



COMPREHENSIVE ANNUAL
FINANCIAL
R E P O R T

Fiscal Year ending September 30, 2014

prepared by

Department of Management & Budget

Laurie Van Pelt, Director



**OAKLAND COUNTY, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended September 30, 2014
(With Independent Auditor's Report Thereon)**

Prepared by:

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

**Project Manager
Carol Morin-Jablonski**

**Illustrated cover by
Pamela Tremble, Graphic Artist for Oakland County**

County of Oakland
Table of Contents
September 30, 2014

| | Page(s) |
|---|----------------|
| I. Introductory Section | |
| Supplemental Financial Information | |
| Letter of Transmittal | 1-19 |
| Organizational Chart | 20 |
| List of Principal Officials..... | 21 |
| Government Finance Officers Association of the United States and Canada Certificate of Achievement for Excellence in Financial Reporting..... | 22 |
| II. Financial Section | |
| Report of Independent Auditors..... | 23-25 |
| Management’s Discussion and Analysis..... | 26-46 |
| Basic Financial Statements | |
| Government-wide Financial Statements | |
| Statement of Net Position | 47-48 |
| Statement of Activities..... | 49-50 |
| Governmental Fund Financial Statements | |
| Balance Sheet..... | 51-52 |
| Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position..... | 53 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances..... | 54-55 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities..... | 56 |
| Proprietary Fund Financial Statements | |
| Statement of Net Position | 57-58 |
| Statement of Revenues, Expenses, and Changes in Net Position | 59-60 |
| Statement of Cash Flows..... | 61-65 |
| Fiduciary Fund Financial Statements | |
| Statement of Net Position | 66 |
| Statement of Changes in Net Position..... | 67 |
| Component Unit Financial Statements | |
| Statement of Net Position | 68 |
| Statement of Activities..... | 69 |

County of Oakland
Table of Contents
September 30, 2014

| | Page(s) |
|---|----------------|
| II. Financial Section (continued) | |
| Notes to Basic Financial Statements | |
| 1. Summary of Significant Accounting Policies | 70-80 |
| 2. Legal Compliance – Budgets | 80-81 |
| 3. Deposits and Investments..... | 81-87 |
| 4. Property Taxes – Receivables and Short-term Debt | 87 |
| 5. Allowances for Uncollectible Receivables | 88 |
| 6. Investment Income – Pension and Other Postemployment Trust Funds | 88 |
| 7. Capital Assets..... | 89-91 |
| 8. Long-term Debt..... | 92-98 |
| 9. Interfund Balances | 99-101 |
| 10. Fund Equities | 102-104 |
| 11. Employee Benefits | 104 |
| 12. Defined Benefit Pension Plan | 104-110 |
| 13. Defined Contribution Plans..... | 110-111 |
| 14. Postemployment Benefits | 111-115 |
| 15. Deferred Compensation Plan | 115 |
| 16. Risk Management | 115-116 |
| 17. Leases..... | 117 |
| 18. Commitments and Contingencies | 118 |
| 19. Statement of Net Position – Reconciliation of Internal Balances | 119 |
| Required Supplementary Information other than Management’s Discussion and Analysis | |
| Schedule of Funding Progress – Retirement System – | |
| Primary Government – Six-year Historical Trend Information – Unaudited | 120 |
| Schedule of Changes in Net Pension Liability and Related Ratios – Retirement System – | |
| Primary Government – Unaudited | 121 |
| Schedule of Changes in Net Pension Liability and Related Ratios – Retirement System – | |
| Schedule of Contributions – Retirement Systems – Primary Government – Last Ten | |
| Fiscal Years – Unaudited..... | 122 |
| Schedule of Investment Returns – Retirement System – Primary Government – Current | |
| Fiscal Year – Unaudited | 123 |
| Schedule of Funding Progress and Employer Contributions – OPEB Plan – Primary | |
| Government – Six-Year Historical Trend Information – Unaudited | 124 |
| Budgetary Comparison Schedule – Major Governmental Funds | 125-130 |
| Notes to Required Supplementary Information | 131 |
| Combining and Individual Fund Statements and Schedules | |
| <i>Governmental Funds</i> | |
| Balance Sheet – By Fund Type..... | 132 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – By Fund Type..... | 133 |
| <i>Special Revenue Funds</i> | |
| Combining Balance Sheet..... | 134-137 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances..... | 138-141 |
| Schedules of Revenues, Expenditures, and Changes in Fund Balances – | |
| Budget and Actual..... | 142-143 |

County of Oakland
Table of Contents
September 30, 2014

| | Page(s) |
|--|----------------|
| II. Financial Section (continued) | |
| <i>Debt Service Funds</i> | |
| Combining Balance Sheet | 144 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances..... | 145 |
| <i>Capital Projects Funds</i> | |
| Combining Balance Sheet | 146-147 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances..... | 148-149 |
| <i>Internal Service Funds</i> | |
| Combining Statement of Net Position | 150-153 |
| Combining Statement of Revenues, Expenses, and Changes in Net Position | 154-155 |
| Combining Statement of Cash Flows..... | 156-159 |
| <i>Enterprise Funds</i> | |
| Combining Statement of Net Position | 160 |
| Combining Statement of Revenues, Expenses, and Changes in Net Position | 161 |
| Combining Statement of Cash Flows..... | 162-163 |
| <i>Pension (and Other Postemployment Benefits) Trust Funds</i> | |
| Combining Statement of Net Position | 164 |
| Combining Statement of Changes in Net Position..... | 165 |
| <i>Other Postemployment Benefits Trust Funds</i> | |
| Combining Schedule of Net Position..... | 166 |
| Combining Schedule of Changes in Net Position | 167 |
| <i>Investment Trust Funds</i> | |
| Statement of Net Position | 168 |
| Statement of Changes in Net Position..... | 169 |
| <i>Agency Funds</i> | |
| Combining Statement of Net Position | 170-171 |
| Combining Statement of Changes in Assets and Liabilities | 172-175 |
| <i>Governmental Funds – Component Unit – Drainage Districts</i> | |
| Combining Balance Sheet | 176 |
| Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position..... | 177 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances..... | 178 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities | 179 |

County of Oakland
Table of Contents
September 30, 2014

III. Statistical Section – Unaudited

| | |
|--|---------|
| Net Position by Component | 180 |
| Changes in Net Position | 181-183 |
| Fund Balances, Governmental Funds | 184 |
| Changes in Fund Balances, Governmental Funds..... | 185-186 |
| Assessed, Equalized, and Taxable Value of Property | 187 |
| Direct and Overlapping Property Tax Rates | 188 |
| Principal Taxpayers | 189 |
| County Operating Property Tax Levies and Collections | 190 |
| Ratio of General Bonded Debt Outstanding | 191 |
| Net County Direct and Overlapping Debt..... | 192 |
| Legal Debt Margin | 193 |
| Demographic and Economic Statistics | 194 |
| Principal Employers..... | 195 |
| County Employees by Function/Program | 196 |
| Operating Indicators by Function/Program..... | 197 |
| Capital Asset Statistics by Function/Program..... | 198 |
| Building Authority Data | 199-200 |

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 17, 2015

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

State law requires all general purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants. Pursuant to those requirements, we hereby issue the Comprehensive Annual Financial Report (CAFR) of Oakland County, Michigan for the fiscal year ended September 30, 2014.

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, 2014 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, 2014 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. Those reports are available in Oakland County's separately issued Single Audit Report.

County of Oakland

Letter of Transmittal

The Fiscal Year 2014 CAFR includes a Statement of Net Assets and a Statement of Activities, which provides readers with the financial position of Oakland County, viewed as a single entity. In addition, the report provides a narrative introduction, overview and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). Oakland County's MD&A, which provides a detailed discussion of the County's fiscal year 2014 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 1,231,640 (2013 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 good quality of life for any lifestyle. Measuring per capita income, the County ranks as the eleventh (11th) wealthiest county in the nation among counties with populations between 900,000 and 1,600,000 as sited in an April 2014 report by University of Michigan economists. 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. 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 twenty-one (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 more than 2,700 miles of roads. Its budget of more than \$108 million is funded principally by State-collected vehicle fuel and registration taxes under Public Act 51 of 1951. Other sources of funds are provided by federal and local governments and proceeds from the sale of bonds. The Road Commission is not subject to the Board of Commissioners' appropriation process and, therefore, is reflected as a discretely presented component unit in the County's CAFR, as required by GASB Statement Number 14, *The Financial Reporting Entity*, as amended by Statement Number 39, *Determining Whether Certain Organizations are Component Units*, and Statement Number 61, *The Financial Reporting Entity: Omnibus*.

A three-member Drain Board was established pursuant to Michigan Public Act 40 of 1956, and consists of the Oakland County Water Resources Commissioner, the Chairperson of the County Board of Commissioners, and the Chairperson of the County Board of Commissioners' Finance Committee. This board is responsible for the construction and maintenance of drainage districts created under Chapter 20 of Act 40, funding for which is provided by assessments against the benefiting municipalities. Debt issued is backed by the full faith and credit of Oakland County.

A 10-member commission, appointed by the Board of Commissioners, is responsible for Parks and Recreation, which acquires and develops County parks. Currently, Parks and Recreation 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, subject to annual tax limitation adjustments pursuant to the Michigan constitution. Parks and Recreation's activity is blended into the County's CAFR due to the specific agency relationship established by State statute, as required by GASB Statements Number 14, Number 39, and Number 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. The County's economy survived the "Great Recession" from several years ago, which included the bankruptcy of General Motors and Chrysler, and is emerging stronger than ever. The continuing recovery in Oakland County is supported by an expanding U.S. economy and a recovering local housing sector, backed by the County's strong economic fundamentals and forward-thinking policy initiatives.

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 loss since 2005. Calendar year 2011 became a turning point with the creation of 24,412 jobs, the second best year for job growth since 1994. Job growth continued in calendar year 2012 with the creation of an additional 24,865 jobs. In their April 2014 report, University of Michigan economists estimated an additional 15,734 jobs were created in 2013. Since 2009, through 2013, Oakland County's job growth of 10.4% outpaced both the nation's job growth of 3.9% and the state's job growth of 6.0%. Further, it is projected that an additional 42,937 jobs will be created in the County over the three-year period of 2014-2016; a solid gain of 2.1% per year. 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 so that it can become more resistant to future recessions.

Due to its educated work force, Oakland County is well positioned to continue its transformation to a knowledge-based economy. Nearly half of all County residents hold a degree (bachelor, graduate/professional and doctorate) from an institute of higher education. 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 rate of 12.9%. The December 2014 Oakland County unemployment rate was 5.5%. This rate slightly exceeded the national average of 5.4%; however, it is lower than the State of Michigan average of 5.6%.

Enhanced by the County's investment in dynamic economic development programs, Oakland County remains a favored location for business. Since its creation in 2004, the Emerging Sectors program has attracted over \$3 billion in investment. Further, Oakland County is Michigan's leading center for international commercial activity, hosting 1,020 international commercial businesses representing 38 countries. In 2014, Oakland County attracted 30 companies that provided \$171 million of foreign direct investment, more than a quarter of the \$639 million total new business investment for the year. Of all the foreign-owned firms in southeast Michigan, 57% of Fortune 500 companies have business locations in Oakland County.

County of Oakland Letter of Transmittal

Oakland County's per capita personal income of \$57,035 is the highest among Michigan's 83 counties according to the U.S. Bureau of Economic Analysis (BEA). Oakland County's per capita income also compares favorably to the national average (\$44,765) and the state average (\$39,055).

The 2014 market value of property in Oakland County is approximately \$110.2 billion, an increase of approximately \$7.3 billion from 2013 to 2014 (7.11%). The State Taxable Value (STV), which is the calculation on which property tax revenue is based, increased a modest 1.65%. This is the second year increase in property value following five (5) consecutive years of decline and is further evidence that Oakland County's economy is on the rebound. Current budget assumptions include a 6.0% increase in market value and a 3.0% increase in taxable value as of December 31, 2014 (FY 2015 revenue); a further 6.0% increase in market value and a 3.0% increase in taxable value as of December 31, 2015 (FY 2016 revenue); and an additional 6.0% increase in market values, with a 3.0% increase in taxable value as of December 31, 2016 (FY 2017 revenue).

Oakland County's collective property values remain the highest of all 83 counties in Michigan, and represents 15.3% 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 72.4% of the total property tax base. The average residential sale price of a home in Oakland County increased from \$193,508 in 2013 to \$207,110 in 2014, a 7.0% increase. Also, home mortgage foreclosures, which peaked in 2010 with almost 9,300 Sheriff Deeds, have steadily declined over the past several years to approximately 1,800 Sheriff Deed foreclosures in 2014.

The average 2014 property tax rate is \$42.30 per thousand dollars of taxable value, a decrease from the 2013 average of \$42.51 per thousand dollars of taxable value. The average property tax rate is distributed to the following taxing authorities:

| | |
|--|---------------|
| Local School Districts | 32.3% |
| Cities, Villages, Townships | 30.0% |
| State Education Tax | 14.2% |
| County Operating | 9.9% |
| Intermediate School District | 8.0% |
| Community College | 3.8% |
| Parks & Recreation/Zoo/Art/Huron Clinton | <u>1.8%</u> |
| | <u>100.0%</u> |

For Fiscal Year 2014, the property tax revenue was anticipated to support 47% of General Fund/General Purpose (GF/GP) operations. Actual Fiscal Year 2014 activity resulted in property tax revenue supporting 52% of the County's GF/GP operations due to considerable expenditure favorability. 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, 2014 property tax levy remained at 4.19 mills (out of an authorized levy of 4.2240 mills) for operations, one of the lowest county tax rates in the State of Michigan. Further, the County Executive is proposing a millage reduction effective with the July 1, 2015 tax levy to reduce the millage rate from 4.19 mills to 4.09 mills. A resolution for a proposed millage

County of Oakland Letter of Transmittal

reduction is currently going through the Board of Commissioner process.

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 are demonstrated in the financial statements themselves as well as the notes accompanying the financial statements; particularly Note #3 (Cash Management) and Note #8 (Debt Administration).

Other policies and practices are not as fully explained in other parts of the ensuing document yet they equally impact the County's financial position in FY 2014 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 innovative 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 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 on 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 long-term 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

County of Oakland

Letter of Transmittal

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, the County has been able to maintain its cash flow needs, despite the shift to a later levy date. However, it is anticipated that the future will require short-term borrowing to augment General Fund cash balances around April of each fiscal year.

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 position 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 2014) for fiscal years 2015, 2016 and 2017. Further analysis was conducted since that time on fiscal year 2018 and 2019 needs. Considering the state of the County's finances as of September 30, 2014, as well as operating changes implemented during the first quarter of FY 2015, the County anticipates a balanced budget through FY 2020 without additional budget tasks or reductions.

County of Oakland

Letter of Transmittal

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 not be jeopardized, which purpose is to regularly pay local taxing units within the County 100% of their respective share of delinquent ad valorem real property taxes prior to the collection of those taxes by the County Treasurer. The policy therefore, is to maintain a sufficient corpus in the DTRF to meet this primary purpose and only then to prudently utilize any surplus in excess of this baseline amount.

Oakland County's Fiscal Responsibility Plan directs that any appropriations from unrestricted DTRF funds, except penalties and investment interest, are limited to one-time and/or limited purpose expenditures. Further, the use of these funds for one-time and/or limited purpose expenditures requires a minimum two-thirds approval by the Board of Commissioners. As a result of Oakland County'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, 2014, was approximately \$205.5 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. Over the long-term, savings result from the DTRF continuing to earn interest on the cash maintained in that fund at a higher rate than the interest paid on 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.

County of Oakland

Letter of Transmittal

Even using the DTRF to support these capital initiatives, the fund's net position is still approximately \$5.5 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.

Due to the voluntary shifting of 1,126 employees from the PERS to the OPRS, and the fact that all newly hired employees participate in the OPRS, the OPRS has resulted in a savings of over \$100 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 provide and finance 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 annually 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. Just this past year the Board of Commissioners approved Miscellaneous Resolution #14005 that provided a one-time window which allowed certain eligible employees to voluntarily and irrevocably convert from the defined benefit VEBA Plan to the defined contribution RHS Plan. This resolution also lowered the longevity requirements for the graduated vesting schedule with the RHS Plan. The previous vesting schedule allowed for a partial benefit (60%) provided after 15 years of service with full benefit provided after 25 years of service. The revised vesting schedule allows for partial vesting after 6 years of employment with employees becoming fully vested in the RHS Plan after 10 years of County service. The reasons and the benefits of this change are discussed in the *Major Initiatives* section of this *Transmittal Letter*. Once the employee separates employment and receives the vested cash benefit, the County's financial obligations ends.

County of Oakland

Letter of Transmittal

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. Proceeds from the COPs were deposited in a separate irrevocable trust fund, the Interim Retiree Medical Care Benefits Trust (IRMBT) which assumed an annual long-term average investment rate of 7.5%. Since the IRMBT was able to invest these proceeds at a higher rate over the long term than the debt service rate, this allowed the fund to complete its primary purpose, making the future annual Actuarial Required Contribution (ARC) payments to the VEBA. If the ARC payment became 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. The COPs were issued with a seven (7) year call provision to allow the County to take advantage of future refinancing opportunities.

Subsequent to the issuance of the 2007 COPs, new legislation was adopted by the State of Michigan (Public Act 329 effective October 9, 2012) that allowed local units of government to issue limited taxable general obligation bond to fund OPEB obligations. On September 27, 2013, Oakland County issued private placement debt of \$350.0 million in securities and used \$72.1 million from available assets in the IRMBT and VEBA in order to refinance the outstanding \$422.1 million 2007 COPs debt. The \$350.0 million in securities were sold in two series; \$316.0 million was placed with Bank of America/Merrill Lynch, which was chosen as the Senior Underwriter in a competitive bid process, and \$34.0 million was placed with the County Treasurer as part of the County's investment portfolio which previously held a portion of the COPs.

The COPs were paid off on the official call date of April 1, 2014. The refinancing reduced the annual debt interest rate from 6.23% to an all-inclusive interest rate of 3.80% over the remaining life of the debt with the obligation to be paid in full by April 2027. As a result, the annual debt service payment is reduced by an average of \$13.2 million per year and provides gross cumulative savings of \$171.1 million. This refinancing not only saved the County taxpayers money, but also established a superseding plan to secure health care for all eligible County retirees and employees, and their covered dependents, to the end of their eligibility. As of September 30, 2013, the last actuary report issued as of this writing, the VEBA fund assets were 117% of the fund actuarially determined liabilities.

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 of Oakland

Letter of Transmittal

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

Even through the most fiscally challenging years spanning the recent Great Recession, 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 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 past achievements. 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 for the benefit of all its citizens.

Oakland County’s operational model is based upon “thoughtful management” not “crisis management.” By recognizing problems in advance and making necessary adjustments BEFORE the problems fully manifested themselves, the County Government was able to survive the “Great Recession” without layoffs or massive reductions in services. 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 optimum levels.

In order to maintain quality citizen services, Oakland County officials realize that it must maintain an effective, professional workforce. After salary reductions of 2.5% in FY 2010, 1.5% in FY 2011, and no salary changes in FY 2012 and FY 2013, the County did provide a 2% general salary increase in FY 2014 and a 3% general salary increase in FY 2015. However, over the past 10 years, Oakland County employee general salary increases have been conservative and lagged behind labor market increases and the consumer price index. As the economy continues to improve, the County faces additional challenges of not only recruiting new talent, but retaining existing employees. Without a strong workforce, quality services cannot be provided.

County of Oakland Letter of Transmittal

To recruit and retain quality staff requires a number of items including a safe work environment, effective and efficient tools to perform duties, advancement opportunities, and an appropriate compensation package, both in terms of salaries and benefits. That said, the funding for compensation comes from the taxpayers and 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.

To partially address recruitment and retention concerns, there was a 3% salary increase effective FY 2015 as previously mentioned, with budgetary placeholders for a 2% salary increase in FY 2016 and another 1% salary increase for FY 2017. In addition to salary increases, the County increased annual tuition reimbursement limits for full-time eligible employees effective FY 2015 from \$2,400 per year to \$4,200 per year. The tuition reimbursement program is an ideal way employees can further their education and be ready to take advantage of promotional opportunities as they arise.

Health care benefits are another important factor in this balancing act. The County has been able to constrain its overall health care costs, including the cost of retiree health care. Much of the success in managing costs is due to the County's employee wellness program, OakFit. The mission of the OakFit program is to assist employees, retirees and dependents in taking ownership of their health and wellness in order to improve quality of life, enhance productivity, and stabilize long-term employee/employer health care costs. OakFit offers a multitude of programs such as health screenings, lunch 'n' learn opportunities, vaccination/immunization programs, and discounted rates at a local pool and fitness center. OakFit continues to be an effective program to manage health care costs and enhance employee quality of life.

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 value 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 RHS vesting schedule, which required a minimum of 15 years to partially vest, offered minimal retention or attraction value.

In January 2014, the Board of Commissioners approved Miscellaneous Resolution #14005 to shorten the RHS vesting schedule to provide partial vesting after six (6) years of service and full vesting after ten (10) years of service. 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. The resolution also allowed a one-time irrevocable opportunity for VEBA-eligible employees to convert from the VEBA Plan to the County's RHS Plan. The "buy out" provided a lump sum deposit equivalent to \$2,000 per year for each year of eligible service with the County as of April 1, 2014 to be made into an individual RHS account for employees who elected to convert. The election had to be made by June 27, 2014 and 83 employees opted out

County of Oakland Letter of Transmittal

of the VEBA Plan with approximately \$2.1 million being set aside in individual RHS Plan accounts for these individuals. It is estimated that the ratio of savings is approximately 5:1; meaning for every \$1 provided for the one-time voluntarily conversion, \$5 in savings is anticipated in present value liabilities.

Since the RHS is a defined contribution system, there is NO budgetary impact 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 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 20.5% of the County workforce will be eligible 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 develop them, and continue the process for future generations.

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.

Evidence of the fact that the County's efforts to limit increases in active employee health care are having a positive impact, confirmed by the calculations related to compliance with Michigan Public Act 152 of 2011. 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 Board of Commissioners has voted annually to opt 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 2013-March 2014 is \$37,633,503. 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 \$5,857 (single), \$12,250 (two-people) and \$15,975 (family). The County's actual cost for the same period was \$34,566,161 or **\$3,067,342** below the cap.

County of Oakland

Letter of Transmittal

During fiscal year 2014, significant resources were required of Oakland County's top leadership who were involved in the lengthy negotiations for the creation of a new regional water authority entity in lieu of the Detroit Water and Sewer Department as currently structured. A Memorandum of Understanding was signed on September 9, 2014 by representatives from the City of Detroit, Macomb County, Oakland County, Wayne County, and the State of Michigan. The agreement calls for the creation of the Great Lakes Water Authority (GLWA) to lease, operate and manage all wholesale water and sewer lines that serve the suburbs that are currently part of the Detroit Water and Sewerage Department as well as common-to-all assets such as the filtration and water plants, pumping stations and other assets providing benefit to all ratepayers. One key provision is that the required \$50 million annual lease payment from the GLWA to the City of Detroit must be used toward capital improvements for the Detroit local retail water and sewer system, or to contribute Detroit's share of the costs of GLWA's capital improvements, and cannot be diverted outside of the water and sewer system for use in other City of Detroit operations.

The GLWA Articles of Incorporation were adopted by the respective legislative bodies by the October 10, 2014 deadline in order for the GLWA to exist. However, the formal start of the GLWA will occur within 200 days of its legal formation, around the end of April 2015, and is subject to the due diligence process, obtaining the necessary legal approvals, and the execution of final documents. The GLWA Board is made up of six (6) members: two (2) appointed by the Mayor of Detroit, one (1) each by Oakland County, Macomb County, and Wayne County, and one (1) by the Governor from the service area outside of the three counties. Suburban ratepayers are protected by "super majority" voting requirements, meaning five out of the six members, are required for major issues. Such issues include appointment of the GLWA's general manager/executive director, approval of rates, rate setting protocols, issuance of debt which shall be revenue backed debt, approval of the GLWA annual operating budget, annual approval of a rolling Five Year Capital Improvement Plan, adoption of a procurement policy, approval of a lease of the systems from the City of Detroit, removal of any board member for cause, and determination of any compensation of Board Members which shall be consistent with practices for other large public utilities.

Considerable Oakland County leadership resources continue to be involved in the GLWA as the formal start date approaches. The State of Michigan awarded a Competitive Grant Assistance Program (CGAP) grant in the amount of \$3.8 million for Oakland, Macomb, and Wayne Counties and the City of Detroit, with Oakland County acting as the fiduciary. The grant period is October 1, 2013 through September 30, 2018 and reimburses approved expenditures back to June 1, 2013. The grant is to assist with the research, creation and implementation of the GLWA and was formally accepted by the Oakland County Board of Commissioners via Miscellaneous Resolution #14261 on November 19, 2014. The resolution also authorized the execution of inter-local agreements with the participating communities incorporating the conditions required by the grant. Work continues on the monumental task of implementing the GLWA. With approximately 86% of Oakland County residents relying on wholesale water and sewer system services, Oakland County leadership is committed to actively participating in the GLWA to best serve and protect Oakland County ratepayers.

County of Oakland

Letter of Transmittal

Oakland County continues to be a leader in effective and efficient ways in delivering services to the public at reduced costs. In 2014, the Oakland County Department of Information Technology launched Government to Government (G2G) Cloud Solutions as a means where government agencies can take advantage of advanced technology applications in a cost-effective manner in order to meet citizen needs. The G2G Cloud Solutions model offers applications to government agencies, at little or no cost, regardless of their size, budget or geographic limitations. Examples of such applications include Online Payments, Over the Counter Payments, and Web Publishing Suite. Numerous government agencies have already taken advantage of the G2G Cloud Solutions products. There are approximately 180 local governments across 44 states that have registered for the G2G Marketplace. Of the 180 local governments, 87 are located in Michigan. Interest in G2G Cloud Solutions is expected to grow as new products are added and government agencies see the value in using shared technology solutions.

Effective in fiscal year 2015, the County is coming back on line with the restoration of revenue sharing payments from the State of Michigan. Over the past eleven (11) years, the County has drawn annual amounts from the Reserve Sharing Reserve Fund (RSRF) as the measure that was put in place when the State adopted legislation to shift the collection period of county taxes from winter to summer over a three-year period. The State revenue sharing payments to counties were eliminated with the State's 2005 budget. The legislation authorized an additional property tax levy as a temporary measure to replace these payments. The accelerated one year's worth of additional property tax revenue was required by State law to be placed in a restricted Revenue Sharing Reserve Fund. The final draw from the RSRF will occur in fiscal year 2015. For the fiscal year 2015 revenue sharing distribution, 20% falls under the County Incentive Program (CIP). The CIP requires counties to meet all Accountability and Transparency requirements as outlined Section 952 of 2014 Public Act 252 in order to receive the CIP portion of the revenue sharing distribution. In summary, the CIP requires counties to make available to the public a Citizens Guide, Performance Dashboard, Debt Service Report, and Projected Budget Report. Oakland County has complied with the CIP requirements and made these documents available to the public by the December 1, 2014 deadline; the documents can be viewed at <http://www.oakgov.com/mgtbud/Pages/Accountability-and-Transparency.aspx>. As a result of meeting the CIP requirements, the County will receive the maximum revenue sharing distribution in fiscal year 2015.

The initiatives the County Administration and Elected Officials implement 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.

County of Oakland Letter of Transmittal

As noted in the accompanying financial statements, Oakland County's General Fund balance totaled \$254.0 million as of September 30, 2014. This level of fund balance equates to 60.0% of budgeted fiscal year 2015 GF/GP expenditures. However, of that amount \$34.1 million is assigned to balance the fiscal year 2015 budget, \$29.2 million is assigned to balance the fiscal year 2016 budget, and \$25.9 million is assigned to balance the fiscal year 2017 budget. When the above assignments are removed, the General Fund balance still stands at \$164.7 million or 39.0% of General Fund/General Purpose expenditures.

The County leadership takes great pride in being good stewards of the financial resources afforded to the County. As a result of the County's ability to maintain financial stability while providing key services to its constituents, and as previously noted earlier in this *Transmittal Letter*, the County Executive is recommending to reduce the County's tax rate by .10 mills from 4.19 mills to 4.09 mills for the July 2015 tax levy. The County Executive is further considering an additional millage reduction of .05 mills for the July 2016 tax levy. It is projected that each .01 mill rollback is equivalent to a \$500,000 tax reduction. It is estimated that these millage reductions will result in approximately \$75.0 million in savings by the taxpayers over the next ten (10) years. The County Board of Commissioners is expected to take action on the proposed .10 mill tax rate reduction for the July 1, 2015 tax levy in March 2015. Even after applying these millage rollbacks, Oakland County's budget is projected to be balanced through fiscal year 2020.

Further, the County continually looks for opportunities to achieve additional savings while maintaining quality services for its constituents. Between the planned budgeted use of fund balance and on-going long-term financial planning, the County is well positioned to stay 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 emerge 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 and Poor's and Moody's Investor Services, Incorporated. In a transmittal letter reaffirming Oakland County's AAA status, Standard and Poor's stated:

“The stable outlook reflects our expectation that the rating will not change within a two-year horizon because we believe Oakland County will take the steps necessary to maintain its very strong budgetary flexibility and liquidity despite its ongoing plan to reduce the general fund balance. We also anticipate that the use of multiyear financial projections and three-year rolling line-item budgets will help the county manage its budgets and maintain its minimum general fund balance and DTRF goals, thereby underscoring stability.”

County of Oakland

Letter of Transmittal

Oakland County has retained a AAA bond rating since 1998. Only nine countries in the world still hold a AAA bond rating, meaning that Oakland County's bond rating is better than 186 countries in the world, including our own United States. 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, 2013; this was the 23rd consecutive year Oakland County received this prestigious award. In order to be awarded the Certificate of Achievement, Oakland County is required to publish an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles (GAAP) and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

In addition, Oakland County also received the GFOA's Distinguished Budget Presentation Award for its 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 2013 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

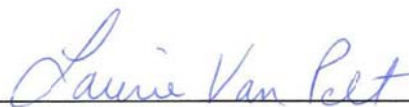
Acknowledgements:

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.

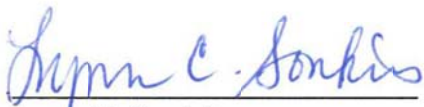
Respectfully submitted,



L. Brooks Patterson
Oakland County Executive

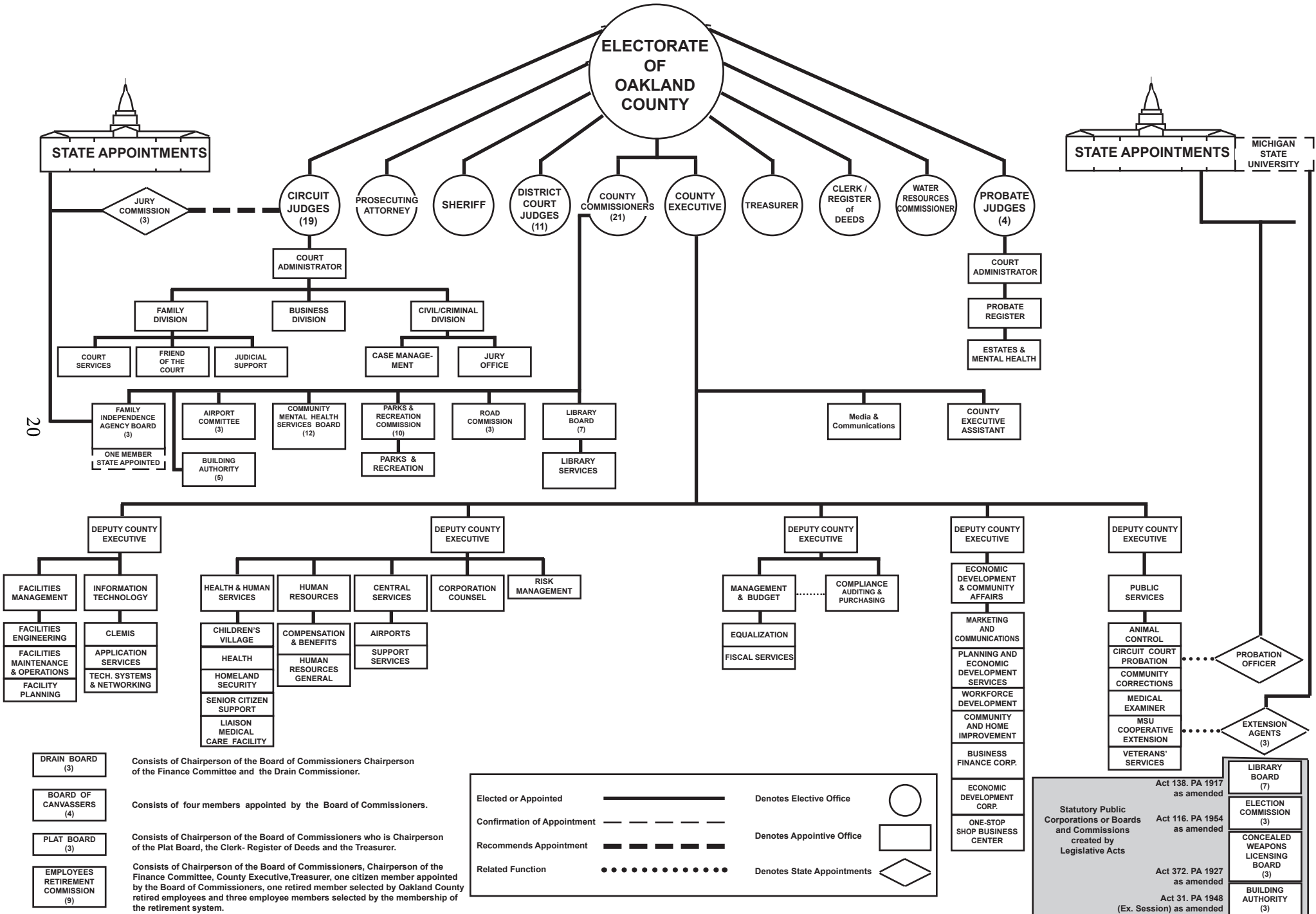


Laurie Van Pelt, CPFO
Chief Fiscal Officer and Director,
Department of Management and Budget



Lynn C. Sonkiss
Manager, Fiscal Services Division

OAKLAND COUNTY GOVERNMENT ORGANIZATIONAL CHART



COUNTY EXECUTIVE

L. Brooks Patterson

BOARD OF COMMISSIONERS

Michael Gingell, Chairperson
Jeffery S. Matis, Vice-Chairperson

Mike Bosnic
Kathy S. Crawford
Bill Dwyer
Marcia Gershenson
Robert Gosselin
Mattie McKinney Hatchett

Bob Hoffman
Janet Jackson
Christine A. Long
Gary R. McGillivray
Tom Middleton
Nancy Quarles
Jim Runstead

John A. Scott
Michael Spisz
Shelley Goodman Taub
Philip J. Weipert
Dave Woodward
Helaine Zack

OTHER ELECTED OFFICIALS

Clerk/Register of Deeds
Lisa Brown

Treasurer
Andy Meisner

Water Resources Commissioner
Jim Nash

Prosecuting Attorney
Jessica R. Cooper

Sheriff
Michael J. Bouchard

Chief Circuit Judge
Nanci J. Grant

Chief Probate Judge
Linda S. Hallmark

Chief District Judge
Julie A. Nicholson

AIRPORT COMMITTEE

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

BUILDING AUTHORITY

Jay Shah, Chairperson
Andy Meisner, Vice-Chairperson
Todd Bell, Secretary
Dennis King
L. Brooks Patterson, County Executive

PARKS AND RECREATION

Gerald A. Fisher, Chairperson
J. David VanderVeen, Vice-Chairperson
John A. Scott, Secretary
Pecky D. Lewis, Chairman Emeritus

A. David Baumhart III
Gregory C. Jamian

Robert E. Kostin
Christine A. Long

Gary R. McGillivray
Jim Nash

ROAD COMMISSION

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

DRAIN BOARD

Jim Nash, Water Resources Commissioner
Michael Gingell, Board of Commissioners Chairperson
Thomas F. Middleton, Finance Committee Chairperson



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Oakland County
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

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 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, 2014, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

To the Board of Commissioners
Oakland County, Michigan

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, 2014 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.

Emphasis of Matter

As discussed in Note 12 to the basic financial statements, in 2014, the County adopted the new accounting guidance of GASB No. 67, *Financial Reporting for Pension Plans*, which established standards for financial reporting that outline the basic framework for pension plan financial reports and specifies the required approach to measuring the liability of an employer and certain nonemployer contributing entities, about which information is required to be disclosed. Adopting GASB Statement No. 67 resulted in significant changes to the defined benefit pension plan related note disclosures and required supplemental information schedules. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information as identified in the table of contents (pages 120-131, employee benefit information and the major fund budgetary comparison schedules), 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 who 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 combining and individual fund statements and schedules as identified in the table of contents (pages 132-179) and introductory section and statistical section, as identified in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

To the Board of Commissioners
Oakland County, Michigan

The combining and individual fund statements and schedules as identified in the table of contents (pages 132-179) 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 combining and individual fund statements and schedules as identified in the table of contents (pages 132-179) are 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.

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, and 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 an opinion 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* in considering Oakland County's internal control over financial reporting and compliance.

Plante & Moran, PLLC

March 17, 2015

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, 2014. 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 declined during Fiscal Year 2014, primarily due to increased activity in the Public Works expenses for various projects and Public Safety operating expenses.
- Net position decreased by \$25.5 million to \$1,081.9 million (excluding component units).
- Governmental activities net position decreased by approximately \$20.9 million to \$380.4 million.
- Business-type activity net position decreased \$4.6 million to \$701.5 million.

Fund Level:

- At the close of the fiscal year, the County's governmental funds reported combined ending fund balance of \$317.7 million, a decrease of \$23.5 million from the fiscal year 2013 governmental funds combined ending fund balance, primarily reflecting a reduction of bond issuance proceeds compared to fiscal year 2013 activity.
- The General Fund balance increased by \$11.2 million from \$242.8 million at the end of fiscal year 2013 to \$254.0 million at the end of fiscal year 2014. The increase is primarily attributed to planned accelerated expenditure reductions and continued expenditure favorability, 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 \$800.3 million, consisting of \$701.5 million for the Enterprise Funds (a \$4.6 million decrease from fiscal year 2013) and \$98.8 million for the Internal Service Funds (a \$.5 million increase from fiscal year 2013). This overall reduction is primarily due to a one-time \$6.5 million Special Item (capital contribution) that took place in fiscal year 2013 for the Pontiac Water & Sewer systems that was not repeated in fiscal year 2014.

Capital and Long-term Debt Activities:

- The County's capital assets experienced a net increase of \$6.7 million during fiscal year 2014 primarily reflecting an increase in construction in progress activity.
- The County reported \$13.9 million in new general government debt and business-type debt during fiscal year 2014, which supported the Water Supply Act 342 projects, Building Authority refunding debt, and Michigan Bond Authority debt for Drainage District and Sewage Disposal System projects.
- The County's general government bond and note obligations decreased by \$456.6 million during fiscal year 2014, which reflects the final payment and official calling of the Certificates of Participation (COPs) of \$443.6 million, \$9.8 million in payments related to Building Authority debt, \$3.1 million in payments related to Water and Sewer Debt and \$80,000 in payments for Lake Level Act 451 debt.
- 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 \$4.8 *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 declining.

The Statement of Activities presents information showing how the County's net position changed during fiscal year 2014. 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 the Parks and Recreation Fund operations 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, 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.

Fund Financial Statements (Reporting the County's Major Funds)

The fund financial statements provide information on the County's significant (major) funds – not on the County as a whole. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the County uses to keep track of specific sources of funding and spending for a particular purpose. State law or policy requires some separate funds, such as the 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 Michigan 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 primarily to the County's other operations, such as the Motor Pool fund. Internal Service funds are reported as governmental activities on the government-wide statements.
- *Fiduciary Funds* – The County acts as a trustee or fiduciary for its employee pension plans. It is also responsible for other assets that, because of trust arrangements, can only be used for the trust beneficiaries. The County's fiduciary activities are reported in separate statements of Fiduciary Net 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 pension trend data.

Other Supplementary Information

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

Special Note: Implementation of GASB Statement Number 67

This fiscal year's 2014 Comprehensive Annual Financial Report reflects the implementation of Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*.

County of Oakland

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

As previously stated, Oakland County's overall financial position declined during fiscal year 2014. As reflected on the table below, the County's combined net position decreased by \$25.5 million over the course of fiscal year 2014 operations. In particular, the net position of the governmental activities decreased by approximately \$20.9 million (5.2 percent) primarily reflecting the scheduled draw down of \$26.1 million from the Revenue Sharing Reserve Fund. The business-type activities had a decrease of \$4.6 million in net position (0.7 percent) which reflects a one-time \$6.5 million Special Item (capital contribution) that took place in the previous fiscal year for the Pontiac Water and Sewer systems that was not repeated in fiscal year 2014.

Oakland County's Net Position

(in millions of dollars)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---------------------------|-------------------------|-----------------|--------------------------|-----------------|--------------------------|-------------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Current Assets | \$ 531.8 | \$ 553.5 | \$ 477.0 | \$ 505.7 | \$ 1,008.8 | \$ 1,059.2 |
| Capital Assets | 198.2 | 194.9 | 302.8 | 299.4 | 501.0 | 494.3 |
| Other Long-term Assets | 259.0 | 245.1 | - | - | 259.0 | 245.1 |
| Total Assets | <u>989.0</u> | <u>993.5</u> | <u>779.8</u> | <u>805.1</u> | <u>1,768.8</u> | <u>1,798.6</u> |
| Current Liabilities | 154.1 | 119.4 | 46.2 | 66.0 | 200.3 | 185.4 |
| Other Liabilities | 454.6 | 472.8 | 32.0 | 33.0 | 486.6 | 505.8 |
| Total Liabilities | <u>608.7</u> | <u>592.2</u> | <u>78.2</u> | <u>99.0</u> | <u>686.9</u> | <u>691.2</u> |
| Net Position: | | | | | | |
| Net Investment in | | | | | | |
| Capital Assets | 145.9 | 137.5 | 269.0 | 264.6 | 414.9 | 402.1 |
| Restricted | 53.9 | 72.5 | 78.3 | 73.8 | 132.2 | 146.3 |
| Unrestricted | 180.6 | 191.3 | 354.2 | 367.7 | 534.8 | 559.0 |
| Total Net Position | <u>\$ 380.4</u> | <u>\$ 401.3</u> | <u>\$ 701.5</u> | <u>\$ 706.1</u> | <u>\$ 1,081.9</u> | <u>\$ 1,107.4</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:

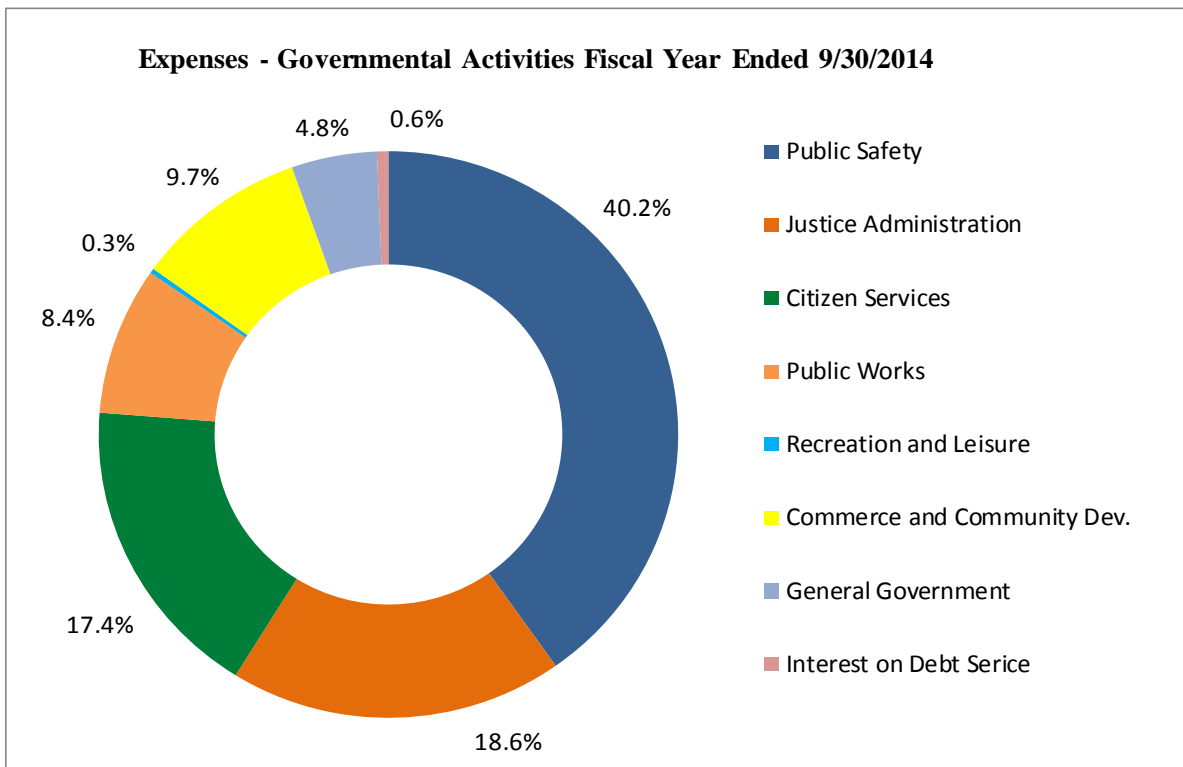
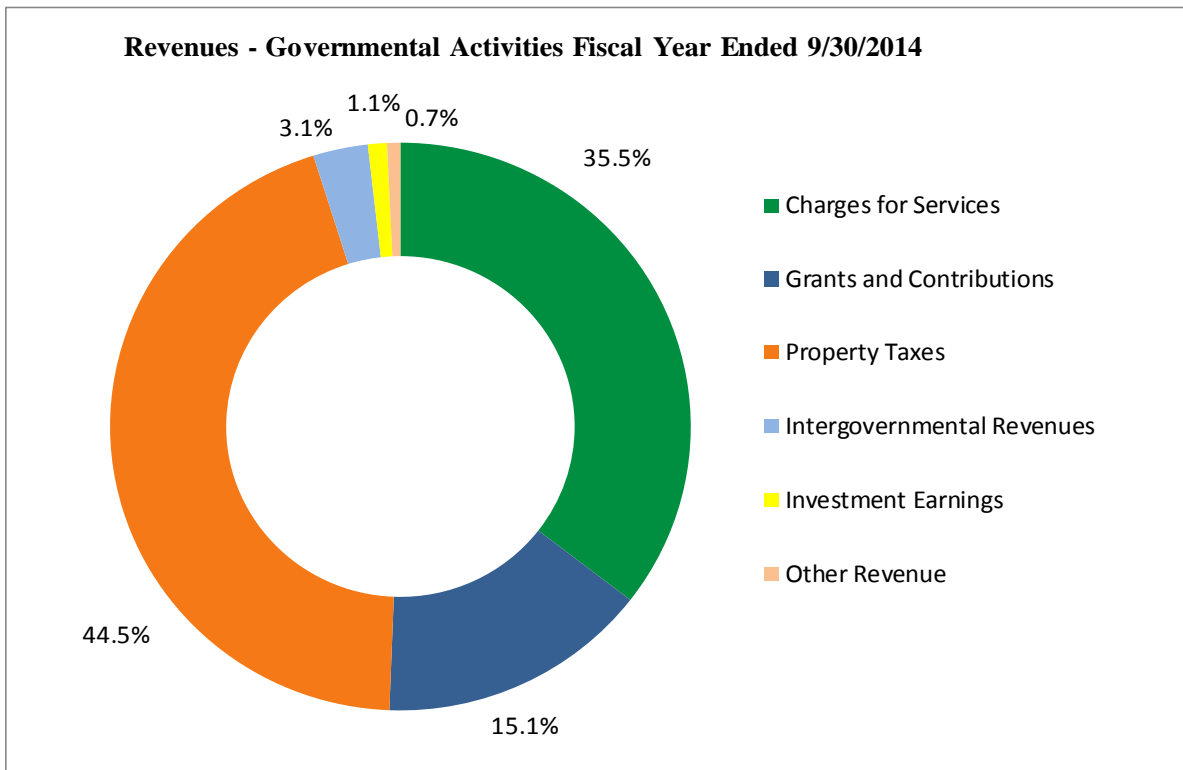
Changes in Oakland County's Net Position (in millions of dollars)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|--|----------------------------|-----------------|-----------------------------|-----------------|-----------------------------|-------------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services | \$ 164.2 | \$ 168.2 | \$ 251.5 | \$ 248.1 | \$ 415.7 | \$ 416.3 |
| Grants and Contributions | | | | | | |
| Operating | 66.3 | 71.8 | 0.1 | 0.1 | 66.4 | 71.9 |
| Capital | 3.8 | 1.0 | 4.8 | 4.7 | 8.6 | 5.7 |
| General Revenues | | | | | | |
| Property Taxes | 206.3 | 199.8 | 11.6 | 11.4 | 217.9 | 211.2 |
| Intergovernmental Revenue | 14.1 | 12.8 | - | - | 14.1 | 12.8 |
| Investment Earnings | 4.9 | 2.5 | 5.2 | 1.7 | 10.1 | 4.2 |
| Other Revenue | 3.4 | 3.8 | - | - | 3.4 | 3.8 |
| Special Item - Pontiac W/S | - | - | - | 6.5 | - | 6.5 |
| Gain on Sale of Assets | 0.2 | 0.3 | - | - | 0.2 | 0.3 |
| Total Revenues | <u>463.2</u> | <u>460.2</u> | <u>273.2</u> | <u>272.5</u> | <u>736.4</u> | <u>732.7</u> |
| Expenses | | | | | | |
| Public Safety | 201.6 | 195.3 | 21.3 | 17.1 | 222.9 | 212.4 |
| Justice Administration | 93.5 | 90.9 | - | - | 93.5 | 90.9 |
| Citizen Services | 87.2 | 82.5 | 6.9 | 6.7 | 94.1 | 89.2 |
| Public Works | 42.3 | 29.0 | 205.9 | 204.1 | 248.2 | 233.1 |
| Recreation and Leisure | 1.4 | 1.6 | 22.9 | 21.2 | 24.3 | 22.8 |
| Commerce and Community Dev. | 48.4 | 48.9 | - | - | 48.4 | 48.9 |
| General Government | 23.9 | 24.8 | 1.3 | 1.4 | 25.2 | 26.2 |
| Interest on Debt Service | 3.2 | 2.6 | - | - | 3.2 | 2.6 |
| Unallocated Depreciation | 2.1 | 1.9 | - | - | 2.1 | 1.9 |
| Total Expenses | <u>503.6</u> | <u>477.5</u> | <u>258.3</u> | <u>250.5</u> | <u>761.9</u> | <u>728.0</u> |
| Revenues (Under) Over Expenditures | (40.4) | (17.3) | 14.9 | 22.0 | (25.5) | 4.7 |
| Transfers - On-going | 19.5 | 19.8 | (19.5) | (19.8) | - | - |
| Increase (Decrease) in Net Position | <u>(20.9)</u> | <u>2.5</u> | <u>(4.6)</u> | <u>2.2</u> | <u>(25.5)</u> | <u>4.7</u> |
| Net Position - Beginning | 401.3 | 398.8 | 706.1 | 703.9 | 1,107.4 | 1,102.7 |
| Net Position - Ending | <u>\$ 380.4</u> | <u>\$ 401.3</u> | <u>\$ 701.5</u> | <u>\$ 706.1</u> | <u>\$ 1,081.9</u> | <u>\$ 1,107.4</u> |

County of Oakland Management's Discussion and Analysis

Governmental Activities:

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



County of Oakland Management's Discussion and Analysis

In total, fiscal year 2014 governmental activity revenue collections increased by \$3.0 million (0.6 percent) from fiscal year 2013. Of this amount, property tax revenue increased \$6.5 million, investment income increased by \$2.4 million, and intergovernmental revenue increased by \$1.3 million. These increases were offset by decreases of \$4.0 million in charges for services, \$2.7 million in grants and contributions, and \$500,000 in other revenue from the fiscal year 2013 amounts.

