

**OAKLAND COUNTY, MICHIGAN  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Fiscal Year Ended September 30, 2012  
(With Independent Auditor's Report Thereon)**

**Prepared by:**

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

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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 25, 2013

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, 2012.

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, 2012 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, 2012 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**

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The Fiscal Year 2012 CAFR includes a Statement of Net Position 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 2012 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 in southeast Michigan, immediately north of the City of Detroit and Wayne County. With a population of 1,210,145 (2011 estimate) 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 (10<sup>th</sup>) 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 Optional 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

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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 ten (10) judges, has jurisdiction over misdemeanors, ordinance and charter violations, civil cases under \$25,000, and preliminary examinations in felony cases. Please note that the number of District Court Judges was reduced from eleven (11) with the elimination of one (1) District Court Judgeship effective January 1, 2013.

The Board of Commissioners is comprised of (21) members elected to two-year terms by their respective districts and serves as the legislative body responsible for establishing policy and appropriating funds. Please note the number of County Commissioners was reduced from twenty-five (25) with the elimination of four (4) Commissioner seats effective January 1, 2013, coinciding the the redistricting of the County.

#### *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 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 Commissioners' 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**

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#### *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 timely management 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 GAA 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 GAA 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**

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#### **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 from multiple bond rating agencies. 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. In fact, the number of unemployed Oakland County residents has fallen by 40% from the peak unemployment of July 2009. Certain sectors continue to show potential as the County strives to transition away from an industrial economy. The majority of gains in recent years were in 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 2012, Oakland's unemployment rate was 8.2%, which is a drop from the 10.1% unemployment rate reported in September 2011 and the 12.2% reported in September 2010. The September 2012 rate exceeded the national average of 7.8%; however, it is lower than the State of Michigan average of 9.3%.

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 international commercial 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 is turning the corner on the recession. The April 2012 Oakland County Economic Outlook report, prepared by the University of Michigan, estimated that 23,426 jobs were created in 2011. This growth is expected to continue with forecasts calling for an increase of 11,040 jobs in 2012 (it appears Oakland County exceeded those projections by creating 25,700 jobs), 9,495 in 2013, and 13,192 in 2014. 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

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Oakland's per capita income of \$53,297 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 (\$40,584) and the state average (\$35,597).

The 2012 market value of property in Oakland County is approximately \$101.6 billion, a decrease of approximately \$3.2 billion from 2011 to 2012 (3.08%). This reduction reflects the lingering effect of the real estate market collapse which began in 2009 and led to the "great recession." The 2012 reduction in property values is far less than those experienced in previous years which included value reductions of 8.9% in 2009, 14.9% in 2010 and 9.2% in 2011. It appears that the ongoing economic slump will temporarily continue to have a negative impact on the local housing market and thus property value within the County's borders; however, those values are now bottoming out. Current budgetary projections assume a 1.0% drop in property values as of December 31, 2012 (FY 2013 revenue); no change in value as of December 31, 2013 (FY 2014 revenue); and a 1% increase in property values as of December 31, 2014 (FY 2015 revenue).

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 70.3% of the total property tax base. The average price, in 2012, for a home in Oakland County was \$193,092.

The average 2012 property tax rate is \$42.14 per thousand dollars of taxable value, an increase from the 2011 average of \$41.36 per thousand dollars of taxable value. The average property tax rate is distributed to the following taxing authorities:

Local School Districts	32.9%
Cities, Villages, Townships	29.3%
State Education Tax	14.3%
County Operating	9.9%
Intermediate School District	8.0%
Community College	3.8%
Parks and Recreation/Zoo Authority	<u>1.8%</u>
	<u>100.0%</u>

Property tax revenue supports 46.9% 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. However, the County continues to exercise a prudent and conservative approach to tax revenues by controlling the millage rate levied on the tax base. In fact, the County millage rate for the July 1, 2012 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.

## County of Oakland Letter of Transmittal

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Further, 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 (Deposits and Investments) and Note #8 (Long-term Debt).

Other policies and practices are not so fully explained in other parts of the following document, yet they equally impact the County's financial position in FY 2012 and beyond; therefore, some discussion of these policies is appropriate. Among these policies and practices meriting fuller discussion are the Budgeting and Forecasting activities, the Capital Improvement Activities 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 habitually and continuously 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 constant 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 always reflects the impact for both the remainder of the current fiscal year and the impact of 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. Oakland County understands, however, 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**

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Oakland County's sustainable long-term goal is 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 practice provides a cushion against unexpected crises, allowing the County to meet emergency demands without severely disrupting ongoing operations and services.

The second criterion is the need for additional cash flow reserves arising from Michigan Public Act 357 of 2004 that 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.

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. Monthly budget to actual reports are also posted on the County's website.

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.

The result of these practices is a balanced County budget (adopted by the Board of Commissioners in September 2012) for fiscal years 2013, 2014, and 2015. Further analysis was conducted in November 2012-January 2013 on fiscal year 2016 needs. Considering the state of the County's finances as of September 30, 2012, as well as operating changes implemented during the first quarter of FY 2013, the County will be able to balance the FY 2016 budget without additional budget tasks or reductions (other than those previously committed).

## **County of Oakland**

### **Letter of Transmittal**

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

The Delinquent Tax Revolving Fund (DTRF) was established in 1974 to help stabilize local revenues by paying the local taxing units 100% of their respective shares of delinquent ad valorem real property taxes in anticipation of the collection of those taxes by the County Treasurer. The County funds the DTRF by borrowing money and issuing revolving fund notes. Payment of the notes is made from the proceeds of delinquent tax collections. State law provides that 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 Fiscal Responsibility Plan, contained in the annual GAA, provides clear guidance regarding the conditions and functions for which surplus DTRF funds may be used.

The law demands the purpose of the DTRF, 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, not be jeopardized. The policy, therefore, is to maintain a sufficient corpus in the DTRF to meet this primary purpose and only then to prudently utilize any surplus in excess of this baseline amount.

Oakland County's Fiscal Responsibility Plan directs that 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.

The net assets in the DTRF as of September 30, 2012 were approximately \$206.4 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.

## County of Oakland Letter of Transmittal

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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 respective debt service 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 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 \$6.4 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. Historically, prudent stewardship of the Fund has enabled the County to draw \$10.8 million annually from the DTRF to support General Fund / General Purpose operations.

### *Pension and Other Postemployment Benefits*

Realizing 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.

Through FY 2012, 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

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Oakland County has also been a true innovator and leader in exploring methods to providing and financing Other Post-Employment Benefits (OPEB). Specifically, the County has implemented benefit changes that will limit the growth of the cost of these benefits in the future, while still providing employees with a method to retain health care insurance once they leave County service. Rather than receiving a specific level of health care insurance when they retire from County service, employees hired after January 1, 2006 are enrolled in a “Retirement Health Savings Plan” (RHS). Under the RHS, for non-represented employees and most represented employees, the County contributes \$1,300 annually (\$50 per pay) to each employee’s retirement health savings account (\$3,600 annual for those bargaining units bound by state law to binding arbitration). Upon leaving County service, the employee is entitled to the funds the County contributed based upon their length of service, with a partial benefit (60%) being provided after 15 years of service, increasing 4% per year. A full benefit is provided after 25 years of service. Once the employee retires and receives the vested cash benefit, the County’s financial obligations ends.

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

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 is 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 the future financial impact of the recently enacted national health care program or full funding of the VEBA, 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 net assets, well in excess of 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.

Further, as is explained under the “Major Initiatives” section of this Transmittal Letter, the County is exploring the refinancing of the COPs debt, which will further save taxpayer money.

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

## **County of Oakland**

### **Letter of Transmittal**

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County governments have faced a number of financial challenges over the past several years. However, because of its long-term financial planning, prudent management of capital projects, the use of alternative funding sources, sound cash and investment management, and solid pension and post-employment benefit planning along with the efforts of elected officials and employees, Oakland County has met the challenges. It is in a position to ensure the long-term fiscal stability of Oakland County government and preserve its ability to provide necessary public services to its citizens.

### **Major Initiatives**

The last several years have been fiscally challenging for Oakland County government, as it has been for its citizens and other governments. As previously mentioned in this Transmittal Letter, the effects of the “Great Recession,” including the constricting of the domestic automobile industry, the nationwide credit crunch and subsequent deterioration of the housing market has weakened the County’s primary revenue base – property taxes, as well as other revenues from state and federal resources.

However, despite this fiscal turmoil, Oakland County government continues to provide the services expected by its citizens; supports its local cities, villages and townships; and works with the private sector to revitalize the local economy – all while still balancing a multi-year budget and ending each fiscal year with a surplus of revenues over expenditures. This was accomplished through the combined efforts of Oakland County’s elected officials, administrators, and employees who realize that their job is to keep providing necessary services in perpetuity, not just for a short period of time. Oakland County’s focus has always been on long-term sustainability.

True long-term financial stability is achieved through a number of coordinated action steps. One of the primary action steps is to make sure that the County’s services are being provided at the optimum level, while still saving the taxpayers money. County elected officials and administration have developed a culture of scrutinizing all operations and expenditures, and restructuring those operations 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. Oakland County’s operational model is based on “thoughtful management,” not “crisis management.”

Since October 1993, Oakland County has implemented seventeen (17) separate privatization efforts. These efforts have generated a reduction of 234 positions, with annual savings of \$8.1 million and total savings of \$65.5 million (present value) as of March 2013.

## **County of Oakland**

### **Letter of Transmittal**

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In particular, two privatization efforts were implemented during FY 2012. On March 1, 2012, the County initiated a contract with Correct Care Solutions (CCS) for the operation of the Jail Health Clinic, which includes on-site medical examinations of inmates, dispensing of medications to inmates, and emergency referral to local hospitals (if required). Cost savings, projected to be \$493,000 annually, will be realized from the deletion of 27 County positions (nurses, clerical support) with that support now being provided by CCS staff. In addition, this agreement will allow more efficient, coordinated, and expanded inmate medical care through various economies of scale brought by CCS.

Further, on October 1, 2012, the Board of Commissioners transferred operations of the Library for the Visually and Physically Impaired (LVPI) from their Library Board to the City of Rochester Hills Library. The LVPI functions primarily as a clearing house for material designed for the visually impaired, including books on tape, CDs, etc.; the primary work involves receiving requests via phone or electronic device and mailing out material to customers. As a result, little on-site assistance takes place, thus this function can be provided from almost any location. The County contracted this service to the City of Rochester Hills for \$120,000 per year; this allowed the County to delete two full-time and one part-time position, in addition to eliminating all the other County cost associated with LVPI operations. Also, this effort freed up needed space in the County courthouse, decreasing the need to lease. Annual net operating savings are anticipated to be approximately \$26,000.

In addition to the above efforts, the County's elected officials and administrators continually look to improve efficiency by taking advantage of opportunities which result from changes in the County workforce and market conditions. For example, the retirement of the Manager of the County's Purchasing Division created an opportunity to strengthen the legal and contractual compliance aspect of purchasing and also reduce expenditures. Specifically, the Purchasing Division was merged with the Internal Audit Division to create a Compliance Division. Although the Purchasing and Internal Audit functions will remain distinct, reporting to different supervisors, the entire division will be headed by one Compliance Officer who can ensure consistency in the County's contracting and reporting functions. It is also estimated that this merger will save approximately \$180,000 annually.

In 2002, the State of Michigan adopted Public Act 698, which allocated a portion of fees, collected through the recording of documents by County Registers of Deeds, to an "Automation Fund." The purpose of this fund is to support the use of technology to record documents at the county Registers of Deeds. Through the years, the Oakland County Clerk / Register of Deeds has worked with the County's Information Technology Department to enhance the ability of the public to file, search, and retrieve documents from the Register of Deeds operations.

Through research into the statute and review of ongoing operations, the Clerk/Register of Deeds identified a number of services which could be expanded and properly supported by the Automation Fund. These include efforts to remonument the County and improve Geographic Information Systems (GIS) activity. These efforts will save the County's General Fund approximately \$447,000 per year.

## County of Oakland Letter of Transmittal

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As described in the *Fiscal Policies* section of this Transmittal Letter, in 2007 Oakland County issued \$557.0 million in Certificates of Participation (COPs) to cover the outstanding liability on the County's Other Post-Employment Benefits (OPEB). The issuing of this debt provided sufficient resources to fully fund the County's OPEB obligation while reducing the annual cost of this effort.

The original plan was to sell tax-exempt limited obligation bonds. These bonds, which are perceived by the market as being more financially secured than COPs, would have reduced the County's debt service costs by even a greater amount. However, such an offering required a change in Michigan law, and while the legislature passed a change in state statute, then-governor Granholm spitefully vetoed the change. Thus the County was forced to utilize the more expensive COPs. A call provision in case the market or legislation changed making it advantageous for the County to refinance the debt was incorporated into the COPs debt issue.

Fortunately, with the help of a new legislature and new Governor, the State of Michigan adopted Public Act 329, effective October 9, 2012. This act, which authorizes the issuance of limited taxable general obligation bonds to offset OPEB liability, creates the opportunity Oakland County was looking for back in 2007 to fund the OPEB liability while reducing the taxpayers' burden for fringe benefits.

With this new legislation, and the County's foresight to include a call provision for the previously issued COPs, Oakland County can refinance the COPs debt with new limited taxable general obligation debt. The COPs annual interest rate is 6.23%; estimated annual interest rate on the limited taxable general obligation bonds is 2.9%. Further, the improved investment market has positively impacted the County's VEBA as well as the Interim Retirement Medical Benefit Trust Fund to the point that the combined funds have a \$163.2 million surplus (net market value assets over liabilities as of September 30, 2012).

The earliest call date for the COPs issue is April 1, 2014. With the current market, however, it is prudent that the County pursue efforts now to refinance this obligation. Accordingly, the County Administration is proposing an in-substance defeasance of the COPs debt. This can be accomplished by issuing approximately \$430.0 million in limited taxable obligation bonds in two series, August and December 2013, and placing the proceeds in the Interim Trust to call the COPs in April 2014. Such an action will save all County operations approximately \$8.1 million annually in debt service payments, with \$6.5 million annually savings to the General Fund. To the extent that the market value of the net assets remains well in excess of its current levels at the time of refinancing, and can be used to reduce the amount of refunded debt, the future savings will be further increased.

Long-term fiscal stability is also brought about by partnering with the cities, villages and townships located within the County's borders, to assist them in providing efficient services to our joint citizenry. If a city, village or township is not capable of providing necessary services, that burden may fall on the County or State. Using economies of scale and the County's solid fiscal operations, partnerships between Oakland County and its local units of government can result in better services at lower cost for all citizens. A prime example of such a partnership is evident through the joint effort with the City of Pontiac and the County's Elected Officials to find lower cost alternatives for the provision of services to the City's residents.

## **County of Oakland**

### **Letter of Transmittal**

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The City of Pontiac is the seat of Oakland County government. It, like many Michigan cities, once prospered as a home for the automobile industry. In particular, General Motors was a long-time major employer of the City's workforce and a long-time taxpayer to City's coffers. As GM grew, Pontiac grew – very successfully.

Unfortunately, the constriction of the domestic automobile industry which began before the “great recession” of the late 2000s and further exacerbated by that recession, hit Pontiac particularly hard. As GM sales plummeted, plants began to close, jobs disappeared and incomes shrank along with City revenues. However, the need for City services continued, putting an impossible strain on the City's finances.

The City's administrative team was not able to balance the constriction in revenues with the continued need for services; deficits grew to a critical point where the Michigan Department of Treasury stepped in and attempted to work with the City's leadership to restore some degree of fiscal stability. Unfortunately, efforts to developing a consent agreement for fiscal management failed, leaving the State with no choice but to declare a financial emergency under Public Act 72 (and later under Public Act 4). An Emergency Manager was appointed by the State to manage the City's operations.

During this process, the County made itself available to assist the State and the City in any way possible. This included offers to provide certain services, either directly by the County, or through contract with the City (which reduced cost as compared to current City operations). Several of these offers were implemented. One example of a direct service relates to the efforts of the Oakland County Clerk / Register of Deeds. In 2012, the County Clerk/Register assumed all the birth/death records on behalf of the City. In addition, the County now serves as the local Register of Deeds. The County Clerk/Register's office also provided emergency staff and onsite election support for the two elections held during 2012. All this has been completed without cost to the City.

Also, in August of 2011 the County Sheriff began providing patrol services to the City of Pontiac, replacing the City's police force. At the point of the transition, the City's police force had shrunk to 50 officers and was having difficulty responding to requests for services let alone investigating ongoing cases. By contracting with the Sheriff's Office, the number of actual police officers increased to 74; response time decreased from an average of 76 minutes to less than 10 minutes per call; and the City's law enforcement expenses were reduced by \$2 million annually. (It should be noted that in addition to Pontiac, the Sheriff provides contracted patrol services to 16 cities, villages and townships across the County and also assists in providing certain services free of charge to all County communities, such as Arson Investigation, Auto Theft Prevention, Narcotics Enforcement, Fugitive Apprehension, and Forensic Laboratory Services).

## **County of Oakland**

### **Letter of Transmittal**

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Perhaps the most unique and most impactful effort by Oakland County to support the City of Pontiac was implemented in the summer of 2012 when the County issued \$57.5 million in bonds, through a Drainage District (separate legal entity established via Chapter 20 of the State of Michigan Drain Code of 1956). This was done in order to provide immediate cash to the fiscally strapped City, improve the operations of the City's water and sewer operations, and to provide future cost relief to customers of the City's water and sewer system, who currently bear 100% of the system cost.

In prior years, the City owned a Wastewater Treatment Facility (facility) as part of their wastewater collection system. Facility operations were covered through charges to its customers, who only included City residents. The facility is underutilized. With some required regulatory and operational efficiencies gained, the facility's excess capacity was determined to be available for access by other communities and could generate revenue. Unfortunately the City, on its own, was not in the position to accomplish this.

Through its establishment, the Drainage District within the Water Resources Commissioner's Office assumed ownership of the facility, valued at \$55 million. By taking ownership of the Wastewater Treatment Facility, the District issued bonds to generate cash. As previously stated, the District issued \$57.5 million in bonds, backed by the full faith and credit of the County. With this County backing, the District was able to use the County's AAA bond rating to sell the bonds at a very low interest rate. Of the \$57.5 million issued, \$5.0 million will be used to upgrade the facility. The remaining funds were provided to the City as cash and used to liquidate other long-term debt and provide immediate financial support to the City.

Since the County will operate the wastewater treatment system, it will charge the customers for the use of the system. These user charges will be used to fund the debt service. In addition, the County will work to secure customers from neighboring communities, who have already expressed interest in using the upgraded facility. The presence of this new customer base should lower the cost to the current customers (City of Pontiac residents) and will provide an increasing revenue base to pay off the debt and eventually generate on-going revenue, further reducing the cost to City residents.

It is anticipated that with additional customers, within two years approximately 10 million gallons of wastewater per day could be added to the flow currently processed by the Pontiac Wastewater Treatment Facility. Should that occur, City residents would end up paying only 50% of the facility cost as opposed to the current 100% of operating and debt service cost. Over the next 30 years that would mean a projected \$52.0 million in savings to the City and its residents. Add that figure to the \$55 million in one-time cash generated by the original bond issue and the long-term benefit to the City is \$107 million.

## County of Oakland Letter of Transmittal

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It should be noted that there is also a benefit to neighboring communities that are expected to use the facility. In all probability, the use of the Pontiac Wastewater Treatment Facility will be less expensive to these communities than pursuing other avenues to meet their wastewater treatment and other needs in compliance with federal regulations.

Long-term fiscal stability also results from a strong local economy, one that can sustain meaningful job growth and improve the incomes and lives of Oakland County residents. 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, which have been detailed in previous Transmittal Letters and other publications, include *Automation Alley*, *Emerging Sectors*, and *Medical Main Street*.

*Automation Alley* is a consortium of high-tech companies, governmental entities, and educational institutions brought together by County Executive L. Brooks Patterson 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 encompassing an eight (8) county area and is the largest business consortium in the Midwest. It has been honored by Presidents George W. Bush and Barack Obama for its significant role in creating jobs within the export arena.

In 2012 alone, *Automation Alley* attracted eight high-tech companies to the region, resulting in 365 additional jobs to the knowledge-based economy and conducted a trade mission to Brazil which generated a \$50 million contract for one local company. Since its inception, *Automation Alley* has netted \$290 million in new business for trade mission participants along with creating 14,000 new jobs in the region.

*Emerging Sectors*, another County Executive initiative, identifies the top emerging and promising business sectors for the new economy of the 21<sup>st</sup> 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 \$2.0 billion in new investments, created over 27,000 new jobs, and retained over 12,700 current jobs.

## County of Oakland

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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 32 companies in their relocation to or expansion in Oakland County. This activity has resulted in the creation of over 4,800 new jobs, retention of more than 1,400 existing jobs, and increased investment of \$850 million.

From October 3-5, 2012, *Medical Main Street* hosted the “INNO-VENTION 2012” conference. The conference brought physicians, engineers, and designers from medical device manufacturers to discuss and collaborate on improvements to current medical devices and suggestions for new medical devices. INNO-VENTION 2012 attracted over 400 attendees from 14 different states and was viewed over the internet (via live stream) by individuals from Dubai, Germany, Norway and Japan. The next INNO-VENTION conference is already scheduled for late 2013 and will focus on the utilization of information technology in the medical field.

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 target amount reflects the Government Finance Officers’ Association (GFOA) best practice recommendation to retain at least two months of annual expenditures (approximately 17%) in fund balance, as well as cash flow requirements generated under Michigan Public Act 357 of 2004 – which forces the County to receive property tax revenue 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. 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.

As explained earlier in this Transmittal Letter, the County uses long-range financial planning to achieve fiscal stability. This includes the use of a triennial adopted budget with an additional two-year high-level forecast. Oakland County’s goal is to achieve and maintain the 20% General Fund balance target throughout the triennial period.

As noted in the accompanying financial statements, Oakland County’s General Fund balance totaled \$223.4 million as of September 30, 2012. This level of fund balance equates to 53% of budgeted fiscal year 2013 GF/GP expenditures. However, of that amount, \$37.6 million is assigned to balance the fiscal year 2013 budget; \$44.8 million is assigned to balance the fiscal year 2014 budget; \$52.4 million is assigned to balance the fiscal year 2016 budget; and \$17.0 million is assigned to offset budgetary issues in fiscal year 2016 and beyond.



## County of Oakland Letter of Transmittal

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Additionally, the County has already identified several opportunities to achieve additional savings which are being implemented in fiscal year 2013 including the refinancing of the OPEB debt discussed earlier in this Transmittal Letter. Between the budgeted use of fund balance and the implementation of specific savings initiatives, the projected General Fund balance as of September 30, 2015 will be \$121.3 million or 28% of budgeted GF/GP expenditures, well above the County's targeted minimum level of fund balance.

Further, work has begun on the fiscal year 2014 through 2016 Triennial Budget. Projected GF/GP expenditures for fiscal year 2016 are \$431.4 million, meaning the General Fund balance 20% target would be \$86.2 million. The current fiscal year 2014 through 2016 fiscal framework assumes the continued use of General Fund balance; however, it also assumes the continued implementation of specific cost reductions and revenue increases. Oakland County is anticipating a General Fund balance of \$90.9 million as of September 30, 2016, \$4.6 million above the target WITHOUT additional reductions beyond those already planned. This provides the County four (4) fiscal years to enhance the restructuring of County operations to effectively eliminate any structural budget shortfall beyond 2016.

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 fiscal storm and come out stronger than ever.

### **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 & 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.”

## **County of Oakland**

### **Letter of Transmittal**

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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 CAFR for the fiscal year ended September 30, 2011; this was the 21th 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, 2010. 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 2011 PAFR award was the County's 16th consecutive citation. Oakland County is one of two counties in the state of Michigan that holds all three of the GFOA awards simultaneously.

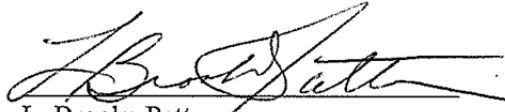
**County of Oakland**  
**Letter of Transmittal**

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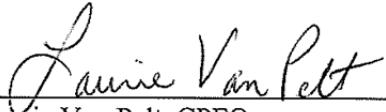
Acknowledgements:

The preparation of the CAFR would not have been possible without the efficient and dedicated services of the entire staff of the Fiscal Services Division of the Department of Management and Budget. We would like to express our appreciation to all members of the division who assisted and contributed to the preparation of this report. 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 52<sup>nd</sup> District Court, for their unfailing support for maintaining the highest standards of professionalism in the management of Oakland County's governmental finances.

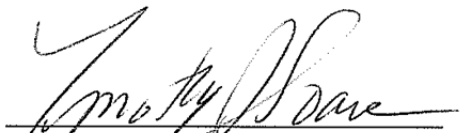
Respectfully submitted,



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



**COUNTY EXECUTIVE**

L. Brooks Patterson

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John P. McCulloch

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Jessica R. Cooper

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Michael J. Bouchard

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Nanci J. Grant

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# 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, 2011

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.



*Christopher P. Morrell*

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**

## 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, 2012, 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, 2012 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 an opinion on the financial statements that collectively comprise Oakland County's basic financial statements. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, retirement system and OPEB plan schedules of funding progress, and the budgetary comparison schedules for the General Fund and each major special revenue fund, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and retirement systems and OPEB plan schedules of funding progress, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



To the Board of Commissioners  
Oakland County, Michigan

The other budgetary comparison schedules and combining statements, as identified in the table on contents as other supplemental information, are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. These schedules, along with the budgetary comparison schedules for the General Fund and each major special revenue fund, have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly presented in all material respects in relation to the financial statements as a whole.

The introductory section 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. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

*Plante & Moran, PLLC*

March 25, 2013

# County of Oakland

## Management's Discussion and Analysis

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of Oakland County's (the "County") financial performance, providing an overview of the activities for the fiscal year ended September 30, 2012. 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 2012, primarily due to assuming ownership and operation of the sewage treatment system and water/sewer system from the City of Pontiac.
- Net position increased by \$54.4 million to \$1,102.7 million (excluding component units).
- Governmental activities net position increased by approximately \$900,000 to \$398.8 million.
- Business-type activity net position increased \$53.5 million to \$703.9 million.

#### Fund Level:

- At the close of the fiscal year, the County's governmental funds reported combined ending fund balance of \$323.3 million, an increase of \$7.6 million from the fiscal year 2011 governmental funds combined ending fund balance, primarily reflecting efforts to reduce General Fund /General Purpose expenditures and the issuance of Building Authority refunding bonds.
- The Revenue Sharing Reserve Fund (RSRF) made a planned transfer of \$24.5 million to the General Fund. The RSRF was established by state statute to replace state revenue-sharing payments.
- The General Fund balance increased by \$22.3 million from \$201.2 million at the end of fiscal year 2011 to \$223.4 million at the end of fiscal year 2012. 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 net position of \$796.7 million, consisting of \$703.9 million for the Enterprise Funds (a \$53.5 million increase from fiscal year 2011) and \$92.8 million for the Internal Service Funds (a \$3.2 million increase from fiscal year 2011). These increases are a result of additional capital contributions, primarily the Pontiac Sewage Treatment Facility.

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

- The County's capital assets experienced a net increase of \$51.7 million during fiscal year 2012 primarily reflecting Pontiac water, sewer and wastewater treatment infrastructure.
- The County issued \$38.6 million in new general government debt and business-type debt during fiscal year 2012, which supported Water Supply Act 342 projects, Water and Sewer refunding debt, Building Authority Act 31 projects, Building Authority refunding debt, and Sewage Disposal Act 342 projects.
- The County paid \$41.9 million in general government bond and note obligations during fiscal year 2012.
- The County is \$4.3 *billion* below its authorized debt limit.

# County of Oakland

## Management's Discussion and Analysis

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### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The Statement of Activities presents information showing how the County's net position changed during fiscal year 2012. All changes in net position 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.

## County of Oakland Management's Discussion and Analysis

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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.
- 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 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.

## County of Oakland Management's Discussion and Analysis

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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).

- *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 Net Position and Changes in Net Position. These funds, which include pension, OPEB, 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 and other postemployment benefit 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 63 and Number 65

This fiscal year 2012 Comprehensive Annual Financial Report reflects the early implementation of Government Accounting Standards Board Statement #63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Government Accounting Standards Board Statement #65, *Items Previously Reported as Assets and Liabilities*.

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

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

As previously stated, Oakland County's financial position improved during fiscal year 2012. As reflected in the table below, the County's combined net position increased by \$54.4 million over the course of this fiscal year's operations. In particular, the net position of the governmental activities increased by approximately \$900,000, reflecting continuing efforts to limit expenses as the County operations work to match constricting revenues. The business-type activities had an increase of \$53.5 million in net position which reflects additional capital contributions, primarily the assumption of the Pontiac Wastewater Treatment Facility and other water/sewer infrastructure.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current Assets	\$ 514.0	\$ 510.1	\$ 468.5	\$ 483.1	\$ 982.5	\$ 993.2
Capital Assets	190.1	194.9	308.6	252.1	498.7	447.0
Other Long-term Assets	353.2	376.6	-	-	353.2	376.6
<b>Total Assets</b>	<u>1,057.3</u>	<u>1,081.6</u>	<u>777.1</u>	<u>735.2</u>	<u>1,834.4</u>	<u>1,816.8</u>
Current Liabilities	92.1	97.8	54.7	80.9	146.8	178.7
Other Liabilities	566.4	585.9	18.5	3.9	584.9	589.8
<b>Total Liabilities</b>	<u>658.5</u>	<u>683.7</u>	<u>73.2</u>	<u>84.8</u>	<u>731.7</u>	<u>768.5</u>
Net Position:						
Invested in Capital Assets						
Less Related Debt	148.7	150.3	289.0	248.0	437.7	398.3
Restricted	92.9	98.4	77.4	77.8	170.3	176.2
Unrestricted	157.2	149.2	337.5	324.6	494.7	473.8
<b>Total Net Position</b>	<u>\$ 398.8</u>	<u>\$ 397.9</u>	<u>\$ 703.9</u>	<u>\$ 650.4</u>	<u>\$ 1,102.7</u>	<u>\$ 1,048.3</u>

# 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 Position

(in millions of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Revenue</b>						
Program Revenue						
Charges for Services	\$ 152.9	\$ 132.0	\$ 226.5	\$ 214.1	\$ 379.4	\$ 346.1
Grants and Contributions						
Operating	84.5	87.6	13.3	0.3	97.8	87.9
Capital	2.6	3.8	17.9	11.9	20.5	15.7
General Revenue						
Property Taxes	200.7	208.0	11.7	12.7	212.4	220.7
Intergovernmental Revenue	11.1	9.0	-	-	11.1	9.0
Investment Earnings	3.0	4.9	2.1	3.0	5.1	7.9
Other Revenue	6.5	3.5	-	-	6.5	3.5
Special Item - Pontiac W/S	-	-	37.5	-	37.5	-
Gain on Sale of Assets	0.2	0.4	-	-	0.2	0.4
<b>Total Revenue</b>	<u>461.5</u>	<u>449.2</u>	<u>309.0</u>	<u>242.0</u>	<u>770.5</u>	<u>691.2</u>
<b>Expenses</b>						
Public Safety	203.7	179.4	17.4	16.3	221.1	195.7
Justice Administration	91.4	88.1	-	-	91.4	88.1
Citizen Services	83.1	82.2	9.0	6.0	92.1	88.2
Public Works	29.2	26.4	174.3	160.2	203.5	186.6
Recreation and Leisure	1.7	1.5	20.1	20.1	21.8	21.6
Commerce and Community Dev.	53.8	63.0	-	-	53.8	63.0
General Government	24.9	23.8	1.6	1.7	26.5	25.5
Interest on Debt Service	4.0	3.6	-	-	4.0	3.6
Unallocated Depreciation	1.9	2.0	-	-	1.9	2.0
<b>Total Expenses</b>	<u>493.7</u>	<u>470.0</u>	<u>222.4</u>	<u>204.3</u>	<u>716.1</u>	<u>674.3</u>
Revenue (Under) Over						
Expenditures	(32.2)	(20.8)	86.6	37.7	54.4	16.9
Transfers - Ongoing	<u>33.1</u>	<u>34.9</u>	<u>(33.1)</u>	<u>(34.9)</u>	<u>-</u>	<u>-</u>
<b>Increase in Net Position</b>	0.9	14.1	53.5	2.8	54.4	16.9
Net Position - Beginning	397.9	388.4	650.4	643.0	1,048.3	1,031.4
GASB #54 Restatement	-	(4.6)	-	4.6	-	-
Net Position - Ending	<u>\$ 398.8</u>	<u>\$ 397.9</u>	<u>\$ 703.9</u>	<u>\$ 650.4</u>	<u>\$ 1,102.7</u>	<u>\$ 1,048.3</u>

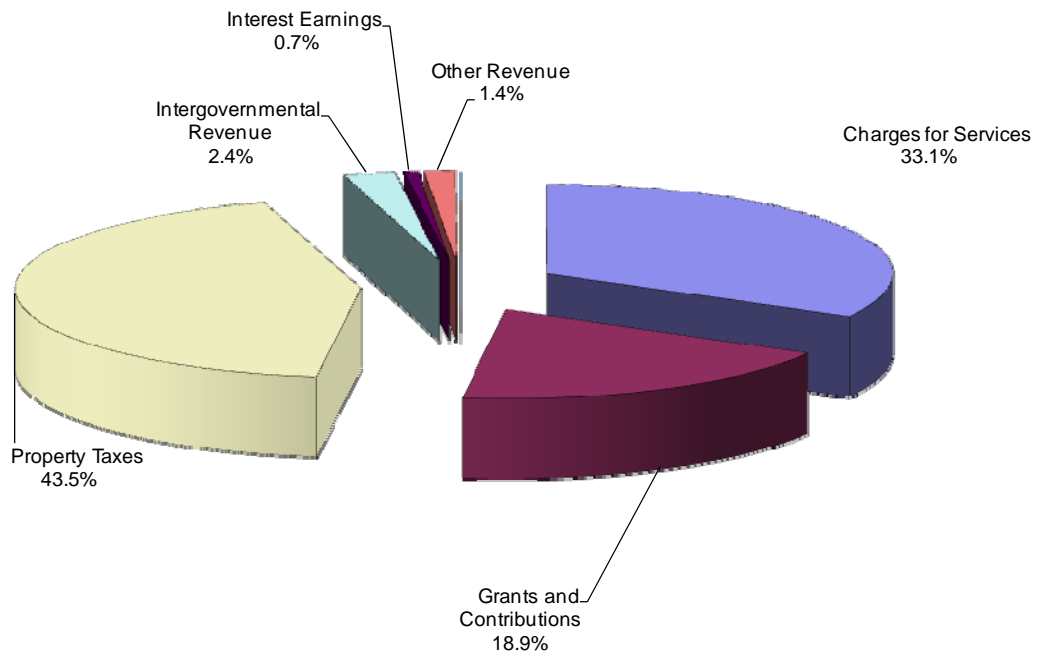
# County of Oakland Management's Discussion and Analysis

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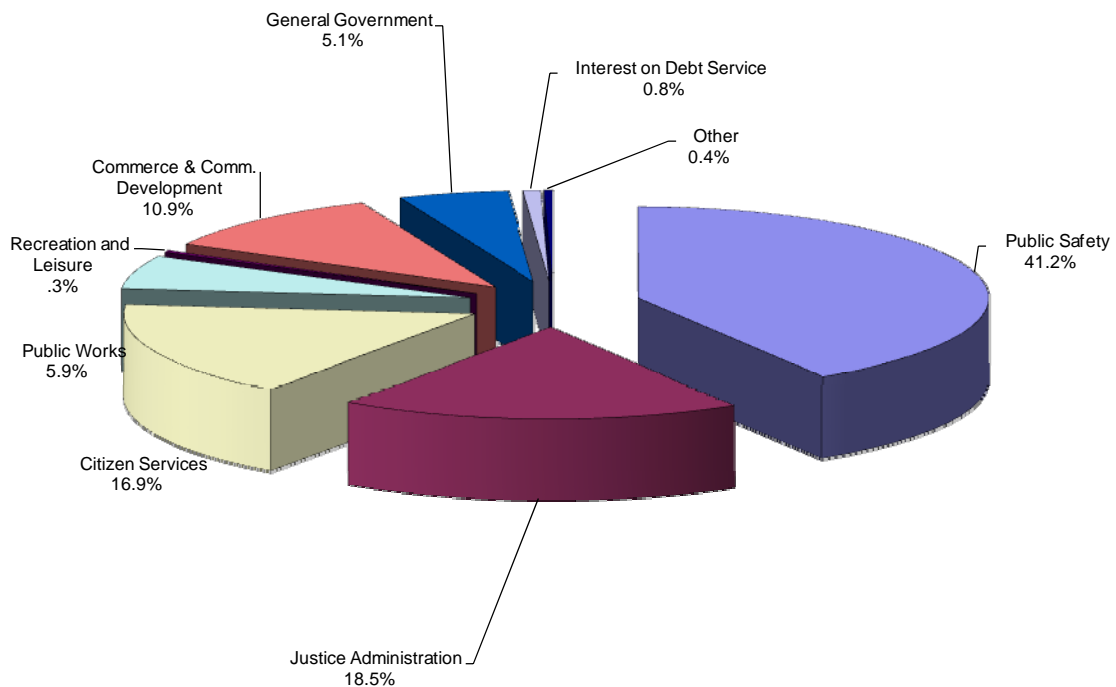
## Governmental Activities:

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

**Revenues - Governmental Activities Fiscal Year Ended September 30, 2012**



**Expenses - Governmental Activities Fiscal Year Ended September 30, 2012**





## County of Oakland Management's Discussion and Analysis

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In total, fiscal year 2012 governmental activity revenue collections increased by \$12.3 million from fiscal year 2011. Of this amount, charges for services received \$20.9 million more in fiscal year 2012, intergovernmental revenue increased by \$2.1 million and other revenue collections increased by \$3.0 million. This was partially offset by decreases of \$7.3 million in property tax collections, \$4.3 million in grants and contributions and \$1.9 million less in investment income than was collected in fiscal year 2011.

Property taxes, which generated \$200.7 million in revenue, remains the largest source of support for governmental activities, comprising 43.5 percent of all governmental activity revenue. Governmental activities have decreased their dependency on property taxes; the fiscal year 2012 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 \$7.3 million from the amount realized during fiscal year 2011. This decrease reflects the deterioration of the local real estate market and the subsequent effects on property values. The 2012 Oakland County Equalization Report published \$49.2 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 \$49.2 billion reported as assessed taxable value for 2012 is \$1.6 billion less than the \$50.8 billion reported as assessed taxable value for 2011. This drop in assessed taxable value, multiplied by the County's approved 2012 property tax rate of 4.19 mills, generates the bulk of the loss of property tax revenue, with additional losses the result of accounting for tax increment financing districts.

The reduced collection amount was partially offset by a release of \$3.0 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 to their local Board of Review. 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.

Concerns surrounding potential negative findings of the State Tax Tribunal (e.g., refund to the taxpayer) prompted the creation of a liability account, in fiscal year 2009, to reserve funds. Of particular concern at the time was the fact that the Tax Tribunal was three years behind in appeals. Through fiscal year 2010, that liability account grew to \$12.9 million. However, the Tax Tribunal has reduced the backlog significantly. Further, the reduced property values have also reduced the number of assessment appeals to the Tax Tribunal. As a result of these two factors, the County felt comfortable to reduce the liability by \$4.8 million in fiscal year 2011 and an additional \$3.0 million in fiscal year 2012.

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.

## County of Oakland Management's Discussion and Analysis

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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 \$152.9 million or 33.1 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 \$152.9 million collected in fiscal year 2012 represents a \$20.9 million increase from the previous fiscal year. The increase in collection reflects a number of factors including the Sheriff providing a full year's patrol services via contract to the City of Pontiac (\$9.0 million); the Treasurer receiving additional payments, due to expanded marketing efforts, for the sale of forfeited property through the annual Tax Sale (\$5.9 million); and the recognition of additional special assessments and contract receivables for Public Works projects.

The third largest source of support for governmental activities is the \$87.1 million received in operating and capital grants and contributions during fiscal year 2012, which is 18.9 percent of the total revenue for governmental activities. This amount represents a \$4.3 million decrease from fiscal year 2011. Included in this total change is \$3.1 million for decreased operating grants which consists of a reduction in Workforce Development efforts (\$8.0 million) and Housing and Community Development projects (\$2.9 million) involving cutbacks at the federal level as the president and Congress attempt to close the spending gap. These reductions were partially offset by increased Homeland Security grants (\$5.4 million) expanding region-wide coordination efforts, as well as additional Health Services grants (\$1.1 million) involving expanded child health care efforts.

Capital contributions and grants decreased by \$1.2 million which simply reflects completion of an Integrated Biometric Identification System during the first half of fiscal year 2012.

Oakland County governmental activities also recorded \$11.1 million in intergovernmental revenue during fiscal year 2012, a \$2.1 million increase from the amount received in fiscal year 2011, primarily due to an additional (accelerated) liquor tax distribution. This is revenue "shared" by the state and federal government, which is not tied to contractual obligations such as grant agreements.

Governmental activities generated \$3.0 million in investment earnings during fiscal year 2012; this amount reflects a decrease of \$1.9 million from the amount earned in fiscal year 2011. The decrease is attributed to market rate reductions and a shrinking investment base for all funds administered by the County.

Governmental activity fiscal year expenses increased \$23.7 million from the fiscal year 2011 expense level, a 5.1 percent expansion from the previous fiscal year. However, of this total increase, \$18.0 million, or 75.9 percent of the increase, reflects an accounting adjustment to more accurately reflect the amortization of Other Post-Employment Benefits (OPEB). Once this adjustment was recognized, governmental activities actually expended \$5.7 million more in fiscal year 2012 in comparison to fiscal year 2011, a 1.2 percent increase. The \$5.7 million increase primarily reflects additional Public Safety and Commerce and Community Development activity, partially offset by reduced salaries and fringe benefits across all activities.

