

**OAKLAND COUNTY, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended September 30, 2011
(With Independent Auditor's Report Thereon)**

Prepared by:

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

**Cover: New LEED Certified Airport Terminal
Location: Oakland County International Airport
Courtesy: Michael Zack, Graphic Artist for Oakland County**

County of Oakland
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I. INTRODUCTORY SECTION

The Introductory Section contains:

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

March 20, 2012

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, 2011.

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, 2011 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, 2011 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 2011 Comprehensive Annual Financial Report includes a Statement of Net Assets and a Statement of Activities, which provides 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 2011 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 1,202,362 (2010 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 tenth (10th) 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, and homeland security; 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.

The Treasurer, Clerk/Register of Deeds, Prosecutor, and Sheriff are offices established by the State's constitution. A Water Resources 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.

County of Oakland

Letter of Transmittal

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 (please note that the fiscal year 2013 budget included the deletion of one District Court judge).

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 Michigan 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*, and Statement Number 61, *The Financial Reporting Entity: Omnibus*.

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.

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 Numbers 14, 39, and 61.

County of Oakland Letter of Transmittal

County Budget

Oakland County maintains a focus on long-term financial planning. As described below, the County operates under a three-year rolling budget, which allows for continuous planning at least three fiscal years into the future. Such a process allows the County to anticipate financial challenges and take appropriate action in response to major budgetary fluctuations.

Under the provisions of the State of Michigan's Uniform Budget Act for Local Units of Government (PA 621 of 1978 as amended by P.A. 493 of 2000), the Triennial Budget and General Appropriations Act (GAA) serves as the foundation for Oakland County's financial planning and control; this 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 (e.g., General 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.

It is important to note that, although the appropriated budget is prepared on the fund/function/department basis, Oakland County's financial system also has the ability to budget and account by program cost center. The ability to budget and account for County activity by program is a valuable tool for policy makers to analyze and determine where to appropriate limited County resources in order to maximize their positive impact on County residents.

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

Oakland County is traditionally one of the most prosperous local economies in the United States, as attested by its status as one of the one percent of counties nationwide with a bond rating of AAA. Although the tough economic situations over the past decade, including the bankruptcy of Chrysler and General Motors, negatively impacted a large segment of the County's automotive workforce, a resurgence of the economy is on the horizon. Oakland County has endured job losses of 58,000 from the end of 2008 to the end of 2009, but showed a promising turnaround with job creation of 13,000 by the end of 2010. Despite the fluctuations in job growth, certain sectors continue to show potential as the County strives to transition away from an industrial economy. The majority of the gains in 2010 were in the sectors such as professional and business services, information technology, private education and health services.

Diversifying the economic base will not make Oakland County recession proof; however, it will ensure the County's resistance to future recessions. Due to its educated work force, Oakland County is well positioned to continue its transformation to a knowledge-based economy. Close to one-half of all County residents hold a degree (bachelor, graduate/professional, and doctorate) from an institute of higher education. In fact, twenty-one (21) percent of such degrees in the State of Michigan are held by Oakland County residents. In addition, innovative programs such as Automation Alley and Emerging Sectors continue to identify industries and businesses that are projected to have increasing employment opportunities.

In September 2011, Oakland's unemployment rate was 10.3%, which is a drop from the 12.2% unemployment rate reported in September 2010 and the 14.2% reported in September 2009. The September 2011 rate exceeded the national average of 8.8% and the State of Michigan average of 10.1%.

Enhanced by the County's investment in dynamic economic development programs and despite recent downturns in the economy, Oakland County remains a favored location for business. Oakland County is also Michigan's leading center for international commercial activity hosting 859 businesses, of which 721 are foreign-parent firms representing 37 countries. Of all the foreign-owned firms in southeast Michigan, 67% are located in Oakland County. In addition, 57% of Fortune 500 companies have business locations in the County.

Further, there is evidence that Oakland County has started to turn the corner on the recession. The April 2011 Oakland County Economic Outlook report, prepared by the University of Michigan, estimated that 13,000 jobs were created in 2010. This growth is expected to continue with forecasts calling for an increase of 10,908 jobs in 2011, 8,012 in 2012, and 9,729 in 2013. These projected increases reflect the continuing efforts aimed at business-sector diversification for long-term sustainability of Oakland County's economy as well as the successful emergence from bankruptcy by General Motors and Chrysler.

County of Oakland Letter of Transmittal

Oakland's per capita income of \$50,334 is the highest among Michigan's 83 counties and is ranked tenth (10th) among counties having more than one million in population (and is 75th among all counties in the country). Oakland County's per capita income also compares favorably to the national average (\$39,945) and the state average (\$34,691).

Though Michigan had not yet recovered from the recession of the early 2000s, a new national recession hit in late 2007 resulting in record-setting numbers of home foreclosures and declining property values. Beginning in 2008, property values plummeted in response to the collapsed real estate market. Fiscal year 2009 property tax revenue fell for the first time in more than 40 years (oldest available records). This fall in tax revenue is more thoroughly discussed in the Management's Discussion and Analysis which appears later in this document. However, despite these economic challenges, the past decade has produced a 42% increase in the true cash value and a 49% 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 revenue by controlling the millage rate levied on the tax base. In fact, the County millage rate for the July 1, 2011 property tax levy remained at 4.19 mills (out of an authorized levy of 4.2240 mills) for operations, one of the lowest total county tax rates in the state of Michigan.

The 2011 market value of property in Oakland County is approximately \$105.0 billion, a decrease of approximately \$10.5 billion from 2010 to 2011. However, Oakland County's property values remain the highest value of all 83 counties in Michigan, and represents 14.5% of the state's total value (even though Oakland County's population represents only approximately 10% of Michigan's total). The majority of Oakland County's taxable value is within the residential class of property, which is approximately 69.2% of the total property tax base. The average price, in 2011, for a home in Oakland County was \$190,324.

The average 2011 property tax rate is \$41.63 per thousand dollars of taxable value, an increase from the 2010 average of \$40.56 per thousand dollars of taxable value. The average property tax rate is distributed to the following taxing authorities:

Local School Districts	33.1%
Cities, Villages, Townships	29.4%
State Education Tax	14.2%
County Operating	10.1%
Intermediate School District	8.1%
Community College	3.8%
Parks and Recreation/Zoo Authority	<u>1.3%</u>
	<u>100.0%</u>

It appears that the ongoing economic slump will temporarily continue to have a negative impact on the local housing market and thus property values within the County's borders. However, it also appears that housing values in the County are approaching a bottom point. Current projections assume a 3.0% drop in property values as of December 31, 2011 (FY 2012 revenue); a further 1.0% drop as of December 31, 2012 (FY 2013 revenue); and no further change in property values as of December 31, 2013 (FY 2014 revenue). Property tax revenue supports 49.6% 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.

County of Oakland Letter of Transmittal

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 budget development, policy makers and administrators are taking action today to minimize the negative impact of these reduced values in order to maintain essential County services.

Fiscal Policies

Oakland County has established a number of financial policies to ensure that the business of the County is conducted in an effective and efficient manner. Some of these policies, such as those related to Debt Administration and Cash Management, affect the daily financial operations and thus the financial statements. The impact of these policies is demonstrated in the financial statements themselves as well as the notes accompanying the financial statements, particularly Note #3 (Cash Management) and Note # 8 (Debt Administration).

Other policies and practices are not so fully explained in other parts of the document that follows; however, they equally impact the County's financial position in FY 2011 and beyond. Therefore, some discussion of these policies is appropriate. Among these are the Budgeting and Forecasting activities, the Capital Improvement Activities, particularly associated with the Delinquent Tax Revolving Fund, and the groundbreaking Pension and Other Post-Employment Benefit practices.

Budgeting and Forecasting

A primary reason for Oakland County's solid financial position is the fact that County-elected officials and administration 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 financial position in years to come. The County's Executive and finance team keep continuous focus on the County's financial position in making all budgeting and fiscal decisions.

The hallmark of the County's focus on long-term financial planning is preparation and adoption of a triennial budget and five-year forecast. Not only is the budget adopted for the next three fiscal years, the triennial 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 two fiscal years. The mantra adopted by the County Administration is "thoughtful management" not "crisis management."

The development and use of the triennial budget allows the County to maintain financial stability; however, Oakland County realizes that sound financial management actually begins with a solid financial position. The first financial question Oakland County officials ask is not "how do we balance the budget," but "where do we want to be financially in the next five years?" County officials first set a goal of a solid financial position and "work backwards" to develop a budget which will achieve that goal.

County of Oakland Letter of Transmittal

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.

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

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

The law demands the purpose of the DTRF not be jeopardized, which purpose 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 minimum 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.

County of Oakland

Letter of Transmittal

The net assets in the DTRF as of September 30, 2011 are approximately \$218.7 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 leave 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 \$18.7 million higher than required to meet all the fund commitments. As a result, the County has used a portion of the DTRF equity (the amount higher than required to meet funding commitments) to support General Fund/General Purpose operations. The County realizes that this use of this equity is a temporary solution; therefore, its use is limited to a three-year period ending in fiscal year 2012.

Pension and Other Postemployment Benefits

Realizing its employees are its most valuable resource, Oakland County established two pension plans. The first plan is the Defined Benefit Pension Program, referred to as the County's Public Employees' Retirement System (PERS). The second plan is the Defined Contribution Pension Program, referred to as the Oakland Performance Retirement System (OPRS), which qualifies under Internal Revenue Code Section 401(a).

Individuals employed on or before July 1, 1994 had a one-time choice to belong either to the PERS or the OPRS. All eligible individuals employed since July 1, 1994 were enrolled in the OPRS.

The PERS is fully funded, and since there have been no new plan members enrolled since July 1, 1994, there have been no contributions from County funds since FY 1999. Also due to the voluntary shifting of 1,126 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 \$92.1 million since inception of the program without jeopardizing the retirement security of valued employees.

County of Oakland Letter of Transmittal

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 healthcare insurance once they leave County service. Rather than receiving a specific level of healthcare 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 obligation 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 healthcare 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 healthcare program, proceeds from the IRMBT can then be used to pay the debt service on the COPs.

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.

County of Oakland Letter of Transmittal

Major Initiatives

As previously mentioned in this Transmittal Letter and various other publications, Oakland County, along with other governments, has been dealing with the fiscal constraints brought about from “the great recession.” The combination of the constriction of the domestic automobile industry, the nationwide credit crunch and the subsequent deterioration of the housing market has resulted in the loss of jobs for many of the County’s citizens, weakening the County’s primary revenue base – property taxes, as well as other revenues from state and federal resources.

Given the circumstances it would have been easy, and probably understandable, for Oakland County’s elected officials and administration to simply *react* to the economic and fiscal situation they found themselves in. Such reaction would include focusing the County’s talents on short-term fiscal first aid, concentrating on bandaging immediate problems and “trying to stay afloat” in troubled times; making it one day, one month, one year at a time.

Such an approach would be understandable, and truly many local governments were forced into this position by their economic and fiscal issues. However, Oakland County IS NOT that type of government. The County’s elected officials and administration realize that their job is to keep providing necessary services in perpetuity, not just for a short period of time. Although more immediate fiscal first aid measures were necessary, it would never be the focus of Oakland County fiscal operations. Such a focus is too limiting and ultimately does not provide the type of government that County citizens have a right to expect.

Oakland County’s focus has always been on long-term sustainability. This certainly includes the long-term financial stability of County operations; however, it goes beyond that. The County’s elected officials and administration realize that true long-term financial stability is achieved not only through efficient County operations, but through a vibrant local and regional economy and strong local partners especially the cities, townships and villages located within the County’s borders. Therefore, the County has focused, and will continue to focus, on revitalizing the regional economy, supporting our local governmental partners, and keeping our fiscal house in order.

A strong economy is necessary to truly improve the lives of Oakland County residents and help make the County recession resistant. In that vein, the County 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 strengthen its core technology base (automotive engineering) AND yet diversify the local economy, preparing the businesses in our region to be more competitive in the global market place. These efforts include the continued support for its on-going award-winning efforts, *Automation Alley*, *Emerging Sectors*, *Medical Main Street*, and the *Main Street Oakland* programs.

County of Oakland Letter of Transmittal

Automation Alley is a consortium of high-tech companies, governmental entities, and educational institutions brought together to expand the reach of regional business into global markets that they might not have been able to penetrate. From the 43 Oakland County members who began the “*Alley*” in 1999, the organization has now grown to over 1,000 members from an eight (8) county area. In order to expand the global reach of its partners, *Automation Alley* staff works with individual companies to identify international opportunities as well as conduct various group trade missions. During 2012, trade missions are planned for United Arab Emirates (virtual), Germany, Brazil, India (virtual), Israel, Turkey, and Canada.

Through their efforts, *Automation Alley* has already netted \$241 million in new business for trade mission participants along with creating 14,000 new jobs in the region. Further, *Automation Alley* is positioning the region for additional business involving advanced technologies. In June 2011, *Automation Alley* released its “Technology Industry Report” compiled by the Anderson Economic Group. Among other items, the report stated that Southeast Michigan has the highest number of advanced automotive industry jobs, accounting for 9% of all advanced automotive jobs in the United States; Southeast Michigan is positioned ahead of Boston, Seattle, and Austin in almost every measure analyzed and is second to only San Jose’s Silicon Valley region in the number of people working in architectural and engineering occupations with the highest concentration of architectural and engineering employment in the Midwest.

Emerging Sectors 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. Ten sectors have been identified as emerging sectors: advanced electronics and controls; advanced materials and chemicals; aerospace, alternative energy and power generation; communications and information technology; film and digital media; robotics and automation; defense and homeland security; finance, insurance and real estate; and water technology. Since its inception, *Emerging Sectors* has generated over \$1.9 billion in new investments, created over 26,000 new jobs, and retained over 10,000 current jobs.

The success of *Emerging Sectors* is also attracting new business outside the ten sectors specifically targeted, particularly as Oakland County is seen as an excellent base to establish a business and have it prosper. Since 2004, non-*Emerging Sector* efforts have generated \$1.3 billion in investment with 8,500 new jobs created and 8,400 jobs retained. A further example of how Oakland County’s economic development focus is effecting a recovery is the fact that *The Detroit Free Press* reported in January 2012 “...from June 2010 to June 2011, Oakland County has the ninth largest increase in employment of the nation’s 322 largest counties, according to data released by the U.S. Bureau of Labor Statistics.”

An outgrowth of the *Emerging Sectors* initiative relates to those industries surrounding the delivery of health care and medical research. The *Medical Main Street* program, which was launched in 2009, builds off the existing 4,200 medical facilities, 80-plus medical supply companies, and 100,000 health care related professionals who work in the County, to brand Oakland County as a thriving life science center. Since its inception, *Medical Main Street* has assisted 24 companies in their relocation to or expansion in Oakland County. This activity has resulted in the creation of 1,933 new jobs, retention of 638 existing jobs, and increased investment of \$212 million.

County of Oakland

Letter of Transmittal

One specific aspect related to *Medical Main Street*-type efforts was the opening of the Oakland University/William Beaumont Medical School in August 2011, the first new medical school in Michigan in over 60 years. The initial 2011 class contained 50 students. The university has received over 3,700 applications for the second class, which will contain 75 students. When the school is fully ramped up to an anticipated capacity of 500 students, there is the potential for over 10,000 new jobs and an economic impact of over \$3 billion on an annual basis.

The *Main Street Oakland* program began in 2000 under the umbrella of the National Trust for Historic Preservation group housed in Washington D.C. The purpose of the Main Street program is to preserve America's heritage, specifically through the preservation of downtown areas. There are over 2,200 cities that have been accepted on the Main Street roster (only after a rigorous multiyear mentorship) and only one county – Oakland.

To date, *Main Street Oakland* has brought in urban architects, planners, and street designers to rejuvenate and restore twelve (12) downtown areas within the County. The results of these efforts so far have attracted 713 new businesses which have invested over \$579 million into these downtown areas and have created over 6,100 new jobs.

Since their inceptions, the combined efforts of the *Automation Alley*, *Emerging Sectors*, *Medical Main Street*, and *Main Street Oakland* have generated over \$4.0 billion in investments, added over 55,000 new jobs and retained over 17,500 jobs.

The increased investments and jobs not only improve the quality of life for Oakland County residents, they provide a much needed revenue source for the cities, villages and townships and the County government to continue to provide necessary public services. However, these economic development efforts could be somewhat wasted if governments do not manage their business in a prudent manner, effectively and efficiently using the resources at their disposal to provide those necessary services.

As stated previously in this Transmittal Letter, Oakland County's fiscal strength is based upon solid long-term fiscal planning, as much as on economic growth. As noted earlier, the guiding principle of the County's fiscal operations is "thoughtful management, not crisis management." The County's planning efforts focus on how to sustain operations in perpetuity, so that it can continue providing the necessary services that citizens rely upon. This long-term fiscal view allows the County's elected officials and administrators to identify areas of potential fiscal weakness, as well as fiscal strength, within a timeframe that allows for thoughtful action, thus avoiding disruptive fluctuations in services.

An example of these proactive steps is reflected in the method used by County Administration to generate the necessary budget reduction required to meet revenue shortfalls. Specifically, each elected official was given a "budget task," a target amount of budget reductions which they were required to make for the upcoming budget. Should an official cut more than was required, or cut earlier than required, they would receive "budget credit" which could offset future budget tasks (in the meantime, the County received the benefit of accelerated savings). As explained later in this Transmittal Letter, the establishment of these "budget credits" has allowed the County to temporarily increase its General Fund balance in order to smooth out the effects of further budget reductions.

County of Oakland

Letter of Transmittal

County elected officials and administration have developed a culture of scrutinizing all operations and expenditures, and reducing those operations and expenditures which do not meet standards for effectiveness and efficiency. The County continues to find creative, innovative methods to meet the demands of county residents. Oakland County has been proactively addressing these issues for many years by restructuring and downsizing through business process reengineering, retirement incentives, hiring freezes, structural changes to employees compensation packages, privatization of some programs, as well as reducing or closing some programs. A portion of some of these efforts is discussed below.

Since October 1993, Oakland County has implemented fifteen (15) separate privatization efforts; these efforts have generated a reduction of 339 positions, annual savings of \$8.1 million and total savings of \$57.4 million (present value) as of March 2012.

In March, the County will initiate its most recent privatization effort which contracted the operation of the Jail Health Clinic to a private company, Correct Care Solutions (CCS). Michigan law requires the County Sheriff to provide medical care to the inmates under his jurisdiction. The care includes on-site medical examinations of inmates, dispensing of medications to inmates and emergency referral to local hospitals (if required). The results of this effort are not simply the estimated \$500,000 annual cost savings (which will be realized by the replacement of the County nurses, clerical support with CCS staff) but there should also be more efficient, coordinated, and expanded inmate medical care through various economies of scales brought by CCS. Although 27 County positions were deleted, it is anticipated that no employee will lose their job. Most of the clerical staff were transferred to vacant County positions and most of the nursing staff have been employed by CCS.

One of the major components of increasing operational costs, both for governments and businesses, is employee health care and other benefits. Oakland County is a long-time leader in implementing employee benefit changes, limiting taxpayer cost increases while at the same time providing a fair benefit to the hard-working employees of the County. Some of these efforts began as far back as 1984 with the elimination of longevity pay for new hires and the institution of a vesting schedule for retiree health care. As previously mentioned, Oakland County began to pre-fund its retiree healthcare obligation as far back as 1987.

Active employee healthcare costs, however, remain one of the higher benefit expenses for the County. In 1997, the County required new hires to contribute to their healthcare expenses. In 2003, healthcare contributions were increased for ALL employees and new three-tier prescription co-pay was implemented. Despite these efforts, active employee healthcare cost increased from \$24.9 million in Fiscal Year 2003 to \$38.7 million in Fiscal Year 2007, a 55% increase. Between fiscal years 2006 and 2007, the cost jumped 20% alone.

County of Oakland

Letter of Transmittal

In order to slow this level of increase, Oakland County implemented two changes during 2007. The first was to raise co-pays and deductibles for health care, hospitalization, and prescription coverage. These actions clearly reduced the County's net expense, but did little to affect one of the leading causes of increasing health care cost: unhealthy life styles. Further, since the County is self-insured for healthcare expenses, a reduction in the need for medical care has a direct impact on how much the County pays for this benefit. In order to deal with that underlying cost driver, the County Executive Administration implemented the *OakFit* employee wellness program.

OakFit is a multifaceted program that begins with employees receiving a blood screening which checks glucose and cholesterol levels. In addition, the employee's blood pressure and body mass index are assessed. After the screening, each employee completes a "Risk Assessment Survey" which, when added to the screening results, identifies employees who are at high risk for health concerns. Those identified as high risk are referred to their primary physician.

Beyond the risk assessment, *OakFit* includes a number of lunch hour programs made available to employees, which support and encourage healthy lifestyles. These programs include having Weight Watchers come to the County complex to teach classes; yoga and Pilates classes on the complex; several "Lunch and Learn" lectures teaching healthy life styles; an annual Health Fair; and Oakland County Farmer's Market coupons good for the purchase of fruits and vegetables. Through these efforts over the last four years, Oakland County's fiscal year 2011 active employee health care cost was \$37.0 million. This amount is an actual decline from the \$38.7 million spent in fiscal year 2007. For further comparison, if a simple 9% annual inflation factor was added to the fiscal year 2007 expenditure, the projected fiscal year 2011 expenses would have been \$56.0 million, almost \$19 million higher than the actual amount.

As mentioned, Oakland County's fiscal practice is to develop a solid long-term financial position. County officials first set a goal of a solid financial position and "work backwards" to develop a budget which will achieve that goal. One measurement of a solid financial position is a strong General Fund balance; thus Oakland County's establishment and use of General Fund balance is actually a significant portion of its overall budgeting and forecasting strategy.

It is Oakland County's sustainable practice to maintain a General Fund balance equating to approximately 20% of annual General Fund / General Purpose expenditures. This figure is calculated based upon two criteria. The first criterion is the Government Finance Officers' Association (GFOA) recommendation to retain at least two months of annual expenditures (approximately 17%) in fund balance. Such a practice provides a cushion against sudden fiscal crises, allowing the County to meet emergency demands without severely disrupting ongoing operations and services.

The second criterion is the need for an additional cash flow cushion based upon the fact that Michigan Public Act 357 of 2004 requires the County to collect property taxes in arrears. Under this State Act, counties levy property taxes in July of each calendar year, which is ten months AFTER the beginning of Oakland County's fiscal year. Prior to enacting P.A. 357, the County levied property taxes in December only three months after the beginning of the fiscal year. This shift to a later levy date results in the need for short-term borrowing to augment General Fund cash balances around April of each fiscal year.

County of Oakland Letter of Transmittal

As explained in Management's Discussion and Analysis, following this Transmittal Letter, Oakland County avoided a negative General Fund cash position by borrowing from the Revenue Sharing Reserve Fund, as provided for under Public Act 357 of 2004. However, as that fund shrinks by design, the County may be forced to issue tax anticipation notes to meet cash flow needs. By building up General Fund balance, the County hopes to mitigate the need or at least the amount of borrowing required to meet cash flow needs.

Maintaining a General Fund balance of approximately 20% of annual General Fund / General Purpose (GF/GP) expenditures is sufficient to maintain services without disruptive financial swings. Accordingly, the fiscal year 2012-2014 Triennial Budget process began by developing detailed projections of GF/GP revenues and expenditures for the entire triennial period, as well as general projections for fiscal year 2015 and fiscal year 2016. The result of the detailed analysis indicated projected GF/GP expenditures of \$425.3 million by fiscal year 2014 WITHOUT additional budget reductions. Applying the 20% General Fund balance target to this number generates a financial goal to have a General Fund balance of \$85.0 million by September 30, 2014 and 2015. The County's budget plan, and financial actions, is directed to maintain no less than that level of General Fund equity by the end of fiscal year 2014 and into fiscal year 2015, a level which should be maintained each year beyond that.

As noted in the accompanying financial statements, Oakland County's General Fund balance totaled \$201.2 million as of September 30, 2011. This level of fund balance equates to 48% of budgeted fiscal year 2012 GF/GP expenditures. However, of that amount, \$17.5 million is assigned to balance the fiscal year 2012 budget; \$39.1 million is assigned to balance the fiscal year 2013 budget; \$45.9 million is assigned to balance the fiscal year 2014 budget; and \$17.0 million is assigned to offset budgetary issues in fiscal year 2015 and beyond. Should budgeted use of fund balance occur for fiscal year 2012-2014 AND no other reductions are made during that three-year period, General Fund balance will be at \$98.8 million or 23% of estimated GF/GP fiscal year 2014 expenditures. By fiscal year 2015, \$116.2 million in General Fund equity at September 30, 2011 will be used to ensure stable operations within County departments to the benefit of the County's residents.

Oakland County's current budget/financial plan thus reaches its General Fund balance target of 20% of GF/GP expenditures as of September 30, 2014, with an additional \$17.0 million cushion for fiscal year 2015. This provides the County four (4) fiscal years to enhance the restructuring of County operations to effectively eliminate any structural budget over the longer term.

Clearly, the deterioration of the international, national and local economies has a detrimental impact on Oakland County's (and all governments') 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 pointed out that Oakland County's elected officials and administration have already demonstrated the capacity to *manage* the business of the County through difficult economic environments. Oakland County has proven its 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 and Moody's Investor Services, Incorporated. In their transmittal letter reaffirming Oakland County's AAA status, Standard and Poor's stated:

“The stable outlook reflects our expectation that Oakland County, through its strong financial management, will take the steps necessary to maintain its strong financial operations and reserves despite anticipated drops in taxable value. We expect that the use of multi-year financial projections and three-year rolling line item budgets will help it to address the financial challenges it faces as a result of the current economic downturn, therefore adding to the rating's stability.”

Out of more than 3,100 counties in the United States, only 38 enjoy the distinction of a AAA bond rating (down from 49 counties at this time last year). 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, 2010. This was the 20th 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 the GFOA to determine its eligibility for another certificate.

In addition, Oakland County also received the GFOA's Distinguished Budget Presentation Award for its triennial budget document dated October 1, 2009. This latest award is the 13th 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 2010 PAFR award was the County's 15th 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

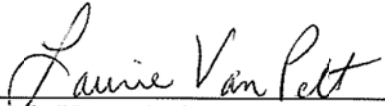
Acknowledgements:

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 and the members of the Circuit, Probate, and 52nd District Court, for their unfailing support for maintaining the highest standards of professionalism in the management of Oakland County's governmental finances.

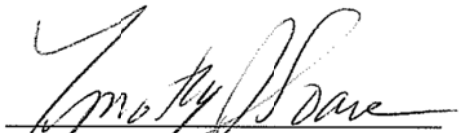
Respectfully submitted,



L. Brooks Patterson
Oakland County Executive

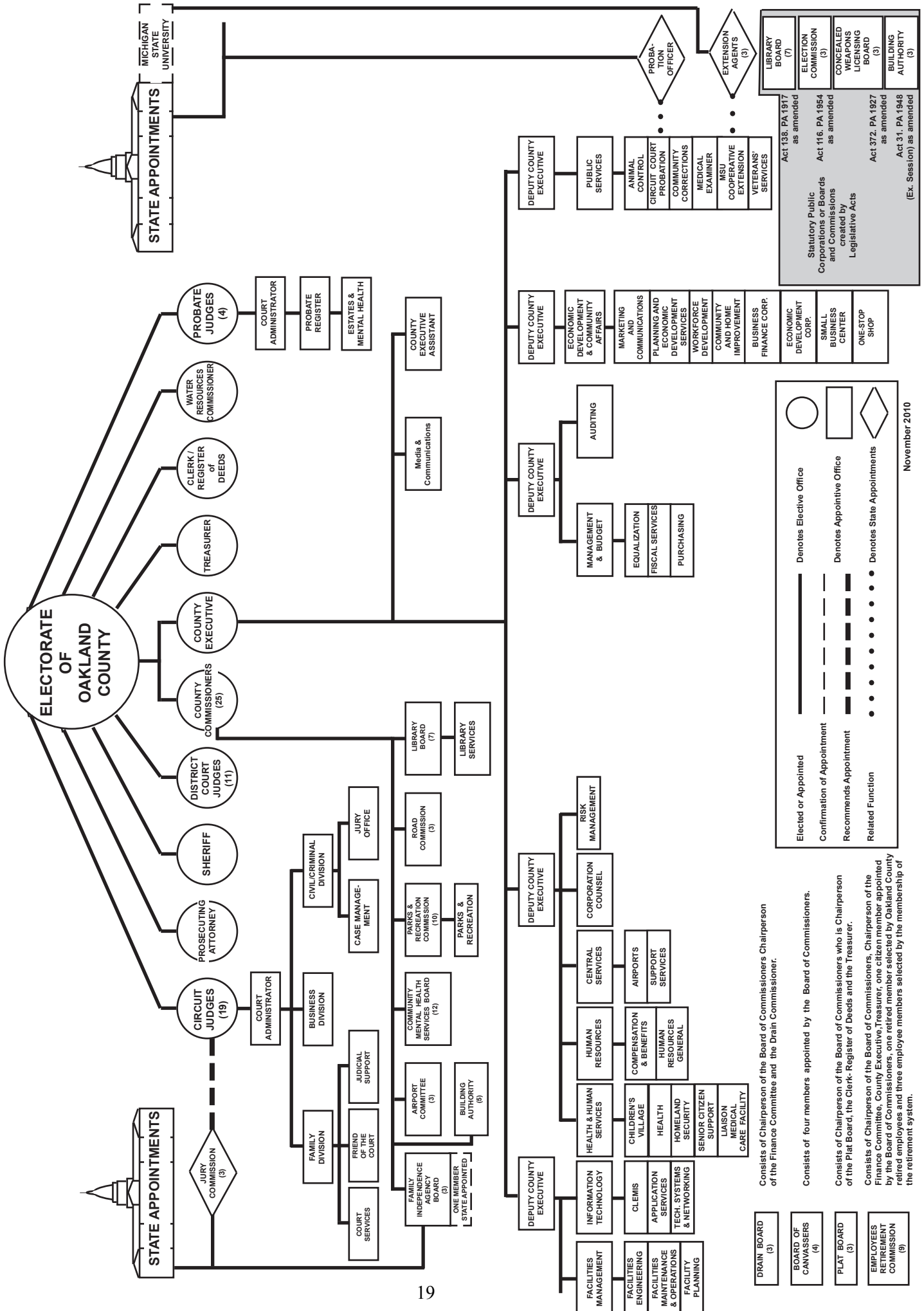


Laurie Van Pelt, CPFO
Chief Fiscal Officer and Director,
Department of Management and Budget



Timothy J. Soave, CPFO
Manager, Fiscal Services Division

OAKLAND COUNTY GOVERNMENT ORGANIZATIONAL CHART



COUNTY EXECUTIVE

L. Brooks Patterson

BOARD OF COMMISSIONERS

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Jeff Matis, Vice-Chairperson

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Jim Runestad
John A. Scott
Shelley G. Taub
Philip J. Weipert
Dave Woodward
Helaine Zack

OTHER ELECTED OFFICIALS

Clerk/Register of Deeds
Bill Bullard, Jr.

Treasurer
Andy Meisner

Water Resources Commissioner
John P. McCulloch

Prosecuting Attorney
Jessica R. Cooper

Sheriff
Michael J. Bouchard

Chief Circuit Judge
Nanci J. Grant

Chief Probate Judge
Linda S. Hallmark

Chief District Judge
William E. Bolle

AIRPORT COMMITTEE

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Dave Woodward, Vice-Chairperson
John A. Scott, Secretary
Christine A. Long
J. David VanderVeen

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David Kasdan, Vice-Chairperson
Harvey Wedell, Secretary
L. Brooks Patterson, County Executive
Andy Meisner, County Treasurer

PARKS AND RECREATION

Gerald A. Fisher, Chairperson
John P. McCulloch, Vice-Chairperson
J. David VanderVeen, Secretary

Robert E. Kostin
Christine A. Long

Gary R. McGillivray
Charles E. Palmer

John A. Scott
Eric S. Wilson

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Gregory C. Jamian, Vice-Chairperson
Ronald J. Fowkes, Commissioner

DRAIN BOARD

John P. McCulloch, Water Resources Commissioner
Michael J. Gingell, Board of Commissioners Chairperson
Thomas F. Middleton, Finance Committee Chairperson

Personnel as of September 2011

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, 2010

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.



Linda C. Danson

President

Jeffrey R. Emer

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**



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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 (the "County") as of and for the year ended September 30, 2011, 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, 2011 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.

During the year, the County implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*, as discussed in Note 1. As a result of this required implementation, several funds are now being reported within the General Fund, as discussed in Note 20. In addition, fund balance classifications in the governmental fund financial statements have been changed to reflect the five new classifications under GASB Statement No. 54.

Plante & Moran, PLLC

March 20, 2012

County of Oakland

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of Oakland County's (the "County") financial performance, providing an overview of the activities for the fiscal year ended September 30, 2011. 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 improved during Fiscal Year 2011, primarily due to a concerted effort to reduce expenses to meet structural revenue reductions.
- Net assets increased by \$16.9 million to \$1,048.3 billion (excluding component units).
- Governmental activities net assets increased by \$9.5 million to \$397.9 million.
- Business-type activity net assets increased \$7.4 million to \$650.4 million.

Fund Level:

- At the close of the fiscal year, the County's governmental funds reported a combined ending fund balance of \$315.7 million, a decrease of \$3.9 million from the fiscal year 2010 governmental funds combined ending fund balance, primarily reflecting planned use of fund equity.
- The Revenue Sharing Reserve Fund (RSRF) made a planned transfer of \$24.2 million to the General Fund. The RSRF was established by state statute to replace state revenue-sharing payments.
- The General Fund balance increased by \$31.2 million from \$170.0 million at the end of fiscal year 2010 (as stated pursuant to implementation of GASB Statement Number 54) to \$201.2 million at the end of fiscal year 2011. The increase is primarily attributed to planned accelerated expenditure reductions, building fund balance in order to maintain critical services as the County implements long-term structural reductions.
- At the close of the fiscal year, the County's proprietary funds reported a combined ending balance of \$740.0 million, consisting of \$650.4 for the Enterprise Funds (a \$2.8 million increase from fiscal year 2010) and \$89.6 million for the Internal service funds (a \$7.3 million increase from fiscal year 2010). These increases were primarily a result of additional capital contributions.

Capital and Long-term Debt Activities:

- The County's capital assets experienced a net increase of \$350,000 during fiscal year 2011.
- The County issued \$33.7 million in new general government debt and business-type debt during fiscal year 2011, which supported Water Supply Act 342 projects, Building Authority refunding debt and Sewage Disposal Act 342 projects.
- The County paid \$56.7 million in general government bond and note obligations during fiscal year 2011.
- The County is \$4.4 billion below its authorized debt limit.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial report of the County consists of the following components: 1) the Introductory Section, which includes the *Transmittal Letter*; 2) the Financial Section, which includes the *Auditor's Report*, the *Management's Discussion and Analysis*, the *Basic Financial Statements* (government-wide financial statements, fund financial statements, 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) the 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 2011. All changes in net assets are reported based on the period for which the underlying events occur, 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 revenues 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 is 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. 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* (account 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 as well as the cities, villages, and townships located within the County's borders. 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.

Special Note: Implementation of GASB Statement Number 54

As is detailed in Note #20 to the accompanying financial statements, Oakland County implemented GASB Statement Number 54, *Fund Balance Reporting and Governmental Fund-type Definitions*, during fiscal year 2011. The purpose of this statement is to provide clear fund balance classification which can be more consistently applied by clarifying the existing governmental fund-type definitions.

In order to appropriately implement GASB Statement Number 54, Oakland County conducted a review of all their fund-type classifications. That review determined that seven (7) funds originally classified as "special revenue," as of September 30, 2010, no longer met the GASB definition for that fund-type. As a result, seven (7) funds were reclassified, five (5) into the General Fund, one (1) into Enterprise Funds, and one (1) into the Pension Trust Funds. The reclassifications necessitated a restatement of the fund balances as of September 30, 2010, affecting Oakland County's financial statements as follows:

County of Oakland Management's Discussion and Analysis

- Reclassification of the *Public Health Fund*, *Oakland Enhancement Fund*, *Property Tax Forfeiture Fund*, *Capital and Cooperative Initiative Revolving Fund*, and *Jail Population Management Fund* from special revenue funds to the General Fund
 - Statement of Net Assets and Statement of Activities – no effect, all funds remain classified as “governmental activities.”
 - Fund statements:
 - Combined governmental fund statements – no effect, all funds remain classified as “governmental funds.”
 - Individual fund statements – individual fund statements for the five (5) reclassified funds are eliminated. Further, previously recorded transfers out of these five (5) funds to the General Fund, and from the General Fund to the five (5) reclassified funds are also eliminated. This is reflected in budget and actual variances within the General Fund between fiscal year 2010 and fiscal year 2011.
- Reclassification of *Delinquent Personal Tax Administration Fund* to Enterprise funds
 - Statement of Net Assets and Statement of Activities - \$4.6 million in assets originally reported under “governmental activities” on September 30, 2010 were restated and are now reported under “business-type activities.”
 - Combined fund statements – fund assets and activity moved from the “combined governmental fund statements” to the “combined business-type enterprise fund statements.”
- Reclassification of the *Interim Retirees Medical Benefit Trust Fund (IRMBT)* to a Pension Trust fund
 - Statement of Net Assets and Statement of Changes in Net Assets
 - \$337.9 million in “restricted assets” moved to “other long-term assets” reflecting the creation of an “OPEB Asset.” This action does not change the overall net assets of the County; however, it properly recognizes the County resources available to cover future other post-employment benefit expenses.
 - Specifically on the Statement of Activities, the fiscal year 2010 presentation included the IRMBT fund; therefore, the reclassification of that fund causes a number of the variances between the activities as they are reported at the end of fiscal year 2011. Included in this is:
 - Reduction of governmental activities charges for services revenue due to the elimination of IRMBT interest income.
 - Reduction in governmental activities expenses (specifically general government activity) related to the removal of all IRMBT expenses from the Statement of Activity.
 - Increase in governmental activities expenses (across all activities) related to the amortization of the new OPEB debt.
 - Reduction of Interest on Debt Service expense related to the reclassification of the interest expense on the Certificates of Participation (COPs) issued to support the IRMBT.
 - Fund statements – combined governmental funds statements decreased by \$337.6 million in assets originally reported on September 30, 2010.

County of Oakland

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

As previously stated, Oakland County's financial position improved during fiscal year 2011. As reflected in the table below, the County's combined net assets increased by \$16.9 million over the course of this fiscal year's operations. In particular, the net assets of the governmental activities increased by \$9.5 million. This change includes the September 30, 2010 restatement reclassifying \$4.6 million in governmental activities assets to business-type activities. Actual fiscal year 2011 governmental activities operations resulted in an increase of net assets of \$14.1 million reflecting reductions in expenses as the County constricts operations to match shrinking revenues. The business-type activities had an increase of \$7.4 million in net assets. This change includes the September 30, 2010 restatement reclassifying \$4.6 million from governmental activities. Actual fiscal year 2011 business-type activities resulted in an increase of \$2.8 million in net assets which reflect additional capital contributions.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Current Assets	\$ 510.1	\$ 528.7	\$ 483.1	\$ 484.9	\$ 993.2	\$ 1,013.6
Capital Assets	194.9	200.8	252.1	246.6	447.0	447.4
Restricted Assets	-	337.9	-	-	-	337.9
Other Long-term Assets	376.6	52.2	-	-	376.6	52.2
Total Assets	1,081.6	1,119.6	735.2	731.5	1,816.8	1,851.1
Current Liabilities	97.8	113.3	80.9	88.5	178.7	201.8
Other Liabilities	585.9	617.9	3.9	-	589.8	617.9
Total Liabilities	683.7	731.2	84.8	88.5	768.5	819.7
Net Assets:						
Invested in Capital Assets						
Less Related Debt	150.3	151.7	248.0	246.6	398.3	398.3
Restricted	98.4	6.5	77.8	15.8	176.2	22.3
Unrestricted	149.2	230.2	324.6	380.6	473.8	610.8
Total Net Assets	\$ 397.9	\$ 388.4	\$ 650.4	\$ 643.0	\$ 1,048.3	\$ 1,031.4

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's Net Assets (in millions of dollars)

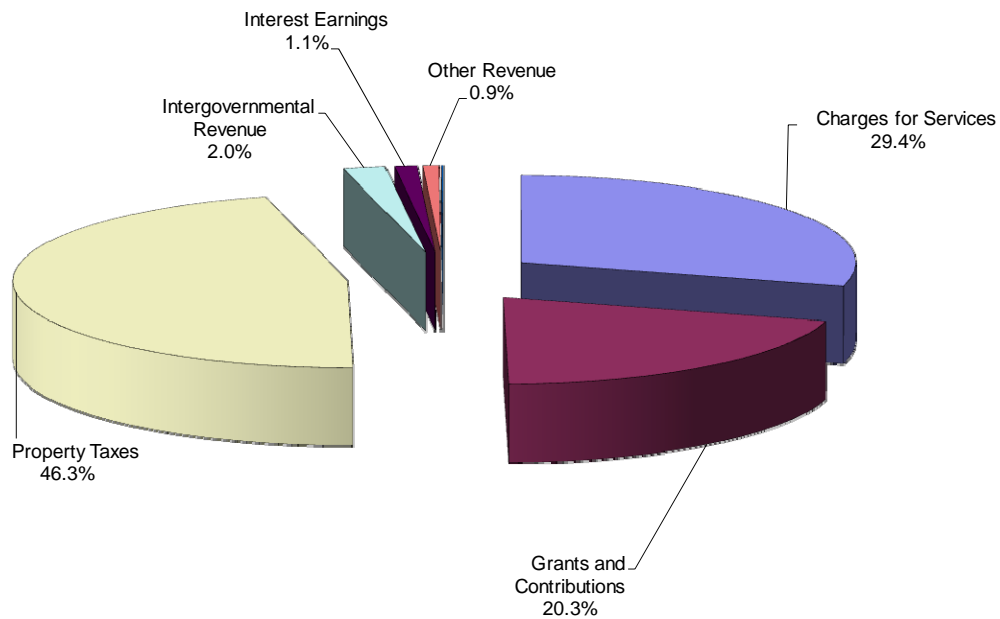
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenue						
Program Revenue						
Charges for Services	\$ 132.0	\$ 172.4	\$ 214.1	\$ 205.9	\$ 346.1	\$ 378.3
Grants and Contributions						
Operating	87.6	94.9	0.3	0.1	87.9	95.0
Capital	3.8	0.8	11.9	3.1	15.7	3.9
General Revenue						
Property Taxes	208.0	217.8	12.7	14.5	220.7	232.3
Intergovernmental Revenue	9.0	9.1	-	-	9.0	9.1
Investment Earnings	4.9	7.2	3.0	6.9	7.9	14.1
Other Revenue	3.5	4.0	-	-	3.5	4.0
Gain on Sale of Assets	0.4	-	-	-	0.4	-
Total Revenue	<u>449.2</u>	<u>506.2</u>	<u>242.0</u>	<u>230.5</u>	<u>691.2</u>	<u>736.7</u>
Expenses						
Public Safety	179.4	173.4	16.3	14.5	195.7	187.9
Justice Administration	88.1	85.7	-	-	88.1	85.7
Citizen Services	82.2	84.6	6.0	5.8	88.2	90.4
Public Works	26.4	21.6	160.2	135.3	186.6	156.9
Recreation and Leisure	1.5	1.7	20.1	21.6	21.6	23.3
Commerce and Community Dev.	63.0	67.8	-	-	63.0	67.8
General Government	23.8	64.7	1.7	1.4	25.5	66.1
Interest on Debt Service	3.6	35.9	-	-	3.6	35.9
Unallocated Depreciation	2.0	2.0	-	-	2.0	2.0
Total Expenses	<u>470.0</u>	<u>537.4</u>	<u>204.3</u>	<u>178.6</u>	<u>674.3</u>	<u>716.0</u>
Revenue (Under) Over Expenditures	(20.8)	(31.2)	37.7	51.9	16.9	20.7
Transfers - On-going	34.9	34.5	(34.9)	(34.5)	-	-
Increase in Net Assets	<u>14.1</u>	<u>3.3</u>	<u>2.8</u>	<u>17.4</u>	<u>16.9</u>	<u>20.7</u>
Net Assets - Beginning	388.4	385.1	643.0	625.6	1,031.4	1,010.7
GASB #54 Restatement	(4.6)	-	4.6	-	-	-
Net Assets - Ending	<u>\$ 397.9</u>	<u>\$ 388.4</u>	<u>\$ 650.4</u>	<u>\$ 643.0</u>	<u>\$ 1,048.3</u>	<u>\$ 1,031.4</u>

County of Oakland Management's Discussion and Analysis

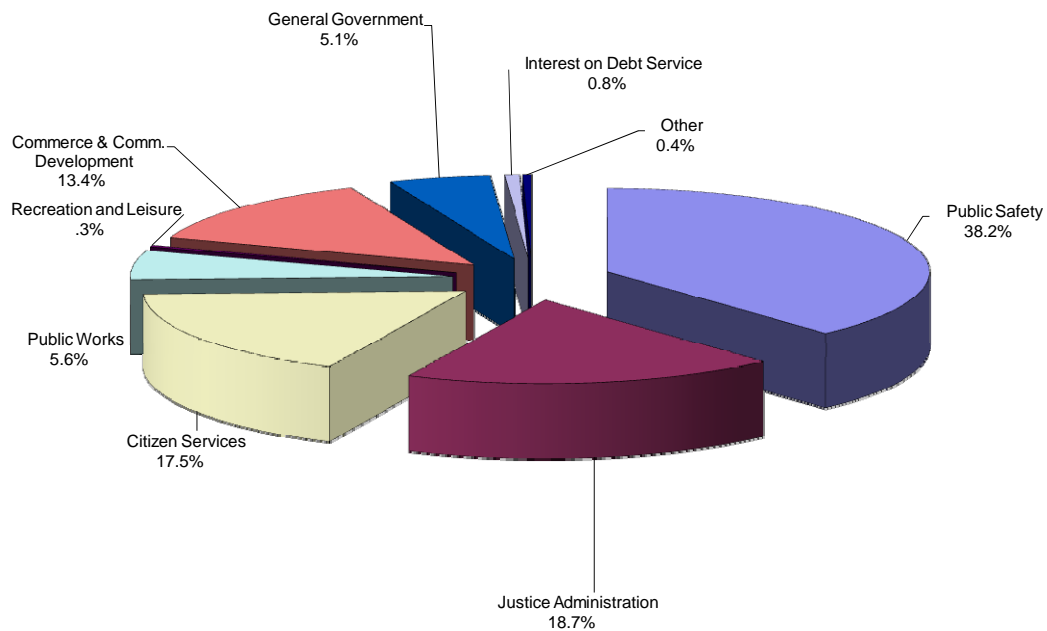
Governmental Activities:

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

Revenues - Governmental Activities Fiscal Year Ended September 30, 2011



Expenses - Governmental Activities Fiscal Year Ended September 30, 2011



In total, fiscal year 2011 governmental activity revenue collections decreased by \$57.0 million from fiscal year 2010. Of this amount, charges for services received \$40.4 million less in fiscal year 2011, property tax collections fell \$9.8 million, grants and contributions were \$4.3 million less than the previous fiscal year, and all other revenues were reduced by \$2.5 million.

