the
Statement of Net Assets
Component Unit – Drainage Districts
September 30, 2008

Total fund balances for governmental funds		\$ 16,239,443
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.		
Construction in progress	\$ 144,426,679	
Infrastructure	344,880,809	
Accumulated depreciation	<u>(67,217,275)</u>	
		422,090,213
Elimination of interfund balances		
Due from other funds	(13)	
Due to other funds	<u>13</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.		152,788,234
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>(152,788,234)</u>
Net assets of governmental activities		<u>\$ 438,329,656</u>

County of Oakland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds – Component Unit – Drainage Districts
Year Ended September 30, 2008

	Drainage Districts			Total
	Special Revenue	Debt Service	Capital Projects	
Revenues				
Special assessments	\$ 2,219,643	\$ 16,897,896	\$ 615,869	\$ 19,733,408
Federal grants	209,048	-	-	209,048
State grants	96,510	-	-	96,510
Charges for services	15,529	8,055	786,153	809,737
Investment income	363,247	146,033	713,705	1,222,985
Total revenues	<u>2,903,977</u>	<u>17,051,984</u>	<u>2,115,727</u>	<u>22,071,688</u>
Expenditures				
Salaries	809,252	-	419,159	1,228,411
Fringe benefits	379,426	-	186,332	565,758
Contractual services	1,332,800	41,627	2,716,481	4,090,908
Commodities	95,178	-	9,742	104,920
Principal payments	-	11,795,000	-	11,795,000
Interest	-	5,113,347	8,277	5,121,624
Paying agent fees	-	10,612	-	10,612
Intergovernmental	446,089	133,771	3,115	582,975
Internal services	259,639	-	69,452	329,091
Total expenditures	<u>3,322,384</u>	<u>17,094,357</u>	<u>3,412,558</u>	<u>23,829,299</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(418,407)</u>	<u>(42,373)</u>	<u>(1,296,831)</u>	<u>(1,757,611)</u>
Other financing sources (uses)				
Transfers in	617,223	132,998	169,397	919,618
Transfers out	-	-	(919,618)	(919,618)
Issuance of bonds	-	-	2,027,826	2,027,826
Issuance of refunding bonds	-	2,475,000	-	2,475,000
Payment to bond escrow agent	-	(2,530,000)	-	(2,530,000)
Discounts on bonds sold	-	-	(15,300)	(15,300)
Premiums on bonds sold	-	96,627	-	96,627
Total other financing sources (uses)	<u>617,223</u>	<u>174,625</u>	<u>1,262,305</u>	<u>2,054,153</u>
Net change in fund balances	198,816	132,252	(34,526)	296,542
Fund balances				
October 1, 2007	<u>3,664,220</u>	<u>735,223</u>	<u>11,543,458</u>	<u>15,942,901</u>
September 30, 2008	<u>\$ 3,863,036</u>	<u>\$ 867,475</u>	<u>\$ 11,508,932</u>	<u>\$ 16,239,443</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, 2008

Net change in fund balance - total governmental funds		\$ 296,542
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	\$ (5,299,416)	
Infrastructure	8,044,368	
Depreciation expense	<u>(3,961,375)</u>	
		(1,216,423)
Revenue from special assessments reported in the Statement of Activities in previous years did not provide current financial resources in the governmental funds.		(11,795,000)
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.		1,972,826
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	(2,027,826)	
Bond proceeds - Refunding debt	(2,475,000)	
Repayment of debt	<u>14,325,000</u>	
		<u>9,822,174</u>
Change in net assets of governmental activities		<u>\$ (919,881)</u>

III. STATISTICAL SECTION – UNAUDITED

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 Seven Fiscal Years
- Changes in Net Assets - Last Seven Fiscal Years
- Fund Balances, Governmental Funds - Last Ten Fiscal Years
- Changes in Fund Balances, Governmental Funds - Last Ten 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 to help the reader understand the environment within the County that affects 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 Seven Fiscal Years

	Fiscal Year						
	2008	2007	2006	2005	2004	2003	2002
Governmental activities:							
Invested in capital assets, net of related debt	\$ 156,516,704	\$ 154,181,303	\$ 144,694,653	\$ 116,382,905	\$ 125,697,336	\$ 58,629,622	\$ 21,551,366
Restricted	9,714,922	14,207,504	21,240,061	38,035,337	22,377,377	28,514,882	55,835,122
Unrestricted	275,919,598	398,345,388	298,193,929	218,101,959	162,629,495	194,485,944	181,035,407
Total governmental activities net assets	<u>\$ 442,151,224</u>	<u>\$ 566,734,195</u>	<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, net of related debt	\$ 224,691,371	\$ 230,313,458	\$ 225,880,411	\$ 215,651,425	\$ 190,338,502	\$ 198,922,094	\$ 179,629,620
Restricted	11,217,873	10,426,567	10,730,495	7,294,993	23,448,148	20,368,141	27,017,375
Unrestricted	379,297,755	360,917,225	341,381,773	332,975,197	319,544,722	308,056,427	280,329,861
Total business-type activities net assets	<u>\$ 615,206,999</u>	<u>\$ 601,657,250</u>	<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, net of related debt	\$ 381,208,075	\$ 384,494,761	\$ 370,575,064	\$ 332,034,330	\$ 316,035,838	\$ 257,551,716	\$ 201,180,986
Restricted	20,932,795	24,634,071	31,970,556	45,330,330	45,825,525	48,883,023	82,852,497
Unrestricted	655,217,353	759,262,613	639,575,702	551,077,156	482,174,217	502,542,371	461,365,268
Total primary government net assets	<u>\$ 1,057,358,223</u>	<u>\$ 1,168,391,445</u>	<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
Change in Net Assets – Unaudited Table 2
Last Seven Fiscal Years