## County of Oakland Management's Discussion and Analysis

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As stated above, an adjustment was made to the OPEB amortization schedule in fiscal year 2012. Specifically, the amortization period was reduced from 26 years reported in fiscal year 2011 to 14 years reported in fiscal year 2012. This adjustment was required in order to properly reflect the fact that OPEB expenses include "normal cost" (annual cost for current employees) as well as the long-term unfunded liability. The previously reported amortization assumed only the unfunded liability, thus leading to a longer amortization schedule. The actual OPEB expenses have not increased, just the amount recorded on an annual basis. This adjustment is reflected across all governmental activities.

Also reflected across all governmental activities is a reduction of \$4.2 million in personnel expenses (salaries, overtime, and fringe benefits) across all activities from the fiscal year 2011 amount. This reduction is reflective of the County's policy of not filling vacant full-time, benefit-eligible authorized positions during fiscal year 2012 unless the particular position was required for public safety (24/7) operations, or had specific authorization of the County Executive's Budget Task Force. This resulted in having 159 authorized positions vacant by the end of fiscal year 2012. Further, an additional 320 full-time benefit-eligible positions were filled with part-time no-benefit (non-eligible) employees, or with full-time employees of a lower grade/classification level, by the end of the fiscal year. The total of 479 vacant and underfilled positions at end of fiscal year 2012 represents 11.2 percent of the total authorized positions in the County.

These actions described above affected all governmental activity areas; highlights of individual activities are discussed below.

Public Safety continued to be the largest governmental activity, expending \$203.7 million of the \$493.7 million total governmental activities amount (41.2 percent). Public Safety, which encompass law enforcement, crime prevention, incarceration, emergency management, and technical support, saw expenses increase by \$24.3 million (13.6 percent) from the previous fiscal year. The overall increase in activity expenses reflects \$11.9 million in additional patrol services expenses related to a full year's of cost for services to the City of Pontiac as well as additional operating cost for the patrol contracts; \$2.7 million in Homeland Security grants enhancing the cooperation among the region's law enforcement agencies; and \$7.3 million reflecting the OPEB amortization period adjustment.

Closely linked to Public Safety, Justice Administration is the second largest expense category accounting for \$91.4 million, or 18.5 percent, of the total governmental activity expenses. The Justice Administration activity, which centers on the operations of the 6<sup>th</sup> Judicial Circuit Court, 52<sup>nd</sup> 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 \$3.3 million expense increase (3.7 percent) from the previous fiscal year which primarily reflects the OPEB amortization.

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 \$83.1 million in expenses, or 16.9 percent, of the total governmental activities. Expenses for this activity increased by \$900,000 from the fiscal year 2011 level (1.1 percent). Although in total there is virtually no change in the level of expenses, it is important to note that there were variances in expenses from fiscal year 2011 to fiscal year 2012. Specifically, the aforementioned OPEB amortization increased Citizen Services' expenses by \$2.2 million during fiscal year 2012. This was offset by reduced expenses related to the care of Family Court wards, removed from their homes due to neglect, abuse, or delinquency. Both the number of youths removed from their homes and the average length of stay decreased from fiscal year 2011 reflected improved effectiveness of local and in-home treatment programs, which are less expensive than out-of-home placements.

## County of Oakland Management's Discussion and Analysis

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Commerce and Community Development, which reflects all efforts to promote and sustain a strong economic business climate and vibrant communities, experienced \$53.8 million in expenses (10.9 percent of the total governmental activities expenses), a decrease of \$9.2 million (14.6 percent) from fiscal year 2011. This decrease reflects reduced grant expenditures for Workforce Development efforts (\$8.1 million) and Housing and Community Development efforts (\$2.9 million) reflecting reduced federal grant dollars discussed earlier. In addition, vacancies in authorized positions and a concerted effort to limit capital purchases reduced activity expenses by another \$1.5 million. These decreases were offset by the OPEB amortization period adjustment (\$2.2 million) as well as increased Register of Deed expenses (\$1.1 million) reflected accelerated efforts to automate the land records system which expanded citizens' ability to request and file records on-line.

The General Government activity, which is comprised of the administration and financial management of County business, expended \$24.9 million in fiscal year 2012, or 5.1 percent of the total governmental activities expenditures. The level of expenditures in fiscal year 2012 increased by \$1.1 million from fiscal year 2011 (4.6 percent) reflecting the OPEB amortization period adjustment (\$1.9 million) offset by vacant and underfilled authorized positions.

The Public Works activity, which includes the operating systems that form the infrastructure of basic county functions, expended \$29.2 million in fiscal year 2012, up \$2.8 million from fiscal year 2011, a 10.6 percent increase, which reflects the OPEB amortization period adjustment.

Interest on Debt Service is reported at \$4.0 million in fiscal year 2012, less than 1 percent of the total expenses for governmental activities. This amount is \$400,000 higher than the amount reported for fiscal year 2011 and simply reflects anticipated increases to the current debt service schedules.

Finally, operating transfers reflect a net transfer of \$33.1 million from business-type activities to the governmental activities; this is a decrease \$1.8 million from the net transfer amount in fiscal year 2011. This decrease reflects the fact that in fiscal year 2011 the Radio Communications Fund (business-type activity) provided a one-time transfer to the General Fund (government activity) to repay the General Fund for a previous fiscal years' support transfer. That transfer was not repeated in fiscal year 2012.

As stated previously, the result of fiscal year 2012 governmental activity was an overall increase of \$900,000 in net position, to \$398.8 million. This amount reflects the fact that the County's governmental activities expended \$32.2 million more than the revenue generated, offset by \$33.1 million in transfers from the business type. Of the total \$398.8 million in governmental activities' net position, \$148.7 million is invested in capital assets net of related debt; \$92.9 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 \$157.2 million is reported as unrestricted.

### **Business-type Activities**

Net position in business-type activities is reported at \$703.9 million for fiscal year 2012, an increase of \$53.5 million over the amount reported at the end of fiscal year 2011. Of the total net position, \$289.0 million is invested in capital assets net of related debt, \$77.4 million is restricted by agreement or covenant, and \$337.5 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.

## County of Oakland Management's Discussion and Analysis

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During fiscal year 2012, business-type activities generated \$309.0 million in revenue (including the special item); this is an increase of \$67.0 million (27.7 percent) from the previous fiscal year. Over one-half of this increase, \$37.5 million, reflects a special item; grants and other contributions increased \$19.0 million; and charges for services revenue increased by \$12.4 million. These increases were partially offset by a \$900,000 decrease in interest earnings, and a \$1.0 million decrease in property tax collections.

The \$37.5 million special item reflects the value of the City of Pontiac's water and sewer system (pipes, main drains, transfer systems), which was transferred to the control of the County's Water Resources Commissioner in order to provide fiscal relief to the City. A discussion of this transfer, as well as the County's purchase of the City's wastewater treatment plant, is thoroughly described in the "Major Initiatives" section of the *Transmittal Letter* proceeding this *Management's Discussion and Analysis*. This transfer is recorded as a special item due to the fact that it is a significant event, within the control of management, however one which is infrequent in occurrence.

The \$19.0 million increase in grants and contributions includes a \$13.0 million increase in operating grants and a \$6.0 million increase in capital grants and contributions. The operating grant increase reflects the transfer grant reserves from the City to the County. These are funds, provided by the State of Michigan, relates to the operation of the City's water and sewer system. Since the operation of that system has been transferred to the County, the remaining related grant funds have also transferred. The capital contribution increase includes \$4.8 million in Federal Department of Justice funds for additional law enforcement equipment, as well as federal funds for noise abatement at the Oakland County International Airport (OCIA).

Business-type activities collected \$12.4 million more in increased charges for services during fiscal year 2012. That total increase includes \$16.5 million in additional collections resulting from 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. This amount was partially offset by decreased interest received on delinquent taxes in the Delinquent Tax Revolving Fund reflecting the reduced amount of delinquencies (both number and value).

The increases, during fiscal year 2012, in business-type activity revenue collections were partially offset by \$900,000 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 \$1.0 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 \$222.4 million, an increase of \$18.1 million from fiscal year 2011 (8.9 percent). Of the total increase, 77.9 percent, or \$14.1 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. In addition, the Oakland County International Airport's depreciation expense increased by \$2.6 million due to increased assets being placed in service. The remaining activities experienced insignificant changes.

# County of Oakland

## Management's Discussion and Analysis

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### 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 2012, the governmental funds reported *combined* fund balances of \$323.3 million with the fund balances of the General Fund, the Revenue Sharing Reserve Fund, the Building Authority Debt Act 31, and the Water & Sewer Debt Act 342, representing 87.6 percent of the combined governmental funds balance.

The fiscal year ending combined fund balances of \$323.3 million is an increase of \$7.6 million from the combined fund balances reported at the end of fiscal year 2011. The increase in the combined governmental fund balances reflects designed reductions in the Revenue Sharing Reserve Fund (RSRF) of \$24.0 offset by a \$22.3 million addition to the General Fund balance, reflecting various revenue increases and the continuing effort to limit increases in expenditures. Further, non-major funds reported an additional \$9.3 million in fund balance related to \$6.8 million in new bonds issued for the Farmington Hills Water Supply System and \$2.5 million in new bonds issued to support city hall complex renovations for the City of Oak Park.

#### **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, 2012, the General Fund reported a fund balance of \$223.4 million. This amount reflects an increase of \$22.3 million from the fund balance of \$201.2 million reported as of September 30, 2011.

The overall \$22.3 million increase in the General Fund balance is a result of the General Fund receiving \$55.8 million in transfers from other funds, while transferring \$31.9 million to other funds, rendering a net "transfer-in" of \$23.9 million. General Fund expenditures exceeded revenues by \$1.7 million.

General Fund revenues were recorded at \$335.4 million for fiscal year 2012. This amount is an increase of \$6.5 million from the \$328.9 million received in fiscal year 2011. This change reflects increased charges for services revenue of \$13.5 million above the amount collected in fiscal year 2011 primarily in two areas: Sheriff patrol services increased approximately \$9.0 million, reflecting a full year's service to the City of Pontiac, and an additional \$5.9 million in payments for the sale of forfeited property under the Treasurer's operations. Further, other intergovernmental revenues increased by \$2.2 million, reflecting additional convention facility payments from the State due to additional State collections. This payment is formula based. Finally, other revenues also increased by \$2.0 million, primarily due to prior year adjustments as well as receipt of court ordered funds by the Sheriff related to drug arrests.

## County of Oakland Management's Discussion and Analysis

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The above referenced increases in General Fund revenues reported for fiscal year 2012 were partially offset by decreased amounts collected for property taxes (\$8.4 million) and investment income (\$2.0 million). Property tax revenue decrease reflects a drop in the value of property located within Oakland County's borders of \$1.6 billion, plus additional losses at the Michigan Tax Tribunal. Investment income reflects lower return on investments (although still higher than the T-bill rate) as well as a lower investment base.

General Fund expenditures were \$337.1 million, an increase of \$13.0 million from the fiscal year 2011 level. This was due primarily to increased patrol service cost in the Sheriff's Office for the City of Pontiac contract. This increase was partially offset by reductions in other departments due to the hiring freeze and limits on capital expenditures.

The General Fund received \$55.8 million in transfers from other funds; this is a decrease of \$1.5 million from the amounts transferred in during fiscal year 2011. This decrease is due to completion of a Radio Fund transfer in fiscal year 2012. The General Fund provided a transfer to the Radio Fund in order to implement a new operating system back in the early 2000s. In fiscal year 2011, that original radio system was replaced with the remaining equity of the previous system transferred back to the General Fund.

The General Fund transferred \$31.9 million to other funds during fiscal year 2012. This amount is \$1.4 million more than the fiscal year 2011 transfers due to the purchase and development of new assessing, land description and taxation software for the Equalization Division and the Treasurer.

Of the total \$223.4 million General Fund balance, all but \$1.1 million is Non-Spendable, Restricted, or Assigned for specific purposes. The total fiscal year 2012 General Fund balance represents 66.3 percent of the fiscal year 2012 General Fund/General Purpose operations. However, it should be noted that \$150.3 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 21.7 percent of the fiscal year 2012 General Fund/General Purpose operations. The General Fund balance of \$223.4 million represents 69.1 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 22, 2011 (prior to the start of the fiscal year), the budget is frequently amended during the course of the fiscal year to reflect changing operational demands.

The General Fund revenue budget was increased by \$3.2 million during the fiscal year 2012 from \$324.2 million to \$327.4 million (1.0 percent). The revenue budget was amended in a number of areas. Most significant was the additional revenue from the State of Michigan for Convention Facility Tax of \$2.8 million. Other amendments included Health and Human Services Prevention Pilot Project Grant of \$245,821, Sheriff/Prosecuting Attorney Narcotics Enforcement Team (NET) Grant of \$143,079, Treasurer revenue of \$735,000 related to Land Sales to offset contracted services to maintain forfeited properties, and use of drug forfeiture funds of \$938,845 for the Sheriff's law enforcement enhancements. These increases were offset by several revenue reductions for Sheriff Patrol and Dispatch contracts with various local municipalities, as they were forced to cut services due to their own budget difficulties, as well as a revenue reduction due to the State of Michigan opting not to contract with the County for use of the Frank Greenan Facility for the board and care of inmates.

## County of Oakland Management's Discussion and Analysis

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Actual General Fund revenue totaled \$335.4 million, \$8.0 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 the Charges for Services category of \$6.8 million and is mostly for increased activity related to the sale of foreclosed property and favorable Mortgage and Land Transfer Tax revenue. Also, Property Tax revenue was favorable by \$2.5 million primarily due to the reduction of the Tax Tribunal Liability from \$8.0 million to \$5.0 million based on updated estimates for tax appeal adjustments.

However, there were some significant losses in revenue which included \$1.6 million unfavorable Investment Income due to lower investment rates and market rate adjustments. There was also less revenue than anticipated from the State of Michigan for the County's share of Cigarette Tax Distribution (\$122,448), State Court Fund Distribution PA 189 (\$107,519), and Indirect Cost Recovery (\$424,331) due to lower activity related to construction projects, grants, and proprietary funds that could be charged for indirect costs.

The General Fund expenditure budget increased \$6.3 million from \$364.0 million to \$370.3 million during fiscal year 2012. This included \$7.2 million in operating appropriations from fiscal year 2011 that were carried forward for specific projects which were not yet completed. Specifically, the funds carried forward included \$3.7 million for Health Division Substance Abuse Satellites; \$1.8 million for Tri-Party Road Improvement Program projects, which is a collaborative effort between Oakland County, the Road Commission of Oakland County (RCOC), and the individual cities, townships, and village (CVT's) located within the county, in which each one contributes a one-third share of the program to the RCOC once projects have been identified; \$331,975 for Health and Human Services Professional Services related to dental services; \$317,226 for Economic Development various marketing services, Medical Main Street, and software for Client Services; \$179,958 to continue Circuit Court's State Judicial Technology Improvement and Online Judges project; and \$271,799 for Sheriff deputy supplies and jail security camera project.

Further, there were additional appropriations made during FY 2012 for new Tri-Party Road Improvement Program projects in the amount of \$1.2 million; \$735,000 for Treasurer's office contracted services to maintain forfeited properties; \$245,821 for expenditures related to the Health and Human Services Prevention Pilot Project Grant; and \$1.2 million for law enforcement grant related expenditures and appropriation of forfeiture funds for law enforcement purposes. These appropriation increases were offset by a reduction of \$4.7 million for reduced hospitalization rates from the Fringe Benefit Fund.

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 unfavorable variances for defense attorney fees, professional services, internal service fund charges, and prior year adjustments, the end of fiscal year 2012 resulted in several departments reflecting actual expenses in excess of total budgeted appropriations for the three reporting categories. Therefore, amendments totaling \$641,000 were made to cover the shortage in Personnel Expenditures, Operating Expenditures, and Internal Support Expenditures.

The General Fund expenditures for fiscal year 2012 were \$33.2 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.



## County of Oakland Management's Discussion and Analysis

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Of the total variance, \$12.9 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, \$7.3 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 2013 budget to complete the projects.

Further, the Department of Human Services reflects favorable variances of \$3.2 million due to funds reserved for Substance Abuse Satellite Centers, which were restricted in fund balance for future use, \$584,793 favorable professional services from the dental program expenses carried forward from the previous fiscal year, and overall efforts to contain costs and minimize expenses; \$1.2 million resulting from the Building Space Allocation look-back credit; \$712,866 primarily due to budget anticipating the privatization of the Sheriff Jail Clinic before the contract was finalized; \$232,858 in savings for Economic Development largely due to reduced resident participants in the NOHAZ program (offset by reduced program reimbursement); and \$168,020 related to Information Technology internal support charges, 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 \$22.3 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 2012 by \$3.8 million from \$32.8 million to \$36.6 million. The largest amendment was for a \$3.0 million transfer to the Information Technology Fund to upgrade the taxing and assessing software (BS & A), with the other amendments related to transfers for various grants.

Actual financing uses from the General Fund were \$4.7 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 \$292,043 over the Amended Budget primarily due to close out of capital project funds for the completion of the Jail Management System project and from the Project Work Order Fund for various completed special projects.

### **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 \$24.0 million annually).

## County of Oakland Management's Discussion and Analysis

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As of September 30, 2012, the Revenue Sharing Reserve Fund had a fund balance of \$59.6 million, which represents 18.4 percent of the combined fund balance of the governmental funds. This amount is a \$24.0 million decrease from the fund balance as of September 30, 2011. 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 \$24.5 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 increases in fund balance of \$110,248. The increase reflects the issuance of refunding bonds for the Oakland County International Airport T-hangars, the Rochester Hills Sheriff Substation, and Executive Office Building renovations. These funds function as a pass-through for various activities and are designed to retain a small fund balance. As of September 30, 2012, the combined fund balance of these two funds totaled \$143,577.

### 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, 2012, the Enterprise Funds had combined net position of \$703.9 million, an increase of \$53.5 million from the combined net position reported at the end of fiscal year 2011. The six major enterprise funds alone reported net positions of \$580.5 million (82.5 percent of the total combined Enterprise net position). The net position of these six major Enterprise funds increased by \$56.5 million during fiscal year 2012, which represents a 10.8 percent increase in the net position of the six major Enterprise fund balances.

Four of the six major Enterprise Funds experienced an increase in net position. The *Water and Sewer Trust Fund* increased its net position by \$57.0 million (78.2 percent) to \$129.9 million. This increase reflects the acquisition of the Pontiac Wastewater Treatment Facility.

The *Southeast Oakland County Sewage Disposal System (SOCSDS) Fund* experienced a \$3.1 million (9.9 percent) increase in net position to \$34.4 million. The primary reason for the increase in net position can be contributed to a rate increase and increased flow.

The *Parks and Recreation Fund* net position increased \$670,000 (0.1 percent) during fiscal year 2012 to a total of \$98.9 million in net position. This increase is the result of additional operating revenue received from water park and golf activities generated due to the unusually warm weather experienced during the 2012 summer.

The *County Airport Fund* generated \$12.6 million in net position above the fiscal year 2011 amount, ending fiscal year 2012 with \$82.6 million in net position. This increase is due to Capital Contributions from Federal and State Grants received for completed capital projects, which offset losses due to the recognition of depreciation on assets associated with state grants which experienced closing delays at the grantor agency.

The *Delinquent Tax Revolving Fund (DTRF)* ended fiscal year 2012 with a net position of \$206.4 million, \$12.3 million (5.6 percent) less than the net position recorded at the end of fiscal year 2011. This decrease is a result of reduction in revenue related to lower property values generating fewer and smaller delinquencies. It is important to note that approximately \$200.0 million in net position is required to remain in the *DTRF* in order to meet its statutory and financial requirements; the fiscal year 2012 net position of \$206.4 million still exceeds that requirement.

## County of Oakland Management's Discussion and Analysis

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The *Evergreen-Farmington Sewage Disposal System Fund (SDS)* ended fiscal year 2012 with a net position of \$28.3 million, \$4.6 million (14.0 percent) less than the net position recorded at the end of fiscal year 2011. The decrease in net position is attributed to revenues staying fairly flat, but expenses increasing primarily for sewage disposal services.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - At the end of fiscal year 2012, the County had invested \$498.7 million, net of accumulated depreciation, in a broad range of capital assets (see table below). This amount of net capital assets reflects an increase of \$51.7 million from fiscal year 2011. This can be attributed to a \$4.8 million decrease in governmental activities and a \$56.5 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>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 7.4	\$ 7.4	\$ 68.2	\$ 64.9	\$ 75.6	\$ 72.3
Land Improvements	0.1	0.1	12.4	4.9	12.5	5.0
Buildings and Improvements	137.0	141.8	63.6	45.4	200.6	187.2
Equipment and Vehicles	18.3	18.7	29.8	41.1	48.1	59.8
Infrastructure	13.4	14.1	103.6	78.3	117.0	92.4
Subtotal	<u>176.2</u>	<u>182.1</u>	<u>277.6</u>	<u>234.6</u>	<u>453.8</u>	<u>416.7</u>
Construction in Progress	<u>13.9</u>	<u>12.8</u>	<u>31.0</u>	<u>17.5</u>	<u>44.9</u>	<u>30.3</u>
Total Capital Assets	<u>\$ 190.1</u>	<u>\$ 194.9</u>	<u>\$ 308.6</u>	<u>\$ 252.1</u>	<u>\$ 498.7</u>	<u>\$ 447.0</u>

Net capital assets for the governmental activities decreased by \$4.8 million in fiscal year 2012. This change includes an increase of \$1.1 million in construction in progress which was offset by reductions of \$5.9 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 \$6.2 million, \$2.6 million in disposals of capital assets, \$100,000 in net adjustments to capital assets, and \$8.4 million increase in net accumulated depreciation.

Of the \$6.2 million in additions to capital assets during fiscal year 2012, \$4.1 million reflects additions for equipment and vehicles (this figure does not include depreciation). Among those additions is \$1.9 million in replacement vehicles for the Sheriff's office and various other departments; \$940,000 for 153 new in-car cameras for Sheriff patrol vehicles; \$276,000 for server and computer hardware replacements including replacement of aging technical equipment for the Health Laboratory, Medical Examiner's office, and Children's Village; \$200,000 for a security system for the Sheriff's Aviation Unit as well as \$100,000 for night vision equipment which is being used by the Aviation Unit; \$178,000 for a mobile crime lab; \$158,000 for eight additional Outdoor Warning Sirens which included four for Rose Township and four located at schools; \$120,000 for maintenance equipment to be used by the systems under the care of the Water Resources Commissioner's office; and \$54,000 for a new courtroom video system.

## County of Oakland Management's Discussion and Analysis

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The remaining \$2.1 million in additions to capital assets reflects additions for construction in progress for projects including campus parking lot reconstruction and improvement projects (\$525,000), the collaborative asset management systems (\$500,000) which will be used to proactively manage countywide infrastructure assets, the Jail Management System project (\$500,000), the jail chiller replacement project (\$370,000), the Children's Village building A security project (\$120,000), and the Oakland Pointe connector project (\$60,000).

The County disposed of \$2.6 million in equipment and vehicles during fiscal year 2012. 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.

Adjustments to capital assets netted at a decrease of \$100,000 for 2012. These included the placement of items previously recorded in construction in progress to depreciable asset categories upon their placement into service including building renovations converting a buildings use to house Community Corrections, the replacement of the chiller at the jail, and in-car cameras and computer equipment previously discussed.

Net capital assets for the business-type activities increased \$56.5 million during fiscal year 2012. This change includes increases to infrastructure assets (\$25.3 million), buildings and improvements (\$18.2 million), land improvements (\$7.5 million), land (\$3.3 million), and construction in progress (\$13.5 million). These increases were offset by decreases in equipment and vehicles (\$11.3 million). In terms of gross numbers, the County's business-type activities had additions to capital assets of \$22.4 million, \$600,000 in disposals of capital assets, net adjustments of \$52.3 million, and \$17.6 million net increase in accumulated depreciation.

The net increase of \$56.5 million in current assets consists of various additions, disposals, adjustments, and depreciation. There were additions of \$22 million to construction in progress including \$17.4 million in projects for Oakland County Airports consisting of land acquisition for noise abatement, the relocation of Williams Lake Road, foundation for new T-hangars, and various runway improvements including fencing, lighting, and resurfacing.

Further, the Parks & Recreation activity acquired \$2.6 million in capital asset additions including a connector trail safety path at Addison Oaks, phase 2 of the event campground at Springfield Oaks, a culvert for the Clinton River at Independence Oaks, and multiple projects at Catalpa Oaks including a parking lot, a restroom/concession building, site development, play structures, and a pavilion. Finally, Evergreen-Farmington Sewage Disposal System recorded \$900,000 in additional capital assets related to improvements to the 8 Mile Pump Station and Septage Facility and various pump replacements; and the Courts and Law Enforcement Management Information System (CLEMIS) recorded \$800,000 in capital asset additions for law enforcement equipment and a Radio/CAD upgrade.

There were net adjustments to capital assets in the amount of \$52.3 million. These adjustments reflected the conversion of construction in progress projects to appropriate depreciable capital asset categories once the project has been closed and the asset has been placed in service, specifically: \$900,000 at various Parks and Recreation locations including two boathouse/dock replacements at Addison Oaks and Groveland Oaks, fencing at Independence Oaks and Highland Oaks, the relocation of the complex entrance at Red Oaks, a water main extension at Springfield Oaks, and a new well at Catalpa Oaks.

## County of Oakland Management's Discussion and Analysis

Additional conversion of construction in progress projects include \$25.0 million at the three County Airports including a new terminal building at the Oakland County International Airport (OCIA), the relocation of Williams Lake Road to accommodate the extension of the runway and safety zone for OCIA, a detention basin at Oakland Troy Airport, acquisition of land for the purpose of noise abatement, and various improvements to runways and taxiways including improvements, lighting, fencing, and extensions. CLEMIS put \$4.8 million in service for law enforcement equipment, which was primarily funded through Department of Justice grants. Finally the business-type activities recorded a net addition of \$30.0 million for the acquisition of the Pontiac Water and Sewer System at its net book value.

Disposals included the removal of the water slide at Waterford Oaks with an original cost of \$425,000 and various Parks and Recreation maintenance equipment, all of which was fully depreciated.

The above additions and adjustments were offset by \$18.1 million in depreciation expense.

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

**Long-term Debt** - As of September 30, 2012, the County had \$613.1 million in bonds and notes outstanding. Of this amount, \$588.1 million are bonds with limited taxing authority, and \$25.0 million are notes with limited taxing authority. This represents a \$3.4 million reduction from September 30, 2011 in the limited tax authority bonds and a \$25.0 million reduction in the limited taxing authority notes. In addition, the County uses its full faith and credit (as a secondary obligator) to back \$210.1 million Drainage District component unit debt. Of this total obligation, \$66.0 million reflected new debt issues, offset by \$13.1 million in debt reductions. The Drainage District component unit debt experienced a \$52.9 million net obligation increase during fiscal year 2012.

**Outstanding Debt as of September 30, 2012**  
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government		Drainage Districts Component Unit		Total County Commitment	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Bonds - Limited Tax Authority	\$ 568.5	\$ 587.4	\$ 19.6	\$ 4.1	\$ 588.1	\$ 591.5	\$ 210.1	\$ 157.2	\$ 798.2	\$ 748.7
Total Bonds	\$ 568.5	\$ 587.4	\$ 19.6	\$ 4.1	\$ 588.1	\$ 591.5	\$ 210.1	\$ 157.2	\$ 798.2	\$ 748.7
Notes - Limited Tax Authority	\$ -	\$ -	\$ 25.0	\$ 50.0	\$ 25.0	\$ 50.0	\$ -	\$ -	\$ 25.0	\$ 50.0
Total Outstanding Debt	\$ 568.5	\$ 587.4	\$ 44.6	\$ 54.1	\$ 613.1	\$ 641.5	\$ 210.1	\$ 157.2	\$ 823.2	\$ 798.7
Debt Limit (10% of SEV)									\$ 5,084.0	\$ 5,245.3
Available Statutory Debt Limit									\$ 4,260.8	\$ 4,446.6

Oakland County issued \$38.5 million in general government debt and business-type activity debt in fiscal year 2012. Of this amount, \$11.6 million was a bond refunding for Building Authority bonds concerning the Rochester Hills Substation (originally issued in 2002), Office Building renovation (originally issued in 2003), and the Airport T-Hangar project (originally issued in 2004). Consequently, the Building Authority refunding bonds for these projects were completed as one refunding to save the County bond administration/issuance costs. Additionally, a Building Authority Act 31 bond was issued in the amount of \$2.5 million to allow the City of Oak Park to utilize Oakland County's credit rating to finance a loan for the construction and renovation of various buildings of Oak Park in their administrative campus. Other bond refunding activity includes the Water and Sewer Refunding Act 202 in the amount of \$2.0 million for the Rochester Hills Water Supply & Sewage Disposal System (originally issued in 2005). The Water Supply Act 342 bonds issued \$6.8 million for the Farmington Hills Water Supply System; these bonds will be covered by the participating community through the municipal water system rates. Finally, \$15.7 million in business-type activity debt included \$15.4 million in debt carried over at recorded value as of September 30, 2012 from the City of Pontiac to Oakland County for the transfer of operations of the Pontiac Water and Sewer Systems and \$.2 million in draws for State Revolving Fund loans for the Evergreen Farmington Eight Mile Pumping Station and Seepage Facility project.

## County of Oakland Management's Discussion and Analysis

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The Drainage Districts component unit issued \$66.0 million in new debt during fiscal year 2012. This primarily includes \$57.5 million bonds issued per the restructuring agreement between the City of Pontiac and the County to allow the establishment of the Pontiac Wastewater Treatment Facility Chapter 20 Drainage District to issue bonds for the construction and acquisition of the Pontiac Wastewater Treatment Facility. In addition, the Drainage Districts component unit includes \$8.5 million in draws for State Revolving Fund loans for the Oakland Macomb Interceptor Drainage District construction project. 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, \$25.0 million in limited taxing authority notes related to the Delinquent Tax Revolving Fund were issued, representing a reduction of \$25.0 million issued in the previous fiscal year. These notes are routinely paid off during the fiscal year.

During fiscal year 2012, \$41.9 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 - \$19.5 million), the retirement of certain water and sewer bonds/refunding bonds (\$5.9 million), the retirement of Building Authority bonds/refunding bonds (\$16.4 million), and the scheduled payment of lake level bonds issued under Act 451 (\$.1 million). Also, \$25.0 million limited taxing authority notes were also retired.

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

### **Bond Ratings**

The County's general obligations are rated AAA by Standards and Poor's 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, 2012 was \$50.8 billion.

## **ECONOMIC OUTLOOK**

The economic slump which gripped Oakland County, and the rest of southeast Michigan, is showing signs of subsiding. As is detailed in the *Transmittal Letter* preceding this *Management's Discussion and Analysis*, the County's unemployment rate has fallen to 8.2 percent and employment is projected to grow by approximately 11,000 to 13,000 new jobs annually over the next three years.

The improvement in the economic outlook should positively impact the County's fiscal stability; this is already being evidenced through revised estimates of the value of property located within the County's borders. After years of decline, current projections assume a reduction of property values of 1 percent in 2013; no change in value in 2014; a 1 percent increase in 2015; and a 2 percent increase in 2016. The residential property market has basically stabilized and it appears that the commercial/industrial market is starting to rebound. Every 1 percent increase in value adds approximately \$2.0 million to the County's revenue.

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.

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

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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 additional time to further restructure County operations. Even in the face of the above discussed revenue restrictions, the Oakland County Board of Commissioners (on September 20, 2012) adopted a balanced budget for fiscal years 2013, 2014, and 2015 (through September 30, 2015). That document also included official estimates for fiscal years 2016 and 2017.

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.

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**Basic  
Financial Statements**

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**County of Oakland**  
**Statement of Net Position**  
**September 30, 2012**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Totals</b>	
<b>Assets</b>				
Current assets				
Pooled cash and investments	\$ 437,637,499	\$ 291,007,062	\$ 728,644,561	\$ 31,907,193
Cash and cash equivalents	-	-	-	39,555,579
Receivables (net of allowance for uncollectibles where applicable)				
Current property taxes	22,482,677	-	22,482,677	-
Delinquent property taxes	836,919	96,254,020	97,090,939	-
Special assessments	-	-	-	8,661,616
Due from other governmental units	18,727,045	44,473,437	63,200,482	6,569,352
Due from component units	120,997	1,212,778	1,333,775	-
Accrued interest receivable	1,264,301	2,171,519	3,435,820	103,932
Accounts receivable	1,467,683	39,261,454	40,729,137	16,569,662
Contracts receivable	11,232,127	1,108,328	12,340,455	-
Internal balances - footnote 19	9,000,484	(9,000,484)	-	-
Inventories and supplies	1,033,544	541,825	1,575,369	4,033,167
Prepayments and other assets	10,173,439	1,490,843	11,664,282	921,834
Total current assets	<u>513,976,715</u>	<u>468,520,782</u>	<u>982,497,497</u>	<u>108,322,335</u>
Non-current assets				
Special assessments receivable	26,913,607	-	26,913,607	172,361,520
Contracts receivable	26,363,200	-	26,363,200	-
OPEB asset	299,937,972	-	299,937,972	1,740,298
Capital assets, net				
Land and other nondepreciable assets	21,237,509	99,190,418	120,427,927	230,861,354
Land improvements, net	142,487	12,406,193	12,548,680	109,468
Buildings and improvements, net	137,004,873	63,576,449	200,581,322	8,332,684
Equipment and vehicles, net	18,341,015	29,803,213	48,144,228	1,719,877
Infrastructure, net	13,353,284	103,617,308	116,970,592	981,169,382
Total capital assets, net	<u>190,079,168</u>	<u>308,593,581</u>	<u>498,672,749</u>	<u>1,222,192,765</u>
Total non-current assets	<u>543,293,947</u>	<u>308,593,581</u>	<u>851,887,528</u>	<u>1,396,294,583</u>
Total assets	<u>\$ 1,057,270,662</u>	<u>\$ 777,114,363</u>	<u>\$ 1,834,385,025</u>	<u>\$ 1,504,616,918</u>

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

**County of Oakland**  
**Statement of Net Position (Continued)**  
**September 30, 2012**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Totals</b>	
<b>Liabilities</b>				
<b>Current liabilities</b>				
Vouchers payable	\$ 16,781,131	\$ 4,410,550	\$ 21,191,681	\$ 19,467,569
Accrued payroll	2,901,896	-	2,901,896	-
Due to other governmental units	1,772,560	18,325,940	20,098,500	8,405,520
Due to primary government	-	-	-	1,955,468
Accrued interest payable	135,514	-	135,514	30,804
Other accrued liabilities	21,258,429	4,299,776	25,558,205	3,698,673
Accrued compensated absences	1,214,192	-	1,214,192	-
Unearned revenue	15,233,765	1,585,999	16,819,764	25,763,093
Claims and judgments	3,735,772	-	3,735,772	-
Bonds and notes payable	29,045,000	26,125,000	55,170,000	15,167,000
Total current liabilities	<u>92,078,259</u>	<u>54,747,265</u>	<u>146,825,524</u>	<u>74,488,127</u>
<b>Non-current liabilities</b>				
Accrued compensated absences	10,927,729	-	10,927,729	2,756,046
Claims and judgments	16,059,066	-	16,059,066	2,050,918
Other postemployment benefits	-	-	-	12,271,525
Bonds and notes payable	539,425,727	18,464,279	557,890,006	197,861,606
Total noncurrent liabilities	<u>566,412,522</u>	<u>18,464,279</u>	<u>584,876,801</u>	<u>214,940,095</u>
Total liabilities	<u>658,490,781</u>	<u>73,211,544</u>	<u>731,702,325</u>	<u>289,428,222</u>
<b>Net position</b>				
Investment in capital assets, net of related debt	148,709,168	289,004,302	437,713,470	1,010,046,159
<b>Restricted for</b>				
Property Tax Forfeiture	8,311,145	-	8,311,145	-
Substance Abuse	3,244,003	-	3,244,003	-
Revenue sharing reserve	59,585,830	-	59,585,830	-
Citizens services	3,182,681	-	3,182,681	-
Public works	7,544,287	-	7,544,287	5,484,872
Commerce and community development	9,340,639	-	9,340,639	-
Other programs	1,359,198	-	1,359,198	-
Capital projects	9,184	-	9,184	-
Debt service	341,354	-	341,354	154,764,203
Airports	-	313	313	-
Community water and sewer	-	77,418,327	77,418,327	-
Unrestricted	<u>157,152,392</u>	<u>337,479,877</u>	<u>494,632,269</u>	<u>44,893,462</u>
Total net position	<u>\$ 398,779,881</u>	<u>\$ 703,902,819</u>	<u>\$ 1,102,682,700</u>	<u>\$ 1,215,188,696</u>

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

**County of Oakland  
Statement of Activities  
Year Ended September 30, 2012**

	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
<b>Primary government</b>				
Governmental activities				
General government, administrative	\$ 24,883,201	\$ 24,431,514	\$ 1,972,545	\$ -
Public safety	203,647,570	60,028,240	28,147,900	618,415
Justice administration	91,355,151	31,950,808	662,382	-
Citizen services	83,141,703	5,829,293	20,364,604	-
Public works	29,173,892	16,293,669	2,635,398	1,961,591
Recreation and leisure	1,747,878	79,342	254,812	-
Commerce and community development	53,775,460	14,240,342	30,484,781	-
Unallocated depreciation	1,912,755	-	-	-
Interest on debt	4,041,393	-	-	-
Total governmental activities	<u>493,679,003</u>	<u>152,853,208</u>	<u>84,522,422</u>	<u>2,580,006</u>
Business-type activities				
Airports	9,016,461	4,502,884	-	17,054,233
Community safety support	17,370,233	13,242,926	-	786,768
Community tax financing	1,615,467	21,965,251	-	-
Community water and sewer	53,137,399	59,090,782	13,301,375	-
Recreation and leisure	20,108,609	8,751,064	25,385	38,796
Sewage disposal systems	121,129,202	118,951,504	-	103,635
Total business-type activities	<u>222,377,371</u>	<u>226,504,411</u>	<u>13,326,760</u>	<u>17,983,432</u>
Total primary government	<u>\$ 716,056,374</u>	<u>\$ 379,357,619</u>	<u>\$ 97,849,182</u>	<u>\$ 20,563,438</u>
<b>Component units</b>				
Drainage districts	\$ 73,464,858	\$ 63,651,502	\$ 1,000,000	\$ 19,524,866
Road commission	91,257,622	15,774,399	58,474,382	39,558,717
Total component units	<u>\$ 164,722,480</u>	<u>\$ 79,425,901</u>	<u>\$ 59,474,382</u>	<u>\$ 59,083,583</u>
General revenue				
Taxes				
Property taxes				
State-shared revenue (unrestricted)				
Unrestricted investment earnings				
Gain on sale of capital assets				
Other revenue				
Special Item - Contribution of Pontiac W&S system				
Transfers in (out)				
Total general revenue, special items and transfers				
Change in net position				
<b>Net position</b>				
Beginning				
Ending				

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

**County of Oakland**  
**Statement of Activities (Continued)**  
**Year Ended September 30, 2012**

Net (Expenses) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business- Type Activities	Totals	Component Units
\$ 1,520,858	\$ -	\$ 1,520,858	\$ -
(114,853,015)	-	(114,853,015)	-
(58,741,961)	-	(58,741,961)	-
(56,947,806)	-	(56,947,806)	-
(8,283,234)	-	(8,283,234)	-
(1,413,724)	-	(1,413,724)	-
(9,050,337)	-	(9,050,337)	-
(1,912,755)	-	(1,912,755)	-
(4,041,393)	-	(4,041,393)	-
<u>(253,723,367)</u>	<u>-</u>	<u>(253,723,367)</u>	<u>-</u>
-	12,540,656	12,540,656	-
-	(3,340,539)	(3,340,539)	-
-	20,349,784	20,349,784	-
-	19,254,758	19,254,758	-
-	(11,293,364)	(11,293,364)	-
-	(2,074,063)	(2,074,063)	-
<u>-</u>	<u>35,437,232</u>	<u>35,437,232</u>	<u>-</u>
<u>(253,723,367)</u>	<u>35,437,232</u>	<u>(218,286,135)</u>	<u>-</u>
-	-	-	10,711,510
-	-	-	22,549,876
<u>-</u>	<u>-</u>	<u>-</u>	<u>33,261,386</u>
200,634,390	11,664,549	212,298,939	-
11,128,237	-	11,128,237	-
2,955,907	2,050,923	5,006,830	2,321,212
213,451	-	213,451	-
6,513,306	-	6,513,306	-
-	37,492,899	37,492,899	-
33,139,742	(33,139,742)	-	-
<u>254,585,033</u>	<u>18,068,629</u>	<u>272,653,662</u>	<u>2,321,212</u>
861,666	53,505,861	54,367,527	35,582,598
<u>397,918,215</u>	<u>650,396,958</u>	<u>1,048,315,173</u>	<u>1,179,606,098</u>
<u>\$ 398,779,881</u>	<u>\$ 703,902,819</u>	<u>\$ 1,102,682,700</u>	<u>\$ 1,215,188,696</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 five 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 eight 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, 2012**

	<b>Major Funds</b>		
	<b>General</b>	<b>Revenue Sharing Reserve</b>	<b>Building Authority Debt Act 31</b>
<b>Assets</b>			
Current assets			
Pooled cash and investments	\$ 221,197,468	\$ 59,317,931	\$ 471,187
Receivables (net of allowance for uncollectibles where applicable)			
Current property taxes	22,482,677	-	-
Delinquent property taxes	836,919	-	-
Due from other governmental units	7,775,944	-	-
Due from component units	101,402	-	-
Accrued interest receivable	357,884	267,899	2,583
Accounts receivable	73,888	-	-
Contracts receivable	11,192,727	-	-
Due from other funds	4,733,870	-	-
Advances receivable	-	-	-
Inventories	176,511	-	-
Prepayments and other assets	923,630	-	-
Total current assets	<u>269,852,920</u>	<u>59,585,830</u>	<u>473,770</u>
Special assessments receivable	-	-	-
Contracts receivable	-	-	16,225,000
Total assets	<u>\$ 269,852,920</u>	<u>\$ 59,585,830</u>	<u>\$ 16,698,770</u>
<b>Liabilities</b>			
Current liabilities			
Vouchers payable	\$ 7,397,353	\$ -	\$ 356,968
Accrued payroll	2,901,896	-	-
Due to other governmental units	791,459	-	-
Due to other funds	48,705	-	-
Advances payable	-	-	-
Unearned revenue	10,591,612	-	-
Other accrued liabilities	9,734,796	-	-
Total liabilities	<u>31,465,821</u>	<u>-</u>	<u>356,968</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue-property taxes	14,957,659	-	-
Unavailable revenue-special assessments	-	-	-
Unavailable revenue-contracts receivable	-	-	16,225,000
Total deferred inflows of resources	<u>14,957,659</u>	<u>-</u>	<u>16,225,000</u>
<b>Fund balances</b>			
Nonspendable	1,100,141	-	-
Restricted	11,555,148	59,585,830	116,802
Committed	-	-	-
Assigned	209,683,648	-	-
Unassigned	1,090,503	-	-
Total fund balances	<u>223,429,440</u>	<u>59,585,830</u>	<u>116,802</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 269,852,920</u>	<u>\$ 59,585,830</u>	<u>\$ 16,698,770</u>

