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COMPREHENSIVE ANNUAL
financial
REPORT
Fiscal Year ending September 30, 2013



L. BROOKS PATTERSON
OAKLAND COUNTY EXECUTIVE

prepared by
Department of Management & Budget
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**OAKLAND COUNTY, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended September 30, 2013
(With Independent Auditor's Report Thereon)**

Prepared by:

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

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County of Oakland
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I. INTRODUCTORY SECTION

The Introductory Section contains:

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

March 18, 2014

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, 2013.

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, 2013 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, 2013 are fairly presented in conformity with GAAP. The independent auditor's report is presented in the financial section of this report.

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

County of Oakland

Letter of Transmittal

The Fiscal Year 2013 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 2013 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 (10th) wealthiest county in the nation among counties with populations of more than one million people. Oakland County enjoys a world class reputation due to its renowned business environment and its many attributes that contribute to an excellent quality of life.

Government Structure

Oakland County operates under the authority of Michigan Public Act 139 of 1973, the 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

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.

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.

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 No. 14, *The Financial Reporting Entity*, as amended by Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and Statement No. 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 10-member commission, appointed by the Board of Commissioners, is responsible for Parks and Recreation, which acquires, develops, maintains and operates thirteen (13) parks that provide camping, golf, swimming and a variety of other recreational activities. Parks and Recreation is supported, in part, by a separately voted ¼-mill tax levy, which is annually adjusted pursuant to the Michigan constitution, and its activity is blended into the County's CAFR due to the specific agency relationship established by State statute, as required by GASB Statement Numbers 14, 39, and 61.

County of Oakland Letter of Transmittal

County Budget

Oakland County maintains a focus on long-term financial planning. As described below, the County operates under a three-year rolling budget, which allows for continuous planning at least three fiscal years into the future. Such a process allows the County to anticipate financial challenges and take appropriate 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 information technology, motor pool, office space, etc.). Departments may exceed individual line item appropriations (e.g., professional services, office supplies, etc.) within the aforementioned categories provided the Control Category is not overspent. Budget amendments providing additional spending authorization are required to be made by action of the Board of Commissioners, upon recommendation of the County Executive.

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

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

County of Oakland

Letter of Transmittal

Economic Condition of Oakland County

Oakland County is traditionally one of the most prosperous local economies in the United States, as attested by its status as one of the one percent of counties nationwide with a bond rating of AAA from multiple bond rating agencies. The County's economy survived the "great recession" of the last several years, which included the bankruptcy of General Motors and Chrysler, and is emerging stronger than ever.

Oakland County endured job losses of 147,000 from 2000 through 2010. In fact the largest annual job loss in the County's history occurred in 2009, when 9% of the workforce was affected with nearly 60,000 jobs lost. In 2009, the County unemployment rate stood at 12.9%. However, positive signs began to be seen in 2010, which reported overall job loss of 1,113, the lowest total since 2005. Calendar year 2011 became a watershed, with the creation of 24,412 jobs. It was the second best year for job growth since 1994. Further in their April 2013 report, University of Michigan economists estimated an additional 23,490 jobs in 2012 and projected an additional 41,594 will be created in the County over the next three years (2013-2015). Should those projections hold true, Oakland County will add almost 90,000 jobs over the five (5) year period. The most vigorous job growth will be in the high-wage industries such as professional and business services, information technology, private education, and health services. These industries, along with the traditional automotive and engineering sectors, diversify the County's economic base; helping the County become resistant 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 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.

Oakland County's unemployment rate has fallen (improved) steadily from the 2009 high watermark of 12.9%. The December 2013 Oakland County unemployment rate was 6.7%. This rate slightly exceeded the national average of 6.5%; however, it is lower than the State of Michigan average of 7.7%.

Enhanced by the County's investment in dynamic economic development programs, Oakland County remains a favored location for business. Oakland County is Michigan's leading center for international commercial activity, hosting 904 international commercial businesses representing 38 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.

Oakland County's per capita income of \$55,761 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 county). Oakland County's per capita income also compares favorably to the national average (\$43,735) and the state average (\$38,291).

County of Oakland Letter of Transmittal

The 2013 market value of property in Oakland County is approximately \$102.8 billion, an increase of approximately \$1.2 billion from 2012 to 2013 (1.16%). The State Taxable Value (STV), which is the calculation on which property tax revenue is based, remained static. This increase in property value is the first following five (5) consecutive years of decline; and is further evidence that Oakland County's economy is on the rebound. Current budgetary projections assume a 6.0% increase in market value, and a 2.0% increase in taxable value, as of December 31, 2013 (FY 2014 revenue); a further 6.0% increase in market value, and a 3.0% increase in taxable value as of December 31, 2014 (FY 2015 revenue); and an additional 6.0% increase in market values, with a 4.0% increase in taxable value as of December 31, 2015 (FY 2016 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 71.3% of the total property tax base. The average price, in 2013, for a home in Oakland County was \$193,508.

The average 2013 property tax rate is \$42.51 per thousand dollars of taxable value, an increase from the 2012 average of \$42.14 per thousand dollars of taxable value. The average property tax rate is distributed to the following taxing authorities:

Local School Districts	32.8%
Cities, Villages, Townships	29.8%
State Education Tax	14.1%
County Operating	9.8%
Intermediate School District	8.0%
Community College	3.7%
Parks and Recreation/Zoo Authority	<u>1.8%</u>
	<u>100.0%</u>

Property tax revenue supports 47.0% of the County's General Fund/General Purpose (GF/GP) operations. 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, 2013 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..

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).

County of Oakland Letter of Transmittal

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 2013 and beyond and 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 particularly associated with the Delinquent Tax Revolving Fund, and the groundbreaking Pension and Other Post-Employment Benefit practices.

Budgeting and Forecasting

A primary reason for Oakland County's solid financial position is the fact that County elected officials and administration 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 maintaining 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.

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 10 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. Because of the prudent management of the General Fund balance (see the *Major Initiatives* section), the County has been able to maintain its cash flow needs, despite the shift to a later levy date. However, it is projected that the future will require short-term borrowing to augment General Fund cash balances around April of each fiscal year.

County of Oakland

Letter of Transmittal

In accordance with PA 139 of 1973, the County Executive is required to report the current financial position 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 2013) for fiscal years 2014, 2015, and 2016. Further analysis was conducted since that time on fiscal year 2017 and 2018 needs. Considering the state of the County's finances as of September 30, 2013, as well as operating changes implemented during the first quarter of FY 2014, the County will be able to balance the FY 2017 and FY 2018 budget without additional budget tasks or reductions.

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.

County of Oakland

Letter of Transmittal

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 position in the DTRF as of September 30, 2013 was approximately \$206.7 million; an amount in excess of that required to guarantee timely payments to local units of government and to pay outstanding notes on delinquent taxes. Rather than simply leave excess assets in the fund, the County has engaged in the practice (within provisions of the Fiscal Responsibility Plan) to increase utilization of the DTRF by using the fund to pay debt service on major Board-approved capital projects that will house essential public services. There are four major projects identified with a combined capital outlay of approximately \$53.0 million that were funded with bond issues.

The Fiscal Responsibility Plan utilizes future income streams and restricted net position 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 net position. The projected net position in the DTRF at the conclusion of debt service in FY 2022 should be approximately the same level as the current net position.

Even using the DTRF to support these capital initiatives, the fund's net position is still approximately \$6.7 million higher than required to meet all the fund commitments. As a result, the County has used a portion of the DTRF equity (the amount higher than required to meet funding commitments) to support General Fund/General Purpose operations. 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.

County of Oakland Letter of Transmittal

Due to the voluntary shifting of 1,126 employees from the PERS OPRS, and the fact that all newly hired employees participate in the OPRS, the OPRS has resulted in a savings of \$99.4 million since inception of the program without jeopardizing the retirement security of valued employees.

Oakland County has also been a true innovator and leader in exploring methods to providing and financing Other Post-Employment Benefits (OPEB). Specifically, the County has implemented benefit changes that will limit the growth of the cost of these benefits in the future, while still providing employees with a method to retain health care insurance once they leave County service. Rather than receiving a specific level of health care insurance when they retire from County service, employees hired after January 1, 2006 are enrolled in a “Retirement Health Savings Plan” (RHS). Under the RHS, 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 vested funds the County contributed based upon their length of service. The original vesting schedule allowed for a partial benefit (60%) provided after 15 years of service, increasing 4% per year. A full benefit is provided after 25 years of service. Once the employee separates employment and receives the vested cash benefit, the County’s financial obligations ends.

It should be noted that in February 2014, the County Board of Commissioners approved a reduction in vesting schedule for RHS participants. The reasons and the benefits of this change are discussed in the *Major Initiates* section of this *Transmittal Letter*.

Employees hired prior to January 1, 2006, 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 debt, 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 full funding of the VEBA, proceeds from the IRMBT can then be used to pay the debt service on the COPs.

County of Oakland

Letter of Transmittal

Together, the VEBA and the IRMBT have total combined 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 has refinanced the COP’s debt, to further save tax payment money.

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

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

Although the later years of the previous decade and the beginning of the current decade have been fiscally challenging for government, as well as its citizens, Oakland County government continued to provide the services expected by its citizens, supported its local cities, villages and townships, and worked 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 the 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.

Oakland’s economy now appears to be rebounding; however, this does not mean that Oakland County government will simply rest on its laurels. Some of the reasons for the recovery relate directly to the County’s forward looking financial process, constantly reviewing operations to maximize taxpayer dollars; as well as the ability to create partnerships between communities and the private sector, to improve the fortunes of all its citizens.

Oakland County’s operational model is based upon “thoughtful management” not “crisis management.” This model allowed the County Government to survive a 24.1% drop in General Fund/General Purpose revenues from FY 2006 to FY 2013 without layoffs or massive reductions in services, by anticipating the problems and making necessary adjustments BEFORE the problems fully manifested themselves. Even though the fiscal condition has improved, County elected officials and administrators continue to identify potential problem areas and implement changes so that services can be maintained at the optimum level.

County of Oakland Letter of Transmittal

In order to maintain quality citizen services, Oakland County officials realize that it must maintain an effective, professional workforce. People provide services; be it the deputy in the patrol car, the animal care worker in the shelter, the public health nurse providing flu immunization, the prosecutor in the courtroom, or the accountant or analysts making sure that tax dollars are properly accounted for and distributed. Without a strong workforce, quality services cannot be provided.

To recruit and retain strong staff requires a number of items including a safe work environment, advancement opportunities, and an appropriate compensation package, both in terms of salaries and benefits. However, the funding for compensation comes from the taxpayers. A balance must be established between finding the resources to attract quality staff and meeting the expectation of the taxpayers. The County has, and continues to engage in this balancing act, to the benefit of all parties.

One such area involves funding Other Post-Employment Benefits (OPEB). Funding for these “legacy costs” is a major concern for the public sector. 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 OPEB funds. 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 limited tax general 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 in 2006, then Governor Granholm vetoed the change. Thus the County was forced to utilize COPs which were more costly and more complex. A call provision in the case the market or legislation changed was included with the COPs debt issue, to allow the County to refinance the debt after seven (7) years. 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, created the opportunity for the County to refinance the 2007 COPs debt.

On September 27, 2013, Oakland County initiated a private placement of \$350.0 million in securities to refinance the 2007 COPs, to take out the COPs outstanding debt of \$422.1 million. The remaining amount of \$72.1 million needed to call the debt (in addition to the \$350.0 million received from the refinancing debt), came from available assets in the VEBA and Interim Retiree Medical Benefit Trust fund (IRMBT). Upon completion of the refinancing, the VEBA fund assets were 117% of the fund actuarially determined liabilities.

This refinancing not only saved the County taxpayers money, by reducing the annual interest payments from 6.23% to 3.62%; this transaction also included the development of a superseding plan to secure health care for all eligible County retirees and employees, and their covered dependents, to the end of their eligibility.

County of Oakland Letter of Transmittal

The \$350.0 million in securities were sold in two series; \$316.0 million was placed with Bank of America/Merrill Lynch – who was chosen as the Senior Underwriter in a competitive bid process – and \$34.0 million placed with the County Treasurer, who had previously held a portion of the COPs as well.

The original COPs sale was projected to save County taxpayers over \$100.0 million over the life of the issue. Through the COPs the County was able to exchange its annual required contribution (ARC) of approximately \$62.0 million with an annual debt service payment of approximately \$48.0 million, while shortening the payment terms by ten (10) years. Through the refinancing of the bonds, and the subsequent reduction in outstanding debt, annual debt service will be \$15.0 million less. This represents a net savings of \$171.0 million through FY 2027.

The actions above will allow the County to meet its health care promises to current and future retirees eligible for the VEBA benefit (hired prior to January 2006), while being effective stewards of the taxpayer money. However, the provision of health care for ACTIVE employees faces the same dilemma – how to provide a benefit to retain and attract good staff while not placing a burden on current taxpayers? As discussed earlier in this *Transmittal Letter*, Oakland County has been proactive in designing benefit plans which meet the needs of the workforce yet maintain cost at a reasonable level. Oakland County desires to remain competitive in the labor market while continuing to explore improvements and efficiencies.

In the spring of 2013 the Human Resources Department issued a Request for Proposal (RFP) for the County's medical plans in the hopes of identifying new plan options which could be made available to employees and retirees. This process is engaged every three to five years and most recently in 2008 and 2013 when the County's prescription coverage was successfully bid to achieve taxpayer savings.

The RFP released in 2013 resulted in a redesign of Oakland County's employee and retiree medical plans with the selection of a new carrier – Administration Systems Research (ASR - the PPO affiliate of the Health Alliance Plan) – to provide services along with the County's current carrier – Blue Cross/Blue Shield of Michigan (BCBSM). The County can now offer three (3) competitive PPO plans, two through ASR and one through BCBSM, providing employees with options reflecting various levels of coverage and various fees. Not only does this allow County employees and retirees to choose coverage that meets their family's needs, it is projected that this change should help control the level of future health care cost increases.

County of Oakland Letter of Transmittal

In addition, two other plan changes were implemented in 2013. First, the copays on prescription drugs were increased from \$5 (generic)/\$10 (formulary)/\$25 (out-of-formulary) to \$5/\$20/\$40. Furthermore, a \$100 emergency room copay was implemented for those situations where an employee or retiree goes to the emergency room for a non-emergency situation. Combined, these two items should save an estimated \$850,000 annually. These changes will assist employees and retirees to become more responsible consumers of health care; thus holding the line on costs.

Evidence of the fact that the County's efforts to limit increases in active employee health care are having a positive impact can be seen in the calculations related to compliance with Michigan Public Act 152. This statute requires that government employers' contribution to employee health care be limited to 80% of the employer group premium, or that the premiums remain under a calculated "hard cap." Oakland County health care offerings are primarily self-insured, not premium based. In the case of self-insured entities, the law requires the use of "illustrative rates." However, because those illustrative rates are significantly higher than actual County costs, the Board of Commissioners has exercised a provision in PA 152 to opt out of the 80% or "hard cap" requirement.

Even though the County opts out of PA 152 requirements, Human Resources and Fiscal Services Divisions still calculate Oakland County's actual active employee health care cost to compare against the State hard cap, to measure whether the County is remaining within the spirit of the statute. The State calculated hard cap for the period April 2012-March 2013 is \$36,303,143. This figure is derived by multiplying the number of one-person, two-people, and family health care contracts for County employees by the State authorized employer contribution cap amounts of \$5,692.50 (single), \$11,385 (two-people) and \$15,525 (family). The County's actual cost for the same period was \$35,700,608 or **\$602,535** below the cap.

The County's efforts to limit the growth of employee benefit costs, while providing an attractive benefit package, is also reflected in the establishment of the Retiree Health Savings Plan (RHS). The RHS limits the County's contribution yet provides employees with the means to purchase independent health insurance when they separate from County employment. The level of vestment and benefit increases the longer the employee stays with the County.

While the RHS system has been beneficial to both the employee and the taxpayer, it was thought that shortening the length of the vesting schedule would help with the attraction and retention of good employees. Studies show that the new generation of employees tends to change jobs more frequently. The prior schedule, which required a minimum of 15 years to partially vest, offered minimal retention or attraction value.

In February 2014, in order to create a more impactful retention incentive, the County Executive proposed and the Board of Commissioners concurred, with a plan to shorten the RHS vesting schedule. An employee can now become partially invested by year six (6) of employment and fully invested by year ten (10). It is believed that this new schedule will entice newer employees to stay since vesting is more easily attained. Further, once an employee is fully vested, they will have built up a level of equity which may entice them to continue employment with the County.

County of Oakland

Letter of Transmittal

Since the RHS is a defined contribution system, there is no budgetary cost to the County for reducing the vesting schedule. The only potential future financial impact to the County is reduced amounts of contributions forfeited back to the County in the event that an employee does not partially, or fully, vest. This future potential cost is anticipated to be more than offset by the anticipated savings resulting from the retention of trained employees.

The need to shorten the RHS vestment schedule reflects a larger issue faced by many organizations, both public and private. That issue being the generational shift among the workforce. The Baby Boomer generation, who has occupied most of the County's leadership positions, are aging out and beginning to retire. The County's Human Resource Department has calculated that 24.5% of the County workforce will be able to retire within the next three (3) years. In order to maintain the excellent services residents deserve and expect, the County must identify the next generation of leaders, retain and train them, and recruit the generation after them.

County Departments are actively engaging in succession planning efforts in order to identify future leaders and retain institutional knowledge. Primarily efforts are initiated within individual departments to identify the future leaders, as well as identify training needs and other actions which can assist these individuals' development. In addition, the County Human Resources Department continues to develop County-wide programs to identify and train the future leaders.

One such effort was the development of an Internal Career Fair. For the last seven years, the County Administration, with the cooperation of the other Elected Officials, implemented a hiring freeze. This action required departments to obtain approval of the Budget Task Force (consisting of the five Deputy County Executives) before filling a vacant full-time position or promoting a full-time benefit eligible employee. This process allowed for a more thoughtful, countywide review of talent management decisions and resulted in the reengineering of many operations; however it also stalled some advancement opportunities for employees, hampering the progression of high potential beginning and mid-career employees.

The combination of increasing retirements of the aging workforce, along with a strengthened economy and more secure revenue base, means additional promotional and hiring opportunities are now starting. There are many talented individuals who are currently employed with the County, who may be interested in advancement in some other department; however, they might not be familiar with the work performed by that department, the potential opportunities, and qualifications required to change career paths.

In order to match talent and opportunity, the Human Resources Department held an Internal Career Fair in January 2014. Interested County employees were able to talk with department representatives to find out about the operations and the requirements to be employed in that area and any existing career opportunities. At the very least, employees became knowledgeable of what they needed, in terms of education and experience, to be considered for advancement - not only in their department, but across the County.

County of Oakland Letter of Transmittal

The initiatives the County Administration and Elected Officials implemented are designed to provide a stable financial environment so that County government can continue to provide services the citizens require in an effective and efficient manner. A prime measurement of that financial stability is Oakland County's sustainable practice to maintain a minimum level of General Fund balance equating to approximately 20% of annual General Fund/General Purpose expenditures. This targeted minimum amount, reflecting the Government Finance Officers' Association (GFOA) best practice as well as cash flow requirements generated under Michigan Public Act 357 of 2004, should be sufficient to maintain services, without disruptive financial swings.

As noted in the accompanying financial statements, Oakland County's General Fund balance equaled \$242.8 million as of September 30, 2013. This level of fund balance equates to 58.0% of budgeted fiscal year 2014 GF/GP expenditures. However, of that amount, \$33.8 million is assigned to balance the fiscal year 2014 budget; \$41.4 million is assigned to balance the fiscal year 2015 budget; \$47.0 million is assigned to balance the fiscal year 2016 budget. When the above assignments are removed, the General Fund balance still stands at \$120.6 million or 28.8% of General Fund/General Purpose expenditures.

Furthermore, the County has already identified several opportunities to achieve additional savings which are being implemented in fiscal year 2014 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, 2018 will be \$131.9 million or 30.1% of planned GF/GP expenditures, well above the County's targeted minimum level of fund balance. This can be accomplished without additional departmental reductions.

Oakland County's elected officials and administration have consistently demonstrated the capacity to *manage* the business of the County throughout the past difficult economy. 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 allowed the County to weather the recent fiscal storm and emerged even stronger.

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

Out of more than 3,100 counties in the United States, only 38 enjoy the distinction of an AAA bond rating from at least one rating agency (down from 49 counties at this time last year). Oakland County's AAA bond rating, affirmed by two rating agencies, 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, 2012; this was the 22th 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, 2012. This latest award is the 14th 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.

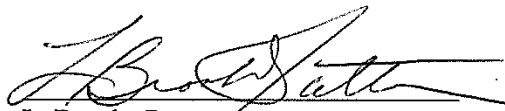
Lastly, Oakland County is the proud recipient of the GFOA award for its Popular Annual Financial Report (PAFR). The fiscal year 2012 PAFR award was the County's 17th consecutive citation. Oakland County is one of two counties in the state of Michigan that holds all three of the GFOA awards simultaneously.

County of Oakland Letter of Transmittal

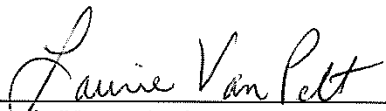
Acknowledgements:

The preparation of the CAFR would not have been possible without the efficient and dedicated services of the entire staff of the Fiscal Services Division of the Department of Management and Budget. We would like to express our appreciation to all members of the division who assisted and contributed to the preparation of this report. Credit must also be given to all Countywide elected officials, including the Sheriff, Prosecuting Attorney, Clerk/Register of Deeds, Treasurer, and Water Resources Commissioner, as well as the County Board of Commissioners and the members of the Circuit, Probate, and 52nd District Court, for their unfailing support for maintaining the highest standards of professionalism in the management of Oakland County's governmental finances.

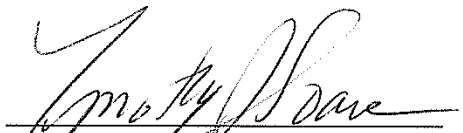
Respectfully submitted,



L. Brooks Patterson
Oakland County Executive

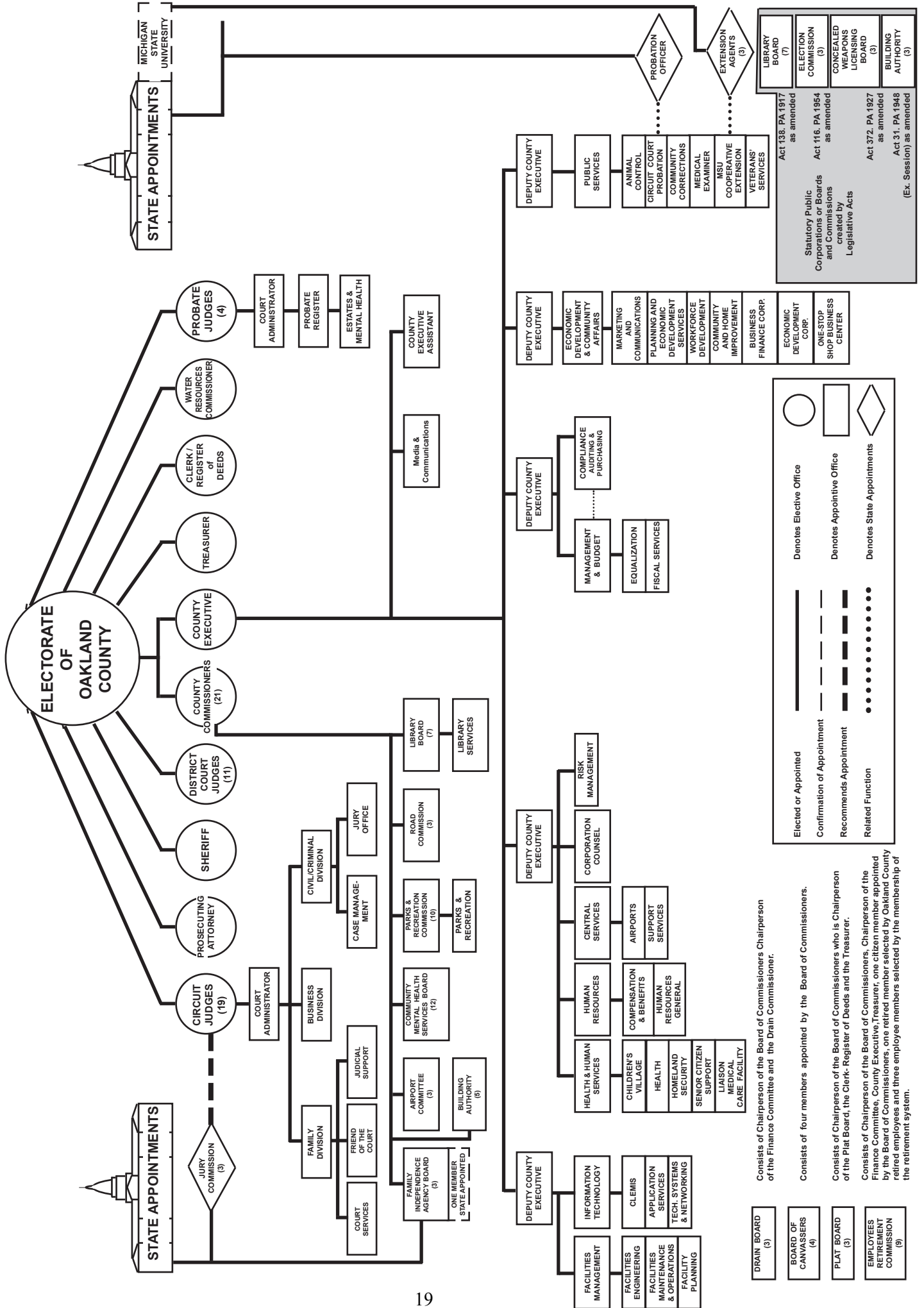


Laurie Van Pelt, CPFO
Chief Fiscal Officer and Director,
Department of Management and Budget



Timothy J. Soave, CPFO
Manager, Fiscal Services Division

OAKLAND COUNTY GOVERNMENT ORGANIZATIONAL CHART



COUNTY EXECUTIVE

L. Brooks Patterson

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Prosecuting Attorney
Jessica R. Cooper

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Eric Wilson, Commissioner

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Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

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

Report on the Basic Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, 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, 2013 and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oakland County as of September 30, 2013 and the respective changes in its financial position and, where applicable, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

To the Board of Commissioners
Oakland County, Michigan

Other Matters

Required Supplementary Information

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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The other budgetary comparison schedules and combining statements, as identified in the table of contents as other supplementary information and the introductory section and statistical section, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The other budgetary comparison schedules and combining statements, as identified in the table of contents as other supplementary information, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as identified in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section, as identified in the table of contents, have 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 them.

To the Board of Commissioners
Oakland County, Michigan

Other Reporting Required by *Government Auditing Standards*

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 18, 2014

County of Oakland

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of Oakland County's (the "County") financial performance, providing an overview of the activities for the fiscal year ended September 30, 2013. 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 2013.
- Net position increased by \$4.7 million to \$1,107.4 million (excluding component units).
- Governmental activities net position increased by approximately \$2.5 million to \$401.3 million.
- Business-type activity net position increased \$2.2 million to \$706.1 million.

Fund Level:

- At the close of the fiscal year, the County's governmental funds reported combined ending fund balance of \$341.2 million, an increase of \$17.9 million from the fiscal year 2012 governmental funds combined ending fund balance, primarily reflecting efforts to reduce General Fund /General Purpose expenditures.
- The General Fund balance increased by \$19.3 million from \$223.4 million at the end of fiscal year 2012 to \$242.8 million at the end of fiscal year 2013. 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 \$804.4 million, consisting of \$706.1 million for the Enterprise Funds (a \$2.2 million increase from fiscal year 2012) and \$98.2 million for the Internal Service Funds (a \$5.4 million increase from fiscal year 2012). These increases are a result of the increased use of the services provided by these funds.

Capital and Long-term Debt Activities:

- The County's capital assets experienced a net decrease of \$4.4 million during fiscal year 2013 primarily reflecting infrastructure depreciation.
- The County reported \$390.7 million in new general government debt and business-type debt during fiscal year 2013, reflecting \$350.0 million in private placement bonds issued to refinance the 2007 Certificates of Participation (COPs) which funded Other Post-Employment Benefits (OPEB).
- The County paid \$46.3 million in general government bond and note obligations during fiscal year 2013, which includes \$21.3 million in payments of Building Authority debt and \$20.5 million in COPs payments.
- Also, the County implemented a reporting change to recognize the remaining \$422.1 million in COPs debt as part of the Interim Retiree Medical Benefits Trust Fund. Previously, this debt had been recorded as governmental activity debt.
- The County is \$4.0 *billion* below its authorized debt limit.

County of Oakland

Management's Discussion and Analysis

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 2013. 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

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

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. 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 Fiduciary Net Position. These funds, which include pension, VEBA, and agency funds, are reported using the accrual basis of accounting. The government-wide statements *exclude* the fiduciary fund activities and balances because these assets are not available to the County to fund its operations.

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Supplementary Information

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

County of Oakland

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

As previously stated, Oakland County's financial position improved during fiscal year 2013. As reflected in the table below, the County's combined net position increased by \$4.7 million over the course of this fiscal year's operations. In particular, the net position of the governmental activities increased by approximately \$2.5 million (0.6 percent) reflecting continuing efforts to limit expenses as the County operations work to match constricting revenues. These reductions were almost totally offset by normal inflationary increases. The business-type activities had an increase of \$2.2 million in net position (0.3 percent) which reflect increasing water and sewer operations partially offsetting reduced capital contributions as the assumption of the City of Pontiac's water/sewer infrastructure was primarily recorded in fiscal year 2012.

Oakland County's Net Position

(in millions of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current Assets	\$ 553.5	\$ 514.0	\$ 505.7	\$ 468.5	\$ 1,059.2	\$ 982.5
Capital Assets	194.9	190.1	299.4	308.6	494.3	498.7
Other Long-term Assets	245.1	353.2	-	-	245.1	353.2
Total Assets	<u>993.5</u>	<u>1,057.3</u>	<u>805.1</u>	<u>777.1</u>	<u>1,798.6</u>	<u>1,834.4</u>
Current Liabilities	119.4	92.1	66.0	54.7	185.4	146.8
Other Liabilities	472.8	566.4	33.0	18.5	505.8	584.9
Total Liabilities	<u>592.2</u>	<u>658.5</u>	<u>99.0</u>	<u>73.2</u>	<u>691.2</u>	<u>731.7</u>
Net Position:						
Net Investment in						
Capital Assets	137.5	148.7	264.6	289.0	402.1	437.7
Restricted	72.5	92.9	73.8	77.4	146.3	170.3
Unrestricted	191.3	157.2	367.7	337.5	559.0	494.7
Total Net Position	<u>\$ 401.3</u>	<u>\$ 398.8</u>	<u>\$ 706.1</u>	<u>\$ 703.9</u>	<u>\$ 1,107.4</u>	<u>\$ 1,102.7</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 position changed during the fiscal year:

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

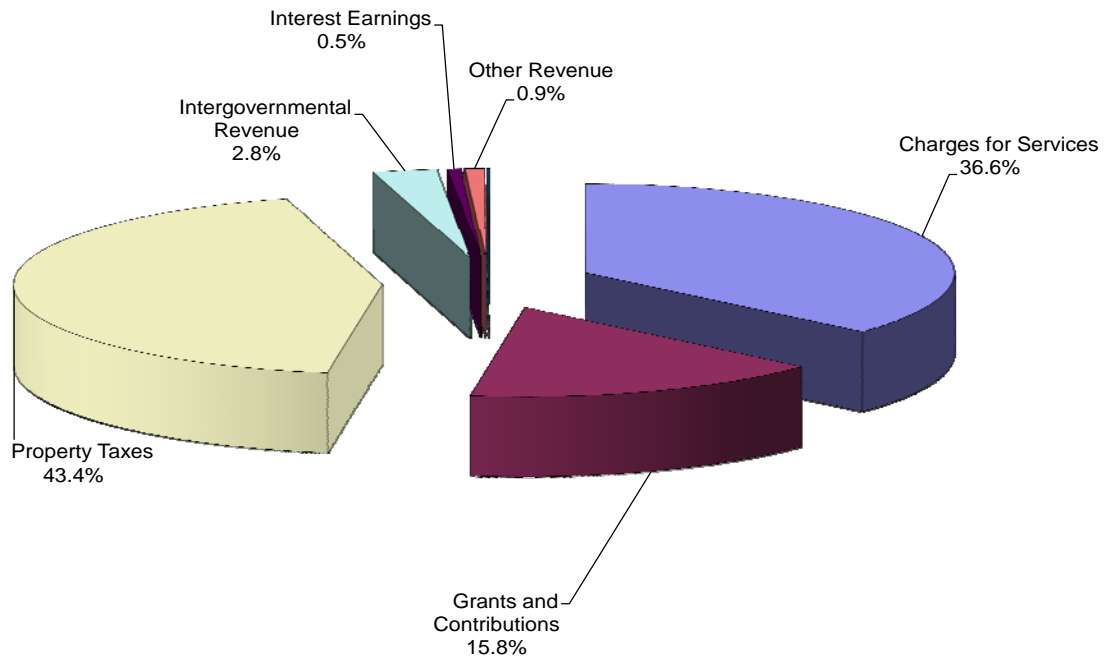
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenue						
Program Revenue						
Charges for Services	\$ 168.2	\$ 152.9	\$ 248.1	\$ 226.5	\$ 416.3	\$ 379.4
Grants and Contributions						
Operating	71.8	84.5	0.1	13.3	71.9	97.8
Capital	1.0	2.6	4.7	17.9	5.7	20.5
General Revenue						
Property Taxes	199.8	200.7	11.4	11.7	211.2	212.4
Intergovernmental Revenue	12.8	11.1	-	-	12.8	11.1
Investment Earnings	2.5	3.0	1.7	2.1	4.2	5.1
Other Revenue	3.8	6.5	-	-	3.8	6.5
Special Item - Pontiac W/S	-	-	6.5	37.5	6.5	37.5
Gain on Sale of Assets	0.3	0.2	-	-	0.3	0.2
Total Revenue	<u>460.2</u>	<u>461.5</u>	<u>272.5</u>	<u>309.0</u>	<u>732.7</u>	<u>770.5</u>
Expenses						
Public Safety	195.3	203.7	17.1	17.4	212.4	221.1
Justice Administration	90.9	91.4	-	-	90.9	91.4
Citizen Services	82.5	83.1	6.7	9.0	89.2	92.1
Public Works	29.0	29.2	204.1	174.3	233.1	203.5
Recreation and Leisure	1.6	1.7	21.2	20.1	22.8	21.8
Commerce and Community Dev.	48.9	53.8	-	-	48.9	53.8
General Government	24.8	24.9	1.4	1.6	26.2	26.5
Interest on Debt Service	2.6	4.0	-	-	2.6	4.0
Unallocated Depreciation	1.9	1.9	-	-	1.9	1.9
Total Expenses	<u>477.5</u>	<u>493.7</u>	<u>250.5</u>	<u>222.4</u>	<u>728.0</u>	<u>716.1</u>
Revenue (Under) Over Expenditures	(17.3)	(32.2)	22.0	86.6	4.7	54.4
Transfers - On-going	19.8	33.1	(19.8)	(33.1)	-	-
Increase in Net Position	<u>2.5</u>	<u>0.9</u>	<u>2.2</u>	<u>53.5</u>	<u>4.7</u>	<u>54.4</u>
Net Position - Beginning	<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>
Net Position - Ending	<u>\$ 401.3</u>	<u>\$ 398.8</u>	<u>\$ 706.1</u>	<u>\$ 703.9</u>	<u>\$ 1,107.4</u>	<u>\$ 1,102.7</u>

County of Oakland Management's Discussion and Analysis

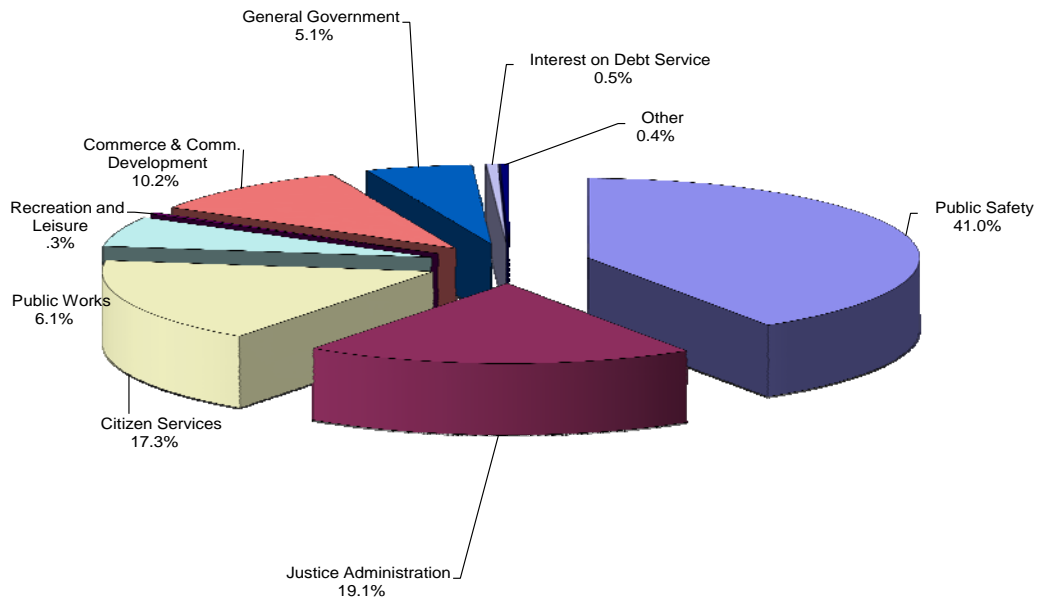
Governmental Activities:

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

Revenues - Governmental Activities Fiscal Year Ended September 30, 2013



Expenses - Governmental Activities Fiscal Year Ended September 30, 2013



County of Oakland Management's Discussion and Analysis

In total, fiscal year 2013 governmental activity revenue collections decreased by \$1.3 million (0.3 percent) from fiscal year 2012. Of this amount, charges for services received \$15.3 million more in fiscal year 2013 and intergovernmental revenue increased by \$1.7 million. These increases were offset by decreases of \$14.3 million in grants and contributions, \$2.7 million in other revenue, \$900,000 in property tax collections, and \$500,000 in investment income from the fiscal year 2012 amounts.

Property taxes, which generated \$199.8 million in revenue, remains the largest source of support for governmental activities, comprising 43.4 percent of all governmental activity revenue. Governmental activities have decreased their dependency on property taxes; the fiscal year 2013 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 approximately \$900,000 from the amount realized during fiscal year 2012. This decrease reflects a reduction in the taxable value of property located within Oakland County's borders, as well as increased tax financing offsets, which decreased property tax revenue by \$3.5 million. This loss was partially offset by a reduction of \$2.7 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's 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, \$3.0 million in fiscal year 2012, and \$2.7 million in fiscal year 2013.

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

Charges for services, which reflects revenue generated by county operations invoicing specific benefiting parties for services performed, as well as recognition of other revenues generated by specific programs, is the second largest source of governmental activity revenue, generating \$168.2 million or 36.6 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.

County of Oakland Management's Discussion and Analysis

The \$168.2 million collected in fiscal year 2013 represents a \$15.3 million increase (10.0 percent) from the previous fiscal year. The increase in collection reflects a number of factors including \$5.6 million for special assessment which represents the payoff, by the City of Pontiac, of a Building Authority debt for improvements made to the City's Phoenix Center; \$3.6 million in additional revenue to the Treasurer related to expanded marketing efforts for the sale of forfeited property through the annual Tax Sale; the Clerk/Register of Deeds experiencing \$2.8 million in increased filing fees and land transfer tax revenue related to the improving housing market; \$1.3 million in additional external revenue to the Fringe Benefit Fund resulting from the recognition of forfeited defined contribution retirement deposits; \$1.0 million resulting from increased rates and contract additions (offset by higher cost) for the Sheriff's patrol services contracts with local communities; and \$700,000 increased interest from communities resulting from payment for their portion of joint Building Authority projects.

The third largest source of support for governmental activities is the \$72.8 million received in operating and capital grants and contributions during fiscal year 2013, which is 15.8 percent of the total revenue for governmental activities. This amount represents a \$14.3 million decrease (16.4 percent) from fiscal year 2012. Included in this total change is \$12.7 million for decreased operating grants (15.0 percent) which consists of a reduction of \$4.9 million in Workforce Development efforts and \$2.8 million Housing and Community Development projects involving cut backs at the Federal level as the president and Congress attempt to close the spending gap. In addition, Homeland Security grants decreased by \$3.5 million as previous grants were completed in fiscal year 2012. Health Services grants also decreased by \$1.1 million for the same reason.

Capital contributions and grants decreased by \$1.6 million (61.5 percent) which reflects the completion, in fiscal year 2012, of several Environmental Protection Agency grants for three of the County's sewage disposal systems.

Oakland County governmental activities also recorded \$12.8 million in intergovernmental revenue during fiscal year 2013, a \$1.7 million increase (15.3 percent) from the amount received in fiscal year 2012, primarily due to an additional liquor tax distribution. This is revenue "shared" by the state and federal government, and is not tied to contractual obligations such as grant agreements.

Governmental activities generated \$2.5 million in investment earnings during fiscal year 2013; this amount reflects a decrease of approximately \$500,000 (16.7 percent) from the amount earned in fiscal year 2012. The amount reflects the continuing constriction of market returns (although still higher than U.S. Treasury rates) and changing cash flow demands for all funds administered by the County.

Governmental activity fiscal year expenses decreased \$16.2 million from the fiscal year 2012 expense level, a 3.3 percent reduction from the previous fiscal year. This decrease was reflected across all governmental activities, to various degrees. There were few operational changes in the governmental activities during fiscal year 2013. Except for the personnel and capital savings, described below, the governmental activities expenses remained relatively constant.