County of Oakland Management's Discussion and Analysis

Property taxes, which generated \$208.0 million in revenue, remains the largest source of support for governmental activities, comprising 46.3 percent of all governmental activity revenue. Governmental activities have decreased their dependency on property taxes; the fiscal year 2011 percentage is far below fiscal year 2008, when property taxes represented 60.6 percent of governmental activity revenue. However, this reduced reliance on property tax revenue is due to shrinking property values rather than substantial increases from other revenue sources.

Property tax revenue decreased by \$9.8 million from the amount realized during fiscal year 2010. This decrease reflects the deterioration of the local real estate market and the subsequent effects on property values. The 2011 Oakland County Equalization Report published \$52.4 billion as the assessed state taxable value of property within the County's borders. Please note that "state taxable value" is different than "state equalized value"; the latter represents 50 percent of true cash value, while the former is a calculation based upon the State of Michigan's property tax laws. The \$52.4 billion reported as assessed taxable value for 2011 is \$2.7 billion less than the \$55.1 billion reported as assessed taxable value for 2010. This drop in assessed taxable value, multiplied by the County's approved 2011 property tax rate of 4.19 mills, generates a loss of property tax revenue of \$11.3 million. However, after accounting for tax increment financing districts, the loss was \$14.6 million.

The reduced collection amount was partially offset by a release of \$4.8 million from a liability account established against potentially negative State Tax Tribunal judgments. Under Michigan law, individual taxpayers (residential, commercial, or industrial) have the right to appeal the assessed value placed on a particular piece of property. The first appeal is made to the local Boards of Review, who are charged with finalizing the tax roll by assigning the value of the property. After testimony and deliberation, this Board sets the value of a particular piece of property for tax purposes by either accepting the value provided by the assessor or the value proposed by the taxpayer. The ruling of the Board (either for the assessor or the taxpayer) is used to calculate the property tax bills; taxes are paid based upon the Board's determined value.

If an individual taxpayer is not satisfied with the Board of Review decision (even though they are required to pay the Board's determined tax amount), they may appeal to the State Tax Tribunal. The Tax Tribunal may affirm the actions of the Board of Review or they may reverse the Board's actions. Should the Tax Tribunal find for the taxpayer, any taxes paid and collected by the various taxing authorities pursuant to Board of Review action must be returned to the taxpayer.

Historically, the County loses approximately one-half of one percent of taxable value through the Tax Tribunal process, meaning the Tax Tribunal supports the taxpayer's challenge. However, due to the deteriorating real estate market, Tax Tribunal cases have risen to unprecedented levels. Further, the large number of appeals now means that the Tax Tribunal is three years behind in hearing appeals. Given the growing possibility of successful taxpayer appeals, the County's Department of Management and Budget (Fiscal Services and Equalization Divisions) developed an analysis of the amount of property under appeal and the likelihood of losing those appeals.

Based upon that analysis, which was thoroughly described in previous Comprehensive Annual Financial Reports, the County recorded a liability of \$8.3 million in fiscal year 2009 and an additional \$4.6 million in fiscal year 2010 to cover anticipated adverse Tax Tribunal judgments, rendering a total liability of \$12.9 million at the end of fiscal year 2010. In fiscal year 2011, the Tax Tribunal began to render judgments on tax year 2008 cases, providing the County final property values on a number of properties in question. As a result of the Tax Tribunal judgments, the County's Department of Management and Budget felt comfortable reducing the liability by \$4.8 million, thus bringing these funds in as property tax revenue in fiscal year 2011.

County of Oakland Management's Discussion and Analysis

For more details regarding 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.

Charges for services, which reflects revenue generated by county operations invoicing specific benefiting parties for services performed, as well as recognition of revenues generated by specific programs, is the second largest source of governmental activity revenue, generating \$132.0 million or 29.4 percent of the total. There are 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 \$132.0 million collected in fiscal year 2011 represents a \$40.4 million decrease from the previous fiscal year. The major portion of this decrease is the result of the reclassification of the Interim Retirees Medical Benefit Trust (IRMBT) fund to a pension trust fund, thus it is no longer reported in the government-wide statement of activities. In fiscal year 2010, \$37.4 million in interest income from IRMBT investments was reported as revenue. With the reclassification of the IRMBT, that interest income was removed from the fiscal year 2011 revenues.

The third largest source of support for governmental activities is the \$91.4 million received in operating and capital grants and contributions during fiscal year 2011, which is 20.3 percent of the total revenue for governmental activities. This amount represents a \$4.3 million decrease from fiscal year 2010. Included in this total change is \$7.3 million for decreased operating grants which consists of a reduction of federal dollars, primarily from American Recovery and Reinvestment Act (ARRA) funding, of which \$2.7 million is for Housing and Community Development efforts including neighborhood stabilization and homeless prevention and re-housing; as well as a reduction of \$2.1 million in workforce development grants particularly for dislocated workers and adult employment transition. Further, public safety operating grants decreased by \$900,000 as federal assistance for officer deployment was reduced and \$700,000 in human services grants were also decreased due to reduced federal and state efforts.

However, capital contributions and grants increased by \$3.0 million including new communication purchases for dispatch effort for the County's Public Services Answering Points (PSAPs) as well as additional equipment (radios, bulletproof vests, weapons, etc.) purchases through law enforcement block grants (\$1.6 million). In addition, \$1.3 million of the increased capital contributions involved upgrades to sewer lines for the Evergreen-Farmington Sewage Disposal System.

Oakland County governmental activities also recorded \$9.0 million in intergovernmental revenue during fiscal year 2011, a \$100,000 decrease from the amount received in fiscal year 2010, primarily due to decreased 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 activities generated \$4.9 million in investment earnings during fiscal year 2011; this amount reflects a decrease of \$2.3 million from the amount earned in fiscal year 2010. The decrease is attributed to a shrinking investment base for all funds administered by the County.

County of Oakland Management's Discussion and Analysis

Governmental activity fiscal year expenses decreased \$67.4 million from the fiscal year 2010 expense level, a 12.5 percent reduction from the previous fiscal year. This overall decrease, however, reflects a number of different actions including actual reduced activity as well as accounting changes brought about by the implementation of GASB Statement Number 54 and adjustments required in the reconfiguration of the County's modified accrual fund statements to the County's full accrual entity-wide statements.

Of the \$67.4 million total decrease in governmental activity expenses, \$58.8 million (87.2 percent) reflects the elimination of the IRMBT expenses from the Statement of Activities as the fund was reclassified as a fiduciary pension trust fund. This action directly affected the General Government activity.

In addition, personnel expenses (salaries, overtime, and fringe benefits) fell across all activities by \$6.8 million from the fiscal year 2010 amount. This reduction reflects the fact that all County employees, with the exception of the Oakland County Deputy Sheriff's Association (with whom negotiations continue), took a 1.5 percent reduction in base salary. Further, the County's policy of not filling vacant full-time, benefit-eligible authorized positions during fiscal year 2011 unless the particular position was required for public safety (24/7) operations resulted in having 287 authorized positions vacant by the end of fiscal year 2011. Further, an additional 340 full-time benefit-eligible positions were filled with part-time no-benefit (non-eligible) employees by the end of the fiscal year. The total of 627 vacant and underfilled positions at end of fiscal year 2011 represents 14.0 percent of the total authorized positions in the County.

Further, the maturing of the certificates of deposit, as well as internal service fund activities, reduced the expenses for these operations by \$14.1 million. However, as is described below, the reduction of internal service fund expenses also results in the recording of an increase in expense for the various activities due to the mechanics of the "lookback adjustment."

Additional reduction in expenses related to the planned efforts of the County's elected officials to reduce expenses to match projected revenue shortfalls, including a freeze on all capital projects and purchases, unless required to maintain asset functionality, are explained in the individual activity section below.

The general reductions in governmental activities described above were partially offset by an increased expense of \$9.8 million related to the amortization of the new OPEB asset. As stated previously, the reclassification of the IRMBT to a pension trust fund removed a restricted asset from the balance sheet. However, Oakland County has resources set aside to support OPEB expenses, thus a new long-term asset was created. This asset is required to be amortized; that amortization expense must be recorded under the full accrual Statement of Activities. Fiscal year 2011 is the first year of the amortization, generating the \$9.8 million in increased governmental activity expenses.

Further, to reduce their impact on all County activities, the County's internal service funds engaged in a concerted effort to reduce expenses and reduce the rates charged to County operations for the services provided. In some cases, the funds purposely used residual equity to cover expenses. The result was a \$14.1 million reduction in fund equity spread to all activities, of which \$9.7 million was reflected in the governmental activities. Due to mechanics required to produce the entity-wide Statement of Activities, reduced internal service fund equity shows as slight *increases* to the governmental and business-type activities.

County of Oakland Management's Discussion and Analysis

In order to fully allocate cost among the various activities, financial statement issuers are required to develop "lookback adjustments." A lookback adjustment is where the profit or loss of an internal service fund is allocated back to governmental activities. It is allocated back as an offset to expenses. Should the internal service fund experience greater profit (or reduced expense), the offset to the governmental activity is higher, therefore the governmental activity's expenses show as lower, which is proper because "costs" actually declined. Contrarily, should the internal service fund experience less profit (or higher expenses), the offset to the governmental activity is lower, leading to increased governmental activity expenses which properly reflects increased "costs."

These actions described above affected all governmental activity areas, and virtually explain the changes in expenses experienced from fiscal year 2010 to fiscal year 2011. Highlights of individual activities are discussed below.

Public safety continued to be the largest governmental activity, expending \$179.4 million of the \$470.0 million total governmental activities amount (38.2 percent). Public safety expenses encompass law enforcement, crime prevention, incarceration, emergency management, and technical support. Public safety expenses increased by \$6.0 million (3.5 percent) from the previous fiscal year, reflecting the two accounting adjustments described above; specifically, the effect of the OPEB amortization (\$3.8 million) and the internal service fund look-back adjustment (\$3.1 million). These were partially offset by reductions in capital outlay expenses.

Closely linked to public safety, Justice Administration is the second largest expense category, accounting for \$88.1 million, or 18.7 percent, of the total governmental activity expenses. The Justice Administration activity, which centers on the operations of the 6th Judicial Circuit Court, 52nd District Court, as well as the Prosecuting Attorney, County Clerk functions which support the courts, and the Reimbursement Unit of the Fiscal Services Division, experienced a \$2.4 million expense increase (2.8 percent) from the previous fiscal year. As with public safety, virtually all of the Justice Administration variance reflects the OPEB amortization effect (\$1.9 million) and the internal service fund lookback adjustment (\$1.6 million). This was offset by \$1.0 million in expense reductions related to the large number of vacant and underfilled positions in all departments reporting to this activity.

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, is the third largest governmental activity with \$82.2 million in expenses, or 17.5 percent, of the total governmental activities. Expenses for this activity decreased by \$2.4 million from the fiscal year 2010 level (2.8 percent), which reflects several actions including the Health Division spending less on substance abuse prevention efforts due to uncertainty of State funding (\$1.9 million). Confirmation of the State appropriation was not received until late in the fiscal year, generating less activity. The unspent State appropriation has been carried forward into fiscal year 2012. Further, \$1.2 million in expenses were reduced through continuing efforts aimed at transitioning Circuit Court wards 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 youth funded through the County's child care fund. In addition, various grant programs under this activity, particularly certain human services grants and housing support grants, spent \$2.0 million less in fiscal year 2011 as several of the American Recovery and Reinvestment Act (ARRA) funds were completed in fiscal year 2010.

The above discussed reductions in Citizen Services activities were partially offset by increases brought about by the above discussed OPEB amortization adjustment (\$1.3 million) and the internal service fund lookback (\$1.1 million).

County of Oakland Management's Discussion and Analysis

Commerce and Community Development, which reflects all efforts to promote and sustain a strong economic business climate and vibrant communities, experienced \$63.0 million in expenses, a decrease of \$4.8 million (7.1 percent) from fiscal year 2010. This decrease primarily reflects the completion of American Recovery and Reinvestment Act (ARRA) funding, and other federal and state funding, during fiscal year 2010, which was used for housing and community development efforts such as housing counseling (\$2.7 million), as well as \$2.1 million used for location and displaced worker training efforts. In addition, departments reported under this activity experienced approximately \$900,000 in reduced personnel expenses due to the salary reduction as well as vacant and underfilled positions. These changes were partially offset by increased expenses reflecting the effects of the OPEB amortization (\$500,000) and the internal service fund lookback adjustment (\$400,000).

The General Government activity, which is comprised of the administration and financial management of County business, expended \$23.8 million in fiscal year 2011, or 5.1 percent of the total governmental activities expenditures. The level of expenditures in fiscal year 2011 decreased by \$40.9 million from fiscal year 2010 (63.2 percent) reflecting the net impact of the IRMBT reclassification (\$27.3 million) as well as the reductions in internal service fund expenses and equity previously discussed (\$14.1 million).

The Public Works activity, which includes the operating systems that form the infrastructure of basic county functions, expended \$26.4 million in fiscal year 2011, up \$4.8 million from fiscal year 2010, a 22.2 percent increase. The increase reflects additional expenditures for capital projects (out of the Capital Projects Fund) primarily at the Oakland County International Airport for completion and furnishing of the new airport terminal building (\$2.6 million); as well as \$1.7 million in various capital and infrastructure improvements to County facilities including improvements to the North Oakland Health Center.

Interest on Debt Service is reported at \$3.6 million in fiscal year 2011, less than 1 percent of the total expenses for governmental activities. This amount is \$32.3 million less than the amount reported for fiscal year 2010. Virtually this entire variance reflects the elimination of the interest expense for the certificates of deposit issued to support the IRMBT. This expense was removed when the IRMBT was reclassified as a pension trust fund.

Finally, operating transfers reflect a net transfer of \$34.9 million from business-type activities to the governmental activities; this is an increase of \$400,000 from the net transfer amount in fiscal year 2010. As is explained in more detail in the "Financial Analysis of the County's Major Funds" section of this Management's Discussion and Analysis, this increased net transfer amount reflects one-time and limited-time transfers from several business-type activity funds, to support General Fund operations.

As stated previously, the result of fiscal year 2011 governmental activity was an overall increase of \$9.5 million in net assets, to \$397.9 million. This amount reflects the fact that the County's governmental activities expended \$20.8 million more than the revenue generated, offset by \$34.9 million in transfers in from the business-type activities and the loss of \$4.6 million in net assets reflecting the reclassification of the Delinquent Personal Tax Administration Fund from governmental to business-type activities. Of the total \$397.9 million in governmental activities' net assets, \$150.3 million is invested in capital assets net of related debt; \$98.4 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 \$149.2 million is reported as unrestricted.

County of Oakland Management's Discussion and Analysis

Business-type Activities:

Net assets in business-type activities are reported at \$650.4 million for fiscal year 2011, an increase of \$7.4 million over the amount reported at the end of fiscal year 2010. However, \$4.6 million of the \$7.4 million increase represents the reclassification of assets from governmental activities. Of the total net assets, \$248.0 million is invested in capital assets net of related debt, \$77.8 million is restricted by agreement or covenant, and \$324.6 million is reported as unrestricted. 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 2011, business-type activities generated \$242.0 million in revenue; this is an increase of \$11.5 million (5.0 percent) from the previous fiscal year. The overall net increase in revenue includes an increase of \$9.0 million in grants and contributions and an \$8.2 million in charges for services revenue. These increases were partially offset by a \$3.9 million decrease in interest earnings, and a \$1.8 million decrease in property tax collections.

The \$9.0 million increase in grants and contributions includes a \$200,000 increase in operating grants and a \$8.7 million increase in capital grants and contributions reflecting further completion of the County's integrated radio system of \$2.8 million for additional towers, console equipment and radios; \$1.8 million in additional technology and dispatch equipment for the Courts and Law Enforcement Management Information System (CLEMIS); \$1.5 million in additional land and parks improvements to the Oakland County Parks and Recreation system; and \$1.4 million in the Oakland County International Airport related to the completion of the new Office/Terminal Building and various runway improvement grants. These are detailed in the "capital assets" section of this Management's Discussion and Analysis.

Almost all of the \$8.2 million in increased charges for services collections during fiscal year 2011 was a result of rate adjustments and increased usage in the four (4) sewage disposal systems (Southeast Oakland, Evergreen-Farmington, Clinton-Huron, and Huron-Rouge) and in the water and sewer systems.

The increases during fiscal year 2011 in business-type activity revenue collections were partially offset by \$3.9 million in reduced investment earnings as the securities market experienced difficulties. Since the Oakland County Treasurer operates an investment pool for all County funds, the entire County portfolio experienced reduced investment earnings. In addition, property tax collections fell \$1.8 million, reflecting the reduced value of real property located within the County's borders which is used to fund Parks and Recreation operations.

Business-type activity posted expenses of \$204.3 million, an increase of \$25.7 million from fiscal year 2010 (14.4 percent). Of the total increase, 96.9 percent, or \$24.9 million, is reflected in the Public Works activity specifically related to increased usage and expansion of various community water and sewer and sewage disposal systems. The remaining activities experienced insignificant changes.

County of Oakland

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR FUNDS

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

Governmental Funds

Four (4) governmental funds are designated as major funds of the County; the *General Fund*, the *Revenue Sharing Reserve Fund*, the *Building Authority Debt Act 31 Fund*, and the *Water and Sewer Debt Act 342 Fund*. As the County completed fiscal year 2011, the governmental funds reported *combined* fund balances of \$315.7 million with the fund balances of the General Fund, the Revenue Sharing Reserve Fund, the Building Authority Debt Act 31 Fund and the Water and Sewer Debt Act 342 Fund, representing 90.2 percent of the combined governmental funds balance.

The fiscal year ended combined fund balances of \$315.7 million is a decrease of \$3.9 million from the combined fund balances reported at the end of fiscal year 2010 (as restated). The decrease in the combined governmental fund balances reflects designed reductions in the Revenue Sharing Reserve Fund (RSRF) of \$24.2 million and a \$10.9 million reduction in the non-major funds primarily related to planned capital expenditures for the Oakland County International Airport Office/Terminal Building (from capital improvement funds). These planned uses were partially offset by an increase of \$31.2 million in the General Fund balance.

General Fund

The General Fund is the principal 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, 2011, the General Fund reported a fund balance of \$201.2 million. This amount reflects an increase of \$31.2 million from the restated fund balance of \$170.0 million reported as of October 1, 2010. The restated fund balance was due to the review and implementation of GASB Statement No. 54 where several Special Revenue Funds were closed and their balances were moved to the General Fund. The Public Health Fund, Oakland Enhancement Fund, Property Tax Forfeiture Fund, CCIRF, and the Jail Population Management Fund were all closed and their fund balances were restated in the General Fund, increasing the beginning fund balance by \$20.9 million. See the Notes to the Basic Financial Statements (Note 20) for further details. In addition, the Interim Retiree Medical Benefit Trust fund, formally a governmental fund type, was reclassified and its fund balance of \$337.6 million was moved to the Pension Trust Funds section.

The overall \$31.2 million increase in the General Fund balance is a result of General Fund revenues exceeding General Fund expenditures by \$4.5 million, as well as having the General Fund receiving \$57.2 million in transfers from other funds, while transferring \$30.5 million to other funds, rendering a net "transfer-in" of \$26.7 million. As is explained below, the increase in the General Fund balance is due to a concerted effort to limit expenditure growth to match a shrinking revenue base as well as additional limited and one-time transfers from non-General Fund sources into the General Fund.

County of Oakland Management's Discussion and Analysis

General Fund revenues were recorded at \$328.9 million for fiscal year 2011. This amount reflects an increase of \$2.0 million from the \$326.9 million received in fiscal year 2010. This change primarily reflects a decrease of \$12 million in tax revenue related to the reduction of property values discussed earlier under the "Financial Analysis of the County as a Whole" section of this Management's Discussion and Analysis. The reduction in tax revenues is offset by the closing of the Health Fund into the General Fund which resulted in an increase of \$5.0 million of state reimbursement revenues, as well as the increase of charges for services of \$2.4 million totaling \$7.4 million increase from the Health Fund. In addition, the Property Tax Forfeiture Fund, formally a special revenue fund, was also merged into the General Fund operations, resulting in an increase of \$5.5 million in charges for services.

General Fund expenditures were \$324.4 million, an increase of \$28.3 million from the fiscal year 2010 level. This was due primarily to the merging of the Health Fund into the General Fund and does not reflect an increase in expenditures for the County as a whole. In fact, expenditures stayed relatively flat. As is discussed below under General Fund Budgetary Highlights, the County engaged in a number of practices including deletion of authorized positions, elimination of certain programs, implementation of a hiring and promotion freeze, as well as a freeze on capital expenditures in order to limit expenditure growth.

The General Fund received \$57.3 million in transfers from other funds; this is a decrease of \$7.2 million from the amounts transferred in during fiscal year 2010. This decrease is due to the closing of the Capital and Cooperative Initiatives Revolving Fund (CCIRF) which completed the work and projects that led to its original creation.

The General Fund transferred \$30.5 million to other funds during fiscal year 2011. This amount is \$22.0 million less than the fiscal year 2010 transfers due to the closing of the Health Fund into the General Fund, making the annual transfer unnecessary.

Of the total \$201.2 million General Fund balance, all but \$1.5 million is Non-Spendable, Restricted, or Assigned for specific purposes. The total fiscal year 2011 General Fund balance represents 62.0 percent of the fiscal year 2011 General Fund/General Purpose operations. However, it should be noted that \$119.4 million from General Fund balance has been assigned for "Budget Transition" to support future operations. This assignment was developed through the acceleration of budget reductions planned for future fiscal years. When this assignment is removed, the remaining fund balance represents 25.2 percent of the fiscal year 2011 General Fund/General Purpose operations. The General Fund balance of \$201.2 million represents 63.7 percent of the combined fund balances of the governmental funds.

General Fund Budgetary Highlights

Oakland County's budget is a dynamic document. Although adopted on September 23, 2010 (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.

County of Oakland Management's Discussion and Analysis

The General Fund revenue budget was increased by \$11.6 million during fiscal year 2011 from \$304.1 million to \$315.7 million (3.8 percent). The revenue budget was amended in a number of areas. Most significant was the Sheriff's Office budget which increased \$8.4 million for contracted patrol services with the City of Pontiac, recording civil processing revenue under the General Fund budget instead of the General Fund liability account for Sheriff-Civil Processing, and additional Diverted Felon revenue from the State of Michigan for prisoners in the County Jail that would otherwise be housed in state facilities. Other amendments included additional revenue from the State of Michigan for Convention Facility Tax of \$593,123, Water Resources Commissioner's revenue of \$520,592 for the Collaborative Asset Management System (CAMS) Project, and \$950,569 consisting of donations from elected officials voluntary pay reductions, cash overages, use of drug forfeiture funds for the Sheriff's law enforcement enhancements, and refund of prior year's expenditures. State grants were increased \$252,822 and federal grants reduced (\$80,488) based on more accurate information related to programs primarily under the General Fund, but receive federal or state funding to help offset costs for these programs.

Actual General Fund revenue totaled \$328.9 million, \$13.2 million more than the amended budget. Although variances naturally occur in every revenue line item, the most significant reason for this variance is reflected in Property Tax revenue. The amended budget included an estimated decline of 12 percent in taxable values, when in reality the actual decline was (7.78%), resulting in a favorable variance of \$15.6 million.

There were, however, some significant losses in revenue which included \$959,362 due to a decline in the Sheriff's Board and Care with increased use of tethering. There was also (\$802,829) less revenue than anticipated from the State of Michigan for the County's share of Cigarette Tax Distribution, State Court Fund Distribution PA 189, as well as, reimbursement for Sheriff – Marine Safety patrol services and Circuit Court Judges Salaries.

The General Fund expenditure budget increased \$15.7 million from \$334.0 million to \$349.7 million during fiscal year 2011. The Sheriff's Office accounts for a major portion of the increase with \$8.1 million in amendments for Civil Processing Services and the increase in contracted patrol and dispatch services.

Further, \$5.6 million in operating appropriations from fiscal year 2010 were carried forward for specific projects which were not yet completed. These included \$2.6 million for Health Division Substance Abuse Satellites; \$2.1 million for Tri-Party Road Improvement Program projects, which is a collaborative effort between Oakland County, the Road Commission of Oakland County (RDOC), and the individual cities, townships, and village (CVTs) located within the county, in which each one contributes a one-third share of the program to the RCOC once projects have been identified; \$370,304 for Economic Development various media contracts, Medical Main Street, Oakgreen Initiatives, and software for Client Services; and \$245,773 to continue the Circuit Court's State Judicial Technology Improvement and Online Judges project.

Finally, the General Appropriations Act requires that appropriations accumulate at the following three summary levels of expenditures: Personnel Expenditures, Operating Expenditures, and Internal Support Expenditures. Due to increased costs for medical and retirement and the inclusion of depreciation expenses with Information Technology operational rates charged to departments, the end of fiscal year 2011 resulted in several departments reflecting actual expenses in excess of total budgeted appropriations for the three reporting categories. Therefore, amendments totaling \$2.6 million were made to cover the shortage in Personnel Expenditures, Operating Expenditures, and Internal Support Expenditures.

County of Oakland Management's Discussion and Analysis

The General Fund expenditures for fiscal year 2011 were \$25.3 million below budget. Generally, this favorable variance from the budget reflects conscious efforts on the 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.

Of the total variance, \$4.2 million is attributed to salary and fringe benefits savings resulting from leaving vacant full-time, benefit-eligible, authorized positions unfilled or filled with part-time non-benefit employees; or filling those positions 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, \$6.9 million savings in the Non-Departmental budget mainly reflects fewer adjustments were necessary to transfer funds to operating departments due to conscious efforts of the departments to work within the constraints of their original budgets. Total savings also include unspent funds for Tri-Party Road Improvement Projects, which were carried forward into the fiscal year 2012 budget to complete the projects.

Further, the Department of Human Services reflects favorable variances of \$3.6 million due to funds reserved for Substance Abuse Satellite Centers, which were carried forward into the FY 2012 budget, and \$1.5 million with the termination of contracted management services for Golden Oaks medical care services, lower costs for homeland security maintenance contracts for specialty/hazmat vehicles, and overall efforts to contain costs and minimize expenses; \$4.4 million in the Sheriff's Office due to delayed implementation of contracted patrol and fire dispatch services for the City of Pontiac and a reduction in jail population; \$1.8 million due to pending Tri-Party Road Improvement Program projects, which ultimately was carried forward into FY 2012 to complete those projects; \$1.1 million resulting from lower Circuit Court Defense Attorney expenses due to reduction in caseload; \$789,385 in savings for Economic Development largely due to a delay in the update of the Solid Waste Management Plan, which is pending reformatting guidelines by the State of Michigan, as well as reduced resident participants in the NOHAZ program; and \$528,501 primarily due to less than anticipated expenses for Clerk election supplies and charges for Land Records Management, which are now charged to the Register of Deeds Automation Fund.

The adopted budget also included other financing sources and uses for General Fund operations, essentially the net result of the General Fund receiving resources from other funds less the amount of General Fund resources provided to (or transferred) to other funds. The adopted budget assumed that the General Fund would transfer \$22.0 million less in resources to other funds (financing uses) than it would take in from these funds (financing sources). The net financing uses budget was increased during fiscal year 2011 by \$4.4 million from \$32.4 million to \$36.8 million. Amendments primarily included \$2.3 million to the Information Technology Fund to cover extensive equipment depreciation expenses and replacement costs normally not included in the rates, and for improving the functionality of eHealth Foods software for food service establishment licensing inspection and complaint responsibilities, as well as \$2.6 million in carryforward funds from FY 2011 Designated Fund Balance for Health Satellite Centers.

Actual financing uses from the General Fund were \$6.3 million less than budgeted. This variance largely reflects the actual resources needed by the Child Care Fund.

As an offset to the financing uses, the General Fund received \$510,915 over the Amended Budget due to funds closed out and changed over from "special revenue funds" to the General Fund per GASB Statement No. 54.

County of Oakland Management's Discussion and Analysis

Revenue Sharing Reserve Fund

The Revenue Sharing Reserve Fund (RSRF), created pursuant to Michigan 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 accelerated 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 generated additional annual property tax revenue in an amount equal to one-third of the fiscal year levy; proceeds from this additional levy were 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, 2011, the Revenue Sharing Reserve Fund had a fund balance of \$83.6 million, which represents 26.5 percent of the combined fund balances of the governmental funds. This amount is a \$24.2 million decrease from the fund balance as of September 30, 2010. The decrease reflects the fact that since the RSRF no longer receives the \$75.9 million property tax transfer from the General Fund, the RSRF transferred \$24.2 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.

The two remaining governmental funds classified as major, the *Water and Sewer Debt Act 342 Fund*, and the *Building Authority Debt Act 31 Fund*, experienced combined decreases in fund balance of \$3,171. These funds function as a pass-through for various activities and are designed to retain a small fund balance. As of September 30, 2011, the combined fund balance of these two funds totaled \$33,329. 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 six (6) *enterprise funds* that are classified as major: the *Delinquent Tax Revolving Fund*, the *Parks and Recreation Fund*, the *County Airport Fund*, the *Water and Sewer Trust Fund*, the *Evergreen-Farmington Sewage Disposal System Fund* and the *Southeast Oakland County Sewage Disposal System (SOCSDS) Fund*. As of September 30, 2011, the Enterprise Funds had combined net assets of \$650.4 million, an increase of \$2.8 million from the combined fund balances reported at the end of fiscal year 2010. The six major enterprise funds alone reported net assets of \$524.0 million (80.6 percent of the total combined Enterprise net assets). The net asset of these six major Enterprise Funds increased by \$890,097 during fiscal year 2011, which is 31.3 percent of the combined Enterprise net asset increase. The \$890,097 increase represents a 0.17 percent increase in the net assets of the six major Enterprise Fund balances.

Four of the six major Enterprise Funds experienced an increase in net assets. The *Water and Sewer Trust Fund* increased its net assets by \$2.9 million (4.1 percent) to \$72.9 million. This increase reflects additional revenue related to rate and/or usage adjustments in the various community water and sewer systems as well as a \$300,000 contribution from Bloomfield Hills for the Bloomfield Hills water system. Further, fund expenses also increased, specifically in the water purchase line item, the sewage disposal services line item, and the materials and supplies line items, reflecting the fluctuation in use.

The *Southeast Oakland County Sewage Disposal System (SOCSDS) Fund* experienced a \$1.9 million (6.6 percent) increase in net assets to \$31.3 million. The primary reason for the increase in net assets can be contributed to a rate increase and increase flow. Finally, sewage disposal expenses increased due to fluctuation in use.

County of Oakland Management's Discussion and Analysis

The *Parks and Recreation Fund* net assets increased \$2.6 million (2.7 percent) during fiscal year 2011 to a total of \$98.2 million in net assets. This increase is the result of efforts implemented by the Parks and Recreation Commission to curtail expenses in the face of current and projected revenue reductions. Although property tax revenue decreased by \$1.81 million from the previous fiscal year, the Parks and Recreation Commission's participation in the County-wide effort to curtail expenditures resulted in revenues exceeding expenses by \$1.1 million. In addition, Capital Contributions of \$1.5 million were recorded in fiscal year 2011 for various grant contributions and donations.

The *County Airport Fund* generated \$2.1 million in net assets above the fiscal year 2010 amount, ending fiscal year 2011 with \$70 million in net assets. This increase is due to Capital Contributions from Federal and State Grants received for completed capital projects.

The *Delinquent Tax Revolving Fund (DTRF)* ended fiscal year 2011 with net assets of \$218.7 million, \$6.3 million (2.8 percent) less than the net assets recorded at the end of fiscal year 2010. This decrease is a result of the additional transfer to the General Fund to support on-going operations previously discussed under the "Financial Analysis of the General Fund" section of this Management's Discussion and Analysis and the Transmittal Letter preceding this MD&A, as well as a reduction in interest income reflecting reduced cash flow. It is important to note that approximately \$200.0 million in net assets is required to remain in the *DTRF* in order to meet its statutory and financial requirements; the fiscal year 2011 net assets of \$218.7 million still exceed that requirement.

The *Evergreen-Farmington Sewage Disposal System Fund (SDS)* ended fiscal year 2011 with net assets of \$32.9 million, \$2.3 million (6.5 percent) less than the net assets recorded at the end of fiscal year 2010. The decrease in net assets is attributed to revenues staying fairly flat, but expenses increasing primarily for sewage disposal services. Also, the fund incurred approximately \$193,000 for interest expense on bonds sold for a sewer pipe repair. The debt associated with the bond sale is noted in the long-term debt section of this Management's Discussion and Analysis.

County of Oakland

Management's Discussion and Analysis

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - At the end of fiscal year 2011, the County had invested \$447.0 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 \$350,000 from the fiscal year 2010. This can be attributed to a \$5.9 million decrease in governmental activities and a \$5.5 million increase to business-type activities.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 7.4	\$ 7.4	\$ 64.9	\$ 58.3	\$ 72.3	\$ 65.7
Land Improvements	0.1	0.2	4.9	5.5	5.0	5.7
Buildings and Improvements	141.8	145.9	45.4	46.9	187.2	192.8
Equipment and Vehicles	18.7	24.3	41.1	38.9	59.8	63.2
Infrastructure	14.1	14.8	78.3	82.0	92.4	96.8
Subtotal	182.1	192.6	234.6	231.6	416.7	424.2
Construction in Progress	12.8	8.2	17.5	15.0	30.3	23.2
Total Capital Assets	\$ 194.9	\$ 200.8	\$ 252.1	\$ 246.6	\$ 447.0	\$ 447.4

Net capital assets for the governmental activities decreased by \$5.9 million in fiscal year 2011. This change includes an increase of \$4.6 million in construction in progress. This increase is offset by reductions of \$10.5 million in building and improvements, equipment, vehicles and infrastructure (all net of accumulated depreciation). In terms of gross numbers, the County's governmental activities had additions to capital assets of \$10.4 million, \$5.7 million in disposals of capital assets, and \$10.6 million increase in net accumulated depreciation.

Changes in governmental capital assets include \$1.1 million in additions for buildings and improvements (this figure does not include depreciation) for a building improvement to house the Sheriff's emergency communications center, which reflects the capitalization of projects under construction in 2010. Governmental activities also purchased \$3.4 million in equipment and vehicles during fiscal year 2011 (this figure does not include depreciation) including: \$1.8 million in replacement vehicles for the Sheriff's office and various other departments, \$360,000 for courtroom video systems, \$200,000 for equipment to be used by the urban search and rescue team, \$190,000 for equipment to facilitate public safety and used in the Sheriff's Office and laboratories, \$180,000 for the purchase of 30 in-car cameras to be used in the Sheriff patrol vehicles, \$70,000 for equipment used at Children's Village for care of the residents, and \$70,000 for kiosks used by the health department to assist in registration for vaccinations. In addition, the County disposed of \$4.4 million in equipment and vehicles during fiscal year 2011. The disposals primarily reflect the vehicles which were replaced by the new purchases discussed above and computer and office equipment which were sold at auction. Changes in governmental capital assets include \$5.9 million in additions for construction in progress for projects including the collaborative asset management systems (\$2.4 million) which will be used to proactively manage countywide infrastructure assets, the Oakland Pointe connector project (\$850,000), the Jail Management System project (\$700,000), the jail chiller replacement project (\$370,000), and the Children's Village building A security project (\$350,000).

County of Oakland Management's Discussion and Analysis

Net capital assets for the business-type activities increased \$5.5 million during fiscal year 2011. This change includes increases to land (\$6.6 million), construction in progress (\$2.5 million), and equipment and vehicles (\$2.1 million). These increases were offset by decreases in land improvements (\$590,000), buildings and improvements (\$1.5 million), and infrastructure (\$3.7 million). In terms of gross numbers, the County's business-type activities had additions to capital assets of \$26.5 million, \$17.3 million in disposals of capital assets, and \$3.7 million net increase in accumulated depreciation.

The net increase of \$5.5 million in current assets consists of various additions, disposals, and depreciation. The additions include the purchase of \$2.9 million in additional land by the Parks and Recreation Commission to expand both Independence Oaks Park and Highland Oaks Park, \$3.3 million in additional land by the Oakland County International Airport, and \$300,000 in additional land purchased by SOCSDS; additional land improvements of \$400,000 at the Oakland Southwest Airport for apron and cone rehabilitation; additional building and improvements of \$50,000 for a new pavilion at the Red Oaks Dog Park; \$8.2 million in new equipment for an 821Mhz radio system; and \$2.4 million in infrastructure assets at various parks including a parking lot and boardwalk trail at Independence Oaks (\$230,000), a parking lot and fence at the Red Oaks Dog Park (\$338,000), the design and construction of a play structure at Red Oaks Park (\$192,000), and parking lots and play areas at Waterford Oaks (\$1.6 million). Disposals included the sale of the old radio system equipment with an original cost of \$11 million, which was fully depreciated.

The above additions were offset by \$14.7 million in depreciation expense.

The net increase of \$5.5 million in current assets was further supported by a net increase of \$2.6 million in construction in progress of business-type activities. This net figure includes \$8.8 million in additional or on-going projects including \$4.3 million for an infrastructure project at Middlebelt and 13 Mile Road; \$2.7 million for CLEMIS grant funded activity related to the law enforcement records management system project; \$660,000 for the Oakland County International Airport new terminal building; and \$500,000 for the entrance relocation at Red Oaks Park.

These additions were offset by \$6.3 million in reductions in construction in progress which includes completion of some of the Parks and Recreation projects (\$5.4 million), SOCSDS activity (\$360,000) which converted to a new land acquisition, Oakland County International Airport activity (\$300,000), and a conversion to new land acquisition. Each of these is discussed in the additions above.

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

Long-term Debt - As of September 30, 2011, the County had \$641.5 million in bonds and notes outstanding. Of this amount, \$591.5 million are bonds with limited taxing authority, and \$50.0 million are notes with limited taxing authority. This represents a \$22.9 million reduction from September 30, 2010 in the limited tax authority bonds and no change in the limited taxing authority notes. In addition, the County uses its full faith and credit (as a secondary obligator) to back \$157.2 million Drainage District component unit debt. Of this total obligation, \$25.2 million reflected new debt issues, offset by \$13.6 million in debt reductions. The Drainage District component unit debt experienced an \$11.6 million net obligation increase during fiscal year 2011.

County of Oakland Management's Discussion and Analysis

Outstanding Debt as of September 30, 2011 (in millions of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government		Drainage Districts Component Unit		Total County Commitment	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Bonds - Limited Tax Authority	\$ 587.4	\$ 614.4	\$ 4.1	\$ -	\$ 591.5	\$ 614.4	\$ 157.2	\$ 145.6	\$ 748.7	\$ 760.0
Total Bonds	\$ 587.4	\$ 614.4	\$ 4.1	\$ -	\$ 591.5	\$ 614.4	\$ 157.2	\$ 145.6	\$ 748.7	\$ 760.0
Notes - Limited Tax Authority	\$ -	\$ -	\$ 50.0	\$ 50.0	\$ 50.0	\$ 50.0	\$ -	\$ -	\$ 50.0	\$ 50.0
Total Outstanding Debt	\$ 587.4	\$ 614.4	\$ 54.1	\$ 50.0	\$ 641.5	\$ 664.4	\$ 157.2	\$ 145.6	\$ 798.7	\$ 810.0
Debt Limit (10% of SEV)									\$ 5,245.3	\$ 5,774.5
Available Statutory Debt Limit									\$ 4,446.6	\$ 4,964.5

Oakland County issued \$33.7 million in general government debt and business-type activity debt in fiscal year 2011. Of this amount, \$14.0 million was a bond refunding for Building Authority bonds related to the Work Release/Jail Management/Video Conferencing project (originally issued in 2001) and \$14.4 million was a bond refunding for Building Authority bonds related to the Office Building Renovation project (originally issued in 2004). In addition, \$1.2 million of Water Supply Act 342 bonds were issued for the Highland Township Well Water Supply System; these bonds will be covered by the participating community through the municipal water system rates. Finally, \$4.1 million in business-type activity debt was issued for the Evergreen-Farmington Sewage Disposal System for sanitary sewer replacement and related appurtenances on Middlebelt Road in the City of Farmington Hills. This debt is for Federally Taxable Recovery Zone Economic Development Bonds and is eligible for 45% interest reimbursement from the Internal Revenue Service.

The Drainage Districts component unit issued \$25.2 million in new debt during fiscal year 2011. This includes \$3.0 million for Recovery Zone Economic Development Bonds issued for the Bloomfield Township CSO Drainage District which is eligible for a 45% reimbursement from the Internal Revenue Service on the semi-annual interest payments, \$22.1 million in draws for a State Revolving Fund loan for the Oakland Macomb Interceptor Drainage District construction project, and \$105,721 in draws for State Revolving Fund loans for the George W. Kuhn Drainage District. The Oakland Macomb Interceptor Drainage District is a Chapter 21 Drainage District under Act 40 of the Public Acts of 1956, as amended. Chapter 21 Drainage Districts are Inter-County Drains that involve more than one (1) county. The Oakland Macomb Interceptor Drainage District involves Oakland County (48.5%) and Macomb County (51.5%) with each County pledging its full faith and credit, as a secondary obligor, for their respective communities.

Finally, \$50.0 million in limited taxing authority notes related to the Delinquent Tax Revolving Fund were issued, representing the same amount issued in the previous fiscal year. These notes are routinely paid off during the fiscal year.

During fiscal year 2011, \$56.7 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 - \$18.3 million), the retirement of certain water and sewer bonds/refunding bonds (\$3.0 million), the retirement of Building Authority bonds/refunding bonds (\$35.3 million) and the scheduled payment of lake level bonds issued under Act 451 (\$60,000). Also, \$50.0 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.

County of Oakland

Management's Discussion and Analysis

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, 2011 was \$52.4 billion.

ECONOMIC OUTLOOK

The recent economic slump will continue to have a negative impact on the local housing market and thus property values within the County's borders; however, there are positive signs that perhaps the "bottom" has been reached and something of an economic recovery, although sluggish, is emerging. Oakland County's unemployment rate of 10.1 percent, although still higher than the national average, has improved from the 12.1 percent reported in 2010. In addition, University of Michigan economists project job growth of approximately 9,800 in the next year.

Of more immediate impact to the County's fiscal stability, property value decline appears to be leveling off. Whereas last year at this time, Oakland County's Department of Management and Budget projected property values falling 9 percent in 2011, an additional 3 percent in 2012 and a further 1 percent in 2013; current projections include a 3 percent decline in 2011, an additional 1 percent decline in 2012, and no change in 2013. Combined, the original projections had property values dropping 13 percent from 2011 to 2013; revised projections are for a 4 percent drop during the same time period. Beginning with the 2010 state taxable value of \$52.2 billion and the County's authorized millage rate of 4.19 mills, this change in projection generates approximately \$19.0 million in additional revenue over that three-year period.

The County's Elected Officials and Administration continue to adjust to the fiscal reality through the implementation and continuation of various cost reduction measures including a hiring freeze (for non-24/7 operations), a freeze on capital purchases, intense scrutiny of all expenses, restructuring of operations and services, and constant review of employee compensation.

The implementation of these measures has resulted in structural reductions of county expenses as well as generating additional fund balance which can be used to provide time to further restructure County operations. Even in the face of the above discussed revenue restrictions, the Oakland County Board of Commissioners (on September 22, 2011) adopted a balanced budget for fiscal years 2012, 2013, and 2014 (through September 30, 2014). That document also included official estimates for fiscal years 2015 and 2016.