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

**County of Oakland  
Balance Sheet (Continued)  
Governmental Funds  
September 30, 2012**

	<u>Major Funds</u>		
	Water and Sewer Debt Act 342	Non-Major Funds	Totals September 30, 2012
<b>Assets</b>			
Current assets			
Pooled cash and investments	\$ 597,593	\$ 45,693,580	\$ 327,277,759
Receivables (net of allowance for uncollectibles where applicable)			
Current property taxes	-	-	22,482,677
Delinquent property taxes	-	-	836,919
Due from other governmental units	-	10,282,941	18,058,885
Due from component units	-	621,718	723,120
Accrued interest receivable	4,680	33,603	666,649
Accounts receivable	-	1,127,145	1,201,033
Contracts receivable	-	39,400	11,232,127
Due from other funds	1,318	697,144	5,432,332
Advances receivable	-	429,259	429,259
Inventories	-	-	176,511
Prepayments and other assets	-	3,879,187	4,802,817
Total current assets	<u>603,591</u>	<u>62,803,977</u>	<u>393,320,088</u>
Special assessments receivable	22,465,727	4,447,880	26,913,607
Contracts receivable	-	10,138,200	26,363,200
Total assets	<u>\$ 23,069,318</u>	<u>\$ 77,390,057</u>	<u>\$ 446,596,895</u>
<b>Liabilities</b>			
Current liabilities			
Vouchers payable	\$ 555,188	\$ 4,126,340	\$ 12,435,849
Accrued payroll	-	-	2,901,896
Due to other governmental units	-	507,340	1,298,799
Due to other funds	-	5,670,990	5,719,695
Advances payable	-	429,259	429,259
Unearned revenue	-	3,782,650	14,374,262
Other accrued liabilities	21,628	8,246,499	18,002,923
Total liabilities	<u>576,816</u>	<u>22,763,078</u>	<u>55,162,683</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue-property taxes	-	-	14,957,659
Unavailable revenue-special assessments	22,465,727	4,447,880	26,913,607
Unavailable revenue-contracts receivable	-	10,020,000	26,245,000
Total deferred inflows of resources	<u>22,465,727</u>	<u>14,467,880</u>	<u>68,116,266</u>
<b>Fund balances</b>			
Nonspendable	-	547,459	1,647,600
Restricted	26,775	21,633,766	92,918,321
Committed	-	18,432,389	18,432,389
Assigned	-	7,732	209,691,380
Unassigned	-	(462,247)	628,256
Total fund balances	<u>26,775</u>	<u>40,159,099</u>	<u>323,317,946</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 23,069,318</u>	<u>\$ 77,390,057</u>	<u>\$ 446,596,895</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 Position**  
**September 30, 2012**

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Total fund balances for governmental funds		\$ 323,317,946
Amounts reported for governmental activities in the Statement of Net Position 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	10,041,872	
Land improvements, net of \$1,014,899 depreciation	142,487	
Buildings and improvements, net of \$94,159,567 depreciation	135,803,638	
Equipment and vehicles, net of \$14,750,056 depreciation	7,673,189	
Infrastructure, net of \$12,518,737 depreciation	<u>13,194,610</u>	
		174,091,347
Other long-term assets are not available to pay for current period expenditures and therefore are not reported in the funds.		
Capital lease receivable		9,935,000
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 Position.		92,824,510
Other post-employment benefits assets do not represent financial resources and are not reported in the funds.		299,937,972
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.		14,120,740
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.		53,158,607
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 Position. This is the net effect of these balances on the statement:		
Bonds and notes payable	(568,470,727)	
Accrued interest payable	<u>(135,514)</u>	
		<u>(568,606,241)</u>
Net position of governmental activities		<u>\$ 398,779,881</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, 2012**

	<b>Major Funds</b>		
	<b>General</b>	<b>Revenue Sharing Reserve</b>	<b>Building Authority Debt Act 31</b>
<b>Revenue</b>			
Taxes	\$ 200,943,790	\$ -	\$ -
Special assessments	-	-	2,856,420
Federal grants	384,292	-	-
State grants	4,442,204	-	-
Other intergovernmental revenues	13,505,994	-	-
Charges for services	102,687,487	-	1,584
Contributions	534,403	-	-
Investment income	1,642,006	440,866	985
Indirect cost recovery	8,275,669	-	-
Other	2,985,898	-	-
Total revenue	335,401,743	440,866	2,858,989
<b>Expenditures</b>			
Current operations			
County Executive	86,438,368	-	96,320
Clerk/Register of Deeds	10,180,290	-	-
Treasurer	8,322,889	-	-
Justice administration	52,317,839	-	-
Law enforcement	152,958,302	-	-
Legislative	4,236,162	-	-
Water Resource Commissioner	5,400,144	-	-
Non-departmental	17,096,029	-	-
Total current operations	336,950,023	-	96,320
Capital outlay	135,379	-	-
Intergovernmental	-	-	-
Debt service			
Principal payments	-	-	13,525,000
Interest and fiscal charges	-	-	1,532,440
Total expenditures	337,085,402	-	15,153,760
Excess (deficiency) of revenue over (under) expenditures	(1,683,659)	440,866	(12,294,771)
Other financing sources (uses)			
Transfers in	55,843,567	-	574,576
Transfers out	(31,892,352)	(24,459,476)	-
Issuance of bonds	-	-	-
Issuance of refunding bonds	-	-	11,645,000
Premiums on bonds sold	-	-	186,320
Discounts on bonds sold	-	-	-
Total other financing sources (uses)	23,951,215	(24,459,476)	12,405,896
Net change in fund balances	22,267,556	(24,018,610)	111,125
<b>Fund balances</b>			
October 1, 2011	201,161,884	83,604,440	5,677
September 30, 2012	\$ 223,429,440	\$ 59,585,830	\$ 116,802

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, 2012**

	<b>Major Funds</b>		<b>Totals</b>
	<b>Water and Sewer Debt Act 342</b>	<b>Non-Major Funds</b>	
<b>Revenue</b>			
Taxes	\$ -	\$ -	\$ 200,943,790
Special assessments	3,029,891	2,987,653	8,873,964
Federal grants	-	57,980,354	58,364,646
State grants	-	23,080,956	27,523,160
Other intergovernmental revenues	-	11,835,499	25,341,493
Charges for services	2,250	10,212,755	112,904,076
Contributions	-	184,562	718,965
Investment income	4,161	135,459	2,223,477
Indirect cost recovery	-	-	8,275,669
Other	-	3,378,301	6,364,199
Total revenue	3,036,302	109,795,539	451,533,439
<b>Expenditures</b>			
Current operations			
County Executive	-	88,423,224	174,957,912
Clerk/Register of Deeds	-	1,898,389	12,078,679
Treasurer	-	-	8,322,889
Justice administration	-	26,125,770	78,443,609
Law enforcement	-	7,270,255	160,228,557
Legislative	-	242,251	4,478,413
Water Resource Commissioner	42,526	5,312,880	10,755,550
Non-departmental	-	68,622	17,164,651
Total current operations	42,526	129,341,391	466,430,260
Capital outlay	-	7,989,378	8,124,757
Intergovernmental	4,588	9,775	14,363
Debt service			
Principal payments	4,250,000	4,500,000	22,275,000
Interest and fiscal charges	732,591	1,911,865	4,176,896
Total expenditures	5,029,705	143,752,409	501,021,276
Excess (deficiency) of revenue over (under) expenditures	(1,993,403)	(33,956,870)	(49,487,837)
Other financing sources (uses)			
Transfers in	-	37,042,030	93,460,173
Transfers out	-	(3,059,024)	(59,410,852)
Issuance of bonds	-	9,300,000	9,300,000
Issuance of refunding bonds	1,975,000	-	13,620,000
Premiums on bonds sold	17,526	-	203,846
Discounts on bonds sold	-	(76,269)	(76,269)
Total other financing sources (uses)	1,992,526	43,206,737	57,096,898
Net change in fund balances	(877)	9,249,867	7,609,061
<b>Fund balances</b>			
October 1, 2011	27,652	30,909,232	315,708,885
September 30, 2012	\$ 26,775	\$ 40,159,099	\$ 323,317,946

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, 2012**

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Net change in fund balance - total governmental funds		\$ 7,609,061
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	\$ 897,506	
Buildings and improvements	364,874	
Equipment and vehicles	1,057,372	
Depreciation expense	<u>(6,827,879)</u>	(4,508,127)
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 Position.		(550,000)
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.		3,217,106
Amortization of Other Post-Employment Benefits asset is not reported in the governmental funds.		(27,858,341)
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	(14,430,140)	
Current year deferral	<u>14,120,740</u>	(309,400)
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.		4,337,581
Bond proceeds provide current financial resources to governmental funds by issuing debt which increases long-term bonded debt in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Position. This is the amount proceeds exceed repayments.		
Bond proceeds	(22,920,000)	
Repayment of bond principal	41,820,000	
Accrued interest	<u>23,786</u>	18,923,786
Change in net assets of governmental activities		<u>\$ 861,666</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 17 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 Position  
Proprietary Funds  
September 30, 2012**

	<b>Business-Type Activities - Enterprise Funds</b>				
	<b>Major</b>				
	<b>Parks and Recreation</b>	<b>Delinquent Tax Revolving</b>	<b>County Airports</b>	<b>Water and Sewer Trust</b>	<b>Evergreen- Farmington SDS</b>
<b>Assets</b>					
<b>Current assets</b>					
Pooled cash and investments	\$ 31,336,520	\$ 99,254,926	\$ 15,326,975	\$ 50,223,387	\$ 14,767,052
Delinquent property taxes receivable	-	96,254,020	-	-	-
Due from other governmental units	3,500	16,101,246	1,039	3,559,178	5,732,172
Due from component units	-	-	-	-	182,153
Accrued interest receivable	19,086	1,493,272	63,891	37,759	119,639
Accounts receivable (net of allowance for uncollectibles where applicable)	276,448	18,518,652	427,534	17,845,435	-
Due from other funds	9,770	-	-	17,614	-
Current portion of contracts receivable	-	-	1,108,328	-	-
Current portion of advances receivable	-	12,883	-	-	-
Inventories and supplies	34,342	-	-	-	-
Prepayments and other assets	17,168	-	-	65,762	-
Total current assets	<u>31,696,834</u>	<u>231,634,999</u>	<u>16,927,767</u>	<u>71,749,135</u>	<u>20,801,016</u>
<b>Noncurrent assets</b>					
Advances receivable	-	103,064	-	-	-
<b>Capital assets, net</b>					
Land and other nondepreciable assets	33,050,525	-	36,290,293	23,404,304	5,257,249
Land improvements, net	-	-	12,406,193	-	-
Building and improvements, net	16,987,085	-	25,549,121	-	10,733,536
Equipment and vehicles, net	685,650	-	493,175	-	6,054
Infrastructure, net	17,480,543	-	2,788,264	55,836,117	3,823,810
Total noncurrent assets	<u>68,203,803</u>	<u>103,064</u>	<u>77,527,046</u>	<u>79,240,421</u>	<u>19,820,649</u>
Total assets	<u>99,900,637</u>	<u>231,738,063</u>	<u>94,454,813</u>	<u>150,989,556</u>	<u>40,621,665</u>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Vouchers payable	486,549	88,409	24,101	2,627,818	690,466
Due to other governmental units	-	221,777	-	223,369	7,313,933
Due to other funds	-	-	-	8,807	403
Unearned revenue	100,114	-	1,351,126	-	-
Capital lease obligation - current portion	-	-	585,000	-	-
Notes payable	-	25,000,000	-	-	-
Current portion of bonds payable	-	-	-	890,000	235,000
Current portion of long-term liabilities	-	-	-	-	-
Current portion of advances payable	-	-	-	-	-
Other accrued liabilities	454,500	57,723	505,086	2,752,923	135,929
Total current liabilities	<u>1,041,163</u>	<u>25,367,909</u>	<u>2,465,313</u>	<u>6,502,917</u>	<u>8,375,731</u>
<b>Noncurrent liabilities</b>					
Capital lease obligations	-	-	9,350,000	-	-
Bonds payable	-	-	-	14,548,053	3,916,226
Other long-term liabilities	-	-	-	-	-
Advances payable	-	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>9,350,000</u>	<u>14,548,053</u>	<u>3,916,226</u>
Total liabilities	<u>1,041,163</u>	<u>25,367,909</u>	<u>11,815,313</u>	<u>21,050,970</u>	<u>12,291,957</u>
<b>Net position</b>					
Invested in capital assets, net of related debt	68,203,803	-	67,592,046	63,802,368	15,669,423
Restricted for programs	-	-	313	34,511,113	11,231,478
Unrestricted	30,655,671	206,370,154	15,047,141	31,625,105	1,428,807
Total net position	<u>\$ 98,859,474</u>	<u>\$ 206,370,154</u>	<u>\$ 82,639,500</u>	<u>\$ 129,938,586</u>	<u>\$ 28,329,708</u>

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

**County of Oakland  
Statement of Net Position (Continued)  
Proprietary Funds  
September 30, 2012**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Major</b>			
	<b>S.O.C.S.D.S.</b>	<b>Non-Major Funds</b>	<b>Totals September 30, 2012</b>	
<b>Assets</b>				
<b>Current assets</b>				
Pooled cash and investments	\$ 28,049,112	\$ 52,049,090	\$ 291,007,062	\$ 110,359,740
Delinquent property taxes	-	-	96,254,020	-
Due from other governmental units	8,698,838	10,377,464	44,473,437	46,467
Due from component units	-	1,030,625	1,212,778	19,570
Accrued interest receivable	138,968	298,904	2,171,519	597,652
Accounts receivable (net of allowance for uncollectibles where applicable)	158,070	2,035,315	39,261,454	266,650
Due from other funds	-	356,913	384,297	2,602
Current portion of contracts receivable	-	-	1,108,328	-
Current portion of advances receivable	176,928	-	189,811	-
Inventories and supplies	-	507,483	541,825	857,033
Prepayments and other assets	658,199	749,714	1,490,843	5,370,622
<b>Total current assets</b>	<b>37,880,115</b>	<b>67,405,508</b>	<b>478,095,374</b>	<b>117,520,336</b>
<b>Noncurrent assets</b>				
Advances receivable	319,459	-	422,523	-
<b>Capital assets, net</b>				
Land and other nondepreciable assets	977,442	210,605	99,190,418	3,960,086
Land improvements, net	-	-	12,406,193	-
Building and improvements, net	-	10,306,707	63,576,449	1,201,234
Equipment and vehicles, net	59,872	28,558,462	29,803,213	10,667,827
Infrastructure, net	3,949,732	19,738,842	103,617,308	158,674
<b>Total noncurrent assets</b>	<b>5,306,505</b>	<b>58,814,616</b>	<b>309,016,104</b>	<b>15,987,821</b>
<b>Total assets</b>	<b>43,186,620</b>	<b>126,220,124</b>	<b>787,111,478</b>	<b>133,508,157</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Vouchers payable	24,536	468,671	4,410,550	4,345,282
Due to other governmental units	8,670,686	1,896,175	18,325,940	473,761
Due to other funds	2,697	50,208	62,115	37,421
Unearned revenue	-	134,759	1,585,999	22,584
Capital lease obligation - current portion	-	-	585,000	-
Notes payable	-	-	25,000,000	-
Current portion of bonds payable	-	-	1,125,000	-
Current portion of long-term liabilities	-	-	-	4,949,964
Current portion of advances payable	-	-	-	189,811
Other accrued liabilities	87,543	306,072	4,299,776	3,255,506
<b>Total current liabilities</b>	<b>8,785,462</b>	<b>2,855,885</b>	<b>55,394,380</b>	<b>13,274,329</b>
<b>Noncurrent liabilities</b>				
Capital lease obligations	-	-	9,350,000	-
Bonds payable	-	-	18,464,279	-
Other long-term liabilities	-	-	-	26,986,795
Advances payable	-	-	-	422,523
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>27,814,279</b>	<b>27,409,318</b>
<b>Total liabilities</b>	<b>8,785,462</b>	<b>2,855,885</b>	<b>83,208,659</b>	<b>40,683,647</b>
<b>Net position</b>				
Invested in capital assets, net of related debt	4,987,046	58,814,616	279,069,302	15,987,821
Restricted for programs	10,258,676	21,417,060	77,418,640	-
Unrestricted	19,155,436	43,132,563	347,414,877	76,836,689
<b>Total net position</b>	<b>\$ 34,401,158</b>	<b>\$ 123,364,239</b>	<b>\$ 703,902,819</b>	<b>\$ 92,824,510</b>

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

**County of Oakland**  
**Statement of Revenue, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**Year Ended September 30, 2012**

	<b>Business-Type Activities - Enterprise Funds</b>				
	<b>Major</b>				
	<b>Parks and Recreation</b>	<b>Delinquent Tax Revolving</b>	<b>County Airports</b>	<b>Water and Sewer Trust</b>	<b>Evergreen- Farmington SDS</b>
<b>Operating revenue</b>					
Charges for services	\$ 8,690,154	\$ 20,211,301	\$ 4,259,138	\$ 57,242,280	\$ 34,757,797
Other	55,534	987,113	243,746	1,848,502	346,424
Total operating revenue	<u>8,745,688</u>	<u>21,198,414</u>	<u>4,502,884</u>	<u>59,090,782</u>	<u>35,104,221</u>
<b>Operating expenses</b>					
Salaries	7,374,940	58,655	1,071,699	1,354,166	127,073
Fringe benefits	2,697,102	46,019	706,930	730,368	70,350
Contractual services	4,941,649	226,967	1,413,543	32,443,930	37,150,136
Commodities	815,665	-	79,930	1,662,966	136,374
Depreciation	2,921,953	-	4,485,306	599,668	852,876
Internal services	1,357,300	-	212,541	12,350,932	1,307,640
Intergovernmental	-	-	-	3,995,369	-
Total operating expenses	<u>20,108,609</u>	<u>331,641</u>	<u>7,969,949</u>	<u>53,137,399</u>	<u>39,644,449</u>
Operating income (loss)	<u>(11,362,921)</u>	<u>20,866,773</u>	<u>(3,467,065)</u>	<u>5,953,383</u>	<u>(4,540,228)</u>
<b>Nonoperating revenue (expenses)</b>					
Property taxes	11,664,549	-	-	-	-
Contributions	25,385	-	-	13,301,375	-
Interest recovery - federal grants	-	-	118,772	-	103,635
Interest revenue	281,326	710,887	109,538	241,157	86,355
Interest expense and paying agent fees	-	(237,369)	(469,307)	-	(232,029)
Bonds maturing	-	-	-	-	-
Gain (loss) on sale of property and equipment	5,376	-	(577,205)	-	-
Total nonoperating revenue (expenses)	<u>11,976,636</u>	<u>473,518</u>	<u>(818,202)</u>	<u>13,542,532</u>	<u>(42,039)</u>
Income (loss) before transfers and contributions	<u>613,715</u>	<u>21,340,291</u>	<u>(4,285,267)</u>	<u>19,495,915</u>	<u>(4,582,267)</u>
<b>Transfers and contributions</b>					
Capital contributions	38,796	-	16,935,461	-	-
Transfers in	18,000	-	50	-	-
Transfers out	-	(33,657,558)	-	-	-
Total transfers and contributions	<u>56,796</u>	<u>(33,657,558)</u>	<u>16,935,511</u>	<u>-</u>	<u>-</u>
<b>Special Item</b>					
Contribution of Pontiac W&S system	-	-	-	37,492,899	-
Change in net position	<u>670,511</u>	<u>(12,317,267)</u>	<u>12,650,244</u>	<u>56,988,814</u>	<u>(4,582,267)</u>
<b>Net position</b>					
October 1, 2011	98,188,963	218,687,421	69,989,256	72,949,772	32,911,975
September 30, 2012	<u>\$ 98,859,474</u>	<u>\$ 206,370,154</u>	<u>\$ 82,639,500</u>	<u>\$ 129,938,586</u>	<u>\$ 28,329,708</u>

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

**County of Oakland**  
**Statement of Revenue, Expenses, and Changes in Net Position (Continued)**  
**Proprietary Funds**  
**Year Ended September 30, 2012**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Major</b>			
	<b>S.O.C.S.D.S.</b>	<b>Non-Major Funds</b>	<b>Totals September 30, 2012</b>	
<b>Operating revenue</b>				
Charges for services	\$ 47,206,980	\$ 50,557,616	\$ 222,925,266	\$ 225,637,574
Other	12,490	79,960	3,573,769	149,108
Total operating revenue	<u>47,219,470</u>	<u>50,637,576</u>	<u>226,499,035</u>	<u>225,786,682</u>
<b>Operating expenses</b>				
Salaries	105,617	2,412,055	12,504,205	26,506,822
Fringe benefits	53,592	1,576,563	5,880,924	18,269,241
Contractual services	41,763,004	40,112,200	158,051,429	113,105,270
Commodities	179,342	549,075	3,423,352	6,526,917
Depreciation	1,321,585	7,967,978	18,149,366	3,813,096
Internal services	880,959	2,744,367	18,853,739	6,075,691
Intergovernmental	-	-	3,995,369	-
Total operating expenses	<u>44,304,099</u>	<u>55,362,238</u>	<u>220,858,384</u>	<u>174,297,037</u>
Operating income (loss)	<u>2,915,371</u>	<u>(4,724,662)</u>	<u>5,640,651</u>	<u>51,489,645</u>
<b>Nonoperating revenue (expenses)</b>				
Property taxes	-	-	11,664,549	-
Contributions	-	-	13,326,760	-
Interest recovery - federal grants	-	-	222,407	-
Interest revenue	186,387	435,273	2,050,923	732,430
Interest expense and paying agent fees	-	-	(938,705)	(29,259,498)
Bonds maturing	-	-	-	(19,545,000)
Gain (loss) on sale of property and equipment	-	(3,077)	(574,906)	213,451
Total nonoperating revenue (expenses)	<u>186,387</u>	<u>432,196</u>	<u>25,751,028</u>	<u>(47,858,617)</u>
Income (loss) before transfers and contributions	<u>3,101,758</u>	<u>(4,292,466)</u>	<u>31,391,679</u>	<u>3,631,028</u>
<b>Transfers and contributions</b>				
Capital contributions	-	786,768	17,761,025	495,657
Transfers in	-	2,751,766	2,769,816	1,208,348
Transfers out	-	(2,252,000)	(35,909,558)	(2,117,927)
Total transfers and contributions	<u>-</u>	<u>1,286,534</u>	<u>(15,378,717)</u>	<u>(413,922)</u>
<b>Special Item</b>				
Contribution of Pontiac W&S system	-	-	37,492,899	-
Change in net position	<u>3,101,758</u>	<u>(3,005,932)</u>	<u>53,505,861</u>	<u>3,217,106</u>
<b>Net position</b>				
October 1, 2011	<u>31,299,400</u>	<u>126,370,171</u>	<u>650,396,958</u>	<u>89,607,404</u>
September 30, 2012	<u>\$ 34,401,158</u>	<u>\$ 123,364,239</u>	<u>\$ 703,902,819</u>	<u>\$ 92,824,510</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, 2012**

	<b>Business-Type Activities - Enterprise Funds</b>				
	<b>Major</b>				
	<b>Parks and Recreation</b>	<b>Delinquent Tax Revolving</b>	<b>County Airports</b>	<b>Water and Sewer Trust</b>	<b>Evergreen- Farmington SDS</b>
<b>Cash flows from operating activities</b>					
Cash received from users	\$ 9,780,892	\$ 29,510,096	\$ 4,509,460	\$ 61,737,595	\$ 37,918,988
Cash paid to suppliers	(9,297,096)	(272,986)	(2,569,595)	(52,525,294)	(37,915,046)
Cash paid to employees	(7,374,940)	(58,655)	(1,071,699)	(1,354,166)	(127,073)
Net cash (used in) provided by operating activities	(6,891,144)	29,178,455	868,166	7,858,135	(123,131)
<b>Cash flows from noncapital financing activities</b>					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	(33,657,558)	-	-	-
Contributions	25,385	-	-	13,301,375	-
Principal paid on debt	-	-	-	-	-
Interest paid on debt	-	-	-	-	-
Purchase of delinquent property taxes	-	(107,675,895)	-	-	-
Delinquent property taxes collected	-	127,568,181	-	-	-
Issuance of short-term borrowings	-	25,000,000	-	-	-
Repayments received on advances	-	12,883	-	-	-
Property taxes	11,664,549	-	-	-	-
Interest paid on short-term borrowings	-	(258,214)	-	-	-
Payments on short-term borrowings	-	(50,000,000)	-	-	-
Net cash provided by (used in) noncapital financing activities	11,689,934	(39,010,603)	-	13,301,375	-
<b>Cash flows from capital and related financing activities</b>					
Contributions for capital acquisitions	38,796	-	-	-	-
Proceeds from sale of bonds	-	-	-	-	226,226
Transfers from other funds	18,000	-	50	-	-
Interest recovery - federal grants	-	-	118,772	-	103,635
Proceeds from sale of capital assets	5,376	-	-	-	-
Acquisition of capital assets	(2,785,447)	-	(447,361)	(333,145)	(934,223)
Principal paid on debt	-	-	-	-	(135,000)
Interest paid on debt	-	-	-	-	(232,029)
Payments on capital lease obligation	-	-	(515,000)	-	-
Interest and fees paid on capital lease obligation	-	-	(469,307)	-	-
Amount paid on advances	-	-	-	-	-
Interest paid on advances	-	-	-	-	-
Net cash used in capital and related financing activities	(2,723,275)	-	(1,312,846)	(333,145)	(971,391)
<b>Cash flows from investing activities</b>					
Interest on investments	287,468	766,993	142,732	325,210	109,790
Net cash provided by investing activities	287,468	766,993	142,732	325,210	109,790
Net increase (decrease) in cash and cash equivalents	2,362,983	(9,065,155)	(301,948)	21,151,575	(984,732)
<b>Pooled cash and investments</b>					
October 1, 2011	28,973,537	108,320,081	15,628,923	29,071,812	15,751,784
September 30, 2012	\$ 31,336,520	\$ 99,254,926	\$ 15,326,975	\$ 50,223,387	\$ 14,767,052

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, 2012**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Major</b>		<b>Totals September 30, 2012</b>	
	<b>S.O.C.S.D.S.</b>	<b>Non-Major Funds</b>		
<b>Cash flows from operating activities</b>				
Cash received from users	\$ 44,825,278	\$ 49,871,580	\$ 238,153,889	\$ 225,908,755
Cash paid to suppliers	(43,790,491)	(46,919,214)	(193,289,722)	(144,364,565)
Cash paid to employees	(105,617)	(2,412,055)	(12,504,205)	(26,506,822)
Net cash provided by (used in) operating activities	929,170	540,311	32,359,962	55,037,368
<b>Cash flows from noncapital financing activities</b>				
Transfers from other funds	-	2,751,766	2,751,766	1,119,381
Transfers to other funds	-	(2,252,000)	(35,909,558)	(2,117,927)
Contributions	-	-	13,326,760	-
Principal paid on debt	-	-	-	(19,545,000)
Interest paid on debt	-	-	-	(29,243,638)
Purchase of delinquent property taxes	-	-	(107,675,895)	-
Delinquent property taxes collected	-	-	127,568,181	-
Issuance of short-term borrowings	-	-	25,000,000	-
Repayments received on advances	176,928	-	189,811	-
Property taxes	-	-	11,664,549	-
Interest paid on short-term borrowings	-	-	(258,214)	-
Payments on short-term borrowings	-	-	(50,000,000)	-
Net cash provided by (used in) noncapital financing activities	176,928	499,766	(13,342,600)	(49,787,184)
<b>Cash flows from capital and related financing activities</b>				
Contributions for capital acquisitions	-	-	38,796	-
Proceeds from sale of bonds	-	-	226,226	-
Transfers from other funds	-	-	18,050	88,967
Interest recovery - federal grants	-	-	222,407	-
Proceeds from sale of capital assets	-	20	5,396	520,187
Acquisition of capital assets	-	(479,030)	(4,979,206)	(3,437,010)
Principal paid on debt	-	-	(135,000)	-
Interest paid on debt	-	-	(232,029)	-
Payments on capital lease obligation	-	-	(515,000)	-
Interest and fees paid on capital lease obligation	-	-	(469,307)	-
Amount paid on advances	-	-	-	(189,811)
Interest paid on advances	-	-	-	(15,860)
Net cash used in capital and related financing activities	-	(479,010)	(5,819,667)	(3,033,527)
<b>Cash flows from investing activities</b>				
Interest on investments	240,077	548,982	2,421,252	898,158
Net cash provided by investing activities	240,077	548,982	2,421,252	898,158
Net increase (decrease) in cash and cash equivalents	1,346,175	1,110,049	15,618,947	3,114,815
<b>Pooled cash and investments</b>				
October 1, 2011	26,702,937	50,939,041	275,388,115	107,244,925
September 30, 2012	\$ 28,049,112	\$ 52,049,090	\$ 291,007,062	\$ 110,359,740

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, 2012**

	<b>Business-Type Activities - Enterprise Funds</b>				
	<b>Major</b>				
	<b>Parks and Recreation</b>	<b>Delinquent Tax Revolving</b>	<b>County Airports</b>	<b>Water and Sewer Trust</b>	<b>Evergreen- Farmington SDS</b>
Operating (loss) income	\$ (11,362,921)	\$ 20,866,773	\$ (3,467,065)	\$ 5,953,383	\$ (4,540,228)
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities					
Depreciation expense	2,921,953	-	4,485,306	599,668	852,876
(Increase) decrease in due from other governmental units	941,500	3,862,929	(1,039)	(2,039,872)	1,002,642
(Increase) decrease in due from component units	-	-	-	-	147,375
(Increase) decrease in accounts receivable	19,098	5,335,615	3,305	4,469,474	-
(Increase) decrease in due from other funds	(9,770)	-	-	217,211	1,664,750
(Increase) decrease in inventories and supplies	2,218	-	-	156,833	-
(Increase) decrease in prepayments and other assets	(13,250)	-	-	(65,339)	-
Increase (decrease) in vouchers payable	205,934	(785,429)	(192,153)	474,525	598,469
Increase (decrease) in due to other govern- mental units	-	(112,810)	-	(659,345)	513,790
Increase (decrease) in due to component units	-	-	-	-	-
Increase (decrease) in due to other funds	-	-	-	(1,890,768)	403
Increase (decrease) in unearned revenue	84,376	-	4,310	-	-
Increase (decrease) in current portion of other long-term liabilities	-	-	-	-	-
Increase (decrease) in other accrued liabilities	319,718	11,377	35,502	642,365	(363,208)
Increase (decrease) in other long-term liabilities	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ (6,891,144)</u>	<u>\$ 29,178,455</u>	<u>\$ 868,166</u>	<u>\$ 7,858,135</u>	<u>\$ (123,131)</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, 2012**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Major</b>			
	<b>S.O.C.S.D.S.</b>	<b>Non-Major Funds</b>	<b>Totals September 30, 2012</b>	
Operating income (loss)	\$ 2,915,371	\$ (4,724,662)	\$ 5,640,651	\$ 51,489,645
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	1,321,585	7,967,978	18,149,366	3,813,096
(Increase) decrease in due from other governmental units	(2,296,921)	(78,713)	1,390,526	98,533
(Increase) decrease in due from component units	-	472,875	620,250	11,422
(Increase) decrease in accounts receivable	(97,271)	(794,830)	8,935,391	13,456
(Increase) decrease in due from other funds	-	(356,373)	1,515,818	(1,463)
(Increase) decrease in inventories and supplies	-	(381,414)	(222,363)	(474,477)
(Increase) decrease in prepayments and other assets	33,946	(30,311)	(74,954)	(14,351)
Increase (decrease) in vouchers payable	(72,775)	299,159	527,730	1,099,454
Increase (decrease) in due to other govern- mental units	(863,933)	86,089	(1,036,209)	(19,876)
Increase (decrease) in due to component units	(16)	(1,928,443)	(1,928,459)	-
Increase (decrease) in due to other funds	798	50,208	(1,839,359)	37,339
Increase (decrease) in unearned revenue	-	(8,955)	79,731	22,459
Increase (decrease) in current portion of other long-term liabilities	-	-	-	(264,507)
Increase (decrease) in other accrued liabilities	(11,614)	(32,297)	601,843	(1,997,342)
Increase (decrease) in other long-term liabilities	-	-	-	1,223,980
Net cash provided by (used in) operating activities	\$ 929,170	\$ 540,311	\$ 32,359,962	\$ 55,037,368

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, 2012**

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**Noncash transactions**

**Enterprise Funds**

Major funds:

Noncash and capital related financing activities included contribution of capital assets in the amount of \$16,935,461 and write off of \$577,205 of construction in progress in the County Airports fund. The Water & Sewer Trust fund recorded a special item capital contribution of \$37,492,899 as a result of acquisition of capital assets from the City of Pontiac in the amount of \$111,183,637, less accumulated depreciation of \$58,252,685, and the assumption of debt for Michigan Bond Authority bonds in the amount of \$15,438,053.

Noncash and non-capital related financing activities included interest expense of \$7,134 reported in the Vouchers Payable liability in the Delinquent Tax Revolving Fund, and recording of Contracts Receivable and Unearned Revenue of \$1,108,325 in the County Airports fund.

**Internal Service Funds**

Noncash and capital related financing activities included contribution of capital assets of \$495,657 in the Information Technology fund.

## **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 Net Position  
Fiduciary Funds  
September 30, 2012**

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	<b>Pension (and Other Post- employment Benefits) Trust Funds</b>	<b>Investment Trust Funds</b>	<b>Agency Funds</b>
<b>Assets</b>			
Pooled cash and investments	\$ 11,081,852	\$ 300,427,852	\$ 254,576,197
Cash and cash equivalents	-	-	852,882
Investments, at fair value			
Common stock	567,309,856	-	-
Preferred stock	88,798	-	-
Government securities	159,699,491	-	-
Corporate bonds	176,025,553	-	-
Municipal bonds	3,452,024	-	-
Commingled	260,186,991	-	-
Limited partnerships	249,430,297	-	-
Asset-backed fixed income	11,521,382	-	-
CMO/REMIC investments	7,152,349	-	-
Mortgage-backed securities	44,645,819	-	-
Commercial mortgage-backed securities	20,769,018	-	-
Money market funds	30,210,350	-	-
International common stock	68,909,158	-	-
Equity REIT	18,952,610	-	-
Other	65,632,491	-	-
Total investments	<u>1,683,986,187</u>	<u>-</u>	<u>-</u>
Receivables - interest and dividends	5,251,142	-	170,320
Prepaid expenses	181,457	-	-
Total assets	<u>1,700,500,638</u>	<u>300,427,852</u>	<u>255,599,399</u>
<b>Liabilities</b>			
Vouchers payable	1,079,307	-	43,717,419
Due to other governmental units	-	-	199,889,841
Other accrued liabilities	880,792	-	11,992,139
Total liabilities	<u>1,960,099</u>	<u>-</u>	<u>255,599,399</u>
<b>Net position</b>			
Held in Trust for Pension and other Postemployment healthcare benefits, and pool participants	<u>\$ 1,698,540,539</u>	<u>\$ 300,427,852</u>	<u>\$ -</u>

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

**County of Oakland**  
**Statement of Changes in Net Position**  
**Fiduciary Funds**  
**Year Ended September 30, 2012**

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	<b>Pension (and Other Post- employment Benefits) Trust Funds</b>	<b>Investment Trust Funds</b>
<b>Additions</b>		
Contributions		
Pool participants	\$ -	\$741,800,846
Plan members	813,957	-
Total contributions	<u>813,957</u>	<u>741,800,846</u>
Investment income	276,778,611	1,772,518
Other revenue	3,484,376	-
Total additions	<u>281,076,944</u>	<u>743,573,364</u>
<b>Deductions</b>		
Benefits	72,067,163	-
Administrative expenses	3,606,293	-
Distribution to pool participants	-	677,101,264
Total deductions	<u>75,673,456</u>	<u>677,101,264</u>
Net increase	205,403,488	66,472,100
Net position held in trust for pension and other postemployment healthcare benefits, and pool participants		
October 1, 2011	<u>1,493,137,051</u>	<u>233,955,752</u>
September 30, 2012	<u>\$ 1,698,540,539</u>	<u>\$300,427,852</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 Position  
Component Units  
September 30, 2012**

	<b>Drainage Districts</b>	<b>Road Commission</b>	<b>Total Component Units</b>
<b>Assets</b>			
<b>Current assets</b>			
Pooled cash and investments	\$ 31,907,193	\$ -	\$ 31,907,193
Cash and cash equivalents	-	39,555,579	39,555,579
Receivables (net of allowance for uncollectibles where applicable)			
Special assessments	-	8,661,616	8,661,616
Due from other governmental units	6,569,352	-	6,569,352
Accrued interest receivable	103,932	-	103,932
Accounts receivable	8,265	16,561,397	16,569,662
Inventories and supplies	-	4,033,167	4,033,167
Prepayments and other assets	59,690	862,144	921,834
Total current assets	<u>38,648,432</u>	<u>69,673,903</u>	<u>108,322,335</u>
<b>Capital assets, net</b>			
Land and other nondepreciable assets	49,609,949	181,251,405	230,861,354
Land improvements, net	-	109,468	109,468
Buildings and improvements, net	-	8,332,684	8,332,684
Equipment and vehicles, net	-	1,719,877	1,719,877
Infrastructure, net	459,499,459	521,669,923	981,169,382
Total capital assets, net	<u>509,109,408</u>	<u>713,083,357</u>	<u>1,222,192,765</u>
<b>Noncurrent assets</b>			
Net pension asset	-	1,740,298	1,740,298
Special assessments receivable	172,361,520	-	172,361,520
Total assets	<u>720,119,360</u>	<u>784,497,558</u>	<u>1,504,616,918</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Vouchers payable	14,160,394	5,307,175	19,467,569
Due to other governmental units	8,405,520	-	8,405,520
Due to primary government	1,937,094	18,374	1,955,468
Unearned revenue and advances	19,665,216	6,097,877	25,763,093
Accrued interest payable	30,804	-	30,804
Current portion of long-term debt	13,785,000	1,382,000	15,167,000
Other accrued liabilities	1,434,247	2,264,426	3,698,673
Total current liabilities	<u>59,418,275</u>	<u>15,069,852</u>	<u>74,488,127</u>
Bonds and notes payable	196,361,606	1,500,000	197,861,606
Accrued compensated absences	-	2,756,046	2,756,046
Claims and judgments	-	2,050,918	2,050,918
Other postemployment benefits	-	12,271,525	12,271,525
Total liabilities	<u>255,779,881</u>	<u>33,648,341</u>	<u>289,428,222</u>
<b>Net position</b>			
Invested in capital assets, net of related debt	298,962,802	711,083,357	1,010,046,159
<b>Restricted for</b>			
Special revenue	5,484,872	-	5,484,872
Debt service	154,764,203	-	154,764,203
Unrestricted	5,127,602	39,765,860	44,893,462
Total net position	<u>\$ 464,339,479</u>	<u>\$ 750,849,217</u>	<u>\$ 1,215,188,696</u>

The accompanying notes are an integral part of the financial statements

**County of Oakland  
Statement of Activities  
Component Units  
Year Ended September 30, 2012**

	<u>Program Revenue</u>				Drainage Districts	Road Commission	Total Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
<b>Functions/Programs</b>							
Drainage Districts	\$ 73,464,858	\$ 63,651,502	\$ 1,000,000	\$ 19,524,866	\$ 10,711,510	\$ -	\$ 10,711,510
Road Commission	91,257,622	15,774,399	58,474,382	39,558,717	-	22,549,876	22,549,876
Total component units	<u>\$ 164,722,480</u>	<u>\$ 79,425,901</u>	<u>\$ 59,474,382</u>	<u>\$ 59,083,583</u>	<u>10,711,510</u>	<u>22,549,876</u>	<u>33,261,386</u>
<b>General Revenue</b>							
Unrestricted investment earnings					1,718,435	602,777	2,321,212
Change in net position					12,429,945	23,152,653	35,582,598
<b>Net position</b>							
Beginning					451,909,534	727,696,564	1,179,606,098
Ending					<u>\$ 464,339,479</u>	<u>\$ 750,849,217</u>	<u>\$ 1,215,188,696</u>

The accompanying notes are an integral part of the financial statements

# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2012

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#### 1. Summary of Significant Accounting Policies

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

##### **The Financial Reporting Entity**

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

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

##### **Blended Component Unit**

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

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

Separate financial statements for the Authority are not published.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2012**

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**Discretely Presented Component Unit**

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

- **Road Commission for Oakland County (Road Commission)** – The Road Commission is governed by three appointees of the County Board of Commissioners who are not County Board members. The Road Commission is responsible for the construction and maintenance of the County's system of roads and bridges, and is principally funded by State-collected vehicle fuel and registration taxes under 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, 2012, 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, 2011, 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 Water Resources 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 Water Resources 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, 2012 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, 2012

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#### **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 Position, 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, 2012

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

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



# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2012

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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, 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.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2012**

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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 Position 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 Net Position, 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.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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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, 2011 and presented in a separate document. Appropriation budgets were adopted for the General Fund and the following Special Revenue funds: Revenue Sharing Reserve, 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 assigned 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, 2012 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, 2012.