Governmental activities expensed \$6.6 million less in personal expenses (salaries, overtime, and fringe benefits) across all activities from the fiscal year 2012 amount. This reduction is reflective of the County's policy of not filling vacant full-time, benefit-eligible authorized positions during fiscal year 2013 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 149 authorized positions vacant by the end of fiscal year 2013.

County of Oakland Management's Discussion and Analysis

Furthermore, an additional 122 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 271 vacant and underfilled positions at end of fiscal year 2013 represents 6.3 percent of the total authorized positions in the County.

Furthermore, governmental activities purchased \$1.4 million less in capital goods during fiscal year 2013 from the amount purchased in fiscal year 2012. This reduction is part of a concentrated effort to scrutinize each capital outlay request and to authorize only those requests which were deemed a high priority.

The substantial portion of specific reductions, noted below, was a result of grant reductions and project completions. It should be noted that these expense reductions were offset by revenue reductions for operating grants and capital grants and contributions.

Public Safety continued to be the largest governmental activity, expensing \$195.3 million of the \$477.5 million total governmental activities amount (41.0 percent). Public Safety, which encompasses law enforcement, crime prevention, incarceration, emergency management, and technical support, saw expenses decrease by \$8.4 million (4.1 percent) from the previous fiscal year. This reduction reflected personnel and capital savings of \$4.6 million as discussed above; \$2.2 million reduction in this activity's portion of Homeland Security grants, which were completed in fiscal year 2012; and \$1.2 million reduction reflecting the completion of the Jail Population Management project, which enhanced inmate movement and record keeping.

Closely linked to Public Safety, Justice Administration is the second largest expense category, accounting for \$90.9 million, or 19.1 percent, of the total governmental activity expenses. The Justice Administration activity, which centers on the operations of the 6th Judicial Circuit Court, 52nd District Court, as well as the Prosecuting Attorney, County Clerk functions which support the courts, and the Reimbursement Unit of the Fiscal Services Division, experienced an approximately \$500,000 expense decrease (0.5 percent) from the previous fiscal year which reflects the personnel and capital savings discussed above.

Citizen Services, which includes all public health activities, public services such as Veterans' Services, and the care of children who have been declared wards of the Oakland County Family Court, is the third largest governmental activity with \$82.5 million in expenses, or 17.3 percent, of the total governmental activities. Expenses for this activity decreased by \$600,000 from the fiscal year 2012 level (0.7 percent), also reflecting the personnel and capital savings discussed above.

Commerce and Community Development, which reflects all efforts to promote and sustain a strong economic business climate and vibrant communities, experienced \$48.9 million in expenses (10.2 percent of the total governmental activities expenses), a decrease of \$4.9 million (9.1 percent) from fiscal year 2012. This decrease reflects reduced grant expenditures for Workforce Development efforts reflecting Federal and State cutbacks.

The Public Works activity, which includes the operating systems that form the infrastructure of basic county functions, expensed \$29.0 million in fiscal year 2013, or 6.1 percent of the total governmental activities expenses. This level of expenses is a decrease of approximately \$200,000 or 0.7 percent from fiscal year 2012 and reflects personnel and capital savings.

County of Oakland Management's Discussion and Analysis

The General Government activity, which is comprised of the administration and financial management of County business, expensed \$24.8 million in fiscal year 2013, or 5.1 percent of the total governmental activities expenses. The level of expenses in fiscal year 2013 decreased by approximately \$100,000 from fiscal year 2012 (4.0 percent) reflecting personnel and capital savings.

Interest on Debt Service is reported at \$2.6 million in fiscal year 2013, less than 1 percent of the total expenses for governmental activities. This amount is \$1.4 million lower (33.4 percent) than the amount reported for fiscal year 2012 and reflects the completion of several long-term issues.

Finally, operating transfers reflect a net transfer of \$19.8 million from business-type activities to the governmental activities; this is a decrease \$13.3 million from the net transfer amount in fiscal year 2012. This decrease reflects the planned reduction in transfers from the Delinquent Tax Revolving Fund to support General Fund operations. Transfers were increased from the DTRF to the General Fund, for a specific three-year period, in order to allow for a managed response to reduced General Fund revenues. That three-year period ended with fiscal year 2012.

As stated previously, the result of fiscal year 2013 governmental activity was an overall increase of \$2.5 million in net position, to \$401.3 million. This amount reflects the fact that the County's governmental activities expended \$17.3 million more than the revenue generated, offset by \$19.8 million in transfers in from the business type. Of the total \$401.3 million in governmental activities' net position, \$137.5 million is invested in capital assets net of related debt; \$72.5 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 \$191.3 million is reported as unrestricted.

Business-type Activities

Net position in business-type activities is reported at \$706.1 million for fiscal year 2013, an increase of \$2.2 million (0.3 percent) over the amount reported at the end of fiscal year 2012. Of the total net position, \$264.6 million is net invested in Capital Assets, \$73.8 million is restricted by agreement or covenant, and \$367.7 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.

Although the overall net change in business-type activities was not large, individual activities' revenue and expenses did change, primarily involving the assumption of the City of Pontiac's water and sewer infrastructure and operations by the County's Water Resources Commissioner. During fiscal year 2012, in order to assist the City of Pontiac with its fiscal challenges, the County, City and the State (represented by an Emergency Manager) agreed to have the County assume the infrastructure and operations of the City's water and sewer activities.

The City of Pontiac's water and sewer infrastructure (pipes, mains, drains, transfer system) was assumed by the County during fiscal year 2012. This resulted in the reporting of a Special Item in fiscal year 2012 which was reduced in fiscal year 2013, since most of the infrastructure was recorded in the previous year. Similarly, water and sewer operations, which began in September 2012 (fiscal year 2012), were fully transferred in fiscal year 2013, increasing certain revenues and expenses in the public works activity.

During fiscal year 2013, business-type activities generated \$272.5 million in revenue; this is a decrease of \$36.5 million (11.8 percent) from the previous fiscal year. Over 85 percent of this decrease, \$31.0 million, reflects the reduction in the recording of a Special Item for the assumption of the City of Pontiac's water and sewer infrastructure.

County of Oakland Management's Discussion and Analysis

The remaining portion is a \$26.3 million reduction in Grants and Contributions, a \$300,000 reduction in Investment Earnings and a \$300,000 reduction in Property Taxes. These reductions were partially offset by a \$21.6 million increase in Charges for Services.

The \$6.5 million collected on the Special Item (a reduction of \$31.0 million) reflects the balance of the value of the City of Pontiac's water and sewer infrastructure (pipes, mains, drains, transfer systems), transferred to the control of the County's Water Resources Commissioner, which was not recorded in fiscal year 2012, as was discussed above. 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 \$26.4 million decrease in grants and contributions includes a \$13.2 million reduction in operating grants and a \$13.2 million reduction in capital grants and contributions. The operating grant decrease is a result of the recording grant reserve, transferred from the City of Pontiac to the County, during fiscal year 2012 which was not repeated in fiscal year 2013. These were funds, provided by the State of Michigan, relating to the operation of the City's water and sewer system. Since the operation of that system had been transferred to the County, the remaining related grant funds were also transferred. The capital contribution decrease reflects the fact that several years of capital projects of the Oakland County International Airport (OCIA) were closed during fiscal year 2012, which generated a larger one-time increase in capital contributions for that fiscal year.

Business-type activity revenue collections also experienced a \$400,000 reduction in investment earnings, reflecting a reduction in cash position for some of the business-type funds. In addition, property tax collections fell \$400,000, reflecting the reduced value of real property located within the County's borders which is used to fund Parks and Recreation operations.

Partially offsetting the reductions in business-type activities collection was an increase of \$21.6 million in charges for services during fiscal year 2013. The significant majority of this increase reflects a full year of operations (beginning in September 2012), by the County's Water Resources Commissioner, and thus the collection of fees paid by the City of Pontiac residents for water and sewer usage.

Business-type activity posted expenses of \$250.5 million, an increase of \$28.1 million from fiscal year 2012 (12.6 percent). Almost the entire amount (\$29.9 million) of this increase is reflected in the Public Works activity specifically related to the full-year operations of the water and sewer system for the City of Pontiac.

In addition, Citizen Services expenses decreased by \$2.3 million from the fiscal year 2012 amount. This decrease reflects the fact that fiscal year 2012 included equipment replacement expenses for the Radio Communication operations and the Courts and Law Enforcement Information System (CLEMIS), which did not occur in fiscal year 2013.

The remaining activities experienced insignificant changes.

County of Oakland

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR FUNDS

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

Governmental Funds

Three (3) governmental funds are designated as major funds of the County: the *General Fund*, the *Building Authority Debt Act 31 Fund*, and the *Water and Sewer Debt Act 342 Fund*. As the County completed fiscal year 2013, the governmental funds reported *combined* fund balances of \$341.2 million with the fund balances of the General Fund, the Building Authority Debt Act 31 Fund and the Water & Sewer Debt Act 342 Fund, representing 71.4 percent of the combined governmental funds balance.

The fiscal year ending combined fund balances of \$341.2 million is an increase of \$17.9 million from the combined fund balances reported at the end of fiscal year 2012. The increase in the combined governmental fund balances reflects a \$19.3 million addition to the General Fund balance, reflecting various revenue increases and the continuing effort to limit increases in expenditures; and a \$708,000 increase in the Building Authority Debt Act 31 Fund reflecting reduced interest charges due to refinancing. These increases were partially offset by a \$2.2 million reduction in the non-major governmental funds which reflects a planned reduction of \$24.7 million in the Revenue Sharing Reserve special revenue fund (RSRF) as required by state law, partially offset by a \$27.8 million increase in the non-major Capital Project funds related to the issuance of new bonds for facilities infrastructure, IT projects, and community mental health building renovations.

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, 2013, the General Fund reported a fund balance of \$242.8 million. This amount reflects an increase of \$19.3 million (8.6 percent) from the fund balance of \$223.5 million reported as of September 30, 2012.

The overall \$19.3 million increase in the General Fund balance is a result of General Fund revenues exceeding General Fund expenditures by \$13.1 million. In addition, the General Fund received \$43.2 million transfers from other funds, while transferring \$37.0 million to other funds, rendering a net "transfer-in" of \$6.2 million.

General Fund revenues were recorded at \$342.9 million for fiscal year 2013. This amount is an increase of \$7.5 million (2.2 percent) from the \$335.4 million received in fiscal year 2012. This change reflects increased charges for services revenue of \$7.5 million (7.3 percent) above the amount collected in fiscal year 2012 reflecting \$3.6 million in additional revenue to the Treasurer related to expanded marketing efforts for the sale of forfeited property through the annual Tax Sale; \$2.8 million increase due to increased filing fees and land transfer tax revenue, received by the Clerk/Register of Deeds, related to the improving housing market; and \$1.0 million resulting from increased rates and contract additions (offset by higher cost) for the Sheriff's patrol services contracts with local communities.

County of Oakland Management's Discussion and Analysis

Furthermore, other intergovernmental revenues increased by \$1.6 million (11.8 percent) reflecting increased convention facility payments from the State due to additional State collections. This payment is formula based. These increases were offset by an approximately \$700,000 reduction (8.4 percent) in indirect cost revenue reflecting lower grant and enterprise fund expenditures (indirect cost is calculated as a percentage of non-General Fund expenditures).

General Fund expenditures were \$329.6 million, a decrease of \$7.3 million from the fiscal year 2012 level. This decrease primarily reflects the salary and fringe benefit savings resulting from the hiring freeze on full-time benefit eligible employees, which was discussed in the *Financial Analysis of the County as a Whole* section of this *Management's Discussion and Analysis*. In addition, contractual services expenditures decreased by approximately \$800,000 due to the renegotiation by the Sheriff of the contract to provide food service to the jail.

The General Fund received \$43.2 million in transfers from other funds; this is a decrease of \$12.6 million (22.6 percent) from the amounts transferred during fiscal year 2012. The primary reason for this decrease was the planned reduction in transfers from the Delinquent Tax Revolving Fund to support General Fund operations. Transfers were increased from the DTRF to the General Fund, for a specific three-year period, in order to allow for a managed response to reduced General Fund revenues. That three-year period ended with fiscal year 2012.

The General Fund transferred \$37.0 million to other funds during fiscal year 2013. This amount is \$5.1 million more (16.0 percent) than the fiscal year 2012 transfers and is due to an actuarially required contribution for the County's defined benefit retirement system. Please note that normally the Fringe Benefit Funds collect revenue through user rates to pay the required contribution. However, due to the volatility in the annual required contribution and the desire not to fluctuate the fringe benefit rate dramatically, the General Fund transferred funds to the Fringe Benefit Fund to pay the required contribution. This was the first required contribution in over twenty years.

Of the total \$242.8 million General Fund balance, all but \$1.1 million is Non-Spendable, Restricted, or Assigned for specific purposes. The total fiscal year 2013 General Fund balance represents 63.1 percent of the fiscal year 2013 General Fund/General Purpose operations. However, it should be noted that \$166.6 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 20.0 percent of the fiscal year 2013 General Fund/General Purpose operations. The General Fund balance of \$242.8 million represents 49.9 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 20, 2012 (prior to the start of the fiscal year), the budget is frequently amended during the course of the fiscal year to reflect changing operational demands.

The General Fund revenue budget was increased by \$4.9 million during the fiscal year 2013 from \$321.1 million to \$326.0 million (1.5 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 \$4.6 million. Other amendments included \$207,671 for Sheriff Law Enforcement and Dispatch contracts, and \$878,817 for Clerk/Register of Deeds primarily related to Land Transfer Tax and Mortgage revenue. These increases were offset by revenue reductions for the Enhancement Funds revenue line item that was used to recognize the use of law enforcement restricted funds previously held in a liability (deferred revenue) account within the General Fund. The implementation of GASB 63 during fiscal year 2012 required that these restricted monies be held in separate funds and transferred to the General Fund when eligible costs were incurred.

County of Oakland Management's Discussion and Analysis

Actual General Fund revenue totaled \$342.9 million, \$16.9 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 \$12.4 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 \$4.1 million primarily due to the reduction of the Tax Tribunal Liability from \$5.0 million to \$2.3 million based on updated estimates for tax appeal adjustments as well as an improvement over the one percent decline in taxable value that was included in the FY 2013 operating budget. Finally, there was favorability of \$2.5 million within the Other Revenue category which was related to prior year adjustments for the accrual adjustment of Circuit Court defense attorney fees, repayment of the Remonumentation advance from the Register of Deeds Automation Fund, and fiscal year 2012 check cancellations that occurred in fiscal year 2013.

However, there were some significant losses in revenue which included \$1.4 million unfavorable Investment Income due to lower investment rates and market rate adjustments. There was also less revenue than anticipated from the State for Sheriff Diverted Felon revenue due to lower number of inmates with certain offenses that are billable to the State (\$508,025), reduced amount for the State Court Fund Distribution PA 189 based on reduced caseloads (\$350,747), and Indirect Cost Recovery (\$289,068) due to lower activity related to construction projects, grants, and proprietary funds that could be charged for indirect costs.

The General Fund expenditure budget remained relatively unchanged from \$363.5 million to \$363.4 million during fiscal year 2013. However, there were some significant changes during the year. Changes included \$2.1 million in operating appropriations from fiscal year 2012 that were carried forward for specific projects which were not yet completed. Most notably, the funds carried forward included \$1.1 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; \$476,357 for Sheriff's Office use of forfeiture funds and funding for the jail security camera project; \$196,700 to continue Circuit Court's State Judicial Technology Improvement and Online Judges project, the use of mediation funds for equipment and furniture, and visiting judge services; and \$36,400 for the Board of Commissioners webcasting project.

Further, there were additional appropriations made during fiscal year 2013 for new Tri-Party Road Improvement Program projects in the amount of \$2.0 million; \$207,671 for sheriff law enforcement and dispatch contract amendments; and \$227,922 for expenditures related to Community and Economic Development events. These appropriation increases were offset by a reduction of \$5.4 million for the Fringe Benefit Reserve line item in the non-departmental General Fund that was re-appropriated as a Transfer Out to the Fringe Benefit Fund for the required pension contribution.

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 in the Operating and Internal Support Expenditure categories for defense attorney fees, professional services, internal service fund charges, and prior year adjustments, the end of fiscal year 2013 resulted in several departments reflecting actual expenses in excess of total budgeted appropriations. Therefore, amendments totaling \$629,200 were made to cover the shortage in Operating Expenditures and Internal Support Expenditures.

The General Fund expenditures for fiscal year 2013 were \$33.6 million below budget. Generally, this favorable variance from the budget reflects continued conscious efforts on the behalf of the County's elected officials to limit expenditures wherever and whenever possible.

County of Oakland Management's Discussion and Analysis

Of the total variance, \$17.9 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. The hiring and promotion freeze practice has remained in place and requires the approval of the Budget Task Force (consisting of the five Deputy County Executives) prior to filling a vacant full-time position or promoting a full-time benefit eligible employee.

In addition, \$5.4 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 2014 budget to complete the projects.

Furthermore, the Department of Human Services reflects favorable variances of \$1.4 million due to funds reserved for Substance Abuse Satellite Centers, which were restricted in fund balance for future use; \$2,232,913 favorable variance for Sheriff's Office related to savings achieved from the jail inmate food and jail clinic service contracts, and reduced civil service fees associated with serving of documents (offset by reduced civil action service revenue); \$859,325 in savings for Circuit Court related to favorable Defense Attorney Fees, Attorney Fees Mediators, and Juror Fees and Mileage due to less activity; \$812,143 resulting from the Building Space Allocation look-back credit; \$207,784 in savings for Economic Development largely due to reduced resident participants in the NOHAZ program (offset by reduced program reimbursement); and \$189,992 favorability in Human Resources related to reduced spending for legal and professional services.

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) other funds. The adopted budget assumed that the General Fund would transfer \$5.8 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 2013 by \$ 9.7 million from \$36.2 million to \$45.9 million. The largest amendment was for a \$5.4 million transfer to the Fringe Benefit Fund for the required pension contribution, the first required pension contribution in over twenty years. Also, there was a \$2.0 million transfer for cyber security upgrades, with the other smaller amendments related to transfers for various grants.

Actual financing uses from the General Fund were \$8.8 million less than budgeted. This variance largely reflects the actual resources needed by the Child Care Fund. Also, it reflects the actual resources needed for a Building Authority Debt Fund payment as the first principal payment was budgeted in fiscal year 2013 but the final related debt schedule did not require the first principal payment in fiscal year 2013.

As an offset to the financing uses, the General Fund received \$31,420 over the Amended Budget primarily due to close-out of various completed special projects within the Project Work Order Fund.

The Building Authority Debt Act 31 Fund

The *Building Authority Debt Act 31 Fund* pays the debt service for projects authorized under Michigan Public Act 31 of 1948. That act authorized the issuance of bonds to build and equip various public buildings, which are then leased back to the County. Proceeds from those leases are used to repay the bonds.

County of Oakland Management's Discussion and Analysis

During fiscal year 2013, the *Building Authority Debt Act 31 Fund* balance increased by \$708,000. This reflects the fact that the Fund generated \$11.2 million in revenue, an increase of \$8.3 million from the amount collected in fiscal year 2012. This increase reflects increased special assessments due to collections on two new issues: \$19.3 million for County Facilities Infrastructure and IT Projects and \$14.5 million for Community Mental Health Building Renovations. Furthermore, fund expenditures solely reflecting debt service payments decreased by \$4.4 million, reflecting completion of debt service on several issues and lower interest rates on the new issues.

The remaining governmental fund classified as major, the *Water and Sewer Debt Act 342 Fund*, experienced a decrease in fund balance of \$4,475, to report a total fund balance of \$22,300.

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, 2013, the Enterprise Funds had combined net position of \$706.1 million, an increase of \$2.2 million from the combined net position reported at the end of fiscal year 2012. The six major enterprise funds alone reported net positions of \$588.2 million (83.3 percent of the total combined Enterprise net position). The net position of these six major Enterprise funds increased by \$7.6 million during fiscal year 2013, which represents a 13.1 percent increase in the net position of the six major Enterprise fund balances.

Three of the six major Enterprise Funds experienced an increase in net position. The *Water and Sewer Trust Fund* increased their net position by \$9.8 million (7.5 percent) to \$139.7 million. This increase reflects a full year of the County operating the City of Pontiac's water and sewer systems.

The *Southeast Oakland County Sewage Disposal System (SOCSDS) Fund* experienced a \$2.5 million increase (7.3 percent) in net position to \$36.9 million. The primary reason for the increase in net position can be contributed to a rate increase and increased flow.

The *Delinquent Tax Revolving Fund (DTRF)* ended fiscal year 2013 with a net position of \$206.7 million, \$320,000 (0.1 percent) more than the net position recorded at the end of fiscal year 2012. This increase is a result of a reduction in transfers to support General Fund operations, as the three-year plan increased DTRF transfers ended in fiscal year 2012. 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 2013 net position of \$206.7 million still exceeds that requirement.

The *Evergreen-Farmington Sewage Disposal System Fund (EFSDS)* ended fiscal year 2013 with a net position of \$25.6 million, \$2.7 million (9.5 percent) less than the net position recorded at the end of fiscal year 2012. The decrease in net position is attributed to a reduction in metered flow which reduced revenues by \$1.1 million. In addition, construction and contracted services expenses increased due to required system maintenance projects.

The *County Airport Fund* recorded a net position of \$81.3 million as of September 30, 2013. This reflects a reduction of \$1.4 million (1.7 percent) in net position from fiscal year 2012. This decrease is due to the fact that fiscal year 2012 recorded an unusually high amount of capital contributions as a number of grant related capital projects were closed. This large amount of project closures was not repeated in fiscal year 2013.

County of Oakland Management's Discussion and Analysis

The *Parks and Recreation Fund* net position decreased \$909,000 (0.1 percent) during fiscal year 2013 to a total of \$97.9 million in net position. This decrease resulted from lower property tax revenue, reflecting the lower taxable value of property located within Oakland County (Parks and Recreation benefits from a separate .25 mill levy) and reduced charges for service revenue which experienced an unusual increase in fiscal year 2012 due to more favorable weather conditions, leading to increased recreational activity in 2012.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - At the end of fiscal year 2013, the County had invested \$494.3 million, net of accumulated depreciation, in a broad range of capital assets (see table below). This amount of net capital assets reflects a decrease of \$4.4 million from fiscal year 2012. This can be attributed to a \$4.8 million increase in governmental activities and a \$9.2 million decrease 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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 7.4	\$ 7.4	\$ 68.2	\$ 68.2	\$ 75.6	\$ 75.6
Land Improvements	0.1	0.1	10.9	12.4	11.0	12.5
Buildings and Improvements	132.3	137.0	60.4	63.6	192.7	200.6
Equipment and Vehicles	22.0	18.3	26.6	29.8	48.6	48.1
Infrastructure	13.6	13.4	96.6	103.6	110.2	117.0
Subtotal	<u>175.4</u>	<u>176.2</u>	<u>262.7</u>	<u>277.6</u>	<u>438.1</u>	<u>453.8</u>
Construction in Progress	<u>19.5</u>	<u>13.9</u>	<u>36.7</u>	<u>31.0</u>	<u>56.2</u>	<u>44.9</u>
Total Capital Assets	<u>\$ 194.9</u>	<u>\$ 190.1</u>	<u>\$ 299.4</u>	<u>\$ 308.6</u>	<u>\$ 494.3</u>	<u>\$ 498.7</u>

Net capital assets for the governmental activities increased by \$4.8 million in fiscal year 2013. This change includes an increase of \$9.5 million in construction in progress, equipment and vehicles, and infrastructure assets. The increase was offset by a reduction of \$4.7 million in building and improvements (all net of accumulated depreciation). In terms of gross numbers, the County's governmental activities had additions to capital assets of \$16.5 million, \$4.4 million in disposals of capital assets, and \$7.3 million increase in net accumulated depreciation.

Of the \$16.5 million in additions to capital assets during fiscal year 2013, \$4.9 million reflects additions for equipment and vehicles (this figure does not include depreciation). Among those additions is \$2.8 million in replacement vehicles for the Sheriff's office and various other departments; \$519,000 for server and computer hardware replacements; \$468,000 for an armored SWAT vehicle for use by the Sheriff's office as well as \$75,000 for marine and drone equipment which is being used for law enforcement efforts; \$219,000 for eleven additional Outdoor Warning Sirens, of which eight are border style sirens to assist in directional sound thus alleviating confusion between counties; \$640,000 for maintenance equipment and vehicles to be used by the systems under the care of the Water Resources Commissioner's office which included the purchase of a vactor truck; and \$56,000 for a new courtroom video system.

County of Oakland Management's Discussion and Analysis

The remaining \$11.6 million in additions to capital assets reflects construction in progress for projects including building renovations to a campus building to allow for future housing of the Oakland County Community Mental Health Authority programs (\$6.4 million), road pavement project for County Center Drive East (\$1 million) which was capitalized during 2013, Oakland Pointe Roofing project (\$1 million), renovations to the Courthouse tower elevators (\$505,000), improvements at Children's Village including renovations to building K (the kitchen facility) as well as improvements to the courtyard and sidewalks (\$500,000), parking lot improvements at the Northeast Court House lot (\$344,000), water tower restoration (\$309,000), water main replacement project (\$284,000), expansion of the County Central Garage (\$219,000), replacement of chillers at Southfield Health Office and Children's Village G Building (\$174,000), purchase of 10 sirens that have not yet been installed (\$148,000), and the collaborative asset management systems (\$127,000) which will be used to proactively manage countywide infrastructure assets.

The County disposed of \$4.4 million in equipment and vehicles during fiscal year 2013. The disposals primarily reflect the vehicles which were replaced by the new purchases discussed above and computer and maintenance equipment which were sold at auction.

Net capital assets for the business-type activities decreased \$9.2 million during fiscal year 2013. This change includes an increase of \$5.7 million to construction in progress. The increase was offset by decreases of \$7.0 million in infrastructure assets, \$3.2 million in buildings and improvements, \$3.2 million in equipment and vehicles, and \$1.5 million in land improvements. In terms of gross numbers, the County's business-type activities had additions to capital assets of \$10 million, \$128,000 in disposals of capital assets, and \$19 million net increase in accumulated depreciation.

The net decrease of \$9.2 million in current assets consists of various additions, disposals, and depreciation. There were additions of \$8.1 million to construction in progress including \$1.9 million in projects for the Parks & Recreation activity consisting of a variety of park additions and improvements. In the Evergreen Farmington Sewage Disposal System, there was \$1.5 million for the 8 Mile Pump Station and Septage Facility project, \$1.4 million for the Middlebelt Tunnel project, \$229,000 for stabilization of stream bank erosion, and \$158,000 for sewer repair. The repairs, replacements and improvements to the City of Pontiac's water and sewer system generated \$1.4 million in additional assets. Further, there were additions of \$700,000 for Oakland County Airports for parking lot reconstruction and \$700,000 for a Computer Aided Dispatch (CAD) upgrade in the Courts and Law Enforcement Management Information System (CLEMIS) activity.

Capital acquisitions also included \$928,000 in the CLEMIS activity for law enforcement equipment and \$573,000 for upgraded equipment for the Oak Video system. Also, the Parks & Recreation activity acquired \$273,000 in capital asset additions including replacement of grounds maintenance equipment and a multi-passenger bus.

Disposals included equipment with an original cost of \$128,000, of which all were fully depreciated and were sold in the County auction. The above additions were offset by \$19.2 million in depreciation expense.

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

County of Oakland Management's Discussion and Analysis

Long-term Debt - As of September 30, 2013, the County had \$535.3 million in bonds and notes outstanding. Of this amount, \$510.3 million are bonds with limited taxing authority, and \$25.0 million are notes with limited taxing authority. This represents a \$77.8 million reduction from September 30, 2012 in the limited tax authority bonds and no change in the limited taxing authority notes. In addition, the County uses its full faith and credit (as a secondary obligator) to back \$210.7 million Drainage District component unit debt. Of this total obligation, \$18.4 million reflected new debt issues, offset by \$17.8 million in debt reductions. The Drainage District component unit debt experienced a \$.6 million net obligation increase during fiscal year 2013.

Outstanding Debt as of September 30, 2013 (in millions of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Bonds - Limited Tax Authority	\$ 475.6	\$ 568.5	\$ 34.7	\$ 19.6	\$ 510.3	\$ 588.1
Total Bonds	\$ 475.6	\$ 568.5	\$ 34.7	\$ 19.6	\$ 510.3	\$ 588.1
Notes - Limited Tax Authority	\$ -	\$ -	\$ 25.0	\$ 25.0	\$ 25.0	\$ 25.0
Total Outstanding Debt	\$ 475.6	\$ 568.5	\$ 59.7	\$ 44.6	\$ 535.3	\$ 613.1

	Drainage Districts Component Unit		Pension Trust Funds Fiduciary		Total County Commitment	
	2013	2012	2013	2012	2013	2012
Bonds - Limited Tax Authority	\$ 210.7	\$ 210.1	\$ 422.1	\$ -	\$ 1,143.1	\$ 798.2
Total Bonds	\$ 210.7	\$ 210.1	\$ 422.1	\$ -	\$ 1,143.1	\$ 798.2
Notes - Limited Tax Authority	\$ -	\$ -	\$ -	\$ -	\$ 25.0	\$ 25.0
Total Outstanding Debt	\$ 210.7	\$ 210.1	\$ 422.1	\$ -	\$ 1,168.1	\$ 823.2
Debt Limit (10% of SEV)					\$ 5,142.9	\$ 5,084.0
Available Statutory Debt Limit					\$ 3,974.8	\$ 4,260.8

Oakland County issued \$390.7 million in general government debt and business-type activity debt in fiscal year 2013 (with an additional \$9.9 million in previous debt being reclassified as discussed below). Of this total, \$350.0 million, or 89.6 percent, reflects one transaction – the issuance of private placement bonds to refinance the County's outstanding Certificates of Participation (COPs) issued in 2007 to fully fund retirees' health care. The \$350.0 million proceeds from the private placement bonds were originally placed in the Interim Retiree Medical Benefit Trust (IRMBT) fund where it joined the existing assets of the IRMBT to provide sufficient capital (\$422.1 million) to call the COPs on April 1, 2014. These required assets were transferred to an escrow agent. The remaining proceeds were transferred to the Voluntary Employee Benefit Association (VEBA) to fund the VEBA at 117% of liabilities. A fully funded VEBA was one of the triggers required to call the COPs.

County of Oakland Management's Discussion and Analysis

Of the remaining additions, \$19.3 million was for Building Authority bonds concerning the Facilities Infrastructure and Information Technology projects to finance capital improvement and technology enhancement projects over the next 10 years. An additional \$14.5 million was issued to allow Oakland County Community Mental Health Authority to finance a loan for the renovation of an office building located on the County's campus for a Resource Crisis Center which is leased from the County and proceeds are used to repay the debt. Finally, \$6.9 million in business-type activity debt includes \$5.2 million in draws for State Revolving Fund loans for capital improvements for the Pontiac Water and Sewer System to address current and future capacity issues and \$1.7 million in draws for State Revolving Fund loans for the Evergreen Farmington Eight Mile Pumping Station and Septage Facility project. In addition, an adjustment of \$9.9 million was made in fiscal year 2013 for two Building Authority bonds issues that were previously reported as governmental activity debt and recorded as capital leases in the County Airport fund have been reclassified as business-type debt.

The Drainage Districts component unit issued \$18.4 million in new debt during fiscal year 2013. Of this amount, \$4.2 million includes Drain Refunding – Act 202 in conjunction with bond refundings for the Jacobs Drainage District and the Rewold Drainage District. The bonds will be repaid from assessments levied against the benefiting municipalities. Additionally, the Drainage Districts component unit includes \$14.2 million representing 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.

The \$422.1 million in the Pension Trust funds fiduciary activity reflects the remaining portion of the 2007 COPs debt. The reporting of this debt in this manner represents a change in reporting practice from the preceding fiscal year and NOT a new County obligation.

Finally, \$25.0 million in limited taxing authority notes related to the Delinquent Tax Revolving Fund were issued, representing the same amount issued in the previous fiscal year. These notes are routinely paid off during the fiscal year.

During fiscal year 2013, \$46.3 million in outstanding general government debt was paid, primarily reflecting the retirement of a portion of the Certificate of Participation taxable notes (retiree health care - \$20.5 million), the retirement of Building Authority bonds/refunding bonds (\$21.3 million), the retirement of certain water and sewer bonds/refunding bonds (\$4.4 million), and the scheduled payment of lake level bonds issued under Act 451 (\$.1 million). In addition, adjustments included (\$9.9 million) for Building Authority bond issues that were reclassified from governmental activity debt to business activity debt and (\$442.1 million) for the reporting change of the Taxable Certificates of Participation.

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, 2013 was \$50.8 billion.

County of Oakland

Management's Discussion and Analysis

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 6.7 percent (December 2013) and employment is projected to grow by approximately 41,600 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 an increase in state taxable value of property within Oakland County borders of 2 percent for December 2013; an additional 3 percent increase for December 2014; and an additional 4 percent increase by December 2016. Market value of property is projected to be even higher. 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.

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 shifting economic climate, the Oakland County Board of Commissioners (on September 19, 2013) adopted a balanced budget for fiscal years 2014, 2015, and 2016 (through September 30, 2016). That document also included official estimates for fiscal years 2017 and 2018.

Through the use of a long-term fiscal focus, the County realizes an ongoing structural issue that must be addressed and is developing contingencies to handle fiscal concerns before they become a fiscal crisis.

CONTACTING THE COUNTY'S DEPARTMENT OF MANAGEMENT AND BUDGET

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

**Basic
Financial Statements**

County of Oakland
Statement of Net Position
September 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business- Type Activities	Totals	
Assets				
Current assets				
Pooled cash and investments	\$ 451,519,128	\$ 322,504,695	\$ 774,023,823	\$ 26,030,897
Cash and cash equivalents	-	-	-	43,578,759
Receivables (net of allowance for uncollectibles where applicable)				
Current property taxes	21,630,823	-	21,630,823	-
Delinquent property taxes	778,769	81,540,932	82,319,701	-
Special assessments	-	-	-	7,549,159
Due from other governmental units	20,427,230	47,559,430	67,986,660	6,804,851
Due from primary government	-	-	-	4,413,986
Due from component units	583,000	269,311	852,311	-
Accrued interest receivable	959,431	2,057,617	3,017,048	95,938
Accounts receivable	2,189,227	48,447,019	50,636,246	18,421,684
Contracts receivable	43,659,134	1,172,077	44,831,211	-
Internal balances - footnote 19	152,201	(152,201)	-	-
Inventories and supplies	1,063,121	593,403	1,656,524	4,532,368
Prepayments and other assets	10,507,792	1,748,540	12,256,332	902,364
Total current assets	<u>553,469,856</u>	<u>505,740,823</u>	<u>1,059,210,679</u>	<u>112,330,006</u>
Noncurrent assets				
Special assessments receivable	23,570,069	-	23,570,069	224,386,678
Contracts receivable	23,328,800	-	23,328,800	-
OPEB asset	198,243,607	-	198,243,607	2,240,191
Capital assets, net				
Land and other nondepreciable assets	26,838,154	104,790,054	131,628,208	258,844,690
Land improvements, net	140,649	10,894,336	11,034,985	121,412
Buildings and improvements, net	132,298,250	60,461,552	192,759,802	9,368,060
Equipment and vehicles, net	22,021,760	26,583,805	48,605,565	2,337,690
Infrastructure, net	13,618,758	96,659,055	110,277,813	986,972,200
Total capital assets, net	<u>194,917,571</u>	<u>299,388,802</u>	<u>494,306,373</u>	<u>1,257,644,052</u>
Total noncurrent assets	<u>440,060,047</u>	<u>299,388,802</u>	<u>739,448,849</u>	<u>1,484,270,921</u>
Total assets	<u>\$ 993,529,903</u>	<u>\$ 805,129,625</u>	<u>\$ 1,798,659,528</u>	<u>\$ 1,596,600,927</u>

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

County of Oakland
Statement of Net Position (Continued)
September 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business- Type Activities	Totals	
Liabilities				
Current liabilities				
Vouchers payable	\$ 14,726,568	\$ 3,092,521	\$ 17,819,089	\$ 10,576,805
Accrued payroll	3,319,937	-	3,319,937	-
Due to other governmental units	1,240,567	24,031,967	25,272,534	14,027,238
Due to component units	5,336	4,408,650	4,413,986	-
Due to primary government	-	-	-	852,311
Accrued interest payable	357,425	-	357,425	42,035
Other accrued liabilities	17,597,460	6,139,988	23,737,448	6,008,046
Accrued compensated absences	1,205,463	-	1,205,463	-
Unearned revenue	46,664,268	1,581,094	48,245,362	77,447,521
Claims and judgments	4,598,228	-	4,598,228	-
Bonds and notes payable	29,690,000	26,745,000	56,435,000	15,520,300
Total current liabilities	<u>119,405,252</u>	<u>65,999,220</u>	<u>185,404,472</u>	<u>124,474,256</u>
Noncurrent liabilities				
Accrued compensated absences	10,849,171	-	10,849,171	2,666,700
Claims and judgments	16,056,567	-	16,056,567	1,501,733
Other postemployment benefits	-	-	-	14,783,249
Bonds and notes payable	445,920,727	32,960,962	478,881,689	197,596,889
Total noncurrent liabilities	<u>472,826,465</u>	<u>32,960,962</u>	<u>505,787,427</u>	<u>216,548,571</u>
Total liabilities	<u>592,231,717</u>	<u>98,960,182</u>	<u>691,191,899</u>	<u>341,022,827</u>
Net Position				
Net investment in capital assets	137,512,571	264,682,840	402,195,411	1,045,472,163
Restricted for				
Property Tax Forfeiture	15,589,336	-	15,589,336	-
Substance Abuse	4,611,797	-	4,611,797	-
Revenue sharing reserve	34,881,760	-	34,881,760	-
Public Safety	4,630,684	-	4,630,684	-
Justice Administration	13,402	-	13,402	-
Citizens services	1,221,628	-	1,221,628	-
Public works	1,272,717	-	1,272,717	8,227,943
Commerce and community development	9,282,815	-	9,282,815	-
Capital projects	9,257	-	9,257	-
Debt service	953,734	-	953,734	154,579,978
Airports	-	21,278	21,278	-
Community water and sewer	-	73,791,798	73,791,798	-
Unrestricted	<u>191,318,485</u>	<u>367,673,527</u>	<u>558,992,012</u>	<u>47,298,016</u>
Total net position	<u>\$ 401,298,186</u>	<u>\$ 706,169,443</u>	<u>\$ 1,107,467,629</u>	<u>\$ 1,255,578,100</u>

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

County of Oakland
Statement of Activities
Year Ended September 30, 2013

	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government				
Governmental activities				
General government, administrative	\$ 24,802,464	\$ 28,230,087	\$ 812,900	\$ -
Public safety	195,275,037	60,741,916	23,147,123	965,065
Justice administration	90,873,460	31,730,104	456,013	-
Citizen services	82,502,384	6,448,453	21,776,402	-
Public works	29,008,606	22,030,824	930,304	-
Recreation and leisure	1,551,035	38,154	72,414	-
Commerce and community development	48,895,303	18,967,967	24,638,978	-
Unallocated depreciation	1,911,473	-	-	-
Interest on debt	2,626,856	-	-	-
Total governmental activities	<u>477,446,618</u>	<u>168,187,505</u>	<u>71,834,134</u>	<u>965,065</u>
Business-type activities				
Airports	6,653,186	4,381,999	-	778,548
Community safety support	17,084,677	11,417,222	-	2,189,506
Community tax financing	1,399,607	21,845,093	-	-
Community water and sewer	77,371,824	80,223,019	-	-
Recreation and leisure	21,181,725	8,430,978	96,241	288,141
Sewage disposal systems	126,797,005	121,781,246	21,783	1,476,762
Total business-type activities	<u>250,488,024</u>	<u>248,079,557</u>	<u>118,024</u>	<u>4,732,957</u>
Total primary government	<u>\$ 727,934,642</u>	<u>\$ 416,267,062</u>	<u>\$ 71,952,158</u>	<u>\$ 5,698,022</u>
Component units				
Drainage districts	\$ 84,925,487	\$ 79,299,685	\$ -	\$ 22,940,808
Road commission	92,753,956	15,940,268	60,501,689	38,589,282
Total component units	<u>\$ 177,679,443</u>	<u>\$ 95,239,953</u>	<u>\$ 60,501,689</u>	<u>\$ 61,530,090</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				
Net position				
Beginning				
Ending				

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

**County of Oakland
Statement of Activities (Continued)
Year Ended September 30, 2013**

Net (Expenses) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business- Type Activities	Totals	Component Units
\$ 4,240,523	\$ -	\$ 4,240,523	\$ -
(110,420,933)	-	(110,420,933)	-
(58,687,343)	-	(58,687,343)	-
(54,277,529)	-	(54,277,529)	-
(6,047,478)	-	(6,047,478)	-
(1,440,467)	-	(1,440,467)	-
(5,288,358)	-	(5,288,358)	-
(1,911,473)	-	(1,911,473)	-
(2,626,856)	-	(2,626,856)	-
(236,459,914)	-	(236,459,914)	-
-	(1,492,639)	(1,492,639)	-
-	(3,477,949)	(3,477,949)	-
-	20,445,486	20,445,486	-
-	2,851,195	2,851,195	-
-	(12,366,365)	(12,366,365)	-
-	(3,517,214)	(3,517,214)	-
-	2,442,514	2,442,514	-
(236,459,914)	2,442,514	(234,017,400)	-
-	-	-	17,315,006
-	-	-	22,277,283
-	-	-	39,592,289
199,808,014	11,398,103	211,206,117	-
12,789,988	-	12,789,988	-
2,553,617	1,758,041	4,311,658	797,115
270,885	-	270,885	-
3,752,043	-	3,752,043	-
-	6,471,638	6,471,638	-
19,803,672	(19,803,672)	-	-
238,978,219	(175,890)	238,802,329	797,115
2,518,305	2,266,624	4,784,929	40,389,404
398,779,881	703,902,819	1,102,682,700	1,215,188,696
\$ 401,298,186	\$ 706,169,443	\$ 1,107,467,629	\$ 1,255,578,100

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.