	Fiscal Year						
	2008	2007	2006	2005	2004	2003	2002
Expenses							
Governmental activities:							
General government, administrative	\$ 55,917,104	\$ 55,832,272	\$ 39,448,194	\$ 34,915,722	\$ 35,578,079	\$ 32,821,805	\$ 36,480,813
Public safety	193,657,522	195,973,792	180,827,863	173,911,642	165,067,831	151,546,402	144,451,972
Justice administration	94,185,884	93,118,766	90,373,934	85,956,260	83,235,490	81,373,123	79,933,470
Citizen services	89,557,378	89,823,473	88,508,774	83,919,462	77,571,680	76,612,458	87,645,381
Public works	33,657,302	24,816,124	40,467,118	35,622,915	18,486,726	18,876,007	17,552,954
Recreation and leisure	2,500,868	2,778,168	2,779,800	2,577,424	2,462,791	2,808,343	2,996,623
Commerce and community development	49,522,895	47,168,210	36,748,872	42,979,748	46,808,623	54,193,367	44,639,565
Unallocated depreciation	1,900,360	1,515,755	1,129,853	1,123,059	1,123,059	2,835,206	1,020,845
Interest on debt	48,251,563	8,077,576	6,624,240	5,652,842	5,551,625	6,726,688	6,570,446
Total governmental activities expenses	<u>569,150,876</u>	<u>519,104,136</u>	<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	6,607,247	5,743,493	5,676,193	5,632,833	5,005,242	4,823,282	4,487,009
Community safety support	14,885,712	12,268,777	12,539,437	10,971,037	10,865,506	9,340,875	9,253,381
Community tax financing	2,682,543	1,951,128	1,340,229	1,315,521	1,077,366	1,409,967	1,984,852
Community water and sewer	43,094,681	46,460,504	40,118,287	37,700,658	34,802,235	34,877,178	33,482,071
Jail commissary	1,439,198	1,390,752	1,334,057	1,252,825	1,283,311	1,186,284	1,204,952
Recreation and leisure	20,841,960	21,818,894	20,665,548	20,773,917	19,165,552	17,008,848	16,663,091
Sewage disposal systems	95,836,418	91,710,019	90,093,986	80,423,546	78,962,606	71,884,188	75,230,353
Skilled nursing care	-	6,549,117	8,981,260	10,685,844	10,568,345	10,686,838	10,053,430
Total business-type activities expenses	<u>185,387,759</u>	<u>187,892,684</u>	<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>\$ 754,538,635</u>	<u>\$ 706,996,820</u>	<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>
Program Revenues							
Governmental activities:							
Charges for services:							
General government, administrative	\$ (52,389,036)	\$ 42,194,952	\$ 14,285,484	\$ 12,839,070	\$ 12,299,340	\$ 11,548,896	\$ 14,682,954
Public safety	49,174,229	47,917,916	49,434,892	45,251,275	42,939,243	41,903,525	41,238,007
Justice administration	31,465,349	30,874,119	30,576,767	29,630,731	29,768,509	26,858,948	27,350,803
Citizen services	6,345,201	8,429,521	9,113,293	8,357,404	8,784,563	7,598,168	5,541,962
Public works	8,973,627	19,046,950	20,878,079	6,392,216	6,566,260	28,951,559	23,099,115
Recreation and leisure	118,119	92,490	98,935	99,049	117,393	88,279	117,826
Commerce and community development	15,163,579	17,685,622	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	854,210	721,109	1,121,105	1,658,934	1,521,884	72,460	244,630
Public safety	26,927,251	26,315,543	20,550,578	20,278,356	16,506,327	15,519,406	15,202,364
Justice administration	674,877	694,496	1,634,191	780,681	862,643	338,254	2,140,019
Citizen services	19,547,323	18,828,828	19,070,669	18,136,755	15,926,459	17,103,251	20,732,185
Public works	313,462	207,259	86,254	5,854	158,119	436,520	44,378
Recreation and leisure	1,300	20,400	31,700	-	8,750	84,519	114,509
Commerce and community development	25,301,094	22,355,911	20,584,131	19,718,664	19,898,125	20,054,932	18,218,192
Capital grants and contributions:							
Public safety	2,179,783	794,290	3,529,427	1,590,024	1,245,668	959,459	1,514,359
Public works	3,294,672	678,109	7,404,889	6,904,972	298,282	369,031	133,128
Total governmental activities program revenues	<u>137,945,040</u>	<u>236,857,515</u>	<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 Seven Fiscal Years**

	Fiscal Year						
	2008	2007	2006	2005	2004	2003	2002
Program Revenues (Continued)							
Business-type activities:							
Charges for services:							
Airports	\$ 4,896,123	\$ 5,395,837	\$ 5,300,440	\$ 4,608,834	\$ 4,280,322	\$ 4,079,620	\$ 3,942,609
Community safety support	9,305,150	9,434,447	11,202,550	10,821,190	10,931,124	10,552,618	10,093,556
Community tax financing	20,471,957	16,165,463	12,442,217	11,984,075	11,056,283	14,012,054	14,830,389
Community water and sewer	45,216,075	42,025,496	41,514,810	38,620,408	35,673,610	35,297,873	32,369,622
Jail commissary	1,403,706	1,465,779	1,377,018	1,323,321	1,207,479	1,148,072	1,212,489
Recreation and leisure	8,728,377	8,858,117	8,953,868	9,204,041	8,629,438	8,055,511	8,269,873
Sewage disposal systems	88,241,160	90,448,987	83,641,440	79,161,520	73,673,723	75,762,691	71,176,635
Skilled nursing care	-	4,489,554	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	282,469	7,819	24,411	13,627	11,448	9,043	-
Skilled nursing care	-	5,795	18,055	31,061	29,368	15,090	-
Capital grants and contributions:							
Airports	95,525	4,022,511	3,390,266	817,888	3,198,595	265,152	146,991
Community safety support	3,599,133	3,062,610	864,928	6,624,066	1,256,922	959,549	-
Community water and sewer	-	973,039	8,428,755	1,390,686	358,806	22,249,780	-
Recreation and leisure	240,734	2,158,361	7,955	88,900	183,040	411,290	-
Sewage disposal systems	233,497	535,477	864,895	8,137,741	912,247	10,000	26,299
Skilled nursing care	-	-	-	-	-	34,168	-
Total business-type activities program revenues	<u>182,713,906</u>	<u>189,049,292</u>	<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>\$ 320,658,946</u>	<u>\$ 425,906,807</u>	<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>
Net (Expense)/Revenue							
Governmental activities	\$ (431,205,836)	\$ (282,246,621)	\$ (268,498,408)	\$ (271,653,393)	\$ (249,921,936)	\$ (230,357,965)	\$ (231,392,591)
Business-type activities	(2,673,853)	1,156,608	4,361,524	13,296,336	157,894	31,554,291	1,442,254
Total primary government net expense	<u>\$ (433,879,689)</u>	<u>\$ (281,090,013)</u>	<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>
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Property taxes	\$ 260,528,403	\$ 346,416,928	\$ 324,933,152	\$ 304,477,931	\$ 214,309,074	\$ 204,057,370	\$ 192,253,197
State-shared revenues (unrestricted)	10,687,879	10,289,585	9,959,900	10,197,734	30,239,698	32,911,846	35,117,729
Unrestricted investment earnings	18,827,633	16,553,783	14,325,859	6,991,101	2,498,825	6,579,296	7,895,868
Gain on sale of capital assets	123,665	568,634	-	95,379	592,234	379,413	592,896
Other revenues	1,714,661	1,308,488	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)	14,740,624	9,714,755	10,154,587	10,329,047	11,737,678	12,575,179	(55,576,974)
Total governmental activities	<u>306,622,865</u>	<u>384,852,173</u>	<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 Seven Fiscal Years