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

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2012**

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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, 2012 are recorded as prepayments using the consumption method.

**Capital Assets**

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

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

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

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

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

In the fund financial statements for the governmental fund reports, the following are the components of fund balance.

- Nonspendable, includes amounts that cannot be spent.
- Restricted, amounts that are restricted to specific purposes 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 resolution of the Board of Commissioners, 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.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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**Deferred Inflows of Resources**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, contracts, and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Property taxes levied are used to finance the expenditures of the current fiscal period (October 1, 2011 through September 30, 2012) 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 inflows.

In 2012, the County implemented Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Governmental Accounting Standards Board Statement No. 63 incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provided a new statement of Net Position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Governmental Accounting Standards Board Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources.

**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, 2012. 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.

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

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:

	<b>Appropriation</b>	<b>Expenditures</b>	<b>Excess Expenditures</b>
<b>Special Revenue Funds</b>			
Child Care			
County Executive			
Human Services			
Personnel expenditures	\$ 14,534,783	\$ 14,558,120	\$ 23,337

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 2013.

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

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, 2012, the bank balance of the County's deposits was \$1,293,668,403. Insured deposits were \$73,427,647, and the remaining \$1,220,240,756 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%.



**County of Oakland**  
**Notes to Basic Financial Statements**  
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At September 30, 2012, the Road Commission component unit had no bank deposits (checking and savings accounts) that were uninsured and uncollateralized. The Road Commission would have had approximately \$5.7 million of bank deposits that were uninsured and uncollateralized as of September 30, 2012 if the Dodd-Frank Wall Street Reform and Consumer Protection Act had expired prior to that date (the Act expired on December 31, 2012).

**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.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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As of September 30, 2012, the County had the following deposit and investment types in its internal investment pool.

<b>Deposit and Investment Type</b>	<b>Market Value</b>	<b>Weighted Average Maturity (days)</b>
Certificates of Deposit (1)	\$ 748,960,268	349
Deposit Accounts (1)	544,708,135	1
Money Market Investment Pools	2,801	1
MI Government Coupon	44,634,951	4,666
U.S. Agencies	21,264,238	786
Total Market Value of Internal Investment Pool	\$ 1,359,570,393	
Weighted Average Maturity of Internal Investment Pool (in days)		252

(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.

*Credit Risk* – The County had \$21,264,238 invested in U.S. government securities which are rated AA+ by Standard & Poor's and Aaa by Moody's. The County had \$44,634,951 in Municipal bonds rated Aaa by Moody's, AA+ by Standard & Poor's; and \$302,322 rated AA and \$1,723,489 rated BBB+ by Standard & 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, 2012, the County had no investments in commercial paper. One money market investment pool used by the County, with a fair value of \$5,520 at September 30, 2012, 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, 2012, \$65,899,189 in investments, at fair 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% to be invested with any single financial institution. On September 30, 2012, the County had no U.S. agency issuers that exceeded 5% of the total portfolio.

**County of Oakland**  
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*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, 2012, the internal investment pool had a weighted average maturity of 252 days and the longest investment maturity in the portfolio was 5,295 days (14.7 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.

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, 2012, the Primary Government's Pension Trust fund had 21 investment advisors. Investments are held in street name by safekeeping agents under formal trust agreements and/or in the Retirement Systems' name.

**County of Oakland**  
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As of September 30, 2012, the County had the following investment types in its Retirement System:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Percentage</b>	<b>Average Duration (In Years)</b>
Government Bonds	\$ 159,455,106	9.38 %	1.48
Asset-Backed Fixed Income	12,161,571	0.72	2.51
Commercial Mortgage-Backed Securities	20,941,577	1.23	1.47
Mortgage-Backed Securities	47,514,205	2.79	1.97
Municipal Bonds	3,452,024	0.20	N/A
Corporate Bonds	176,744,437	10.39	6.61
CMO/REMIC Investments	7,422,141	0.44	2.49
Common Stock	565,787,165	33.27	N/A
Equity ADR	2,153,953	0.13	N/A
Equity REIT	18,952,610	1.11	N/A
Exchange Traded Funds	749,521	0.04	N/A
International Common Stock	59,462,831	3.50	N/A
International Government Bonds	7,579,778	0.45	N/A
International GDR	1,359,879	0.08	N/A
Investment Companies-Mutual Funds	63,475,458	3.73	N/A
Money Market Funds	48,875,256	2.87	0.03
Short Term Investments	7,381,632	0.43	N/A
Real Estate	3,080	0.00	N/A
Investment Companies-Commingled Funds	260,186,991	15.30	N/A
Limited Partnership	236,855,297	13.93	N/A
Alternative Investments	69,581	0.00	N/A
Preferred Stock	88,799	0.01	N/A
<b>Total</b>	<b>\$ 1,700,672,892</b>	<b>100.0 %</b>	

**County of Oakland**  
**Notes to Basic Financial Statements**  
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*Credit Risk.* The Board's adopted Statement of Investment Goals and Objectives (SIGO) states that no non-convertible bonds and convertible securities are authorized for purchase. In addition, no more than 10% of the total value of the portfolio, 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, 2012, debt obligation investments held in the retirement system had the following ratings:

<u>Fair Value</u>	<u>Percentage</u>	<b>Ratings</b>	
		<u>Moody's</u>	<u>S&amp;P</u>
\$27,627,672	4.93 %	Aaa	AAA
208,497,976	37.22	Aa1	AA+
13,172,435	2.35	Aa2	AA
15,401,734	2.75	Aa3	AA-
18,629,171	3.33	A1	A+
37,806,992	6.75	A2	A
22,005,735	3.93	A3	A-
15,029,343	2.68	Baa1	BBB+
17,160,036	3.06	Baa2	BBB
22,732,024	4.06	Baa3	BBB-
9,017,199	1.61	Ba1	BB+
6,465,455	1.16	Ba2	BB
3,749,397	0.67	Ba	BB-
9,154,430	1.63	B2	B+
1,162,156	0.21	Ba3	B
2,203,938	0.39	B1	B-
<u>130,371,376</u>	<u>23.27</u>	NR	NR
\$560,187,069	100.00 %		

*Custodial Credit Risk* is the risk associated that in the event of the failure of the counterparty, the Retirement System would not be able to recover the value of its investments that are in the possession of another side party. The Retirement System's Statement of Investment Goals and Objectives (SIGO) requires that all investment transactions shall be conducted through a custodian that will act as the system's third party. Securities shall be held by the custodian, as designated by the Retirement Boards, and shall be evidenced by a custodial report. As of September 30, 2012, \$1,697,298,105 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

#### September 30, 2012

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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, 2012, 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 88 indicates, the system's fixed-income investments had average durations of between .03 years and 6.61 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, 2012 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, 2012, 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, 2012 were \$65,562,372 and \$67,187,145, respectively, or 102.5% 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 2 years to 13.8 years and are backed by investments in various assets, including mortgages. As of September 30, 2012, the market value was \$4,204,617.

*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, 2012, the County's CMO portfolio had effective duration ranges of .5 years and 3.731 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 \$20,024,087 as of September 30, 2012. Such investments include U.S. government-issued securities and corporate-issued securities. The variable rate securities have maturities through the year 2045 and are backed by investments in various assets, including mortgages.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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*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, 2012, 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 2012 summer levy amounted to \$50,839,024,966 with taxable values of \$49,235,953,993. 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 \$23,319,596 at September 30, 2012.

*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 \$231,738,063 at September 30, 2012, 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, 2012:

<b>Beginning balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending balance</b>	<b>Due within one year</b>
\$ 50,000,000	\$ 25,000,000	\$ (50,000,000)	\$ 25,000,000	\$ 25,000,000

**County of Oakland**  
**Notes to Basic Financial Statements**  
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**5. Allowances for Uncollectible Receivables**

At September 30, 2012, the allowances for uncollectible receivables were as follows:

<b>General Fund</b>	\$ 50,000
<b>Internal Service funds</b>	
Information Technology	<u>8</u>
Total	<u>\$ 50,008</u>

In addition, the Parks and Recreation fund (Enterprise) records an allowance for uncollectible taxes receivable in the amount of \$50,076 at September 30, 2012.

**6. Investment Income – Pension and Other Postemployment Trust Funds**

The following is a breakdown of the investment income for Pension and other Postemployment Trust funds of the primary government for the year ended September 30, 2012:

	<b>Employees'</b> <b>Retirement</b>	<b>VEBA</b> <b>Trust</b>	<b>IRMB</b> <b>Trust</b>
Interest and dividends	\$ 96,854,028	\$104,658,685	\$ 48,416,175
Unrealized/Realized gain on investments	<u>12,897,215</u>	<u>9,454,457</u>	<u>4,498,051</u>
Total	<u>\$ 109,751,243</u>	<u>\$114,113,142</u>	<u>\$ 52,914,226</u>



**County of Oakland**  
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**7. Capital Assets**

An analysis of property and equipment as reported in the Statement of Net Position, and related accumulated depreciation, at September 30, 2012, for governmental activities follows:

	Balance October 1, 2011	Additions	Disposals	Adjustments	Balance September 30, 2012
<b>Governmental Activities</b>					
Capital assets not being depreciated					
Land	\$ 7,365,551	\$ -	\$ -	\$ -	\$ 7,365,551
Construction in progress	12,834,621	2,130,544	-	(1,093,207)	13,871,958
Total capital assets not being depreciated	<u>20,200,172</u>	<u>2,130,544</u>	<u>-</u>	<u>(1,093,207)</u>	<u>21,237,509</u>
Capital assets being depreciated					
Land improvements	1,131,282	-	-	26,104	1,157,386
Buildings and improvements	232,116,552	-	-	338,770	232,455,322
Equipment and vehicles	100,502,396	4,087,359	(2,593,946)	627,028	102,622,837
Infrastructure	28,883,030	-	-	-	28,883,030
Total capital assets being depreciated	<u>362,633,260</u>	<u>4,087,359</u>	<u>(2,593,946)</u>	<u>991,902</u>	<u>365,118,575</u>
Less: Accumulated depreciation					
Land improvements	992,115	22,784	-	-	1,014,899
Buildings and improvements	90,297,677	5,152,772	-	-	95,450,449
Equipment and vehicles	81,816,814	4,731,782	(2,053,854)	(212,920)	84,281,822
Infrastructure	14,796,109	733,637	-	-	15,529,746
Total accumulated depreciation	<u>187,902,715</u>	<u>10,640,975</u>	<u>(2,053,854)</u>	<u>(212,920)</u>	<u>196,276,916</u>
Total capital assets being depreciated, net	<u>174,730,545</u>	<u>(6,553,616)</u>	<u>(540,092)</u>	<u>1,204,822</u>	<u>168,841,659</u>
Governmental activities capital assets, net	<u>\$ 194,930,717</u>	<u>\$ (4,423,072)</u>	<u>\$ (540,092)</u>	<u>\$ 111,615</u>	<u>\$ 190,079,168</u>
Depreciation expense was charged to functions as follows:					
Public safety		\$ 2,794,819			
Justice administration		1,104,750			
Citizens services		378,439			
Public infrastructure		607,579			
Commerce and Community Development		29,537			
Unallocated depreciation		1,912,755			
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		<u>3,813,096</u>			
Total depreciation expense - governmental activities		<u>\$ 10,640,975</u>			

**County of Oakland**  
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A summary of business-type property and equipment at September 30, 2012 follows:

	Balance October 1, 2011	Additions	Disposals	Adjustments	Balance September 30, 2012
<b>Business-type Activities</b>					
Capital assets not being depreciated					
Land	\$ 64,912,421	\$ 35,000	\$ -	\$ 3,211,439	\$ 68,158,860
Construction in progress	17,518,718	22,018,247	(3,097)	(8,514,310)	31,019,558
Other	12,000	-	-	-	12,000
Total capital assets not being depreciated	<u>82,443,139</u>	<u>22,053,247</u>	<u>(3,097)</u>	<u>(5,302,871)</u>	<u>99,190,418</u>
Capital assets being depreciated					
Land improvements	24,298,835	-	-	9,974,284	34,273,119
Buildings and improvements	67,634,835	-	-	23,004,930	90,639,765
Equipment and vehicles	87,216,063	330,126	(141,800)	(7,962,989)	79,441,400
Infrastructure	242,755,362	-	(447,991)	90,844,063	333,151,434
Total capital assets being depreciated	<u>421,905,095</u>	<u>330,126</u>	<u>(589,791)</u>	<u>115,860,288</u>	<u>537,505,718</u>
Less: Accumulated depreciation					
Land improvements	19,385,550	2,747,418	-	(266,042)	21,866,926
Buildings and improvements	22,244,227	3,214,884	-	1,604,205	27,063,316
Equipment and vehicles	46,163,557	5,220,635	(141,800)	(1,604,205)	49,638,187
Infrastructure	164,496,964	6,966,429	(447,991)	58,518,724	229,534,126
Total accumulated depreciation	<u>252,290,298</u>	<u>18,149,366</u>	<u>(589,791)</u>	<u>58,252,682</u>	<u>328,102,555</u>
Total capital assets being depreciated, net	<u>169,614,797</u>	<u>(17,819,240)</u>	<u>-</u>	<u>57,607,606</u>	<u>209,403,163</u>
Business-type activities capital assets, net	<u>\$ 252,057,936</u>	<u>\$ 4,234,007</u>	<u>\$ (3,097)</u>	<u>\$ 52,304,735</u>	<u>\$ 308,593,581</u>
Depreciation expense was charged to functions as follows:					
Airports		\$ 4,485,306			
Community safety support		7,151,083			
Community water and sewer		599,668			
Recreation and leisure		2,921,953			
Sewage disposal systems		<u>2,991,356</u>			
Total depreciation expense - business-type activities		<u>\$ 18,149,366</u>			

**County of Oakland**  
**Notes to Basic Financial Statements**  
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An analysis of property and equipment, and related accumulated depreciation where applicable, at September 30, 2012, for component units follows:

	Balance October 1, 2011	Additions	Disposals	Balance September 30, 2012
<b>Component Units</b>				
<b>Drainage Districts</b>				
Capital assets not being depreciated				
Construction in progress	\$ 44,567,972	\$ 68,637,890	\$ (63,595,913)	\$ 49,609,949
Capital assets being depreciated				
Infrastructure	480,547,532	63,595,913	-	544,143,445
Less: Accumulated depreciation				
Infrastructure	79,609,082	5,034,904	-	84,643,986
Total capital assets being depreciated, net	400,938,450	58,561,009	-	459,499,459
Governmental activity capital assets, net	\$ 445,506,422	\$ 127,198,899	\$ (63,595,913)	\$ 509,109,408
<b>Road Commission</b>				
Capital assets not being depreciated				
Land and other	\$ 168,373,536	\$ 12,007,593	\$ -	\$ 180,381,129
Construction in progress	625,290	244,986	-	870,276
Total capital assets not being depreciated	168,998,826	12,252,579	-	181,251,405
Capital assets being depreciated				
Buildings and storage bins	18,698,353	189,928	(5,837)	18,882,444
Road equipment	47,789,865	299,151	(455)	48,088,561
Other equipment	5,184,353	75,818	(161,667)	5,098,504
Infrastructure	847,604,590	40,760,404	(19,506,086)	868,858,908
Brine wells and gravel pits	1,389,028	-	-	1,389,028
Total capital assets being depreciated	920,666,189	41,325,301	(19,674,045)	942,317,445
Less: Accumulated depreciation				
Buildings and storage bins	10,251,348	304,249	(5,837)	10,549,760
Road equipment	45,769,382	990,623	(455)	46,759,550
Other equipment	4,707,992	161,313	(161,667)	4,707,638
Infrastructure	330,913,434	35,781,637	(19,506,086)	347,188,985
Brine wells and gravel pits	1,224,951	54,609	-	1,279,560
Total accumulated depreciation	392,867,107	37,292,431	(19,674,045)	410,485,493
Total capital assets being depreciated, net	527,799,082	4,032,870	-	531,831,952
Governmental activity capital assets, net	\$ 696,797,908	\$ 16,285,449	\$ -	\$ 713,083,357

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

	<b>Interest rate</b>	<b>October 1, 2011</b>	<b>Additions</b>	<b>Reductions</b>	<b>September 30, 2012</b>	<b>Amounts due within one year</b>	<b>Amounts due thereafter</b>	<b>General obligation</b>	<b>With governmental commitment</b>
<b>Debt with limited taxing authority</b>									
Building authority - Act 31	1.00%-5.90%	\$ 32,600,000	\$ 2,500,000	\$ (13,525,000)	\$ 21,575,000	\$ 1,020,000	\$ 20,555,000	\$ 5,350,000	\$ 16,225,000
Building authority refunding	2.00%-5.00%	47,225,000	11,645,000	(2,895,000)	55,975,000	4,275,000	51,700,000	45,955,000	10,020,000
Certificates of Participation - Taxable	6.00%-6.25%	483,700,000	-	(19,545,000)	464,155,000	20,520,000	443,635,000	464,155,000	-
Lake levels - Act 451	2.25%-3.40%	210,000	-	(65,000)	145,000	65,000	80,000	145,000	-
Sewage disposal - Act 342	4.10%-6.00%	1,320,000	-	(1,095,000)	225,000	50,000	175,000	-	225,000
Water and sewer - Act 342	4.00%-4.50%	2,125,000	-	(2,125,000)	-	-	-	-	-
Water supply - Act 342	2.00%-6.00%	11,140,000	6,800,000	(435,000)	17,505,000	680,000	16,825,000	-	17,505,000
Water and sewer refunding bonds	2.00%-4.50%	665,000	1,975,000	(340,000)	2,300,000	500,000	1,800,000	-	2,300,000
Water supply refunding bonds	1.50%-3.75%	775,000	-	(280,000)	495,000	285,000	210,000	-	495,000
Sewage disposal refunding bonds	2.00%-3.60%	2,280,000	-	(920,000)	1,360,000	945,000	415,000	-	1,360,000
Michigan Bond Authority - Sewage Disposal Bonds	1.62%-2.50%	5,330,727	-	(595,000)	4,735,727	705,000	4,030,727	-	4,735,727
Total bonds - governmental activities		<u>\$ 587,370,727</u>	<u>\$ 22,920,000</u>	<u>\$ (41,820,000)</u>	<u>\$ 568,470,727</u>	<u>\$ 29,045,000</u>	<u>\$ 539,425,727</u>	<u>\$ 515,605,000</u>	<u>\$ 52,865,727</u>

**Business-type activities**

<b>Business type activities</b>									
Sewage disposal - Act 342	1.75%-6.75%	\$ 4,060,000	\$ -	\$ (135,000)	\$ 3,925,000	\$ 140,000	\$ 3,785,000	\$ 3,925,000	\$ -
Michigan Bond Authority - Sewage Disposal Bonds	2.5%	-	15,664,279	-	15,664,279	985,000	14,679,279	15,664,279	-
Total bonds - business type		<u>4,060,000</u>	<u>15,664,279</u>	<u>(135,000)</u>	<u>19,589,279</u>	<u>1,125,000</u>	<u>18,464,279</u>	<u>19,589,279</u>	<u>-</u>
Total bond - primary government		<u>\$ 591,430,727</u>	<u>\$ 38,584,279</u>	<u>\$ (41,955,000)</u>	<u>\$ 588,060,006</u>	<u>\$ 30,170,000</u>	<u>\$ 557,890,006</u>	<u>\$ 535,194,279</u>	<u>\$ 52,865,727</u>

**Component units**

**Drainage Districts**

	<b>Interest rate</b>	<b>October 1, 2011</b>	<b>Additions</b>	<b>Reductions</b>	<b>September 30, 2012</b>	<b>Amounts due within one year</b>	<b>Amounts due thereafter</b>	<b>General obligation</b>	<b>With governmental commitment</b>
<b>Debt with limited taxing authority</b>									
Drain bonds - Act 40	1.15%-7.00%	\$ 24,570,000	\$ 57,535,000	\$ (2,465,000)	\$ 79,640,000	\$ 2,460,000	\$ 77,180,000	\$ 2,120,445	\$ 77,519,555
Drain refunding bonds	1.00%-4.75%	26,630,000	-	(3,855,000)	22,775,000	4,370,000	18,405,000	1,673,708	21,101,292
Michigan Bond Authority - Drain Bonds	1.15%-4.15%	106,003,908	8,518,698	(6,791,000)	107,731,606	6,955,000	100,776,606	307,037	107,424,569
Total Drainage Districts		<u>157,203,908</u>	<u>\$ 66,053,698</u>	<u>(13,111,000)</u>	<u>210,146,606</u>	<u>13,785,000</u>	<u>196,361,606</u>	<u>4,101,190</u>	<u>206,045,416</u>
Total County Debt		<u>\$ 748,634,635</u>	<u>\$ 104,637,977</u>	<u>\$ (55,066,000)</u>	<u>\$ 798,206,612</u>	<u>\$ 43,955,000</u>	<u>\$ 754,251,612</u>	<u>\$ 539,295,469</u>	<u>\$ 258,911,143</u>

**County of Oakland**  
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**Component Units (Continued)**

<b>Road Commission</b>	<b>Interest rate</b>	<b>October 1, 2011</b>	<b>Additions</b>	<b>Reductions</b>	<b>September 30, 2012</b>	<b>Amounts due within one year</b>	<b>Amounts due thereafter</b>	<b>General obligation</b>	<b>With governmental commitment</b>
Compensated absences	--	\$ 2,847,660	\$ -	\$ (91,614)	\$ 2,756,046	\$ -	\$ 2,756,046	\$ -	\$ 2,756,046
Self-insured losses	--	2,747,027	185,891	-	2,932,918	882,000	2,050,918	-	2,932,918
Other postemployment benefits	--	11,906,254	365,271	-	12,271,525	-	12,271,525	-	12,271,525
Michigan Transportation					-				
Fund revenue notes	4.00%	<u>2,500,000</u>	<u>-</u>	<u>(500,000)</u>	<u>2,000,000</u>	<u>500,000</u>	<u>1,500,000</u>	<u>-</u>	<u>2,000,000</u>
Total Road Commission		<u>\$ 20,000,941</u>	<u>\$ 551,162</u>	<u>\$ (591,614)</u>	<u>\$ 19,960,489</u>	<u>\$ 1,382,000</u>	<u>\$ 18,578,489</u>	<u>\$ -</u>	<u>\$ 19,960,489</u>
Total reporting entity		<u>\$ 768,635,576</u>	<u>\$ 105,189,139</u>	<u>\$ (55,657,614)</u>	<u>\$ 818,167,101</u>	<u>\$ 45,337,000</u>	<u>\$ 772,830,101</u>	<u>\$ 539,295,469</u>	<u>\$ 278,871,632</u>

**County of Oakland**  
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The annual requirements to pay principal and interest on debt outstanding at September 30, 2012 (excluding the liabilities for compensated absences, other postemployment benefits, and uninsured losses for the Road Commission component unit) were as follows:

	<b>Bonds with limited taxing authority</b>		<b>Certificates of Participation limited taxing authority</b>		<b>Business-type Bonds limited taxing authority</b>		<b>Total primary government</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2013	\$ 8,430,000	\$ 3,849,390	\$ 20,520,000	\$ 28,041,687	\$ 1,125,000	\$ 513,671	\$ 30,075,000	\$ 32,404,748
2014	7,540,000	3,560,650	21,500,000	26,781,088	1,155,000	484,354	30,195,000	30,826,092
2015	7,490,000	3,317,718	22,720,000	25,454,487	1,121,226	456,664	31,331,226	29,228,869
2016	7,720,000	3,070,353	23,940,000	24,054,687	1,115,000	427,383	32,775,000	27,552,423
2017	7,710,000	2,804,051	25,405,000	22,574,338	1,135,000	396,807	34,250,000	25,775,196
2018-2022	39,070,000	9,866,077	150,245,000	86,925,000	6,108,557	1,644,196	195,423,557	98,435,273
2023-2027	18,850,727	3,641,384	199,825,000	32,673,281	5,124,266	959,034	223,799,993	37,273,699
2028-2032	6,370,000	877,270	-	-	2,705,230	204,101	9,075,230	1,081,371
2033-2037	955,000	152,663	-	-	-	-	955,000	152,663
2038-2042	180,000	15,725	-	-	-	-	180,000	15,725
<b>Totals</b>	<b>\$ 104,315,727</b>	<b>\$ 31,155,281</b>	<b>\$ 464,155,000</b>	<b>\$ 246,504,568</b>	<b>\$ 19,589,279</b>	<b>\$ 5,086,210</b>	<b>\$ 588,060,006</b>	<b>\$ 282,746,059</b>

	<b>Drainage Districts</b>		<b>Road Commission</b>		<b>Total reporting entity</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2013	\$ 13,785,000	\$ 5,750,086	\$ 500,000	\$ 80,000	\$ 44,360,000	\$ 38,234,834
2014	14,055,000	5,838,422	500,000	60,000	44,750,000	36,724,514
2015	15,645,000	5,338,665	500,000	40,000	47,476,226	34,607,534
2016	14,865,000	4,929,998	500,000	20,000	48,140,000	32,502,421
2017	13,320,000	4,531,047	-	-	47,570,000	30,306,243
2018-2022	65,832,413	17,334,597	-	-	261,255,970	115,769,870
2023-2027	40,741,822	9,162,726	-	-	264,541,815	46,436,425
2028-2032	24,737,371	3,343,704	-	-	33,812,601	4,425,075
2033-2037	7,165,000	432,800	-	-	8,120,000	585,463
2038-2041	-	-	-	-	180,000	15,725
<b>Totals</b>	<b>\$ 210,146,606</b>	<b>\$ 56,662,045</b>	<b>\$ 2,000,000</b>	<b>\$ 200,000</b>	<b>\$ 800,206,612</b>	<b>\$ 339,608,104</b>

**County of Oakland**  
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The County has pledged its full faith and credit on debt totaling \$823,206,612, which includes \$25,000,000 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, 2012, the debt limit was \$5,083,902,497. 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, 2012, there were five issues outstanding, totaling \$21,575,000, maturing in the years 2013-2040, which represents debt originally issued in the years 2006-2012 totaling \$26,420,000.

**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, 2012, there remained debt outstanding in the amount of \$464,155,000, maturing in the years 2013-2027.

**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, 2012, there were six issues outstanding, totaling \$17,730,000, maturing in the years 2013-2032. This represents debt originally issued in the amount of \$20,725,000 issued in the years 1995-2012.

**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, 2012, there were 10 issues outstanding, totaling \$60,130,000, maturing in the years 2013-2027. This represents debt originally issued in the years 2003-2012 totaling \$70,645,000.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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**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, 2012 was \$3,260,000, which matures in the years 2013-2018.

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. As of September 30, 2012, a final amount of \$1,935,727 was drawn from the State Revolving Loan fund. The amount outstanding at September 30, 2012 for this issue is \$1,475,727, which matures in the years 2013-2027.

**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, 2012 was \$145,000, which matures in the years 2012-2014.

**Business Type - Sewage Disposal Bonds**

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, 2012 was \$3,925,000, which matures in the years 2013-2031.

In March 2012, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$2,415,000 for the Evergreen-Farmington Sewage Disposal System 8 Mile Pumping Station Septage Facility (enterprise fund type). Through September 30, 2012, the County received \$226,226 from the State Revolving Loan fund, which matures in the years 2013-2015.

In addition, in conjunction with the transfer of operations of the City of Pontiac water and sewer system to the County in August 2012, the County's Water and Sewer Trust fund assumed the debt obligations initiated by the City of Pontiac for five Clean Water/Water Quality projects. The total authorized loan amount is \$29,985,000; as of September 30, 2012, \$15,898,053 had been received. The debt obligation recorded as of September 30, 2012 amounted to \$15,438,053, maturing in the years 2013 through 2032.

**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, 2012, there were 20 issues outstanding, totaling \$79,640,000, maturing in the years 2013-2034. This represents original debt issued for \$94,765,000 in the years 1993-2012.



## **County of Oakland**

### **Notes to Basic Financial Statements**

#### **September 30, 2012**

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#### **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, 2012, there were 12 issues outstanding, totaling \$22,775,000, maturing in the years 2013-2024. 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, 2012, 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, 2012, \$25,053,371 of the authorized amount had been received. At September 30, 2012, there were 11 issues outstanding, totaling \$106,003,908, maturing in the years 2012-2030.

#### **Advance and Current 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, 2012, there is an in-substance defeasance of \$975,000 of Building Authority Bonds Series 2007 (CMHA), maturing in the years 2025 through 2027 inclusively.

In August 2012, the County issued \$11,645,000 of refunding bonds for a current refunding of three general obligation limited tax bond issues pursuant to authorization contained in Act 31 of 1948 and 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 \$2,280,000 of Building Authority Bonds, Series 2002A, maturing in the years 2013 through 2020, \$4,835,000 for Series 2003, maturing in the years 2013 through 2023, and \$4,620,000 for Series 2004, maturing in the years 2013 through 2024. The refunding was undertaken to reduce the debt service payment over the next 12 years by \$1,893,737 and to obtain an economic (present value) gain of \$1,730,405.

In September 2012, the County issued \$1,975,000 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 \$1,950,000 of Oakland County-Rochester Hills Water Supply and Sewage Disposal System Bonds, Series 2005, maturing in the years 2013 through 2022. The refunding was undertaken to reduce the debt service payment over the next 10 years by \$183,764 and to obtain an economic (present value) gain for the City of Rochester Hills of \$169,199.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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**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, 2012, was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
<b>Governmental activities</b>					
Accrued compensated absences	\$ 12,447,481	\$ 939,188	\$ (1,244,748)	\$ 12,141,921	\$ 1,214,192
Claims and judgments					
Accrued unreported health costs	2,125,000	848,333	(708,333)	2,265,000	755,000
Accrued workers' compensation	12,091,724	2,199,251	(2,200,000)	12,090,975	1,900,000
Building and liability insurance	4,313,081	2,187,172	(1,061,390)	5,438,863	1,080,772
Governmental activity long-term liabilities	<u>\$ 30,977,286</u>	<u>\$ 6,173,944</u>	<u>\$ (5,214,471)</u>	<u>\$ 31,936,759</u>	<u>\$ 4,949,964</u>

**9. Interfund Balances**

Interfund receivables and payables at September 30, 2012 were as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General	Nonmajor governmental	\$ 4,733,075
	S.O.C.S.D.S.	795
	Total	<u>4,733,870</u>
Water and Sewer Debt Act 342	Nonmajor governmental	<u>1,318</u>
Nonmajor governmental	General	48,705
	Nonmajor governmental	646,541
	S.O.C.S.D.S.	1,898
	Total	<u>697,144</u>
Water & Sewer Trust	Water & Sewer Trust	6,900
	Internal service	10,714
	Total	<u>17,614</u>
Parks and Recreation	Internal service	<u>9,770</u>
Nonmajor enterprise	Nonmajor governmental	290,000
	Nonmajor enterprise	49,976
	Internal service	16,937
	Total	<u>356,913</u>
Internal service	Nonmajor governmental	56
	Water and Sewer Trust	1,907
	Evergreen Farmington S.D.S.	403
	S.O.C.S.D.S.	4
	Nonmajor enterprise	232
	Total	<u>2,602</u>
	Total	<u>\$ 5,819,231</u>

**County of Oakland**  
**Notes to Basic Financial Statements**  
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These balances result from the time difference between the dates that services are provided or transfers are authorized, transactions are recorded in the accounting system, and payments between funds are made.

Receivables and payables between funds of the Primary Government and the Component Units at September 30, 2012 were as follows:

<b>Primary Government</b>	<b>Component Unit</b>	
<b>Due from Component Unit</b>	<b>Due to Primary Government</b>	
General	Drainage Districts	\$ 101,243
	Road Commission	<u>159</u>
	Total	<u>101,402</u>
Nonmajor governmental	Drainage Districts	621,693
	Road Commission	<u>25</u>
	Total	<u>621,718</u>
Evergreen Farmington SDS	Drainage Districts	<u>182,153</u>
Nonmajor enterprise	Drainage Districts	<u>1,030,625</u>
Internal Service	Drainage Districts	1,380
	Road Commission	<u>18,190</u>
	Total	<u>19,570</u>
	Total	<u>\$ 1,955,468</u>

Advances to/from other funds (including current and long-term portions) at September 30, 2012 were as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	
Nonmajor governmental	Nonmajor governmental	<u>\$ 429,259</u>
Delinquent Tax Revolving	Internal Service	<u>115,947</u>
S.O.C.S.D.S.	Internal Service	<u>496,387</u>
	Total	<u>\$ 1,041,593</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 Position. As of September 30, 2012, there are two leases in the County Airports fund amounting to \$9,935,000, maturing in the years 2013 through 2030.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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Interfund transfers between the funds within the Primary Government recorded in the accompanying financial statements as operating transfers in/out for the year ended September 30, 2012 were as follows:

<b>Transfers In</b>	<b>Transfers Out</b>	<b>Amount</b>
General	Revenue Sharing Reserve	\$ 24,459,476
	Nonmajor governmental	362,765
	Delinquent Tax Revolving	28,755,326
	Nonmajor enterprise	1,766,000
	Internal Service	<u>500,000</u>
	Total	<u>55,843,567</u>
Building Authority Act 31	Delinquent Tax Revolving	<u>574,576</u>
Nonmajor governmental	General	28,956,371
	Nonmajor governmental	2,170,408
	Delinquent Tax Revolving	4,327,656
	Internal Service	<u>1,587,595</u>
	Total	<u>37,042,030</u>
County Airports	Nonmajor governmental	<u>50</u>
Parks & Recreation	General Fund	<u>18,000</u>
Nonmajor enterprise	General	2,261,766
	Nonmajor governmental	290,000
	Nonmajor enterprise	<u>200,000</u>
	Total	<u>2,751,766</u>
Internal Service	General	656,215
	Nonmajor governmental	235,801
	Nonmajor enterprise	286,000
	Internal Service	<u>30,332</u>
	Total	<u>1,208,348</u>
	Total transfers	<u>\$ 97,438,337</u>

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

**County of Oakland**  
**Notes to Basic Financial Statements**  
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**10. Fund Equities**

At September 30, 2012, a deficit existed in the following funds:

**Special Revenue Fund**

Lake Levels Act 146	\$ 137,093
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**Capital Projects Fund**

Lake Levels Act 146	262,410
Drain Chapter 4 Construction	62,744

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. Clearly the receipt of revenue from these assessments happens after the close of the County's fiscal year, leading to the reporting of a deficit in this fund. The deficit in this fund reflects this difference in timing between the close of the fiscal year in September and the approval of the special assessment in October and the December levy.

In the Capital Projects fund, the negative unassigned fund balance in the Lake Levels Act 146 primarily reflects costs that are related to the Bush Lake Level project in the amount of \$228,719 and the Upper Straits Lake Level Dam Reconstruction project in the amount of \$39,409. The Bush Lake Level is construction of a new lake level control structure which has been completed and a long-term special assessment for the project commenced in FY 2011. In 2010, the Oakland County Board of Commissioners authorized a loan in the amount of \$300,000 from the County's Long Term Revolving Fund to the Bush Lake Special Assessment District to be collected in 10 annual installments. The long-term receivable is now on the balance sheet to track the collection of the Long Term Special Assessment. The Upper Straits Lake Dam Replacement project consists of replacing an existing lake level control structure in West Bloomfield Township, Oakland County, Michigan. 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 Straits 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. A loan from the Long Term Revolving Fund was approved by the 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**  
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Nonspendable, restricted, committed, assigned, and unassigned fund balances of the primary government at September 30, 2012 were as follows:

	Nonspendable	Spendable			Unassigned
		Restricted	Committed	Assigned	
<b>Primary Government</b>					
<b>General Fund</b>					
Prepays	\$ 923,630	\$ -	\$ -	\$ -	\$ -
Inventories	176,511	-	-	-	-
Property Tax Forfeiture	-	8,311,145	-	-	-
Substance Abuse	-	3,244,003	-	-	-
Department Operations	-	-	-	361,625	-
Federal Health Care Impact	-	-	-	3,000,000	-
Capital Reserve	-	-	-	9,000,000	-
Tax Tribunal Appeals	-	-	-	500,000	-
Homeland Security Enhancements	-	-	-	6,000,000	-
Technology Replacement/Hardware	-	-	-	3,000,000	-
Personal Property Tax Reduction	-	-	-	4,000,000	-
Operational Improvements	-	-	-	3,000,000	-
Board of Commissioners Projects	-	-	-	730,000	-
Data Privacy and Security	-	-	-	2,000,000	-
New Grant Match Opportunities	-	-	-	500,000	-
HR Legal	-	-	-	100,000	-
HR Comp/Workforce Planning	-	-	-	1,600,000	-
Jail Alternative Prg Startup	-	-	-	600,000	-
Pandemic Response	-	-	-	1,500,000	-
Business Continuity	-	-	-	300,000	-
Emergency Salaries	-	-	-	320,000	-
Quality of Life Initiatives	-	-	-	500,000	-
Peoplesoft Upgrade	-	-	-	3,000,000	-
Sheriff Aviation	-	-	-	1,186,292	-
Jail Commissary	-	-	-	123,539	-
RCOC Triparty	-	-	-	3,000,000	-
Property Tax Forfeiture Activities	-	-	-	2,501,555	-
Community Partnerships	-	-	-	238,654	-
Microloan	-	-	-	200,000	-
Future operating requirements:					
2013	-	-	-	37,621,540	-
2014	-	-	-	44,826,888	-
2015	-	-	-	52,390,980	-
2016 and Beyond	-	-	-	15,465,165	-
Carryforwards	-	-	-	2,117,410	-
DB Pension Contribution 2014-5	-	-	-	5,000,000	-
Unfunded Mandates	-	-	-	5,000,000	-
Unassigned	-	-	-	-	1,090,503
<b>Total</b>	<b>\$ 1,100,141</b>	<b>\$ 11,555,148</b>	<b>\$ -</b>	<b>\$ 209,683,648</b>	<b>\$ 1,090,503</b>

**County of Oakland**  
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	Nonspendable	Spendable			Unassigned
		Restricted	Committed	Assigned	
<b>Special Revenue Funds</b>					
Child Care	\$ -	\$ -	\$ -	\$ 7,732	\$ -
Specific programs	-	81,012,635	-	-	(137,093)
Total	<u>\$ -</u>	<u>\$ 81,012,635</u>	<u>\$ -</u>	<u>\$ 7,732</u>	<u>\$ (137,093)</u>
<b>Debt Service Funds</b>					
Debt service - general obligations	<u>\$ -</u>	<u>\$ 341,354</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Capital Projects Funds</b>					
Long-term receivables	\$ 547,459	\$ -	\$ -	\$ -	\$ -
Work projects	-	9,184	18,432,389	-	(325,154)
Total	<u>\$ 547,459</u>	<u>\$ 9,184</u>	<u>\$ 18,432,389</u>	<u>\$ -</u>	<u>\$ (325,154)</u>

**11. Employee Benefits**

**Primary Government**

The County provides various benefits to its employees. Expenditures in 2012 for these benefits totaled the following: medical insurance, \$32,817,108; dental insurance, \$3,003,036; optical insurance, \$257,631; disability, \$2,604,103; tuition reimbursement, \$160,315; Social Security, \$14,356,131; workers' compensation, \$1,772,390; and unemployment claims, \$653,206.

**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**  
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Since the County does not issue a stand-alone report for its County PERS, following are condensed financial statements for the period as of and including September 30, 2012:

Statement of Net Position

Cash and investments	\$ 718,572,090
Other assets	2,763,972
Total assets	<u>721,336,062</u>
Liabilities	<u>544,122</u>
Net position	<u>\$ 720,791,940</u>

Statement of Changes in Net Position

Additions:	
Contributions	\$ 716,927
Investment income	109,751,243
Other revenue	586,611
Total additions	<u>111,054,781</u>
Deductions:	
Benefit payments	45,102,561
Other expenses	2,563,829
Total deductions	<u>47,666,390</u>
Change in net assets	63,388,391
Net assets held in trust, beginning of year	<u>657,403,549</u>
Net assets held in trust, end of year	<u>\$ 720,791,940</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, 2010 and September 30, 2009, respectively. There were no contributions from County funds for the years 2000 through 2012.



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Sheriff's deputies contribute at a rate of 3 percent of their annual pay for the first 14 years of service and 5 percent thereafter. Command officers contribute 5 percent. General County Option A members who have elected improved benefits contribute 1 percent of their pay after 14 years of service. Contributions received from these employees for the years ended September 30, 2012 and September 30, 2011 amounted to \$716,927 and \$764,764, 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	1,867
Terminated plan members entitled to, but not yet receiving benefits	154
Active plan members	<u>590</u>
Total	<u>2,611</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**  
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**Funded Status and Funding Progress**

	Actuarial Valuation as of September 30		
	2011	2010	2009
Actuarial value of assets	\$ 727,690,746	\$ 745,094,735	\$ 750,432,703
Actuarial accrued liability (entry age)	712,159,061	692,409,285	683,077,469
Overfunded AAL	<u>\$ (15,531,685)</u>	<u>\$ (52,685,450)</u>	<u>\$ (67,355,234)</u>
Funded ratio	102.2%	107.6%	109.9%
Covered payroll	\$ 38,275,780	\$ 42,686,155	\$ 44,884,070
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, 2010, 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, 2012 consists of the following reserves:

Annuity reserve	\$ 7,686,067
Pension reserve	231,809,402
Pension accumulated reserve	<u>481,296,471</u>
Total fund balance	<u>\$ 720,791,940</u>

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

**County of Oakland**  
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**13. Defined Contribution Plans**

The County maintains a defined contribution plan, Oakland Performance Retirement System (OPRS), which qualifies under Internal Revenue Code Section 401(a). Employees in the County PERS were first afforded the opportunity to transfer to the OPRS through December 31, 1995, retroactive to January 1, 1995. Employees who elected to transfer to the OPRS had their individually actuarially determined earned retirement benefits in the County PERS, determined as of January 1, 1995, plus accrued interest at the rate of 7.5% from January 1, 1995 until the date of election to transfer, transferred into the OPRS. Subsequent to 1995, the County reopened the opportunity for transfer several times, resulting in an additional 1,477 employees transferred from the County PERS to the OPRS.

