



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year ending September 30, 2015

PREPARED BY: Department of Management & Budget • Laurie Van Pelt, Director



**OAKLAND COUNTY, MICHIGAN  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Fiscal Year Ended September 30, 2015  
(With Independent Auditor's Report Thereon)**

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**County of Oakland**  
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## **I. INTRODUCTORY SECTION**

**The Introductory Section contains:**

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

March 21, 2016

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, 2015.

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, 2015 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, 2015 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**

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The Fiscal Year 2015 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 2015 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 1,237,868 (2014 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 ninth (9<sup>th</sup>) wealthiest county in the nation among counties with populations between 900,000 and 1,600,000 as sited in an April 2015 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

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The Oakland County Courts consist of the Sixth Judicial Circuit (including Family Division), Probate and 52nd District Courts. The Circuit Court, with nineteen (19) judges, has jurisdiction over criminal cases where the minimum penalty is over one year of incarceration, civil damage cases where the claim exceeds \$25,000, and domestic relation matters. The Probate Court, with four (4) judges, is responsible for estates and mental health matters. The 52nd District Court, with ten (10) judges, has jurisdiction over misdemeanors, ordinance and charter violations, civil cases under \$25,000, and preliminary examinations in felony cases.

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 \$100.8 million is funded principally by State-collected vehicle fuel and registration taxes under Public Act 51 of 1951. Other sources of funds are provided by federal and local governments and proceeds from the sale of bonds. The Road Commission is not subject to the Board of Commissioners' appropriation process and, therefore, is reflected as a discretely presented component unit in the County's CAFR, as required by GASB Statement Number 14, *The Financial Reporting Entity*, as amended by Statement Number 39, *Determining Whether Certain Organizations are Component Units*, and Statement Number 61, *The Financial Reporting Entity: Omnibus*.

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

A ten-member commission, appointed by the Board of Commissioners, is responsible for Parks and Recreation, which acquires 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

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### *County Budget*

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

Under the provisions of the State of Michigan's Uniform Budget Act for Local Units of Government (PA 621 of 1978 as amended by P.A. 493 of 2000), the Triennial Budget and General Appropriations Act (GAA) serves as the foundation for Oakland County's financial planning and control; this covers the County's fiscal year of October 1 through September 30. The County Executive is required to submit a proposed budget and recommended GAA to the Board of Commissioners no later than 90 days prior to the beginning of the next fiscal year (July 1). The Board of Commissioners is required to hold public hearings on the proposed budget and adopt the final budget and GAA for the ensuing fiscal year no later than September 30, the close of the current fiscal year.

The appropriated budget is prepared by fund (e.g. General Fund), function (e.g., Administration of Justice), and department (e.g., Circuit Court). Control categories are established at the department level for Personnel Expenditures (e.g., salaries, overtime, and fringe benefits), Operating Expenditures (e.g., contractual services and commodities), and Internal Support Expenditures (e.g., Internal Service charges for 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**

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### **Economic Condition of Oakland County**

Oakland County is traditionally one of the most prosperous local economies in the United States. Oakland County's economy is continuing to improve since the days of the "Great Recession". Over the period of 2009 to 2014, the County's job growth rate of 12.8% greatly outpaced both the nation's growth rate of 6.0% and the state's growth rate of 8.0%. Calendar year 2011 was the turning point in the County's economic recovery with the creation of 24,412 jobs, the second best year for job growth since 1994. Job growth continued in calendar year 2012 and 2013 with the creation of an additional 24,865 jobs in 2012 and 18,146 jobs in 2013. In their April 2015 report, University of Michigan economists estimated an additional 11,812 jobs were created in 2014. Further, it is projected that an additional 49,032 jobs will be created in the County over the three-year period of 2015-2017; a pace averaging 2.3% per year. While the job growth is expected to increase for higher-education, blue-collar, and lower-education service industries, the most rapid growth is projected to occur in the higher-education service industries.