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, 2011**

	Primary Government			Component Units
	Governmental Activities	Business- Type Activities	Totals	
Assets				
Current assets				
Pooled cash and investments	\$ 436,360,356	\$ 275,388,115	\$ 711,748,471	\$ 17,337,372
Cash and cash equivalents	-	-	-	35,738,275
Receivables (net of allowance for uncollectibles where applicable)				
Current property taxes	19,037,022	-	19,037,022	-
Delinquent property taxes	944,011	116,146,306	117,090,317	-
Special assessments	-	-	-	6,269,272
Due from other governmental units	18,139,256	45,863,963	64,003,219	6,440,638
Due from primary government	-	-	-	1,928,459
Due from component units	559,598	1,833,028	2,392,626	-
Accrued interest receivable	1,926,776	2,541,848	4,468,624	109,836
Accounts receivable	1,748,371	48,196,845	49,945,216	17,132,493
Contracts receivable	10,835,103	1,102,990	11,938,093	-
Internal balances - footnote 19	9,684,214	(9,684,214)	-	-
Inventories and supplies	527,483	319,462	846,945	4,242,545
Prepayments and other assets	10,300,726	1,415,889	11,716,615	1,727,982
Total current assets	<u>510,062,916</u>	<u>483,124,232</u>	<u>993,187,148</u>	<u>90,926,872</u>
Non-current assets				
Special assessments receivable	24,081,026	-	24,081,026	159,857,822
Contracts receivable	24,756,667	-	24,756,667	-
OPEB asset	327,796,313	-	327,796,313	-
Capital assets, net				
Land and other nondepreciable assets	20,200,172	82,443,139	102,643,311	213,566,798
Land improvements, net	139,167	4,913,285	5,052,452	164,077
Buildings and improvements, net	141,818,875	45,390,608	187,209,483	8,447,005
Equipment and vehicles, net	18,685,582	41,052,506	59,738,088	2,496,844
Infrastructure, net	14,086,921	78,258,398	92,345,319	917,629,606
Total capital assets, net	<u>194,930,717</u>	<u>252,057,936</u>	<u>446,988,653</u>	<u>1,142,304,330</u>
Total non-current assets	<u>571,564,723</u>	<u>252,057,936</u>	<u>823,622,659</u>	<u>1,302,162,152</u>
Total assets	<u>\$ 1,081,627,639</u>	<u>\$ 735,182,168</u>	<u>\$ 1,816,809,807</u>	<u>\$ 1,393,089,024</u>

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

County of Oakland
Statement of Net Assets (Continued)
September 30, 2011

	Primary Government			Component Units
	Governmental Activities	Business- Type Activities	Totals	
Liabilities				
Current liabilities				
Vouchers payable	\$ 10,665,616	\$ 3,903,665	\$ 14,569,281	\$ 4,981,888
Accrued payroll	2,684,193	-	2,684,193	-
Due to other governmental units	2,751,684	19,362,149	22,113,833	15,254,623
Due to component units	-	1,928,459	1,928,459	-
Due to primary government	-	-	-	2,392,626
Accrued interest payable	159,300	-	159,300	35,375
Other accrued liabilities	27,969,878	4,030,007	31,999,885	4,032,349
Accrued compensated absences	1,244,748	-	1,244,748	-
Unearned revenue	21,130,740	1,500,930	22,631,670	6,927,302
Claims and judgments	3,969,723	-	3,969,723	-
Bonds and notes payable	27,185,000	50,135,000	77,320,000	14,634,700
Total current liabilities	<u>97,760,882</u>	<u>80,860,210</u>	<u>178,621,092</u>	<u>48,258,863</u>
Non-current liabilities				
Accrued compensated absences	11,202,733	-	11,202,733	2,847,660
Claims and judgments	14,560,082	-	14,560,082	1,563,327
Other postemployment benefits	-	-	-	11,906,254
Unearned revenue	-	-	-	2,653,914
Bonds and notes payable	560,185,727	3,925,000	564,110,727	146,252,908
Total noncurrent liabilities	<u>585,948,542</u>	<u>3,925,000</u>	<u>589,873,542</u>	<u>165,224,063</u>
Total liabilities	<u>683,709,424</u>	<u>84,785,210</u>	<u>768,494,634</u>	<u>213,482,926</u>
Net assets				
Investment in capital assets, net of related debt	150,330,717	247,997,936	398,328,653	982,600,422
Restricted for				
Special Revenue	96,519,375	-	96,519,375	5,471,362
Capital projects	1,576,714	-	1,576,714	-
Debt service	269,981	-	269,981	157,699,378
Airports	-	21,065	21,065	-
Community water and sewer	-	77,803,946	77,803,946	-
Unrestricted	149,221,428	324,574,011	473,795,439	33,834,936
Total net assets	<u>\$ 397,918,215</u>	<u>\$ 650,396,958</u>	<u>\$ 1,048,315,173</u>	<u>\$ 1,179,606,098</u>

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

County of Oakland
Statement of Activities
Year Ended September 30, 2011

	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government				
Governmental activities				
General government, administrative	\$ 23,837,450	\$ 27,107,546	\$ 1,019,348	\$ -
Public safety	179,410,207	50,912,265	21,723,458	1,869,849
Justice administration	88,133,060	31,017,405	675,133	-
Citizen services	82,216,590	6,682,817	21,940,379	-
Public works	26,348,460	3,988,963	836,666	1,992,056
Recreation and leisure	1,447,612	91,273	7,700	-
Commerce and community development	63,004,162	12,231,135	41,374,879	-
Unallocated depreciation	1,976,521	-	-	-
Interest on debt	3,598,227	-	-	-
Total governmental activities	<u>469,972,289</u>	<u>132,031,404</u>	<u>87,577,563</u>	<u>3,861,905</u>
Business-type activities				
Airports	5,957,174	4,510,925	-	3,510,611
Community safety support	16,303,359	12,266,838	-	6,710,663
Community tax financing	1,746,776	27,731,753	-	-
Community water and sewer	48,504,467	50,721,103	300,000	-
Recreation and leisure	20,061,315	8,029,370	31,579	1,506,000
Sewage disposal systems	111,655,907	110,808,669	-	136,314
Total business-type activities	<u>204,228,998</u>	<u>214,068,658</u>	<u>331,579</u>	<u>11,863,588</u>
Total primary government	<u>\$ 674,201,287</u>	<u>\$ 346,100,062</u>	<u>\$ 87,909,142</u>	<u>\$ 15,725,493</u>
Component units				
Drainage districts	\$ 68,865,400	\$ 59,093,468	\$ 81,833	\$ 29,898,191
Road commission	97,176,828	17,171,835	57,730,376	31,469,161
Total component units	<u>\$ 166,042,228</u>	<u>\$ 76,265,303</u>	<u>\$ 57,812,209</u>	<u>\$ 61,367,352</u>
General revenue				
Taxes				
Property taxes				
State-shared revenue (unrestricted)				
Unrestricted investment earnings				
Gain on sale of capital assets				
Other revenue				
Transfers in (out)				
Total general revenue and transfers				
Change in net assets				
Net assets				
Beginning (as restated, see Note 20)				
Ending				

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

County of Oakland
Statement of Activities (Continued)
Year Ended September 30, 2011

Net (Expenses) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business- Type Activities	Totals	Component Units
\$ 4,289,444	\$ -	\$ 4,289,444	\$ -
(104,904,635)	-	(104,904,635)	-
(56,440,522)	-	(56,440,522)	-
(53,593,394)	-	(53,593,394)	-
(19,530,775)	-	(19,530,775)	-
(1,348,639)	-	(1,348,639)	-
(9,398,148)	-	(9,398,148)	-
(1,976,521)	-	(1,976,521)	-
(3,598,227)	-	(3,598,227)	-
<u>(246,501,417)</u>	<u>-</u>	<u>(246,501,417)</u>	<u>-</u>
-	2,064,362	2,064,362	-
-	2,674,142	2,674,142	-
-	25,984,977	25,984,977	-
-	2,516,636	2,516,636	-
-	(10,494,366)	(10,494,366)	-
-	(710,924)	(710,924)	-
<u>-</u>	<u>22,034,827</u>	<u>22,034,827</u>	<u>-</u>
<u>(246,501,417)</u>	<u>22,034,827</u>	<u>(224,466,590)</u>	<u>-</u>
-	-	-	20,208,092
-	-	-	9,194,544
<u>-</u>	<u>-</u>	<u>-</u>	<u>29,402,636</u>
208,006,331	12,696,436	220,702,767	-
8,976,908	-	8,976,908	-
4,865,609	3,015,229	7,880,838	1,008,723
331,629	-	331,629	-
3,514,883	-	3,514,883	-
<u>34,901,063</u>	<u>(34,901,063)</u>	<u>-</u>	<u>-</u>
<u>260,596,423</u>	<u>(19,189,398)</u>	<u>241,407,025</u>	<u>1,008,723</u>
14,095,006	2,845,429	16,940,435	30,411,359
<u>383,823,209</u>	<u>647,551,529</u>	<u>1,031,374,738</u>	<u>1,149,194,739</u>
<u>\$ 397,918,215</u>	<u>\$ 650,396,958</u>	<u>\$ 1,048,315,173</u>	<u>\$ 1,179,606,098</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.

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 provided a funding mechanism to shift county property tax levies from winter to summer over a three-year period.

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 seven 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 nine 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, 2011**

	Major Funds		
	General	Revenue Sharing Reserve	Building Authority Debt Act 31
Assets			
Current assets			
Pooled cash and investments	\$ 206,351,120	\$ 83,346,726	\$ 1,638
Receivables (net of allowance for uncollectibles where applicable)			
Current property taxes	19,037,022	-	-
Delinquent property taxes	944,011	-	-
Due from other governmental units	7,130,015	-	-
Due from component units	7,505	-	-
Accrued interest receivable	746,558	257,714	4,039
Accounts receivable	249,107	-	-
Contracts receivable	10,818,436	-	-
Due from other funds	10,562,495	-	-
Inventories	144,927	-	-
Prepayments and other assets	147,771	-	-
Total current assets	<u>256,138,967</u>	<u>83,604,440</u>	<u>5,677</u>
Advances receivable	-	-	-
Special assessments receivable	-	-	-
Contracts receivable	-	-	16,930,000
Total assets	<u>\$ 256,138,967</u>	<u>\$ 83,604,440</u>	<u>\$ 16,935,677</u>
Liabilities and Fund Balances			
Current liabilities			
Vouchers payable	\$ 4,699,048	\$ -	\$ -
Accrued payroll	2,684,193	-	-
Due to other governmental units	1,820,282	-	-
Due to other funds	4,016,762	-	-
Deferred revenue	12,933,995	-	-
Deferred revenue - property taxes	15,374,151	-	-
Other accrued liabilities	13,448,652	-	-
Total current liabilities	<u>54,977,083</u>	<u>-</u>	<u>-</u>
Deferred revenue	-	-	16,930,000
Advances payable	-	-	-
Total liabilities	<u>54,977,083</u>	<u>-</u>	<u>16,930,000</u>
Fund balances			
Nonspendable	292,698	-	-
Restricted	5,287,071	83,604,440	5,677
Committed	-	-	-
Assigned	194,082,115	-	-
Unassigned	1,500,000	-	-
Total fund balances (as restated, see Note 20)	<u>201,161,884</u>	<u>83,604,440</u>	<u>5,677</u>
Total liabilities and fund balances	<u>\$ 256,138,967</u>	<u>\$ 83,604,440</u>	<u>\$ 16,935,677</u>

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

**County of Oakland
Balance Sheet (Continued)
Governmental Funds
September 30, 2011**

	<u>Major Funds</u>		
	<u>Water and Sewer Debt Act 342</u>	<u>Non-Major Funds</u>	<u>Totals September 30, 2011</u>
Assets			
Current assets			
Pooled cash and investments	\$ 164,161	\$ 39,031,534	\$ 328,895,179
Receivables (net of allowance for uncollectibles where applicable)			
Current property taxes	-	-	19,037,022
Delinquent property taxes	-	-	944,011
Due from other governmental units	-	10,864,241	17,994,256
Due from component units	-	521,101	528,606
Accrued interest receivable	3,827	151,258	1,163,396
Accounts receivable	-	1,219,158	1,468,265
Contracts receivable	-	16,667	10,835,103
Due from other funds	-	4,657,646	15,220,141
Inventories	-	-	144,927
Prepayments and other assets	-	4,796,684	4,944,455
Total current assets	<u>167,988</u>	<u>61,258,289</u>	<u>401,175,361</u>
Advances receivable	-	428,458	428,458
Special assessments receivable	19,915,727	4,165,299	24,081,026
Contracts receivable	-	7,826,667	24,756,667
Total assets	<u>\$ 20,083,715</u>	<u>\$ 73,678,713</u>	<u>\$ 450,441,512</u>
Liabilities and Fund Balances			
Current liabilities			
Vouchers payable	\$ -	\$ 2,500,488	\$ 7,199,536
Accrued payroll	-	-	2,684,193
Due to other governmental units	-	437,765	2,258,047
Due to other funds	-	11,203,077	15,219,839
Deferred revenue	-	7,252,609	20,186,604
Deferred revenue - property taxes	-	-	15,374,151
Other accrued liabilities	140,336	8,971,785	22,560,773
Total current liabilities	<u>140,336</u>	<u>30,365,724</u>	<u>85,483,143</u>
Deferred revenue	19,915,727	11,975,299	48,821,026
Advances payable	-	428,458	428,458
Total liabilities	<u>20,056,063</u>	<u>42,769,481</u>	<u>134,732,627</u>
Fund balances			
Nonspendable	-	445,125	737,823
Restricted	27,652	14,283,176	103,208,016
Committed	-	16,530,640	16,530,640
Assigned	-	17,254	194,099,369
Unassigned	-	(366,963)	1,133,037
Total fund balances	<u>27,652</u>	<u>30,909,232</u>	<u>315,708,885</u>
Total liabilities and fund balances	<u>\$ 20,083,715</u>	<u>\$ 73,678,713</u>	<u>\$ 450,441,512</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, 2011

Total fund balances for governmental funds		\$ 315,708,885
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	9,144,366	
Land improvements, net of \$992,115 depreciation	139,167	
Buildings and improvements, net of \$89,045,344 depreciation	140,579,091	
Equipment and vehicles, net of \$13,778,136 depreciation	7,587,737	
Infrastructure, net of \$11,799,785 depreciation	<u>13,913,562</u>	
		178,599,474
Other long-term assets are not available to pay for current period expenditures and therefore are not reported in the funds.		
Capital lease receivable		10,485,000
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.		89,607,404
Other post-employment benefits assets do not represent financial resources and are not reported in the funds.		327,796,313
Real property tax revenues in the Statement of Activities that do not provide current financial resources are deferred and not reported as revenue in the funds.		14,430,140
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.		48,821,026
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	(587,370,727)	
Accrued interest payable	<u>(159,300)</u>	
		<u>(587,530,027)</u>
Net assets of governmental activities		<u>\$ 397,918,215</u>

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

County of Oakland
Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2011

	Major Funds		
	General	Revenue Sharing Reserve	Building Authority Debt Act 31
Revenue			
Taxes	\$ 209,290,437	\$ -	\$ -
Special assessments	-	-	2,707,887
Federal grants	348,828	-	-
State grants	5,071,679	-	-
Other intergovernmental revenues	11,278,845	-	-
Charges for services	89,183,420	-	1,257
Contributions	347,627	-	-
Investment income	3,598,799	-	2,599
Indirect cost recovery	8,770,800	-	-
Other	1,023,137	-	-
Total revenue	<u>328,913,572</u>	<u>-</u>	<u>2,711,743</u>
Expenditures			
Current operations			
County executive	87,190,555	-	208,180
Clerk/register of deeds	9,691,689	-	-
Treasurer	8,003,249	-	-
Justice administration	53,054,248	-	-
Law enforcement	139,981,071	-	-
Legislative	4,223,183	-	-
Water resource commissioner	5,301,485	-	-
Non-departmental	16,628,569	-	-
Total current operations	<u>324,074,049</u>	<u>-</u>	<u>208,180</u>
Capital outlay	367,870	-	-
Intergovernmental	-	-	-
Debt service			
Principal payments	-	-	5,420,000
Interest and fiscal charges	-	-	3,180,013
Total expenditures	<u>324,441,919</u>	<u>-</u>	<u>8,808,193</u>
Excess (deficiency) of revenue over (under) expenditures	<u>4,471,653</u>	<u>-</u>	<u>(6,096,450)</u>
Other financing sources (uses)			
Transfers in	57,260,076	-	5,957,813
Transfers out	(30,532,090)	(24,217,303)	(152)
Issuance of bonds	-	-	-
Issuance of refunding bonds	-	-	28,485,000
Premiums on bonds sold	-	-	1,488,907
Discounts on bonds sold	-	-	-
Payment to bond escrow agent	-	-	(29,840,000)
Total other financing sources (uses)	<u>26,727,986</u>	<u>(24,217,303)</u>	<u>6,091,568</u>
Net change in fund balances	<u>31,199,639</u>	<u>(24,217,303)</u>	<u>(4,882)</u>
Fund balances			
October 1, 2010 (as restated, see Note 20)	<u>169,962,245</u>	<u>107,821,743</u>	<u>10,559</u>
September 30, 2011	<u>\$ 201,161,884</u>	<u>\$ 83,604,440</u>	<u>\$ 5,677</u>

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

County of Oakland
Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
Year Ended September 30, 2011

	<u>Major Funds</u>		
	Water and Sewer Debt Act 342	Non-Major Funds	Totals September 30, 2011
Revenue			
Taxes	\$ -	\$ -	\$ 209,290,437
Special assessments	1,984,561	3,223,407	7,915,855
Federal grants	-	61,084,299	61,433,127
State grants	-	23,802,641	28,874,320
Other intergovernmental revenues	-	11,511,203	22,790,048
Charges for services	2,150	10,741,083	99,927,910
Contributions	-	96,239	443,866
Investment income	4,822	218,130	3,824,350
Indirect cost recovery	-	-	8,770,800
Other	-	44,685	1,067,822
Total revenue	<u>1,991,533</u>	<u>110,721,687</u>	<u>444,338,535</u>
Expenditures			
Current operations			
County executive	-	93,970,646	181,369,381
Clerk/register of deeds	-	951,391	10,643,080
Treasurer	-	-	8,003,249
Justice administration	-	25,650,549	78,704,797
Law enforcement	-	6,940,245	146,921,316
Legislative	-	-	4,223,183
Water resource commissioner	-	3,786,938	9,088,423
Non-departmental	-	46,025	16,674,594
Total current operations	-	131,345,794	455,628,023
Capital outlay	3,411	12,754,452	13,125,733
Intergovernmental	-	3,035	3,035
Debt service			
Principal payments	1,245,000	1,870,000	8,535,000
Interest and fiscal charges	741,411	996,264	4,917,688
Total expenditures	<u>1,989,822</u>	<u>146,969,545</u>	<u>482,209,479</u>
Excess (deficiency) of revenue over (under) expenditures	<u>1,711</u>	<u>(36,247,858)</u>	<u>(37,870,944)</u>
Other financing sources (uses)			
Transfers in	-	28,363,519	91,581,408
Transfers out	-	(4,152,889)	(58,902,434)
Issuance of bonds	-	1,200,000	1,200,000
Issuance of refunding bonds	-	-	28,485,000
Premiums on bonds sold	-	-	1,488,907
Discounts on bonds sold	-	(17,993)	(17,993)
Payments to bond escrow agent	-	-	(29,840,000)
Total other financing sources (uses)	-	<u>25,392,637</u>	<u>33,994,888</u>
Net change in fund balances	1,711	(10,855,221)	(3,876,056)
Fund balances			
October 1, 2010 (as restated, see Note 20)	25,941	41,764,453	319,584,941
September 30, 2011	<u>\$ 27,652</u>	<u>\$ 30,909,232</u>	<u>\$ 315,708,885</u>

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

County of Oakland
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund
Balances – Governmental Funds to the Statement of Activities
Year Ended September 30, 2011

Net change in fund balance - total governmental funds		\$ (3,876,056)
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	\$ 3,552,698	
Buildings and improvements	1,125,424	
Equipment and vehicles	783,687	
Depreciation expense	<u>(6,863,385)</u>	(1,401,576)
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.		(500,000)
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.		7,306,564
Amortization of Other Post-Employment Benefits asset is not reported in the governmental funds		(9,849,398)
Real property tax revenues in the Statement of Activities that do not provide current financial resources are deferred and not reported as revenue in the funds.		
Prior year's deferral	(15,714,246)	
Current year deferral	<u>14,430,140</u>	(1,284,106)
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.		(3,356,984)
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	(29,685,000)	
Repayment of bond principal	56,695,000	
Accrued interest	<u>46,562</u>	<u>27,056,562</u>
Change in net assets of governmental activities		<u>\$ 14,095,006</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 revenue is 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.

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. Revenue is primarily derived from leases, hangar rentals, landing fees, and other rental or service charges.

Water and Sewer Trust - This fund is used to account for monies received from those County residents whose water and sewer systems are maintained for their 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.

The Evergreen-Farmington S.D.S. (Sewage Disposal System) Fund - This 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.

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.

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, 2011**

	Business-Type Activities - Enterprise Funds				
	Major				
	Parks and Recreation	Delinquent Tax Revolving	County Airports	Water and Sewer Trust	Evergreen- Farmington SDS
Assets					
Current assets					
Pooled cash and investments	\$ 28,973,537	\$ 108,320,081	\$ 15,628,923	\$ 29,071,812	\$ 15,751,784
Delinquent property taxes receivable	-	116,146,306	-	-	-
Due from other governmental units	945,000	19,964,175	-	1,519,306	6,734,814
Due from component units	-	-	-	-	329,528
Accrued interest receivable	25,228	1,549,378	97,085	121,812	143,074
Accounts receivable (net of allowance for uncollectibles where applicable)	295,546	23,854,267	430,839	22,314,909	-
Due from other funds	-	-	-	234,825	1,664,750
Current portion of contracts receivable	-	-	1,102,990	-	-
Current portion of advances receivable	-	12,883	-	-	-
Inventories and supplies	36,560	-	-	156,833	-
Prepayments and other assets	3,918	-	-	423	-
Total current assets	<u>30,279,789</u>	<u>269,847,090</u>	<u>17,259,837</u>	<u>53,419,920</u>	<u>24,623,950</u>
Noncurrent assets					
Advances receivable	-	115,947	-	-	-
Capital assets, net					
Land and other nondepreciable assets	31,319,270	-	41,607,418	-	4,323,026
Land improvements, net	-	-	4,913,285	-	-
Building and improvements, net	17,649,265	-	16,289,696	-	11,069,457
Equipment and vehicles, net	745,493	-	572,416	-	7,329
Infrastructure, net	18,626,281	-	1,858,920	26,575,991	4,339,490
Total noncurrent assets	<u>68,340,309</u>	<u>115,947</u>	<u>65,241,735</u>	<u>26,575,991</u>	<u>19,739,302</u>
Total assets	<u>98,620,098</u>	<u>269,963,037</u>	<u>82,501,572</u>	<u>79,995,911</u>	<u>44,363,252</u>
Liabilities					
Current liabilities					
Vouchers payable	280,615	894,683	216,254	2,153,293	91,997
Due to other governmental units	-	334,587	-	882,714	6,800,143
Due to component units	-	-	-	-	-
Due to other funds	-	-	-	1,899,575	-
Deferred revenue	15,738	-	1,341,478	-	-
Capital lease obligation - current portion	-	-	515,000	-	-
Notes payable	-	50,000,000	-	-	-
Current portion of bonds payable	-	-	-	-	135,000
Current portion of long-term liabilities	-	-	-	-	-
Current portion of advances payable	-	-	-	-	-
Other accrued liabilities	134,782	46,346	469,584	2,110,557	499,137
Total current liabilities	<u>431,135</u>	<u>51,275,616</u>	<u>2,542,316</u>	<u>7,046,139</u>	<u>7,526,277</u>
Noncurrent liabilities					
Capital lease obligations	-	-	9,970,000	-	-
Bonds payable	-	-	-	-	3,925,000
Other long-term liabilities	-	-	-	-	-
Advances payable	-	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>9,970,000</u>	<u>-</u>	<u>3,925,000</u>
Total liabilities	<u>431,135</u>	<u>51,275,616</u>	<u>12,512,316</u>	<u>7,046,139</u>	<u>11,451,277</u>
Net assets					
Invested in capital assets, net of related debt	68,340,309	-	65,241,735	26,575,991	15,679,302
Restricted for programs	-	-	22,221	35,932,973	12,399,486
Unrestricted	29,848,654	218,687,421	4,725,300	10,440,808	4,833,187
Total net assets	<u>\$ 98,188,963</u>	<u>\$ 218,687,421</u>	<u>\$ 69,989,256</u>	<u>\$ 72,949,772</u>	<u>\$ 32,911,975</u>

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

**County of Oakland
Statement of Net Assets (Continued)
Proprietary Funds
September 30, 2011**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Major			
	S.O.C.S.D.S.	Non-Major Funds	Totals September 30, 2011	
Assets				
Current assets				
Pooled cash and investments	\$ 26,702,937	\$ 50,939,041	\$ 275,388,115	\$ 107,465,177
Delinquent property taxes	-	-	116,146,306	-
Due from other governmental units	6,401,917	10,298,751	45,863,963	145,000
Due from component units	-	1,503,500	1,833,028	30,992
Accrued interest receivable	192,658	412,613	2,541,848	763,380
Accounts receivable (net of allowance for uncollectibles where applicable)	60,799	1,240,485	48,196,845	280,106
Due from other funds	-	540	1,900,115	1,139
Current portion of contracts receivable	-	-	1,102,990	-
Current portion of advances receivable	176,928	-	189,811	-
Inventories and supplies	-	126,069	319,462	382,556
Prepayments and other assets	692,145	719,403	1,415,889	5,356,271
Total current assets	<u>34,227,384</u>	<u>65,240,402</u>	<u>494,898,372</u>	<u>114,424,621</u>
Noncurrent assets				
Advances receivable	496,387	-	612,334	-
Capital assets, net				
Land and other nondepreciable assets	977,442	4,215,983	82,443,139	3,820,255
Land improvements, net	-	-	4,913,285	-
Building and improvements, net	-	382,190	45,390,608	1,239,783
Equipment and vehicles, net	80,768	39,646,500	41,052,506	11,097,846
Infrastructure, net	5,250,421	21,607,295	78,258,398	173,359
Total noncurrent assets	<u>6,805,018</u>	<u>65,851,968</u>	<u>252,670,270</u>	<u>16,331,243</u>
Total assets	<u>41,032,402</u>	<u>131,092,370</u>	<u>747,568,642</u>	<u>130,755,864</u>
Liabilities				
Current liabilities				
Vouchers payable	97,311	169,512	3,903,665	3,466,080
Due to other governmental units	9,534,619	1,810,086	19,362,149	493,637
Due to component units	16	1,928,443	1,928,459	-
Due to other funds	1,899	-	1,901,474	82
Deferred revenue	-	143,714	1,500,930	125
Capital lease obligation - current portion	-	-	515,000	-
Notes payable	-	-	50,000,000	-
Current portion of bonds payable	-	-	135,000	-
Current portion of long-term liabilities	-	-	-	5,214,471
Current portion of advances payable	-	-	-	189,811
Other accrued liabilities	99,157	670,444	4,030,007	5,409,105
Total current liabilities	<u>9,733,002</u>	<u>4,722,199</u>	<u>83,276,684</u>	<u>14,773,311</u>
Noncurrent liabilities				
Capital lease obligations	-	-	9,970,000	-
Bonds payable	-	-	3,925,000	-
Other long-term liabilities	-	-	-	25,762,815
Advances payable	-	-	-	612,334
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>13,895,000</u>	<u>26,375,149</u>
Total liabilities	<u>9,733,002</u>	<u>4,722,199</u>	<u>97,171,684</u>	<u>41,148,460</u>
Net assets				
Invested in capital assets, net of related debt	6,308,631	65,851,968	247,997,936	16,331,243
Restricted for programs	8,858,357	20,611,974	77,825,011	-
Unrestricted	16,132,412	39,906,229	324,574,011	73,276,161
Total net assets	<u>\$ 31,299,400</u>	<u>\$ 126,370,171</u>	<u>\$ 650,396,958</u>	<u>\$ 89,607,404</u>

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

County of Oakland
Statement of Revenue, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year Ended September 30, 2011

	Business-Type Activities - Enterprise Funds				
	Major				
	Parks and Recreation	Delinquent Tax Revolving	County Airports	Water and Sewer Trust	Evergreen- Farmington SDS
Operating revenue					
Charges for services	\$ 7,990,396	\$ 26,374,487	\$ 4,401,685	\$ 50,645,022	\$ 33,038,749
Other	34,681	462,386	110,562	76,081	18,894
Total operating revenue	<u>8,025,077</u>	<u>26,836,873</u>	<u>4,512,247</u>	<u>50,721,103</u>	<u>33,057,643</u>
Operating expenses					
Salaries	7,481,895	58,880	1,101,490	6,955,230	477,296
Fringe benefits	2,660,206	43,344	672,388	3,677,034	446,658
Contractual services	4,700,164	286,193	1,547,935	30,506,726	32,958,710
Commodities	669,138	-	80,656	2,547,347	182,634
Depreciation	2,862,726	-	1,873,558	599,669	852,876
Internal services	1,687,186	-	200,169	2,946,184	389,417
Intergovernmental	-	-	-	1,272,277	-
Total operating expenses	<u>20,061,315</u>	<u>388,417</u>	<u>5,476,196</u>	<u>48,504,467</u>	<u>35,307,591</u>
Operating income (loss)	<u>(12,036,238)</u>	<u>26,448,456</u>	<u>(963,949)</u>	<u>2,216,636</u>	<u>(2,249,948)</u>
Nonoperating revenue (expenses)					
Property taxes	12,696,436	-	-	-	-
Contributions	31,579	-	-	300,000	-
Interest recovery - federal grants	-	-	119,784	-	78,414
Interest revenue	361,967	1,386,121	73,835	341,970	87,607
Interest expense and paying agent fees	-	(405,685)	(480,978)	-	(193,400)
Bonds maturing	-	-	-	-	-
Gain (loss) on sale of property and equipment	4,293	-	(1,322)	-	-
Total nonoperating revenue	<u>13,094,275</u>	<u>980,436</u>	<u>(288,681)</u>	<u>641,970</u>	<u>(27,379)</u>
Income (loss) before transfers and contributions	<u>1,058,037</u>	<u>27,428,892</u>	<u>(1,252,630)</u>	<u>2,858,606</u>	<u>(2,277,327)</u>
Transfers and contributions					
Capital contributions	1,506,000	-	3,390,827	-	-
Transfers in	142	-	-	-	-
Transfers out	-	(33,769,841)	-	-	-
Total transfers and contributions	<u>1,506,142</u>	<u>(33,769,841)</u>	<u>3,390,827</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>2,564,179</u>	<u>(6,340,949)</u>	<u>2,138,197</u>	<u>2,858,606</u>	<u>(2,277,327)</u>
Net assets					
October 1, 2010	<u>95,624,784</u>	<u>225,028,370</u>	<u>67,851,059</u>	<u>70,091,166</u>	<u>35,189,302</u>
September 30, 2011	<u>\$ 98,188,963</u>	<u>\$ 218,687,421</u>	<u>\$ 69,989,256</u>	<u>\$ 72,949,772</u>	<u>\$ 32,911,975</u>

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

County of Oakland
Statement of Revenue, Expenses, and Changes in Fund Net Assets (Continued)
Proprietary Funds
Year Ended September 30, 2011

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Major			
	S.O.C.S.D.S.	Non-Major Funds	Totals September 30, 2011	
Operating revenue				
Charges for services	\$ 44,742,494	\$ 45,726,555	\$ 212,919,388	\$ 205,335,192
Other	36,766	144,418	883,788	2,447,061
Total operating revenue	<u>44,779,260</u>	<u>45,870,973</u>	<u>213,803,176</u>	<u>207,782,253</u>
Operating expenses				
Salaries	621,828	2,767,395	19,464,014	17,703,904
Fringe benefits	310,520	1,639,082	9,449,232	11,100,050
Contractual services	40,445,180	35,885,603	146,330,511	107,645,672
Commodities	275,047	934,041	4,688,863	6,546,524
Depreciation	1,335,652	7,216,705	14,741,186	7,560,403
Internal services	205,192	1,774,704	7,202,852	5,417,138
Intergovernmental	-	-	1,272,277	-
Total operating expenses	<u>43,193,419</u>	<u>50,217,530</u>	<u>203,148,935</u>	<u>155,973,691</u>
Operating income (loss)	<u>1,585,841</u>	<u>(4,346,557)</u>	<u>10,654,241</u>	<u>51,808,562</u>
Nonoperating revenue (expenses)				
Property taxes	-	-	12,696,436	-
Contributions	-	-	331,579	-
Interest recovery - federal grants	-	-	198,198	-
Interest revenue	303,650	460,079	3,015,229	1,041,259
Interest expense and paying agent fees	-	-	(1,080,063)	(30,396,443)
Bonds maturing	-	-	-	(18,320,000)
Gain (loss) on sale of property and equipment	-	262,511	265,482	331,629
Total nonoperating revenue	<u>303,650</u>	<u>722,590</u>	<u>15,426,861</u>	<u>(47,343,555)</u>
Income (loss) before transfers and contributions	<u>1,889,491</u>	<u>(3,623,967)</u>	<u>26,081,102</u>	<u>4,465,007</u>
Transfers and contributions				
Capital contributions	57,900	6,710,663	11,665,390	688,155
Transfers in	-	2,470,636	2,470,778	7,441,556
Transfers out	-	(3,602,000)	(37,371,841)	(5,288,154)
Total transfers and contributions	<u>57,900</u>	<u>5,579,299</u>	<u>(23,235,673)</u>	<u>2,841,557</u>
Change in net assets	<u>1,947,391</u>	<u>1,955,332</u>	<u>2,845,429</u>	<u>7,306,564</u>
Net assets				
October 1, 2010	<u>29,352,009</u>	<u>124,414,839</u>	<u>647,551,529</u>	<u>82,300,840</u>
September 30, 2011	<u>\$ 31,299,400</u>	<u>\$ 126,370,171</u>	<u>\$ 650,396,958</u>	<u>\$ 89,607,404</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, 2011**

	Business-Type Activities - Enterprise Funds				
	Major				
	Parks and Recreation	Delinquent Tax Revolving	County Airports	Water and Sewer Trust	Evergreen- Farmington SDS
Cash flows from operating activities					
Cash received from users	\$ 6,859,370	\$ 12,990,453	\$ 4,588,624	\$ 47,027,044	\$ 31,421,835
Cash paid to suppliers	(9,761,740)	(329,537)	(2,245,858)	(38,914,979)	(32,836,313)
Cash paid to employees	(7,481,895)	(58,880)	(1,101,490)	(6,955,230)	(477,296)
Net cash provided by (used in) operating activities	<u>(10,384,265)</u>	<u>12,602,036</u>	<u>1,241,276</u>	<u>1,156,835</u>	<u>(1,891,774)</u>
Cash flows from noncapital financing activities					
Transfers from other funds	142	-	-	-	-
Transfers to other funds	-	(33,769,841)	-	-	-
Contributions	31,579	-	-	300,000	-
Principal paid on debt	-	-	-	-	-
Interest paid on debt	-	-	-	-	-
Purchase of delinquent property taxes	-	(130,215,501)	-	-	-
Delinquent property taxes collected	-	142,267,961	-	-	-
Issuance of short-term borrowings	-	50,000,000	-	-	-
Repayments received on advances	-	12,883	-	-	-
Property taxes	12,696,436	-	-	-	-
Interest paid on short-term borrowings	-	(421,242)	-	-	-
Payments on short-term borrowings	-	(50,000,000)	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>12,728,157</u>	<u>(22,125,740)</u>	<u>-</u>	<u>300,000</u>	<u>-</u>
Cash flows from capital and related financing activities					
Contributions for capital acquisitions	1,506,000	-	-	-	-
Proceeds from sale of bonds	-	-	-	-	4,060,000
Transfers from other funds	-	-	-	-	-
Interest recovery - federal grants	-	-	119,784	-	78,414
Proceeds from sale of capital assets	4,293	-	-	-	-
Acquisition of capital assets	(681,109)	-	(661,176)	-	(4,295,345)
Interest paid on debt	-	-	-	-	(193,400)
Payments on capital lease obligation	-	-	(500,000)	-	-
Interest and fees paid on capital lease obligation	-	-	(480,978)	-	-
Amount paid on advances	-	-	-	-	-
Interest paid on advances	-	-	-	-	-
Net cash used in capital and related financing activities	<u>829,184</u>	<u>-</u>	<u>(1,522,370)</u>	<u>-</u>	<u>(350,331)</u>
Cash flows from investing activities					
Interest on investments	351,118	1,136,634	72,970	341,106	81,509
Net cash provided by investing activities	<u>351,118</u>	<u>1,136,634</u>	<u>72,970</u>	<u>341,106</u>	<u>81,509</u>
Net increase (decrease) in cash and cash equivalents	3,524,194	(8,387,070)	(208,124)	1,797,941	(2,160,596)
Pooled cash and investments					
October 1, 2010	25,449,343	116,707,151	15,837,047	27,273,871	17,912,380
September 30, 2011	<u>\$ 28,973,537</u>	<u>\$ 108,320,081</u>	<u>\$ 15,628,923</u>	<u>\$ 29,071,812</u>	<u>\$ 15,751,784</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, 2011

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Major		Totals	
	S.O.C.S.D.S.	Non-Major Funds	September 30, 2011	
Cash flows from operating activities				
Cash received from users	\$ 44,312,198	\$ 42,944,025	\$ 190,143,549	\$ 207,935,444
Cash paid to suppliers	(38,857,268)	(43,117,709)	(166,063,404)	(134,846,097)
Cash paid to employees	(621,828)	(2,767,395)	(19,464,014)	(17,703,904)
Net cash provided by (used in) operating activities	<u>4,833,102</u>	<u>(2,941,079)</u>	<u>4,616,131</u>	<u>55,385,443</u>
Cash flows from noncapital financing activities				
Transfers from other funds	-	2,470,636	2,470,778	5,516,857
Transfers to other funds	-	(3,602,000)	(37,371,841)	(3,508,760)
Contributions	-	-	331,579	-
Principal paid on debt	-	-	-	(18,320,000)
Interest paid on debt	-	-	-	(30,379,588)
Purchase of delinquent property taxes	-	-	(130,215,501)	-
Delinquent property taxes collected	-	-	142,267,961	-
Issuance of short-term borrowings	-	-	50,000,000	-
Repayments received on advances	176,928	-	189,811	-
Property taxes	-	-	12,696,436	-
Interest paid on short-term borrowings	-	-	(421,242)	-
Payments on short-term borrowings	-	-	(50,000,000)	-
Net cash provided by (used in) noncapital financing activities	<u>176,928</u>	<u>(1,131,364)</u>	<u>(10,052,019)</u>	<u>(46,691,491)</u>
Cash flows from capital and related financing activities				
Contributions for capital acquisitions	57,900	177,788	1,741,688	-
Proceeds from sale of bonds	-	-	4,060,000	-
Transfers from other funds	-	-	-	213,992
Interest recovery - federal grants	-	-	198,198	-
Proceeds from sale of capital assets	-	262,511	266,804	883,064
Acquisition of capital assets	(358,549)	(13,597,949)	(19,594,128)	(2,879,141)
Interest paid on debt	-	-	(193,400)	-
Payments on capital lease obligation	-	-	(500,000)	-
Interest and fees paid on capital lease obligation	-	-	(480,978)	-
Amount paid on advances	-	-	-	(189,811)
Interest paid on advances	-	-	-	(16,855)
Net cash used in capital and related financing activities	<u>(300,649)</u>	<u>(13,157,650)</u>	<u>(14,501,816)</u>	<u>(1,988,751)</u>
Cash flows from investing activities				
Interest on investments	<u>324,915</u>	<u>427,438</u>	<u>2,735,690</u>	<u>976,682</u>
Net cash provided by investing activities	<u>324,915</u>	<u>427,438</u>	<u>2,735,690</u>	<u>976,682</u>
Net increase (decrease) in cash and cash equivalents	<u>5,034,296</u>	<u>(16,802,655)</u>	<u>(17,202,014)</u>	<u>7,681,883</u>
Pooled cash and investments				
October 1, 2010	<u>21,668,641</u>	<u>67,741,696</u>	<u>292,590,129</u>	<u>99,783,294</u>
September 30, 2011	<u>\$ 26,702,937</u>	<u>\$ 50,939,041</u>	<u>\$ 275,388,115</u>	<u>\$ 107,465,177</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, 2011

	Business-Type Activities - Enterprise Funds				
	Major				
	Parks and Recreation	Delinquent Tax Revolving	County Airports	Water and Sewer Trust	Evergreen- Farmington SDS
Operating (loss) income	\$ (12,036,238)	\$ 26,448,456	\$ (963,949)	\$ 2,216,636	\$ (2,249,948)
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities					
Depreciation expense	2,862,726	-	1,873,558	599,669	852,876
(Increase) decrease in due from other governmental units	(945,000)	(13,055,379)	248	(995,613)	(718,954)
(Increase) decrease in due from component units	-	-	-	-	(211,698)
(Increase) decrease in accounts receivable	8,086	(635,600)	169,253	(2,819,894)	-
(Increase) decrease in due from other funds	-	-	-	121,448	(705,156)
(Increase) decrease in inventories and supplies	6,443	-	-	(3,500)	-
(Increase) decrease in prepayments and other assets	(2,827)	-	93,453	(423)	-
Increase (decrease) in vouchers payable	(14,494)	(78,690)	182,810	21,697	(50,902)
Increase (decrease) in due to other govern- mental units	-	(68,914)	-	196,398	1,445,479
Increase (decrease) in due to component units	-	-	-	-	-
Increase (decrease) in due to other funds	-	-	-	583,708	-
Increase (decrease) in deferred revenue	(228,793)	-	(93,124)	-	-
Increase (decrease) in current portion of other long-term liabilities	-	-	-	-	-
Increase (decrease) in other accrued liabilities	(34,168)	(7,837)	(20,973)	1,236,709	(253,471)
Increase (decrease) in other long-term liabilities	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ (10,384,265)</u>	<u>\$ 12,602,036</u>	<u>\$ 1,241,276</u>	<u>\$ 1,156,835</u>	<u>\$ (1,891,774)</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, 2011**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Major	Non-Major Funds	Totals September 30, 2011	
	S.O.C.S.D.S.			
Operating income (loss)	\$ 1,585,841	\$ (4,346,557)	\$ 10,654,241	\$ 51,808,562
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	1,335,652	7,216,705	14,741,186	7,560,403
(Increase) decrease in due from other governmental units	(411,687)	(1,314,180)	(17,440,565)	(3,369)
(Increase) decrease in due from component units	-	(1,503,500)	(1,715,198)	1,273
(Increase) decrease in accounts receivable	(55,375)	(113,267)	(3,446,797)	156,061
(Increase) decrease in due from other funds	-	(539)	(584,247)	(899)
(Increase) decrease in inventories and supplies	-	500,259	503,202	128,106
(Increase) decrease in prepayments and other assets	21,855	(93,836)	18,222	(706,430)
Increase (decrease) in vouchers payable	62,093	(1,961,658)	(1,839,144)	-
Increase (decrease) in due to other govern- mental units	2,286,682	(2,968,321)	891,324	(27,207)
Increase (decrease) in due to component units	16	1,928,443	1,928,459	-
Increase (decrease) in due to other funds	-	(2,615)	581,093	(297,067)
Increase (decrease) in deferred revenue	-	4,538	(317,379)	125
Increase (decrease) in current portion of other long-term liabilities	-	-	-	682,365
Increase (decrease) in other accrued liabilities	8,025	(286,551)	641,734	(1,722,454)
Increase (decrease) in other long-term liabilities	-	-	-	(3,639,676)
Net cash provided by (used in) operating activities	\$ 4,833,102	\$ (2,941,079)	\$ 4,616,131	\$ 55,385,443

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, 2011

Noncash transactions

Enterprise Funds

Major funds:

Noncash and capital related financing activities included contribution of capital assets in the amount of \$3,390,827 in the County Airports fund.

Noncash and non-capital related financing activities included interest expense of \$27,979 reported in the Vouchers Payable liability in the Delinquent Tax Revolving Fund, and recording of Contracts Receivable and Deferred Revenue of \$1,102,990 in the County Airports fund.

Nonmajor funds:

Noncash and capital related financing activities included contribution of capital assets of \$2,699,884 and \$3,832,991 in the CLEMIS and Radio Communications funds, respectively, and purchase of capital assets in the amount of \$332,075 in Other accrued liabilities account in the Radio Communications fund.

Internal Service Funds

Non-cash capital and related financing activities included contribution of capital assets of \$688,155 and purchase of capital assets in the amount of \$156,257 included in the Other accrued liabilities account in the Information Technology fund; the transfer of \$1,710,707 of capital assets (net of \$4,278,346 accumulated depreciation) from the Office Equipment fund to the Information Technology fund; and the transfer of \$68,687 of capital assets (net of \$327,873 of accumulated depreciation) from the Mailing, Copier and Printing fund to the general government.