Property taxes generated \$206.3 million in revenue, remaining the largest source of support for governmental activities, comprising 44.5 percent of all governmental activity revenue. Governmental activities have decreased their dependency on property taxes; the fiscal year 2014 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 reduced property values rather than substantial increases from other revenue sources.

Property tax revenue increased by approximately \$6.5 million from the amount realized during fiscal year 2013. This increase reflects an increase in the taxable value of property located within Oakland County's border and by a reduction of \$1.6 million from a liability account established against potentially negative State Tax Tribunal judgments. Under Michigan law, individual taxpayers (residential, commercial, or industrial) have the right to appeal the assessed value placed on a particular piece of property to their local Board of Review. The ruling of the Board (either for the assessor or the taxpayer) is used to calculate the property tax bills; taxes are paid based upon the Board's determined value.

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

Concerns surrounding potential negative findings of the State Tax Tribunal (e.g., refund to the taxpayer) prompted the creation of a liability account, in fiscal year 2009, to reserve funds. Of particular concern at the time was the fact that the Tax Tribunal was three years behind in appeals. Through fiscal year 2010 that liability account grew to \$12.9 million. However, the Tax Tribunal has reduced the backlog significantly. Further, the reduced property values have also reduced the number of assessment appeals to the Tax Tribunal. As a result of these two factors, the County felt comfortable to reduce the liability by \$4.8 million in fiscal year 2011, \$3.0 million in fiscal year 2012, \$2.7 million in fiscal year 2013, and \$1.6 million in fiscal year 2014. The estimated liability for Tax Tribunal judgments as of fiscal year 2014 is \$750,000.

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 in fiscal year 2014 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 charging 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 \$164.2 million or 35.5 percent of the total. There are a wide variety of activities invoiced under this category including services 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 facility.

County of Oakland Management's Discussion and Analysis

The \$164.2 million collected in fiscal year 2014 represents a \$4.0 million decrease (2.4 percent) from the previous fiscal year. The decrease in collection reflects a number of factors including \$4.9 million for multiple debt service special assessments; \$1.1 million reduced revenue for sale of forfeited property through the annual Tax Sale as fiscal year 2013 was a record year; and \$1.0 million in reduced external revenue in the Fringe Benefit Fund resulting from the recognition of forfeited defined contribution retirement deposits that were recorded in fiscal year 2013 but were not repeated in fiscal year 2014. These revenue reductions were partially offset by increased revenue related to the Child Care Fund operations of \$1.2 million; Friend of the Court operations of \$1.2 million; and \$1.0 million for grant revenue recognized for the Evergreen Farmington Sewage Disposal System Middlebelt Tunnel and Transport project.

The third largest source of support for governmental activities is the \$70.1 million received in operating and capital grants and contributions during fiscal year 2014, which is 15.1 percent of the total revenue for governmental activities. This amount represents a \$2.7 million decrease (3.7 percent) from fiscal year 2013. Included in this total change is \$5.5 million for decreased operating grants (7.6 percent) which primarily reflects a decline of one-time grants related to the public safety and law enforcement activities over the previous fiscal year. This is offset by capital contributions and grants which increased by \$2.8 million over the \$1.0 million reported in fiscal year 2013. The majority represents capital contributions from a Building Authority project for Managed Print Service Equipment project of \$1.4 million and Major Departmental Support Project for the BS&A Tax/Assessing Software upgrade of \$1.2 million.

Oakland County governmental activities also recorded \$14.1 million in intergovernmental revenue during fiscal year 2014, a \$1.3 million increase (10.2 percent) from the amount received in fiscal year 2013, primarily due to favorable convention facility liquor tax distributions. Intergovernmental revenue is "shared" revenue by the state and federal government, and is not tied to contractual obligations such as grant agreements. However, in the case of the convention facility liquor tax revenue, one-half of the revenues distributed by the State under the authority of the State Convention Facility Development Act, P.A. 106 of 1985, must be earmarked for substance abuse programs.

Governmental activities generated \$4.9 million in investment earnings during fiscal year 2014; this amount reflects an increase of \$2.4 million (96.0 percent) from the amount earned in fiscal year 2013. The amount reflects slightly improved investment pool rates over the prior fiscal year and a one-time capital gain realized from the redemption of Certificates of Participation that were held in the County's investment portfolio. The County's investment pool rates continue to outperform U.S. Treasury rates.

Governmental activity fiscal year expenses increased \$26.1 million from the fiscal year 2013 expense level, a 5.5 percent increase from the previous fiscal year. This change primarily reflects increased activity in the Public Works, Public Safety, Citizen Services, and Justice Administration activities.

Public Safety continued to be the largest governmental activity, expensing \$201.6 million of the \$503.6 million total governmental activities amount (40.0 percent). Public Safety, which encompasses law enforcement, crime prevention, incarceration, emergency management, and technical support; saw expenses increase by \$6.3 million (3.2 percent) from the previous fiscal year. This increase reflects the internal service look-back allocation of \$3.8 million. This is primarily attributed to the large change in the Fringe Benefit Fund which experienced a \$9.8 million increase in net position in fiscal year 2013 compared to a \$1.4 million decrease in net position in fiscal year 2014. Also reflected are increased personnel and operating expenses at the County jail as well as accreditation costs for the establishment of a forensic lab.

County of Oakland Management's Discussion and Analysis

Closely linked to Public Safety, Justice Administration is the second largest expense category accounting for \$93.5 million, or 18.6 percent, of the total governmental activity expenses. The Justice Administration activity, which centers on the operations of the 6th Judicial Circuit Court, 52nd District Court, as well as the Prosecuting Attorney, County Clerk functions which support the courts, and the Reimbursement Unit of the Fiscal Services Division, experienced a \$2.6 million increase (2.9 percent) from the previous fiscal year which primarily reflects the internal service allocation and general salary increase noted 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 \$87.2 million in expenses, or 17.3 percent, of the total governmental activities. Expenses increased by \$4.7 million from fiscal year 2013 level (5.7 percent). This reflects the internal service allocation and general salary increase noted above as well as \$1.4 million due to rising private residential placement costs in the Child Care Fund.

Commerce and Community Development, which reflects all efforts to promote and sustain a strong economic business climate and vibrant communities, experienced \$48.4 million in expenses (9.6 percent of the total governmental activities expenses), a decrease of approximately \$500,000 (1.0 percent) from fiscal year 2013. 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 \$42.3 million in fiscal year 2014, or 8.4 percent of the total governmental activities expenses. This level of expenses is an increase of \$13.3 million or 45.8 percent from fiscal year 2013. The change reflects an increase of \$3.7 million for Water and Sewer Act 342 projects being constructed on behalf of local communities, \$6.9 million for various building and infrastructure maintenance projects that had been put on hold in previous years due to economic conditions, and the internal service allocation and general salary increase previously noted.

The General Government activity, which is comprised of the administration and financial management of County business, expensed \$23.9 million in fiscal year 2014, or 4.8 percent of the total governmental activities expenses. The level of expenses in fiscal year 2014 decreased by approximately \$900,000 from fiscal year 2013 (3.6 percent) due to a reduction of one-time transfers and adjustments made for indirect cost allocations that are removed from this activity.

Interest on Debt Service is reported at \$3.2 million in fiscal year 2014, less than 1 percent of the total expenses for governmental activities. This amount is approximately \$600,000 higher (23.1 percent) than the amount reported for fiscal year 2013 and reflects the completion of several long-term debt issues.

Finally, operating transfers reflect a net transfer of \$19.5 million from business-type activities to the governmental activities; this is a decrease of approximately \$300,000 from the net transfer amount in fiscal year 2013. This decrease is primarily related to a one-time transfer that occurred in fiscal year 2013 from the Radio Communications Fund for a building expansion project.

As stated previously, the result of fiscal year 2014 governmental activity was an overall decrease of \$20.9 million in net position, to \$380.4 million. This amount reflects the fact that the County's governmental activities expended \$40.4 million more than the revenue generated, offset by \$19.5 million in transfers in from business-type activities. Of the total \$380.4 million in governmental activities' net position, \$145.9 million is invested in capital assets net of related debt; \$53.9 million is reported as restricted, meaning these assets are legally committed for a specific purpose through statute or by another authority outside the County government; and \$180.6 million is reported as unrestricted.

County of Oakland Management's Discussion and Analysis

Business-type Activities

Net position in business-type activities is reported at \$701.5 million for fiscal year 2014, a decrease of \$4.6 million (0.6 percent) over the amount reported at the end of fiscal year 2013. Of the total net position, \$269.0 million is net investment in Capital Assets, \$78.3 million is restricted by agreement or covenant, and \$354.2 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. Primary changes were related to increased expenses in Public Safety, Public Works, and Recreation and Leisure activities. During fiscal year 2014, business-type activities generated \$273.2 million in revenue; this is a decrease of approximately \$700,000 (0.3 percent) from the previous fiscal year. The *overall* decrease reflects the recording of a \$6.5 million Special Item for an adjustment related to the assumption of the City of Pontiac's water and sewer infrastructure that occurred in fiscal year 2013 with no additional Special Items being required in fiscal year 2014.

Business-type activity revenue collections experienced a \$3.4 million increase in charges for services primarily due to approximately \$5.3 million in increased revenue generated by the various sewage disposal systems and water and sewer retail operations. Also, there was increased revenue activity of \$1.6 million for services provided by the Court and Law Enforcement Information System (CLEMIS) Fund. This is partially offset by decreased revenue of \$3.5 million experienced in the Delinquent Tax Revolving Fund (DTRF) as the number of delinquencies declined.

Also, business-type activities revenue increased \$3.5 million in investment earnings during fiscal year 2014. The increase reflects slightly improved investment pool rates over the prior fiscal year and a one-time capital gain realized from the redemption of Certificates of Participation that were held in the County's investment portfolio. The County's investment pool rates continue to outperform U.S. Treasury rates.

Business-type activity recorded expenses of \$258.3 million, an increase of \$7.8 million from fiscal year 2013 (3.1 percent). Approximately \$4.2 million of this increase is reflected in the Public Safety activity related due to increased operating costs, including depreciation, for CLEMIS and Radio Communication operations.

In addition, Public Works expenses increased by \$1.8 million from the fiscal year 2013 amount due to general operating expenses for the various sewage disposal systems and water and sewer retail systems; this is more than offset by the revenue increases for these systems that are noted above. Also, Recreation and Leisure expenses increased by \$1.7 million from the amount reported in fiscal year 2013 due to increased contractual services experienced for the maintenance of the county parks.

The remaining activities experienced insignificant changes.

County of Oakland

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR FUNDS

GASB Statement 34 requires that funds designated as "major" be presented as a separate column on the face of the financial statements. Statement 34 defines a "major fund" as the General Fund, and any governmental or enterprise fund which has either total assets, total liabilities, total revenues or total expenditures/expenses that equal at least ten (10) percent of those categories for either the governmental funds or the enterprise funds *and* where the individual fund total also represents five (5) percent of those categories for governmental and enterprise funds combined.

Governmental Funds

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 2014, the governmental funds reported *combined* fund balances of \$317.7 million with the fund balances of the General Fund, the Building Authority Debt Act 31 and the Water & Sewer Debt Act 342, representing 80.2 percent of the combined governmental funds balance.

The fiscal year ending combined fund balances of \$317.7 million represents a decrease of \$23.5 million from the combined fund balances reported at the end of fiscal year 2013. The overall decrease in the combined governmental fund balances reflects a \$11.2 million addition to the General Fund balance, reflecting various revenue increases and the continuing effort to limit increases in expenditures. The Building Authority Debt Act 31 and Water and Sewer Debt Act 342 remained relatively unchanged. The increase in the General Fund was offset by a \$34.8 million reduction in the non-major governmental funds. The majority of this decrease reflects a planned reduction of \$26.1 million in the Revenue Sharing Reserve special revenue fund (RSRF) as required by state law and a \$6.1 million decrease in the non-major Capital Project funds, primarily related to project costs being expended in fiscal year 2014 from bond proceeds received in the previous fiscal year; there were no new bond issues for Capital Project funds in fiscal year 2014. The remaining decrease is due to various grant funds that had to record Deferred Inflows of Resources for grant draw amounts that were not expected to be received within sixty (60) days of the end of the fiscal year.

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, 2014, the General Fund reported a fund balance of \$254.0 million. This amount reflects an increase of \$11.2 million (4.6 percent) from the fund balance of \$242.8 million reported as of September 30, 2013.

The overall \$11.2 million increase in the General Fund balance is a result of General Fund revenues exceeding General Fund expenditures by \$12.3 million. In addition, the General Fund received \$42.9 million transfers from other funds, while transferring \$44.2 million to other funds; rendering a net "transfer-out" of \$1.3 million. Finally, the General Fund received approximately \$200,000 for insurance recoveries related to storm damage claims made for helicopter equipment.

General Fund revenues were recorded at \$347.5 million for fiscal year 2014. This amount is an increase of \$4.6 million (1.3 percent) from the \$342.9 million received in fiscal year 2013. This change reflects increased property tax revenue of \$6.2 million (3.1 percent) above the amount collected in fiscal year 2013 due to improving taxable values and includes the fiscal year 2014 adjustment of the Tax Tribunal liability from \$2.3 million to \$750,000. Investment income increased \$1.5 million due to slightly improved investment rates and a one-time capital gain realized from the redemption of Certificates of Participation that were held in the County's investment portfolio. Additionally, other intergovernmental revenues increased by \$1.0 million (6.6 percent) primarily reflecting increased convention facility payments from the State due to additional State collections; this payment is formula based. Furthermore,

County of Oakland Management's Discussion and Analysis

indirect cost revenue increased by approximately \$800,000 reflecting higher grant and enterprise fund expenditures (indirect cost is calculated as a percentage of non-General Fund expenditures).

These revenue increases were partially offset by a decrease in charges for services revenue of \$2.9 million. Decreases occurred in the recording of mortgage revenue by the Clerk/Register of Deeds office and sale of forfeited property through the annual Tax Sale by Treasurer's office as fiscal year 2013 marked record high activity for these revenues. Also, other revenues decreased by \$2.3 million due to prior year adjustments that were reported in fiscal year 2013 that were not repeated in fiscal year 2014.

General Fund expenditures were \$335.3 million, an increase of \$5.5 million from the fiscal year 2013 level. This increase primarily reflects \$3.4 million in personnel costs to account for a 3.0 percent general salary increase and \$2.1 million for building space cost allocation charges as the previous fiscal year included a credit look-back adjustment not repeated in fiscal year 2014.

The General Fund received \$42.9 million in transfers from other funds; this is a decrease of \$300,000 (0.7 percent) from the amounts transferred during fiscal year 2013. This decrease is primarily related to a one-time transfer that occurred in fiscal year 2013 from the Radio Communications Fund for a building expansion project.

The General Fund transferred \$44.2 million to other funds during fiscal year 2014. This amount is \$7.2 million more (19.5 percent) than the fiscal year 2013 transfers. The \$7.2 million increase reflects additional transfers to the Project Work Order Fund of \$2.6 million for various maintenance projects, operational requirements for the Child Care Fund of \$2.3 million, additional operational requirements for the Information Technology Fund of \$1.4 million, and Building Authority Act 31 Debt of \$600,000 based on the debt service requirements for the Facilities Infrastructure and Information Technology Projects bond issue.

Of the total \$254.0 million General Fund balance, all but \$2.3 million is Non-Spendable, Restricted, or Assigned for specific purposes. The total fiscal year 2014 General Fund balance represents 66.9 percent of the fiscal year 2014 General Fund operations. However, it should be noted that \$123.3 million from General Fund balance has been assigned for "Budget Transition" to support future operations. This assignment was developed through the acceleration of budget reductions planned for future fiscal years. When this assignment is removed, the remaining fund balance represents 34.4 percent of the fiscal year 2014 General Fund operations. The General Fund balance of \$254.0 million represents 79.9 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 19, 2013 (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 \$6.3 million during the fiscal year 2014 from \$326.2 million to \$332.5 million (1.9 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 \$5.3 million. Other amendments included \$162,756 in grant funding for Courts, Sheriff Narcotics Enforcement, Homeland Security and Water Resources Commissioner. Also, Insurance Recovery monies of \$183,718 for Sheriff helicopter repairs; \$84,847 for reimbursement of Sheriff Law Enforcement Services for Parks and Recreation; \$75,558 for Drug Court donations; \$48,366 for reimbursement of Equalization services and \$42,526 for various contributions related to Economic Development programs.

County of Oakland Management's Discussion and Analysis

Actual General Fund revenue totaled \$347.5 million, \$15.0 million more than the amended budget. Although variances naturally occur in every revenue line item, the most significant reason for this variance is reflected in the Charges for Services category of \$8.9 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 \$4.9 million primarily due to the reduction of the Tax Tribunal Liability from \$2.3 million to \$750,000 based on updated estimates for tax appeal adjustments as well as a 1.65 percent increase in taxable value over the previous year. There was Investment Income favorability of \$1.2 million largely due to a one-time capital gain realized from redemption of the Certificates of Participation held in the County's investment portfolio. Finally, Indirect Cost Recovery was also favorable by \$715,107 due to increased activity related to construction projects, grants and proprietary funds that could be charged for indirect costs.

There were also some decreases in revenue which included less than anticipated receipts from the State for the Sheriff Diverted Felon line item in the amount of \$640,185 due to lower number of inmates with certain offenses that are billable to the State. Also, there was a decline of \$454,428 for the State Court Fund Distribution PA 189 due to reduced caseloads.

The General Fund expenditure budget increased \$8.1 million from \$356.4 million to \$364.5 million (2.3 percent) during fiscal year 2014. Changes included almost \$2.0 million in operating appropriations from fiscal year 2013 that were carried forward for specific projects which were not yet completed. Most notably, the funds carried forward included \$1.4 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 villages (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; \$203,019 to continue Circuit Court's State Judicial Technology Improvement and Online Judges project and the use of mediation funds for equipment and furniture; \$153,680 for Sheriff's Office forensic lab enhancement and equipment; \$148,131 for various Economic Development activities and \$55,097 for Health education programs and supplies.

There were additional appropriations made during fiscal year 2014 for Health Substance Abuse Satellite Centers of nearly \$2.7 million, new Tri-Party Road Improvement Program projects in the amount of \$1.3 million; over \$950,000 in Professional Services primarily related to evaluating Detroit Water and Sewerage Department (DWSD) alternatives, Sheriff's Office programs and Economic Development initiatives; approximately \$670,000 for Sheriff equipment maintenance; over \$530,000 for capital outlay and equipment for various departments, and almost \$370,000 in forensic lab enhancements. These appropriation increases were partially offset by a reduction of nearly \$195,000 in Contracted Services mainly due to changes in Sheriff patrol contracts.

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 and internal service fund charges, the end of fiscal year 2014 resulted in several departments reflecting actual expenses in excess of total budgeted appropriations. Therefore, amendments totaling \$739,628 were made to cover the shortage in Operating Expenditures and Internal Support Expenditures.

The General Fund expenditures for fiscal year 2014 were \$29.2 million below budget. 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, \$13.4 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 County continues to proceed with caution when filling a vacant full-time position or promoting a full-time benefit eligible employee.

In addition, the \$5.8 million savings in the Non-Departmental budget mainly reflects that fewer adjustments were necessary to transfer funds to operating departments due to the 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 2015 budget to complete the projects.

Further, the Department of Human Services reflects favorable variances of \$3.0 million due to funds reserved for Substance Abuse Satellite Centers, which were restricted in fund balance for future use for substance abuse programs; \$1.3 million favorable variance for Sheriff's Office related to savings achieved from the jail inmate food and jail clinic service contracts; \$1.2 million in savings for Circuit Court related to favorable Defense Attorney Fees, Attorney Fees Mediators, Transcript on Appeals, Interpreter Fees and Juror Fees and Mileage due to less activity and approximately \$414,000 favorability in County Executive Administration related to unspent funds for professional services regarding DWSD evaluation.

The adopted budget also included other financing sources and uses for General Fund operations, essentially the net result of the General Fund receiving resources from other funds less the amount of General Fund resources provided to (or transferred) to other funds. The adopted budget assumed that the General Fund would transfer \$3.2 million more in resources to other funds (financing uses) than it would take in from these funds (financing sources). The financing uses budget was increased during fiscal year 2014 by \$5.8 million from \$43.5 million to \$49.3 million. The largest amendments totaled \$3.6 million to the Project Work Order Fund for various projects including Sheriff Jail video camera expansion, courthouse security, forensic lab renovation, a new Children's Village counseling center, and other smaller amendments related to transfers for various grants. Also, there was an amendment to transfer \$1.0 million to the Long-Term Revolving Fund for sanitary sewer projects constructed in accordance with Chapter 4 of the Michigan Drain Code.

Actual financing uses from the General Fund were \$5.2 million less than budgeted. This variance largely reflects the reduced resources needed by the Child Care Fund (\$4.2 million) and the Friend of the Court Grant Fund (\$658,308).

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 2014 the *Building Authority Debt Act 31 Fund* balance increased by \$70,068 to report a total fund balance of \$895,280. While relatively unchanged from the previous fiscal year, there was a bond refunding issuance of \$2,875,000 related to Series 2007 bond issuance for the Oakland County Community Mental Health Authority group homes project. All other activity reflects on-going needs to support debt service payments.

The remaining governmental funds classified as major: the *Water and Sewer Debt Act 342 Fund*, experienced an increase in fund balance of \$9,677 to report a total fund balance of \$31,977.

Enterprise Funds

There are seven (7) *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 (EFSDS) Fund*, the *Southeast Oakland County Sewage Disposal System (SOCSDS) Fund*, and the *Clinton Oakland Sewage Disposal System (COSDS) Fund*. As of September 30, 2014, the Enterprise Funds had a combined net position of \$701.5 million, a decrease of \$4.6 million from the combined net position reported at the end of fiscal year 2013. The seven major enterprise funds alone reported net positions of \$626.7 million (89.3 percent of the total combined Enterprise net position). The net position of these seven major Enterprise funds decreased by \$721,000 during fiscal year 2014.

Two of the seven major Enterprise Funds experienced an increase in net position. The *Water and Sewer Trust Fund* increased their net position by \$4.2 million (3.0 percent) to \$143.9 million. This increase primarily reflects a capital contribution of approximately \$1.2 million for Highland Township Water Supply System improvements as well as increased interest revenue due to slightly improved investment rates and a one-time capital gain realized from redemption of the Certificates of Participation held in the County's investment portfolio.

The *Evergreen-Farmington Sewage Disposal System Fund (EFSDS)* ended fiscal year 2014 with a net position of \$26.7 million, \$1.1 million (4.3 percent) more than the net position recorded at the end of fiscal year 2013. The increase in net position is attributed to metered flow and rate adjustments which increased revenue by \$4.7 million over the previous fiscal year.

The *Parks and Recreation Fund* net position decreased \$2.1 million (2.1 percent) during fiscal year 2014 to a total of \$95.8 million in net position. This decrease resulted from contractual services and personnel costs increasing in fiscal year 2014 while charges for service and property tax revenue remained relatively unchanged from the previous year.

The *Southeast Oakland County Sewage Disposal System Fund (SOCSDS)* experienced a \$1.3 million decrease (3.7 percent) in net position to \$35.5 million. The primary reason for the decrease can be attributed to higher sewage disposal services expense and a look-back revenue adjustment that occurred in fiscal year 2013 that was not repeated in fiscal year 2014.

The *Delinquent Tax Revolving Fund (DTRF)* ended fiscal year 2014 with a net position of \$205.5 million, \$1.2 million (0.6 percent) less than the net position recorded at the end of fiscal year 2013. This decrease is a result in reduced charges for services revenue as the amount of delinquencies declined. 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 2014 net position of \$205.5 million still exceeds that requirement.

The *County Airport Fund* recorded a net position of \$80.2 million as of September 30, 2014. This reflects a reduction of \$1.1 million (1.3 percent) in net position from fiscal year 2013. This decrease is due to the

County of Oakland Management's Discussion and Analysis

fact that fiscal year 2014 charges for service revenue declined slightly from 2013 levels while operating costs increased steadily in most operating expense categories.

The *Clinton Oakland Sewage Disposal System Fund (COSDS)* is reported as a major fund in fiscal year 2014 and reported a net position of \$39.1 million, approximately \$231,000 (0.6 percent) less than the net position reported at the end of fiscal year 2013. The decrease is primarily due to capital contributions recorded in fiscal year 2013 that were not repeated in fiscal year 2014.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - At the end of fiscal year 2014, the County had invested \$501.0 million, net of accumulated depreciation, in a broad range of capital assets (see table below). This amount of net capital assets reflects an increase of \$6.7 million from the fiscal year 2013. This can be attributed to a \$3.3 million increase in governmental activities and a \$3.4 million increase to business-type activities.

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

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|----------------------------|----------------------------|-----------------|-----------------------------|-----------------|-----------------------------|-----------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Land | \$ 7.4 | \$ 7.4 | \$ 68.2 | \$ 68.2 | \$ 75.6 | \$ 75.6 |
| Land Improvements | 0.1 | 0.1 | 9.9 | 10.9 | 10.0 | 11.0 |
| Buildings and Improvements | 130.5 | 132.3 | 59.6 | 60.4 | 190.1 | 192.7 |
| Equipment and Vehicles | 21.2 | 22.0 | 24.9 | 26.6 | 46.1 | 48.6 |
| Infrastructure | 13.3 | 13.6 | 90.5 | 96.6 | 103.8 | 110.2 |
| Subtotal | 172.5 | 175.4 | 253.1 | 262.7 | 425.6 | 438.1 |
| Construction in Progress | 25.7 | 19.5 | 49.7 | 36.7 | 75.4 | 56.2 |
| Total Capital Assets | <u>\$ 198.2</u> | <u>\$ 194.9</u> | <u>\$ 302.8</u> | <u>\$ 299.4</u> | <u>\$ 501.0</u> | <u>\$ 494.3</u> |

Net capital assets for the governmental activities increased by \$3.3 million in fiscal year 2014. This change includes an increase of \$6.2 million in construction in progress. The increase was offset by reductions of \$1.8 million in building and improvements, \$800,000 in equipment and vehicles, and \$300,000 in infrastructure assets. In terms of gross numbers, the County's governmental activities had additions to capital assets of \$17.0 million, \$1.5 million in disposals of capital assets, and \$10.7 million increase in net accumulated depreciation.

Of the \$17.0 million in additions to capital assets during fiscal year 2014, \$2.9 million reflects additions for equipment and vehicles and \$325,000 for additions to buildings and improvements (this figure does not include depreciation). Among those additions is \$1.7 million in replacement vehicles for the Sheriff's office and various other departments; \$620,000 for specialty vehicles to be used by systems under the care of the Water Resources Commissioner's office which included the purchase of a vector truck and a closed-circuit television van; \$370,000 for equipment to be used by the Sheriff's office in the forensic lab; and \$325,000 for renovations to improve efficiencies and functionality in the building used by the Water Resources Commissioner's office for billing and collections.

County of Oakland Management's Discussion and Analysis

The remaining \$13.7 million in additions to capital assets reflects construction in progress for projects including building renovations to a campus building to allow for housing of the Oakland County Community Mental Health Authority programs of \$4.9 million; software projects benefiting various areas of the County including tax assessment, cyber security, and the collaborative asset management systems which will be used to proactively manage countywide infrastructure assets of \$2.8 million; an upgrade to the Supervisory Control and Data Acquisition (SCADA) which allows for monitoring of systems under the care of the Water Resources Commissioner's office of \$2.1 million; the purchase of equipment used in the county's managed print services program of \$1.4 million and servers and network equipment of \$800,000 which were all capitalized during 2014; and expansion of the County Central Garage in the amount of \$800,000. Additional projects formerly included in construction in progress that were capitalized during 2014 include roofing projects, building security enhancements, restoration of the water tower, the Oakland Pointe Connector project, parking lot improvements, and 10 additional Outdoor Warning Sirens of which three are located in State Recreational Areas.

The County disposed of \$1.5 million in equipment and vehicles during fiscal year 2014. The disposals primarily reflect the vehicles which were replaced by the new purchases discussed above as well as computer and maintenance equipment which were sold at auction.

Net capital assets for the business-type activities increased \$3.4 million during fiscal year 2014. This change includes an increase of \$13.0 million to construction in progress. The increase was offset by decreases of \$6.1 million in infrastructure assets, \$1.7 million in equipment and vehicles, \$1.0 million in land improvements, and \$800,000 in buildings and improvements. In terms of gross numbers, the County's business-type activities had additions to capital assets of \$23.8 million, \$966,000 in disposals of capital assets, and a \$19.4 million net increase in accumulated depreciation.

The net increase of \$3.4 million in current assets consists of various additions, disposals, and depreciation. There were additions of \$20.4 million to construction in progress including \$8.2 million for the development of the Perry Street pump station and forcemain which links the Clinton Oakland Sewage Disposal System and the Pontiac Wastewater Treatment Plant; and \$4.9 million in projects for the Parks and Recreation activity consisting of a variety of park improvements including building and roofing projects, improvements to play lots, trails, bridges, sidewalks, docks, campgrounds, dog parks and storm water and irrigation systems. In the Courts and Law Enforcement Management Information System (CLEMIS) fund, \$1.2 million was spent on the Computer Aided Dispatch (CAD) upgrade project; \$236,000 on a storage area network project, upgrade to the Mugshot system, and the Consolidated Law Enforcement Advance Records (CLEAR) system upgrade which facilitates the submission of the Michigan Incident Crime Reporting (MICR) data to the Michigan State Police. \$1.3 million has been used in the Radio Fund for cell tower enhancements and upgrades in order to provide emergency personnel with improved coverage. Further, there were additions of \$1.2 million for Oakland County Airports related to taxiway and apron improvements including the purchase of a sweeper machine, as well as \$596,000 in the Southern Oakland County Sewage Disposal System, and \$182,000 in the Evergreen Farmington Sewage Disposal System for system improvements.

Capital acquisitions also included \$458,000 in the CLEMIS activity for law enforcement equipment and \$766,000 for upgraded equipment for the Oak Video system. Also, the Parks and Recreation activity comprised \$800,000 in capital asset additions including replacement of grounds maintenance equipment and a multi-passenger bus.

County of Oakland Management's Discussion and Analysis

Disposals included equipment sold in the County auction at an original cost of \$966,000 with a remaining book value of \$5,000. The above additions were offset by \$20.3 million in depreciation expense.

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

Long-term Debt - As of September 30, 2014, the Primary Government had \$502.3 million in bonds and notes outstanding. Of this amount, \$489.7 million are bonds with limited taxing authority, and \$12.6 million are notes with limited taxing authority. This represents a \$20.6 million reduction from September 30, 2013 in the limited tax authority bonds and \$12.4 million reduction in the limited taxing authority notes. In addition, the County uses its full faith and credit (as a secondary obligor), to back \$235.6 million of Drainage District component unit debt. The Drainage District component unit debt experienced a \$24.9 million net obligation increase during fiscal year 2014. This is the result of \$39.3 million in new debt issues, offset by \$14.4 million in debt reductions.

Outstanding Debt as of September 30, 2014 (in millions of dollars)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|-------------------------------|----------------------------|----------|-----------------------------|---------|--------------------------------|----------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Bonds - Limited Tax Authority | \$ 455.9 | \$ 475.6 | \$ 33.8 | \$ 34.7 | \$ 489.7 | \$ 510.3 |
| Total Bonds | \$ 455.9 | \$ 475.6 | \$ 33.8 | \$ 34.7 | \$ 489.7 | \$ 510.3 |
| Notes - Limited Tax Authority | \$ - | \$ - | \$ 12.6 | \$ 25.0 | \$ 12.6 | \$ 25.0 |
| Total Outstanding Debt | \$ 455.9 | \$ 475.6 | \$ 46.4 | \$ 59.7 | \$ 502.3 | \$ 535.3 |

| | Drainage Districts Component Unit | | Pension Trust Funds Fiduciary | | Total County Commitment | |
|--------------------------------|---|----------|-------------------------------------|----------|-------------------------------|------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Bonds - Limited Tax Authority | \$ 235.6 | \$ 210.7 | \$ - | \$ 422.1 | \$ 725.3 | \$ 1,143.1 |
| Total Bonds | \$ 235.6 | \$ 210.7 | \$ - | \$ 422.1 | \$ 725.3 | \$ 1,143.1 |
| Notes - Limited Tax Authority | \$ - | \$ - | \$ - | \$ - | \$ 12.6 | \$ 25.0 |
| Total Outstanding Debt | \$ 235.6 | \$ 210.7 | \$ - | \$ 422.1 | \$ 737.9 | \$ 1,168.1 |
| Debt Limit (10% of SEV) | | | | | \$ 5,508.5 | \$ 5,142.9 |
| Available Statutory Debt Limit | | | | | \$ 4,770.6 | \$ 3,974.8 |

Oakland County issued \$13.9 million in general government debt and business-type activity debt in fiscal year 2014. Of this total, \$8.8 million was a Water Supply Act 342 bond for the Farmington Hills Water Supply System to make necessary improvements to the system including the construction of pressure reducing vaults; this bond will be covered by the community through the municipal water system rates. In addition, \$2.9 million was a bond refunding for the Building Authority bond concerning the Community Mental Health Authority Housing project (originally issued in FY 2007) which the Community Health Authority leases from the County and pays all related debt service to the County.

The remaining \$2.2 million in new general government debt issues relates to Michigan Bond Authority debt draws. This includes \$1.3 million in State Revolving Fund loan draws for the Evergreen Farmington Sewage Disposal System – Middlebelt Transport and Tunnel project. Finally, \$.9 million in business-type activity debt includes \$.4 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 \$.5 million in

County of Oakland Management's Discussion and Analysis

draws for State Revolving Fund loans for the Evergreen Farmington Eight Mile Pumping Station and Septage Facility project.

The Drainage Districts component unit issued \$39.3 million in new debt during fiscal year 2014. This amount represents State Revolving fund loan draws for the Oakland Macomb Interceptor Drainage District construction project. The Oakland Macomb Interceptor Drainage District is a Chapter 21 Drainage District under Act 40 of the Public Acts of 1956, as amended. Chapter 21 Drainage Districts are Inter-County Drains that involve more than one (1) county. The Oakland Macomb Interceptor Drainage District involves Oakland County (48.5%) and Macomb County (51.5%) with each County pledging its full faith and credit, as a secondary obligor, for their respective communities.

Finally, \$25.0 million in limited taxing authority notes related to the Delinquent Tax Revolving Fund were issued. Of this amount, \$12.4 million was paid off during fiscal year 2014 leaving a remaining principal balance of \$12.6 million as of the end of fiscal year 2014. These notes are routinely paid off within a year of issuance.

During fiscal year 2014, \$456.6 million in outstanding general government debt was paid, primarily reflecting the final payment and official calling of the COPS of \$443.6 million, the retirement of Building Authority bonds/refunding bonds of \$9.8 million, the retirement of various water and sewer bonds/refunding bonds of \$3.1 million, and the scheduled payment of lake level bonds issued under Act 451 of \$80,000.

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, 2014 was \$55.1 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 5.5 percent (December 2014) and employment is projected to grow by 42,937 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. The current projections assume an increase in state taxable value of property within Oakland County borders of 3 percent for December 2014; an additional 3 percent increase for December 2015; and an additional 3 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 1.0 percent increase in value adds approximately \$2.0 million to the County's revenue.

The County's Elected Officials and Administration continue to adhere to various cost reduction measures including intense scrutiny of all operating and capital 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 in excess of the 20 percent of annual operating expenditures targeted fund balance level. The *planned* draw down of excess equity provides additional time to further restructure County operations. On September 18, 2014, the Oakland County Board of Commissioners adopted a balanced budget for fiscal years 2015, 2016, and 2017 (through September 30, 2017). That document also includes official estimates for fiscal years 2018 and 2019.

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, 2014

| | Primary Government | | | Component Units |
|--|------------------------------------|--|-------------------------|----------------------------|
| | Governmental Activities | Business- Type Activities | Totals | |
| Assets | | | | |
| Current assets | | | | |
| Pooled cash and investments | \$ 436,954,773 | \$ 318,513,387 | \$ 755,468,160 | \$ 26,690,251 |
| Cash and cash equivalents | - | - | - | 58,568,827 |
| Receivables (net of allowance for uncollectibles where applicable) | | | | |
| Current property taxes | 23,227,919 | - | 23,227,919 | - |
| Delinquent property taxes | 861,341 | 72,958,587 | 73,819,928 | - |
| Special assessments | - | - | - | 7,063,934 |
| Due from other governmental units | 19,465,246 | 28,007,347 | 47,472,593 | 13,261,244 |
| Due from component units | 476,815 | 542,043 | 1,018,858 | - |
| Accrued interest receivable | 783,268 | 2,192,341 | 2,975,609 | 99,399 |
| Accounts receivable | 2,173,180 | 44,586,746 | 46,759,926 | 15,810,404 |
| Contracts receivable | 44,955,621 | 1,174,107 | 46,129,728 | - |
| Internal balances - footnote 19 | (6,759,727) | 6,759,727 | - | - |
| Inventories and supplies | 1,183,502 | 550,763 | 1,734,265 | 4,052,476 |
| Prepayments and other assets | 8,442,404 | 1,706,531 | 10,148,935 | 3,515,723 |
| Total current assets | <u>531,764,342</u> | <u>476,991,579</u> | <u>1,008,755,921</u> | <u>129,062,258</u> |
| Noncurrent assets | | | | |
| Special assessments receivable | 68,326,143 | - | 68,326,143 | 210,524,401 |
| Contracts receivable | 22,004,400 | - | 22,004,400 | - |
| OPEB asset | 168,698,481 | - | 168,698,481 | 2,246,070 |
| Capital assets, net | | | | |
| Land and other nondepreciable assets | 33,135,680 | 117,914,748 | 151,050,428 | 309,443,906 |
| Land improvements, net | 184,136 | 9,945,527 | 10,129,663 | 70,106 |
| Buildings and improvements, net | 130,492,938 | 59,567,702 | 190,060,640 | 62,909,381 |
| Equipment and vehicles, net | 21,122,477 | 24,870,302 | 45,992,779 | 5,482,406 |
| Infrastructure, net | 13,315,436 | 90,502,256 | 103,817,692 | 947,618,985 |
| Total capital assets, net | <u>198,250,667</u> | <u>302,800,535</u> | <u>501,051,202</u> | <u>1,325,524,784</u> |
| Total noncurrent assets | <u>457,279,691</u> | <u>302,800,535</u> | <u>760,080,226</u> | <u>1,538,295,255</u> |
| Total assets | <u>\$ 989,044,033</u> | <u>\$ 779,792,114</u> | <u>\$ 1,768,836,147</u> | <u>\$ 1,667,357,513</u> |

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

County of Oakland
Statement of Net Position (Continued)
September 30, 2014

| | Primary Government | | | Component Units |
|---------------------------------------|------------------------------------|--|-------------------------|----------------------------|
| | Governmental Activities | Business- Type Activities | Totals | |
| Liabilities | | | | |
| Current liabilities | | | | |
| Vouchers payable | \$ 15,982,736 | \$ 7,455,486 | \$ 23,438,222 | \$ 25,169,339 |
| Accrued payroll | 4,042,165 | - | 4,042,165 | - |
| Due to other governmental units | 1,612,274 | 16,550,768 | 18,163,042 | 8,914,415 |
| Due to primary government | - | - | - | 1,018,858 |
| Accrued interest payable | 325,289 | - | 325,289 | 38,797 |
| Other accrued liabilities | 15,141,831 | 5,831,614 | 20,973,445 | 10,343,204 |
| Accrued compensated absences | 1,231,535 | - | 1,231,535 | - |
| Unearned revenue | 82,463,786 | 1,962,028 | 84,425,814 | 44,081,356 |
| Claims and judgments | 3,312,965 | - | 3,312,965 | 858,360 |
| Bonds and notes payable | 29,945,000 | 14,410,000 | 44,355,000 | 18,845,000 |
| Total current liabilities | <u>154,057,581</u> | <u>46,209,896</u> | <u>200,267,477</u> | <u>109,269,329</u> |
| Noncurrent liabilities | | | | |
| Accrued compensated absences | 11,083,815 | - | 11,083,815 | 2,811,150 |
| Claims and judgments | 17,597,096 | - | 17,597,096 | 1,096,440 |
| Other postemployment benefits | - | - | - | 16,463,767 |
| Bonds and notes payable | 425,952,104 | 32,033,351 | 457,985,455 | 217,745,688 |
| Total noncurrent liabilities | <u>454,633,015</u> | <u>32,033,351</u> | <u>486,666,366</u> | <u>238,117,045</u> |
| Total liabilities | <u>608,690,596</u> | <u>78,243,247</u> | <u>686,933,843</u> | <u>347,386,374</u> |
| Net Position | | | | |
| Net investment in capital assets | 145,910,667 | 268,982,184 | 414,892,851 | 1,088,934,096 |
| Restricted for | | | | |
| Property Tax Forfeiture | 21,068,191 | - | 21,068,191 | - |
| Substance Abuse | 7,385,320 | - | 7,385,320 | - |
| Revenue sharing reserve | 8,379,378 | - | 8,379,378 | - |
| Public Safety | 3,492,369 | - | 3,492,369 | - |
| Citizens services | 1,204,956 | - | 1,204,956 | - |
| Public works | 2,897,976 | - | 2,897,976 | 8,815,065 |
| Commerce and community development | 8,496,035 | - | 8,496,035 | - |
| Debt service | 972,689 | - | 972,689 | 180,022,965 |
| Airports | - | 1,100 | 1,100 | - |
| Community water and sewer | - | 78,285,371 | 78,285,371 | - |
| Unrestricted | <u>180,545,856</u> | <u>354,280,212</u> | <u>534,826,068</u> | <u>42,199,013</u> |
| Total net position | <u>\$ 380,353,437</u> | <u>\$ 701,548,867</u> | <u>\$ 1,081,902,304</u> | <u>\$ 1,319,971,139</u> |

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

**County of Oakland
Statement of Activities
Year Ended September 30, 2014**

| | Expenses | Program Revenues | | | Net (Expense) Revenue |
|------------------------------------|-----------------------|-------------------------|--|--|--------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Functions/Programs | | | | | |
| Primary government | | | | | |
| Governmental activities | | | | | |
| General government, administrative | \$ 23,850,091 | \$ 25,879,090 | \$ 786,094 | \$ - | \$ 2,815,093 |
| Public safety | 201,580,810 | 63,007,666 | 17,770,136 | 193,234 | (120,609,774) |
| Justice administration | 93,496,165 | 31,711,482 | 508,391 | - | (61,276,292) |
| Citizen services | 87,214,484 | 7,310,429 | 23,545,171 | - | (56,358,884) |
| Public works | 42,267,177 | 19,090,066 | 261,174 | 3,557,413 | (19,358,524) |
| Recreation and leisure | 1,448,875 | 39,934 | 14,965 | - | (1,393,976) |
| Commerce and community development | 48,411,360 | 17,158,997 | 23,443,405 | - | (7,808,958) |
| Unallocated depreciation | 2,083,460 | - | - | - | (2,083,460) |
| Interest on debt | 3,244,225 | - | - | - | (3,244,225) |
| Total governmental activities | <u>503,596,647</u> | <u>164,197,664</u> | <u>66,329,336</u> | <u>3,750,647</u> | <u>(269,319,000)</u> |
| Business-type activities | | | | | |
| Airports | 6,910,625 | 4,294,902 | - | 1,252,591 | (1,363,132) |
| Community safety support | 21,277,821 | 13,085,553 | - | 2,255,765 | (5,936,503) |
| Community tax financing | 1,278,589 | 18,306,142 | - | - | 17,027,553 |
| Community water and sewer | 77,684,287 | 80,597,277 | 48,319 | 1,206,737 | 4,168,046 |
| Recreation and leisure | 22,860,691 | 8,525,094 | 92,689 | - | (14,242,908) |
| Sewage disposal systems | 128,252,681 | 126,670,775 | - | 93,399 | (1,488,507) |
| Total business-type activities | <u>258,264,694</u> | <u>251,479,743</u> | <u>141,008</u> | <u>4,808,492</u> | <u>(1,835,451)</u> |
| Total primary government | <u>\$ 761,861,341</u> | <u>\$ 415,677,407</u> | <u>\$ 66,470,344</u> | <u>\$ 8,559,139</u> | <u>\$ (271,154,451)</u> |
| Component units | | | | | |
| Drainage districts | \$ 89,997,001 | \$ 79,462,701 | \$ 175,000 | \$ 46,263,814 | \$ 35,904,514 |
| Road commission | <u>103,265,440</u> | <u>22,054,161</u> | <u>63,035,179</u> | <u>45,476,302</u> | <u>27,300,202</u> |
| Total component units | <u>\$ 193,262,441</u> | <u>\$ 101,516,862</u> | <u>\$ 63,210,179</u> | <u>\$ 91,740,116</u> | <u>\$ 63,204,716</u> |

continued...

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

County of Oakland
Statement of Activities (Continued)
Year Ended September 30, 2014

| | Primary Government | | | Component Units |
|---------------------------------------|------------------------------------|--|------------------|----------------------------|
| | Governmental Activities | Business- Type Activities | Totals | |
| <u>Changes in net position</u> | | | | |
| Net (expense) revenue | \$ (269,319,000) | \$ (1,835,451) | \$ (271,154,451) | \$ 63,204,716 |
| General revenues | | | | |
| Taxes | | | | |
| Property taxes | 206,256,326 | 11,567,251 | 217,823,577 | - |
| State-shared revenue (unrestricted) | 14,066,100 | - | 14,066,100 | - |
| Unrestricted investment earnings | 4,917,507 | 5,179,637 | 10,097,144 | 1,188,323 |
| Gain on sale of capital assets | 205,284 | - | 205,284 | - |
| Other revenues | 3,397,021 | - | 3,397,021 | - |
| Transfers in (out) | 19,532,013 | (19,532,013) | - | - |
| Total general revenues and transfers | 248,374,251 | (2,785,125) | 245,589,126 | 1,188,323 |
| Change in net position | (20,944,749) | (4,620,576) | (25,565,325) | 64,393,039 |
| Net position | | | | |
| Beginning | 401,298,186 | 706,169,443 | 1,107,467,629 | 1,255,578,100 |
| Ending | \$ 380,353,437 | \$ 701,548,867 | \$ 1,081,902,304 | \$ 1,319,971,139 |

concluded

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 four issues). The fund also includes debt issued as assistance in obtaining favorable lending rates for other units of government within the County.