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 2015 Oakland County unemployment rate was 4.2%. This rate is lower than the State of Michigan average of 4.5% and the national average of 4.8%

Enhanced by the County's investment in dynamic economic development programs, Oakland County remains an ideal location for business. Since its creation in 2004, the Emerging Sectors program has had 371 business successes and has attracted over \$3.3 billion in investment, creating approximately 37,000 jobs and retaining 21,000. The most successful sectors in terms of total investment are health care/life science at \$1.0 billion, IT/Communications at \$623.0 million, alternative energy at \$548.9 million and advanced materials at \$516.0 million. In 2015, Oakland County recognized \$357.0 million of foreign direct investment, more than double the \$171.0 million from 2014, and accounts for about 43% of the County's total private business investment of nearly \$835.0 million.

Oakland County's 2014 per capita personal income (PCPI) of \$59,759 is the highest among Michigan's 83 counties according to the U.S. Bureau of Economic Analysis (BEA) most recent published data on November 19, 2015. The 2014 PCPI reflects an increase of 3.9 percent from 2013. The Oakland County's per capita income also compares favorably to the national average (\$46,049) and the state average (\$40,740).

## County of Oakland Letter of Transmittal

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The 2015 market value of property in Oakland County is approximately \$121.6 billion, an increase of approximately \$11.4 billion from 2014 to 2015 (10.39%). The State Taxable Value (STV), which is the calculation on which property tax revenue is based, increased 3.69%. This is the third year of increased 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 3.0% increase in taxable value as of December 31, 2015 (FY 2016 revenue); a further 4.0% increase in taxable value as of December 31, 2016 (FY 2017 revenue); and an additional 4.0% increase in taxable value as of December 31, 2017 (FY 2018 revenue).

Oakland County's collective property values remain the highest of all 83 counties in Michigan, and represents 15.9% 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 72.7% of the total property tax base. The average residential sale price of a home in Oakland County increased from \$207,110 in 2014 to \$222,670 in 2015, a 7.5% increase.

The average 2015 property tax rate is \$42.17 per thousand dollars of taxable value, a decrease from the 2014 average of \$42.30 per thousand dollars of taxable value. The average property tax rate is distributed to the following taxing authorities:

Local School Districts	31.93%
Cities, Villages, Townships	30.90%
State Education Tax	13.96%
County Operating	9.70%
Intermediate School District	7.97%
Community College	3.75%
Parks & Recreation/Zoo/Art/Huron Clinton	<u>1.79%</u>
	<u>100.00%</u>

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, 2015 property tax levy was reduced from 4.19 mills to 4.09 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 millage rate effective with the July 1, 2016 tax levy has been reduced from 4.09 mills to 4.04 mills.

### **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).

## County of Oakland Letter of Transmittal

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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 2015 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 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, based on recommendations from his Budget Task Force 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. In fact, the County adopted Miscellaneous Resolution #15175 on July 16, 2015 to formally codify the fund balance policy for the General Fund; this has been a highly recognized and proven best practice that has been instrumental to Oakland County's long-term financial sustainability. Such practice provides a cushion against unexpected crises, allowing the County to meet emergency demands without severely disrupting ongoing operations and services.

The second criterion is the need for additional cash flow reserves arising from Michigan Public Act 357 of 2004 that requires the County to collect property taxes in arrears. Under this State Act, counties levy property taxes in July of each calendar year, which is ten months AFTER the beginning of Oakland County's fiscal year. Prior to enacting P.A. 357, the County levied property taxes in December only three months after the beginning of the fiscal year. Because of the prudent management of the General Fund balance, the County has been able to maintain its

## County of Oakland Letter of Transmittal

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cash flow needs, despite the shift to a later levy date. However, the County will continue to monitor its cash flow needs and will take appropriate actions if short-term borrowing is needed to augment General Fund cash balances.

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. 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 quarterly forecast documents as well as monthly budget to actual reports are posted on the County's website.

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 2015) for fiscal years 2016, 2017 and 2018. Further analysis was conducted since that time on fiscal year 2019 and 2020 needs. Considering the state of the County's finances as of September 30, 2015, as well as on-going "thoughtful management" practices, the County anticipates a balanced budget through FY 2021 without additional budget tasks or reductions.