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

Total membership in the OPRS as of September 30, 2012 was 2,717, which includes 595 employees who elected to transfer from the PERS in 1995 through 2000 and 2,122 current employees hired since July 1, 1994.

The County's payroll for employees covered by the OPRS for the year ended September 30, 2012 was \$153,801,567, and the County's total payroll was \$207,579,421. The required contributions, which matched those actually made, were \$5,921,399 by employees and \$13,937,481 by the County, representing 3.9% and 9.1% of covered payroll, respectively.

In 2008, the County offered a voluntary defined contribution plan for part-time non-eligible employees. The plan qualifies under the Omnibus Budget Reconciliation Act of 1990 (OBRA) and IRS Section 3121 (b) (&) (F) which allows for a defined contribution plan in lieu of Social Security. With the implementation of this plan, the County contributes 1.3% and the employee contributes 6.2% of their earnings into a defined contribution plan. The employee would be immediately 100% vested in both the employer and employee contributions, but cannot access the money invested in the plan until they are separated from County employment. During fiscal year 2011, the County contributed \$193,970 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**  
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**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 by Oakland County through two funding vehicles: the Oakland County VEBA Trust (the Trust) and the Intermediate Medical Benefits Trust (IRMBT). The IRMBT received the proceeds of the Certificates of Participation (as discussed in Note 8), and makes transfers into the VEBA in the amount of the actuarially required contribution.

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 2012, the County provided 2,131 retirees medical insurance and reimbursed them for Medicare premiums under the Trust. In 2012, the County disbursed \$26,964,602 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, 2011, the date of the most recent actuarial valuation, membership in the OPEB consisted of 2,155 retirees and beneficiaries currently receiving benefits, 2,828 active employees, and 250 terminated employees entitled to benefits but not yet receiving them.

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

	Fiscal year ended September 30		
	2012	2011	2010
Annual OPEB cost (ARC)	\$ 27,858,341	\$ 37,116,312	\$ 45,839,484
Percentage of ARC contributed	0%	0%	0%
Net OPEB asset	\$299,937,972	\$327,796,313	\$364,912,625

In 2012, the County contributed \$37,268,761 into the VEBA from the IRMB Trust. Since the OPEB Plan is comprised of these two trust funds, this is not considered a contribution in relation to the ARC. The County made the scheduled debt service payment on the Certificates of Participation, but made no further contributions.

**County of Oakland**  
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The funding progress of the plan as of September 30, 2011, the most recent actuarial valuation report, is as follows:

Retirees and beneficiaries	\$ 409,022,774
Vested terminated employees who will be eligible when they collect retirement (age 60 in most cases) and their beneficiaries	44,659,318
Active employees and beneficiaries	<u>360,899,780</u>
Actuarial accrued liability	814,581,872
Actuarial value of assets	<u>854,534,524</u>
Unfunded AAL (Overfunded AAL)	<u>\$ (39,952,652)</u>
Funded ratio	104.9%
Annual covered payroll	\$ 173,903,452
Overfunded AAL as a percentage of payroll	23.0%
Actuarial Required Contribution (ARC)	\$ 18,714,057
Adjustment to the ARC	18,554,704
Interest on net OPEB asset	<u>(9,410,420)</u>
Annual OPEB cost	27,858,341
Contributions	<u>-</u>
Decrease in net OPEB Asset	27,858,341
OPEB Asset - Beginning of year	<u>327,796,313</u>
OPEB Asset - End of year	<u>\$ 299,937,972</u>

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.

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In the September 30, 2011 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.

Since the County does not issue stand-alone financial reports for the OPEB Plan, following are condensed financial statements as of and including September 30, 2012 (the OPEB Plan includes the VEBA Trust and the IRMB Trust):

	<b>VEBA Trust</b>	<b>IRMB Trust</b>	<b>OPEB Plan</b>
Statement of Net Position			
Cash and investments	\$ 671,255,924	\$ 305,240,025	\$ 976,495,949
Other assets	1,839,052	829,575	2,668,627
Total assets	<u>673,094,976</u>	<u>306,069,600</u>	<u>979,164,576</u>
Liabilities	<u>1,172,330</u>	<u>243,647</u>	<u>1,415,977</u>
Net position	<u>\$ 671,922,646</u>	<u>\$ 305,825,953</u>	<u>\$ 977,748,599</u>

Statement of Changes in Net Position			
Additions:			
Contributions	\$ 37,365,791	\$ -	\$ 37,365,791
Investment income	114,113,142	52,914,226	167,027,368
Other revenue	<u>2,694,105</u>	<u>203,660</u>	<u>2,897,765</u>
Total additions	<u>154,173,038</u>	<u>53,117,886</u>	<u>207,290,924</u>
Deductions:			
Benefits	26,964,602	-	26,964,602
Contributions - Retirees healthcare	-	37,268,761	37,268,761
Other expenses	<u>-</u>	<u>1,042,464</u>	<u>1,042,464</u>
Total deductions	<u>26,964,602</u>	<u>38,311,225</u>	<u>65,275,827</u>
Change in net position	127,208,436	14,806,661	142,015,097
Net position held in trust, beginning of year	<u>544,714,210</u>	<u>291,019,292</u>	<u>835,733,502</u>
Net position held in trust, end of year	<u>\$ 671,922,646</u>	<u>\$ 305,825,953</u>	<u>\$ 977,748,599</u>

**County of Oakland**  
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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, 2012, the Road Commission's annual required contribution to the Trust was \$7,681,220, with interest of \$833,438 on the prior year net OPEB obligation. The Road Commission contributed \$880,000 to the Trust during the year and paid \$6,629,653 directly toward insurance premiums and medical costs for retirees during fiscal year 2012, leaving a net OPEB obligation of \$12,271,525 at September 30, 2012.

**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 \$603,616,006, electronic data processing equipment in the amount of \$36,878,146, 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 dishonesty/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 \$600,000 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.

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The County and the Road Commission estimate the liability for all the above-mentioned claims that have been incurred through September 30, 2012, including both those claims that have been reported, as well as those that have not yet been reported, and estimates of both future payments of losses and related claim adjustment expenses.

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

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

	<b>September 30</b>	
	<b>2012</b>	<b>2011</b>
<b>Primary Government</b>		
Beginning-of-period liability	<u>\$ 18,529,805</u>	<u>\$ 20,885,768</u>
Estimated claims incurred, claim adjustment expenses and changes in estimates		
Provisions for current-year events	42,318,258	38,022,796
Decrease in provisions for prior-year events	<u>(57,100)</u>	<u>(4,155,086)</u>
Total incurred claims, claim adjustment expenses and changes in estimates	42,261,158	33,867,710
Claim payments and claim adjustment expenses		
Related to current-year events	(39,197,486)	(34,778,406)
Related to prior-year events	<u>(1,798,639)</u>	<u>(1,445,267)</u>
Total claim payments and claim adjustment expenses	<u>(40,996,125)</u>	<u>(36,223,673)</u>
End-of-period liability	<u>\$ 19,794,838</u>	<u>\$ 18,529,805</u>
<b>Road Commission - Component Unit</b>		
Beginning-of-year liability	\$ 3,647,027	\$ 4,228,109
Estimated claims incurred and changes in estimates	13,690,593	12,244,718
Claim payments	<u>(13,504,602)</u>	<u>(12,825,800)</u>
End-of-year liability	<u>\$ 3,833,018</u>	<u>\$ 3,647,027</u>



**County of Oakland**  
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**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, 2012 were \$947,604. The future minimum lease payments as of September 30, 2012 are as follows:

<b>Fiscal year</b>	<b>Primary government</b>
2013	\$ 921,153
2014	925,208
2015	604,653
2016	321,462
2017	157,604
2018-2022	<u>267,891</u>
Total	<u>\$ 3,197,971</u>

Additionally, the County leases portions of certain buildings to various governmental agencies. The amount received from these leases for the fiscal year ended September 30, 2012 totaled \$183,877, 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, Keego Harbor City Hall and DPW Building in the amount of \$1,120,000 in 2010, and City of Oak Park in the amount of \$2,500,000 in 2012. The future minimum lease payments to be received as of September 30, 2012 are as follows:

<b>Fiscal year</b>	<b>Primary government</b>
2013	\$ 2,557,433
2014	2,594,309
2015	2,571,525
2016	2,576,780
2017	2,549,161
2018 - 2022	12,170,418
2023 - 2027	9,242,908
2028 - 2032	1,109,814
2033 - 2037	1,107,662
2038 - 2041	<u>195,725</u>
Total	<u>\$36,675,735</u>

**County of Oakland**  
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**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.

The County has outstanding construction commitments (contracts) at September 30, 2012 as follows: Water Resources Commissioner has a contract with a cost of \$4,915,000 for the Farmington Hills Water System Project (ACT 342 Project) with a remaining balance of \$4,837,500 and a contract with a cost of \$1,881,250 for the Evergreen Farmington Sewage Disposal System (ACT 342 Project) with a remaining balance of \$1,273,645.

The Drainage Districts' component unit has a construction contract for a Bloomfield Township CSO project with a total cost of \$1,718,760, with a remaining balance of \$323,929 and contracts for the Oakland Macomb Interceptor Drainage District Project with a total cost of \$67,406,127, with a remaining balance of \$19,681,018 as of September 30, 2012.

**County of Oakland**  
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**19. Statement of Net Position – Reconciliation of Internal Balances**

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

**Governmental Activities**

Governmental Funds	
Due from other funds	\$ 5,432,332
Long-term advances receivable	429,259
Due to other funds	(5,719,695)
Current and long-term advances payable	(429,259)
Internal Service Funds	
Due from other funds	2,602
Due to other funds	(37,421)
Current and long-term advances payable	(612,334)
Capital lease receivable for County Airports, not reported in funds	<u>9,935,000</u>
Governmental activities, internal balances	<u>\$ 9,000,484</u>

**Business-Type Activities**

Proprietary Funds	
Due from other funds	\$ 384,297
Current and long-term advances receivable	612,334
Due to other funds	(62,115)
Current and long-term capital lease payable	<u>(9,935,000)</u>
Business-type activities, internal balances	<u>\$ (9,000,484)</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

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

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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
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%
2011	727,690,746	712,159,061	(15,531,685)	102.2%	38,275,780	0.0%

Schedule of employer contributions:

Year ended September 30,	Annual required contribution	Percentage contributed
2007	\$ 0	100%
2008	0	100%
2009	0	100%
2010	0	100%
2011	0	100%
2012	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 – OPEB Plan  
Required Supplementary Information  
Schedule of Funding Progress and Employer Contributions  
Six-Year Historical Trend Information – Unaudited**

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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
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 #	854,387,415	794,094,818	(60,292,597)	107.6%	175,316,170	(34.4%)
2011	854,534,524	814,581,872	(39,952,652)	104.9%	173,903,452	(23.0%)

Schedule of employer contributions:

Year ended September 30,	Annual required contribution	Percentage contributed
2007	\$54,780,659	100.0%
2008	60,200,684	100.0%
2009	61,863,580	100.0%
2010 #	45,839,484	0.0%
2011	37,116,312	0.0%
2012	27,858,341	0.0%

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

Actuarial cost method	Entry-age
Amortization method	Level percent, closed
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

# Beginning in 2010, the Interim Retirees Health Care Trust is treated as a trust fund and included in OPEB Plan Assets

\* Includes pay inflation at 4.5%

**County of Oakland  
Budgetary Comparison Schedule  
Major Governmental Funds  
Year Ended September 30, 2012**

	<b>General Fund</b>			<b>Variance with Final Amended Budget</b>
	<b>Original Budget (Unaudited)</b>	<b>Final Amended Budget (Unaudited)</b>	<b>Actual</b>	
<b>Revenue</b>				
<b>Taxes</b>				
Current property taxes	\$ 198,141,687	\$ 198,263,687	\$ 205,243,627	\$ 6,979,940
Delinquent taxes - prior years	98,500	98,500	(4,374,465)	(4,472,965)
Trailer tax	89,000	89,000	74,628	(14,372)
Total	<u>198,329,187</u>	<u>198,451,187</u>	<u>200,943,790</u>	<u>2,492,603</u>
<b>Other intergovernmental revenue</b>				
Cigarette tax distribution	200,000	200,000	77,552	(122,448)
Circuit judges' salaries	866,381	866,381	777,758	(88,623)
Probate judges' salaries	592,724	592,724	595,731	3,007
District judges' salaries	501,589	501,589	503,414	1,825
State court fund - P.A. 189	5,500,000	5,500,000	5,392,481	(107,519)
Convention facility/Liquor tax	2,900,000	5,658,204	5,658,204	-
Other	529,840	321,302	500,854	179,552
Total	<u>11,090,534</u>	<u>13,640,200</u>	<u>13,505,994</u>	<u>(134,206)</u>
<b>Charges for services</b>				
Management and Budget	3,779,504	3,786,764	4,127,037	340,273
Central Services	506,500	506,500	378,163	(128,337)
Human Resources	800	800	648	(152)
Human Services	3,154,638	3,178,195	2,872,779	(305,416)
Public Services	1,446,895	1,446,895	1,256,442	(190,453)
Community and Economic Development	323,000	323,000	504,390	181,390
Clerk/Register of Deeds	10,805,693	10,878,343	13,714,311	2,835,968
Treasurer	4,922,918	5,657,918	10,429,553	4,771,635
Circuit Court	3,871,000	3,876,000	3,629,643	(246,357)
District Court	12,865,100	12,843,100	12,176,176	(666,924)
Probate Court	512,300	512,300	511,830	(470)
Prosecuting Attorney	432,300	446,300	362,640	(83,660)
Sheriff	51,514,837	49,944,079	49,762,361	(181,718)
Legislative	27,600	27,600	66,503	38,903
Water Resources Commissioner	1,368,112	1,581,112	1,678,021	96,909
Non-Departmental	880,000	887,000	1,216,990	329,990
Total	<u>96,411,197</u>	<u>95,895,906</u>	<u>102,687,487</u>	<u>6,791,581</u>
Investment income	3,256,500	3,256,500	1,642,006	(1,614,494)
Indirect cost recovery	8,700,000	8,700,000	8,275,669	(424,331)
Federal grants	281,971	540,027	384,292	(155,735)
State grants	5,182,500	4,445,146	4,442,204	(2,942)
Contributions	464,787	514,787	534,403	19,616
Other revenue	516,071	1,915,826	2,985,898	1,070,072
Total revenue	<u>324,232,747</u>	<u>327,359,579</u>	<u>335,401,743</u>	<u>8,042,164</u>

(continued)

**County of Oakland  
 Budgetary Comparison Schedule (Continued)  
 Major Governmental Funds  
 Year Ended September 30, 2012**

	<b>General Fund</b>			<b>Variance with Final Amended Budget</b>
	<b>Original Budget (Unaudited)</b>	<b>Final Amended Budget (Unaudited)</b>	<b>Actual</b>	
<b>Expenditures</b>				
County Executive				
Administration				
Personnel	\$ 4,745,170	\$ 4,690,166	\$ 4,615,699	\$ 74,467
Operating	374,544	374,544	255,342	119,202
Internal Support	651,650	670,049	630,340	39,709
Total Administration	<u>5,771,364</u>	<u>5,734,759</u>	<u>5,501,381</u>	<u>233,378</u>
Management and Budget				
Personnel	17,836,168	17,503,033	15,823,917	1,679,116
Operating	843,545	843,545	684,173	159,372
Internal Support	2,416,650	3,007,895	2,647,849	360,046
Total Management and Budget	<u>21,096,363</u>	<u>21,354,473</u>	<u>19,155,939</u>	<u>2,198,534</u>
Central Services				
Personnel	1,388,509	1,361,624	1,306,222	55,402
Operating	496,181	504,362	402,361	102,001
Internal Support	765,487	797,617	747,274	50,343
Total Central Services	<u>2,650,177</u>	<u>2,663,603</u>	<u>2,455,857</u>	<u>207,746</u>
Facilities Management				
Personnel	1,086,376	1,069,030	897,798	171,232
Operating	92,246	163,974	163,387	587
Internal Support	88,500	93,398	79,973	13,425
Total Facilities Management	<u>1,267,122</u>	<u>1,326,402</u>	<u>1,141,158</u>	<u>185,244</u>
Human Resources				
Personnel	2,794,190	2,750,283	2,476,534	273,749
Operating	505,894	578,894	444,273	134,621
Internal Support	671,409	773,827	772,082	1,745
Total Human Resources	<u>3,971,493</u>	<u>4,103,004</u>	<u>3,692,889</u>	<u>410,115</u>
Human Services				
Personnel	25,759,420	24,966,695	21,690,993	3,275,702
Operating	7,492,085	12,712,236	6,371,331	6,340,905
Internal Support	3,587,689	4,459,081	3,877,475	581,606
Total Human Services	<u>36,839,194</u>	<u>42,138,012</u>	<u>31,939,799</u>	<u>10,198,213</u>
Public Services				
Personnel	11,569,751	11,382,358	10,626,656	755,702
Operating	1,556,855	1,612,197	1,376,504	235,693
Internal Support	3,352,243	3,683,838	3,459,019	224,819
Total Public Services	<u>16,478,849</u>	<u>16,678,393</u>	<u>15,462,179</u>	<u>1,216,214</u>

(continued)



**County of Oakland  
 Budgetary Comparison Schedule (Continued)  
 Major Governmental Funds  
 Year Ended September 30, 2012**

	<b>General Fund</b>			<b>Variance with Final Amended Budget</b>
	<b>Original Budget (Unaudited)</b>	<b>Final Amended Budget (Unaudited)</b>	<b>Actual</b>	
<b>Expenditures (continued)</b>				
County Executive (continued)				
Community and Economic Development				
Personnel	\$ 4,998,718	\$ 4,918,635	\$ 4,660,720	\$ 257,915
Operating	1,526,302	1,854,878	1,447,427	407,451
Internal Support	762,516	1,085,842	1,057,369	28,473
Total Community and Economic Development	<u>7,287,536</u>	<u>7,859,355</u>	<u>7,165,516</u>	<u>693,839</u>
Total County Executive	<u>95,362,098</u>	<u>101,858,001</u>	<u>86,514,718</u>	<u>15,343,283</u>
Clerk/Register of Deeds				
Personnel	8,285,568	8,109,008	7,265,161	843,847
Operating	1,596,733	1,655,740	1,655,297	443
Internal Support	1,436,644	1,554,827	1,276,114	278,713
Total Clerk/Register of Deeds	<u>11,318,945</u>	<u>11,319,575</u>	<u>10,196,572</u>	<u>1,123,003</u>
Treasurer				
Personnel	3,098,789	3,037,520	3,032,089	5,431
Operating	3,871,640	4,615,249	4,371,282	243,967
Internal Support	556,804	989,483	920,422	69,061
Total Treasurer	<u>7,527,233</u>	<u>8,642,252</u>	<u>8,323,793</u>	<u>318,459</u>
Justice Administration				
Circuit Court				
Personnel	21,099,759	20,648,082	19,369,564	1,278,518
Operating	7,088,112	7,345,935	6,554,780	791,155
Internal Support	4,518,757	4,746,805	4,342,054	404,751
Total Circuit Court	<u>32,706,628</u>	<u>32,740,822</u>	<u>30,266,398</u>	<u>2,474,424</u>
District Court				
Personnel	12,601,554	12,455,540	11,956,056	499,484
Operating	2,450,419	2,642,115	2,382,755	259,360
Internal Support	1,780,816	2,042,200	1,867,015	175,185
Total District Court	<u>16,832,789</u>	<u>17,139,855</u>	<u>16,205,826</u>	<u>934,029</u>
Probate Court				
Personnel	4,578,960	4,492,338	4,242,178	250,160
Operating	729,520	791,793	791,763	30
Internal Support	811,020	850,966	826,453	24,513
Total Probate Court	<u>6,119,500</u>	<u>6,135,097</u>	<u>5,860,394</u>	<u>274,703</u>
Total Justice Administration	<u>55,658,917</u>	<u>56,015,774</u>	<u>52,332,618</u>	<u>3,683,156</u>

(continued)

**County of Oakland  
 Budgetary Comparison Schedule (Continued)  
 Major Governmental Funds  
 Year Ended September 30, 2012**

	<b>General Fund</b>			<b>Variance with Final Amended Budget</b>
	<b>Original Budget (Unaudited)</b>	<b>Final Amended Budget (Unaudited)</b>	<b>Actual</b>	
<b>Expenditures (continued)</b>				
Law Enforcement				
Prosecuting Attorney				
Personnel	\$ 16,367,193	\$ 16,114,218	\$ 14,900,274	\$ 1,213,944
Operating	582,803	578,511	554,765	23,746
Internal Support	<u>1,798,656</u>	<u>1,921,506</u>	<u>1,812,918</u>	<u>108,588</u>
Total Prosecuting Attorney	<u>18,748,652</u>	<u>18,614,235</u>	<u>17,267,957</u>	<u>1,346,278</u>
Sheriff				
Personnel	113,211,282	109,621,804	107,485,883	2,135,921
Operating	11,654,552	13,107,433	11,491,254	1,616,179
Internal Support	<u>15,902,930</u>	<u>16,740,406</u>	<u>16,740,272</u>	<u>134</u>
Total Sheriff	<u>140,768,764</u>	<u>139,469,643</u>	<u>135,717,409</u>	<u>3,752,234</u>
Total Law Enforcement	<u>159,517,416</u>	<u>158,083,878</u>	<u>152,985,366</u>	<u>5,098,512</u>
Legislative				
Board of Commissioners				
Personnel	3,132,874	3,073,849	2,911,771	162,078
Operating	679,460	715,892	637,873	78,019
Internal Support	<u>716,982</u>	<u>754,728</u>	<u>686,518</u>	<u>68,210</u>
Total Legislative	<u>4,529,316</u>	<u>4,544,469</u>	<u>4,236,162</u>	<u>308,307</u>
Water Resource Commissioner				
Personnel	3,393,824	898,810	897,549	1,261
Operating	487,975	308,239	228,986	79,253
Internal Support	<u>1,127,984</u>	<u>4,274,067</u>	<u>4,273,609</u>	<u>458</u>
Total Water Resource Commissioner	<u>5,009,783</u>	<u>5,481,116</u>	<u>5,400,144</u>	<u>80,972</u>
Non-departmental				
Operating	15,363,195	19,360,980	14,118,777	5,242,203
Internal Support	<u>9,711,129</u>	<u>5,006,217</u>	<u>2,977,252</u>	<u>2,028,965</u>
Total non-departmental	<u>25,074,324</u>	<u>24,367,197</u>	<u>17,096,029</u>	<u>7,271,168</u>
Total expenditures	<u>363,998,032</u>	<u>370,312,262</u>	<u>337,085,402</u>	<u>33,226,860</u>
Excess of revenue (under) over expenditures	<u>(39,765,285)</u>	<u>(42,952,683)</u>	<u>(1,683,659)</u>	<u>41,269,024</u> (continued)

**County of Oakland  
 Budgetary Comparison Schedule (Continued)  
 Major Governmental Funds  
 Year Ended September 30, 2012**

	<b>General Fund</b>			<b>Variance with Final Amended Budget</b>
	<b>Original Budget (Unaudited)</b>	<b>Final Amended Budget (Unaudited)</b>	<b>Actual</b>	
<b>Other Financing Sources (Uses)</b>				
Transfers in				
Special Revenue Funds				
Restricted Funds	\$ -	\$ 20,000	\$ 153,018	\$ 133,018
Revenue Sharing Reserve	24,459,476	24,459,476	24,459,476	-
	<u>24,459,476</u>	<u>24,479,476</u>	<u>24,612,494</u>	<u>133,018</u>
Capital Projects Funds				
Work Release Jail Mgmt. video	-	-	206,252	206,252
Project Work Orders	-	-	3,495	3,495
Total capital projects funds	<u>-</u>	<u>-</u>	<u>209,747</u>	<u>209,747</u>
Internal Service Funds				
Motor Pool	-	500,000	500,000	-
Total internal service funds	<u>-</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Enterprise Funds				
Delinquent Tax Revolving	28,806,048	28,806,048	28,755,326	(50,722)
Delinquent Personal Tax Administration	1,766,000	1,766,000	1,766,000	-
Total enterprise funds	<u>30,572,048</u>	<u>30,572,048</u>	<u>30,521,326</u>	<u>(50,722)</u>
Total Transfers In	<u>55,031,524</u>	<u>55,551,524</u>	<u>55,843,567</u>	<u>292,043</u>
Transfers out				
Special Revenue Funds				
Juvenile Maintenance	(23,347,678)	(23,373,220)	(19,196,407)	4,176,813
Social Welfare Foster Care	(1,000)	(1,000)	-	1,000
Human Services Grants	-	(7,920)	-	7,920
Drains-Act 40 Chapters 4 & 18				
Maintenance	(56,165)	(56,165)	(46,169)	9,996
Friend of the Court Grant	(5,139,405)	(4,917,446)	(4,555,819)	361,627
Multi Organizational Grants	-	(9,504)	(7,559)	1,945
Law Enforcement Grants	(1,189,675)	(1,749,961)	(1,709,279)	40,682
Housing & Community Development	-	(246,751)	(246,751)	-
Judicial Grants	-	(50,000)	(50,000)	-
Total special revenue funds	<u>(29,733,923)</u>	<u>(30,411,967)</u>	<u>(25,811,984)</u>	<u>4,599,983</u>

(continued)

**County of Oakland**  
**Budgetary Comparison Schedule (Continued)**  
**Major Governmental Funds**  
**Year Ended September 30, 2012**

	<b>General Fund</b>			<b>Variance with Final Amended Budget</b>
	<b>Original Budget (Unaudited)</b>	<b>Final Amended Budget (Unaudited)</b>	<b>Actual</b>	
<b>Other Financing Sources (Uses) (continued)</b>				
Capital Projects Funds				
Project Work Orders	\$ (120,000)	\$ (120,000)	\$ (97,969)	\$ 22,031
Major Dept. Support Projects	-	(3,046,418)	(3,046,418)	-
	<u>(120,000)</u>	<u>(3,166,418)</u>	<u>(3,144,387)</u>	<u>22,031</u>
Internal Service Funds				
Facilities Maintenance and Operations	-	-	(707)	(707)
Information Technology	(646,140)	(664,472)	(639,008)	25,464
Motor Pool	-	(16,500)	(16,500)	-
Total internal service funds	<u>(646,140)</u>	<u>(680,972)</u>	<u>(656,215)</u>	<u>24,757</u>
Enterprise Funds				
Fire Records Management	(430,185)	(430,185)	(417,580)	12,605
Parks and Recreation	-	(18,000)	(18,000)	-
CLEMIS	(1,844,000)	(1,844,000)	(1,844,186)	(186)
Total enterprise funds	<u>(2,274,185)</u>	<u>(2,292,185)</u>	<u>(2,279,766)</u>	<u>12,419</u>
Total transfers out	<u>(32,774,248)</u>	<u>(36,551,542)</u>	<u>(31,892,352)</u>	<u>4,659,190</u>
Total other financing sources (uses)	<u>22,257,276</u>	<u>18,999,982</u>	<u>23,951,215</u>	<u>4,951,233</u>
Net change in fund balance	<u>(17,508,009)</u>	<u>(23,952,701)</u>	<u>22,267,556</u>	<u>46,220,257</u>
<b>Fund balance</b>				
October 1, 2011	<u>201,161,884</u>	<u>201,161,884</u>	<u>201,161,884</u>	<u>-</u>
September 30, 2012	<u>\$ 183,653,875</u>	<u>\$ 177,209,183</u>	<u>\$ 223,429,440</u>	<u>\$ 46,220,257</u>

**County of Oakland**  
**Budgetary Comparison Schedule (Continued)**  
**Major Governmental Funds**  
**Year Ended September 30, 2012**

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	<b>Revenue Sharing Reserve</b>			<b>Variance with Final Amended Budget</b>
	<b>Original Budget (Unaudited)</b>	<b>Final Amended Budget (Unaudited)</b>	<b>Actual</b>	
<b>Revenue</b>				
Investment income	\$ -	\$ -	\$ 440,866	\$ 440,866
<b>Other financing sources (uses)</b>				
Transfers out	(24,459,476)	(24,459,476)	(24,459,476)	-
Net change in fund balance	(24,459,476)	(24,459,476)	(24,018,610)	440,866
<b>Fund balance</b>				
October 1, 2011	83,604,440	83,604,440	83,604,440	-
September 30, 2012	\$ 59,144,964	\$ 59,144,964	\$ 59,585,830	\$ 440,866

**County of Oakland**  
**Notes to Required Supplementary Information**  
**September 30, 2012**

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**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."

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

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**County of Oakland  
Balance Sheet  
Non-Major Governmental Funds – By Fund Type  
September 30, 2012**

	Special Revenue	Debt Service	Capital Projects	Totals September 30, 2012
<b>Assets</b>				
Current assets				
Pooled cash and investments	\$ 25,358,701	\$ 1,745,402	\$ 18,589,477	\$ 45,693,580
Due from other governmental units	10,282,941	-	-	10,282,941
Due from component units	25	-	621,693	621,718
Accrued interest receivable	32,412	995	196	33,603
Accounts receivable (net of allowance for uncollectibles where applicable)	1,127,145	-	-	1,127,145
Contracts receivable	-	-	39,400	39,400
Due from other funds	110,702	-	586,442	697,144
Advances	-	-	429,259	429,259
Other assets	3,879,187	-	-	3,879,187
Total current assets	<u>40,791,113</u>	<u>1,746,397</u>	<u>20,266,467</u>	<u>62,803,977</u>
Noncurrent assets				
Special assessments receivable	37,605	4,197,230	213,045	4,447,880
Contracts receivable	-	10,020,000	118,200	10,138,200
Total noncurrent assets	<u>37,605</u>	<u>14,217,230</u>	<u>331,245</u>	<u>14,586,080</u>
Total assets	<u>\$ 40,828,718</u>	<u>\$ 15,963,627</u>	<u>\$ 20,597,712</u>	<u>\$ 77,390,057</u>
<b>Liabilities</b>				
Current liabilities				
Vouchers payable	\$ 4,124,728	\$ -	\$ 1,612	\$ 4,126,340
Due to other governmental units	507,340	-	-	507,340
Due to other funds	5,059,085	11,322	600,583	5,670,990
Advances	71,393	-	357,866	429,259
Unearned revenue	3,782,650	-	-	3,782,650
Other accrued liabilities	5,948,473	1,537,298	760,728	8,246,499
Total current liabilities	<u>19,493,669</u>	<u>1,548,620</u>	<u>1,720,789</u>	<u>22,763,078</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - special assessments	37,605	4,197,230	213,045	4,447,880
Unavailable revenue - contracts receivable	-	10,020,000	-	10,020,000
Total deferred inflows of resources	<u>37,605</u>	<u>14,217,230</u>	<u>213,045</u>	<u>14,467,880</u>
<b>Fund Balances</b>				
Nonspendable	-	-	547,459	547,459
Spendable:				
Restricted	21,426,805	197,777	9,184	21,633,766
Committed	-	-	18,432,389	18,432,389
Assigned	7,732	-	-	7,732
Unassigned	<u>(137,093)</u>	<u>-</u>	<u>(325,154)</u>	<u>(462,247)</u>
Total fund balances	<u>21,297,444</u>	<u>197,777</u>	<u>18,663,878</u>	<u>40,159,099</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 40,828,718</u>	<u>\$ 15,963,627</u>	<u>\$ 20,597,712</u>	<u>\$ 77,390,057</u>



**County of Oakland**  
**Statement of Revenue, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds – By Fund Type**  
**Year Ended September 30, 2012**

	Special Revenue	Debt Service	Capital Projects	Totals September 30, 2012
<b>Revenue</b>				
Special assessments	\$ 914,497	\$ 2,037,300	\$ 35,856	\$ 2,987,653
Federal grants	57,980,354	-	-	57,980,354
State grants	23,080,956	-	-	23,080,956
Other intergovernmental revenue	11,835,499	-	-	11,835,499
Charges for services	10,129,580	3,886	79,289	10,212,755
Contributions	184,562	-	-	184,562
Investment income	120,992	12,548	1,919	135,459
Other	3,361,425	-	16,876	3,378,301
Total revenue	<u>107,607,865</u>	<u>2,053,734</u>	<u>133,940</u>	<u>109,795,539</u>
<b>Expenditures</b>				
Current operations				
County Executive	88,423,224	-	-	88,423,224
Clerk/Register of Deeds	1,898,389	-	-	1,898,389
Justice administration	26,125,770	-	-	26,125,770
Law enforcement	7,270,255	-	-	7,270,255
Legislative	242,251	-	-	242,251
Water Resource Commissioner	5,312,880	-	-	5,312,880
Non-departmental	68,622	-	-	68,622
Total current operations	<u>129,341,391</u>	<u>-</u>	<u>-</u>	<u>129,341,391</u>
Capital outlay	4,610,972	-	3,378,406	7,989,378
Intergovernmental	1,375	8,400	-	9,775
Debt service				
Principal payments	-	4,500,000	-	4,500,000
Interest and fiscal charges	-	1,911,865	-	1,911,865
Total expenditures	<u>133,953,738</u>	<u>6,420,265</u>	<u>3,378,406</u>	<u>143,752,409</u>
Deficiency of revenue under expenditures	<u>(26,345,873)</u>	<u>(4,366,531)</u>	<u>(3,244,466)</u>	<u>(33,956,870)</u>
<b>Other financing sources (uses)</b>				
Transfers in	25,828,573	4,327,661	6,885,796	37,042,030
Transfers out	(278,053)	(5)	(2,780,966)	(3,059,024)
Issuance of bonds	9,300,000	-	-	9,300,000
Discounts on bonds sold	(76,269)	-	-	(76,269)
Total other financing sources (uses)	<u>34,774,251</u>	<u>4,327,656</u>	<u>4,104,830</u>	<u>43,206,737</u>
Net change in fund balances	8,428,378	(38,875)	860,364	9,249,867
<b>Fund balances</b>				
October 1, 2011	<u>12,869,066</u>	<u>236,652</u>	<u>17,803,514</u>	<u>30,909,232</u>
September 30, 2012	<u>\$ 21,297,444</u>	<u>\$ 197,777</u>	<u>\$ 18,663,878</u>	<u>\$ 40,159,099</u>

# County of Oakland

## Non-Major Special Revenue Funds

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### **Special Revenue Funds**

These funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes such as special assessment 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

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***The Water and Sewer Act 342 Fund*** - is used to account for the construction, under contractual arrangement, of water and sewer systems (currently 7) under Public Act 342 of 1939. Upon completion of the projects, these systems are turned over to the respective municipalities for operations and maintenance.

***The Lake Levels Act 146 Fund*** - is used to account for funds from special assessments to finance the cost of maintaining County lake levels (currently 30) created under Public Act 146 of 1961.

***The Drains Act 40 Chapters 4 & 18 Maintenance Fund*** - is used to record expenditures for the operations and maintenance of drainage districts created under Chapters 4 and 18 of Public Act 40 of 1956 (currently 305 drains). 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, 2012 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

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

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

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

**County of Oakland  
Combining Balance Sheet  
Non-Major Special Revenue Funds  
September 30, 2012**

	Child Care	Register of Deeds Automation	Oakland Enhancement	Restricted Funds	Social Welfare	County Veterans' Trust	Waste Resource Management
<b>Assets</b>							
Current assets							
Pooled cash and investments	\$ -	\$ 8,577,401	\$ 69,700	\$ 1,475,348	\$ 103,124	\$ -	\$ 631,128
Due from other governmental units	2,306,705	-	-	-	-	-	-
Due from component units	-	25	-	-	-	-	-
Accrued interest receivable	-	2,421	412	544	-	-	-
Accounts receivable (net of allowance for uncollectibles where applicable)	175,422	55	8,951	-	140,000	20,000	-
Due from other funds	-	-	-	-	-	-	-
Other assets	1,001	-	-	-	-	-	-
Total current assets	<u>2,483,128</u>	<u>8,579,902</u>	<u>79,063</u>	<u>1,475,892</u>	<u>243,124</u>	<u>20,000</u>	<u>631,128</u>
Noncurrent asset							
Special assessments receivable	-	-	-	-	-	-	-
Total assets	<u>\$ 2,483,128</u>	<u>\$ 8,579,902</u>	<u>\$ 79,063</u>	<u>\$ 1,475,892</u>	<u>\$ 243,124</u>	<u>\$ 20,000</u>	<u>\$ 631,128</u>
<b>Liabilities</b>							
Current liabilities							
Vouchers payable	\$ 878,177	\$ 77,651	\$ -	\$ 4,056	\$ -	\$ -	\$ -
Due to other governmental units	-	40	-	-	140,000	-	-
Due to other funds	884,053	-	-	152,283	-	1,421	1,971
Advances payable	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Other accrued liabilities	713,166	-	-	-	-	-	163,592
Total liabilities	<u>2,475,396</u>	<u>77,691</u>	<u>-</u>	<u>156,339</u>	<u>140,000</u>	<u>1,421</u>	<u>165,563</u>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue - special assessments	-	-	-	-	-	-	-
<b>Fund Balances (deficits)</b>							
Restricted	-	8,502,211	79,063	1,319,553	103,124	18,579	465,565
Assigned	7,732	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>7,732</u>	<u>8,502,211</u>	<u>79,063</u>	<u>1,319,553</u>	<u>103,124</u>	<u>18,579</u>	<u>465,565</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 2,483,128</u>	<u>\$ 8,579,902</u>	<u>\$ 79,063</u>	<u>\$ 1,475,892</u>	<u>\$ 243,124</u>	<u>\$ 20,000</u>	<u>\$ 631,128</u>

(continued)

**County of Oakland  
Combining Balance Sheet (Continued)  
Non-Major Special Revenue Funds  
September 30, 2012**

	<b>Bldg Auth External Projects</b>	<b>Water &amp; Sewer Act 342</b>	<b>Lake Levels Act 146</b>	<b>Drains-Act 40 Maintenance Chapters 4 &amp; 18</b>	<b>Lake Improvements Act 345</b>	<b>Pollution Control Grants</b>	<b>Friend of the Court</b>	<b>Multi- Organizational Grants</b>
<b>Assets</b>								
Current assets								
Pooled cash and investments	\$ 349,538	\$ 6,609,138	\$ 71,455	\$ 1,607,806	\$ 974	\$ -	\$ -	\$ 43,019
Due from other governmental units	-	-	63,144	275,662	-	22,836	1,261,364	311,479
Due from component units	-	-	-	25,487	5	-	-	-
Accrued interest receivable	-	-	-	25,487	5	-	-	-
Accounts receivable (net of allowance for uncollectibles where applicable)	-	-	111	12,047	-	-	26,176	-
Due from other funds	-	-	-	305	-	-	-	-
Other assets	-	-	-	-	-	-	6,920	-
Total current assets	<u>349,538</u>	<u>6,609,138</u>	<u>134,710</u>	<u>1,921,307</u>	<u>979</u>	<u>22,836</u>	<u>1,294,460</u>	<u>354,498</u>
Noncurrent asset								
Special assessments receivable	-	-	8,434	29,171	-	-	-	-
Total assets	<u>\$ 349,538</u>	<u>\$ 6,609,138</u>	<u>\$ 143,144</u>	<u>\$ 1,950,478</u>	<u>\$ 979</u>	<u>\$ 22,836</u>	<u>\$ 1,294,460</u>	<u>\$ 354,498</u>
<b>Liabilities</b>								
Current liabilities								
Vouchers payable	\$ 147,093	\$ 124,027	\$ 401	\$ 2,112	\$ -	\$ 13,837	\$ 9,916	7,603
Due to other governmental units	-	-	-	270	-	-	-	16,162
Due to other funds	471	456	253,177	260,887	-	8,999	1,276,223	-
Advances payable	-	-	9,596	61,797	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	330,733
Other accrued liabilities	-	174,692	8,629	1,159,060	-	-	8,321	-
Total liabilities	<u>147,564</u>	<u>299,175</u>	<u>271,803</u>	<u>1,484,126</u>	<u>-</u>	<u>22,836</u>	<u>1,294,460</u>	<u>354,498</u>
<b>Deferred Inflows of Resources</b>								
Unavailable revenue - special assessments	-	-	8,434	29,171	-	-	-	-
<b>Fund Balances (deficits)</b>								
Restricted	201,974	6,309,963	-	437,181	979	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	(137,093)	-	-	-	-	-
Total fund balances (deficits)	<u>201,974</u>	<u>6,309,963</u>	<u>(137,093)</u>	<u>437,181</u>	<u>979</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 349,538</u>	<u>\$ 6,609,138</u>	<u>\$ 143,144</u>	<u>\$ 1,950,478</u>	<u>\$ 979</u>	<u>\$ 22,836</u>	<u>\$ 1,294,460</u>	<u>\$ 354,498</u>

(continued)