Water and Sewer Debt Act 342 Fund - This fund was established to account for the accumulation of resources, mainly special assessments, for the payment of bonded debt issued for the construction of water and sewer systems under Public Act 342 of 1939 (currently nine issues).

Non-Major Funds

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

Special revenue funds
Debt service funds
Capital projects funds

**County of Oakland
Balance Sheet
Governmental Funds
September 30, 2014**

| | Major Funds | | |
|--|-----------------------|---|---|
| | General | Building Authority Debt Act 31 | Water and Sewer Debt Act 342 |
| Assets | | | |
| Current assets | | | |
| Pooled cash and investments | \$ 245,319,964 | \$ 1,859 | \$ 922,524 |
| Receivables (net of allowance for uncollectibles where applicable) | | | |
| Current property taxes | 23,227,919 | - | - |
| Delinquent property taxes | 861,341 | - | - |
| Due from other governmental units | 8,303,047 | 110,730 | - |
| Due from component units | 130,516 | - | - |
| Accrued interest receivable | 123,994 | 1,863 | 3,347 |
| Accounts receivable | 709,910 | 781,129 | - |
| Contracts receivable | 44,916,221 | - | - |
| Due from other funds | 4,838,806 | - | - |
| Advances receivable | - | - | - |
| Inventories | 140,860 | - | - |
| Prepayments and other assets | 81,115 | - | - |
| Total current assets | <u>328,653,693</u> | <u>895,581</u> | <u>925,871</u> |
| Special assessments receivable | - | - | 65,225,727 |
| Contracts receivable | - | 17,385,000 | - |
| Total assets | <u>\$ 328,653,693</u> | <u>\$ 18,280,581</u> | <u>\$ 66,151,598</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Vouchers payable | \$ 8,473,941 | \$ 301 | \$ 883,860 |
| Accrued payroll | 4,042,165 | - | - |
| Due to other governmental units | 989,184 | - | - |
| Due to other funds | 221,135 | - | - |
| Advances payable | - | - | - |
| Unearned revenue | 43,569,297 | - | 35,528,623 |
| Other accrued liabilities | 4,108,946 | - | 10,034 |
| Total liabilities | <u>61,404,668</u> | <u>301</u> | <u>36,422,517</u> |
| Deferred Inflows of Resources | | | |
| Unavailable revenue-property taxes | 13,169,618 | - | - |
| Unavailable revenue-special assessments | - | - | 29,697,104 |
| Unavailable revenue-grants | 94,833 | - | - |
| Unavailable revenue-contracts receivable | - | 17,385,000 | - |
| Total deferred inflows of resources | <u>13,264,451</u> | <u>17,385,000</u> | <u>29,697,104</u> |
| Fund Balances | | | |
| Nonspendable | 221,975 | - | - |
| Restricted | 28,453,511 | 895,280 | 31,977 |
| Committed | - | - | - |
| Assigned | 222,979,095 | - | - |
| Unassigned | 2,329,993 | - | - |
| Total fund balances | <u>253,984,574</u> | <u>895,280</u> | <u>31,977</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 328,653,693</u> | <u>\$ 18,280,581</u> | <u>\$ 66,151,598</u> |

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

**County of Oakland
Balance Sheet (Continued)
Governmental Funds
September 30, 2014**

| | Non-Major Funds | Totals September 30, 2014 |
|--|----------------------------|--|
| Assets | | |
| Current assets | | |
| Pooled cash and investments | \$ 76,925,480 | \$ 323,169,827 |
| Receivables (net of allowance for uncollectibles where applicable) | | |
| Current property taxes | - | 23,227,919 |
| Delinquent property taxes | - | 861,341 |
| Due from other governmental units | 10,997,561 | 19,411,338 |
| Due from component units | 316,208 | 446,724 |
| Accrued interest receivable | 34,026 | 163,230 |
| Accounts receivable | 304,067 | 1,795,106 |
| Contracts receivable | 39,400 | 44,955,621 |
| Due from other funds | 1,035,275 | 5,874,081 |
| Advances receivable | 912,406 | 912,406 |
| Inventories | - | 140,860 |
| Prepayments and other assets | 2,725,093 | 2,806,208 |
| Total current assets | <u>93,289,516</u> | <u>423,764,661</u> |
| Special assessments receivable | 3,100,416 | 68,326,143 |
| Contracts receivable | 4,619,400 | 22,004,400 |
| Total assets | <u>\$ 101,009,332</u> | <u>\$ 514,095,204</u> |
| Liabilities | | |
| Current liabilities | | |
| Vouchers payable | \$ 3,316,216 | \$ 12,674,318 |
| Accrued payroll | - | 4,042,165 |
| Due to other governmental units | 341,851 | 1,331,035 |
| Due to other funds | 12,190,153 | 12,411,288 |
| Advances payable | 912,406 | 912,406 |
| Unearned revenue | 2,412,263 | 81,510,183 |
| Other accrued liabilities | 6,483,455 | 10,602,435 |
| Total liabilities | <u>25,656,344</u> | <u>123,483,830</u> |
| Deferred Inflows of Resources | | |
| Unavailable revenue-property taxes | - | 13,169,618 |
| Unavailable revenue-special assessments | 3,100,416 | 32,797,520 |
| Unavailable revenue-grants | 4,899,908 | 4,994,741 |
| Unavailable revenue-contracts receivable | 4,580,000 | 21,965,000 |
| Total deferred inflows of resources | <u>12,580,324</u> | <u>72,926,879</u> |
| Fund balances | | |
| Nonspendable | 991,206 | 1,213,181 |
| Restricted | 24,516,146 | 53,896,914 |
| Committed | 39,973,683 | 39,973,683 |
| Assigned | - | 222,979,095 |
| Unassigned | (2,708,371) | (378,378) |
| Total fund balances | <u>62,772,664</u> | <u>317,684,495</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 101,009,332</u> | <u>\$ 514,095,204</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, 2014

| | | |
|---|-------------------|-----------------------|
| Total fund balances for governmental funds | | \$ 317,684,495 |
| 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 | 21,782,760 | |
| Land improvements, net of \$1,066,497 depreciation | 184,136 | |
| Buildings and improvements, net of \$104,460,074 depreciation | 129,049,239 | |
| Equipment and vehicles, net of \$16,922,999 depreciation | 7,933,710 | |
| Infrastructure, net of \$14,033,181 depreciation | <u>13,186,132</u> | |
| | | 179,371,528 |
| 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. | | 98,755,788 |
| Other post-employment benefits assets do not represent financial resources and are not reported in the funds. | | 168,698,481 |
| 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. | | 12,308,277 |
| 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. | | 59,757,261 |
| 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 | (455,897,104) | |
| Accrued interest payable | <u>(325,289)</u> | |
| | | <u>(456,222,393)</u> |
| Net position of governmental activities | | <u>\$ 380,353,437</u> |

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

County of Oakland
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2014

| | Major Funds | | |
|--|-----------------------|---|---|
| | General | Building Authority Debt Act 31 | Water and Sewer Debt Act 342 |
| Revenues | | | |
| Taxes | \$ 207,034,582 | \$ - | \$ - |
| Special assessments | - | 1,590,308 | 2,066,191 |
| Federal grants | 214,602 | - | - |
| State grants | 4,620,161 | - | - |
| Other intergovernmental revenues | 16,236,138 | - | - |
| Charges for services | 107,272,663 | 779 | 1,725 |
| Contributions | 124,333 | - | - |
| Investment income | 3,040,444 | 2,000 | 9,152 |
| Indirect cost recovery | 8,415,107 | - | - |
| Other | 589,508 | - | - |
| Total revenues | <u>347,547,538</u> | <u>1,593,087</u> | <u>2,077,068</u> |
| Expenditures | | | |
| Current operations | | | |
| County Executive | 86,800,886 | 55,725 | - |
| Clerk/Register of Deeds | 9,001,176 | - | - |
| Treasurer | 8,706,056 | - | - |
| Justice administration | 51,697,470 | - | - |
| Law enforcement | 152,357,359 | - | - |
| Legislative | 3,955,467 | - | - |
| Water Resource Commissioner | 5,438,684 | - | - |
| Non-departmental | 16,579,188 | - | - |
| Total current operations | <u>334,536,286</u> | <u>55,725</u> | <u>-</u> |
| Capital outlay | 755,247 | - | - |
| Intergovernmental | - | - | - |
| Debt service | | | |
| Principal payments | - | 5,545,000 | 1,380,000 |
| Interest and fiscal charges | - | 1,233,341 | 687,391 |
| Total expenditures | <u>335,291,533</u> | <u>6,834,066</u> | <u>2,067,391</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>12,256,005</u> | <u>(5,240,979)</u> | <u>9,677</u> |
| Other financing sources (uses) | | | |
| Transfers in | 42,943,760 | 2,229,625 | - |
| Transfers out | (44,171,948) | (310) | - |
| Insurance recoveries | 183,718 | - | - |
| Issuance of bonds | - | - | - |
| Issuance of refunding bonds | - | 2,875,000 | - |
| Premiums on bonds sold | - | 206,732 | - |
| Payment to bond escrow agent | - | - | - |
| Total other financing sources (uses) | <u>(1,044,470)</u> | <u>5,311,047</u> | <u>-</u> |
| Net change in fund balances | 11,211,535 | 70,068 | 9,677 |
| Fund balances | | | |
| October 1, 2013 | <u>242,773,039</u> | <u>825,212</u> | <u>22,300</u> |
| September 30, 2014 | <u>\$ 253,984,574</u> | <u>\$ 895,280</u> | <u>\$ 31,977</u> |

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

County of Oakland
Statement of Revenues, Expenditures, and Changes in Fund Balances
(Continued)
Governmental Funds
Year Ended September 30, 2014

| | Non-Major Funds | Totals September 30, 2014 |
|--|--------------------|---------------------------------|
| Revenues | | |
| Taxes | \$ - | \$ 207,034,582 |
| Special assessments | 2,055,991 | 5,712,490 |
| Federal grants | 36,895,596 | 37,110,198 |
| State grants | 24,157,853 | 28,778,014 |
| Other intergovernmental revenues | 10,422,914 | 26,659,052 |
| Charges for services | 10,607,237 | 117,882,404 |
| Contributions | 248,851 | 373,184 |
| Investment income | 553,169 | 3,604,765 |
| Indirect cost recovery | - | 8,415,107 |
| Other | 1,909,401 | 2,498,909 |
| Total revenues | 86,851,012 | 438,068,705 |
| Expenditures | | |
| Current operations | | |
| County Executive | 91,133,404 | 177,990,015 |
| Clerk/Register of Deeds | 2,477,033 | 11,478,209 |
| Treasurer | 9,003 | 8,715,059 |
| Justice administration | 24,415,291 | 76,112,761 |
| Law enforcement | 6,713,325 | 159,070,684 |
| Legislative | - | 3,955,467 |
| Water Resource Commissioner | 10,299,208 | 15,737,892 |
| Non-departmental | 1,949,482 | 18,528,670 |
| Total current operations | 136,996,746 | 471,588,757 |
| Capital outlay | 913,241 | 1,668,488 |
| Intergovernmental | 24,718 | 24,718 |
| Debt service | | |
| Principal payments | 4,290,000 | 11,215,000 |
| Interest and fiscal charges | 1,486,169 | 3,406,901 |
| Total expenditures | 143,710,874 | 487,903,864 |
| Excess (deficiency) of revenues over (under) expenditures | (56,859,862) | (49,835,159) |
| Other financing sources (uses) | | |
| Transfers in | 42,887,437 | 88,060,822 |
| Transfers out | (30,953,795) | (75,126,053) |
| Insurance recoveries | - | 183,718 |
| Issuance of bonds | 10,126,377 | 10,126,377 |
| Issuance of refunding bonds | - | 2,875,000 |
| Premiums on bonds sold | - | 206,732 |
| Discount on bonds sold | (12,642) | (12,642) |
| Total other financing sources (uses) | 22,047,377 | 26,313,954 |
| Net change in fund balances | (34,812,485) | (23,521,205) |
| Fund balances | | |
| October 1, 2013 | 97,585,149 | 341,205,700 |
| September 30, 2014 | \$ 62,772,664 | \$ 317,684,495 |

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

County of Oakland
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances – Governmental Funds to the Statement of Activities
Year Ended September 30, 2014

| | | |
|---|--------------------|------------------------|
| Net change in fund balance - total governmental funds | | \$ (23,521,205) |
| 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 | \$ 2,310,157 | |
| Buildings and improvements | 3,181,918 | |
| Equipment and vehicles | 908,675 | |
| Infrastructure | 505,966 | |
| Depreciation expense | <u>(7,210,796)</u> | (304,080) |
| 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. | | 520,967 |
| Amortization of Other Post-Employment Benefits asset | | |
| is not reported in the governmental funds. | | (29,545,126) |
| 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 | (13,086,533) | |
| Current year deferral | <u>12,308,277</u> | (778,256) |
| Revenues 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. | | 12,937,192 |
| 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 | (13,001,377) | |
| Repayment of bond principal | 32,715,000 | |
| Accrued interest | <u>32,136</u> | 19,745,759 |
| Change in net position of governmental activities | | <u>\$ (20,944,749)</u> |

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

Proprietary Fund Financial Statements

Major Funds

Parks and Recreation Fund - This fund is used to account for revenues 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 Fund - 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. Capital costs are financed primarily from issuance of debt or state and federal capital grants.

Water and Sewer Trust Fund - 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.

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 or issuance of debt.

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

Clinton-Oakland 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.

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, 2014**

| | Business-Type Activities - Enterprise Funds | | | | |
|--|--|-------------------------------------|----------------------------|--------------------------------------|--|
| | Major | | | | |
| | Parks and Recreation | Delinquent Tax Revolving | County Airports | Water and Sewer Trust | Evergreen- Farmington SDS |
| As sets | | | | | |
| Current assets | | | | | |
| Pooled cash and investments | \$ 26,781,118 | \$ 126,748,028 | \$ 15,880,678 | \$ 58,346,475 | \$ 6,939,894 |
| Delinquent property taxes receivable | - | 72,958,587 | - | - | - |
| Due from other governmental units | 177,127 | 4,881,181 | 600 | 3,225,867 | 7,875,557 |
| Due from component units | - | - | - | - | 153,984 |
| Accrued interest receivable | 27,468 | 1,503,909 | 64,384 | 40,597 | 110,793 |
| Accounts receivable (net of allowance for uncollectibles where applicable) | 299,297 | 14,786,215 | 349,860 | 25,597,346 | - |
| Due from other funds | - | - | - | 5,114,572 | 1,274,412 |
| Current portion of contracts receivable | - | - | 1,174,107 | - | - |
| Current portion of advances receivable | - | 12,883 | - | - | - |
| Inventories and supplies | 44,007 | - | - | - | - |
| Prepayments and other assets | 16,152 | - | - | 4,869 | - |
| Total current assets | <u>27,345,169</u> | <u>220,890,803</u> | <u>17,469,629</u> | <u>92,329,726</u> | <u>16,354,640</u> |
| Noncurrent assets | | | | | |
| Advances receivable | - | 77,298 | - | - | - |
| Capital assets, net | | | | | |
| Land and other nondepreciable assets | 35,687,993 | - | 36,446,233 | 24,566,078 | 7,583,604 |
| Land improvements, net | - | - | 9,930,229 | 15,298 | - |
| Building and improvements, net | 16,778,831 | - | 23,883,201 | 1,052,266 | 10,068,521 |
| Equipment and vehicles, net | 1,256,254 | - | 663,650 | 2,222,800 | 121,654 |
| Infrastructure, net | 16,247,093 | - | 2,827,653 | 49,263,862 | 3,973,796 |
| Total noncurrent assets | <u>69,970,171</u> | <u>77,298</u> | <u>73,750,966</u> | <u>77,120,304</u> | <u>21,747,575</u> |
| Total assets | <u>97,315,340</u> | <u>220,968,101</u> | <u>91,220,595</u> | <u>169,450,030</u> | <u>38,102,215</u> |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Vouchers payable | 520,853 | 2,575,292 | 405,266 | 2,129,008 | 230,633 |
| Due to other governmental units | - | 252,452 | - | 471,116 | 5,167,797 |
| Due to other funds | - | - | - | - | - |
| Unearned revenue | 277,830 | - | 1,417,846 | 3,247 | - |
| Notes payable | - | 12,625,000 | - | - | - |
| Current portion of bonds payable | - | - | 600,000 | 940,000 | 245,000 |
| Current portion of long-term liabilities | - | - | - | - | - |
| Current portion of advances payable | - | - | - | - | - |
| Other accrued liabilities | 695,810 | 52,766 | 482,973 | 3,733,549 | 97,699 |
| Total current liabilities | <u>1,494,493</u> | <u>15,505,510</u> | <u>2,906,085</u> | <u>7,276,920</u> | <u>5,741,129</u> |
| Noncurrent liabilities | | | | | |
| Bonds payable | - | - | 8,160,000 | 18,248,351 | 5,625,000 |
| Other long-term liabilities | - | - | - | - | - |
| Advances payable | - | - | - | - | - |
| Total noncurrent liabilities | <u>-</u> | <u>-</u> | <u>8,160,000</u> | <u>18,248,351</u> | <u>5,625,000</u> |
| Total liabilities | <u>1,494,493</u> | <u>15,505,510</u> | <u>11,066,085</u> | <u>25,525,271</u> | <u>11,366,129</u> |
| Net position | | | | | |
| Net investment in capital assets | 69,970,171 | - | 64,990,966 | 57,931,953 | 15,877,575 |
| Restricted for programs | - | - | 1,100 | 35,188,367 | 8,057,588 |
| Unrestricted | 25,850,676 | 205,462,591 | 15,162,444 | 50,804,439 | 2,800,923 |
| Total net position | <u>\$ 95,820,847</u> | <u>\$ 205,462,591</u> | <u>\$ 80,154,510</u> | <u>\$ 143,924,759</u> | <u>\$ 26,736,086</u> |

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

**County of Oakland
Statement of Net Position (Continued)
Proprietary Funds
September 30, 2014**

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|--|--|------------------------------------|----------------------------|-------------------------------|---|
| | Major | | | Totals | |
| | S.O.C.S.D.S. | Clinton- Oakland S.D.S. | Non-Major Funds | September 30, 2014 | |
| As sets | | | | | |
| Current assets | | | | | |
| Pooled cash and investments | \$ 33,006,340 | \$ 15,940,568 | \$ 34,870,286 | \$ 318,513,387 | \$ 113,784,946 |
| Delinquent property taxes | - | - | - | 72,958,587 | - |
| Due from other governmental units | 5,652,972 | 4,773,831 | 1,420,212 | 28,007,347 | 53,908 |
| Due from component units | - | 388,000 | 59 | 542,043 | 30,091 |
| Accrued interest receivable | 133,037 | 130,749 | 181,404 | 2,192,341 | 620,038 |
| Accounts receivable (net of allowance for uncollectibles where applicable) | 65,147 | 2,190,018 | 1,298,863 | 44,586,746 | 378,074 |
| Due from other funds | - | - | 139,930 | 6,528,914 | 222,439 |
| Current portion of contracts receivable | - | - | - | 1,174,107 | - |
| Current portion of advances receivable | 142,531 | - | - | 155,414 | - |
| Inventories and supplies | - | - | 506,756 | 550,763 | 1,042,642 |
| Prepayments and other assets | 590,769 | - | 1,094,741 | 1,706,531 | 5,636,196 |
| Total current assets | <u>39,590,796</u> | <u>23,423,166</u> | <u>39,512,251</u> | <u>476,916,180</u> | <u>121,768,334</u> |
| Noncurrent assets | | | | | |
| Advances receivable | - | - | - | 77,298 | - |
| Capital assets, net | | | | | |
| Land and other nondepreciable assets | 1,600,257 | 8,361,586 | 3,668,997 | 117,914,748 | 4,117,369 |
| Land improvements, net | - | - | - | 9,945,527 | - |
| Building and improvements, net | - | 238,782 | 7,546,101 | 59,567,702 | 1,443,699 |
| Equipment and vehicles, net | 147,935 | 30,713 | 20,427,296 | 24,870,302 | 13,188,767 |
| Infrastructure, net | 1,740,588 | 10,993,516 | 5,455,748 | 90,502,256 | 129,304 |
| Total noncurrent assets | <u>3,488,780</u> | <u>19,624,597</u> | <u>37,098,142</u> | <u>302,877,833</u> | <u>18,879,139</u> |
| Total assets | <u>43,079,576</u> | <u>43,047,763</u> | <u>76,610,393</u> | <u>779,794,013</u> | <u>140,647,473</u> |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Vouchers payable | 84,003 | 1,406,155 | 104,276 | 7,455,486 | 3,308,418 |
| Due to other governmental units | 7,061,787 | 2,534,607 | 1,063,009 | 16,550,768 | 281,239 |
| Due to other funds | 1,898 | - | 1 | 1,899 | 212,247 |
| Unearned revenue | - | - | 263,105 | 1,962,028 | 92,262 |
| Notes payable | - | - | - | 12,625,000 | - |
| Current portion of bonds payable | - | - | - | 1,785,000 | - |
| Current portion of long-term liabilities | - | - | - | - | 4,544,500 |
| Current portion of advances payable | - | - | - | - | 155,414 |
| Other accrued liabilities | 386,178 | 30,910 | 351,729 | 5,831,614 | 4,539,396 |
| Total current liabilities | <u>7,533,866</u> | <u>3,971,672</u> | <u>1,782,120</u> | <u>46,211,795</u> | <u>13,133,476</u> |
| Noncurrent liabilities | | | | | |
| Bonds payable | - | - | - | 32,033,351 | - |
| Other long-term liabilities | - | - | - | - | 28,680,911 |
| Advances payable | - | - | - | - | 77,298 |
| Total noncurrent liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>32,033,351</u> | <u>28,758,209</u> |
| Total liabilities | <u>7,533,866</u> | <u>3,971,672</u> | <u>1,782,120</u> | <u>78,245,146</u> | <u>41,891,685</u> |
| Net position | | | | | |
| Net investment in capital assets | 3,488,780 | 19,624,597 | 37,098,142 | 268,982,184 | 18,879,139 |
| Restricted for programs | 12,749,439 | 16,740,724 | 5,549,253 | 78,286,471 | - |
| Unrestricted | 19,307,491 | 2,710,770 | 32,180,878 | 354,280,212 | 79,876,649 |
| Total net position | <u>\$ 35,545,710</u> | <u>\$ 39,076,091</u> | <u>\$ 74,828,273</u> | <u>\$ 701,548,867</u> | <u>\$ 98,755,788</u> |

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

County of Oakland
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended September 30, 2014

| | Business-Type Activities - Enterprise Funds | | | | |
|---|--|-------------------------------------|----------------------------|--------------------------------------|--|
| | Major | | | | |
| | Parks and Recreation | Delinquent Tax Revolving | County Airports | Water and Sewer Trust | Evergreen- Farmington SDS |
| Operating revenues | | | | | |
| Charges for services | \$ 8,505,986 | \$ 17,581,174 | \$ 4,268,188 | \$ 80,257,553 | \$ 39,799,405 |
| Other | 6,465 | 61,947 | 26,714 | 296,624 | 253,267 |
| Total operating revenues | <u>8,512,451</u> | <u>17,643,121</u> | <u>4,294,902</u> | <u>80,554,177</u> | <u>40,052,672</u> |
| Operating expenses | | | | | |
| Salaries | 7,785,307 | 95,492 | 1,098,291 | 87,996 | - |
| Fringe benefits | 2,900,069 | 72,102 | 715,150 | 68,780 | - |
| Contractual services | 6,527,694 | 273,687 | 1,558,805 | 42,989,749 | 36,857,507 |
| Commodities | 1,106,563 | - | 134,312 | 1,750,312 | 105,668 |
| Depreciation | 3,032,207 | - | 2,845,749 | 3,881,591 | 684,093 |
| Internal services | 1,508,851 | - | 217,712 | 17,061,666 | 1,034,765 |
| Intergovernmental | - | - | - | 11,352,676 | - |
| Total operating expenses | <u>22,860,691</u> | <u>441,281</u> | <u>6,570,019</u> | <u>77,192,770</u> | <u>38,682,033</u> |
| Operating income (loss) | <u>(14,348,240)</u> | <u>17,201,840</u> | <u>(2,275,117)</u> | <u>3,361,407</u> | <u>1,370,639</u> |
| Nonoperating revenues (expenses) | | | | | |
| Property taxes | 11,567,251 | - | - | - | - |
| Contributions | 92,689 | - | - | 48,319 | - |
| Interest recovery - federal grants | - | - | 105,731 | - | 93,399 |
| Interest revenue | 546,541 | 1,857,683 | 244,937 | 977,935 | 79,297 |
| Interest expense and paying agent fees | - | (79,783) | (340,606) | (491,517) | (276,497) |
| Bonds maturing | - | - | - | - | - |
| Gain on sale of property and equipment | 12,643 | - | - | 43,100 | - |
| Total nonoperating revenues (expenses) | <u>12,219,124</u> | <u>1,777,900</u> | <u>10,062</u> | <u>577,837</u> | <u>(103,801)</u> |
| Income (loss) before transfers and contributions | <u>(2,129,116)</u> | <u>18,979,740</u> | <u>(2,265,055)</u> | <u>3,939,244</u> | <u>1,266,838</u> |
| Transfers and contributions | | | | | |
| Capital contributions | - | - | 1,146,860 | 1,206,737 | - |
| Transfers in | - | - | 370 | - | - |
| Transfers out | - | (20,207,492) | - | (955,411) | (126,767) |
| Total transfers and contributions | <u>-</u> | <u>(20,207,492)</u> | <u>1,147,230</u> | <u>251,326</u> | <u>(126,767)</u> |
| Change in net position | <u>(2,129,116)</u> | <u>(1,227,752)</u> | <u>(1,117,825)</u> | <u>4,190,570</u> | <u>1,140,071</u> |
| Net position | | | | | |
| October 1, 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> |
| September 30, 2014 | <u>\$ 95,820,847</u> | <u>\$ 205,462,591</u> | <u>\$ 80,154,510</u> | <u>\$ 143,924,759</u> | <u>\$ 26,736,086</u> |

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

County of Oakland
Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Proprietary Funds
Year Ended September 30, 2014

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|---|--|------------------------------------|----------------------------|-------------------------------|---|
| | Major | | | Totals | |
| | S.O.C.S.D.S. | Clinton- Oakland S.D.S. | Non-Major Funds | September 30, 2014 | |
| Operating revenues | | | | | |
| Charges for services | \$ 46,055,281 | \$ 34,771,865 | \$ 18,086,615 | \$ 249,326,067 | \$ 235,444,257 |
| Other | 19,419 | 733,226 | 685,532 | 2,083,194 | 898,112 |
| Total operating revenues | <u>46,074,700</u> | <u>35,505,091</u> | <u>18,772,147</u> | <u>251,409,261</u> | <u>236,342,369</u> |
| Operating expenses | | | | | |
| Salaries | - | - | 2,239,132 | 11,306,218 | 30,293,182 |
| Fringe benefits | - | - | 1,436,266 | 5,192,367 | 20,129,731 |
| Contractual services | 45,708,011 | 34,508,332 | 12,710,899 | 181,134,684 | 130,339,685 |
| Commodities | 148,908 | 69,351 | 693,040 | 4,008,154 | 6,676,584 |
| Depreciation | 930,064 | 766,479 | 8,172,190 | 20,312,373 | 4,824,596 |
| Internal services | 1,151,169 | 598,827 | 2,146,829 | 23,719,819 | 7,151,441 |
| Intergovernmental | - | - | 50,000 | 11,402,676 | - |
| Total operating expenses | <u>47,938,152</u> | <u>35,942,989</u> | <u>27,448,356</u> | <u>257,076,291</u> | <u>199,415,219</u> |
| Operating income (loss) | <u>(1,863,452)</u> | <u>(437,898)</u> | <u>(8,676,209)</u> | <u>(5,667,030)</u> | <u>36,927,150</u> |
| Nonoperating revenues (expenses) | | | | | |
| Property taxes | - | - | - | 11,567,251 | - |
| Contributions | - | - | - | 141,008 | 261,174 |
| Interest recovery - federal grants | - | - | - | 199,130 | - |
| Interest revenue | 658,550 | 302,861 | 511,833 | 5,179,637 | 1,312,742 |
| Interest expense and paying agent fees | - | - | - | (1,188,403) | (26,840,040) |
| Bonds maturing | - | - | - | - | (21,500,000) |
| Gain on sale of property and equipment | 14,677 | - | 62 | 70,482 | 205,284 |
| Total nonoperating revenues (expenses) | <u>673,227</u> | <u>302,861</u> | <u>511,895</u> | <u>15,969,105</u> | <u>(46,560,840)</u> |
| Income (loss) before transfers and contributions | <u>(1,190,225)</u> | <u>(135,037)</u> | <u>(8,164,314)</u> | <u>10,302,075</u> | <u>(9,633,690)</u> |
| Transfers and contributions | | | | | |
| Capital contributions | - | - | 2,255,765 | 4,609,362 | 3,557,413 |
| Transfers in | - | - | 2,516,249 | 2,516,619 | 11,408,970 |
| Transfers out | (155,998) | (96,253) | (506,711) | (22,048,632) | (4,811,726) |
| Total transfers and contributions | <u>(155,998)</u> | <u>(96,253)</u> | <u>4,265,303</u> | <u>(14,922,651)</u> | <u>10,154,657</u> |
| Change in net position | <u>(1,346,223)</u> | <u>(231,290)</u> | <u>(3,899,011)</u> | <u>(4,620,576)</u> | <u>520,967</u> |
| Net position | | | | | |
| October 1, 2013 | <u>36,891,933</u> | <u>39,307,381</u> | <u>78,727,284</u> | <u>706,169,443</u> | <u>98,234,821</u> |
| September 30, 2014 | <u>\$ 35,545,710</u> | <u>\$ 39,076,091</u> | <u>\$ 74,828,273</u> | <u>\$ 701,548,867</u> | <u>\$ 98,755,788</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, 2014**

| | 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 | \$ 8,584,010 | \$ 32,577,683 | \$ 4,372,914 | \$ 75,594,410 | \$ 36,679,420 |
| Cash paid to suppliers | (11,765,216) | (345,789) | (2,257,043) | (78,865,739) | (40,031,108) |
| Cash paid to employees | (7,785,307) | (95,492) | (1,098,291) | (87,996) | - |
| Net cash provided by (used in) operating activities | <u>(10,966,513)</u> | <u>32,136,402</u> | <u>1,017,580</u> | <u>(3,359,325)</u> | <u>(3,351,688)</u> |
| Cash flows from noncapital financing activities | | | | | |
| Transfers from other funds | - | - | - | - | - |
| Transfers to other funds | - | (20,207,492) | - | (955,411) | (126,767) |
| Contributions | 92,689 | - | - | 48,319 | - |
| Principal paid on debt | - | - | - | - | - |
| Interest paid on debt | - | - | - | - | - |
| Purchase of delinquent property taxes | - | (80,215,223) | - | - | - |
| Delinquent property taxes collected | - | 88,797,568 | - | - | - |
| Issuance of short-term borrowings | - | 25,000,000 | - | - | - |
| Repayments received on advances | - | 12,883 | - | - | - |
| Property taxes | 11,567,251 | - | - | - | - |
| Interest paid on short-term borrowings | - | (82,317) | - | - | - |
| Payments on short-term borrowings | - | (35,000,000) | - | - | - |
| Net cash provided by (used in) noncapital financing activities | <u>11,659,940</u> | <u>(21,694,581)</u> | <u>-</u> | <u>(907,092)</u> | <u>(126,767)</u> |
| Cash flows from capital and related financing activities | | | | | |
| Contributions for capital acquisitions | - | - | - | 1,206,737 | - |
| Proceeds from sale of bonds | - | - | - | 363,304 | 494,085 |
| Transfers from other funds | - | - | 370 | - | - |
| Interest recovery - federal grants | - | - | 105,731 | - | 93,399 |
| Proceeds from sale of capital assets | 12,643 | - | - | 43,100 | - |
| Acquisition of capital assets | (5,559,887) | - | (26,861) | (3,640,138) | (181,950) |
| Principal paid on debt | - | - | (590,000) | (920,000) | (235,000) |
| Interest paid on debt | - | - | (340,606) | (491,517) | (276,497) |
| Amount paid on advances | - | - | - | - | - |
| Interest paid on advances | - | - | - | - | - |
| Net cash provided by (used in) capital and related financing activities | <u>(5,547,244)</u> | <u>-</u> | <u>(851,366)</u> | <u>(3,438,514)</u> | <u>(105,963)</u> |
| Cash flows from investing activities | | | | | |
| Interest on investments | 545,067 | 1,794,947 | 238,169 | 951,505 | 81,328 |
| Net cash provided by investing activities | <u>545,067</u> | <u>1,794,947</u> | <u>238,169</u> | <u>951,505</u> | <u>81,328</u> |
| Net increase (decrease) in cash and cash equivalents | <u>(4,308,750)</u> | <u>12,236,768</u> | <u>404,383</u> | <u>(6,753,426)</u> | <u>(3,503,090)</u> |
| Pooled cash and investments | | | | | |
| October 1, 2013 | 31,089,868 | 114,511,260 | 15,476,295 | 65,099,901 | 10,442,984 |
| September 30, 2014 | <u>\$ 26,781,118</u> | <u>\$ 126,748,028</u> | <u>\$ 15,880,678</u> | <u>\$ 58,346,475</u> | <u>\$ 6,939,894</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, 2014**

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|---|--|------------------------------------|----------------------------|-------------------------------|---|
| | Major | | | Totals | |
| | S.O.C.S.D.S. | Clinton- Oakland S.D.S. | Non-Major Funds | September 30, 2014 | |
| Cash flows from operating activities | | | | | |
| Cash received from users | \$ 47,628,233 | \$ 42,977,769 | \$ 22,471,823 | \$ 270,886,262 | \$ 236,781,134 |
| Cash paid to suppliers | (49,628,589) | (38,321,728) | (17,425,775) | (238,640,987) | (160,992,054) |
| Cash paid to employees | - | - | (2,239,132) | (11,306,218) | (30,293,182) |
| Net cash provided by (used in) operating activities | (2,000,356) | 4,656,041 | 2,806,916 | 20,939,057 | 45,495,898 |
| Cash flows from noncapital financing activities | | | | | |
| Transfers from other funds | - | - | 2,516,249 | 2,516,249 | 5,179,582 |
| Transfers to other funds | (155,998) | (96,253) | (506,711) | (22,048,632) | (4,811,726) |
| Contributions | - | - | - | 141,008 | 261,174 |
| Principal paid on debt | - | - | - | - | (21,500,000) |
| Interest paid on debt | - | - | - | - | (26,833,222) |
| Purchase of delinquent property taxes | - | - | - | (80,215,223) | - |
| Delinquent property taxes collected | - | - | - | 88,797,568 | - |
| Issuance of short-term borrowings | - | - | - | 25,000,000 | - |
| Repayments received on advances | 176,928 | - | - | 189,811 | - |
| Property taxes | - | - | - | 11,567,251 | - |
| Interest paid on short-term borrowings | - | - | - | (82,317) | - |
| Payments on short-term borrowings | - | - | - | (35,000,000) | - |
| Net cash provided by (used in) noncapital financing activities | 20,930 | (96,253) | 2,009,538 | (9,134,285) | (47,704,192) |
| Cash flows from capital and related financing activities | | | | | |
| Contributions for capital acquisitions | - | - | - | 1,206,737 | 242,415 |
| Proceeds from sale of bonds | - | - | - | 857,389 | - |
| Transfers from other funds | - | - | - | 370 | 6,229,388 |
| Interest recovery - federal grants | - | - | - | 199,130 | - |
| Proceeds from sale of capital assets | 20,000 | - | 62 | 75,805 | 415,300 |
| Acquisition of capital assets | (696,120) | (8,371,439) | (1,850,409) | (20,326,804) | (5,356,790) |
| Principal paid on debt | - | - | - | (1,745,000) | - |
| Interest paid on debt | - | - | - | (1,108,620) | - |
| Amount paid on advances | - | - | - | - | (189,811) |
| Interest paid on advances | - | - | - | - | (6,818) |
| Net cash provided by (used in) capital and related financing activities | (676,120) | (8,371,439) | (1,850,347) | (20,840,993) | 1,333,684 |
| Cash flows from investing activities | | | | | |
| Interest on investments | 649,293 | 288,106 | 496,498 | 5,044,913 | 1,261,399 |
| Net cash provided by investing activities | 649,293 | 288,106 | 496,498 | 5,044,913 | 1,261,399 |
| Net increase (decrease) in cash and cash equivalents | (2,006,253) | (3,523,545) | 3,462,605 | (3,991,308) | 386,789 |
| Pooled cash and investments | | | | | |
| October 1, 2013 | 35,012,593 | 19,464,113 | 31,407,681 | 322,504,695 | 113,398,157 |
| September 30, 2014 | \$ 33,006,340 | \$ 15,940,568 | \$ 34,870,286 | \$ 318,513,387 | \$ 113,784,946 |

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, 2014**

| | Business-Type Activities - Enterprise Funds | | | | |
|---|--|-------------------------------------|----------------------------|--------------------------------------|--|
| | Major | | | | |
| | Parks and Recreation | Delinquent Tax Revolving | County Airports | Water and Sewer Trust | Evergreen- Farmington SDS |
| Operating (loss) income | \$ (14,348,240) | \$ 17,201,840 | \$ (2,275,117) | \$ 3,361,407 | \$ 1,370,639 |
| Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities | | | | | |
| Depreciation expense | 3,032,207 | - | 2,845,749 | 3,881,591 | 684,093 |
| (Increase) decrease in due from other governmental units | (176,995) | 13,506,991 | 600 | 83,645 | (2,214,167) |
| (Increase) decrease in due from component units | - | - | - | - | 115,327 |
| (Increase) decrease in accounts receivable | 900 | 1,302,116 | 77,755 | (100,335) | - |
| (Increase) decrease in due from other funds | - | - | - | (4,946,324) | (1,274,412) |
| (Increase) decrease in inventories and supplies | (1,905) | - | - | - | - |
| (Increase) decrease in prepayments and other assets | (6,030) | - | - | (575) | - |
| Increase (decrease) in vouchers payable | 252,470 | 81,569 | 354,692 | (117,413) | (38,529) |
| Increase (decrease) in due to other govern- mental units | - | 83,215 | - | (63,602) | (1,844,952) |
| Increase (decrease) in due to component units | - | - | - | (4,408,650) | - |
| Increase (decrease) in due to other funds | - | - | - | (593,097) | (25,435) |
| Increase (decrease) in unearned revenue | 247,654 | - | (343) | 3,247 | - |
| Increase (decrease) in current portion of other long-term liabilities | - | - | - | - | - |
| Increase (decrease) in other accrued liabilities | 33,426 | (39,329) | 14,244 | (459,219) | (124,252) |
| Increase (decrease) in other long-term liabilities | - | - | - | - | - |
| Net cash provided by (used in) operating activities | <u>\$ (10,966,513)</u> | <u>\$ 32,136,402</u> | <u>\$ 1,017,580</u> | <u>\$ (3,359,325)</u> | <u>\$ (3,351,688)</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, 2014

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|---|--|------------------------------------|----------------------------|--|---|
| | Major | | | Totals September 30, 2014 | |
| | S.O.C.S.D.S. | Clinton- Oakland S.D.S. | Non-Major Funds | | |
| Operating income (loss) | \$ (1,863,452) | \$ (437,898) | \$ (8,676,209) | \$ (5,667,030) | \$ 36,927,150 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | | | | | |
| Depreciation expense | 930,064 | 766,479 | 8,172,190 | 20,312,373 | 4,824,596 |
| (Increase) decrease in due from other governmental units | 1,530,083 | 3,669,851 | 3,152,075 | 19,552,083 | 35,203 |
| (Increase) decrease in due from component units | - | (388,000) | (59) | (272,732) | (165,918) |
| (Increase) decrease in accounts receivable | 23,450 | - | 555,578 | 1,859,464 | (38,286) |
| (Increase) decrease in due from other funds | - | - | (136,264) | (6,357,000) | 636,565 |
| (Increase) decrease in inventories and supplies | - | - | 44,545 | 42,640 | (125,079) |
| (Increase) decrease in prepayments and other assets | 33,836 | - | 14,778 | 42,009 | 829,918 |
| Increase (decrease) in vouchers payable | 63,157 | 1,346,882 | 47,671 | 1,990,499 | 1,127,751 |
| Increase (decrease) in due to other govern- mental units | (2,925,867) | (231,159) | (498,025) | (5,480,390) | (50,208) |
| Increase (decrease) in due to component units | - | - | - | (4,408,650) | (5,336) |
| Increase (decrease) in due to other funds | (32,413) | (21,216) | (72,578) | (744,739) | 141,116 |
| Increase (decrease) in unearned revenue | - | - | 128,346 | 378,904 | (28,799) |
| Increase (decrease) in current portion of other long-term liabilities | - | - | - | - | (1,259,191) |
| Increase (decrease) in other accrued liabilities | 240,786 | (48,898) | 74,868 | (308,374) | 871,243 |
| Increase (decrease) in other long-term liabilities | - | - | - | - | 1,775,173 |
| Net cash provided by (used in) operating activities | <u>\$ (2,000,356)</u> | <u>\$ 4,656,041</u> | <u>\$ 2,806,916</u> | <u>\$ 20,939,057</u> | <u>\$ 45,495,898</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, 2014

Noncash transactions

Enterprise Funds

Major funds:

Noncash and capital related financing activities included contribution of capital assets in the amount of \$1,146,860 in the County Airports fund.

Noncash and non-capital related financing activities included interest expense of \$5,274 and payment of Notes Payable liability of \$2,375,000 reported in the Vouchers Payable liability in the Delinquent Tax Revolving fund; recording of Contracts Receivable and Unearned Revenue of \$1,174,107 in the County Airports fund; recording of Accounts Receivable and Due to Other Governmental Units of \$2,190,018 in the Clinton-Oakland S.D.S. fund.

Nonmajor funds:

Noncash and capital related financing activities included contribution of \$2,255,765 in the CLEMIS fund.

Internal Service Funds

Noncash and capital related financing activities included contribution of capital assets in the amount of \$3,314,998 in the Information Technology fund.

Fiduciary Fund Financial Statements

Pension (and Other Postemployment Benefits) Trust Funds - Employee Pension Trust funds accept payments made by the County, invest fund resources, and calculate and pay pensions to beneficiaries. Postemployment benefit trust funds accumulate resources to provide health-related benefits to retired employees, dependents and beneficiaries.

Investment Trust Funds - These funds account for monies from external local units of government, held in a pooled investment portfolio for the benefit of the respective governmental units under contractual arrangement.

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

Combining schedules for fiduciary funds are presented, by fund type, in the following sections:

Pension (and other postemployment benefits) trust funds

Investment trust funds

Agency funds

**County of Oakland
Statement of Net Position
Fiduciary Funds
September 30, 2014**

| | Pension (and Other Post- employment Benefits) Trust Funds | Investment Trust Funds | Agency Funds |
|---|--|---------------------------------------|-------------------------|
| Assets | | | |
| Pooled cash and investments | \$ 12,779,717 | \$ 406,521,972 | \$ 195,314,773 |
| Cash and cash equivalents | - | - | 1,163,851 |
| Investments, at fair value | | | |
| Common stock | 554,764,157 | - | - |
| Preferred stock | 1,586,491 | - | - |
| Government securities | 79,152,019 | - | - |
| Corporate bonds | 215,427,416 | - | - |
| Municipal bonds | 7,192,376 | - | - |
| Commingled | 419,674,857 | - | - |
| Limited partnerships | 121,352,574 | - | - |
| Asset-backed fixed income | 19,993,396 | - | - |
| CMO/REMIC investments | 2,162,280 | - | - |
| Mortgage-backed securities | 135,036,698 | - | - |
| Commercial mortgage-backed securities | 35,057,007 | - | - |
| Money market funds | 51,791,316 | - | - |
| International common stock | 85,435,978 | - | - |
| Equity REIT | 75,274,320 | - | - |
| Other | 75,892,469 | - | - |
| Total investments | <u>1,879,793,354</u> | <u>-</u> | <u>-</u> |
| Receivables - interest and dividends | 4,580,898 | - | 173,358 |
| Receivables - other | 28,596 | - | - |
| Prepaid expenses | 221,301 | - | - |
| Total assets | <u>1,897,403,866</u> | <u>406,521,972</u> | <u>196,651,982</u> |
| Liabilities | | | |
| Vouchers payable | 684,792 | - | 98,231 |
| Due to other governmental units | - | - | 178,955,627 |
| Other accrued liabilities | 2,227,443 | - | 17,598,124 |
| Total liabilities | <u>2,912,235</u> | <u>-</u> | <u>196,651,982</u> |
| Net position | | | |
| Held in Trust for Pension and other Postemployment healthcare benefits, and pool participants | <u>\$ 1,894,491,631</u> | <u>\$ 406,521,972</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, 2014

| | Pension (and Other Post- employment Benefits) Trust Funds | Investment Trust Funds |
|---|--|---------------------------------------|
| Additions | | |
| Contributions | | |
| Pool participants | \$ - | \$630,120,872 |
| Employer | 5,770,835 | - |
| Plan members | 662,886 | - |
| Total contributions | <u>6,433,721</u> | <u>630,120,872</u> |
| Investment income | 174,463,390 | 5,324,471 |
| Other revenue | 2,478,668 | - |
| Total additions | <u>183,375,779</u> | <u>635,445,343</u> |
| Deductions | | |
| Benefits | 79,211,785 | - |
| Administrative expenses | 6,542,317 | - |
| Distribution to pool participants | - | 597,057,964 |
| Total deductions | <u>85,754,102</u> | <u>597,057,964</u> |
| Net increase | 97,621,677 | 38,387,379 |
| Net position held in trust for pension and other postemployment healthcare benefits, and pool participants | | |
| October 1, 2013 | <u>1,796,869,954</u> | <u>368,134,593</u> |
| September 30, 2014 | <u>\$ 1,894,491,631</u> | <u>\$406,521,972</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, 2014**

| | Drainage Districts | Road Commission | Total Component Units |
|--|-------------------------------|----------------------------|--------------------------------------|
| Assets | | | |
| Current assets | | | |
| Pooled cash and investments | \$ 26,690,251 | \$ - | \$ 26,690,251 |
| Cash and cash equivalents | - | 58,568,827 | 58,568,827 |
| Receivables (net of allowance for uncollectibles where applicable) | | | |
| Special assessments | - | 7,063,934 | 7,063,934 |
| Due from other governmental units | 13,261,244 | - | 13,261,244 |
| Accrued interest receivable | 99,399 | - | 99,399 |
| Accounts receivable | 41,894 | 15,768,510 | 15,810,404 |
| Inventories and supplies | - | 4,052,476 | 4,052,476 |
| Prepayments and other assets | 102,865 | 3,412,858 | 3,515,723 |
| Total current assets | <u>40,195,653</u> | <u>88,866,605</u> | <u>129,062,258</u> |
| Capital assets, net | | | |
| Land and other nondepreciable assets | 117,500,622 | 191,943,284 | 309,443,906 |
| Land improvements, net | - | 70,106 | 70,106 |
| Buildings and improvements, net | 54,266,956 | 8,642,425 | 62,909,381 |
| Equipment and vehicles, net | 59,627 | 5,422,779 | 5,482,406 |
| Infrastructure, net | 389,090,285 | 558,528,700 | 947,618,985 |
| Total capital assets, net | <u>560,917,490</u> | <u>764,607,294</u> | <u>1,325,524,784</u> |
| Noncurrent assets | | | |
| Net pension asset | - | 2,246,070 | 2,246,070 |
| Special assessments receivable | 210,524,401 | - | 210,524,401 |
| Total assets | <u>811,637,544</u> | <u>855,719,969</u> | <u>1,667,357,513</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Vouchers payable | 9,842,853 | 15,326,486 | 25,169,339 |
| Due to other governmental units | 8,914,415 | - | 8,914,415 |
| Due to primary government | 990,080 | 28,778 | 1,018,858 |
| Unearned revenue and advances | 31,301,134 | 12,780,222 | 44,081,356 |
| Accrued interest payable | 32,130 | 6,667 | 38,797 |
| Current portion of long-term debt | 18,345,000 | 500,000 | 18,845,000 |
| Current portion of long-term liabilities | - | 858,360 | 858,360 |
| Other accrued liabilities | 6,950,397 | 3,392,807 | 10,343,204 |
| Total current liabilities | <u>76,376,009</u> | <u>32,893,320</u> | <u>109,269,329</u> |
| Bonds and notes payable | 217,245,688 | 500,000 | 217,745,688 |
| Accrued compensated absences | - | 2,811,150 | 2,811,150 |
| Claims and judgments | - | 1,096,440 | 1,096,440 |
| Other postemployment benefits | - | 16,463,767 | 16,463,767 |
| Total liabilities | <u>293,621,697</u> | <u>53,764,677</u> | <u>347,386,374</u> |
| Net position | | | |
| Net investment in capital assets | 325,326,802 | 763,607,294 | 1,088,934,096 |
| Restricted for | | | |
| Special revenue | 8,815,065 | - | 8,815,065 |
| Debt service | 180,022,965 | - | 180,022,965 |
| Unrestricted | 3,851,015 | 38,347,998 | 42,199,013 |
| Total net position | <u>\$ 518,015,847</u> | <u>\$ 801,955,292</u> | <u>\$ 1,319,971,139</u> |

The accompanying notes are an integral part of the financial statements

**County of Oakland
Statement of Activities
Component Units
Year Ended September 30, 2014**

| | <u>Program Revenues</u> | | | | | | Total Component Units |
|----------------------------------|-------------------------|---------------------------------|---|---|-------------------------------|----------------------------|--------------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Drainage Districts | Road Commission | |
| Functions/Programs | | | | | | | |
| Drainage Districts | \$ 89,997,001 | \$ 79,462,701 | \$ 175,000 | \$ 46,263,814 | \$ 35,904,514 | \$ - | \$ 35,904,514 |
| Road Commission | 103,265,440 | 22,054,161 | 63,035,179 | 45,476,302 | - | 27,300,202 | 27,300,202 |
| Total component units | <u>\$ 193,262,441</u> | <u>\$ 101,516,862</u> | <u>\$ 63,210,179</u> | <u>\$ 91,740,116</u> | <u>35,904,514</u> | <u>27,300,202</u> | <u>63,204,716</u> |
| General Revenue | | | | | | | |
| Unrestricted investment earnings | | | | | 300,193 | 888,130 | 1,188,323 |
| Change in net position | | | | | 36,204,707 | 28,188,332 | 64,393,039 |
| Net position | | | | | | | |
| Beginning | | | | | <u>481,811,140</u> | <u>773,766,960</u> | <u>1,255,578,100</u> |
| Ending | | | | | <u>\$ 518,015,847</u> | <u>\$ 801,955,292</u> | <u>\$ 1,319,971,139</u> |

The accompanying notes are an integral part of the financial statements

County of Oakland

Notes to Basic Financial Statements

September 30, 2014

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, 2014

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, 2014, 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, 2014, 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 178 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, 2014 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, 2014

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 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 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 revenues. 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

County of Oakland

Notes to Basic Financial Statements

September 30, 2014

functional category. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Property taxes and certain intergovernmental revenues are reported instead as general revenues, which are used to cover the net cost of the various functional categories of the County.