	Fiscal Year						
	2008	2007	2006	2005	2004	2003	2002
General Revenues and Other Changes in Net Assets (Continued)							
Business-type activities:							
Property taxes	\$ 15,124,023	\$ 14,636,020	\$ 14,071,266	\$ 12,811,366	\$ 12,647,696	\$ 12,196,371	\$ 10,950,682
Unrestricted investment earnings	15,840,203	17,586,698	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)	(14,740,624)	(9,714,755)	(10,154,587)	(10,329,047)	(11,737,678)	(12,575,179)	55,576,974
Total business-type activities	<u>16,223,602</u>	<u>22,507,963</u>	<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>\$ 322,846,467</u>	<u>\$ 407,360,136</u>	<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>
Change in Net Assets							
Governmental activities	\$ (124,582,971)	\$ 102,605,552	\$ 91,608,442	\$ 61,815,993	\$ (39,131,240)	\$ 23,208,553	\$ (48,090,227)
Business-type activities	<u>13,549,749</u>	<u>23,664,571</u>	<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>\$ (111,033,222)</u>	<u>\$ 126,270,123</u>	<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									
	2008	2007	2006	2005 (3)	2004	2003	2002	2001 (2)	2000	1999
General Fund:										
Reserved	\$ 401,491	\$ 399,108	\$ 1,221,581	\$ 598,097	\$ 2,577,664	\$ 2,736,083	\$ 4,249,521	\$ 43,081,080	\$ 1,344,791	\$ 2,693,238
Unreserved:										
Designated	81,211,880	77,600,450	72,092,443	63,649,200	64,412,160	109,291,076	90,318,299	53,852,800	40,616,600	35,166,000
Undesignated	2,713,991	797,382	766,450	1,197,376	450,397	482,968	82,370	207,313	1,027,971	627,446
Total General Fund	\$ 84,327,362	\$ 78,796,940	\$ 74,080,474	\$ 65,444,673	\$ 67,440,221	\$ 112,510,127	\$ 94,650,190	\$ 97,141,193	\$ 42,989,362	\$ 38,486,684
All Other Governmental Funds (1):										
Reserved	\$ 437,653,323	\$ 575,350,044	\$ 22,974,884	\$ 35,964,327	\$ 23,674,613	\$ 29,973,040	\$ 48,939,335	\$ 14,739,815	\$ 28,306,962	\$ 31,171,658
Unreserved:										
Designated:										
Special Revenue Funds	195,940,244	210,965,492	140,799,885	74,210,217	27,813,436	21,643,363	25,781,542	22,057,625	14,498,602	12,915,741
Capital Projects Funds	9,238,783	3,260,193	4,662,919	15,842,509	7,270,580	6,218,795	15,357,454	17,828,637	8,920,955	5,576,463
Undesignated										
Special Revenue Funds	(286,530)	(83,268)	(221,269)	-	-	-	-	(551,614)	(152,517)	(170,376)
Capital Projects Funds	9,460,642	6,176,092	5,618,828	5,317,282	10,620,196	10,156,881	7,500,718	4,578,420	12,283,899	5,144,759
	\$ 652,006,462	\$ 795,668,553	\$ 173,835,247	\$ 131,334,335	\$ 69,378,825	\$ 67,992,079	\$ 97,579,049	\$ 58,652,883	\$ 63,857,901	\$ 54,638,245