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

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

## County of Oakland Letter of Transmittal

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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, 2015, was approximately \$202.8 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) by using the DTRF to cover debt service on certain major Board-approved capital projects that house essential public services. There are three major building projects that were initiated in the early 2000's where debt service of approximately \$4.7 million annually is being covered by the DTRF. The debt on two of these projects will be paid in full by the end of FY 2022 with the third project to be paid in full by the end of FY 2024; thus freeing up approximately \$2.8 million to support new debt beginning in FY 2023 and another \$1.9 million starting in FY 2025. Additionally, in November 2015 the County issued debt of approximately \$15.5 million to construct a new animal shelter. The debt service is being covered by the General Fund for the first seven years, with a transfer of \$7.0 million from the General Fund to a separate debt service fund, and subsequent years to be covered by the Delinquent Tax Revolving Fund.

Even using the DTRF to support these capital initiatives, the fund's net position is still approximately \$2.8 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. The five-year forecast anticipates the continuation of annual transfers from the DTRF to support General Fund / General Purpose operations; \$10.8 million in FY 2016, \$9.0 million for FY 2017, \$9.0 million for FY 2018, \$8.0 million for FY 2019, and \$8.0 million for FY 2020.

## County of Oakland Letter of Transmittal

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### *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 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 providing and financing Other Post-Employment Benefits (OPEB). Specifically, the County has implemented benefit changes that will limit the growth of the cost of these benefits in the future, while still providing employees with a method to retain health care insurance once they leave County service. Rather than receiving a specific level of health care insurance when they retire from County service, employees hired after January 1, 2006 are enrolled in a "Retirement Health Savings Plan" (RHS). Under the RHS, for non-represented employees and most represented employees, the County contributes \$1,950 annually (\$75 per pay) to each employee's retirement health savings account (\$3,250 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. In 2014, 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. The "buy out" provided a lump sum deposit equivalent to \$2,000 per year for each year of eligible service. The result was that 83 employees opted out of the VEBA Plan with approximately \$2.1 million being set aside in individual RHS Plan accounts for these employees. 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. The 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. Once the employee separates employment and receives the vested cash benefit, the County's financial obligations ends.

## County of Oakland Letter of Transmittal

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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. 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 Interim Retiree Medical Care Benefits Trust (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 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, 2014, the last actuary report issued as of this writing, the VEBA fund assets were 121% 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 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.

# County of Oakland

## Letter of Transmittal

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### 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 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 be mindful of potential problem areas and stand ready to implement any necessary changes so that services can be maintained at optimum levels.

In order to maintain quality citizen services, Oakland County officials realize that they 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, a 3% general salary increase in FY 2015 and a 3% general salary increase in FY 2016. However, over the past 10 years, Oakland County employee general salary increases have been conservative and lagged behind the private sector. As the economy continues to improve, the County faces challenges of not only recruiting new talent, but retaining existing employees. Without a strong workforce, quality services cannot be provided.

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 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 2016 as previously mentioned, with budgetary placeholders for a 2% salary increase in FY 2017 and another 1% salary increase for FY 2018. In addition to salary increases, the County increased annual tuition reimbursement in FY 2015 from \$2,400 per year to \$4,200 per year as a way for employees to further their education and be ready to take advantage of promotional opportunities as they arise. Effective in FY 2016, the County increased the RHS Plan contribution from \$1,300 per year to \$1,950 per year as well as reinstated the \$300 employer match for the 457(b) Deferred Compensation plan.

## County of Oakland Letter of Transmittal

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With over a third of the County workforce eligible to retire, the County continues to look for ways to further build and sustain our future County workforce. In fact, the County Executive is recommending a paid parental leave program which he announced at his State of the County Address that was held on February 10, 2016. While the program design details have yet to be worked out, the goal of the program is to provide six weeks of paid leave for new parents, mother and father. This is in addition to the standard maternity leave already provided through the short-term disability benefit. The program design will be geared to compete with the private sector in order to attract and retain the next generation of employees with new workforce expectations and provide a fair balance between work and family life.

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 OakFit program has also garnered awards and recognition for its focus to improve overall health of the employees while saving taxpayers millions of dollars in healthcare costs.

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 future leaders.

Again in FY 2015, considerable Oakland County leadership resources were involved with the Great Lakes Water Authority (GLWA). 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 were previously part of the Detroit Water and Sewerage Department (DWSD) as well as common-to-all assets such as the filtration and water plants, pumping stations and other assets providing benefit to all ratepayers. The formal lease was signed on June 12, 2015 between the GLWA and the DWSD with the lease effective date of January 1, 2016. The lease provides a new governance structure that shares water and sewer utility decision-making authority across the region to protect the interests of all ratepayers. 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

## County of Oakland Letter of Transmittal

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cause, and determination of any compensation of Board Members which shall be consistent with practices for other large public utilities. Another key provision of the lease agreement 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 lease also calls for a Water Residential Assistance Program (WRAP) to help qualifying, low-income customers pay their water and sewer bills and manage their water use.