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

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

This government-wide focus is more on the sustainability of the County as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The fund financial statements are, in substance, very similar to the financial statements presented in the previous financial reporting model. Emphasis here is on the major funds in either the governmental or business-type categories. Non-major funds (by category) are summarized into a single column.

The governmental funds statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements governmental column, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to reconcile the fund-based financial statements into the full accrual governmental column of the government-wide presentation.

Internal service funds of a government (which traditionally provide services primarily to other funds of the government) are presented, in summary form, as part of the proprietary fund financial statements. Since the principal users of the internal services are the County's governmental activities, financial statements of internal service funds are consolidated into the governmental column when presented at the government-wide level. The costs of these services are allocated to the appropriate functional activity. When appropriate, surplus or deficits in the internal service funds are allocated back to the various users within the entity-wide Statement of Activities.

The 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, 2014

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.

The Clinton-Oakland S.D.S. Fund was established to record the operations and maintenance of the system, which is used to move sewage to the City of Detroit for treatment. Costs are recovered by developing rates and billing the municipalities being serviced.

Additionally, the County reports the following fund types:

Governmental Fund Types

Special Revenue Funds are used to ensure that specified resources (other than expendable trusts and funds for major capital improvements) are used as required by legal, regulatory, and/or administrative provisions. Included within the Special Revenue Funds are programs for care of children, drain maintenance, and certain grant operations involving public health, employment training, community development, environmental infrastructure programs, and other grants.

County of Oakland

Notes to Basic Financial Statements

September 30, 2014

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

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

Proprietary Fund Types

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

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

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. The exception to this general rule is activities between funds reported as governmental activities and funds reported as business-type activities.

Amounts reported as program revenues include 1) charges for customers for goods supplied or services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources, as well as taxes, are reported as general revenue rather than as program revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Fund Types

Fiduciary funds 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 of Oakland
Notes to Basic Financial Statements
September 30, 2014

County's general activities, including the collection and disbursement of earmarked resources and the servicing of long-term debt.

- Proprietary, Pension Trust, and Investment Trust Funds are accounted for on a flow-of-economic-resources measurement focus. All assets and liabilities are included on the Statement of Net Position with the balance classified as net 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 revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenues 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. Revenues and expenditures are recorded under the modified accrual basis of accounting, and, as such, revenue is recorded when measurable and available, and earned. Project-related revenue is recognized as related costs are incurred, except for interest on long-term debt, which is recorded when paid.

The Drainage Districts use the current financial resources measurement focus for 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. Revenues and expenditures are recorded under the modified accrual basis of accounting, and as such, revenue is recorded when measurable and available, and earned. Project-related revenues are 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, 2013 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

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

financial plans are budgeted for the remainder of the Special Revenue funds and for all Debt Service and Capital Projects funds. Budget and actual comparisons for such funds are not reported in the financial statements because annual budgets are not prepared.

Encumbrances are recorded at the time that purchase orders and contracts are issued. The encumbrances are liquidated when the goods or services are received. Unliquidated encumbrances at the end of the year are set aside as assigned within fund balance. In the succeeding year, the encumbrances are re-appropriated by the Board of Commissioners to cover the unliquidated encumbrances included in fund equity.

Pooled Cash and Investments

The County maintains a cash and investment pool for all funds except the pension trust funds, the Interim Retiree Medical Benefits Trust fund, the Superseding 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, 2014 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, 2014.

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 nonspendable fund balance.

Inventories

Inventories in governmental and 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. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased. 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, 2014 are recorded as prepayments using the consumption method.

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

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, 2014

In June 2012, GASB Statement No. 67, *Financial Reporting for Pension Plans*, was issued by the Governmental Accounting Standards Board. This new standard, which replaces the requirements of GASB Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and Statement No. 50, Pension Disclosures*, establishes standards for financial reporting and specifies the required approach to measuring the liability of employer(s) and certain non-employer contributing entities, about which information is required to be disclosed. GASB Statement No. 67 has been implemented and the required new footnotes and supplementary information (RSI) is included in this September 30, 2014 report.

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 (revenues) 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 four sources: property taxes, contracts, grants, 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, 2013 through September 30, 2014) and are reported as revenues in the financial statements.

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

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, 2014. These estimates and assumptions also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. Legal Compliance - Budgets

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

The Board of Commissioners is authorized to make amendments to the various budgets as deemed necessary. Current year supplemental budgetary appropriations were not material. Funds 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. The Child Care and Social Welfare Foster Care funds are presented in the Special Revenue Funds section.

Transfers within and between budgeted funds and departments may be made by the Fiscal Officer (Director of Management and Budget Department) in the following instances:

- (a) Transfers may be made from the non-departmental overtime reserve account and fringe benefit adjustment account to the appropriate departmental budget as specific overtime requests are reviewed and approved by the Fiscal Officer. Additionally, overtime appropriations may be transferred between divisions within a department at the request of the department head, if authorized by the Fiscal Officer or designee.
- (b) Transfers may be made from the non-departmental appropriation reserve accounts for maintenance department charges and miscellaneous capital outlay to the appropriate departmental budgets as specific requests for these items are reviewed and approved by the Fiscal Officer.
- (c) Transfers may be made from the non-departmental appropriation reserve accounts, emergency salaries, and summer help as specific requests for these items are reviewed and approved by the Director of the Human Resources Department.

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

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

| | Appropriation | Expenditures | Excess Expenditures |
|------------------------------|----------------------|---------------------|--------------------------------|
| General Fund | | | |
| County Executive | | | |
| Human Services | | | |
| Internal support | \$ 3,891,043 | \$ 3,896,700 | \$ 5,657 |
| Special Revenue Funds | | | |
| Child Care | | | |
| Justice administration | | | |
| Circuit Court | | | |
| Personnel expenditures | \$ 1,302,773 | \$ 2,267,675 | \$ 964,902 |
| Internal support | 702 | 716 | 14 |

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 2015.

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.

County of Oakland

Notes to Basic Financial Statements

September 30, 2014

As of September 30, 2014, the bank balance of the County's deposits was \$873,847,670. Insured deposits were \$5,000,000, and the remaining \$868,847,670 was uninsured, uncollateralized, and held in the County's name.

The Drainage District's component unit's cash, deposits and investments are maintained in pooled accounts of the County; therefore, their amount of insurance would be allocated to the Drainage District's deposits based on their prorated share of the investment portfolio.

The County's Investment Policy allows for the use of bank deposits including certificates of deposit. The only limitation placed on bank deposits is that they cannot exceed 60% of the total investment portfolio. In addition, the County's investment policy limits the investment with any single financial institution to 15%.

At September 30, 2014, the Road Commission component unit had \$8,641,501 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
September 30, 2014

As of September 30, 2014, 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) | \$ 588,219,557 | 226 |
| Deposit Accounts (1) | 285,628,113 | 1 |
| Money Market Investment Pools | 600,161 | 1 |
| MI Government Coupon | 37,897,080 | 4,565 |
| U.S. Agencies | 470,084,263 | 1,047 |
| Total Market Value of Internal Investment Pool | \$ 1,382,429,174 | |
| Weighted Average Maturity of Internal Investment Pool (in days) | | 567 |

(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 \$470,084,263 invested in U.S. government securities which are rated AA by Standard & Poor's and Aaa by Moody's. The County had \$37,897,080 in Municipal bonds rated Aaa by Moody's and AAA 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. 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, 2014, \$507,981,343 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, 2014, the County had investments of 5% or more, of the total portfolio, with the following U.S. agency issuers: Fannie Mae 7.09%, Federal Home Loan Bank 12.40%, Freddie Mac 12.11%. No other issuer exceeded 5% of the total portfolio.

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

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, 2014, the internal investment pool had a weighted average maturity of 567 days and the longest investment maturity in the portfolio was 4,565 days (12.5 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, 2014, the Primary Government's Pension Trust fund had 24 investment advisors. Investments are held in street name by safekeeping agents under formal trust agreements and/or in the Retirement Systems' name.

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

As of September 30, 2014, the County had the following investment types in its Retirement System and other postemployment benefits trust funds (shown in descending fair value order):

| Investment Type | Fair Value | Percentage | Average Duration (In Years) |
|---|------------------------|-------------------|------------------------------------|
| Common Stock | \$ 494,792,505 | 26.10% | N/A |
| Commingled Funds | 419,674,857 | 22.14% | N/A |
| Corporate Bonds | 210,360,501 | 11.09% | 5.18 |
| Real Estate | 125,608,742 | 6.62% | N/A |
| Partnerships | 121,352,574 | 6.40% | N/A |
| Hedge Funds | 85,688,548 | 4.52% | N/A |
| Government Agencies | 84,049,936 | 4.43% | 4.17 |
| Government Bonds | 81,018,080 | 4.27% | 7.56 |
| International Common Stock | 73,526,256 | 3.88% | N/A |
| Government Mortgage-Backed Securities | 51,447,723 | 2.71% | 4.16 |
| Cash and Cash Equivalents | 49,274,189 | 2.60% | N/A |
| Commercial Mortgage-Backed Securities | 34,690,285 | 1.83% | 2.51 |
| Asset-Backed Securities | 20,006,016 | 1.06% | 0.72 |
| Index Linked Government Bonds | 11,763,746 | 0.62% | 4.80 |
| Municipal Bonds | 7,246,535 | 0.38% | 10.67 |
| International Government Bonds | 6,899,725 | 0.36% | N/A |
| International Government Agencies | 4,495,206 | 0.24% | N/A |
| Other Fixed Income | 4,204,961 | 0.22% | 2.47 |
| Bank Loans | 3,534,246 | 0.19% | N/A |
| Non-government Backed CMOs | 2,168,998 | 0.11% | 3.62 |
| International Preferred Stock | 1,495,076 | 0.08% | N/A |
| Gov't Issued Commercial Mortgage-Backed | 1,097,359 | 0.06% | 3.82 |
| Exchange Traded Funds | 912,933 | 0.05% | N/A |
| Other Assets | 614,619 | 0.03% | N/A |
| International Corporate Bonds | 260,488 | 0.01% | N/A |
| Preferred Stock | 91,414 | 0.00% | N/A |
| Corporate Convertible Bonds | 17,540 | 0.00% | 4.16 |
| Total | \$1,896,293,058 | 100% | |

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.

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

As of September 30, 2014, debt obligation investments held in the retirement system had the following ratings:

| Fair Value | Percentage | Ratings | |
|--------------------|-------------------|----------------|----------------|
| | | Moody's | S&P |
| \$121,360,791 | 18.89 % | Aaa | AAA |
| 118,858,580 | 18.50 | Aa | AA |
| 87,702,057 | 13.65 | A | A |
| 71,252,151 | 11.09 | Baa | BBB |
| 23,882,922 | 3.72 | Ba | BB |
| 12,038,696 | 1.87 | B | B |
| 368,813 | 0.06 | CCC | Caa |
| <u>207,081,178</u> | <u>32.22</u> | NR | NR |
| \$642,545,188 | 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, 2014, \$1,896,293,058 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.

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, 2014, 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 85 indicates, the system's fixed-income investments had average durations of between .7 years and 10.7 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.

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 2.98 years to 28.4 years and are backed by investments in various assets, including mortgages. As of September 30, 2014, the market value was \$2,168,998.

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

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, 2014, the County's CMO portfolio had an effective duration of 3.62 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 \$21,557,197 as of September 30, 2014. Such investments include U.S. government-issued securities and corporate-issued securities. The variable rate securities have maturities through the year 2045 and are backed by investments in various assets, including mortgages.

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, 2014, the Retirement System was holding variable rate instruments that are reset against the LIBOR (London Interbank Offering Rate) with a plus factor. The coupons had short reset points ranging from twice a year, quarterly and monthly. The shorter the reset point, the less sensitive the investment is to interest rate changes.

4. Property Taxes – Receivables and Short-term Debt

Receivables - Prior to 2004, taxes were levied on December 1 on the taxable value of real and personal property as established the preceding December 31. Taxes became a lien on the property on December 1 and were due and payable on that date through February 28 of the following year, after which unpaid taxes became delinquent and subject to penalty. Michigan Public Act 357 of 2004 required a gradual shift over a three-year period, of county property tax levies from winter to summer as a substitute to county revenue sharing from the State. The entire County Operating Tax is levied on July 1 each year beginning in 2007; however, the date for delinquencies did not change with the shift in levy dates. Taxable value is determined by using such factors as State equalized, assessed, and capped values, along with a value change multiplier. Equalized values for the 2014 summer levy amounted to \$55,084,607,293 with taxable values of \$50,048,650,087. The operating tax rate for the 2014 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 \$24,089,260 at September 30, 2014.

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), in the amount of \$220,968,101 at September 30, 2014, 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.

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

The following is a summary of the short-term debt activity for the year ended September 30, 2014:

| Beginning balance | Additions | Reductions | Ending balance | Due within one year |
|------------------------------|------------------|-------------------|---------------------------|--------------------------------|
| \$ 25,000,000 | \$ 25,000,000 | \$ (37,375,000) | \$ 12,625,000 | \$ 12,625,000 |

5. Allowances for Uncollectible Receivables

At September 30, 2014, the allowances for uncollectible receivables were as follows:

| | |
|-------------------------------|------------------|
| General Fund | \$ 25,000 |
| Internal Service funds | |
| Information Technology | <u>15</u> |
| Total | <u>\$ 25,015</u> |

In addition, the Parks and Recreation fund (Enterprise) records an allowance for uncollectible taxes receivable in the amount of \$51,642 at September 30, 2014.

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, 2014:

| | Employees' Retirement | VEBA Trust | IRMB Trust |
|--|----------------------------------|-----------------------|-----------------------|
| Interest and dividends | \$ 13,692,291 | \$ 17,534,369 | \$ 342,632 |
| Unrealized/Realized gain on investments | <u>56,499,179</u> | <u>85,537,386</u> | <u>857,533</u> |
| Total | <u>\$ 70,191,470</u> | <u>\$ 103,071,755</u> | <u>\$ 1,200,165</u> |

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

7. Capital Assets

An analysis of property and equipment as reported in the Statement of Net Position, and related accumulated depreciation, at September 30, 2014, for governmental activities follows:

| | Balance October 1, 2013 | Additions | Disposals | Adjustments | Balance September 30, 2014 |
|--|-------------------------------|----------------------|---------------------|-----------------------|----------------------------------|
| Governmental Activities | | | | | |
| Capital assets not being depreciated | | | | | |
| Land | \$ 7,365,551 | \$ - | \$ - | \$ - | \$ 7,365,551 |
| Construction in progress | 19,472,603 | 13,718,354 | - | (7,420,828) | 25,770,129 |
| Total capital assets not being depreciated | <u>26,838,154</u> | <u>13,718,354</u> | <u>-</u> | <u>(7,420,828)</u> | <u>33,135,680</u> |
| Capital assets being depreciated | | | | | |
| Land improvements | 1,179,154 | - | - | 71,479 | 1,250,633 |
| Buildings and improvements | 232,890,991 | 325,668 | - | 3,110,439 | 236,327,098 |
| Equipment and vehicles | 107,700,231 | 2,934,113 | (1,470,596) | 2,332,127 | 111,495,875 |
| Infrastructure | 29,883,030 | - | - | 505,966 | 30,388,996 |
| Total capital assets being depreciated | <u>371,653,406</u> | <u>3,259,781</u> | <u>(1,470,596)</u> | <u>6,020,011</u> | <u>379,462,602</u> |
| Less: Accumulated depreciation | | | | | |
| Land improvements | 1,038,505 | 27,992 | - | - | 1,066,497 |
| Buildings and improvements | 100,592,741 | 5,241,419 | - | - | 105,834,160 |
| Equipment and vehicles | 85,678,471 | 5,956,693 | (1,261,766) | - | 90,373,398 |
| Infrastructure | 16,264,272 | 809,288 | - | - | 17,073,560 |
| Total accumulated depreciation | <u>203,573,989</u> | <u>12,035,392</u> | <u>(1,261,766)</u> | <u>-</u> | <u>214,347,615</u> |
| Total capital assets being depreciated, net | <u>168,079,417</u> | <u>(8,775,611)</u> | <u>(208,830)</u> | <u>6,020,011</u> | <u>165,114,987</u> |
| Governmental activities capital assets, net | <u>\$ 194,917,571</u> | <u>\$ 4,942,743</u> | <u>\$ (208,830)</u> | <u>\$ (1,400,817)</u> | <u>\$ 198,250,667</u> |
| Depreciation expense was charged to functions as follows: | | | | | |
| Public safety | | \$ 2,996,254 | | | |
| Justice administration | | 1,091,733 | | | |
| Citizens services | | 412,613 | | | |
| Public infrastructure | | 597,198 | | | |
| Commerce and Community Development | | - | | | |
| Unallocated depreciation | | 29,537 | | | |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | | <u>2,083,461</u> | | | |
| Total depreciation expense - governmental activities | | <u>4,824,596</u> | | | |
| | | <u>\$ 12,035,392</u> | | | |

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

A summary of business-type property and equipment at September 30, 2014 follows:

| | Balance October 1, 2013 | Additions | Disposals | Adjustments | Balance September 30, 2014 |
|---|-------------------------------|----------------------|-------------------|---------------------|----------------------------------|
| Business-type Activities | | | | | |
| Capital assets not being depreciated | | | | | |
| Land | \$ 68,158,860 | \$ - | \$ - | \$ - | \$ 68,158,860 |
| Construction in progress | 36,619,194 | 20,373,084 | - | (7,248,390) | 49,743,888 |
| Other | 12,000 | - | - | - | 12,000 |
| Total capital assets not being depreciated | <u>104,790,054</u> | <u>20,373,084</u> | <u>-</u> | <u>(7,248,390)</u> | <u>117,914,748</u> |
| Capital assets being depreciated | | | | | |
| Land improvements | 34,326,036 | - | - | 902,987 | 35,229,023 |
| Buildings and improvements | 90,639,765 | - | - | 4,137,461 | 94,777,226 |
| Equipment and vehicles | 81,463,852 | 2,259,251 | (966,093) | 10,650,677 | 93,407,687 |
| Infrastructure | 335,320,260 | 1,206,738 | - | (8,552,378) | 327,974,620 |
| Total capital assets being depreciated | <u>541,749,913</u> | <u>3,465,989</u> | <u>(966,093)</u> | <u>7,138,747</u> | <u>551,388,556</u> |
| Less: Accumulated depreciation | | | | | |
| Land improvements | 23,431,700 | 1,554,824 | - | 296,972 | 25,283,496 |
| Buildings and improvements | 30,178,213 | 3,206,389 | - | 1,824,922 | 35,209,524 |
| Equipment and vehicles | 54,880,047 | 6,614,729 | (960,769) | 8,003,378 | 68,537,385 |
| Infrastructure | 238,661,205 | 8,936,431 | - | (10,125,272) | 237,472,364 |
| Total accumulated depreciation | <u>347,151,165</u> | <u>20,312,373</u> | <u>(960,769)</u> | <u>-</u> | <u>366,502,769</u> |
| Total capital assets being depreciated, net | <u>194,598,748</u> | <u>(16,846,384)</u> | <u>(5,324)</u> | <u>7,138,747</u> | <u>184,885,787</u> |
| Business-type activities capital assets, net | <u>\$ 299,388,802</u> | <u>\$ 3,526,700</u> | <u>\$ (5,324)</u> | <u>\$ (109,643)</u> | <u>\$ 302,800,535</u> |
| Depreciation expense was charged to functions as follows: | | | | | |
| Airports | | \$ 2,845,749 | | | |
| Community safety support | | 8,105,973 | | | |
| Community water and sewer | | 3,881,591 | | | |
| Recreation and leisure | | 3,032,207 | | | |
| Sewage disposal systems | | <u>2,446,853</u> | | | |
| Total depreciation expense - business-type activities | | <u>\$ 20,312,373</u> | | | |

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

An analysis of property and equipment, and related accumulated depreciation where applicable, at September 30, 2014, for component units follows:

| Component Units | Balance October 1, 2013 | Additions | Disposals | Adjustments | Balance September 30, 2014 |
|---|-------------------------------|---------------|--------------|--------------|----------------------------------|
| Drainage Districts | | | | | |
| Capital assets not being depreciated | | | | | |
| Construction in progress | \$ 72,599,152 | \$ 44,575,506 | \$ - | \$ - | \$ 117,174,658 |
| Land | 325,964 | - | - | - | 325,964 |
| Total capital assets not being depreciated | 72,925,116 | 44,575,506 | - | - | 117,500,622 |
| Capital assets being depreciated | | | | | |
| Buildings | - | - | - | 57,248,656 | 57,248,656 |
| Equipment | - | 71,063 | - | - | 71,063 |
| Infrastructure | 540,823,907 | - | - | (57,248,656) | 483,575,251 |
| Total capital assets being depreciated | 540,823,907 | 71,063 | - | - | 540,894,970 |
| Less: Accumulated depreciation | | | | | |
| Buildings | - | 1,431,216 | - | 1,550,484 | 2,981,700 |
| Equipment | - | 11,436 | - | - | 11,436 |
| Infrastructure | 91,192,842 | 4,842,608 | - | (1,550,484) | 94,484,966 |
| Total accumulated depreciation | 91,192,842 | 6,285,260 | - | - | 97,478,102 |
| Total capital assets being depreciated, net | 449,631,065 | (6,214,197) | - | - | 443,416,868 |
| Governmental activity capital assets, net | \$ 522,556,181 | \$ 38,361,309 | \$ - | \$ - | \$ 560,917,490 |
| Road Commission | | | | | |
| Capital assets not being depreciated | | | | | |
| Land and other | \$ 184,951,344 | \$ 5,591,330 | \$ - | \$ - | \$ 190,542,674 |
| Construction in progress | 968,230 | 432,380 | - | - | 1,400,610 |
| Total capital assets not being depreciated | 185,919,574 | 6,023,710 | - | - | 191,943,284 |
| Capital assets being depreciated | | | | | |
| Buildings and storage bins | 20,192,210 | - | - | - | 20,192,210 |
| Road equipment | 48,813,727 | 4,281,160 | (668,708) | - | 52,426,179 |
| Other equipment | 4,960,760 | 113,226 | - | - | 5,073,986 |
| Infrastructure | 903,509,078 | 59,525,917 | (14,742,303) | - | 948,292,692 |
| Brine wells and gravel pits | 1,461,628 | - | - | - | 1,461,628 |
| Total capital assets being depreciated | 978,937,403 | 63,920,303 | (15,411,011) | - | 1,027,446,695 |
| Less: Accumulated depreciation | | | | | |
| Buildings and storage bins | 10,824,150 | 725,635 | - | - | 11,549,785 |
| Road equipment | 46,766,432 | 1,188,737 | (668,708) | - | 47,286,461 |
| Other equipment | 4,670,365 | 120,560 | - | - | 4,790,925 |
| Infrastructure | 366,167,943 | 38,338,352 | (14,742,303) | - | 389,763,992 |
| Brine wells and gravel pits | 1,340,216 | 51,306 | - | - | 1,391,522 |
| Total accumulated depreciation | 429,769,106 | 40,424,590 | (15,411,011) | - | 454,782,685 |
| Total capital assets being depreciated, net | 549,168,297 | 23,495,713 | - | - | 572,664,010 |
| Governmental activity capital assets, net | \$ 735,087,871 | \$ 29,519,423 | \$ - | \$ - | \$ 764,607,294 |

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

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, 2013 | Additions | Reductions | September 30, 2014 | 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% | \$ 40,580,000 | \$ - | \$ (5,545,000) | \$ 35,035,000 | \$ 2,445,000 | \$ 32,590,000 | \$ 17,650,000 | \$ 17,385,000 |
| Building authority refunding | 2.00%-5.00% | 40,075,000 | 2,875,000 | (3,680,000) | 39,270,000 | 4,060,000 | 35,210,000 | 34,690,000 | 4,580,000 |
| Certificates of Participation - Taxable | 6.00%-6.25% | 21,500,000 | - | (21,500,000) | - | - | - | - | - |
| Retirees Health Care Bonds | 3.62% | 350,000,000 | - | - | 350,000,000 | 21,410,000 | 328,590,000 | 350,000,000 | - |
| Lake levels - Act 451 | 2.25%-3.40% | 80,000 | - | (80,000) | - | - | - | - | - |
| Water supply - Act 342 | 2.00%-6.00% | 16,825,000 | 8,800,000 | (760,000) | 24,865,000 | 1,060,000 | 23,805,000 | - | 24,865,000 |
| Water and sewer refunding bonds | 1.50%-2.75% | 1,800,000 | - | (195,000) | 1,605,000 | 190,000 | 1,415,000 | - | 1,605,000 |
| Water supply refunding bonds | 1.50%-3.75% | 210,000 | - | (210,000) | - | - | - | - | - |
| Sewage disposal refunding bonds | 2.25%-3.60% | 415,000 | - | (125,000) | 290,000 | 150,000 | 140,000 | - | 290,000 |
| Michigan Bond Authority - Sewage Disposal Bonds | 1.62%-2.25% | 4,125,727 | 1,326,377 | (620,000) | 4,832,104 | 630,000 | 4,202,104 | - | 4,832,104 |
| Total bonds - governmental activities | | <u>\$ 475,610,727</u> | <u>\$ 13,001,377</u> | <u>\$ (32,715,000)</u> | <u>\$ 455,897,104</u> | <u>\$ 29,945,000</u> | <u>\$ 425,952,104</u> | <u>\$ 402,340,000</u> | <u>\$ 53,557,104</u> |
| Business-type activities | | | | | | | | | |
| Business type activities | | | | | | | | | |
| BA - Act 31 - County Airport | 1.00%-5.90% | \$ 5,100,000 | \$ - | \$ (250,000) | \$ 4,850,000 | \$ 250,000 | \$ 4,600,000 | \$ 4,850,000 | \$ - |
| BA refunding - County Airport | 2.00%-2.25% | 4,250,000 | - | (340,000) | 3,910,000 | 350,000 | 3,560,000 | 3,910,000 | - |
| Sewage disposal - Act 342 | 1.75%-6.75% | 3,785,000 | - | (140,000) | 3,645,000 | 145,000 | 3,500,000 | 3,645,000 | - |
| Michigan Bond Authority - Drain Bonds - Pontiac | 2.5% | 19,745,047 | 363,304 | (920,000) | 19,188,351 | 940,000 | 18,248,351 | 19,188,351 | - |
| Michigan Bond Authority - Sewage Disposal Bonds | 2.5% | 1,825,915 | 494,085 | (95,000) | 2,225,000 | 100,000 | 2,125,000 | 2,225,000 | - |
| Total bonds - business type | | <u>34,705,962</u> | <u>857,389</u> | <u>(1,745,000)</u> | <u>33,818,351</u> | <u>1,785,000</u> | <u>32,033,351</u> | <u>33,818,351</u> | <u>-</u> |
| Total bonds - primary government | | <u>\$ 510,316,689</u> | <u>\$ 13,858,766</u> | <u>\$ (34,460,000)</u> | <u>\$ 489,715,455</u> | <u>\$ 31,730,000</u> | <u>\$ 457,985,455</u> | <u>\$ 436,158,351</u> | <u>\$ 53,557,104</u> |
| Fiduciary Funds | | | | | | | | | |
| Pension Trust Funds - COPS | 6.00%-6.25% | \$ 422,135,000 | \$ - | \$ (422,135,000) | \$ - | \$ - | \$ - | \$ - | \$ - |

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

Component Units

| Drainage Districts | Interest rate | October 1, 2013 | Additions | Reductions | September 30, 2014 | 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% | \$ 73,105,000 | \$ - | \$ (1,935,000) | \$ 71,170,000 | \$ 3,580,000 | \$ 67,590,000 | \$ 57,884,007 | \$ 13,285,993 |
| Drain refunding bonds | 1.00%-4.75% | 22,565,000 | - | (4,290,000) | 18,275,000 | 3,860,000 | 14,415,000 | 944,048 | 17,330,952 |
| Michigan Bond Authority - Drain Bonds | 1.15%-4.15% | 115,001,889 | 39,278,799 | (8,135,000) | 146,145,688 | 10,905,000 | 135,240,688 | 933,016 | 145,212,672 |
| Total Drainage Districts | | <u>210,671,889</u> | <u>39,278,799</u> | <u>(14,360,000)</u> | <u>235,590,688</u> | <u>18,345,000</u> | <u>217,245,688</u> | <u>59,761,071</u> | <u>175,829,617</u> |
| Total County Debt | | <u>\$ 1,143,123,578</u> | <u>\$ 53,137,565</u> | <u>\$ (470,955,000)</u> | <u>\$ 725,306,143</u> | <u>\$ 50,075,000</u> | <u>\$ 675,231,143</u> | <u>\$ 495,919,422</u> | <u>\$ 229,386,721</u> |
| Road Commission | | | | | | | | | |
| Compensated absences | -- | \$ 2,666,700 | \$ 144,450 | \$ - | \$ 2,811,150 | \$ - | \$ 2,811,150 | \$ - | \$ 2,811,150 |
| Self-insured losses | -- | 2,447,033 | 453,067 | (945,300) | 1,954,800 | 858,360 | 1,096,440 | - | 1,954,800 |
| Other postemployment benefits | -- | 14,783,249 | 1,680,518 | - | 16,463,767 | - | 16,463,767 | - | 16,463,767 |
| Michigan Transportation | | | | | | | | | |
| Fund revenue notes | 4.00% | <u>1,500,000</u> | <u>-</u> | <u>(500,000)</u> | <u>1,000,000</u> | <u>500,000</u> | <u>500,000</u> | <u>-</u> | <u>1,000,000</u> |
| Total Road Commission | | <u>\$ 21,396,982</u> | <u>\$ 2,278,035</u> | <u>\$ (1,445,300)</u> | <u>\$ 22,229,717</u> | <u>\$ 1,358,360</u> | <u>\$ 20,871,357</u> | <u>\$ -</u> | <u>\$ 22,229,717</u> |
| Total reporting entity | | <u>\$ 1,164,520,560</u> | <u>\$ 55,415,600</u> | <u>\$ (472,400,300)</u> | <u>\$ 747,535,860</u> | <u>\$ 51,433,360</u> | <u>\$ 696,102,500</u> | <u>\$ 495,919,422</u> | <u>\$ 251,616,438</u> |

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

The annual requirements to pay principal and interest on debt outstanding at September 30, 2014 (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 | | Retirees Health Care Bonds limited taxing authority | | Business-type Bonds limited taxing authority | | Total primary government | |
|---------------|--|----------------------|--|----------------------|---|---------------------|---------------------------------|-----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2015 | \$ 8,535,000 | \$ 3,370,827 | \$ 21,410,000 | \$ 12,588,479 | \$ 1,785,000 | \$ 1,068,127 | \$ 31,730,000 | \$ 17,027,433 |
| 2016 | 8,835,000 | 3,088,689 | 22,200,000 | 11,799,138 | 1,825,000 | 1,021,162 | 32,860,000 | 15,908,989 |
| 2017 | 10,211,377 | 2,809,656 | 23,020,000 | 10,980,656 | 1,855,000 | 972,138 | 35,086,377 | 14,762,450 |
| 2018 | 9,095,000 | 2,524,558 | 23,870,000 | 10,131,947 | 1,925,000 | 920,197 | 34,890,000 | 13,576,702 |
| 2019 | 8,720,000 | 2,239,946 | 24,750,000 | 9,251,925 | 1,975,000 | 864,710 | 35,445,000 | 12,356,581 |
| 2020-2024 | 37,420,000 | 6,914,997 | 138,115,000 | 31,882,342 | 10,705,000 | 3,351,982 | 186,240,000 | 42,149,321 |
| 2025-2029 | 12,775,727 | 2,967,162 | 96,635,000 | 6,129,931 | 9,955,000 | 1,532,970 | 119,365,727 | 10,630,063 |
| 2030-2034 | 9,530,000 | 872,139 | - | - | 3,793,351 | 115,726 | 13,323,351 | 987,865 |
| 2035-2039 | 710,000 | 79,675 | - | - | - | - | 710,000 | 79,675 |
| 2040-2044 | 65,000 | 2,762 | - | - | - | - | 65,000 | 2,762 |
| Totals | \$ 105,897,104 | \$ 24,870,411 | \$ 350,000,000 | \$ 92,764,418 | \$ 33,818,351 | \$ 9,847,012 | \$ 489,715,455 | \$ 127,481,841 |

| | Drainage Districts | | Road Commission | | Total reporting entity | |
|---------------|---------------------------|----------------------|------------------------|------------------|-------------------------------|-----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2015 | \$ 18,345,000 | \$ 6,070,168 | \$ 500,000 | \$ 40,000 | \$ 50,575,000 | \$ 23,137,601 |
| 2016 | 17,620,000 | 5,612,359 | 500,000 | 20,000 | 50,980,000 | 21,541,348 |
| 2017 | 16,125,000 | 5,163,878 | - | - | 51,211,377 | 19,926,328 |
| 2018 | 16,025,000 | 4,758,768 | - | - | 50,915,000 | 18,335,470 |
| 2019 | 16,250,000 | 4,356,527 | - | - | 51,695,000 | 16,713,108 |
| 2020-2024 | 83,627,676 | 15,354,145 | - | - | 269,867,676 | 57,503,466 |
| 2025-2029 | 43,878,526 | 7,490,777 | - | - | 163,244,253 | 18,120,840 |
| 2030-2034 | 23,719,486 | 2,222,289 | - | - | 37,042,837 | 3,210,154 |
| 2035-2039 | - | - | - | - | 710,000 | 79,675 |
| 2040-2044 | - | - | - | - | 65,000 | 2,762 |
| Totals | \$ 235,590,688 | \$ 51,028,911 | \$ 1,000,000 | \$ 60,000 | \$ 726,306,143 | \$ 178,570,752 |

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

The County has pledged its full faith and credit on debt totaling \$737,931,143, which includes \$12,625,000 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, 2014, the debt limit was \$5,508,460,729. 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, 2014, there were four issues outstanding, totaling \$35,035,000, maturing in the years 2015-2040, which represents debt originally issued in the years 2010-2012 totaling \$37,445,000.

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.

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, 2014. 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 freed up remaining assets in the IRMBT which became “Surplus Intermediate Trust Assets” which the County 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.

County of Oakland
Notes to Basic Financial Statements
September 30, 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, 2014, there were six issues outstanding, totaling \$24,865,000, maturing in the years 2015-2034. This represents debt originally issued in the amount of \$28,800,000 issued in the years 1997-2014.

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, 2014, there were five issues outstanding, totaling \$41,165,000, maturing in the years 2015-2025. This represents debt originally issued in the years 2005-2014 totaling \$52,525,000.

Michigan Bond Authority Sewage Disposal Bonds

In October 1996, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$9,350,000 for the White Lake Township Sewage Disposal System project; the entire amount was received as of the end of fiscal year 1999. The amount outstanding for this issue at September 30, 2014 was \$2,220,000, which matures in the years 2015-2018.

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, 2010, a final amount of \$1,935,727 was received from the State Revolving Loan fund. The amount outstanding at September 30, 2014 for this issue is \$1,285,727, which matures in the years 2015-2027.

In September 2014, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$36,855,000 for the Evergreen and Farmington Sewage Disposal Systems Middlebelt Transport and Storage Tunnel project. As of September 30, 2014, \$1,326,377 was drawn from the State Revolving Loan fund. The amount outstanding at September 30, 2014 for this issue is \$1,326,377, which matures in 2017.

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. This debt issue matured 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, 2014 was \$3,645,000, which matures in the years 2015-2031.

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

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), the entire amount was received as of the end of fiscal year 2014. The amount outstanding for this issue at September 30, 2014 was \$2,225,000 which matures in the years 2015-2032.

In August 2012, in conjunction with the transfer of operations of the City of Pontiac water and sewer system to the County, 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, 2014, \$21,458,351 had been received. In addition, in October 2014 the County authorized the issuance of bonds for City of Pontiac Water Supply System Improvements for up to \$6,890,000. The debt obligation recorded as of September 30, 2014 amounted to \$19,188,351 maturing in the years 2015 through 2032.

Two Building Authority bond issues for the County Airport fund consist of the Airport T-Hangar Refunding in the amount of \$3,910,000 maturing in the years 2015-2024 and the Airport Terminal Building in the amount of \$4,850,000 maturing in the years 2015-2030. 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, 2014, there were 13 issues outstanding, totaling \$71,170,000, maturing in the years 2015-2034. 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, 2014, there were 10 issues outstanding, totaling \$18,275,000, maturing in the years 2015-2025. This represents debt originally issued in the years 2001-2013 in the amount of \$43,200,000.

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

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, 2014, 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. In addition, in October 2014, the County authorized the issuance of bonds up to \$7,235,000 for Segment IV. Through September 30, 2014, the drainage district received \$82,313,866 from the State Revolving Loan Fund for the Oakland-Macomb Interceptor Drain District Segments I, II, and III. At September 30, 2014, there were 11 issues outstanding, totaling \$146,145,688, maturing in the years 2015-2031.

Advance and Current Refunding of General Obligation Limited Tax Bonds

In August 2014, the County issued \$2,875,000 of refunding bonds for a current refunding of general obligation limited tax bond issue pursuant to authorization contained in Act 34, Public Acts of Michigan of 2001. General obligation limited tax bonds were issued for the payment of future debt service payment of the refunded debt. The debt refunded amounted to \$3,025,000 of Building Authority Bonds, Series 2007 (CMHA), maturing in the years 2015 through 2025. The refunding was undertaken to reduce the debt service payment over the next 11 years by \$355,333 and to obtain an economic (present value) gain of \$321,780.

In September 2014, bonds were called as a result of resources provided by the Village of Franklin in the form of prepaid assessment rolls. Debt amounting to \$285,000 for the Franklin Subwatershed Drain Bonds, Ten Hill Road and Wallbrook Court Project, Series 2008 were eliminated. This resulted in savings to the Village of \$219,043 for interest during fiscal years 2024 through 2028.

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, 2014 was as follows:

| | Beginning balance | Additions | Reductions | Ending balance | Due within one year |
|---|------------------------------|---------------------|----------------------|---------------------------|--------------------------------|
| Governmental activities | | | | | |
| Accrued compensated absences | \$ 12,054,634 | \$ 1,466,179 | \$(1,205,463) | \$ 12,315,350 | \$ 1,231,535 |
| Claims and judgments | | | | | |
| Accrued unreported health costs | 2,251,000 | 1,624,423 | (750,333) | 3,125,090 | 1,041,696 |
| Accrued workers' compensation | 12,005,405 | 2,952,016 | (2,950,000) | 12,007,421 | 1,770,000 |
| Building and liability insurance | 6,398,390 | 277,055 | (897,895) | 5,777,550 | 501,269 |
| Governmental activity long-term liabilities | <u>\$ 32,709,429</u> | <u>\$ 6,319,673</u> | <u>\$(5,803,691)</u> | <u>\$ 33,225,411</u> | <u>\$ 4,544,500</u> |

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

9. Interfund Balances

Interfund receivables and payables at September 30, 2014 were as follows:

Due to/from other funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | |
|--------------------------|-----------------------|----------------------|
| General | Nonmajor governmental | \$ 4,808,766 |
| | Internal service | <u>30,040</u> |
| | Total | <u>4,838,806</u> |
| Nonmajor governmental | General | 4,181 |
| | Nonmajor governmental | 1,029,195 |
| | S.O.C.S.D.S. | 1,898 |
| | Nonmajor enterprise | <u>1</u> |
| | Total | <u>1,035,275</u> |
| Water & Sewer Trust | Nonmajor governmental | 5,077,780 |
| | Internal service | <u>36,792</u> |
| | Total | <u>5,114,572</u> |
| Evergreen Farmington SDS | Nonmajor governmental | <u>1,274,412</u> |
| Nonmajor enterprise | Internal Service | <u>139,930</u> |
| Internal service | General | 216,954 |
| | Internal service | <u>5,485</u> |
| | Total | <u>222,439</u> |
| | Total | <u>\$ 12,625,434</u> |

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

Receivables and payables between funds of the Primary Government and the Component Units at September 30, 2014 were as follows:

| Primary Government | Component Unit | |
|--------------------------------|----------------------------------|---------------------|
| Due from Component Unit | Due to Primary Government | |
| General | Drainage Districts | <u>\$ 130,516</u> |
| Nonmajor governmental | Drainage Districts | <u>316,208</u> |
| Evergreen Farmington SDS | Drainage Districts | <u>153,984</u> |
| Clinton Oakland SDS | Drainage Districts | <u>388,000</u> |
| Nonmajor Enterprise | Road Commission | <u>59</u> |
| Internal Service | Drainage Districts | 1,372 |
| | Road Commission | <u>28,719</u> |
| | Total | <u>30,091</u> |
| | Total | <u>\$ 1,018,858</u> |

Advances to/from other funds (including current and long-term portions) at September 30, 2014 were as follows:

| Receivable Fund | Payable Fund | |
|--------------------------|-----------------------|---------------------|
| Nonmajor governmental | Nonmajor governmental | <u>\$ 912,406</u> |
| Delinquent Tax Revolving | Internal Service | <u>90,181</u> |
| S.O.C.S.D.S. | Internal Service | <u>142,531</u> |
| | Total | <u>\$ 1,145,118</u> |

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

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, 2014 were as follows:

| Transfers In | Transfers Out | Amount |
|---------------------------|---------------------------|-----------------------|
| General | Nonmajor governmental | \$ 27,475,924 |
| | Delinquent Tax Revolving | 15,426,247 |
| | Internal Service | <u>41,589</u> |
| | Total | <u>42,943,760</u> |
| Building Authority Act 31 | General | <u>2,229,625</u> |
| Nonmajor governmental | General | 29,951,897 |
| | Nonmajor governmental | 3,401,152 |
| | Building Authority Act 31 | 305 |
| | Delinquent Tax Revolving | 4,781,245 |
| | Internal Service | <u>4,752,838</u> |
| | Total | <u>42,887,437</u> |
| County Airports | Nonmajor governmental | 365 |
| | Building Authority Act 31 | <u>5</u> |
| | Total | 370 |
| Nonmajor enterprise | General | 2,310,758 |
| | Nonmajor governmental | 5,491 |
| | Nonmajor enterprise | <u>200,000</u> |
| | Total | <u>2,516,249</u> |
| Internal Service | General | 9,679,668 |
| | Nonmajor governmental | 70,863 |
| | SOCSDS | 155,998 |
| | Evergreen Farmington SDS | 126,767 |
| | Water & Sewer Trust | 955,411 |
| | Clinton Oakland SDS | 96,253 |
| | Nonmajor enterprise | 306,711 |
| | Internal service | <u>17,299</u> |
| | Total | <u>11,408,970</u> |
| | Total transfers | <u>\$ 101,986,411</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, 2014

10. Fund Equities

At September 30, 2014, a deficit existed in the following funds:

Special Revenue Funds

| | |
|---------------------------|--------------|
| Friend of the Court Grant | \$ 1,239,227 |
| Law Enforcement Grants | 464,620 |
| Other Grants | 303,134 |
| Judicial Grants | 110,417 |

Capital Projects Funds

| | |
|------------------------------|---------|
| Lake Levels Act 146 | 190,739 |
| Drain Chapter 4 Construction | 400,234 |

In the Special Revenue Grant Funds (Friend of the Court Grant, Law Enforcement Grants, Other Grants and Judicial Grants), the negative unassigned fund balances are offset by deferred inflows and reflect the fact that these grant funds operate on a reimbursement basis; e.g. the County pays the original expenditures and is reimbursed by the grantor agency after submission of the proper support documentation. Typically, reimbursement for year-end expenditures lags by two to three months. Once reimbursement is obtained, the negative unassigned fund balances are eliminated. Should the reimbursements not be sufficient to cover expenditures, the County has match funds budgeted which will be transferred to cover any remaining deficits.

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 \$154,875 and the Upper Straits Lake Level Dam Reconstruction project in the amount of \$41,951. 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 ten 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 and is currently 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 ten 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.

In the Capital Projects fund, the negative unassigned 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 up to \$1,200,000 in funding for this project. A 20 year assessment against each of the benefiting properties in the District has been approved to repay the loan with the first payment due December 2014. The Construction of the sewer is approximately 75% complete and is expected to be fully operational by the end of January 2015.

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

Nonspendable, restricted, committed, assigned, and unassigned fund balances of the primary government at September 30, 2014 were as follows:

| | Nonspendable | Spendable | | | Unassigned |
|---|-------------------|----------------------|-------------|-----------------------|---------------------|
| | | Restricted | Committed | Assigned | |
| Primary Government | | | | | |
| General Fund | | | | | |
| Prepays | \$ 81,115 | \$ - | \$ - | \$ - | \$ - |
| Inventories | 140,860 | - | - | - | - |
| Property Tax Forfeiture | - | 21,068,191 | - | - | - |
| Substance Abuse | - | 7,385,320 | - | - | - |
| Department Operations | - | - | - | 555,360 | - |
| Federal Health Care Impact | - | - | - | 5,000,000 | - |
| Capital Reserve | - | - | - | 9,000,000 | - |
| Tax Tribunal Appeals Consultants | - | - | - | 500,000 | - |
| Homeland Security Enhancements | - | - | - | 9,000,000 | - |
| Technology Replacement/Hardware | - | - | - | 10,500,000 | - |
| Emergency Salaries | - | - | - | 5,000,000 | - |
| Operational Improvements | - | - | - | 3,000,000 | - |
| Board of Commissioners Projects | - | - | - | 665,000 | - |
| New Grant Match Opportunities | - | - | - | 500,000 | - |
| Human Resources Legal | - | - | - | 500,000 | - |
| HR Comp/Workforce Planning | - | - | - | 5,600,000 | - |
| Jail Alternative Prg Startup | - | - | - | 600,000 | - |
| Pandemic Response | - | - | - | 2,500,000 | - |
| Business Continuity Planning | - | - | - | 1,000,000 | - |
| Quality of Life Initiatives | - | - | - | 480,000 | - |
| Financial System Updates | - | - | - | 5,000,000 | - |
| Sheriff Aviation | - | - | - | 1,186,292 | - |
| Jail Commissary | - | - | - | 123,539 | - |
| Road Commision Triparty | - | - | - | 2,000,000 | - |
| Property Tax Forfeiture Activities | - | - | - | 2,080,030 | - |
| Community Partnerships | - | - | - | 238,654 | - |
| Microloan | - | - | - | 200,000 | - |
| Buy Local | - | - | - | 150,000 | - |
| Millage Rollback 2015-2019 | - | - | - | 7,500,000 | - |
| Future operating requirements 2015 and beyond | - | - | - | 123,323,427 | - |
| Carryforwards | - | - | - | 1,996,867 | - |
| DB Pension Contribution 2016-2019 | - | - | - | 3,000,000 | - |
| MI SCAO Interpreter Costs | - | - | - | 1,500,000 | - |
| Building Security Cameras and Consoles | - | - | - | 2,256,986 | - |
| WRC Long-Term Revolving Fund | - | - | - | 1,000,000 | - |
| Rx Discount Card Program | - | - | - | 22,940 | - |
| Catastrophic Claims | - | - | - | 5,000,000 | - |
| Data Privacy and Security | - | - | - | 3,000,000 | - |
| DWSD Evaluation/Alternatives | - | - | - | 2,500,000 | - |
| Federal Regulatory Changes | - | - | - | 1,500,000 | - |
| Unfunded Mandates | - | - | - | 5,000,000 | - |
| Unassigned | - | - | - | - | 2,329,993 |
| Total | \$ 221,975 | \$ 28,453,511 | \$ - | \$ 222,979,095 | \$ 2,329,993 |

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

| | Nonspendable | Spendable | | | Unassigned |
|------------------------------------|--------------|---------------|---------------|----------|----------------|
| | | Restricted | Committed | Assigned | |
| Primary Government | | | | | |
| Special Revenue Funds | | | | | |
| Grants (Deficit) | \$ - | \$ - | \$ - | \$ - | \$ (2,117,398) |
| Specific programs | - | 24,470,714 | - | - | - |
| Total | \$ - | \$ 24,470,714 | \$ - | \$ - | \$ (2,117,398) |
| Debt Service Funds | | | | | |
| Debt service - general obligations | \$ - | \$ 972,689 | \$ - | \$ - | \$ - |
| Capital Projects Funds | | | | | |
| Long-term receivables | \$ 991,206 | \$ - | \$ - | \$ - | \$ - |
| Work projects | - | - | 39,973,683 | - | (590,973) |
| Total | \$ 991,206 | \$ - | \$ 39,973,683 | \$ - | \$ (590,973) |

11. Employee Benefits

Primary Government

The County provides various benefits to its employees. Expenditures in 2014 for these benefits totaled the following: medical insurance, \$37,447,340; dental insurance, \$3,044,650; optical insurance, \$268,568; disability, \$2,533,658; tuition reimbursement, \$127,350; Social Security, \$14,582,857; workers' compensation, \$1,370,915; and unemployment claims, \$377,654.