- (1) Fund Balances have been restated to reflect the following changes during the time period reported: Year 1999 to reflect Drainage Districts becoming a component unit of the primary government effective with fiscal year 2000; Years 1999-2000 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 1999-2001 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 Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year									
	2008	2007	2006	2005 (3)	2004	2003	2002	2001 (2)	2000	1999
Revenues										
Property taxes	\$ 257,609,031	\$ 339,186,628	\$ 318,383,151	\$ 301,057,658	\$ 214,309,074	\$ 204,057,370	\$ 192,253,197	\$ 222,230,797	\$ 166,305,331	\$ 157,386,962
Special assessments	15,300,494	12,328,089	11,332,984	10,797,589	19,082,203	27,056,515	24,330,224	24,028,230	27,706,723	33,318,319
Federal grants	52,411,295	45,171,607	42,894,711	41,776,753	36,478,198	33,791,532	34,093,696	25,256,189	10,871,818	10,865,402
State grants	24,217,563	24,983,592	23,575,611	28,574,408	24,623,610	28,126,308	29,533,395	40,531,592	48,606,095	46,379,401
Other intergovernmental revenues	16,484,867	15,608,558	15,234,407	16,089,480	36,588,382	38,356,990	40,386,058	41,565,243	38,457,493	36,174,456
Charges for services	106,125,199	108,053,350	107,945,932	108,702,567	111,916,185	103,837,967	93,733,665	83,955,030	83,186,092	79,335,940
Contributions	154,072	164,776	102,666	75,080	96,823	138,092	345,489	766,913	458,524	6,400
Investment income	(55,451,203)	33,469,520	10,310,405	5,081,523	1,931,085	5,136,061	6,299,570	13,851,656	13,611,029	11,913,680
Indirect cost recovery	8,661,578	9,042,090	9,007,715	9,410,302	9,618,232	9,220,915	8,676,209	3,104,059	779,876	3,079,183
Other	1,714,661	3,779,533	1,754,126	1,294,348	2,230,760	3,063,177	2,651,747	1,447,927	8,201,932	3,495,277
Total revenues	427,227,557	591,787,743	540,541,708	522,859,708	456,874,552	452,784,927	432,303,250	456,737,636	398,184,913	381,955,020
Expenditures										
County Executive	184,687,193	174,673,131	166,586,991	163,130,577	156,550,456	149,307,293	154,605,827	149,744,060	143,063,229	137,061,549
Clerk/Register of Deeds	12,501,908	13,391,336	11,897,910	11,711,757	13,080,040	12,423,937	13,445,569	10,506,883	10,517,386	9,377,996
Treasurer	7,773,390	6,714,071	6,122,456	5,658,775	5,458,196	5,774,036	4,525,029	4,077,255	4,382,546	3,808,342
Justice administration	87,876,040	86,443,531	83,711,921	84,343,946	80,416,159	77,410,722	75,480,801	72,303,297	63,291,914	56,737,135
Law enforcement	156,911,223	157,003,268	147,103,554	142,747,959	132,216,411	121,606,032	115,316,654	104,520,100	101,585,022	92,965,913
Legislative	5,315,075	5,350,336	16,688,074	5,107,485	5,059,493	5,002,440	5,249,616	5,368,932	5,094,162	4,863,777
Drain Commissioner	13,285,960	12,250,179	6,430,363	15,672,724	8,921,658	8,131,493	5,218,322	4,879,051	4,150,030	4,042,744
Non-departmental	80,617,850	33,622,480	17,507,381	20,929,827	18,182,953	16,588,079	18,125,777	17,995,977	18,397,379	26,060,096
Capital outlay	11,014,119	18,630,192	32,271,857	18,354,001	17,962,682	35,680,591	14,396,482	11,439,838	7,014,507	17,063,521
Intergovernmental	465,075	81,815	11,994,158	1,020,567	2,249,932	14,333,573	7,001,272	5,989,146	4,213,835	2,714,375
Debt service:										
Principal payments	13,720,000	13,000,000	11,190,000	10,320,000	17,555,000	23,590,000	20,125,000	19,350,000	21,100,000	23,150,000
Interest and fiscal charges	6,071,386	6,463,708	5,882,064	5,550,107	5,666,354	6,759,378	6,389,790	6,624,072	7,396,538	9,852,955
Total expenditures	580,239,219	527,624,047	517,386,729	484,547,725	463,319,334	476,607,574	439,880,139	412,798,611	390,206,548	387,698,403
Excess of revenues over (under) expenditures	(153,011,662)	64,163,696	23,154,979	38,311,983	(6,444,782)	(23,822,647)	(7,576,889)	43,939,025	7,978,365	(5,743,383)

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

	Fiscal Year									
	2008	2007	2006	2005 (3)	2004	2003	2002	2001 (2)	2000	1999
Other Financing Sources (Uses)										
Transfers in	\$ 125,322,659	\$ 199,214,389	\$ 185,927,476	\$ 177,038,866	\$ 73,514,467	\$ 66,522,904	\$ 83,430,971	\$ 85,155,942	\$ 90,486,096	\$ 78,069,575
Transfers out	(112,182,037)	(197,228,012)	(182,735,492)	(176,149,891)	(66,602,070)	(62,076,753)	(85,706,528)	(80,105,888)	(84,742,127)	(72,501,943)
Payment to bond escrow agent	-	-	(9,009,368)	(1,099,561)	(4,832,368)	(2,605,000)	-	(2,414,514)	-	(26,809,670)
Issuance of bonds	1,739,371	562,485,000	34,160,000	21,955,000	11,590,000	10,330,000	46,700,000	2,395,000	-	33,625,000
Premiums on bonds sold	-	-	(360,882)	-	37,774	-	-	-	-	-
Discount on bonds sold	-	(2,085,301)	-	(96,435)	(55,957)	(75,537)	(412,391)	(22,752)	-	(263,094)
Total other financing sources (uses)	<u>14,879,993</u>	<u>562,386,076</u>	<u>27,981,734</u>	<u>21,647,979</u>	<u>13,651,846</u>	<u>12,095,614</u>	<u>44,012,052</u>	<u>5,007,788</u>	<u>5,743,969</u>	<u>12,119,868</u>
Special items										
Contribution to VEBA Trust (OPEB)	-	-	-	-	(50,890,224)	-	-	-	-	-
Net change in fund balances	<u>\$ (138,131,669)</u>	<u>\$ 626,549,772</u>	<u>\$ 51,136,713</u>	<u>\$ 59,959,962</u>	<u>\$ (43,683,160)</u>	<u>\$ (11,727,033)</u>	<u>\$ 36,435,163</u>	<u>\$ 48,946,813</u>	<u>\$ 13,722,334</u>	<u>\$ 6,376,485</u>
Debt service as a percentage of noncapital expenditures (4)	3.45%	3.78%	3.44%	3.33%	5.14%	6.88%	6.23%	6.46%	7.40%	8.99%

- (1) Revenues, Expenditures and Other Financing Sources (Uses) have been restated to reflect the following changes during the time period reported: Year 1999 to reflect Drainage Districts becoming a component unit of the primary government effective with fiscal year 2000; Years 1999-2000 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 1999-2001 to reflect Parks and Recreation fund being reclassified from a governmental fund-type to proprietary fund-type (Enterprise Fund) effective with fiscal year 2002.
- (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.
- (4) Noncapital expenditures are total governmental expenditures less capital expenditures. Capital expenditures for fiscal years 1999-2001 are derived from information contained in the General Fixed Asset Account Group, thereafter from the Reconciliation of Changes in Revenues, Expenditures and Changes in Fund Balances for Governmental Funds to the Statement of Activities.