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 seven 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, 2013**

	Major Funds		
	General	Building Authority Debt Act 31	Water and Sewer Debt Act 342
Assets			
Current assets			
Pooled cash and investments	\$ 230,800,570	\$ 491,466	\$ 869,101
Receivables (net of allowance for uncollectibles where applicable)			
Current property taxes	21,630,823	-	-
Delinquent property taxes	778,769	-	-
Due from other governmental units	9,626,997	-	-
Due from component units	109,092	-	-
Accrued interest receivable	95,231	1,045	3,630
Accounts receivable	23,421	712,420	-
Contracts receivable	43,619,734	-	-
Due from other funds	10,558,778	-	-
Advances receivable	-	-	-
Inventories	145,558	-	-
Prepayments and other assets	113,089	-	-
Total current assets	<u>317,502,062</u>	<u>1,204,931</u>	<u>872,731</u>
Special assessments receivable	-	-	20,950,727
Contracts receivable	-	21,255,000	-
Total assets	<u>\$ 317,502,062</u>	<u>\$ 22,459,931</u>	<u>\$ 21,823,458</u>
Liabilities			
Current liabilities			
Vouchers payable	\$ 8,318,682	\$ 379,719	\$ 837,760
Accrued payroll	3,319,937	-	-
Due to other governmental units	559,541	-	-
Due to other funds	128,904	-	-
Advances payable	-	-	-
Unearned revenue	42,044,298	-	-
Other accrued liabilities	6,492,359	-	12,671
Total liabilities	<u>60,863,721</u>	<u>379,719</u>	<u>850,431</u>
Deferred Inflows of Resources			
Unavailable revenue-property taxes	13,865,302	-	-
Unavailable revenue-special assessments	-	-	20,950,727
Unavailable revenue-contracts receivable	-	21,255,000	-
Total deferred inflows of resources	<u>13,865,302</u>	<u>21,255,000</u>	<u>20,950,727</u>
Fund Balances			
Nonspendable	258,647	-	-
Restricted	20,201,133	825,212	22,300
Committed	-	-	-
Assigned	221,222,041	-	-
Unassigned	1,091,218	-	-
Total fund balances	<u>242,773,039</u>	<u>825,212</u>	<u>22,300</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 317,502,062</u>	<u>\$ 22,459,931</u>	<u>\$ 21,823,458</u>

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

**County of Oakland
Balance Sheet (Continued)
Governmental Funds
September 30, 2013**

	Non-Major Funds	Totals September 30, 2013
Assets		
Current assets		
Pooled cash and investments	\$ 105,959,834	\$ 338,120,971
Receivables (net of allowance for uncollectibles where applicable)		
Current property taxes	-	21,630,823
Delinquent property taxes	-	778,769
Due from other governmental units	10,711,122	20,338,119
Due from component units	412,131	521,223
Accrued interest receivable	290,830	390,736
Accounts receivable	1,113,598	1,849,439
Contracts receivable	39,400	43,659,134
Due from other funds	1,433,646	11,992,424
Advances receivable	362,335	362,335
Inventories	-	145,558
Prepayments and other assets	3,928,589	4,041,678
Total current assets	<u>124,251,485</u>	<u>443,831,209</u>
Special assessments receivable	2,619,342	23,570,069
Contracts receivable	2,073,800	23,328,800
Total assets	<u>\$ 128,944,627</u>	<u>\$ 490,730,078</u>
Liabilities		
Current liabilities		
Vouchers payable	\$ 3,009,740	\$ 12,545,901
Accrued payroll	-	3,319,937
Due to other governmental units	349,579	909,120
Due to other funds	11,879,065	12,007,969
Advances payable	362,335	362,335
Unearned revenue	3,720,140	45,764,438
Other accrued liabilities	7,424,277	13,929,307
Total liabilities	<u>26,745,136</u>	<u>88,839,007</u>
Deferred Inflows of Resources		
Unavailable revenue-property taxes	-	13,865,302
Unavailable revenue-special assessments	2,619,342	23,570,069
Unavailable revenue-contracts receivable	1,995,000	23,250,000
Total deferred inflows of resources	<u>4,614,342</u>	<u>60,685,371</u>
Fund balances		
Nonspendable	441,135	699,782
Restricted	51,418,485	72,467,130
Committed	46,332,071	46,332,071
Assigned	-	221,222,041
Unassigned	(606,542)	484,676
Total fund balances	<u>97,585,149</u>	<u>341,205,700</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 128,944,627</u>	<u>\$ 490,730,078</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, 2013

Total fund balances for governmental funds		\$ 341,205,700
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	19,472,603	
Land improvements, net of \$1,038,505 depreciation	140,649	
Buildings and improvements, net of \$99,263,310 depreciation	131,135,564	
Equipment and vehicles, net of \$15,748,768 depreciation	8,216,472	
Infrastructure, net of \$13,238,578 depreciation	<u>13,474,769</u>	
		179,675,608
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.		98,234,821
Other post-employment benefits assets do not represent financial resources and are not reported in the funds.		198,243,607
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.		13,086,533
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.		46,820,069
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	(475,610,727)	
Accrued interest payable	<u>(357,425)</u>	
		<u>(475,968,152)</u>
Net position of governmental activities		<u>\$ 401,298,186</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, 2013

	Major Funds		
	General	Building Authority Debt Act 31	Water and Sewer Debt Act 342
Revenue			
Taxes	\$ 200,842,221	\$ -	\$ -
Special assessments	-	11,179,973	2,278,947
Federal grants	282,853	-	-
State grants	4,451,351	-	-
Other intergovernmental revenues	15,153,110	-	-
Charges for services	110,155,696	529	1,825
Contributions	78,512	-	-
Investment income	1,457,136	7,271	1,658
Indirect cost recovery	7,610,932	-	-
Other	2,899,480	-	-
Total revenue	<u>342,931,291</u>	<u>11,187,773</u>	<u>2,282,430</u>
Expenditures			
Current operations			
County Executive	86,464,158	2,207	-
Clerk/Register of Deeds	9,615,908	-	-
Treasurer	8,371,074	-	-
Justice administration	51,349,292	-	-
Law enforcement	147,616,362	-	-
Legislative	4,016,643	-	-
Water Resource Commissioner	5,099,895	-	413
Non-departmental	17,087,412	-	-
Total current operations	<u>329,620,744</u>	<u>2,207</u>	<u>413</u>
Capital outlay	188,997	-	-
Intergovernmental	-	-	-
Debt service			
Principal payments	-	9,470,000	1,515,000
Interest and fiscal charges	-	1,341,684	765,772
Total expenditures	<u>329,809,741</u>	<u>10,813,891</u>	<u>2,281,185</u>
Excess (deficiency) of revenue over (under) expenditures	<u>13,121,550</u>	<u>373,882</u>	<u>1,245</u>
Other financing sources (uses)			
Transfers in	43,242,922	335,480	-
Transfers out	(37,020,873)	(952)	(5,720)
Issuance of bonds	-	-	-
Issuance of refunding bonds	-	-	-
Premiums on bonds sold	-	-	-
Payment to bond escrow agent	-	-	-
Total other financing sources (uses)	<u>6,222,049</u>	<u>334,528</u>	<u>(5,720)</u>
Net change in fund balances	<u>19,343,599</u>	<u>708,410</u>	<u>(4,475)</u>
Fund balances			
October 1, 2012	<u>223,429,440</u>	<u>116,802</u>	<u>26,775</u>
September 30, 2013	<u>\$ 242,773,039</u>	<u>\$ 825,212</u>	<u>\$ 22,300</u>

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

County of Oakland
Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
Year Ended September 30, 2013

	Non-Major Funds	Totals September 30, 2013
Revenue		
Taxes	\$ -	\$ 200,842,221
Special assessments	11,180,261	24,639,181
Federal grants	43,592,995	43,875,848
State grants	24,264,800	28,716,151
Other intergovernmental revenues	11,571,705	26,724,815
Charges for services	10,989,320	121,147,370
Contributions	128,688	207,200
Investment income	396,753	1,862,818
Indirect cost recovery	-	7,610,932
Other	738,440	3,637,920
Total revenue	<u>102,862,962</u>	<u>459,264,456</u>
Expenditures		
Current operations		
County Executive	91,401,373	177,867,738
Clerk/Register of Deeds	1,888,879	11,504,787
Treasurer	-	8,371,074
Justice administration	23,011,005	74,360,297
Law enforcement	6,747,694	154,364,056
Legislative	56,567	4,073,210
Water Resource Commissioner	7,261,965	12,362,273
Non-departmental	1,690,629	18,778,041
Total current operations	<u>132,058,112</u>	<u>461,681,476</u>
Capital outlay	2,965,875	3,154,872
Intergovernmental	107,184	107,184
Debt service		
Principal payments	13,110,000	24,095,000
Interest and fiscal charges	1,988,729	4,096,185
Total expenditures	<u>150,229,900</u>	<u>493,134,717</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(47,366,938)</u>	<u>(33,870,261)</u>
Other financing sources (uses)		
Transfers in	35,920,996	79,499,398
Transfers out	(27,441,281)	(64,468,826)
Issuance of bonds	33,825,000	33,825,000
Issuance of refunding bonds	350,000,000	350,000,000
Premiums on bonds sold	1,702,443	1,702,443
Payments to bond escrow agent	(348,800,000)	(348,800,000)
Total other financing sources (uses)	<u>45,207,158</u>	<u>51,758,015</u>
Net change in fund balances	<u>(2,159,780)</u>	<u>17,887,754</u>
Fund balances		
October 1, 2012	<u>99,744,929</u>	<u>323,317,946</u>
September 30, 2013	<u>\$ 97,585,149</u>	<u>\$ 341,205,700</u>

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

County of Oakland
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund
Balances – Governmental Funds to the Statement of Activities
Year Ended September 30, 2013

Net change in fund balance - total governmental funds		\$ 17,887,754
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	\$ 9,430,731	
Buildings and improvements	457,437	
Equipment and vehicles	1,541,995	
Infrastructure	1,000,000	
Depreciation expense	<u>(6,845,902)</u>	5,584,261
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.		5,410,311
Amortization of Other Post-Employment Benefits asset is not reported in the governmental funds.		(28,359,365)
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	(14,120,740)	
Current year deferral	<u>13,086,533</u>	(1,034,207)
Revenue from special assessments and contracts receivable reported in the Statement of Activities in previous years did not provide current financial resources in the governmental funds until the current year.		(6,338,538)
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	(383,825,000)	
Repayment of bond principal	393,415,000	
Accrued interest	<u>(221,911)</u>	9,368,089
Change in net position of governmental activities		<u>\$ 2,518,305</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's 13 parks, including campgrounds, day-use and dog parks, five golf courses, 65 miles of trails, two waterparks, nature centers and banquet facilities, and management of the Oakland County Market. 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, 2013**

	Business - Type Activities - Enterprise Funds				
	Major				
	Parks and Recreation	Delinquent Tax Revolving	County Airports	Water and Sewer Trust	Evergreen- Farmington SDS
Assets					
Current assets					
Pooled cash and investments	\$ 31,089,868	\$ 14,511,260	\$ 15,476,295	\$ 65,099,901	\$ 10,442,984
Delinquent property taxes receivable	-	81,540,932	-	-	-
Due from other governmental units	132	18,388,172	1,200	3,309,512	5,661,390
Due from component units	-	-	-	-	269,311
Accrued interest receivable	25,994	1,441,173	57,616	14,167	12,824
Accounts receivable (net of allowance for uncollectibles where applicable)	300,197	16,088,331	427,615	25,497,011	-
Due from other funds	-	-	-	168,248	-
Current portion of contracts receivable	-	-	1,172,077	-	-
Current portion of advances receivable	-	12,883	-	-	-
Inventories and supplies	42,102	-	-	-	-
Prepayments and other assets	10,122	-	-	4,294	-
Total current assets	<u>31,468,415</u>	<u>231,982,751</u>	<u>17,134,803</u>	<u>94,093,133</u>	<u>16,486,509</u>
Noncurrent assets					
Advances receivable	-	90,181	-	-	-
Capital assets, net					
Land and other nondepreciable assets	33,478,723	-	36,301,106	24,515,031	8,539,194
Land improvements, net	-	-	10,894,336	-	-
Building and improvements, net	16,346,063	-	24,715,966	-	10,397,616
Equipment and vehicles, net	714,249	-	374,935	288,397	4,779
Infrastructure, net	16,903,456	-	3,136,651	52,558,329	3,308,129
Total noncurrent assets	<u>67,442,491</u>	<u>90,181</u>	<u>75,422,994</u>	<u>77,361,757</u>	<u>22,249,718</u>
Total assets	<u>98,910,906</u>	<u>232,072,932</u>	<u>92,557,797</u>	<u>171,454,890</u>	<u>38,736,227</u>
Liabilities					
Current liabilities					
Vouchers payable	268,383	121,257	50,574	2,246,421	269,162
Due to other governmental units	-	169,237	-	534,718	7,012,749
Due to component units	-	-	-	4,408,650	-
Due to other funds	-	-	-	593,097	25,435
Unearned revenue	30,176	-	141,159	-	-
Notes payable	-	25,000,000	-	-	-
Current portion of bonds payable	-	-	590,000	920,000	235,000
Current portion of long-term liabilities	-	-	-	-	-
Current portion of advances payable	-	-	-	-	-
Other accrued liabilities	662,384	92,095	468,729	4,192,768	221,951
Total current liabilities	<u>960,943</u>	<u>25,382,589</u>	<u>2,525,462</u>	<u>12,895,654</u>	<u>7,764,297</u>
Noncurrent liabilities					
Bonds payable	-	-	8,760,000	18,825,047	5,375,915
Other long-term liabilities	-	-	-	-	-
Advances payable	-	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>8,760,000</u>	<u>18,825,047</u>	<u>5,375,915</u>
Total liabilities	<u>960,943</u>	<u>25,382,589</u>	<u>11,285,462</u>	<u>31,720,701</u>	<u>13,140,212</u>
Net position					
Net investment in capital assets	67,442,491	-	66,072,994	57,616,710	16,638,803
Restricted for programs	-	-	21,278	33,391,371	7,175,188
Unrestricted	30,507,472	206,690,343	15,178,063	48,726,108	1,782,024
Total net position	<u>\$ 97,949,963</u>	<u>\$ 206,690,343</u>	<u>\$ 81,272,335</u>	<u>\$ 139,734,189</u>	<u>\$ 25,596,015</u>

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

**County of Oakland
Statement of Net Position (Continued)
Proprietary Funds
September 30, 2013**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Major		Totals September 30, 2013	
	S.O.C.S.D.S.	Non-Major Funds		
Assets				
Current assets				
Pooled cash and investments	\$ 35,012,593	\$ 50,871,794	\$ 322,504,695	\$ 113,398,157
Delinquent property taxes	-	-	81,540,932	-
Due from other governmental units	7,183,055	13,015,969	47,559,430	89,111
Due from component units	-	-	269,311	61,777
Accrued interest receivable	123,780	282,063	2,057,617	568,695
Accounts receivable (net of allowance for uncollectibles where applicable)	88,597	6,045,268	48,447,019	339,788
Due from other funds	-	3,666	17,194	661,400
Current portion of contracts receivable	-	-	1,172,077	-
Current portion of advances receivable	176,928	-	189,811	-
Inventories and supplies	-	551,301	593,403	917,563
Prepayments and other assets	624,605	1,109,519	1,748,540	6,466,114
Total current assets	<u>43,209,558</u>	<u>71,879,580</u>	<u>506,254,749</u>	<u>122,502,605</u>
Noncurrent assets				
Advances receivable	142,531	-	232,712	-
Capital assets, net				
Land and other nondepreciable assets	1,003,988	952,012	104,790,054	130,000
Land improvements, net	-	-	10,894,336	-
Building and improvements, net	-	9,001,907	60,461,552	1,162,686
Equipment and vehicles, net	75,016	25,126,429	26,583,805	13,805,288
Infrastructure, net	2,649,043	18,103,447	96,659,055	143,989
Total noncurrent assets	<u>3,870,578</u>	<u>53,183,795</u>	<u>299,621,514</u>	<u>15,241,963</u>
Total assets	<u>47,080,136</u>	<u>125,063,375</u>	<u>805,876,263</u>	<u>137,744,568</u>
Liabilities				
Current liabilities				
Vouchers payable	20,846	115,878	3,092,521	2,180,667
Due to other governmental units	9,987,654	6,327,609	24,031,967	33,1447
Due to component units	-	-	4,408,650	5,336
Due to other funds	34,311	93,795	746,638	71,131
Unearned revenue	-	134,759	1,581,094	121,061
Notes payable	-	-	25,000,000	-
Current portion of bonds payable	-	-	1,745,000	-
Current portion of long-term liabilities	-	-	-	5,803,691
Current portion of advances payable	-	-	-	189,811
Other accrued liabilities	145,392	356,669	6,139,988	3,668,153
Total current liabilities	<u>10,188,203</u>	<u>7,028,710</u>	<u>66,745,858</u>	<u>12,371,297</u>
Noncurrent liabilities				
Bonds payable	-	-	32,960,962	-
Other long-term liabilities	-	-	-	26,905,738
Advances payable	-	-	-	232,712
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>32,960,962</u>	<u>27,138,450</u>
Total liabilities	<u>10,188,203</u>	<u>7,028,710</u>	<u>99,706,820</u>	<u>39,509,747</u>
Net position				
Net investment in capital assets	3,728,047	53,183,795	264,682,840	15,241,963
Restricted for programs	11,543,178	21,682,061	73,813,076	-
Unrestricted	21,620,708	43,168,809	367,673,527	82,992,858
Total net position	<u>\$ 36,891,933</u>	<u>\$ 118,034,665</u>	<u>\$ 706,169,443</u>	<u>\$ 98,234,821</u>

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, 2013

	Business-Type Activities - Enterprise Funds				
	Major				
	Parks and Recreation	Delinquent Tax Revolving	County Airports	Water and Sewer Trust	Evergreen- Farmington SDS
Operating revenue					
Charges for services	\$ 8,402,115	\$ 19,803,913	\$ 4,379,400	\$ 79,961,058	\$ 35,135,586
Other	13,174	1,375,679	2,599	261,961	86,143
Total operating revenue	<u>8,415,289</u>	<u>21,179,592</u>	<u>4,381,999</u>	<u>80,223,019</u>	<u>35,221,729</u>
Operating expenses					
Salaries	7,510,532	59,407	1,087,752	86,017	-
Fringe benefits	2,779,972	46,074	707,132	69,763	-
Contractual services	5,551,031	203,378	1,405,387	42,529,007	36,471,998
Commodities	926,290	-	85,455	1,475,890	90,259
Depreciation	2,969,344	-	2,798,845	3,319,736	852,876
Internal services	1,444,556	-	212,014	15,814,124	1,254,760
Intergovernmental	-	-	-	13,633,253	-
Total operating expenses	<u>21,181,725</u>	<u>308,859</u>	<u>6,296,585</u>	<u>76,927,790</u>	<u>38,669,893</u>
Operating income (loss)	<u>(12,766,436)</u>	<u>20,870,733</u>	<u>(1,914,586)</u>	<u>3,295,229</u>	<u>(3,448,164)</u>
Nonoperating revenue (expenses)					
Property taxes	11,398,103	-	-	-	-
Contributions	96,241	-	-	-	-
Interest recovery - federal grants	-	-	111,668	-	97,927
Interest revenue	81,802	720,415	125,474	472,770	64,721
Interest expense and paying agent fees	-	(77,221)	(356,601)	(444,034)	(263,538)
Bonds maturing	-	-	-	-	-
Gain on sale of property and equipment	15,689	-	-	-	-
Total nonoperating revenue (expenses)	<u>11,591,835</u>	<u>643,194</u>	<u>(119,459)</u>	<u>28,736</u>	<u>(100,890)</u>
Income (loss) before transfers and contributions	<u>(1,174,601)</u>	<u>21,513,927</u>	<u>(2,034,045)</u>	<u>3,323,965</u>	<u>(3,549,054)</u>
Transfers and contributions					
Capital contributions	288,141	-	666,880	-	815,361
Transfers in	-	-	-	12,500	-
Transfers out	(23,051)	(21,193,738)	-	(12,500)	-
Total transfers and contributions	<u>265,090</u>	<u>(21,193,738)</u>	<u>666,880</u>	<u>-</u>	<u>815,361</u>
Special Item					
Contribution of Pontiac W&S system	-	-	-	6,471,638	-
Change in net position	<u>(909,511)</u>	<u>320,189</u>	<u>(1,367,165)</u>	<u>9,795,603</u>	<u>(2,733,693)</u>
Net position					
October 1, 2012	98,859,474	206,370,154	82,639,500	129,938,586	28,329,708
September 30, 2013	<u>\$ 97,949,963</u>	<u>\$ 206,690,343</u>	<u>\$ 81,272,335</u>	<u>\$ 139,734,189</u>	<u>\$ 25,596,015</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, 2013

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Major			
	S.O.C.S.D.S.	Non-Major Funds	Totals September 30, 2013	
Operating revenue				
Charges for services	\$ 46,586,236	\$ 50,292,297	\$ 244,560,605	\$ 228,839,990
Other	1,707,402	56,057	3,503,015	114,123
Total operating revenue	<u>48,293,638</u>	<u>50,348,354</u>	<u>248,063,620</u>	<u>228,954,113</u>
Operating expenses				
Salaries	12	2,326,010	11,069,730	29,089,635
Fringe benefits	-	1,523,234	5,126,175	19,849,901
Contractual services	43,184,436	45,696,090	175,041,327	114,462,643
Commodities	202,571	310,135	3,090,600	6,403,714
Depreciation	1,326,045	7,907,816	19,174,662	4,626,310
Internal services	1,195,334	2,290,095	22,210,883	6,273,493
Intergovernmental	-	-	13,633,253	-
Total operating expenses	<u>45,908,398</u>	<u>60,053,380</u>	<u>249,346,630</u>	<u>180,705,696</u>
Operating income (loss)	<u>2,385,240</u>	<u>(9,705,026)</u>	<u>(1,283,010)</u>	<u>48,248,417</u>
Nonoperating revenue (expenses)				
Property taxes	-	-	11,398,103	-
Contributions	-	21,783	118,024	-
Interest recovery - federal grants	-	-	209,595	-
Interest revenue	105,535	187,324	1,758,041	690,799
Interest expense and paying agent fees	-	-	(1,141,394)	(28,052,890)
Bonds maturing	-	-	-	(20,520,000)
Gain on sale of property and equipment	-	248	15,937	270,885
Total nonoperating revenue (expenses)	<u>105,535</u>	<u>209,355</u>	<u>12,358,306</u>	<u>(47,611,206)</u>
Income (loss) before transfers and contributions	<u>2,490,775</u>	<u>(9,495,671)</u>	<u>11,075,296</u>	<u>637,211</u>
Transfers and contributions				
Capital contributions	-	2,752,980	4,523,362	-
Transfers in	-	2,560,262	2,572,762	8,386,406
Transfers out	-	(1,147,145)	(22,376,434)	(3,613,306)
Total transfers and contributions	<u>-</u>	<u>4,166,097</u>	<u>(15,280,310)</u>	<u>4,773,100</u>
Special Item				
Contribution of Pontiac W&S system	-	-	6,471,638	-
Change in net position	<u>2,490,775</u>	<u>(5,329,574)</u>	<u>2,266,624</u>	<u>5,410,311</u>
Net position				
October 1, 2012	34,401,158	123,364,239	703,902,819	92,824,510
September 30, 2013	<u>\$ 36,891,933</u>	<u>\$ 118,034,665</u>	<u>\$ 706,169,443</u>	<u>\$ 98,234,821</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, 2013**

	Business-Type Activities - Enterprise Funds				
	Major				
	Parks and Recreation	Delinquent Tax Revolving	County Airports	Water and Sewer Trust	Evergreen- Farmington SDS
Cash flows from operating activities					
Cash received from users	\$ 8,389,190	\$ 21,336,993	\$ 4,383,041	\$ 79,142,113	\$ 35,205,353
Cash paid to suppliers	(10,712,845)	(249,452)	(2,419,872)	(67,097,832)	(38,428,451)
Cash paid to employees	(7,510,532)	(59,407)	(1,087,752)	(86,017)	-
Net cash provided by (used in) operating activities	(9,834,187)	21,028,134	875,417	11,958,264	(3,223,098)
Cash flows from noncapital financing activities					
Transfers from other funds	-	-	-	12,500	-
Transfers to other funds	(23,051)	(21,193,738)	-	(12,500)	-
Contributions	96,241	-	-	-	-
Principal paid on debt	-	-	-	-	-
Interest paid on debt	-	-	-	-	-
Purchase of delinquent property taxes	-	(89,699,373)	-	-	-
Delinquent property taxes collected	-	104,412,461	-	-	-
Issuance of short-term borrowings	-	25,000,000	-	-	-
Repayments received on advances	-	12,883	-	-	-
Property taxes	11,398,103	-	-	-	-
Interest paid on short-term borrowings	-	(76,547)	-	-	-
Payments on short-term borrowings	-	(25,000,000)	-	-	-
Net cash provided by (used in) noncapital financing activities	11,471,293	(6,544,314)	-	-	-
Cash flows from capital and related financing activities					
Contributions for capital acquisitions	228,800	-	-	-	815,361
Proceeds from sale of bonds	-	-	-	5,196,994	1,694,689
Transfers from other funds	-	-	-	-	-
Interest recovery - federal grants	-	-	111,668	-	97,927
Proceeds from sale of capital assets	17,184	-	-	-	-
Acquisition of capital assets	(2,204,636)	-	(27,913)	(1,441,072)	(3,281,945)
Principal paid on debt	-	-	(585,000)	(890,000)	(235,000)
Interest paid on debt	-	-	(356,601)	(444,034)	(263,538)
Amount paid on advances	-	-	-	-	-
Interest paid on advances	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	(1,958,652)	-	(857,846)	2,421,888	(1,172,506)
Cash flows from investing activities					
Interest on investments	74,894	772,514	131,749	496,362	71,536
Net cash provided by investing activities	74,894	772,514	131,749	496,362	71,536
Net increase (decrease) in cash and cash equivalents	(246,652)	15,256,334	149,320	14,876,514	(4,324,068)
Pooled cash and investments					
October 1, 2012	31,336,520	99,254,926	15,326,975	50,223,387	14,767,052
September 30, 2013	\$ 31,089,868	\$ 114,511,260	\$ 15,476,295	\$ 65,099,901	\$ 10,442,984

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, 2013

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Major			
	S.O.C.S.D.S.	Non-Major Funds	Totals September 30, 2013	
Cash flows from operating activities				
Cash received from users	\$ 49,878,894	\$ 49,274,595	\$ 247,610,179	\$ 228,235,803
Cash paid to suppliers	(43,146,006)	(50,241,179)	(212,295,637)	(149,228,339)
Cash paid to employees	(12)	(2,326,010)	(11,069,730)	(29,089,635)
Net cash provided by (used in) operating activities	<u>6,732,876</u>	<u>(3,292,594)</u>	<u>24,244,812</u>	<u>49,917,829</u>
Cash flows from noncapital financing activities				
Transfers from other funds	-	2,560,262	2,572,762	8,238,355
Transfers to other funds	-	(1,147,145)	(22,376,434)	(3,613,306)
Contributions	-	21,783	118,024	-
Principal paid on debt	-	-	-	(20,520,000)
Interest paid on debt	-	-	-	(28,041,687)
Purchase of delinquent property taxes	-	-	(89,699,373)	-
Delinquent property taxes collected	-	-	104,412,461	-
Issuance of short-term borrowings	-	-	25,000,000	-
Repayments received on advances	176,928	-	189,811	-
Property taxes	-	-	11,398,103	-
Interest paid on short-term borrowings	-	-	(76,547)	-
Payments on short-term borrowings	-	-	(25,000,000)	-
Net cash provided by (used in) noncapital financing activities	<u>176,928</u>	<u>1,434,900</u>	<u>6,538,807</u>	<u>(43,936,638)</u>
Cash flows from capital and related financing activities				
Contributions for capital acquisitions	-	563,474	1,607,635	-
Proceeds from sale of bonds	-	-	6,891,683	-
Transfers from other funds	-	-	-	148,051
Interest recovery - federal grants	-	-	209,595	-
Proceeds from sale of capital assets	-	248	17,432	478,222
Acquisition of capital assets	(67,046)	(87,489)	(7,110,101)	(4,087,789)
Principal paid on debt	-	-	(1,710,000)	-
Interest paid on debt	-	-	(1,064,173)	-
Amount paid on advances	-	-	-	(189,811)
Interest paid on advances	-	-	-	(11,203)
Net cash provided by (used in) capital and related financing activities	<u>(67,046)</u>	<u>476,233</u>	<u>(1,157,929)</u>	<u>(3,662,530)</u>
Cash flows from investing activities				
Interest on investments	<u>120,723</u>	<u>204,165</u>	<u>1,871,943</u>	<u>719,756</u>
Net cash provided by investing activities	<u>120,723</u>	<u>204,165</u>	<u>1,871,943</u>	<u>719,756</u>
Net increase (decrease) in cash and cash equivalents	<u>6,963,481</u>	<u>(1,177,296)</u>	<u>31,497,633</u>	<u>3,038,417</u>
Pooled cash and investments				
October 1, 2012	<u>28,049,112</u>	<u>52,049,090</u>	<u>291,007,062</u>	<u>110,359,740</u>
September 30, 2013	<u>\$ 35,012,593</u>	<u>\$ 50,871,794</u>	<u>\$ 322,504,695</u>	<u>\$ 113,398,157</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, 2013**

	Business-Type Activities - Enterprise Funds				
	Major				
	Parks and Recreation	Delinquent Tax Revolving	County Airports	Water and Sewer Trust	Evergreen- Farmington SDS
Operating (loss) income	\$ (12,766,436)	\$20,870,733	\$(1,914,586)	\$ 3,295,229	\$(3,448,164)
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities					
Depreciation expense	2,969,344	-	2,798,845	3,319,736	852,876
(Increase) decrease in due from other governmental units	3,368	(2,286,926)	(161)	249,666	70,782
(Increase) decrease in due from component units	-	-	-	-	(87,158)
(Increase) decrease in accounts receivable	30,701	2,430,321	(81)	(1,179,938)	-
(Increase) decrease in due from other funds	9,770	-	-	(150,634)	-
(Increase) decrease in inventories and supplies	(7,760)	-	-	-	-
(Increase) decrease in prepayments and other assets	7,046	-	-	61,468	-
Increase (decrease) in vouchers payable	(218,166)	32,174	26,473	(381,397)	(421,304)
Increase (decrease) in due to other govern- mental units	-	(52,540)	-	311,349	(301,184)
Increase (decrease) in due to component units	-	-	-	4,408,650	-
Increase (decrease) in due to other funds	-	-	-	584,290	25,032
Increase (decrease) in unearned revenue	(69,938)	-	1,284	-	-
Increase (decrease) in current portion of other long-term liabilities	-	-	-	-	-
Increase (decrease) in other accrued liabilities	207,884	34,372	(36,357)	1,439,845	86,022
Increase (decrease) in other long-term liabilities	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ (9,834,187)</u>	<u>\$21,028,134</u>	<u>\$ 875,417</u>	<u>\$ 11,958,264</u>	<u>\$(3,223,098)</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, 2013**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Major	Non-Major Funds	Totals September 30, 2013	
	S.O.C.S.D.S.			
Operating income (loss)	\$ 2,385,240	\$ (9,705,026)	\$ (1,283,010)	\$ 48,248,417
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	1,326,045	7,907,816	19,174,662	4,626,310
(Increase) decrease in due from other governmental units	1,515,783	(2,638,505)	(3,085,993)	(42,644)
(Increase) decrease in due from component units	-	1,030,625	943,467	(42,207)
(Increase) decrease in accounts receivable	69,473	180,874	1,531,350	(73,138)
(Increase) decrease in due from other funds	-	353,247	212,383	(658,798)
(Increase) decrease in inventories and supplies	-	(43,818)	(51,578)	(60,530)
(Increase) decrease in prepayments and other assets	33,594	(359,805)	(257,697)	(1,095,492)
Increase (decrease) in vouchers payable	(3,690)	(352,793)	(1,318,703)	(2,164,615)
Increase (decrease) in due to other govern- mental units	1,316,968	240,607	1,515,200	(169,021)
Increase (decrease) in due to component units	-	-	4,408,650	5,336
Increase (decrease) in due to other funds	31,614	43,587	684,523	60,417
Increase (decrease) in unearned revenue	-	-	(68,654)	98,477
Increase (decrease) in current portion of other long-term liabilities	-	-	-	853,727
Increase (decrease) in other accrued liabilities	57,849	50,597	1,840,212	412,647
Increase (decrease) in other long-term liabilities	-	-	-	(81,057)
Net cash provided by (used in) operating activities	<u>\$ 6,732,876</u>	<u>\$ (3,292,594)</u>	<u>\$ 24,244,812</u>	<u>\$ 49,917,829</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, 2013

Noncash transactions

Enterprise Funds

Major funds:

Noncash and capital related financing activities included contribution of capital assets in the amount of \$4,891, write-off of \$1,495 (net of accumulated depreciation of \$13,451), and contribution for acquisition of capital assets in the amount of \$54,450 reported in the Accounts Receivable assets account in the Parks and Recreation fund; contribution of capital assets in the amount of \$666,880 in the County Airports fund.

Noncash and non-capital related financing activities included interest expense of \$7,808 reported in the Vouchers Payable liability in the Delinquent Tax Revolving Fund; recording of Contracts Receivable and Unearned Revenue of \$1,172,077 in the County Airports fund, and Special Item reported as Accounts Receivable asset of \$6,471,638 in the Water & Sewer Trust fund for amounts transferred from the City of Pontiac that had been understated at September 30, 2012.

Nonmajor funds:

Noncash and capital related financing activities included contribution of \$2,189,506 in the CLEMIS 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, 2013**

	Pension (and Other Post- employment Benefits) Trust Funds	Investment Trust Funds	Agency Funds
Assets			
Pooled cash and investments	\$ 14,078,968	\$ 368,134,593	\$ 239,906,359
Cash and cash equivalents	-	-	938,020
Investments, at fair value			
Common stock	649,377,102	-	-
Preferred stock	88,721	-	-
Government securities	498,690,290	-	-
Corporate bonds	172,408,793	-	-
Municipal bonds	1,999,093	-	-
Commingled	323,437,448	-	-
Limited partnerships	278,591,950	-	-
Asset-backed fixed income	15,227,822	-	-
CMO/REMIC investments	7,584,801	-	-
Mortgage-backed securities	34,111,435	-	-
Commercial mortgage-backed securities	23,317,148	-	-
Money market funds	36,667,122	-	-
International common stock	66,741,812	-	-
Equity REIT	20,895,235	-	-
Other	72,901,844	-	-
Total investments	<u>2,202,040,616</u>	<u>-</u>	<u>-</u>
Receivables - interest and dividends	5,449,774		168,482
Prepaid expenses	152,353	-	-
Total assets	<u>2,221,721,711</u>	<u>368,134,593</u>	<u>241,012,861</u>
Liabilities			
Vouchers payable	981,206	-	36,471
Due to other governmental units	-	-	220,120,423
Bonds payable	422,135,000	-	-
Other accrued liabilities	1,735,551	-	20,855,967
Total liabilities	<u>424,851,757</u>	<u>-</u>	<u>241,012,861</u>
Net position			
Held in Trust for Pension and other Postemployment healthcare benefits, and pool participants	<u>\$ 1,796,869,954</u>	<u>\$ 368,134,593</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, 2013

	Pension (and Other Post- employment Benefits) Trust Funds	Investment Trust Funds
Additions		
Contributions		
Pool participants	\$ -	\$ 777,381,122
Employer	5,400,095	-
Plan members	717,500	-
Total contributions	<u>6,117,595</u>	<u>777,381,122</u>
Investment income	245,127,628	2,158,552
Other revenue	2,526,708	-
Total additions	<u>253,771,931</u>	<u>779,539,674</u>
Deductions		
Benefits	75,883,927	-
Loan forgiveness	73,335,000	-
Administrative expenses	6,223,589	-
Distribution to pool participants	-	711,832,933
Total deductions	<u>155,442,516</u>	<u>711,832,933</u>
Net increase	98,329,415	67,706,741
Net position held in trust for pension and other postemployment healthcare benefits, and pool participants		
October 1, 2012	<u>1,698,540,539</u>	<u>300,427,852</u>
September 30, 2013	<u>\$ 1,796,869,954</u>	<u>\$ 368,134,593</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, 2013**

	Drainage Districts	Road Commission	Total Component Units
Assets			
Current assets			
Pooled cash and investments	\$ 26,030,897	\$ -	\$ 26,030,897
Cash and cash equivalents	-	43,578,759	43,578,759
Receivables (net of allowance for uncollectibles where applicable)			
Special assessments	-	7,549,159	7,549,159
Due from other governmental units	6,804,851	-	6,804,851
Accrued interest receivable	95,938	-	95,938
Accounts receivable	10,894	18,410,790	18,421,684
Due from primary government	4,413,986	-	4,413,986
Inventories and supplies	-	4,532,368	4,532,368
Prepayments and other assets	-	902,364	902,364
Total current assets	<u>37,356,566</u>	<u>74,973,440</u>	<u>112,330,006</u>
Capital assets, net			
Land and other nondepreciable assets	72,925,116	185,919,574	258,844,690
Land improvements, net	-	121,412	121,412
Buildings and improvements, net	-	9,368,060	9,368,060
Equipment and vehicles, net	-	2,337,690	2,337,690
Infrastructure, net	449,631,065	537,341,135	986,972,200
Total capital assets, net	<u>522,556,181</u>	<u>735,087,871</u>	<u>1,257,644,052</u>
Noncurrent assets			
Net pension asset	-	2,240,191	2,240,191
Special assessments receivable	224,386,678	-	224,386,678
Total assets	<u>784,299,425</u>	<u>812,301,502</u>	<u>1,596,600,927</u>
Liabilities			
Current liabilities			
Vouchers payable	3,532,780	7,044,025	10,576,805
Due to other governmental units	14,027,238	-	14,027,238
Due to primary government	842,603	9,708	852,311
Unearned revenue and advances	70,579,933	6,867,588	77,447,521
Accrued interest payable	32,035	10,000	42,035
Current portion of long-term debt	14,075,000	1,445,300	15,520,300
Other accrued liabilities	2,801,807	3,206,239	6,008,046
Total current liabilities	<u>105,891,396</u>	<u>18,582,860</u>	<u>124,474,256</u>
Bonds and notes payable	196,596,889	1,000,000	197,596,889
Accrued compensated absences	-	2,666,700	2,666,700
Claims and judgments	-	1,501,733	1,501,733
Other postemployment benefits	-	14,783,249	14,783,249
Total liabilities	<u>302,488,285</u>	<u>38,534,542</u>	<u>341,022,827</u>
Net position			
Net investment in capital assets	311,884,292	733,587,871	1,045,472,163
Restricted for			
Special revenue	8,227,943	-	8,227,943
Debt service	154,579,978	-	154,579,978
Unrestricted	7,118,927	40,179,089	47,298,016
Total net position	<u>\$ 481,811,140</u>	<u>\$ 773,766,960</u>	<u>\$ 1,255,578,100</u>

The accompanying notes are an integral part of the financial statements

**County of Oakland
Statement of Activities
Component Units
Year Ended September 30, 2013**

	Program Revenue				Drainage Districts	Road Commission	Total Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Functions/Programs							
Drainage Districts	\$ 84,925,487	\$ 79,299,685	\$ -	\$ 22,940,808	\$ 17,315,006	\$ -	\$ 17,315,006
Road Commission	92,753,956	15,940,268	60,501,689	38,589,282	-	22,277,283	22,277,283
Total component units	<u>\$ 177,679,443</u>	<u>\$ 95,239,953</u>	<u>\$ 60,501,689</u>	<u>\$ 61,530,090</u>	<u>17,315,006</u>	<u>22,277,283</u>	<u>39,592,289</u>
General Revenue							
Unrestricted investment earnings					156,655	640,460	797,115
Change in net position					17,471,661	22,917,743	40,389,404
Net position							
Beginning					464,339,479	750,849,217	1,215,188,696
Ending					<u>\$ 481,811,140</u>	<u>\$ 773,766,960</u>	<u>\$ 1,255,578,100</u>

The accompanying notes are an integral part of the financial statements

County of Oakland

Notes to Basic Financial Statements

September 30, 2013

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 the 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, 2013

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, 2013, 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, 2013, is not reported in the financial statements of Oakland County.
- Complete financial statements of the Road Commission, which include 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, 2013 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, 2013

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:

- **Net investment in capital assets** 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 position** results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors and the like, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** consists of net position which does not meet the definition of the two preceding categories. Unrestricted net position often is designated to indicate that management does not consider them to be available for general operations. Unrestricted net position often has 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 financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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.

County of Oakland

Notes to Basic Financial Statements

September 30, 2013

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

The County does not currently employ an indirect cost allocation system. Rather, an administrative service fee is charged by the General Fund to the other operating funds to address General Fund services such as finance, personnel, purchasing, legal, administration, etc. This is treated like a reimbursement, eliminating 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
September 30, 2013

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 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 individual 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.

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.

County of Oakland

Notes to Basic Financial Statements

September 30, 2013

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.

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.

Basis of Accounting

- **Primary government** - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets, except for certain miscellaneous receivables and special assessments, and current liabilities are included on the balance sheet. Governmental funds are used to account for all or most of the County's general activities, including the collection and disbursement of earmarked resources and the servicing of long-term debt.

County of Oakland
Notes to Basic Financial Statements
September 30, 2013

- 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 position. 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.

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, 2012 and presented in a separate document. Appropriation budgets were adopted for the General Fund and the following Special Revenue funds: 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.

County of Oakland
Notes to Basic Financial Statements
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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, 2013 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, 2013.