**County of Oakland  
Combining Balance Sheet (Continued)  
Non-Major Special Revenue Funds  
September 30, 2012**

	<b>Workforce Development Grants</b>	<b>Law Enforcement Grants</b>	<b>Housing and Community Development</b>	<b>Human Service Grants</b>	<b>Other Grants</b>	<b>PSP and COPS Program</b>	<b>Judicial Grants</b>
<b>Assets</b>							
Current assets							
Pooled cash and investments	\$ -	\$ -	\$ 2,276,424	\$ 3,412,738	\$ -	\$ -	\$ -
Due from other governmental units	1,133,350	1,134,878	620,895	398,347	2,551,144	114,614	76,342
Due from component units	-	-	-	-	-	-	-
Accrued interest receivable	-	-	3,543	-	-	-	-
Accounts receivable (net of allowance for uncollectibles where applicable)	-	-	-	90	-	-	-
Due from other funds	-	9,187	-	96,335	4,875	-	-
Other assets	3,867,894	2,157	-	1,215	-	-	-
Total current assets	<u>5,001,244</u>	<u>1,146,222</u>	<u>2,900,862</u>	<u>3,908,725</u>	<u>2,556,019</u>	<u>114,614</u>	<u>76,342</u>
Noncurrent asset							
Special assessments receivable	-	-	-	-	-	-	-
Total assets	<u>\$ 5,001,244</u>	<u>\$ 1,146,222</u>	<u>\$ 2,900,862</u>	<u>\$ 3,908,725</u>	<u>\$ 2,556,019</u>	<u>\$ 114,614</u>	<u>\$ 76,342</u>
<b>Liabilities</b>							
Current liabilities							
Vouchers payable	\$ 1,402,226	\$ 66,231	\$ 2,346	\$ 770,231	\$ 604,516	\$ 4,233	\$ 9,924
Due to other governmental units	-	337,723	8,571	2,834	1,740	-	-
Due to other funds	55,026	742,268	-	126,575	1,209,883	64,823	20,569
Advances payable	-	-	-	-	-	-	-
Unearned revenue	-	-	2,127,832	509,444	70,348	-	-
Other accrued liabilities	3,543,992	-	2,748	117,112	5,399	45,558	6,204
Total liabilities	<u>5,001,244</u>	<u>1,146,222</u>	<u>2,141,497</u>	<u>1,526,196</u>	<u>1,891,886</u>	<u>114,614</u>	<u>36,697</u>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue - special assessments	-	-	-	-	-	-	-
<b>Fund Balances (deficits)</b>							
Restricted	-	-	759,365	2,382,529	664,133	-	39,645
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>-</u>	<u>-</u>	<u>759,365</u>	<u>2,382,529</u>	<u>664,133</u>	<u>-</u>	<u>39,645</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 5,001,244</u>	<u>\$ 1,146,222</u>	<u>\$ 2,900,862</u>	<u>\$ 3,908,725</u>	<u>\$ 2,556,019</u>	<u>\$ 114,614</u>	<u>\$ 76,342</u>

(continued)

**County of Oakland  
Combining Balance Sheet (Continued)  
Non-Major Special Revenue Funds  
September 30, 2012**

	Oakland Brownfield Initiative	MI Child	Totals September 30, 2012
<b>Assets</b>			
Current assets			
Pooled cash and investments	\$ 116,444	\$ 14,464	\$ 25,358,701
Due from other governmental units	12,181	-	10,282,941
Due from component units	-	-	25
Accrued interest receivable	-	-	32,412
Accounts receivable (net of allowance for uncollectibles where applicable)	744,293	-	1,127,145
Due from other funds	-	-	110,702
Other assets	-	-	3,879,187
Total current assets	<u>872,918</u>	<u>14,464</u>	<u>40,791,113</u>
Noncurrent asset			
Special assessments receivable	-	-	37,605
Total assets	<u>\$ 872,918</u>	<u>\$ 14,464</u>	<u>\$ 40,828,718</u>
<b>Liabilities</b>			
Current liabilities			
Vouchers payable	\$ -	\$ 148	\$ 4,124,728
Due to other governmental units	-	-	507,340
Due to other funds	-	-	5,059,085
Advances payable	-	-	71,393
Unearned revenue	744,293	-	3,782,650
Other accrued liabilities	-	-	5,948,473
Total liabilities	<u>744,293</u>	<u>148</u>	<u>19,493,669</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - special assessments	-	-	37,605
<b>Fund Balances (deficits)</b>			
Restricted	128,625	14,316	21,426,805
Assigned	-	-	7,732
Unassigned	-	-	(137,093)
Total fund balances (deficits)	<u>128,625</u>	<u>14,316</u>	<u>21,297,444</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 872,918</u>	<u>\$ 14,464</u>	<u>\$ 40,828,718</u>



**County of Oakland**  
**Combining Statement of Revenue, Expenditures, and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**  
**Year Ended September 30, 2012**

	Child Care	Register of Deeds Automation	Oakland Enhancement	Restricted Funds	Social Welfare	County Veterans' Trust	Waste Resource Management
<b>Revenue</b>							
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	308,125	-	-	-	-	-	-
State grants	13,564,819	-	-	-	-	238,056	-
Other intergovernmental revenue	-	-	-	-	-	-	-
Charges for services	4,501,251	1,262,850	388,852	1,030,031	715,241	-	53,129
Contributions	-	-	-	95,039	-	-	-
Investment income	-	59,410	655	342	-	-	4,322
Other	389	215,460	-	-	-	-	-
Total revenue	<u>18,374,584</u>	<u>1,537,720</u>	<u>389,507</u>	<u>1,125,412</u>	<u>715,241</u>	<u>238,056</u>	<u>57,451</u>
<b>Expenditures</b>							
Salaries	10,237,066	-	231,739	-	-	-	36,433
Fringe benefits	6,534,484	-	135,779	-	-	-	27,959
Contractual services	17,128,701	1,512,290	42,129	47,351	693,600	224,352	-
Commodities	800,300	9,435	-	21,271	-	247	-
Capital outlay	-	-	-	-	-	-	-
Internal services	2,791,730	194,363	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Total expenditures	<u>37,492,281</u>	<u>1,716,088</u>	<u>409,647</u>	<u>68,622</u>	<u>693,600</u>	<u>224,599</u>	<u>64,392</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(19,117,697)</u>	<u>(178,368)</u>	<u>(20,140)</u>	<u>1,056,790</u>	<u>21,641</u>	<u>13,457</u>	<u>(6,941)</u>
<b>Other financing sources (uses)</b>							
Transfers in	19,196,407	-	-	-	-	-	-
Transfers out	(88,232)	-	-	(153,018)	-	-	-
Issuance of bonds	-	-	-	-	-	-	-
Discount on bonds sold	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>19,108,175</u>	<u>-</u>	<u>-</u>	<u>(153,018)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(9,522)	(178,368)	(20,140)	903,772	21,641	13,457	(6,941)
<b>Fund balances (deficit)</b>							
October 1, 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>
September 30, 2012	<u>\$ 7,732</u>	<u>\$ 8,502,211</u>	<u>\$ 79,063</u>	<u>\$ 1,319,553</u>	<u>\$ 103,124</u>	<u>\$ 18,579</u>	<u>\$ 465,565</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, 2012**

	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
<b>Revenue</b>								
Special assessments	\$ -	\$ 19,282	\$ 437,710	\$ 457,505	\$ -	\$ -	\$ -	\$ -
Federal grants	-	1,465,934	-	-	-	81,918	-	4,103,304
State grants	-	-	-	-	-	8,837	-	1,665,908
Other intergovernmental revenue	-	-	-	-	-	-	10,101,491	-
Charges for services	-	675	779	205,249	-	-	1,164,157	-
Contributions	-	-	-	-	-	-	-	-
Investment income	4,754	11,710	1,461	12,771	-	-	-	25,567
Other	-	-	8	18,579	-	-	150	-
Total revenue	<u>4,754</u>	<u>1,497,601</u>	<u>439,958</u>	<u>694,104</u>	<u>-</u>	<u>90,755</u>	<u>11,265,798</u>	<u>5,794,779</u>
<b>Expenditures</b>								
Salaries	-	62,484	19,052	50,940	-	-	7,931,496	942,471
Fringe benefits	-	35,244	9,505	29,115	-	-	5,329,463	633,347
Contractual services	2,277,780	3,088,695	210,562	281,269	-	43,972	975,878	3,844,461
Commodities	-	877	10,757	10,499	-	46,114	97,921	356,381
Capital outlay	-	-	-	-	-	-	-	-
Internal services	-	409,381	264,721	482,760	-	-	1,486,859	17,520
Intergovernmental	-	1,375	-	-	-	-	-	-
Total expenditures	<u>2,277,780</u>	<u>3,598,056</u>	<u>514,597</u>	<u>854,583</u>	<u>-</u>	<u>90,086</u>	<u>15,821,617</u>	<u>5,794,180</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(2,273,026)</u>	<u>(2,100,455)</u>	<u>(74,639)</u>	<u>(160,479)</u>	<u>-</u>	<u>669</u>	<u>(4,555,819)</u>	<u>599</u>
<b>Other financing sources (uses)</b>								
Transfers in	-	-	-	46,169	-	-	4,555,819	8,901
Transfers out	-	-	-	-	-	-	-	(9,500)
Issuance of bonds	2,500,000	6,800,000	-	-	-	-	-	-
Discount on bonds sold	(25,000)	(51,269)	-	-	-	-	-	-
Total other financing sources (uses)	<u>2,475,000</u>	<u>6,748,731</u>	<u>-</u>	<u>46,169</u>	<u>-</u>	<u>-</u>	<u>4,555,819</u>	<u>(599)</u>
Net change in fund balances	201,974	4,648,276	(74,639)	(114,310)	-	669	-	-
<b>Fund balances (deficit)</b>								
October 1, 2011	-	1,661,687	(62,454)	551,491	979	(669)	-	-
September 30, 2012	<u>\$ 201,974</u>	<u>\$ 6,309,963</u>	<u>\$ (137,093)</u>	<u>\$ 437,181</u>	<u>\$ 979</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2012**

	<b>Workforce Development Grants</b>	<b>Law Enforcement Grants</b>	<b>Housing and Community Development</b>	<b>Human Service Grants</b>	<b>Other Grants</b>	<b>PSP and COPS Program</b>	<b>Judicial Grants</b>
<b>Revenue</b>							
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	25,224,886	849,552	7,806,600	7,865,290	9,514,262	437,028	147,520
State grants	715,182	1,497,645	25,144	5,088,483	191,670	-	85,212
Other intergovernmental revenue	-	1,681,591	52,417	-	-	-	-
Charges for services	-	1,534	694,951	15	12,840	-	-
Contributions	-	-	-	-	89,523	-	-
Investment income	-	-	-	-	-	-	-
Other	-	601	-	2,821,960	304,278	-	-
Total revenue	<u>25,940,068</u>	<u>4,030,923</u>	<u>8,579,112</u>	<u>15,775,748</u>	<u>10,112,573</u>	<u>437,028</u>	<u>232,732</u>
<b>Expenditures</b>							
Salaries	410,065	2,734,036	1,181,895	3,322,749	182,963	-	130,756
Fringe benefits	174,663	1,876,605	785,686	2,056,838	99,032	-	72,916
Contractual services	25,282,837	800,180	6,812,278	7,369,590	4,320,859	437,028	33,272
Commodities	4,394	67,920	23,485	188,957	219,600	-	6,143
Capital outlay	-	-	-	-	4,610,972	-	-
Internal services	68,109	261,461	143,869	446,529	24,403	-	-
Intergovernmental	-	-	-	-	-	-	-
Total expenditures	<u>25,940,068</u>	<u>5,740,202</u>	<u>8,947,213</u>	<u>13,384,663</u>	<u>9,457,829</u>	<u>437,028</u>	<u>243,087</u>
Excess (deficiency) of revenue over (under) expenditures	<u>-</u>	<u>(1,709,279)</u>	<u>(368,101)</u>	<u>2,391,085</u>	<u>654,744</u>	<u>-</u>	<u>(10,355)</u>
<b>Other financing sources (uses)</b>							
Transfers in	-	1,709,279	246,751	15,247	-	-	50,000
Transfers out	-	-	-	(23,803)	(3,500)	-	-
Issuance of bonds	-	-	-	-	-	-	-
Discount on bonds sold	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>1,709,279</u>	<u>246,751</u>	<u>(8,556)</u>	<u>(3,500)</u>	<u>-</u>	<u>50,000</u>
Net change in fund balances	-	-	(121,350)	2,382,529	651,244	-	39,645
<b>Fund balances (deficit)</b>							
October 1, 2011	<u>-</u>	<u>-</u>	<u>880,715</u>	<u>-</u>	<u>12,889</u>	<u>-</u>	<u>-</u>
September 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 759,365</u>	<u>\$ 2,382,529</u>	<u>\$ 664,133</u>	<u>\$ -</u>	<u>\$ 39,645</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, 2012**

	<b>Oakland Brownfield Initiative</b>	<b>MI Child</b>	<b>Totals September 30, 2012</b>
<b>Revenue</b>			
Special assessments	\$ -	\$ -	\$ 914,497
Federal grants	175,935	-	57,980,354
State grants	-	-	23,080,956
Other intergovernmental revenue	-	-	11,835,499
Charges for services	79,611	18,415	10,129,580
Contributions	-	-	184,562
Investment income	-	-	120,992
Other	-	-	3,361,425
Total revenue	<u>255,546</u>	<u>18,415</u>	<u>107,607,865</u>
<b>Expenditures</b>			
Salaries	254	-	27,474,399
Fringe benefits	181	-	17,800,817
Contractual services	175,935	7,150	75,610,169
Commodities	-	-	1,864,301
Capital outlay	-	-	4,610,972
Internal services	-	-	6,591,705
Intergovernmental	-	-	1,375
Total expenditures	<u>176,370</u>	<u>7,150</u>	<u>133,953,738</u>
Excess (deficiency) of revenue over (under) expenditures	<u>79,176</u>	<u>11,265</u>	<u>(26,345,873)</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	25,828,573
Transfers out	-	-	(278,053)
Issuance of bonds	-	-	9,300,000
Discount on bonds sold	-	-	(76,269)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>34,774,251</u>
Net change in fund balances	<u>79,176</u>	<u>11,265</u>	<u>8,428,378</u>
<b>Fund balances (deficit)</b>			
October 1, 2011	<u>49,449</u>	<u>3,051</u>	<u>12,869,066</u>
September 30, 2012	<u>\$ 128,625</u>	<u>\$ 14,316</u>	<u>\$ 21,297,444</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, 2012**

	<b>Child Care</b>		
	<b>Final Amended Budget</b>	<b>Actual</b>	<b>Variance with Final Amended Budget</b>
<b>Revenue</b>			
Federal grants	\$ 300,000	\$ 308,125	\$ 8,125
State grants	15,171,548	13,564,819	(1,606,729)
Charges for services	4,062,496	4,501,251	438,755
Other	-	389	389
Total revenue	<u>19,534,044</u>	<u>18,374,584</u>	<u>(1,159,460)</u>
<b>Expenditures</b>			
Current operations			
County Executive			
Human Services			
Personnel	14,534,783	14,558,120	(23,337)
Operating	11,345,020	9,115,337	2,229,683
Internal Support	2,907,171	2,790,489	116,682
Total Human Services	<u>28,786,974</u>	<u>26,463,946</u>	<u>2,323,028</u>
Total County Executive	<u>28,786,974</u>	<u>26,463,946</u>	<u>2,323,028</u>
Justice administration			
Circuit Court			
Personnel	2,273,227	2,213,429	59,798
Operating	11,573,903	8,813,665	2,760,238
Internal Support	2,182	1,241	941
Total Circuit Court	<u>13,849,312</u>	<u>11,028,335</u>	<u>2,820,977</u>
Total Justice administration	<u>13,849,312</u>	<u>11,028,335</u>	<u>2,820,977</u>
Total expenditures	<u>42,636,286</u>	<u>37,492,281</u>	<u>5,144,005</u>
Deficiency of revenue under expenditures	(23,102,242)	(19,117,697)	3,984,545
<b>Other financing sources (uses)</b>			
Transfers in	23,373,220	19,196,407	(4,176,813)
Transfers out	(288,232)	(88,232)	200,000
Total other financing sources (uses)	<u>23,084,988</u>	<u>19,108,175</u>	<u>(3,976,813)</u>
Net change in fund balance	(17,254)	(9,522)	7,732
<b>Fund balance</b>			
October 1, 2011	17,254	17,254	-
September 30, 2012	<u>\$ -</u>	<u>\$ 7,732</u>	<u>\$ 7,732</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, 2012**

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	<u>Social Welfare Foster Care</u>		
	<b>Final Amended Budget</b>	<b>Actual</b>	<b>Variance with Final Amended Budget</b>
<b>Revenue</b>			
State grants	\$ 1,000	\$ -	\$ (1,000)
Total revenue	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
<b>Expenditures</b>			
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
<b>Other financing sources</b>			
Transfers in	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Net change in fund balance	-	-	-
<b>Fund balance</b>			
October 1, 2011	<u>-</u>	<u>-</u>	<u>-</u>
September 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## County of Oakland

### Non-Major Debt Service Funds

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#### **Debt Service Funds**

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

*The Building Authority Debt 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 five 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 five issues).

**County of Oakland  
Combining Balance Sheet  
Non-Major Debt Service Funds  
September 30, 2012**

	<b>Building Authority Debt Refunding</b>	<b>Lake Level Debt Act 146</b>	<b>Water and Sewer Debt Refunding</b>	<b>Totals September 30, 2012</b>
<b>Assets</b>				
Current assets				
Pooled cash and investments	\$ 9,934	\$ 139,621	\$ 1,595,847	\$ 1,745,402
Accrued interest receivable	-	995	-	995
Total current assets	<u>9,934</u>	<u>140,616</u>	<u>1,595,847</u>	<u>1,746,397</u>
Special assessments receivable	-	42,230	4,155,000	4,197,230
Contracts receivable	<u>10,020,000</u>	-	-	<u>10,020,000</u>
Total assets	<u>\$ 10,029,934</u>	<u>\$ 182,846</u>	<u>\$ 5,750,847</u>	<u>\$ 15,963,627</u>
<b>Liabilities</b>				
Current liabilities				
Due to other funds	\$ -	\$ -	\$ 11,322	\$ 11,322
Other accrued liabilities	-	-	1,537,298	1,537,298
Total liabilities	<u>-</u>	<u>-</u>	<u>1,548,620</u>	<u>1,548,620</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - special assessments	-	42,230	4,155,000	4,197,230
Unavailable revenue - contracts	<u>10,020,000</u>	-	-	<u>10,020,000</u>
Total deferred inflows of resources	<u>10,020,000</u>	<u>42,230</u>	<u>4,155,000</u>	<u>14,217,230</u>
<b>Fund Balances - restricted for debt service</b>	<u>9,934</u>	<u>140,616</u>	<u>47,227</u>	<u>197,777</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,029,934</u>	<u>\$ 182,846</u>	<u>\$ 5,750,847</u>	<u>\$ 15,963,627</u>



**County of Oakland**  
**Combining Statement of Revenue, Expenditures, and Changes in Fund Balances**  
**Non-Major Debt Service Funds**  
**Year Ended September 30, 2012**

	<b>Building Authority Debt Refunding</b>	<b>Lake Level Debt Act 146</b>	<b>Water and Sewer Debt Refunding</b>	<b>Totals September 30, 2012</b>
<b>Revenue</b>				
Special assessments	\$ 386,157	\$ 26,722	\$ 1,624,421	\$ 2,037,300
Charges for services	181	3,430	275	3,886
Investment income	9,556	1,305	1,687	12,548
Total revenue	<u>395,894</u>	<u>31,457</u>	<u>1,626,383</u>	<u>2,053,734</u>
<b>Expenditures</b>				
Principal payments	2,895,000	65,000	1,540,000	4,500,000
Interest	1,818,056	6,913	84,421	1,909,390
Paying agent fees	1,175	500	800	2,475
Intergovernmental	-	-	8,400	8,400
Total expenditures	<u>4,714,231</u>	<u>72,413</u>	<u>1,633,621</u>	<u>6,420,265</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(4,318,337)</u>	<u>(40,956)</u>	<u>(7,238)</u>	<u>(4,366,531)</u>
<b>Other financing sources (uses)</b>				
Transfers in	4,327,661	-	-	4,327,661
Transfers out	(5)	-	-	(5)
Total other financing sources (uses)	<u>4,327,656</u>	<u>-</u>	<u>-</u>	<u>4,327,656</u>
Net change in fund balances	9,319	(40,956)	(7,238)	(38,875)
<b>Fund balances</b>				
October 1, 2011	615	181,572	54,465	236,652
September 30, 2012	<u>\$ 9,934</u>	<u>\$ 140,616</u>	<u>\$ 47,227</u>	<u>\$ 197,777</u>

## County of Oakland Non-Major Capital Projects Funds

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### Capital Projects Funds

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

*The Building Improvement Fund* - was established 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 Facilities Management Infrastructure and IT Projects Fund* - was established to account for the costs of various capital improvements of County infrastructure administered by Facilities Management and capital improvement projects for Information Technology.

*The CMHA Building Renovation Fund* - was established to account for the cost of renovations and furnishings of the former Medical Care Facility, Building 32E for the purpose of consolidating the Oakland County Mental Health Authority's (OCCMHA) access services into one location per sublease agreement between the County and OCCMHA.

*The Oakland County International Airport (OCIA) Office Terminal Building Fund* - was established in 2010 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 in 2010 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, 2012**

	<b>Building Improvement</b>	<b>Project Work Orders</b>	<b>Work Release/ Jail Mgt/Video Conferencing</b>	<b>OCIA Office Terminal Building</b>	<b>Facilities Infrastructure &amp; IT Projects</b>	<b>CMHA Building Renovation</b>	<b>NOHC Renov CV Bldg A Security</b>
<b>Assets</b>							
Current assets							
Pooled cash and investments	\$ 7,968,405	\$ 4,218,317	\$ 496,252	\$ -	\$ 386,500	\$ 290,000	\$ -
Accrued interest receivable	-	-	-	-	-	-	-
Contracts receivable	-	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	28,250
Advances	-	-	-	-	-	-	-
Total current assets	<u>7,968,405</u>	<u>4,218,317</u>	<u>496,252</u>	<u>-</u>	<u>386,500</u>	<u>290,000</u>	<u>28,250</u>
Special assessments receivable	-	-	-	-	-	-	-
Contracts receivable	-	-	-	-	-	-	-
Total assets	<u>\$ 7,968,405</u>	<u>\$ 4,218,317</u>	<u>\$ 496,252</u>	<u>\$ -</u>	<u>\$ 386,500</u>	<u>\$ 290,000</u>	<u>\$ 28,250</u>
<b>Liabilities</b>							
Current liabilities							
Vouchers payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	28,250	2,089	496,252	-	-	-	28,250
Advances	-	-	-	-	-	-	-
Other accrued liabilities	-	73,097	-	-	386,500	290,000	-
Total liabilities	<u>28,250</u>	<u>75,186</u>	<u>496,252</u>	<u>-</u>	<u>386,500</u>	<u>290,000</u>	<u>28,250</u>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue - special assessments	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances (deficits)</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	7,940,155	4,143,131	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>7,940,155</u>	<u>4,143,131</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 7,968,405</u>	<u>\$ 4,218,317</u>	<u>\$ 496,252</u>	<u>\$ -</u>	<u>\$ 386,500</u>	<u>\$ 290,000</u>	<u>\$ 28,250</u>

(continued)

**County of Oakland  
Combining Balance Sheet (Continued)  
Non-Major Capital Project Funds  
September 30, 2012**

	Major Dept. Support Projects	Lake Levels Act 146	Lake Improvements Act 345	Drain Chapter 4 Construction	Drain Commissioner Revolving	Long-term Revolving	Totals September 30, 2012
<b>Assets</b>							
Current assets							
Pooled cash and investments	\$ 3,580,797	\$ 25,659	\$ 9,130	\$ 65,145	\$ 650,022	\$ 899,250	\$ 18,589,477
Accrued interest receivable	-	142	54	-	-	-	196
Contracts receivable	-	-	-	-	-	39,400	39,400
Due from component units	-	-	-	-	621,693	-	621,693
Due from other funds	-	-	-	-	553,301	4,891	586,442
Advances	-	-	-	-	-	429,259	429,259
Total current assets	<u>3,580,797</u>	<u>25,801</u>	<u>9,184</u>	<u>65,145</u>	<u>1,825,016</u>	<u>1,372,800</u>	<u>20,266,467</u>
Special assessments receivable	-	213,045	-	-	-	-	213,045
Contracts receivable	-	-	-	-	-	118,200	118,200
Total assets	<u>\$ 3,580,797</u>	<u>\$ 238,846</u>	<u>\$ 9,184</u>	<u>\$ 65,145</u>	<u>\$ 1,825,016</u>	<u>\$ 1,491,000</u>	<u>\$ 20,597,712</u>
<b>Liabilities</b>							
Current liabilities							
Vouchers payable	\$ -	\$ -	\$ -	\$ 1,596	\$ 16	\$ -	\$ 1,612
Due to other funds	235	45,345	-	162	-	-	600,583
Advances	-	232,866	-	125,000	-	-	357,866
Other accrued liabilities	-	10,000	-	1,131	-	-	760,728
Total liabilities	<u>235</u>	<u>288,211</u>	<u>-</u>	<u>127,889</u>	<u>16</u>	<u>-</u>	<u>1,720,789</u>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue - special assessments	-	213,045	-	-	-	-	213,045
Total deferred inflows of resources	<u>-</u>	<u>213,045</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>213,045</u>
<b>Fund Balances (deficits)</b>							
Nonspendable	-	-	-	-	-	547,459	547,459
Restricted	-	-	9,184	-	-	-	9,184
Committed	3,580,562	-	-	-	1,825,000	943,541	18,432,389
Unassigned	-	(262,410)	-	(62,744)	-	-	(325,154)
Total fund balances (deficits)	<u>3,580,562</u>	<u>(262,410)</u>	<u>9,184</u>	<u>(62,744)</u>	<u>1,825,000</u>	<u>1,491,000</u>	<u>18,663,878</u>
Total liabilities, deferred inflows from resources, and fund balances (deficits)	<u>\$ 3,580,797</u>	<u>\$ 238,846</u>	<u>\$ 9,184</u>	<u>\$ 65,145</u>	<u>\$ 1,825,016</u>	<u>\$ 1,491,000</u>	<u>\$ 20,597,712</u>

**County of Oakland**  
**Combining Statement of Revenue, Expenditures, and Changes in Fund Balances**  
**Non-Major Capital Project Funds**  
**Year Ended September 30, 2012**

	<b>Building Improvement</b>	<b>Project Work Orders</b>	<b>Work Release/ Jail Mgt/Video Conferencing</b>	<b>OCIA Office Terminal Building</b>	<b>Facilities Infrastructure &amp; IT Projects</b>	<b>CMHA Building Renovation</b>	<b>NOHC Renov CV Bldg A Security</b>
<b>Revenue</b>							
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	66,111	-	10,382	-	-	-
Investment income	-	-	-	50	-	-	-
Other	-	16,876	-	-	-	-	-
Total revenue	-	82,987	-	10,432	-	-	-
<b>Expenditures</b>							
Capital outlay	-	2,144,076	531,804	15,839	-	-	117,206
Total expenditures	-	2,144,076	531,804	15,839	-	-	117,206
Excess (deficiency) of revenue over (under) expenditures	-	(2,061,089)	(531,804)	(5,407)	-	-	(117,206)
<b>Other financing sources (uses)</b>							
Transfers in	251,798	3,559,330	-	-	-	-	28,250
Transfers out	(1,805,627)	(341,439)	(496,252)	(50)	-	-	-
Total other financing sources (uses)	(1,553,829)	3,217,891	(496,252)	(50)	-	-	28,250
Net change in fund balances	(1,553,829)	1,156,802	(1,028,056)	(5,457)	-	-	(88,956)
<b>Fund balances (deficit)</b>							
October 1, 2011	9,493,984	2,986,329	1,028,056	5,457	-	-	88,956
September 30, 2012	\$ 7,940,155	\$ 4,143,131	\$ -	\$ -	\$ -	\$ -	\$ -

(continued)

**County of Oakland**  
**Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued)**  
**Non-Major Capital Project Funds**  
**Year Ended September 30, 2012**

	<b>Major Dept. Support Projects</b>	<b>Lake Levels Act 146</b>	<b>Lake Improvements Act 345</b>	<b>Drain Chapter 4 Construction</b>	<b>Drain Commissioner Revolving</b>	<b>Long-term Revolving</b>	<b>Totals September 30, 2012</b>
<b>Revenue</b>							
Special assessments	\$ -	\$ 35,856	\$ -	\$ -	\$ -	\$ -	\$ 35,856
Charges for services	-	2,796	-	-	-	-	79,289
Investment income	1,318	286	64	201	-	-	1,919
Other	-	-	-	-	-	-	16,876
Total revenue	<u>1,318</u>	<u>38,938</u>	<u>64</u>	<u>201</u>	<u>-</u>	<u>-</u>	<u>133,940</u>
<b>Expenditures</b>							
Capital outlay	<u>509,028</u>	<u>6,984</u>	<u>-</u>	<u>53,469</u>	<u>-</u>	<u>-</u>	<u>3,378,406</u>
Total expenditures	<u>509,028</u>	<u>6,984</u>	<u>-</u>	<u>53,469</u>	<u>-</u>	<u>-</u>	<u>3,378,406</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(507,710)</u>	<u>31,954</u>	<u>64</u>	<u>(53,268)</u>	<u>-</u>	<u>-</u>	<u>(3,244,466)</u>
<b>Other financing sources (uses)</b>							
Transfers in	3,046,418	-	-	-	-	-	6,885,796
Transfers out	<u>(137,598)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,780,966)</u>
Total other financing sources (uses)	<u>2,908,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,104,830</u>
Net change in fund balances	2,401,110	31,954	64	(53,268)	-	-	860,364
<b>Fund balances (deficit)</b>							
October 1, 2011	<u>1,179,452</u>	<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>
September 30, 2012	<u>\$ 3,580,562</u>	<u>\$ (262,410)</u>	<u>\$ 9,184</u>	<u>\$ (62,744)</u>	<u>\$ 1,825,000</u>	<u>\$ 1,491,000</u>	<u>\$ 18,663,878</u>

## County of Oakland Internal Service Funds

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### **Internal Service Funds**

These funds account for the financing of goods or services provided by one County department or agency to other departments or agencies on a cost-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 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 Position  
Internal Service Funds  
September 30, 2012**

	<b>Facilities Maintenance and Operations</b>	<b>Information Technology</b>	<b>Drain Equipment</b>	<b>Motor Pool</b>
<b>Assets</b>				
Current assets				
Pooled cash and investments	\$ 12,201,159	\$ 13,485,527	\$ 1,429,754	\$ 4,519,112
Due from other governmental units	9,164	12,758	20,580	3,784
Due from component units	7,135	11,055	1,380	-
Accrued interest receivable	19,010	37,765	1,322	4,950
Accounts receivable (net of allowance for uncollectibles where applicable)	80,754	48,587	136,943	-
Due from other funds	-	-	2,602	-
Inventories and supplies	140,790	38,596	367,767	309,880
Prepayments and other assets	-	2,186,179	-	4,026
Total current assets	<u>12,458,012</u>	<u>15,820,467</u>	<u>1,960,348</u>	<u>4,841,752</u>
Noncurrent assets				
Capital assets, at cost				
Land	-	-	130,000	-
Buildings and improvements	525,283	-	1,541,974	424,860
Equipment and vehicles	2,009,658	54,886,486	5,382,516	13,087,227
Infrastructure	3,169,683	-	-	-
Construction in progress	-	3,830,086	-	-
	<u>5,704,624</u>	<u>58,716,572</u>	<u>7,054,490</u>	<u>13,512,087</u>
Less: Accumulated depreciation	<u>5,403,057</u>	<u>51,287,278</u>	<u>3,484,519</u>	<u>9,214,730</u>
Capital assets, net	<u>301,567</u>	<u>7,429,294</u>	<u>3,569,971</u>	<u>4,297,357</u>
Total assets	<u>\$ 12,759,579</u>	<u>\$ 23,249,761</u>	<u>\$ 5,530,319</u>	<u>\$ 9,139,109</u>

(continued)



**County of Oakland**  
**Combining Statement of Net Position (Continued)**  
**Internal Service Funds**  
**September 30, 2012**

	<b>Telephone Communications</b>	<b>Building and Liability Insurance</b>	<b>Fringe Benefits</b>	<b>Totals September 30, 2012</b>
<b>Assets</b>				
Current assets				
Pooled cash and investments	\$ 3,500,164	\$ 21,400,362	\$ 53,823,662	\$ 110,359,740
Due from other governmental units	181	-	-	46,467
Due from component units	-	-	-	19,570
Accrued interest receivable	3,856	121,211	409,538	597,652
Accounts receivable (net of allowance for uncollectibles where applicable)	366	-	-	266,650
Due from other funds	-	-	-	2,602
Inventories and supplies	-	-	-	857,033
Prepayments and other assets	40,835	409,158	2,730,424	5,370,622
Total current assets	<u>3,545,402</u>	<u>21,930,731</u>	<u>56,963,624</u>	<u>117,520,336</u>
Noncurrent assets				
Capital assets, at cost				
Land	-	-	-	130,000
Buildings and improvements	-	-	-	2,492,117
Equipment and vehicles	4,833,705	-	-	80,199,592
Infrastructure	-	-	-	3,169,683
Construction in progress	-	-	-	3,830,086
	<u>4,833,705</u>	<u>-</u>	<u>-</u>	<u>89,821,478</u>
Less: Accumulated depreciation	4,444,073	-	-	73,833,657
Capital assets, net	<u>389,632</u>	<u>-</u>	<u>-</u>	<u>15,987,821</u>
Total assets	<u>\$ 3,935,034</u>	<u>\$ 21,930,731</u>	<u>\$ 56,963,624</u>	<u>\$ 133,508,157</u>

(continued)

**County of Oakland**  
**Combining Statement of Net Position (Continued)**  
**Internal Service Funds**  
**September 30, 2012**

	<b>Facilities Maintenance and Operations</b>	<b>Information Technology</b>	<b>Drain Equipment</b>	<b>Motor Pool</b>
<b>Liabilities</b>				
Current liabilities				
Vouchers payable	\$ 175,229	\$ 1,294,189	\$ 61,119	\$ 153,282
Due to other governmental units	-	-	-	-
Due to other funds	-	26,707	10,714	-
Unearned revenue	22,334	250	-	-
Current portion of compensated absences	-	-	-	-
Current portion of claims and judgments	-	-	-	-
Current portion of advances payable	-	-	189,811	-
Other accrued liabilities	146,880	437,696	292,246	1,589
Total current liabilities	<u>344,443</u>	<u>1,758,842</u>	<u>553,890</u>	<u>154,871</u>
Noncurrent liabilities				
Accrued compensated absences	-	-	-	-
Claims and judgments	-	-	-	-
Advances payable	-	-	-	422,523
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>422,523</u>
Total liabilities	<u>344,443</u>	<u>1,758,842</u>	<u>553,890</u>	<u>577,394</u>
<b>Net Position</b>				
Invested in capital assets	301,567	7,429,294	3,569,971	4,297,357
Unrestricted	12,113,569	14,061,625	983,935	4,686,881
Total net position	<u>\$ 12,415,136</u>	<u>\$ 21,490,919</u>	<u>\$ 4,553,906</u>	<u>\$ 8,984,238</u>

(continued)

**County of Oakland**  
**Combining Statement of Net Position (Continued)**  
**Internal Service Funds**  
**September 30, 2012**

	<b>Telephone Communications</b>	<b>Building and Liability Insurance</b>	<b>Fringe Benefits</b>	<b>Totals September 30, 2012</b>
<b>Liabilities</b>				
Current liabilities				
Vouchers payable	\$ 40,344	\$ 21,610	\$ 2,599,509	\$ 4,345,282
Due to other governmental units	-	-	473,761	473,761
Due to other funds	-	-	-	37,421
Unearned revenue	-	-	-	22,584
Current portion of compensated absences	-	-	1,214,192	1,214,192
Current portion of claims and judgments	-	1,080,772	2,655,000	3,735,772
Current portion of advances payable	-	-	-	189,811
Other accrued liabilities	68,730	-	2,308,365	3,255,506
Total current liabilities	<u>109,074</u>	<u>1,102,382</u>	<u>9,250,827</u>	<u>13,274,329</u>
Noncurrent liabilities				
Accrued compensated absences	-	-	10,927,729	10,927,729
Claims and judgments	-	4,358,091	11,700,975	16,059,066
Advances payable	-	-	-	422,523
Total noncurrent liabilities	<u>-</u>	<u>4,358,091</u>	<u>22,628,704</u>	<u>27,409,318</u>
Total liabilities	<u>109,074</u>	<u>5,460,473</u>	<u>31,879,531</u>	<u>40,683,647</u>
<b>Net Position</b>				
Invested in capital assets	389,632	-	-	15,987,821
Unrestricted	3,436,328	16,470,258	25,084,093	76,836,689
Total net position	<u>\$ 3,825,960</u>	<u>\$ 16,470,258</u>	<u>\$ 25,084,093</u>	<u>\$ 92,824,510</u>

**County of Oakland**  
**Combining Statement of Revenue, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**Year Ended September 30, 2012**

	<b>Facilities Maintenance and Operations</b>	<b>Information Technology</b>	<b>Drain Equipment</b>	<b>Motor Pool</b>
<b>Operating revenue</b>				
Charges for services	\$ 24,653,023	\$ 22,393,977	\$ 21,748,763	\$ 8,817,636
Other	58,432	48,931	3,115	21,040
Total operating revenue	<u>24,711,455</u>	<u>22,442,908</u>	<u>21,751,878</u>	<u>8,838,676</u>
<b>Operating expenses</b>				
Salaries	7,149,551	7,061,603	9,816,331	676,787
Fringe benefits	5,052,309	4,463,645	7,097,922	516,442
Contractual services	9,182,742	10,919,388	900,973	986,193
Commodities	1,069,098	841,662	1,158,335	3,255,101
Depreciation	52,684	1,368,661	548,737	1,646,074
Internal services	1,003,535	1,178,481	2,653,805	331,330
Total operating expenses	<u>23,509,919</u>	<u>25,833,440</u>	<u>22,176,103</u>	<u>7,411,927</u>
Operating income (loss)	<u>1,201,536</u>	<u>(3,390,532)</u>	<u>(424,225)</u>	<u>1,426,749</u>
<b>Nonoperating revenue (expenses)</b>				
Interest revenue	88,049	71,058	12,156	23,503
Interest expense	-	-	(15,860)	-
Bonds maturing	-	-	-	-
Gain on sale of property and equipment	200	5,421	24,542	183,288
Net nonoperating revenue (expenses)	<u>88,249</u>	<u>76,479</u>	<u>20,838</u>	<u>206,791</u>
Income (loss) before transfers and contributions	<u>1,289,785</u>	<u>(3,314,053)</u>	<u>(403,387)</u>	<u>1,633,540</u>
Capital contributions	-	495,657	-	-
Transfers in	212,705	925,008	-	70,635
Transfers out	(1,587,595)	-	(30,332)	(500,000)
Change in net position	<u>(85,105)</u>	<u>(1,893,388)</u>	<u>(433,719)</u>	<u>1,204,175</u>
<b>Net position</b>				
October 1, 2011	<u>12,500,241</u>	<u>23,384,307</u>	<u>4,987,625</u>	<u>7,780,063</u>
September 30, 2012	<u>\$ 12,415,136</u>	<u>\$ 21,490,919</u>	<u>\$ 4,553,906</u>	<u>\$ 8,984,238</u>

(continued)

**County of Oakland**  
**Combining Statement of Revenue, Expenses, and Changes in Net Position (Continued)**  
**Internal Service Funds**  
**Year Ended September 30, 2012**

	<b>Telephone Communications</b>	<b>Building and Liability Insurance</b>	<b>Fringe Benefits</b>	<b>Totals September 30, 2012</b>
<b>Operating revenue</b>				
Charges for services	\$ 2,680,010	\$ 2,117,080	\$143,227,085	\$225,637,574
Other	485	17,105	-	149,108
Total operating revenue	<u>2,680,495</u>	<u>2,134,185</u>	<u>143,227,085</u>	<u>225,786,682</u>
<b>Operating expenses</b>				
Salaries	204,492	447,320	1,150,738	26,506,822
Fringe benefits	152,829	272,475	713,619	18,269,241
Contractual services	1,684,065	2,911,637	86,520,272	113,105,270
Commodities	176,049	14,381	12,291	6,526,917
Depreciation	196,940	-	-	3,813,096
Internal services	519,533	84,847	304,160	6,075,691
Total operating expenses	<u>2,933,908</u>	<u>3,730,660</u>	<u>88,701,080</u>	<u>174,297,037</u>
Operating income (loss)	<u>(253,413)</u>	<u>(1,596,475)</u>	<u>54,526,005</u>	<u>51,489,645</u>
<b>Nonoperating revenue (expenses)</b>				
Interest revenue	24,510	132,276	380,878	732,430
Interest expense	-	-	(29,243,638)	(29,259,498)
Bonds maturing	-	-	(19,545,000)	(19,545,000)
Gain on sale of property and equipment	-	-	-	213,451
Net nonoperating revenue (expenses)	<u>24,510</u>	<u>132,276</u>	<u>(48,407,760)</u>	<u>(47,858,617)</u>
Income (loss) before transfers and contributions	<u>(228,903)</u>	<u>(1,464,199)</u>	<u>6,118,245</u>	<u>3,631,028</u>
Capital contributions	-	-	-	495,657
Transfers in	-	-	-	1,208,348
Transfers out	-	-	-	(2,117,927)
Change in net position	<u>(228,903)</u>	<u>(1,464,199)</u>	<u>6,118,245</u>	<u>3,217,106</u>
<b>Net position</b>				
October 1, 2011	<u>4,054,863</u>	<u>17,934,457</u>	<u>18,965,848</u>	<u>89,607,404</u>
September 30, 2012	<u>\$ 3,825,960</u>	<u>\$ 16,470,258</u>	<u>\$ 25,084,093</u>	<u>\$ 92,824,510</u>

**County of Oakland**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**Year Ended September 30, 2012**

	<b>Facilities Maintenance and Operations</b>	<b>Information Technology</b>	<b>Drain Equipment</b>	<b>Motor Pool</b>
<b>Cash flows from operating activities</b>				
Cash received from users	\$ 24,697,137	\$22,453,171	\$ 21,876,373	\$ 8,835,172
Cash paid to suppliers	(16,388,738)	(17,947,837)	(12,214,388)	(5,099,452)
Cash paid to employees	(7,149,551)	(7,061,603)	(9,816,331)	(676,787)
Net cash provided by (used in) operating activities	<u>1,158,848</u>	<u>(2,556,269)</u>	<u>(154,346)</u>	<u>3,058,933</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers from other funds	212,705	906,676	-	-
Transfers to other funds	(1,587,595)	-	(30,332)	(500,000)
Amounts received on contracts	-	-	-	-
Interest received on contracts	-	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>(1,374,890)</u>	<u>906,676</u>	<u>(30,332)</u>	<u>(500,000)</u>
<b>Cash flows from capital and related financing activities</b>				
Transfers from other funds	-	18,332	-	70,635
Proceeds from sale of capital assets	200	5,421	24,542	490,024
Acquisition of capital assets	(32,911)	(1,326,407)	(128,756)	(1,948,936)
Amount paid on advances	-	-	(189,811)	-
Interest paid on advances	-	-	(15,860)	-
Net cash used in capital and related financing activities	<u>(32,711)</u>	<u>(1,302,654)</u>	<u>(309,885)</u>	<u>(1,388,277)</u>
<b>Cash flows from investing activities</b>				
Interest on investments	<u>121,911</u>	<u>98,312</u>	<u>15,676</u>	<u>28,580</u>
Net cash provided by investing activities	<u>121,911</u>	<u>98,312</u>	<u>15,676</u>	<u>28,580</u>
Net increase (decrease) in cash and cash equivalents	(126,842)	(2,853,935)	(478,887)	1,199,236
<b>Pooled cash and investments</b>				
October 1, 2011	<u>12,328,001</u>	<u>16,339,462</u>	<u>1,908,641</u>	<u>3,319,876</u>
September 30, 2012	<u>\$ 12,201,159</u>	<u>\$ 13,485,527</u>	<u>\$ 1,429,754</u>	<u>\$ 4,519,112</u>