The State of Michigan awarded a Competitive Grant Assistance Program (CGAP) grant in the amount of \$3.8 million for Oakland, Macomb, 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. The grant resources were fully committed by the end of fiscal year 2015 with final grant draws and the grant close out process to take place in fiscal year 2016. 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.

Effective in fiscal year 2015, the County came 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 occurred in fiscal year 2015. The revenue sharing program has two components; approximately eighty percent that falls under general County Revenue Sharing (CRS) and twenty percent falls under the County Incentive Program (CIP). The CIP requires counties to meet all Accountability and Transparency requirements 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 County Incentive Program requirements and made these documents available to the public by the required 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 received the maximum revenue sharing distribution in fiscal year 2015 and again will receive the maximum distribution in fiscal year 2016 due to continued compliance, approximately \$26.1 million.

## County of Oakland

### Letter of Transmittal

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With the improving economic conditions and restoration of revenue sharing payments from the State of Michigan, the County is moving from a maintenance mode toward a reinvesting and rebuilding mode for continued long-term sustainability. During the “Great Recession” the County’s Capital Improvement Plan projects were limited to critical repairs and the most essential maintenance projects. In fiscal year 2015 the General Fund transfer to the Building Improvement Fund was increased from \$300,000 to \$1.5 million. Most recently with the budget adopted in September 2015, the annual transfer was increased to \$5.5 million per year for the ten-year Capital Improvement Plan. Also as previously noted, the County has issued debt of approximately \$15.5 million to construct a new animal shelter facility on the main County campus. Once constructed, the old facility property will be able to be sold, returning the property to the tax rolls and allowing the sales proceeds to be used for one-time capital improvement projects or towards related debt service obligations. The County has already proactively set aside \$7.0 million for the first seven years of debt in a separate debt service fund with subsequent years to be covered by the Delinquent Tax Revolving Fund. The County has also taken measures to assign fund balance for major technology initiatives; including such initiatives as future replacement of the financial and human resource systems, imaging system, analog telephone system and mainframe applications.

The initiatives that the County Administration and Elected Officials have implemented are designed to provide a stable financial environment so that County government can continue to provide services to its citizens 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. Although this had been a working practice at the County for many years, the County recently formalized the policy. The Fund Balance Policy for the General Fund was adopted by the Board of Commissioners with Miscellaneous Resolution #15175 on July 16, 2015. The minimum long-term fund balance target of 20% of annual operating expenditures conforms with the Government Finance Officers’ Association (GFOA) recommended best practice. This formalized policy as well as cash flow requirements generated under Michigan Public Act 357 of 2004, should be sufficient to maintain services, without disruptive financial swings.

As noted in the accompanying financial statements, Oakland County’s General Fund balance totaled \$260.2 million as of September 30, 2015. This level of fund balance equates to 60.4% of budgeted fiscal year 2016 GF/GP expenditures. However, of that amount \$29.4 million is assigned to balance the fiscal year 2016 budget, \$31.2 million is assigned to balance the fiscal year 2017 budget; and \$26.8 million is assigned to balance the fiscal year 2018 budget. When the above assignments are removed, the General Fund balance still stands at \$172.8 million or 40.1% of General Fund/General Purpose expenditures.

The County leadership takes great pride in being good stewards of the financial resources available to the County. As a result of the County’s ability to maintain financial stability while providing key services to its constituents, the County was able to reduce the County’s tax rate by .10 mills from 4.19 mills to 4.09 mills for the July 2015 tax levy. With the budget adopted in September 2016, the County further reduced the millage rate by .05 mills for the July 2016 tax

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

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levy to bring the millage rate to 4.04 mills. 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 to the taxpayers over the next ten (10) years. Even after applying these millage rollbacks, Oakland County's budget is projected to be balanced through fiscal year 2021.