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

Inter-fund Receivables/Payable

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term receivables and payables resulting from such transactions are classified as "due from other funds" or "due to other funds" on the balance sheet.

Non-current portions of long-term inter-fund loan receivables are reported as advances and are offset equally by a reservation of fund balance.

Inventories

Inventories in proprietary funds, except for the Facilities Maintenance and Operations fund, an Internal Service fund, are stated at cost or market using the first-in, first-out method. Inventories in the Facilities Maintenance and Operations fund are stated at cost or market using the average-cost basis.

Prepayments

Payments made for services that will benefit periods beyond September 30, 2013 are recorded as prepayments using the consumption method.

County of Oakland
Notes to Basic Financial Statements
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Capital Assets

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

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

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

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

Compensated Absences

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

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

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.

County of Oakland

Notes to Basic Financial Statements

September 30, 2013

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 position 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.

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, 2012 through September 30, 2013) 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.

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, 2013. 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
September 30, 2013

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: Child Care and Social Welfare-Foster Care. The budgetary comparison for the General Fund is presented in the Required Supplementary Information. 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:

	Appropriation	Expenditures	Excess Expenditures
Special Revenue Funds			
Child Care			
County Executive			
Human Services			
Personnel expenditures	\$ 14,847,367	\$ 14,925,690	\$ 78,323
Justice administration			
Circuit Court			
Personnel expenditures	1,243,190	2,210,120	966,930

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 2014.

County of Oakland
Notes to Basic Financial Statements
September 30, 2013

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, 2013, the bank balance of the County's deposits was \$724,142,196. Insured deposits were \$4,000,000, and the remaining \$720,142,196 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
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At September 30, 2013, the Road Commission component unit had \$9,261,034 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. The Road Commission believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. However, only those institutions with an acceptable estimated risk level are used as depositories.

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, 2013, the County had the following deposit and investment types in its internal investment pool.

Deposit and Investment Type	Market Value	Weighted Average Maturity (days)
Certificates of Deposit (1)	\$ 299,312,870	304
Commercial Paper	94,800,082	158
Deposit Accounts (1)	424,829,326	1
Money Market Investment Pools	2,803	1
MI Government Coupon	76,356,815	4,744
U.S. Agencies	508,742,427	1,102
Total Market Value of Internal Investment Pool	\$ 1,404,044,323	
Weighted Average Maturity of Internal Investment Pool (in days)		711

(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 \$508,742,427 invested in U.S. government securities which are rated AA+ by Standard & Poor's and Aaa by Moody's. The County had \$76,356,815 in Municipal bonds rated Aaa by Moody's and AA+ 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, 2013, the County had \$94,800,082 in commercial paper rated A1 by Standard & Poor's and P1 by Moody's. 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, 2013, \$679,899,324 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. On September 30, 2013, the County had investments of 5% or more, of the total portfolio, with the following U.S. agency issuers: Fannie Mae 12.76%, Federal Home Loan Bank 10.12%, Freddie Mac 9.44%. No other issuer exceeded 5% of the total portfolio.

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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, 2013, the internal investment pool had a weighted average maturity of 711 days and the longest investment maturity in the portfolio was 4,930 days (13.5 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, 2013, 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.

As of September 30, 2013, the County had the following investment types in its Retirement System and other postemployment benefits trust funds:

Investment Type	Fair Value	Percentage	Average Duration (InYears)
Government Bonds	\$ 495,182,764	22.28 %	1.27
Asset-Backed Fixed Income	14,633,863	0.67	2.99
Commercial Mortgage-Backed Securities	22,453,891	1.01	1.70
Mortgage-Backed Securities	32,005,324	1.44	2.27
Municipal Bonds	1,999,093	0.09	N/A
Corporate Bonds	183,920,599	8.28	9.10
CMO/REMIC Investments	7,389,560	0.33	6.10
Common Stock	649,979,281	29.25	N/A
Equity ADR	2,313,296	0.10	N/A
Equity REIT	20,895,235	0.94	N/A
Exchange Traded Funds	1,286,322	0.06	N/A
International Common Stock	56,524,694	2.54	N/A
International Government Bonds	12,826,095	0.58	N/A
Investment Companies-Mutual Funds	70,591,225	3.18	N/A
Money Market Funds	33,333,097	1.50	0.05
Short Term Investments	14,807,339	0.67	N/A
Real Estate	4,817	0.00	N/A
Investment Companies-Commingled Funds	323,437,448	14.55	N/A
Limited Partnership	278,591,951	12.54	N/A
Alternative Investments	95	0.00	N/A
Preferred Stock	88,721	0.00	N/A
Total	\$ 2,222,264,710	100.0 %	

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Credit Risk. The Board’s adopted Statement of Investment Goals and Objectives (SIGO) states that no non-convertible bonds and convertible securities are authorized for purchase. In addition, no more than 10% of the total value of the portfolio, at the time of purchase, may be held in non-investment grade bonds as rated by Moody’s and/or Standard & Poor’s. Ninety percent of the total value of the portfolio must have a quality rating of A or better by Moody’s and Standard & Poor’s. For any security held in the portfolio that drops below investment grade as rated by Moody’s or Standard & Poor’s, the investment manager is to advise the Board of that fact along with a buy/hold recommendation. The Board shall then instruct the investment manager as to which action should be taken. As of September 30, 2013, debt obligation investments held in the retirement system had the following ratings:

Fair Value	Percentage	Ratings	
		Moody's	S&P
\$374,199,096	36.07 %	Aaa	AAA
75,342,349	7.26	Aa1	AA+
14,857,163	1.43	Aa2	AA
13,418,231	1.29	Aa3	AA-
22,501,747	2.17	A1	A+
31,269,047	3.02	A2	A
34,785,186	3.35	A3	A-
14,814,392	1.43	Baa1	BBB+
15,121,647	1.46	Baa2	BBB
22,254,604	2.15	Baa3	BBB-
4,584,776	0.44	Ba1	BB+
5,729,835	0.55	Ba2	BB
9,453,200	0.91	Ba	BB-
3,433,970	0.33	B2	B+
3,667,082	0.35	Ba3	B
1,469,025	0.14	B1	B-
<u>390,598,371</u>	<u>37.65</u>	NR	NR
\$1,037,499,721	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, 2013, \$2,222,164,710 in investments was held in third-party safekeeping in the County’s name.

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

County of Oakland
Notes to Basic Financial Statements
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For equities, holdings of all securities of an industry group should not exceed 25% of the portfolio at cost. ADRs should not exceed a maximum of 10% of the portfolio at cost and shall be further limited to Canadian securities and non-U.S. domiciled corporations issuing U.S. securities. As of September 30, 2013, 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 84 indicates, the system's fixed-income investments had average durations of between .05 years and 9.1 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.

There were no failures by any borrowers to return loaned securities or pay distribution thereon. Furthermore, there were no losses during the period ended September 30, 2013 resulting from a default of the borrowers or the custodial banks. The County did exercise its right to terminate the securities lending program during the period ended September 30, 2013.

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 2.1 years to 16.1 years and are backed by investments in various assets, including mortgages. As of September 30, 2013, the market value was \$4,215,952.

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, 2013, the County's CMO portfolio had effective duration ranges of .3 years and 3.85 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 \$7,808,837 as of September 30, 2013. Such investments include U.S. government-issued securities and corporate-issued securities. The variable rate securities have maturities through the year 2049 and are backed by investments in various assets, including mortgages.

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, 2013, 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.

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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 2013 summer levy amounted to \$51,429,923,815 with taxable values of \$49,235,110,306. The operating tax rate for the 2013 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 \$22,409,592 at September 30, 2013.

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 \$232,072,932 at September 30, 2013, 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, 2013:

Beginning balance	Additions	Reductions	Ending balance	Due within one year
\$ 25,000,000	\$ 25,000,000	\$ (25,000,000)	\$ 25,000,000	\$ 25,000,000

5. Allowances for Uncollectible Receivables

At September 30, 2013, the allowances for uncollectible receivables were as follows:

General Fund	\$ 323,768
Internal Service funds	
Facilities Maintenance and Operations	37
Information Technology	8
Total	<u>\$ 323,813</u>

In addition, the Parks and Recreation fund (Enterprise) records an allowance for uncollectible taxes receivable in the amount of \$45,836 at September 30, 2013.

County of Oakland
Notes to Basic Financial Statements
September 30, 2013

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, 2013:

	Employees' Retirement	VEBA Trust	IRMB Trust
Interest and dividends	\$ 13,319,449	\$ 10,547,648	\$ 4,946,391
Unrealized/Realized gain on investments	73,970,174	96,221,266	46,122,700
Total	<u>\$ 87,289,623</u>	<u>\$ 106,768,914</u>	<u>\$ 51,069,091</u>

7. Capital Assets

An analysis of property and equipment as reported in the Statement of Net Position, and related accumulated depreciation, at September 30, 2013, for governmental activities follows:

	Balance October 1, 2012	Additions	Disposals	Adjustments	Balance September 30, 2013
Governmental Activities					
Capital assets not being depreciated					
Land	\$ 7,365,551	\$ -	\$ -	\$ -	\$ 7,365,551
Construction in progress	13,871,958	11,603,196	(1,158)	(6,001,393)	19,472,603
Total capital assets not being depreciated	<u>21,237,509</u>	<u>11,603,196</u>	<u>(1,158)</u>	<u>(6,001,393)</u>	<u>26,838,154</u>
Capital assets being depreciated					
Land improvements	1,157,386	-	-	21,768	1,179,154
Buildings and improvements	232,455,322	-	-	435,669	232,890,991
Equipment and vehicles	102,622,837	4,915,885	(4,382,447)	4,543,956	107,700,231
Infrastructure	28,883,030	-	-	1,000,000	29,883,030
Total capital assets being depreciated	<u>365,118,575</u>	<u>4,915,885</u>	<u>(4,382,447)</u>	<u>6,001,393</u>	<u>371,653,406</u>
Less: Accumulated depreciation					
Land improvements	1,014,899	23,606	-	-	1,038,505
Buildings and improvements	95,450,449	5,142,292	-	-	100,592,741
Equipment and vehicles	84,281,822	5,571,788	(4,175,139)	-	85,678,471
Infrastructure	15,529,746	734,526	-	-	16,264,272
Total accumulated depreciation	<u>196,276,916</u>	<u>11,472,212</u>	<u>(4,175,139)</u>	<u>-</u>	<u>203,573,989</u>
Total capital assets being depreciated, net	<u>168,841,659</u>	<u>(6,556,327)</u>	<u>(207,308)</u>	<u>6,001,393</u>	<u>168,079,417</u>
Governmental activities capital assets, net	<u>\$ 190,079,168</u>	<u>\$ 5,046,869</u>	<u>\$ (208,466)</u>	<u>\$ -</u>	<u>\$194,917,571</u>
Depreciation expense was charged to functions as follows:					
Public safety		\$ 2,839,048			
Justice administration		1,092,334			
Citizens services		371,123			
Public infrastructure		602,389			
Commerce and Community Development		29,535			
Unallocated depreciation		1,911,473			
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		<u>4,626,310</u>			
Total depreciation expense - governmental activities		<u>\$ 11,472,212</u>			

County of Oakland
Notes to Basic Financial Statements
September 30, 2013

A summary of business-type property and equipment at September 30, 2013 follows:

	Balance October 1, 2012	Additions	Disposals	Adjustments	Balance September 30, 2013
Business-type Activities					
Capital assets not being depreciated					
Land	\$ 68,158,860	\$ -	\$ -	\$ -	\$ 68,158,860
Construction in progress	31,019,558	8,117,410	-	(2,517,774)	36,619,194
Other	12,000	-	-	-	12,000
Total capital assets not being depreciated	<u>99,190,418</u>	<u>8,117,410</u>	<u>-</u>	<u>(2,517,774)</u>	<u>104,790,054</u>
Capital assets being depreciated					
Land improvements	34,273,119	-	-	52,917	34,326,036
Buildings and improvements	90,639,765	-	-	-	90,639,765
Equipment and vehicles	79,441,400	1,853,967	(127,546)	296,031	81,463,852
Infrastructure	333,151,434	-	-	2,168,826	335,320,260
Total capital assets being depreciated	<u>537,505,718</u>	<u>1,853,967</u>	<u>(127,546)</u>	<u>2,517,774</u>	<u>541,749,913</u>
Less: Accumulated depreciation					
Land improvements	21,866,926	1,564,774	-	-	23,431,700
Buildings and improvements	27,063,316	3,114,897	-	-	30,178,213
Equipment and vehicles	49,638,187	5,367,912	(126,052)	-	54,880,047
Infrastructure	229,534,126	9,127,079	-	-	238,661,205
Total accumulated depreciation	<u>328,102,555</u>	<u>19,174,662</u>	<u>(126,052)</u>	<u>-</u>	<u>347,151,165</u>
Total capital assets being depreciated, net	<u>209,403,163</u>	<u>(17,320,695)</u>	<u>(1,494)</u>	<u>2,517,774</u>	<u>194,598,748</u>
Business-type activities capital assets, net	<u>\$ 308,593,581</u>	<u>\$ (9,203,285)</u>	<u>\$ (1,494)</u>	<u>\$ -</u>	<u>\$ 299,388,802</u>
Depreciation expense was charged to functions as follows:					
Airports		\$ 2,798,845			
Community safety support		7,090,544			
Community water and sewer		3,319,736			
Recreation and leisure		2,969,344			
Sewage disposal systems		2,996,193			
Total depreciation expense - business-type activities		<u>\$ 19,174,662</u>			

County of Oakland
Notes to Basic Financial Statements
September 30, 2013

An analysis of property and equipment, and related accumulated depreciation where applicable, at September 30, 2013, for component units follows:

	Balance October 1, 2012	Additions	Disposals	Balance September 30, 2013
Component Units				
Drainage Districts				
Capital assets not being depreciated				
Construction in progress	\$ 49,609,949	\$ 22,989,203	\$ -	\$ 72,599,152
Land	-	325,964	-	325,964
Total capital assets not being depreciated	49,609,949	23,315,167	-	72,925,116
Capital assets being depreciated				
Infrastructure	544,143,445	-	(3,319,538)	540,823,907
Less: Accumulated depreciation				
Infrastructure	84,643,986	6,548,856	-	91,192,842
Total capital assets being depreciated, net	459,499,459	(6,548,856)	(3,319,538)	449,631,065
Governmental activity capital assets, net	\$ 509,109,408	\$ 16,766,311	\$ (3,319,538)	\$ 522,556,181
Road Commission				
Capital assets not being depreciated				
Land and other	\$ 180,381,129	\$ 4,570,215	\$ -	\$ 184,951,344
Construction in progress	870,276	97,954	-	968,230
Total capital assets not being depreciated	181,251,405	4,668,169	-	185,919,574
Capital assets being depreciated				
Buildings and storage bins	18,882,444	1,309,766	-	20,192,210
Road equipment	48,088,561	1,501,492	(776,326)	48,813,727
Other equipment	5,098,504	32,741	(170,485)	4,960,760
Infrastructure	868,858,908	52,435,361	(17,785,191)	903,509,078
Brine wells and gravel pits	1,389,028	72,600	-	1,461,628
Total capital assets being depreciated	942,317,445	55,351,960	(18,732,002)	978,937,403
Less: Accumulated depreciation				
Buildings and storage bins	10,549,760	274,390	-	10,824,150
Road equipment	46,759,550	783,208	(776,326)	46,766,432
Other equipment	4,707,638	133,212	(170,485)	4,670,365
Infrastructure	347,188,985	36,764,149	(17,785,191)	366,167,943
Brine wells and gravel pits	1,279,560	60,656	-	1,340,216
Total accumulated depreciation	410,485,493	38,015,615	(18,732,002)	429,769,106
Total capital assets being depreciated, net	531,831,952	17,336,345	-	549,168,297
Governmental activity capital assets, net	\$ 713,083,357	\$ 22,004,514	\$ -	\$ 735,087,871

County of Oakland
Notes to Basic Financial Statements
September 30, 2013

8. Long-term Debt

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

Primary Government

Governmental activities

	Interest rate	October 1, 2012	Additions	Reductions	September 30, 2013	Amounts due within one year	Amounts due thereafter	General obligation	With governmental commitment
Debt with limited taxing authority									
Building authority - Act 31	1.00%-5.90%	\$ 21,575,000	\$ 33,825,000	\$ (14,820,000)	\$ 40,580,000	\$ 2,520,000	\$ 38,060,000	\$ 19,325,000	\$ 21,255,000
Building authority refunding	2.00%-5.00%	55,975,000	-	(15,900,000)	40,075,000	3,680,000	36,395,000	38,080,000	1,995,000
Certificates of Participation - Taxable	6.00%-6.25%	464,155,000	-	(442,655,000)	2,150,000	2,150,000	-	2,150,000	-
Retirees Health Care Bonds	3.62%	-	350,000,000	-	350,000,000	-	350,000,000	350,000,000	-
Lake levels - Act 451	2.25%-3.40%	145,000	-	(65,000)	80,000	80,000	-	80,000	-
Sewage disposal - Act 342	4.10%-6.00%	225,000	-	(225,000)	-	-	-	-	-
Water supply - Act 342	2.00%-6.00%	17,505,000	-	(680,000)	16,825,000	760,000	16,065,000	-	16,825,000
Water and sewer refunding bonds	1.50%-2.75%	2,300,000	-	(500,000)	1,800,000	195,000	1,605,000	-	1,800,000
Water supply refunding bonds	1.50%-3.75%	495,000	-	(285,000)	210,000	210,000	-	-	210,000
Sewage disposal refunding bonds	2.25%-3.60%	1,360,000	-	(945,000)	415,000	125,000	290,000	-	415,000
Michigan Bond Authority - Sewage Disposal Bonds	1.62%-2.25%	4,735,727	-	(610,000)	4,125,727	620,000	3,505,727	-	4,125,727
Total bonds - governmental activities		<u>\$ 568,470,727</u>	<u>\$ 383,825,000</u>	<u>\$ (476,685,000)</u>	<u>\$ 475,610,727</u>	<u>\$ 29,690,000</u>	<u>\$ 445,920,727</u>	<u>\$ 428,985,000</u>	<u>\$ 46,625,727</u>
Business-type activities									
Business type activities									
BA - Act 31- County Airport	1.00%-5.90%	\$ -	\$ 5,350,000	\$ (250,000)	\$ 5,100,000	\$ 250,000	\$ 4,850,000	\$ 5,100,000	\$ -
BA refunding - County Airport	2.00%-2.25%	-	4,585,000	(335,000)	4,250,000	340,000	3,910,000	4,250,000	-
Sewage disposal - Act 342	1.75%-6.75%	3,925,000	-	(140,000)	3,785,000	140,000	3,645,000	3,785,000	-
Michigan Bond Authority - Drain Bonds - Pontiac	2.5%	15,438,053	5,196,994	(890,000)	19,745,047	920,000	18,825,047	19,745,047	-
Michigan Bond Authority - Sewage Disposal Bonds	2.5%	226,226	1,694,689	(95,000)	1,825,915	95,000	1,730,915	1,825,915	-
Total bonds - business type		<u>19,589,279</u>	<u>16,826,683</u>	<u>(1,710,000)</u>	<u>34,705,962</u>	<u>1,745,000</u>	<u>32,960,962</u>	<u>34,705,962</u>	<u>-</u>
Total bonds - primary government		<u>\$ 588,060,006</u>	<u>\$ 400,651,683</u>	<u>\$ (478,395,000)</u>	<u>\$ 510,316,689</u>	<u>\$ 31,435,000</u>	<u>\$ 478,881,689</u>	<u>\$ 463,690,962</u>	<u>\$ 46,625,727</u>
Fiduciary Funds									
Pension Trust Funds - COPS	6.00%-6.25%	\$ -	\$ 422,135,000	\$ -	\$ 422,135,000	\$ 22,720,000	\$ 399,415,000	\$ 399,415,000	\$ -

County of Oakland
Notes to Basic Financial Statements
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Component Units

Drainage Dis tricts	Inter est rate	October 1, 2012	Additio ns	Reductio ns	September 30, 2013	Amounts due within one year	Amounts due thereafter	General obligation	With governmental commitment
Debt with limited taxing authority									
Drain bonds - Act 40	1.15%-7.00%	\$ 79,640,000	\$ -	\$ (6,535,000)	\$ 73,105,000	\$ 1,650,000	\$ 71,455,000	\$ 58,674,421	\$ 14,430,579
Drain refunding bonds	1.00%-4.75%	22,775,000	4,160,000	(4,370,000)	22,565,000	4,290,000	18,275,000	1,283,051	2,128,194
Michigan Bond Authority - Drain Bonds	1.15%-4.15%	107,731,606	14,225,283	(6,955,000)	115,001,889	8,135,000	106,866,889	1,043,590	113,958,299
Total Drainage Dis tricts		<u>210,146,606</u>	<u>\$ 18,385,283</u>	<u>(17,860,000)</u>	<u>210,671,889</u>	<u>14,075,000</u>	<u>196,596,889</u>	<u>6,100,1062</u>	<u>149,670,827</u>
Total County Debt		<u>\$ 798,206,612</u>	<u>\$ 84,171,966</u>	<u>\$ (496,255,000)</u>	<u>\$ 1,143,123,578</u>	<u>\$ 68,230,000</u>	<u>\$ 1,074,893,578</u>	<u>\$ 924,107,024</u>	<u>\$ 196,296,554</u>
Road Commission									
Compens ated absences	--	\$ 2,756,046	\$ -	\$ (89,346)	\$ 2,666,700	\$ -	\$ 2,666,700	\$ -	\$ 2,666,700
Self-insured losses	--	2,932,918	-	(485,885)	2,447,033	945,300	1,501,733	-	2,447,033
Other post employment benefits	--	12,271,525	2,511,724	-	14,783,249	-	14,783,249	-	14,783,249
Michigan Transportation									
Fund revenue notes	4.00%	2,000,000	-	(500,000)	1,500,000	500,000	1,000,000	-	1,500,000
Total Road Commission		<u>\$ 19,960,489</u>	<u>\$ 2,511,724</u>	<u>\$ (1,075,231)</u>	<u>\$ 21,396,982</u>	<u>\$ 1,445,300</u>	<u>\$ 19,951,682</u>	<u>\$ -</u>	<u>\$ 21,396,982</u>
Total reporting entity		<u>\$ 818,167,101</u>	<u>\$ 843,683,690</u>	<u>\$ (497,330,231)</u>	<u>\$ 1,164,520,560</u>	<u>\$ 69,675,300</u>	<u>\$ 1,094,845,260</u>	<u>\$ 924,107,024</u>	<u>\$ 217,693,536</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2013

The annual requirements to pay principal and interest on debt outstanding at September 30, 2013 (excluding the liabilities for compensated absences, other postemployment benefits, and uninsured losses for the Road Commission component unit) were as follows:

	Bonds with limited taxing authority		Certificates of Participation limited taxing authority		Business-type Bonds limited taxing authority		Total primary government	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 8,190,000	\$ 16,523,854	\$ 21,500,000	\$ 13,713,044	\$ 1,745,000	\$ 1,046,829	\$ 31,435,000	\$ 31,283,727
2015	29,670,000	15,743,432	-	-	1,785,000	1,003,089	31,455,000	16,746,521
2016	30,685,000	14,698,871	-	-	1,825,000	956,124	32,510,000	15,654,995
2017	31,560,000	13,604,530	-	-	1,855,000	907,010	33,415,000	14,511,540
2018	32,620,000	12,474,778	-	-	1,925,000	855,159	34,545,000	13,329,937
2019-2023	173,520,000	44,202,154	-	-	10,405,000	3,396,189	183,925,000	47,598,343
2024-2028	138,160,727	13,214,260	-	-	10,135,000	1,762,246	148,295,727	14,976,506
2029-2033	8,745,000	896,633	-	-	5,030,962	247,453	13,775,962	1,144,086
2034-2038	835,000	113,563	-	-	-	-	835,000	113,563
2039-2043	125,000	8,075	-	-	-	-	125,000	8,075
Totals	<u>\$454,110,727</u>	<u>\$131,480,150</u>	<u>\$ 21,500,000</u>	<u>\$ 13,713,044</u>	<u>\$ 34,705,962</u>	<u>\$ 10,174,099</u>	<u>\$ 510,316,689</u>	<u>\$ 155,367,293</u>
	Drainage Districts		Road Commission		Total reporting entity			
	Principal	Interest	Principal	Interest	Principal	Interest		
2014	\$ 14,075,000	\$ 6,113,835	\$ 500,000	\$ 60,000	\$ 46,010,000	\$ 37,457,562		
2015	18,345,000	5,601,569	500,000	40,000	50,300,000	22,388,090		
2016	17,303,501	5,144,072	500,000	20,000	50,313,501	20,819,067		
2017	13,335,000	4,711,568	-	-	46,750,000	19,223,108		
2018	13,180,000	4,362,634	-	-	47,725,000	17,692,571		
2019-2023	68,525,000	15,631,658	-	-	252,450,000	63,230,001		
2024-2028	38,793,388	8,046,845	-	-	187,089,115	23,023,351		
2029-2033	23,460,000	3,071,747	-	-	37,235,962	4,215,833		
2034-2038	3,655,000	146,200	-	-	4,490,000	259,763		
2039-2043	-	-	-	-	125,000	8,075		
Totals	<u>\$210,671,889</u>	<u>\$ 52,830,128</u>	<u>\$ 1,500,000</u>	<u>\$ 120,000</u>	<u>\$722,488,578</u>	<u>\$208,317,421</u>		

County of Oakland
Notes to Basic Financial Statements
September 30, 2013

The County has pledged its full faith and credit on debt totaling \$1,168,123,578, 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, 2013, the debt limit was \$5,142,992,382. 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, 2013, there were five issues outstanding, totaling \$40,580,000, maturing in the years 2014-2040, which represents debt originally issued in the years 2007-2012 totaling \$42,945,000.

Taxable Certificates of Participation/Retirees Health Care Bonds

In 2007, Taxable Certificates of Participation (“COPS”) were issued by the 2007 Oakland County Retiree Medical Benefits Funding Trust (the “Issuing Trust”) which COPS were secured by and to be repaid from contract payments made pursuant to a contract entered into by the County of Oakland (the “County”) under the authority of Michigan Public Act No. 139 of 1973 in the amount of \$556,985,000 maturing in the years 2008 through 2027, and funds were placed in trust in the 2007 Oakland County Intermediate Retiree Medical Benefits Trust (“IRMBT”). The COPS, which represent a debt instrument issued in the form of trust certificates, were used to fund current and future retiree health care costs reported in the VEBA Trust Fund. The total amount of COPS outstanding as of September 30, 2013 is \$443,635,000, of which \$21,500,000 is an obligation of the County and the remaining balance is recorded as long-term debt of the Issuing Trust.

The debt was issued by the Issuing Trust but the County was obligated under a contract to make the scheduled debt service payments for the COPS. In September 2013, the County issued refunding bonds in the amount of \$350,000,000, the proceeds of which have enabled the County to fully fund the VEBA Trust Fund as of September 30, 2013. The County thereafter entered into a Superseding Contract with a new, Superseding Trust which was created by the County, under which contract, the County is now obligated to maintain the funding in the VEBA Trust in future years pursuant to the terms of that contract under a Superseding Plan which has superseded and supplanted the obligation of the County to maintain retiree health services by keeping the VEBA Trust at full funding. This action has freed up remaining assets in the IRMBT which have become “Surplus Intermediate Trust Assets” which the County has directed to be paid to the Funding Trust for the purpose of redeeming the outstanding callable COPS in the amount of \$422,135,000 on April 1, 2014. With this action, there are sufficient “Surplus Intermediate Trust Assets” to permit the complete redemption of the COPS in the amount of \$422,135,000 on April 1, 2014.

As a part of this arrangement, the County’s original contract obligation (which is now replaced by a bonded debt) has been reduced by \$73,335,000 which has been recorded as a reduction to the County’s OPEB asset on the statement of net position.

County of Oakland

Notes to Basic Financial Statements

September 30, 2013

The County has caused the transfer of \$422,135,000 of "Surplus Intermediate Trust Assets" to an Escrow Agent under an Irrevocable Escrow and the Escrow Agent will take action to transfer the \$422,135,000 to the Funding Trust to call the remaining balance due on the callable COPS on April 1, 2014.

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 inflows in the Debt Service funds for each act. At September 30, 2013, there were five issues outstanding, totaling \$19,250,000, maturing in the years 2014-2032. This represents debt originally issued in the amount of \$25,885,000 issued in the years 1997-2012.

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, 2013, there were four issues outstanding, totaling \$40,075,000, maturing in the years 2014-2024. This represents debt originally issued in the years 2010-2012 totaling \$46,535,000.

Michigan Bond Authority Sewage Disposal Bonds

In October 1996, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$9,350,000 for the White Lake Township Sewage Disposal System project; the entire amount was received as of the end of fiscal year 1999. The amount outstanding for this issue at September 30, 2013 was \$2,745,000, which matures in the years 2014-2018.

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, 2013, a final amount of \$1,935,727 was drawn from the State Revolving Loan fund. The amount outstanding at September 30, 2013 for this issue is \$1,380,727, which matures in the years 2014-2027.

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, 2013 was \$80,000, which matures in the year 2014.

Business Type

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, 2013 was \$3,785,000, which matures in the years 2014-2031.

County of Oakland
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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, 2013, the County received \$1,920,915 from the State Revolving Loan fund, which matures in the years 2014-2029.

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 \$22,535,000; as of September 30, 2013, \$20,635,047 had been received. The debt obligation recorded as of September 30, 2013 amounted to \$19,745,047, maturing in the years 2014 through 2032.

In 2013, two Building Authority bond issues previously reported as governmental activity debt and recorded as capital leases in the County Airport fund have been reclassified as business-type debt and recorded as bonds payable in the County Airport fund. These consist of the Airport T-Hangar Refunding in the amount of \$4,250,000 maturing in the years 2014-2024 and the Airport Terminal Building in the amount of \$5,100,000 maturing in the years 2014-2030. These represent original debt issued in the amount of \$4,585,000 in 2012 for the Airport T-Hangar and \$5,800,000 in 2010 for the Airport Terminal Building.

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, 2013, there were 14 issues outstanding, totaling \$73,105,000, maturing in the years 2014-2034. This represents original debt issued for \$80,410,000 in the years 1994-2012.

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, 2013, there were 12 issues outstanding, totaling \$22,565,000, maturing in the years 2014-2025. This represents debt originally issued in the years 2001-2013 in the amount of \$43,200,000.

County of Oakland
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September 30, 2013

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. As of September 30, 2013, the drainage district had received the entire amount 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 with successive authorizations for Segments II & III in the years 2012 through 2013, respectively, amounting to \$90,670,000. Through September 30, 2013, the drainage district received \$46,166,067 from the State Revolving Loan Fund for the Oakland-Macomb Interceptor Drain District Segments I, II, and III. At September 30, 2013, there were 13 issues outstanding, totaling \$115,001,889, maturing in the years 2014-2031.

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, 2013, 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 2013 bonds were called as a result of resources provided by the City of Pontiac in the form of prepaid assessment rolls. Accordingly, debt amounting to \$9,150,000 for the Pontiac Phoenix Center and \$7,760,000 for the Pontiac Phoenix Plaza Amphitheatre, and the corresponding leases receivable, are not included in the County's financial statements.

In February 2013, the County issued \$2,235,000 of refunding bonds for a current refunding of general obligation limited tax refunding bond issue on behalf of the Drainage Districts' component unit, pursuant to authorization contained in Act 34, Public Acts of Michigan of 2001. General obligation limited tax refunding drain bonds were issued for the payment of future debt service obligations of the refunded debt. Accordingly, the trust account assets and liability for the refunding bonds are not included in the Drainage Districts' component unit, or the County's financial statements. The debt refunded amounted to \$2,190,000 for the Rewold Drainage District, Series 2005 maturing in the years 2014 through 2025 inclusively. The refunding was undertaken to reduce the debt services payments over the next 11 years by \$265,332 and obtain an economic (present value) gain to the benefiting municipalities of \$242,293.

County of Oakland
Notes to Basic Financial Statements
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In February 2013, the County issued \$1,925,000 of refunding bonds for a current refunding of general obligation limited tax refunding bond issue on behalf of the Drainage Districts' component unit, pursuant to authorization contained in Act 34, Public Acts of Michigan of 2001. General obligation limited tax refunding drain bonds were issued for the payment of future debt service obligations of the refunded debt. Accordingly, the trust account assets and liability for the refunding bonds are not included in the Drainage Districts' component unit, or the County's financial statements. The debt refunded amounted to \$1,885,000 for the Jacobs Drainage District, Series 2005A maturing in the years 2014 through 2025 inclusively. The refunding was undertaken to reduce the debt services payments over the next 11 years by \$246,392 and obtain an economic (present value) gain to the benefiting municipalities of \$224,959.

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, 2013 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities					
Accrued compensated absences	\$ 12,141,921	\$ 1,126,905	\$(1,214,192)	\$ 12,054,634	\$ 1,205,463
Claims and judgments					
Accrued unreported health costs	2,265,000	741,000	(755,000)	2,251,000	750,333
Accrued workers' compensation	12,090,975	1,814,430	(1,900,000)	12,005,405	2,950,000
Building and liability insurance	5,438,863	2,040,299	(1,080,772)	6,398,390	897,895
Governmental activity long-term liabilities	<u>\$ 31,936,759</u>	<u>\$ 5,722,634</u>	<u>\$(4,949,964)</u>	<u>\$ 32,709,429</u>	<u>\$ 5,803,691</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2013

9. Interfund Balances

Interfund receivables and payables at September 30, 2013 were as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General	Nonmajor governmental	\$ 10,484,958
	Nonmajor enterprise	36,820
	Internal service	37,000
	Total	<u>10,558,778</u>
Nonmajor governmental	General	20,307
	Nonmajor governmental	1,361,441
	S.O.C.S.D.S.	1,898
	Nonmajor enterprise	31,078
	Internal service	18,922
	Total	<u>1,433,646</u>
Water & Sewer Trust	Water & Sewer Trust	167,438
	Internal service	810
	Total	<u>168,248</u>
Nonmajor enterprise	Nonmajor enterprise	<u>3,666</u>
Internal service	General	108,597
	Nonmajor governmental	32,666
	Water and Sewer Trust	425,659
	Evergreen Farmington S.D.S.	25,435
	S.O.C.S.D.S.	32,413
	Nonmajor enterprise	22,231
	Internal service	14,399
	Total	<u>661,400</u>
	Total	<u>\$ 12,825,738</u>

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

County of Oakland
Notes to Basic Financial Statements
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Receivables and payables between funds of the Primary Government and the Component Units at September 30, 2013 were as follows:

Primary Government	Component Unit	
Due from Component Unit	Due to Primary Government	
General	Drainage Districts	<u>\$ 109,092</u>
Nonmajor governmental	Drainage Districts	<u>412,131</u>
Evergreen Farmington SDS	Drainage Districts	<u>269,311</u>
Internal Service	Drainage Districts	52,069
	Road Commission	<u>9,708</u>
	Total	<u>61,777</u>
	Total	<u>\$ 852,311</u>

Component Unit	Primary Government	
Due from Primary Government	Due to Component Unit	
Drainage Districts	Water & Sewer Trust	\$ 4,408,650
	Internal Service	<u>5,336</u>
		<u>\$ 4,413,986</u>

Advances to/from other funds (including current and long-term portions) at September 30, 2013 were as follows:

Receivable Fund	Payable Fund	
Nonmajor governmental	Nonmajor governmental	<u>\$ 362,335</u>
Delinquent Tax Revolving	Internal Service	<u>103,064</u>
S.O.C.S.D.S.	Internal Service	<u>319,459</u>
	Total	<u>\$ 784,858</u>

County of Oakland
Notes to Basic Financial Statements
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Interfund transfers between the funds within the Primary Government recorded in the accompanying financial statements as operating transfers in/out for the year ended September 30, 2013 were as follows:

Transfers In	Transfers Out	Amount
General	Nonmajor governmental	\$ 26,016,309
	Delinquent Tax Revolving	16,397,613
	Internal Service	<u>829,000</u>
	Total	<u>43,242,922</u>
Building Authority Act 31	General	335,472
	Nonmajor governmental	<u>8</u>
	Total	<u>335,480</u>
Nonmajor governmental	General	26,440,401
	Nonmajor governmental	1,232,347
	Building Authority Act 31	952
	Water & Sewer Debt Act 342	5,720
	Delinquent Tax Revolving	4,796,125
	Nonmajor enterprise	661,145
	Internal Service	<u>2,784,306</u>
	Total	<u>35,920,996</u>
Water & Sewer Trust	Water & Sewer Trust	<u>12,500</u>
Nonmajor enterprise	General	2,360,262
	Nonmajor enterprise	<u>200,000</u>
	Total	<u>2,560,262</u>
Internal Service	General	7,884,738
	Nonmajor governmental	192,617
	Parks & Recreation	23,051
	Nonmajor enterprise	<u>286,000</u>
	Total	<u>8,386,406</u>
	Total transfers	<u>\$ 90,458,566</u>

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2013

10. Fund Equities

At September 30, 2013, a deficit existed in the following funds:

Special Revenue Funds

Lake Levels Act 146	\$ 258,173
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Capital Projects Funds

Lake Levels Act 146	225,629
Drain Chapter 4 Construction	122,740

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. However, our maintenance and operation costs are directly affected by weather conditions and several of our lake level controls have electrically operated augmentation pumps, making it difficult to predict future expenses.

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 \$192,060 and the Upper Straits Lake Level Dam Reconstruction project in the amount of \$39,412. 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. When the design phase is 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, prior to requesting the loan. Updating the district requires Circuit Court action and therefore, the project schedule is directly affected by the Court schedule. 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. The draws from the Long Term Revolving Fund loan are being tracked on the Balance Sheet of the Construction Fund. The design for the project is complete and bids are scheduled to be received in November 2013.

County of Oakland
Notes to Basic Financial Statements
September 30, 2013

Nonspendable, restricted, committed, assigned, and unassigned fund balances of the primary government at September 30, 2013 were as follows:

	Nonspendable	Spendable			Unassigned
		Restricted	Committed	Assigned	
Primary Government					
General Fund					
Prepays	\$ 113,089	\$ -	\$ -	\$ -	\$ -
Inventories	145,558	-	-	-	-
Property Tax Forfeiture	-	15,589,336	-	-	-
Substance Abuse	-	4,611,797	-	-	-
Department Operations	-	-	-	500,280	-
Federal Health Care Impact	-	-	-	1,000,000	-
Capital Reserve	-	-	-	5,800,000	-
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	-	-	-	705,000	-
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	-
Quality of Life Initiatives	-	-	-	500,000	-
Peoplesoft Upgrade	-	-	-	2,800,000	-
Sheriff Aviation	-	-	-	1,186,292	-
Jail Commissary	-	-	-	123,539	-
RCOC Triparty	-	-	-	2,000,000	-
Property Tax Forfeiture Activities	-	-	-	2,236,612	-
Community Partnerships	-	-	-	238,654	-
Microloan	-	-	-	200,000	-
Buy Local	-	-	-	200,000	-
Future operating requirements:					
2014	-	-	-	33,754,856	-
2015	-	-	-	41,413,707	-
2016	-	-	-	47,011,617	-
2017 and Beyond	-	-	-	42,476,517	-
Carryforwards	-	-	-	1,971,411	-
DB Pension Contribution 2015-7	-	-	-	5,000,000	-
MI SCAO Interpreter Costs	-	-	-	1,500,000	-
Building Security Cameras and Consoles	-	-	-	5,000,000	-
WRC Long-Term Revolving Fund	-	-	-	1,000,000	-
Rx Discount Card Program	-	-	-	3,556	-
Unfunded Mandates	-	-	-	3,500,000	-
Unassigned	-	-	-	-	1,091,218
Total	\$ 258,647	\$ 20,201,133	\$ -	\$ 221,222,041	\$ 1,091,218

County of Oakland
Notes to Basic Financial Statements
September 30, 2013

	Nonspendable	Spendable			Unassigned
		Restricted	Committed	Assigned	
Special Revenue Funds					
Lake Levels (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ (258,173)
Specific programs	-	51,303,006	-	-	-
Total	\$ -	\$ 51,303,006	\$ -	\$ -	\$ (258,173)
Debt Service Funds					
Debt service - general obligations	\$ -	\$ 953,734	\$ -	\$ -	\$ -
Capital Projects Funds					
Long-term receivables	\$ 441,135	\$ -	\$ -	\$ -	\$ -
Work projects	-	9,257	46,332,071	-	(348,369)
Total	\$ 441,135	\$ 9,257	\$ 46,332,071	\$ -	\$ (348,369)

11. Employee Benefits

Primary Government

The County provides various benefits to its employees. Expenditures in 2013 for these benefits totaled the following: medical insurance, \$28,920,526; dental insurance, \$3,002,652; optical insurance, \$267,805; disability, \$2,481,903; tuition reimbursement, \$123,232; Social Security, \$14,280,626; workers' compensation, \$2,171,807; and unemployment claims, \$488,128.

12. Defined Benefit Pension Plan

Plan Description

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2013

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, 2013:

Statement of Net Position

Cash and investments	\$ 762,025,952
Other assets	2,817,552
Total assets	<u>764,843,504</u>
Liabilities	<u>572,717</u>
Net position	<u>\$ 764,270,787</u>

Statement of Changes in Net Position

Additions:	
Contributions	\$ 6,027,403
Investment income	87,289,623
Other revenue	191,696
Total additions	<u>93,508,722</u>
Deductions:	
Benefit payments	47,320,259
Other expenses	2,709,616
Total deductions	<u>50,029,875</u>
Change in net position	43,478,847
Net position held in trust, beginning of year	<u>720,791,940</u>
Net position held in trust, end of year	<u>\$ 764,270,787</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. For fiscal year 2013, the annual contribution was \$5,400,095 which was determined through actuarial valuations performed at September 30, 2011. There were no contributions from County funds for the years 2000 through 2012.