12. Defined Benefit Pension Plan

Plan Description

The Oakland County Public Employers' Retirement System (PERS) is a single-employer defined benefit pension plan, covering all eligible employees. The plan provides retirement, disability, and death benefits to plan members and their beneficiaries. The plan is administered by the Oakland County Retirement and Deferred Compensation Board.

Management of PERS is vested with the Retirement and Deferred Compensation Board, which consists of nine voting members comprised of the following individuals:

- Oakland County Board of Commissioners chairperson or designee.
- BOC Finance Committee chairperson or designee.
- County Treasurer or designee.
- County Executive or designee.
- Three (3) elected employee members.
- One (1) elected retiree member.
- One (1) citizen member appointed by the Board and confirmed by the Oakland County Board of Commissioners.

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

Plan Membership

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, 2014, the date of the latest actuarial valuation:

| | |
|--|--------------|
| Retirees and beneficiaries receiving benefits | 1,963 |
| Terminated plan members entitled to, but not yet receiving benefits | 120 |
| Active plan members | <u>461</u> |
| Total | <u>2,544</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.

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.

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 2014, the annual contribution was \$5,770,835 which was determined through actuarial valuations performed at September 30, 2012. There were no contributions from County funds for the years 2000 through 2012.

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, 2014 and September 30, 2013 amounted to \$560,091 and \$627,308, respectively.

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

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.

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the PERS Board by a majority vote of its members. It is the policy of the PERS Board to pursue an investment strategy that is in compliance with Michigan Public Act 314 of 1965 and manages risks through the prudent diversification, of the portfolio across a broad selection of distinct asset classes. The following was the Boards adopted asset allocation policy as of July 1, 2012.

| <u>Asset Class</u> | <u>Target Allocation</u> |
|--------------------|--------------------------|
| Cash Equivalents | 0.0% |
| U.S. Equity | 40.0% |
| Non U.S. Equity | 10.0% |
| Hedged Equity | 5.0% |
| Fixed Income | 40.0% |
| Real Estate | 5.0% |
| Total | <u>100.0%</u> |

Rate of Return

For the year ended September 30, 2014, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.74 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Fund Balance Reserved for Employees' Pension Benefits

Fund balances reserved for employees' pension benefits include legally required reserves. Fund balance as of September 30, 2014 consists of the following reserves:

| | |
|-----------------------------|-----------------------|
| Annuity reserve | \$ 6,838,066 |
| Pension reserve | 385,591,877 |
| Pension accumulated reserve | <u>395,466,137</u> |
| Total fund balance | <u>\$ 787,896,080</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, 2014

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, 2014:

Statement of Net Position

| | |
|----------------------|-----------------------|
| Cash and investments | \$ 786,348,300 |
| Other assets | 2,159,015 |
| Total assets | <u>788,507,315</u> |
| Liabilities | <u>611,235</u> |
| Net position | <u>\$ 787,896,080</u> |

Statement of Changes in Net Position

| | |
|---|-----------------------|
| Additions: | |
| Contributions | \$ 6,330,926 |
| Investment income | 70,191,470 |
| Other revenue | 56,469 |
| Total additions | <u>76,578,865</u> |
| Deductions: | |
| Benefit payments | 49,993,923 |
| Other expenses | 2,959,649 |
| Total deductions | <u>52,953,572</u> |
| Change in net position | 23,625,293 |
| Net position held in trust, beginning of year | <u>764,270,787</u> |
| Net position held in trust, end of year | <u>\$ 787,896,080</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.

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

Annual Pension Cost

For fiscal year end September 30, 2014, annual pension cost of \$5,770,835 was equal to the County's required and actual contribution.

| | Fiscal Year Ended September 30 | | |
|-------------------------------|--------------------------------|--------------|------|
| | 2014 | 2013 | 2012 |
| Annual pension cost (APC) | \$ 5,770,835 | \$ 5,400,095 | \$ - |
| Percentage of APC contributed | 100% | 100% | - |
| Net pension obligation | \$ - | \$ - | \$ - |

Funded Status and Funding Progress

| | Actuarial Valuation as of September 30 | | |
|---|--|----------------|-----------------|
| | 2013 | 2012 | 2011 |
| Actuarial value of assets | \$ 716,944,068 | \$ 717,654,902 | \$ 727,690,746 |
| Actuarial accrued liability (entry age) | 719,348,810 | 713,972,065 | 712,159,061 |
| Underfund/(Overfunded) AAL | \$ 2,404,742 | \$ (3,682,837) | \$ (15,531,685) |
| Funded ratio | 99.7% | 100.5% | 102.2% |
| Covered payroll | \$ 29,498,703 | \$ 33,706,963 | \$ 38,275,780 |
| UAAL as percentage of covered payroll | 8.15% | (10.9)% | (40.6)% |

Required supplementary information, which includes a Schedule of Funding Progress for the County, along with significant actuarial assumptions, 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, 2012, using the aggregate actuarial cost method. Significant actuarial assumptions used include (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 4.5 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 accrual 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.

Net Pension Liability

The County reports pension expense based on funding requirements, as directed by GASB 27. Beginning next year, the County will adopt GASB Statement No. 68 which will require the measurement of pension expense as it is earned, rather than as it is funded.

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

The components of the net pension liability of the County at September 30, 2014 were as follows:

| | |
|---|------------------------|
| Total pension liability | \$ 724,043,780 |
| Plan fiduciary net position | <u>(787,896,080)</u> |
| Net Pension Liability/(Asset) | <u>\$ (63,852,300)</u> |
| Plan fiduciary net position as a percentage of the total Pension liability | 108.82% |

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of September 30, 2013, which used update procedures to roll forward the estimated liability to September 30, 2014. The valuation used the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 3.5% |
| Salary increases | 4.5 – 10.5% average, including inflation and step increases |
| Investment rate of return | 7.25% net of pension investment expense, including inflation |

Mortality rates were based on the 1994 Group Mortality Table, with ages unadjusted for males and set back one year for females.

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s). For each major asset class that is included in the pension plan's target asset allocation as of September 30, 2013, these best estimates are summarized in the following table.

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

| <u>Asset Class</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-------------------------------|---|
| Core Bonds | 2.84% |
| Core Plus | 3.11% |
| Global Bonds | 2.87% |
| U.S. Large Cap Equity | 7.77% |
| U.S. Mid Cap Equity | 8.43% |
| U.S. Small Cap Equity | 9.03% |
| Intenational Developed Equity | 8.76% |
| Emerging Market Equity | 10.09% |
| Long/Short Equity | 7.64% |
| Core Real Estate | 5.30% |
| Opportunistic Real Estate | 8.51% |
| Infrastructure | 8.02% |

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the plan's net pension liability, calculated using a discount rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is one percent lower and one percent higher.

| | 1% Decrease 6.25% | Current Single Discount Rate 7.25% | 1% Increase 8.25% |
|-------------------------------|-------------------------|--|-------------------------|
| Net Pension Liability/(Asset) | \$ 8,072,953 | \$ (63,852,300) | \$ (125,433,847) |

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

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, 2014 was 2,842, which includes 447 employees who elected to transfer from the PERS in 1995 through 2000 and 2,395 current employees hired since July 1, 1994.

The County's payroll for employees covered by the OPRS for the year ended September 30, 2014 was \$155,163,495, and the County's total payroll was \$209,011,691. The required contributions, which matched those actually made, were \$6,200,042 by employees and \$14,756,239 by the County, representing 3.8% and 9.0% 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 2014, the County contributed \$190,573 to the plan.

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

14. Postemployment Benefits

Oakland County provides medical care benefit insurance coverage to retired employees or survivors of deceased employees who were hired on or before September 20, 1985, or hired on or after September 21, 1985 and had 15 years of service (for family coverage) or 8 to 14 years of service (for retired members only). This single-employer defined benefit plan is administered by Oakland County through two funding vehicles: the Oakland County VEBA Trust (the Trust) and the Superseding Trust.

For employees whose employment ends prior to retirement, the Trust provides benefits to those with 15 to 19 years of service (for members only) or 20 years of service (for family coverage).

In 2014, the County provided 2,221 retirees medical insurance and reimbursed them for Medicare premiums under the Trust. In 2014, the County disbursed \$29,217,862 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.

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

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:

| | <u>Fiscal year ended September 30</u> | | |
|-------------------------------|---------------------------------------|---------------|---------------|
| | 2014 | 2013 | 2012 |
| Annual OPEB cost (ARC) | \$ 29,545,126 | \$ 28,359,365 | \$ 27,858,341 |
| Percentage of ARC contributed | 0% | 0% | 0% |
| Net OPEB asset | \$168,698,481 | \$198,243,607 | \$299,937,972 |

In 2013, the County contributed an additional \$236,000,000 in order to fully fund the VEBA. In 2014, the annual required contribution (ARC) as determined by the actuary was \$35,236,330 and there were no County contributions given the VEBA was fully funded.

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 | <u>365,652,808</u> |
| Actuarial accrued liability | 869,485,146 |
| Actuarial value of assets | <u>1,023,100,574</u> |
| 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) | \$ 23,341,720 |
| Adjustment to the ARC | 11,894,610 |
| Interest on net OPEB asset | <u>(5,691,204)</u> |
| Annual OPEB cost | 29,545,126 |
| Contributions | <u>-</u> |
| Decrease in net OPEB Asset | 29,545,126 |
| OPEB Asset - Beginning of year | <u>198,243,607</u> |
| OPEB Asset - End of year | <u>\$ 168,698,481</u> |

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 previous sale of certificates of participation. The remaining amortization period of this asset as of September 30, 2014 was 22 years.

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

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

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

In the September 30, 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.

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

The following are condensed financial statements as of and including September 30, 2014 (the OPEB Plan includes the VEBA, IRMB and Superseding Trusts):

**OPEB
Plan**

Statement of Net Position

| | |
|----------------------|-------------------------|
| Cash and investments | \$ 1,106,224,771 |
| Other assets | <u>2,671,780</u> |
| Total assets | <u>1,108,896,551</u> |
| Liabilities | <u>2,301,000</u> |
| Net position | <u>\$ 1,106,595,551</u> |

Statement of Changes in Net Position

| | |
|---|-------------------------|
| Additions: | |
| Contributions | \$ 102,795 |
| Investment income | 104,271,920 |
| Other revenue | <u>2,422,199</u> |
| Total additions | <u>106,796,914</u> |
| Deductions: | |
| Benefits | 29,217,862 |
| Other expenses | <u>3,582,668</u> |
| Total deductions | <u>32,800,530</u> |
| Change in net position | 73,996,384 |
| Net position held in trust, beginning of year | <u>1,032,599,167</u> |
| Net position held in trust, end of year | <u>\$ 1,106,595,551</u> |

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

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, 2014, the Road Commission's adjusted annual required contribution to the Trust was \$8,123,787, with interest of \$886,995 on the prior year net OPEB obligation. The Road Commission contributed \$650,000 to the Trust during the year and paid \$6,680,264 directly toward insurance premiums and medical costs for retirees during fiscal year 2013, leaving a net OPEB obligation of \$16,463,767 at September 30, 2014.

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 \$631,229,878, electronic data processing equipment in the amount of \$42,616,397, boats and motors in the amount of \$569,000, 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, 2014

The County and the Road Commission estimate the liability for all the above-mentioned claims that have been incurred through September 30, 2014, 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.

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 | |
|---|----------------------|----------------------|
| | 2014 | 2013 |
| Primary Government | | |
| Beginning-of-period liability | <u>\$ 20,654,795</u> | <u>\$ 19,794,838</u> |
| Estimated claims incurred, claim adjustment expenses and changes in estimates | | |
| Provisions for current-year events | 48,485,558 | 39,152,714 |
| Decrease in provisions for prior-year events | <u>(882,472)</u> | <u>(540,383)</u> |
| Total incurred claims, claim adjustment expenses and changes in estimates | 47,603,086 | 38,612,331 |
| Claim payments and claim adjustment expenses | | |
| Related to current-year events | (45,340,199) | (35,318,819) |
| Related to prior-year events | <u>(2,007,621)</u> | <u>(2,433,555)</u> |
| Total claim payments and claim adjustment expenses | <u>(47,347,820)</u> | <u>(37,752,374)</u> |
| End-of-period liability | <u>\$ 20,910,061</u> | <u>\$ 20,654,795</u> |
| Road Commission - Component Unit | | |
| Beginning-of-year liability | \$ 3,346,033 | \$ 3,833,018 |
| Estimated claims incurred and changes in estimates | 11,977,100 | 12,336,340 |
| Claim payments | <u>(12,468,333)</u> | <u>(12,823,325)</u> |
| End-of-year liability | <u>\$ 2,854,800</u> | <u>\$ 3,346,033</u> |

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

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, 2014 were \$802,157. The future minimum lease payments as of September 30, 2014 are as follows:

| Fiscal year | Primary government |
|--------------------|-------------------------------|
| 2015 | \$ 928,336 |
| 2016 | 825,130 |
| 2017 | 640,790 |
| 2018 | 538,888 |
| 2019 | 482,323 |
| 2020-2024 | <u>1,364,000</u> |
| Total | <u>\$ 4,779,467</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, 2014 totaled \$135,454, 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, 2014 are as follows:

| Fiscal year | Primary government |
|--------------------|-------------------------------|
| 2015 | \$ 1,862,481 |
| 2016 | 1,847,785 |
| 2017 | 1,830,322 |
| 2018 | 1,841,073 |
| 2019 | 1,825,685 |
| 2020 - 2024 | 7,726,937 |
| 2025 - 2029 | 6,010,919 |
| 2030 - 2034 | 5,038,758 |
| 2035 - 2039 | 789,675 |
| 2040 - 2044 | <u>67,762</u> |
| Total | <u>\$ 28,841,397</u> |

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

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 revenues 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, 2014 as follows: Water Resources Commissioner has a contract with a cost of \$7,941,563 for the Farmington Hills Water System Project (ACT 342 Project) with a remaining balance of \$1,290,003 and a contract with a cost of \$14,347,451 for the Clinton Oakland Sewage Disposal System (ACT 342 Project) with a remaining balance of \$7,663,351. Building Authority Projects has a contract with a cost of \$2,672,498 for the Facilities Infrastructure/Information Technology Project with a remaining balance of \$2,336,100.

The Drainage Districts' component unit has construction contracts for Bloomfield Township CSO project with a total cost of \$2,712,210, and a remaining balance of \$402,559, the Pontiac Waste Water Treatment Facility Pump Station Phase II Project has a cost of \$8,296,565 with a remaining balance of \$10,000 and contracts for the Oakland Macomb Interceptor Drainage District Project with a total cost of \$98,968,896, with a remaining balance of \$31,604,120 as of September 30, 2014.

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

19. Statement of Net Position – Reconciliation of Internal Balances

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

Governmental Activities

| | |
|--|-----------------------|
| Governmental Funds | |
| Due from other funds | \$ 5,874,081 |
| Long-term advances receivable | 912,406 |
| Due to other funds | (12,411,288) |
| Current and long-term advances payable | (912,406) |
| Internal Service Funds | |
| Due from other funds | 222,439 |
| Due to other funds | (212,247) |
| Current and long-term advances payable | <u>(232,712)</u> |
| Governmental activities, internal balances | <u>\$ (6,759,727)</u> |

Business-Type Activities

| | |
|---|---------------------|
| Proprietary Funds | |
| Due from other funds | \$ 6,528,914 |
| Current and long-term advances receivable | 232,712 |
| Due to other funds | <u>(1,899)</u> |
| Business-type activities, internal balances | <u>\$ 6,759,727</u> |

REQUIRED SUPPLEMENTARY INFORMATION

**County of Oakland
Primary Government – Retirement System
Required Supplementary Information
Schedule of Funding Progress
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 | \$ 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) % |
| 2013 | 716,944,068 | 719,348,810 | 2,404,742 | 99.7% | 29,498,703 | 8.2 % |

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 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 – Retirement System
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Current Fiscal Year – Unaudited**

| | <u>2014</u> |
|--|------------------------|
| Total pension liability | |
| Service cost | \$ 4,196,269 |
| Interest | 50,492,624 |
| Benefit payments, including refunds of member contributions | <u>(49,993,923)</u> |
| Net change in total pension liability | 4,694,970 |
| Total pension liability - beginning of year | <u>719,348,810</u> |
| Total pension liability - end of year (a) | <u>724,043,780</u> |
| Plan fiduciary net position | |
| Contributions - employer | \$ 5,770,835 |
| Contributions - member | 560,091 |
| Net investment income | 70,247,939 |
| Benefit payments, including refunds of member contributions | <u>(49,993,923)</u> |
| Administrative expenses | <u>(2,959,649)</u> |
| Net change in plan fiduciary net position | 23,625,293 |
| Plan fiduciary net position - beginning of year | <u>764,270,787</u> |
| Plan fiduciary net position - end of year (b) | <u>787,896,080</u> |
| Net pension liability - end of year (a) - (b) | <u>\$ (63,852,300)</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 108.82% |
| Covered employee payroll | \$ 29,901,825 |
| Net pension liability as a percentage of covered employee payroll | (213.54%) |

Covered payroll is 2012 valuation payroll (projected to the 2013-2014 fiscal year) used to determine employer contributions for the 2013-2014 fiscal year.

GASB Statement No. 67 was implemented for FYE September 30, 2014 and does not require retroactive Data implementation. Data will be added as information is available until 10 years of such information is available.

**County of Oakland
Primary Government – Retirement System
Required Supplementary Information
Schedule of Contributions
Last Ten Fiscal Years – Unaudited**

| | Fiscal Year | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Actuarially determined contribution | \$ 5,770,835 | \$ 5,400,095 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the actuarially determined contribution | 5,770,835 | 5,400,095 | - | - | - | - | - | - | - | - |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered-employee payroll | \$ 29,901,825 | \$ 33,706,963 | \$ 38,275,780 | \$ 42,686,155 | \$ 44,884,070 | \$ 46,690,015 | \$ 55,704,389 | \$ 57,453,054 | \$ 58,521,380 | \$ 60,605,120 |
| Contributions as a percentage of covered-employee payroll | 19.30% | 16.02% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

Notes to Schedule

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Aggregate actuarial cost |
| Amortization method | N/A |
| Remaining Amortization Period | N/A |
| Asset valuation method | 5-year smoothed market value |
| Price Inflation | 3.50% |
| Projected salary increases* | 4.50% to 10.50% |
| Investment rate of return* | 7.25% |
| Cost-of-living adjustments | 1.5% non-compounding annually |
| Retirement Age | Age-based table of rates that are specific to the type of eligibility condition. |
| Mortality | 1994 Group Annuity Mortality Table, set back 0 years for men and 1 year for women. |

**County of Oakland
Primary Government – Retirement System
Required Supplementary Information
Schedule of Investment Returns
Current Fiscal Year – Unaudited**

Annual Money-weighted rate of return, net of investment expense

| Fiscal Year | Rate of Return |
|------------------------|---------------------------|
| 2014 | 8.74% |

GASB Statement No. 67 was implemented for FYE September 30, 2014 and does not require retroactive Data implementation. Data will be added as information is available until 10 years of such information is available.

**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 became “Surplus Intermediate Trust Assets” which the County 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 beginning at September 30, 2013.

| Year ended September 30, | Annual required contribution | Percentage contributed |
|---------------------------------|-------------------------------------|-------------------------------|
| 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% |
| 2014 | 29,545,126 | 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, 2014**

| | General Fund | | | Variance with Final Amended Budget |
|---|--|---|--------------------|---|
| | Original Budget (Unaudited) | Final Amended Budget (Unaudited) | Actual | |
| Revenues | | | | |
| Taxes | | | | |
| Current property taxes | \$ 201,369,543 | \$ 201,910,251 | \$ 207,364,889 | \$ 5,454,638 |
| Delinquent taxes - prior years | 98,500 | 98,500 | (418,436) | (516,936) |
| Trailer tax | 80,000 | 80,000 | 88,129 | 8,129 |
| Total | <u>201,548,043</u> | <u>202,088,751</u> | <u>207,034,582</u> | <u>4,945,831</u> |
| Other intergovernmental revenues | | | | |
| Cigarette tax distribution | 64,000 | 64,000 | 47,854 | (16,146) |
| Circuit judges' salaries | 866,381 | 866,381 | 823,032 | (43,349) |
| Probate judges' salaries | 592,724 | 592,724 | 594,937 | 2,213 |
| District judges' salaries | 455,990 | 455,990 | 457,240 | 1,250 |
| State court fund - P.A. 189 | 5,500,000 | 5,500,000 | 5,045,572 | (454,428) |
| Convention facility/Liquor tax | 3,640,000 | 8,972,674 | 8,972,674 | - |
| Other | 360,500 | 279,500 | 294,829 | 15,329 |
| Total | <u>11,479,595</u> | <u>16,731,269</u> | <u>16,236,138</u> | <u>(495,131)</u> |
| Charges for services | | | | |
| County Executive | 230,000 | 230,000 | 333,409 | 103,409 |
| Management and Budget | 3,685,602 | 3,733,968 | 3,870,518 | 136,550 |
| Central Services | 386,500 | 386,500 | 328,557 | (57,943) |
| Human Resources | 475 | 475 | 436 | (39) |
| Human Services | 3,021,926 | 3,021,926 | 3,398,370 | 376,444 |
| Public Services | 1,476,895 | 1,462,195 | 1,613,628 | 151,433 |
| Community and Economic Development | 441,651 | 463,855 | 520,778 | 56,923 |
| Clerk/Register of Deeds | 11,186,650 | 11,186,650 | 15,052,468 | 3,865,818 |
| Treasurer | 6,350,600 | 6,350,600 | 11,703,535 | 5,352,935 |
| Circuit Court | 3,685,000 | 3,693,000 | 3,346,377 | (346,623) |
| District Court | 12,285,800 | 12,308,645 | 11,641,697 | (666,948) |
| Probate Court | 515,000 | 515,000 | 538,461 | 23,461 |
| Prosecuting Attorney | 402,000 | 402,000 | 253,479 | (148,521) |
| Sheriff | 52,248,045 | 52,210,293 | 51,483,943 | (726,350) |
| Legislative | 20,600 | 20,600 | 34,168 | 13,568 |
| Water Resources Commissioner | 1,497,291 | 1,469,715 | 1,950,691 | 480,976 |
| Non-Departmental | 962,000 | 962,000 | 1,202,148 | 240,148 |
| Total | <u>98,396,035</u> | <u>98,417,422</u> | <u>107,272,663</u> | <u>8,855,241</u> |
| Investment income | 1,844,900 | 1,844,900 | 3,040,444 | 1,195,544 |
| Indirect cost recovery | 7,700,000 | 7,700,000 | 8,415,107 | 715,107 |
| Federal grants | 266,834 | 351,145 | 214,602 | (136,543) |
| State grants | 4,452,976 | 4,693,370 | 4,620,161 | (73,209) |
| Contributions | 43,700 | 161,784 | 124,333 | (37,451) |
| Other revenues | 432,300 | 508,782 | 589,508 | 80,726 |
| Total revenues | <u>326,164,383</u> | <u>332,497,423</u> | <u>347,547,538</u> | <u>15,050,115</u> |

(continued)

County of Oakland
Budgetary Comparison Schedule (Continued)
Major Governmental Funds
Year Ended September 30, 2014

| | General Fund | | | Variance with Final Amended Budget |
|-----------------------------|--|---|-------------------|---|
| | Original Budget (Unaudited) | Final Amended Budget (Unaudited) | Actual | |
| Expenditures | | | | |
| County Executive | | | | |
| Administration | | | | |
| Personnel | \$ 5,685,177 | \$ 5,689,344 | \$ 5,592,542 | \$ 96,802 |
| Operating | 391,329 | 891,329 | 388,899 | 502,430 |
| Internal Support | 868,701 | 907,981 | 863,276 | 44,705 |
| Total Administration | <u>6,945,207</u> | <u>7,488,654</u> | <u>6,844,717</u> | <u>643,937</u> |
| Management and Budget | | | | |
| Personnel | 16,396,278 | 16,391,714 | 14,089,332 | 2,302,382 |
| Operating | 824,021 | 824,021 | 569,348 | 254,673 |
| Internal Support | 2,222,261 | 3,007,886 | 2,844,701 | 163,185 |
| Total Management and Budget | <u>19,442,560</u> | <u>20,223,621</u> | <u>17,503,381</u> | <u>2,720,240</u> |
| Central Services | | | | |
| Personnel | 1,374,533 | 1,374,533 | 1,327,298 | 47,235 |
| Operating | 397,070 | 397,070 | 318,503 | 78,567 |
| Internal Support | 788,378 | 831,823 | 831,589 | 234 |
| Total Central Services | <u>2,559,981</u> | <u>2,603,426</u> | <u>2,477,390</u> | <u>126,036</u> |
| Facilities Management | | | | |
| Personnel | 1,007,479 | 1,007,479 | 970,393 | 37,086 |
| Operating | 92,246 | 94,963 | 76,244 | 18,719 |
| Internal Support | 72,836 | 88,656 | 88,246 | 410 |
| Total Facilities Management | <u>1,172,561</u> | <u>1,191,098</u> | <u>1,134,883</u> | <u>56,215</u> |
| Human Resources | | | | |
| Personnel | 2,789,591 | 2,795,457 | 2,393,691 | 401,766 |
| Operating | 503,394 | 559,639 | 338,006 | 221,633 |
| Internal Support | 852,253 | 947,051 | 887,694 | 59,357 |
| Total Human Resources | <u>4,145,238</u> | <u>4,302,147</u> | <u>3,619,391</u> | <u>682,756</u> |
| Human Services | | | | |
| Personnel | 24,704,944 | 24,706,051 | 21,908,774 | 2,797,277 |
| Operating | 6,524,051 | 9,250,166 | 5,748,201 | 3,501,965 |
| Internal Support | 3,234,073 | 3,891,043 | 3,896,700 | (5,657) |
| Total Human Services | <u>34,463,068</u> | <u>37,847,260</u> | <u>31,553,675</u> | <u>6,293,585</u> |
| Public Services | | | | |
| Personnel | 11,515,308 | 11,428,159 | 10,977,566 | 450,593 |
| Operating | 1,551,855 | 1,750,764 | 1,750,457 | 307 |
| Internal Support | 3,244,249 | 3,797,763 | 3,796,188 | 1,575 |
| Total Public Services | <u>16,311,412</u> | <u>16,976,686</u> | <u>16,524,211</u> | <u>452,475</u> |

(continued)

**County of Oakland
 Budgetary Comparison Schedule (Continued)
 Major Governmental Funds
 Year Ended September 30, 2014**

| | 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 | \$ 5,108,958 | \$ 5,131,959 | \$ 4,681,737 | \$ 450,222 |
| Operating | 1,480,914 | 1,763,775 | 1,484,887 | 278,888 |
| Internal Support | 909,418 | 1,010,899 | 996,404 | 14,495 |
| Total Community and Economic Development | <u>7,499,290</u> | <u>7,906,633</u> | <u>7,163,028</u> | <u>743,605</u> |
| Total County Executive | <u>92,539,317</u> | <u>98,539,525</u> | <u>86,820,676</u> | <u>11,718,849</u> |
| Clerk/Register of Deeds | | | | |
| Personnel | 7,589,431 | 7,589,431 | 6,663,630 | 925,801 |
| Operating | 1,431,544 | 1,435,921 | 881,645 | 554,276 |
| Internal Support | 1,331,097 | 1,489,320 | 1,456,783 | 32,537 |
| Total Clerk/Register of Deeds | <u>10,352,072</u> | <u>10,514,672</u> | <u>9,002,058</u> | <u>1,512,614</u> |
| Treasurer | | | | |
| Personnel | 3,265,569 | 3,272,473 | 3,060,212 | 212,261 |
| Operating | 4,606,640 | 4,752,205 | 4,624,279 | 127,926 |
| Internal Support | 562,703 | 1,023,287 | 1,023,097 | 190 |
| Total Treasurer | <u>8,434,912</u> | <u>9,047,965</u> | <u>8,707,588</u> | <u>340,377</u> |
| Justice Administration | | | | |
| Circuit Court | | | | |
| Personnel | 21,751,002 | 21,734,146 | 19,457,267 | 2,276,879 |
| Operating | 7,048,112 | 7,261,424 | 5,671,187 | 1,590,237 |
| Internal Support | 4,597,142 | 5,075,674 | 5,037,529 | 38,145 |
| Total Circuit Court | <u>33,396,256</u> | <u>34,071,244</u> | <u>30,165,983</u> | <u>3,905,261</u> |
| District Court | | | | |
| Personnel | 12,318,997 | 12,341,842 | 11,645,428 | 696,414 |
| Operating | 2,441,954 | 2,457,720 | 2,216,651 | 241,069 |
| Internal Support | 1,581,750 | 1,809,608 | 1,736,703 | 72,905 |
| Total District Court | <u>16,342,701</u> | <u>16,609,170</u> | <u>15,598,782</u> | <u>1,010,388</u> |
| Probate Court | | | | |
| Personnel | 4,309,285 | 4,309,285 | 4,152,241 | 157,044 |
| Operating | 439,424 | 837,092 | 814,458 | 22,634 |
| Internal Support | 916,628 | 996,108 | 995,889 | 219 |
| Total Probate Court | <u>5,665,337</u> | <u>6,142,485</u> | <u>5,962,588</u> | <u>179,897</u> |
| Total Justice Administration | <u>55,404,294</u> | <u>56,822,899</u> | <u>51,727,353</u> | <u>5,095,546</u> |
| | | | | (continued) |

**County of Oakland
 Budgetary Comparison Schedule (Continued)
 Major Governmental Funds
 Year Ended September 30, 2014**

| | General Fund | | | Variance with Final Amended Budget |
|---|--|---|--------------------|---|
| | Original Budget (Unaudited) | Final Amended Budget (Unaudited) | Actual | |
| Expenditures (continued) | | | | |
| Law Enforcement | | | | |
| Prosecuting Attorney | | | | |
| Personnel | \$ 15,600,741 | \$ 15,600,741 | \$ 14,988,358 | \$ 612,383 |
| Operating | 536,205 | 572,103 | 551,733 | 20,370 |
| Internal Support | 1,854,898 | 1,949,484 | 1,948,925 | 559 |
| Total Prosecuting Attorney | <u>17,991,844</u> | <u>18,122,328</u> | <u>17,489,016</u> | <u>633,312</u> |
| Sheriff | | | | |
| Personnel | 108,081,927 | 108,072,795 | 106,252,787 | 1,820,008 |
| Operating | 12,371,875 | 13,889,973 | 12,143,547 | 1,746,426 |
| Internal Support | 16,034,500 | 17,160,195 | 17,159,783 | 412 |
| Total Sheriff | <u>136,488,302</u> | <u>139,122,963</u> | <u>135,556,117</u> | <u>3,566,846</u> |
| Total Law Enforcement | <u>154,480,146</u> | <u>157,245,291</u> | <u>153,045,133</u> | <u>4,200,158</u> |
| Legislative | | | | |
| Board of Commissioners | | | | |
| Personnel | 2,660,499 | 2,660,499 | 2,498,093 | 162,406 |
| Operating | 808,325 | 903,695 | 778,817 | 124,878 |
| Internal Support | 700,386 | 716,139 | 693,943 | 22,196 |
| Total Legislative | <u>4,169,210</u> | <u>4,280,333</u> | <u>3,970,853</u> | <u>309,480</u> |
| Water Resource Commissioner | | | | |
| Personnel | 215,267 | 215,267 | 212,342 | 2,925 |
| Operating | 487,975 | 541,689 | 488,992 | 52,697 |
| Internal Support | 4,528,309 | 4,843,459 | 4,737,350 | 106,109 |
| Total Water Resource Commissioner | <u>5,231,551</u> | <u>5,600,415</u> | <u>5,438,684</u> | <u>161,731</u> |
| Non-departmental | | | | |
| Operating | 16,778,559 | 18,202,956 | 13,628,593 | 4,574,363 |
| Internal Support | 9,030,084 | 4,216,706 | 2,950,595 | 1,266,111 |
| Total non-departmental | <u>25,808,643</u> | <u>22,419,662</u> | <u>16,579,188</u> | <u>5,840,474</u> |
| Total expenditures | <u>356,420,145</u> | <u>364,470,762</u> | <u>335,291,533</u> | <u>29,179,229</u> |
| Excess of revenues (under) over expenditures | <u>(30,255,762)</u> | <u>(31,973,339)</u> | <u>12,256,005</u> | <u>44,229,344</u> (continued) |

**County of Oakland
 Budgetary Comparison Schedule (Continued)
 Major Governmental Funds
 Year Ended September 30, 2014**

| | 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 | \$ 140,428 | \$ 1,465,599 | \$ 1,325,170 | \$ (140,429) |
| Revenue Sharing Reserve | 24,951,111 | 26,137,353 | 26,137,353 | - |
| Total special revenue funds | <u>25,091,539</u> | <u>27,602,952</u> | <u>27,462,523</u> | <u>(140,429)</u> |
| Capital Projects Funds | | | | |
| Project Work Orders | - | - | 13,401 | 13,401 |
| Total capital projects funds | <u>-</u> | <u>-</u> | <u>13,401</u> | <u>13,401</u> |
| Internal Service Funds | | | | |
| Facilities Maintenance and Operations | - | 41,589 | 41,589 | - |
| Total internal service funds | <u>-</u> | <u>41,589</u> | <u>41,589</u> | <u>-</u> |
| Enterprise Funds | | | | |
| Delinquent Tax Revolving | 15,227,327 | 15,426,247 | 15,426,247 | - |
| Total enterprise funds | <u>15,227,327</u> | <u>15,426,247</u> | <u>15,426,247</u> | <u>-</u> |
| Total Transfers In | <u>40,318,866</u> | <u>43,070,788</u> | <u>42,943,760</u> | <u>(127,028)</u> |
| Transfers out | | | | |
| Special Revenue Funds | | | | |
| Juvenile Maintenance | (22,667,196) | (22,852,939) | (18,619,928) | 4,233,011 |
| 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) | (47,313) | 8,852 |
| Friend of the Court Grant | (5,002,496) | (5,014,997) | (4,356,689) | 658,308 |
| Multi Organizational Grants | - | (11,954) | (8,478) | 3,476 |
| Law Enforcement Grants | (1,213,636) | (1,498,396) | (1,376,186) | 122,210 |
| Housing & Community Development | - | (503,727) | (503,727) | - |
| Judicial Grants | - | (75,558) | (69,740) | 5,818 |
| Total special revenue funds | <u>(28,949,133)</u> | <u>(30,023,376)</u> | <u>(24,982,061)</u> | <u>5,041,315</u> |

(continued)

**County of Oakland
 Budgetary Comparison Schedule (Continued)
 Major Governmental Funds
 Year Ended September 30, 2014**

| | 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 | \$ (2,230,125) | \$ (2,230,125) | \$ (2,229,625) | \$ 500 |
| Total debt service funds | (2,230,125) | (2,230,125) | (2,229,625) | 500 |
| Capital Projects Funds | | | | |
| Building Improvement | (300,000) | (300,000) | (300,000) | - |
| Project Work Orders | (120,000) | (3,789,836) | (3,669,836) | 120,000 |
| Major Dept. Support Projects | - | (1,000,000) | (1,000,000) | - |
| Total capital projects funds | (420,000) | (5,089,836) | (4,969,836) | 120,000 |
| Internal Service Funds | | | | |
| Facilities Maintenance and Operations | - | - | (626) | (626) |
| Information Technology | (3,865,871) | (3,758,207) | (3,758,207) | - |
| Fringe Benefits | (5,771,000) | (5,771,000) | (5,770,835) | 165 |
| Motor Pool | (23,000) | (150,000) | (150,000) | - |
| Total internal service funds | (9,659,871) | (9,679,207) | (9,679,668) | (461) |
| Enterprise Funds | | | | |
| Fire Records Management | (413,145) | (419,273) | (419,272) | 1 |
| Radio Communications | (4,500) | (47,400) | (47,300) | 100 |
| CLEMIS | (1,844,186) | (1,844,186) | (1,844,186) | - |
| Total enterprise funds | (2,261,831) | (2,310,859) | (2,310,758) | 101 |
| Total transfers out | (43,520,960) | (49,333,403) | (44,171,948) | 5,161,455 |
| Insurance Recoveries | - | - | 183,718 | 183,718 |
| Total other financing sources (uses) | (3,202,094) | (6,262,615) | (1,044,470) | 5,218,145 |
| Net change in fund balance | (33,457,856) | (38,235,954) | 11,211,535 | 49,447,489 |
| Fund balance | | | | |
| October 1, 2013 | 242,773,039 | 242,773,039 | 242,773,039 | - |
| September 30, 2014 | \$ 209,315,183 | \$ 204,537,085 | \$ 253,984,574 | \$ 49,447,489 |

County of Oakland
Notes to Required Supplementary Information
September 30, 2014

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, 2014**

| | Special Revenue | Debt Service | Capital Projects | Totals September 30, 2014 |
|--|----------------------|---------------------|----------------------|---------------------------------|
| Assets | | | | |
| Current assets | | | | |
| Pooled cash and investments | \$ 35,795,900 | \$ 218,904 | \$ 40,910,676 | \$ 76,925,480 |
| Due from other governmental units | 10,997,561 | - | - | 10,997,561 |
| Due from component units | - | - | 316,208 | 316,208 |
| Accrued interest receivable | 32,941 | 880 | 205 | 34,026 |
| Accounts receivable (net of allowance for uncollectibles where applicable) | 304,067 | - | - | 304,067 |
| Contracts receivable | - | - | 39,400 | 39,400 |
| Due from other funds | 591,285 | - | 443,990 | 1,035,275 |
| Advances | - | - | 912,406 | 912,406 |
| Other assets | 2,725,093 | - | - | 2,725,093 |
| Total current assets | <u>50,446,847</u> | <u>219,784</u> | <u>42,622,885</u> | <u>93,289,516</u> |
| Noncurrent assets | | | | |
| Special assessments receivable | 8,986 | 1,897,655 | 1,193,775 | 3,100,416 |
| Contracts receivable | - | 4,580,000 | 39,400 | 4,619,400 |
| Total noncurrent assets | <u>8,986</u> | <u>6,477,655</u> | <u>1,233,175</u> | <u>7,719,816</u> |
| Total assets | <u>\$ 50,455,833</u> | <u>\$ 6,697,439</u> | <u>\$ 43,856,060</u> | <u>\$ 101,009,332</u> |
| Liabilities | | | | |
| Current liabilities | | | | |
| Vouchers payable | \$ 2,980,060 | \$ 18,027 | \$ 318,129 | \$ 3,316,216 |
| Due to other governmental units | 341,851 | - | - | 341,851 |
| Due to other funds | 12,140,552 | 1,043 | 48,558 | 12,190,153 |
| Advances | 28,866 | - | 883,540 | 912,406 |
| Unearned revenue | 2,412,263 | - | - | 2,412,263 |
| Other accrued liabilities | 5,290,031 | 155,282 | 1,038,142 | 6,483,455 |
| Total current liabilities | <u>23,193,623</u> | <u>174,352</u> | <u>2,288,369</u> | <u>25,656,344</u> |
| Deferred Inflows of Resources | | | | |
| Unavailable revenue - special assessments | 8,986 | 1,897,655 | 1,193,775 | 3,100,416 |
| Unavailable revenue - grants | 4,899,908 | - | - | 4,899,908 |
| Unavailable revenue - contracts receivable | - | 4,580,000 | - | 4,580,000 |
| Total deferred inflows of resources | <u>4,908,894</u> | <u>6,477,655</u> | <u>1,193,775</u> | <u>12,580,324</u> |
| Fund Balances | | | | |
| Nonspendable | - | - | 991,206 | 991,206 |
| Spendable: | | | | |
| Restricted | 24,470,714 | 45,432 | - | 24,516,146 |
| Committed | - | - | 39,973,683 | 39,973,683 |
| Unassigned | (2,117,398) | - | (590,973) | (2,708,371) |
| Total fund balances | <u>22,353,316</u> | <u>45,432</u> | <u>40,373,916</u> | <u>62,772,664</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 50,455,833</u> | <u>\$ 6,697,439</u> | <u>\$ 43,856,060</u> | <u>\$ 101,009,332</u> |

County of Oakland
Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds – By Fund Type
Year Ended September 30, 2014

| | Special Revenue | Debt Service | Capital Projects | Totals September 30, 2014 |
|---|----------------------|--------------------|----------------------|---------------------------------|
| Revenues | | | | |
| Special assessments | \$ 1,092,094 | \$ 926,294 | \$ 37,603 | \$ 2,055,991 |
| Federal grants | 36,895,596 | - | - | 36,895,596 |
| State grants | 24,157,853 | - | - | 24,157,853 |
| Other intergovernmental revenue | 10,422,914 | - | - | 10,422,914 |
| Charges for services | 10,579,683 | 1,826 | 25,728 | 10,607,237 |
| Contributions | 248,851 | - | - | 248,851 |
| Investment income | 243,989 | 9,501 | 299,679 | 553,169 |
| Other | 1,308,751 | - | 600,650 | 1,909,401 |
| Total revenues | <u>84,949,731</u> | <u>937,621</u> | <u>963,660</u> | <u>86,851,012</u> |
| Expenditures | | | | |
| Current operations | | | | |
| County Executive | 76,706,025 | - | - | 76,706,025 |
| Clerk/Register of Deeds | 2,477,033 | - | - | 2,477,033 |
| Treasurer | 9,003 | - | - | 9,003 |
| Justice administration | 24,415,291 | - | - | 24,415,291 |
| Law enforcement | 6,713,325 | - | - | 6,713,325 |
| Legislative | - | - | - | - |
| Water Resource Commissioner | 10,014,650 | - | - | 10,014,650 |
| Non-departmental | 368,451 | - | - | 368,451 |
| Total current operations | <u>120,703,778</u> | <u>-</u> | <u>-</u> | <u>120,703,778</u> |
| Capital outlay | 473,676 | - | 16,732,533 | 17,206,209 |
| Intergovernmental | 21,291 | 3,427 | - | 24,718 |
| Debt service | | | | |
| Principal payments | - | 4,290,000 | - | 4,290,000 |
| Interest and fiscal charges | - | 1,486,169 | - | 1,486,169 |
| Total expenditures | <u>121,198,745</u> | <u>5,779,596</u> | <u>16,732,533</u> | <u>143,710,874</u> |
| Deficiency of revenues under expenditures | <u>(36,249,014)</u> | <u>(4,841,975)</u> | <u>(15,768,873)</u> | <u>(56,859,862)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 25,070,710 | 4,781,550 | 13,035,177 | 42,887,437 |
| Transfers out | (27,626,948) | (365) | (3,326,482) | (30,953,795) |
| Issuance of bonds | 10,126,377 | - | - | 10,126,377 |
| Discount on bonds sold | (12,642) | - | - | (12,642) |
| Total other financing sources (uses) | <u>7,557,497</u> | <u>4,781,185</u> | <u>9,708,695</u> | <u>22,047,377</u> |
| Net change in fund balances | <u>(28,691,517)</u> | <u>(60,790)</u> | <u>(6,060,178)</u> | <u>(34,812,485)</u> |
| Fund balances | | | | |
| October 1, 2013 | <u>51,044,833</u> | <u>106,222</u> | <u>46,434,094</u> | <u>97,585,149</u> |
| September 30, 2014 | <u>\$ 22,353,316</u> | <u>\$ 45,432</u> | <u>\$ 40,373,916</u> | <u>\$ 62,772,664</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 revenues 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 revenues 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 revenues from additional fees as authorized by the State of Michigan to allow for technology improvements in Clerk/Register of Deeds offices.

The Oakland Enhancement Fund - is used to account for revenues 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. This fund was closed as of September 30, 2014.

The County Veterans' Trust Fund - is used to account for revenues 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 Water and Sewer Act 342 Fund - is used to account for the construction, under contractual arrangement, of water and sewer systems (currently 10) 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 31) 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 309 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, 2014 have not held meetings for several years.