**County of Oakland
Assessed, Equalized and Taxable Value of Property – Unaudited Table 5
Last Ten Years**

Fiscal Year (4)	Real Property							
	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
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 W	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 S	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 W	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 S	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
2007 W	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
2007 S	55,590,024,968	46,309,065,848	12,927,621,440	10,361,539,920	4,532,903,170	3,863,398,841	157,153,230	64,646,660
2008	52,840,211,469	46,192,931,562	13,080,081,780	10,640,654,243	4,452,203,540	3,874,109,928	130,954,820	53,994,420

Fiscal Year (4)	Personal Property		Total Property		Total Direct Tax Rate (3)
	Assessed and Equalized Value	Taxable Value	Assessed and Equalized Value	Taxable Value	
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 W	4,483,972,263	4,450,160,375	70,296,996,641	55,986,490,872	4.4322
2005 S	4,175,926,590	4,175,518,580	73,459,188,359	58,864,093,550	1.3900
2006 W	4,175,926,590	4,175,518,580	73,459,188,359	58,864,093,550	3.0415
2006 S	4,148,396,210	4,147,262,470	76,439,725,583	62,133,415,235	2.8000
2007 W	4,148,396,210	4,147,262,470	76,439,725,583	62,133,415,235	1.6315
2007 S	4,123,379,228	4,121,365,588	77,331,082,036	64,720,016,857	4.1900
2008	3,987,629,953	3,984,286,183	74,491,081,562	64,745,976,336	4.1900

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. Includes County Operating and Parks and Recreation.
- (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 was billed on the summer statements, and one-third on the winter statement. In 2007, the entire County Operating Tax was 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									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
County direct rates										
County operating	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900
Parks and Recreation	0.2415	0.2415	0.2415	0.2422	0.2436	0.2453	0.2352	0.2376	0.2404	0.2429
Total rate	4.4315	4.4315	4.4315	4.4322	4.4336	4.4353	4.4252	4.4276	4.4304	4.4329
Overlapping rates										
Huron-Clinton Metro Authority (a)	0.2146	0.2146	0.2146	0.2154	0.2161	0.2170	0.2186	0.2202	0.2218	0.2235
Intermediate school districts (5)										
Median rate	3.3690	3.3690	3.3690	3.3789	3.3991	3.4224	3.0773	2.0752	2.0998	2.1208
Low range	2.9295	2.9295	2.9430	2.9615	2.9729	2.9863	1.9753	1.9789	1.9914	1.9971
High range	3.5341	3.5341	3.5361	3.5361	3.5469	3.5673	3.5835	3.5894	3.5894	3.6032
Community colleges (3)										
Median rate	1.7967	1.7967	1.7967	1.7967	1.8024	1.8043	1.8193	1.8310	1.8440	1.8521
Low range	1.5844	1.5844	1.5844	1.5889	1.5983	1.6090	1.5952	1.6109	1.6295	1.6456
High range	2.6796	2.6796	2.6807	2.6807	2.7466	2.8280	2.8672	1.8694	1.8694	1.8745
Cities (31)										
Median rate	14.8179	15.1084	15.1084	15.2367	14.4680	14.7619	14.8009	15.1415	15.2815	15.5644
Low range	8.3000	8.3000	8.3000	8.3000	7.5500	7.5500	7.5500	7.6400	7.6400	6.7100
High range	25.2604	24.4050	24.8349	25.5163	25.4554	26.1031	26.3122	27.1553	28.6535	29.8450
Villages (11)										
Median rate	14.1036	14.1036	14.1290	14.1870	14.0552	14.0752	15.2989	15.3971	15.2898	14.5575
Low range	7.2249	7.3670	7.7443	7.9462	7.9474	7.9500	7.7207	7.7236	7.7270	7.2300
High range	18.1020	18.1120	19.7520	17.9480	18.3524	18.7615	19.0911	19.1639	19.4194	19.7036
Townships (21)										
Median rate	6.5876	6.2652	6.0380	6.0937	6.1765	6.2628	6.2266	6.0678	6.0015	5.3345
Low range	0.5000	0.5500	0.5500	0.5500	0.5500	0.5500	0.6000	0.6000	0.6000	0.6000
High range	11.7112	11.2223	11.6081	11.5495	11.8007	10.7166	13.4073	9.9092	9.6419	10.5348
School districts (35) (b)										
Homestead:										
Median rate	13.5105	13.2455	13.4910	13.6373	12.6015	13.8641	13.9538	13.7500	13.6442	13.5786
Low range	7.7400	7.3500	7.7200	6.7000	5.0000	8.7872	8.7923	8.8000	8.4852	8.5196
High range	23.5993	27.8925	27.8925	27.8945	27.8945	28.8945	28.9094	28.7971	29.6651	29.8814
Non-Homestead:										
Median rate	29.6931	29.6061	29.6000	29.3455	28.8508	29.8627	30.1332	29.4666	29.6430	29.8827
Low range	24.9243	25.3500	25.7200	23.9010	23.0000	24.6700	24.6700	24.6700	24.5008	24.6700
High range	33.2310	32.8410	33.2110	32.6884	31.6925	34.2910	34.2910	34.2894	33.9590	33.9856
DDAs (9) (c)										
Median rate	1.7470	1.8768	1.8856	1.9290	1.9339	1.9128	1.9558	1.9810	1.9890	1.9860
Low range	1.3000	1.3794	1.4010	1.4393	1.4869	1.4869	1.4869	1.5224	1.7536	1.7536
High range	1.9734	1.9734	1.9860	1.9860	2.0000	1.9705	1.9924	2.0000	2.0000	2.0000
Public Transportation Authority (d)	0.5900	0.5900	0.5950	0.5962	0.5974	0.6000	0.3207	0.3236	0.3270	0.3300
Zoological Authority (e)	0.1000	-	-	-	-	-	-	-	-	-

Notes

The County's maximum allowable operating millage levy for 2008 was 4.224

- (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. Included in CVT rates above starting in FY2007.
- (e) Zoological Authority added FY2008.