County of Oakland
Notes to Basic Financial Statements
September 30, 2013

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, 2013 and September 30, 2012 amounted to \$627,308 and \$716,927, 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, 2012, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	1,892
Terminated plan members entitled to, but not yet receiving benefits	140
Active plan members	<u>526</u>
Total	<u>2,558</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

For fiscal year end September 30, 2013, annual pension cost of \$5,400,095 was equal to the County's required and actual contribution.

County of Oakland
Notes to Basic Financial Statements
September 30, 2013

Funded Status and Funding Progress

	Actuarial Valuation as of September 30		
	2012	2011	2010
Actuarial value of assets	\$ 717,654,902	\$ 727,690,746	\$ 745,094,735
Actuarial accrued liability (entry age)	713,972,065	712,159,061	692,409,285
Overfunded AAL	<u>\$ (3,682,837)</u>	<u>\$ (15,531,685)</u>	<u>\$ (52,685,450)</u>
Funded ratio	100.5%	102.2%	107.6%
Covered payroll	\$ 33,706,963	\$ 38,275,780	\$ 42,686,155
UAAL as percentage of covered payroll	(10.9)%	(40.6)%	(123.4)%

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, 2011, 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, 2013 consists of the following reserves:

Annuity reserve	\$ 7,266,355
Pension reserve	253,397,050
Pension accumulated reserve	<u>503,607,382</u>
Total fund balance	<u>\$ 764,270,787</u>

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2013

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, 2013 was 2,758, which includes 479 employees who elected to transfer from the PERS in 1995 through 2000 and 2,279 current employees hired since July 1, 1994.

The County's payroll for employees covered by the OPRS for the year ended September 30, 2013 was \$155,163,495, and the County's total payroll was \$205,696,346. The required contributions, which matched those actually made, were \$5,920,871 by employees and \$14,101,873 by the County, representing 3.8% 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 2013, the County contributed \$187,227 to the plan.

The contribution requirements of plan members and the County are established and may be amended by the Board of Commissioners in accordance with County policies, union contracts, and plan provisions.

County of Oakland
Notes to Basic Financial Statements
September 30, 2013

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 2013, the County provided 2,167 retirees medical insurance and reimbursed them for Medicare premiums under the Trust. In 2013, the County disbursed \$28,563,668 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, 2013, the date of the most recent actuarial valuation, membership in the OPEB consisted of 2,265 retirees and beneficiaries currently receiving benefits, 2,539 active employees, and 240 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		
	2013	2012	2011
Annual OPEB cost (ARC)	\$ 28,359,365	\$ 27,858,341	\$ 37,116,312
Percentage of ARC contributed	0%	0%	0%
Net OPEB asset	\$ 198,243,607	\$ 299,937,972	\$ 327,796,313

In 2013, the IRMBT contributed \$36,970,025 as the annual required contribution determined by the actuary. In addition, the County, as permitted, contributed an additional \$236,000,000 in order to fully fund the VEBA. Since the 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.

County of Oakland
Notes to Basic Financial Statements
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The funding progress of the plan as of September 30, 2013, the most recent actuarial valuation report, is as follows:

Retirees and beneficiaries	\$ 444,643,296
Vested terminated employees who will be eligible when they collect retirement (age 60 in most cases) and their beneficiaries	59,189,042
Active employees and beneficiaries	365,652,808
Actuarial accrued liability	869,485,146
Actuarial value of assets	1,023,100,574
Unfunded AAL (Overfunded AAL)	<u>\$(153,615,428)</u>
Funded ratio	117.7%
Annual covered payroll	\$ 154,128,944
Overfunded AAL as a percentage of payroll	99.7%
Actuarial Required Contribution (ARC)	\$ 19,505,017
Adjustment to the ARC	17,465,007
Interest on net OPEB asset	(8,610,659)
Annual OPEB cost	<u>28,359,365</u>
Contributions	-
Loan forgiveness*	<u>73,335,000</u>
Decrease in net OPEB Asset	101,694,365
OPEB Asset - Beginning of year	<u>299,937,972</u>
OPEB Asset - End of year	<u>\$ 198,243,607</u>

*refer to Note #8

Overfunded actuarial accrued liabilities are being amortized based on a level dollar closed period of 10 years. In addition, the County reports an other post-employment benefits asset for the funding provided by the sale of certificates of participation. The remaining amortization period of this asset as of September 30, 2013 was 23 years.

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

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2013

In the September 30, 2013 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. The UAAL for the groups was amortized over a 10-year period using a closed level dollar payment method. Active member payroll was assumed to increase 4.5 percent per year for the purpose of determining the level percent contributions.

The following are condensed financial statements as of and including September 30, 2013 (the OPEB Plan includes the VEBA Trust and the IRMB Trust):

	OPEB Plan
Statement of Net Position	
Cash and investments	\$ 1,454,093,632
Other assets	2,784,575
Total assets	1,456,878,207
Liabilities	424,279,040
Net position	\$ 1,032,599,167

Statement of Changes in Net Position	
Additions:	
Contributions	\$ 90,192
Investment income	157,838,005
Other revenue	2,335,012
Total additions	160,263,209
Deductions:	
Benefits	28,563,668
Loan forgiveness	73,335,000
Other expenses	3,513,973
Total deductions	105,412,641
Change in net position	54,850,568
Net position held in trust, beginning of year	977,748,599
Net position held in trust, end of year	\$ 1,032,599,167

County of Oakland
Notes to Basic Financial Statements
September 30, 2013

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, 2012, the date of the most recent actuarial valuation, membership consisted of 689 retirees and beneficiaries currently receiving benefits, 306 vested active employees, and 92 nonvested active employees. For the year ended September 30, 2013, the Road Commission's adjusted annual required contribution to the Trust was \$8,211,121, with interest of \$736,292 on the prior year net OPEB obligation. The Road Commission contributed \$500,000 to the Trust during the year and paid \$5,935,689 directly toward insurance premiums and medical costs for retirees during fiscal year 2013, leaving a net OPEB obligation of \$14,783,249 at September 30, 2013.

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 \$622,958,494, electronic data processing equipment in the amount of \$42,241,397, 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 \$1,000,000 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.

County of Oakland
Notes to Basic Financial Statements
September 30, 2013

The County and the Road Commission estimate the liability for all the above-mentioned claims that have been incurred through September 30, 2013, 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:

	September 30	
	2013	2012
Primary Government		
Beginning-of-period liability	<u>\$ 19,794,838</u>	<u>\$ 18,529,805</u>
Estimated claims incurred, claim adjustment expenses and changes in estimates		
Provisions for current-year events	39,152,714	42,318,258
Decrease in provisions for prior-year events	<u>(540,383)</u>	<u>(57,100)</u>
Total incurred claims, claim adjustment expenses and changes in estimates	38,612,331	42,261,158
Claim payments and claim adjustment expenses		
Related to current-year events	(35,318,819)	(39,197,486)
Related to prior-year events	<u>(2,433,555)</u>	<u>(1,798,639)</u>
Total claim payments and claim adjustment expenses	<u>(37,752,374)</u>	<u>(40,996,125)</u>
End-of-period liability	<u>\$ 20,654,795</u>	<u>\$ 19,794,838</u>
Road Commission - Component Unit		
Beginning-of-year liability	\$ 3,833,018	\$ 3,647,027
Estimated claims incurred and changes in estimates	12,336,340	13,690,593
Claim payments	<u>(12,823,325)</u>	<u>(13,504,602)</u>
End-of-year liability	<u>\$ 3,346,033</u>	<u>\$ 3,833,018</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2013

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, 2013 were \$880,740. The future minimum lease payments as of September 30, 2013 are as follows:

Fiscal year	Primary government
2014	\$ 803,967
2015	576,649
2016	344,656
2017	157,604
2018	157,604
2019-2023	<u>110,323</u>
Total	<u>\$ 2,150,803</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, 2013 totaled \$158,127, 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, 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, City of Oak Park in the amount of \$2,500,000 in 2012, and Community Mental Health Authority Project in the amount of \$14,500,000 in 2012. The future minimum lease payments to be received as of September 30, 2013 are as follows:

Fiscal year	Primary government
2014	\$ 1,853,016
2015	1,894,216
2016	1,881,891
2017	1,865,604
2018	1,873,407
2019 - 2023	8,196,606
2024 - 2028	6,389,866
2029 - 2033	6,010,308
2034 - 2038	948,563
2039 - 2043	<u>133,075</u>
Total	<u>\$ 31,046,552</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2013

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, 2013 as follows: Water Resources Commissioner has a contract with a cost of \$4,961,023 for the Farmington Hills Water System Project (ACT 342 Project) with a remaining balance of \$1,084,109 and a contract with a cost of \$1,931,226 for the Evergreen Farmington Sewage Disposal System (ACT 342 Project) with a remaining balance of \$1,273,645. Building Authority Projects has a contract with a cost of \$1,408,000 for the Facilities Infrastructure/Information Technology Project with a remaining balance of \$1,114,323.

The Drainage Districts' component unit has a construction contract for a Bloomfield Township CSO project with a total cost of \$2,712,210, with a remaining balance of \$402,559 and contracts for the Oakland Macomb Interceptor Drainage District Project with a total cost of \$92,494,347, with a remaining balance of \$61,112,109 as of September 30, 2013.

County of Oakland
Notes to Basic Financial Statements
September 30, 2013

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	\$ 11,992,424
Long-term advances receivable	362,335
Due to other funds	(12,007,969)
Current and long-term advances payable	(362,335)
Internal Service Funds	
Due from other funds	661,400
Due to other funds	(71,131)
Current and long-term advances payable	<u>(422,523)</u>
Governmental activities, internal balances	<u>\$ 152,201</u>

Business-Type Activities

Proprietary Funds	
Due from other funds	\$ 171,914
Current and long-term advances receivable	422,523
Due to other funds	<u>(746,638)</u>
Business-type activities, internal balances	<u>\$ (152,201)</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

Schedule of funding progress:

Actuarial valuation date September 30,	Actuarial value of assets	Actuarial accrued liability (AAL)	Unfunded AAL (UAAL)	Funded ratio	Covered payroll	UAAL as a percentage of covered payroll
2007	\$ 799,307,403	\$ 652,118,082	\$ (147,189,321)	122.6%	\$ 55,704,389	(264.2) %
2008	791,541,576	675,166,642	(116,374,934)	117.2%	46,690,015	(249.3) %
2009	750,432,703	683,077,469	(67,355,234)	109.9%	44,884,070	(150.1) %
2010	745,094,735	692,409,285	(52,685,450)	107.6%	42,686,155	(123.4) %
2011	727,690,746	712,159,061	(15,531,685)	102.2%	38,275,780	(40.6) %
2012	717,654,902	713,972,065	(3,682,837)	100.5%	33,706,963	(10.9) %

Schedule of employer contributions:

Year ended September 30,	Annual required contribution	Percentage contributed
2008	\$ -	100%
2009	-	100%
2010	-	100%
2011	-	100%
2012	-	100%
2013	5,400,095	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**

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
	*					
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%)
2012	942,378,801	867,622,212	(74,756,589)	108.6%	162,819,440	(45.9%)
2013	1,023,100,574	869,485,146	(153,615,428)	117.7%	154,128,944	(99.7%)

*The actuarial value of assets for fiscal years 2008 through 2012 includes the net position of the IRMBT. As noted in Note 8, at September 30, 2013, the remaining assets in the IRMBT have become “Surplus Intermediate Trust Assets” which the County has directed to be paid to the funding trust for the purpose of redeeming the outstanding callable COPs in the amount of \$422,135,000 on April 1, 2014. Therefore, the net position of the IRMBT is not included in the actuarial value of assets at September 30, 2013.

Schedule of employer contributions:

Year ended September 30,	Annual required contribution	Percentage contributed
2008	\$ 60,200,684	0.0%
2009	61,863,580	0.0%
2010	45,839,484	0.0%
2011	37,116,312	0.0%
2012	27,858,341	0.0%
2013	28,359,326	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 dollar, closed
Asset valuation method	Market value
Actuarial assumptions	
Investment rate of return*	7.5%
Projected salary increases*	4.50% to 10.50%
Cost-of-living adjustments	1.5% non-compounding annually
* Includes pay inflation at 4.5%	

**County of Oakland
Budgetary Comparison Schedule
Major Governmental Funds
Year Ended September 30, 2013**

	General Fund			Variance with Final Amended Budget
	Original Budget (Unaudited)	Final Amended Budget (Unaudited)	Actual	
Revenue				
Taxes				
Current property taxes	\$ 196,320,741	\$ 196,588,741	\$ 203,613,207	\$ 7,024,466
Delinquent taxes - prior years	98,500	98,500	(2,854,542)	(2,953,042)
Trailer tax	89,000	89,000	83,556	(5,444)
Total	<u>196,508,241</u>	<u>196,776,241</u>	<u>200,842,221</u>	<u>4,065,980</u>
Other intergovernmental revenue				
Cigarette tax distribution	77,000	77,000	63,605	(13,395)
Circuit judges' salaries	866,381	866,381	891,618	25,237
Probate judges' salaries	592,724	592,724	593,954	1,230
District judges' salaries	467,390	467,390	468,671	1,281
State court fund - P.A. 189	5,500,000	5,500,000	5,149,253	(350,747)
Convention facility/Liquor tax	2,900,000	7,577,130	7,577,130	-
Other	360,800	290,351	408,879	118,528
Total	<u>10,764,295</u>	<u>15,370,976</u>	<u>15,153,110</u>	<u>(217,866)</u>
Charges for services				
County Executive	-	131,102	287,413	156,311
Management and Budget	3,963,968	3,832,866	3,970,342	137,476
Central Services	418,300	418,300	330,778	(87,522)
Human Resources	800	800	562	(238)
Human Services	3,021,904	3,035,527	3,486,880	451,353
Public Services	1,357,895	1,380,895	1,449,463	68,568
Community and Economic Development	282,256	419,041	570,947	151,906
Clerk/Register of Deeds	10,806,893	11,685,710	16,515,695	4,829,985
Treasurer	5,657,918	5,657,918	13,011,410	7,353,492
Circuit Court	3,824,500	3,884,500	3,486,359	(398,141)
District Court	12,273,400	12,273,400	12,382,979	109,579
Probate Court	520,300	520,300	554,541	34,241
Prosecuting Attorney	456,300	420,300	297,796	(122,504)
Sheriff	51,591,031	51,798,262	50,664,618	(1,133,644)
Legislative	25,600	25,600	19,674	(5,926)
Water Resources Commissioner	1,400,154	1,400,154	1,912,296	512,142
Non-Departmental	892,000	892,000	1,213,943	321,943
Total	<u>96,493,219</u>	<u>97,776,675</u>	<u>110,155,696</u>	<u>12,379,021</u>
Investment income	2,849,000	2,849,000	1,457,136	(1,391,864)
Indirect cost recovery	7,900,000	7,900,000	7,610,932	(289,068)
Federal grants	295,650	276,395	282,853	6,458
State grants	4,442,986	4,470,136	4,451,351	(18,785)
Contributions	44,400	114,563	78,512	(36,051)
Other revenue	786,851	432,500	2,899,480	2,466,980
Total revenue	<u>320,084,642</u>	<u>325,966,486</u>	<u>342,931,291</u>	<u>16,964,805</u>

(continued)

**County of Oakland
 Budgetary Comparison Schedule (Continued)
 Major Governmental Funds
 Year Ended September 30, 2013**

	General Fund			Variance with Final Amended Budget
	Original Budget (Unaudited)	Final Amended Budget (Unaudited)	Actual	
Expenditures				
County Executive				
Administration				
Personnel	\$ 4,697,720	\$ 5,596,756	\$ 5,408,264	\$ 188,492
Operating	374,544	389,933	276,746	113,187
Internal Support	691,965	864,302	817,164	47,138
Total Administration	<u>5,764,229</u>	<u>6,850,991</u>	<u>6,502,174</u>	<u>348,817</u>
Management and Budget				
Personnel	17,462,934	16,395,334	14,413,259	1,982,075
Operating	843,545	828,156	659,162	168,994
Internal Support	2,299,020	2,887,992	2,727,484	160,508
Total Management and Budget	<u>20,605,499</u>	<u>20,111,482</u>	<u>17,799,905</u>	<u>2,311,577</u>
Central Services				
Personnel	1,384,842	1,384,842	1,312,011	72,831
Operating	425,636	429,553	358,954	70,599
Internal Support	740,852	793,464	771,219	22,245
Total Central Services	<u>2,551,330</u>	<u>2,607,859</u>	<u>2,442,184</u>	<u>165,675</u>
Facilities Management				
Personnel	1,046,815	1,034,924	1,022,851	12,073
Operating	92,246	100,746	97,967	2,779
Internal Support	76,215	77,378	75,627	1,751
Total Facilities Management	<u>1,215,276</u>	<u>1,213,048</u>	<u>1,196,445</u>	<u>16,603</u>
Human Resources				
Personnel	2,760,091	2,760,091	2,404,515	355,576
Operating	505,894	585,894	267,205	318,689
Internal Support	680,199	837,787	837,735	52
Total Human Resources	<u>3,946,184</u>	<u>4,183,772</u>	<u>3,509,455</u>	<u>674,317</u>
Human Services				
Personnel	24,872,838	24,904,127	21,383,009	3,521,118
Operating	7,274,051	9,220,952	7,074,390	2,146,562
Internal Support	3,317,573	3,990,711	3,891,537	99,174
Total Human Services	<u>35,464,462</u>	<u>38,115,790</u>	<u>32,348,936</u>	<u>5,766,854</u>
Public Services				
Personnel	11,453,553	11,461,918	10,790,884	671,034
Operating	1,556,855	1,712,934	1,586,112	126,822
Internal Support	3,268,695	3,642,085	3,499,254	142,831
Total Public Services	<u>16,279,103</u>	<u>16,816,937</u>	<u>15,876,250</u>	<u>940,687</u>

(continued)

**County of Oakland
 Budgetary Comparison Schedule (Continued)
 Major Governmental Funds
 Year Ended September 30, 2013**

	General Fund			Variance with Final Amended Budget
	Original Budget (Unaudited)	Final Amended Budget (Unaudited)	Actual	
Expenditures (continued)				
County Executive (continued)				
Community and Economic Development				
Personnel	\$ 4,996,155	\$ 4,996,129	\$ 4,581,443	\$ 414,686
Operating	1,340,935	1,831,209	1,383,097	448,112
Internal Support	794,206	972,062	960,566	11,496
Total Community and Economic Development	<u>7,131,296</u>	<u>7,799,400</u>	<u>6,925,106</u>	<u>874,294</u>
Total County Executive	<u>92,957,379</u>	<u>97,699,279</u>	<u>86,600,455</u>	<u>11,098,824</u>
Clerk/Register of Deeds				
Personnel	8,081,022	7,633,943	6,674,088	959,855
Operating	1,541,933	1,793,211	1,536,342	256,869
Internal Support	1,442,829	1,458,486	1,405,478	53,008
Total Clerk/Register of Deeds	<u>11,065,784</u>	<u>10,885,640</u>	<u>9,615,908</u>	<u>1,269,732</u>
Treasurer				
Personnel	3,129,377	3,129,377	2,953,295	176,082
Operating	4,606,640	4,606,640	4,492,020	114,620
Internal Support	559,514	957,027	925,759	31,268
Total Treasurer	<u>8,295,531</u>	<u>8,693,044</u>	<u>8,371,074</u>	<u>321,970</u>
Justice Administration				
Circuit Court				
Personnel	21,797,723	21,767,293	19,299,374	2,467,919
Operating	7,048,112	7,275,812	5,912,702	1,363,110
Internal Support	4,313,147	4,779,415	4,655,077	124,338
Total Circuit Court	<u>33,158,982</u>	<u>33,822,520</u>	<u>29,867,153</u>	<u>3,955,367</u>
District Court				
Personnel	12,259,039	12,287,151	11,721,226	565,925
Operating	2,646,450	2,639,446	2,348,568	290,878
Internal Support	1,798,969	1,924,400	1,601,580	322,820
Total District Court	<u>16,704,458</u>	<u>16,850,997</u>	<u>15,671,374</u>	<u>1,179,623</u>
Probate Court				
Personnel	4,316,388	4,316,388	4,120,197	196,191
Operating	739,424	811,024	810,961	63
Internal Support	897,043	924,470	879,607	44,863
Total Probate Court	<u>5,952,855</u>	<u>6,051,882</u>	<u>5,810,765</u>	<u>241,117</u>
Total Justice Administration	<u>55,816,295</u>	<u>56,725,399</u>	<u>51,349,292</u>	<u>5,376,107</u>

(continued)

**County of Oakland
 Budgetary Comparison Schedule (Continued)
 Major Governmental Funds
 Year Ended September 30, 2013**

	General Fund			Variance with Final Amended Budget
	Original Budget (Unaudited)	Final Amended Budget (Unaudited)	Actual	
Expenditures (continued)				
Law Enforcement				
Prosecuting Attorney				
Personnel	\$ 15,969,945	\$ 15,948,487	\$ 14,600,114	\$ 1,348,373
Operating	540,752	565,244	509,954	55,290
Internal Support	1,785,097	1,872,772	1,791,450	81,322
Total Prosecuting Attorney	<u>18,295,794</u>	<u>18,386,503</u>	<u>16,901,518</u>	<u>1,484,985</u>
Sheriff				
Personnel	108,188,689	108,808,029	104,042,010	4,766,019
Operating	13,010,086	13,810,186	10,614,799	3,195,387
Internal Support	16,319,683	16,110,770	16,110,735	35
Total Sheriff	<u>137,518,458</u>	<u>138,728,985</u>	<u>130,767,544</u>	<u>7,961,441</u>
Total Law Enforcement	<u>155,814,252</u>	<u>157,115,488</u>	<u>147,669,062</u>	<u>9,446,426</u>
Legislative				
Board of Commissioners				
Personnel	2,758,174	2,758,174	2,579,060	179,114
Operating	801,088	873,888	767,878	106,010
Internal Support	696,343	736,036	669,705	66,331
Total Legislative	<u>4,255,605</u>	<u>4,368,098</u>	<u>4,016,643</u>	<u>351,455</u>
Water Resource Commissioner				
Personnel	226,413	226,413	215,455	10,958
Operating	487,975	503,300	266,030	237,270
Internal Support	4,354,046	4,669,904	4,618,410	51,494
Total Water Resource Commissioner	<u>5,068,434</u>	<u>5,399,617</u>	<u>5,099,895</u>	<u>299,722</u>
Non-departmental				
Operating	20,797,302	17,434,284	14,214,895	3,219,389
Internal Support	9,441,227	5,073,940	2,872,517	2,201,423
Total non-departmental	<u>30,238,529</u>	<u>22,508,224</u>	<u>17,087,412</u>	<u>5,420,812</u>
Total expenditures	<u>363,511,809</u>	<u>363,394,789</u>	<u>329,809,741</u>	<u>33,585,048</u>
Excess of revenue (under) over expenditures	<u>(43,427,167)</u>	<u>(37,428,303)</u>	<u>13,121,550</u>	<u>50,549,853</u>

(continued)

**County of Oakland
 Budgetary Comparison Schedule (Continued)
 Major Governmental Funds
 Year Ended September 30, 2013**

	General Fund			Variance with Final Amended Budget
	Original Budget (Unaudited)	Final Amended Budget (Unaudited)	Actual	
Other Financing Sources (Uses)				
Transfers in				
Special Revenue Funds				
Restricted Funds	\$ 24,704,070	\$ 24,704,070	\$ 24,704,070	\$ -
Revenue Sharing Reserve	-	1,219,509	1,219,505	(4)
Total special revenue funds	<u>24,704,070</u>	<u>25,923,579</u>	<u>25,923,575</u>	<u>(4)</u>
Capital Projects Funds				
Project Work Orders	-	-	92,733	92,733
Total capital projects funds	<u>-</u>	<u>-</u>	<u>92,733</u>	<u>92,733</u>
Internal Service Funds				
Motor Pool	829,000	829,000	829,000	-
Total internal service funds	<u>829,000</u>	<u>829,000</u>	<u>829,000</u>	<u>-</u>
Enterprise Funds				
Delinquent Tax Revolving	16,458,923	16,458,923	16,397,614	(61,309)
Total enterprise funds	<u>16,458,923</u>	<u>16,458,923</u>	<u>16,397,614</u>	<u>(61,309)</u>
Total Transfers In	<u>41,991,993</u>	<u>43,211,502</u>	<u>43,242,922</u>	<u>31,420</u>
Transfers out				
Special Revenue Funds				
Juvenile Maintenance	(22,568,532)	(22,756,182)	(16,349,671)	6,406,511
Social Welfare Foster Care	(1,000)	(1,000)	-	1,000
Human Services Grants	(8,640)	(8,640)	-	8,640
Drains-Act 40 Chapters 4 & 18				
Maintenance	(56,165)	(56,165)	(46,535)	9,630
Friend of the Court Grant	(5,092,079)	(5,092,079)	(4,738,849)	353,230
Multi Organizational Grants	-	(11,834)	(9,674)	2,160
Law Enforcement Grants	(1,209,089)	(1,684,826)	(1,541,297)	143,529
Housing & Community Development	-	(332,129)	(332,129)	-
Judicial Grants	-	(28,344)	(28,344)	-
Total special revenue funds	<u>(28,935,505)</u>	<u>(29,971,199)</u>	<u>(23,046,499)</u>	<u>6,924,700</u>

(continued)

**County of Oakland
 Budgetary Comparison Schedule (Continued)
 Major Governmental Funds
 Year Ended September 30, 2013**

	General Fund			Variance with Final Amended Budget
	Original Budget (Unaudited)	Final Amended Budget (Unaudited)	Actual	
Other Financing Sources (Uses) (continued)				
Debt Service Funds				
Building Authority Debt Act 31	\$ (2,200,000)	\$ (1,889,000)	\$ (335,472)	\$ 1,553,528
Total debt service funds	<u>(2,200,000)</u>	<u>(1,889,000)</u>	<u>(335,472)</u>	<u>1,553,528</u>
Capital Projects Funds				
Building Improvement	(300,000)	(300,000)	(300,000)	-
Project Work Orders	(120,000)	(1,206,370)	(1,093,902)	112,468
Major Dept. Support Projects	-	(2,000,000)	(2,000,000)	-
Total capital projects funds	<u>(420,000)</u>	<u>(3,506,370)</u>	<u>(3,393,902)</u>	<u>112,468</u>
Internal Service Funds				
Facilities Maintenance and Operations	-	-	(676)	(676)
Information Technology	(2,356,676)	(2,591,423)	(2,355,423)	236,000
Fringe Benefits	-	(5,400,000)	(5,400,095)	(95)
Motor Pool	-	(125,000)	(125,000)	-
Telephone Communications	-	(3,544)	(3,544)	-
Total internal service funds	<u>(2,356,676)</u>	<u>(8,119,967)</u>	<u>(7,884,738)</u>	<u>235,229</u>
Enterprise Funds				
Fire Records Management	(430,185)	(430,185)	(416,821)	13,364
Radio Communications	-	(28,800)	(28,800)	-
CLEMIS	(1,844,000)	(1,914,455)	(1,914,641)	(186)
Total enterprise funds	<u>(2,274,185)</u>	<u>(2,373,440)</u>	<u>(2,360,262)</u>	<u>13,178</u>
Total transfers out	<u>(36,186,366)</u>	<u>(45,859,976)</u>	<u>(37,020,873)</u>	<u>8,839,103</u>
Total other financing sources (uses)	<u>5,805,627</u>	<u>(2,648,474)</u>	<u>6,222,049</u>	<u>8,870,523</u>
Net change in fund balance	<u>(37,621,540)</u>	<u>(40,076,777)</u>	<u>19,343,599</u>	<u>59,420,376</u>
Fund balance				
October 1, 2012	<u>223,429,440</u>	<u>223,429,440</u>	<u>223,429,440</u>	<u>-</u>
September 30, 2013	<u>\$ 185,807,900</u>	<u>\$ 183,352,663</u>	<u>\$ 242,773,039</u>	<u>\$ 59,420,376</u>

County of Oakland
Notes to Required Supplementary Information
September 30, 2013

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

The County Board of Commissioners adopts a resolution which authorizes and closes amounts exceeding the original appropriation against the balances in other appropriations and closes the remaining balance to the General Fund's "Unassigned Fund Balance."

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

**County of Oakland
Balance Sheet
Non-Major Governmental Funds – By Fund Type
September 30, 2013**

	Special Revenue	Debt Service	Capital Projects	Totals September 30, 2013
Assets				
Current assets				
Pooled cash and investments	\$ 58,712,349	\$ 475,472	\$ 46,772,013	\$ 105,959,834
Due from other governmental units	10,711,122	-	-	10,711,122
Due from component units	-	-	412,131	412,131
Accrued interest receivable	289,745	910	175	290,830
Accounts receivable (net of allowance for uncollectibles where applicable)	1,113,598	-	-	1,113,598
Contracts receivable	-	-	39,400	39,400
Due from other funds	722,684	-	710,962	1,433,646
Advances	-	-	362,335	362,335
Other assets	3,928,589	-	-	3,928,589
Total current assets	<u>75,478,087</u>	<u>476,382</u>	<u>48,297,016</u>	<u>124,251,485</u>
Noncurrent assets				
Special assessments receivable	14,257	2,438,980	166,105	2,619,342
Contracts receivable	-	1,995,000	78,800	2,073,800
Total noncurrent assets	<u>14,257</u>	<u>4,433,980</u>	<u>244,905</u>	<u>4,693,142</u>
Total assets	<u>\$ 75,492,344</u>	<u>\$ 4,910,362</u>	<u>\$ 48,541,921</u>	<u>\$ 128,944,627</u>
Liabilities				
Current liabilities				
Vouchers payable	\$ 1,911,226	\$ 18,450	\$ 1,080,064	\$ 3,009,740
Due to other governmental units	349,144	435	-	349,579
Due to other funds	11,803,472	4,946	70,647	11,879,065
Advances	44,080	-	318,255	362,335
Unearned revenue	3,720,140	-	-	3,720,140
Other accrued liabilities	6,605,192	346,329	472,756	7,424,277
Total current liabilities	<u>24,433,254</u>	<u>370,160</u>	<u>1,941,722</u>	<u>26,745,136</u>
Deferred Inflows of Resources				
Unavailable revenue - special assessments	14,257	2,438,980	166,105	2,619,342
Unavailable revenue - contracts receivable	-	1,995,000	-	1,995,000
Total deferred inflows of resources	<u>14,257</u>	<u>4,433,980</u>	<u>166,105</u>	<u>4,614,342</u>
Fund Balances				
Nonspendable	-	-	441,135	441,135
Spendable:				
Restricted	51,303,006	106,222	9,257	51,418,485
Committed	-	-	46,332,071	46,332,071
Unassigned	(258,173)	-	(348,369)	(606,542)
Total fund balances	<u>51,044,833</u>	<u>106,222</u>	<u>46,434,094</u>	<u>97,585,149</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 75,492,344</u>	<u>\$ 4,910,362</u>	<u>\$ 48,541,921</u>	<u>\$ 128,944,627</u>

County of Oakland
Statement of Revenue, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds – By Fund Type
Year Ended September 30, 2013

	Special Revenue	Debt Service	Capital Projects	Totals September 30, 2013
Revenue				
Special assessments	\$ 893,128	\$ 10,244,995	\$ 42,138	\$ 11,180,261
Federal grants	43,592,995	-	-	43,592,995
State grants	24,264,800	-	-	24,264,800
Other intergovernmental revenue	11,571,705	-	-	11,571,705
Charges for services	10,970,414	14,253	4,653	10,989,320
Contributions	128,688	-	-	128,688
Investment income	146,315	9,130	241,308	396,753
Other	736,137	-	2,303	738,440
Total revenue	<u>92,304,182</u>	<u>10,268,378</u>	<u>290,402</u>	<u>102,862,962</u>
Expenditures				
Current operations				
County Executive	77,365,841	10,900	14,024,632	91,401,373
Clerk/Register of Deeds	1,888,879	-	-	1,888,879
Justice administration	23,011,005	-	-	23,011,005
Law enforcement	6,747,694	-	-	6,747,694
Legislative	56,567	-	-	56,567
Water Resource Commissioner	7,192,495	-	69,470	7,261,965
Non-departmental	4,815	1,200,000	485,814	1,690,629
Total current operations	<u>116,267,296</u>	<u>1,210,900</u>	<u>14,579,916</u>	<u>132,058,112</u>
Capital outlay	2,916,199	-	49,676	2,965,875
Intergovernmental	54,084	53,100	-	107,184
Debt service				
Principal payments	-	13,110,000	-	13,110,000
Interest and fiscal charges	-	1,988,729	-	1,988,729
Total expenditures	<u>119,237,579</u>	<u>16,362,729</u>	<u>14,629,592</u>	<u>150,229,900</u>
Deficiency of revenue under expenditures				
	<u>(26,933,397)</u>	<u>(6,094,351)</u>	<u>(14,339,190)</u>	<u>(47,366,938)</u>
Other financing sources (uses)				
Transfers in	23,123,175	4,802,796	7,995,025	35,920,996
Transfers out	(26,028,219)	-	(1,413,062)	(27,441,281)
Issuance of bonds	-	-	33,825,000	33,825,000
Issuance of refunding bonds	-	350,000,000	-	350,000,000
Premium on bonds sold	-	-	1,702,443	1,702,443
Payment of bond escrow agent	-	(348,800,000)	-	(348,800,000)
Total other financing sources (uses)	<u>(2,905,044)</u>	<u>6,002,796</u>	<u>42,109,406</u>	<u>45,207,158</u>
Net change in fund balances	<u>(29,838,441)</u>	<u>(91,555)</u>	<u>27,770,216</u>	<u>(2,159,780)</u>
Fund balances				
October 1, 2012	80,883,274	197,777	18,663,878	99,744,929
September 30, 2013	<u>\$ 51,044,833</u>	<u>\$ 106,222</u>	<u>\$ 46,434,094</u>	<u>\$ 97,585,149</u>

County of Oakland

Non-Major Special Revenue Funds

Special Revenue Funds

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

The 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.

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.

County of Oakland

Non-Major Special Revenue Funds

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

The Water and Sewer Act 342 Fund - is used to account for the construction, under contractual arrangement, of water and sewer systems (currently 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 307 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, 2013 have not held meetings for several years.

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

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

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

- Community Corrections, which utilizes State funds to increase utilization of community-based sanctions and services for nonviolent offenders.
- Juvenile Accountability Block Grant, which utilizes federal and County funds to develop programs to promote greater accountability in the juvenile justice system.
- Law Enforcement Block Grant, which provides funds for projects to reduce crimes and improve public safety.
- Justice Assistance Grants (JAG) which replaces Byrne Formula and LLEBG programs, provides state and local governments funds to support a broad range of activities to prevent and control crime, and to improve the criminal justice system.

The Workforce Development Grants Fund - accounts for costs involved in providing employment services to individuals who are unemployed, physically or economically disadvantaged, or transitioning from school to employment. Costs include training, education and transportation, funded through state and federal grants.

The Law Enforcement Grants Fund - consists of grants used to record costs of various law enforcement programs utilizing federal, state, and local funds.

County of Oakland Non-Major Special Revenue Funds

The Housing and Community Development Fund - accounts for block grants received from the U.S. Department of Housing and Urban Development for the use of low- to moderate-income home improvement loans, municipal projects, and homeless-assistance projects, including counseling.

The Human Service Grants Fund - accounts for the cost of various health-related/grant-funded programs.

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

- Clerk/Register of Deeds Survey/Remonumentation, which utilizes state funds to locate, verify, replace, or reposition government sector corners and quarter corners within the County, per Public Act 345 of 1990.
- Tornado Siren, which utilizes County and municipal funds in the procurement and installation of tornado siren units used in the tornado warning system.
- Grants for programs such as Arts, Culture and Film, Community Corrections In-Step, Domestic Preparedness Equipment, and Homeland Security grants.