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, 2011

	Pension (and Other Post- employment Benefits) Trust Funds	Investment Trust Funds	Agency Funds
Assets			
Pooled cash and investments	\$ 11,481,239	\$ 233,734,959	\$ 234,571,445
Cash and cash equivalents	-	-	868,967
Investments, at fair value			
Common stock	465,237,349	-	-
Preferred stock	78,077	-	-
Government securities	156,003,207	-	-
Corporate bonds	139,299,610	-	-
Municipal bonds	4,194,114	-	-
Commingled	256,010,536	-	-
Limited partnerships	227,219,466	-	-
Asset-backed fixed income	7,465,464	-	-
CMO/REMIC investments	6,059,998	-	-
Mortgage-backed securities	54,197,510	-	-
Commercial mortgage-backed securities	30,446,765	-	-
Money market funds	33,403,277	-	-
International common stock	59,068,588	-	-
Equity REIT	15,471,685	-	-
Other	24,649,948	-	-
Total investments	<u>1,478,805,594</u>	<u>-</u>	<u>-</u>
Receivables - interest and dividends	4,563,778	220,793	197,426
Receivables - other	22,876	-	-
Prepaid expenses	154,466	-	-
Total assets	<u>1,495,027,953</u>	<u>233,955,752</u>	<u>235,637,838</u>
Liabilities			
Vouchers payable	629,304	-	-
Due to other governmental units	-	-	225,633,670
Other accrued liabilities	1,261,598	-	10,004,168
Total liabilities	<u>1,890,902</u>	<u>-</u>	<u>235,637,838</u>
Net assets			
Held in Trust for Pension and other Postemployment healthcare benefits, and pool participants	<u>\$ 1,493,137,051</u>	<u>\$ 233,955,752</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, 2011

	Pension (and Other Post- employment Benefits) Trust Funds	Investment Trust Funds
Additions		
Contributions		
Employer	\$ 47,592,273	\$ -
Pool participants	-	770,996,947
Plan members	863,187	-
Total contributions	<u>48,455,460</u>	<u>770,996,947</u>
Investment income	19,514,529	2,526,625
Other revenue	2,180,376	-
Total additions	<u>70,150,365</u>	<u>773,523,572</u>
Deductions		
Benefits	68,351,277	-
Contribution - Retirees healthcare	47,592,273	-
Administrative expenses	3,723,731	-
Distribution to pool participants	-	719,508,740
Total deductions	<u>119,667,281</u>	<u>719,508,740</u>
Net increase	(49,516,916)	54,014,832
Net assets held in trust for pension and other postemployment healthcare benefits, and pool participants		
October 1, 2010 (as restated, see Note 20)	<u>1,542,653,967</u>	<u>179,940,920</u>
September 30, 2011	<u>\$ 1,493,137,051</u>	<u>\$ 233,955,752</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, 2011**

	Drainage Districts	Road Commission	Total Component Units
Assets			
Current assets			
Pooled cash and investments	\$ 17,337,372	\$ -	\$ 17,337,372
Cash and cash equivalents	-	35,738,275	35,738,275
Receivables (net of allowance for uncollectibles where applicable)			
Special assessments	-	6,269,272	6,269,272
Due from primary government	1,928,459	-	1,928,459
Due from other governmental units	6,440,638	-	6,440,638
Accrued interest receivable	109,836	-	109,836
Accounts receivable	8,265	17,124,228	17,132,493
Inventories and supplies	-	4,242,545	4,242,545
Prepayments and other assets	-	1,727,982	1,727,982
Total current assets	<u>25,824,570</u>	<u>65,102,302</u>	<u>90,926,872</u>
Capital assets, net			
Land and other nondepreciable assets	44,567,972	168,998,826	213,566,798
Land improvements, net	-	164,077	164,077
Buildings and improvements, net	-	8,447,005	8,447,005
Equipment and vehicles, net	-	2,496,844	2,496,844
Infrastructure, net	400,938,450	516,691,156	917,629,606
Total capital assets, net	<u>445,506,422</u>	<u>696,797,908</u>	<u>1,142,304,330</u>
Noncurrent assets			
Special assessments receivable	159,857,822	-	159,857,822
Total assets	<u>631,188,814</u>	<u>761,900,210</u>	<u>1,393,089,024</u>
Liabilities			
Current liabilities			
Vouchers payable	66,105	4,915,783	4,981,888
Due to other governmental units	15,254,623	-	15,254,623
Due to primary government	2,361,729	30,897	2,392,626
Deferred revenue and advances	-	6,927,302	6,927,302
Accrued interest payable	18,709	16,666	35,375
Current portion of long-term debt	12,951,000	1,683,700	14,634,700
Other accrued liabilities	1,720,292	2,312,057	4,032,349
Total current liabilities	<u>32,372,458</u>	<u>15,886,405</u>	<u>48,258,863</u>
Deferred revenue	2,653,914	-	2,653,914
Bonds and notes payable	144,252,908	2,000,000	146,252,908
Accrued compensated absences	-	2,847,660	2,847,660
Claims and judgments	-	1,563,327	1,563,327
Other postemployment benefits	-	11,906,254	11,906,254
Total liabilities	<u>179,279,280</u>	<u>34,203,646</u>	<u>213,482,926</u>
Net assets			
Invested in capital assets, net of related debt	288,302,514	694,297,908	982,600,422
Restricted for			
Special revenue	5,471,362	-	5,471,362
Debt service	157,699,378	-	157,699,378
Unrestricted	436,280	33,398,656	33,834,936
Total net assets	<u>\$ 451,909,534</u>	<u>\$ 727,696,564</u>	<u>\$ 1,179,606,098</u>

The accompanying notes are an integral part of the financial statements

**County of Oakland
Statement of Activities
Component Units
Year Ended September 30, 2011**

	Program Revenue				Drainage Districts	Road Commission	Total Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Functions/Programs							
Drainage Districts	\$ 68,865,400	\$ 59,093,468	\$ 81,833	\$ 29,898,191	\$ 20,208,092	\$ -	\$ 20,208,092
Road Commission	97,176,828	17,171,835	57,730,376	31,469,161	-	9,194,544	9,194,544
Total component units	<u>\$ 166,042,228</u>	<u>\$ 76,265,303</u>	<u>\$ 57,812,209</u>	<u>\$ 61,367,352</u>	<u>20,208,092</u>	<u>9,194,544</u>	<u>29,402,636</u>
General Revenue							
Unrestricted investment earnings					235,107	773,616	1,008,723
Change in net assets					20,443,199	9,968,160	30,411,359
Net assets							
Beginning					431,466,335	717,728,404	1,149,194,739
Ending					<u>\$ 451,909,534</u>	<u>\$ 727,696,564</u>	<u>\$ 1,179,606,098</u>

The accompanying notes are an integral part of the financial statements

County of Oakland

Notes to Basic Financial Statements

September 30, 2011

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, 2011

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, 2011, 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, 2009, 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 179 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, 2011 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 Water Resources Commissioner
#1 Public Works Drive
Waterford, Michigan 48328

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

Basic (Government-Wide) and Fund Financial Statements – GASB Statement No. 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 revenue. Program revenue includes 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 revenue are reported instead as general revenue, which are used to cover the net cost of the various functional categories of the County.

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

County of Oakland

Notes to Basic Financial Statements

September 30, 2011

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 revenue 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.

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The County reports the following major governmental funds:

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

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

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

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 serviced.

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

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.

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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 revenue 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 revenue rather than as program revenue.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue 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. Revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

Fiduciary Fund Types

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Oakland County's fiduciary funds include Pension (and other post-employment benefits) Trust funds to account for retirees' retirement and medical benefits; Investment Trust funds, which report funds deposited by and invested for local units of government; and Agency funds, which account for assets held in trust by the County for others. These funds are not reflected in the government-wide financial statements because the resources of the funds are not available to support the programs of Oakland County.

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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 revenue 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 revenue 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 revenue 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 revenue is 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, revenue is 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. Revenue 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.

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The Drainage Districts use the current financial resources measurement focus for their 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. Revenue 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, 2010 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, 2011 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 is also reclassified at year end as an inter-fund liability.

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, 2011.

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.

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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, 2011 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.

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Compensated Absences

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

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

Pension and Other Postemployment Benefit Costs

The County offers both pension and retiree healthcare benefits to retirees. The County receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, pension and OPEB costs are recognized as contributions are made. For the government-wide statements, the County reports the full accrual cost equal to the current year required contribution, adjusted for interest and “adjustment to the ARC” on the beginning of year balance, if any.

Fund Equity

Implementation of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in 2011 resulted in new fund balance classifications for the County. The former classifications of reserved, designated and unreserved were replaced by new classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The new classifications are:

- Nonspendable, includes amounts that cannot be spent.
- Restricted, amounts that are restricted to specific purposes by externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through enabling legislation.
- Committed, amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the County’s highest level of decision-making authority.
- Assigned, amounts that are constrained by the County’s intent to be used for specific purposes, but are neither restricted nor committed. These assignments are authorized by the Board of Commissioners.
- Unassigned, is the residual classification of the General Fund, and the reporting of any negative fund balance of a governmental fund.

When an expense is incurred for purposes for which both restricted and unrestricted net assets or fund balance are available, the County’s policy is to first apply restricted resources. When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the County’s policy to spend funds in this order: committed, assigned, and unassigned.

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Deferred Revenue

Deferred revenue is reported on the County's combined balance sheet. Amounts are classified as deferred when they are not considered to be available to liquidate liabilities of the current period.

Property taxes levied are used to finance the expenditures of the current fiscal period (October 1, 2010 through September 30, 2011) and are reported as revenue 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, 2011. These estimates and assumptions also affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. Legal Compliance - Budgets

The Board of Commissioners has established the legal level of control by control groups, as outlined in the County's General Appropriations Act. This act states that expenditures shall not exceed the total appropriations for personnel expenditures (salaries, overtime, and fringes), operating expenditures, and internal support expenditures (Internal Service fund charges), respectively, by department. Budgets are adopted and presented on the GAAP basis of accounting.

The Board of Commissioners is authorized to make amendments to the various budgets as deemed necessary. Current year supplemental budgetary appropriations were not material. Funds that 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: Revenue Sharing Reserve, Child Care, and Social Welfare-Foster Care. The budgetary comparison for the General Fund and Revenue Sharing Reserve fund (major special revenue fund) are presented in the Required Supplementary Information. The Child Care and Social Welfare Foster Care funds are presented in the Special Revenue Funds section.

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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 "Unassigned 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
Special Revenue Funds			
Child Care			
County Executive			
Human Services			
Internal support	\$ 2,849,862	\$ 2,872,982	\$ 23,120

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 2012.

3. Deposits and Investments

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

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 calculated on their average daily cash balance.

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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 option to local units of government within the County, called the 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, 2011, the bank balance of the County's deposits was \$1,032,514,319. Insured deposits were \$77,281,000, and the remaining \$955,233,319 was uninsured, uncollateralized, and held in the County's name.

The Drainage District's component unit's cash, deposits 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 limits the investment with any single financial institution to 15%.

At September 30, 2011, the Road Commission component unit had \$120,054 of bank deposits (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.

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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.

As of September 30, 2011, 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)	\$ 535,495,900	232
Commercial Paper	9,947,500	226
Deposit Accounts (1)	497,018,419	1
Money Market Investment Pools	1,008,895	1
MI Government Coupon	43,508,756	5,020
U.S. Agencies	107,617,889	913
Total Market Value of Internal Investment Pool	\$ 1,194,597,359	
Weighted Average Maturity of Internal Investment Pool (in days)		336

(1) These items are considered deposits and not investments. They are presented here to give a clear picture of the investment pool's overall weighted average maturity.

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Credit Risk – The County has \$107,617,889 invested in U.S. government securities which are rated AA+ by Standard & Poor's and Aaa by Moody's. The County had \$41,483,133 in Municipal bonds rated Aaa by Moody's, AA+ by Standard and Poor's; \$303,369 rated AA and \$1,722,254 rated BBB+ by Standard and Poor's. State law limits investments in commercial paper to the top two ratings issued by a nationally recognized statistical rating organization (NRSRO). 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, 2011, the County had \$9,947,500 invested in A-1 (Standard & Poor's), P-1 (Moody's) commercial paper. Two of the money market investment pools used by the County, with a fair value of \$1,003,375 at September 30, 2011, carry an AAA (Standard & Poor's) rating. One other money market investment pool used by the County, with a fair value of \$5,520 at September 30, 2011, is 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 level requirement for unrated money market funds.

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, 2011, \$161,074,145 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.

Concentration of Credit Risk – Investments. The County's investment policy allows for no more than 15% be invested with any single financial institution. On September 30, 2011, the County had investments of 5% or more of the total portfolio with the following U.S. agency issuer: Freddie Mac 5.9%. No other issuer exceeded 5% of the total portfolio.

Interest Rate Risk – To limit its exposure to fair value losses from rising interest rates, the County's Investment Policy states the County will not directly invest in securities that mature more than three years from date of purchase; however, securities exceeding the three-year limitation may be purchased provided maturity dates coincide with the expected use of the funds. As of September 30, 2011, the internal investment pool had a weighted average maturity of 336 days and the longest investment maturity in the portfolio was 5,661 days (15.7 years).

Investments – Pension 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.

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Pension investments are made through the use of Investment Advisors which are selected and retained by the Retirement and Deferred Compensation Board (PERS, VEBA and IRMB). The advisors serve at the leisure of the Board as provided by investment agreements. At September 30, 2011, the Primary Government's Pension Trust fund had 23 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, 2011, the County had the following investment types in its Retirement System:

Investment Type	Fair Value	Percentage	Average Duration (In Years)
Government Bonds	\$ 155,903,725	10.44 %	14.83
Asset-Backed Fixed Income	7,465,463	0.50	8.96
Commercial Mortgage-Backed Securities	30,446,765	2.04	3.62
Mortgage-Backed Securities	54,330,917	3.64	4.54
Municipal Bonds	4,194,114	0.28	N/A
Corporate Bonds	140,169,522	9.39	8.84
CMO/REMIC Investments	6,059,998	0.41	1.78
Common Stock	466,545,756	31.26	N/A
Equity ADR	2,209,713	0.15	N/A
Equity REIT	15,471,685	1.04	N/A
Exchange Traded Funds	351,772	0.02	N/A
International Common Stock	49,658,914	3.33	N/A
International Government Bonds	5,560,303	0.37	N/A
International GDR	600,758	0.04	N/A
Investment Companies-Mutual Funds	18,340,484	1.23	N/A
Money Market Funds	36,900,868	2.47	0.08
Short Term Investments	10,946,370	0.73	N/A
Real Estate	3,307	0.00	N/A
Investment Companies-Commingled Funds	256,010,536	17.15	N/A
Limited Partnership	227,219,466	15.22	N/A
Alternative Investments	4,196,287	0.28	N/A
Preferred Stock	78,077	0.01	N/A
Total	\$ 1,492,664,800	100.0 %	

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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. For any security held in the portfolio that 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 shall then instruct the investment manager as to which action should be taken. As of September 30, 2011, debt obligation investments held in the retirement system had the following ratings:

Fair Value	Percentage	Ratings	
		Moody's	S&P
\$16,320,701	4.04 %	Aaa	AAA
219,748,810	54.38	Aa1	AA+
6,362,557	1.57	Aa2	AA
8,415,826	2.08	Aa3	AA-
14,048,018	3.48	A1	A+
35,156,960	8.70	A2	A
25,686,594	6.35	A3	A-
8,704,590	2.15	Baa1	BBB+
11,931,981	2.95	Baa2	BBB
17,160,263	4.25	Baa3	BBB-
1,447,237	0.36	Ba1	BB+
8,349,685	2.07	Ba2	BB
6,337,051	1.57	Ba	BB-
5,329,719	1.32	B2	B+
455,700	0.11	Ba3	B
1,596,975	0.39	B1	B-
17,078,141	4.23	NR	NR
<u>\$404,130,808</u>	<u>100.00 %</u>		

Custodial Credit Risk is the risk associated with 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, 2011, \$1,495,476,884 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 and no more than 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.

County of Oakland

Notes to Basic Financial Statements

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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, 2011, as reported by the system's investment managers, no holdings exceed any of the Board's adopted limits.

Interest Rate Risk - The Board's adopted Statement of Investment Goals and Objectives (SIGO) places no limitation on the system's fixed income managers on the length to maturity for fixed income investments. As the schedule on page 86 indicates, the system's fixed income investments had average durations of between .08 years and 14.83 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 impose restrictions capping the loans at the current levels during the year ended September 30, 2011 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, 2011, 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, 2011 were \$71,549,362 and \$69,712,379, respectively, or 102.6% collateral to market value coverage.

Collateralized Mortgage Obligations (CMOs) are U.S. government-issued asset-backed certificates and corporate-issued asset-backed certificates. Current CMO holdings have maturity lengths ranging from 8.4 years to 26.8 years and are backed by investments in various assets, including mortgages. As of September 30, 2011, the market value was \$3,311,792.

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, 2011, the County's CMO portfolio had effective duration ranges of 1.1 years and 2.5 years.

Variable Rate Coupon Notes and Bonds - Included in the County's Retirement System investment portfolio are Variable Rate coupon instruments with a market value of \$23,662,296 as of September 30, 2011. Such investments include U.S. government-issued securities and corporate-issued securities. The variable rate securities have maturities through the year 2037 and are backed by investments in various assets, including mortgages.

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

Interest Rate Risk – Variable Rate Coupon Notes and Bonds. The market value of these investments may be influenced by, among other factors, changes in interest rates which affect their marketability. At September 30, 2011, the Retirement System was holding variable rate instruments that are reset against the LIBOR (London Interbank Offering Rate) with a plus factor. The coupons had short reset points ranging from twice a year, quarterly and monthly. The shorter the reset point, the less sensitive the investment is to interest rate changes.

4. Property Taxes – Receivables and Short-term Debt

Receivables - 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 over a three-year period, of county property tax levies from winter to summer as a substitute to county revenue sharing from the State. The entire County Operating Tax is levied on July 1 each year beginning in 2007; however, the date for delinquencies did not change with the shift in levy dates. 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 2011 summer levy amounted to \$52,453,460,343 with taxable values of \$50,798,540,257. The operating tax rate for the 2011 levy was 4.19 mills, with an additional 0.2415 mills voted for Parks and Recreation (winter levy only). The amount unpaid at fiscal year-end is reported as current property taxes receivable in the County’s General Fund. These receivables (current and delinquent) for the County operating tax levy amounted to \$19,981,033 at September 30, 2011.

Short-term Debt - By agreement with various taxing authorities, the County purchases (at face value) real property taxes for all municipalities and school districts within Oakland County which are returned delinquent on March 1. To accomplish this, tax notes are sold and the proceeds of these notes are used to liquidate the amounts due the County's General Fund and other governmental agencies for purchase of their delinquent real property tax receivables. The assets of the Delinquent Tax Revolving fund (an Enterprise fund), including receivables in the amount of \$269,963,037 at September 30, 2011, are pledged as collateral for payment of the tax notes; subsequent collections on delinquent taxes receivable, plus interest, penalties and collection fees thereon, and investment earnings are used to service the debt. The following is a summary of the short-term debt activity for the year ended September 30, 2011:

Beginning balance	Additions	Reductions	Ending balance	Due within one year
\$ 50,000,000	\$ 50,000,000	\$ (50,000,000)	\$ 50,000,000	\$ 50,000,000

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

5. Allowances for Uncollectible Receivables

At September 30, 2011, the allowances for uncollectible receivables were as follows:

General Fund	\$ 200,000
Internal Service funds	
Information Technology	1,779
Enterprise funds	
CLEMIS	32,426
Radio Communications	<u>100,319</u>
	<u>\$ 132,745</u>

In addition, the Parks and Recreation fund (Enterprise) records an allowance for uncollectable taxes receivable in the amount of \$56,330 at September 30, 2011.

6. Investment Income – Pension Trust Funds

The following is a breakdown of the investment income for Pension Trust funds of the primary government for the year ended September 30, 2011:

	Employees' Retirement	VEBA Trust	IRMB Trust
Interest and dividends	\$ 12,405,080	\$ 7,652,655	\$ 4,375,740
Unrealized/Realized gain (loss) on investments	<u>2,040,113</u>	<u>(4,620,553)</u>	<u>(2,338,506)</u>
Total	<u>\$ 14,445,193</u>	<u>\$ 3,032,102</u>	<u>\$ 2,037,234</u>

County of Oakland
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September 30, 2011

7. Capital Assets

An analysis of property and equipment as reported in the Statement of Net Assets, and related accumulated depreciation, at September 30, 2011, for governmental activities follows:

	Balance October 1, 2010	Additions	Disposals	Balance September 30, 2011
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 7,365,551	\$ -	\$ -	\$ 7,365,551
Construction in progress	8,242,141	5,914,935	(1,322,455)	12,834,621
Total capital assets not being depreciated	<u>15,607,692</u>	<u>5,914,935</u>	<u>(1,322,455)</u>	<u>20,200,172</u>
Capital assets being depreciated				
Land improvements	1,131,282	-	-	1,131,282
Buildings and improvements	230,991,128	1,125,424	-	232,116,552
Equipment and vehicles	101,473,093	3,398,771	(4,369,468)	100,502,396
Infrastructure	28,883,030	-	-	28,883,030
Total capital assets being depreciated	<u>362,478,533</u>	<u>4,524,195</u>	<u>(4,369,468)</u>	<u>362,633,260</u>
Less: Accumulated depreciation				
Land improvements	970,491	21,624	-	992,115
Buildings and improvements	85,081,390	5,216,287	-	90,297,677
Equipment and vehicles	77,207,971	8,426,877	(3,818,034)	81,816,814
Infrastructure	14,037,108	759,001	-	14,796,109
Total accumulated depreciation	<u>177,296,960</u>	<u>14,423,789</u>	<u>(3,818,034)</u>	<u>187,902,715</u>
Total capital assets being depreciated, net	<u>185,181,573</u>	<u>(9,899,594)</u>	<u>(551,434)</u>	<u>174,730,545</u>
Governmental activities capital assets, net	<u>\$ 200,789,265</u>	<u>\$ (3,984,659)</u>	<u>\$ (1,873,889)</u>	<u>\$ 194,930,717</u>
Depreciation expense was charged to functions as follows:				
Public safety		\$ 2,740,840		
Justice administration		1,129,914		
Citizens services		377,344		
Public infrastructure		607,579		
Commerce and Community Development		29,535		
Unallocated depreciation		1,978,174		
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		<u>7,560,403</u>		
Total depreciation expense - governmental activities		<u>\$ 14,423,789</u>		

Mailing, Copier & Printing, an internal service fund, was closed and the assets (\$68,687) were transferred to general government.

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

A summary of business-type property and equipment at September 30, 2011 follows:

	Balance October 1, 2010	Additions	Disposals	Balance September 30, 2011
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 58,274,934	\$ 6,637,487	\$ -	\$ 64,912,421
Construction in progress	14,958,205	8,842,957	(6,282,444)	17,518,718
Other	12,000	-	-	12,000
Total capital assets not being depreciated	<u>73,245,139</u>	<u>15,480,444</u>	<u>(6,282,444)</u>	<u>82,443,139</u>
Capital assets being depreciated				
Land improvements	23,894,042	404,793	-	24,298,835
Buildings and improvements	67,586,409	54,143	(5,717)	67,634,835
Equipment and vehicles	90,102,528	8,176,620	(11,063,085)	87,216,063
Infrastructure	240,338,764	2,416,598	-	242,755,362
Total capital assets being depreciated	<u>421,921,743</u>	<u>11,052,154</u>	<u>(11,068,802)</u>	<u>421,905,095</u>
Less: Accumulated depreciation				
Land improvements	18,392,935	992,615	-	19,385,550
Buildings and improvements	20,660,543	1,588,079	(4,395)	22,244,227
Equipment and vehicles	51,174,430	6,052,212	(11,063,085)	46,163,557
Infrastructure	158,388,684	6,108,280	-	164,496,964
Total accumulated depreciation	<u>248,616,592</u>	<u>14,741,186</u>	<u>(11,067,480)</u>	<u>252,290,298</u>
Total capital assets being depreciated, net	<u>173,305,151</u>	<u>(3,689,032)</u>	<u>(1,322)</u>	<u>169,614,797</u>
Business-type activities capital assets, net	<u>\$ 246,550,290</u>	<u>\$ 11,791,412</u>	<u>\$ (6,283,766)</u>	<u>\$ 252,057,936</u>
Depreciation expense was charged to functions as follows:				
Airports		\$ 1,873,558		
Community safety support		6,399,810		
Community water and sewer		599,669		
Recreation and leisure		2,862,726		
Sewage disposal systems		3,005,423		
Total depreciation expense - business-type activities		<u>\$ 14,741,186</u>		

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

An analysis of property and equipment, and related accumulated depreciation where applicable, at September 30, 2011, for component units follows:

	Balance October 1, 2010	Additions	Disposals	Balance September 30, 2011
Component Units				
Drainage Districts				
Capital assets not being depreciated				
Construction in progress	\$ 18,255,240	\$ 28,834,389	\$ (2,521,657)	\$ 44,567,972
Capital assets being depreciated				
Infrastructure	478,025,875	2,521,657	-	480,547,532
Less: Accumulated depreciation				
Infrastructure	74,644,427	4,964,655	-	79,609,082
Total capital assets being depreciated, net	403,381,448	(2,442,998)	-	400,938,450
Governmental activity capital assets, net	\$ 421,636,688	\$ 26,391,391	\$ (2,521,657)	\$ 445,506,422
Road Commission				
Capital assets not being depreciated				
Land and other	\$ 167,793,008	\$ 2,752,292	\$ (2,171,764)	\$ 168,373,536
Construction in progress	148,928	476,362	-	625,290
Total capital assets not being depreciated	167,941,936	3,228,654	(2,171,764)	168,998,826
Capital assets being depreciated				
Buildings and storage bins	18,698,353	-	-	18,698,353
Road equipment	47,483,302	620,400	(313,837)	47,789,865
Other equipment	5,358,377	10,259	(184,283)	5,184,353
Infrastructure	939,255,180	45,770,400	(137,420,990)	847,604,590
Brine wells and gravel pits	1,389,028	-	-	1,389,028
Total capital assets being depreciated	1,012,184,240	46,401,059	(137,919,110)	920,666,189
Less: Accumulated depreciation				
Buildings and storage bins	9,792,323	459,025	-	10,251,348
Road equipment	44,517,648	1,565,571	(313,837)	45,769,382
Other equipment	4,698,330	193,945	(184,283)	4,707,992
Infrastructure	432,701,421	35,633,003	(137,420,990)	330,913,434
Brine wells and gravel pits	1,170,342	54,609	-	1,224,951
Total accumulated depreciation	492,880,064	37,906,153	(137,919,110)	392,867,107
Total capital assets being depreciated, net	519,304,176	8,494,906	-	527,799,082
Governmental activity capital assets, net	\$ 687,246,112	\$ 11,723,560	\$ (2,171,764)	\$ 696,797,908

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

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

Governmental activities

	Interest rate	October 1, 2010	Additions	Reductions	September 30, 2011	Amounts due within one year	Amounts due thereafter	General obligation	With governmental commitment
Debt with limited taxing authority									
Building authority - Act 31	1.00%-5.90%	\$ 67,860,000	\$ -	\$ (35,260,000)	\$ 32,600,000	\$ 1,790,000	\$ 30,810,000	\$ 15,670,000	\$ 16,930,000
Building authority refunding	2.00%-5.00%	18,810,000	28,485,000	(70,000)	47,225,000	2,895,000	44,330,000	39,415,000	7,810,000
Certificates of Participation - Taxable	6.00%-6.25%	502,020,000	-	(18,320,000)	483,700,000	19,545,000	464,155,000	483,700,000	-
Lake levels - Act 451	2.25%-3.40%	270,000	-	(60,000)	210,000	65,000	145,000	210,000	-
Sewage disposal - Act 342	1.75%-6.75%	1,455,000	-	(135,000)	1,320,000	145,000	1,175,000	-	1,320,000
Water and sewer - Act 342	4.00%-4.50%	2,275,000	-	(150,000)	2,125,000	175,000	1,950,000	-	2,125,000
Water supply - Act 342	2.00%-6.00%	10,315,000	1,200,000	(375,000)	11,140,000	435,000	10,705,000	-	11,140,000
Water and sewer refunding bonds	2.00%-3.50%	995,000	-	(330,000)	665,000	340,000	325,000	-	665,000
Water supply refunding bonds	1.50%-3.75%	1,050,000	-	(275,000)	775,000	280,000	495,000	-	775,000
Sewage disposal refunding bonds	2.00%-3.60%	3,415,000	-	(1,135,000)	2,280,000	920,000	1,360,000	-	2,280,000
Michigan Bond Authority - Sewage Disposal Bonds	1.62%-2.25%	5,915,727	-	(585,000)	5,330,727	595,000	4,735,727	-	5,330,727
Total bonds - governmental activities		<u>\$ 614,380,727</u>	<u>\$ 29,685,000</u>	<u>\$ (56,695,000)</u>	<u>\$ 587,370,727</u>	<u>\$ 27,185,000</u>	<u>\$ 560,185,727</u>	<u>\$ 538,995,000</u>	<u>\$ 48,375,727</u>

Business-type activities

Debt - Taxable									
Sewage disposal - Act 342	1.75%-5.80%	\$ -	\$ 4,060,000	\$ -	\$ 4,060,000	\$ 135,000	\$ 3,925,000	\$ -	\$ 4,060,000

Component units

Drainage Districts

	Interest rate	October 1, 2010	Additions	Reductions	September 30, 2011	Amounts due within one year	Amounts due thereafter	General obligation	With governmental commitment
Debt with limited taxing authority									
Drain bonds - Act 40	1.15%-7.00%	\$ 24,155,000	\$ 3,000,000	\$ (2,585,000)	\$ 24,570,000	\$ 2,305,000	\$ 22,265,000	\$ 2,218,229	\$ 22,351,771
Drain refunding bonds	1.00%-5.00%	32,055,000	-	(5,425,000)	26,630,000	3,855,000	22,775,000	2,079,414	24,550,586
Michigan Bond Authority - Drain Bonds	1.15%-4.15%	89,402,955	22,245,953	(5,645,000)	106,003,908	6,791,000	99,212,908	353,082	105,650,826
Total Drainage Districts		<u>\$ 145,612,955</u>	<u>\$ 25,245,953</u>	<u>\$ (13,655,000)</u>	<u>\$ 157,203,908</u>	<u>\$ 12,951,000</u>	<u>\$ 144,252,908</u>	<u>\$ 4,650,725</u>	<u>\$ 152,553,183</u>
Total County Debt		<u>\$ 759,993,682</u>	<u>\$ 58,990,953</u>	<u>\$ (70,350,000)</u>	<u>\$ 748,634,635</u>	<u>\$ 40,271,000</u>	<u>\$ 708,363,635</u>	<u>\$ 543,645,725</u>	<u>\$ 204,988,910</u>

County of Oakland
Notes to Basic Financial Statements
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Component Units (Continued)

Road Commission	Interest rate	October 1, 2010	Additions	Reductions	September 30, 2011	Amounts due within one year	Amounts due thereafter	General obligation	With governmental commitment
Compensated absences	--	\$ 3,014,092	\$ -	\$ (166,432)	\$ 2,847,660	\$ -	\$ 2,847,660	\$ -	\$ 2,847,660
Self-insured losses	--	3,328,109	-	(581,082)	2,747,027	1,183,700	1,563,327	-	2,747,027
Other postemployment benefits	--	9,369,459	2,536,795	-	11,906,254	-	11,906,254	-	11,906,254
Michigan Transportation					-				
Fund revenue notes	4.00%	4,000,000	-	(1,500,000)	2,500,000	500,000	2,000,000	-	2,500,000
Total Road Commission		<u>\$ 19,711,660</u>	<u>\$ 2,536,795</u>	<u>\$ (2,247,514)</u>	<u>\$ 20,000,941</u>	<u>\$ 1,683,700</u>	<u>\$ 18,317,241</u>	<u>\$ -</u>	<u>\$ 20,000,941</u>
Total reporting entity		<u>\$ 779,705,342</u>	<u>\$ 61,527,748</u>	<u>\$ (72,597,514)</u>	<u>\$ 768,635,576</u>	<u>\$ 41,954,700</u>	<u>\$ 726,680,876</u>	<u>\$ 543,645,725</u>	<u>\$ 224,989,851</u>

County of Oakland
Notes to Basic Financial Statements
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The annual requirements to pay principal and interest on debt outstanding at September 30, 2011 (excluding the liabilities for compensated absences, other postemployment benefits, and uninsured losses for the Road Commission component unit) were as follows:

	Bonds with limited taxing authority		Certificates of Participation limited taxing authority		Business-type Bonds limited taxing authority		Total primary government	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 7,640,000	\$ 4,140,722	\$ 19,545,000	\$ 29,243,638	\$ 135,000	\$ 230,299	\$ 27,320,000	\$ 33,614,659
2013	8,145,000	3,906,367	20,520,000	28,041,687	140,000	227,437	28,805,000	32,175,491
2014	7,200,000	3,638,724	21,500,000	26,781,088	140,000	223,658	28,840,000	30,643,470
2015	7,190,000	3,376,439	22,720,000	25,454,487	145,000	219,093	30,055,000	29,050,019
2016	7,445,000	3,108,041	23,940,000	24,054,687	150,000	213,440	31,535,000	27,376,168
2017-2021	37,530,000	11,044,019	142,185,000	95,964,494	845,000	951,161	180,560,000	107,959,674
2022-2026	22,720,000	3,924,417	188,585,000	44,811,094	1,075,000	665,113	212,380,000	49,400,624
2027-2031	5,325,727	723,156	44,705,000	1,397,031	1,430,000	252,112	51,460,727	2,372,299
2032-2036	240,000	81,175	-	-	-	-	240,000	81,175
2037-2040	235,000	25,712	-	-	-	-	235,000	25,712
Totals	\$ 103,670,727	\$ 33,968,772	\$ 483,700,000	\$ 275,748,206	\$ 4,060,000	\$ 2,982,313	\$ 591,430,727	\$ 312,699,291

	Drainage Districts		Road Commission		Total reporting entity	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 12,951,000	\$ 4,486,962	\$ 500,000	\$ 100,000	\$ 40,771,000	\$ 38,201,621
2013	13,265,000	4,150,278	500,000	80,000	42,570,000	36,405,769
2014	12,440,000	3,758,776	500,000	60,000	41,780,000	34,462,246
2015	12,050,000	3,396,420	500,000	40,000	42,605,000	32,486,439
2016	11,505,000	3,036,343	500,000	20,000	43,540,000	30,432,511
2017-2021	49,485,000	10,543,466	-	-	230,045,000	118,503,140
2022-2026	35,431,822	3,539,904	-	-	247,811,822	52,940,528
2027-2031	10,076,086	550,303	-	-	61,536,813	2,922,602
2032-2036	-	-	-	-	240,000	81,175
2037-2040	-	-	-	-	235,000	25,712
Totals	\$ 157,203,908	\$ 33,462,452	\$ 2,500,000	\$ 300,000	\$ 751,134,635	\$ 346,461,743

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

The County has pledged its full faith and credit on debt totaling \$798,634,635, which includes \$50,000,000 of short-term notes for the delinquent taxes as described in Note 4. By statute, general obligation debt is limited to 10 percent of the state equalized value. As of September 30, 2011, the debt limit was \$5,245,346,034. 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, 2011, there were seven issues outstanding, totaling \$32,600,000, maturing in the years 2012-2040, which represents debt originally issued in the years 2002-2010 totaling \$105,080,000.

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 pension trust fund. The annual actuarially determined amount will be transferred from the trust to the VEBA Trust Fund. At September 30, 2011, there remained debt outstanding in the amount of \$483,700,000, maturing in the years 2012-2027.

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 revenue produced by utility or tax revenue. 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, 2011, there were eight issues outstanding, totaling \$14,585,000, maturing in the years 2012-2031. This represents debt originally issued in the amount of \$19,225,000 issued in the years 1995-2010.

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, 2011, there were eight issues outstanding, totaling \$50,945,000, maturing in the years 2012-2027. This represents debt originally issued in the years 2006-2011 totaling \$57,025,000.

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, 2011 was \$3,760,000, which matures in the years 2012-2018.

County of Oakland

Notes to Basic Financial Statements

September 30, 2011

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, 2011, the County received \$1,935,727 from the State Revolving Loan fund. The amount outstanding at September 30, 2011 for this issue is \$1,570,727, which matures in the years 2012-2027.

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, 2011 was \$210,000, which matures in the years 2012-2014.

Sewage Disposal Bonds – Act 34

In December 2010, the County issued \$4,060,000 of sewage disposal bonds for the Evergreen-Farmington Sewage Disposal System (enterprise fund-type). The bonds are federally taxable recovery zone economic development bonds, issued under the authority of Act 34, Public Acts of Michigan, 2001. The amount outstanding for this issue at September 30, 2011 was \$4,060,000, which matures in the years 2012-2031.

Drain Bonds – Act 40 (Component Unit)

Act 40 provides for the creation of a Drain Board, which has the power to assess state, county, and local levels of government for principal and interest payments. Such assessments are to be funded from General Fund revenue 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, 2011, there were 19 issues outstanding, totaling \$24,570,000, maturing in the years 2012-2031. This represents original debt issued for \$47,100,000 in the years 1993-2010.

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, 2011, there were 12 issues outstanding, totaling \$26,630,000, maturing in the years 2012-2024. This represents debt originally issued in the years 2001-2009 in the amount of \$42,050,000.

Michigan Bond Authority Drain Bonds (Component Unit)

The County authorized issuance of bonds in the amount of \$9,365,000 in 1994 to the Michigan Municipal Bond Authority Revolving Loan fund for the Combined Sewer Overflow Project. In October 2000, the County additionally authorized the issuance of bonds for up to \$17,880,000 for the George W. Kuhn Drainage District, with the entire amount from the State Revolving Loan Fund being received by 2005. Further, in 2001, the County authorized an additional \$82,200,000 for the George W. Kuhn Drainage District Segment II, with successive authorizations in the years 2005 through 2008 amounting to \$14,240,000. Through September 30, 2011, the drainage district received \$95,341,101 from the State Revolving Loan Fund for Segment II. In February 2010, Oakland County, Macomb County, and their underlying municipalities under the authority of Chapter 21 of Public Act 40, Public Acts of Michigan of 1956 were permitted to issue bonds in the amount of \$26,076,000 for the Oakland-Macomb Interceptor Drainage District. As of September 30, 2011, \$23,442,086 of the authorized amount had been received. At September 30, 2011, there were 11 issues outstanding, totaling \$106,003,908, maturing in the years 2012-2030.

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

Advance Refunding of General Obligation Limited Tax Bonds

In December 2010, 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, 2011, there is an in-substance defeasance of \$975,000 of Building Authority Bonds Series 2007 (CMHA), maturing in the years 2025 through 2027 inclusively. The advance refunding was undertaken to reduce the debt service payments over the next 17 years by \$1,661,812, and to obtain an economic (present value) gain of \$556,541.

In January 2011, the County advance refunded a portion of a general obligation limited tax bond issue on behalf of the Drainage Districts component unit with surplus construction funds with a transfer 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 refunding bonds are not included in the Drainage District component unit, or the County's financial statements. The debt refunded amounted to \$400,000 for the Tribute Drainage District, Series 2005 bonds, maturing in the years 2011 through 2014 inclusively. The advance refunding was undertaken to reduce the debt service payments over the next 15 years by \$540,404 and cause an economic (present value) loss to the benefiting municipalities of \$(3,713).

In September 2011, the County issued \$13,990,000 of refunding bonds for a current refunding of a general obligation limited tax bond issue pursuant to authorization contained in Act 34, Public Acts of Michigan of 2001. General obligation limited tax refunding bonds were issued for the payment of future debt service payment of the refunded debt. The debt refunded amounted to \$15,025,000 of Building Authority Bonds, Series 2001, maturing in the years 2012 through 2022. The refunding was undertaken to reduce the debt service payment over the next 11 years by \$2,489,656 and to obtain an economic (present value) gain of \$2,164,144.

In September 2011, the County issued \$14,495,000 of refunding bonds for a current refunding of a general obligation limited tax bond issue pursuant to authorization contained in Act 34, Public Acts of Michigan of 2001. General obligation limited tax refunding bonds were issued for the payment of future debt service payment of the refunded debt. The debt refunded amounted to \$14,815,000 of Building Authority Bonds, Series 2004A, maturing in the years 2012 through 2024. The refunding was undertaken to reduce the debt service payment over the next 13 years by \$1,888,981 and to obtain an economic (present value) gain of \$1,597,227.

Changes in Other Long-term Liabilities

Long-term liabilities activity, as reported in and liquidated through the Fringe Benefit Fund and Building Liability Insurance Fund, Internal Service funds, for the fiscal year ended September 30, 2011, was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities					
Accrued compensated absences	\$ 13,048,829	\$ 703,535	\$ (1,304,883)	\$ 12,447,481	\$ 1,244,748
Claims and judgments					
Accrued unreported health costs	2,142,000	697,000	(714,000)	2,125,000	708,333
Accrued workers' compensation	12,061,450	1,330,274	(1,300,000)	12,091,724	2,200,000
Building and liability insurance	6,682,318	-	(2,369,237)	4,313,081	1,061,390
Governmental activity long-term liabilities	<u>\$ 33,934,597</u>	<u>\$ 2,730,809</u>	<u>\$ (5,688,120)</u>	<u>\$ 30,977,286</u>	<u>\$ 5,214,471</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

9. Interfund Balances

Interfund receivables and payables at September 30, 2011 were as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General	Nonmajor governmental	<u>\$ 10,562,495</u>
Nonmajor governmental	General	4,016,222
	Nonmajor governmental	639,525
	S.O.C.S.D.S.	1,899
	Total	<u>4,657,646</u>
Water & Sewer Trust	Water & Sewer Trust	<u>234,825</u>
Evergreen Farmington SDS	Water & Sewer Trust	<u>1,664,750</u>
Nonmajor enterprise	General	<u>540</u>
Internal service	Nonmajor governmental	1,057
	Internal service	82
	Total	<u>1,139</u>
	Total	<u>\$ 17,121,395</u>

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.

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

Receivables and payables between funds of the Primary Government and the Component Units at September 30, 2011 were as follows:

Primary Government	Component Unit	
Due from Component Unit	Due to Primary Government	
General	Drainage Districts	\$ 6,227
	Road Commission	<u>1,278</u>
	Total	<u>7,505</u>
Nonmajor governmental	Drainage Districts	<u>521,101</u>
Evergreen Farmington SDS	Drainage Districts	329,528
Nonmajor enterprise	Drainage Districts	<u>1,503,500</u>
Internal Service	Drainage Districts	1,373
	Road Commission	<u>29,619</u>
	Total	<u>30,992</u>
	Total	<u>\$ 2,392,626</u>
 Component Unit	 Primary Government	
Due from Primary Government	Due to Component Unit	
Drainage Districts	S.O.C.S.D.S.	\$ 16
	Nonmajor enterprise	<u>1,928,443</u>
	Total	<u>\$ 1,928,459</u>

Advances to/from other funds (including current and long-term portions) at September 30, 2011 were as follows:

Receivable Fund	Payable Fund	
Nonmajor governmental	Nonmajor governmental	<u>\$ 428,458</u>
Delinquent Tax Revolving	Internal Service	<u>128,830</u>
S.O.C.S.D.S.	Internal Service	<u>673,315</u>
	Total	<u>\$ 1,230,603</u>

The County has certain “internal” leases when a lease is executed between the County and the Oakland County Building Authority, a blended component unit for purposes of providing funds to service debt issued to finance capital assets in the Enterprise Funds. This amount is reported as a capital lease payable in the respective enterprise fund, with the bond proceeds recorded in a capital project fund and debt service transactions reported in a debt service fund. The lease payable amount corresponds directly to the debt service schedules, and the enterprise fund reports a capital asset of construction in progress. The receivable for the lease is recorded in the reconciliation of governmental funds to the statement of net assets. As of September 30, 2011, there are two leases in the County Airports fund amounting to \$10,485,000, maturing in the years 2012 through 2030.

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

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, 2011 were as follows:

Transfers In	Transfers Out	Amount
General	Revenue Sharing Reserve	\$ 24,217,303
	Nonmajor governmental	472,299
	Delinquent Tax Revolving	28,443,809
	Nonmajor enterprise	3,116,000
	Internal Service	<u>1,010,665</u>
	Total	<u>57,260,076</u>
Building Authority Act 31	Nonmajor governmental	1,174,381
	Delinquent Tax Revolving	<u>4,783,432</u>
	Total	<u>5,957,813</u>
Nonmajor governmental	General	24,424,538
	Nonmajor governmental	2,496,208
	Building Authority Debt Act 31	10
	Delinquent Tax Revolving	542,600
	Internal Service	<u>900,163</u>
	Total	<u>28,363,519</u>
Parks & Recreation	Building Authority Debt Act 31	<u>142</u>
Nonmajor enterprise	General	2,270,636
	Nonmajor enterprise	<u>200,000</u>
	Total	<u>2,470,636</u>
Internal Service	General	3,836,916
	Nonmajor governmental	10,001
	Nonmajor enterprise	286,000
	Internal Service	<u>3,308,639</u>
	Total	<u>7,441,556</u>
*General government	Internal Service	<u>68,687</u>
	Total transfers	<u>\$ 101,562,429</u>

*Transfers of capital assets from Mailing, Copier, and Printing, Internal Service fund to the 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
September 30, 2011

10. Fund Equities

At September 30, 2011, a deficit existed in the following funds:

Special Revenue Fund

Lake Levels Act 146	\$ 62,454
Pollution Control Grants	669

Capital Projects Fund

Lake Levels Act 146	294,364
Drain Chapter 4 Construction	9,476

In the Special Revenue fund, 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 identified at that time, and also to cover the anticipated operating costs for the following year. The majority of the overall net negative unreserved fund balance is due to a remaining \$41,190 deficit in the Oxford Multi Lake Level fund. The Oxford Multi Lake Level Fund deficit is related to a large maintenance project being funded through a five-year special assessment which is being assessed through 2014. Negative unreserved fund balances will be reviewed and eliminated in future years' assessments.

The negative unassigned fund balance in the Pollution Control Grants fund reflects the fact that this grant fund operates on a reimbursement basis; e.g. the County pays the original expenditures 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 unassigned fund balance will be eliminated. Should the reimbursement not be sufficient to cover expenditures, the County has match funds budgeted which will be transferred to cover any remaining deficit.