(continued)

**County of Oakland**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**Year Ended September 30, 2012**

	<b>Telephone Communications</b>	<b>Building and Liability Insurance</b>	<b>Fringe Benefits</b>	<b>Totals September 30, 2012</b>
<b>Cash flows from operating activities</b>				
Cash received from users	\$ 2,685,402	\$ 2,134,185	\$143,227,315	\$ 225,908,755
Cash paid to suppliers	(2,647,205)	(2,336,192)	(87,730,753)	(144,364,565)
Cash paid to employees	(204,492)	(447,320)	(1,150,738)	(26,506,822)
Net cash provided by (used in) operating activities	<u>(166,295)</u>	<u>(649,327)</u>	<u>54,345,824</u>	<u>55,037,368</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers from other funds	-	-	-	1,119,381
Transfers to other funds	-	-	-	(2,117,927)
Principal paid on debt	-	-	(19,545,000)	(19,545,000)
Interest paid on debt	-	-	(29,243,638)	(29,243,638)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>(48,788,638)</u>	<u>(49,787,184)</u>
<b>Cash flows from capital and related financing activities</b>				
Transfers from other funds	-	-	-	88,967
Proceeds from sale of capital assets	-	-	-	520,187
Acquisition of capital assets	-	-	-	(3,437,010)
Amount paid on advances	-	-	-	(189,811)
Interest paid on advances	-	-	-	(15,860)
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,033,527)</u>
<b>Cash flows from investing activities</b>				
Interest on investments	31,411	175,434	426,834	898,158
Net cash provided by investing activities	<u>31,411</u>	<u>175,434</u>	<u>426,834</u>	<u>898,158</u>
Net increase (decrease) in cash and cash equivalents	(134,884)	(473,893)	5,984,020	3,114,815
<b>Pooled cash and investments</b>				
October 1, 2011	<u>3,635,048</u>	<u>21,874,255</u>	<u>47,839,642</u>	<u>107,244,925</u>
September 30, 2012	<u>\$ 3,500,164</u>	<u>\$ 21,400,362</u>	<u>\$ 53,823,662</u>	<u>\$ 110,359,740</u>

(continued)

**County of Oakland**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**Year Ended September 30, 2012**

	<b>Facilities Maintenance and Operations</b>	<b>Information Technology</b>	<b>Drain Equipment</b>	<b>Motor Pool</b>
Operating income (loss)	\$1,201,536	\$(3,390,532)	\$ (424,225)	\$ 1,426,749
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	52,684	1,368,661	548,737	1,646,074
(Increase) decrease in due from other governmental units	(1,108)	(6,032)	108,402	(3,504)
(Increase) decrease in due from component units	794	310	10,318	-
(Increase) decrease in accounts receivable	(14,004)	15,860	8,377	-
(Increase) decrease in due from other funds	-	-	(2,602)	-
(Increase) decrease in inventories and supplies	(55,157)	(21,634)	(367,767)	(29,919)
(Increase) decrease in prepayments and other assets	-	(252,053)	-	654
Increase (decrease) in vouchers payable	1,236	7,621	25,545	22,815
Increase (decrease) in due to other governmental units	-	-	-	-
Increase (decrease) in due to other funds	-	26,625	10,714	-
Increase (decrease) in unearned revenue	22,334	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	(49,467)	(305,220)	(71,845)	(3,936)
Increase (decrease) in accrued compensated absences	-	-	-	-
Increase (decrease) in claims and judgments	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$1,158,848</u>	<u>\$(2,556,269)</u>	<u>\$ (154,346)</u>	<u>\$ 3,058,933</u> (continued)



**County of Oakland**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**Year Ended September 30, 2012**

	<b>Telephone Communications</b>	<b>Building and Liability Insurance</b>	<b>Fringe Benefits</b>	<b>Totals September 30, 2012</b>
Operating (loss) income	\$(253,413)	\$ (1,596,475)	\$ 54,526,005	\$ 51,489,645
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	196,940	-	-	3,813,096
(Increase) decrease in due from other governmental units	620	-	155	98,533
(Increase) decrease in due from component units	-	-	-	11,422
(Increase) decrease in accounts receivable	3,148	-	75	13,456
(Increase) decrease in due from other funds	1,139	-	-	(1,463)
(Increase) decrease in inventories and supplies	-	-	-	(474,477)
(Increase) decrease in prepayments and other assets	33,317	(177,559)	381,290	(14,351)
Increase (decrease) in vouchers payable	(53,638)	(1,003)	1,096,878	1,099,454
Increase (decrease) in due to other governmental units	-	-	(19,876)	(19,876)
Increase (decrease) in due to other funds	-	-	-	37,339
Increase (decrease) in deferred revenue	-	-	-	22,459
Increase (decrease) in current portion of compensated absences	-	-	(30,556)	(30,556)
Increase (decrease) in current portion of claims and judgments	-	19,382	(253,333)	(233,951)
Increase (decrease) in other accrued liabilities	(94,408)	(72)	(1,472,394)	(1,997,342)
Increase (decrease) in accrued compensated absences	-	-	(275,004)	(275,004)
Increase (decrease) in claims and judgments	-	1,106,400	392,584	1,498,984
Net cash provided by (used in) operating activities	<u>\$(166,295)</u>	<u>\$ (649,327)</u>	<u>\$ 54,345,824</u>	<u>\$ 55,037,368</u>

**Noncash transactions**

Non-cash capital and related financing activities included \$495,657 for capital assets contributed to the Information Technology fund.

## County of Oakland Non-Major Enterprise Funds

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### **Enterprise Funds**

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

***The 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 Position  
Non-Major Enterprise Funds  
September 30, 2012**

	<b>Delinquent Personal Tax Administration</b>	<b>Fire Records Management</b>	<b>CLEMIS</b>	<b>Radio Communications</b>
<b>Assets</b>				
Current assets				
Pooled cash and investments	\$ 708,954	\$ 385,582	\$ 7,252,518	\$ 15,311,508
Due from other governmental units	-	49,242	809,482	51,772
Due from component units	-	-	-	-
Accrued interest receivable	59,040	1,010	10,263	97,783
Accounts receivable (net of allowances for uncollectibles where applicable)	-	2,780	105,194	1,927,341
Due from other funds	-	-	356,913	-
Inventories and supplies	-	-	-	507,483
Prepayments and other assets	-	19,390	532,137	198,187
Total current assets	<u>767,994</u>	<u>458,004</u>	<u>9,066,507</u>	<u>18,094,074</u>
Noncurrent assets				
Capital assets, at cost				
Land	-	-	-	-
Buildings and improvements	-	-	-	12,833,782
Equipment and vehicles	-	545,090	41,994,153	26,316,176
Infrastructure	-	-	-	8,585,770
Construction in progress	-	-	146,343	-
	-	545,090	42,140,496	47,735,728
Less: Accumulated depreciation	-	535,839	34,726,457	9,854,061
Capital assets, net	<u>-</u>	<u>9,251</u>	<u>7,414,039</u>	<u>37,881,667</u>
Total assets	<u>767,994</u>	<u>467,255</u>	<u>16,480,546</u>	<u>55,975,741</u>
<b>Liabilities</b>				
Current liabilities				
Vouchers payable	7,193	-	183,192	18,525
Due to other governmental units	-	-	335,745	140,470
Due to other funds	-	-	-	49,976
Unearned revenue	-	-	134,759	-
Other accrued liabilities	-	-	141,474	116,096
Total liabilities	<u>7,193</u>	<u>-</u>	<u>795,170</u>	<u>325,067</u>
<b>Net Position</b>				
Invested in capital assets	-	9,251	7,414,039	37,881,667
Restricted for programs	-	-	-	-
Unrestricted	760,801	458,004	8,271,337	17,769,007
Total net position	<u>\$ 760,801</u>	<u>\$ 467,255</u>	<u>\$ 15,685,376</u>	<u>\$ 55,650,674</u>

(continued)

**County of Oakland  
Combining Statement of Net Position (Continued)  
Non-Major Enterprise Funds  
September 30, 2012**

	Clinton- Oakland S.D.S.	Huron- Rouge S.D.S.	Totals September 30, 2012
<b>Assets</b>			
Current assets			
Pooled cash and investments	\$ 22,230,715	\$ 6,159,813	\$ 52,049,090
Due from other governmental units	6,716,774	2,750,194	10,377,464
Due from component units	1,030,625	-	1,030,625
Accrued interest receivable	120,756	10,052	298,904
Accounts receivable (net of allowances for uncollectibles where applicable)	-	-	2,035,315
Due from other funds	-	-	356,913
Inventories and supplies	-	-	507,483
Prepayments and other assets	-	-	749,714
Total current assets	<u>30,098,870</u>	<u>8,920,059</u>	<u>67,405,508</u>
Noncurrent assets			
Capital assets, at cost			
Land	25,725	19,749	45,474
Buildings and improvements	734,721	348,504	13,917,007
Equipment and vehicles	7,047	-	68,862,466
Infrastructure	36,799,208	2,962,297	48,347,275
Construction in progress	18,788	-	165,131
	<u>37,585,489</u>	<u>3,330,550</u>	<u>131,337,353</u>
Less: Accumulated depreciation	<u>24,825,357</u>	<u>2,581,023</u>	<u>72,522,737</u>
Capital assets, net	<u>12,760,132</u>	<u>749,527</u>	<u>58,814,616</u>
Total assets	<u>42,859,002</u>	<u>9,669,586</u>	<u>126,220,124</u>
<b>Liabilities</b>			
Current liabilities			
Vouchers payable	259,078	683	468,671
Due to other governmental units	155,943	1,264,017	1,896,175
Due to other funds	219	13	50,208
Deferred revenue	-	-	134,759
Other accrued liabilities	48,502	-	306,072
Total current liabilities	<u>463,742</u>	<u>1,264,713</u>	<u>2,855,885</u>
<b>Net Position</b>			
Invested in capital assets	12,760,132	749,527	58,814,616
Restricted for programs	16,380,875	5,036,185	21,417,060
Unrestricted	13,254,253	2,619,161	43,132,563
Total net position	<u>\$ 42,395,260</u>	<u>\$ 8,404,873</u>	<u>\$ 123,364,239</u>

**County of Oakland**  
**Combining Statement of Revenue, Expenses, and Changes in Net Position**  
**Non-Major Enterprise Funds**  
**Year Ended September 30, 2012**

	<b>Delinquent Personal Tax Administration</b>	<b>Fire Records Management</b>	<b>CLEMIS</b>	<b>Radio Communications</b>
<b>Operating revenue</b>				
Charges for services	\$ 766,837	\$ 193,740	\$ 5,716,654	\$ 7,268,812
Other	-	-	7,156	56,564
Total operating revenue	<u>766,837</u>	<u>193,740</u>	<u>5,723,810</u>	<u>7,325,376</u>
<b>Operating expenses</b>				
Salaries	381,426	224,331	1,252,360	505,981
Fringe benefits	234,669	166,556	803,962	345,674
Contractual services	310,741	169,538	2,844,792	1,535,535
Commodities	5,175	-	65,869	405,944
Depreciation	-	1,850	2,705,070	4,444,163
Internal services	114,446	57,366	497,952	1,340,213
Total operating expenses	<u>1,046,457</u>	<u>619,641</u>	<u>8,170,005</u>	<u>8,577,510</u>
Operating income (loss)	<u>(279,620)</u>	<u>(425,901)</u>	<u>(2,446,195)</u>	<u>(1,252,134)</u>
<b>Nonoperating revenue (expenses)</b>				
Interest revenue	10,636	2,402	35,059	200,566
Gain (loss) on sale of property and equipment	-	-	(3,077)	-
Total nonoperating revenue (expenses)	<u>10,636</u>	<u>2,402</u>	<u>31,982</u>	<u>200,566</u>
Income (loss) before contributions and transfers	<u>(268,984)</u>	<u>(423,499)</u>	<u>(2,414,213)</u>	<u>(1,051,568)</u>
Capital contributions	-	-	786,768	-
Transfers in	-	417,580	2,334,186	-
Transfers out	<u>(1,766,000)</u>	<u>-</u>	<u>-</u>	<u>(486,000)</u>
Change in net position	<u>(2,034,984)</u>	<u>(5,919)</u>	<u>706,741</u>	<u>(1,537,568)</u>
<b>Net position</b>				
October 1, 2011	<u>2,795,785</u>	<u>473,174</u>	<u>14,978,635</u>	<u>57,188,242</u>
September 30, 2012	<u>\$ 760,801</u>	<u>\$ 467,255</u>	<u>\$ 15,685,376</u>	<u>\$ 55,650,674</u>

(continued)

**County of Oakland**  
**Combining Statement of Revenue, Expenses, and Changes in Net Position (Continued)**  
**Non-Major Enterprise Funds**  
**Year Ended September 30, 2012**

	<b>Clinton- Oakland S.D.S.</b>	<b>Huron- Rouge S.D.S.</b>	<b>Totals September 30, 2012</b>
<b>Operating revenue</b>			
Charges for services	\$ 29,404,397	\$ 7,207,176	\$ 50,557,616
Other	15,130	1,110	79,960
Total operating revenue	<u>29,419,527</u>	<u>7,208,286</u>	<u>50,637,576</u>
<b>Operating expenses</b>			
Salaries	44,827	3,130	2,412,055
Fringe benefits	24,446	1,256	1,576,563
Contractual services	29,393,223	5,858,371	40,112,200
Commodities	69,616	2,471	549,075
Depreciation	750,678	66,217	7,967,978
Internal services	699,278	35,112	2,744,367
Total operating expenses	<u>30,982,068</u>	<u>5,966,557</u>	<u>55,362,238</u>
Operating income (loss)	<u>(1,562,541)</u>	<u>1,241,729</u>	<u>(4,724,662)</u>
<b>Nonoperating revenue (expenses)</b>			
Interest revenue	149,661	36,949	435,273
Gain (loss) on sale of property and equipment	-	-	(3,077)
Total nonoperating revenue (expenses)	<u>149,661</u>	<u>36,949</u>	<u>432,196</u>
Income (loss) before contributions and transfers	<u>(1,412,880)</u>	<u>1,278,678</u>	<u>(4,292,466)</u>
Capital contributions	-	-	786,768
Transfers in	-	-	2,751,766
Transfers out	-	-	(2,252,000)
Change in net position	<u>(1,412,880)</u>	<u>1,278,678</u>	<u>(3,005,932)</u>
<b>Net position</b>			
October 1, 2011	<u>43,808,140</u>	<u>7,126,195</u>	<u>126,370,171</u>
September 30, 2012	<u>\$ 42,395,260</u>	<u>\$ 8,404,873</u>	<u>\$ 123,364,239</u>

**County of Oakland  
Combining Statement of Cash Flows  
Non-Major Enterprise Funds  
Year Ended September 30, 2012**

	<b>Delinquent Personal Tax Administration</b>	<b>Fire Records Management</b>	<b>CLEMIS</b>	<b>Radio Communications</b>
<b>Cash flows from operating activities</b>				
Cash received from users	\$ 766,837	\$ 197,387	\$ 5,499,621	\$ 6,471,451
Cash paid to suppliers	(665,186)	(393,460)	(4,032,447)	(4,098,221)
Cash paid to employees	(381,426)	(224,331)	(1,252,360)	(505,981)
Net cash provided by (used in) operating activities	<u>(279,775)</u>	<u>(420,404)</u>	<u>214,814</u>	<u>1,867,249</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers from other funds	-	417,580	2,334,186	-
Transfers to other funds	(1,766,000)	-	-	(486,000)
Net cash provided by (used in) noncapital financing activities	<u>(1,766,000)</u>	<u>417,580</u>	<u>2,334,186</u>	<u>(486,000)</u>
<b>Cash flows from capital and related financing activities</b>				
Proceeds from sale of capital assets	-	-	20	-
Acquisition of capital assets	-	(11,101)	(66,849)	(382,292)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>(11,101)</u>	<u>(66,829)</u>	<u>(382,292)</u>
<b>Cash flows from investing activities</b>				
Interest on investments	11,678	3,126	49,561	230,565
Net cash provided by investing activities	<u>11,678</u>	<u>3,126</u>	<u>49,561</u>	<u>230,565</u>
Net increase (decrease) in cash and cash equivalents	(2,034,097)	(10,799)	2,531,732	1,229,522
<b>Pooled cash and investments</b>				
October 1, 2011	<u>2,743,051</u>	<u>396,381</u>	<u>4,720,786</u>	<u>14,081,986</u>
September 30, 2012	<u>\$ 708,954</u>	<u>\$ 385,582</u>	<u>\$ 7,252,518</u>	<u>\$ 15,311,508</u>

(continued)

**County of Oakland**  
**Combining Statement of Cash Flows (Continued)**  
**Non-Major Enterprise Funds**  
**Year Ended September 30, 2012**

	<b>Clinton- Oakland S.D.S.</b>	<b>Huron- Rouge S.D.S.</b>	<b>Totals September 30, 2012</b>
<b>Cash flows from operating activities</b>			
Cash received from users	\$ 29,906,666	\$ 7,029,618	\$ 49,871,580
Cash paid to suppliers	(31,944,812)	(5,785,088)	(46,919,214)
Cash paid to employees	(44,827)	(3,130)	(2,412,055)
Net cash provided by (used in) operating activities	<u>(2,082,973)</u>	<u>1,241,400</u>	<u>540,311</u>
<b>Cash flows from noncapital financing activities</b>			
Transfers from other funds	-	-	2,751,766
Transfers to other funds	-	-	(2,252,000)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>499,766</u>
<b>Cash flows from capital and related financing activities</b>			
Proceeds from sale of capital assets	-	-	20
Acquisition of capital assets	(18,788)	-	(479,030)
Net cash provided by (used in) capital and related financing activities	<u>(18,788)</u>	<u>-</u>	<u>(479,010)</u>
<b>Cash flows from investing activities</b>			
Interest on investments	206,714	47,338	548,982
Net cash provided by investing activities	<u>206,714</u>	<u>47,338</u>	<u>548,982</u>
Net increase (decrease) in cash and cash equivalents	(1,895,047)	1,288,738	1,110,049
<b>Pooled cash and investments</b>			
October 1, 2011	<u>24,125,762</u>	<u>4,871,075</u>	<u>50,939,041</u>
September 30, 2012	<u>\$ 22,230,715</u>	<u>\$ 6,159,813</u>	<u>\$ 52,049,090</u>

(continued)



**County of Oakland**  
**Combining Statement of Cash Flows (Continued)**  
**Non-Major Enterprise Funds**  
**Year Ended September 30, 2012**

	<b>Delinquent Personal Tax Administration</b>	<b>Fire Records Management</b>	<b>CLEMIS</b>	<b>Radio Communications</b>
Operating income (loss)	\$ (279,620)	\$ (425,901)	\$ (2,446,195)	\$ (1,252,134)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	-	1,850	2,705,070	4,444,163
(Increase) decrease in due from other governmental units	-	3,647	121,480	(39,036)
(Increase) decrease in due from component units	-	-	-	-
(Increase) decrease in accounts receivable	-	-	19,659	(814,889)
(Increase) decrease in due from other funds	-	-	(356,373)	-
(Increase) decrease in inventories and supplies	-	-	-	(381,414)
(Increase) decrease in prepayments and other assets	-	1,233	(112,914)	81,370
Increase (decrease) in vouchers payable	2,550	(1,233)	174,721	(97,704)
Increase (decrease) in due to other governmental units	-	-	53,741	4,472
Increase (decrease) in due to component units	-	-	-	-
Increase (decrease) in due to other funds	-	-	-	49,976
Increase (decrease) in unearned revenue	-	-	(8,955)	-
Increase (decrease) in other accrued liabilities	(2,705)	-	64,580	(127,555)
Net cash provided by (used in) operating activities	<u>\$ (279,775)</u>	<u>\$ (420,404)</u>	<u>\$ 214,814</u>	<u>\$ 1,867,249</u>

(continued)

**County of Oakland**  
**Combining Statement of Cash Flows (Continued)**  
**Non-Major Enterprise Funds**  
**Year Ended September 30, 2012**

	<b>Clinton- Oakland S.D.S.</b>	<b>Huron- Rouge S.D.S.</b>	<b>Totals September 30, 2012</b>
Operating income (loss)	\$ (1,562,541)	\$ 1,241,729	\$ (4,724,662)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation expense	750,678	66,217	7,967,978
(Increase) decrease in due from other governmental units	14,264	(179,068)	(78,713)
(Increase) decrease in due from component units	472,875	-	472,875
(Increase) decrease in accounts receivable	-	400	(794,830)
(Increase) decrease in due from other funds	-	-	(356,373)
(Increase) decrease in inventories and supplies	-	-	(381,414)
(Increase) decrease in prepayments and other assets	-	-	(30,311)
Increase (decrease) in vouchers payable	220,301	524	299,159
Increase (decrease) in due to other governmental units	(83,710)	111,586	86,089
Increase (decrease) in due to component units	(1,928,443)	-	(1,928,443)
Increase (decrease) in due to other funds	219	13	50,208
Increase (decrease) in deferred revenue	-	-	(8,955)
Increase (decrease) in other accrued liabilities	33,384	(1)	(32,297)
Net cash provided by (used in) operating activities	<u>\$ (2,082,973)</u>	<u>\$ 1,241,400</u>	<u>\$ 540,311</u>

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

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### **Pension Trust Funds**

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

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

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

*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 Net Position**  
**Pension (and Other Postemployment Benefits) Trust Funds**  
**September 30, 2012**

	<b>Oakland County Employees' Retirement</b>	<b>OPEB Plan</b>	<b>Totals September 30, 2012</b>
<b>Assets</b>			
Pooled cash and investments	\$ 3,998,227	\$ 7,083,625	\$ 11,081,852
Investments, at fair value:			
Common stock	206,210,591	361,099,265	567,309,856
Preferred stock	45,955	42,843	88,798
Government securities	90,378,911	69,320,580	159,699,491
Corporate bonds	95,019,889	81,005,664	176,025,553
Municipal bonds	2,015,651	1,436,373	3,452,024
Commingled	109,865,900	150,321,091	260,186,991
Limited partnerships	99,247,178	150,183,119	249,430,297
Asset-backed fixed income	6,003,305	5,518,077	11,521,382
CMO/REMIC investments	3,612,369	3,539,980	7,152,349
Mortgage-backed securities	24,493,603	20,152,216	44,645,819
Commercial mortgage-backed securities	11,390,063	9,378,955	20,769,018
Money market funds	13,986,377	16,223,973	30,210,350
International common stock	31,318,699	37,590,459	68,909,158
Equity REIT	6,722,636	12,229,974	18,952,610
Other	14,262,736	51,369,755	65,632,491
Total investments	<u>714,573,863</u>	<u>969,412,324</u>	<u>1,683,986,187</u>
Receivables - interest and dividends	2,752,116	2,499,026	5,251,142
Prepaid expenses	11,856	169,601	181,457
Total assets	<u>721,336,062</u>	<u>979,164,576</u>	<u>1,700,500,638</u>
<b>Liabilities</b>			
Vouchers payable	258,365	820,942	1,079,307
Other accrued liabilities	285,757	595,035	880,792
Total liabilities	<u>544,122</u>	<u>1,415,977</u>	<u>1,960,099</u>
<b>Net position</b>			
Held in trust for employees' pension and other postemployment healthcare benefits	<u>\$720,791,940</u>	<u>\$977,748,599</u>	<u>\$ 1,698,540,539</u>

**County of Oakland**  
**Combining Statement of Changes in Net Position**  
**Pension (and Other Postemployment Benefits) Trust Funds**  
**Year Ended September 30, 2012**

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	<b>Oakland County Employees' Retirement</b>	<b>OPEB Plan</b>	<b>Totals September 30, 2012</b>
<b>Additions</b>			
Contributions			
Plan members	\$ 716,927	\$ 97,030	\$ 813,957
Total contributions	716,927	97,030	813,957
Investment income	109,751,243	167,027,368	276,778,611
Other revenue	586,611	2,897,765	3,484,376
Total additions	<u>111,054,781</u>	<u>170,022,163</u>	<u>281,076,944</u>
<b>Deductions</b>			
Benefits	45,102,561	26,964,602	72,067,163
Administrative expenses	2,563,829	1,042,464	3,606,293
Total deductions	<u>47,666,390</u>	<u>28,007,066</u>	<u>75,673,456</u>
Net increase	63,388,391	142,015,097	205,403,488
<b>Net position held in trust for employees' pension and other postemployment healthcare benefits</b>			
October 1, 2011	<u>657,403,549</u>	<u>835,733,502</u>	<u>1,493,137,051</u>
September 30, 2012	<u>\$ 720,791,940</u>	<u>\$ 977,748,599</u>	<u>\$ 1,698,540,539</u>

**County of Oakland**  
**Combining Statement of Changes in Net Position**  
**Other Postemployment Benefits Trust Funds**  
**Year Ended September 30, 2012**

	VEBA Trust	Interim Retiree Medical Benefits Trust	Totals September 30, 2012
<b>Assets</b>			
Pooled cash and investments	\$ 4,431,032	\$ 2,652,593	\$ 7,083,625
Investments, at fair value:			
Common stock	241,262,511	119,836,754	361,099,265
Preferred stock	27,525	15,318	42,843
Government securities	47,466,859	21,853,721	69,320,580
Corporate bonds	55,373,293	25,632,371	81,005,664
Municipal bonds	1,004,870	431,503	1,436,373
Commingled	105,570,573	44,750,518	150,321,091
Limited partnerships	108,407,551	41,775,568	150,183,119
Asset-backed fixed income	3,934,039	1,584,038	5,518,077
CMO/REMIC investments	2,429,754	1,110,226	3,539,980
Mortgage-backed securities	14,083,128	6,069,088	20,152,216
Commercial mortgage-backed securities	6,313,713	3,065,242	9,378,955
Money market funds	10,089,985	6,133,988	16,223,973
International common stock	26,621,217	10,969,242	37,590,459
Equity REIT	8,142,279	4,087,695	12,229,974
Other	36,097,595	15,272,160	51,369,755
Total investments	<u>666,824,892</u>	<u>302,587,432</u>	<u>969,412,324</u>
Receivables - interest and dividends	1,669,451	829,575	2,499,026
Prepaid expenses	169,601	-	169,601
Total assets	<u>673,094,976</u>	<u>306,069,600</u>	<u>979,164,576</u>
<b>Liabilities</b>			
Vouchers payable	577,295	243,647	820,942
Other accrued liabilities	595,035	-	595,035
Total liabilities	<u>1,172,330</u>	<u>243,647</u>	<u>1,415,977</u>
<b>Net position</b>			
Held in trust for other postemployment healthcare benefits	<u>\$671,922,646</u>	<u>\$305,825,953</u>	<u>\$ 977,748,599</u>

**County of Oakland**  
**Combining Statement of Changes in Net Position**  
**Other Postemployment Benefits Trust Funds**  
**Year Ended September 30, 2012**

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	<b>VEBA Trust</b>	<b>Interim Retirees Medical Benefits Trust</b>	<b>Totals September 30, 2012</b>
<b>Additions</b>			
Contributions			
Employer	\$ 37,268,761	\$ -	\$ 37,268,761
Plan members	97,030	-	97,030
Total contributions	<u>37,365,791</u>	<u>-</u>	<u>37,365,791</u>
Investment income	114,113,142	52,914,226	167,027,368
Other revenue	2,694,105	203,660	2,897,765
Total additions	<u>154,173,038</u>	<u>53,117,886</u>	<u>207,290,924</u>
<b>Deductions</b>			
Benefits	26,964,602	-	26,964,602
Contribution - Retirees' healthcare	-	37,268,761	37,268,761
Administrative expenses	-	1,042,464	1,042,464
Total deductions	<u>26,964,602</u>	<u>38,311,225</u>	<u>65,275,827</u>
Net increase (decrease)	127,208,436	14,806,661	142,015,097
<b>Net position held in trust for other postemployment healthcare benefits</b>			
October 1, 2011	<u>544,714,210</u>	<u>291,019,292</u>	<u>835,733,502</u>
September 30, 2012	<u>\$ 671,922,646</u>	<u>\$ 305,825,953</u>	<u>\$ 977,748,599</u>

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

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### **Investment Trust Funds**

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

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



**County of Oakland  
Statement of Net Position  
Investment Trust Funds  
September 30, 2012**

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	<b>Local Government Investment Pool</b>
<b>Assets</b>	
Pooled cash and investments	<u>\$ 300,427,852</u>
 Total assets	 <u>\$ 300,427,852</u>
 <b>Net position</b>	
Held in trust for investment pool participants	 <u>\$ 300,427,852</u>

**County of Oakland**  
**Statement of Changes in Net Position**  
**Investment Trust Funds**  
**Year Ended September 30, 2012**

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	<b>Local Government Investment Pool</b>
<b>Additions</b>	
Contributions from pool participants	\$ 741,800,846
Investment income	<u>1,772,518</u>
Total additions	<u>743,573,364</u>
<b>Deductions</b>	
Distribution to pool participants	<u>677,101,264</u>
Net increase	66,472,100
<b>Net position held in trust for pool participants</b>	
October 1, 2011	<u>233,955,752</u>
September 30, 2012	<u>\$ 300,427,852</u>

# County of Oakland

## Agency Funds

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### Agency Funds

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

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

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

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

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

***The 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 Net Position  
Agency Funds  
September 30, 2012**

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	<b>District Court Investments</b>	<b>Undistributed Taxes</b>	<b>Register of Deeds Trust</b>	<b>Sheriff NET Forfeiture</b>	<b>Circuit Court Trust</b>	<b>Escheats Trust</b>	<b>Legatee Trust</b>
<b>Assets</b>							
Pooled cash and investments	\$ 170,000	\$ 243,607,260	\$ 193,678	\$ 1,002,061	\$ 5,890,504	\$ 66,018	\$ 341,972
Cash and cash equivalents	-	-	-	-	-	-	-
Accrued interest receivable	787	-	-	24,264	112,300	-	1,012
Total assets	<u>\$ 170,787</u>	<u>\$ 243,607,260</u>	<u>\$ 193,678</u>	<u>\$ 1,026,325</u>	<u>\$ 6,002,804</u>	<u>\$ 66,018</u>	<u>\$ 342,984</u>
<b>Liabilities</b>							
Vouchers payable	\$ -	\$ 43,717,419	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governmental units	-	199,889,841	-	-	-	-	-
Other accrued liabilities	170,787	-	193,678	1,026,325	6,002,804	66,018	342,984
Total liabilities	<u>\$ 170,787</u>	<u>\$ 243,607,260</u>	<u>\$ 193,678</u>	<u>\$ 1,026,325</u>	<u>\$ 6,002,804</u>	<u>\$ 66,018</u>	<u>\$ 342,984</u>

(continued)

**County of Oakland  
Combining Statement of Net Position (Continued)  
Agency Funds  
September 30, 2012**

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	<b>Special Trust</b>	<b>Contractor's Retainage</b>	<b>Public Library Trust</b>	<b>District Court Trust Accounts</b>	<b>Jail Inmate Trust Account</b>	<b>Totals September 30, 2012</b>
<b>Assets</b>						
Pooled cash and investments	\$ 1,105,906	\$ 1,748,576	\$ 450,222	\$ -	\$ -	\$254,576,197
Cash and cash equivalents	-	-	-	635,278	217,604	852,882
Accrued interest receivable	8,771	21,054	2,132	-	-	170,320
Total assets	<u>\$ 1,114,677</u>	<u>\$ 1,769,630</u>	<u>\$ 452,354</u>	<u>\$ 635,278</u>	<u>\$ 217,604</u>	<u>\$255,599,399</u>
<b>Liabilities</b>						
Vouchers payable	\$ -	\$ -	\$ -	\$ -	\$ -	43,717,419
Due to other governmental units	-	-	-	-	-	199,889,841
Other accrued liabilities	1,114,677	1,769,630	452,354	635,278	217,604	11,992,139
Total liabilities	<u>\$ 1,114,677</u>	<u>\$ 1,769,630</u>	<u>\$ 452,354</u>	<u>\$ 635,278</u>	<u>\$ 217,604</u>	<u>\$255,599,399</u>

**County of Oakland**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**Year Ended September 30, 2012**

	Balance October 1, 2011	Additions	Deductions	Balance September 30, 2012
<b>District Court Investments</b>				
Assets				
Pooled cash and investments	\$ 170,000	\$ 1,699	\$ 1,699	\$ 170,000
Accrued interest receivable	1,131	464	808	787
Total	<u>\$ 171,131</u>	<u>\$ 2,163</u>	<u>\$ 2,507</u>	<u>\$ 170,787</u>
Liabilities				
Other accrued liabilities	<u>\$ 171,131</u>	<u>\$ 2,163</u>	<u>\$ 2,507</u>	<u>\$ 170,787</u>
<b>Undistributed Taxes</b>				
Assets				
Pooled cash and investments	<u>\$ 225,574,777</u>	<u>\$ 840,490,580</u>	<u>\$ 822,458,097</u>	<u>\$ 243,607,260</u>
Liabilities				
Vouchers payable	\$ -	\$ 542,652,786	\$ 498,935,367	\$ 43,717,419
Due to other governmental units	225,574,777	833,205,999	858,890,935	199,889,841
Due to other funds	-	60,886,587	60,886,587	-
Total	<u>\$ 225,574,777</u>	<u>\$ 1,436,745,372</u>	<u>\$ 1,418,712,889</u>	<u>\$ 243,607,260</u>
<b>Register of Deeds Trust</b>				
Assets				
Pooled cash and investments	<u>\$ 171,100</u>	<u>\$ 2,428,339</u>	<u>\$ 2,405,761</u>	<u>\$ 193,678</u>
Liabilities				
Vouchers payable	\$ -	\$ 2,405,046	\$ 2,405,046	\$ -
Other accrued liabilities	171,100	2,428,339	2,405,761	193,678
Total	<u>\$ 171,100</u>	<u>\$ 4,833,385</u>	<u>\$ 4,810,807</u>	<u>\$ 193,678</u>
<b>Sheriff NET Forfeiture</b>				
Assets				
Pooled cash and investments	\$ 1,090,098	\$ 1,168,146	\$ 1,256,183	\$ 1,002,061
Accrued interest receivable	26,183	1,415	3,334	24,264
Total	<u>\$ 1,116,281</u>	<u>\$ 1,169,561</u>	<u>\$ 1,259,517</u>	<u>\$ 1,026,325</u>
Liabilities				
Vouchers payable	\$ -	\$ 897,407	\$ 897,407	\$ -
Other accrued liabilities	1,116,281	1,174,278	1,264,234	1,026,325
Total	<u>\$ 1,116,281</u>	<u>\$ 2,071,685</u>	<u>\$ 2,161,641</u>	<u>\$ 1,026,325</u>

(continued)

**County of Oakland**  
**Combining Statement of Changes in Assets and Liabilities (Continued)**  
**Agency Funds**  
**Year Ended September 30, 2012**

	Balance October 1, 2011	Additions	Deductions	Balance September 30, 2012
<b>Circuit Court Trust</b>				
Assets				
Pooled cash and investments	\$ 3,829,794	\$ 6,176,918	\$ 4,116,208	\$ 5,890,504
Accrued interest receivable	128,927	12,775	29,402	112,300
Total	<u>\$ 3,958,721</u>	<u>\$ 6,189,693</u>	<u>\$ 4,145,610</u>	<u>\$ 6,002,804</u>
Liabilities				
Vouchers payable	\$ -	\$ 4,888,416	\$ 4,888,416	\$ -
Other accrued liabilities	3,958,721	7,092,066	5,047,983	6,002,804
Total	<u>\$ 3,958,721</u>	<u>\$ 11,980,482</u>	<u>\$ 9,936,399</u>	<u>\$ 6,002,804</u>
<b>Escheats Trust</b>				
Assets				
Pooled cash and investments	\$ 58,893	\$ 185,161	\$ 178,036	\$ 66,018
Liabilities				
Vouchers payable	\$ -	\$ 177,541	\$ 177,541	\$ -
Due to other governmental units	58,893	185,161	178,036	66,018
Total	<u>\$ 58,893</u>	<u>\$ 362,702</u>	<u>\$ 355,577</u>	<u>\$ 66,018</u>
<b>Legatee Trust</b>				
Assets				
Pooled cash and investments	\$ 433,017	\$ 94,489	\$ 185,534	\$ 341,972
Accrued interest receivable	1,892	1,222	2,102	1,012
Total	<u>\$ 434,909</u>	<u>\$ 95,711</u>	<u>\$ 187,636</u>	<u>\$ 342,984</u>
Liabilities				
Vouchers payable	\$ -	\$ 50,681	\$ 50,681	\$ -
Other accrued liabilities	434,909	96,012	187,937	342,984
Total	<u>\$ 434,909</u>	<u>\$ 146,693</u>	<u>\$ 238,618</u>	<u>\$ 342,984</u>
<b>Special Trust</b>				
Assets				
Pooled cash and investments	\$ 945,044	\$ 970,559	\$ 809,697	\$ 1,105,906
Accrued interest receivable	10,496	2,447	4,172	8,771
Total	<u>\$ 955,540</u>	<u>\$ 973,006</u>	<u>\$ 813,869</u>	<u>\$ 1,114,677</u>
Liabilities				
Vouchers payable	\$ -	\$ 447,400	\$ 447,400	\$ -
Other accrued liabilities	955,540	974,967	815,830	1,114,677
Total	<u>\$ 955,540</u>	<u>\$ 1,422,367</u>	<u>\$ 1,263,230</u>	<u>\$ 1,114,677</u>

(continued)

**County of Oakland**  
**Combining Statement of Changes in Assets and Liabilities (Continued)**  
**Agency Funds**  
**Year Ended September 30, 2012**

	Balance October 1, 2011	Additions	Deductions	Balance September 30, 2012
<b>Contractor's Retainage</b>				
Assets				
Pooled cash and investments	\$ 1,839,197	\$ 845,618	\$ 936,239	\$ 1,748,576
Accrued interest receivable	23,516	4,305	6,767	21,054
Total	<u>\$ 1,862,713</u>	<u>\$ 849,923</u>	<u>\$ 943,006</u>	<u>\$ 1,769,630</u>
Liabilities				
Vouchers payable	\$ -	\$ 856,405	\$ 856,405	\$ -
Other accrued liabilities	1,862,713	1,497,294	1,590,377	1,769,630
Total	<u>\$ 1,862,713</u>	<u>\$ 2,353,699</u>	<u>\$ 2,446,782</u>	<u>\$ 1,769,630</u>
<b>Public Library Trust</b>				
Assets				
Pooled cash and investments	\$ 459,525	\$ 1,651,787	\$ 1,661,090	\$ 450,222
Accrued interest receivable	5,281	2,458	5,607	2,132
Total	<u>\$ 464,806</u>	<u>\$ 1,654,245</u>	<u>\$ 1,666,697</u>	<u>\$ 452,354</u>
Liabilities				
Vouchers payable	\$ -	\$ 1,618,510	\$ 1,618,510	\$ -
Other accrued liabilities	464,806	1,661,790	1,674,242	452,354
Total	<u>\$ 464,806</u>	<u>\$ 3,280,300</u>	<u>\$ 3,292,752</u>	<u>\$ 452,354</u>
<b>District Court Trust Accounts</b>				
Assets				
Cash and cash equivalents	\$ 595,632	\$ 3,106,811	\$ 3,067,165	\$ 635,278
Liabilities				
Other accrued liabilities	\$ 595,632	\$ 3,106,811	\$ 3,067,165	\$ 635,278
<b>Jail Inmate Trust Account</b>				
Assets				
Cash and cash equivalents	\$ 273,335	\$ 3,095,766	\$ 3,151,497	\$ 217,604
Liabilities				
Other accrued liabilities	\$ 273,335	\$ 3,095,766	\$ 3,151,497	\$ 217,604

(continued)



**County of Oakland**  
**Combining Statement of Changes in Assets and Liabilities (Continued)**  
**Agency Funds**  
**Year Ended September 30, 2012**

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	Balance October 1, 2011	Additions	Deductions	Balance September 30, 2012
<b>Total All Agency Funds</b>				
Assets				
Pooled cash and investments	\$ 234,571,445	\$ 854,013,296	\$ 834,008,544	\$ 254,576,197
Cash and cash equivalents	868,967	6,202,577	6,218,662	852,882
Accrued interest receivable	197,426	25,086	52,192	170,320
Total	<u>\$ 235,637,838</u>	<u>\$ 860,240,959</u>	<u>\$ 840,279,398</u>	<u>\$ 255,599,399</u>
Liabilities				
Vouchers payable	\$ -	\$ 553,994,192	\$ 510,276,773	\$ 43,717,419
Due to other governmental units	225,633,670	833,391,160	859,068,971	199,955,859
Due to other funds	-	60,886,587	60,886,587	-
Other accrued liabilities	10,004,168	21,129,486	19,207,533	11,926,121
Total	<u>\$ 235,637,838</u>	<u>\$ 1,469,401,425</u>	<u>\$ 1,449,439,864</u>	<u>\$ 255,599,399</u>

## **County of Oakland**

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

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#### **Drainage Districts**

This component unit consists of many individual districts (currently 178) 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, 2012**