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

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

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

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

**County of Oakland
Combining Balance Sheet
Non-Major Special Revenue Funds
September 30, 2013**

	Revenue Sharing Reserve	Child Care	Register of Deeds Automation	Oakland Enhancement	Restricted Funds	Social Welfare	County Veterans' Trust
Assets							
Current assets							
Pooled cash and investments	\$ 34,619,952	\$ 3,998,058	\$ 7,954,666	\$ 55,153	\$ 1,204,682	\$ 992	\$ 69,665
Due from other governmental units	-	3,450,973	-	-	-	-	-
Due from component units	-	-	-	-	-	-	-
Accrued interest receivable	261,808	-	-	361	-	-	-
Accounts receivable (net of allowance for uncollectibles where applicable)	-	153,283	-	10,260	29,943	140,000	-
Due from other funds	-	-	684,831	-	-	-	-
Other assets	-	199	-	-	-	-	-
Total current assets	<u>34,881,760</u>	<u>7,602,513</u>	<u>8,639,497</u>	<u>65,774</u>	<u>1,234,625</u>	<u>140,992</u>	<u>69,665</u>
Noncurrent asset	-	-	-	-	-	-	-
Special assessments receivable	-	-	-	-	-	-	-
Total assets	<u>\$ 34,881,760</u>	<u>\$ 7,602,513</u>	<u>\$ 8,639,497</u>	<u>\$ 65,774</u>	<u>\$ 1,234,625</u>	<u>\$ 140,992</u>	<u>\$ 69,665</u>
Liabilities							
Current liabilities							
Vouchers payable	\$ -	\$ 163,696	\$ 83,236	\$ -	\$ 2,378	\$ -	\$ -
Due to other governmental units	-	-	40	-	-	2,000	-
Due to other funds	-	6,591,421	951	-	176,623	-	-
Advances payable	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Other accrued liabilities	-	847,396	-	-	-	-	-
Total liabilities	<u>-</u>	<u>7,602,513</u>	<u>84,227</u>	<u>-</u>	<u>179,001</u>	<u>2,000</u>	<u>-</u>
Deferred Inflows of Resources							
Unavailable revenue - special assessments	-	-	-	-	-	-	-
Fund Balances (deficits)							
Restricted	34,881,760	-	8,555,270	65,774	1,055,624	138,992	69,665
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>34,881,760</u>	<u>-</u>	<u>8,555,270</u>	<u>65,774</u>	<u>1,055,624</u>	<u>138,992</u>	<u>69,665</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 34,881,760</u>	<u>\$ 7,602,513</u>	<u>\$ 8,639,497</u>	<u>\$ 65,774</u>	<u>\$ 1,234,625</u>	<u>\$ 140,992</u>	<u>\$ 69,665</u>

(continued)

**County of Oakland
Combining Balance Sheet (Continued)
Non-Major Special Revenue Funds
September 30, 2013**

	Waste Resource Management	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
Assets							
Current assets							
Pooled cash and investments	\$ 583,259	\$ -	\$ 1,262,610	\$ 37,170	\$ 1,484,403	\$ 982	\$ -
Due from other governmental units	-	-	-	68,178	271,165	-	30,786
Due from component units	-	-	-	-	-	-	-
Accrued interest receivable	-	-	-	-	24,906	4	-
Accounts receivable (net of allowance for uncollectibles where applicable)	-	-	-	111	7,761	-	-
Due from other funds	-	-	-	-	305	-	-
Other assets	-	-	-	-	-	-	-
Total current assets	<u>583,259</u>	<u>-</u>	<u>1,262,610</u>	<u>105,459</u>	<u>1,788,540</u>	<u>986</u>	<u>30,786</u>
Noncurrent asset							
Special assessments receivable	-	-	-	-	14,257	-	-
Total assets	<u>\$ 583,259</u>	<u>\$ -</u>	<u>\$ 1,262,610</u>	<u>\$ 105,459</u>	<u>\$ 1,802,797</u>	<u>\$ 986</u>	<u>\$ 30,786</u>
Liabilities							
Current liabilities							
Vouchers payable	\$ -	\$ -	\$ -	\$ 1,641	\$ 2,505	\$ -	\$ -
Due to other governmental units	-	-	-	-	270	-	-
Due to other funds	2,201	-	15,696	350,071	290,761	-	30,786
Advances payable	-	-	-	3,277	40,803	-	-
Unearned revenue	-	-	-	-	-	-	-
Other accrued liabilities	161,771	-	195,972	8,643	1,232,426	-	-
Total liabilities	<u>163,972</u>	<u>-</u>	<u>211,668</u>	<u>363,632</u>	<u>1,566,765</u>	<u>-</u>	<u>30,786</u>
Deferred Inflows of Resources							
Unavailable revenue - special assessments	-	-	-	-	14,257	-	-
Fund Balances (deficits)							
Restricted	419,287	-	1,050,942	-	221,775	986	-
Unassigned	-	-	-	(258,173)	-	-	-
Total fund balances (deficits)	<u>419,287</u>	<u>-</u>	<u>1,050,942</u>	<u>(258,173)</u>	<u>221,775</u>	<u>986</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 583,259</u>	<u>\$ -</u>	<u>\$ 1,262,610</u>	<u>\$ 105,459</u>	<u>\$ 1,802,797</u>	<u>\$ 986</u>	<u>\$ 30,786</u>

(continued)

**County of Oakland
Combining Balance Sheet (Continued)
Non-Major Special Revenue Funds
September 30, 2013**

	Friend of the Court	Multi- Organizational Grants	Workforce Development Grants	Law Enforcement Grants	Housing and Community Development	Human Service Grants	Other Grants
Assets							
Current assets							
Pooled cash and investments	\$ -	\$ -	\$ 78,066	\$ -	\$ 3,591,050	\$ 3,529,742	\$ -
Due from other governmental units	1,220,138	292,145	676,330	1,025,111	311,577	730,733	2,528,633
Due from component units	-	-	-	-	-	-	-
Accrued interest receivable	-	2	-	-	2,664	-	-
Accounts receivable (net of allowance for uncollectibles where applicable)	27,481	-	-	-	-	466	-
Due from other funds	-	1,041	-	1,301	-	17,562	630
Other assets	2,475	-	3,923,242	2,473	-	200	-
Total current assets	<u>1,250,094</u>	<u>293,188</u>	<u>4,677,638</u>	<u>1,028,885</u>	<u>3,905,291</u>	<u>4,278,703</u>	<u>2,529,263</u>
Noncurrent asset							
Special assessments receivable	-	-	-	-	-	-	-
Total assets	<u>\$ 1,250,094</u>	<u>\$ 293,188</u>	<u>\$ 4,677,638</u>	<u>\$ 1,028,885</u>	<u>\$ 3,905,291</u>	<u>\$ 4,278,703</u>	<u>\$ 2,529,263</u>
Liabilities							
Current liabilities							
Vouchers payable	\$ 16,108	13,214	\$ 620,092	\$ 82,167	\$ 4,010	\$ 819,613	\$ 99,629
Due to other governmental units	-	2,730	-	336,367	5,822	175	1,740
Due to other funds	1,223,476	181,671	-	559,193	-	485,090	1,790,146
Advances payable	-	-	-	-	-	-	-
Unearned revenue	-	95,573	-	-	2,879,740	-	534
Other accrued liabilities	10,510	-	4,057,546	37,083	2,748	50,054	-
Total liabilities	<u>1,250,094</u>	<u>293,188</u>	<u>4,677,638</u>	<u>1,014,810</u>	<u>2,892,320</u>	<u>1,354,932</u>	<u>1,892,049</u>
Deferred Inflows of Resources							
Unavailable revenue - special assessments	-	-	-	-	-	-	-
Fund Balances (deficits)							
Restricted	-	-	-	14,075	1,012,971	2,923,771	637,214
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,075</u>	<u>1,012,971</u>	<u>2,923,771</u>	<u>637,214</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 1,250,094</u>	<u>\$ 293,188</u>	<u>\$ 4,677,638</u>	<u>\$ 1,028,885</u>	<u>\$ 3,905,291</u>	<u>\$ 4,278,703</u>	<u>\$ 2,529,263</u>

(continued)

**County of Oakland
Combining Balance Sheet (Continued)
Non-Major Special Revenue Funds
September 30, 2013**

	PSP and COPS Program	Judicial Grants	Oakland Brownfield Initiative	MI Child	Totals September 30, 2013
Assets					
Current assets					
Pooled cash and investments	\$ -	\$ -	\$ 241,063	\$ 836	\$ 58,712,349
Due from other governmental units	-	105,353	-	-	10,711,122
Accrued interest receivable	-	-	-	-	289,745
Accounts receivable (net of allowance for uncollectibles where applicable)	-	-	744,293	-	1,113,598
Due from other funds	-	-	17,014	-	722,684
Other assets	-	-	-	-	3,928,589
Total current assets	-	105,353	1,002,370	836	75,478,087
Noncurrent asset					
Special assessments receivable	-	-	-	-	14,257
Total assets	\$ -	\$ 105,353	\$ 1,002,370	\$ 836	\$ 75,492,344
Liabilities					
Current liabilities					
Vouchers payable	\$ -	\$ 2,101	\$ -	\$ 836	\$ 1,911,226
Due to other governmental units	-	-	-	-	349,144
Due to other funds	-	88,807	16,579	-	11,803,472
Advances payable	-	-	-	-	44,080
Unearned revenue	-	-	744,293	-	3,720,140
Other accrued liabilities	-	1,043	-	-	6,605,192
Total liabilities	-	91,951	760,872	836	24,433,254
Deferred Inflows of Resources					
Unavailable revenue - special assessments	-	-	-	-	14,257
Fund Balances (deficits)					
Restricted	-	13,402	241,498	-	51,303,006
Unassigned	-	-	-	-	(258,173)
Total fund balances (deficits)	-	13,402	241,498	-	51,044,833
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ -	\$ 105,353	\$ 1,002,370	\$ 836	\$ 75,492,344

County of Oakland
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Funds
Year Ended September 30, 2013

	Revenue Sharing Reserve	Child Care	Register of Deeds Automation	Oakland Enhancement	Restricted Funds	Social Welfare	County Veterans' Trust
Revenue							
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	-	350,961	-	-	-	-	-
State grants	-	13,141,581	-	-	-	-	313,756
Other intergovernmental revenue	-	-	-	-	-	-	-
Charges for services	-	4,530,087	1,519,601	449,882	941,663	162,392	-
Contributions	-	-	-	-	127,848	-	-
Investment income	-	-	64,933	612	8,581	-	-
Other	-	15	-	-	-	-	-
Total revenue	-	18,022,644	1,584,534	450,494	1,078,092	162,392	313,756
Expenditures							
Salaries	-	10,434,348	236,759	265,684	-	-	-
Fringe benefits	-	6,701,463	189,757	164,482	-	-	-
Contractual services	-	13,575,761	721,080	33,617	2,389	126,524	262,508
Commodities	-	886,348	184,484	-	2,426	-	162
Capital outlay	-	-	-	-	-	-	-
Internal services	-	2,753,867	199,395	-	-	-	-
Intergovernmental	-	-	-	-	47,084	-	-
Total expenditures	-	34,351,787	1,531,475	463,783	51,899	126,524	262,670
Excess (deficiency) of revenue over (under) expenditures	-	(16,329,143)	53,059	(13,289)	1,026,193	35,868	51,086
Other financing sources (uses)							
Transfers in	-	16,349,671	-	-	5,759	-	-
Transfers out	(24,704,070)	(28,260)	-	-	(1,295,881)	-	-
Total other financing sources (uses)	(24,704,070)	16,321,411	-	-	(1,290,122)	-	-
Net change in fund balances	(24,704,070)	(7,732)	53,059	(13,289)	(263,929)	35,868	51,086
Fund balances (deficit)							
October 1, 2012	59,585,830	7,732	8,502,211	79,063	1,319,553	103,124	18,579
September 30, 2013	\$ 34,881,760	\$ -	\$ 8,555,270	\$ 65,774	\$ 1,055,624	\$ 138,992	\$ 69,665

(continued)

County of Oakland
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Special Revenue Funds
Year Ended September 30, 2013

	Waste Resource Management	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
Revenue							
Special assessments	\$ -	\$ -	\$ -	\$ 482,569	\$ 410,559	\$ -	\$ -
Federal grants	-	-	141,961	-	-	-	33,816
State grants	-	-	-	-	-	-	41,163
Other intergovernmental revenue	-	-	-	-	-	-	-
Charges for services	53,544	-	6,074	339	35,152	-	-
Contributions	-	-	-	-	-	-	-
Investment income	4,940	1,270	39,230	(24)	11,660	7	-
Other	-	-	2,777	83	-	-	-
Total revenue	58,484	1,270	190,042	482,967	457,371	7	74,979
Expenditures							
Salaries	39,963	-	-	-	-	-	-
Fringe benefits	29,799	-	-	-	-	-	-
Contractual services	35,000	203,236	5,145,625	289,294	22,788	-	41,163
Commodities	-	-	-	7,303	13,412	-	33,816
Capital outlay	-	-	-	-	-	-	-
Internal services	-	-	296,438	307,450	683,112	-	-
Intergovernmental	-	-	7,000	-	-	-	-
Total expenditures	104,762	203,236	5,449,063	604,047	719,312	-	74,979
Excess (deficiency) of revenue over (under) expenditures	(46,278)	(201,966)	(5,259,021)	(121,080)	(261,941)	7	-
Other financing sources (uses)							
Transfers in	-	-	-	-	46,535	-	-
Transfers out	-	(8)	-	-	-	-	-
Total other financing sources (uses)	-	(8)	-	-	46,535	-	-
Net change in fund balances	(46,278)	(201,974)	(5,259,021)	(121,080)	(215,406)	7	-
Fund balances (deficit)							
October 1, 2012	465,565	201,974	6,309,963	(137,093)	437,181	979	-
September 30, 2013	\$ 419,287	\$ -	\$ 1,050,942	\$ (258,173)	\$ 221,775	\$ 986	\$ -

(continued)

County of Oakland
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Special Revenue Funds
Year Ended September 30, 2013

	Friend of the Court	Multi- Organizational Grants	Workforce Development Grants	Law Enforcement Grants	Housing and Community Development	Human Service Grants	Other Grants
Revenue							
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	-	1,117,801	20,310,584	1,029,237	6,981,101	7,769,748	5,625,750
State grants	-	1,620,632	794,236	1,430,902	220,807	6,160,985	380,636
Other intergovernmental revenue	9,945,175	-	-	1,626,530	-	-	-
Charges for services	1,159,158	-	-	1,556	1,981,603	10,075	22,546
Contributions	-	-	-	-	-	-	840
Investment income	-	15,106	-	-	-	-	-
Other	-	-	-	-	-	669,425	11,323
Total revenue	11,104,333	2,753,539	21,104,820	4,088,225	9,183,511	14,610,233	6,041,095
Expenditures							
Salaries	7,936,861	914,596	404,074	2,467,767	1,197,670	3,225,043	159,176
Fringe benefits	5,338,790	599,890	172,342	1,681,795	789,342	1,988,700	91,378
Contractual services	885,249	1,100,111	20,438,752	1,024,609	7,094,379	8,154,522	2,358,119
Commodities	90,018	123,746	11,341	231,153	36,228	259,463	503,344
Capital outlay	-	-	-	-	-	-	2,916,200
Internal services	1,592,264	25,170	78,311	280,740	144,415	441,263	39,797
Intergovernmental	-	-	-	-	-	-	-
Total expenditures	15,843,182	2,763,513	21,104,820	5,686,064	9,262,034	14,068,991	6,068,014
Excess (deficiency) of revenue over (under) expenditures	(4,738,849)	(9,974)	-	(1,597,839)	(78,523)	541,242	(26,919)
Other financing sources (uses)							
Transfers in	4,738,849	9,974	-	1,611,914	332,129	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	4,738,849	9,974	-	1,611,914	332,129	-	-
Net change in fund balances	-	-	-	14,075	253,606	541,242	(26,919)
Fund balances (deficit)							
October 1, 2012	-	-	-	-	759,365	2,382,529	664,133
September 30, 2013	\$ -	\$ -	\$ -	\$ 14,075	\$ 1,012,971	\$ 2,923,771	\$ 637,214

(continued)

County of Oakland
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Special Revenue Funds
Year Ended September 30, 2013

	PSP and COPS Program	Judicial Grants	Oakland Brownfield Initiative	MI Child	Totals September 30, 2013
Revenue					
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ 893,128
Federal grants	201,646	30,390	-	-	43,592,995
State grants	-	160,102	-	-	24,264,800
Other intergovernmental revenue	-	-	-	-	11,571,705
Charges for services	-	-	77,438	19,304	10,970,414
Contributions	-	-	-	-	128,688
Investment income	-	-	-	-	146,315
Other	-	500	52,014	-	736,137
Total revenue	201,646	190,992	129,452	19,304	92,304,182
Expenditures					
Salaries	-	100,934	-	-	27,382,875
Fringe benefits	-	66,453	-	-	17,814,191
Contractual services	201,646	76,177	16,579	33,620	61,842,748
Commodities	-	2,015	-	-	2,385,259
Capital outlay	-	-	-	-	2,916,200
Internal services	-	-	-	-	6,842,222
Intergovernmental	-	-	-	-	54,084
Total expenditures	201,646	245,579	16,579	33,620	119,237,579
Excess (deficiency) of revenue over (under) expenditures	-	(54,587)	112,873	(14,316)	(26,933,397)
Other financing sources (uses)					
Transfers in	-	28,344	-	-	23,123,175
Transfers out	-	-	-	-	(26,028,219)
Total other financing sources (uses)	-	28,344	-	-	(2,905,044)
Net change in fund balances	-	(26,243)	112,873	(14,316)	(29,838,441)
Fund balances (deficit)					
October 1, 2012	-	39,645	128,625	14,316	80,883,274
September 30, 2013	\$ -	\$ 13,402	\$ 241,498	\$ -	\$ 51,044,833

County of Oakland
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and
Actual – Non-Major Special Revenue Funds
Year Ended September 30, 2013

	Child Care		
	Final Amended Budget (Unaudited)	Actual	Variance with Final Amended Budget
Revenue			
Federal grants	\$ 300,000	\$ 350,961	\$ 50,961
State grants	14,576,033	13,141,581	(1,434,452)
Charges for services	4,087,496	4,530,087	442,591
Other	-	15	15
Total revenue	<u>18,963,529</u>	<u>18,022,644</u>	<u>(940,885)</u>
Expenditures			
Current operations			
County Executive			
Human Services			
Personnel	14,847,367	14,925,690	(78,323)
Operating	11,252,577	8,721,202	2,531,375
Internal Support	<u>2,772,973</u>	<u>2,753,192</u>	<u>19,781</u>
Total Human Services	<u>28,872,917</u>	<u>26,400,084</u>	<u>2,472,833</u>
Total County Executive	<u>28,872,917</u>	<u>26,400,084</u>	<u>2,472,833</u>
Justice administration			
Circuit Court			
Personnel	1,243,190	2,210,120	(966,930)
Operating	11,573,903	5,740,908	5,832,995
Internal Support	<u>1,741</u>	<u>675</u>	<u>1,066</u>
Total Circuit Court	<u>12,818,834</u>	<u>7,951,703</u>	<u>4,867,131</u>
Total Justice administration	<u>12,818,834</u>	<u>7,951,703</u>	<u>4,867,131</u>
Total expenditures	<u>41,691,751</u>	<u>34,351,787</u>	<u>7,339,964</u>
Deficiency of revenue under expenditures	(22,728,222)	(16,329,143)	6,399,079
Other financing sources (uses)			
Transfers in	22,756,182	16,349,671	(6,406,511)
Transfers out	<u>(27,960)</u>	<u>(28,260)</u>	<u>(300)</u>
Total other financing sources (uses)	<u>22,728,222</u>	<u>16,321,411</u>	<u>(6,406,811)</u>
Net change in fund balance	-	(7,732)	(7,732)
Fund balance			
October 1, 2012	<u>7,732</u>	<u>7,732</u>	<u>-</u>
September 30, 2013	<u>\$ 7,732</u>	<u>\$ -</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, 2013

	Social Welfare Foster Care		
	Final Amended Budget (Unaudited)	Actual	Variance with Final Amended Budget
Revenue			
State grants	\$ 1,000	\$ -	\$ (1,000)
Total revenue	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Expenditures			
Current operations			
County Executive			
Human Services			
Operating	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Deficiency of revenue under expenditures	(1,000)	-	1,000
Other financing sources			
Transfers in	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Net change in fund balance	-	-	-
Fund balance			
October 1, 2012	<u>-</u>	<u>-</u>	<u>-</u>
September 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

County of Oakland

Non-Major Debt Service Funds

Debt Service Funds

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

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

The Retirees Health Care Refunding Bonds Fund - was established to account for the accumulation of resources of bonded debt issued for the refinancing of debt obligations as permitted in Public Act 329 of the Public Acts of Michigan of 2012.

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 three issues).

**County of Oakland
Combining Balance Sheet
Non-Major Debt Service Funds
September 30, 2013**

	Building Authority Debt Refunding	Retirees Health Care Refunding Bonds	Lake Level Debt Act 146	Water and Sewer Debt Refunding	Totals September 30, 2013
Assets					
Current assets					
Pooled cash and investments	\$ 1,155	\$ -	\$ 96,598	\$ 377,719	\$ 475,472
Accrued interest receivable	-	-	910	-	910
Total current assets	<u>1,155</u>	<u>-</u>	<u>97,508</u>	<u>377,719</u>	<u>476,382</u>
Special assessments receivable	-	-	13,980	2,425,000	2,438,980
Contracts receivable	<u>1,995,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,995,000</u>
Total assets	<u>\$ 1,996,155</u>	<u>\$ -</u>	<u>\$ 111,488</u>	<u>\$ 2,802,719</u>	<u>\$ 4,910,362</u>
Liabilities					
Current liabilities					
Vouchers payable	\$ -	\$ -	\$ -	\$ 18,450	\$ 18,450
Due to other governmental units	435	-	-	-	435
Due to other funds	47	-	-	4,899	4,946
Other accrued liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>346,329</u>	<u>346,329</u>
Total liabilities	<u>482</u>	<u>-</u>	<u>-</u>	<u>369,678</u>	<u>370,160</u>
Deferred Inflows of Resources					
Unavailable revenue - special assessments	-	-	13,980	2,425,000	2,438,980
Unavailable revenue - contracts	<u>1,995,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,995,000</u>
Total deferred inflows of resources	<u>1,995,000</u>	<u>-</u>	<u>13,980</u>	<u>2,425,000</u>	<u>4,433,980</u>
Fund Balances - restricted for debt service	<u>673</u>	<u>-</u>	<u>97,508</u>	<u>8,041</u>	<u>106,222</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,996,155</u>	<u>\$ -</u>	<u>\$ 111,488</u>	<u>\$ 2,802,719</u>	<u>\$ 4,910,362</u>

County of Oakland
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Non-Major Debt Service Funds
Year Ended September 30, 2013

	Building Authority Debt Refunding	Retirees Health Care Refunding Bonds	Lake Level Debt Act 146	Water and Sewer Debt Refunding	Totals September 30, 2013
Revenue					
Special assessments	\$ 8,406,186	\$ -	\$ 23,950	\$ 1,814,859	\$ 10,244,995
Charges for services	11,440	-	2,263	550	14,253
Investment income	126	-	1,044	7,960	9,130
Total revenue	<u>8,417,752</u>	<u>-</u>	<u>27,257</u>	<u>1,823,369</u>	<u>10,268,378</u>
Expenditures					
Principal payments	11,315,000	-	65,000	1,730,000	13,110,000
Interest	1,896,330	-	4,865	84,859	1,986,054
Paying agent fees	1,425	-	500	750	2,675
Contractual services	10,900	1,200,000	-	-	1,210,900
Intergovernmental	434	-	-	52,666	53,100
Total expenditures	<u>13,224,089</u>	<u>1,200,000</u>	<u>70,365</u>	<u>1,868,275</u>	<u>16,362,729</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(4,806,337)</u>	<u>(1,200,000)</u>	<u>(43,108)</u>	<u>(44,906)</u>	<u>(6,094,351)</u>
Other financing sources (uses)					
Transfers in	4,797,076	-	-	5,720	4,802,796
Issuance of refunding bonds	-	350,000,000	-	-	350,000,000
Payment to bond escrow agent	-	(348,800,000)	-	-	(348,800,000)
Total other financing sources (uses)	<u>4,797,076</u>	<u>1,200,000</u>	<u>-</u>	<u>5,720</u>	<u>6,002,796</u>
Net change in fund balances	(9,261)	-	(43,108)	(39,186)	(91,555)
Fund balances					
October 1, 2012	9,934	-	140,616	47,227	197,777
September 30, 2013	<u>\$ 673</u>	<u>\$ -</u>	<u>\$ 97,508</u>	<u>\$ 8,041</u>	<u>\$ 106,222</u>

County of Oakland

Non-Major Capital Projects Funds

Capital Projects Funds

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

The Building Improvement Fund - was established as a holding account for monies transferred from the County's General Fund for future funding of major County building programs.

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

The 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 Community Mental Health Authority's (OCCMHA) access services into one location per sublease agreement between the County and OCCMHA.

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, 2013**

	Building Improvement	Project Work Orders	Facilities Infrastructure & IT Projects	CMHA Building Renovation	Major Dept. Support Projects
Assets					
Current assets					
Pooled cash and investments	\$ 7,194,314	\$ 6,620,512	\$ 16,954,695	\$ 9,134,216	\$ 5,076,147
Accrued interest receivable	-	-	-	-	-
Contracts receivable	-	-	-	-	-
Due from component units	-	-	-	-	-
Due from other funds	-	50,000	-	-	-
Advances	-	-	-	-	-
Total current assets	<u>7,194,314</u>	<u>6,670,512</u>	<u>16,954,695</u>	<u>9,134,216</u>	<u>5,076,147</u>
Special assessments receivable	-	-	-	-	-
Contracts receivable	-	-	-	-	-
Total assets	<u>\$ 7,194,314</u>	<u>\$ 6,670,512</u>	<u>\$ 16,954,695</u>	<u>\$ 9,134,216</u>	<u>\$ 5,076,147</u>
Liabilities					
Current liabilities					
Vouchers payable	\$ -	\$ 15,583	\$ 348,479	\$ 715,934	\$ -
Due to other funds	-	10,138	14,669	6,788	-
Advances	-	-	-	-	-
Other accrued liabilities	-	438,034	23,053	-	-
Total liabilities	<u>-</u>	<u>463,755</u>	<u>386,201</u>	<u>722,722</u>	<u>-</u>
Deferred Inflows of Resources					
Unavailable revenue - special assessments	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (deficits)					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	7,194,314	6,206,757	16,568,494	8,411,494	5,076,147
Unassigned	-	-	-	-	-
Total fund balances (deficits)	<u>7,194,314</u>	<u>6,206,757</u>	<u>16,568,494</u>	<u>8,411,494</u>	<u>5,076,147</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 7,194,314</u>	<u>\$ 6,670,512</u>	<u>\$ 16,954,695</u>	<u>\$ 9,134,216</u>	<u>\$ 5,076,147</u>

(continued)

**County of Oakland
Combining Balance Sheet (Continued)
Non-Major Capital Project Funds
September 30, 2013**

	Lake Levels Act 146	Lake Improvements Act 345	Drain Chapter 4 Construction	Drain Commissioner Revolving	Long-term Revolving	Totals September 30, 2013
Assets						
Current assets						
Pooled cash and investments	\$ 16,317	\$ 9,207	\$ 4,165	\$ 751,975	\$1,010,465	\$ 46,772,013
Accrued interest receivable	125	50	-	-	-	175
Contracts receivable	-	-	-	-	39,400	39,400
Due from component units	-	-	-	412,131	-	412,131
Due from other funds	-	-	-	660,962	-	710,962
Advances	-	-	-	-	362,335	362,335
Total current assets	<u>16,442</u>	<u>9,257</u>	<u>4,165</u>	<u>1,825,068</u>	<u>1,412,200</u>	<u>48,297,016</u>
Special assessments receivable	166,105	-	-	-	-	166,105
Contracts receivable	-	-	-	-	78,800	78,800
Total assets	<u>\$ 182,547</u>	<u>\$ 9,257</u>	<u>\$ 4,165</u>	<u>\$ 1,825,068</u>	<u>\$1,491,000</u>	<u>\$ 48,541,921</u>
Liabilities						
Current liabilities						
Vouchers payable	\$ -	\$ -	\$ -	\$ 68	\$ -	\$ 1,080,064
Due to other funds	38,816	-	236	-	-	70,647
Advances	193,255	-	125,000	-	-	318,255
Other accrued liabilities	10,000	-	1,669	-	-	472,756
Total liabilities	<u>242,071</u>	<u>-</u>	<u>126,905</u>	<u>68</u>	<u>-</u>	<u>1,941,722</u>
Deferred Inflows of Resources						
Unavailable revenue - special assessments	166,105	-	-	-	-	166,105
Total deferred inflows of resources	<u>166,105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>166,105</u>
Fund Balances (deficits)						
Nonspendable	-	-	-	-	441,135	441,135
Restricted	-	9,257	-	-	-	9,257
Committed	-	-	-	1,825,000	1,049,865	46,332,071
Unassigned	(225,629)	-	(122,740)	-	-	(348,369)
Total fund balances (deficits)	<u>(225,629)</u>	<u>9,257</u>	<u>(122,740)</u>	<u>1,825,000</u>	<u>1,491,000</u>	<u>46,434,094</u>
Total liabilities, deferred inflows from resources, and fund balances (deficits)	<u>\$ 182,547</u>	<u>\$ 9,257</u>	<u>\$ 4,165</u>	<u>\$ 1,825,068</u>	<u>\$1,491,000</u>	<u>\$ 48,541,921</u>

County of Oakland
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Non-Major Capital Project Funds
Year Ended September 30, 2013

	Building Improvement	Project Work Orders	Facilities Infrastructure & IT Projects	CMHA Building Renovation	Major Dept. Support Projects
Revenue					
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	1,080	-	-	-
Investment income	-	-	146,061	94,630	-
Other	2,303	-	-	-	-
Total revenue	<u>2,303</u>	<u>1,080</u>	<u>146,061</u>	<u>94,630</u>	<u>-</u>
Expenditures					
Capital outlay	-	3,267,561	4,382,455	6,405,691	504,415
Total expenditures	<u>-</u>	<u>3,267,561</u>	<u>4,382,455</u>	<u>6,405,691</u>	<u>504,415</u>
Excess (deficiency) of revenue over (under) expenditures	<u>2,303</u>	<u>(3,266,481)</u>	<u>(4,236,394)</u>	<u>(6,311,061)</u>	<u>(504,415)</u>
Other financing sources (uses)					
Transfers in	339,784	5,655,241	-	-	2,000,000
Transfers out	(1,087,928)	(325,134)	-	-	-
Issuance of bonds	-	-	19,325,000	14,500,000	-
Premiums on bonds sold	-	-	1,479,888	222,555	-
Total other financing sources (uses)	<u>(748,144)</u>	<u>5,330,107</u>	<u>20,804,888</u>	<u>14,722,555</u>	<u>2,000,000</u>
Net change in fund balances	<u>(745,841)</u>	<u>2,063,626</u>	<u>16,568,494</u>	<u>8,411,494</u>	<u>1,495,585</u>
Fund balances (deficit)					
October 1, 2012	<u>7,940,155</u>	<u>4,143,131</u>	<u>-</u>	<u>-</u>	<u>3,580,562</u>
September 30, 2013	<u>\$ 7,194,314</u>	<u>\$ 6,206,757</u>	<u>\$ 16,568,494</u>	<u>\$ 8,411,494</u>	<u>\$ 5,076,147</u>

(continued)

County of Oakland
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Capital Project Funds
Year Ended September 30, 2013

	Lake Levels Act 146	Lake Improvements Act 345	Drain Chapter 4 Construction	Drain Commissioner Revolving	Long-term Revolving	Totals September 30, 2013
Revenue						
Special assessments	\$ 42,138	\$ -	\$ -	\$ -	\$ -	\$ 42,138
Charges for services	3,573	-	-	-	-	4,653
Investment income	252	73	292	-	-	241,308
Other	-	-	-	-	-	2,303
Total revenue	<u>45,963</u>	<u>73</u>	<u>292</u>	<u>-</u>	<u>-</u>	<u>290,402</u>
Expenditures						
Capital outlay	9,182	-	60,288	-	-	14,629,592
Total expenditures	<u>9,182</u>	<u>-</u>	<u>60,288</u>	<u>-</u>	<u>-</u>	<u>14,629,592</u>
Excess (deficiency) of revenue over (under) expenditures	<u>36,781</u>	<u>73</u>	<u>(59,996)</u>	<u>-</u>	<u>-</u>	<u>(14,339,190)</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	7,995,025
Transfers out	-	-	-	-	-	(1,413,062)
Issuance of bonds	-	-	-	-	-	33,825,000
Premiums on bonds sold	-	-	-	-	-	1,702,443
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,109,406</u>
Net change in fund balances	<u>36,781</u>	<u>73</u>	<u>(59,996)</u>	<u>-</u>	<u>-</u>	<u>27,770,216</u>
Fund balances (deficit)						
October 1, 2012	(262,410)	9,184	(62,744)	1,825,000	1,491,000	18,663,878
September 30, 2013	<u>\$ (225,629)</u>	<u>\$ 9,257</u>	<u>\$ (122,740)</u>	<u>\$ 1,825,000</u>	<u>\$ 1,491,000</u>	<u>\$ 46,434,094</u>

County of Oakland

Internal Service Funds

Internal Service Funds

These funds account for the financing of goods or services provided by one County department or agency to other departments or agencies on a cost-reimbursement basis.

The Facilities Maintenance and Operations Fund - accumulates the costs of operating and maintaining the County's buildings, grounds, and utilities. The fund recovers costs by developing rates and billing user departments. This fund absorbed the cost of operation of the Farmers Market fund (Enterprise Fund type) in fiscal year 2008.

The Information Technology Fund - accounts for the operations of the Department of Information Technology, a service bureau that provides services to other County departments and divisions, local governmental units, private sector and @access Oakland customers. Costs include the program and system support, maintenance, enhancements, and new development for all major systems applications.

The Drain Equipment Fund - accounts for the cost of vehicles and other equipment used for the construction and maintenance of various drains and lake level projects. The fund is reimbursed as the accumulated costs are distributed to specific projects or funds.

The Motor Pool Fund - accumulates the costs of purchasing, servicing, and operating County-owned vehicles. The fund recovers these costs by developing rates and billing user departments.

The 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, 2013**

	Facilities Maintenance and Operations	Information Technology	Drain Equipment	Motor Pool
Assets				
Current assets				
Pooled cash and investments	\$ 11,841,699	\$ 11,793,678	\$ 467,771	\$ 3,385,384
Due from other governmental units	8,223	2,756	72,156	5,514
Due from component units	21	9,687	52,069	-
Accrued interest receivable	13,100	33,278	639	3,921
Accounts receivable (net of allowance for uncollectibles where applicable)	163,932	31,064	144,352	-
Due from other funds	811	11,686	648,903	-
Inventories and supplies	186,169	38,596	428,221	264,577
Prepayments and other assets	-	3,437,026	-	2,515
Total current assets	12,213,955	15,357,771	1,814,111	3,661,911
Noncurrent assets				
Capital assets, at cost				
Land	-	-	130,000	-
Buildings and improvements	525,283	-	1,541,974	424,860
Equipment and vehicles	2,036,582	56,597,581	5,883,596	14,378,273
Infrastructure	3,169,683	-	-	-
Construction in progress	-	-	-	-
	5,731,548	56,597,581	7,555,570	14,803,133
Less: Accumulated depreciation	5,400,666	50,668,012	3,916,021	9,732,416
Capital assets, net	330,882	5,929,569	3,639,549	5,070,717
Total assets	\$ 12,544,837	\$ 21,287,340	\$ 5,453,660	\$ 8,732,628

(continued)

**County of Oakland
Combining Statement of Net Position (Continued)
Internal Service Funds
September 30, 2013**

	Telephone Communications	Building and Liability Insurance	Fringe Benefits	Totals September 30, 2013
Assets				
Current assets				
Pooled cash and investments	\$ 3,677,515	\$ 20,544,470	\$ 61,687,640	\$ 113,398,157
Due from other governmental units	462	-	-	89,111
Due from component units	-	-	-	61,777
Accrued interest receivable	2,318	112,707	402,732	568,695
Accounts receivable (net of allowance for uncollectibles where applicable)	365	-	75	339,788
Due from other funds	-	-	-	661,400
Inventories and supplies	-	-	-	917,563
Prepayments and other assets	42,400	569,204	2,414,969	6,466,114
Total current assets	<u>3,723,060</u>	<u>21,226,381</u>	<u>64,505,416</u>	<u>122,502,605</u>
Noncurrent assets				
Capital assets, at cost				
Land	-	-	-	130,000
Buildings and improvements	-	-	-	2,492,117
Equipment and vehicles	4,838,959	-	-	83,734,991
Infrastructure	-	-	-	3,169,683
Construction in progress	-	-	-	-
	4,838,959	-	-	89,526,791
Less: Accumulated depreciation	4,567,713	-	-	74,284,828
Capital assets, net	<u>271,246</u>	<u>-</u>	<u>-</u>	<u>15,241,963</u>
Total assets	<u>\$ 3,994,306</u>	<u>\$ 21,226,381</u>	<u>\$ 64,505,416</u>	<u>\$ 137,744,568</u>

(continued)

**County of Oakland
Combining Statement of Net Position (Continued)
Internal Service Funds
September 30, 2013**

	Facilities Maintenance and Operations	Information Technology	Drain Equipment	Motor Pool
Liabilities				
Current liabilities				
Vouchers payable	\$ 132,424	\$ 556,248	\$ 65,917	\$ 518,461
Due to other governmental units	-	-	-	-
Due to component units	-	-	5,336	-
Due to other funds	-	-	15,209	55,922
Unearned revenue	120,811	250	-	-
Current portion of compensated absences	-	-	-	-
Current portion of claims and judgments	-	-	-	-
Current portion of advances payable	-	-	189,811	-
Other accrued liabilities	366,067	824,280	344,792	5,067
Total current liabilities	<u>619,302</u>	<u>1,380,778</u>	<u>621,065</u>	<u>579,450</u>
Noncurrent liabilities				
Accrued compensated absences	-	-	-	-
Claims and judgments	-	-	-	-
Advances payable	-	-	232,712	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>232,712</u>	<u>-</u>
Total liabilities	<u>619,302</u>	<u>1,380,778</u>	<u>853,777</u>	<u>579,450</u>
Net Position				
Net investment in capital assets	330,882	5,929,569	3,639,549	5,070,717
Unrestricted	11,594,653	13,976,993	960,334	3,082,461
Total net position	<u>\$ 11,925,535</u>	<u>\$ 19,906,562</u>	<u>\$ 4,599,883</u>	<u>\$ 8,153,178</u>

(continued)

**County of Oakland
Combining Statement of Net Position (Continued)
Internal Service Funds
September 30, 2013**

	Telephone Communications	Building and Liability Insurance	Fringe Benefits	Totals September 30, 2013
Liabilities				
Current liabilities				
Vouchers payable	\$ 67,529	\$ 31,757	\$ 808,331	\$ 2,180,667
Due to other governmental units	-	-	331,447	331,447
Due to component units	-	-	-	5,336
Due to other funds	-	-	-	71,131
Unearned revenue	-	-	-	121,061
Current portion of compensated absences	-	-	1,205,463	1,205,463
Current portion of claims and judgments	-	897,895	3,700,333	4,598,228
Current portion of advances payable	-	-	-	189,811
Other accrued liabilities	7,716	-	2,120,231	3,668,153
Total current liabilities	<u>75,245</u>	<u>929,652</u>	<u>8,165,805</u>	<u>12,371,297</u>
Noncurrent liabilities				
Accrued compensated absences	-	-	10,849,171	10,849,171
Claims and judgments	-	5,500,495	10,556,072	16,056,567
Advances payable	-	-	-	232,712
Total noncurrent liabilities	<u>-</u>	<u>5,500,495</u>	<u>21,405,243</u>	<u>27,138,450</u>
Total liabilities	<u>75,245</u>	<u>6,430,147</u>	<u>29,571,048</u>	<u>39,509,747</u>
Net Position				
Net investment in capital assets	271,246	-	-	15,241,963
Unrestricted	3,647,815	14,796,234	34,934,368	82,992,858
Total net position	<u>\$ 3,919,061</u>	<u>\$ 14,796,234</u>	<u>\$ 34,934,368</u>	<u>\$ 98,234,821</u>

County of Oakland
Combining Statement of Revenue, Expenses, and Changes in Net Position
Internal Service Funds
Year Ended September 30, 2013

	Facilities Maintenance and Operations	Information Technology	Drain Equipment	Motor Pool
Operating revenue				
Charges for services	\$ 25,292,080	\$ 23,058,068	\$ 26,604,309	\$ 7,905,631
Other	12,582	14,603	2,702	83,835
Total operating revenue	<u>25,304,662</u>	<u>23,072,671</u>	<u>26,607,011</u>	<u>7,989,466</u>
Operating expenses				
Salaries	7,094,452	7,308,435	12,207,550	697,574
Fringe benefits	4,911,472	4,576,599	8,774,447	529,656
Contractual services	9,550,101	11,805,717	998,880	1,053,081
Commodities	1,158,871	455,308	1,114,455	3,574,603
Depreciation	59,259	2,083,066	583,801	1,776,544
Internal services	985,868	1,153,327	2,896,806	333,031
Total operating expenses	<u>23,760,023</u>	<u>27,382,452</u>	<u>26,575,939</u>	<u>7,964,489</u>
Operating income (loss)	<u>1,544,639</u>	<u>(4,309,781)</u>	<u>31,072</u>	<u>24,977</u>
Nonoperating revenue (expenses)				
Interest revenue	102,279	81,115	9,860	27,655
Interest expense	-	-	(11,203)	-
Bonds maturing	-	-	-	-
Gain on sale of property and equipment	8,950	2,886	16,248	242,801
Net nonoperating revenue (expenses)	<u>111,229</u>	<u>84,001</u>	<u>14,905</u>	<u>270,456</u>
Income (loss) before transfers and contributions	<u>1,655,868</u>	<u>(4,225,780)</u>	<u>45,977</u>	<u>295,433</u>
Transfers in	193,293	2,641,423	-	148,051
Transfers out	(2,338,762)	-	-	(1,274,544)
Change in net position	<u>(489,601)</u>	<u>(1,584,357)</u>	<u>45,977</u>	<u>(831,060)</u>
Net position				
October 1, 2012	<u>12,415,136</u>	<u>21,490,919</u>	<u>4,553,906</u>	<u>8,984,238</u>
September 30, 2013	<u>\$ 11,925,535</u>	<u>\$ 19,906,562</u>	<u>\$ 4,599,883</u>	<u>\$ 8,153,178</u>

(continued)

County of Oakland
Combining Statement of Revenue, Expenses, and Changes in Net Position (Continued)
Internal Service Funds
Year Ended September 30, 2013

	Telephone Communications	Building and Liability Insurance	Fringe Benefits	Totals September 30, 2013
Operating revenue				
Charges for services	\$ 2,700,147	\$ 2,317,214	\$ 140,962,541	\$ 228,839,990
Other	350	51	-	114,123
Total operating revenue	<u>2,700,497</u>	<u>2,317,265</u>	<u>140,962,541</u>	<u>228,954,113</u>
Operating expenses				
Salaries	190,316	477,029	1,114,279	29,089,635
Fringe benefits	139,752	244,766	673,209	19,849,901
Contractual services	1,593,070	3,198,207	86,263,587	114,462,643
Commodities	69,294	19,466	11,717	6,403,714
Depreciation	123,640	-	-	4,626,310
Internal services	522,766	85,776	295,919	6,273,493
Total operating expenses	<u>2,638,838</u>	<u>4,025,244</u>	<u>88,358,711</u>	<u>180,705,696</u>
Operating income (loss)	<u>61,659</u>	<u>(1,707,979)</u>	<u>52,603,830</u>	<u>48,248,417</u>
Nonoperating revenue (expenses)				
Interest revenue	27,898	33,955	408,037	690,799
Interest expense	-	-	(28,041,687)	(28,052,890)
Bonds maturing	-	-	(20,520,000)	(20,520,000)
Gain on sale of property and equipment	-	-	-	270,885
Net nonoperating revenue (expenses)	<u>27,898</u>	<u>33,955</u>	<u>(48,153,650)</u>	<u>(47,611,206)</u>
Income (loss) before transfers and contributions	<u>89,557</u>	<u>(1,674,024)</u>	<u>4,450,180</u>	<u>637,211</u>
Transfers in	3,544	-	5,400,095	8,386,406
Transfers out	-	-	-	(3,613,306)
Change in net position	<u>93,101</u>	<u>(1,674,024)</u>	<u>9,850,275</u>	<u>5,410,311</u>
Net position				
October 1, 2012	<u>3,825,960</u>	<u>16,470,258</u>	<u>25,084,093</u>	<u>92,824,510</u>
September 30, 2013	<u>\$ 3,919,061</u>	<u>\$ 14,796,234</u>	<u>\$ 34,934,368</u>	<u>\$ 98,234,821</u>

County of Oakland
Combining Statement of Cash Flows
Internal Service Funds
Year Ended September 30, 2013

	Facilities Maintenance and Operations	Information Technology	Drain Equipment	Motor Pool
Cash flows from operating activities				
Cash received from users	\$ 25,327,205	\$ 23,089,878	\$ 25,851,036	\$ 7,987,736
Cash paid to suppliers	(16,475,309)	(19,619,862)	(13,777,867)	(5,018,978)
Cash paid to employees	(7,094,452)	(7,308,435)	(12,207,550)	(697,574)
Net cash provided by (used in) operating activities	<u>1,757,444</u>	<u>(3,838,419)</u>	<u>(134,381)</u>	<u>2,271,184</u>
Cash flows from noncapital financing activities				
Transfers from other funds	193,293	2,641,423	-	-
Transfers to other funds	(2,338,762)	-	-	(1,274,544)
Amounts received on contracts	-	-	-	-
Interest received on contracts	-	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>(2,145,469)</u>	<u>2,641,423</u>	<u>-</u>	<u>(1,274,544)</u>
Cash flows from capital and related financing activities				
Transfers from other funds	-	-	-	148,051
Proceeds from sale of capital assets	8,950	2,886	16,248	450,138
Acquisition of capital assets	(88,574)	(583,341)	(653,379)	(2,757,241)
Amount paid on advances	-	-	(189,811)	-
Interest paid on advances	-	-	(11,203)	-
Net cash provided by (used in) capital and related financing activities	<u>(79,624)</u>	<u>(580,455)</u>	<u>(838,145)</u>	<u>(2,159,052)</u>
Cash flows from investing activities				
Interest on investments	108,189	85,602	10,543	28,684
Net cash provided by investing activities	<u>108,189</u>	<u>85,602</u>	<u>10,543</u>	<u>28,684</u>
Net increase (decrease) in cash and cash equivalents	<u>(359,460)</u>	<u>(1,691,849)</u>	<u>(961,983)</u>	<u>(1,133,728)</u>
Pooled cash and investments				
October 1, 2012	<u>12,201,159</u>	<u>13,485,527</u>	<u>1,429,754</u>	<u>4,519,112</u>
September 30, 2013	<u>\$ 11,841,699</u>	<u>\$ 11,793,678</u>	<u>\$ 467,771</u>	<u>\$ 3,385,384</u>

(continued)

County of Oakland
Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended September 30, 2013