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, and are 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 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 revenues 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, 2014**

| | 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 | \$ 8,379,378 | \$ - | \$ 7,012,518 | \$ 97,052 | \$ 1,082,210 | \$ - | \$ 14,705 |
| Due from other governmental units | - | 3,686,539 | - | - | - | - | - |
| Accrued interest receivable | - | - | 2,039 | 384 | - | - | - |
| Accounts receivable (net of allowance for uncollectibles where applicable) | - | 218,811 | - | 12,811 | 28,731 | - | - |
| Due from other funds | - | - | 584,831 | - | - | - | - |
| Other assets | - | 100 | - | - | - | - | - |
| Total current assets | <u>8,379,378</u> | <u>3,905,450</u> | <u>7,599,388</u> | <u>110,247</u> | <u>1,110,941</u> | <u>-</u> | <u>14,705</u> |
| Noncurrent asset | | | | | | | |
| Special assessments receivable | - | - | - | - | - | - | - |
| Total assets | <u>\$ 8,379,378</u> | <u>\$ 3,905,450</u> | <u>\$ 7,599,388</u> | <u>\$ 110,247</u> | <u>\$ 1,110,941</u> | <u>\$ -</u> | <u>\$ 14,705</u> |
| Liabilities | | | | | | | |
| Current liabilities | | | | | | | |
| Vouchers payable | \$ - | \$ 204,161 | \$ 35,359 | \$ - | \$ - | \$ - | \$ 300 |
| Due to other governmental units | - | - | 40 | - | - | - | - |
| Due to other funds | - | 1,620,755 | - | - | 137,614 | - | - |
| Advances payable | - | - | - | - | - | - | - |
| Unearned revenue | - | - | - | - | - | - | - |
| Other accrued liabilities | - | 770,964 | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>2,595,880</u> | <u>35,399</u> | <u>-</u> | <u>137,614</u> | <u>-</u> | <u>300</u> |
| Deferred Inflows of Resources | | | | | | | |
| Unavailable revenue - special assessments | - | - | - | - | - | - | - |
| Unavailable revenue -grants | - | 1,309,570 | - | - | - | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>1,309,570</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances (deficits) | | | | | | | |
| Restricted | 8,379,378 | - | 7,563,989 | 110,247 | 973,327 | - | 14,405 |
| Unassigned | - | - | - | - | - | - | - |
| Total fund balances (deficits) | <u>8,379,378</u> | <u>-</u> | <u>7,563,989</u> | <u>110,247</u> | <u>973,327</u> | <u>-</u> | <u>14,405</u> |
| Total liabilities, deferred inflows of resources, and fund balances (deficits) | <u>\$ 8,379,378</u> | <u>\$ 3,905,450</u> | <u>\$ 7,599,388</u> | <u>\$ 110,247</u> | <u>\$ 1,110,941</u> | <u>\$ -</u> | <u>\$ 14,705</u> |

(continued)

**County of Oakland
Combining Balance Sheet (Continued)
Non-Major Special Revenue Funds
September 30, 2014**

| | Waste Resource Management | Water & Sewer Act 342 | Lake Levels Act 146 | Drains-Act 40 Maintenance Chapters 4 & 18 | Lake Improvements Act 345 | Friend of the Court |
|--|--|--------------------------------------|------------------------------------|--|--|------------------------------------|
| Assets | | | | | | |
| Current assets | | | | | | |
| Pooled cash and investments | \$ 646,814 | \$ 9,122,863 | \$ 69,881 | \$ 1,631,592 | \$ 997 | \$ - |
| Due from other governmental units | - | 1,049,101 | 74,529 | 256,132 | - | 1,239,227 |
| Accrued interest receivable | - | 1,408 | - | 25,472 | 4 | - |
| Accounts receivable (net of allowance for uncollectibles where applicable) | - | - | 111 | 8,770 | - | 25,004 |
| Due from other funds | - | - | - | 2,273 | - | - |
| Other assets | - | - | - | - | - | 2,025 |
| Total current assets | <u>646,814</u> | <u>10,173,372</u> | <u>144,521</u> | <u>1,924,239</u> | <u>1,001</u> | <u>1,266,256</u> |
| Noncurrent asset | | | | | | |
| Special assessments receivable | - | - | - | 8,986 | - | - |
| Total assets | <u>\$ 646,814</u> | <u>\$ 10,173,372</u> | <u>\$ 144,521</u> | <u>\$ 1,933,225</u> | <u>\$ 1,001</u> | <u>\$ 1,266,256</u> |
| Liabilities | | | | | | |
| Current liabilities | | | | | | |
| Vouchers payable | \$ - | \$ 60,531 | \$ 64 | \$ 670 | \$ - | \$ 2,631 |
| Due to other governmental units | - | - | - | 270 | - | - |
| Due to other funds | 1,960 | 6,274,412 | 110,263 | 295,524 | - | 1,253,184 |
| Advances payable | - | - | - | 28,866 | - | - |
| Unearned revenue | - | - | - | - | - | - |
| Other accrued liabilities | 166,417 | 291,826 | 8,210 | 1,198,434 | - | 10,441 |
| Total liabilities | <u>168,377</u> | <u>6,626,769</u> | <u>118,537</u> | <u>1,523,764</u> | <u>-</u> | <u>1,266,256</u> |
| Deferred Inflows of Resources | | | | | | |
| Unavailable revenue - special assessments | - | - | - | 8,986 | - | - |
| Unavailable revenue -grants | - | 1,049,102 | - | - | - | 1,239,227 |
| Total deferred inflows of resources | <u>-</u> | <u>1,049,102</u> | <u>-</u> | <u>8,986</u> | <u>-</u> | <u>1,239,227</u> |
| Fund Balances (deficits) | | | | | | |
| Restricted | 478,437 | 2,497,501 | 25,984 | 400,475 | 1,001 | - |
| Unassigned | - | - | - | - | - | (1,239,227) |
| Total fund balances (deficits) | <u>478,437</u> | <u>2,497,501</u> | <u>25,984</u> | <u>400,475</u> | <u>1,001</u> | <u>(1,239,227)</u> |
| Total liabilities, deferred inflows of resources, and fund balances (deficits) | <u>\$ 646,814</u> | <u>\$ 10,173,372</u> | <u>\$ 144,521</u> | <u>\$ 1,933,225</u> | <u>\$ 1,001</u> | <u>\$ 1,266,256</u> |

(continued)

**County of Oakland
Combining Balance Sheet (Continued)
Non-Major Special Revenue Funds
Year Ended September 30, 2014**

| | 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 | \$ - | \$ 90,538 | \$ - | \$ 3,275,270 | \$ 4,066,409 | \$ - |
| Due from other governmental units | 305,031 | 1,403,213 | 928,801 | 333,874 | 294,901 | 1,162,624 |
| Accrued interest receivable | 2 | - | - | 3,632 | - | - |
| Accounts receivable (net of allowance for uncollectibles where applicable) | - | - | - | - | 9,829 | - |
| Due from other funds | - | - | 1 | - | 3,656 | 524 |
| Other assets | - | 2,718,498 | 1,024 | - | 3,428 | - |
| Total current assets | <u>305,033</u> | <u>4,212,249</u> | <u>929,826</u> | <u>3,612,776</u> | <u>4,378,223</u> | <u>1,163,148</u> |
| Noncurrent asset | | | | | | |
| Special assessments receivable | - | - | - | - | - | - |
| Total assets | <u>\$ 305,033</u> | <u>\$ 4,212,249</u> | <u>\$ 929,826</u> | <u>\$ 3,612,776</u> | <u>\$ 4,378,223</u> | <u>\$ 1,163,148</u> |
| Liabilities | | | | | | |
| Current liabilities | | | | | | |
| Vouchers payable | 27,072 | \$ 1,496,265 | \$ 88,301 | \$ 21,770 | \$ 1,012,023 | \$ 14,701 |
| Due to other governmental units | 1,357 | - | 336,368 | 2,031 | 45 | 1,740 |
| Due to other funds | 198,228 | - | 460,340 | 77,780 | 436,056 | 1,070,608 |
| Advances payable | - | - | - | - | - | - |
| Unearned revenue | 77,697 | - | - | 2,317,896 | - | 16,670 |
| Other accrued liabilities | 679 | 2,715,984 | - | 2,748 | 116,156 | 8,172 |
| Total liabilities | <u>305,033</u> | <u>4,212,249</u> | <u>885,009</u> | <u>2,422,225</u> | <u>1,564,280</u> | <u>1,111,891</u> |
| Deferred Inflows of Resources | | | | | | |
| Unavailable revenue - special assessments | - | - | - | - | - | - |
| Unavailable revenue -grants | - | - | 509,437 | - | 294,901 | 354,391 |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>509,437</u> | <u>-</u> | <u>294,901</u> | <u>354,391</u> |
| Fund Balances (deficits) | | | | | | |
| Restricted | - | - | - | 1,190,551 | 2,519,042 | - |
| Unassigned | - | - | (464,620) | - | - | (303,134) |
| Total fund balances (deficits) | <u>-</u> | <u>-</u> | <u>(464,620)</u> | <u>1,190,551</u> | <u>2,519,042</u> | <u>(303,134)</u> |
| Total liabilities, deferred inflows of resources, and fund balances (deficits) | <u>\$ 305,033</u> | <u>\$ 4,212,249</u> | <u>\$ 929,826</u> | <u>\$ 3,612,776</u> | <u>\$ 4,378,223</u> | <u>\$ 1,163,148</u> |

(continued)

**County of Oakland
Combining Balance Sheet (Continued)
Non-Major Special Revenue Funds
Year Ended September 30, 2014**

| | Judicial Grants | Oakland Brownfield Initiative | MI Child | Totals September 30, 2014 |
|--|----------------------------|--|-----------------|--|
| Assets | | | | |
| Current assets | | | | |
| Pooled cash and investments | \$ - | \$ 297,177 | \$ 8,496 | \$ 35,795,900 |
| Due from other governmental units | 244,389 | 19,200 | - | 10,997,561 |
| Accrued interest receivable | - | - | - | 32,941 |
| Accounts receivable (net of allowance for uncollectibles where applicable) | - | - | - | 304,067 |
| Due from other funds | - | - | - | 591,285 |
| Other assets | 18 | - | - | 2,725,093 |
| Total current assets | <u>244,407</u> | <u>316,377</u> | <u>8,496</u> | <u>50,446,847</u> |
| Noncurrent asset | | | | |
| Special assessments receivable | - | - | - | 8,986 |
| Total assets | <u>\$ 244,407</u> | <u>\$ 316,377</u> | <u>\$ 8,496</u> | <u>\$ 50,455,833</u> |
| Liabilities | | | | |
| Current liabilities | | | | |
| Vouchers payable | \$ 7,716 | \$ - | \$ 8,496 | \$ 2,980,060 |
| Due to other governmental units | - | - | - | 341,851 |
| Due to other funds | 203,828 | - | - | 12,140,552 |
| Advances payable | - | - | - | 28,866 |
| Unearned revenue | - | - | - | 2,412,263 |
| Other accrued liabilities | - | - | - | 5,290,031 |
| Total liabilities | <u>211,544</u> | <u>-</u> | <u>8,496</u> | <u>23,193,623</u> |
| Deferred Inflows of Resources | | | | |
| Unavailable revenue - special assessments | - | - | - | 8,986 |
| Unavailable revenue - grants | 143,280 | - | - | 4,899,908 |
| Total deferred inflows of resources | <u>143,280</u> | <u>-</u> | <u>-</u> | <u>4,908,894</u> |
| Fund Balances (deficits) | | | | |
| Restricted | - | 316,377 | - | 24,470,714 |
| Unassigned | (110,417) | - | - | (2,117,398) |
| Total fund balances (deficits) | <u>(110,417)</u> | <u>316,377</u> | <u>-</u> | <u>22,353,316</u> |
| Total liabilities, deferred inflows of resources, and fund balances (deficits) | <u>\$ 244,407</u> | <u>\$ 316,377</u> | <u>\$ 8,496</u> | <u>\$ 50,455,833</u> |

County of Oakland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Funds
Year Ended September 30, 2014

| | Revenue Sharing Reserve | Child Care | Register of Deeds Automation | Oakland Enhancement | Restricted Funds | Social Welfare | County Veterans' Trust |
|--|-------------------------------|---------------|------------------------------------|------------------------|---------------------|-------------------|------------------------------|
| Revenues | | | | | | | |
| Special assessments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Federal grants | - | 325,046 | - | - | - | - | - |
| State grants | - | 12,600,529 | - | - | - | - | 321,540 |
| Other intergovernmental revenue | - | - | - | - | - | - | - |
| Charges for services | - | 4,088,037 | 1,072,200 | 519,015 | 1,067,046 | 2,072 | - |
| Contributions | - | - | - | - | 248,851 | - | - |
| Investment income | - | - | 120,602 | 1,167 | 17,339 | - | - |
| Other | - | 92,729 | - | - | - | - | - |
| Total revenues | - | 17,106,341 | 1,192,802 | 520,182 | 1,333,236 | 2,072 | 321,540 |
| Expenditures | | | | | | | |
| Salaries | - | 10,436,270 | 220,303 | 272,959 | - | - | - |
| Fringe benefits | - | 6,750,797 | 173,871 | 175,371 | - | - | - |
| Contractual services | 365,029 | 14,998,287 | 1,579,854 | 27,379 | 276 | 141,064 | 375,373 |
| Commodities | - | 724,358 | - | - | 3,146 | - | 1,427 |
| Capital outlay | - | - | - | - | - | - | - |
| Internal services | - | 2,790,258 | 210,055 | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | - |
| Total expenditures | 365,029 | 35,699,970 | 2,184,083 | 475,709 | 3,422 | 141,064 | 376,800 |
| Excess (deficiency) of revenues over (under) expenditures | (365,029) | (18,593,629) | (991,281) | 44,473 | 1,329,814 | (138,992) | (55,260) |
| Other financing sources (uses) | | | | | | | |
| Transfers in | - | 18,621,637 | - | - | - | - | - |
| Transfers out | (26,137,353) | (28,008) | - | - | (1,412,111) | - | - |
| Issurance of bonds | - | - | - | - | - | - | - |
| Discount on bonds sold | - | - | - | - | - | - | - |
| Total other financing sources (uses) | (26,137,353) | 18,593,629 | - | - | (1,412,111) | - | - |
| Net change in fund balances | (26,502,382) | - | (991,281) | 44,473 | (82,297) | (138,992) | (55,260) |
| Fund balances (deficit) | | | | | | | |
| October 1, 2013 | 34,881,760 | - | 8,555,270 | 65,774 | 1,055,624 | 138,992 | 69,665 |
| September 30, 2014 | \$ 8,379,378 | \$ - | \$ 7,563,989 | \$ 110,247 | \$ 973,327 | \$ - | \$ 14,405 |

(continued)

County of Oakland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Funds
Year Ended September 30, 2014

| | Waste Resource Management | Water & Sewer Act 342 | Lake Levels Act 146 | Drains-Act 40 Maintenance Chapters 4 & 18 | Lake Improvements Act 345 | Friend of the Court |
|--|--|--------------------------------------|------------------------------------|--|--|------------------------------------|
| Revenues | | | | | | |
| Special assessments | \$ - | \$ - | \$ 642,284 | \$ 449,810 | \$ - | \$ - |
| Federal grants | - | - | - | 74,062 | - | - |
| State grants | - | - | - | - | - | - |
| Other intergovernmental revenue | - | - | - | - | - | 9,046,167 |
| Charges for services | 50,930 | 260 | 537 | 131,514 | - | 1,257,115 |
| Contributions | - | - | - | - | - | - |
| Investment income | 9,371 | 71,180 | (829) | 21,752 | 15 | - |
| Other | - | 389,169 | 209 | 4,362 | - | 5,140 |
| Total revenues | 60,301 | 460,609 | 642,201 | 681,500 | 15 | 10,308,422 |
| Expenditures | | | | | | |
| Salaries | 666 | - | - | - | - | 7,937,182 |
| Fringe benefits | 485 | - | - | - | - | 5,285,050 |
| Contractual services | - | 8,112,759 | 59,109 | 156,958 | - | 919,819 |
| Commodities | - | 50,384 | 5,717 | 933 | - | 68,455 |
| Capital outlay | - | - | - | - | - | - |
| Internal services | - | 943,351 | 293,218 | 392,222 | - | 1,658,831 |
| Intergovernmental | - | 21,291 | - | - | - | - |
| Total expenditures | 1,151 | 9,127,785 | 358,044 | 550,113 | - | 15,869,337 |
| Excess (deficiency) of revenues over (under) expenditures | 59,150 | (8,667,176) | 284,157 | 131,387 | 15 | (5,560,915) |
| Other financing sources (uses) | | | | | | |
| Transfers in | - | - | - | 47,313 | - | 4,356,688 |
| Transfers out | - | - | - | - | - | (35,000) |
| Issurance of bonds | - | 10,126,377 | - | - | - | - |
| Discount on bonds sold | - | (12,642) | - | - | - | - |
| Total other financing sources (uses) | - | 10,113,735 | - | 47,313 | - | 4,321,688 |
| Net change in fund balances | 59,150 | 1,446,559 | 284,157 | 178,700 | 15 | (1,239,227) |
| Fund balances (deficit) | | | | | | |
| October 1, 2013 | 419,287 | 1,050,942 | (258,173) | 221,775 | 986 | - |
| September 30, 2014 | \$ 478,437 | \$ 2,497,501 | \$ 25,984 | \$ 400,475 | \$ 1,001 | \$ (1,239,227) |

(continued)

County of Oakland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Funds
Year Ended September 30, 2014

| | Multi- Organizational Grants | Workforce Development Grants | Law Enforcement Grants | Housing and Community Development | Human Service Grants | Other Grants |
|--|---|---|---------------------------------------|--|-------------------------------------|-------------------------|
| Revenues | | | | | | |
| Special assessments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Federal grants | 223,238 | 17,586,942 | 408,216 | 8,072,345 | 8,794,391 | 1,135,401 |
| State grants | 1,588,705 | 1,558,986 | 1,321,152 | 139,350 | 6,003,934 | 346,854 |
| Other intergovernmental revenue | - | - | 1,376,747 | - | - | - |
| Charges for services | - | - | 1,262 | 2,273,128 | 150 | 24,040 |
| Contributions | - | - | - | - | - | - |
| Investment income | 3,392 | - | - | - | - | - |
| Other | - | - | - | - | 149,522 | 659,848 |
| Total revenues | 1,815,335 | 19,145,928 | 3,107,377 | 10,484,823 | 14,947,997 | 2,166,143 |
| Expenditures | | | | | | |
| Salaries | 896,647 | 403,449 | 2,424,340 | 1,283,809 | 3,198,373 | 144,552 |
| Fringe benefits | 579,740 | 178,754 | 1,622,829 | 844,348 | 2,041,359 | 77,892 |
| Contractual services | 242,165 | 18,480,426 | 580,985 | 8,490,439 | 9,358,953 | 2,302,550 |
| Commodities | 82,687 | 3,757 | 117,559 | 27,912 | 249,880 | 116,567 |
| Capital outlay | - | - | 18,606 | - | - | 455,071 |
| Internal services | 22,574 | 79,542 | 284,880 | 164,462 | 495,175 | 4,369 |
| Intergovernmental | - | - | - | - | - | - |
| Total expenditures | 1,823,813 | 19,145,928 | 5,049,199 | 10,810,970 | 15,343,740 | 3,101,001 |
| Excess (deficiency) of revenues over (under) expenditures | (8,478) | - | (1,941,822) | (326,147) | (395,743) | (934,858) |
| Other financing sources (uses) | | | | | | |
| Transfers in | 8,478 | - | 1,463,127 | 503,727 | - | - |
| Transfers out | - | - | - | - | (8,986) | (5,490) |
| Issurance of bonds | - | - | - | - | - | - |
| Discount on bonds sold | - | - | - | - | - | - |
| Total other financing sources (uses) | 8,478 | - | 1,463,127 | 503,727 | (8,986) | (5,490) |
| Net change in fund balances | - | - | (478,695) | 177,580 | (404,729) | (940,348) |
| Fund balances (deficit) | | | | | | |
| October 1, 2013 | - | - | 14,075 | 1,012,971 | 2,923,771 | 637,214 |
| September 30, 2014 | \$ - | \$ - | \$ (464,620) | \$ 1,190,551 | \$ 2,519,042 | \$ (303,134) |

(continued)

County of Oakland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Funds
Year Ended September 30, 2014

| | Judicial Grants | Oakland Brownfield Initiative | MI Child | Totals September 30, 2014 |
|--|----------------------------|--|-----------------|--|
| Revenues | | | | |
| Special assessments | \$ - | \$ - | \$ - | \$ 1,092,094 |
| Federal grants | - | 275,955 | - | 36,895,596 |
| State grants | 276,803 | - | - | 24,157,853 |
| Other intergovernmental revenue | - | - | - | 10,422,914 |
| Charges for services | - | 74,879 | 17,498 | 10,579,683 |
| Contributions | - | - | - | 248,851 |
| Investment income | - | - | - | 243,989 |
| Other | 7,772 | - | - | 1,308,751 |
| Total revenues | <u>284,575</u> | <u>350,834</u> | <u>17,498</u> | <u>84,949,731</u> |
| Expenditures | | | | |
| Salaries | 190,499 | - | - | 27,409,049 |
| Fringe benefits | 122,513 | - | - | 17,853,009 |
| Contractual services | 156,222 | 275,955 | 17,498 | 66,641,100 |
| Commodities | 8,900 | - | - | 1,461,682 |
| Capital outlay | - | - | - | 473,677 |
| Internal services | - | - | - | 7,338,937 |
| Intergovernmental | - | - | - | 21,291 |
| Total expenditures | <u>478,134</u> | <u>275,955</u> | <u>17,498</u> | <u>121,198,745</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(193,559)</u> | <u>74,879</u> | <u>-</u> | <u>(36,249,014)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 69,740 | - | - | 25,070,710 |
| Transfers out | - | - | - | (27,626,948) |
| Issurance of bonds | - | - | - | 10,126,377 |
| Discount on bonds sold | - | - | - | (12,642) |
| Total other financing sources (uses) | <u>69,740</u> | <u>-</u> | <u>-</u> | <u>7,557,497</u> |
| Net change in fund balances | <u>(123,819)</u> | <u>74,879</u> | <u>-</u> | <u>(28,691,517)</u> |
| Fund balances (deficit) | | | | |
| October 1, 2013 | <u>13,402</u> | <u>241,498</u> | <u>-</u> | <u>51,044,833</u> |
| September 30, 2014 | <u>\$ (110,417)</u> | <u>\$ 316,377</u> | <u>\$ -</u> | <u>\$ 22,353,316</u> |

County of Oakland
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and
Actual – Non-Major Special Revenue Funds
Year Ended September 30, 2014

| | Child Care | | |
|---|---|-------------------|---|
| | Final Amended Budget (Unaudited) | Actual | Variance with Final Amended Budget |
| Revenues | | | |
| Federal grants | \$ 300,000 | \$ 325,046 | \$ 25,046 |
| State grants | 14,722,249 | 12,600,529 | (2,121,720) |
| Charges for services | 4,040,000 | 4,088,037 | 48,037 |
| Other | - | 92,729 | 92,729 |
| Total revenues | <u>19,062,249</u> | <u>17,106,341</u> | <u>(1,955,908)</u> |
| Expenditures | | | |
| Current operations | | | |
| County Executive | | | |
| Human Services | | | |
| Personnel | 15,037,526 | 14,919,392 | 118,134 |
| Operating | 11,176,801 | 8,826,831 | 2,349,970 |
| Internal Support | <u>2,795,475</u> | <u>2,789,542</u> | <u>5,933</u> |
| Total Human Services | <u>29,009,802</u> | <u>26,535,765</u> | <u>2,474,037</u> |
| Total County Executive | <u>29,009,802</u> | <u>26,535,765</u> | <u>2,474,037</u> |
| Justice administration | | | |
| Circuit Court | | | |
| Personnel | 1,302,773 | 2,267,675 | (964,902) |
| Operating | 11,573,903 | 6,895,814 | 4,678,089 |
| Internal Support | <u>702</u> | <u>716</u> | <u>(14)</u> |
| Total Circuit Court | <u>12,877,378</u> | <u>9,164,205</u> | <u>3,713,173</u> |
| Total Justice administration | <u>12,877,378</u> | <u>9,164,205</u> | <u>3,713,173</u> |
| Total expenditures | <u>41,887,180</u> | <u>35,699,970</u> | <u>6,187,210</u> |
| Deficiency of revenues under expenditures | (22,824,931) | (18,593,629) | 4,231,302 |
| Other financing sources (uses) | | | |
| Transfers in | 22,852,939 | 18,621,637 | (4,231,302) |
| Transfers out | <u>(28,008)</u> | <u>(28,008)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>22,824,931</u> | <u>18,593,629</u> | <u>(4,231,302)</u> |
| Net change in fund balance | - | - | - |
| Fund balance | | | |
| October 1, 2013 | <u>-</u> | <u>-</u> | <u>-</u> |
| September 30, 2014 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

County of Oakland

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

Year Ended September 30, 2014

| | <u>Social Welfare Foster Care</u> | | |
|---|---|---------------|---|
| | Final Amended Budget (Unaudited) | Actual | Variance with Final Amended Budget |
| Revenues | | | |
| State grants | \$ 1,000 | \$ - | \$ (1,000) |
| Total revenues | <u>1,000</u> | <u>-</u> | <u>(1,000)</u> |
| Expenditures | | | |
| Current operations | | | |
| County Executive | | | |
| Human Services | | | |
| Operating | <u>2,000</u> | <u>-</u> | <u>2,000</u> |
| Deficiency of revenues under expenditures | <u>(1,000)</u> | <u>-</u> | <u>1,000</u> |
| Other financing sources | | | |
| Transfers in | <u>1,000</u> | <u>-</u> | <u>(1,000)</u> |
| Net change in fund balance | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance | | | |
| October 1, 2013 | <u>-</u> | <u>-</u> | <u>-</u> |
| September 30, 2014 | <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 five issues). Also includes refunding debt issued as assistance in obtaining favorable lending rates for other units of government within Oakland County.

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

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 two issues).

**County of Oakland
Combining Balance Sheet
Non-Major Debt Service Funds
September 30, 2014**

| | Building Authority Debt Refunding | Lake Level Debt Act 146 | Water and Sewer Debt Refunding | Totals September 30, 2014 |
|--|--|--|---|--|
| Assets | | | | |
| Current assets | | | | |
| Pooled cash and investments | \$ 4,642 | \$ 31,350 | \$ 182,912 | \$ 218,904 |
| Accrued interest receivable | - | 880 | - | 880 |
| Total current assets | <u>4,642</u> | <u>32,230</u> | <u>182,912</u> | <u>219,784</u> |
| Special assessments receivable | - | 2,655 | 1,895,000 | 1,897,655 |
| Contracts receivable | <u>4,580,000</u> | <u>-</u> | <u>-</u> | <u>4,580,000</u> |
| Total assets | <u>\$ 4,584,642</u> | <u>\$ 34,885</u> | <u>\$ 2,077,912</u> | <u>\$ 6,697,439</u> |
| Liabilities | | | | |
| Current liabilities | | | | |
| Vouchers payable | \$ 1,039 | \$ - | \$ 16,988 | \$ 18,027 |
| Due to other funds | 8 | - | 1,035 | 1,043 |
| Other accrued liabilities | - | - | 155,282 | 155,282 |
| Total liabilities | <u>1,047</u> | <u>-</u> | <u>173,305</u> | <u>174,352</u> |
| Deferred Inflows of Resources | | | | |
| Unavailable revenue - special assessments | - | 2,655 | 1,895,000 | 1,897,655 |
| Unavailable revenue - contracts | <u>4,580,000</u> | <u>-</u> | <u>-</u> | <u>4,580,000</u> |
| Total deferred inflows of resources | <u>4,580,000</u> | <u>2,655</u> | <u>1,895,000</u> | <u>6,477,655</u> |
| Fund Balances - restricted for debt service | <u>3,595</u> | <u>32,230</u> | <u>9,607</u> | <u>45,432</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 4,584,642</u> | <u>\$ 34,885</u> | <u>\$ 2,077,912</u> | <u>\$ 6,697,439</u> |

County of Oakland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Debt Service Funds
Year Ended September 30, 2014

| | Building Authority Debt Refunding | Lake Level Debt Act 146 | Water and Sewer Debt Refunding | Totals September 30, 2014 |
|--|--|--|---|--|
| Revenues | | | | |
| Special assessments | \$ 329,553 | \$ 14,967 | \$ 581,774 | \$ 926,294 |
| Charges for services | 242 | 1,059 | 525 | 1,826 |
| Investment income | 3,342 | 1,416 | 4,743 | 9,501 |
| Total revenues | <u>333,137</u> | <u>17,442</u> | <u>587,042</u> | <u>937,621</u> |
| Expenditures | | | | |
| Principal payments | 3,680,000 | 80,000 | 530,000 | 4,290,000 |
| Interest | 1,430,250 | 2,720 | 51,774 | 1,484,744 |
| Paying agent fees | 1,150 | - | 275 | 1,425 |
| Intergovernmental | - | - | 3,427 | 3,427 |
| Total expenditures | <u>5,111,400</u> | <u>82,720</u> | <u>585,476</u> | <u>5,779,596</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(4,778,263)</u> | <u>(65,278)</u> | <u>1,566</u> | <u>(4,841,975)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 4,781,550 | - | - | 4,781,550 |
| Transfers out | (365) | - | - | (365) |
| Total other financing sources (uses) | <u>4,781,185</u> | <u>-</u> | <u>-</u> | <u>4,781,185</u> |
| Net change in fund balances | 2,922 | (65,278) | 1,566 | (60,790) |
| Fund balances | | | | |
| October 1, 2013 | <u>673</u> | <u>97,508</u> | <u>8,041</u> | <u>106,222</u> |
| September 30, 2014 | <u>\$ 3,595</u> | <u>\$ 32,230</u> | <u>\$ 9,607</u> | <u>\$ 45,432</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 six) under P.A. 146 of 1961.

The Lake Improvements Act 345 Fund - is used to account for the costs of construction of augmentation wells 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 of drains 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, 2014**

| | Building Improvement | Project Work Orders | Facilities Infrastructure & IT Projects | CMHA Building Renovation | Major Dept. Support Projects |
|---|---------------------------------|--------------------------------|--|---|---|
| Assets | | | | | |
| Current assets | | | | | |
| Pooled cash and investments | \$ 5,117,950 | \$ 11,776,082 | \$ 14,054,579 | \$ 3,551,071 | \$ 3,495,177 |
| Accrued interest receivable | - | - | - | - | - |
| Contracts receivable | - | - | - | - | - |
| Due from component units | - | - | - | - | - |
| Due from other funds | - | - | - | - | - |
| Advances | - | - | - | - | - |
| Total current assets | <u>5,117,950</u> | <u>11,776,082</u> | <u>14,054,579</u> | <u>3,551,071</u> | <u>3,495,177</u> |
| Special assessments receivable | - | - | - | - | - |
| Contracts receivable | - | - | - | - | - |
| Total assets | <u>\$ 5,117,950</u> | <u>\$ 11,776,082</u> | <u>\$ 14,054,579</u> | <u>\$ 3,551,071</u> | <u>\$ 3,495,177</u> |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Vouchers payable | \$ - | \$ 308,451 | \$ 8,701 | \$ 517 | \$ - |
| Due to other funds | - | - | 4,326 | 5,233 | - |
| Advances | - | - | - | - | - |
| Other accrued liabilities | - | 606,483 | 421,598 | - | 61 |
| Total liabilities | <u>-</u> | <u>914,934</u> | <u>434,625</u> | <u>5,750</u> | <u>61</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 | - | - | - | - | - |
| Committed | 5,117,950 | 10,861,148 | 13,619,954 | 3,545,321 | 3,495,116 |
| Unassigned | - | - | - | - | - |
| Total fund balances (deficits) | <u>5,117,950</u> | <u>10,861,148</u> | <u>13,619,954</u> | <u>3,545,321</u> | <u>3,495,116</u> |
| Total liabilities, deferred inflows of resources, and fund balances (deficits) | <u>\$ 5,117,950</u> | <u>\$ 11,776,082</u> | <u>\$ 14,054,579</u> | <u>\$ 3,551,071</u> | <u>\$ 3,495,177</u> |

(continued)

**County of Oakland
Combining Balance Sheet (Continued)
Non-Major Capital Project Funds
September 30, 2014**

| | Lake Levels Act 146 | Lake Improvements Act 345 | Drain Chapter 4 Construction | Drain Commissioner Revolving | Long-term Revolving | Totals September 30, 2014 |
|--|--------------------------------|--|---|---|--------------------------------|--|
| Assets | | | | | | |
| Current assets | | | | | | |
| Pooled cash and investments | \$ 16,466 | \$ 9,346 | \$ 325,349 | \$ 1,064,862 | \$ 1,499,794 | \$ 40,910,676 |
| Accrued interest receivable | 151 | 54 | - | - | - | 205 |
| Contracts receivable | - | - | - | - | 39,400 | 39,400 |
| Due from component units | - | - | - | 316,208 | - | 316,208 |
| Due from other funds | - | - | - | 443,990 | - | 443,990 |
| Advances | - | - | - | - | 912,406 | 912,406 |
| Total current assets | <u>16,617</u> | <u>9,400</u> | <u>325,349</u> | <u>1,825,060</u> | <u>2,451,600</u> | <u>42,622,885</u> |
| Special assessments receivable | 134,305 | - | 1,059,470 | - | - | 1,193,775 |
| Contracts receivable | - | - | - | - | 39,400 | 39,400 |
| Total assets | <u>\$ 150,922</u> | <u>\$ 9,400</u> | <u>\$ 1,384,819</u> | <u>\$ 1,825,060</u> | <u>\$ 2,491,000</u> | <u>\$ 43,856,060</u> |
| Liabilities | | | | | | |
| Current liabilities | | | | | | |
| Vouchers payable | \$ - | \$ - | \$ 400 | \$ 60 | \$ - | \$ 318,129 |
| Due to other funds | 38,816 | - | 183 | - | - | 48,558 |
| Advances | 158,540 | - | 725,000 | - | - | 883,540 |
| Other accrued liabilities | 10,000 | - | - | - | - | 1,038,142 |
| Total liabilities | <u>207,356</u> | <u>-</u> | <u>725,583</u> | <u>60</u> | <u>-</u> | <u>2,288,369</u> |
| Deferred Inflows of Resources | | | | | | |
| Unavailable revenue - special assessments | 134,305 | - | 1,059,470 | - | - | 1,193,775 |
| Total deferred inflows of resources | <u>134,305</u> | <u>-</u> | <u>1,059,470</u> | <u>-</u> | <u>-</u> | <u>1,193,775</u> |
| Fund Balances (deficits) | | | | | | |
| Nonspendable | - | - | - | - | 991,206 | 991,206 |
| Committed | - | 9,400 | - | 1,825,000 | 1,499,794 | 39,973,683 |
| Unassigned | (190,739) | - | (400,234) | - | - | (590,973) |
| Total fund balances (deficits) | <u>(190,739)</u> | <u>9,400</u> | <u>(400,234)</u> | <u>1,825,000</u> | <u>2,491,000</u> | <u>40,373,916</u> |
| Total liabilities, deferred inflows from resources, and fund balances (deficits) | <u>\$ 150,922</u> | <u>\$ 9,400</u> | <u>\$ 1,384,819</u> | <u>\$ 1,825,060</u> | <u>\$ 2,491,000</u> | <u>\$ 43,856,060</u> |

County of Oakland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Capital Project Funds
Year Ended September 30, 2014

| | Building Improvement | Project Work Orders | Facilities Infrastructure & IT Projects | CMHA Building Renovation | Major Dept. Support Projects |
|--|---------------------------------|--------------------------------|--|---|---|
| Revenues | | | | | |
| Special assessments | \$ - | \$ - | \$ - | \$ - | \$ - |
| Charges for services | - | 21,670 | - | - | - |
| Investment income | - | - | 227,493 | 71,750 | - |
| Other | 600,650 | - | - | - | - |
| Total revenues | <u>600,650</u> | <u>21,670</u> | <u>227,493</u> | <u>71,750</u> | <u>-</u> |
| Expenditures | | | | | |
| Capital outlay | - | 6,752,988 | 3,176,033 | 4,937,923 | 1,581,031 |
| Total expenditures | <u>-</u> | <u>6,752,988</u> | <u>3,176,033</u> | <u>4,937,923</u> | <u>1,581,031</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>600,650</u> | <u>(6,731,318)</u> | <u>(2,948,540)</u> | <u>(4,866,173)</u> | <u>(1,581,031)</u> |
| Other financing sources (uses) | | | | | |
| Transfers in | 431,747 | 11,603,430 | - | - | - |
| Transfers out | <u>(3,108,761)</u> | <u>(217,721)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(2,677,014)</u> | <u>11,385,709</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | <u>(2,076,364)</u> | <u>4,654,391</u> | <u>(2,948,540)</u> | <u>(4,866,173)</u> | <u>(1,581,031)</u> |
| Fund balances (deficit) | | | | | |
| October 1, 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> |
| September 30, 2014 | <u>\$ 5,117,950</u> | <u>\$ 10,861,148</u> | <u>\$ 13,619,954</u> | <u>\$ 3,545,321</u> | <u>\$ 3,495,116</u> |

(continued)

County of Oakland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Capital Project Funds
Year Ended September 30, 2014

| | Lake Levels Act 146 | Lake Improvements Act 345 | Drain Chapter 4 Construction | Drain Commissioner Revolving | Long-term Revolving | Totals September 30, 2014 |
|--|------------------------|---------------------------------|------------------------------------|------------------------------------|------------------------|---------------------------------|
| Revenues | | | | | | |
| Special assessments | \$ 37,603 | \$ - | \$ - | \$ - | \$ - | \$ 37,603 |
| Charges for services | 3,389 | - | 669 | - | - | 25,728 |
| Investment income | 338 | 143 | (45) | - | - | 299,679 |
| Other | - | - | - | - | - | 600,650 |
| Total revenues | <u>41,330</u> | <u>143</u> | <u>624</u> | <u>-</u> | <u>-</u> | <u>963,660</u> |
| Expenditures | | | | | | |
| Capital outlay | <u>6,440</u> | <u>-</u> | <u>278,118</u> | <u>-</u> | <u>-</u> | <u>16,732,533</u> |
| Total expenditures | <u>6,440</u> | <u>-</u> | <u>278,118</u> | <u>-</u> | <u>-</u> | <u>16,732,533</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>34,890</u> | <u>143</u> | <u>(277,494)</u> | <u>-</u> | <u>-</u> | <u>(15,768,873)</u> |
| Other financing sources (uses) | | | | | | |
| Transfers in | - | - | - | - | 1,000,000 | 13,035,177 |
| Transfers out | - | - | - | - | - | (3,326,482) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,000,000</u> | <u>9,708,695</u> |
| Net change in fund balances | <u>34,890</u> | <u>143</u> | <u>(277,494)</u> | <u>-</u> | <u>1,000,000</u> | <u>(6,060,178)</u> |
| Fund balances (deficit) | | | | | | |
| October 1, 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> |
| September 30, 2014 | <u>\$ (190,739)</u> | <u>\$ 9,400</u> | <u>\$ (400,234)</u> | <u>\$ 1,825,000</u> | <u>\$ 2,491,000</u> | <u>\$ 40,373,916</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, 2014

| | Facilities Maintenance and Operations | Information Technology | Drain Equipment | Motor Pool |
|--|--|-----------------------------------|----------------------------|---------------------|
| Assets | | | | |
| Current assets | | | | |
| Pooled cash and investments | \$ 10,365,692 | \$ 12,941,668 | \$ 1,950,011 | \$ 3,373,026 |
| Due from other governmental units | 5,586 | 10,824 | 33,511 | 3,265 |
| Due from component units | 5,123 | 22,836 | 2,132 | - |
| Accrued interest receivable | 16,694 | 38,445 | 1,532 | 5,648 |
| Accounts receivable (net of allowance for uncollectibles where applicable) | 225,195 | 49,661 | 102,785 | - |
| Due from other funds | - | 222,439 | - | - |
| Inventories and supplies | 195,695 | 29,865 | 493,616 | 323,466 |
| Prepayments and other assets | 199 | 2,613,224 | - | 4,214 |
| Total current assets | <u>10,814,184</u> | <u>15,928,962</u> | <u>2,583,587</u> | <u>3,709,619</u> |
| Noncurrent assets | | | | |
| Capital assets, at cost | | | | |
| Land | - | - | 130,000 | - |
| Buildings and improvements | 525,283 | - | 1,867,642 | 424,860 |
| Equipment and vehicles | 2,036,667 | 58,287,393 | 6,559,459 | 14,916,688 |
| Infrastructure | 3,169,683 | - | - | - |
| Construction in progress | - | 1,448,957 | 2,538,412 | - |
| | <u>5,731,633</u> | <u>59,736,350</u> | <u>11,095,513</u> | <u>15,341,548</u> |
| Less: Accumulated depreciation | 5,416,517 | 52,447,958 | 4,539,459 | 10,787,688 |
| Capital assets, net | <u>315,116</u> | <u>7,288,392</u> | <u>6,556,054</u> | <u>4,553,860</u> |
| Total assets | <u>\$ 11,129,300</u> | <u>\$ 23,217,354</u> | <u>\$ 9,139,641</u> | <u>\$ 8,263,479</u> |

(continued)

County of Oakland
Combining Statement of Net Position (Continued)
Internal Service Funds
September 30, 2014

| | Telephone Communications | Building and Liability Insurance | Fringe Benefits | Totals September 30, 2014 |
|--|-------------------------------------|---|----------------------------|--|
| Assets | | | | |
| Current assets | | | | |
| Pooled cash and investments | \$ 4,046,353 | \$ 17,909,948 | \$ 63,198,248 | \$ 113,784,946 |
| Due from other governmental units | 442 | - | 280 | 53,908 |
| Due from component units | - | - | - | 30,091 |
| Accrued interest receivable | 3,759 | 120,404 | 433,556 | 620,038 |
| Accounts receivable (net of allowance for uncollectibles where applicable) | 343 | - | 90 | 378,074 |
| Due from other funds | - | - | - | 222,439 |
| Inventories and supplies | - | - | - | 1,042,642 |
| Prepayments and other assets | 43,521 | 574,476 | 2,400,562 | 5,636,196 |
| Total current assets | <u>4,094,418</u> | <u>18,604,828</u> | <u>66,032,736</u> | <u>121,768,334</u> |
| Noncurrent assets | | | | |
| Capital assets, at cost | | | | |
| Land | - | - | - | 130,000 |
| Buildings and improvements | - | - | - | 2,817,785 |
| Equipment and vehicles | 4,838,959 | - | - | 86,639,166 |
| Infrastructure | - | - | - | 3,169,683 |
| Construction in progress | - | - | - | 3,987,369 |
| | <u>4,838,959</u> | <u>-</u> | <u>-</u> | <u>96,744,003</u> |
| Less: Accumulated depreciation | <u>4,673,242</u> | <u>-</u> | <u>-</u> | <u>77,864,864</u> |
| Capital assets, net | <u>165,717</u> | <u>-</u> | <u>-</u> | <u>18,879,139</u> |
| Total assets | <u>\$ 4,260,135</u> | <u>\$ 18,604,828</u> | <u>\$ 66,032,736</u> | <u>\$ 140,647,473</u> |

(continued)

County of Oakland
Combining Statement of Net Position (Continued)
Internal Service Funds
September 30, 2014

| | Facilities Maintenance and Operations | Information Technology | Drain Equipment | Motor Pool |
|---|--|-----------------------------------|----------------------------|---------------------|
| Liabilities | | | | |
| Current liabilities | | | | |
| Vouchers payable | \$ 198,442 | \$ 637,561 | \$ 203,922 | \$ 45,253 |
| Due to other governmental units | - | - | - | - |
| Due to other funds | 42,277 | 169,730 | 240 | - |
| Unearned revenue | 92,012 | 250 | - | - |
| Current portion of compensated absences | - | - | - | - |
| Current portion of claims and judgments | - | - | - | - |
| Current portion of advances payable | - | - | 155,414 | - |
| Other accrued liabilities | 354,159 | 800,227 | 341,594 | 1,488 |
| Total current liabilities | <u>686,890</u> | <u>1,607,768</u> | <u>701,170</u> | <u>46,741</u> |
| Noncurrent liabilities | | | | |
| Accrued compensated absences | - | - | - | - |
| Claims and judgments | - | - | - | - |
| Advances payable | - | - | 77,298 | - |
| Total noncurrent liabilities | <u>-</u> | <u>-</u> | <u>77,298</u> | <u>-</u> |
| Total liabilities | <u>686,890</u> | <u>1,607,768</u> | <u>778,468</u> | <u>46,741</u> |
| Net Position | | | | |
| Net investment in capital assets | 315,116 | 7,288,392 | 6,556,054 | 4,553,860 |
| Unrestricted | <u>10,127,294</u> | <u>14,321,194</u> | <u>1,805,119</u> | <u>3,662,878</u> |
| Total net position | <u>\$ 10,442,410</u> | <u>\$ 21,609,586</u> | <u>\$ 8,361,173</u> | <u>\$ 8,216,738</u> |

(continued)

County of Oakland
Combining Statement of Net Position (Continued)
Internal Service Funds
September 30, 2014

| | Telephone Communications | Building and Liability Insurance | Fringe Benefits | Totals September 30, 2014 |
|---|-----------------------------|--|----------------------|---------------------------------|
| Liabilities | | | | |
| Current liabilities | | | | |
| Vouchers payable | \$ 121,048 | \$ 154,440 | \$ 1,947,752 | \$ 3,308,418 |
| Due to other governmental units | - | - | 281,239 | 281,239 |
| Due to other funds | - | - | - | 212,247 |
| Unearned revenue | - | - | - | 92,262 |
| Current portion of compensated absences | - | - | 1,231,535 | 1,231,535 |
| Current portion of claims and judgments | - | 501,269 | 2,811,696 | 3,312,965 |
| Current portion of advances payable | - | - | - | 155,414 |
| Other accrued liabilities | 22,860 | 156,573 | 2,862,495 | 4,539,396 |
| Total current liabilities | <u>143,908</u> | <u>812,282</u> | <u>9,134,717</u> | <u>13,133,476</u> |
| Noncurrent liabilities | | | | |
| Accrued compensated absences | - | - | 11,083,815 | 11,083,815 |
| Claims and judgments | - | 5,276,281 | 12,320,815 | 17,597,096 |
| Advances payable | - | - | - | 77,298 |
| Total noncurrent liabilities | <u>-</u> | <u>5,276,281</u> | <u>23,404,630</u> | <u>28,758,209</u> |
| Total liabilities | <u>143,908</u> | <u>6,088,563</u> | <u>32,539,347</u> | <u>41,891,685</u> |
| Net Position | | | | |
| Net investment in capital assets | 165,717 | - | - | 18,879,139 |
| Unrestricted | <u>3,950,510</u> | <u>12,516,265</u> | <u>33,493,389</u> | <u>79,876,649</u> |
| Total net position | <u>\$ 4,116,227</u> | <u>\$ 12,516,265</u> | <u>\$ 33,493,389</u> | <u>\$ 98,755,788</u> |

County of Oakland
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Year Ended September 30, 2014

| | Facilities Maintenance and Operations | Information Technology | Drain Equipment | Motor Pool |
|---|--|-----------------------------------|----------------------------|---------------------|
| Operating revenues | | | | |
| Charges for services | \$ 28,265,199 | \$ 24,798,672 | \$ 27,936,764 | \$ 8,123,784 |
| Other | 27,489 | 24,946 | 814,254 | 15,386 |
| Total operating revenues | <u>28,292,688</u> | <u>24,823,618</u> | <u>28,751,018</u> | <u>8,139,170</u> |
| Operating expenses | | | | |
| Salaries | 7,313,795 | 7,754,763 | 12,658,514 | 709,543 |
| Fringe benefits | 5,029,454 | 4,738,911 | 8,761,616 | 523,849 |
| Contractual services | 10,329,392 | 14,221,848 | 829,842 | 1,305,596 |
| Commodities | 1,268,212 | 648,214 | 859,521 | 3,772,854 |
| Depreciation | 72,064 | 2,059,496 | 623,438 | 1,964,069 |
| Internal services | 1,195,150 | 1,214,036 | 2,967,521 | 358,234 |
| Total operating expenses | <u>25,208,067</u> | <u>30,637,268</u> | <u>26,700,452</u> | <u>8,634,145</u> |
| Operating income (loss) | <u>3,084,621</u> | <u>(5,813,650)</u> | <u>2,050,566</u> | <u>(494,975)</u> |
| Nonoperating revenues (expenses) | | | | |
| Contributions | - | - | 261,174 | - |
| Interest revenue | 171,306 | 157,039 | 10,055 | 41,579 |
| Interest expense | - | - | (6,818) | - |
| Bonds maturing | - | - | - | - |
| Gain on sale of property and equipment | 1,185 | 430 | 7,735 | 195,934 |
| Net nonoperating revenues (expenses) | <u>172,491</u> | <u>157,469</u> | <u>272,146</u> | <u>237,513</u> |
| Income (loss) before transfers and contributions | <u>3,257,112</u> | <u>(5,656,181)</u> | <u>2,322,712</u> | <u>(257,462)</u> |
| Capital contributions | - | 3,314,998 | 237,161 | - |
| Transfers in | 71,489 | 4,044,207 | 1,201,417 | 321,022 |
| Transfers out | (4,811,726) | - | - | - |
| Change in net position | <u>(1,483,125)</u> | <u>1,703,024</u> | <u>3,761,290</u> | <u>63,560</u> |
| Net position | | | | |
| October 1, 2013 | <u>11,925,535</u> | <u>19,906,562</u> | <u>4,599,883</u> | <u>8,153,178</u> |
| September 30, 2014 | <u>\$ 10,442,410</u> | <u>\$ 21,609,586</u> | <u>\$ 8,361,173</u> | <u>\$ 8,216,738</u> |

(continued)

County of Oakland
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Internal Service Funds
Year Ended September 30, 2014

| | Telephone Communications | Building and Liability Insurance | Fringe Benefits | Totals September 30, 2014 |
|---|-----------------------------|--|----------------------|---------------------------------|
| Operating revenues | | | | |
| Charges for services | \$ 2,811,820 | \$ 2,300,635 | \$141,207,383 | \$235,444,257 |
| Other | 158 | 11,360 | 4,519 | 898,112 |
| Total operating revenues | <u>2,811,978</u> | <u>2,311,995</u> | <u>141,211,902</u> | <u>236,342,369</u> |
| Operating expenses | | | | |
| Salaries | 201,549 | 496,300 | 1,158,718 | 30,293,182 |
| Fringe benefits | 140,820 | 255,863 | 679,218 | 20,129,731 |
| Contractual services | 1,610,596 | 3,540,795 | 98,501,616 | 130,339,685 |
| Commodities | 96,799 | 18,117 | 12,867 | 6,676,584 |
| Depreciation | 105,529 | - | - | 4,824,596 |
| Internal services | 522,344 | 583,055 | 311,101 | 7,151,441 |
| Total operating expenses | <u>2,677,637</u> | <u>4,894,130</u> | <u>100,663,520</u> | <u>199,415,219</u> |
| Operating income (loss) | <u>134,341</u> | <u>(2,582,135)</u> | <u>40,548,382</u> | <u>36,927,150</u> |
| Nonoperating revenues (expenses) | | | | |
| Contributions | - | - | - | 261,174 |
| Interest revenue | 57,571 | 302,166 | 573,026 | 1,312,742 |
| Interest expense | - | - | (26,833,222) | (26,840,040) |
| Bonds maturing | - | - | (21,500,000) | (21,500,000) |
| Gain on sale of property and equipment | - | - | - | 205,284 |
| Net nonoperating revenues (expenses) | <u>57,571</u> | <u>302,166</u> | <u>(47,760,196)</u> | <u>(46,560,840)</u> |
| Income (loss) before transfers and contributions | <u>191,912</u> | <u>(2,279,969)</u> | <u>(7,211,814)</u> | <u>(9,633,690)</u> |
| Capital contributions | 5,254 | - | - | 3,557,413 |
| Transfers in | - | - | 5,770,835 | 11,408,970 |
| Transfers out | - | - | - | (4,811,726) |
| Change in net position | <u>197,166</u> | <u>(2,279,969)</u> | <u>(1,440,979)</u> | <u>520,967</u> |
| Net position | | | | |
| October 1, 2013 | <u>3,919,061</u> | <u>14,796,234</u> | <u>34,934,368</u> | <u>98,234,821</u> |
| September 30, 2014 | <u>\$ 4,116,227</u> | <u>\$ 12,516,265</u> | <u>\$ 33,493,389</u> | <u>\$ 98,755,788</u> |