	<b>Drainage Districts</b>			<b>Total</b>
	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	
<b>Assets</b>				
Current assets				
Pooled cash and investments	\$ 18,652,994	\$ 5,434,691	\$ 7,819,508	\$ 31,907,193
Receivables (net of allowance for uncollectibles where applicable)				
Accounts receivable	-	-	8,265	8,265
Due from other governmental units	6,169,659	26,200	373,493	6,569,352
Due from other funds	-	442,992	-	442,992
Accrued interest receivable	70,938	32,950	44	103,932
Other assets	59,690	-	-	59,690
Total current assets	<u>24,953,281</u>	<u>5,936,833</u>	<u>8,201,310</u>	<u>39,091,424</u>
Noncurrent assets				
Special assessments receivable	84,698	172,276,822	-	172,361,520
Total assets	<u>\$ 25,037,979</u>	<u>\$ 178,213,655</u>	<u>\$ 8,201,310</u>	<u>\$ 211,452,944</u>
<b>Liabilities</b>				
Current liabilities				
Vouchers payable	\$ 11,128,196	\$ 3,024,561	\$ 7,637	\$ 14,160,394
Due to other governmental units	7,260,735	37,760	1,107,025	8,405,520
Due to other funds	-	442,992	-	442,992
Due to primary government	808,810	-	1,128,284	1,937,094
Unearned revenue	-	19,665,216	-	19,665,216
Accrued interest payable	-	-	30,804	30,804
Other accrued liabilities	270,668	363,621	799,958	1,434,247
Total liabilities	<u>19,468,409</u>	<u>23,534,150</u>	<u>3,073,708</u>	<u>46,076,267</u>
<b>Deferred Inflow of Resources</b>				
Unavailable revenue - special assessments	84,698	152,611,606	-	152,696,304
<b>Fund Balances</b>				
Restricted	5,484,872	2,067,899	-	7,552,771
Committed	-	-	5,127,602	5,127,602
Total fund balances	<u>5,484,872</u>	<u>2,067,899</u>	<u>5,127,602</u>	<u>12,680,373</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 25,037,979</u>	<u>\$ 178,213,655</u>	<u>\$ 8,201,310</u>	<u>\$ 211,452,944</u>

**County of Oakland**  
**Reconciliation of the Balance Sheet – Governmental Funds to the**  
**Statement of Net Position**  
**Component Unit – Drainage Districts**  
**September 30, 2012**

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Total fund balances of governmental funds		\$ 12,680,373
Amounts reported for governmental activities in the Statement of Net Position are different because		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Land and other nondepreciable assets	\$ 49,609,949	
Infrastructure	544,143,445	
Accumulated depreciation	<u>(84,643,986)</u>	
		509,109,408
Long-term receivables such as special assessments are expected to be collected over several years and are deferred in the governmental funds and are not available to pay for current year expenditures		152,696,304
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 Position. This is the net effect of these balances on the statement.		
Bonds and notes payable		<u>(210,146,606)</u>
Net position of governmental activities		<u>\$ 464,339,479</u>

**County of Oakland**  
**Combining Statement of Revenue, Expenditures, and Changes in Fund Balances**  
**Governmental Funds – Component Unit – Drainage Districts**  
**Year Ended September 30, 2012**

	<b>Drainage Districts</b>			<b>Total</b>
	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	
<b>Revenue</b>				
Special assessments	\$2,344,790	\$17,609,970	\$ 6,292,270	\$26,247,030
State grants	-	-	1,000,000	1,000,000
Charges for services	60,968,602	8,400	244,584	61,221,586
Investment income	72,915	1,585,544	59,976	1,718,435
Other	428	-	-	428
Total revenue	<u>63,386,735</u>	<u>19,203,914</u>	<u>7,596,830</u>	<u>90,187,479</u>
<b>Expenditures</b>				
Salaries	84,343	-	194,309	278,652
Fringe benefits	47,925	-	43,291	91,216
Contractual services	62,239,137	6,673	10,522,526	72,768,336
Commodities	124,071	-	21	124,092
Principal payments	-	13,111,000	-	13,111,000
Interest	-	4,676,010	-	4,676,010
Paying agent fees	-	10,525	-	10,525
Intergovernmental	131,053	224,570	56,646,957	57,002,580
Internal services	877,749	-	736,030	1,613,779
Total expenditures	<u>63,504,278</u>	<u>18,028,778</u>	<u>68,143,134</u>	<u>149,676,190</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(117,543)</u>	<u>1,175,136</u>	<u>(60,546,304)</u>	<u>(59,488,711)</u>
<b>Other financing sources (uses)</b>				
Transfers in	131,053	182,366	-	313,419
Transfers out	-	-	(313,419)	(313,419)
Issuance of bonds	-	-	66,053,698	66,053,698
Federal grant interest recovery	-	214,928	-	214,928
Discounts on bonds sold	-	-	(534,800)	(534,800)
Premiums on bonds sold	-	-	32,146	32,146
Total other financing sources (uses)	<u>131,053</u>	<u>397,294</u>	<u>65,237,625</u>	<u>65,765,972</u>
Net change in fund balances	13,510	1,572,430	4,691,321	6,277,261
<b>Fund balances</b>				
October 1, 2011	<u>5,471,362</u>	<u>495,469</u>	<u>436,281</u>	<u>6,403,112</u>
September 30, 2012	<u>\$5,484,872</u>	<u>\$ 2,067,899</u>	<u>\$ 5,127,602</u>	<u>\$12,680,373</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, 2012**

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Net change in fund balance - total governmental funds		\$ 6,277,261
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	\$ 5,041,977	
Infrastructure	63,595,913	
Depreciation expense	<u>(5,034,904)</u>	
		63,602,986
Revenue from special assessments reported in the Statement of Activities in previous years that provided current financial resources in the governmental funds		(13,111,000)
Current year special assessments will be reported in the Statement of Activities because they did not provide current year financial resources in the governmental funds		8,603,396
Bond proceeds provide current financial resources to governmental funds by issuing debt which increases long-term bonded debt in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Position. This is the amount that proceeds exceed repayments		
Bond proceeds	(66,053,698)	
Repayment of debt	<u>13,111,000</u>	
		<u>(52,942,698)</u>
Change in net position of governmental activities		<u>\$ 12,429,945</u>

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**III. STATISTICAL SECTION – UNAUDITED**

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County of Oakland  
Statistical Section

### **Statistical Section**

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

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

- Net Position by Component - Last Ten Fiscal Years
- Changes in Net Position - 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 Position by Component – Unaudited Table 1  
Last Ten Fiscal Years**

	Fiscal Year									
	2012	2011 (1)	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities:										
Invested in capital assets, net of related debt	\$ 148,709,168	\$ 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
Restricted	92,918,321	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
Unrestricted	<u>157,152,392</u>	<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>
Total governmental activities net assets	<u>\$ 398,779,881</u>	<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>
Business-type activities:										
Invested in capital assets, net of related debt	\$ 289,004,302	\$ 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
Restricted	77,418,640	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
Unrestricted	<u>337,479,877</u>	<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>
Total business-type activities net assets	<u>\$ 703,902,819</u>	<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>
Primary government:										
Invested in capital assets, net of related debt	\$ 437,713,470	\$ 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
Restricted	170,336,961	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
Unrestricted	<u>494,632,269</u>	<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>
Total primary government net assets	<u>\$ 1,102,682,700</u>	<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>

(1) Implementation of GASB Statement No. 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 Position – Unaudited Table 2  
Last Ten Fiscal Years**

	Fiscal Year									
	2012	2011 (1)	2010	2009	2008	2007	2006	2005	2004	2003
<b>Expenses</b>										
Governmental activities:										
General government, administrative	\$ 24,883,201	\$ 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
Public safety	203,647,570	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
Justice administration	91,355,151	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
Citizen services	83,141,703	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
Public works	29,173,892	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
Recreation and leisure	1,747,878	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
Commerce and community development	53,775,460	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
Unallocated depreciation	1,912,755	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
Interest on debt	4,041,393	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
<b>Total governmental activities expenses</b>	<b>493,679,003</b>	<b>469,972,289</b>	<b>537,362,229</b>	<b>553,030,902</b>	<b>569,150,876</b>	<b>519,104,136</b>	<b>486,908,648</b>	<b>466,659,074</b>	<b>435,885,904</b>	<b>427,793,399</b>
Business-type activities:										
Airports	9,016,461	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
Community safety support	17,370,233	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
Community tax financing	1,615,467	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
Community water and sewer	53,137,399	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
Jail commissary	-	-	-	648,125	1,439,198	1,390,752	1,334,057	1,252,825	1,283,311	1,186,284
Recreation and leisure	20,108,609	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
Sewage disposal systems	121,129,202	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
Skilled nursing care	-	-	-	-	-	6,549,117	8,981,260	10,685,844	10,568,345	10,686,838
<b>Total business-type activities expenses</b>	<b>222,377,371</b>	<b>204,228,998</b>	<b>178,636,320</b>	<b>186,936,018</b>	<b>185,387,759</b>	<b>187,892,684</b>	<b>180,748,997</b>	<b>168,756,181</b>	<b>161,730,163</b>	<b>151,217,460</b>
<b>Total primary government expenses</b>	<b>\$ 716,056,374</b>	<b>\$ 674,201,287</b>	<b>\$ 715,998,549</b>	<b>\$ 739,966,920</b>	<b>\$ 754,538,635</b>	<b>\$ 706,996,820</b>	<b>\$ 667,657,645</b>	<b>\$ 635,415,255</b>	<b>\$ 597,616,067</b>	<b>\$ 579,010,859</b>
<b>Program Revenue</b>										
Governmental activities:										
Charges for services:										
General government, administrative	\$ 24,431,514	\$ 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
Public safety	60,028,240	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
Justice administration	31,950,808	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
Citizen services	5,829,293	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
Public works	16,293,669	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
Recreation and leisure	79,342	91,273	178,753	703,665	118,119	92,490	98,935	99,049	117,393	88,279
Commerce and community development	14,240,342	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
Operating grants and contributions:										
General government, administrative	1,972,545	1,019,348	1,785,795	911,378	854,210	721,109	1,121,105	1,658,934	1,521,884	72,460
Public safety	28,147,900	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
Justice administration	662,382	675,133	629,776	344,724	674,877	694,496	1,634,191	780,681	862,643	338,254
Citizen services	20,364,604	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
Public works	2,635,398	836,666	1,483,907	68,125	313,462	207,259	86,254	5,854	158,119	436,520
Recreation and leisure	254,812	7,700	11,500	3,700	1,300	20,400	31,700	-	8,750	84,519
Commerce and community development	30,484,781	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
Capital grants and contributions:										
Public safety	618,415	1,869,849	259,795	3,061,210	2,179,783	794,290	3,529,427	1,590,024	1,245,668	959,459
Public works	1,961,591	1,992,056	493,320	1,905,878	3,294,672	678,109	7,404,889	6,904,972	298,282	369,031
<b>Total governmental activities program revenue</b>	<b>239,955,636</b>	<b>223,470,872</b>	<b>268,023,830</b>	<b>212,307,857</b>	<b>137,945,040</b>	<b>236,857,515</b>	<b>218,410,240</b>	<b>195,005,681</b>	<b>185,963,968</b>	<b>197,435,434</b>

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

	Fiscal Year									
	2012	2011 (1)	2010	2009	2008	2007	2006	2005	2004	2003
<b>Program Revenue (Continued)</b>										
Business-type activities:										
Charges for services:										
Airports	\$ 4,502,884	\$ 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
Community safety support	13,242,926	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
Community tax financing	21,965,251	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
Community water and sewer	59,090,782	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
Jail commissary	-	-	-	648,781	1,403,706	1,465,779	1,377,018	1,207,479	1,148,072	1,148,072
Recreation and leisure	8,751,064	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
Sewage disposal systems	118,951,504	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
Skilled nursing care	-	-	-	-	-	4,489,554	7,078,913	9,225,119	10,477,016	9,903,162
Operating grants and contributions:										
Airports	-	-	59,892	-	-	-	-	40	8,636	6,078
Community water and sewer	13,301,375	-	-	-	-	-	-	-	-	-
Recreation and leisure	25,385	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	17,054,233	3,510,611	1,988,314	1,217,057	95,525	4,022,511	3,390,266	817,888	3,198,595	265,152
Community safety support	786,768	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	38,796	1,506,000	-	-	240,734	2,158,361	7,955	88,900	183,040	411,290
Sewage disposal systems	103,635	136,314	78,531	-	233,497	535,477	864,895	8,137,741	912,247	10,000
Skilled nursing care	-	-	-	-	-	-	-	-	-	34,168
Total business-type activities program revenue	<u>257,814,603</u>	<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>
Total primary government program revenue	<u>\$ 497,770,239</u>	<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>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (253,723,367)	\$ (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)
Business-type activities	35,437,232	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
Total primary government net expense	<u>\$ (218,286,135)</u>	<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>
<b>General Revenue and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 200,634,390	\$ 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
State-shared revenue (unrestricted)	11,128,237	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
Unrestricted investment earnings	2,955,907	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
Gain on sale of capital assets	213,451	331,629	-	91,828	123,665	568,634	-	95,379	592,234	379,413
Other revenues	6,513,306	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
Special items - write off of C.I.P.	-	-	-	-	-	-	-	-	-	(6,033,983)
Special items - Contribution to VEBA Trust	-	-	-	-	-	-	-	-	(50,890,224)	-
Transfers in (out)	33,139,742	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
Total governmental activities	<u>254,585,033</u>	<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>

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

	Fiscal Year									
	2012	2011 (1)	2010	2009	2008	2007	2006	2005	2004	2003
<b>General Revenue and Other Changes in Net Position (Continued)</b>										
Business-type activities:										
Property taxes	\$ 11,664,549	\$ 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
Unrestricted investment earnings	2,050,923	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
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	16,991
Other revenues	-	-	-	-	-	-	-	-	-	3,914,456
Special items - write off of C.I.P.	-	-	-	-	-	-	-	-	(198,826)	-
Special items - Contr. Pontiac W&S	37,492,899	-	-	-	-	-	-	-	-	-
Transfers in (out)	(33,139,742)	(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)
Total business-type activities	<u>18,068,629</u>	<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>
Total primary government	<u>\$ 272,653,662</u>	<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>
<b>Change in Net Position</b>										
Governmental activities	\$ 861,666	\$ 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
Business-type activities	<u>53,505,861</u>	<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>
Total primary government	<u>\$ 54,367,527</u>	<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>

(1) Implementation of GASB Statement No. 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									
	2012	2011 (1)	2010	2009	2008	2007	2006	2005 (2)	2004	2003
General Fund (1):										
Reserved	\$ -	\$ -	\$ 379,793	\$ 384,218	\$ 401,491	\$ 399,108	\$ 1,221,581	\$ 598,097	\$ 2,577,664	\$ 2,736,083
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
Unassigned	-	-	516,356	351,088	2,713,991	797,382	766,450	1,197,376	450,397	482,968
Nonspendable	1,100,141	292,698								
Restricted	11,555,148	5,287,071								
Assigned	209,683,648	194,082,115								
Unassigned	1,090,503	1,500,000								
<b>Total General Fund</b>	<b>\$ 223,429,440</b>	<b>\$ 201,161,884</b>	<b>\$ 149,005,981</b>	<b>\$ 106,266,653</b>	<b>\$ 84,327,362</b>	<b>\$ 78,796,940</b>	<b>\$ 74,080,474</b>	<b>\$ 65,444,673</b>	<b>\$ 67,440,221</b>	<b>\$ 112,510,127</b>
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
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
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
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
Nonspendable	547,459	445,125								
Restricted	81,363,173	97,920,945								
Committed	18,432,389	16,530,640								
Assigned	7,732	17,254								
Unassigned	(462,247)	(366,963)								
<b>Total all other governmental funds</b>	<b>\$ 99,888,506</b>	<b>\$ 114,547,001</b>	<b>\$ 512,812,240</b>	<b>\$ 564,393,696</b>	<b>\$ 652,006,462</b>	<b>\$ 795,668,553</b>	<b>\$ 173,835,247</b>	<b>\$ 131,334,335</b>	<b>\$ 69,378,825</b>	<b>\$ 67,992,079</b>

- (1) Prior year amounts have not been restated for the implementation of GASB Statement No. 54. In addition, the implementation of Statement No. 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 FY 2004 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									
	2012	2011 (3)	2010	2009	2008	2007	2006	2005 (1)	2004	2003
<b>Revenue</b>										
Property taxes	\$ 200,943,790	\$ 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
Special assessments	8,873,964	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
Federal grants	58,364,646	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
State grants	27,523,160	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
Other intergovernmental revenue	25,341,493	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
Charges for services	112,904,076	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
Contributions	718,965	443,866	400,252	257,986	154,072	164,776	102,666	75,080	96,823	138,092
Investment income	2,223,477	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
Indirect cost recovery	8,275,669	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
Other	6,364,199	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
<b>Total revenue</b>	<b>451,533,439</b>	<b>444,338,535</b>	<b>505,164,119</b>	<b>476,731,406</b>	<b>427,227,557</b>	<b>591,787,743</b>	<b>540,541,708</b>	<b>522,859,708</b>	<b>456,874,552</b>	<b>452,784,927</b>
<b>Expenditures</b>										
County Executive	174,957,912	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
Clerk/Register of Deeds	12,078,679	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
Treasurer	8,322,889	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
Justice administration	78,443,609	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
Law enforcement	160,228,557	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
Legislative	4,478,413	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
Water resource commissioner	10,755,550	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
Non-departmental	17,164,651	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
Capital outlay	8,124,757	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
Intergovernmental	14,363	3,035	1,598,530	134,838	465,075	81,815	11,994,158	1,020,567	2,249,932	14,333,573
Debt service:										
Principal payments	22,275,000	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
Interest and fiscal charges	4,176,896	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
<b>Total expenditures</b>	<b>501,021,276</b>	<b>482,209,479</b>	<b>555,911,288</b>	<b>563,234,620</b>	<b>580,239,219</b>	<b>527,624,047</b>	<b>517,386,729</b>	<b>484,547,725</b>	<b>463,319,334</b>	<b>476,607,574</b>
Excess of revenue over (under) expenditures	(49,487,837)	(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)

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

	Fiscal Year									
	2012	2011 (3)	2010	2009	2008	2007	2006	2005 (2)	2004	2003
<b>Other Financing Sources (Uses)</b>										
Transfers in	\$ 93,460,173	\$ 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
Transfers out	(59,410,852)	(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)
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	9,300,000	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
Issuance of refunding bonds	13,620,000	28,485,000	10,990,000	2,710,000	-	-	-	-	-	-
Premiums on bonds sold	203,846	1,488,907	1,592,775	38,144	-	-	-	-	37,774	-
Discount on bonds sold	(76,269)	(17,993)	(54,700)	-	-	(2,085,301)	(360,882)	(96,435)	(55,957)	(75,537)
Total other financing sources (uses)	<u>57,096,898</u>	<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>
<b>Special items</b>										
Contribution to VEBA Trust (OPEB)	-	-	-	-	-	-	-	-	(50,890,224)	-
Net change in fund balances	<u>\$ 7,609,061</u>	<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>
Debt service as a percentage of noncapital expenditures (2)	5.30%	2.82%	3.06%	3.11%	3.45%	3.78%	3.44%	3.33%	5.14%	6.88%

- (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 No. 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**

Fiscal Year (4)	Real Property (1)								
	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
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	
2012	35,547,089,465	34,593,300,582	9,790,228,900	9,237,144,077	1,713,799,360	1,651,432,130	80,814,920	48,663,123	

Fiscal Year (4)	Personal Property		Total Property		Total Direct Tax Rate (3)
	Assessed and Equalized Value	Taxable Value	Assessed and Equalized Value	Taxable Value	
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
2012	3,707,092,321	3,705,414,081	50,839,024,966	49,235,953,993	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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>County direct rates</b>										
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	0.2415	0.2422	0.2436	0.2453
Total rate	4.4315	4.4315	4.4315	4.4315	4.4315	4.4315	4.4315	4.4322	4.4336	4.4353
<b>Overlapping rates</b>										
Huron-Clinton Metro Authority (a)	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2154	0.2161	0.2170
Intermediate school districts (5)										
Median rate	3.3690	3.3690	3.3690	3.3690	3.3690	3.3690	3.3690	3.3789	3.3991	3.4224
Low range	2.9295	2.9295	2.9295	2.9295	2.9295	2.9295	2.9430	2.9615	2.9729	2.9863
High range	3.5341	3.5341	3.5341	3.5341	3.5341	3.5341	3.5361	3.5361	3.5469	3.5673
Community colleges (3)										
Median rate	1.7967	1.7967	1.7967	1.7967	1.7967	1.7967	1.7967	1.7967	1.8024	1.8043
Low range	1.5844	1.5844	1.5844	1.5844	1.5844	1.5844	1.5844	1.5889	1.5983	1.6090
High range	2.8596	2.8596	2.6796	2.6796	2.6796	2.6796	2.6807	2.6807	2.7466	2.8280
Cities (31)										
Median rate	16.0541	16.1905	15.5898	14.8121	14.8179	15.1084	15.1084	15.2367	14.4680	14.7619
Low range	8.8200	9.7060	9.0500	8.3000	8.3000	8.3000	8.3000	8.3000	7.5500	7.5500
High range	30.4298	29.1461	25.3589	25.2763	25.2604	24.4050	24.8349	25.5163	25.4554	26.1031
Villages (10)										
Median rate	14.4597	14.6508	14.1182	14.1182	14.1036	14.1036	14.1290	14.1870	14.0552	14.0752
Low range	8.8900	8.5900	7.9900	7.3525	7.2249	7.3670	7.7443	7.9462	7.9474	7.9500
High range	20.0210	18.3610	18.1386	17.8196	18.1020	18.1120	19.7520	17.9480	18.3524	18.7615
Townships (21)										
Median rate	7.2685	6.7444	6.7444	6.5876	6.5876	6.2652	6.0380	6.0937	6.1765	6.2628
Low range	0.6000	0.6000	0.6000	0.5000	0.5000	0.5500	0.5500	0.5500	0.5500	0.5500
High range	13.8002	13.8002	13.1777	11.7112	11.7112	11.2223	11.6081	11.5495	11.8007	10.7166
School districts (35) (b)										
Homesstead:										
Median rate	13.9513	13.7550	13.6410	13.4161	13.5105	13.2455	13.4910	13.6373	12.6015	13.8641
Low range	9.0500	8.2500	8.1800	7.8500	7.7400	7.3500	7.7200	6.7000	5.0000	8.7872
High range	26.4868	26.4868	25.8868	25.8868	23.5993	27.8925	27.8925	27.8945	27.8945	28.8945
Non-Homesstead:										
Median rate	30.7000	30.5400	30.4000	29.5200	29.6931	29.6061	29.6000	29.3455	28.8508	29.8627
Low range	26.4420	26.1800	14.4500	25.8000	24.9243	25.3500	25.7200	23.9010	23.0000	24.6700
High range	34.8500	34.8500	34.5000	33.3410	33.2310	32.8410	33.2110	32.6884	31.6925	34.2910
DDAs (9) (c)										
Median rate	1.8978	1.8008	1.7470	1.7470	1.7470	1.8768	1.8856	1.9290	1.9339	1.9128
Low range	1.3794	1.3794	1.3000	1.3000	1.3000	1.3794	1.4010	1.4393	1.4869	1.4869
High range	1.9734	1.9734	1.9734	1.9734	1.9734	1.9734	1.9860	1.9860	2.0000	1.9705
Public Transportation Authority (d)	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900	0.5950	0.5962	0.5974	0.6000
Zoological Authority (e)	0.1000	0.1000	0.1000	0.1000	0.1000	-	-	-	-	-
Art Institute Authority (f)	0.2000	-	-	-	-	-	-	-	-	-

**Notes**

The County's maximum allowable operating millage levy for 2012 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.
- (f) Art Institute Authority added FY 2012

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 2012			Fiscal Year 2003		
	Taxable Valuation*	Rank	Percentage County Taxable Valuation	Taxable Valuation*	Rank	Percentage County Taxable Valuation
Detroit Edison Company/DTE	\$ 422,258,265	1	0.86% %	\$ 332,545,930	2	0.66 %
Chrysler	252,006,277	2	0.51% %	158,430,800	4	0.31 %
General Motors	237,369,915	3	0.48% %	492,473,850	1	0.97 %
Consumers Energy	207,961,515	4	0.42% %	147,387,450	5	0.29 %
Taubman/12 Oaks/Great Lakes Crossing	123,192,338	5	0.25% %	192,673,475	3	0.38 %
Franke/Forbes/Cohn	121,435,922	6	0.25% %	83,815,215	11	0.16 %
International Transmission	93,147,480	7	0.19% %	-	-	- %
Ramco-Gershenson	90,284,530	8	0.18% %	91,240,625	9	0.18 %
Comcast	77,158,287	9	0.16% %	-	-	- %
Holtzman & Silverman	75,574,925	10	0.15% %	-	-	- %
Bre Southfield (formerly Town Centre Delaware, Inc.)	72,446,563	11	0.15% %	115,815,250	7	0.23 %
Meijer	58,244,142	12	0.12% %	-	-	- %
Wal-Mart/Sam's Club	55,891,908	13	0.11% %	-	-	- %
AT&T	53,686,952	14	0.11% %	-	-	- %
Redwood-ERC Novi	44,299,146	15	0.09% %	-	-	- %
Palace Sports and Entertainment	41,247,873	16	0.08% %	-	-	- %
Urbancal Oakland	40,718,448	17	0.08% %	-	-	- %
JFK Investments	32,198,924	18	0.07% %	-	-	- %
Kroger	31,635,578	19	0.06% %	-	-	- %
JHP Pharmaceuticals	25,043,354	20	0.05% %	-	-	- %
Total	<u>\$ 2,155,802,342</u>		<u>4.38% %</u>	<u>\$ 1,614,382,595</u>		<u>3.18 %</u>

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

**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
2002	2003	\$ 206,294,411	\$ 201,567,944	97.71 %	\$ 4,726,467	\$ 206,294,411	100.00 %
2003	2004	216,173,657	211,292,953	97.74 %	4,879,650	216,172,603	100.00 %
2004	W 2005	227,583,190	222,651,567	97.83 %	4,926,219	227,577,786	100.00 %
2005	S 2005	79,281,336	65,809,623	83.01 %	13,469,060	79,278,683	100.00 %
2005	W 2006	159,403,731	156,102,121	97.93 %	3,296,276	159,398,397	100.00 %
2006	S 2006	166,634,796	142,992,690	85.81 %	23,614,218	166,606,908	99.98 %
2006	W 2007	85,765,677	83,915,557	97.84 %	1,835,766	85,751,323	99.98 %
2007	S 2007	262,814,606	225,336,018	85.74 %	37,247,637	262,583,655	99.91 %
2008	2008	262,899,380	228,260,470	86.82 %	34,256,285	262,516,755	99.85 %
2009	2009	253,987,318	219,099,614	86.26 %	34,121,670	253,221,284	99.70 %
2010	2010	223,423,779	198,172,603	88.70 %	23,001,500	218,030,244	97.59 %
2011	2011	206,144,859	187,107,837	90.77 %	15,344,341	202,452,178	98.21 %
2012	2012	201,724,853	179,242,176	88.85 %	-	179,242,176	88.85 %

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 Activities		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 & Tax Notes				
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	10.85 %	579.78	
2009	579,780,000	0.93 %	480.94	57,663,579	3,860,661	50,000,000	691,304,240	12.05 %	573.45	
2010	562,030,000	1.02 %	467.44	52,350,727	4,485,830	50,000,000	668,866,557	11.32 %	556.29	
2011	538,995,000	1.06 %	445.40	48,375,727	4,650,725	54,060,000	646,081,452	10.02 %	533.89	
2012	515,605,000	1.05 %	426.07	52,865,727	4,101,190	44,589,279	617,161,196	9.57 %	509.99	

**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, 2012**

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	<b>Gross Amount Outstanding</b>	<b>Self-supporting or Paid by Benefiting Entity</b>	<b>Net Amount Outstanding</b>
<b>Direct debt</b>			
Building authority bonds	\$ 77,550,000	\$ 26,245,000	\$ 51,305,000
Certificates of Participation	464,155,000	-	464,155,000
Water and sewer debt (Special assessment)	26,620,727	26,620,727	-
Lake Levels (Special assessment)	145,000	-	145,000
Drainage Districts bonds and notes	210,146,606	206,045,416	4,101,190
Road Commission debt (no County credit)	<u>19,960,489</u>	<u>19,960,489</u>	<u>-</u>
Net direct debt	<u>\$ 798,577,822</u>	<u>\$ 278,871,632</u>	<u>519,706,190</u>
<b>Overlapping debt</b>			
Cities			592,452,204
Townships			352,632,817
Villages			24,454,756
School districts			2,318,057,953
Intermediate school districts			60,574,550
Community colleges			4,750,791
Library			1,717,455
County-issued debt paid by local municipalities			<u>278,871,632</u>
Net overlapping debt			<u>3,633,512,158</u>
<b>Net direct and overlapping debt</b>			<u><u>\$ 4,153,218,348</u></u>

**Overlapping Debt:**

Property in the County is currently taxed for a proportionate share of outstanding debt obligations of overlapping governmental entities including school districts, cities, villages and townships within the County.

The table above shows the County's outstanding tax supported overlapping debt as of FY end.

Source: Oakland County Treasurer and Municipal Advisory Council of Michigan

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

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<b>Year</b>	<b>State Equalized Valuation</b>	<b>Debt Limit 10% of SEV</b>	<b>Amount of Debt Applicable to Limit</b>	<b>Legal Debt Margin</b>	<b>Debt Applicable to Limit as a Percentage of Debt Limit</b>
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%
2012	50,839,024,966	5,083,902,496	798,206,612	4,285,695,884	15.70%

Sources:

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

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

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

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<b>Year</b>	<b>Population</b>	<b>Personal Income</b> (thousands of dollars)	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
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	64,266,330	53,451	7.00 %
2009	1,205,508	57,359,470	47,581	12.90 %
2010	1,202,362	59,090,605	49,145	12.40 %
2011	1,210,145	64,496,968	53,297	10.00 %
2012	1,210,145 (a)	64,496,968 (a)	53,297 (a)	8.70 %

(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 2012			Fiscal Year 2003		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
William Beaumont Hospital	11,389	1	22.27%	10,725	3	30.03%
Chrysler Group LLC	9,894	2	19.35%	13,000	2	36.41%
General Motors Corporation	8,258	3	16.15%	24,311	1	68.08%
Trinity Health (formerly St. Joseph Mercy)	5,822	4	11.39%	n/a	n/a	n/a
St. John Health Services (formerly Providence Hospital)	4,354	5	8.51%	4,357	9	12.20%
U.S. Postal Service	3,363	6	6.58%	4,828	6	13.52%
Henry Ford Health System	3,356	7	6.56%	n/a	n/a	n/a
Oakland County Government	3,229	8	6.31%	n/a	n/a	n/a
Flagstar Bancorp Inc.	2,119	9	4.14%	n/a	n/a	n/a
Oakland University	2,095	10	4.10%	n/a	n/a	n/a
Electronic Data Systems (EDS)	n/a	n/a	n/a	9,800	4	27.44%
Kmart	n/a	n/a	n/a	6,300	5	17.64%
Ameritech	n/a	n/a	n/a	4,600	7	12.88%
U.S. Government	n/a	n/a	n/a	4,516	8	12.65%
BCBS	n/a	n/a	n/a	4,161	10	11.65%
	<u>53,879</u>		<u>105.36%</u>	<u>86,598</u>		<u>242.51%</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)									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General government										
County Executive Administration	47	47	50	52	66	66	63	65	65	71
Management & Budget	203	205	205	203	203	207	205	204	204	221
Central Services	58	66	68	68	66	66	65	61	61	63
Human Resources	47	49	50	50	50	51	51	51	50	51
Board of Commissioners	34	34	34	34	34	34	34	34	34	34
Clerk/Register of Deeds	116	118	118	121	128	128	133	154	151	153
County Treasurer	46	44	44	48	48	48	48	48	48	49
Public Safety										
Sheriff	1,119	1,024	1,054	1,117	1,129	1,135	1,130	1,092	1,042	1,040
Community Corrections	58	59	60	60	65	67	66	68	67	71
Animal Control	33	26	26	26	24	24	24	24	23	24
Justice Administration										
Circuit Court	409	431	442	471	469	469	473	455	456	465
District Court	185	184	186	197	200	201	201	194	188	183
Probate Court	49	54	57	59	61	61	61	59	59	61
Prosecuting Attorney	172	175	177	185	189	189	189	188	189	198
Medical Examiner	26	26	26	26	28	34	34	34	26	28
Citizens Services										
Administration	2	2	5	5	5	5	5	5	5	5
Health	373	378	378	387	404	404	403	413	441	472
Homeland Security	16	13	13	13	n/a	n/a	n/a	n/a	n/a	n/a
Medical Care Facility (2)	n/a	n/a	n/a	n/a	n/a	104	104	110	112	112
Children's Village	189	185	185	178	161	161	161	161	161	166
Veterans' Services	16	16	16	16	18	18	18	16	16	18
MSU Extension-Oakland County	15	15	15	15	14	13	13	13	13	14
Public Works										
Water Resources Commissioner	263	264	264	266	270	271	269	269	263	251
Facilities Management	188	189	193	196	204	204	201	201	201	200
Information Technology	161	164	164	167	167	169	165	159	157	165
Recreation and Leisure										
Library Board	10	10	12	17	17	18	18	23	23	24
Parks and Recreation	379	376	376	376	341	341	317	313	313	289
Commerce and Community Development										
Administration	12	12	12	12	12	12	13	14	9	8
Planning and Economic Development Services	46	47	48	49	44	43	42	41	40	43
Community and Home Improvement	23	23	22	22	21	21	21	21	21	21
Workforce Development	9	9	9	9	9	9	9	9	9	9
Totals	<u>4,304</u>	<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>

(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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Law Enforcement</b>										
Dispatched Calls	197,767	168,685	145,090	125,987	133,402	179,563	180,472	180,940	171,858	174,861
Arrests	12,126	10,999	8,906	8,513	8,466	8,900	9,286	8,569	7,288	7,888
Inmate bookings	19,796	19,889	19,608	21,866	24,053	25,809	27,003	25,734	26,066	24,573
<b>Judicial</b>										
Circuit Court civil/criminal cases disposed	13,147	14,212	15,752	15,927	15,849	16,108	16,132	16,414	16,244	16,375
District Court cases filed	119,643	123,860	134,077	145,465	144,933	152,710	159,380	157,920	158,882	162,650
<b>Citizen Services</b>										
Veteran benefits claims filed	6,805	6,848	7,220	6,870	7,546	7,071	7,182	6,784	6,337	6,604
Deeds/Mortgages	109,403	86,034	84,048	85,478	84,866	110,600	141,157	176,787	223,553	295,114
Jobs retained and created	9,269	8,365	14,522	4,187	10,311	10,842	1,640	4,422	3,417	2,826
Immunizations	62,309	80,741	143,839	102,893	94,038	82,347	95,202	117,679	125,660	103,787
<b>Community Development</b>										
BFC/EDC Loans	28	26	21	16	28	33	26	20	22	15
Applications for home improvement	387	384	276	601	609	457	373	369	369	389
Single family homes rehabilitated	163	165	186	276	218	198	253	229	300	269
<b>Parks and Recreation</b>										
Participants-Park	1,074,428	942,019	843,600	775,683	815,097	778,616	789,867	793,215	752,662	660,597
Participants-Golf Course	130,281	116,804	126,727	148,747	172,783	178,444	198,477	200,521	215,551	177,716
Participants-Recreation, Facilities	411,068	390,106	370,355	291,917	365,310	373,214	374,853	381,025	365,954	391,353
Participants-Nature Interpretive Service	19,558	26,498	28,242	29,860	29,865	35,226	46,428	47,062	44,967	41,253
Participants-Banquet Facilities	125,008	109,420	125,592	147,365	154,594	161,678	170,524	182,100	158,091	161,471
<b>Airports</b>										
Takeoffs and landings	128,766	119,347	119,581	144,678	162,283	202,345	202,973	207,757	243,395	276,153
<b>Public Works</b>										
Water and sewer customers	77,280	76,784	76,435	76,413	76,050	75,613	74,926	73,129	71,228	68,666
Water main breaks	79	85	90	104	94	115	114	119	146	256
Water permits issued	626	337	220	164	232	370	811	1,016	1,188	1,038

**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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Justice and Law Enforcement										
Correction facilities capacities	1,653	1,666	1,594	1,750	1,768	1,984	1,981	1,981	1,956	1,868
Substations	14	14	12	12	12	12	12	12	12	12
Parks and Recreation										
Number of county parks	14	13	13	13	13	13	11	11	11	11
Park acreage	6,643	6,643	6,456	6,398	6,378	6,378	6,089	5,742	5,715	5,715
Airport										
Number of runways	5	5	5	5	5	5	5	5	5	5
Number of T-Hangars	738	738	738	738	738	738	711	619	619	619
Facilities										
Buildings	41	40	40	40	40	41	42	42	42	41
County facilities square footage	1,936,042	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
Public Works										
Combined Sewer Overflow Retention										
Treatment Facilities	4	4	4	4	3	3	3	3	3	3
Water mains (miles)	136.41	133.03	132.99	123.60	161.51	165.83	162.57	148.67	173.99	164.80
Water storage capacity (millions of gallons)	3.07	3.07	3.07	3.07	3.07	2.068	2.068	2.068	2.068	2.068
Sewers (miles)	138.29	137.32	137.22	137.22	135.08	131.81	131.84	131.84	131.84	131.84
Permitted Sewer treatment capacity (millions of gallons)	15,594.90	15,594.90	15,594.90	15,594.90	15,594.90	15,594.90	15,594.90	121.80	121.80	121.80

**Sources**

Various County departments

**County of Oakland**  
**Building Authority Data – Unaudited Table 17**  
**September 30, 2012**

	Office Bldg. Renovation	Oakland Int'l Airport T-Hangars	CMHA Housing Project	Oak Park Project	Sheriff Substation Rochester Hills	Oakland Int'l Airport Terminal Bldg	Pontiac Phoenix Center	Phoenix Plaza Amphitheatre Refunding
Cash	\$ 5	\$ 297	\$ 45	\$ 113,054	\$ 364	\$ 356,974	\$ 370	\$ 122
Lease receivable	-	-	3,500,000	2,500,000	-	-	9,150,000	7,760,000
Other assets	-	949	1,233	-	1,326	159	-	-
Bonds payable	-	-	3,500,000	2,500,000	-	-	9,150,000	7,760,000
Other liabilities	-	-	-	15	-	356,969	930	-
Current year activity:								
Transfers in	574,576	-	-	-	-	-	-	-
Leases and other income	-	495,410	378,828	141,838	357,585	489,758	928,326	386,098
Debt service:								
Principal	5,185,000	4,910,000	225,000	-	2,530,000	225,000	425,000	50,000
Interest	224,576	205,265	153,556	28,499	107,556	263,938	504,613	336,300
Fiscal charges	275	-	275	300	275	800	275	275
Contractual services	41,764	38,410	-	-	16,146	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Principal and interest requirements:								
2013	\$ -	\$ -	\$ 369,556	\$ 154,623	\$ -	\$ 509,438	\$ 933,363	\$ 719,488
2014	-	-	385,056	152,872	-	503,187	935,300	725,242
2015	-	-	375,056	151,123	-	496,313	935,956	724,853
2016	-	-	365,056	149,372	-	488,187	935,331	728,682
2017	-	-	355,056	152,560	-	479,750	933,425	726,633
Thereafter	-	-	2,668,517	3,096,796	-	5,802,150	8,559,800	7,159,152
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,518,297</u>	<u>\$ 3,857,346</u>	<u>\$ -</u>	<u>\$ 8,279,025</u>	<u>\$ 13,233,175</u>	<u>\$ 10,784,050</u>

(continued)

**County of Oakland**  
**Building Authority Data – Unaudited Table 17 (Continued)**  
**September 30, 2012**

	City of Keego Harbor Debt	52/3 District Court Bldg. Refunding	Work Release JailMgt/Video Refunding	Office Bldg. Renovation Refunding	Sheriff Substation Refunding	Airport T Hangar Refunding	Totals
Cash	\$ 78	\$ 5	\$ 5	\$ 4,030	\$ 1,884	\$ 3,888	\$ 481,121
Lease receivable	1,075,000	-	-	-	2,260,000	-	26,245,000
Other assets	-	-	-	-	-	-	3,667
Bonds payable	1,075,000	-	-	-	2,260,000	-	26,245,000
Other liabilities	138	-	-	-	-	-	358,052
Current year activity:							
Transfers in	-	1,342,200	1,619,050	1,366,411	-	-	4,902,237
Leases and other income	67,244	-	-	4,025	1,883	3,888	3,254,883
Debt service:							
Principal	25,000	820,000	1,105,000	920,000	-	-	16,420,000
Interest	41,937	521,900	513,750	446,106	-	-	3,347,996
Fiscal charges	300	300	300	300	-	-	3,675
Contractual services	-	-	-	-	-	-	96,320
Transfers out	-	-	5	-	-	-	5
Principal and interest requirements:							
2013	\$ 66,437	\$ 1,305,500	\$ 1,620,600	\$ 1,873,149	\$ 313,967	\$ 436,095	\$ 7,582,728
2014	65,938	1,315,500	1,591,400	1,873,449	329,900	426,619	7,579,221
2015	65,437	1,323,000	1,607,050	1,870,700	319,100	429,819	7,573,554
2016	64,938	1,328,000	1,596,200	1,861,800	333,400	432,819	7,555,103
2017	64,187	1,310,500	1,582,400	1,877,200	317,300	430,619	7,502,997
Thereafter	1,491,763	6,501,500	7,777,000	12,540,007	850,500	3,078,200	52,366,233
	<u>\$ 1,818,700</u>	<u>\$ 13,084,000</u>	<u>\$ 15,774,650</u>	<u>\$ 21,896,305</u>	<u>\$ 2,464,167</u>	<u>\$ 5,234,171</u>	<u>\$ 90,159,836</u>