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

Taxpayer	Fiscal Year 2008			Fiscal Year 1999		
	Taxable Valuation*	Rank	Percentage County Taxable Valuation	Taxable Valuation*	Rank	Percentage County Taxable Valuation
General Motors Corporation	\$ 900,634,242	1	1.39 %	\$ 437,530,616	1	1.05 %
Daimler-Chrysler Corporation	561,632,390	2	0.87 %	154,750,915	4	0.37 %
Detroit Edison Company/DTE	473,058,860	3	0.73 %	321,833,210	2	0.77 %
Consumers Energy	182,819,030	4	0.28 %	145,916,670	5	0.35 %
Taubman/12 Oaks/Great Lakes Cross.	129,049,130	5	0.20 %	176,500,597	3	0.42 %
Ford Motor Company	116,950,440	6	0.18 %	111,796,018	6	0.27 %
Bre Southfield (formerly Town Centre Delaware, Inc.)	111,023,990	7	0.17 %	89,160,817	8	0.21 %
Liberty Property Investments	92,623,160	8	0.14 %	64,714,887	12	0.15 %
Stuart Frankel/Somerset	86,743,770	9	0.13 %	73,972,806	11	0.18 %
Ramco - Gershenson	81,805,620	10	0.13 %	82,317,092	9	0.20 %
Meijer	70,904,410	11	0.11 %	-	-	- %
International Transmission	70,580,010	12	0.11 %	-	-	- %
AT&T	70,377,700	13	0.11 %	-	-	- %
Wal-Mart/Sam's Club	65,298,700	14	0.10 %	-	-	- %
Palace Sports and Entertainment	64,254,630	15	0.10 %	-	-	- %
Comerica Bank	60,522,030	16	0.09 %	43,682,036	17	0.10 %
Comcast	56,602,950	17	0.09 %	-	-	- %
JFK Investments	48,638,510	18	0.08 %	-	-	- %
Electronic Data Systems Corp.	48,601,670	19	0.08 %	61,738,997	13	0.15 %
Kroger	47,795,440	20	0.07 %	-	-	- %
Total	<u>\$ 3,339,916,682</u>		<u>5.16 %</u>	<u>\$ 1,763,914,661</u>		<u>4.22 %</u>

* 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

Year of Levy (1)	Fiscal Year	Collected within the Fiscal Year of the Levy		Percentage of Levy	Collections in Subsequent Years	Total Collections to Date	
		Tax Levy (2)	Amount			Amount	Percentage of Levy
1998	1999	\$ 158,822,030	\$ 155,281,200	97.77 %	\$ 3,534,754	\$ 158,815,954	100.00 %
1999	2000	169,119,667	165,732,647	98.00 %	3,384,303	169,116,950	100.00 %
2000	2001	179,455,454	175,467,354	97.78 %	3,977,456	179,444,810	99.99 %
2001	2002	192,549,695	187,779,963	97.52 %	4,633,162	192,413,125	99.93 %
2002	2003	206,294,411	201,567,944	97.71 %	4,082,866	205,650,810	99.69 %
2003	2004	216,173,657	211,292,953	97.74 %	4,271,851	215,564,804	99.72 %
2004	W 2005	227,583,190	222,651,567	97.83 %	4,180,959	226,832,526	99.67 %
2005	S 2005	79,281,336	65,809,623	83.01 %	13,378,930	79,188,553	99.88 %
2005	W 2006	159,403,731	156,102,121	97.93 %	3,115,059	159,217,180	99.88 %
2006	S 2006	166,634,796	142,992,690	85.81 %	22,785,071	165,777,761	99.49 %
2006	W 2007	85,765,677	83,915,557	97.84 %	1,409,010	85,324,567	99.49 %
2007	S 2007	262,814,606	225,336,018	85.74 %	31,249,382	256,585,400	97.63 %
2008	2008	263,005,840	228,260,470	86.79 %	-	228,260,470	86.79 %

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). Beginning with FY2007, the entire County Operating Tax is levied on the Summer Tax statements.
- (2) Tax levy is subject to change due to the fact that settlement at the County level has not yet taken place for the current fiscal year.

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 Primary Government	Percentage of Personal Income (b)	Per Capita (b)
	General Obligation Bonds	Percentage of Taxable Property Values (a)	Per Capita (b)	Special Assessment Bonds (c)	Drainage Districts Debt (d)	Activities Tax Notes			
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
2007	627,990,000	0.97 %	515.63	70,580,000	7,504,834	25,000,000	731,074,834	11.52 %	600.28
2008	601,400,000	0.93 %	493.80	64,424,371	6,269,408	25,000,000	697,093,779	10.99 %	572.37

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).

Source: Oakland County Department of Management & Budget, Fiscal Services Division

County of Oakland
Net County Direct and Overlapping Debt – Unaudited Table 10
September 30, 2008

	Gross Amount Outstanding	Self-supporting or Paid by Benefiting Entity	Net Amount Outstanding
Direct debt			
Building authority bonds	\$ 92,445,000	\$ 27,265,000	\$ 65,180,000
Certificates of Participation	536,220,000	-	536,220,000
Water and sewer debt (Special assessment)	36,774,371	36,774,371	-
Lake Levels (Special assessment)	385,000	385,000	-
General obligation tax notes	25,000,000	-	25,000,000
Drainage Districts bonds and notes	152,788,234	146,518,826	6,269,408
Road Commission debt (no County credit)	15,430,441	15,430,441	-
	<u>\$ 859,043,046</u>	<u>\$ 226,373,638</u>	<u>632,669,408</u>
Net direct debt			
Overlapping debt			
Cities			617,365,082
Villages			297,941,628
Townships			27,058,276
School districts			2,689,805,274
Intermediate school districts			52,861,611
Community colleges			8,351,348
Library			6,666,821
County-issued debt paid by local municipalities			<u>226,373,638</u>
Net overlapping debt			<u>3,926,423,678</u>
Net direct and overlapping debt			<u>\$ 4,559,093,086</u>