In the Capital Projects fund, the negative unassigned fund balance in the Lake Levels Act 146 Fund primarily reflects costs that are related to the Bush Lake Level project in the amount of \$263,228 and the Upper Straights Lake Level Dam Reconstruction project in the amount of \$36,745. Litigation pertaining to the Bush Lake Level project has concluded and the project is moving forward. A 10-year assessment has been approved to cover the costs of this project beginning in fiscal year 2011. The project for Upper Straights Lake Level is in the design phase and will be funded through a special assessment that will be determined once an estimate of construction costs has been calculated. The project consists of replacing an existing lake level control structure in West Bloomfield Township, Oakland County, Michigan. The existing structure will be moved and replaced with a new one. The design is approximately 80% complete and when completed, the estimated project cost will be determined. It is planned that the project will be financed with a loan from the Oakland County Board of Commissioner's Long Term Revolving Fund. The loan will be repaid by an assessment to the Upper Straights Lake Level Special Assessment District over a proposed 10-year period. The Special Assessment District must be updated, which requires Circuit Court action, prior to requesting the loan. The project schedule is directly affected by the Court schedule and any delays in receiving the court judgment on the district update will be reflected in the timing of receiving loan money and approval of the special assessment.

The deficit fund balance in the Drain Chapter 4 Construction fund reflects costs that are related to the Lower Pettibone Lake Sanitary Chapter 4 Drain Construction project in the amount of \$9,476. A loan from the Long Term Revolving Fund was approved by Oakland County Board of Commissioners to provide advance funding for this project. A five-year assessment has been approved to repay the loan.

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

Nonspendable, Restricted, Committed, Assigned, and Unassigned fund balances of the primary government at September 30, 2011 were as follows:

	Nonspendable	Spendable			Unassigned
		Restricted	Committed	Assigned	
Primary Government					
General Fund					
Prepays	\$ 147,771	\$ -	\$ -	\$ -	\$ -
Inventories	144,927	-	-	-	-
Property Tax Forfeiture	-	3,540,509	-	-	-
Substance Abuse	-	1,746,562	-	-	-
VEBA 2015	-	-	-	10,000,000	-
Capital Reserve	-	-	-	9,000,000	-
Homeland Security Enhancements	-	-	-	6,000,000	-
Technology Replacement/Hardware	-	-	-	5,000,000	-
Federal Health Care Impact	-	-	-	5,000,000	-
Anticipated State/Federal Shortfall	-	-	-	4,000,000	-
Personal Property Tax Reduction	-	-	-	4,000,000	-
Tax/Assessment System Upgrade	-	-	-	3,500,000	-
Operational Improvements	-	-	-	3,000,000	-
Peoplesoft Upgrade	-	-	-	3,000,000	-
RCOC Tri-Party	-	-	-	2,876,802	-
Property Forfeiture Activities	-	-	-	2,842,173	-
Tax Tribunal Appeals	-	-	-	2,000,000	-
Pandemic Response	-	-	-	1,500,000	-
Data Privacy and Security	-	-	-	1,500,000	-
Sheriff Aviation	-	-	-	1,186,292	-
Jail Alternative Program Start Up	-	-	-	600,000	-
Criminal Justice Coord. Start Up	-	-	-	500,000	-
New Grant Opportunities	-	-	-	500,000	-
HR Legal	-	-	-	500,000	-
Fuel/Mileage Increase	-	-	-	480,000	-
Emergency Salaries	-	-	-	320,000	-
HR Comp/Workforce Planning	-	-	-	300,000	-
Quality of Life Initiatives	-	-	-	300,000	-
Business Continuity	-	-	-	300,000	-
Encumbrances	-	-	-	271,426	-
Community Partnerships	-	-	-	238,654	-
Board of Commissioners Projects	-	-	-	230,000	-
Microloan	-	-	-	200,000	-
Jail Commissary	-	-	-	123,539	-
Future operating requirements:					
2012	-	-	-	17,508,009	-
2013	-	-	-	39,083,224	-
2014	-	-	-	45,816,531	-
2015 and Beyond	-	-	-	16,976,472	-
Carryforwards	-	-	-	5,428,993	-
Unassigned	-	-	-	-	1,500,000
	<u>\$ 292,698</u>	<u>\$ 5,287,071</u>	<u>\$ -</u>	<u>\$ 194,082,115</u>	<u>\$ 1,500,000</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

	Nonspendable	Spendable			Unassigned
		Restricted	Committed	Assigned	
Special Revenue Funds					
Encumbrances	\$ -	\$ -	\$ -	\$ 17,254	\$ -
Specific programs	-	96,519,375	-	-	(63,123)
	<u>\$ -</u>	<u>\$ 96,519,375</u>	<u>\$ -</u>	<u>\$ 17,254</u>	<u>\$ (63,123)</u>
Debt Service Funds					
Debt service - general obligations	\$ -	\$ 269,981	\$ -	\$ -	\$ -
Capital Projects Funds					
Long-term receivables	\$ 445,125	\$ -	\$ -	\$ -	\$ -
Work projects	-	1,131,589	16,530,640	-	(303,840)
	<u>\$ 445,125</u>	<u>\$ 1,131,589</u>	<u>\$ 16,530,640</u>	<u>\$ -</u>	<u>\$ (303,840)</u>

11. Employee Benefits

Primary Government

The County provides various benefits to its employees. Expenditures in 2011 for these benefits totaled the following: medical insurance, \$28,758,181; dental insurance, \$2,970,262; optical insurance, \$267,421; annual and sick leave, \$712,834; disability, \$2,253,766; tuition reimbursement, \$192,642; Social Security, \$14,263,965; workers' compensation, \$1,476,943; and unemployment claims, \$720,139.

Road Commission

The Road Commission provides medical, dental, and optical insurance to its employees. Expenditures in 2011 for these benefits totaled \$11,143,756, and workers' compensation expense in 2011 totaled \$1,193,863.

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
September 30, 2011

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, 2011:

Statement of Net Assets

Cash and investments	\$ 655,457,958
Other assets	2,442,127
Total assets	<u>657,900,085</u>
Liabilities	<u>496,536</u>
Net assets	<u>\$ 657,403,549</u>

Statement of Changes in Net Assets

Additions:	
Contributions	\$ 764,764
Investment income	14,445,193
Other revenue	478,275
Total additions	<u>15,688,232</u>
Deductions:	
Benefit payments	42,549,529
Other expenses	2,632,889
Total deductions	<u>45,182,418</u>
Change in net assets	(29,494,186)
Net assets held in trust, beginning of year	<u>686,897,735</u>
Net assets held in trust, end of year	<u>\$ 657,403,549</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 valuations performed at September 30, 2009 and September 30, 2008, respectively. There were no contributions from County funds for the years 2000 through 2011.

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

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, 2011 and September 30, 2010 amounted to \$764,764 and \$974,449, 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, 2010, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	1,815
Terminated plan members entitled to, but not yet receiving benefits	172
Active plan members	<u>678</u>
Total	<u>2,665</u>

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

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.

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

Funded Status and Funding Progress

	Actuarial Valuation as of September 30		
	2010	2009	2008
Actuarial value of assets	\$ 745,094,735	\$ 750,432,703	\$ 791,541,576
Actuarial accrued liability (entry age)	692,409,285	683,077,469	675,166,642
Overfunded AAL	<u>\$ (52,685,450)</u>	<u>\$ (67,355,234)</u>	<u>\$ (116,374,934)</u>
Funded ratio	107.6%	109.9%	117.2%
Covered payroll	\$ 42,686,155	\$ 44,884,070	\$ 46,690,015
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, 2009, 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 five-year period.

The aggregate actuarial cost method does not produce an actuarial accrued liability. 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. In addition, the aggregate method does not formally recognize an amortization period for the overfunded AAL.

Fund Balance Reserved for Employees' Pension Benefits

Fund balances reserved for employees' pension benefits include legally required reserves. Fund balance as of September 30, 2011 consists of the following reserves:

Annuity reserve	\$ 8,531,060
Pension reserve	170,677,502
Pension accumulated reserve	<u>478,194,987</u>
Total fund balance	<u>\$ 657,403,549</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.

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, 2011 was 2,640, which includes 536 employees who elected to transfer from the PERS in 1995 through 2000 and 2,104 current employees hired since July 1, 1994.

The County's payroll for employees covered by the OPRS for the year ended September 30, 2011 was \$148,420,733, and the County's total payroll was \$205,812,064. The required contributions, which matched those actually made, were \$5,912,839 by employees and \$13,547,935 by the County, representing 4.0% 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 2011, the County contributed \$190,180 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.

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

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).

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 2011, the County provided 2,064 retirees medical insurance and reimbursed them for Medicare premiums under the Trust. In 2011, the County disbursed \$25,801,748 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, Command Officers, and Deputies. The plan in the general class is now closed to new hires. The County has established a "Retirement Health Savings Plan" beginning January 1, 2007, whereby the general 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, 2010, the date of the most recent actuarial valuation, membership in the OPEB consisted of 2,067 retirees and beneficiaries currently receiving benefits, 2,961 active employees, and 280 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		
	2011	2010	2009
Annual OPEB cost (ARC)	\$ 47,592,273	\$ 57,631,411	\$ 61,863,580
Percentage of ARC contributed	100%	100%	100%
Net OPEB obligation	\$ -	\$ -	\$ -

In 2011, the County contributed \$47,592,273 and experienced a gain of \$3,032,102 in interest income, with retirees contributing \$98,423 toward the cost of hospitalization riders. Employer contributions in 2011 for the County OPEB as determined through actuarial valuations performed at September 30, 2009 were: General \$36,588,539, Command Officers \$2,226,294, and Deputies \$8,777,440. This is expressed in percentages of covered payroll as 23.89% and 19.62%, respectively, for the last two classes. The General division is expressed only in dollars due to a change in the level dollar amortization method used to finance the unfunded accrued liability. Employees are not required to contribute to the plan.

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

The funding progress of the plan as of September 30, 2010, the most recent actuarial valuation report, is as follows:

Retirees and beneficiaries	\$ 393,094,609
Vested terminated employees who will be eligible when they collect retirement (age 60 in most cases) and their beneficiaries	49,434,794
Active employees and beneficiaries	<u>351,565,415</u>
Actuarial accrued liability	<u>794,094,818</u>
Actuarial value of assets	<u>516,741,704</u>
Unfunded AAL (UAAL)	<u>\$ 277,353,114</u>
Funded ratio	65.1%
Annual covered payroll	\$ 175,316,170
UAAL as a percentage of covered payroll	158.2%

Unfunded actuarial accrued liabilities are being amortized as a fixed percentage of payroll over a closed period of 25 years. In addition, the County reports an other post-employment benefits asset for the funding provided by the sale of certificates of participation. The remaining amortization period of this asset at September 30, 2011 was 25 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, 2010 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 3.00 percent per year plus a long-term rate of inflation of 4.5 percent per year and an annual healthcare cost trend rate of 9.0 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after 10 years. Both rates included a 4.5 percent inflation assumption. The actuarial value of assets is equal to the reported market value of assets at the valuation date with investment gains and losses spread over three years (with 33% recognition in each year). 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 4.5 percent per year for the purpose of determining the level percent contributions. The remaining amortization period at September 30, 2011 was 25 years.

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

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, 2011 (including the related funding source Interm Retirees Medical Benefits Trust:

	VEBA Trust	IRMB Trust
Statement of Net Assets		
Cash and investments	\$ 544,387,292	\$ 290,441,583
Other assets	1,497,230	801,763
Total assets	<u>545,884,522</u>	<u>291,243,346</u>
Liabilities	<u>1,170,312</u>	<u>224,054</u>
Net assets	<u>\$ 544,714,210</u>	<u>\$ 291,019,292</u>

Statement of Changes in Net Assets		
Additions:		
Contributions	\$ 47,690,696	\$ -
Investment income	3,032,102	2,037,234
Other revenue	1,682,639	19,462
Total additions	<u>52,405,437</u>	<u>2,056,696</u>
Deductions:		
Benefits	25,801,748	-
Contributions - Retirees healthcare	-	47,592,273
Other expenses	-	1,090,842
Total deductions	<u>25,801,748</u>	<u>48,683,115</u>
Change in net assets	26,603,689	(46,626,419)
Net assets held in trust, beginning of year	<u>518,110,521</u>	<u>337,645,711</u>
Net assets held in trust, end of year	<u>\$ 544,714,210</u>	<u>\$ 291,019,292</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

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, 2010, the date of the most recent actuarial valuation, membership consisted of 632 retirees and beneficiaries currently receiving benefits, 320 vested active employees, and 139 nonvested active employees. For the year ended September 30, 2011, the Road Commission's annual required contribution to the Trust was \$8,818,212, with interest of \$702,709 on the prior year net OPEB obligation. The Road Commission contributed \$1,000,000 to the Trust during the year and paid \$5,492,651 directly toward insurance premiums and medical costs for retirees during fiscal year 2011, leaving a net OPEB obligation of \$11,906,254 at September 30, 2011.

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.

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 a commercial property policy for its building and contents, electronic data processing equipment, boats and motors, ATV/snowmobiles and automobile catastrophe physical damage coverage. The policy is subject to a maximum per occurrence catastrophic loss limit of \$350,000,000. Policy limits (subject to the maximum \$350,000,000 per occurrence catastrophic loss limit) are: building and contents in the amount of \$549,166,916, electronic data processing equipment in the amount of \$34,050,207, boats and motors in the amount of \$503,000, ATV/snowmobiles in the amount of \$66,000, automobile catastrophe physical damage in the amount of \$2,000,000, flood coverage in the amount of \$50,000,000 (subject to limitations in some flood zones), earthquake coverage in the amount of \$50,000,000, boiler and machinery coverage in the amount of \$100,000,000, property insurance for helicopter hull physical damage in the amount of \$2,854,184, and helicopter additional equipment physical damage in the amount of \$1,218,000. 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 dishonestly/faithful performance 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 for each occurrence, and 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.

The County and the Road Commission estimate the liability for all the above-mentioned claims that have been incurred through September 30, 2011, 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.

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

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.

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	
	2011	2010
Primary Government		
Beginning-of-period liability	\$ 20,885,768	\$ 21,778,792
Estimated claims incurred, claim adjustment expenses and changes in estimates		
Provisions for current-year events	38,022,796	37,840,599
Decrease in provisions for prior-year events	<u>(4,155,086)</u>	<u>(1,216,268)</u>
Total incurred claims, claim adjustment expenses and changes in estimates	33,867,710	36,624,331
Claim payments and claim adjustment expenses		
Related to current-year events	(34,778,406)	(35,747,376)
Related to prior-year events	<u>(1,445,267)</u>	<u>(1,769,979)</u>
Total claim payments and claim adjustment expenses	<u>(36,223,673)</u>	<u>(37,517,355)</u>
End-of-period liability	<u>\$ 18,529,805</u>	<u>\$ 20,885,768</u>
Road Commission - Component Unit		
Beginning-of-year liability	\$ 4,228,109	\$ 4,200,000
Estimated claims incurred and changes in estimates	12,244,718	12,928,005
Claim payments	<u>(12,825,800)</u>	<u>(12,899,896)</u>
End-of-year liability	<u>\$ 3,647,027</u>	<u>\$ 4,228,109</u>

17. Leases

The County (primary government) leases certain office facilities and other equipment under non-cancelable operating leases. Total costs for such leases for the County for the year ended September 30, 2011 were \$963,882. The future minimum lease payments as of September 30, 2011 are as follows:

Fiscal year	Primary government
2012	\$ 947,604
2013	931,704
2014	915,504
2015	590,834
2016	311,989
2017 - 2021	425,495
	<u>\$ 4,123,130</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

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, 2011 totaled \$323,155, recorded in the Facilities Maintenance & Operations fund, an internal service fund type.

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, Community Mental Health Authority Housing Project in the amount of \$5,500,000 in 2007, and Keego Harbor City Hall and DPW Building in the amount of \$1,120,000 in 2010. The future minimum lease payments to be received as of September 30, 2011 are as follows:

Fiscal year	Primary government
2012	\$ 2,118,963
2013	2,436,400
2014	2,474,093
2015	2,452,859
2016	2,459,220
2017 - 2021	11,836,339
2022 - 2026	9,982,013
2027 - 2031	866,237
2032 - 2036	321,175
2037 - 2040	260,712
	<u>\$ 35,208,011</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, the 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.

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

The County has outstanding construction commitments (contracts) at September 30, 2011 as follows: Work Release/Jail Management/Video Conferencing with a cost of \$2,795,000 for the Jail Management System portion with a remaining balance of \$337,200; Oakland County International Airport Terminal project with a contract of \$7,472,919 with a remaining balance of \$1,955,686; and radio tower project of \$37,546,778 with a balance of \$268,214.

The Drainage Districts' component unit has a construction contract for Bloomfield Township CSO project with a total cost of \$1,718,760, with a remaining balance of \$906,254 and contracts for the Oakland Macomb Interceptor Drainage District Project with a total cost of \$41,792,690, with a remaining balance of \$735,027 as of September 30, 2011.

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	\$ 15,220,141
Long-term advances receivable	428,458
Due to other funds	(15,219,839)
Current and long-term advances payable	(428,458)
Internal Service Funds	
Due from other funds	1,139
Due to other funds	(82)
Current and long-term advances payable	(802,145)
Capital lease receivable for County Airports, not reported in funds	10,485,000
Governmental activities, internal balances	\$ 9,684,214

Business-Type Activities

Proprietary Funds	
Due from other funds	\$ 1,900,115
Current and long-term advances receivable	802,145
Due to other funds	(1,901,474)
Current and long-term capital lease payable	(10,485,000)
Business-type activities, internal balances	\$ (9,684,214)

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

20. Accounting and Reporting Change

In fiscal year 2011, the County adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied by clarifying the existing governmental fund-type definitions. Following a review of the County's funds, and in order to conform to the classifications of the funds to the appropriate fund types under these new definitions, several changes were made including restating of fund balances as of September 30, 2010. As a result, four Special Revenue funds were closed into the General Fund, and a portion of one fund was closed into the General fund as follows:

	Fund Balances		
	Previously Reported September 30, 2010	Reclassifications	As Restated September 30, 2010
General Fund	\$ 149,005,981	\$ 20,956,264	\$ 169,962,245
Special Revenue Funds			
Public Health (Major)	1,406	(1,406)	-
Oakland Enhancement	355,369	(238,653)	116,716
Property Tax Forfeiture	4,083,158	(4,083,158)	-
CCIRF	15,245,552	(15,245,552)	-
Jail Population Management	1,387,495	(1,387,495)	-
	<u>\$ 170,078,961</u>	<u>\$ -</u>	<u>\$ 170,078,961</u>

Additionally, one major Special Revenue fund, the Interim Retirees Medical Benefits Trust fund, was reclassified to a Pension Trust fund. This resulted in a reduction of fund balance in the Special Revenue funds and an increase in net assets in the Pension Trust funds in the amount of \$337,645,711 as of September 30, 2010.

Also, one Special Revenue fund, the Delinquent Personal Tax Administration fund, was reclassified to an Enterprise fund. This reduced fund balance in the Special Revenue funds, and increased net assets in the Enterprise funds in the amount of \$4,587,569 as of September 30, 2010. This change is also reflected in the entity-wide Statement of Net Assets, reducing Governmental Activities and increasing Business-type Activities by \$4,587,569 as of September 30, 2010.

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
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%
2008	791,541,576	675,166,642	(116,374,934)	117.2%	46,690,015	0.0%
2009	750,432,703	683,077,469	(67,355,234)	109.9%	44,884,070	0.0%
2010	745,094,735	692,409,285	(52,685,450)	107.6%	42,686,155	0.0%

Schedule of employer contributions:

Year ended September 30,	Annual required contribution	Percentage contributed
2005	\$ 0	100%
2006	0	100%
2007	0	100%
2008	0	100%
2009	0	100%
2010	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	5-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). 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. In addition, the aggregate method does not formally recognize an amortization period for the overfunded AAL.

**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
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%
2008	411,280,137	888,582,402	477,302,265	46.3%	186,274,882	256.2%
2009	452,506,005	818,854,197	366,348,192	55.3%	180,539,069	203.0%
2010	516,741,704	794,094,818	277,353,114	65.1%	175,316,170	158.2%

Schedule of employer contributions:

Year ended September 30,	Annual required contribution	Percentage contributed
2005	\$ 28,777,510	100.0%
2006	37,488,000	100.0%
2007	54,780,659	100.0%
2008	60,200,684	100.0%
2009	61,863,580	100.0%
2010	57,631,411	100.0%

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

Actuarial cost method	Entry-age
Amortization method	Level percent, closed
Remaining amortization period	25 years
Asset valuation method	3-year smoothed market
Actuarial assumptions	
Investment rate of return*	7.5%
Projected salary increases*	4.50% to 10.50%
Cost-of-living adjustments	1.5% non-compounding annually

* Includes pay inflation at 4.5%

**County of Oakland
Budgetary Comparison Schedule
Major Governmental Funds
Year Ended September 30, 2011**

	General Fund			
	Original Budget	Final Amended Budget	Actual	Variance with Final Amended Budget
Revenue				
Taxes				
Current property taxes	\$ 192,621,710	\$ 193,477,636	\$ 211,890,534	\$ 18,412,898
Delinquent taxes - prior years	98,500	98,500	(2,679,455)	(2,777,955)
Trailer tax	89,000	89,000	79,358	(9,642)
Total	<u>192,809,210</u>	<u>193,665,136</u>	<u>209,290,437</u>	<u>15,625,301</u>
Other intergovernmental revenue				
Cigarette tax distribution	540,000	540,000	197,155	(342,845)
Circuit judges' salaries	866,381	866,381	818,936	(47,445)
Probate judges' salaries	592,724	592,724	594,197	1,473
District judges' salaries	501,589	501,589	503,189	1,600
State court fund - P.A. 189	5,500,000	5,500,000	5,286,630	(213,370)
Convention facility/Liquor tax	2,900,000	3,493,123	3,493,123	-
Other	376,590	587,857	385,615	(202,242)
Total	<u>11,277,284</u>	<u>12,081,674</u>	<u>11,278,845</u>	<u>(802,829)</u>
Charges for services				
Management and Budget	4,131,314	3,815,515	4,037,662	222,147
Central Services	121,350	351,850	200,583	(151,267)
Human Resources	800	800	965	165
Human Services	2,897,837	2,958,816	2,603,766	(355,050)
Public Services	1,304,382	1,361,272	1,231,262	(130,010)
Community and Economic Development	458,300	470,480	372,768	(97,712)
Clerk/Register of Deeds	9,881,068	9,948,068	11,753,731	1,805,663
Treasurer	6,022,918	5,938,418	8,020,462	2,082,044
Circuit Court	3,826,000	3,848,000	3,660,265	(187,735)
District Court	12,798,100	12,838,100	12,162,330	(675,770)
Probate Court	515,300	515,300	491,352	(23,948)
Prosecuting Attorney	500,300	420,300	379,157	(41,143)
Sheriff	36,930,696	45,281,030	41,011,511	(4,269,519)
Legislative	27,600	27,600	74,073	46,473
Water Resources Commissioner	1,498,295	2,002,669	1,907,704	(94,965)
Non-Departmental	640,000	640,000	1,275,829	635,829
Total	<u>81,554,260</u>	<u>90,418,218</u>	<u>89,183,420</u>	<u>(1,234,798)</u>
Investment income	2,824,300	2,832,300	3,598,799	766,499
Indirect cost recovery	9,317,500	9,317,500	8,770,800	(546,700)
Federal grants	638,320	557,832	348,828	(209,004)
State grants	5,117,407	5,370,229	5,071,679	(298,550)
Contributions	53,000	383,727	347,627	(36,100)
Other revenue	507,434	1,120,276	1,023,137	(97,139)
Total revenue	<u>304,098,715</u>	<u>315,746,892</u>	<u>328,913,572</u>	<u>13,166,680</u>
				(continued)

**County of Oakland
 Budgetary Comparison Schedule (Continued)
 Major Governmental Funds
 Year Ended September 30, 2011**

	General Fund			Variance with Final Amended Budget
	Original Budget	Final Amended Budget	Actual	
Expenditures				
County Executive				
Administration				
Personnel	\$ 4,558,180	\$ 4,637,987	\$ 4,637,919	\$ 68
Operating	369,769	422,649	278,858	143,791
Internal Support	777,640	772,070	772,066	4
Total Administration	<u>5,705,589</u>	<u>5,832,706</u>	<u>5,688,843</u>	<u>143,863</u>
Management and Budget				
Personnel	16,451,753	16,395,839	15,823,651	572,188
Operating	508,576	724,945	432,104	292,841
Internal Support	2,801,136	3,389,716	3,389,667	49
Total Management and Budget	<u>19,761,465</u>	<u>20,510,500</u>	<u>19,645,422</u>	<u>865,078</u>
Central Services				
Personnel	1,277,765	1,281,294	1,231,702	49,592
Operating	56,444	276,863	177,602	99,261
Internal Support	692,316	749,511	749,458	53
Total Central Services	<u>2,026,525</u>	<u>2,307,668</u>	<u>2,158,762</u>	<u>148,906</u>
Facilities Management				
Personnel	1,116,968	1,116,968	886,471	230,497
Operating	90,484	92,139	86,186	5,953
Internal Support	96,594	95,047	81,137	13,910
Total Facilities Management	<u>1,304,046</u>	<u>1,304,154</u>	<u>1,053,794</u>	<u>250,360</u>
Human Resources				
Personnel	2,829,324	2,803,206	2,448,604	354,602
Operating	482,353	527,822	308,780	219,042
Internal Support	759,732	982,214	982,182	32
Total Human Resources	<u>4,071,409</u>	<u>4,313,242</u>	<u>3,739,566</u>	<u>573,676</u>
Human Services				
Personnel	23,509,926	23,197,677	22,966,891	230,786
Operating	8,202,790	11,143,643	5,903,114	5,240,529
Internal Support	3,769,603	4,418,924	4,395,712	23,212
Total Human Services	<u>35,482,319</u>	<u>38,760,244</u>	<u>33,265,717</u>	<u>5,494,527</u>
Public Services				
Personnel	10,413,635	10,656,012	10,373,175	282,837
Operating	1,561,546	1,580,069	1,307,958	272,111
Internal Support	3,240,248	3,449,623	3,449,622	1
Total Public Services	<u>15,215,429</u>	<u>15,685,704</u>	<u>15,130,755</u>	<u>554,949</u>

(continued)

**County of Oakland
 Budgetary Comparison Schedule (Continued)
 Major Governmental Funds
 Year Ended September 30, 2011**

	General Fund			Variance with Final Amended Budget
	Original Budget	Final Amended budget	Actual	
Expenditures (continued)				
County Executive (continued)				
Community and Economic Development				
Personnel	\$ 4,679,885	\$ 4,735,197	\$ 4,515,748	\$ 219,449
Operating	1,466,449	1,921,219	1,183,400	737,819
Internal Support	1,024,982	995,255	943,689	51,566
Total Community and Economic Development	<u>7,171,316</u>	<u>7,651,671</u>	<u>6,642,837</u>	<u>1,008,834</u>
Total County Executive	<u>90,738,098</u>	<u>96,365,889</u>	<u>87,325,696</u>	<u>9,040,193</u>
Clerk/Register of Deeds				
Personnel	7,654,036	7,664,235	7,089,751	574,484
Operating	1,607,676	1,596,154	1,067,653	528,501
Internal Support	1,461,786	1,534,285	1,534,285	-
Total Clerk/Register of Deeds	<u>10,723,498</u>	<u>10,794,674</u>	<u>9,691,689</u>	<u>1,102,985</u>
Treasurer				
Personnel	2,919,628	3,007,487	3,007,391	96
Operating	2,426,020	3,962,520	3,953,866	8,654
Internal Support	619,039	1,042,663	1,042,582	81
Total Treasurer	<u>5,964,687</u>	<u>8,012,670</u>	<u>8,003,839</u>	<u>8,831</u>
Justice Administration				
Circuit Court				
Personnel	20,329,091	20,276,365	19,750,028	526,337
Operating	7,135,026	7,536,061	6,382,707	1,153,354
Internal Support	4,555,004	4,688,760	4,659,002	29,758
Total Circuit Court	<u>32,019,121</u>	<u>32,501,186</u>	<u>30,791,737</u>	<u>1,709,449</u>
District Court				
Personnel	11,573,563	12,018,428	11,909,224	109,204
Operating	2,503,969	2,449,823	2,252,735	197,088
Internal Support	1,769,150	2,061,466	2,061,412	54
Total District Court	<u>15,846,682</u>	<u>16,529,717</u>	<u>16,223,371</u>	<u>306,346</u>
Probate Court				
Personnel	4,521,306	4,547,927	4,411,364	136,563
Operating	679,272	791,825	780,488	11,337
Internal Support	841,628	883,238	877,960	5,278
Total Probate Court	<u>6,042,206</u>	<u>6,222,990</u>	<u>6,069,812</u>	<u>153,178</u>
Total Justice Administration	<u>53,908,009</u>	<u>55,253,893</u>	<u>53,084,920</u>	<u>2,168,973</u>
				(continued)

**County of Oakland
 Budgetary Comparison Schedule (Continued)
 Major Governmental Funds
 Year Ended September 30, 2011**

	General Fund			Variance with Final Amended Budget
	Original Budget	Final Amended Budget	Actual	
Expenditures (continued)				
Law Enforcement				
Prosecuting Attorney				
Personnel	\$ 15,239,142	\$ 15,425,054	\$ 14,554,472	\$ 870,582
Operating	580,134	733,038	542,445	190,593
Internal Support	1,839,404	2,015,865	2,015,773	92
Total Prosecuting Attorney	<u>17,658,680</u>	<u>18,173,957</u>	<u>17,112,690</u>	<u>1,061,267</u>
Sheriff				
Personnel	94,176,407	99,176,936	98,288,633	888,303
Operating	9,983,648	12,210,553	8,731,271	3,479,282
Internal Support	15,166,752	16,127,836	16,070,798	57,038
Total Sheriff	<u>119,326,807</u>	<u>127,515,325</u>	<u>123,090,702</u>	<u>4,424,623</u>
Total Law Enforcement	<u>136,985,487</u>	<u>145,689,282</u>	<u>140,203,392</u>	<u>5,485,890</u>
Legislative				
Board of Commissioners				
Personnel	2,924,415	2,934,292	2,912,951	21,341
Operating	676,880	690,087	591,665	98,422
Internal Support	733,178	750,535	718,567	31,968
Total Legislative	<u>4,334,473</u>	<u>4,374,914</u>	<u>4,223,183</u>	<u>151,731</u>
Water Resource Commissioner				
Personnel	3,250,777	3,723,799	3,723,722	77
Operating	457,412	475,171	256,880	218,291
Internal Support	1,171,791	1,469,461	1,320,883	148,578
Total Water Resource Commissioner	<u>4,879,980</u>	<u>5,668,431</u>	<u>5,301,485</u>	<u>366,946</u>
Non-departmental				
Operating	17,137,219	19,048,645	13,824,287	5,224,358
Internal Support	9,331,406	4,506,661	2,783,428	1,723,233
Total non-departmental	<u>26,468,625</u>	<u>23,555,306</u>	<u>16,607,715</u>	<u>6,947,591</u>
Total expenditures	<u>334,002,857</u>	<u>349,715,059</u>	<u>324,441,919</u>	<u>25,273,140</u>
Excess of revenue (under) over expenditures	<u>(29,904,142)</u>	<u>(33,968,167)</u>	<u>4,471,653</u>	<u>38,439,820</u> (continued)

County of Oakland
Budgetary Comparison Schedule (Continued)
Major Governmental Funds
Year Ended September 30, 2011

	General Fund			Variance with Final Amended Budget
	Original Budget	Final Amended Budget	Actual	
Other Financing Sources (Uses)				
Transfers in				
Special Revenue Funds				
Revenue Sharing Reserve	\$ 24,217,303	\$ 24,217,303	\$ 24,217,303	\$ -
Debt Service Funds				
Building Authority Refunding Debt	-	-	5	5
Capital Projects Funds				
Major Departmental Support Project Fund	-	-	126	126
Project Work Orders	-	-	472,168	472,168
Total capital projects funds	-	-	472,294	472,294
Internal Service Funds				
Information Technology	-	215,858	215,858	-
Motor Pool	-	750,000	750,000	-
Mailing, Copier and Printing	-	-	44,807	44,807
Total internal service funds	-	965,858	1,010,665	44,807
Enterprise Funds				
Delinquent Tax Revolving	28,450,000	28,450,000	28,443,809	(6,191)
Delinquent Personal Tax Administration	1,766,000	1,766,000	1,766,000	-
Radio Communication	-	1,350,000	1,350,000	-
Total enterprise funds	30,216,000	31,566,000	31,559,809	(6,191)
Total Transfers In	54,433,303	56,749,161	57,260,076	510,915
Transfers out				
Special Revenue Funds				
Juvenile Maintenance	(23,641,834)	(23,935,348)	(17,236,228)	6,699,120
Social Welfare Foster Care	(1,000)	(1,000)	-	1,000
Oakland Enhancement	-	(100,000)	(100,000)	-
Drains-Act 40 Chapters 4 & 18				
Maintenance	(56,165)	(56,165)	(36,541)	19,624
Friend of the Court Grant	(4,360,124)	(4,360,124)	(4,400,475)	(40,351)
Multi Organizational Grants	-	(8,244)	(7,646)	598
Law Enforcement Grants	(1,189,675)	(1,663,886)	(1,626,710)	37,176
Housing Community Development	-	(338,205)	(338,205)	-
Judicial Grants	(72,811)	-	-	-
Total special revenue funds	(29,321,609)	(30,462,972)	(23,745,805)	6,717,167

(continued)

**County of Oakland
 Budgetary Comparison Schedule (Continued)
 Major Governmental Funds
 Year Ended September 30, 2011**

	General Fund			Variance with Final Amended Budget
	Original Budget	Final Amended Budget	Actual	
Other Financing Sources (Uses) (continued)				
Capital Projects Funds				
Project Work Orders	\$ -	\$ (265,276)	\$ (678,733)	\$ (413,457)
Internal Service Funds				
Facilities Maintenance and Operations	-	-	(977)	(977)
Information Technology	(856,676)	(3,600,145)	(3,364,145)	236,000
Motor Pool	-	(163,992)	(163,992)	-
Office Equipment	(200,000)	(250,000)	(250,000)	-
Fringe Benefits	-	(7,802)	(7,802)	-
	-	(50,000)	(50,000)	-
Total internal service funds	<u>(1,056,676)</u>	<u>(4,071,939)</u>	<u>(3,836,916)</u>	<u>235,023</u>
Enterprise Funds				
Fire Records Management	(430,185)	(430,185)	(426,450)	3,735
CLEMIS	<u>(1,608,186)</u>	<u>(1,608,186)</u>	<u>(1,844,186)</u>	<u>(236,000)</u>
Total enterprise funds	<u>(2,038,371)</u>	<u>(2,038,371)</u>	<u>(2,270,636)</u>	<u>(232,265)</u>
Total transfers out	<u>(32,416,656)</u>	<u>(36,838,558)</u>	<u>(30,532,090)</u>	<u>6,306,468</u>
Total other financing sources (uses)	<u>22,016,647</u>	<u>19,910,603</u>	<u>26,727,986</u>	<u>6,817,383</u>
Net change in fund balance	<u>(7,887,495)</u>	<u>(14,057,564)</u>	<u>31,199,639</u>	<u>45,257,203</u>
Fund balance				
October 1, 2010	<u>169,962,245</u>	<u>169,962,245</u>	<u>169,962,245</u>	<u>-</u>
September 30, 2011	<u>\$ 162,074,750</u>	<u>\$ 155,904,681</u>	<u>\$ 201,161,884</u>	<u>\$ 45,257,203</u>

County of Oakland
Budgetary Comparison Schedule (Continued)
Major Governmental Funds
Year Ended September 30, 2011

	Revenue Sharing Reserve			Variance with Final Amended Budget
	Original budget	Final Amended budget	Actual	
Revenue				
Investment income	\$ 660,000	\$ 660,000	\$ -	\$ (660,000)
Other financing sources (uses)				
Transfers out	(24,217,303)	(24,217,303)	(24,217,303)	-
Net change in fund balance	(23,557,303)	(23,557,303)	(24,217,303)	(660,000)
Fund balance				
October 1, 2010	107,821,743	107,821,743	107,821,743	-
September 30, 2011	\$ 84,264,440	\$ 84,264,440	\$ 83,604,440	\$ (660,000)

County of Oakland
Notes to Required Supplementary Information
September 30, 2011

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: Revenue Sharing Reserve, Child Care, and Social Welfare Foster Care. Budgetary comparisons for funds in the "Major" funds category are reported in the Required Supplementary 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 "Unassigned 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, 2011**

	Special Revenue	Debt Service	Capital Projects	Totals September 30, 2011
Assets				
Current assets				
Pooled cash and investments	\$ 20,707,535	\$ 1,836,042	\$ 16,487,957	\$ 39,031,534
Due from other governmental units	10,864,241	-	-	10,864,241
Due from component units	-	-	521,101	521,101
Accrued interest receivable	58,897	1,675	90,686	151,258
Accounts receivable (net of allowance for uncollectibles where applicable)	1,219,158	-	-	1,219,158
Contracts receivable	-	-	16,667	16,667
Due from other funds	3,417,150	-	1,240,496	4,657,646
Other assets	4,796,684	-	-	4,796,684
Total current assets	<u>41,063,665</u>	<u>1,837,717</u>	<u>18,356,907</u>	<u>61,258,289</u>
Noncurrent assets				
Advances	-	-	428,458	428,458
Special assessments receivable	122,759	3,789,343	253,197	4,165,299
Contracts receivable	-	7,810,000	16,667	7,826,667
Total noncurrent assets	<u>122,759</u>	<u>11,599,343</u>	<u>698,322</u>	<u>12,420,424</u>
Total assets	<u>\$ 41,186,424</u>	<u>\$ 13,437,060</u>	<u>\$ 19,055,229</u>	<u>\$ 73,678,713</u>
Liabilities and Fund Balances				
Current liabilities				
Vouchers payable	\$ 2,275,846	\$ -	\$ 224,642	\$ 2,500,488
Due to other governmental units	437,765	-	-	437,765
Due to other funds	11,132,555	8,667	61,855	11,203,077
Deferred revenue	7,252,609	-	-	7,252,609
Other accrued liabilities	6,974,002	1,592,398	405,385	8,971,785
Total current liabilities	<u>28,072,777</u>	<u>1,601,065</u>	<u>691,882</u>	<u>30,365,724</u>
Noncurrent liabilities				
Deferred revenue	122,759	11,599,343	253,197	11,975,299
Advances	121,822	-	306,636	428,458
Total noncurrent liabilities	<u>244,581</u>	<u>11,599,343</u>	<u>559,833</u>	<u>12,403,757</u>
Total liabilities	<u>28,317,358</u>	<u>13,200,408</u>	<u>1,251,715</u>	<u>42,769,481</u>
Fund balances				
Nonspendable	-	-	445,125	445,125
Spendable:				
Restricted	12,914,935	236,652	1,131,589	14,283,176
Committed	-	-	16,530,640	16,530,640
Assigned	17,254	-	-	17,254
Unassigned	(63,123)	-	(303,840)	(366,963)
Total fund balances	<u>12,869,066</u>	<u>236,652</u>	<u>17,803,514</u>	<u>30,909,232</u>
Total liabilities and fund balances	<u>\$ 41,186,424</u>	<u>\$ 13,437,060</u>	<u>\$ 19,055,229</u>	<u>\$ 73,678,713</u>

County of Oakland
Statement of Revenue, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds – By Fund Type
Year Ended September 30, 2011

	Special Revenue	Debt Service	Capital Projects	Totals September 30, 2011
Revenue				
Special assessments	\$ 894,166	\$ 2,282,261	\$ 46,980	\$ 3,223,407
Federal grants	61,084,299	-	-	61,084,299
State grants	23,802,641	-	-	23,802,641
Other intergovernmental revenue	11,511,203	-	-	11,511,203
Charges for services	10,484,752	5,534	250,797	10,741,083
Contributions	96,239	-	-	96,239
Investment income	155,625	6,254	56,251	218,130
Other	44,285	-	400	44,685
Total revenue	<u>108,073,210</u>	<u>2,294,049</u>	<u>354,428</u>	<u>110,721,687</u>
Expenditures				
Current operations				
County Executive	93,970,646	-	-	93,970,646
Clerk/Register of Deeds	951,391	-	-	951,391
Justice administration	25,650,549	-	-	25,650,549
Law enforcement	6,940,245	-	-	6,940,245
Water resource commissioner	3,786,938	-	-	3,786,938
Non-departmental	46,025	-	-	46,025
Total current operations	<u>131,345,794</u>	<u>-</u>	<u>-</u>	<u>131,345,794</u>
Capital outlay	1,521,906	-	11,232,546	12,754,452
Intergovernmental	-	3,035	-	3,035
Debt service				
Principal payments	-	1,870,000	-	1,870,000
Interest and fiscal charges	-	996,264	-	996,264
Total expenditures	<u>132,867,700</u>	<u>2,869,299</u>	<u>11,232,546</u>	<u>146,969,545</u>
Deficiency of revenue under expenditures	<u>(24,794,490)</u>	<u>(575,250)</u>	<u>(10,878,118)</u>	<u>(36,247,858)</u>
Other financing sources (uses)				
Transfers in	23,788,070	542,610	4,032,839	28,363,519
Transfers out	(1,199,028)	(5)	(2,953,856)	(4,152,889)
Issuance of bonds	1,200,000	-	-	1,200,000
Discounts on bonds sold	(17,993)	-	-	(17,993)
Total other financing sources (uses)	<u>23,771,049</u>	<u>542,605</u>	<u>1,078,983</u>	<u>25,392,637</u>
Net change in fund balances	<u>(1,023,441)</u>	<u>(32,645)</u>	<u>(9,799,135)</u>	<u>(10,855,221)</u>
Fund balances				
October 1, 2010	<u>13,892,507</u>	<u>269,297</u>	<u>27,602,649</u>	<u>41,764,453</u>
September 30, 2011	<u>\$ 12,869,066</u>	<u>\$ 236,652</u>	<u>\$ 17,803,514</u>	<u>\$ 30,909,232</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 revenue, non-capital grants, and other earmarked revenue 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 Register of Deeds Automation Fund - is used to account for revenue 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 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: the Medical Examiner Library and FSC, Animal Population Control and Education, Arts, Culture, and Film.

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

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.

County of Oakland

Non-Major Special Revenue Funds

The Water and Sewer Act 342 Fund - is used to account for the construction, under contractual arrangement, of water and sewer systems (currently 6) 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 304 drains). Revenue is provided from special assessments against the benefiting properties within the district.

The Lake Improvements Act 345 Fund - is used to account for special assessment revenue collected to oversee the improvement (i.e., weed control) of various lakes in Oakland County. Efforts began in 2004 to transfer lake improvement board treasurer responsibilities from the County to the local municipality (as opposed to the former arrangement with the Oakland County Treasurer). This will remove accounting and reporting responsibility from Oakland County. The three lake improvement funds remaining as of September 30, 2011 have not held meetings for several years.

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.

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 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.

County of Oakland Non-Major Special Revenue 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 PSP (Problem-Solving Partnerships) and COPS (Community Oriented Policing Services) Program Fund - accounts for federal funding that allows local law enforcement agencies to purchase technologies to advance communications interoperability, information sharing, crime analysis, intelligence gathering, and crime prevention in their communities.