### **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 recent rating report reaffirming Oakland County's AAA status, Moody's stated:

“Oakland County has demonstrated very strong management characteristics for a number of years. Despite the onset and lingering effects of the 2007-09 recession and the corresponding loss of operating revenue, the county posted annual operating surpluses and continued to strengthen its financial position. The county annually adopts a three-year operating budget within a rolling five-year forecast. The county recently adopted a formal fund balance policy that targets maintenance of no less than 20% of expenditures in reserves. We anticipate continuation of these prudent practices will support stability of the high credit rating .”

Oakland County has retained a AAA bond rating since 1998. 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, 2014; this was the 24th 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.

## County of Oakland Letter of Transmittal

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Lastly, Oakland County is the proud recipient of the GFOA award for its Popular Annual Financial Report (PAFR). The fiscal year 2014 PAFR award was the County's 18th consecutive citation. Oakland County is one of two counties in the state of Michigan that holds all three of the GFOA awards simultaneously.

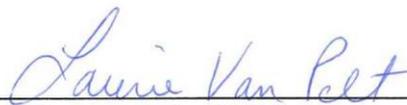
### Acknowledgements:

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

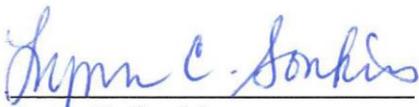
Respectfully submitted,



L. Brooks Patterson  
Oakland County Executive

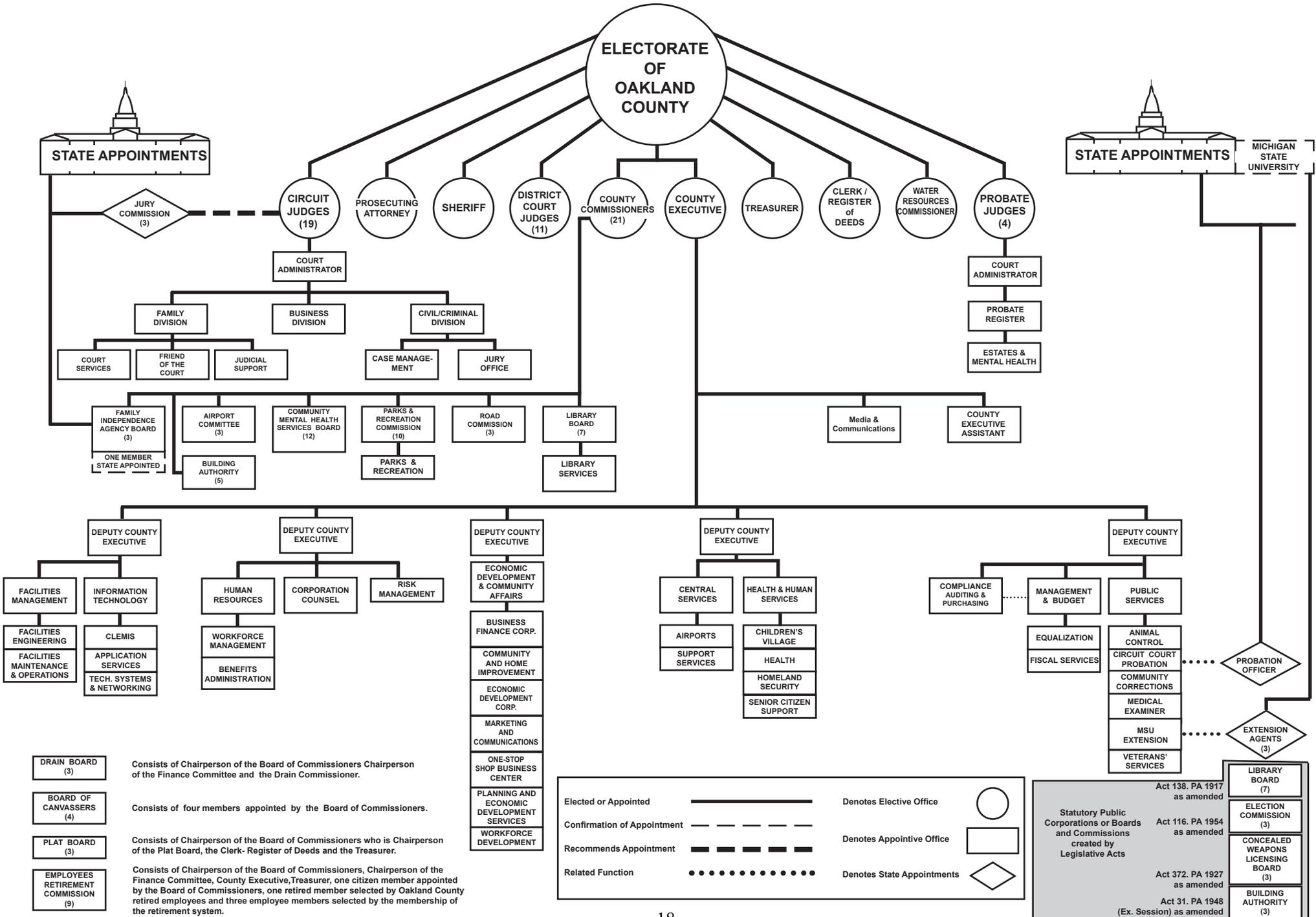


Laurie Van Pelt, CPFO  
Chief Fiscal Officer and Director,  
Department of Management and Budget



Lynn C. Sonkiss  
Manager, Fiscal Services Division

# OAKLAND COUNTY GOVERNMENT ORGANIZATIONAL CHART



- DRAIN BOARD (3)** Consists of Chairperson of the Board of Commissioners Chairperson of the Finance Committee and the Drain Commissioner.
- BOARD OF CANVASSERS (4)** Consists of four members appointed by the Board of Commissioners.
- PLAT BOARD (3)** Consists of Chairperson of the Board of Commissioners who is Chairperson of the Plat Board, the Clerk- Register of Deeds and the Treasurer.
- EMPLOYEES RETIREMENT COMMISSION (9)** Consists of Chairperson of the Board of Commissioners, Chairperson of the Finance Committee, County Executive, Treasurer, one citizen member appointed by the Board of Commissioners, one retired member selected by Oakland County retired employees and three employee members selected by the membership of the retirement system.