Source: Oakland County Treasurer and Municipal Advisory Council of Michigan

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

Year	State Equalized Valuation	Debt Limit 10% of SEV	Amount of Debt Applicable to Limit	Legal Debt Margin	Debt Applicable to Limit as a Percentage of Debt Limit
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%
2007	77,331,082,036	7,733,108,204	886,865,408	6,846,242,796	11.47%
2008	74,491,081,562	7,449,108,156	843,612,605	6,605,495,551	11.33%

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

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
1999	1,179,978	\$ 52,357,495	\$ 44,371	2.90 %
2000	1,194,156	56,335,375	47,176	2.90 %
2001	1,201,926	57,026,820	47,446	4.40 %
2002	1,201,656	58,023,888	48,287	5.20 %
2003	1,204,946	60,992,510	50,618	5.50 %
2004	1,208,470	61,810,176	51,147	5.60 %
2005	1,208,822	63,443,926	52,484	5.70 %
2006	1,207,898	65,063,164	53,865	5.80 %
2007	1,206,089	65,063,164 (a)	53,946 (a)	6.20 %
2008	1,206,089 (a)	65,063,164 (a)	53,946 (a)	7.00 %

(a) Current 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	Fiscal Year 2008			Fiscal Year 1999		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
General Motors Corporation	15,097	1	2.63%	26,700	1	4.04%
William Beaumont Hospital	14,610	2	2.55%	14,000	3	2.12%
Chrysler Group	9,053	3	1.58%	20,600	2	3.12%
Trinity Health (formerly St. Joseph Mercy)	4,721	4	0.82%	2,870	10	0.43%
Oakland County Government	4,447	5	0.78%	3,500	7	0.53%
Electronic Data Systems Corp.	4,334	6	0.76%	9,480	4	1.43%
U.S. Postal Service	4,176	7	0.73%	n/a	n/a	n/a
Blue Cross Blue Shield of Michigan	3,996	8	0.70%	n/a	n/a	na
St. John Health Services (formerly Providence Hospital)	3,841	9	0.67%	n/a	n/a	n/a
Botsford Health Care	2,351	10	0.41%	n/a	n/a	n/a
U.S. Government	n/a	n/a	n/a	4,569	6	0.69%
Ameritech	n/a	n/a	n/a	4,800	5	0.73%
Ford Motor Company	n/a	n/a	n/a	3,480	8	0.53%
Modern Engineering Service Company	n/a	n/a	n/a	3,070	9	0.46%
	<u>66,626</u>		<u>11.61%</u>	<u>93,069</u>		<u>14.08%</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									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General government										
County Executive Administration	66	66	63	65	65	71	62	62	62	60
Management & Budget	203	207	205	204	204	221	222	244	242	237
Central Services	66	66	65	61	61	63	69	72	73	72
Human Resources	50	51	51	51	50	51	51	49	45	46
Board of Commissioners	34	34	34	34	34	34	34	34	34	34
Clerk/Register of Deeds	128	128	133	154	151	153	152	146	138	133
County Treasurer	48	48	48	48	48	49	49	49	49	49
Public Safety										
Sheriff	1,129	1,135	1,130	1,092	1,042	1,040	1,011	987	975	916
Community Corrections	65	67	66	68	67	71	71	62	57	39
Animal Control	24	24	24	24	23	24	24	24	24	24
Justice Administration										
Circuit Court	469	469	473	455	456	465	458	419	242	241
District Court	200	201	201	194	188	183	177	167	165	162
Probate Court	61	61	61	59	59	61	63	64	242	240
Prosecuting Attorney	189	189	189	188	189	198	197	191	187	186
Medical Examiner	28	34	34	34	26	28	27	28	27	23
Citizens Services										
Administration	5	5	5	5	5	5	5	7	7	5
Health	404	404	403	413	441	472	477	475	474	474
Medical Care Facility	n/a	104	104	110	112	112	112	112	112	112
Children's Village	161	161	161	161	161	166	166	151	149	148
Veterans' Services	18	18	18	16	16	18	18	18	18	18
MSU Extension-Oakland County	14	13	13	13	13	14	14	15	20	15
Public Works										
Drain Commissioner	270	271	269	269	263	251	240	227	226	221
Facilities Management	204	204	201	201	201	200	202	204	207	221
Information Technology	167	169	165	159	157	165	172	165	148	118
Recreation and Leisure										
Library Board	17	18	18	23	23	24	24	24	24	25
Parks and Recreation	341	341	317	313	313	289	288	288	264	259
Commerce and Community Development										
Administration	12	12	13	14	9	8	6	5	3	1
Planning and Economic Development Services	44	43	42	41	40	43	43	41	40	40
Community and Home Improvement	21	21	21	21	21	21	21	21	19	19
Workforce Development	9	9	9	9	9	9	9	9	9	9
Totals	<u>4,447</u>	<u>4,573</u>	<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>