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, 2011**

	Child Care	Register of Deeds Automation	Oakland Enhancement	Restricted Funds	Social Welfare	County Veterans' Trust	Waste Resource Management
Assets							
Current assets							
Pooled cash and investments	\$ -	\$ 8,690,723	\$ 91,798	\$ 419,895	\$ 81,483	\$ 5,122	\$ 619,936
Due from other governmental units	3,665,655	-	-	-	-	-	-
Accrued interest receivable	-	19,932	634	639	-	-	-
Accounts receivable (net of allowance for uncollectibles where applicable)	279,019	-	6,771	-	142,000	-	-
Due from other funds	3,413,004	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
Total assets	<u>7,357,678</u>	<u>8,710,655</u>	<u>99,203</u>	<u>420,534</u>	<u>223,483</u>	<u>5,122</u>	<u>619,936</u>
Noncurrent asset							
Special assessments receivable	-	-	-	-	-	-	-
Total assets	<u>\$ 7,357,678</u>	<u>\$ 8,710,655</u>	<u>\$ 99,203</u>	<u>\$ 420,534</u>	<u>\$ 223,483</u>	<u>\$ 5,122</u>	<u>\$ 619,936</u>
Liabilities and Fund Balances							
Current liabilities							
Vouchers payable	\$ 349,077	\$ 30,036	\$ -	\$ 2,463	\$ -	\$ -	\$ -
Due to other governmental units	-	40	-	-	142,000	-	-
Due to other funds	6,631,661	-	-	-	-	-	382
Deferred revenue	-	-	-	-	-	-	-
Other accrued liabilities	359,686	-	-	2,290	-	-	147,048
Total liabilities	<u>7,340,424</u>	<u>30,076</u>	<u>-</u>	<u>4,753</u>	<u>142,000</u>	<u>-</u>	<u>147,430</u>
Noncurrent liabilities							
Deferred revenue	-	-	-	-	-	-	-
Advances payable	-	-	-	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>7,340,424</u>	<u>30,076</u>	<u>-</u>	<u>4,753</u>	<u>142,000</u>	<u>-</u>	<u>147,430</u>
Fund balances (deficit)							
Restricted	-	8,680,579	99,203	415,781	81,483	5,122	472,506
Assigned	17,254	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficit)	<u>17,254</u>	<u>8,680,579</u>	<u>99,203</u>	<u>415,781</u>	<u>81,483</u>	<u>5,122</u>	<u>472,506</u>
Total liabilities and fund balances	<u>\$ 7,357,678</u>	<u>\$ 8,710,655</u>	<u>\$ 99,203</u>	<u>\$ 420,534</u>	<u>\$ 223,483</u>	<u>\$ 5,122</u>	<u>\$ 619,936</u>

(continued)

**County of Oakland
Combining Balance Sheet (Continued)
Non-Major Special Revenue Funds
September 30, 2011**

	Bldg Auth External Projects	Water & Sewer Act 342	Lake Levels Act 146	Drains-Act 40 Maintenance Chapters 4 & 18	Lake Improvements Act 345	Pollution Control Grants	Friend of the Court	Multi- Organizational Grants
Assets								
Current assets								
Pooled cash and investments	\$ -	\$ 1,770,010	\$ 233,022	\$ 2,070,543	\$ 972	\$ -	\$ -	\$ 1,095,435
Due from other governmental units	-	-	57,841	257,396	-	6,011	1,231,637	352,907
Accrued interest receivable	-	918	-	28,949	7	-	-	-
Accounts receivable (net of allowance for uncollectibles where applicable)	-	-	110	7,613	-	-	30,405	-
Due from other funds	-	-	-	367	-	-	341	-
Other assets	-	-	-	-	-	-	6,743	-
Total current assets	-	1,770,928	290,973	2,364,868	979	6,011	1,269,126	1,448,342
Noncurrent asset								
Special assessments receivable	-	-	17,935	104,824	-	-	-	-
Total assets	\$ -	\$ 1,770,928	\$ 308,908	\$ 2,469,692	\$ 979	\$ 6,011	\$ 1,269,126	\$ 1,448,342
Liabilities and Fund Balances								
Current liabilities								
Vouchers payable	\$ -	\$ 297	\$ 188	\$ 2,673	\$ -	\$ -	\$ 13,129	\$ 59,007
Due to other governmental units	-	-	-	270	-	-	-	114,045
Due to other funds	-	-	325,935	252,938	-	-	1,246,585	-
Deferred revenue	-	-	-	-	-	-	-	1,275,108
Other accrued liabilities	-	108,944	8,604	1,454,374	-	6,680	9,412	182
Total current liabilities	-	109,241	334,727	1,710,255	-	6,680	1,269,126	1,448,342
Noncurrent liabilities								
Deferred revenue	-	-	17,935	104,824	-	-	-	-
Advances payable	-	-	18,700	103,122	-	-	-	-
Total noncurrent liabilities	-	-	36,635	207,946	-	-	-	-
Total liabilities	-	109,241	371,362	1,918,201	-	6,680	1,269,126	1,448,342
Fund balances (deficit)								
Restricted	-	1,661,687	-	551,491	979	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	(62,454)	-	-	(669)	-	-
Total fund balances (deficit)	-	1,661,687	(62,454)	551,491	979	(669)	-	-
Total liabilities and fund balances	\$ -	\$ 1,770,928	\$ 308,908	\$ 2,469,692	\$ 979	\$ 6,011	\$ 1,269,126	\$ 1,448,342

(continued)

**County of Oakland
Combining Balance Sheet (Continued)
Non-Major Special Revenue Funds
September 30, 2011**

	Workforce Development Grants	Law Enforcement Grants	Housing and Community Development	Human Service Grants	Other Grants	PSP and COPS Program	Judicial Grants
Assets							
Current assets							
Pooled cash and investments	\$ 75,014	\$ 69	\$ 2,306,444	\$ 3,243,677	\$ -	\$ -	\$ -
Due from other governmental units	613,069	1,006,502	98,194	615,755	2,358,479	445,742	51,696
Accrued interest receivable	-	-	7,818	-	-	-	-
Accounts receivable (net of allowance for uncollectibles where applicable)	-	-	-	90	-	-	8,857
Due from other funds	257	2,322	-	701	158	-	-
Other assets	4,787,601	780	-	1,560	-	-	-
Total assets	<u>5,475,941</u>	<u>1,009,673</u>	<u>2,412,456</u>	<u>3,861,783</u>	<u>2,358,637</u>	<u>445,742</u>	<u>60,553</u>
Noncurrent asset							
Special assessments receivable	-	-	-	-	-	-	-
Total assets	<u>\$ 5,475,941</u>	<u>\$ 1,009,673</u>	<u>\$ 2,412,456</u>	<u>\$ 3,861,783</u>	<u>\$ 2,358,637</u>	<u>\$ 445,742</u>	<u>\$ 60,553</u>
Liabilities and Fund Balances							
Current liabilities							
Vouchers payable	\$ 1,019,235	\$ 60,617	\$ 11,477	\$ 696,000	\$ 4,884	\$ -	\$ 26,422
Due to other governmental units	-	172,726	-	8,684	-	-	-
Due to other funds	-	716,155	-	10,838	1,528,910	337,091	28,152
Deferred revenue	-	32,058	1,517,425	2,869,504	809,061	-	5,160
Other accrued liabilities	4,456,706	28,117	2,839	276,757	2,893	108,651	819
Total liabilities	<u>5,475,941</u>	<u>1,009,673</u>	<u>1,531,741</u>	<u>3,861,783</u>	<u>2,345,748</u>	<u>445,742</u>	<u>60,553</u>
Noncurrent liabilities							
Deferred revenue	-	-	-	-	-	-	-
Advances payable	-	-	-	-	-	-	-
Total noncurrent liabilities	-	-	-	-	-	-	-
Total liabilities	<u>5,475,941</u>	<u>1,009,673</u>	<u>1,531,741</u>	<u>3,861,783</u>	<u>2,345,748</u>	<u>445,742</u>	<u>60,553</u>
Fund balances (deficit)							
Restricted	-	-	880,715	-	12,889	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficit)	-	-	<u>880,715</u>	-	<u>12,889</u>	-	-
Total liabilities and fund balances	<u>\$ 5,475,941</u>	<u>\$ 1,009,673</u>	<u>\$ 2,412,456</u>	<u>\$ 3,861,783</u>	<u>\$ 2,358,637</u>	<u>\$ 445,742</u>	<u>\$ 60,553</u>

(continued)

**County of Oakland
Combining Balance Sheet (Continued)
Non-Major Special Revenue Funds
September 30, 2011**

	Oakland Brownfield Initiative	MI Child	Totals September 30, 2011
Assets			
Current assets			
Pooled cash and investments	\$ -	\$ 3,392	\$ 20,707,535
Due from other governmental units	103,357	-	10,864,241
Accrued interest receivable	-	-	58,897
Accounts receivable (net of allowance for uncollectibles where applicable)	744,293	-	1,219,158
Due from other funds	-	-	3,417,150
Other assets	-	-	4,796,684
Total assets	<u>847,650</u>	<u>3,392</u>	<u>41,063,665</u>
Noncurrent asset			
Special assessments receivable	-	-	122,759
Total assets	<u>\$ 847,650</u>	<u>\$ 3,392</u>	<u>\$ 41,186,424</u>
Liabilities and Fund Balances			
Current liabilities			
Vouchers payable	\$ -	\$ 341	\$ 2,275,846
Due to other governmental units	-	-	437,765
Due to other funds	53,908	-	11,132,555
Deferred revenue	744,293	-	7,252,609
Other accrued liabilities	-	-	6,974,002
Total liabilities	<u>798,201</u>	<u>341</u>	<u>28,072,777</u>
Noncurrent liabilities			
Deferred revenue	-	-	122,759
Advances payable	-	-	121,822
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>244,581</u>
Total liabilities	<u>798,201</u>	<u>341</u>	<u>28,317,358</u>
Fund balances (deficit)			
Restricted	49,449	3,051	12,914,935
Assigned	-	-	17,254
Unassigned	-	-	(63,123)
Total fund balances (deficit)	<u>49,449</u>	<u>3,051</u>	<u>12,869,066</u>
Total liabilities and fund balances	<u>\$ 847,650</u>	<u>\$ 3,392</u>	<u>\$ 41,186,424</u>

County of Oakland
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Funds
Year Ended September 30, 2011

	Child Care	Register of Deeds Automation	Oakland Enhancement	Restricted Funds	Social Welfare	County Veterans' Trust	Waste Resource Management
Revenue							
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	325,657	-	-	-	-	-	-
State grants	13,013,585	-	-	-	-	205,056	-
Other intergovernmental revenue	-	-	-	-	-	-	-
Charges for services	5,434,735	889,316	412,051	-	1,305,797	-	19,537
Contributions	-	-	-	85,908	-	-	-
Investment income	-	90,789	1,576	703	-	-	5,315
Other	378	-	-	-	-	-	-
Total revenue	<u>18,774,355</u>	<u>980,105</u>	<u>413,627</u>	<u>86,611</u>	<u>1,305,797</u>	<u>205,056</u>	<u>24,852</u>
Expenditures							
Salaries	10,011,910	-	244,587	-	-	-	36,109
Fringe benefits	6,059,526	-	141,875	-	-	-	23,941
Contractual services	16,261,134	656,117	144,678	33,292	1,224,522	207,424	-
Commodities	785,689	-	-	12,733	-	483	-
Capital outlay	362	1,214	-	-	-	-	-
Internal services	2,875,046	4,679	-	-	-	-	-
Total expenditure	<u>35,993,667</u>	<u>662,010</u>	<u>531,140</u>	<u>46,025</u>	<u>1,224,522</u>	<u>207,907</u>	<u>60,050</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(17,219,312)</u>	<u>318,095</u>	<u>(117,513)</u>	<u>40,586</u>	<u>81,275</u>	<u>(2,851)</u>	<u>(35,198)</u>
Other financing sources (uses)							
Transfers in	17,236,228	-	121,000	-	-	-	-
Transfers out	(9,704)	-	(21,000)	-	-	-	-
Issuance of bonds	-	-	-	-	-	-	-
Discount on bonds sold	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>17,226,524</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	7,212	318,095	(17,513)	40,586	81,275	(2,851)	(35,198)
Fund balances (deficit)							
October 1, 2010 (as restated)	<u>10,042</u>	<u>8,362,484</u>	<u>116,716</u>	<u>375,195</u>	<u>208</u>	<u>7,973</u>	<u>507,704</u>
September 30, 2011	<u>\$ 17,254</u>	<u>\$ 8,680,579</u>	<u>\$ 99,203</u>	<u>\$ 415,781</u>	<u>\$ 81,483</u>	<u>\$ 5,122</u>	<u>\$ 472,506</u>

(continued)

County of Oakland
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Special Revenue Funds
Year Ended September 30, 2011

	Bldg Auth External Projects	Water & Sewer Act 342	Lake Levels Act 146	Drains-Act 40 Maintenance Chapters 4 & 18	Lake Improvements Act 345	Pollution Control Grants	Friend of the Court	Multi- Organizational Grants
Revenue								
Special assessments	\$ -	\$ -	\$ 367,974	\$ 526,192	\$ -	\$ -	\$ -	\$ -
Federal grants	-	1,303,901	-	-	-	6,011	-	1,280,645
State grants	-	-	-	-	-	-	-	1,705,774
Other intergovernmental revenue	-	-	-	-	-	-	9,829,532	-
Charges for services	-	-	31,544	121,803	-	-	1,138,193	-
Contributions	-	-	-	-	-	-	-	-
Investment income	-	32,508	(1,094)	23,143	3	-	-	2,682
Other	-	-	-	167	-	-	-	-
Total revenue	-	1,336,409	398,424	671,305	3	6,011	10,967,725	2,989,101
Expenditures								
Salaries	-	359,428	132,791	280,538	-	-	7,951,254	988,090
Fringe benefits	-	183,660	63,068	157,423	-	-	5,021,875	632,897
Contractual services	11,333	2,065,842	95,800	65,743	-	6,680	916,720	1,029,886
Commodities	-	995	6,387	14,567	-	-	60,656	320,809
Capital outlay	-	-	-	-	-	-	-	5,927
Internal services	-	185,765	71,490	96,761	-	-	1,417,695	18,842
Total expenditures	11,333	2,795,690	369,536	615,032	-	6,680	15,368,200	2,996,451
Excess (deficiency) of revenue over (under) expenditures	(11,333)	(1,459,281)	28,888	56,273	3	(669)	(4,400,475)	(7,350)
Other financing sources (uses)								
Transfers in	-	-	-	36,541	-	-	4,400,475	17,350
Transfers out	(1,110,381)	-	-	-	-	-	-	(10,000)
Issuance of bonds	-	1,200,000	-	-	-	-	-	-
Discount on bonds sold	-	(17,993)	-	-	-	-	-	-
Total other financing sources (uses)	(1,110,381)	1,182,007	-	36,541	-	-	4,400,475	7,350
Net change in fund balances	(1,121,714)	(277,274)	28,888	92,814	3	(669)	-	-
Fund balances (deficit)								
October 1, 2010 (as restated)	1,121,714	1,938,961	(91,342)	458,677	976	-	-	-
September 30, 2011	\$ -	\$ 1,661,687	\$ (62,454)	\$ 551,491	\$ 979	\$ (669)	\$ -	\$ -

(continued)

County of Oakland
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Special Revenue Funds
Year Ended September 30, 2011

	Workforce Development Grants	Law Enforcement Grants	Housing and Community Development	Human Service Grants	Other Grants	PSP and COPS Program	Judicial Grants
Revenue							
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	33,302,922	1,679,957	11,576,074	6,372,750	3,869,832	960,411	14,325
State grants	767,936	1,409,122	23,650	6,319,299	290,595	-	67,624
Other intergovernmental revenue	-	1,628,789	52,882	-	-	-	-
Charges for services	-	953	1,064,309	81	17,700	-	-
Contributions	-	-	-	-	10,331	-	-
Investment income	-	-	-	-	-	-	-
Other	-	-	-	43,725	15	-	-
Total revenue	34,070,858	4,718,821	12,716,915	12,735,855	4,188,473	960,411	81,949
Expenditures							
Salaries	486,544	2,810,445	1,282,277	3,264,380	170,915	-	15,173
Fringe benefits	208,735	1,762,602	794,275	1,847,120	86,485	-	7,437
Contractual services	33,295,451	1,180,014	10,870,300	6,785,105	2,508,957	481,397	51,689
Commodities	6,461	298,717	23,538	242,179	41,130	479,014	7,650
Capital outlay	-	-	-	100,508	1,413,895	-	-
Internal services	73,667	293,753	163,784	464,181	57,009	-	-
Total expenditures	34,070,858	6,345,531	13,134,174	12,703,473	4,278,391	960,411	81,949
Excess (deficiency) of revenue over (under) expenditures	-	(1,626,710)	(417,259)	32,382	(89,918)	-	-
Other financing sources (uses)							
Transfers in	-	1,626,710	338,205	11,561	-	-	-
Transfers out	-	-	-	(43,943)	(4,000)	-	-
Issuance of bonds	-	-	-	-	-	-	-
Discount on bonds sold	-	-	-	-	-	-	-
Total other financing sources (uses)	-	1,626,710	338,205	(32,382)	(4,000)	-	-
Net change in fund balances	-	-	(79,054)	-	(93,918)	-	-
Fund balances (deficit)							
October 1, 2010 (as restated)	-	-	959,769	-	106,807	-	-
September 30, 2011	\$ -	\$ -	\$ 880,715	\$ -	\$ 12,889	\$ -	\$ -

(continued)

County of Oakland
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Special Revenue Funds
Year Ended September 30, 2011

	Oakland Brownfield Initiative	MI Child	Totals September 30, 2011
Revenue			
Special assessments	\$ -	\$ -	\$ 894,166
Federal grants	391,814	-	61,084,299
State grants	-	-	23,802,641
Other intergovernmental revenue	-	-	11,511,203
Charges for services	32,915	15,818	10,484,752
Contributions	-	-	96,239
Investment income	-	-	155,625
Other	-	-	44,285
Total revenue	<u>424,729</u>	<u>15,818</u>	<u>108,073,210</u>
Expenditures			
Salaries	-	-	28,034,441
Fringe benefits	-	-	16,990,919
Contractual services	391,815	12,855	78,296,754
Commodities	-	-	2,301,008
Capital outlay	-	-	1,521,906
Internal services	-	-	5,722,672
Total expenditures	<u>391,815</u>	<u>12,855</u>	<u>132,867,700</u>
Excess (deficiency) of revenue over (under) expenditures	<u>32,914</u>	<u>2,963</u>	<u>(24,794,490)</u>
Other financing sources (uses)			
Transfers in	-	-	23,788,070
Transfers out	-	-	(1,199,028)
Issuance of bonds	-	-	1,200,000
Discount on bonds sold	-	-	(17,993)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>23,771,049</u>
Net change in fund balances	32,914	2,963	(1,023,441)
Fund balances (deficit)			
October 1, 2010 (as restated)	<u>16,535</u>	<u>88</u>	<u>13,892,507</u>
September 30, 2011	<u>\$ 49,449</u>	<u>\$ 3,051</u>	<u>\$ 12,869,066</u>

County of Oakland
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and
Actual – Non-Major Special Revenue Funds
Year Ended September 30, 2011

	Child Care		
	Final Amended Budget	Actual	Variance with Final Amended Budget
Revenue			
Federal grants	\$ 300,000	\$ 325,657	\$ 25,657
State grants	14,958,699	13,013,585	(1,945,114)
Charges for services	4,042,496	5,434,735	1,392,239
Other	-	378	378
Total revenue	<u>19,301,195</u>	<u>18,774,355</u>	<u>(526,840)</u>
Expenditures			
Current operations			
County Executive			
Human Services			
Personnel	13,993,315	13,774,772	218,543
Operating	12,050,237	8,293,889	3,756,348
Internal Support	2,849,862	2,872,982	(23,120)
Total Human Services	<u>28,893,414</u>	<u>24,941,643</u>	<u>3,951,771</u>
Total County Executive	<u>28,893,414</u>	<u>24,941,643</u>	<u>3,951,771</u>
Justice administration			
Circuit Court			
Personnel	2,456,119	2,296,664	159,455
Operating	11,890,178	8,753,296	3,136,882
Internal Support	2,310	2,064	246
Total Circuit Court	<u>14,348,607</u>	<u>11,052,024</u>	<u>3,296,583</u>
Total Justice administration	<u>14,348,607</u>	<u>11,052,024</u>	<u>3,296,583</u>
Total expenditures	<u>43,242,021</u>	<u>35,993,667</u>	<u>7,248,354</u>
Deficiency of revenue under expenditures	(23,940,826)	(17,219,312)	6,721,514
Other financing sources (uses)			
Transfers in	23,935,348	17,236,228	(6,699,120)
Transfers out	(4,564)	(9,704)	(5,140)
Total other financing sources (uses)	<u>23,930,784</u>	<u>17,226,524</u>	<u>(6,704,260)</u>
Net change in fund balance	(10,042)	7,212	17,254
Fund balance			
October 1, 2010	<u>10,042</u>	<u>10,042</u>	<u>-</u>
September 30, 2011	<u>\$ -</u>	<u>\$ 17,254</u>	<u>\$ 17,254</u>

County of Oakland
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget
and Actual – Non-Major Special Revenue Funds (Continued)
Year Ended September 30, 2011

	Social Welfare Foster Care		
	Final Amended Budget	Actual	Variance with Final Amended Budget
Revenue			
State grants	\$ 1,000	\$ -	\$ (1,000)
Total revenue	<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 revenue 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, 2010	<u>-</u>	<u>-</u>	<u>-</u>
September 30, 2011	<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 four 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 four issues).

**County of Oakland
Combining Balance Sheet
Non-Major Debt Service Funds
September 30, 2011**

	Building Authority Debt Refunding	Lake Level Debt Act 146	Water and Sewer Debt Refunding	Totals September 30, 2011
Assets				
Current assets				
Pooled cash and investments	\$ 163	\$ 180,349	\$ 1,655,530	\$ 1,836,042
Accrued interest receivable	452	1,223	-	1,675
Total current assets	615	181,572	1,655,530	1,837,717
Noncurrent assets				
Special assessments receivable	-	69,343	3,720,000	3,789,343
Contracts receivable	7,810,000	-	-	7,810,000
Total assets	\$ 7,810,615	\$ 250,915	\$ 5,375,530	\$ 13,437,060
Liabilities and Fund Balances				
Current liabilities				
Due to other funds	\$ -	\$ -	\$ 8,667	\$ 8,667
Other accrued liabilities	-	-	1,592,398	1,592,398
Total current liabilities	-	-	1,601,065	1,601,065
Noncurrent liabilities				
Deferred revenue	7,810,000	69,343	3,720,000	11,599,343
Total liabilities	7,810,000	69,343	5,321,065	13,200,408
Fund balances - restricted for debt service	615	181,572	54,465	236,652
Total liabilities and fund balances	\$ 7,810,615	\$ 250,915	\$ 5,375,530	\$ 13,437,060

County of Oakland
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Non-Major Debt Service Funds
Year Ended September 30, 2011

	Building Authority Debt Refunding	Lake Level Debt Act 146	Water and Sewer Debt Refunding	Totals September 30, 2011
Revenue				
Special assessments	\$ 387,707	\$ 29,226	\$ 1,865,328	\$ 2,282,261
Charges for services	167	4,342	1,025	5,534
Investment income	472	2,407	3,375	6,254
Total revenue	<u>388,346</u>	<u>35,975</u>	<u>1,869,728</u>	<u>2,294,049</u>
Expenditures				
Principal payments	70,000	60,000	1,740,000	1,870,000
Interest	860,350	8,712	125,327	994,389
Paying agent fees	575	500	800	1,875
Intergovernmental	-	-	3,035	3,035
Total expenditures	<u>930,925</u>	<u>69,212</u>	<u>1,869,162</u>	<u>2,869,299</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(542,579)</u>	<u>(33,237)</u>	<u>566</u>	<u>(575,250)</u>
Other financing sources (uses)				
Transfers in	542,610	-	-	542,610
Transfers out	(5)	-	-	(5)
Total other financing sources (uses)	<u>542,605</u>	<u>-</u>	<u>-</u>	<u>542,605</u>
Net change in fund balances	26	(33,237)	566	(32,645)
Fund balances				
October 1, 2010	589	214,809	53,899	269,297
September 30, 2011	<u>\$ 615</u>	<u>\$ 181,572</u>	<u>\$ 54,465</u>	<u>\$ 236,652</u>

County of Oakland Non-Major Capital Projects Funds

Capital Projects Funds

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

The Building Improvement Fund - was established as a holding account for monies transferred from the County's General Fund for future 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. Construction was completed in fiscal year 2010.

The Oakland County International Airport (OCIA) Office Terminal Building Fund –was established to account for the costs of construction of a new Administrative Office and Terminal Building for the Oakland County International Airport.

The North Oakland Health Center Renovation/Children's Village Building A Security Fund – was established to account for renovations to the North Oakland Health Center (NOHC), relocation of the Clinic from Old North Health to the NOHC, and security upgrades to Children's Village, Building A.

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 five) 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 two) for purposes of lake level control. Financing is provided by special assessment rolls as permitted under P.A. 345 of 1966.

The Chapter 4 Drain Construction Fund - is used to account for the costs of construction drains (currently one) under Chapter 4 of Public Act 40 of 1956 (Drain Code). Revenue is provided from special assessments against the benefiting properties within the district.

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, 2011**

	Building Improvement	Project Work Orders	Work Release/ Jail Mgt/Video Conferencing	OCIA Office Terminal Building	NOHC Renov CV Bldg A Security	Major Dept. Support Projects
Assets						
Current assets						
Pooled cash and investments	\$ 9,493,984	\$ 3,072,274	\$ 596,584	\$ 982	\$ 146,661	\$ 1,387,334
Accrued interest receivable	-	-	84,372	5,457	572	-
Contracts receivable	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-
Due from other funds	-	-	600,000	-	-	-
Total current assets	<u>9,493,984</u>	<u>3,072,274</u>	<u>1,280,956</u>	<u>6,439</u>	<u>147,233</u>	<u>1,387,334</u>
Noncurrent assets						
Advances	-	-	-	-	-	-
Special assessments receivable	-	-	-	-	-	-
Contracts receivable	-	-	-	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 9,493,984</u>	<u>\$ 3,072,274</u>	<u>\$ 1,280,956</u>	<u>\$ 6,439</u>	<u>\$ 147,233</u>	<u>\$ 1,387,334</u>
Liabilities and Fund Balances						
Current liabilities						
Vouchers payable	\$ -	\$ 38,408	\$ -	\$ 975	\$ 29,998	\$ 140,037
Due to other funds	-	-	-	-	1,057	126
Other accrued liabilities	-	47,537	252,900	7	27,222	67,719
Total current liabilities	<u>-</u>	<u>85,945</u>	<u>252,900</u>	<u>982</u>	<u>58,277</u>	<u>207,882</u>
Noncurrent liabilities						
Deferred revenue	-	-	-	-	-	-
Advances	-	-	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>85,945</u>	<u>252,900</u>	<u>982</u>	<u>58,277</u>	<u>207,882</u>
Fund balances (deficit)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	1,028,056	5,457	88,956	-
Committed	9,493,984	2,986,329	-	-	-	1,179,452
Unassigned	-	-	-	-	-	-
Total fund balances (deficit)	<u>9,493,984</u>	<u>2,986,329</u>	<u>1,028,056</u>	<u>5,457</u>	<u>88,956</u>	<u>1,179,452</u>
Total liabilities and fund balances	<u>\$ 9,493,984</u>	<u>\$ 3,072,274</u>	<u>\$ 1,280,956</u>	<u>\$ 6,439</u>	<u>\$ 147,233</u>	<u>\$ 1,387,334</u>

(continued)

**County of Oakland
Combining Balance Sheet (Continued)
Non-Major Capital Project Funds
September 30, 2011**

	Lake Levels Act 146	Lake Improvements Act 345	Drain Chapter 4 Construction	Drain Commissioner Revolving	Long-term Revolving	Totals September 30, 2011
Assets						
Current assets						
Pooled cash and investments	\$ 46,997	\$ 9,337	\$ 41,185	\$ 663,411	\$ 1,029,208	\$ 16,487,957
Accrued interest receivable	213	72	-	-	-	90,686
Contracts receivable	-	-	-	-	16,667	16,667
Due from component units	-	-	-	521,101	-	521,101
Due from other funds	-	-	-	640,496	-	1,240,496
Total current assets	<u>47,210</u>	<u>9,409</u>	<u>41,185</u>	<u>1,825,008</u>	<u>1,045,875</u>	<u>18,356,907</u>
Noncurrent assets						
Advances	-	-	-	-	428,458	428,458
Special assessments receivable	253,197	-	-	-	-	253,197
Contracts receivable	-	-	-	-	16,667	16,667
Total noncurrents assets	<u>253,197</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>445,125</u>	<u>698,322</u>
Total assets	<u>\$ 300,407</u>	<u>\$ 9,409</u>	<u>\$ 41,185</u>	<u>\$ 1,825,008</u>	<u>\$ 1,491,000</u>	<u>\$ 19,055,229</u>
Liabilities and Fund Balances						
Current liabilities						
Vouchers payable	\$ 15,224	\$ -	\$ -	\$ -	\$ -	\$ 224,642
Due to other funds	59,714	289	661	8	-	61,855
Other accrued liabilities	10,000	-	-	-	-	405,385
Total current liabilities	<u>84,938</u>	<u>289</u>	<u>661</u>	<u>8</u>	<u>-</u>	<u>691,882</u>
Noncurrent liabilities						
Deferred revenue	253,197	-	-	-	-	253,197
Advances	256,636	-	50,000	-	-	306,636
Total noncurrent liabilities	<u>509,833</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>559,833</u>
Total liabilities	<u>594,771</u>	<u>289</u>	<u>50,661</u>	<u>8</u>	<u>-</u>	<u>1,251,715</u>
Fund balances (deficit)						
Nonspendable	-	-	-	-	445,125	445,125
Restricted	-	9,120	-	-	-	1,131,589
Committed	-	-	-	1,825,000	1,045,875	16,530,640
Unassigned	(294,364)	-	(9,476)	-	-	(303,840)
Total fund balances (deficit)	<u>(294,364)</u>	<u>9,120</u>	<u>(9,476)</u>	<u>1,825,000</u>	<u>1,491,000</u>	<u>17,803,514</u>
Total liabilities and fund balances	<u>\$ 300,407</u>	<u>\$ 9,409</u>	<u>\$ 41,185</u>	<u>\$ 1,825,008</u>	<u>\$ 1,491,000</u>	<u>\$ 19,055,229</u>

County of Oakland
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Non-Major Capital Project Funds
Year Ended September 30, 2011

	Building Improvement	Project Work Orders	Work Release/ Jail Mgt/Video Conferencing	OCIA Office Terminal Building	NOHC Renov CV Bldg A Security	Major Dept. Support Projects
Revenue						
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	134,748	-	116,016	-	-
Investment income	-	-	11,134	38,438	5,404	-
Other	-	400	-	-	-	-
Total revenue	-	135,148	11,134	154,454	5,404	-
Expenditures						
Capital outlay	-	3,322,355	688,155	4,288,267	353,854	2,375,005
Total expenditures	-	3,322,355	688,155	4,288,267	353,854	2,375,005
Excess (deficiency) of revenue over (under) expenditures	-	(3,187,207)	(677,021)	(4,133,813)	(348,450)	(2,375,005)
Other financing sources (uses)						
Transfers in	-	4,032,839	-	-	-	-
Transfers out	(2,410,000)	(479,730)	-	-	(64,000)	(126)
Total other financing sources (uses)	(2,410,000)	3,553,109	-	-	(64,000)	(126)
Net change in fund balances	(2,410,000)	365,902	(677,021)	(4,133,813)	(412,450)	(2,375,131)
Fund balances (deficit)						
October 1, 2010	11,903,984	2,620,427	1,705,077	4,139,270	501,406	3,554,583
September 30, 2011	\$ 9,493,984	\$ 2,986,329	\$ 1,028,056	\$ 5,457	\$ 88,956	\$ 1,179,452

(continued)

County of Oakland
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Capital Project Funds
Year Ended September 30, 2011

	Lake Levels Act 146	Lake Improvements Act 345	Drain Chapter 4 Construction	Drain Commissioner Revolving	Long-term Revolving	Totals September 30, 2011
Revenue						
Special assessments	\$ 46,980	\$ -	\$ -	\$ -	\$ -	\$ 46,980
Charges for services	33	-	-	-	-	250,797
Investment income	1,174	101	-	-	-	56,251
Other	-	-	-	-	-	400
Total revenue	<u>48,187</u>	<u>101</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>354,428</u>
Expenditures						
Capital outlay	<u>195,434</u>	<u>-</u>	<u>9,476</u>	<u>-</u>	<u>-</u>	<u>11,232,546</u>
Total expenditures	<u>195,434</u>	<u>-</u>	<u>9,476</u>	<u>-</u>	<u>-</u>	<u>11,232,546</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(147,247)</u>	<u>101</u>	<u>(9,476)</u>	<u>-</u>	<u>-</u>	<u>(10,878,118)</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	4,032,839
Transfers out	-	-	-	-	-	(2,953,856)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,078,983</u>
Net change in fund balances	<u>(147,247)</u>	<u>101</u>	<u>(9,476)</u>	<u>-</u>	<u>-</u>	<u>(9,799,135)</u>
Fund balances (deficit)						
October 1, 2010	<u>(147,117)</u>	<u>9,019</u>	<u>-</u>	<u>1,825,000</u>	<u>1,491,000</u>	<u>27,602,649</u>
September 30, 2011	<u>\$ (294,364)</u>	<u>\$ 9,120</u>	<u>\$ (9,476)</u>	<u>\$ 1,825,000</u>	<u>\$ 1,491,000</u>	<u>\$ 17,803,514</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 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. This fund was closed into the Information Technology fund as of September 30, 2011.

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. This fund was closed into the General Fund as of September 30, 2011.

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.

**County of Oakland
Combining Statement of Net Assets
Internal Service Funds
September 30, 2011**

	Facilities Maintenance and Operations	Information Technology	Drain Equipment	Motor Pool	Office Equipment
Assets					
Current assets					
Pooled cash and investments	\$ 12,328,001	\$ 16,339,462	\$ 1,908,641	\$ 3,319,876	\$ 220,252
Due from other governmental units	8,056	6,726	128,982	280	-
Due from component units	7,929	11,365	11,698	-	-
Accrued interest receivable	52,872	65,019	4,842	10,027	-
Accounts receivable (net of allowance for uncollectibles where applicable)	66,750	64,447	145,320	-	-
Due from other funds	-	-	-	-	-
Inventories and supplies	85,633	16,962	-	279,961	-
Prepayments and other assets	-	1,934,126	-	4,680	-
Total current assets	<u>12,549,241</u>	<u>18,438,107</u>	<u>2,199,483</u>	<u>3,614,824</u>	<u>220,252</u>
Noncurrent assets					
Capital assets, at cost					
Land	-	-	130,000	-	-
Buildings and improvements	525,283	-	1,541,974	424,860	-
Equipment and vehicles	1,982,072	54,074,078	5,509,481	12,737,187	-
Infrastructure	3,169,683	-	-	-	-
Construction in progress	-	3,690,255	-	-	-
	<u>5,677,038</u>	<u>57,764,333</u>	<u>7,181,455</u>	<u>13,162,047</u>	<u>-</u>
Less: Accumulated depreciation	<u>5,355,698</u>	<u>50,632,185</u>	<u>3,191,503</u>	<u>8,860,816</u>	<u>-</u>
Capital assets, net	<u>321,340</u>	<u>7,132,148</u>	<u>3,989,952</u>	<u>4,301,231</u>	<u>-</u>
Total assets	<u>\$ 12,870,581</u>	<u>\$ 25,570,255</u>	<u>\$ 6,189,435</u>	<u>\$ 7,916,055</u>	<u>\$ 220,252</u>

(continued)

**County of Oakland
Combining Statement of Net Assets (Continued)
Internal Service Funds
September 30, 2011**

	Mailing, Copier, and Printing	Telephone Communications	Building and Liability Insurance	Fringe Benefits	Totals September 30, 2010
Assets					
Current assets					
Pooled cash and investments	\$ -	\$ 3,635,048	\$ 21,874,255	\$ 47,839,642	\$ 107,465,177
Due from other governmental units	-	801	-	155	145,000
Due from component units	-	-	-	-	30,992
Accrued interest receivable	-	10,757	164,369	455,494	763,380
Accounts receivable (net of allowance for uncollectibles where applicable)	-	3,514	-	75	280,106
Due from other funds	-	1,139	-	-	1,139
Inventories and supplies	-	-	-	-	382,556
Prepayments and other assets	-	74,152	231,599	3,111,714	5,356,271
Total current assets	-	3,725,411	22,270,223	51,407,080	114,424,621
Noncurrent assets					
Capital assets, at cost					
Land	-	-	-	-	130,000
Buildings and improvements	-	-	-	-	2,492,117
Equipment and vehicles	-	4,833,705	-	-	79,136,523
Infrastructure	-	-	-	-	3,169,683
Construction in progress	-	-	-	-	3,690,255
	-	4,833,705	-	-	88,618,578
Less: Accumulated depreciation	-	4,247,133	-	-	72,287,335
Capital assets, net	-	586,572	-	-	16,331,243
Total assets	\$ -	\$ 4,311,983	\$ 22,270,223	\$ 51,407,080	\$ 130,755,864

(continued)

**County of Oakland
Combining Statement of Net Assets (Continued)
Internal Service Funds
September 30, 2011**

	Facilities Maintenance and Operations	Information Technology	Drain Equipment	Motor Pool	Office Equipment
Liabilities					
Current liabilities					
Vouchers payable	\$ 173,993	\$ 1,286,568	\$ 35,574	\$ 130,467	\$ 220,252
Due to other governmental units	-	-	-	-	-
Due to other funds	-	82	-	-	-
Deferred revenue	-	125	-	-	-
Current portion of compensated absences	-	-	-	-	-
Current portion of claims and judgments	-	-	-	-	-
Current portion of advances payable	-	-	189,811	-	-
Other accrued liabilities	196,347	899,173	364,091	5,525	-
Total current liabilities	<u>370,340</u>	<u>2,185,948</u>	<u>589,476</u>	<u>135,992</u>	<u>220,252</u>
Noncurrent liabilities					
Accrued compensated absences	-	-	-	-	-
Claims and judgments	-	-	-	-	-
Advances payable	-	-	612,334	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>612,334</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>370,340</u>	<u>2,185,948</u>	<u>1,201,810</u>	<u>135,992</u>	<u>220,252</u>
Net Assets					
Invested in capital assets	321,340	7,132,148	3,989,952	4,301,231	-
Unrestricted	12,178,901	16,252,159	997,673	3,478,832	-
Total net assets	<u>\$ 12,500,241</u>	<u>\$ 23,384,307</u>	<u>\$ 4,987,625</u>	<u>\$ 7,780,063</u>	<u>\$ -</u>

(continued)

County of Oakland
Combining Statement of Net Assets (Continued)
Internal Service Funds
September 30, 2011

	Mailing, Copier, and Printing	Telephone Communications	Building and Liability Insurance	Fringe Benefits	Totals September 30, 2011
Liabilities					
Current liabilities					
Vouchers payable	\$ -	\$ 93,982	\$ 22,613	\$ 1,502,631	\$ 3,466,080
Due to other governmental units	-	-	-	493,637	493,637
Due to other funds	-	-	-	-	82
Deferred revenue	-	-	-	-	125
Current portion of compensated absences	-	-	-	1,244,748	1,244,748
Current portion of claims and judgments	-	-	1,061,390	2,908,333	3,969,723
Current portion of advances payable	-	-	-	-	189,811
Other accrued liabilities	-	163,138	72	3,780,759	5,409,105
Total current liabilities	<u>-</u>	<u>257,120</u>	<u>1,084,075</u>	<u>9,930,108</u>	<u>14,773,311</u>
Noncurrent liabilities					
Accrued compensated absences	-	-	-	11,202,733	11,202,733
Claims and judgments	-	-	3,251,691	11,308,391	14,560,082
Advances payable	-	-	-	-	612,334
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>3,251,691</u>	<u>22,511,124</u>	<u>26,375,149</u>
Total liabilities	<u>-</u>	<u>257,120</u>	<u>4,335,766</u>	<u>32,441,232</u>	<u>41,148,460</u>
Net Assets					
Invested in capital assets	-	586,572	-	-	16,331,243
Unrestricted	-	3,468,291	17,934,457	18,965,848	73,276,161
Total net assets	<u>\$ -</u>	<u>\$ 4,054,863</u>	<u>\$ 17,934,457</u>	<u>\$ 18,965,848</u>	<u>\$ 89,607,404</u>

County of Oakland
Combining Statement of Revenue, Expenses, and Changes in Fund Net Assets
Internal Service Funds
Year Ended September 30, 2011

	Facilities Maintenance and Operations	Information Technology	Drain Equipment	Motor Pool	Office Equipment
Operating revenue					
Charges for services	\$ 25,560,330	\$ 23,371,524	\$ 4,548,692	\$ 7,809,355	\$ 803,750
Other	42,208	5,235	1,867	13,569	-
Total operating revenue	<u>25,602,538</u>	<u>23,376,759</u>	<u>4,550,559</u>	<u>7,822,924</u>	<u>803,750</u>
Operating expenses					
Salaries	7,233,315	7,611,188	240,723	674,249	-
Fringe benefits	4,842,195	4,493,394	121,254	488,765	-
Contractual services	9,294,889	10,863,832	504,317	1,184,465	380,032
Commodities	1,142,933	1,372,223	213,504	3,335,767	-
Depreciation	76,050	4,449,687	599,376	1,703,479	386,998
Internal services	943,951	1,211,531	1,999,282	320,114	507
Total operating expenses	<u>23,533,333</u>	<u>30,001,855</u>	<u>3,678,456</u>	<u>7,706,839</u>	<u>767,537</u>
Operating income (loss)	<u>2,069,205</u>	<u>(6,625,096)</u>	<u>872,103</u>	<u>116,085</u>	<u>36,213</u>
Nonoperating revenue (expenses)					
Interest revenue	131,110	12,011	8,963	34,870	19,579
Interest expense	-	-	(16,855)	-	-
Bonds maturing	-	-	-	-	-
Gain on sale of property and equipment	-	6,777	183,506	135,152	1,172
Net nonoperating revenue (expenses)	<u>131,110</u>	<u>18,788</u>	<u>175,614</u>	<u>170,022</u>	<u>20,751</u>
Income (loss) before transfers and contributions	<u>2,200,315</u>	<u>(6,606,308)</u>	<u>1,047,717</u>	<u>286,107</u>	<u>56,964</u>
Capital contributions	-	688,155	-	-	-
Transfers in	978	6,968,784	-	163,992	250,000
Transfers out	(900,163)	(215,858)	-	(750,000)	(3,308,639)
Change in net assets	<u>1,301,130</u>	<u>834,773</u>	<u>1,047,717</u>	<u>(299,901)</u>	<u>(3,001,675)</u>
Net assets					
October 1, 2010	<u>11,199,111</u>	<u>22,549,534</u>	<u>3,939,908</u>	<u>8,079,964</u>	<u>3,001,675</u>
September 30, 2011	<u>\$ 12,500,241</u>	<u>\$ 23,384,307</u>	<u>\$ 4,987,625</u>	<u>\$ 7,780,063</u>	<u>\$ -</u>

(continued)

County of Oakland
Combining Statement of Revenue, Expenses, and Changes in Fund Net Assets (Continued)
Internal Service Funds
Year Ended September 30, 2011

	Mailing, Copier, and Printing	Telephone Communications	Building and Liability Insurance	Fringe Benefits	Totals September 30, 2011
Operating revenue					
Charges for services	\$ 1,054,646	\$ 2,717,904	\$ 2,199,515	\$ 137,269,476	\$ 205,335,192
Other	1,521	308	2,378,695	3,658	2,447,061
Total operating revenue	<u>1,056,167</u>	<u>2,718,212</u>	<u>4,578,210</u>	<u>137,273,134</u>	<u>207,782,253</u>
Operating expenses					
Salaries	33,351	265,981	471,394	1,173,703	17,703,904
Fringe benefits	18,640	191,497	262,287	682,018	11,100,050
Contractual services	693,955	1,969,222	1,977,710	80,777,250	107,645,672
Commodities	382,051	78,080	15,669	6,297	6,546,524
Depreciation	7,635	337,178	-	-	7,560,403
Internal services	20,112	520,048	91,881	309,712	5,417,138
Total operating expenses	<u>1,155,744</u>	<u>3,362,006</u>	<u>2,818,941</u>	<u>82,948,980</u>	<u>155,973,691</u>
Operating income (loss)	<u>(99,577)</u>	<u>(643,794)</u>	<u>1,759,269</u>	<u>54,324,154</u>	<u>51,808,562</u>
Nonoperating revenue (expenses)					
Interest revenue	1,472	40,429	245,050	547,775	1,041,259
Interest expense	-	-	-	(30,379,588)	(30,396,443)
Bonds maturing	-	-	-	(18,320,000)	(18,320,000)
Gain on sale of property and equipment	5,022	-	-	-	331,629
Net nonoperating revenue (expenses)	<u>6,494</u>	<u>40,429</u>	<u>245,050</u>	<u>(48,151,813)</u>	<u>(47,343,555)</u>
Income (loss) before transfers and contributions	<u>(93,083)</u>	<u>(603,365)</u>	<u>2,004,319</u>	<u>6,172,341</u>	<u>4,465,007</u>
Capital contributions	-	-	-	-	688,155
Transfers in	-	-	7,802	50,000	7,441,556
Transfers out	(113,494)	-	-	-	(5,288,154)
Change in net assets	<u>(206,577)</u>	<u>(603,365)</u>	<u>2,012,121</u>	<u>6,222,341</u>	<u>7,306,564</u>
Net assets					
October 1, 2010	<u>206,577</u>	<u>4,658,228</u>	<u>15,922,336</u>	<u>12,743,507</u>	<u>82,300,840</u>
September 30, 2011	<u>\$ -</u>	<u>\$ 4,054,863</u>	<u>\$ 17,934,457</u>	<u>\$ 18,965,848</u>	<u>\$ 89,607,404</u>

County of Oakland
Combining Statement of Cash Flows
Internal Service Funds
Year Ended September 30, 2011

	Facilities Maintenance and Operations	Information Technology	Drain Equipment	Motor Pool	Office Equipment
Cash flows from operating activities					
Cash received from users	\$ 25,728,321	\$ 23,370,612	\$ 4,527,910	\$ 7,825,581	\$ 803,750
Cash paid to suppliers	(16,554,872)	(18,431,506)	(2,734,417)	(5,338,558)	(202,438)
Cash paid to employees	(7,233,315)	(7,611,188)	(240,723)	(674,249)	-
Net cash provided by (used in) operating activities	<u>1,940,134</u>	<u>(2,672,082)</u>	<u>1,552,770</u>	<u>1,812,774</u>	<u>601,312</u>
Cash flows from noncapital financing activities					
Transfers from other funds	978	5,258,077	-	-	250,000
Transfers to other funds	(900,163)	(215,858)	-	(750,000)	(1,597,932)
Amounts received on contracts	-	-	-	-	-
Interest received on contracts	-	-	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>(899,185)</u>	<u>5,042,219</u>	<u>-</u>	<u>(750,000)</u>	<u>(1,347,932)</u>
Cash flows from capital and related financing activities					
Advances received	-	-	-	-	-
Transfers from other funds	-	-	-	163,992	-
Proceeds from sale of capital assets	-	6,777	351,229	517,840	1,172
Acquisition of capital assets	(61,331)	(165,903)	(95,220)	(1,795,994)	(760,693)
Amount paid on advances	-	-	(189,811)	-	-
Interest paid on advances	-	-	(16,855)	-	-
Net cash provided by (used in) capital and related financing activities	<u>(61,331)</u>	<u>(159,126)</u>	<u>49,343</u>	<u>(1,114,162)</u>	<u>(759,521)</u>
Cash flows from investing activities					
Interest on investments	132,299	2,790	11,148	34,253	32,206
Net cash provided by investing activities	<u>132,299</u>	<u>2,790</u>	<u>11,148</u>	<u>34,253</u>	<u>32,206</u>
Net increase (decrease) in cash and cash equivalents	1,111,917	2,213,801	1,613,261	(17,135)	(1,473,935)
Pooled cash and investments					
October 1, 2010	11,216,084	14,125,661	295,380	3,337,011	1,694,187
September 30, 2011	<u>\$ 12,328,001</u>	<u>\$ 16,339,462</u>	<u>\$ 1,908,641</u>	<u>\$ 3,319,876</u>	<u>\$ 220,252</u>