	Telephone Communications	Building and Liability Insurance	Fringe Benefits	Totals September 30, 2013
Cash flows from operating activities				
Cash received from users	\$ 2,700,217	\$ 2,317,265	\$ 140,962,466	\$ 228,235,803
Cash paid to suppliers	(2,360,276)	(2,738,587)	(89,237,460)	(149,228,339)
Cash paid to employees	(190,316)	(477,029)	(1,114,279)	(29,089,635)
Net cash provided by (used in) operating activities	<u>149,625</u>	<u>(898,351)</u>	<u>50,610,727</u>	<u>49,917,829</u>
Cash flows from noncapital financing activities				
Transfers from other funds	3,544	-	5,400,095	8,238,355
Transfers to other funds	-	-	-	(3,613,306)
Principal paid on debt	-	-	(20,520,000)	(20,520,000)
Interest paid on debt	-	-	(28,041,687)	(28,041,687)
Net cash provided by (used in) noncapital financing activities	<u>3,544</u>	<u>-</u>	<u>(43,161,592)</u>	<u>(43,936,638)</u>
Cash flows from capital and related financing activities				
Transfers from other funds	-	-	-	148,051
Proceeds from sale of capital assets	-	-	-	478,222
Acquisition of capital assets	(5,254)	-	-	(4,087,789)
Amount paid on advances	-	-	-	(189,811)
Interest paid on advances	-	-	-	(11,203)
Net cash provided by (used in) capital and related financing activities	<u>(5,254)</u>	<u>-</u>	<u>-</u>	<u>(3,662,530)</u>
Cash flows from investing activities				
Interest on investments	29,436	42,459	414,843	719,756
Net cash provided by investing activities	<u>29,436</u>	<u>42,459</u>	<u>414,843</u>	<u>719,756</u>
Net increase (decrease) in cash and cash equivalents	177,351	(855,892)	7,863,978	3,038,417
Pooled cash and investments				
October 1, 2012	3,500,164	21,400,362	53,823,662	110,359,740
September 30, 2013	<u>\$ 3,677,515</u>	<u>\$ 20,544,470</u>	<u>\$ 61,687,640</u>	<u>\$ 113,398,157</u>

(continued)

County of Oakland
Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended September 30, 2013

	Facilities Maintenance and Operations	Information Technology	Drain Equipment	Motor Pool
Operating income (loss)	\$ 1,544,639	\$ (4,309,781)	\$ 31,072	\$ 24,977
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	59,259	2,083,066	583,801	1,776,544
(Increase) decrease in due from other governmental units	941	10,002	(51,576)	(1,730)
(Increase) decrease in due from component units	7,114	1,368	(50,689)	-
(Increase) decrease in accounts receivable	(83,178)	17,523	(7,409)	-
(Increase) decrease in due from other funds	(811)	(11,686)	(646,301)	-
(Increase) decrease in inventories and supplies	(45,379)	-	(60,454)	45,303
(Increase) decrease in prepayments and other assets	-	(1,250,847)	-	1,511
Increase (decrease) in vouchers payable	(42,805)	(737,941)	4,798	365,179
Increase (decrease) in due to other governmental units	-	(26,707)	-	-
Increase (decrease) in due to component units	-	-	5,336	-
Increase (decrease) in due to other funds	-	-	4,495	55,922
Increase (decrease) in unearned revenue	98,477	-	-	-
Increase (decrease) in current portion of compensated absences	-	-	-	-
Increase (decrease) in current portion of claims and judgments	-	-	-	-
Increase (decrease) increase in other accrued liabilities	219,187	386,584	52,546	3,478
Increase (decrease) in accrued compensated absences	-	-	-	-
Increase (decrease) in claims and judgments	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 1,757,444</u>	<u>\$ (3,838,419)</u>	<u>\$ (134,381)</u>	<u>\$ 2,271,184</u>

(continued)

County of Oakland
Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended September 30, 2013

	Telephone Communications	Building and Liability Insurance	Fringe Benefits	Totals September 30, 2013
Operating (loss) income	\$ 61,659	\$ (1,707,979)	\$ 52,603,830	\$ 48,248,417
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	123,640	-	-	4,626,310
(Increase) decrease in due from other governmental units	(281)	-	-	(42,644)
(Increase) decrease in due from component units	-	-	-	(42,207)
(Increase) decrease in accounts receivable	1	-	(75)	(73,138)
(Increase) decrease in due from other funds	-	-	-	(658,798)
(Increase) decrease in inventories and supplies	-	-	-	(60,530)
(Increase) decrease in prepayments and other assets	(1,565)	(160,046)	315,455	(1,095,492)
Increase (decrease) in vouchers payable	27,185	10,147	(1,791,178)	(2,164,615)
Increase (decrease) in due to other governmental units	-	-	(142,314)	(169,021)
Increase (decrease) in due to component units	-	-	-	5,336
Increase (decrease) in due to other funds	-	-	-	60,417
Increase (decrease) in unearned revenue	-	-	-	98,477
Increase (decrease) in current portion of compensated absences	-	-	(8,729)	(8,729)
Increase (decrease) in current portion of claims and judgments	-	(182,877)	1,045,333	862,456
Increase (decrease) in other accrued liabilities	(61,014)	-	(188,134)	412,647
Increase (decrease) in accrued compensated absences	-	-	(78,558)	(78,558)
Increase (decrease) in claims and judgments	-	1,142,404	(1,144,903)	(2,499)
Net cash provided by (used in) operating activities	<u>\$ 149,625</u>	<u>\$ (898,351)</u>	<u>\$ 50,610,727</u>	<u>\$ 49,917,829</u>

County of Oakland Non-Major Enterprise Funds

Enterprise Funds

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

The Delinquent Personal Property 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, 2013**

	Delinquent Personal Property Tax Administration	Fire Records Management	CLEMIS	Radio Communications
Assets				
Current assets				
Pooled cash and investments	\$ 367,214	\$ 372,020	\$ 8,908,206	\$ 16,624,736
Due from other governmental units	-	44,656	791,042	99,032
Accrued interest receivable	58,627	912	7,168	92,375
Accounts receivable (net of allowances for uncollectibles where applicable)	-	2,780	112,444	1,738,817
Due from other funds	-	-	3,666	-
Inventories and supplies	-	-	-	551,301
Prepayments and other assets	-	19,018	898,224	192,277
Total current assets	425,841	439,386	10,720,750	19,298,538
Noncurrent assets				
Capital assets, at cost				
Land	-	-	-	-
Buildings and improvements	-	-	-	12,833,782
Equipment and vehicles	-	534,338	43,481,232	26,332,226
Infrastructure	-	-	-	8,585,770
Construction in progress	-	-	835,100	60,879
	-	534,338	44,316,332	47,812,657
Less: Accumulated depreciation	-	528,787	36,245,101	15,408,591
Capital assets, net	-	5,551	8,071,231	32,404,066
Total assets	425,841	444,937	18,791,981	51,702,604
Liabilities				
Current liabilities				
Vouchers payable	4,272	-	2,313	50,020
Due to other governmental units	-	-	437,585	145,074
Due to other funds	-	-	27,820	43,744
Unearned revenue	-	-	134,759	-
Other accrued liabilities	4,421	-	129,472	131,838
Total liabilities	8,693	-	731,949	370,676
Net Position				
Net investment in capital assets	-	5,551	8,071,231	32,404,066
Restricted for programs	-	-	-	-
Unrestricted	417,148	439,386	9,988,801	18,927,862
Total net position	\$ 417,148	\$ 444,937	\$ 18,060,032	\$ 51,331,928

(continued)

County of Oakland
Combining Statement of Net Position (Continued)
Non-Major Enterprise Funds
September 30, 2013

	Clinton- Oakland S.D.S.	Huron- Rouge S.D.S.	Totals September 30, 2013
Assets			
Current assets			
Pooled cash and investments	\$ 19,464,113	\$ 5,135,505	\$ 50,871,794
Due from other governmental units	8,443,682	3,637,557	13,015,969
Accrued interest receivable	115,994	6,987	282,063
Accounts receivable (net of allowances for uncollectibles where applicable)	4,190,827	400	6,045,268
Due from other funds	-	-	3,666
Inventories and supplies	-	-	551,301
Prepayments and other assets	-	-	1,109,519
Total current assets	<u>32,214,616</u>	<u>8,780,449</u>	<u>71,879,580</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	-	70,354,843
Infrastructure	36,817,997	2,962,297	48,366,064
Construction in progress	10,559	-	906,538
	<u>37,596,049</u>	<u>3,330,550</u>	<u>133,589,926</u>
Less: Accumulated depreciation	<u>25,576,412</u>	<u>2,647,240</u>	<u>80,406,131</u>
Capital assets, net	<u>12,019,637</u>	<u>683,310</u>	<u>53,183,795</u>
Total assets	<u>44,234,253</u>	<u>9,463,759</u>	<u>125,063,375</u>
Liabilities			
Current liabilities			
Vouchers payable	59,273	-	115,878
Due to other governmental units	4,766,575	978,375	6,327,609
Due to other funds	21,216	1,015	93,795
Unearned revenue	-	-	134,759
Other accrued liabilities	79,808	11,130	356,669
Total current liabilities	<u>4,926,872</u>	<u>990,520</u>	<u>7,028,710</u>
Net Position			
Net investment in capital assets	12,019,637	683,310	53,183,795
Restricted for programs	16,402,148	5,279,913	21,682,061
Unrestricted	10,885,596	2,510,016	43,168,809
Total net position	<u>\$ 39,307,381</u>	<u>\$ 8,473,239</u>	<u>\$ 118,034,665</u>

County of Oakland
Combining Statement of Revenue, Expenses, and Changes in Net Position
Non-Major Enterprise Funds
Year Ended September 30, 2013

	Delinquent Personal Property Tax Administration	Fire Records Management	CLEMIS	Radio Communications
Operating revenue				
Charges for services	\$ 665,501	\$ 175,099	\$ 4,926,962	\$ 6,259,978
Other	-	-	234	54,701
Total operating revenue	<u>665,501</u>	<u>175,099</u>	<u>4,927,196</u>	<u>6,314,679</u>
Operating expenses				
Salaries	374,794	231,812	1,222,484	496,920
Fringe benefits	241,720	168,164	784,697	328,653
Contractual services	282,200	152,359	2,847,099	2,287,828
Commodities	4,681	-	28,699	205,858
Depreciation	-	3,700	1,532,314	5,554,530
Internal services	110,132	60,840	503,543	675,177
Total operating expenses	<u>1,013,527</u>	<u>616,875</u>	<u>6,918,836</u>	<u>9,548,966</u>
Operating income (loss)	<u>(348,026)</u>	<u>(441,776)</u>	<u>(1,991,640)</u>	<u>(3,234,287)</u>
Nonoperating revenue (expenses)				
Contributions	-	-	-	-
Interest revenue	4,373	2,572	61,966	33,886
Gain (loss) on sale of property and equipment	-	65	183	-
Total nonoperating revenue (expenses)	<u>4,373</u>	<u>2,637</u>	<u>62,149</u>	<u>33,886</u>
Income (loss) before contributions and transfers	<u>(343,653)</u>	<u>(439,139)</u>	<u>(1,929,491)</u>	<u>(3,200,401)</u>
Capital contributions	-	-	2,189,506	-
Transfers in	-	416,821	2,114,641	28,800
Transfers out	-	-	-	(1,147,145)
Change in net position	<u>(343,653)</u>	<u>(22,318)</u>	<u>2,374,656</u>	<u>(4,318,746)</u>
Net position				
October 1, 2012	<u>760,801</u>	<u>467,255</u>	<u>15,685,376</u>	<u>55,650,674</u>
September 30, 2013	<u>\$ 417,148</u>	<u>\$ 444,937</u>	<u>\$ 18,060,032</u>	<u>\$ 51,331,928</u>

(continued)

County of Oakland
Combining Statement of Revenue, Expenses, and Changes in Net Position (Continued)
Non-Major Enterprise Funds
Year Ended September 30, 2013

	Clinton- Oakland S.D.S.	Huron- Rouge S.D.S.	Totals September 30, 2013
Operating revenue			
Charges for services	\$ 32,505,572	\$ 5,759,185	\$ 50,292,297
Other	1,122	-	56,057
Total operating revenue	<u>32,506,694</u>	<u>5,759,185</u>	<u>50,348,354</u>
Operating expenses			
Salaries	-	-	2,326,010
Fringe benefits	-	-	1,523,234
Contractual services	34,480,851	5,645,753	45,696,090
Commodities	70,897	-	310,135
Depreciation	751,055	66,217	7,907,816
Internal services	910,317	30,086	2,290,095
Total operating expenses	<u>36,213,120</u>	<u>5,742,056</u>	<u>60,053,380</u>
Operating income (loss)	<u>(3,706,426)</u>	<u>17,129</u>	<u>(9,705,026)</u>
Nonoperating revenue (expenses)			
Contributions	21,783	-	21,783
Interest revenue	33,290	51,237	187,324
Gain (loss) on sale of property and equipment	-	-	248
Total nonoperating revenue (expenses)	<u>55,073</u>	<u>51,237</u>	<u>209,355</u>
Income (loss) before contributions and transfers	<u>(3,651,353)</u>	<u>68,366</u>	<u>(9,495,671)</u>
Capital contributions	563,474	-	2,752,980
Transfers in	-	-	2,560,262
Transfers out	-	-	(1,147,145)
Change in net position	<u>(3,087,879)</u>	<u>68,366</u>	<u>(5,329,574)</u>
Net position			
October 1, 2012	<u>42,395,260</u>	<u>8,404,873</u>	<u>123,364,239</u>
September 30, 2013	<u>\$ 39,307,381</u>	<u>\$ 8,473,239</u>	<u>\$ 118,034,665</u>

**County of Oakland
Combining Statement of Cash Flows
Non-Major Enterprise Funds
Year Ended September 30, 2013**

	Delinquent Personal Property Tax Administration	Fire Records Management	CLEMIS	Radio Communications
Cash flows from operating activities				
Cash received from users	\$ 665,501	\$ 179,685	\$ 5,291,633	\$ 6,455,943
Cash paid to suppliers	(637,233)	(380,991)	(4,593,346)	(3,489,815)
Cash paid to employees	(374,794)	(231,812)	(1,222,484)	(496,920)
Net cash provided by (used in) operating activities	<u>(346,526)</u>	<u>(433,118)</u>	<u>(524,197)</u>	<u>2,469,208</u>
Cash flows from noncapital financing activities				
Transfers from other funds	-	416,821	2,114,641	28,800
Transfers to other funds	-	-	-	(1,147,145)
Contributions	-	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>416,821</u>	<u>2,114,641</u>	<u>(1,118,345)</u>
Cash flows from capital and related financing activities				
Contributions for capital acquisitions	-	-	-	-
Proceeds from sale of capital assets	-	65	183	-
Acquisition of capital assets	-	-	-	(76,929)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>65</u>	<u>183</u>	<u>(76,929)</u>
Cash flows from investing activities				
Interest on investments	4,786	2,670	65,061	39,294
Net cash provided by investing activities	<u>4,786</u>	<u>2,670</u>	<u>65,061</u>	<u>39,294</u>
Net increase (decrease) in cash and cash equivalents	(341,740)	(13,562)	1,655,688	1,313,228
Pooled cash and investments				
October 1, 2012	708,954	385,582	7,252,518	15,311,508
September 30, 2013	<u>\$ 367,214</u>	<u>\$ 372,020</u>	<u>\$ 8,908,206</u>	<u>\$ 16,624,736</u>

(continued)

County of Oakland
Combining Statement of Cash Flows (Continued)
Non-Major Enterprise Funds
Year Ended September 30, 2013

	Clinton- Oakland S.D.S.	Huron- Rouge S.D.S.	Totals September 30, 2013
Cash flows from operating activities			
Cash received from users	\$ 31,810,411	\$ 4,871,422	\$ 49,274,595
Cash paid to suppliers	(35,189,762)	(5,950,032)	(50,241,179)
Cash paid to employees	-	-	(2,326,010)
Net cash provided by (used in) operating activities	<u>(3,379,351)</u>	<u>(1,078,610)</u>	<u>(3,292,594)</u>
Cash flows from noncapital financing activities			
Transfers from other funds	-	-	2,560,262
Transfers to other funds	-	-	(1,147,145)
Contributions	21,783	-	21,783
Net cash provided by (used in) noncapital financing activities	<u>21,783</u>	<u>-</u>	<u>1,434,900</u>
Cash flows from capital and related financing activities			
Contributions for capital acquisitions	563,474	-	563,474
Proceeds from sale of capital assets	-	-	248
Acquisition of capital assets	(10,560)	-	(87,489)
Net cash provided by (used in) capital and related financing activities	<u>552,914</u>	<u>-</u>	<u>476,233</u>
Cash flows from investing activities			
Interest on investments	38,052	54,302	204,165
Net cash provided by investing activities	<u>38,052</u>	<u>54,302</u>	<u>204,165</u>
Net increase (decrease) in cash and cash equivalents	<u>(2,766,602)</u>	<u>(1,024,308)</u>	<u>(1,177,296)</u>
Pooled cash and investments			
October 1, 2012	22,230,715	6,159,813	52,049,090
September 30, 2013	<u>\$ 19,464,113</u>	<u>\$ 5,135,505</u>	<u>\$ 50,871,794</u>

(continued)

County of Oakland
Combining Statement of Cash Flows (Continued)
Non-Major Enterprise Funds
Year Ended September 30, 2013

	Delinquent Personal Property Tax Administration	Fire Records Management	CLEMIS	Radio Communications
Operating income (loss)	\$ (348,026)	\$ (441,776)	\$ (1,991,640)	\$ (3,234,287)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	-	3,700	1,532,314	5,554,530
(Increase) decrease in due from other governmental units	-	4,586	18,440	(47,260)
(Increase) decrease in due from component units	-	-	-	-
(Increase) decrease in accounts receivable	-	-	(7,250)	188,524
(Increase) decrease in due from other funds	-	-	353,247	-
(Increase) decrease in inventories and supplies	-	-	-	(43,818)
(Increase) decrease in prepayments and other assets	-	372	(366,087)	5,910
Increase (decrease) in vouchers payable	(2,921)	-	(180,879)	31,495
Increase (decrease) in due to other governmental units	-	-	101,840	4,604
Increase (decrease) in due to other funds	-	-	27,820	(6,232)
Increase (decrease) in other accrued liabilities	4,421	-	(12,002)	15,742
Net cash provided by (used in) operating activities	<u>\$ (346,526)</u>	<u>\$ (433,118)</u>	<u>\$ (524,197)</u>	<u>\$ 2,469,208</u> (continued)

County of Oakland
Combining Statement of Cash Flows (Continued)
Non-Major Enterprise Funds
Year Ended September 30, 2013

	Clinton- Oakland S.D.S.	Huron- Rouge S.D.S.	Totals September 30, 2013
Operating income (loss)	\$ (3,706,426)	\$ 17,129	\$ (9,705,026)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation expense	751,055	66,217	7,907,816
(Increase) decrease in due from other governmental units	(1,726,908)	(887,363)	(2,638,505)
(Increase) decrease in due from component units	1,030,625	-	1,030,625
(Increase) decrease in accounts receivable	-	(400)	180,874
(Increase) decrease in due from other funds	-	-	353,247
(Increase) decrease in inventories and supplies	-	-	(43,818)
(Increase) decrease in prepayments and other assets	-	-	(359,805)
Increase (decrease) in vouchers payable	(199,805)	(683)	(352,793)
Increase (decrease) in due to other governmental units	419,805	(285,642)	240,607
Increase (decrease) in due to other funds	20,997	1,002	43,587
Increase (decrease) in other accrued liabilities	31,306	11,130	50,597
Net cash provided by (used in) operating activities	<u>\$ (3,379,351)</u>	<u>\$ (1,078,610)</u>	<u>\$ (3,292,594)</u>

Noncash transactions

Noncash and capital related financing activities included contribution of capital assets in the amount of \$2,189,506 in the CLEMIS fund.

County of Oakland
Combining Statement of Net Position
Pension (and Other Postemployment Benefits) Trust Funds
September 30, 2013

Pension Trust Funds

Employee Pension Trust funds accept payments made by the County, invest fund resources, and calculate and pay pensions and retirees healthcare 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 OPEB (Other Postemployment Benefits) Trust Plan consists of the following subfunds:

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, 2013**

	Oakland County Employees' Retirement	OPEB Plan	Totals September 30, 2013
Assets			
Pooled cash and investments	\$ 5,729,860	\$ 8,349,108	\$ 14,078,968
Investments, at fair value:			
Common stock	220,692,181	428,684,921	649,377,102
Preferred stock	45,915	42,806	88,721
Government securities	82,049,547	416,640,743	498,690,290
Corporate bonds	93,791,211	78,617,582	172,408,793
Municipal bonds	1,124,172	874,921	1,999,093
Commingled	130,896,911	192,540,537	323,437,448
Limited partnerships	115,829,812	162,762,138	278,591,950
Asset-backed fixed income	8,717,865	6,509,957	15,227,822
CMO/REMIC investments	3,577,272	4,007,529	7,584,801
Mortgage-backed securities	16,818,827	17,292,608	34,111,435
Commercial mortgage-backed securities	11,947,339	11,369,809	23,317,148
Money market funds	16,671,213	19,995,909	36,667,122
International common stock	29,351,158	37,390,654	66,741,812
Equity REIT	7,281,658	13,613,577	20,895,235
Other	17,501,011	55,400,833	72,901,844
Total investments	<u>756,296,092</u>	<u>1,445,744,524</u>	<u>2,202,040,616</u>
Receivables - interest and dividends	2,806,072	2,643,702	5,449,774
Prepaid expenses	11,480	140,873	152,353
Total assets	<u>764,843,504</u>	<u>1,456,878,207</u>	<u>2,221,721,711</u>
Liabilities			
Vouchers payable	90,882	890,324	981,206
Bonds payable	-	422,135,000	422,135,000
Other accrued liabilities	481,835	1,253,716	1,735,551
Total liabilities	<u>572,717</u>	<u>424,279,040</u>	<u>424,851,757</u>
Net position			
Held in trust for employees' pension and other postemployment healthcare benefits	<u>\$ 764,270,787</u>	<u>\$ 1,032,599,167</u>	<u>\$ 1,796,869,954</u>

County of Oakland
Combining Statement of Changes in Net Position
Pension (and Other Postemployment Benefits) Trust Funds
Year Ended September 30, 2013

	Oakland County Employees' Retirement	OPEB Plan	Totals September 30, 2013
Additions			
Contributions			
Employer	\$ 5,400,095	\$ -	\$ 5,400,095
Plan members	<u>627,308</u>	<u>90,192</u>	<u>717,500</u>
Total contributions	6,027,403	90,192	6,117,595
Investment income	87,289,623	157,838,005	245,127,628
Other revenue	<u>191,696</u>	<u>2,335,012</u>	<u>2,526,708</u>
Total additions	<u>93,508,722</u>	<u>160,263,209</u>	<u>253,771,931</u>
Deductions			
Benefits	47,320,259	28,563,668	75,883,927
Loan forgiveness	-	73,335,000	73,335,000
Administrative expenses	<u>2,709,616</u>	<u>3,513,973</u>	<u>6,223,589</u>
Total deductions	<u>50,029,875</u>	<u>105,412,641</u>	<u>155,442,516</u>
Net increase	43,478,847	54,850,568	98,329,415
Net position held in trust for employees' pension and other postemployment healthcare benefits			
October 1, 2012	<u>720,791,940</u>	<u>977,748,599</u>	<u>1,698,540,539</u>
September 30, 2013	<u>\$ 764,270,787</u>	<u>\$ 1,032,599,167</u>	<u>\$ 1,796,869,954</u>

County of Oakland
Combining Schedule of Net Position
Other Postemployment Benefits Trust Funds
Year Ended September 30, 2013

	VEBA Trust	Interim Retiree Medical Benefits Trust	Totals September 30, 2013
Assets			
Pooled cash and investments	\$ 7,212,996	\$ 1,136,112	\$ 8,349,108
Investments, at fair value:			
Common stock	428,254,616	430,305	428,684,921
Preferred stock	42,806	-	42,806
Government securities	65,917,354	350,723,389	416,640,743
Corporate bonds	66,347,047	12,270,535	78,617,582
Municipal bonds	874,921	-	874,921
Commingled	162,210,523	30,330,014	192,540,537
Limited partnerships	144,001,659	18,760,479	162,762,138
Asset-backed fixed income	5,915,998	593,959	6,509,957
CMO/REMIC investments	3,812,288	195,241	4,007,529
Mortgage-backed securities	15,198,682	2,093,926	17,292,608
Commercial mortgage-backed securities	10,506,551	863,258	11,369,809
Money market funds	14,118,392	5,877,517	19,995,909
International common stock	35,826,563	1,564,091	37,390,654
Equity REIT	13,613,577	-	13,613,577
Other	54,784,833	616,000	55,400,833
Total investments	<u>1,021,425,810</u>	<u>424,318,714</u>	<u>1,445,744,524</u>
Receivables - interest and dividends	2,461,879	181,823	2,643,702
Internal balances	(6,232,691)	6,232,691	-
Prepaid expenses	140,873	-	140,873
Total assets	<u>1,025,008,867</u>	<u>431,869,340</u>	<u>1,456,878,207</u>
Liabilities			
Vouchers payable	654,576	235,748	890,324
Bonds payable	-	422,135,000	422,135,000
Other accrued liabilities	1,253,716	-	1,253,716
Total liabilities	<u>1,908,292</u>	<u>422,370,748</u>	<u>424,279,040</u>
Net position			
Held in trust for other postemployment healthcare benefits	<u>\$ 1,023,100,575</u>	<u>\$ 9,498,592</u>	<u>\$ 1,032,599,167</u>

County of Oakland
Combining Schedule of Changes in Net Position
Other Postemployment Benefits Trust Funds
Year Ended September 30, 2013

	VEBA Trust	Interim Retirees Medical Benefits Trust	Totals September 30, 2013
Additions			
Contributions			
Employer	\$ 272,970,025	\$ (272,970,025)	\$ -
Plan members	90,192	-	90,192
Total contributions	273,060,217	(272,970,025)	90,192
Investment income	106,768,914	51,069,091	157,838,005
Other revenue	2,323,820	11,192	2,335,012
Total additions	382,152,951	(221,889,742)	160,263,209
Deductions			
Benefits	28,563,668	-	28,563,668
Loan forgiveness	-	73,335,000	73,335,000
Administrative expenses	2,411,354	1,102,619	3,513,973
Total deductions	30,975,022	74,437,619	105,412,641
Net increase (decrease)	351,177,929	(296,327,361)	54,850,568
Net position held in trust for other postemployment healthcare benefits			
October 1, 2012	671,922,646	305,825,953	977,748,599
September 30, 2013	<u>\$ 1,023,100,575</u>	<u>\$ 9,498,592</u>	<u>\$ 1,032,599,167</u>

County of Oakland Investment Trust Funds

Investment Trust Funds

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

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

**County of Oakland
Statement of Net Position
Investment Trust Funds
September 30, 2013**

	Local Government Investment Pool
Assets	
Pooled cash and investments	<u>\$ 368,134,593</u>
Total assets	<u>\$ 368,134,593</u>
Net position	
Held in trust for investment pool participants	<u>\$ 368,134,593</u>

County of Oakland
Statement of Changes in Net Position
Investment Trust Funds
Year Ended September 30, 2013

	Local Government Investment Pool
Additions	
Contributions from pool participants	\$ 777,381,122
Investment income	<u>2,158,552</u>
Total additions	<u>779,539,674</u>
Deductions	
Distribution to pool participants	<u>711,832,933</u>
Net increase	67,706,741
Net position held in trust for pool participants	
October 1, 2012	<u>300,427,852</u>
September 30, 2013	<u>\$ 368,134,593</u>

County of Oakland

Agency Funds

Agency Funds

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

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

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

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

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

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

The Escheats Trust Fund - is used to account for monies that have not been claimed. This includes payroll, retirement and other checks issued by the County, and monies from the Legatee Trust and Special Trust funds. All monies go to the State of Michigan after a prescribed length of time.

The Legatee Trust Fund - is used to account for estate assets that remain unclaimed. After five years, these monies are transferred to the Oakland County Escheats Trust Fund.

The Special Trust Fund - is used to account for monies deposited with the County Treasurer that are released at a later date. Juvenile Court bonds, Transient Merchant License bonds, and overbids on Sheriff land sales are included.

The Contractor's Retainage Fund - is used to account for a portion of those monies due to a particular contractor who is involved with an Oakland County project. Disbursement, including interest earnings, is made to the contractor upon completion of the project.

The Public Library Trust Fund - is used to account for monies received by District and Circuit Courts for court fines and disbursed to public libraries, based on a percentage of the current census.

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

The Jail Inmate Trust Account - is used to hold monies collected from and for inmates of the Oakland County Jail. Checks are written to cover bond payments, commissary purchases of other personal needs, and to return account balances upon inmate release or transfer to another facility. Individual accounts are tracked in the Jail Management System (JAMS).

County of Oakland
Combining Statement of Net Position
Agency Funds
September 30, 2013

	District Court Investments	Undistributed Taxes	Register of Deeds Trust	Sheriff NET Forfeiture	Circuit Court Trust	Escheats Trust	Legatee Trust
Assets							
Pooled cash and investments	\$ 170,000	\$ 220,072,330	\$ 1,003,142	\$ 903,201	\$ 7,944,980	\$ 48,093	\$ 366,784
Cash and cash equivalents	-	-	-	-	-	-	-
Accrued interest receivable	667	-	-	23,472	110,954	-	895
Total assets	<u>\$ 170,667</u>	<u>\$ 220,072,330</u>	<u>\$ 1,003,142</u>	<u>\$ 926,673</u>	<u>\$ 8,055,934</u>	<u>\$ 48,093</u>	<u>\$ 367,679</u>
Liabilities							
Vouchers payable	\$ -	\$ -	\$ 36,471	\$ -	\$ -	\$ -	\$ -
Due to other governmental units	-	220,072,330	-	-	-	48,093	-
Other accrued liabilities	170,667	-	966,671	926,673	8,055,934	-	367,679
Total liabilities	<u>\$ 170,667</u>	<u>\$ 220,072,330</u>	<u>\$ 1,003,142</u>	<u>\$ 926,673</u>	<u>\$ 8,055,934</u>	<u>\$ 48,093</u>	<u>\$ 367,679</u>

(continued)

County of Oakland
Combining Statement of Net Position (Continued)
Agency Funds
September 30, 2013

	Special Trust	Contractor's Retainage	Public Library Trust	District Court Trust Accounts	Jail Inmate Trust Account	Totals September 30, 2013
Assets						
Pooled cash and investments	\$ 5,637,843	\$ 3,269,549	\$ 490,437	\$ -	\$ -	\$ 239,906,359
Cash and cash equivalents	-	-	-	771,044	166,976	938,020
Accrued interest receivable	10,424	20,117	1,953	-	-	168,482
Total assets	<u>\$ 5,648,267</u>	<u>\$ 3,289,666</u>	<u>\$ 492,390</u>	<u>\$ 771,044</u>	<u>\$ 166,976</u>	<u>\$ 241,012,861</u>
Liabilities						
Vouchers payable	\$ -	\$ -	\$ -	\$ -	\$ -	36,471
Due to other governmental units	-	-	-	-	-	220,120,423
Other accrued liabilities	5,648,267	3,289,666	492,390	771,044	166,976	20,855,967
Total liabilities	<u>\$ 5,648,267</u>	<u>\$ 3,289,666</u>	<u>\$ 492,390</u>	<u>\$ 771,044</u>	<u>\$ 166,976</u>	<u>\$ 241,012,861</u>

County of Oakland
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended September 30, 2013

	Balance October 1, 2012	Additions	Deductions	Balance September 30, 2013
District Court Investments				
Assets				
Pooled cash and investments	\$ 170,000	\$ 1,747	\$ 1,747	\$ 170,000
Accrued interest receivable	787	357	477	667
Total	<u>\$ 170,787</u>	<u>\$ 2,104</u>	<u>\$ 2,224</u>	<u>\$ 170,667</u>
Liabilities				
Other accrued liabilities	<u>\$ 170,787</u>	<u>\$ 2,078</u>	<u>\$ 2,198</u>	<u>\$ 170,667</u>
Undistributed Taxes				
Assets				
Pooled cash and investments	<u>\$ 243,607,260</u>	<u>\$ 893,641,440</u>	<u>\$ 917,176,370</u>	<u>\$ 220,072,330</u>
Liabilities				
Vouchers payable	\$ 43,717,419	\$ 503,205,356	\$ 546,922,775	\$ -
Due to other governmental units	199,889,841	800,054,046	779,871,557	220,072,330
Due to other funds	-	48,115,977	48,115,977	-
Total	<u>\$ 243,607,260</u>	<u>\$ 1,351,375,379</u>	<u>\$ 1,374,910,309</u>	<u>\$ 220,072,330</u>
Register of Deeds Trust				
Assets				
Pooled cash and investments	<u>\$ 193,678</u>	<u>\$ 6,129,075</u>	<u>\$ 5,319,611</u>	<u>\$ 1,003,142</u>
Liabilities				
Vouchers payable	\$ -	\$ 5,329,914	\$ 5,293,443	\$ 36,471
Other accrued liabilities	193,678	6,274,266	5,501,273	966,671
Total	<u>\$ 193,678</u>	<u>\$ 11,604,180</u>	<u>\$ 10,794,716</u>	<u>\$ 1,003,142</u>
Sheriff NET Forfeiture				
Assets				
Pooled cash and investments	\$ 1,002,061	\$ 1,109,459	\$ 1,208,319	\$ 903,201
Accrued interest receivable	24,264	1,048	1,840	23,472
Total	<u>\$ 1,026,325</u>	<u>\$ 1,110,507</u>	<u>\$ 1,210,159</u>	<u>\$ 926,673</u>
Liabilities				
Vouchers payable	\$ -	\$ 869,899	\$ 869,899	\$ -
Other accrued liabilities	1,026,325	1,115,681	1,215,333	926,673
Total	<u>\$ 1,026,325</u>	<u>\$ 1,985,580</u>	<u>\$ 2,085,232</u>	<u>\$ 926,673</u>

(continued)

County of Oakland
Combining Statement of Changes in Assets and Liabilities (Continued)
Agency Funds
Year Ended September 30, 2013

	Balance October 1, 2012	Additions	Deductions	Balance September 30, 2013
Circuit Court Trust				
Assets				
Pooled cash and investments	\$ 5,890,504	\$ 9,209,192	\$ 7,154,716	\$ 7,944,980
Accrued interest receivable	112,300	19,864	21,210	110,954
Total	<u>\$ 6,002,804</u>	<u>\$ 9,229,056</u>	<u>\$ 7,175,926</u>	<u>\$ 8,055,934</u>
Liabilities				
Vouchers payable	\$ -	\$ 6,812,246	\$ 6,812,246	\$ -
Other accrued liabilities	6,002,804	9,032,615	6,979,485	8,055,934
Total	<u>\$ 6,002,804</u>	<u>\$ 15,844,861</u>	<u>\$ 13,791,731</u>	<u>\$ 8,055,934</u>
Escheats Trust				
Assets				
Pooled cash and investments	\$ 66,018	\$ 41,790	\$ 59,715	\$ 48,093
Liabilities				
Vouchers payable	\$ -	\$ 57,244	\$ 57,244	\$ -
Due to other governmental units	66,018	41,790	59,715	48,093
Total	<u>\$ 66,018</u>	<u>\$ 99,034</u>	<u>\$ 116,959</u>	<u>\$ 48,093</u>
Legatee Trust				
Assets				
Pooled cash and investments	\$ 341,972	\$ 111,080	\$ 86,268	\$ 366,784
Accrued interest receivable	1,012	786	903	895
Total	<u>\$ 342,984</u>	<u>\$ 111,866</u>	<u>\$ 87,171</u>	<u>\$ 367,679</u>
Liabilities				
Vouchers payable	\$ -	\$ 70,222	\$ 70,222	\$ -
Other accrued liabilities	342,984	111,912	87,217	367,679
Total	<u>\$ 342,984</u>	<u>\$ 182,134</u>	<u>\$ 157,439</u>	<u>\$ 367,679</u>
Special Trust				
Assets				
Pooled cash and investments	\$ 1,105,906	\$ 8,891,650	\$ 4,359,713	\$ 5,637,843
Accrued interest receivable	8,771	4,367	2,714	10,424
Total	<u>\$ 1,114,677</u>	<u>\$ 8,896,017</u>	<u>\$ 4,362,427</u>	<u>\$ 5,648,267</u>
Liabilities				
Vouchers payable	\$ -	\$ 5,580,660	\$ 5,580,660	\$ -
Other accrued liabilities	1,114,677	8,835,882	4,302,292	5,648,267
Total	<u>\$ 1,114,677</u>	<u>\$ 14,416,542</u>	<u>\$ 9,882,952</u>	<u>\$ 5,648,267</u>

(continued)

County of Oakland
Combining Statement of Changes in Assets and Liabilities (Continued)
Agency Funds
Year Ended September 30, 2013

	Balance October 1, 2012	Additions	Deductions	Balance September 30, 2013
Contractor's Retainage				
Assets				
Pooled cash and investments	\$ 1,748,576	\$ 1,920,870	\$ 399,897	\$ 3,269,549
Accrued interest receivable	21,054	4,286	5,223	20,117
Total	<u>\$ 1,769,630</u>	<u>\$ 1,925,156</u>	<u>\$ 405,120</u>	<u>\$ 3,289,666</u>
Liabilities				
Vouchers payable	\$ -	\$ 313,956	\$ 313,956	\$ -
Other accrued liabilities	1,769,630	1,936,477	416,441	3,289,666
Total	<u>\$ 1,769,630</u>	<u>\$ 2,250,433</u>	<u>\$ 730,397</u>	<u>\$ 3,289,666</u>
Public Library Trust				
Assets				
Pooled cash and investments	\$ 450,222	\$ 1,638,118	\$ 1,597,903	\$ 490,437
Accrued interest receivable	2,132	1,839	2,018	1,953
Total	<u>\$ 452,354</u>	<u>\$ 1,639,957</u>	<u>\$ 1,599,921</u>	<u>\$ 492,390</u>
Liabilities				
Vouchers payable	\$ -	\$ 1,596,784	\$ 1,596,784	\$ -
Other accrued liabilities	452,354	1,639,949	1,599,913	492,390
Total	<u>\$ 452,354</u>	<u>\$ 3,236,733</u>	<u>\$ 3,196,697</u>	<u>\$ 492,390</u>
District Court Trust Accounts				
Assets				
Cash and cash equivalents	\$ 635,278	\$ 3,089,175	\$ 2,953,409	\$ 771,044
Liabilities				
Other accrued liabilities	\$ 635,278	\$ 3,089,175	\$ 2,953,409	\$ 771,044
Jail Inmate Trust Account				
Assets				
Cash and cash equivalents	\$ 217,604	\$ 2,617,543	\$ 2,668,171	\$ 166,976
Liabilities				
Other accrued liabilities	\$ 217,604	\$ 2,617,543	\$ 2,668,171	\$ 166,976

(continued)

County of Oakland
Combining Statement of Changes in Assets and Liabilities (Continued)
Agency Funds
Year Ended September 30, 2013

	Balance October 1, 2012	Additions	Deductions	Balance September 30, 2013
Total All Agency Funds				
Assets				
Pooled cash and investments	\$ 254,576,197	\$ 922,694,421	\$ 937,364,259	\$ 239,906,359
Cash and cash equivalents	852,882	5,706,718	5,621,580	938,020
Accrued interest receivable	170,320	32,547	34,385	168,482
Total	<u>\$ 255,599,399</u>	<u>\$ 928,433,686</u>	<u>\$ 943,020,224</u>	<u>\$ 241,012,861</u>
Liabilities				
Vouchers payable	\$ 43,717,419	\$ 523,836,281	\$ 567,517,229	\$ 36,471
Due to other governmental units	199,955,859	800,095,836	779,931,272	220,120,423
Due to other funds	-	48,115,977	48,115,977	-
Other accrued liabilities	11,926,121	34,655,578	25,725,732	20,855,967
Total	<u>\$ 255,599,399</u>	<u>\$ 1,406,703,672</u>	<u>\$ 1,421,290,210</u>	<u>\$ 241,012,861</u>

County of Oakland

Governmental Funds – Component Unit – Drainage Districts

Drainage Districts

This component unit consists of many individual districts (currently 179) created pursuant to Michigan Public Act 40 of 1956, Chapters 20 and 21 for the purpose of alleviating drainage problems. Separate funds and fund types are established to account for the resources and cost associated with the construction, maintenance, and financing (including 44 debt issues) of the individual drainage districts.