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									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Law Enforcement										
Dispatched Calls	133,402	179,563	180,472	180,940	171,858	174,861	167,220	172,233	167,618	140,653
Arrests	8,466	8,900	9,286	8,569	7,288	7,888	7,459	7,421	6,379	6,320
Inmate bookings	24,053	25,809	27,003	25,734	26,066	24,573	24,805	24,295	23,922	22,003
Judicial										
Circuit Court civil/criminal cases disposed	15,849	16,108	16,132	16,414	16,244	16,375	16,782	16,212	15,803	16,336
District Court cases filed	144,933	152,710	159,380	157,920	158,882	162,650	173,278	169,929	158,781	162,321
Citizen Services										
Veteran benefits claims filed	7,546	7,071	7,182	6,784	6,337	6,604	6,258	5,510	4,929	4,699
Deeds/Mortgages	84,866	110,600	141,157	176,787	223,553	295,114	237,153	181,559	143,268	162,527
Jobs retained and created	10,311	10,842	1,640	4,422	3,417	2,826	8,991	5,851	6,596	5,610
Immunizations	94,038	82,347	95,202	117,679	125,660	103,787	116,173	120,030	123,579	124,752
Community Development										
BFC/EDC Loans	28	33	26	20	22	15	14	15	21	27
Applications for home improvement	609	457	373	369	369	389	378	400	346	328
Single family homes rehabilitated	218	198	253	229	300	269	208	239	239	272
Parks and Recreation										
Participants-Park	815,097	778,616	789,867	793,215	752,662	660,597	575,847	751,052	709,929	679,555
Participants-Golf Course	172,783	178,444	198,477	200,521	215,551	177,716	181,168	166,178	219,654	229,264
Participants-Recreation, Facilities	365,310	373,214	374,853	381,025	365,954	391,353	595,336	534,634	583,657	505,774
Participants-Nature Interpretive Service	29,865	35,226	46,428	47,062	44,967	41,253	46,028	46,050	50,304	44,198
Participants-Banquet Facilities	154,594	161,678	170,524	182,100	158,091	161,471	94,153	86,842	90,686	91,361
Airports										
Takeoffs and landings	162,283	202,345	202,973	207,757	243,395	276,153	277,616	283,369	337,219	346,573
Public Works										
Water and sewer customers	76,050	75,613	73,129	72,602	72,157	68,685	66,876	64,978	63,153	61,242
Water main breaks	94	115	119	146	256	212	115	132	246	202
Water permits issued	59	138	168	343	518	589	541	519	473	602

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									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Justice and Law Enforcement										
Correction facilities capacities	1,768	1,984	1,981	1,981	1,956	1,868	1,856	1,856	1,856	1,856
Substations	12	12	12	12	12	12	12	12	10	10
Parks and Recreation										
Number of county parks	13	13	11	11	11	11	11	11	11	11
Park acreage	6,378	6,378	6,089	5,742	5,715	5,715	5,715	5,715	5,715	5,661
Airport										
Number of runways	5	5	5	5	5	5	6	6	6	5
Number of T-Hangars	738	738	711	619	619	619	619	619	619	493
Facilities										
Buildings	40	41	42	42	42	41	39	39	39	38
County facilities square footage	1,877,780	1,925,118	1,921,389	1,921,389	1,960,310	1,956,433	1,693,808	1,693,808	1,714,873	1,667,393
Public Works										
Combined Sewer Overflow Retention										
Treatment Facilities	3	3	3	3	3	3	3	3	3	3
Water mains (miles)	161.51	165.83	162.57	148.67	173.99	164.80	158.41	139.60	125.07	104.53
Water storage capacity (millions of gallons)	3.07	2.068	2.068	2.068	2.068	2.068	2.068	2.068	2.068	2.068
Sewers (miles)	135.08	131.81	131.84	131.84	131.84	131.84	131.84	131.59	131.59	131.59
Sewer treatment capacity (millions of gallons)	151.80	151.80	151.80	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, 2008**

	Lyon Oaks Park	Work Release Facility	Office Bldg. Renovation	52/3 District Court Bldg.	Sheriff Substation Rochester Hills	Oakland Int'l Airport T-Hangars	Pontiac Phoenix Center	CMHA Housing Project	Phoenix Plaza Amphitheatre Refunding	Refunding Series 1998	Computer Center Refunding	Totals
Cash	\$ 5	\$ 280	\$ 280	\$ 280	\$ 591	\$ 276	\$ 1,687	\$ 31	\$ 551	\$ 155	\$ -	\$ 4,136
Lease receivable	1,100,000	18,075,000	23,425,000	14,125,000	3,205,000	5,705,000	10,775,000	5,325,000	7,960,000	2,750,000	-	92,445,000
Other assets	135	-	-	-	60	30	-	33	85	-	-	343
Bonds payable	1,100,000	18,075,000	23,425,000	14,125,000	3,205,000	5,705,000	10,775,000	5,325,000	7,960,000	2,750,000	-	92,445,000
Other liabilities	-	275	275	275	275	-	164	-	-	150	-	1,414
Current year activity:												
Transfers in	-	1,871,650	2,087,346	1,390,650	-	-	-	-	-	1,449,950	1,053,170	7,852,766
Leases and other income	580,866	-	-	-	365,163	487,537	958,616	416,798	387,813	-	-	3,196,793
Debt service:												
Principal	525,000	950,000	1,075,000	725,000	225,000	250,000	375,000	175,000	45,000	1,270,000	1,030,000	6,645,000
Interest	55,325	921,375	1,012,101	665,375	139,787	237,403	583,363	249,925	343,006	179,650	23,175	4,410,485
Fiscal charges	300	275	500	275	275	-	275	275	275	-	-	2,750
Principal and interest requirements:												
2009	\$ 583,688	\$ 1,855,525	\$ 2,080,601	\$ 1,414,275	\$ 357,194	\$ 486,153	\$ 939,612	\$ 422,931	\$ 391,487	\$ 1,478,770	\$ -	\$ 10,010,236
2010	561,275	1,862,625	2,096,851	1,385,600	349,319	488,502	945,862	414,931	389,800	1,458,473	-	9,953,238
2011	-	1,842,525	2,082,633	1,405,375	340,994	489,890	950,863	431,431	388,050	-	-	7,931,761
2012	-	1,845,800	2,091,101	1,397,375	357,556	495,265	929,613	422,431	386,300	-	-	7,925,441
2013	-	1,845,200	2,095,164	1,387,525	347,556	495,115	933,362	413,431	719,488	-	-	8,236,841
Thereafter	-	16,192,056	22,425,844	12,597,525	2,387,250	5,530,218	12,299,813	5,678,929	10,064,563	-	-	87,176,198
	<u>\$ 1,144,963</u>	<u>\$ 25,443,731</u>	<u>\$ 32,872,194</u>	<u>\$ 19,587,675</u>	<u>\$ 4,139,869</u>	<u>\$ 7,985,143</u>	<u>\$ 16,999,125</u>	<u>\$ 7,784,084</u>	<u>\$ 12,339,688</u>	<u>\$ 2,937,243</u>	<u>\$ -</u>	<u>\$ 131,233,715</u>