(continued)

County of Oakland
Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended September 30, 2011

	Mailing, Copier and Printing	Telephone Communications	Building and Liability Insurance	Fringe Benefits	Totals September 30, 2011
Cash flows from operating activities					
Cash received from users	\$ 1,110,428	\$ 2,716,948	\$ 4,578,210	\$ 137,273,684	207,935,444
Cash paid to suppliers	(1,124,070)	(2,709,925)	(4,749,084)	(83,001,227)	(134,846,097)
Cash paid to employees	(33,351)	(265,981)	(471,394)	(1,173,703)	(17,703,904)
Net cash provided by (used in) operating activities	(46,993)	(258,958)	(642,268)	53,098,754	55,385,443
Cash flows from noncapital financing activities					
Transfers from other funds	-	-	7,802	-	5,516,857
Transfers to other funds	(44,807)	-	-	-	(3,508,760)
Principal paid on debt	-	-	-	(18,320,000)	(18,320,000)
Interest paid on debt	-	-	-	(30,379,588)	(30,379,588)
Net cash provided by (used in) noncapital financing activities	(44,807)	-	7,802	(48,699,588)	(46,691,491)
Cash flows from capital and related financing activities					
Advances received	-	-	-	-	-
Transfers from other funds	-	-	-	50,000	213,992
Proceeds from sale of capital assets	6,046	-	-	-	883,064
Acquisition of capital assets	-	-	-	-	(2,879,141)
Amount paid on advances	-	-	-	-	(189,811)
Interest paid on advances	-	-	-	-	(16,855)
Net cash provided by (used in) capital and related financing activities	6,046	-	-	50,000	(1,988,751)
Cash flows from investing activities					
Interest on investments	1,472	39,085	241,965	481,464	976,682
Net cash provided by investing activities	1,472	39,085	241,965	481,464	976,682
Net increase (decrease) in cash and cash equivalents	(84,282)	(219,873)	(392,501)	4,930,630	7,681,883
Pooled cash and investments					
October 1, 2010	84,282	3,854,921	22,266,756	42,909,012	99,783,294
September 30, 2011	\$ -	\$ 3,635,048	\$ 21,874,255	\$ 47,839,642	\$ 107,465,177

(continued)

County of Oakland
Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended September 30, 2011

	Facilities Maintenance and Operations	Information Technology	Drain Equipment	Motor Pool	Office Equipment
Operating income (loss)	\$ 2,069,205	\$ (6,625,096)	\$ 872,103	\$ 116,085	\$ 36,213
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation expense	76,050	4,449,687	599,376	1,703,479	386,998
(Increase) decrease in due from other governmental units	8,274	2,143	(69,263)	2,657	-
(Increase) decrease in due from component units	(7,929)	(562)	9,764	-	-
(Increase) decrease in accounts receivable	125,438	(7,853)	36,730	-	-
(Increase) decrease in due from other funds	-	-	120	-	-
(Increase) decrease in inventories and supplies	15,893	8,541	-	(44,695)	-
(Increase) decrease in prepayments and other assets	-	(33,744)	-	24,679	-
Increase (decrease) in vouchers payable	(402,268)	832,901	3,511	92,418	191,994
Increase (decrease) in due to other governmental units	-	-	-	-	-
Increase (decrease) in due to other funds	(200)	(294,855)	-	-	-
Increase (decrease) in deferred revenue	-	125	-	-	-
Increase (decrease) in current portion of compensated absences	-	-	-	-	-
Increase (decrease) in current portion of claims and judgments	-	-	-	-	-
Increase (decrease) increase in other accrued liabilities	55,671	(1,003,369)	100,429	(81,849)	(13,893)
Increase (decrease) in accrued compensated absences	-	-	-	-	-
Increase (decrease) in claims and judgments	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 1,940,134</u>	<u>\$ (2,672,082)</u>	<u>\$ 1,552,770</u>	<u>\$ 1,812,774</u>	<u>\$ 601,312</u>

(continued)

County of Oakland
Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended September 30, 2011

	Mailing, Copier, and Printing	Telephone Communications	Building and Liability Insurance	Fringe Benefits	Totals September 30, 2011
Operating (loss) income	\$ (99,577)	\$ (643,794)	\$ 1,759,269	\$ 54,324,154	\$ 51,808,562
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation expense	7,635	337,178	-	-	7,560,403
(Increase) decrease in due from other governmental units	51,457	1,293	-	70	(3,369)
(Increase) decrease in due from component units	-	-	-	-	1,273
(Increase) decrease in accounts receivable	2,804	(1,418)	-	360	156,061
(Increase) decrease in due from other funds	-	(1,139)	-	120	(899)
(Increase) decrease in inventories and supplies	148,367	-	-	-	128,106
(Increase) decrease in prepayments and other assets	504	(7,601)	(3,578)	(686,690)	(706,430)
Increase (decrease) in vouchers payable	(39,471)	6,339	(28,547)	788,773	1,445,650
Increase (decrease) in due to other governmental units	-	-	-	(27,207)	(27,207)
Increase (decrease) in due to other funds	(1,981)	(31)	-	-	(297,067)
Increase (decrease) in deferred revenue	-	-	-	-	125
Increase (decrease) in current portion of compensated absences	-	-	-	(60,135)	(60,135)
Increase (decrease) in current portion of claims and judgments	-	-	(151,833)	894,333	742,500
Increase (decrease) in other accrued liabilities	(116,731)	50,215	(175)	(712,752)	(1,722,454)
Increase (decrease) in accrued compensated absences	-	-	-	(541,213)	(541,213)
Increase (decrease) in claims and judgments	-	-	(2,217,404)	(881,059)	(3,098,463)
Net cash provided by (used in) operating activities	<u>\$ (46,993)</u>	<u>\$ (258,958)</u>	<u>\$ (642,268)</u>	<u>\$ 53,098,754</u>	<u>\$ 55,385,443</u>

Noncash transactions

Non-cash capital and related financing activities included \$688,155 of capital assets contributed, and purchase of capital assets in the amount of \$156,257 included in the Other accrued liabilities account in the Information Technology fund; the transfer of \$1,710,707 of capital assets (net of \$4,278,346 accumulated depreciation) from the Office Equipment fund to the Information Technology fund, and the transfer of \$68,687 of capital assets (net of \$327,873 of accumulated depreciation) from the Mailing, Copier and Printing fund to the general government.

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 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 Fire Records Management Fund - was established to accumulate revenue 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 revenue 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 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.

**County of Oakland
Combining Statement of Net Assets
Non-Major Enterprise Funds
September 30, 2011**

	Delinquent Personal Tax Administration	Fire Records Management	CLEMIS	Radio Communications
Assets				
Current assets				
Pooled cash and investments	\$ 2,743,051	\$ 396,381	\$ 4,720,786	\$ 14,081,986
Due from other governmental units	-	52,889	930,962	12,736
Due from component units	-	-	-	-
Accrued interest receivable	60,082	1,734	24,765	127,782
Accounts receivable (net of allowances for uncollectibles where applicable)	-	2,780	124,853	1,112,452
Due from other funds	-	-	540	-
Inventories and supplies	-	-	-	126,069
Prepayments and other assets	-	20,623	419,223	279,557
Total current assets	<u>2,803,133</u>	<u>474,407</u>	<u>6,221,129</u>	<u>15,740,582</u>
Noncurrent assets				
Capital assets, at cost				
Land	-	-	-	-
Buildings and improvements	-	-	-	-
Equipment and vehicles	-	533,989	37,119,467	39,099,741
Infrastructure	-	-	-	8,585,770
Construction in progress	-	-	4,170,509	-
	<u>-</u>	<u>533,989</u>	<u>41,289,976</u>	<u>47,685,511</u>
Less: Accumulated depreciation	-	533,989	32,021,387	5,409,898
Capital assets, net	<u>-</u>	<u>-</u>	<u>9,268,589</u>	<u>42,275,613</u>
Total assets	<u>2,803,133</u>	<u>474,407</u>	<u>15,489,718</u>	<u>58,016,195</u>
Liabilities				
Current liabilities				
Vouchers payable	4,643	1,233	8,471	116,229
Due to other governmental units	-	-	282,004	135,998
Due to component units	-	-	-	-
Deferred revenue	-	-	143,714	-
Other accrued liabilities	2,705	-	76,894	575,726
Total liabilities	<u>7,348</u>	<u>1,233</u>	<u>511,083</u>	<u>827,953</u>
Net Assets				
Invested in capital assets	-	-	9,268,589	42,275,613
Restricted for programs	-	-	-	-
Unrestricted	2,795,785	473,174	5,710,046	14,912,629
Total net assets	<u>\$ 2,795,785</u>	<u>\$ 473,174</u>	<u>\$ 14,978,635</u>	<u>\$ 57,188,242</u>

(continued)

**County of Oakland
Combining Statement of Net Assets (Continued)
Non-Major Enterprise Funds
September 30, 2011**

	Clinton- Oakland S.D.S.	Huron- Rouge S.D.S.	Totals September 30, 2011
Assets			
Current assets			
Pooled cash and investments	\$ 24,125,762	\$ 4,871,075	\$ 50,939,041
Due from other governmental units	6,731,038	2,571,126	10,298,751
Due from component units	1,503,500	-	1,503,500
Accrued interest receivable	177,809	20,441	412,613
Accounts receivable (net of allowances for uncollectibles where applicable)	-	400	1,240,485
Due from other funds	-	-	540
Inventories and supplies	-	-	126,069
Prepayments and other assets	-	-	719,403
Total current assets	32,538,109	7,463,042	65,240,402
Noncurrent assets			
Capital assets, at cost			
Land	25,725	19,749	45,474
Buildings and improvements	734,721	348,504	1,083,225
Equipment and vehicles	7,047	-	76,760,244
Infrastructure	36,799,208	2,962,297	48,347,275
Construction in progress	-	-	4,170,509
	37,566,701	3,330,550	130,406,727
Less: Accumulated depreciation	24,074,679	2,514,806	64,554,759
Capital assets, net	13,492,022	815,744	65,851,968
Total assets	46,030,131	8,278,786	131,092,370
Liabilities			
Current liabilities			
Vouchers payable	38,777	159	169,512
Due to other governmental units	239,653	1,152,431	1,810,086
Due to component units	1,928,443	-	1,928,443
Deferred revenue	-	-	143,714
Other accrued liabilities	15,118	1	670,444
Total current liabilities	2,221,991	1,152,591	4,722,199
Net Assets			
Invested in capital assets	13,492,022	815,744	65,851,968
Restricted for programs	16,050,854	4,561,120	20,611,974
Unrestricted	14,265,264	1,749,331	39,906,229
Total net assets	\$ 43,808,140	\$ 7,126,195	\$ 126,370,171

County of Oakland
Combining Statement of Revenue, Expenses, and Changes in Fund Net Assets
Non-Major Enterprise Funds
Year Ended September 30, 2011

	Delinquent Personal Tax Administration	Fire Records Management	CLEMIS	Radio Communications
Operating revenue				
Charges for services	\$ 894,880	\$ 197,988	\$ 5,135,968	\$ 6,539,178
Other	-	-	-	131,193
Total operating revenue	<u>894,880</u>	<u>197,988</u>	<u>5,135,968</u>	<u>6,670,371</u>
Operating expenses				
Salaries	387,176	222,948	1,344,255	470,430
Fringe benefits	203,916	157,345	813,587	288,246
Contractual services	244,447	162,184	1,827,307	2,335,639
Commodities	3,072	4	10,929	821,634
Depreciation	-	-	2,021,611	4,378,199
Internal services	114,064	57,505	680,088	711,449
Total operating expenses	<u>952,675</u>	<u>599,986</u>	<u>6,697,777</u>	<u>9,005,597</u>
Operating income (loss)	<u>(57,795)</u>	<u>(401,998)</u>	<u>(1,561,809)</u>	<u>(2,335,226)</u>
Nonoperating revenue (expenses)				
Interest revenue	32,011	3,618	29,296	27,569
Gain (loss) on sale of property and equipment	-	-	220	262,291
Total nonoperating revenue (expenses)	<u>32,011</u>	<u>3,618</u>	<u>29,516</u>	<u>289,860</u>
Income (loss) before contributions and transfers	<u>(25,784)</u>	<u>(398,380)</u>	<u>(1,532,293)</u>	<u>(2,045,366)</u>
Capital contributions	-	-	2,877,672	3,832,991
Transfers in	-	426,450	2,044,186	-
Transfers out	(1,766,000)	-	-	(1,836,000)
Change in net assets	<u>(1,791,784)</u>	<u>28,070</u>	<u>3,389,565</u>	<u>(48,375)</u>
Net assets				
October 1, 2010	<u>4,587,569</u>	<u>445,104</u>	<u>11,589,070</u>	<u>57,236,617</u>
September 30, 2011	<u>\$ 2,795,785</u>	<u>\$ 473,174</u>	<u>\$ 14,978,635</u>	<u>\$ 57,188,242</u>

(continued)

County of Oakland
Combining Statement of Revenue, Expenses, and Changes in Fund Net Assets (Continued)
Non-Major Enterprise Funds
Year Ended September 30, 2011

	Clinton- Oakland S.D.S.	Huron- Rouge S.D.S.	Totals September 30, 2011
Operating revenue			
Charges for services	\$ 27,537,944	\$ 5,420,597	\$ 45,726,555
Other	13,225	-	144,418
Total operating revenue	<u>27,551,169</u>	<u>5,420,597</u>	<u>45,870,973</u>
Operating expenses			
Salaries	320,005	22,581	2,767,395
Fringe benefits	163,395	12,593	1,639,082
Contractual services	26,862,211	4,453,815	35,885,603
Commodities	96,993	1,409	934,041
Depreciation	750,678	66,217	7,216,705
Internal services	202,231	9,367	1,774,704
Total operating expenses	<u>28,395,513</u>	<u>4,565,982</u>	<u>50,217,530</u>
Operating income (loss)	<u>(844,344)</u>	<u>854,615</u>	<u>(4,346,557)</u>
Nonoperating revenue (expenses)			
Interest revenue	313,578	54,007	460,079
Gain (loss) on sale of property and equipment	-	-	262,511
Total nonoperating revenue (expenses)	<u>313,578</u>	<u>54,007</u>	<u>722,590</u>
Income (loss) before contributions and transfers	<u>(530,766)</u>	<u>908,622</u>	<u>(3,623,967)</u>
Capital contributions	-	-	6,710,663
Transfers in	-	-	2,470,636
Transfers out	-	-	(3,602,000)
Change in net assets	<u>(530,766)</u>	<u>908,622</u>	<u>1,955,332</u>
Net assets			
October 1, 2010	<u>44,338,906</u>	<u>6,217,573</u>	<u>124,414,839</u>
September 30, 2011	<u>\$ 43,808,140</u>	<u>\$ 7,126,195</u>	<u>\$ 126,370,171</u>

County of Oakland
Combining Statement of Cash Flows
Non-Major Enterprise Funds
Year Ended September 30, 2011

	Delinquent Personal Tax Administration	Fire Records Management	CLEMIS	Radio Communications
Cash flows from operating activities				
Cash received from users	\$ 894,880	\$ 196,217	\$ 5,163,597	\$ 6,561,382
Cash paid to suppliers	(679,897)	(377,038)	(3,347,286)	(5,613,897)
Cash paid to employees	(387,176)	(222,948)	(1,344,255)	(470,430)
Net cash provided by (used in) operating activities	<u>(172,193)</u>	<u>(403,769)</u>	<u>472,056</u>	<u>477,055</u>
Cash flows from noncapital financing activities				
Transfers from other funds	-	426,450	2,044,186	-
Transfers to other funds	(1,766,000)	-	-	(1,836,000)
Net cash provided by (used in) noncapital financing activities	<u>(1,766,000)</u>	<u>426,450</u>	<u>2,044,186</u>	<u>(1,836,000)</u>
Cash flows from capital and related financing activities				
Capital contributions	-	-	177,788	-
Proceeds from sale of capital assets	-	-	220	262,291
Acquisition of capital assets	-	-	-	(13,597,949)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>178,008</u>	<u>(13,335,658)</u>
Cash flows from investing activities				
Interest on investments	32,426	3,562	32,728	8,900
Net cash provided by investing activities	<u>32,426</u>	<u>3,562</u>	<u>32,728</u>	<u>8,900</u>
Net increase (decrease) in cash and cash equivalents	(1,905,767)	26,243	2,726,978	(14,685,703)
Pooled cash and investments				
October 1, 2010	4,648,818	370,138	1,993,808	28,767,689
September 30, 2011	<u>\$ 2,743,051</u>	<u>\$ 396,381</u>	<u>\$ 4,720,786</u>	<u>\$ 14,081,986</u>

(continued)

County of Oakland
Combining Statement of Cash Flows (Continued)
Non-Major Enterprise Funds
Year Ended September 30, 2011

	Clinton- Oakland S.D.S.	Huron- Rouge S.D.S.	Totals September 30, 2011
Cash flows from operating activities			
Cash received from users	\$ 25,482,770	\$ 4,645,179	\$ 42,944,025
Cash paid to suppliers	(28,578,975)	(4,520,616)	(43,117,709)
Cash paid to employees	(320,005)	(22,581)	(2,767,395)
Net cash provided by (used in) operating activities	<u>(3,416,210)</u>	<u>101,982</u>	<u>(2,941,079)</u>
Cash flows from noncapital financing activities			
Transfers from other funds	-	-	2,470,636
Transfers to other funds	-	-	(3,602,000)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>(1,131,364)</u>
Cash flows from capital and related financing activities			
Capital contributions	-	-	177,788
Proceeds from sale of capital assets	-	-	262,511
Acquisition of capital assets	-	-	(13,597,949)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(13,157,650)</u>
Cash flows from investing activities			
Interest on investments	<u>297,241</u>	<u>52,581</u>	<u>427,438</u>
Net cash provided by investing activities	<u>297,241</u>	<u>52,581</u>	<u>427,438</u>
Net increase (decrease) in cash and cash equivalents	(3,118,969)	154,563	(16,802,655)
Pooled cash and investments			
October 1, 2010	<u>27,244,731</u>	<u>4,716,512</u>	<u>67,741,696</u>
September 30, 2011	<u>\$ 24,125,762</u>	<u>\$ 4,871,075</u>	<u>\$ 50,939,041</u>

(continued)

County of Oakland
Combining Statement of Cash Flows (Continued)
Non-Major Enterprise Funds
Year Ended September 30, 2011

	Delinquent Personal Tax Administration	Fire Records Management	CLEMIS	Radio Communications
Operating income (loss)	\$ (57,795)	\$ (401,998)	\$ (1,561,809)	\$ (2,335,226)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	-	-	2,021,611	4,378,199
(Increase) decrease in due from other governmental units	-	(1,771)	16,046	11,462
(Increase) decrease in due from component units	-	-	-	-
(Increase) decrease in accounts receivable	-	-	7,584	(120,451)
(Increase) decrease in due from other funds	-	-	(539)	-
(Increase) decrease in inventories and supplies	-	-	-	500,259
(Increase) decrease in prepayments and other assets	-	(1,233)	(92,535)	(68)
Increase (decrease) in vouchers payable	(12,549)	1,233	(14,062)	(1,945,347)
Increase (decrease) in due to other governmental units	-	-	109,852	135,998
Increase (decrease) in due to component units	-	-	-	-
Increase (decrease) in due to other funds	-	-	(2,615)	-
Increase (decrease) in deferred revenue	-	-	4,538	-
Increase (decrease) in other accrued liabilities	(101,849)	-	(16,015)	(147,771)
Net cash provided by (used in) operating activities	<u>\$ (172,193)</u>	<u>\$ (403,769)</u>	<u>\$ 472,056</u>	<u>\$ 477,055</u>

(continued)

County of Oakland
Combining Statement of Cash Flows (Continued)
Non-Major Enterprise Funds
Year Ended September 30, 2011

	Clinton- Oakland S.D.S.	Huron- Rouge S.D.S.	Totals September 30, 2011
Operating income (loss)	\$ (844,344)	\$ 854,615	\$ (4,346,557)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation expense	750,678	66,217	7,216,705
(Increase) decrease in due from other governmental units	(564,899)	(775,018)	(1,314,180)
(Increase) decrease in due from component units	(1,503,500)	-	(1,503,500)
(Increase) decrease in accounts receivable	-	(400)	(113,267)
(Increase) decrease in due from other funds	-	-	(539)
(Increase) decrease in inventories and supplies	-	-	500,259
(Increase) decrease in prepayments and other assets	-	-	(93,836)
Increase (decrease) in vouchers payable	9,188	(121)	(1,961,658)
Increase (decrease) in due to other governmental units	(3,170,859)	(43,312)	(2,968,321)
Increase (decrease) in due to component units	1,928,443	-	1,928,443
Increase (decrease) in due to other funds	-	-	(2,615)
Increase (decrease) in deferred revenue	-	-	4,538
Increase (decrease) in other accrued liabilities	(20,917)	1	(286,551)
Net cash provided by (used in) operating activities	<u>\$ (3,416,210)</u>	<u>\$ 101,982</u>	<u>\$ (2,941,079)</u>

Noncash transactions

Noncash and capital related financing activities included contributions of capital assets in the amount of \$2,699,884 and \$3,832,991 in the CLEMIS and Radio Communications funds, respectively; and purchase of capital assets in the amount of \$332,075 included in Other accrued liabilities account in the Radio Communications fund.

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

Pension Trust Funds

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

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

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

The Interim Retiree Medical Benefits Trust 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.

County of Oakland
Combining Statement of Fiduciary Net Assets
Pension (and Other Postemployment Benefits) Trust Funds
September 30, 2011

	Oakland County Employees' Retirement	VEBA Trust	Interim Retiree Medical Benefits Trust	Totals September 30, 2011
Assets				
Pooled cash and investments	\$ 4,466,432	\$ 2,913,148	\$ 4,101,659	\$ 11,481,239
Investments, at fair value:				
Common stock	174,469,220	185,442,781	105,325,348	465,237,349
Preferred stock	40,406	24,202	13,469	78,077
Government securities	89,709,268	43,008,678	23,285,261	156,003,207
Corporate bonds	77,042,722	39,841,061	22,415,827	139,299,610
Municipal bonds	2,525,488	1,071,078	597,548	4,194,114
Commingled	101,611,698	103,259,952	51,138,886	256,010,536
Limited partnerships	94,596,113	88,651,917	43,971,436	227,219,466
Asset-backed fixed income	3,939,479	2,306,895	1,219,090	7,465,464
CMO/REMIC investments	3,031,828	2,048,645	979,525	6,059,998
Mortgage-backed securities	29,834,077	15,764,324	8,599,109	54,197,510
Commercial mortgage-backed securities	17,235,785	8,416,143	4,794,837	30,446,765
Money market funds	15,718,870	11,784,966	5,899,441	33,403,277
International common stock	25,292,530	20,210,434	13,565,624	59,068,588
Equity REIT	5,652,043	6,298,370	3,521,272	15,471,685
Other	10,291,999	13,344,698	1,013,251	24,649,948
Total investments	<u>650,991,526</u>	<u>541,474,144</u>	<u>286,339,924</u>	<u>1,478,805,594</u>
Receivables - interest and dividends	2,427,349	1,334,666	801,763	4,563,778
Receivables - other	14,778	8,098	-	22,876
Prepaid expenses	-	154,466	-	154,466
Total assets	<u>657,900,085</u>	<u>545,884,522</u>	<u>291,243,346</u>	<u>1,495,027,953</u>
Liabilities				
Vouchers payable	63,992	565,312	-	629,304
Other accrued liabilities	432,544	605,000	224,054	1,261,598
Total liabilities	<u>496,536</u>	<u>1,170,312</u>	<u>224,054</u>	<u>1,890,902</u>
Net assets				
Held in trust for employees' pension and other postemployment healthcare benefits	<u>\$ 657,403,549</u>	<u>\$ 544,714,210</u>	<u>\$ 291,019,292</u>	<u>\$ 1,493,137,051</u>

County of Oakland
Combining Statement of Changes in Fiduciary Net Assets
Pension (and Other Postemployment Benefits) Trust Funds
Year Ended September 30, 2011

	Oakland County Employees' Retirement	VEBA Trust	Interim Retirees Medical Benefits Trust	Totals September 30, 2011
Additions				
Contributions				
Employer	\$ -	\$ 47,592,273	\$ -	\$ 47,592,273
Plan members	764,764	98,423	-	863,187
Total contributions	764,764	47,690,696	-	48,455,460
Investment income	14,445,193	3,032,102	2,037,234	19,514,529
Other revenue	478,275	1,682,639	19,462	2,180,376
Total additions	15,688,232	52,405,437	2,056,696	70,150,365
Deductions				
Benefits	42,549,529	25,801,748	-	68,351,277
Contribution - Retirees healthcare	-	-	47,592,273	47,592,273
Administrative expenses	2,632,889	-	1,090,842	3,723,731
Total deductions	45,182,418	25,801,748	48,683,115	119,667,281
Net increase (decrease)	(29,494,186)	26,603,689	(46,626,419)	(49,516,916)
Net assets held in trust for employees' pension and other postemployment healthcare benefits				
October 1, 2010	686,897,735	518,110,521	337,645,711	1,542,653,967
September 30, 2011	\$ 657,403,549	\$ 544,714,210	\$ 291,019,292	\$ 1,493,137,051

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, 2011

	Local Government Investment Pool
Assets	
Pooled cash and investments	\$ 233,734,959
Receivables - interest and dividends	<u>220,793</u>
Total assets	<u>233,955,752</u>
Net assets	
Held in trust for investment pool participants	<u>\$ 233,955,752</u>

County of Oakland
Statement of Changes in Fiduciary Net Assets
Investment Trust Funds
Year Ended September 30, 2011

	Local Government Investment Pool
Additions	
Contributions from pool participants	\$ 770,996,947
Investment income	<u>2,526,625</u>
Total additions	<u>773,523,572</u>
Deductions	
Distribution to pool participants	<u>719,508,740</u>
Net increase	54,014,832
Net assets held in trust for pool participants	
October 1, 2010	<u>179,940,920</u>
September 30, 2011	<u>\$ 233,955,752</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 Account - 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, 2011

	District Court Investments	Undistributed Taxes	Register of Deeds Trust	Sheriff NET Forfeiture	Circuit Court Trust	Escheats Trust	Legatee Trust
Assets							
Pooled cash and investments	\$ 170,000	\$ 225,574,777	\$ 171,100	\$ 1,090,098	\$ 3,829,794	\$ 58,893	\$ 433,017
Cash and cash equivalents	-	-	-	-	-	-	-
Accrued interest receivable	1,131	-	-	26,183	128,927	-	1,892
Total assets	<u>171,131</u>	<u>225,574,777</u>	<u>171,100</u>	<u>1,116,281</u>	<u>3,958,721</u>	<u>58,893</u>	<u>434,909</u>
Liabilities							
Due to other governmental units	-	225,574,777	-	-	-	58,893	-
Other accrued liabilities	171,131	-	171,100	1,116,281	3,958,721	-	434,909
Total liabilities	<u>171,131</u>	<u>225,574,777</u>	<u>171,100</u>	<u>1,116,281</u>	<u>3,958,721</u>	<u>58,893</u>	<u>434,909</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, 2011

	Special Trust	Contractor's Retainage	Public Library Trust	District Court Trust Accounts	Jail Inmate Trust Account	Totals September 30, 2011
Assets						
Pooled cash and investments	\$ 945,044	\$ 1,839,197	\$ 459,525	\$ -	\$ -	\$ 234,571,445
Cash and cash equivalents	-	-	-	595,632	273,335	868,967
Accrued interest receivable	10,496	23,516	5,281	-	-	197,426
Total assets	<u>955,540</u>	<u>1,862,713</u>	<u>464,806</u>	<u>595,632</u>	<u>273,335</u>	<u>235,637,838</u>
Liabilities						
Due to other governmental units	-	-	-	-	-	225,633,670
Other accrued liabilities	955,540	1,862,713	464,806	595,632	273,335	10,004,168
Total liabilities	<u>955,540</u>	<u>1,862,713</u>	<u>464,806</u>	<u>595,632</u>	<u>273,335</u>	<u>235,637,838</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, 2011

	Balance October 1, 2010	Additions	Deductions	Balance September 30, 2011
District Court Investments				
Assets				
Pooled cash and investments	\$ 170,000	\$ 1,955	\$ 1,955	\$ 170,000
Accrued interest receivable	-	2,257	1,126	1,131
Total	<u>\$ 170,000</u>	<u>\$ 4,212</u>	<u>\$ 3,081</u>	<u>\$ 171,131</u>
Liabilities				
Other accrued liabilities	<u>\$ 170,000</u>	<u>\$ 4,383</u>	<u>\$ 3,252</u>	<u>\$ 171,131</u>
Undistributed Taxes				
Assets				
Pooled cash and investments	<u>\$ 222,458,785</u>	<u>\$ 788,843,296</u>	<u>\$ 785,727,304</u>	<u>\$ 225,574,777</u>
Liabilities				
Vouchers payable	\$ -	\$ 547,524,235	\$ 547,524,235	\$ -
Due to other governmental units	222,458,785	790,482,113	787,366,121	225,574,777
Due to other funds	-	54,825,020	54,825,020	-
Total	<u>\$ 222,458,785</u>	<u>\$ 1,392,831,368</u>	<u>\$ 1,389,715,376</u>	<u>\$ 225,574,777</u>
Register of Deeds Trust				
Assets				
Pooled cash and investments	<u>\$ 30,161</u>	<u>\$ 1,649,569</u>	<u>\$ 1,508,630</u>	<u>\$ 171,100</u>
Liabilities				
Vouchers payable	\$ -	\$ 1,508,630	\$ 1,508,630	\$ -
Other accrued liabilities	30,161	1,649,569	1,508,630	171,100
Total	<u>\$ 30,161</u>	<u>\$ 3,158,199</u>	<u>\$ 3,017,260</u>	<u>\$ 171,100</u>
Sheriff NET Forfeiture				
Assets				
Pooled cash and investments	\$ 1,557,861	\$ 1,143,419	\$ 1,611,182	\$ 1,090,098
Accrued interest receivable	26,631	3,261	3,709	26,183
Total	<u>\$ 1,584,492</u>	<u>\$ 1,146,680</u>	<u>\$ 1,614,891</u>	<u>\$ 1,116,281</u>
Liabilities				
Vouchers payable	\$ -	\$ 1,020,333	\$ 1,020,333	\$ -
Other accrued liabilities	1,584,492	1,172,373	1,640,584	1,116,281
Total	<u>\$ 1,584,492</u>	<u>\$ 2,192,706</u>	<u>\$ 2,660,917</u>	<u>\$ 1,116,281</u>

(continued)

County of Oakland
Combining Statement of Changes in Assets and Liabilities (Continued)
Agency Funds
Year Ended September 30, 2011

	Balance October 1, 2010	Additions	Deductions	Balance September 30, 2011
Circuit Court Trust				
Assets				
Pooled cash and investments	\$ 9,171,092	\$ 14,925,971	\$ 20,267,269	\$ 3,829,794
Accrued interest receivable	120,349	30,293	21,715	128,927
Total	<u>\$ 9,291,441</u>	<u>\$ 14,956,264</u>	<u>\$ 20,288,984</u>	<u>\$ 3,958,721</u>
Liabilities				
Vouchers payable	\$ 111,771	\$ 20,368,183	\$ 20,479,954	\$ -
Other accrued liabilities	9,179,670	15,499,205	20,720,154	3,958,721
Total	<u>\$ 9,291,441</u>	<u>\$ 35,867,388</u>	<u>\$ 41,200,108</u>	<u>\$ 3,958,721</u>
Escheats Trust				
Assets				
Pooled cash and investments	\$ 177,113	\$ 64,995	\$ 183,215	\$ 58,893
Liabilities				
Vouchers payable	\$ 121	\$ 182,742	\$ 182,863	\$ -
Due to other governmental units	176,992	64,980	183,079	58,893
Total	<u>\$ 177,113</u>	<u>\$ 247,722</u>	<u>\$ 365,942</u>	<u>\$ 58,893</u>
Legatee Trust				
Assets				
Pooled cash and investments	\$ 353,382	\$ 99,785	\$ 20,150	\$ 433,017
Accrued interest receivable	2,037	2,076	2,221	1,892
Total	<u>\$ 355,419</u>	<u>\$ 101,861</u>	<u>\$ 22,371</u>	<u>\$ 434,909</u>
Liabilities				
Vouchers payable	\$ 4,974	\$ 10,290	\$ 15,264	\$ -
Other accrued liabilities	350,445	101,861	17,397	434,909
Total	<u>\$ 355,419</u>	<u>\$ 112,151</u>	<u>\$ 32,661</u>	<u>\$ 434,909</u>
Special Trust				
Assets				
Pooled cash and investments	\$ 1,034,286	\$ 592,091	\$ 681,333	\$ 945,044
Accrued interest receivable	10,668	4,902	5,074	10,496
Total	<u>\$ 1,044,954</u>	<u>\$ 596,993</u>	<u>\$ 686,407</u>	<u>\$ 955,540</u>
Liabilities				
Vouchers payable	\$ 5,000	\$ 400,477	\$ 405,477	\$ -
Other accrued liabilities	1,039,954	596,993	681,407	955,540
Total	<u>\$ 1,044,954</u>	<u>\$ 997,470</u>	<u>\$ 1,086,884</u>	<u>\$ 955,540</u>

(continued)

County of Oakland
Combining Statement of Changes in Assets and Liabilities (Continued)
Agency Funds
Year Ended September 30, 2011

	Balance October 1, 2010	Additions	Deductions	Balance September 30, 2011
Contractor's Retainage				
Assets				
Pooled cash and investments	\$ 1,170,662	\$ 988,834	\$ 320,299	\$ 1,839,197
Accrued interest receivable	24,833	8,930	10,247	23,516
Total	<u>\$ 1,195,495</u>	<u>\$ 997,764</u>	<u>\$ 330,546</u>	<u>\$ 1,862,713</u>
Liabilities				
Vouchers payable	\$ 17,500	\$ 302,201	\$ 319,701	\$ -
Other accrued liabilities	1,177,995	997,774	313,056	1,862,713
Total	<u>\$ 1,195,495</u>	<u>\$ 1,299,975</u>	<u>\$ 632,757</u>	<u>\$ 1,862,713</u>
Public Library Trust				
Assets				
Pooled cash and investments	\$ 423,875	\$ 1,562,296	\$ 1,526,646	\$ 459,525
Accrued interest receivable	7,445	4,662	6,826	5,281
Total	<u>\$ 431,320</u>	<u>\$ 1,566,958</u>	<u>\$ 1,533,472</u>	<u>\$ 464,806</u>
Liabilities				
Vouchers payable	\$ -	\$ 1,465,893	\$ 1,465,893	\$ -
Other accrued liabilities	431,320	1,567,092	1,533,606	464,806
Total	<u>\$ 431,320</u>	<u>\$ 3,032,985</u>	<u>\$ 2,999,499</u>	<u>\$ 464,806</u>
District Court Trust Accounts				
Assets				
Cash and cash equivalents	\$ 372,672	\$ 2,815,532	\$ 2,592,572	\$ 595,632
Liabilities				
Other accrued liabilities	\$ 372,672	\$ 2,815,532	\$ 2,592,572	\$ 595,632
Jail Inmate Trust Account				
Assets				
Cash and cash equivalents	\$ 219,148	\$ 4,071,134	\$ 4,016,947	\$ 273,335
Liabilities				
Other accrued liabilities	\$ 219,148	\$ 4,071,134	\$ 4,016,947	\$ 273,335

(continued)

County of Oakland
Combining Statement of Changes in Assets and Liabilities (Continued)
Agency Funds
Year Ended September 30, 2011

	Balance October 1, 2010	Additions	Deductions	Balance September 30, 2011
Total All Agency Funds				
Assets				
Pooled cash and investments	\$ 236,547,217	\$ 809,872,211	\$ 811,847,983	\$ 234,571,445
Cash and cash equivalents	591,820	6,886,666	6,609,519	868,967
Accrued interest receivable	191,963	56,381	50,918	197,426
Total	<u>\$ 237,331,000</u>	<u>\$ 816,815,258</u>	<u>\$ 818,508,420</u>	<u>\$ 235,637,838</u>
Liabilities				
Vouchers payable	\$ 139,366	\$ 572,782,984	\$ 572,922,350	\$ -
Due to other governmental units	222,635,777	790,547,093	787,549,200	225,633,670
Due to other funds	-	54,825,020	54,825,020	-
Other accrued liabilities	14,555,857	28,475,916	33,027,605	14,555,857
Total	<u>\$ 237,331,000</u>	<u>\$ 1,446,631,013</u>	<u>\$ 1,448,324,175</u>	<u>\$ 235,637,838</u>

County of Oakland

Governmental Funds – Component Unit – Drainage Districts

Drainage Districts

This component unit consists of many individual districts (currently 179) 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 42 debt issues) of the individual drainage districts.

**County of Oakland
Combining Balance Sheet
Governmental Funds – Component Unit – Drainage Districts
September 30, 2011**

	Drainage Districts			Total
	Special Revenue	Debt Service	Capital Projects	
Assets				
Current assets				
Pooled cash and investments	\$ 11,329,796	\$ 1,077,265	\$ 4,930,311	\$ 17,337,372
Receivables (net of allowance for uncollectibles where applicable)				
Accounts receivable	-	-	8,265	8,265
Due from other governmental units	6,389,138	-	51,500	6,440,638
Accrued interest receivable	77,498	31,442	896	109,836
Due from primary government	1,928,459	-	-	1,928,459
Total current assets	<u>19,724,891</u>	<u>1,108,707</u>	<u>4,990,972</u>	<u>25,824,570</u>
Noncurrent assets				
Special assessments receivable	-	159,857,822	-	159,857,822
Total assets	<u>\$ 19,724,891</u>	<u>\$ 160,966,529</u>	<u>\$ 4,990,972</u>	<u>\$ 185,682,392</u>
Liabilities				
Current liabilities				
Vouchers payable	\$ 55,337	\$ -	\$ 10,768	\$ 66,105
Due to other governmental units	13,413,071	241,679	1,599,873	15,254,623
Due to primary government	542,658	-	1,819,071	2,361,729
Accrued interest payable	-	-	18,709	18,709
Other accrued liabilities	242,463	371,558	1,106,271	1,720,292
Total current liabilities	<u>14,253,529</u>	<u>613,237</u>	<u>4,554,692</u>	<u>19,421,458</u>
Noncurrent liabilities				
Deferred revenue	-	159,857,822	-	159,857,822
Total liabilities	<u>14,253,529</u>	<u>160,471,059</u>	<u>4,554,692</u>	<u>179,279,280</u>
Fund balances				
Restricted	5,471,362	495,470	-	5,966,832
Committed	-	-	436,280	436,280
Total fund balances	<u>5,471,362</u>	<u>495,470</u>	<u>436,280</u>	<u>6,403,112</u>
Total liabilities and fund balances	<u>\$ 19,724,891</u>	<u>\$ 160,966,529</u>	<u>\$ 4,990,972</u>	<u>\$ 185,682,392</u>

County of Oakland
Reconciliation of the Balance Sheet – Governmental Funds to the
Statement of Net Assets
Component Unit – Drainage Districts
September 30, 2011

Total fund balances of governmental funds	\$ 6,403,112
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	\$ 44,567,972
Infrastructure	480,547,532
Accumulated depreciation	<u>(79,609,082)</u>
	445,506,422
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.	157,203,908
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>(157,203,908)</u>
Net assets of governmental activities	<u>\$ 451,909,534</u>

County of Oakland
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds – Component Unit – Drainage Districts
Year Ended September 30, 2011

	Drainage Districts			Total
	Special Revenue	Debt Service	Capital Projects	
Revenue				
Special assessments	\$ 2,908,991	\$ 17,879,989	\$ 225,786	\$ 21,014,766
Federal grants	81,833	-	-	81,833
Charges for services	55,880,084	9,212	2,743	55,892,039
Investment income	95,455	78,943	60,709	235,107
Other	291,953	-	485	292,438
Total revenue	<u>59,258,316</u>	<u>17,968,144</u>	<u>289,723</u>	<u>77,516,183</u>
Expenditures				
Salaries	636,578	-	520,235	1,156,813
Fringe benefits	345,345	-	262,895	608,240
Contractual services	57,447,048	10,916	27,311,234	84,769,198
Commodities	132,262	-	1,263	133,525
Principal payments	-	13,655,000	-	13,655,000
Interest	-	4,770,284	-	4,770,284
Paying agent fees	-	12,425	-	12,425
Intergovernmental	681,745	248,401	54,945	985,091
Internal services	184,531	-	82,250	266,781
Total expenditures	<u>59,427,509</u>	<u>18,697,026</u>	<u>28,232,822</u>	<u>106,357,357</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(169,193)</u>	<u>(728,882)</u>	<u>(27,943,099)</u>	<u>(28,841,174)</u>
Other financing sources (uses)				
Transfers in	724,745	546,697	-	1,271,442
Transfers out	-	-	(1,271,442)	(1,271,442)
Issuance of bonds	-	-	25,245,953	25,245,953
Federal grant interest recovery	-	201,463	-	201,463
Discounts on bonds sold	-	-	(32,777)	(32,777)
Total other financing sources (uses)	<u>724,745</u>	<u>748,160</u>	<u>23,941,734</u>	<u>25,414,639</u>
Net change in fund balances	<u>555,552</u>	<u>19,278</u>	<u>(4,001,365)</u>	<u>(3,426,535)</u>
Fund balances				
October 1, 2010	<u>4,915,810</u>	<u>476,191</u>	<u>4,437,646</u>	<u>9,829,647</u>
September 30, 2011	<u>\$ 5,471,362</u>	<u>\$ 495,469</u>	<u>\$ 436,281</u>	<u>\$ 6,403,112</u>

County of Oakland
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund
Balances – Governmental Funds to the Statement of Activities
Component Unit – Drainage Districts
Year Ended September 30, 2011

Net change in fund balance - total governmental funds		\$ (3,426,535)
Governmental funds report capital outlay as an 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	\$ 26,312,732	
Infrastructure	2,521,657	
Depreciation expense	<u>(4,964,655)</u>	
		23,869,734
Revenue from special assessments reported in the Statement of Activities in previous years did not provide current financial resources in the governmental funds.		(13,655,000)
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.		25,245,953
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	(25,245,953)	
Repayment of debt	<u>13,655,000</u>	
		<u>(11,590,953)</u>
Change in net assets of governmental activities		<u>\$ 20,443,199</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 Ten Fiscal Years
- Changes in Net Assets - Last Ten 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:

- Ratio 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 Ten Fiscal Years

	Fiscal Year									
	2011 (1)	2010	2009	2008	2007	2006	2005	2004	2003	2002
Governmental activities:										
Invested in capital assets, net of related debt	\$ 150,330,717	\$ 151,764,265	\$ 150,871,035	\$ 156,516,704	\$ 154,181,303	\$ 144,694,653	\$ 116,382,905	\$ 125,697,336	\$ 58,629,622	\$ 21,551,366
Restricted	98,366,070	6,480,807	7,414,537	9,714,922	14,207,504	21,240,061	38,035,337	22,377,377	28,514,882	55,835,122
Unrestricted	<u>149,221,428</u>	<u>230,165,706</u>	<u>226,807,427</u>	<u>275,919,598</u>	<u>398,345,388</u>	<u>298,193,929</u>	<u>218,101,959</u>	<u>162,629,495</u>	<u>194,485,944</u>	<u>181,035,407</u>
Total governmental activities net assets	<u>\$ 397,918,215</u>	<u>\$ 388,410,778</u>	<u>\$ 385,092,999</u>	<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	\$ 247,997,936	\$ 246,550,290	\$ 231,574,926	\$ 224,691,371	\$ 230,313,458	\$ 225,880,411	\$ 215,651,425	\$ 190,338,502	\$ 198,922,094	\$ 179,629,620
Restricted	77,825,011	15,802,201	13,250,044	11,217,873	10,426,567	10,730,495	7,294,993	23,448,148	20,368,141	27,017,375
Unrestricted	<u>324,574,011</u>	<u>380,611,469</u>	<u>380,765,211</u>	<u>379,297,755</u>	<u>360,917,225</u>	<u>341,381,773</u>	<u>332,975,197</u>	<u>319,544,722</u>	<u>308,056,427</u>	<u>280,329,861</u>
Total business-type activities net assets	<u>\$ 650,396,958</u>	<u>\$ 642,963,960</u>	<u>\$ 625,590,181</u>	<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	\$ 398,328,653	\$ 398,314,555	\$ 382,445,961	\$ 381,208,075	\$ 384,494,761	\$ 370,575,064	\$ 332,034,330	\$ 316,035,838	\$ 257,551,716	\$ 201,180,986
Restricted	176,161,081	22,283,008	20,664,581	20,932,795	24,634,071	31,970,556	45,330,330	45,825,525	48,883,023	82,852,497
Unrestricted	<u>473,795,439</u>	<u>610,777,175</u>	<u>607,572,638</u>	<u>655,217,353</u>	<u>759,262,613</u>	<u>639,575,702</u>	<u>551,077,156</u>	<u>482,174,217</u>	<u>502,542,371</u>	<u>461,365,268</u>
Total primary government net assets	<u>\$ 1,048,285,173</u>	<u>\$ 1,031,374,738</u>	<u>\$ 1,010,683,180</u>	<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>

(1) Implementation of GASB Statement 54 resulted in reclassification of several funds. The Delinquent Personal Property Tax Administration fund was reclassified from Special Revenue (Governmental) fund type to Enterprise (Business) fund type, and the Interim Retirees Medical Benefits Trust fund was reclassified from Special Revenue (Governmental) to Pension Trust fund type, no longer reported on entity-wide statements.