County of Oakland
Combining Statement of Cash Flows
Internal Service Funds
Year Ended September 30, 2014

| | Facilities Maintenance and Operations | Information Technology | Drain Equipment | Motor Pool |
|---|--|-----------------------------------|----------------------------|---------------------|
| Cash flows from operating activities | | | | |
| Cash received from users | \$ 28,200,972 | \$24,573,051 | \$29,530,070 | \$ 8,141,419 |
| Cash paid to suppliers | (17,735,546) | (19,763,486) | (13,369,393) | (6,553,830) |
| Cash paid to employees | (7,313,795) | (7,754,763) | (12,658,514) | (709,543) |
| Net cash provided by (used in) operating activities | <u>3,151,631</u> | <u>(2,945,198)</u> | <u>3,502,163</u> | <u>878,046</u> |
| Cash flows from noncapital financing activities | | | | |
| Transfers from other funds | 71,489 | 3,906,676 | 1,201,417 | - |
| Transfers to other funds | (4,811,726) | - | - | - |
| Contributions | - | - | 261,174 | - |
| Amounts received on contracts | - | - | - | - |
| Interest received on contracts | - | - | - | - |
| Net cash provided by (used in) noncapital financing activities | <u>(4,740,237)</u> | <u>3,906,676</u> | <u>1,462,591</u> | <u>-</u> |
| Cash flows from capital and related financing activities | | | | |
| Transfers from other funds | - | 137,531 | - | 321,022 |
| Contributions for capital acquisitions | - | - | 237,161 | - |
| Proceeds from sale of capital assets | 1,185 | 430 | 7,735 | 405,950 |
| Acquisition of capital assets | (56,298) | (103,321) | (3,539,943) | (1,657,228) |
| Amount paid on advances | - | - | (189,811) | - |
| Interest paid on advances | - | - | (6,818) | - |
| Net cash provided by (used in) capital and related financing activities | <u>(55,113)</u> | <u>34,640</u> | <u>(3,491,676)</u> | <u>(930,256)</u> |
| Cash flows from investing activities | | | | |
| Interest on investments | 167,712 | 151,872 | 9,162 | 39,852 |
| Net cash provided by investing activities | <u>167,712</u> | <u>151,872</u> | <u>9,162</u> | <u>39,852</u> |
| Net increase (decrease) in cash and cash equivalents | (1,476,007) | 1,147,990 | 1,482,240 | (12,358) |
| Pooled cash and investments | | | | |
| October 1, 2013 | <u>11,841,699</u> | <u>11,793,678</u> | <u>467,771</u> | <u>3,385,384</u> |
| September 30, 2014 | <u>\$ 10,365,692</u> | <u>\$ 12,941,668</u> | <u>\$ 1,950,011</u> | <u>\$ 3,373,026</u> |

(continued)

County of Oakland
Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended September 30, 2014

| | Telephone Communications | Building and Liability Insurance | Fringe Benefits | Totals September 30, 2014 |
|---|-------------------------------------|---|----------------------------|--|
| Cash flows from operating activities | | | | |
| Cash received from users | \$ 2,812,020 | \$ 2,311,995 | \$141,211,607 | \$ 236,781,134 |
| Cash paid to suppliers | (2,303,017) | (4,744,686) | (96,522,096) | (160,992,054) |
| Cash paid to employees | (201,549) | (496,300) | (1,158,718) | (30,293,182) |
| Net cash provided by (used in) operating activities | <u>307,454</u> | <u>(2,928,991)</u> | <u>43,530,793</u> | <u>45,495,898</u> |
| Cash flows from noncapital financing activities | | | | |
| Transfers from other funds | - | - | - | 5,179,582 |
| Transfers to other funds | - | - | - | (4,811,726) |
| Contributions | - | - | - | 261,174 |
| Principal paid on debt | - | - | (21,500,000) | (21,500,000) |
| Interest paid on debt | - | - | (26,833,222) | (26,833,222) |
| Net cash provided by (used in) noncapital financing activities | <u>-</u> | <u>-</u> | <u>(48,333,222)</u> | <u>(47,704,192)</u> |
| Cash flows from capital and related financing activities | | | | |
| Transfers from other funds | - | - | 5,770,835 | 6,229,388 |
| Contributions for capital acquisitions | 5,254 | - | - | 242,415 |
| Proceeds from sale of capital assets | - | - | - | 415,300 |
| Acquisition of capital assets | - | - | - | (5,356,790) |
| Amount paid on advances | - | - | - | (189,811) |
| Interest paid on advances | - | - | - | (6,818) |
| Net cash provided by (used in) capital and related financing activities | <u>5,254</u> | <u>-</u> | <u>5,770,835</u> | <u>1,333,684</u> |
| Cash flows from investing activities | | | | |
| Interest on investments | 56,130 | 294,469 | 542,202 | 1,261,399 |
| Net cash provided by investing activities | <u>56,130</u> | <u>294,469</u> | <u>542,202</u> | <u>1,261,399</u> |
| Net increase (decrease) in cash and cash equivalents | 368,838 | (2,634,522) | 1,510,608 | 386,789 |
| Pooled cash and investments | | | | |
| October 1, 2013 | <u>3,677,515</u> | <u>20,544,470</u> | <u>61,687,640</u> | <u>113,398,157</u> |
| September 30, 2014 | <u>\$ 4,046,353</u> | <u>\$ 17,909,948</u> | <u>\$ 63,198,248</u> | <u>\$ 113,784,946</u> |

County of Oakland
Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended September 30, 2014

| | Facilities Maintenance and Operations | Information Technology | Drain Equipment | Motor Pool |
|---|--|-----------------------------------|----------------------------|-------------------|
| Operating income (loss) | \$3,084,621 | \$(5,813,650) | \$ 2,050,566 | \$ (494,975) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | | | | |
| Depreciation expense | 72,064 | 2,059,496 | 623,438 | 1,964,069 |
| (Increase) decrease in due from other governmental units | 2,637 | (8,068) | 38,645 | 2,249 |
| (Increase) decrease in due from component units | (5,102) | (210,753) | 49,937 | - |
| (Increase) decrease in accounts receivable | (61,263) | (18,597) | 41,567 | - |
| (Increase) decrease in due from other funds | 811 | (13,149) | 648,903 | - |
| (Increase) decrease in inventories and supplies | (9,526) | 8,731 | (65,395) | (58,889) |
| (Increase) decrease in prepayments and other assets | (199) | 823,802 | - | (1,699) |
| Increase (decrease) in vouchers payable | 66,018 | 81,313 | 138,005 | (473,208) |
| Increase (decrease) in due to other governmental units | - | - | - | - |
| Increase (decrease) in due to component units | - | - | (5,336) | - |
| Increase (decrease) in due to other funds | 42,277 | 169,730 | (14,969) | (55,922) |
| Increase (decrease) in unearned revenue | (28,799) | - | - | - |
| Increase (decrease) in current portion of compensated absences | - | - | - | - |
| Increase (decrease) in current portion of claims and judgments | - | - | - | - |
| Increase (decrease) increase in other accrued liabilities | (11,908) | (24,053) | (3,198) | (3,579) |
| Increase (decrease) in accrued compensated absences | - | - | - | - |
| Increase (decrease) in claims and judgments | - | - | - | - |
| Net cash provided by (used in) operating activities | <u>\$3,151,631</u> | <u>\$(2,945,198)</u> | <u>\$ 3,502,163</u> | <u>\$ 878,046</u> |

(continued)

County of Oakland
Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended September 30, 2014

| | Telephone Communications | Building and Liability Insurance | Fringe Benefits | Totals September 30, 2014 |
|---|-------------------------------------|---|----------------------------|--|
| Operating (loss) income | \$ 134,341 | \$ (2,582,135) | \$ 40,548,382 | \$ 36,927,150 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | | | | |
| Depreciation expense | 105,529 | - | - | 4,824,596 |
| (Increase) decrease in due from other governmental units | 20 | - | (280) | 35,203 |
| (Increase) decrease in due from component units | - | - | - | (165,918) |
| (Increase) decrease in accounts receivable | 22 | - | (15) | (38,286) |
| (Increase) decrease in due from other funds | - | - | - | 636,565 |
| (Increase) decrease in inventories and supplies | - | - | - | (125,079) |
| (Increase) decrease in prepayments and other assets | (1,121) | (5,272) | 14,407 | 829,918 |
| Increase (decrease) in vouchers payable | 53,519 | 122,683 | 1,139,421 | 1,127,751 |
| Increase (decrease) in due to other governmental units | - | - | (50,208) | (50,208) |
| Increase (decrease) in due to component units | - | - | - | (5,336) |
| Increase (decrease) in due to other funds | - | - | - | 141,116 |
| Increase (decrease) in unearned revenue | - | - | - | (28,799) |
| Increase (decrease) in current portion of compensated absences | - | - | 26,072 | 26,072 |
| Increase (decrease) in current portion of claims and judgments | - | (396,626) | (888,637) | (1,285,263) |
| Increase (decrease) in other accrued liabilities | 15,144 | 156,573 | 742,264 | 871,243 |
| Increase (decrease) in accrued compensated absences | - | - | 234,644 | 234,644 |
| Increase (decrease) in claims and judgments | - | (224,214) | 1,764,743 | 1,540,529 |
| Net cash provided by (used in) operating activities | <u>\$ 307,454</u> | <u>\$ (2,928,991)</u> | <u>\$ 43,530,793</u> | <u>\$ 45,495,898</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 revenues and costs associated with providing a centralized Fire Records Management System (FRMS). The system will aid in uniform reporting and data sharing for participating local fire departments.

The CLEMIS (Courts and Law Enforcement Management Information System) Fund - was established to accumulate revenues and costs associated with providing law enforcement units with immediate access to criminal and vehicle information throughout the United States and Canada. This includes the costs of purchasing, servicing, and operating mobile data terminals and base stations.

The Radio Communications Fund - accumulates the costs of purchasing, servicing and operating the County radio system. The fund recovers costs by developing rates and billing users, and also receives revenue from the 911 surcharge.

The 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, 2014**

| | Delinquent Personal Property Tax Administration | Fire Records Management | CLEMIS | Radio Communications | Huron- Rouge S.D.S. | Totals September 30, 2014 |
|--|--|------------------------------------|----------------------|---------------------------------|--------------------------------|--|
| Assets | | | | | | |
| Current assets | | | | | | |
| Pooled cash and investments | \$ 270,110 | \$ 330,954 | \$ 10,993,083 | \$ 15,784,623 | \$ 7,491,516 | \$ 34,870,286 |
| Due from other governmental units | - | 44,800 | 840,163 | 19,448 | 515,801 | 1,420,212 |
| Due from component units | - | - | - | 59 | - | 59 |
| Accrued interest receivable | 58,795 | 1,131 | 11,228 | 100,087 | 10,163 | 181,404 |
| Accounts receivable (net of allowances for uncollectibles where applicable) | - | 2,780 | 130,763 | 1,165,320 | - | 1,298,863 |
| Due from other funds | - | - | 139,930 | - | - | 139,930 |
| Inventories and supplies | - | - | - | 506,756 | - | 506,756 |
| Prepayments and other assets | - | 19,144 | 840,821 | 234,776 | - | 1,094,741 |
| Total current assets | <u>328,905</u> | <u>398,809</u> | <u>12,955,988</u> | <u>17,811,069</u> | <u>8,017,480</u> | <u>39,512,251</u> |
| Noncurrent assets | | | | | | |
| Capital assets, at cost | | | | | | |
| Land | - | - | - | - | 19,749 | 19,749 |
| Buildings and improvements | - | - | - | 12,953,932 | 348,504 | 13,302,436 |
| Equipment and vehicles | - | 534,338 | 44,014,740 | 26,340,523 | - | 70,889,601 |
| Infrastructure | - | - | - | 8,585,770 | 2,962,297 | 11,548,067 |
| Construction in progress | - | - | 2,293,965 | 1,355,283 | - | 3,649,248 |
| | - | 534,338 | 46,308,705 | 49,235,508 | 3,330,550 | 99,409,101 |
| Less: Accumulated depreciation | - | 532,488 | 37,935,232 | 21,129,782 | 2,713,457 | 62,310,959 |
| Capital assets, net | <u>-</u> | <u>1,850</u> | <u>8,373,473</u> | <u>28,105,726</u> | <u>617,093</u> | <u>37,098,142</u> |
| Total assets | <u>328,905</u> | <u>400,659</u> | <u>21,329,461</u> | <u>45,916,795</u> | <u>8,634,573</u> | <u>76,610,393</u> |
| Liabilities | | | | | | |
| Current liabilities | | | | | | |
| Vouchers payable | 1,806 | - | 43,232 | 59,238 | - | 104,276 |
| Due to other governmental units | - | - | 454,753 | 133,772 | 474,484 | 1,063,009 |
| Due to other funds | - | - | 1 | - | - | 1 |
| Unearned revenue | - | - | 263,105 | - | - | 263,105 |
| Other accrued liabilities | - | - | 247,272 | 104,457 | - | 351,729 |
| Total liabilities | <u>1,806</u> | <u>-</u> | <u>1,008,363</u> | <u>297,467</u> | <u>474,484</u> | <u>1,782,120</u> |
| Net Position | | | | | | |
| Net investment in capital assets | - | 1,850 | 8,373,473 | 28,105,726 | 617,093 | 37,098,142 |
| Restricted for programs | - | - | - | - | 5,549,253 | 5,549,253 |
| Unrestricted | 327,099 | 398,809 | 11,947,625 | 17,513,602 | 1,993,743 | 32,180,878 |
| Total net position | <u>\$ 327,099</u> | <u>\$ 400,659</u> | <u>\$ 20,321,098</u> | <u>\$ 45,619,328</u> | <u>\$ 8,160,089</u> | <u>\$ 74,828,273</u> |

County of Oakland
Combining Statement of Revenues, Expenses, and Changes in Net Position
Non-Major Enterprise Funds
Year Ended September 30, 2014

| | Delinquent Personal Property Tax Administration | Fire Records Management | CLEMIS | Radio Communications | Huron- Rouge S.D.S. | Totals September 30, 2014 |
|---|--|------------------------------------|----------------------|---------------------------------|--------------------------------|--|
| Operating revenues | | | | | | |
| Charges for services | \$ 663,021 | \$ 197,065 | \$ 6,158,796 | \$ 6,044,178 | \$ 5,023,555 | \$ 18,086,615 |
| Other | - | - | 658,812 | 26,640 | 80 | 685,532 |
| Total operating revenues | <u>663,021</u> | <u>197,065</u> | <u>6,817,608</u> | <u>6,070,818</u> | <u>5,023,635</u> | <u>18,772,147</u> |
| Operating expenses | | | | | | |
| Salaries | 221,549 | 244,725 | 1,239,044 | 533,814 | - | 2,239,132 |
| Fringe benefits | 132,821 | 167,625 | 780,094 | 355,726 | - | 1,436,266 |
| Contractual services | 278,328 | 189,886 | 4,005,436 | 2,910,983 | 5,326,266 | 12,710,899 |
| Commodities | 5,907 | - | 64,646 | 620,820 | 1,667 | 693,040 |
| Depreciation | - | 3,701 | 2,381,081 | 5,721,191 | 66,217 | 8,172,190 |
| Internal services | 118,920 | 58,958 | 531,738 | 1,418,353 | 18,860 | 2,146,829 |
| Intergovernmental | - | - | - | 50,000 | - | 50,000 |
| Total operating expenses | <u>757,525</u> | <u>664,895</u> | <u>9,002,039</u> | <u>11,610,887</u> | <u>5,413,010</u> | <u>27,448,356</u> |
| Operating income (loss) | <u>(94,504)</u> | <u>(467,830)</u> | <u>(2,184,431)</u> | <u>(5,540,069)</u> | <u>(389,375)</u> | <u>(8,676,209)</u> |
| Nonoperating revenues (expenses) | | | | | | |
| Interest revenue | 4,455 | 4,279 | 145,484 | 260,679 | 96,936 | 511,833 |
| Gain (loss) on sale of property and equipment | - | - | 62 | - | - | 62 |
| Total nonoperating revenues (expenses) | <u>4,455</u> | <u>4,279</u> | <u>145,546</u> | <u>260,679</u> | <u>96,936</u> | <u>511,895</u> |
| Income (loss) before contributions and transfers | <u>(90,049)</u> | <u>(463,551)</u> | <u>(2,038,885)</u> | <u>(5,279,390)</u> | <u>(292,439)</u> | <u>(8,164,314)</u> |
| Capital contributions | - | - | 2,255,765 | - | - | 2,255,765 |
| Transfers in | - | 419,273 | 2,044,186 | 52,790 | - | 2,516,249 |
| Transfers out | - | - | - | (486,000) | (20,711) | (506,711) |
| Change in net position | <u>(90,049)</u> | <u>(44,278)</u> | <u>2,261,066</u> | <u>(5,712,600)</u> | <u>(313,150)</u> | <u>(3,899,011)</u> |
| Net position | | | | | | |
| October 1, 2013 | <u>417,148</u> | <u>444,937</u> | <u>18,060,032</u> | <u>51,331,928</u> | <u>8,473,239</u> | <u>78,727,284</u> |
| September 30, 2014 | <u>\$ 327,099</u> | <u>\$ 400,659</u> | <u>\$ 20,321,098</u> | <u>\$ 45,619,328</u> | <u>\$ 8,160,089</u> | <u>\$ 74,828,273</u> |

**County of Oakland
Combining Statement of Cash Flows
Non-Major Enterprise Funds
Year Ended September 30, 2014**

| | Delinquent | | | Radio | Huron- | Totals |
|---|---------------------------|---------------------|---------------|-----------------------|---------------------|----------------------|
| | Personal Property | Fire Records | | Communications | Rouge S.D.S. | September 30, |
| | Tax Administration | Management | CLEMIS | | | 2014 |
| Cash flows from operating activities | | | | | | |
| Cash received from users | \$ 663,021 | \$ 196,921 | \$ 6,742,250 | \$ 6,723,840 | \$ 8,145,791 | \$ 22,471,823 |
| Cash paid to suppliers | (542,863) | (416,595) | (5,176,443) | (5,427,045) | (5,862,829) | (17,425,775) |
| Cash paid to employees | (221,549) | (244,725) | (1,239,044) | (533,814) | - | (2,239,132) |
| Net cash provided by (used in) operating activities | (101,391) | (464,399) | 326,763 | 762,981 | 2,282,962 | 2,806,916 |
| Cash flows from noncapital financing activities | | | | | | |
| Transfers from other funds | - | 419,273 | 2,044,186 | 52,790 | - | 2,516,249 |
| Transfers to other funds | - | - | - | (486,000) | (20,711) | (506,711) |
| Net cash provided by (used in) noncapital financing activities | - | 419,273 | 2,044,186 | (433,210) | (20,711) | 2,009,538 |
| Cash flows from capital and related financing activities | | | | | | |
| Proceeds from sale of capital assets | - | - | 62 | - | - | 62 |
| Acquisition of capital assets | - | - | (427,558) | (1,422,851) | - | (1,850,409) |
| Net cash provided by (used in) capital and related financing activities | - | - | (427,496) | (1,422,851) | - | (1,850,347) |
| Cash flows from investing activities | | | | | | |
| Interest on investments | 4,287 | 4,060 | 141,424 | 252,967 | 93,760 | 496,498 |
| Net cash provided by investing activities | 4,287 | 4,060 | 141,424 | 252,967 | 93,760 | 496,498 |
| Net increase (decrease) in cash and cash equivalents | (97,104) | (41,066) | 2,084,877 | (840,113) | 2,356,011 | 3,462,605 |
| Pooled cash and investments | | | | | | |
| October 1, 2013 | 367,214 | 372,020 | 8,908,206 | 16,624,736 | 5,135,505 | 31,407,681 |
| September 30, 2014 | \$ 270,110 | \$ 330,954 | \$ 10,993,083 | \$ 15,784,623 | \$ 7,491,516 | \$ 34,870,286 |

(continued)

County of Oakland
Combining Statement of Cash Flows (Continued)
Non-Major Enterprise Funds
Year Ended September 30, 2014

| | Delinquent | | | | | Totals |
|---|---------------------------|---------------------|-------------------|-----------------------|---------------------|----------------------|
| | Personal Property | Fire Records | | Radio | Huron- | September 30, |
| | Tax Administration | Management | CLEMIS | Communications | Rouge S.D.S. | 2014 |
| Operating income (loss) | \$ (94,504) | \$ (467,830) | \$ (2,184,431) | \$ (5,540,069) | \$ (389,375) | \$ (8,676,209) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | | | | | | |
| Depreciation expense | - | 3,701 | 2,381,081 | 5,721,191 | 66,217 | 8,172,190 |
| (Increase) decrease in due from other governmental units | - | (144) | (49,121) | 79,584 | 3,121,756 | 3,152,075 |
| (Increase) decrease in due from component units | - | - | - | (59) | - | (59) |
| (Increase) decrease in accounts receivable | - | - | (18,319) | 573,497 | 400 | 555,578 |
| (Increase) decrease in due from other funds | - | - | (136,264) | - | - | (136,264) |
| (Increase) decrease in inventories and supplies | - | - | - | 44,545 | - | 44,545 |
| (Increase) decrease in prepayments and other assets | - | (126) | 57,403 | (42,499) | - | 14,778 |
| Increase (decrease) in vouchers payable | (2,466) | - | 40,919 | 9,218 | - | 47,671 |
| Increase (decrease) in due to other governmental units | - | - | 17,168 | (11,302) | (503,891) | (498,025) |
| Increase (decrease) in due to other funds | - | - | (27,819) | (43,744) | (1,015) | (72,578) |
| Increase (decrease) in unearned revenue | - | - | 128,346 | - | - | 128,346 |
| Increase (decrease) in other accrued liabilities | (4,421) | - | 117,800 | (27,381) | (11,130) | 74,868 |
| Net cash provided by (used in) operating activities | <u>\$ (101,391)</u> | <u>\$ (464,399)</u> | <u>\$ 326,763</u> | <u>\$ 762,981</u> | <u>\$ 2,282,962</u> | <u>\$ 2,806,916</u> |

Noncash transactions

Noncash and capital related financing activities included contribution of capital assets in the amount of \$2,255,765 in the CLEMIS fund.

County of Oakland
Pension (and Other Postemployment Benefits) Trust Funds
September 30, 2014

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.

The Superseding Trust Fund - was created in 2014 to account for proceeds of debt issued to redeem outstanding Certificates of Participation bonds with surplus funds placed in the Trust to maintain retiree health services by keeping the VEBA Trust at full funding. This replaces the Interim Retiree Medical Benefits Trust Fund.

County of Oakland
Combining Statement of Net Position
Pension (and Other Postemployment Benefits) Trust Funds
September 30, 2014

| | Oakland County Employees' Retirement | OPEB Plan | Totals September 30, 2014 |
|---|---|-------------------------|--|
| Assets | | | |
| Pooled cash and investments | \$ 106,383 | \$ 12,673,334 | \$ 12,779,717 |
| Investments, at fair value: | | | |
| Common stock | 216,776,746 | 337,987,411 | 554,764,157 |
| Preferred stock | 691,735 | 894,756 | 1,586,491 |
| Government securities | 34,722,671 | 44,429,348 | 79,152,019 |
| Corporate bonds | 96,592,440 | 118,834,976 | 215,427,416 |
| Municipal bonds | 3,332,969 | 3,859,407 | 7,192,376 |
| Commingled | 183,369,310 | 236,305,547 | 419,674,857 |
| Limited partnerships | 41,396,726 | 79,955,848 | 121,352,574 |
| Asset-backed fixed income | 9,531,014 | 10,462,382 | 19,993,396 |
| CMO/REMIC investments | 1,076,366 | 1,085,914 | 2,162,280 |
| Mortgage-backed securities | 59,716,067 | 75,320,631 | 135,036,698 |
| Commercial mortgage-backed securities | 13,990,498 | 21,066,509 | 35,057,007 |
| Money market funds | 22,499,238 | 29,292,078 | 51,791,316 |
| International common stock | 41,273,210 | 44,162,768 | 85,435,978 |
| Equity REIT | - | 75,274,320 | 75,274,320 |
| Other | 61,272,927 | 14,619,542 | 75,892,469 |
| Total investments | <u>786,241,917</u> | <u>1,093,551,437</u> | <u>1,879,793,354</u> |
| Receivables - interest and dividends | 2,148,610 | 2,432,288 | 4,580,898 |
| Receivables - other | 10,405 | 18,191 | 28,596 |
| Prepaid expenses | - | 221,301 | 221,301 |
| Total assets | <u>788,507,315</u> | <u>1,108,896,551</u> | <u>1,897,403,866</u> |
| Liabilities | | | |
| Vouchers payable | 11,601 | 673,191 | 684,792 |
| Other accrued liabilities | 599,634 | 1,627,809 | 2,227,443 |
| Total liabilities | <u>611,235</u> | <u>2,301,000</u> | <u>2,912,235</u> |
| Net position | | | |
| Held in trust for employees' pension and other postemployment healthcare benefits | <u>\$787,896,080</u> | <u>\$ 1,106,595,551</u> | <u>\$ 1,894,491,631</u> |

**County of Oakland
Combining Statement of Changes in Net Position
Pension (and Other Postemployment Benefits) Trust Funds
Year Ended September 30, 2014**

| | Oakland County Employees' Retirement | OPEB Plan | Totals September 30, 2014 |
|---|---|----------------------|--|
| Additions | | | |
| Contributions | | | |
| Employer | \$ 5,770,835 | \$ - | \$ 5,770,835 |
| Plan members | 560,091 | 102,795 | 662,886 |
| Total contributions | 6,330,926 | 102,795 | 6,433,721 |
| Investment income | 70,191,470 | 104,271,920 | 174,463,390 |
| Other revenue | 56,469 | 2,422,199 | 2,478,668 |
| Total additions | 76,578,865 | 106,796,914 | 183,375,779 |
| Deductions | | | |
| Benefits | 49,993,923 | 29,217,862 | 79,211,785 |
| Administrative expenses | 2,959,649 | 3,582,668 | 6,542,317 |
| Total deductions | 52,953,572 | 32,800,530 | 85,754,102 |
| Net increase | 23,625,293 | 73,996,384 | 97,621,677 |
| Net position held in trust for employees' pension and other postemployment healthcare benefits | | | |
| October 1, 2013 | 764,270,787 | 1,032,599,167 | 1,796,869,954 |
| September 30, 2014 | \$ 787,896,080 | \$ 1,106,595,551 | \$ 1,894,491,631 |

County of Oakland
Combining Schedule of Net Position
Other Postemployment Benefits Trust Funds
Year Ended September 30, 2014

| | VEBA Trust | Interim Retiree Medical Benefits Trust | Superseding Trust | Totals September 30, 2014 |
|---|-------------------------|---|----------------------|---------------------------------|
| Assets | | | | |
| Pooled cash and investments | \$ 2,040,330 | \$ - | \$ 10,633,004 | \$ 12,673,334 |
| Investments, at fair value: | | | | |
| Common stock | 337,987,411 | - | - | 337,987,411 |
| Preferred stock | 894,756 | - | - | 894,756 |
| Government securities | 44,429,348 | - | - | 44,429,348 |
| Corporate bonds | 118,834,976 | - | - | 118,834,976 |
| Municipal bonds | 3,859,407 | - | - | 3,859,407 |
| Commingled | 236,305,547 | - | - | 236,305,547 |
| Limited partnerships | 79,955,848 | - | - | 79,955,848 |
| Asset-backed fixed income | 10,462,382 | - | - | 10,462,382 |
| CMO/REMIC investments | 1,085,914 | - | - | 1,085,914 |
| Mortgage-backed securities | 75,320,631 | - | - | 75,320,631 |
| Commercial mortgage-backed securities | 21,066,509 | - | - | 21,066,509 |
| Money market funds | 29,292,078 | - | - | 29,292,078 |
| International common stock | 44,162,768 | - | - | 44,162,768 |
| Equity REIT | 75,274,320 | - | - | 75,274,320 |
| Other | 14,619,542 | - | - | 14,619,542 |
| Total investments | <u>1,093,551,437</u> | <u>-</u> | <u>-</u> | <u>1,093,551,437</u> |
| Receivables - interest and dividends | 2,432,288 | - | - | 2,432,288 |
| Receivables - other | 18,191 | - | - | 18,191 |
| Prepaid expenses | 221,301 | - | - | 221,301 |
| Total assets | <u>1,098,263,547</u> | <u>-</u> | <u>10,633,004</u> | <u>1,108,896,551</u> |
| Liabilities | | | | |
| Vouchers payable | 673,191 | - | - | 673,191 |
| Other accrued liabilities | 1,625,782 | - | 2,027 | 1,627,809 |
| Total liabilities | <u>2,298,973</u> | <u>-</u> | <u>2,027</u> | <u>2,301,000</u> |
| Net position | | | | |
| Held in trust for other postemployment healthcare benefits | <u>\$ 1,095,964,574</u> | <u>\$ -</u> | <u>\$ 10,630,977</u> | <u>\$ 1,106,595,551</u> |

County of Oakland
Combining Schedule of Changes in Net Position
Other Postemployment Benefits Trust Funds
Year Ended September 30, 2014

| | VEBA Trust | Interim Retirees Medical Benefits Trust | Superseding Trust | Totals September 30, 2014 |
|--|------------------|--|----------------------|---------------------------------|
| Additions | | | | |
| Contributions | | | | |
| Employer | \$ - | \$ (10,633,004) | \$ 10,633,004 | \$ - |
| Plan members | 102,795 | - | - | 102,795 |
| Total contributions | 102,795 | (10,633,004) | 10,633,004 | 102,795 |
| Investment income | 103,071,755 | 1,200,165 | - | 104,271,920 |
| Other revenue | 2,421,860 | 339 | - | 2,422,199 |
| Total additions | 105,596,410 | (9,432,500) | 10,633,004 | 106,796,914 |
| Deductions | | | | |
| Benefits | 29,217,862 | - | - | 29,217,862 |
| Administrative expenses | 3,514,549 | 66,092 | 2,027 | 3,582,668 |
| Total deductions | 32,732,411 | 66,092 | 2,027 | 32,800,530 |
| Net increase (decrease) | 72,863,999 | (9,498,592) | 10,630,977 | 73,996,384 |
| Net position held in trust for other postemployment healthcare benefits | | | | |
| October 1, 2013 | 1,023,100,575 | 9,498,592 | - | 1,032,599,167 |
| September 30, 2014 | \$ 1,095,964,574 | \$ - | \$ 10,630,977 | \$ 1,106,595,551 |

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, 2014**

| | Local Government Investment Pool |
|---|---|
| Assets | |
| Pooled cash and investments | <u>\$ 406,521,972</u> |
| Total assets | <u>\$ 406,521,972</u> |
| Net position | |
| Held in trust for investment pool participants | <u>\$ 406,521,972</u> |

County of Oakland
Statement of Changes in Net Position
Investment Trust Funds
Year Ended September 30, 2014

| | Local Government Investment Pool |
|---|---|
| Additions | |
| Contributions from pool participants | \$ 630,120,872 |
| Investment income | <u>5,324,471</u> |
| Total additions | <u>635,445,343</u> |
| Deductions | |
| Distribution to pool participants | <u>597,057,964</u> |
| Net increase | 38,387,379 |
| Net position held in trust for pool participants | |
| October 1, 2013 | <u>368,134,593</u> |
| September 30, 2014 | <u>\$ 406,521,972</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, 2014

| | 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 | \$ 178,949,779 | \$ 816,803 | \$ 1,313,371 | \$ 5,123,558 | \$ 27,986 | \$ 679,230 |
| Cash and cash equivalents | - | - | - | - | - | - | - |
| Accrued interest receivable | 722 | - | - | 23,175 | 112,851 | - | 1,335 |
| Total assets | <u>\$ 170,722</u> | <u>\$ 178,949,779</u> | <u>\$ 816,803</u> | <u>\$ 1,336,546</u> | <u>\$ 5,236,409</u> | <u>\$ 27,986</u> | <u>\$ 680,565</u> |
| Liabilities | | | | | | | |
| Vouchers payable | \$ - | \$ - | \$ 96,978 | \$ - | \$ 1,253 | \$ - | \$ - |
| Due to other governmental units | - | 178,949,779 | - | - | - | 27,986 | - |
| Other accrued liabilities | 170,722 | - | 719,825 | 1,336,546 | 5,235,156 | - | 680,565 |
| Total liabilities | <u>\$ 170,722</u> | <u>\$ 178,949,779</u> | <u>\$ 816,803</u> | <u>\$ 1,336,546</u> | <u>\$ 5,236,409</u> | <u>\$ 27,986</u> | <u>\$ 680,565</u> |

(continued)

County of Oakland
Combining Statement of Net Position (Continued)
Agency Funds
September 30, 2014

| | Special Trust | Contractor's Retainage | Public Library Trust | District Court Trust Accounts | Jail Inmate Trust Account | Totals September 30, 2014 |
|---------------------------------|--------------------------|-----------------------------------|-------------------------------------|--|--|--|
| Assets | | | | | | |
| Pooled cash and investments | \$ 1,995,840 | \$ 5,542,858 | \$ 695,348 | \$ - | \$ - | \$195,314,773 |
| Cash and cash equivalents | - | - | - | 844,000 | 319,851 | 1,163,851 |
| Accrued interest receivable | 11,351 | 21,707 | 2,217 | - | - | 173,358 |
| Total assets | <u>\$ 2,007,191</u> | <u>\$ 5,564,565</u> | <u>\$ 697,565</u> | <u>\$ 844,000</u> | <u>\$ 319,851</u> | <u>\$196,651,982</u> |
| Liabilities | | | | | | |
| Vouchers payable | \$ - | \$ - | \$ - | \$ - | \$ - | 98,231 |
| Due to other governmental units | - | - | - | - | - | 178,977,765 |
| Other accrued liabilities | 2,007,191 | 5,564,565 | 697,565 | 844,000 | 319,851 | 17,575,986 |
| Total liabilities | <u>\$ 2,007,191</u> | <u>\$ 5,564,565</u> | <u>\$ 697,565</u> | <u>\$ 844,000</u> | <u>\$ 319,851</u> | <u>\$196,651,982</u> |

County of Oakland
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended September 30, 2014

| | Balance October 1, 2013 | Additions | Deductions | Balance September 30, 2014 |
|-----------------------------------|-------------------------------|-------------------------|-------------------------|----------------------------------|
| District Court Investments | | | | |
| Assets | | | | |
| Pooled cash and investments | \$ 170,000 | \$ 2,643 | \$ 2,643 | \$ 170,000 |
| Accrued interest receivable | 667 | 467 | 412 | 722 |
| Total | <u>\$ 170,667</u> | <u>\$ 3,110</u> | <u>\$ 3,055</u> | <u>\$ 170,722</u> |
| Liabilities | | | | |
| Other accrued liabilities | <u>\$ 170,667</u> | <u>\$ 3,070</u> | <u>\$ 3,015</u> | <u>\$ 170,722</u> |
| Undistributed Taxes | | | | |
| Assets | | | | |
| Pooled cash and investments | <u>\$ 220,072,330</u> | <u>\$ 864,614,254</u> | <u>\$ 905,736,805</u> | <u>\$ 178,949,779</u> |
| Liabilities | | | | |
| Vouchers payable | \$ - | \$ 576,729,356 | \$ 576,729,356 | \$ - |
| Due to other governmental units | <u>220,072,330</u> | <u>873,463,535</u> | <u>914,586,086</u> | <u>178,949,779</u> |
| Total | <u>\$ 220,072,330</u> | <u>\$ 1,450,192,891</u> | <u>\$ 1,491,315,442</u> | <u>\$ 178,949,779</u> |
| Register of Deeds Trust | | | | |
| Assets | | | | |
| Pooled cash and investments | <u>\$ 1,003,142</u> | <u>\$ 5,103,819</u> | <u>\$ 5,290,158</u> | <u>\$ 816,803</u> |
| Liabilities | | | | |
| Vouchers payable | \$ 36,471 | \$ 5,350,660 | \$ 5,290,153 | \$ 96,978 |
| Other accrued liabilities | <u>966,671</u> | <u>5,103,819</u> | <u>5,350,665</u> | <u>719,825</u> |
| Total | <u>\$ 1,003,142</u> | <u>\$ 10,454,479</u> | <u>\$ 10,640,818</u> | <u>\$ 816,803</u> |
| Sheriff NET Forfeiture | | | | |
| Assets | | | | |
| Pooled cash and investments | \$ 903,201 | \$ 1,482,963 | \$ 1,072,793 | \$ 1,313,371 |
| Accrued interest receivable | 23,472 | 1,613 | 1,910 | 23,175 |
| Total | <u>\$ 926,673</u> | <u>\$ 1,484,576</u> | <u>\$ 1,074,703</u> | <u>\$ 1,336,546</u> |
| Liabilities | | | | |
| Vouchers payable | \$ - | \$ 694,650 | \$ 694,650 | \$ - |
| Other accrued liabilities | <u>926,673</u> | <u>1,489,948</u> | <u>1,080,075</u> | <u>1,336,546</u> |
| Total | <u>\$ 926,673</u> | <u>\$ 2,184,598</u> | <u>\$ 1,774,725</u> | <u>\$ 1,336,546</u> |

(continued)

County of Oakland
Combining Statement of Changes in Assets and Liabilities (Continued)
Agency Funds
Year Ended September 30, 2014

| | Balance October 1, 2013 | Additions | Deductions | Balance September 30, 2014 |
|---------------------------------|--|----------------------|----------------------|---|
| Circuit Court Trust | | | | |
| Assets | | | | |
| Pooled cash and investments | \$ 7,944,980 | \$ 9,733,684 | \$ 12,555,106 | \$ 5,123,558 |
| Accrued interest receivable | 110,954 | 25,742 | 23,845 | 112,851 |
| Total | <u>\$ 8,055,934</u> | <u>\$ 9,759,426</u> | <u>\$ 12,578,951</u> | <u>\$ 5,236,409</u> |
| Liabilities | | | | |
| Vouchers payable | \$ - | \$ 11,986,140 | \$ 11,984,887 | \$ 1,253 |
| Other accrued liabilities | 8,055,934 | 9,827,639 | 12,648,417 | 5,235,156 |
| Total | <u>\$ 8,055,934</u> | <u>\$ 21,813,779</u> | <u>\$ 24,633,304</u> | <u>\$ 5,236,409</u> |
| Escheats Trust | | | | |
| Assets | | | | |
| Pooled cash and investments | \$ 48,093 | \$ 57,063 | \$ 77,170 | \$ 27,986 |
| Liabilities | | | | |
| Vouchers payable | \$ - | \$ 80,545 | \$ 80,545 | \$ - |
| Due to other governmental units | 48,093 | 53,413 | 73,520 | 27,986 |
| Total | <u>\$ 48,093</u> | <u>\$ 133,958</u> | <u>\$ 154,065</u> | <u>\$ 27,986</u> |
| Legatee Trust | | | | |
| Assets | | | | |
| Pooled cash and investments | \$ 366,784 | \$ 669,001 | \$ 356,555 | \$ 679,230 |
| Accrued interest receivable | 895 | 1,615 | 1,175 | 1,335 |
| Total | <u>\$ 367,679</u> | <u>\$ 670,616</u> | <u>\$ 357,730</u> | <u>\$ 680,565</u> |
| Liabilities | | | | |
| Vouchers payable | \$ - | \$ 349,883 | \$ 349,883 | \$ - |
| Other accrued liabilities | 367,679 | 670,616 | 357,730 | 680,565 |
| Total | <u>\$ 367,679</u> | <u>\$ 1,020,499</u> | <u>\$ 707,613</u> | <u>\$ 680,565</u> |
| Special Trust | | | | |
| Assets | | | | |
| Pooled cash and investments | \$ 5,637,843 | \$ 1,851,121 | \$ 5,493,124 | \$ 1,995,840 |
| Accrued interest receivable | 10,424 | 7,395 | 6,468 | 11,351 |
| Total | <u>\$ 5,648,267</u> | <u>\$ 1,858,516</u> | <u>\$ 5,499,592</u> | <u>\$ 2,007,191</u> |
| Liabilities | | | | |
| Vouchers payable | \$ - | \$ 1,100,476 | \$ 1,100,476 | \$ - |
| Other accrued liabilities | 5,648,267 | 1,859,617 | 5,500,693 | 2,007,191 |
| Total | <u>\$ 5,648,267</u> | <u>\$ 2,960,093</u> | <u>\$ 6,601,169</u> | <u>\$ 2,007,191</u> |

(continued)

County of Oakland
Combining Statement of Changes in Assets and Liabilities (Continued)
Agency Funds
Year Ended September 30, 2014

| | Balance October 1, 2013 | Additions | Deductions | Balance September 30, 2014 |
|--------------------------------------|-------------------------------|---------------------|---------------------|----------------------------------|
| Contractor's Retainage | | | | |
| Assets | | | | |
| Pooled cash and investments | \$ 3,269,549 | \$ 3,764,250 | \$ 1,490,941 | \$ 5,542,858 |
| Accrued interest receivable | 20,117 | 9,655 | 8,065 | 21,707 |
| Total | <u>\$ 3,289,666</u> | <u>\$ 3,773,905</u> | <u>\$ 1,499,006</u> | <u>\$ 5,564,565</u> |
| Liabilities | | | | |
| Vouchers payable | \$ - | \$ 1,369,705 | \$ 1,369,705 | \$ - |
| Other accrued liabilities | 3,289,666 | 3,773,905 | 1,499,006 | 5,564,565 |
| Total | <u>\$ 3,289,666</u> | <u>\$ 5,143,610</u> | <u>\$ 2,868,711</u> | <u>\$ 5,564,565</u> |
| Public Library Trust | | | | |
| Assets | | | | |
| Pooled cash and investments | \$ 490,437 | \$ 2,015,043 | \$ 1,810,132 | \$ 695,348 |
| Accrued interest receivable | 1,953 | 2,919 | 2,655 | 2,217 |
| Total | <u>\$ 492,390</u> | <u>\$ 2,017,962</u> | <u>\$ 1,812,787</u> | <u>\$ 697,565</u> |
| Liabilities | | | | |
| Vouchers payable | \$ - | \$ 1,809,247 | \$ 1,809,247 | \$ - |
| Other accrued liabilities | 492,390 | 3,807,142 | 3,601,967 | 697,565 |
| Total | <u>\$ 492,390</u> | <u>\$ 5,616,389</u> | <u>\$ 5,411,214</u> | <u>\$ 697,565</u> |
| District Court Trust Accounts | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 771,044 | \$ 3,257,562 | \$ 3,184,606 | \$ 844,000 |
| Liabilities | | | | |
| Other accrued liabilities | \$ 771,044 | \$ 3,257,562 | \$ 3,184,606 | \$ 844,000 |
| Jail Inmate Trust Account | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 166,976 | \$ 2,511,772 | \$ 2,358,897 | \$ 319,851 |
| Liabilities | | | | |
| Other accrued liabilities | \$ 166,976 | \$ 2,511,772 | \$ 2,358,897 | \$ 319,851 |

(continued)

County of Oakland
Combining Statement of Changes in Assets and Liabilities (Continued)
Agency Funds
Year Ended September 30, 2014

| | Balance October 1, 2013 | Additions | Deductions | Balance September 30, 2014 |
|---------------------------------|-------------------------------|-------------------------|-------------------------|----------------------------------|
| Total All Agency Funds | | | | |
| Assets | | | | |
| Pooled cash and investments | \$ 239,906,359 | \$ 889,293,841 | \$ 933,885,427 | \$ 195,314,773 |
| Cash and cash equivalents | 938,020 | 5,769,334 | 5,543,503 | 1,163,851 |
| Accrued interest receivable | 168,482 | 49,406 | 44,530 | 173,358 |
| Total | <u>\$ 241,012,861</u> | <u>\$ 895,112,581</u> | <u>\$ 939,473,460</u> | <u>\$ 196,651,982</u> |
| Liabilities | | | | |
| Vouchers payable | \$ 36,471 | \$ 599,470,662 | \$ 599,408,902 | \$ 98,231 |
| Due to other governmental units | 220,120,423 | 873,516,948 | 914,659,606 | 178,977,765 |
| Other accrued liabilities | 20,855,967 | 32,305,090 | 35,585,071 | 17,575,986 |
| Total | <u>\$ 241,012,861</u> | <u>\$ 1,505,292,700</u> | <u>\$ 1,549,653,579</u> | <u>\$ 196,651,982</u> |

County of Oakland

Governmental Funds – Component Unit – Drainage Districts

Drainage Districts

This component unit consists of many individual districts (currently 178) created pursuant to Michigan Public Act 40 of 1956, Chapters 20 and 21 for the purpose of alleviating drainage problems. Separate funds and fund types are established to account for the resources and cost associated with the construction, maintenance, and financing (including 34 debt issues) of the individual drainage districts.