**County of Oakland
Combining Balance Sheet
Governmental Funds – Component Unit – Drainage Districts
September 30, 2013**

	Drainage Districts			Total
	Special Revenue	Debt Service	Capital Projects	
Assets				
Current assets				
Pooled cash and investments	\$ 15,567,068	\$ 4,503,414	\$ 5,960,415	\$ 26,030,897
Receivables (net of allowance for uncollectibles where applicable)				
Accounts receivable	2,629	-	8,265	10,894
Due from other governmental units	6,601,637	-	203,214	6,804,851
Due from other funds	-	-	2,022,000	2,022,000
Due from primary government	5,336	-	4,408,650	4,413,986
Accrued interest receivable	65,139	30,799	-	95,938
Total current assets	<u>22,241,809</u>	<u>4,534,213</u>	<u>12,602,544</u>	<u>39,378,566</u>
Noncurrent assets				
Special assessments receivable	149,856	224,236,822	-	224,386,678
Total assets	<u>\$ 22,391,665</u>	<u>\$ 228,771,035</u>	<u>\$ 12,602,544</u>	<u>\$ 263,765,244</u>
Liabilities				
Current liabilities				
Vouchers payable	\$ 13,718	\$ 3,390,303	\$ 128,759	\$ 3,532,780
Due to other governmental units	12,391,822	36,411	1,599,005	14,027,238
Due to other funds	-	-	2,022,000	2,022,000
Due to primary government	688,291	-	154,312	842,603
Unearned revenue	-	70,579,933	-	70,579,933
Accrued interest payable	-	-	32,035	32,035
Other accrued liabilities	920,035	334,266	1,547,506	2,801,807
Total liabilities	<u>14,013,866</u>	<u>74,340,913</u>	<u>5,483,617</u>	<u>93,838,396</u>
Deferred Inflow of Resources				
Unavailable revenue - special assessments	149,856	153,656,889	-	153,806,745
Fund Balances				
Restricted	8,227,943	773,233	-	9,001,176
Committed	-	-	7,118,927	7,118,927
Total fund balances	<u>8,227,943</u>	<u>773,233</u>	<u>7,118,927</u>	<u>16,120,103</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 22,391,665</u>	<u>\$ 228,771,035</u>	<u>\$ 12,602,544</u>	<u>\$ 263,765,244</u>

County of Oakland
Reconciliation of the Balance Sheet – Governmental Funds to the
Statement of Net Position
Component Unit – Drainage Districts
September 30, 2013

Total fund balances of governmental funds		\$ 16,120,103
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	\$ 72,925,116	
Infrastructure	540,823,907	
Accumulated depreciation	<u>(91,192,842)</u>	
		522,556,181
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		153,806,745
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>(210,671,889)</u>
Net position of governmental activities		<u>\$ 481,811,140</u>

County of Oakland
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds – Component Unit – Drainage Districts
Year Ended September 30, 2013

	Drainage Districts			Total
	Special Revenue	Debt Service	Capital Projects	
Revenue				
Special assessments	\$ 10,410,554	\$ 18,343,910	\$ 3,283,406	\$ 32,037,870
Charges for services	64,439,161	8,813	4,408,650	68,856,624
Investment income	88,610	26,597	41,448	156,655
Other	4,340	-	28,167	32,507
Total revenue	<u>74,942,665</u>	<u>18,379,320</u>	<u>7,761,671</u>	<u>101,083,656</u>
Expenditures				
Salaries	345	-	89	434
Contractual services	70,966,128	83,207	19,250,786	90,300,121
Commodities	103,716	-	650	104,366
Principal payments	-	17,860,000	-	17,860,000
Interest	-	5,854,904	-	5,854,904
Paying agent fees	-	9,950	-	9,950
Intergovernmental	-	231,520	-	231,520
Internal services	1,129,405	-	744,105	1,873,510
Total expenditures	<u>72,199,594</u>	<u>24,039,581</u>	<u>19,995,630</u>	<u>116,234,805</u>
Excess (deficiency) of revenue over (under) expenditures	<u>2,743,071</u>	<u>(5,660,261)</u>	<u>(12,233,959)</u>	<u>(15,151,149)</u>
Other financing sources (uses)				
Transfers in	-	9,595	-	9,595
Transfers out	-	(9,595)	-	(9,595)
Issuance of bonds	-	-	14,225,283	14,225,283
Issuance of refunding bonds	-	4,160,000	-	4,160,000
Federal grant interest recovery	-	203,051	-	203,051
Premiums on bonds sold	-	2,545	-	2,545
Total other financing sources (uses)	<u>-</u>	<u>4,365,596</u>	<u>14,225,283</u>	<u>18,590,879</u>
Net change in fund balances	<u>2,743,071</u>	<u>(1,294,665)</u>	<u>1,991,324</u>	<u>3,439,730</u>
Fund balances				
October 1, 2012	<u>5,484,872</u>	<u>2,067,899</u>	<u>5,127,602</u>	<u>12,680,373</u>
September 30, 2013	<u>\$ 8,227,943</u>	<u>\$ 773,234</u>	<u>\$ 7,118,926</u>	<u>\$ 16,120,103</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, 2013

Net change in fund balance - total governmental funds		\$ 3,439,730
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		
Land	\$ 325,964	
Construction in progress	22,989,203	
Infrastructure	(3,319,538)	
Depreciation expense	<u>(6,548,856)</u>	
		13,446,773
Revenue from special assessments reported in the Statement of Activities in previous years that provided current financial resources in the governmental funds		(13,785,000)
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		14,895,441
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	(18,385,283)	
Repayment of debt	<u>17,860,000</u>	
		<u>(525,283)</u>
Change in net position of governmental activities		<u>\$ 17,471,661</u>

III. STATISTICAL SECTION – UNAUDITED

County of Oakland
Statistical Section

Statistical Section

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

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

- Net 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									
	2013	2012	2011 (1)	2010	2009	2008	2007	2006	2005	2004
Governmental activities:										
Net invested in capital assets	\$ 137,512,571	\$ 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
Restricted	72,467,130	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
Unrestricted	191,318,485	157,152,392	149,221,428	230,165,706	226,807,427	275,919,598	398,345,388	298,193,929	218,101,959	162,629,495
Total governmental activities net assets	\$ 401,298,186	\$ 398,779,881	\$ 397,918,215	\$ 388,410,778	\$ 385,092,999	\$ 442,151,224	\$ 566,734,195	\$ 464,128,643	\$ 372,520,201	\$ 310,704,208
Business-type activities:										
Net invested in capital assets	\$ 264,682,840	\$ 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
Restricted	73,813,076	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
Unrestricted	367,673,527	337,479,877	324,574,011	380,611,469	380,765,211	379,297,755	360,917,225	341,381,773	332,975,197	319,544,722
Total business-type activities net assets	\$ 706,169,443	\$ 703,902,819	\$ 650,396,958	\$ 642,963,960	\$ 625,590,181	\$ 615,206,999	\$ 601,657,250	\$ 577,992,679	\$ 555,921,615	\$ 533,331,372
Primary government:										
Net invested in capital assets	\$ 402,195,411	\$ 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
Restricted	146,280,206	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
Unrestricted	558,992,012	494,632,269	473,795,439	610,777,175	607,572,638	655,217,353	759,262,613	639,575,702	551,077,156	482,174,217
Total primary government net assets	\$ 1,107,467,629	\$ 1,102,682,700	\$ 1,048,285,173	\$ 1,031,374,738	\$ 1,010,683,180	\$ 1,057,358,223	\$ 1,168,391,445	\$ 1,042,121,322	\$ 928,441,816	\$ 844,035,580

(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									
	2013	2012	2011 (1)	2010	2009	2008	2007	2006	2005	2004
Expenses										
Governmental activities:										
General government, administrative	\$ 24,802,464	\$ 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
Public safety	195,275,037	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
Justice administration	90,873,460	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
Citizen services	82,502,384	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
Public works	29,008,606	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
Recreation and leisure	1,551,035	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
Commerce and community development	48,895,303	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
Unallocated depreciation	19,114,773	19,12,755	1,976,521	1,990,978	1,959,201	1,900,360	1,515,755	1,129,853	1,123,059	1,123,059
Interest on debt	2,626,856	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
Total governmental activities expenses	477,446,618	493,679,003	469,972,289	537,362,229	553,030,902	569,150,876	519,104,136	486,908,648	466,659,074	435,885,904
Business-type activities:										
Airports	6,653,186	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
Community safety support	17,084,677	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
Community tax financing	1,399,607	1,615,467	1,746,776	1,446,745	2,233,942	2,682,543	1,340,229	1,315,521	1,315,521	1,077,366
Community water and sewer	77,371,824	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
Jail commissary	-	-	-	-	648,125	1,439,198	1,390,752	1,334,057	1,252,825	1,283,311
Recreation and leisure	21,181,725	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
Sewage disposal systems	126,797,005	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
Skilled nursing care	-	-	-	-	-	-	6,549,117	8,981,260	10,685,844	10,568,345
Total business-type activities expenses	250,488,024	222,377,371	204,228,998	178,636,320	186,936,018	185,387,759	187,892,684	180,748,997	168,756,181	161,730,163
Total primary government expenses	\$727,934,642	\$ 716,056,374	\$ 674,201,287	\$ 715,998,549	\$ 739,966,920	\$ 754,538,635	\$ 706,996,820	\$ 667,657,645	\$ 635,415,255	\$ 597,616,067
Program Revenue										
Governmental activities:										
Charges for services:										
General government, administrative	\$ 28,230,087	\$ 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
Public safety	60,741,916	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
Justice administration	31,730,104	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
Citizen services	6,448,453	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
Public works	22,030,824	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
Recreation and leisure	38,154	79,342	91,273	178,753	703,665	118,119	92,490	98,935	99,049	117,393
Commerce and community development	18,967,967	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
Operating grants and contributions:										
General government, administrative	812,900	1,972,545	1,019,348	1,785,795	911,378	854,210	721,109	1,121,105	1,658,934	1,521,884
Public safety	23,147,123	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
Justice administration	456,013	662,382	675,133	629,776	344,724	674,877	694,496	1,634,191	780,681	862,643
Citizen services	21,776,402	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
Public works	930,304	2,635,398	836,666	1,483,907	68,125	313,462	207,259	86,254	5,854	158,119
Recreation and leisure	72,414	254,812	7,700	11,500	3,700	1,300	20,400	31,700	-	8,750
Commerce and community development	24,638,978	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
Capital grants and contributions:										
Public safety	965,065	618,415	1,869,849	259,795	3,061,210	2,179,783	794,290	3,529,427	1,590,024	1,245,668
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
Total governmental activities program revenue	240,986,704	239,955,636	223,470,872	268,023,830	212,307,857	137,945,040	236,857,515	218,410,240	195,005,681	185,963,968

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

	Fiscal Year									
	2013	2012	2011 (1)	2010	2009	2008	2007	2006	2005	2004
Program Revenue (Continued)										
Business-type activities:										
Charges for services:										
Airports	\$ 4,381,999	\$ 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
Community safety support	11,417,222	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
Community tax financing	21,845,093	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
Community water and sewer	80,223,019	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
Jail commissary	-	-	-	-	648,781	1,403,706	1,465,779	1,377,018	1,323,321	1,207,479
Recreation and leisure	8,430,978	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
Sewage disposal systems	121,781,246	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
Skilled nursing care	-	-	-	-	-	-	4,489,554	7,078,913	9,225,119	10,477,016
Operating grants and contributions:										
Airports	-	-	-	59,892	-	-	-	-	40	8,636
Community water and sewer	-	13,301,375	-	-	-	-	-	-	-	-
Recreation and leisure	96,241	25,385	31,579	42,723	52,752	282,469	7,819	24,411	13,627	11,448
Sewage disposal systems	21,783	-	300,000	22,389	16,208	-	-	-	-	-
Skilled nursing care	-	-	-	-	-	-	5,795	18,055	31,061	29,368
Capital grants and contributions:										
Airports	778,548	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
Community safety support	2,189,506	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
Community water and sewer	-	-	-	-	-	-	973,039	8,428,755	1,390,686	358,806
Recreation and leisure	288,141	38,796	1,506,000	-	-	240,734	2,158,361	7,955	88,900	183,040
Sewage disposal systems	1,476,762	103,635	136,314	78,531	-	233,497	535,477	864,895	8,137,741	912,247
Total business-type activities program revenue	<u>252,930,538</u>	<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>
Total primary government program revenue	<u>\$ 493,917,242</u>	<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>
Net (Expense)/Revenue										
Governmental activities	\$ (236,459,914)	\$ (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)
Business-type activities	2,442,514	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
Total primary government net expense	<u>\$ (234,017,400)</u>	<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>
General Revenue and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 199,808,014	\$ 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
State-shared revenue (unrestricted)	12,789,988	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
Unrestricted investment earnings	2,553,617	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
Gain on sale of capital assets	270,885	213,451	331,629	-	91,828	123,665	568,634	-	95,379	592,234
Other revenues	3,752,043	6,513,306	3,514,883	4,045,007	5,859,798	17,146,611	1,308,488	733,352	1,378,194	2,303,411
Special items - Contribution to VEBA Trust	-	-	-	-	-	-	-	-	-	(50,890,224)
Transfers in (out)	19,803,672	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
Total governmental activities	<u>238,978,219</u>	<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>

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

	Fiscal Year									
	2013	2012	2011 (1)	2010	2009	2008	2007	2006	2005	2004
General Revenue and Other Changes in Net Position (Continued)										
Business-type activities:										
Property taxes	\$ 11,398,103	\$ 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
Unrestricted investment earnings	1,758,041	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
Special items - write off of C.I.P.	-	-	-	-	-	-	-	-	-	(198,826)
Special items - Contr. Pontiac W&S	6,471,638	37,492,899	-	-	-	-	-	-	-	-
Transfers in (out)	(19,803,672)	(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)
Total business-type activities	<u>(175,890)</u>	<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>
Total primary government	<u>\$ 238,802,329</u>	<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>
Change in Net Position										
Governmental activities	\$ 2,518,305	\$ 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)
Business-type activities	<u>2,266,624</u>	<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>
Total primary government	<u>\$ 4,784,929</u>	<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>

(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									
	2013	2012	2011 (1)	2010	2009	2008	2007	2006	2005 (2)	2004
General Fund (I):										
Reserved	\$ -	\$ -	\$ -	\$ 379,793	\$ 384,218	\$ 401,491	\$ 399,108	\$ 1,221,581	\$ 598,097	\$ 2,577,664
Unreserved:										
Designated	-	-	-	148,109,832	105,531,347	81,211,880	77,600,450	72,092,443	63,649,200	64,412,160
Unassigned	-	-	-	516,356	351,088	2,713,991	797,382	766,450	1,197,376	450,397
Nonspendable	258,647	1,100,141	292,698							
Restricted	20,201,133	11,555,148	5,287,071							
Assigned	221,222,041	209,683,648	194,082,115							
Unassigned	1,091,218	1,090,503	1,500,000							
Total General Fund	\$ 242,773,039	\$ 223,429,440	\$ 201,161,884	\$ 149,005,981	\$ 106,266,653	\$ 84,327,362	\$ 78,796,940	\$ 74,080,474	\$ 65,444,673	\$ 67,440,221
All Other Governmental Funds (I):										
Reserved	\$ -	\$ -	\$ -	\$ 347,622,280	\$ 365,269,937	\$ 437,653,323	\$ 575,350,044	\$ 22,974,884	\$ 35,964,327	\$ 23,674,613
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
Capital Projects Funds	-	-	-	6,175,010	7,063,814	9,238,783	3,260,193	4,662,919	15,842,509	7,270,580
Undesignated:										
Special Revenue Funds	-	-	-	(9,1342)	(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
Nonspendable	441,135	547,459	445,125							
Restricted	52,265,997	81,363,173	97,920,945							
Committed	46,332,071	18,432,389	16,530,640							
Assigned	-	7,732	17,254							
Unassigned	(606,542)	(462,247)	(366,963)							
Total all other governmental funds	\$ 98,432,661	\$ 99,888,506	\$ 114,547,001	\$ 512,812,240	\$ 564,393,696	\$ 652,006,462	\$ 795,668,553	\$ 173,835,247	\$ 131,334,335	\$ 69,378,825

(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 CCRF 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									
	2013	2012	2011 (3)	2010	2009	2008	2007	2006	2005 (1)	2004
Revenue										
Property taxes	\$ 200,842,221	\$ 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
Special assessments	24,639,181	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
Federal grants	43,875,848	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
State grants	28,716,151	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
Other intergovernmental revenue	26,724,815	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
Charges for services	121,147,370	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
Contributions	207,200	718,965	443,866	400,252	257,986	154,072	164,776	102,666	75,080	96,823
Investment income	1,862,818	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
Indirect cost recovery	7,610,932	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
Other	3,637,920	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
Total revenue	459,264,456	451,533,439	444,338,535	505,164,119	476,731,406	427,227,557	591,787,743	540,541,708	522,859,708	456,874,552
Expenditures										
County Executive	177,867,738	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
Clerk/Register of Deeds	11,504,787	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
Treasurer	8,371,074	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
Justice administration	74,360,297	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
Law enforcement	154,364,056	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
Legislative	4,073,210	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
Water resource commissioner	12,362,273	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
Non-departmental	18,778,041	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
Capital outlay	3,154,872	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
Intergovernmental	107,184	14,363	3,035	1,598,530	134,838	465,075	81,815	11,994,158	1,020,567	2,249,932
Debt service:										
Principal payments	24,095,000	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
Interest and fiscal charges	4,096,185	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
Total expenditures	493,134,717	501,021,276	482,209,479	555,911,288	563,234,620	580,239,219	527,624,047	517,386,729	484,547,725	463,319,334
Excess of revenue over (under) expenditures	(33,870,261)	(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)

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

	Fiscal Year									
	2013	2012	2011 (3)	2010	2009	2008	2007	2006	2005 (1)	2004
Other Financing Sources (Uses)										
Transfers in	\$ 79,499,398	\$ 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
Transfers out	(64,468,826)	(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)
Payment to bond escrow agent	(348,800,000)		(29,840,000)	(12,488,453)	(2,699,858)	-	-	(9,009,368)	(1,099,561)	(4,832,368)
Issuance of bonds	33,825,000	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
Issuance of refunding bonds	350,000,000	13,620,000	28,485,000	10,990,000	2,710,000	-	-	-	-	-
Premiums on bonds sold	1,702,443	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)
Total other financing sources (uses)	51,758,015	57,096,898	33,994,888	41,905,041	20,829,739	14,879,993	562,386,076	27,981,734	21,647,979	13,651,846
Special items										
Contribution to VEBA Trust (OPEB)	-	-	-	-	-	-	-	-	-	(50,890,224)
Net change in fund balances	\$ 17,887,754	\$ 7,609,061	\$ (3,876,056)	\$ (8,842,128)	\$ (65,673,475)	\$ (138,131,669)	\$ 626,549,772	\$ 51,136,713	\$ 59,959,962	\$ (43,683,160)
Debt service as a percentage of noncapital expenditures (2)	5.73%	5.30%	2.82%	3.06%	3.11%	3.45%	3.78%	3.44%	3.33%	5.14%

- (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

Real Property (1)									
Fiscal Year (4)	Residential Property		Commercial Property		Industrial Property		Other Property (2)		
	Assessed and Equalized Value	Taxable Value	Assessed and Equalized Value	Taxable Value	Assessed and Equalized Value	Taxable Value	Assessed and Equalized Value	Taxable Value	Taxable Value
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	
2013	36,689,706,285	35,101,766,037	9,272,424,780	8,747,850,059	1,607,003,900	1,555,458,630	70,288,210	44,390,050	
Fiscal Year (4)	Personal Property		Total Property		Total		Direct Tax Rate (3)		
	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
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
2013	3,790,500,640	3,785,645,530	51,429,923,815	49,235,110,306					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									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
County direct rates										
County operating	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900
Parks and Recreation	0.2415	0.2415	0.2415	0.2415	0.2415	0.2415	0.2415	0.2415	0.2422	0.2436
Total rate	4.4315	4.4315	4.4315	4.4315	4.4315	4.4315	4.4315	4.4315	4.4322	4.4336
Overlapping rates										
Huron-Clinton Metro Authority (a)	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2154	0.2161
Intermediate school districts (5)										
Median rate	3.3690	3.3690	3.3690	3.3690	3.3690	3.3690	3.3690	3.3690	3.3789	3.3991
Low range	2.9295	2.9295	2.9295	2.9295	2.9295	2.9295	2.9295	2.9430	2.9615	2.9729
High range	3.5341	3.5341	3.5341	3.5341	3.5341	3.5341	3.5341	3.5361	3.5361	3.5469
Community colleges (3)										
Median rate	1.7967	1.7967	1.7967	1.7967	1.7967	1.7967	1.7967	1.7967	1.7967	1.8024
Low range	1.5844	1.5844	1.5844	1.5844	1.5844	1.5844	1.5844	1.5844	1.5889	1.5983
High range	2.8596	2.8596	2.8596	2.6796	2.6796	2.6796	2.6796	2.6807	2.6807	2.7466
Cities (31)										
Median rate	16.7929	16.0541	16.1905	15.5898	14.8121	14.8179	15.1084	15.1084	15.2367	14.4680
Low range	7.3600	8.8200	9.7060	9.0500	8.3000	8.3000	8.3000	8.3000	8.3000	7.5500
High range	37.4634	30.4298	29.1461	25.3589	25.2763	25.2604	24.4050	24.8349	25.5163	25.4554
Villages (10)										
Median rate	15.2286	14.4597	14.6508	14.1182	14.1182	14.1036	14.1036	14.1290	14.1870	14.0552
Low range	8.8900	8.8900	8.5900	7.9900	7.3525	7.2249	7.3670	7.7443	7.9462	7.9474
High range	17.9756	20.0210	18.3610	18.1386	17.8196	18.1020	18.1120	19.7520	17.9480	18.3524
Townships (21)										
Median rate	7.2786	7.2685	6.7444	6.7444	6.5876	6.5876	6.2652	6.0380	6.0937	6.1765
Low range	0.6000	0.6000	0.6000	0.6000	0.5000	0.5000	0.5500	0.5500	0.5500	0.5500
High range	13.8002	13.8002	13.8002	13.1777	11.7112	11.7112	11.2223	11.6081	11.5495	11.8007
School districts (35) (b)										
Homestead:										
Median rate	13.9513	13.9513	13.7550	13.6410	13.4161	13.5105	13.2455	13.4910	13.6373	12.6015
Low range	9.8700	9.0500	8.2500	8.1800	7.8500	7.7400	7.3500	7.7200	6.7000	5.0000
High range	26.8868	26.4868	26.4868	25.8868	25.8868	23.5993	27.8925	27.8925	27.8945	27.8945
Non-Homestead:										
Median rate	31.0000	30.7000	30.5400	30.4000	29.5200	29.6931	29.6061	29.6000	29.3455	28.8508
Low range	26.4420	26.4420	26.1800	14.4500	25.8000	24.9243	25.3500	25.7200	23.9010	23.0000
High range	35.3610	34.8500	34.8500	34.5000	33.3410	33.2310	32.8410	33.2110	32.6884	31.6925
DDAs (9) (c)										
Median rate	1.8978	1.8978	1.8008	1.7470	1.7470	1.7470	1.8768	1.8856	1.9290	1.9339
Low range	1.3794	1.3794	1.3794	1.3000	1.3000	1.3000	1.3794	1.4010	1.4393	1.4869
High range	1.9734	1.9734	1.9734	1.9734	1.9734	1.9734	1.9734	1.9860	1.9860	2.0000
Public Transportation Authority (d)	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900	0.5950	0.5962	0.5974
Zoological Authority (e)	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	-	-	-	-
Art Institute Authority (f)	0.2000	0.2000	-	-	-	-	-	-	-	-

Notes

The County's maximum allowable operating millage levy for 2013 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 FY2012

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 2013			Fiscal Year 2004		
	Taxable Valuation*	Rank	Percentage County Taxable Valuation	Taxable Valuation*	Rank	Percentage County Taxable Valuation
Detroit Edison Company/DTE	\$ 400,145,352	1	0.81% %	\$ 342,522,300	2	0.65 %
Chrysler	235,405,963	2	0.48% %	161,599,416	4	0.30 %
General Motors	220,501,420	3	0.45% %	504,785,700	1	0.95 %
Consumers Energy	197,563,439	4	0.40% %	150,335,200	5	0.28 %
Taubman/12 Oaks/Great Lakes Crossing	116,032,721	5	0.24% %	197,490,300	3	0.37 %
Frankel/Forbes/Cohn	115,364,126	6	0.23% %	86,329,670	10	0.16 %
International Transmission	88,490,106	7	0.18% %	-	-	- %
Ramco-Gershenson	85,790,304	8	0.17% %	93,749,740	9	0.18 %
Comcast	73,200,373	9	0.15% %	-	-	- %
Holtzman & Silverman	71,700,179	10	0.15% %	-	-	- %
Bre Southfield (formerly Town Centre Delaware, Inc.)	68,828,235	11	0.14% %	118,710,631	7	0.22 %
Meijer	55,331,935	12	0.11% %	-	-	- %
Wal-Mart/Sam's Club	52,297,313	13	0.11% %	-	-	- %
AT&T	51,002,604	14	0.10% %	-	-	- %
Redwood-ERC Novi	42,084,188	15	0.09% %	-	-	- %
Urbancal Oakland	38,682,526	16	0.08% %	-	-	- %
JFK Investments	30,088,977	17	0.06% %	-	-	- %
Kroger	28,958,030	18	0.06% %	-	-	- %
VHS Huron Valley-Sinai Hospital	28,958,030	19	0.06% %	-	-	- %
JHP Pharmaceuticals	27,150,480	20	0.06% %	-	-	- %
Total	\$ 2,027,576,301		4.12% %	\$ 1,655,522,957		3.11 %

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

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

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

Year of Levy (1)	Fiscal Year	Collected within the Fiscal Year of the Levy		Percentage of Levy	Collections in Subsequent Years	Total Collections to Date	
		Tax Levy (2)	Amount			Amount	Percentage of Levy
2003	2004	\$216,173,657	\$211,292,953	97.74 %	\$ 4,880,704	\$216,173,657	100.00 %
2004	W 2005	227,583,190	222,651,567	97.83 %	4,927,486	227,579,053	100.00 %
2005	S 2005	79,281,336	65,809,623	83.01 %	13,469,838	79,279,461	100.00 %
2005	W 2006	159,403,731	156,102,121	97.93 %	3,297,841	159,399,962	100.00 %
2006	S 2006	166,634,796	142,992,690	85.81 %	23,621,538	166,614,228	99.99 %
2006	W 2007	85,765,677	83,915,557	97.84 %	1,839,533	85,755,090	99.99 %
2007	S 2007	262,814,606	225,336,018	85.74 %	37,417,262	262,753,280	99.98 %
2008	2008	262,899,380	228,260,470	86.82 %	34,397,906	262,658,376	99.91 %
2009	2009	253,987,318	219,099,614	86.26 %	34,522,116	253,621,730	99.86 %
2010	2010	223,423,779	198,172,603	88.70 %	24,693,887	222,866,490	99.75 %
2011	2011	206,524,166	187,107,837	90.60 %	17,627,346	204,735,183	99.13 %
2012	2012	200,442,426	179,242,176	89.42 %	17,787,088	197,029,264	98.30 %
2013	2013	201,331,272	179,700,449	89.26 %	-	179,700,449	89.26 %

Source: Oakland County Treasurer

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

❑(2) Tax levy is subject to change due to the fact that settlement at the County level has not yet taken place for the current fiscal year.

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

Year	General Bonded Debt (1)			Other Governmental Activities Debt		Business-Type	Total Primary Government	Percentage of Personal Income (b)	Per Capita (b)
	General Obligation Bonds	Percentage of Taxable Property Values (a)	Per Capita (b)	Special Assessment Bonds (c)	Drainage Districts Debt (d)	Special Assessment Bonds & Tax Notes			
2004	\$ 70,130,000	0.13 %	\$ 58.23	\$ 46,245,000	\$ 6,864,854	\$ 25,000,000	\$ 148,239,854	2.48 %	\$123.08
2005	85,850,000	0.15 %	71.32	41,085,000	7,244,056	25,000,000	159,179,056	2.58 %	132.24
2006	76,685,000	0.12 %	63.74	72,400,000	7,957,730	25,000,000	182,042,730	2.90 %	151.31
2007	627,990,000	0.97 %	522.58	70,580,000	7,504,834	25,000,000	731,074,834	11.42 %	608.36
2008	601,400,000	0.93 %	500.19	64,424,371	6,269,408	25,000,000	697,093,779	10.89 %	579.78
2008	601,400,000	0.93 %	480.94	64,424,371	6,269,408	25,000,000	697,093,779	11.78 %	573.45
2010	562,030,000	1.02 %	467.44	52,350,727	4,485,830	50,000,000	668,866,557	11.15 %	556.29
2011	538,995,000	1.06 %	444.95	48,375,727	4,650,725	54,060,000	646,081,452	10.05 %	533.35
2012	515,605,000	1.05 %	422.40	52,865,727	61,636,190	44,589,279	617,161,196	9.17 %	505.60
2013	428,985,000	0.87 %	351.44	46,625,727	61,001,062	59,705,962	596,317,751	8.76 %	488.52

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, 2013

	Gross Amount Outstanding	Self-supporting or Paid by Benefiting Entity	Net Amount Outstanding
Direct debt			
Building authority bonds	\$ 80,655,000	\$ 23,250,000	\$ 57,405,000
Certificates of Participation	21,500,000	-	21,500,000
Retirees Health Care Bonds	350,000,000	-	350,000,000
Water and sewer debt (Special assessment)	23,375,727	23,375,727	-
Lake Levels (Special assessment)	80,000	-	80,000
Drainage Districts bonds and notes	210,671,889	149,670,827	61,001,062
Road Commission debt (no County credit)	<u>21,396,982</u>	<u>21,396,982</u>	<u>-</u>
Net direct debt	<u>\$ 707,679,598</u>	<u>\$ 217,693,536</u>	<u>489,986,062</u>
Overlapping debt			
Cities			546,539,373
Townships			364,989,897
Villages			22,273,948
School districts			2,220,970,074
Intermediate school districts			55,631,794
Community colleges			5,204,514
Library			347,357
County-issued debt paid by local municipalities			<u>217,693,536</u>
Net overlapping debt			<u>3,433,650,493</u>
Net direct and overlapping debt			<u><u>\$ 3,923,636,555</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

Year	State Equalized Valuation	Debt Limit 10% of SEV	Amount of Debt Applicable to Limit	Legal Debt Margin	Debt Applicable to Limit as a Percentage of Debt Limit
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	773,634,635	4,471,711,399	14.75%
2012	50,839,024,966	5,083,902,496	823,206,612	4,260,695,884	16.19%
2013	51,429,923,815	5,142,992,382	1,168,123,578	3,974,868,804	22.71%

Sources:

Equalized Valuations = Oakland County Department of Management & Budget, Equalization Division
 General Obligation Debt = Oakland County Department of Management and Budget, Fiscal Services Division

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

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
2004	1,204,375	\$ 59,695,709	\$ 49,566	5.60 %
2005	1,203,750	61,707,910	51,263	5.70 %
2006	1,203,118	62,770,692	52,173	5.80 %
2007	1,201,712	64,021,260	53,275	6.10 %
2008	1,202,352	64,012,615	53,239	7.00 %
2009	1,205,508	58,707,577	48,699	12.90 %
2010	1,202,362	59,968,947	49,876	12.40 %
2011	1,211,357	64,258,811	53,047	10.20 %
2012	1,220,657	68,065,416	55,761	9.10 %
2013	1,220,657 (a)	68,065,416 (a)	55,761 (a)	8.10 %

(a) Current data not available at the time of publication.

Sources:

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

Personal Income = Michigan Bureau of Economic Analysis

Unemployment Rate = Michigan Department of Labor & Economic Growth

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

Employer	Fiscal Year 2013			Fiscal Year 2004		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
William Beaumont Hospital	11,882	1	2.17%	14,606	2	1.28%
Chrysler Group LLC	11,563	2	2.12%	10,370	3	0.91%
General Motors Corporation	8,550	3	1.56%	20,300	1	1.79%
Trinity Health (formerly St. Joseph Mercy)	5,979	4	1.09%	3,674	10	0.32%
St. John Health Services (formerly Providence Hospital)	4,261	5	0.78%	5,458	6	0.48%
U.S. Postal Service	4,108	6	0.75%	3,977	9	0.35%
Oakland County Government	3,196	7	0.58%	n/a	n/a	n/a
Henry Ford Health System	2,846	8	0.52%	n/a	n/a	n/a
Flagstar Bancorp Inc.	2,779	9	0.51%	n/a	n/a	n/a
Botsford Health Care	2,776	10	0.51%	n/a	n/a	n/a
Electronic Data Systems (EDS)	n/a	n/a	n/a	4,400	7	0.39%
LaSalle Bank Midwest Bank NA	n/a	n/a	n/a	7,947	4	0.70%
Human Capital LLC	n/a	n/a	n/a	5,500	5	0.48%
Blue Cross/Blue Shield	n/a	n/a	n/a	4,001	8	0.35%
	<u>57,940</u>		<u>10.60%</u>	<u>80,233</u>		<u>7.06%</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)									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General government										
County Executive Administration	47	47	47	50	52	66	66	63	65	65
Management & Budget	204	203	205	205	203	203	207	205	204	204
Central Services	59	58	66	68	68	66	66	65	61	61
Human Resources	46	47	49	50	50	50	51	51	51	50
Board of Commissioners	34	34	34	34	34	34	34	34	34	34
Clerk/Register of Deeds	112	116	118	118	121	128	128	133	154	151
County Treasurer	46	46	44	44	48	48	48	48	48	48
Public Safety										
Sheriff	1,088	1,119	1,024	1,054	1,117	1,129	1,135	1,130	1,092	1,042
Community Corrections	60	58	59	60	60	65	67	66	68	67
Animal Control	36	33	26	26	26	24	24	24	24	23
Justice Administration										
Circuit Court	410	409	431	442	471	469	469	473	455	456
District Court	188	185	184	186	197	200	201	201	194	188
Probate Court	49	49	54	57	59	61	61	61	59	59
Prosecuting Attorney	170	172	175	177	185	189	189	189	188	189
Medical Examiner	26	26	26	26	26	28	34	34	34	26
Citizens Services										
Administration	2	2	2	5	5	5	5	5	5	5
Health	370	373	378	378	387	404	404	403	413	441
Homeland Security	12	16	13	13	13	n/a	n/a	n/a	n/a	n/a
Medical Care Facility (2)	n/a	n/a	n/a	n/a	n/a	n/a	104	104	110	112
Children's Village	192	189	185	185	178	161	161	161	161	161
Veterans' Services	16	16	16	16	16	18	18	18	16	16
MSU Extension-Oakland County	15	15	15	15	15	14	13	13	13	13
Public Works										
Water Resources Commissioner	263	263	264	264	266	270	271	269	269	263
Facilities Management	187	188	189	193	196	204	204	201	201	201
Information Technology	161	161	164	164	167	167	169	165	159	157
Recreation and Leisure										
Library Board	7	10	10	12	17	17	18	18	23	23
Parks and Recreation	378	379	376	376	376	341	341	317	313	313
Commerce and Community Development										
Administration	12	12	12	12	12	12	12	13	14	9
Planning and Economic Development Services	46	46	47	48	49	44	43	42	41	40
Community and Home Improvement	23	23	23	22	22	21	21	21	21	21
Workforce Development	9	9	9	9	9	9	9	9	9	9
Totals	4,268	4,304	4,245	4,309	4,445	4,447	4,573	4,536	4,499	4,447

(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									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Law Enforcement										
Dispatched Calls	272,066	197,767	168,685	145,090	125,987	133,402	179,563	180,472	180,940	171,858
Arrests	11,525	12,126	10,999	8,906	8,513	8,466	8,900	9,286	8,569	7,288
Inmate bookings	19,913	19,796	19,889	19,608	21,866	24,053	25,809	27,003	25,734	26,066
Judicial										
Circuit Court civil/criminal cases disposed	12,442	13,147	14,212	15,752	15,927	15,849	16,108	16,132	16,414	16,244
District Court cases filed	118,307	119,643	123,860	134,077	145,465	144,933	152,710	159,380	157,920	158,882
Citizen Services										
Veteran benefits claims filed	6,202	6,805	6,848	7,220	6,870	7,546	7,071	7,182	6,784	6,337
Deeds/Mortgages	119,116	109,403	86,034	84,048	85,478	84,866	110,600	141,157	176,787	223,553
Jobs retained and created	8,866	9,269	8,365	14,522	4,187	10,311	10,842	1,640	4,422	3,417
Immunizations	61,141	62,309	80,741	143,839	102,893	94,038	82,347	95,202	117,679	125,660
Community Development										
BFC/EDC Loans	40	28	26	21	16	28	33	26	20	22
Applications for home improvement	500	387	384	276	601	609	457	373	369	369
Single family homes rehabilitated	183	163	165	186	276	218	198	253	229	300
Parks and Recreation										
Participants-Park	1,250,439	1,074,428	942,019	843,600	775,683	815,097	778,616	789,867	793,215	752,662
Participants-Golf Course	95,531	130,281	116,804	126,727	148,747	172,783	178,444	198,477	200,521	215,551
Participants-Recreation, Facilities	437,407	411,068	390,106	370,355	291,917	365,310	373,214	374,853	381,025	365,954
Participants-Nature Interpretive Service	n/a	19,558	26,498	28,242	29,860	29,865	35,226	46,428	47,062	44,967
Participants-Banquet Facilities	90,915	125,008	109,420	125,592	147,365	154,594	161,678	170,524	182,100	158,091
County Markets	108,178	147,230	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Airports										
Takeoffs and landings	117,981	128,766	119,347	119,581	144,678	162,283	202,345	202,973	207,757	243,395
Public Works										
Water and sewer customers	78,096	77,280	76,784	76,435	76,413	76,050	75,613	74,926	73,129	71,228
Water main breaks	128	79	85	90	104	94	115	114	119	146
Water permits issued	902	626	337	220	164	232	370	811	1,016	1,188

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									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Justice and Law Enforcement										
Correction facilities capacities	1,653	1,653	1,666	1,594	1,750	1,768	1,984	1,981	1,981	1,956
Substations	13	14	14	12	12	12	12	12	12	12
Parks and Recreation										
Number of county parks	13	14	13	13	13	13	13	11	11	11
Park acreage	6,756	6,643	6,643	6,456	6,398	6,378	6,378	6,089	5,742	5,715
Airport										
Number of runways	5	5	5	5	5	5	5	5	5	5
Number of T-Hangars	650	738	738	738	738	738	738	711	619	619
Facilities										
Buildings	40	41	40	40	40	40	41	42	42	42
County facilities square footage	1,890,262	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
Public Works										
Combined Sewer Overflow Retention										
Treatment Facilities	4	4	4	4	4	3	3	3	3	3
Water mains (miles)	160.63	136.41	133.03	132.99	123.60	161.51	165.83	162.57	148.67	173.99
Water storage capacity (millions of gallons)	3.07	3.07	3.07	3.07	3.07	2.07	2.07	2.07	2.07	2.07
Sewers (miles)	138.42	138.29	137.32	137.22	137.22	135.08	131.81	131.84	131.84	131.84
Permitted Sewer treatment capacity (millions of gallons)	15,567.62	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

Sources

Various County departments

**County of Oakland
Building Authority Data – Unaudited Table 17
September 30, 2013**

	Office Building Renovation	Oakland Int'l Airport T-Hangars	CMHA Housing Project	Oak Park Project	Sheriff Substation Rochester Hills	Oakland Int'l Airport Terminal Bldg (1)	Facilities Infrastructure & IT Projects	CMHA Building Renovation	Pontiac Phoenix Center
Cash	\$ -	\$ -	\$ 43	\$ 111,961	\$ -	\$ 379,724	\$ 5	\$ -	\$ -
Lease receivable	-	-	3,275,000	2,430,000	-	-	-	14,500,000	-
Other assets	-	-	1,296	-	-	149	-	712,420	-
Bonds payable	-	-	3,275,000	2,430,000	-	-	-	14,500,000	-
Other liabilities	-	-	-	164	-	379,719	-	408	-
Current year activity:									
Transfers in	-	-	-	8	-	-	335,471	-	-
Leases and other income	-	-	369,892	153,671	-	155	3,221	959,991	9,634,489
Debt service:									
Principal	-	-	225,000	70,000	-	-	-	-	9,150,000
Interest	-	-	144,556	84,623	-	36	338,187	247,479	483,363
Fiscal charges	-	-	275	300	-	128	500	500	-
Contractual services	-	918	-	-	1,638	-	-	-	-
Transfers out	5	329	-	-	52	-	-	-	566
Principal and interest requirements:									
2014	\$ -	\$ -	\$ 385,056	\$ 152,872	\$ -	\$ 503,187	\$ 2,229,625	\$ 919,250	\$ -
2015	-	-	375,056	151,123	-	496,313	2,277,875	983,500	-
2016	-	-	365,056	149,372	-	488,187	2,273,875	969,125	-
2017	-	-	355,056	152,560	-	479,750	2,243,750	976,500	-
2018	-	-	369,385	150,685	-	494,750	2,237,500	958,500	-
Thereafter	-	-	2,299,132	2,946,112	-	5,307,400	11,089,750	14,485,750	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,148,741</u>	<u>\$ 3,702,724</u>	<u>\$ -</u>	<u>\$ 7,769,587</u>	<u>\$ 22,352,375</u>	<u>\$ 19,292,625</u>	<u>\$ -</u>

(continued)

**County of Oakland
Building Authority Data – Unaudited Table 17 (Continued)
September 30, 2013**

	Phoenix Plaza Amphitheatre Refunding	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 (1)	Totals
Cash	\$ 435	\$ 23	\$ 5	\$ 5	\$ 10	\$ 335	\$ 365	\$ 492,911
Lease receivable	-	1,050,000	-	-	-	1,995,000	-	23,250,000
Other assets	-	-	-	-	-	-	-	713,865
Bonds payable	-	1,050,000	-	-	-	1,995,000	-	23,250,000
Other liabilities	435	118	-	-	-	47	-	380,891
Current year activity:								
Transfers in	566	-	1,305,800	1,620,900	1,869,430	52	329	5,132,556
Leases and other income	8,105,139	66,704	-	-	-	312,570	43	19,605,875
Debt service:								
Principal	7,760,000	25,000	800,000	1,140,000	1,350,000	265,000	-	20,785,000
Interest	334,218	41,437	505,500	480,600	523,149	48,967	3,896	3,236,011
Fiscal charges	275	300	300	300	300	250	-	3,428
Contractual services	11,334	-	-	-	-	-	-	13,890
Transfers out	-	-	-	-	-	-	-	952
Principal and interest requirements:								
2014	\$ -	\$ 65,938	\$ 1,315,500	\$ 1,591,400	\$ 1,873,450	\$ 329,900	\$ 426,619	9,792,797
2015	-	65,437	1,323,000	1,607,050	1,870,700	319,100	429,819	9,898,973
2016	-	64,938	1,328,000	1,596,200	1,861,800	333,400	432,819	9,862,772
2017	-	64,187	1,310,500	1,582,400	1,877,200	317,300	430,619	9,789,822
2018	-	63,438	1,301,500	1,587,200	1,866,100	331,400	433,318	9,793,776
Thereafter	-	1,428,325	5,200,000	6,189,800	10,673,906	519,100	2,644,881	62,784,156
	<u>\$ -</u>	<u>\$ 1,752,263</u>	<u>\$ 11,778,500</u>	<u>\$ 14,154,050</u>	<u>\$ 20,023,156</u>	<u>\$ 2,150,200</u>	<u>\$ 4,798,075</u>	<u>\$ 111,922,296</u>

(1) Beginning with fiscal year 2013, debt service transactions will be recorded in County Airports fund.