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

	Fiscal Year									
	2011 (1)	2010	2009	2008	2007	2006	2005	2004	2003	2002
Expenses										
Governmental activities:										
General government, administrative	\$ 36,769,153	\$ 64,661,974	\$ 65,190,329	\$ 55,917,104	\$ 55,832,272	\$ 39,448,194	\$ 34,915,722	\$ 35,578,079	\$ 32,821,805	\$ 36,480,813
Public safety	169,055,162	173,410,126	187,538,293	193,657,522	195,973,792	180,827,863	173,911,642	165,067,831	151,546,402	144,451,972
Justice administration	82,995,986	85,663,267	88,190,975	94,185,884	93,118,766	90,373,934	85,956,260	83,235,490	81,373,123	79,933,470
Citizen services	78,697,492	84,616,509	87,111,105	89,557,378	89,823,473	88,508,774	83,919,462	77,571,680	76,612,458	87,645,381
Public works	23,972,731	21,638,989	21,098,772	33,657,302	24,816,124	40,467,118	35,622,915	18,486,726	18,876,007	17,552,954
Recreation and leisure	1,393,680	1,717,720	2,537,737	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	61,663,939	67,785,938	59,391,426	49,522,895	47,168,210	36,748,872	42,979,748	46,808,623	54,193,367	44,639,565
Unallocated depreciation	1,976,521	1,990,978	1,959,201	1,900,360	1,515,755	1,129,853	1,123,059	1,123,059	2,835,206	1,020,845
Interest on debt	13,447,625	35,876,728	40,013,064	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	469,972,289	537,362,229	553,030,902	569,150,876	519,104,136	486,908,648	466,659,074	435,885,904	427,793,399	421,292,069
Business-type activities:										
Airports	5,957,174	5,819,585	6,224,009	6,607,247	5,743,493	5,676,193	5,632,833	5,005,242	4,823,282	4,487,009
Community safety support	16,303,359	14,469,036	11,812,058	14,885,712	12,268,777	12,539,437	10,971,037	10,865,506	9,340,875	9,253,381
Community tax financing	1,746,776	1,446,745	2,233,942	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	48,504,467	41,891,865	43,447,751	43,094,681	46,460,504	40,118,287	37,700,658	34,802,235	34,877,178	33,482,071
Jail commissary	-	-	648,125	1,439,198	1,390,752	1,334,057	1,252,825	1,283,311	1,186,284	1,204,952
Recreation and leisure	20,061,315	21,635,614	20,446,250	20,841,960	21,818,894	20,665,548	20,773,917	19,165,552	17,008,848	16,663,091
Sewage disposal systems	111,655,907	93,373,475	102,123,883	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	204,228,998	178,636,320	186,936,018	185,387,759	187,892,684	180,748,997	168,756,181	161,730,163	151,217,460	152,359,139
Total primary government expenses	\$ 674,201,287	\$ 715,998,549	\$ 739,966,920	\$ 754,538,635	\$ 706,996,820	\$ 667,657,645	\$ 635,415,255	\$ 597,616,067	\$ 579,010,859	\$ 573,651,208
Program Revenue										
Governmental activities:										
Charges for services:										
General government, administrative	\$ 27,107,546	\$ 26,766,446	\$ 17,820,281	\$ (52,389,036)	\$ 42,194,952	\$ 14,285,484	\$ 13,225,549	\$ 12,467,420	\$ 11,548,896	\$ 14,682,954
Public safety	50,912,265	64,847,767	49,231,699	49,174,229	47,917,916	49,434,892	45,251,275	42,939,243	41,903,525	41,238,007
Justice administration	31,017,405	38,414,451	30,403,131	31,465,349	30,874,119	30,576,767	29,630,731	29,768,509	26,858,948	27,350,803
Citizen services	6,682,817	12,948,266	8,906,620	6,345,201	8,429,521	9,113,293	8,357,404	8,784,563	7,598,168	5,541,962
Public works	3,988,963	13,972,441	4,075,870	8,973,627	19,046,950	20,878,079	6,392,216	6,566,260	28,951,559	23,099,115
Recreation and leisure	91,273	178,753	703,665	118,119	92,490	98,935	99,049	117,393	88,279	117,826
Commerce and community development	12,231,135	15,254,871	13,744,979	15,163,579	17,685,622	20,009,846	22,975,217	28,894,323	25,548,227	19,525,047
Operating grants and contributions:										
General government, administrative	1,019,348	1,785,795	911,378	854,210	721,109	1,121,105	1,658,934	1,521,884	72,460	244,630
Public safety	21,723,458	22,185,332	23,627,427	26,927,251	26,315,543	20,550,578	20,278,356	16,506,327	15,519,406	15,202,364
Justice administration	675,133	629,776	344,724	674,877	694,496	1,634,191	780,681	862,643	338,254	2,140,019
Citizen services	21,940,379	22,734,748	20,900,530	19,547,323	18,828,828	19,070,669	18,136,755	15,926,459	17,103,251	20,732,185
Public works	836,666	1,483,907	68,125	313,462	207,259	86,254	5,854	158,119	436,520	44,378
Recreation and leisure	7,700	11,500	3,700	1,300	20,400	31,700	-	8,750	84,519	114,509
Commerce and community development	41,374,879	46,056,662	36,598,640	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	1,869,849	259,795	3,061,210	2,179,783	794,290	3,529,427	1,590,024	1,245,668	959,459	1,514,359
Public works	1,992,056	493,320	1,905,878	3,294,672	678,109	7,404,889	6,904,972	298,282	369,031	133,128
Total governmental activities program revenue	223,470,872	268,023,830	212,307,857	137,945,040	236,857,515	218,410,240	195,005,681	185,963,968	197,435,434	189,899,478

(Continued)

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

	Fiscal Year									
	2011 (1)	2010	2009	2008	2007	2006	2005	2004	2003	2002
Program Revenue (Continued)										
Business-type activities:										
Charges for services:										
Airports	\$ 4,510,925	\$ 3,747,657	\$ 4,088,960	\$ 4,896,123	\$ 5,395,837	\$ 5,300,440	\$ 4,608,834	\$ 4,280,322	\$ 4,079,620	\$ 3,942,609
Community safety support	12,266,838	11,486,639	11,562,650	9,305,150	9,434,447	11,202,550	10,821,190	10,931,124	10,552,618	10,093,556
Community tax financing	27,731,753	26,195,224	56,665,158	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	50,721,103	48,741,135	45,494,838	45,216,075	42,025,496	41,514,810	38,620,408	35,673,610	35,297,873	32,369,622
Jail commissary	-	-	648,781	1,403,706	1,465,779	1,377,018	1,323,321	1,207,479	1,148,072	1,212,489
Recreation and leisure	8,029,370	7,931,012	7,712,091	8,728,377	8,858,117	8,953,868	9,204,041	8,629,438	8,055,511	8,269,873
Sewage disposal systems	110,808,669	107,752,414	65,648,219	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	-	59,892	-	-	-	-	40	8,636	6,078	-
Community safety support	-	-	-	-	-	-	-	-	-	1,514,359
Recreation and leisure	31,579	42,723	52,752	282,469	7,819	24,411	13,627	11,448	9,043	-
Sewage disposal systems	300,000	22,389	16,208	-	-	-	-	-	-	-
Skilled nursing care	-	-	-	-	5,795	18,055	31,061	29,368	15,090	-
Capital grants and contributions:										
Airports	3,510,611	1,988,314	1,217,057	95,525	4,022,511	3,390,266	817,888	3,198,595	265,152	146,991
Community safety support	6,710,663	1,076,608	4,089,196	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	1,506,000	-	-	240,734	2,158,361	7,955	88,900	183,040	411,290	-
Sewage disposal systems	136,314	78,531	-	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 revenue	<u>226,263,825</u>	<u>209,122,538</u>	<u>197,195,910</u>	<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 revenue	<u>\$ 449,734,697</u>	<u>\$ 477,146,368</u>	<u>\$ 409,503,767</u>	<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	\$ (246,501,417)	\$ (269,338,399)	\$ (340,723,045)	\$ (431,205,836)	\$ (282,246,621)	\$ (268,498,408)	\$ (271,653,393)	\$ (249,921,936)	\$ (230,357,965)	\$ (231,392,591)
Business-type activities	22,034,827	30,486,218	10,259,892	(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>\$ (224,466,590)</u>	<u>\$ (238,852,181)</u>	<u>\$ (330,463,153)</u>	<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 Revenue and Other Changes in Net Assets										
Governmental activities:										
Property taxes	\$ 208,006,331	\$ 217,789,968	\$ 243,995,434	\$ 260,528,403	\$ 346,416,928	\$ 324,933,152	\$ 304,477,931	\$ 214,309,074	\$ 204,057,370	\$ 192,253,197
State-shared revenue (unrestricted)	8,976,908	9,104,897	9,902,653	10,687,879	10,289,585	9,959,900	10,197,734	30,239,698	32,911,846	35,117,729
Unrestricted investment earnings	4,865,609	7,243,074	832,681	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	331,629	-	91,828	123,665	568,634	-	95,379	592,234	379,413	592,896
Other revenues	3,514,883	4,045,007	5,859,798	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)	34,901,063	34,473,232	22,982,426	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>260,596,423</u>	<u>272,656,178</u>	<u>283,664,820</u>	<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 Ten Fiscal Years

	Fiscal Year									
	2011 (1)	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Revenue and Other Changes in Net Assets (Continued)										
Business-type activities:										
Property taxes	\$ 12,696,436	\$ 14,506,403	\$ 15,128,620	\$ 15,124,023	\$ 14,636,020	\$ 14,071,266	\$ 12,811,366	\$ 12,647,696	\$ 12,196,371	\$ 10,950,682
Unrestricted investment earnings	3,015,229	6,854,390	7,977,096	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)	(34,901,063)	(34,473,232)	(22,982,426)	(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>(19,189,398)</u>	<u>(13,112,439)</u>	<u>123,290</u>	<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>\$ 241,407,025</u>	<u>\$ 259,543,739</u>	<u>\$ 283,788,110</u>	<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	\$ 14,095,006	\$ 3,317,779	\$ (57,058,225)	\$ (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>2,845,429</u>	<u>17,373,779</u>	<u>10,383,182</u>	<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>\$ 16,940,435</u>	<u>\$ 20,691,558</u>	<u>\$ (46,675,043)</u>	<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>

(1) Implementation of GASB Statement 54 resulted in reclassification of several funds. The Delinquent Personal Property Tax Administration fund was reclassified from Special Revenue (Governmental) fund type to Enterprise (Business) fund type, and the Interim Retirees Medical Benefits Trust fund was reclassified from Special Revenue (Governmental) to Pension Trust fund type, no longer reported on entity-wide statements.

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

	Fiscal Year									
	2011 (1)	2010	2009	2008	2007	2006	2005 (2)	2004	2003	2002
General Fund (1):										
Reserved	\$ -	\$ 379,793	\$ 384,218	\$ 401,491	\$ 399,108	\$ 1,221,581	\$ 598,097	\$ 2,577,664	\$ 2,736,083	\$ 4,249,521
Unreserved:										
Designated	-	148,109,832	105,531,347	81,211,880	77,600,450	72,092,443	63,649,200	64,412,160	109,291,076	90,318,299
Unassigned	-	516,356	351,088	2,713,991	797,382	766,450	1,197,376	450,397	482,968	82,370
Nonspendable	292,698									
Restricted	5,287,071									
Assigned	194,082,115									
Unassigned	1,500,000									
Total General Fund	\$ 201,161,884	\$ 149,005,981	\$ 106,266,653	\$ 84,327,362	\$ 78,796,940	\$ 74,080,474	\$ 65,444,673	\$ 67,440,221	\$ 112,510,127	\$ 94,650,190
All Other Governmental Funds (1):										
Reserved	\$ -	\$ 347,622,280	\$ 365,269,937	\$ 437,653,323	\$ 575,350,044	\$ 22,974,884	\$ 35,964,327	\$ 23,674,613	\$ 29,973,040	\$ 48,939,335
Unreserved:										
Designated:										
Special Revenue Funds	-	147,349,425	179,637,943	195,940,244	210,965,492	140,799,885	74,210,217	27,813,436	21,643,363	25,781,542
Capital Projects Funds	-	6,175,010	7,063,814	9,238,783	3,260,193	4,662,919	15,842,509	7,270,580	6,218,795	15,357,454
Undesignated:										
Special Revenue Funds	-	(91,342)	(96,051)	(286,530)	(83,268)	(221,269)	-	-	-	-
Capital Projects Funds	-	11,756,867	12,518,053	9,460,642	6,176,092	5,618,828	5,317,282	10,620,196	10,156,881	7,500,718
Nonspendable	445,125									
Restricted	97,920,945									
Committed	16,530,640									
Assigned	17,254									
Unassigned	(366,963)									
Total all other governmental funds	\$ 114,547,001	\$ 512,812,240	\$ 564,393,696	\$ 652,006,462	\$ 795,668,553	\$ 173,835,247	\$ 131,334,335	\$ 69,378,825	\$ 67,992,079	\$ 97,579,049

- (1) Prior year amounts have not been restated for the implementation of GASB Statement 54. In addition, the implementation of Statement 54 resulted in reclassification of two funds as follows: Interim Retirees Medical Benefits Trust fund from Special Revenue to Pension Trust fund type; Delinquent Personal Tax Administration fund from Special Revenue to Enterprise Fund type. Also, three Special Revenue funds were absorbed into the County's General Fund: Public Health, Property Tax Forfeiture, and CCIRF funds.
- (2) Fiscal year 2005 began a 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 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									
	2011 (3)	2010	2009	2008	2007	2006	2005 (1)	2004	2003	2002
Revenue										
Property taxes	\$ 209,290,437	\$ 221,271,719	\$ 244,919,383	\$ 257,609,031	\$ 339,186,628	\$ 318,383,151	\$ 301,057,658	\$ 214,309,074	\$ 204,057,370	\$ 192,253,197
Special assessments	7,915,855	10,420,745	11,402,826	15,300,494	12,328,089	11,332,984	10,797,589	19,082,203	27,056,515	24,330,224
Federal grants	61,433,127	64,410,483	58,228,883	52,411,295	45,171,607	42,894,711	41,776,753	36,478,198	33,791,532	34,093,696
State grants	28,874,320	30,803,568	28,607,917	24,217,563	24,983,592	23,575,611	28,574,408	24,623,610	28,126,308	29,533,395
Other intergovernmental revenue	22,790,048	12,857,979	14,605,183	16,484,867	15,608,558	15,234,407	16,089,480	36,588,382	38,356,990	40,386,058
Charges for services	99,927,910	108,984,759	105,195,473	106,125,199	108,053,350	107,945,932	108,702,567	111,916,185	103,837,967	93,733,665
Contributions	443,866	400,252	257,986	154,072	164,776	102,666	75,080	96,823	138,092	345,489
Investment income	3,824,350	42,828,295	(1,661,180)	(55,451,203)	33,469,520	10,310,405	5,081,523	1,931,085	5,136,061	6,299,570
Indirect cost recovery	8,770,800	9,141,312	9,315,137	8,661,578	9,042,090	9,007,715	9,410,302	9,618,232	9,220,915	8,676,209
Other	1,067,822	4,045,007	5,859,798	1,714,661	3,779,533	1,754,126	1,294,348	2,230,760	3,063,177	2,651,747
Total revenue	444,338,535	505,164,119	476,731,406	427,227,557	591,787,743	540,541,708	522,859,708	456,874,552	452,784,927	432,303,250
Expenditures										
County Executive	181,369,381	188,031,969	183,553,752	184,687,193	174,673,131	166,586,991	163,130,577	156,550,456	149,307,293	154,605,827
Clerk/Register of Deeds	10,643,080	11,423,907	12,114,081	12,501,908	13,391,336	11,897,910	11,711,757	13,080,040	12,423,937	13,445,569
Treasurer	8,003,249	8,480,363	7,879,361	7,773,390	6,714,071	6,122,456	5,658,775	5,458,196	5,774,036	4,525,029
Justice administration	78,704,797	81,915,294	84,794,618	87,876,040	86,443,531	83,711,921	84,343,946	80,416,159	77,410,722	75,480,801
Law enforcement	146,921,316	148,473,341	152,303,740	156,911,223	157,003,268	147,103,554	142,747,959	132,216,411	121,606,032	115,316,654
Legislative	4,223,183	4,549,812	5,222,130	5,315,075	5,350,336	16,688,074	5,107,485	5,059,493	5,002,440	5,249,616
Water resource commissioner	9,088,423	11,131,024	9,346,814	13,285,960	12,250,179	6,430,363	15,672,724	8,921,658	8,131,493	5,218,322
Non-departmental	16,674,594	74,017,143	80,683,771	80,617,850	33,622,480	17,507,381	20,929,827	18,182,953	16,588,079	18,125,777
Capital outlay	13,125,733	9,440,401	9,721,942	11,014,119	18,630,192	32,271,857	18,354,001	17,962,682	35,680,591	14,396,482
Intergovernmental	3,035	1,598,530	134,838	465,075	81,815	11,994,158	1,020,567	2,249,932	14,333,573	7,001,272
Debt service:										
Principal payments	8,535,000	11,655,000	11,955,000	13,720,000	13,000,000	11,190,000	10,320,000	17,555,000	23,590,000	20,125,000
Interest and fiscal charges	4,917,688	5,194,504	5,524,573	6,071,386	6,463,708	5,882,064	5,550,107	5,666,354	6,759,378	6,389,790
Total expenditures	482,209,479	555,911,288	563,234,620	580,239,219	527,624,047	517,386,729	484,547,725	463,319,334	476,607,574	439,880,139
Excess of revenue over (under) expenditures	(37,870,944)	(50,747,169)	(86,503,214)	(153,011,662)	64,163,696	23,154,979	38,311,983	(6,444,782)	(23,822,647)	(7,576,889)

(Continued)

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

	Fiscal Year									
	2011 (3)	2010	2009	2008	2007	2006	2005 (2)	2004	2003	2002
Other Financing Sources (Uses)										
Transfers in	\$ 91,581,408	\$ 128,102,839	\$ 119,914,896	\$ 125,322,659	\$ 199,214,389	\$ 185,927,476	\$ 177,038,866	\$ 73,514,467	\$ 66,522,904	\$ 83,430,971
Transfers out	(58,902,434)	(93,179,568)	(99,307,651)	(112,182,037)	(197,228,012)	(182,735,492)	(176,149,891)	(66,602,070)	(62,076,753)	(85,706,528)
Payment to bond escrow agent	(29,840,000)	(12,488,453)	(2,699,858)	-	-	(9,009,368)	(1,099,561)	(4,832,368)	(2,605,000)	-
Issuance of bonds	1,200,000	6,942,148	174,208	1,739,371	562,485,000	34,160,000	21,955,000	11,590,000	10,330,000	46,700,000
Issuance of refunding bonds	28,485,000	10,990,000	2,710,000	-	-	-	-	-	-	-
Premiums on bonds sold	1,488,907	1,592,775	38,144	-	-	-	-	37,774	-	-
Discount on bonds sold	(17,993)	(54,700)	-	-	(2,085,301)	(360,882)	(96,435)	(55,957)	(75,537)	(412,391)
Total other financing sources (uses)	<u>33,994,888</u>	<u>41,905,041</u>	<u>20,829,739</u>	<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>
Special items										
Contribution to VEBA Trust (OPEB)	-	-	-	-	-	-	-	(50,890,224)	-	-
Net change in fund balances	<u>\$ (3,876,056)</u>	<u>\$ (8,842,128)</u>	<u>\$ (65,673,475)</u>	<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>
Debt service as a percentage of noncapital expenditures (2)	2.82%	3.06%	3.11%	3.45%	3.78%	3.44%	3.33%	5.14%	6.88%	6.23%

- (1) 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.
- (2) Noncapital expenditures are total governmental expenditures less capital expenditures.
- (3) Implementation of GASB Statement 54 resulted in reclassification of several funds. The Delinquent Personal Property Tax Administration fund was reclassified from Special Revenue (Governmental) fund type to Enterprise (Business) fund type, and the Interim Retirees Medical Benefits Trust fund was reclassified from Special Revenue (Governmental) to Pension Trust fund type, no longer reported on entity-wide statements.

County of Oakland

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

Last Ten Years

Real Property (1)									
Fiscal Year (4)	Residential Property		Commercial Property		Industrial Property		Other Property (2)		
	Assessed and Equalized Value	Taxable Value	Assessed and Equalized Value	Taxable Value	Assessed and Equalized Value	Taxable Value	Assessed and Equalized Value	Taxable Value	Taxable Value
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	
2009	46,636,936,943	43,627,806,247	12,859,969,592	10,914,474,991	4,288,377,580	3,873,912,827	124,135,700	55,225,170	
2010	39,060,923,207	37,857,819,565	11,340,401,927	10,147,353,481	3,478,234,330	3,262,351,447	99,957,560	50,773,520	
2011	35,954,354,243	35,166,132,285	10,795,035,520	10,054,370,362	1,928,636,700	1,842,489,880	88,804,690	50,723,170	

Fiscal Year (4)	Personal Property		Total Property		Total
	Assessed and Equalized Value	Taxable Value	Assessed and Equalized Value	Taxable Value	Direct Tax Rate (3)
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	4.4315
2009	3,949,566,334	3,945,257,660	67,858,986,149	62,416,676,895	4.4315
2010	3,765,559,483	3,763,409,573	57,745,076,507	55,081,707,586	4.4315
2011	3,686,629,190	3,684,824,560	52,453,460,343	50,798,540,257	4.4315

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 Oakland County 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 statements. 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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
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	0.2415	0.2415	0.2415	0.2422	0.2436	0.2453	0.2352
Total rate	4.4315	4.4315	4.4315	4.4315	4.4315	4.4315	4.4322	4.4336	4.4353	4.4252
Overlapping rates										
Huron-Clinton Metro Authority (a)	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2154	0.2161	0.2170	0.2186
Intermediate school districts (5)										
Median rate	3.3690	3.3690	3.3690	3.3690	3.3690	3.3690	3.3789	3.3991	3.4224	3.0773
Low range	2.9295	2.9295	2.9295	2.9295	2.9295	2.9430	2.9615	2.9729	2.9863	1.9753
High range	3.5341	3.5341	3.5341	3.5341	3.5341	3.5361	3.5361	3.5469	3.5673	3.5855
Community colleges (3)										
Median rate	1.7967	1.7967	1.7967	1.7967	1.7967	1.7967	1.7967	1.8024	1.8043	1.8193
Low range	1.5844	1.5844	1.5844	1.5844	1.5844	1.5844	1.5889	1.5983	1.6090	1.5952
High range	2.8596	2.6796	2.6796	2.6796	2.6796	2.6807	2.6807	2.7466	2.8280	2.8672
Cities (31)										
Median rate	16.1905	15.5898	14.8121	14.8179	15.1084	15.1084	15.2367	14.4680	14.7619	14.8009
Low range	9.7060	9.0500	8.3000	8.3000	8.3000	8.3000	8.3000	7.5500	7.5500	7.5500
High range	29.1461	25.3589	25.2763	25.2604	24.4050	24.8349	25.5163	25.4554	26.1031	26.3122
Villages (10)										
Median rate	14.6508	14.1182	14.1182	14.1036	14.1036	14.1290	14.1870	14.0552	14.0752	15.2989
Low range	8.5900	7.9900	7.3525	7.2249	7.3670	7.7443	7.9462	7.9474	7.9500	7.7207
High range	18.3610	18.1386	17.8196	18.1020	18.1120	19.7520	17.9480	18.3524	18.7615	19.0911
Townships (21)										
Median rate	6.7444	6.7444	6.5876	6.5876	6.2652	6.0380	6.0937	6.1765	6.2628	6.2266
Low range	0.6000	0.6000	0.5000	0.5000	0.5500	0.5500	0.5500	0.5500	0.5500	0.6000
High range	13.8002	13.1777	11.7112	11.7112	11.2223	11.6081	11.5495	11.8007	10.7166	13.4073
School districts (35) (b)										
Homestead:										
Median rate	13.7550	13.6410	13.4161	13.5105	13.2455	13.4910	13.6373	12.6015	13.8641	13.9538
Low range	8.2500	8.1800	7.8500	7.7400	7.3500	7.7200	6.7000	5.0000	8.7872	8.7923
High range	26.4868	25.8868	25.8868	23.5993	27.8925	27.8925	27.8945	27.8945	28.8945	28.9094
Non-Homestead:										
Median rate	30.5400	30.4000	29.5200	29.6931	29.6061	29.6000	29.3455	28.8508	29.8627	30.1332
Low range	26.1800	14.4500	25.8000	24.9243	25.3500	25.7200	23.9010	23.0000	24.6700	24.6700
High range	34.8500	34.5000	33.3410	33.2310	32.8410	33.2110	32.6884	31.6925	34.2910	34.2910
DDAs (9) (c)										
Median rate	1.8008	1.7470	1.7470	1.7470	1.8768	1.8856	1.9290	1.9339	1.9128	1.9558
Low range	1.3794	1.3000	1.3000	1.3000	1.3794	1.4010	1.4393	1.4869	1.4869	1.4869
High range	1.9734	1.9734	1.9734	1.9734	1.9734	1.9860	1.9860	2.0000	1.9705	1.9924
Public Transportation Authority (d)	0.5900	0.5900	0.5900	0.5900	0.5900	0.5950	0.5962	0.5974	0.6000	0.3207
Zoological Authority (e)	0.1000	0.1000	0.1000	0.1000	-	-	-	-	-	-

Notes

The County's maximum allowable operating millage levy for 2011 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 9 districts as of tax year 2008.
- (d) Special voted tax, levied in 17 cities, 3 villages, and 3 townships only. Included in CVT rates above starting in FY2007.
- (e) Zoological Authority added FY2008.

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

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

Taxpayer	Fiscal Year 2011			Fiscal Year 2002		
	Taxable Valuation*	Rank	Percentage County Taxable Valuation	Taxable Valuation*	Rank	Percentage County Taxable Valuation
Detroit Edison Company/DTE	\$ 469,175,850	1	0.92% %	\$ 331,550,924	2	0.70 %
Chrysler	283,153,120	2	0.56% %	157,703,872	4	0.33 %
General Motors	266,707,770	3	0.53% %	491,819,755	1	1.03 %
Consumers Energy	231,068,350	4	0.45% %	146,647,327	5	0.31 %
Taubman/12 Oaks/Great Lakes Crossing	132,464,880	5	0.26% %	194,725,167	3	0.41 %
Frankel/Forbes/Cohn	130,576,260	6	0.26% %	83,186,415	11	0.17 %
International Transmission	104,660,090	7	0.21% %	-	-	- %
Ramco-Gershenson	97,080,140	8	0.19% %	90,781,265	9	0.19 %
Comcast	82,965,900	9	0.16% %	-	-	- %
Holtzman & Silverman	81,263,360	10	0.16% %	-	-	- %
Bre Southfield (formerly Town Centre Delaware, Inc.)	77,899,530	11	0.15% %	100,284,520	8	0.21 %
Meijer	63,308,850	12	0.12% %	-	-	- %
Wal-Mart/Sam's Club	62,102,120	13	0.12% %	-	-	- %
AT&T	58,996,650	14	0.12% %	-	-	- %
Redwood-ERC Novi	47,633,490	15	0.09% %	-	-	- %
Palace Sports and Entertainment	45,830,970	16	0.09% %	-	-	- %
Urbancal Oakland	45,242,720	17	0.09% %	-	-	- %
JFK Investments	34,998,830	18	0.07% %	-	-	- %
Kroger	34,016,750	19	0.07% %	-	-	- %
JHP Pharmaceuticals	28,138,600	20	0.06% %	-	-	- %
Total	\$ 2,377,284,230		4.68% %	\$ 1,596,699,245		3.35 %

* 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
2001	2002	\$ 192,549,695	\$ 187,779,963	97.52 %	\$ 4,767,184	\$ 192,547,147	100.00 %	
	2002	206,294,411	201,567,944	97.71 %	4,722,713	206,290,657	100.00 %	
	2003	216,173,657	211,292,953	97.74 %	4,873,675	216,166,628	100.00 %	
2004	W 2005	227,583,190	222,651,567	97.83 %	4,909,222	227,560,789	99.99 %	
2005	S 2005	79,281,336	65,809,623	83.01 %	13,421,614	79,231,237	99.94 %	
2005	W 2006	159,403,731	156,102,121	97.93 %	3,200,881	159,303,002	99.94 %	
2006	S 2006	166,634,796	142,992,690	85.81 %	23,440,830	166,433,520	99.88 %	
2006	W 2007	85,765,677	83,915,557	97.84 %	1,746,524	85,662,081	99.88 %	
2007	S 2007	262,814,606	225,336,018	85.74 %	36,783,186	262,119,204	99.74 %	
2008	2008	262,899,380	228,260,470	86.82 %	32,449,892	260,710,362	99.17 %	
2009	2009	253,987,318	219,099,614	86.26 %	28,185,520	247,285,134	97.36 %	
2010	2010	223,423,779	198,172,603	88.70 %	19,857,641	218,030,244	97.59 %	
2011	2011	206,144,859	187,107,837	90.77 %	-	187,107,837	90.77 %	

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)	Special Assessment Bonds (c)			
2002	\$ 64,100,000	0.13 %	\$ 53.43	\$ 78,820,000	\$ 6,904,807	\$ 25,000,000	\$ 174,824,807	3.06 %	\$ 145.73
2003	66,850,000	0.13 %	55.62	60,205,000	6,915,207	25,000,000	158,970,207	2.70 %	132.26
2004	70,130,000	0.13 %	58.23	46,245,000	6,864,854	25,000,000	148,239,854	2.47 %	123.08
2005	85,850,000	0.15 %	71.32	41,085,000	7,244,056	25,000,000	159,179,056	2.59 %	132.24
2006	76,685,000	0.12 %	63.74	72,400,000	7,957,730	25,000,000	182,042,730	2.89 %	151.31
2007	627,990,000	0.97 %	522.58	70,580,000	7,504,834	25,000,000	731,074,834	11.39 %	608.36
2008	601,400,000	0.93 %	500.19	64,424,371	6,269,408	25,000,000	697,093,779	10.56 %	579.78
2009	579,780,000	0.93 %	480.94	57,663,579	3,860,661	50,000,000	691,304,240	11.39 %	573.45
2010	562,030,000	1.02 %	467.44	52,350,727	4,485,830	50,000,000	668,866,557	11.02 %	556.29
2011	538,995,000	1.06 %	448.28	48,375,727	4,650,725	4,060,000	596,081,452	9.82 %	495.76

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 - Debt. Special Assessment debt is shown with governmental commitment.
- (d) See Notes to Basic Financial Statements, Note 8 - 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, 2011

	Gross Amount Outstanding	Self-supporting or Paid by Benefiting Entity	Net Amount Outstanding
Direct debt			
Building authority bonds	\$ 79,825,000	\$ 24,740,000	\$ 55,085,000
Certificates of Participation	483,700,000	-	483,700,000
Water and sewer debt (Special assessment)	23,635,727	23,635,727	-
Lake Levels (Special assessment)	210,000	-	210,000
Drainage Districts bonds and notes	157,203,908	152,553,183	4,650,725
Road Commission debt (no County credit)	20,000,941	20,000,941	-
	<u>\$ 764,575,576</u>	<u>\$ 220,929,851</u>	<u>543,645,725</u>
Net direct debt			
Overlapping debt			
Cities			529,708,559
Townships			360,302,773
Villages			24,638,232
School districts			2,387,540,388
Intermediate school districts			61,317,708
Community colleges			5,401,326
Library			3,044,292
County-issued debt paid by local municipalities			<u>220,929,851</u>
Net overlapping debt			<u>3,592,883,129</u>
Net direct and overlapping debt			<u><u>\$ 4,136,528,854</u></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
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%
2009	67,858,986,149	6,785,898,615	834,924,659	5,950,973,956	12.30%
2010	57,745,076,507	5,774,507,651	809,993,682	4,964,513,969	14.03%
2011	52,453,460,343	5,245,346,034	748,634,635	4,496,711,399	14.27%

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
2002	1,199,653	\$ 57,203,227	\$ 47,683	5.20 %
2003	1,201,965	58,824,416	48,940	5.50 %
2004	1,204,375	59,948,899	49,776	5.60 %
2005	1,203,750	61,485,048	51,078	5.70 %
2006	1,203,118	62,934,936	52,310	5.80 %
2007	1,201,712	64,206,601	53,429	6.10 %
2008	1,202,352	66,009,376	54,900	7.10 %
2009	1,205,508	60,677,507	50,334	12.80 %
2010	1,202,362	60,677,507 (a)	50,465 (a)	12.10 %
2011	1,202,362 (a)	60,677,507 (a)	50,465 (a)	10.10 %

(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 2011			Fiscal Year 2002		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
William Beaumont Hospital	11,235	1	2.12%	12,000	2	1.94%
Chrysler Group LLC	8,194	2	1.55%	14,000	1	2.26%
General Motors Corporation	7,729	3	1.46%	11,700	3	1.89%
Trinity Health (formerly St. Joseph Mercy)	5,378	4	1.02%	n/a	n/a	n/a
St. John Health Services (formerly Providence Hospital)	4,484	5	0.85%	n/a	n/a	n/a
Botsford Health Care	3,525	6	0.67%	n/a	n/a	n/a
Blue Cross Blue Shield of Michigan	3,515	7	0.66%	n/a	n/a	n/a
U.S. Postal Service	3,431	8	0.65%	n/a	n/a	n/a
Henry Ford Health System	3,425	9	0.65%	n/a	n/a	n/a
Oakland County Government	3,243	10	0.61%	4,400	7	0.71%
Amstaff Human Resources	n/a	n/a	n/a	8,700	4	1.41%
Guardian Automotive Products	n/a	n/a	n/a	6,600	5	1.07%
Ameritech	n/a	n/a	n/a	5,000	6	0.81%
Compuware	n/a	n/a	n/a	3,800	8	0.61%
Kmart	n/a	n/a	n/a	3,500	9	0.57%
Ford Motor Company	n/a	n/a	n/a	3,000	10	0.49%
	<u>54,159</u>		<u>10.24%</u>	<u>72,700</u>		<u>11.76%</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 (1)									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General government										
County Executive Administration	47	50	52	66	66	63	65	65	71	62
Management & Budget	205	205	203	203	207	205	204	204	221	222
Central Services	66	68	68	66	66	65	61	61	63	69
Human Resources	49	50	50	50	51	51	51	50	51	51
Board of Commissioners	34	34	34	34	34	34	34	34	34	34
Clerk/Register of Deeds	118	118	121	128	128	133	154	151	153	152
County Treasurer	44	44	48	48	48	48	48	48	49	49
Public Safety										
Sheriff	1,024	1,054	1,117	1,129	1,135	1,130	1,092	1,042	1,040	1,011
Community Corrections	59	60	60	65	67	66	68	67	71	71
Animal Control	26	26	26	24	24	24	24	23	24	24
Justice Administration										
Circuit Court	431	442	471	469	469	473	455	456	465	458
District Court	184	186	197	200	201	201	194	188	183	177
Probate Court	54	57	59	61	61	61	59	59	61	63
Prosecuting Attorney	175	177	185	189	189	189	188	189	198	197
Medical Examiner	26	26	26	28	34	34	34	26	28	27
Citizens Services										
Administration	2	5	5	5	5	5	5	5	5	5
Health	378	378	387	404	404	403	413	441	472	477
Homeland Security	13	13	13	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Medical Care Facility (2)	n/a	n/a	n/a	n/a	104	104	110	112	112	112
Children's Village	185	185	178	161	161	161	161	161	166	166
Veterans' Services	16	16	16	18	18	18	16	16	18	18
MSU Extension-Oakland County	15	15	15	14	13	13	13	13	14	14
Public Works										
Water Resources Commissioner	264	264	266	270	271	269	269	263	251	240
Facilities Management	189	193	196	204	204	201	201	201	200	202
Information Technology	164	164	167	167	169	165	159	157	165	172
Recreation and Leisure										
Library Board	10	12	17	17	18	18	23	23	24	24
Parks and Recreation	376	376	376	341	341	317	313	313	289	288
Commerce and Community Development										
Administration	12	12	12	12	12	13	14	9	8	6
Planning and Economic Development Services	47	48	49	44	43	42	41	40	43	43
Community and Home Improvement	23	22	22	21	21	21	21	21	21	21
Workforce Development	9	9	9	9	9	9	9	9	9	9
Totals	<u>4,245</u>	<u>4,309</u>	<u>4,445</u>	<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>

(1) Employee count reflects authorized, budgeted positions

(2) Privatized at end of fiscal year 2007.

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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Law Enforcement										
Dispatched Calls	168,685	145,090	125,987	133,402	179,563	180,472	180,940	171,858	174,861	167,220
Arrests	10,999	8,906	8,513	8,466	8,900	9,286	8,569	7,288	7,888	7,459
Inmate bookings	19,889	19,608	21,866	24,053	25,809	27,003	25,734	26,066	24,573	24,805
Judicial										
Circuit Court civil/criminal cases disposed	14,212	15,752	15,927	15,849	16,108	16,132	16,414	16,244	16,375	16,782
District Court cases filed	123,860	134,077	145,465	144,933	152,710	159,380	157,920	158,882	162,650	173,278
Citizen Services										
Veteran benefits claims filed	6,848	7,220	6,870	7,546	7,071	7,182	6,784	6,337	6,604	6,258
Deeds/Mortgages	86,034	84,048	85,478	84,866	110,600	141,157	176,787	223,553	295,114	237,153
Jobs retained and created	8,365	14,522	4,187	10,311	10,842	1,640	4,422	3,417	2,826	8,991
Immunizations	80,741	143,839	102,893	94,038	82,347	95,202	117,679	125,660	103,787	116,173
Community Development										
BFC/EDC Loans	26	21	16	28	33	26	20	22	15	14
Applications for home improvement	384	276	601	609	457	373	369	369	389	378
Single family homes rehabilitated	165	186	276	218	198	253	229	300	269	208
Parks and Recreation										
Participants-Park	942,019	843,600	775,683	815,097	778,616	789,867	793,215	752,662	660,597	575,847
Participants-Golf Course	116,804	126,727	148,747	172,783	178,444	198,477	200,521	215,551	177,716	181,168
Participants-Recreation, Facilities	390,106	370,355	291,917	365,310	373,214	374,853	381,025	365,954	391,353	595,336
Participants-Nature Interpretive Service	26,498	28,242	29,860	29,865	35,226	46,428	47,062	44,967	41,253	46,028
Participants-Banquet Facilities	109,420	125,592	147,365	154,594	161,678	170,524	182,100	158,091	161,471	94,153
Airports										
Takeoffs and landings	119,347	119,581	144,678	162,283	202,345	202,973	207,757	243,395	276,153	277,616
Public Works										
Water and sewer customers	76,784	76,435	76,413	76,050	75,613	74,926	73,129	71,228	68,666	66,876
Water main breaks	85	90	104	94	115	114	119	146	256	212
Water permits issued	337	220	164	232	370	811	1,016	1,188	1,038	1,045

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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Justice and Law Enforcement										
Correction facilities capacities	1,666	1,594	1,750	1,768	1,984	1,981	1,981	1,956	1,868	1,856
Substations	14	12	12	12	12	12	12	12	12	12
Parks and Recreation										
Number of county parks	13	13	13	13	13	11	11	11	11	11
Park acreage	6,643	6,456	6,398	6,378	6,378	6,089	5,742	5,715	5,715	5,715
Airport										
Number of runways	5	5	5	5	5	5	5	5	5	6
Number of T-Hangars	738	738	738	738	738	711	619	619	619	619
Facilities										
Buildings	40	40	40	40	41	42	42	42	41	39
County facilities square footage	1,913,681	1,881,125	1,881,130	1,877,780	1,925,118	1,921,389	1,921,389	1,960,310	1,956,433	1,693,808
Public Works										
Combined Sewer Overflow Retention										
Treatment Facilities	4	4	4	3	3	3	3	3	3	3
Water mains (miles)	133.03	132.99	123.60	161.51	165.83	162.57	148.67	173.99	164.80	158.41
Water storage capacity (millions of gallons)	3.07	3.07	3.07	3.07	2.068	2.068	2.068	2.068	2.068	2.068
Sewers (miles)	137.32	137.22	137.22	135.08	131.81	131.84	131.84	131.84	131.84	131.84
Sewer treatment capacity (millions of gallons)	151.80	151.80	151.80	151.80	151.80	151.80	121.80	121.80	121.80	121.80

Sources

Various County departments

County of Oakland
Building Authority Data – Unaudited Table 17
September 30, 2011

	Lyon Oaks Park	Work Release Facility	Office Bldg. Renovation	Oakland Int'l Airport T-Hangars	CMHA Housing Project	Sheriff Substation Rochester Hills	52/3 District Court Bldg.	Oakland Int'l Airport Terminal Bldg
Cash	\$ -	\$ -	\$ 280	\$ 108	\$ 166	\$ 577	\$ -	\$ 5
Lease receivable	-	-	-	-	3,725,000	2,530,000	-	-
Other assets	-	-	-	994	1,115	1,366	-	139
Bonds payable	-	-	-	-	3,725,000	2,530,000	-	-
Other liabilities	-	-	-	-	-	-	-	-
Current year activity:								
Transfers in	-	1,842,525	2,146,908	-	1,110,381	-	858,000	-
Leases and other income	-	-	-	489,899	383,203	341,388	-	492,142
Debt service:								
Principal	-	1,050,000	1,175,000	275,000	1,200,000	225,000	825,000	225,000
Interest	-	792,525	907,633	214,890	282,662	115,994	33,000	266,187
Fiscal charges	-	-	225	-	550	-	-	800
Contractual services	108	-	64,000	-	10,166	-	-	-
Transfers out	142	5	-	-	-	-	5	-
Principal and interest requirements:								
2012	\$ -	\$ -	\$ 574,576	\$ 495,265	\$ 378,556	\$ 357,556	\$ -	\$ 488,937
2013	-	-	561,451	495,115	369,556	347,556	-	509,438
2014	-	-	572,451	493,115	385,056	362,556	-	503,187
2015	-	-	557,451	495,715	375,056	351,557	-	496,313
2016	-	-	567,452	497,715	365,057	365,213	-	488,187
Thereafter	-	-	3,974,215	4,043,673	3,023,572	1,307,925	-	6,281,900
		<u>\$ -</u>	<u>\$ 6,807,596</u>	<u>\$ 6,520,598</u>	<u>\$ 4,896,853</u>	<u>\$ 3,092,363</u>	<u>\$ -</u>	<u>\$ 8,767,962</u>
								(continued)

**County of Oakland
Building Authority Data – Unaudited Table 17 (Continued)
September 30, 2011**

	Pontiac Phoenix Center	City of Keego Harbor Debt	Phoenix Plaza Amphitheatre Refunding	Refunding Series 1998	52/3 District Court Bldg. Refunding	Work Release JailMgt/Video Refunding	Office Bldg. Renovation Refunding	Totals
Cash	\$ 455	\$ 54	\$ 148	\$ -	\$ 10	\$ 5	\$ -	\$ 1,808
Lease receivable	9,575,000	1,100,000	7,810,000	-	-	-	-	24,740,000
Other assets	546	-	452	-	-	-	-	4,612
Bonds payable	9,575,000	1,100,000	7,810,000	-	-	-	-	24,740,000
Other liabilities	-	121	-	-	-	-	-	121
Current year activity:								
Transfers in	-	-	-	-	542,605	5	-	6,500,424
Leases and other income	951,295	53,816	388,346	-	-	-	-	3,100,089
Debt service:								
Principal	425,000	20,000	50,000	-	20,000	-	-	5,490,000
Interest	525,863	38,809	338,050	-	522,300	-	-	4,037,913
Fiscal charges	-	600	275	-	300	-	-	2,750
Contractual services	-	-	-	-	-	-	-	74,274
Transfers out	-	-	-	5	-	-	-	157
Principal and interest requirements:								
2012	\$ 929,613	\$ 66,938	\$ 386,300	\$ -	\$ 1,341,900	\$ 1,618,750	\$ 1,366,106	\$ 8,004,497
2013	933,363	66,437	719,488	-	1,305,500	1,620,600	1,383,506	8,312,010
2014	935,300	65,938	725,242	-	1,315,500	1,591,400	1,374,556	8,324,301
2015	935,956	65,437	724,853	-	1,323,000	1,607,050	1,390,006	8,322,394
2016	935,331	64,938	728,682	-	1,328,000	1,596,200	1,369,107	8,305,882
Thereafter	9,493,225	1,555,950	7,885,785	-	7,812,000	9,359,400	10,968,250	65,705,895
	<u>\$ 14,162,788</u>	<u>\$ 1,885,638</u>	<u>\$ 11,170,350</u>	<u>\$ -</u>	<u>\$ 14,425,900</u>	<u>\$ 17,393,400</u>	<u>\$ 17,851,531</u>	<u>\$ 106,974,979</u>