**County of Oakland
Combining Balance Sheet
Governmental Funds – Component Unit – Drainage Districts
September 30, 2014**

| | Drainage Districts | | | Totals September 30, 2014 |
|---|----------------------------|-------------------------|-----------------------------|--|
| | Special Revenue | Debt Service | Capital Projects | |
| Assets | | | | |
| Current assets | | | | |
| Pooled cash and investments | \$17,190,727 | \$ 4,400,092 | \$ 5,099,432 | \$ 26,690,251 |
| Receivables (net of allowance for uncollectibles where applicable) | | | | |
| Accounts receivable | 33,629 | - | 8,265 | 41,894 |
| Due from other governmental units | 7,675,385 | 12,455 | 5,573,404 | 13,261,244 |
| Accrued interest receivable | 68,835 | 30,564 | - | 99,399 |
| Due from other funds | - | 6,438 | 4,178,758 | 4,185,196 |
| Other assets | - | - | 102,865 | 102,865 |
| Total current assets | <u>24,968,576</u> | <u>4,449,549</u> | <u>14,962,724</u> | <u>44,380,849</u> |
| Noncurrent assets | | | | |
| Special assessments receivable | <u>32,579</u> | <u>210,491,822</u> | <u>-</u> | <u>210,524,401</u> |
| Total assets | <u>\$25,001,155</u> | <u>\$214,941,371</u> | <u>\$14,962,724</u> | <u>\$254,905,250</u> |
| Liabilities | | | | |
| Current liabilities | | | | |
| Vouchers payable | \$ 6,403,261 | \$ 3,280,283 | \$ 159,309 | \$ 9,842,853 |
| Due to other governmental units | 8,306,004 | 36,411 | 572,000 | 8,914,415 |
| Due to other funds | - | - | 4,185,196 | 4,185,196 |
| Due to primary government | 436,376 | - | 553,704 | 990,080 |
| Unearned revenue | - | 31,301,134 | - | 31,301,134 |
| Accrued interest payable | - | - | 32,130 | 32,130 |
| Other accrued liabilities | <u>1,007,870</u> | <u>333,157</u> | <u>5,609,370</u> | <u>6,950,397</u> |
| Total liabilities | <u>16,153,511</u> | <u>34,950,985</u> | <u>11,111,709</u> | <u>62,216,205</u> |
| Deferred Inflow of Resources | | | | |
| Unavailable revenue - special assessments | <u>32,579</u> | <u>179,190,688</u> | <u>-</u> | <u>179,223,267</u> |
| Fund Balances | | | | |
| Restricted | 8,815,065 | 799,698 | - | 9,614,763 |
| Committed | <u>-</u> | <u>-</u> | <u>3,851,015</u> | <u>3,851,015</u> |
| Total fund balances | <u>8,815,065</u> | <u>799,698</u> | <u>3,851,015</u> | <u>13,465,778</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$25,001,155</u> | <u>\$214,941,371</u> | <u>\$14,962,724</u> | <u>\$254,905,250</u> |

County of Oakland
Reconciliation of the Balance Sheet – Governmental Funds to the
Statement of Net Position
Component Unit – Drainage Districts
September 30, 2014

| | | |
|---|---------------------|-----------------------|
| Total fund balances of governmental funds | | \$ 13,465,778 |
| 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 | \$117,500,622 | |
| Buildings | 57,248,656 | |
| Equipment | 71,063 | |
| Infrastructure | 483,575,251 | |
| Accumulated depreciation | <u>(97,478,102)</u> | |
| | | 560,917,490 |
| 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 | | 179,223,267 |
| 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>(235,590,688)</u> |
| Net position of governmental activities | | <u>\$ 518,015,847</u> |

County of Oakland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds – Component Unit – Drainage Districts
Year Ended September 30, 2014

| | Drainage Districts | | | Totals September 30, 2014 |
|--|----------------------------|-------------------------|-----------------------------|--|
| | Special Revenue | Debt Service | Capital Projects | |
| Revenues | | | | |
| Special assessments | \$ 10,571,573 | \$ 20,653,619 | \$ - | \$ 31,225,192 |
| Federal grants | 175,000 | - | - | 175,000 |
| Charges for services | 68,113,392 | 7,437 | 554,704 | 68,675,533 |
| Investment income | 211,820 | 29,150 | 59,223 | 300,193 |
| Other | 209,995 | - | 5,600 | 215,595 |
| Total revenues | <u>79,281,780</u> | <u>20,690,206</u> | <u>619,527</u> | <u>100,591,513</u> |
| Expenditures | | | | |
| Salaries | 382 | - | 59 | 441 |
| Contractual services | 76,694,993 | 6,438 | 42,287,426 | 118,988,857 |
| Commodities | 218,480 | - | 362 | 218,842 |
| Principal payments | - | 14,360,000 | - | 14,360,000 |
| Interest | - | 6,289,394 | - | 6,289,394 |
| Paying agent fees | - | 7,725 | - | 7,725 |
| Intergovernmental | 623,027 | 193,858 | 291,438 | 1,108,323 |
| Internal services | 1,157,776 | - | 586,952 | 1,744,728 |
| Total expenditures | <u>78,694,658</u> | <u>20,857,415</u> | <u>43,166,237</u> | <u>142,718,310</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>587,122</u> | <u>(167,209)</u> | <u>(42,546,710)</u> | <u>(42,126,797)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Issuance of bonds | - | - | 39,278,799 | 39,278,799 |
| Issuance of refunding bonds | - | - | - | - |
| Federal grant interest recovery | - | 193,673 | - | 193,673 |
| Premiums on bonds sold | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>193,673</u> | <u>39,278,799</u> | <u>39,472,472</u> |
| Net change in fund balances | <u>587,122</u> | <u>26,464</u> | <u>(3,267,911)</u> | <u>(2,654,325)</u> |
| Fund balances | | | | |
| October 1, 2013 | <u>8,227,943</u> | <u>773,234</u> | <u>7,118,926</u> | <u>16,120,103</u> |
| September 30, 2014 | <u>\$ 8,815,065</u> | <u>\$ 799,698</u> | <u>\$ 3,851,015</u> | <u>\$ 13,465,778</u> |

County of Oakland
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances – Governmental Funds to the Statement of Activities
Component Unit – Drainage Districts
Year Ended September 30, 2014

| | | |
|---|--------------------|----------------------|
| Net change in fund balance - total governmental funds | | \$ (2,654,325) |
| <p>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 (in addition to the items below, there was a reclassification of Infrastructure to Buildings in the amount of \$57,248,656 for the year ended September 30, 2014).</p> | | |
| Construction in progress | \$ 44,575,506 | |
| Equipment | 71,063 | |
| Depreciation expense | <u>(6,285,260)</u> | |
| | | 38,361,309 |
| Revenue from special assessments reported in the Statement of Activities in previous years that provided current financial resources in the governmental funds | | (14,360,000) |
| 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 | | 39,776,522 |
| <p>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</p> | | |
| Bond proceeds | (39,278,799) | |
| Repayment of debt | <u>14,360,000</u> | |
| | | <u>(24,918,799)</u> |
| Change in net position of governmental activities | | <u>\$ 36,204,707</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 | | | | | | | | | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------|
| | 2014 | 2013 | 2012 | 2011 (1) | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Governmental activities: | | | | | | | | | | |
| Net invested in capital assets | \$ 145,910,667 | \$ 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 |
| Restricted | 53,896,914 | 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 |
| Unrestricted | 180,545,856 | 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 |
| Total governmental activities net assets | <u>\$ 380,353,437</u> | <u>\$ 401,298,186</u> | <u>\$ 398,779,881</u> | <u>\$ 397,918,215</u> | <u>\$ 388,410,778</u> | <u>\$ 385,092,999</u> | <u>\$ 442,151,224</u> | <u>\$ 566,734,195</u> | <u>\$ 464,128,643</u> | <u>\$ 372,520,201</u> |
| Business-type activities: | | | | | | | | | | |
| Net invested in capital assets | \$ 268,982,184 | \$ 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 |
| Restricted | 78,286,471 | 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 |
| Unrestricted | 354,280,212 | 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 |
| Total business-type activities net assets | <u>\$ 701,548,867</u> | <u>\$ 706,169,443</u> | <u>\$ 703,902,819</u> | <u>\$ 650,396,958</u> | <u>\$ 642,963,960</u> | <u>\$ 625,590,181</u> | <u>\$ 615,206,999</u> | <u>\$ 601,657,250</u> | <u>\$ 577,992,679</u> | <u>\$ 555,921,615</u> |
| Primary government: | | | | | | | | | | |
| Net invested in capital assets | \$ 414,892,851 | \$ 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 |
| Restricted | 132,183,385 | 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 |
| Unrestricted | 534,826,068 | 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 |
| Total primary government net assets | <u>\$ 1,081,902,304</u> | <u>\$ 1,107,467,629</u> | <u>\$ 1,102,682,700</u> | <u>\$ 1,048,285,173</u> | <u>\$ 1,031,374,738</u> | <u>\$ 1,010,683,180</u> | <u>\$ 1,057,358,223</u> | <u>\$ 1,168,391,445</u> | <u>\$ 1,042,121,322</u> | <u>\$ 928,441,816</u> |

(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 (Continued)
Last Ten Fiscal Years**

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2014 | 2013 | 2012 | 2011 (1) | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government, administrative | \$ 23,850,091 | \$ 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 |
| Public safety | 201,580,810 | 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 |
| Justice administration | 93,496,165 | 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 |
| Citizen services | 87,214,484 | 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 |
| Public works | 42,267,177 | 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 |
| Recreation and leisure | 1,448,875 | 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 |
| Commerce and community development | 48,411,360 | 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 |
| Unallocated depreciation | 2,083,460 | 1,911,473 | 1,912,755 | 1,976,521 | 1,990,978 | 1,959,201 | 1,900,360 | 1,515,755 | 1,129,853 | 1,123,059 |
| Interest on debt | 3,244,225 | 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 |
| Total governmental activities expenses | 503,596,647 | 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 |
| Business-type activities: | | | | | | | | | | |
| Airports | 6,910,625 | 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 |
| Community safety support | 21,277,821 | 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 |
| Community tax financing | 1,278,589 | 1,399,607 | 1,615,467 | 1,746,776 | 1,446,745 | 2,233,942 | 2,682,543 | 1,951,128 | 1,340,229 | 1,315,521 |
| Community water and sewer | 77,684,287 | 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 |
| Jail commissary | - | - | - | - | - | 648,125 | 1,439,198 | 1,390,752 | 1,334,057 | 1,252,825 |
| Recreation and leisure | 22,860,691 | 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 |
| Sewage disposal systems | 128,252,681 | 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 |
| Skilled nursing care | - | - | - | - | - | - | - | 6,549,117 | 8,981,260 | 10,685,844 |
| Total business-type activities expenses | 258,264,694 | 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 |
| Total primary government expenses | \$ 761,861,341 | \$ 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 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government, administrative | \$ 25,879,090 | \$ 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 |
| Public safety | 63,007,666 | 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 |
| Justice administration | 31,711,482 | 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 |
| Citizen services | 7,310,429 | 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 |
| Public works | 19,090,066 | 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 |
| Recreation and leisure | 39,934 | 38,154 | 79,342 | 91,273 | 178,753 | 703,665 | 118,119 | 92,490 | 98,935 | 99,049 |
| Commerce and community development | 17,158,997 | 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 |
| Operating grants and contributions: | | | | | | | | | | |
| General government, administrative | 786,094 | 812,900 | 1,972,545 | 1,019,348 | 1,785,795 | 911,378 | 854,210 | 721,109 | 1,121,105 | 1,658,934 |
| Public safety | 17,770,136 | 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 |
| Justice administration | 508,391 | 456,013 | 662,382 | 675,133 | 629,776 | 344,724 | 674,877 | 694,496 | 1,634,191 | 780,681 |
| Citizen services | 23,545,171 | 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 |
| Public works | 261,174 | 930,304 | 2,635,398 | 836,666 | 1,483,907 | 68,125 | 313,462 | 207,259 | 86,254 | 5,854 |
| Recreation and leisure | 14,965 | 72,414 | 254,812 | 7,700 | 11,500 | 3,700 | 1,300 | 20,400 | 31,700 | - |
| Commerce and community development | 23,443,405 | 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 |
| Capital grants and contributions: | | | | | | | | | | |
| Public safety | 193,234 | 965,065 | 618,415 | 1,869,849 | 259,795 | 3,061,210 | 2,179,783 | 794,290 | 3,529,427 | 1,590,024 |
| Public works | 3,557,413 | - | 1,961,591 | 1,992,056 | 493,320 | 1,905,878 | 3,294,672 | 678,109 | 7,404,889 | 6,904,972 |
| Total governmental activities program revenues | 234,277,647 | 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 |

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

| | Fiscal Year | | | | | | | | | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2014 | 2013 | 2012 | 2011 (1) | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Program Revenues (Continued) | | | | | | | | | | |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Airports | \$ 4,294,902 | \$ 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 |
| Community safety support | 13,085,553 | 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 |
| Community tax financing | 18,306,142 | 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 |
| Community water and sewer | 80,597,277 | 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 |
| Jail commissary | - | - | - | - | - | 648,781 | 1,403,706 | 1,465,779 | 1,377,018 | 1,323,321 |
| Recreation and leisure | 8,525,094 | 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 |
| Sewage disposal systems | 126,670,775 | 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 |
| Skilled nursing care | - | - | - | - | - | - | - | 4,489,554 | 7,078,913 | 9,225,119 |
| Operating grants and contributions: | | | | | | | | | | |
| Airports | - | - | - | - | 59,892 | - | - | - | - | 40 |
| Community water and sewer | 48,319 | - | 13,301,375 | - | - | - | - | - | - | - |
| Recreation and leisure | 92,689 | 96,241 | 25,385 | 31,579 | 42,723 | 52,752 | 282,469 | 7,819 | 24,411 | 13,627 |
| Sewage disposal systems | - | 21,783 | - | 300,000 | 22,389 | 16,208 | - | - | - | - |
| Skilled nursing care | - | - | - | - | - | - | - | 5,795 | 18,055 | 31,061 |
| Capital grants and contributions: | | | | | | | | | | |
| Airports | 1,252,591 | 778,548 | 17,054,233 | 3,510,611 | 1,988,314 | 1,217,057 | 95,525 | 4,022,511 | 3,390,266 | 817,888 |
| Community safety support | 2,255,765 | 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 |
| Community water and sewer | 1,206,737 | - | - | - | - | - | - | 973,039 | 8,428,755 | 1,390,686 |
| Recreation and leisure | - | 288,141 | 38,796 | 1,506,000 | - | - | 240,734 | 2,158,361 | 7,955 | 88,900 |
| Sewage disposal systems | 93,399 | 1,476,762 | 103,635 | 136,314 | 78,531 | - | 233,497 | 535,477 | 864,895 | 8,137,741 |
| Total business-type activities program revenues | <u>256,429,243</u> | <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> |
| Total primary government program revenues | <u>\$ 490,706,890</u> | <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> |
| Net (Expenses)/Revenues | | | | | | | | | | |
| Governmental activities | \$ (269,319,000) | \$ (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) |
| Business-type activities | <u>(1,835,451)</u> | <u>2,442,514</u> | <u>35,437,232</u> | <u>22,034,827</u> | <u>30,486,218</u> | <u>10,259,892</u> | <u>(2,673,853)</u> | <u>1,156,608</u> | <u>4,361,524</u> | <u>13,296,336</u> |
| Total primary government net expenses | <u>\$ (271,154,451)</u> | <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> |
| General Revenue and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes | \$ 206,256,326 | \$ 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 |
| State-shared revenue (unrestricted) | 14,066,100 | 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 |
| Unrestricted investment earnings | 4,917,507 | 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 |
| Gain on sale of capital assets | 205,284 | 270,885 | 213,451 | 331,629 | - | 91,828 | 123,665 | 568,634 | - | 95,379 |
| Other revenues | 3,397,021 | 3,752,043 | 6,513,306 | 3,514,883 | 4,045,007 | 5,859,798 | 1,714,661 | 1,308,488 | 733,352 | 1,378,194 |
| Special items - Contribution to VEBA Trust | - | - | - | - | - | - | - | - | - | - |
| Transfers in (out) | <u>19,532,013</u> | <u>19,803,672</u> | <u>33,139,742</u> | <u>34,901,063</u> | <u>34,473,232</u> | <u>22,982,426</u> | <u>14,740,624</u> | <u>9,714,755</u> | <u>10,154,587</u> | <u>10,329,047</u> |
| Total governmental activities | <u>248,374,251</u> | <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> |

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

| | Fiscal Year | | | | | | | | | |
|---|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|-------------------------|-----------------------|-----------------------|-----------------------|
| | 2014 | 2013 | 2012 | 2011 (1) | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| General Revenues and Other Changes in Net Position (Continued) | | | | | | | | | | |
| Business-type activities: | | | | | | | | | | |
| Property taxes | \$ 11,567,251 | \$ 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 |
| Unrestricted investment earnings | 5,179,637 | 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 |
| Special items - write off of C.I.P. | - | - | - | - | - | - | - | - | - | - |
| Special items - Contr. Pontiac W&S | - | 6,471,638 | 37,492,899 | - | - | - | - | - | - | - |
| Transfers in (out) | (19,532,013) | (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) |
| Total business-type activities | <u>(2,785,125)</u> | <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> |
| Total primary government | <u>\$ 245,589,126</u> | <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> |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ (20,944,749) | \$ 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 |
| Business-type activities | <u>(4,620,576)</u> | <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> |
| Total primary government | <u>\$ (25,565,325)</u> | <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> |

(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 | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2014 | 2013 | 2012 | 2011 (1) | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| General Fund (1): | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ 379,793 | \$ 384,218 | \$ 401,491 | \$ 399,108 | \$ 1,221,581 | \$ 598,097 |
| Unreserved: | | | | | | | | | | |
| Designated | - | - | - | - | 148,109,832 | 105,531,347 | 81,211,880 | 77,600,450 | 72,092,443 | 63,649,200 |
| Unassigned | - | - | - | - | 516,356 | 351,088 | 2,713,991 | 797,382 | 766,450 | 1,197,376 |
| Nonspendable | 221,975 | 258,647 | 1,100,141 | 292,698 | | | | | | |
| Restricted | 28,453,511 | 20,201,133 | 11,555,148 | 5,287,071 | | | | | | |
| Assigned | 222,979,095 | 221,222,041 | 209,683,648 | 194,082,115 | | | | | | |
| Unassigned | 2,329,993 | 1,091,218 | 1,090,503 | 1,500,000 | | | | | | |
| Total General Fund | \$ 253,984,574 | \$ 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 |
| All Other Governmental Funds (1): | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ 347,622,280 | \$ 365,269,937 | \$ 437,653,323 | \$ 575,350,044 | \$ 22,974,884 | \$ 35,964,327 |
| Unreserved: | | | | | | | | | | |
| Designated: | | | | | | | | | | |
| Special Revenue Funds | - | - | - | - | 147,349,425 | 179,637,943 | 195,940,244 | 210,965,492 | 140,799,885 | 74,210,217 |
| Capital Projects Funds | - | - | - | - | 6,175,010 | 7,063,814 | 9,238,783 | 3,260,193 | 4,662,919 | 15,842,509 |
| Undesignated: | | | | | | | | | | |
| Special Revenue Funds | - | - | - | - | (91,342) | (96,051) | (286,530) | (83,268) | (221,269) | - |
| Capital Projects Funds | - | - | - | - | 11,756,867 | 12,518,053 | 9,460,642 | 6,176,092 | 5,618,828 | 5,317,282 |
| Nonspendable | 991,206 | 441,135 | 547,459 | 445,125 | | | | | | |
| Restricted | 25,443,403 | 51,418,485 | 81,363,173 | 97,920,945 | | | | | | |
| Committed | 39,973,683 | 46,332,071 | 18,432,389 | 16,530,640 | | | | | | |
| Assigned | - | - | 7,732 | 17,254 | | | | | | |
| Unassigned | (2,708,371) | (606,542) | (462,247) | (366,963) | | | | | | |
| Total all other governmental funds | \$ 63,699,921 | \$ 97,585,149 | \$ 99,888,506 | \$ 114,547,001 | \$ 512,812,240 | \$ 564,393,696 | \$ 652,006,462 | \$ 795,668,553 | \$ 173,835,247 | \$ 131,334,335 |

(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.

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

| | Fiscal Year | | | | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2014 | 2013 | 2012 | 2011 (2) | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Revenues | | | | | | | | | | |
| Property taxes | \$ 207,034,582 | \$ 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 |
| Special assessments | 5,712,490 | 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 |
| Federal grants | 37,110,198 | 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 |
| State grants | 28,778,014 | 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 |
| Other intergovernmental revenue | 26,659,052 | 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 |
| Charges for services | 117,882,404 | 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 |
| Contributions | 373,184 | 207,200 | 718,965 | 443,866 | 400,252 | 257,986 | 154,072 | 164,776 | 102,666 | 75,080 |
| Investment income | 3,604,765 | 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 |
| Indirect cost recovery | 8,415,107 | 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 |
| Other | 2,498,909 | 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 |
| Total revenues | 438,068,705 | 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 |
| Expenditures | | | | | | | | | | |
| County Executive | 177,990,015 | 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 |
| Clerk/Register of Deeds | 11,478,209 | 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 |
| Treasurer | 8,715,059 | 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 |
| Justice administration | 76,112,761 | 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 |
| Law enforcement | 159,070,684 | 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 |
| Legislative | 3,955,467 | 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 |
| Water resource commissioner | 15,737,892 | 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 |
| Non-departmental | 18,528,670 | 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 |
| Capital outlay | 1,668,488 | 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 |
| Intergovernmental | 24,718 | 107,184 | 14,363 | 3,035 | 1,598,530 | 134,838 | 465,075 | 81,815 | 11,994,158 | 1,020,567 |
| Debt service: | | | | | | | | | | |
| Principal payments | 11,215,000 | 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 |
| Interest and fiscal charges | 3,406,901 | 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 |
| Total expenditures | 487,903,864 | 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 |
| Excess of revenues over (under) expenditures | (49,835,159) | (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 |

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

| | Fiscal Year | | | | | | | | | |
|---|------------------------|----------------------|---------------------|-----------------------|-----------------------|------------------------|-------------------------|-----------------------|----------------------|----------------------|
| | 2014 | 2013 | 2012 | 2011 (2) | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers in | \$ 88,060,822 | \$ 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 |
| Transfers out | (75,126,053) | (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) |
| Insurance recoveries | 183,718 | - | - | - | - | - | - | - | - | - |
| Payment to bond escrow agent | - | (348,800,000) | - | (29,840,000) | (12,488,453) | (2,699,858) | - | - | (9,009,368) | (1,099,561) |
| Issuance of bonds | 10,126,377 | 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 |
| Issuance of refunding bonds | 2,875,000 | 350,000,000 | 13,620,000 | 28,485,000 | 10,990,000 | 2,710,000 | - | - | - | - |
| Premiums on bonds sold | 206,732 | 1,702,443 | 203,846 | 1,488,907 | 1,592,775 | 38,144 | - | - | - | - |
| Discount on bonds sold | (12,642) | - | (76,269) | (17,993) | (54,700) | - | - | (2,085,301) | (360,882) | (96,435) |
| Total other financing sources (uses) | 26,313,954 | 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 |
| Net change in fund balances | \$ (23,521,205) | \$ 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 |
| Debt service as a percentage of noncapital expenditures (1) | 3.05% | 5.73% | 5.30% | 2.82% | 3.06% | 3.11% | 3.45% | 3.78% | 3.44% | 3.33% |

(1) Noncapital expenditures are total governmental expenditures less capital expenditures.

(2) 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 | | |
| 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 | |
| 2014 | | 40,589,040,038 | 36,222,002,217 | 9,183,062,325 | 8,592,084,460 | 1,596,788,260 | 1,543,801,500 | 64,213,910 | 40,619,450 | |

| Fiscal Year (4) | Personal Property | | Total Property | | Total Direct Tax Rate (3) | |
|-----------------|------------------------------|------------------|------------------------------|-------------------|---------------------------|--------|
| | Assessed and Equalized Value | Taxable Value | Assessed and Equalized Value | Taxable Value | | |
| 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 |
| 2014 | | 3,651,502,760 | 3,650,142,460 | 55,084,607,293 | 50,048,650,087 | 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 | | | | | | | | | |
|-------------------------------------|------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| 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 | 0.2415 | 0.2422 |
| Total rate | 4.4315 | 4.4315 | 4.4315 | 4.4315 | 4.4315 | 4.4315 | 4.4315 | 4.4315 | 4.4315 | 4.4322 |
| Overlapping rates | | | | | | | | | | |
| Huron-Clinton Metro Authority (a) | 0.2146 | 0.2146 | 0.2146 | 0.2146 | 0.2146 | 0.2146 | 0.2146 | 0.2146 | 0.2146 | 0.2154 |
| Intermediate school districts (5) | | | | | | | | | | |
| Median rate | 3.3690 | 3.3690 | 3.3690 | 3.3690 | 3.3690 | 3.3690 | 3.3690 | 3.3690 | 3.3690 | 3.3789 |
| Low range | 2.9295 | 2.9295 | 2.9295 | 2.9295 | 2.9295 | 2.9295 | 2.9295 | 2.9295 | 2.9430 | 2.9615 |
| High range | 3.5341 | 3.5341 | 3.5341 | 3.5341 | 3.5341 | 3.5341 | 3.5341 | 3.5341 | 3.5361 | 3.5361 |
| Community colleges (3) | | | | | | | | | | |
| Median rate | 1.7967 | 1.7967 | 1.7967 | 1.7967 | 1.7967 | 1.7967 | 1.7967 | 1.7967 | 1.7967 | 1.7967 |
| Low range | 1.5844 | 1.5844 | 1.5844 | 1.5844 | 1.5844 | 1.5844 | 1.5844 | 1.5844 | 1.5844 | 1.5889 |
| High range | 2.8596 | 2.8596 | 2.8596 | 2.8596 | 2.6796 | 2.6796 | 2.6796 | 2.6796 | 2.6807 | 2.6807 |
| Cities (31) | | | | | | | | | | |
| Median rate | 17.5856 | 16.7929 | 16.0541 | 16.1905 | 15.5898 | 14.8121 | 14.8179 | 15.1084 | 15.1084 | 15.2367 |
| Low range | 7.8600 | 7.3600 | 8.8200 | 9.7060 | 9.0500 | 8.3000 | 8.3000 | 8.3000 | 8.3000 | 8.3000 |
| High range | 38.1191 | 37.4634 | 30.4298 | 29.1461 | 25.3589 | 25.2763 | 25.2604 | 24.4050 | 24.8349 | 25.5163 |
| Villages (10) | | | | | | | | | | |
| Median rate | 15.9168 | 15.2286 | 14.4597 | 14.6508 | 14.1182 | 14.1182 | 14.1036 | 14.1036 | 14.1290 | 14.1870 |
| Low range | 9.5000 | 8.8900 | 8.8900 | 8.5900 | 7.9900 | 7.3525 | 7.2249 | 7.3670 | 7.7443 | 7.9462 |
| High range | 18.5025 | 17.9756 | 20.0210 | 18.3610 | 18.1386 | 17.8196 | 18.1020 | 18.1120 | 19.7520 | 17.9480 |
| Townships (21) | | | | | | | | | | |
| Median rate | 7.9168 | 7.2786 | 7.2685 | 6.7444 | 6.7444 | 6.5876 | 6.5876 | 6.2652 | 6.0380 | 6.0937 |
| Low range | 0.6000 | 0.6000 | 0.6000 | 0.6000 | 0.6000 | 0.5000 | 0.5000 | 0.5500 | 0.5500 | 0.5500 |
| High range | 15.1064 | 13.8002 | 13.8002 | 13.8002 | 13.1777 | 11.7112 | 11.7112 | 11.2223 | 11.6081 | 11.5495 |
| School districts (35) (b) | | | | | | | | | | |
| Homestead: | | | | | | | | | | |
| Median rate | 14.3880 | 13.9513 | 13.9513 | 13.7550 | 13.6410 | 13.4161 | 13.5105 | 13.2455 | 13.4910 | 13.6373 |
| Low range | 9.8700 | 9.8700 | 9.0500 | 8.2500 | 8.1800 | 7.8500 | 7.7400 | 7.3500 | 7.7200 | 6.7000 |
| High range | 26.8868 | 26.8868 | 26.4868 | 26.4868 | 25.8868 | 25.8868 | 23.5993 | 27.8925 | 27.8925 | 27.8945 |
| Non-Homestead: | | | | | | | | | | |
| Median rate | 31.0000 | 31.0000 | 30.7000 | 30.5400 | 30.4000 | 29.5200 | 29.6931 | 29.6061 | 29.6000 | 29.3455 |
| Low range | 25.6974 | 26.4420 | 26.4420 | 26.1800 | 14.4500 | 25.8000 | 24.9243 | 25.3500 | 25.7200 | 23.9010 |
| High range | 37.4500 | 35.3610 | 34.8500 | 34.8500 | 34.5000 | 33.3410 | 33.2310 | 32.8410 | 33.2110 | 32.6884 |
| DDAs (9) (c) | | | | | | | | | | |
| Median rate | 1.8978 | 1.8978 | 1.8978 | 1.8008 | 1.7470 | 1.7470 | 1.7470 | 1.8768 | 1.8856 | 1.9290 |
| Low range | 1.3794 | 1.3794 | 1.3794 | 1.3794 | 1.3000 | 1.3000 | 1.3000 | 1.3794 | 1.4010 | 1.4393 |
| High range | 1.9734 | 1.9734 | 1.9734 | 1.9734 | 1.9734 | 1.9734 | 1.9734 | 1.9734 | 1.9860 | 1.9860 |
| Public Transportation Authority (d) | 1.0000 | 0.5900 | 0.5900 | 0.5900 | 0.5900 | 0.5900 | 0.5900 | 0.5900 | 0.5950 | 0.5962 |
| Zoological Authority (e) | 0.1000 | 0.1000 | 0.1000 | 0.1000 | 0.1000 | 0.1000 | 0.1000 | - | - | - |
| Art Institute Authority (f) | 0.2000 | 0.2000 | 0.2000 | - | - | - | - | - | - | - |

Notes

The County's maximum allowable operating millage levy for 2014 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 FY 2008.
- (f) Art Institute Authority added FY 2012

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

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

| Taxpayer | Fiscal Year 2014 | | | Fiscal Year 2005 | | |
|--------------------------------------|-------------------------|------|--|-------------------------|------|--|
| | Taxable Valuation* | Rank | Percentage County Taxable Valuation | Taxable Valuation* | Rank | Percentage County Taxable Valuation |
| Detroit Edison Company/DTE | \$ 516,752,800 | 1 | 1.05% % | \$ 360,912,322 | 2 | 0.61 % |
| Consumers Energy | 260,204,303 | 2 | 0.53% % | 158,406,697 | 5 | 0.27 % |
| Auburn Hills Owner LLC | 150,000,000 | 3 | 0.30% % | - | - | - % |
| Taubman/12 Oaks/Great Lakes Crossing | 117,410,340 | 4 | 0.24% % | 208,092,554 | 3 | - % |
| International Transmission | 89,217,670 | 5 | 0.18% % | - | - | - % |
| Chrysler Group LLC/Chrysler Finance | 89,050,130 | 6 | 0.18% % | 170,275,688 | 4 | 0.29 % |
| Singh | 72,817,750 | 7 | 0.15% % | - | - | - % |
| Bre Southfield | 67,398,350 | 8 | 0.14% % | - | - | - % |
| General Motors | 67,148,760 | 9 | 0.14% % | 531,887,644 | 1 | 0.90 % |
| Oakland Management | 63,277,950 | 10 | 0.13% % | - | - | - % |
| Northern Equities | 57,285,800 | 11 | 0.12% % | - | - | - % |
| Franke/Forbes/Cohn | 51,579,130 | 12 | 0.10% % | 90,964,710 | 11 | 0.15 % |
| Occidental Development | 42,473,990 | 13 | 0.09% % | - | - | - % |
| Urban Call Oakland Mall | 36,713,920 | 14 | 0.07% % | - | - | - % |
| Novi Campus | 32,968,140 | 15 | 0.07% % | - | - | - % |
| Ramco Lion Venture | 30,959,390 | 16 | 0.06% % | - | - | - % |
| Galleria | 30,746,550 | 17 | 0.06% % | - | - | - % |
| Hartman Tyner | 29,924,920 | 18 | 0.06% % | - | - | - % |
| VHS Huron Valley-Sinai Hospital | 29,109,770 | 19 | 0.06% % | - | - | - % |
| Robert Bosch | 29,064,940 | 20 | 0.06% % | - | - | - % |
| Total | \$ 1,864,104,603 | | 3.79% % | \$ 1,520,539,615 | | 2.22 % |

* 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 |
| 2004 | W 2005 | \$ 227,583,190 | \$ 222,651,567 | 97.83 % | \$ 4,929,943 | \$ 227,581,510 | 100.00 % |
| 2005 | S 2005 | 79,281,336 | 65,809,623 | 83.01 % | 13,469,901 | 79,279,524 | 100.00 % |
| 2005 | W 2006 | 159,403,731 | 156,102,121 | 97.93 % | 3,297,966 | 159,400,087 | 100.00 % |
| 2006 | S 2006 | 166,634,796 | 142,992,690 | 85.81 % | 23,623,912 | 166,616,602 | 99.99 % |
| 2006 | W 2007 | 85,765,677 | 83,915,557 | 97.84 % | 1,840,755 | 85,756,312 | 99.99 % |
| 2007 | S 2007 | 262,814,606 | 225,336,018 | 85.74 % | 37,431,075 | 262,767,093 | 99.98 % |
| 2008 | 2008 | 262,899,380 | 228,260,470 | 86.82 % | 34,433,781 | 262,694,251 | 99.92 % |
| 2009 | 2009 | 253,987,318 | 219,099,614 | 86.26 % | 34,624,992 | 253,724,606 | 99.90 % |
| 2010 | 2010 | 223,423,779 | 198,172,603 | 88.70 % | 24,972,845 | 223,145,448 | 99.88 % |
| 2011 | 2011 | 206,524,166 | 187,107,837 | 90.60 % | 18,911,227 | 206,019,064 | 99.76 % |
| 2012 | 2012 | 200,442,426 | 179,242,176 | 89.42 % | 19,771,366 | 199,013,542 | 99.29 % |
| 2013 | 2013 | 201,089,193 | 179,700,449 | 89.36 % | 18,325,547 | 198,025,996 | 98.48 % |
| 2014 | 2014 | 205,137,961 | 181,910,042 | 88.68 % | - | 181,910,042 | 88.68 % |

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 | | | |
| 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 |
| 2009 | 579,780,000 | 0.93 % | 480.94 | 57,663,579 | 3,860,661 | 50,000,000 | 691,304,240 | 12.05 % | 573.45 |
| 2010 | 562,030,000 | 1.02 % | 467.44 | 52,350,727 | 4,485,830 | 50,000,000 | 668,866,557 | 11.15 % | 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 | 674,696,196 | 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 |
| 2014 | 402,340,000 | 0.80 % | 326.67 | 53,557,104 | 59,761,071 | 33,818,351 | 549,476,526 | 7.82 % | 446.13 |

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, 2014

| | Gross Amount Outstanding | Self-supporting or Paid by Benefiting Entity | Net Amount Outstanding |
|---|---|---|---------------------------------------|
| Direct debt | | | |
| Building authority bonds | \$ 74,305,000 | \$ 21,965,000 | \$ 52,340,000 |
| Retirees Health Care Bonds | 350,000,000 | - | 350,000,000 |
| Water and sewer debt (Special assessment) | 31,592,104 | 31,592,104 | - |
| Drainage Districts bonds and notes | 235,590,688 | 175,829,617 | 59,761,071 |
| Road Commission debt (no County credit) | <u>22,229,717</u> | <u>22,229,717</u> | <u>-</u> |
| Net direct debt | <u>\$ 713,717,509</u> | <u>\$ 251,616,438</u> | <u>462,101,071</u> |
| Overlapping debt | | | |
| Cities | | | 587,898,210 |
| Townships | | | 455,004,237 |
| Villages | | | 19,692,396 |
| School districts | | | 2,157,019,286 |
| Intermediate school districts | | | 54,583,356 |
| Community colleges | | | 4,571,065 |
| Library | | | 224,640 |
| County-issued debt paid by local municipalities | | | <u>251,616,438</u> |
| Net overlapping debt | | | <u>3,530,609,628</u> |
| Net direct and overlapping debt | | | <u><u>\$ 3,992,710,699</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 |
|-------------|----------------------------------|------------------------------|---|--------------------------|---|
| 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 | 798,634,635 | 4,446,711,399 | 15.23% |
| 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% |
| 2014 | 55,084,607,293 | 5,508,460,729 | 737,931,143 | 4,770,529,586 | 13.40% |

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 |
|-------------|-------------------|---|---|------------------------------|
| 2005 | 1,203,253 | \$ 61,437,412 | 51,059 | 5.70 % |
| 2006 | 1,202,256 | 62,515,638 | 51,999 | 5.80 % |
| 2007 | 1,199,862 | 63,764,353 | 53,143 | 6.10 % |
| 2008 | 1,199,545 | 63,754,913 | 53,149 | 7.00 % |
| 2009 | 1,200,890 | 58,641,309 | 48,832 | 12.90 % |
| 2010 | 1,202,829 | 59,695,561 | 49,629 | 12.40 % |
| 2011 | 1,211,026 | 64,338,451 | 53,127 | 10.10 % |
| 2012 | 1,220,643 | 69,035,784 | 56,557 | 8.90 % |
| 2013 | 1,231,640 | 70,246,571 | 57,035 | 8.10 % |
| 2014 | 1,231,640 (a) | 70,246,571 (a) | 57,035 (a) | 6.90 % |

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

Sources:

Population = U.S. Department of Commerce, Bureau of Census and Oakland County
 Department of Planning & Economic Development
 Personal Income = Michigan Bureau of Economic Analysis

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

| Employer | Fiscal Year 2014 | | | Fiscal Year 2005 | | |
|--|------------------|------|---------------------------------------|------------------|------|---------------------------------------|
| | Employees | Rank | Percentage of Total County Employment | Employees | Rank | Percentage of Total County Employment |
| Chrysler Group LLC | 12,308 | 1 | 2.21% | 10,370 | 3 | 1.73% |
| Beaumont Health System | 11,891 | 2 | 2.13% | 14,606 | 2 | 2.43% |
| General Motors Corporation | 9,154 | 3 | 1.64% | 20,300 | 1 | 3.38% |
| St. John Health Services (formerly Providence Hospital) | 4,208 | 4 | 0.76% | 5,458 | 6 | 0.91% |
| U.S. Postal Service | 4,108 | 5 | 0.74% | 3,977 | 9 | 0.66% |
| Oakland County Government | 3,211 | 6 | 0.58% | - | - | n/a |
| Henry Ford Health System | 2,674 | 7 | 0.48% | n/a | n/a | n/a |
| Botsford Health Care | 2,634 | 8 | 0.47% | n/a | n/a | n/a |
| Magna International of America Inc. | 2,422 | 9 | 0.43% | n/a | n/a | n/a |
| Trinity Health (formerly St. Joseph Mercy) | 2,372 | 10 | 0.43% | 3,674 | 10 | 0.61% |
| Flagstar Bancorp Inc. | | | | | | |
| Electronic Data Systems (EDS) | n/a | n/a | n/a | 4,400 | 7 | 0.73% |
| LaSalle Bank Midwest Bank NA | n/a | n/a | n/a | 7,947 | 4 | 1.32% |
| Human Capital LLC | n/a | n/a | n/a | 5,500 | 5 | 0.92% |
| Blue Cross/Blue Shield | n/a | n/a | n/a | 4,001 | 8 | 0.67% |
| | <u>54,982</u> | | <u>9.87%</u> | <u>80,233</u> | | <u>13.36%</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) | | | | | | | | | |
|--|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| General government | | | | | | | | | | |
| County Executive Administration | 60 | 47 | 47 | 47 | 50 | 52 | 66 | 66 | 63 | 65 |
| Management & Budget | 189 | 204 | 203 | 205 | 205 | 203 | 203 | 207 | 205 | 204 |
| Central Services | 59 | 59 | 58 | 66 | 68 | 68 | 66 | 66 | 65 | 61 |
| Human Resources | 46 | 46 | 47 | 49 | 50 | 50 | 50 | 51 | 51 | 51 |
| Board of Commissioners | 30 | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 34 |
| Clerk/Register of Deeds | 112 | 112 | 116 | 118 | 118 | 121 | 128 | 128 | 133 | 154 |
| County Treasurer | 47 | 46 | 46 | 44 | 44 | 48 | 48 | 48 | 48 | 48 |
| Public Safety | | | | | | | | | | |
| Sheriff | 1,107 | 1,088 | 1,119 | 1,024 | 1,054 | 1,117 | 1,129 | 1,135 | 1,130 | 1,092 |
| Community Corrections | 59 | 60 | 58 | 59 | 60 | 60 | 65 | 67 | 66 | 68 |
| Animal Control | 36 | 36 | 33 | 26 | 26 | 26 | 24 | 24 | 24 | 24 |
| Justice Administration | | | | | | | | | | |
| Circuit Court | 410 | 410 | 409 | 431 | 442 | 471 | 469 | 469 | 473 | 455 |
| District Court | 186 | 188 | 185 | 184 | 186 | 197 | 200 | 201 | 201 | 194 |
| Probate Court | 49 | 49 | 49 | 54 | 57 | 59 | 61 | 61 | 61 | 59 |
| Prosecuting Attorney | 171 | 170 | 172 | 175 | 177 | 185 | 189 | 189 | 189 | 188 |
| Medical Examiner | 26 | 26 | 26 | 26 | 26 | 26 | 28 | 34 | 34 | 34 |
| Citizens Services | | | | | | | | | | |
| Administration | 2 | 2 | 2 | 2 | 5 | 5 | 5 | 5 | 5 | 5 |
| Health | 369 | 370 | 373 | 378 | 378 | 387 | 404 | 404 | 403 | 413 |
| Homeland Security | 12 | 12 | 16 | 13 | 13 | 13 | n/a | n/a | n/a | n/a |
| Medical Care Facility (2) | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 104 | 104 | 110 |
| Children's Village | 192 | 192 | 189 | 185 | 185 | 178 | 161 | 161 | 161 | 161 |
| Veterans' Services | 16 | 16 | 16 | 16 | 16 | 16 | 18 | 18 | 18 | 16 |
| MSU Extension-Oakland County | 15 | 15 | 15 | 15 | 15 | 15 | 14 | 13 | 13 | 13 |
| Public Works | | | | | | | | | | |
| Water Resources Commissioner | 266 | 263 | 263 | 264 | 264 | 266 | 270 | 271 | 269 | 269 |
| Facilities Management | 189 | 187 | 188 | 189 | 193 | 196 | 204 | 204 | 201 | 201 |
| Information Technology | 159 | 161 | 161 | 164 | 164 | 167 | 167 | 169 | 165 | 159 |
| Recreation and Leisure | | | | | | | | | | |
| Library Board | 7 | 7 | 10 | 10 | 12 | 17 | 17 | 18 | 18 | 23 |
| Parks and Recreation | 421 | 378 | 379 | 376 | 376 | 376 | 341 | 341 | 317 | 313 |
| Commerce and Community Development | | | | | | | | | | |
| Administration | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 13 | 14 |
| Planning and Economic Development Services | 48 | 46 | 46 | 47 | 48 | 49 | 44 | 43 | 42 | 41 |
| Community and Home Improvement | 22 | 23 | 23 | 23 | 22 | 22 | 21 | 21 | 21 | 21 |
| Workforce Development | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Totals | <u>4,326</u> | <u>4,268</u> | <u>4,304</u> | <u>4,245</u> | <u>4,309</u> | <u>4,445</u> | <u>4,447</u> | <u>4,573</u> | <u>4,536</u> | <u>4,499</u> |

(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 | | | | | | | | | |
|---|-------------|-----------|-----------|---------|---------|---------|---------|---------|---------|---------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Law Enforcement | | | | | | | | | | |
| Dispatched Calls | 286,235 | 272,066 | 197,767 | 168,685 | 145,090 | 125,987 | 133,402 | 179,563 | 180,472 | 180,940 |
| Arrests | 11,943 | 11,525 | 12,126 | 10,999 | 8,906 | 8,513 | 8,466 | 8,900 | 9,286 | 8,569 |
| Inmate bookings | 19,317 | 19,913 | 19,796 | 19,889 | 19,608 | 21,866 | 24,053 | 25,809 | 27,003 | 25,734 |
| Judicial | | | | | | | | | | |
| Circuit Court civil/criminal cases disposed | 11,742 | 12,442 | 13,147 | 14,212 | 15,752 | 15,927 | 15,849 | 16,108 | 16,132 | 16,414 |
| District Court cases filed | 119,347 | 118,307 | 119,643 | 123,860 | 134,077 | 145,465 | 144,933 | 152,710 | 159,380 | 157,920 |
| Citizen Services | | | | | | | | | | |
| Veteran benefits claims filed | 5,461 | 6,202 | 6,805 | 6,848 | 7,220 | 6,870 | 7,546 | 7,071 | 7,182 | 6,784 |
| Deeds/Mortgages | 90,969 | 119,116 | 109,403 | 86,034 | 84,048 | 85,478 | 84,866 | 110,600 | 141,157 | 176,787 |
| Jobs retained and created | 11,332 | 8,866 | 9,269 | 8,365 | 14,522 | 4,187 | 10,311 | 10,842 | 1,640 | 4,422 |
| Immunizations | 54,600 | 61,141 | 62,309 | 80,741 | 143,839 | 102,893 | 94,038 | 82,347 | 95,202 | 117,679 |
| Community Development | | | | | | | | | | |
| BFC/EDC Loans | 34 | 40 | 28 | 26 | 21 | 16 | 28 | 33 | 26 | 20 |
| Applications for home improvement | 533 | 500 | 387 | 384 | 276 | 601 | 609 | 457 | 373 | 369 |
| Single family homes rehabilitated | 198 | 183 | 163 | 165 | 186 | 276 | 218 | 198 | 253 | 229 |
| Parks and Recreation | | | | | | | | | | |
| Participants-Parks | 855,711 | 1,250,439 | 1,074,428 | 942,019 | 843,600 | 775,683 | 815,097 | 778,616 | 789,867 | 793,215 |
| Participants-Golf Courses | 104,492 | 95,531 | 130,281 | 116,804 | 126,727 | 148,747 | 172,783 | 178,444 | 198,477 | 200,521 |
| Participants-Recreation, Facilities | 485,981 | 437,407 | 411,068 | 390,106 | 370,355 | 291,917 | 365,310 | 373,214 | 374,853 | 381,025 |
| Participants-Banquet Facilities | 87,436 | 90,915 | 125,008 | 109,420 | 125,592 | 147,365 | 154,594 | 161,678 | 170,524 | 182,100 |
| Participants-County Market | 292,134 | 108,178 | 147,230 | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Airports | | | | | | | | | | |
| Takeoffs and landings | 111,672 | 117,981 | 128,766 | 119,347 | 119,581 | 144,678 | 162,283 | 202,345 | 202,973 | 207,757 |
| Public Works | | | | | | | | | | |
| Water and sewer customers | 79,312 | 78,096 | 77,280 | 76,784 | 76,435 | 76,413 | 76,050 | 75,613 | 74,926 | 73,129 |
| Water main breaks | 123 | 128 | 79 | 85 | 90 | 104 | 94 | 115 | 114 | 119 |
| Water permits issued | 921 | 902 | 626 | 337 | 220 | 164 | 232 | 370 | 811 | 1,016 |

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 | | | | | | | | | |
|---|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Justice and Law Enforcement | | | | | | | | | | |
| Correction facilities capacities | 1,653 | 1,653 | 1,653 | 1,666 | 1,594 | 1,750 | 1,768 | 1,984 | 1,981 | 1,981 |
| Substations | 13 | 13 | 14 | 14 | 12 | 12 | 12 | 12 | 12 | 12 |
| Parks and Recreation | | | | | | | | | | |
| Number of county parks | 13 | 13 | 14 | 13 | 13 | 13 | 13 | 13 | 11 | 11 |
| Park acreage | 6,756 | 6,756 | 6,643 | 6,643 | 6,456 | 6,398 | 6,378 | 6,378 | 6,089 | 5,742 |
| Airport | | | | | | | | | | |
| Number of runways | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Number of T-Hangars | 646 | 650 | 738 | 738 | 738 | 738 | 738 | 738 | 711 | 619 |
| Facilities | | | | | | | | | | |
| Buildings | 40 | 40 | 41 | 40 | 40 | 40 | 40 | 41 | 42 | 42 |
| County facilities square footage | 1,888,888 | 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 |
| Public Works | | | | | | | | | | |
| Combined Sewer Overflow Retention | | | | | | | | | | |
| Treatment Facilities | 4 | 4 | 4 | 4 | 4 | 4 | 3 | 3 | 3 | 3 |
| Water mains (miles) | 515.79 | 160.63 | 136.41 | 133.03 | 132.99 | 123.60 | 161.51 | 165.83 | 162.57 | 148.67 |
| Water storage capacity (millions of gallons) | 15.07 | 3.07 | 3.07 | 3.07 | 3.07 | 3.07 | 2.07 | 2.07 | 2.07 | 2.07 |
| Sewers (miles) | 138.41 | 138.42 | 138.29 | 137.32 | 137.22 | 137.22 | 135.08 | 131.81 | 131.84 | 131.84 |
| Permitted Sewer treatment capacity (millions of gallons) | 15,579.69 | 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 |

Sources

Various County departments

**County of Oakland
Building Authority Data – Unaudited Table 17
September 30, 2014**

| | CMHA Housing Project | City of Oak Park Project | Facilities Infrastructure & IT Projects | CMHA Building Renovation | Pontiac Plaza Amphitheatre Refunding | City of Keego Harbor Debt |
|---|-------------------------------------|---|--|---|---|--|
| Cash | \$ - | \$ 274 | \$ 5 | \$ 1,251 | \$ 440 | \$ 328 |
| Lease receivable | - | 2,360,000 | - | 14,000,000 | - | 1,025,000 |
| Other assets | 2,739 | 110,730 | - | 780,879 | - | - |
| Deferred inflows - contracts | - | 2,360,000 | - | 14,000,000 | - | 1,025,000 |
| Other liabilities | - | 278 | - | 499 | 440 | 399 |
| Current year activity: | | | | | | |
| Transfers in | - | - | 2,229,625 | - | - | - |
| Leases and other income | 385,605 | 152,102 | - | 988,869 | - | 66,262 |
| Issuance of refunding bonds, incl. premiums | 3,081,732 | - | - | - | - | - |
| Debt service: | | | | | | |
| Principal | 3,275,000 | 70,000 | 1,675,000 | 500,000 | - | 25,000 |
| Interest | 135,056 | 82,872 | 554,625 | 419,250 | - | 40,938 |
| Fiscal charges | - | 300 | - | - | - | 300 |
| Contractual services | 55,576 | - | - | - | - | - |
| Transfers out | 305 | - | - | - | - | - |
| Principal and interest requirements: | | | | | | |
| 2015 | \$ - | \$ 151,123 | \$ 2,277,875 | \$ 983,500 | \$ - | \$ 65,437 |
| 2016 | - | 149,372 | 2,273,875 | 969,125 | - | 64,938 |
| 2017 | - | 152,560 | 2,243,750 | 976,500 | - | 64,187 |
| 2018 | - | 150,685 | 2,237,500 | 958,500 | - | 63,438 |
| 2019 | - | 153,747 | 2,229,750 | 965,125 | - | 67,687 |
| Thereafter | - | 2,792,364 | 8,860,000 | 13,520,625 | - | 1,360,638 |
| | <u>\$ -</u> | <u>\$ 3,549,851</u> | <u>\$ 20,122,750</u> | <u>\$ 18,373,375</u> | <u>\$ -</u> | <u>\$ 1,686,325</u> |

(continued)

County of Oakland
Building Authority Data – Unaudited Table 17 (Continued)
September 30, 2014

| | CMHA Housing Proj Refunding | 52/3 District Court Bldg. Refunding | Work Release JailMgt/Video Refunding | Office Bldg. Renovation Refunding | Sheriff Substation Refunding | Totals |
|---|--|--|---|--|---|----------------------|
| Cash | \$ 3,499 | \$ 5 | \$ 305 | \$ 305 | \$ 89 | \$ 6,501 |
| Lease receivable | 2,875,000 | - | - | - | 1,705,000 | 21,965,000 |
| Other assets | - | - | - | - | 250 | 894,598 |
| Deferred inflows - contracts | 2,875,000 | - | - | - | 1,705,000 | 21,965,000 |
| Other liabilities | - | - | 300 | 300 | 8 | 2,224 |
| Current year activity: | | | | | | |
| Transfers in | 305 | 1,315,800 | 1,591,700 | 1,873,745 | - | 7,011,175 |
| Leases and other income | 3,194 | - | - | - | 330,192 | 1,926,224 |
| Issuance of refunding bonds, incl. premiums | - | - | - | - | - | 3,081,732 |
| Debt service: | | | | | | |
| Principal | - | 850,000 | 1,145,000 | 1,395,000 | 290,000 | 9,225,000 |
| Interest | - | 465,500 | 446,400 | 478,450 | 39,900 | 2,662,991 |
| Fiscal charges | - | 300 | 300 | 300 | 250 | 1,750 |
| Contractual services | - | - | - | - | - | 55,576 |
| Transfers out | - | - | - | - | - | 305 |
| Principal and interest requirements: | | | | | | |
| 2015 | \$ 343,321 | \$ 1,323,000 | \$ 1,607,050 | \$ 1,870,700 | \$ 319,100 | 8,941,106 |
| 2016 | 330,950 | 1,328,000 | 1,596,200 | 1,861,800 | 333,400 | 8,907,660 |
| 2017 | 319,775 | 1,310,500 | 1,582,400 | 1,877,200 | 317,300 | 8,844,172 |
| 2018 | 337,050 | 1,301,500 | 1,587,200 | 1,866,100 | 331,400 | 8,833,373 |
| 2019 | 324,025 | 1,300,500 | 1,569,800 | 1,864,050 | 315,100 | 8,789,784 |
| Thereafter | 1,756,425 | 3,899,500 | 4,620,000 | 8,809,856 | 204,000 | 45,823,408 |
| | <u>\$ 3,411,546</u> | <u>\$ 10,463,000</u> | <u>\$ 12,562,650</u> | <u>\$ 18,149,706</u> | <u>\$ 1,820,300</u> | <u>\$ 90,139,503</u> |



OAKLAND COUNTY, MICHIGAN

WHERE PEOPLE AND TECHNOLOGY PROSPER

ADVANTAGEOAKLAND.COM | OAKGOV.COM | DESTINATIONOAKLAND.COM