Elected or Appointed	—————	Denotes Elective Office	○
Confirmation of Appointment	- - - - -	Denotes Appointive Office	□
Recommends Appointment	▬▬▬▬▬▬▬▬▬▬	Denotes State Appointments	◇
Related Function	●●●●●●●●●●		

Statutory Public Corporations or Boards and Commissions created by Legislative Acts	Act 138. PA 1917 as amended	LIBRARY BOARD (7)
	Act 116. PA 1954 as amended	ELECTION COMMISSION (3)
	Act 372. PA 1927 as amended	CONCEALED WEAPONS LICENSING BOARD (3)
	Act 31. PA 1948 (Ex. Session) as amended	BUILDING AUTHORITY (3)
		PROBATION OFFICER

**COUNTY EXECUTIVE**

L. Brooks Patterson

**BOARD OF COMMISSIONERS**

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

David E.S. Bowman  
Hugh D. Crawford  
William Dwyer  
Wade Fleming  
Marcia Gershenson  
Robert Gosselin

Robert Hoffman  
Janet Jackson  
Eileen Kowall  
Christine A. Long  
Gary R. McGillivray  
Thomas Middleton  
Nancy Quarles

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  
Elizabeth M. Pezzetti

Chief District Judge  
Julie A. Nicholson

**AIRPORT COMMITTEE**

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

**BUILDING AUTHORITY**

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

**PARKS AND RECREATION**

Gerald A. Fisher, Chairperson  
J. David VanderVeen, Vice-Chairperson  
John A. Scott, Secretary  
Dan J. Stencil, Executive Officer

A. David Baumhart III  
Ron Fowkes

Robert E. Kostin  
Christine A. Long  
Gary R. McGillivray

Jim Nash  
David W. Potts

**ROAD COMMISSION**

Ronald J. Fowkes, Chairperson  
Eric Wilson, Vice-Chairperson  
Gregory C. Jamian, 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, 2014**

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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oakland County (the "County") as of and for the year ended September 30, 2015, 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oakland County as of September 30, 2015 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 20 to the basic financial statements, the 2014 basic financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

As discussed in Note 20 to the basic financial statements, in 2015, the County adopted the new accounting guidance of GASB No. 68, *Accounting and Financial Reporting for Pensions*, which established accounting and financial reporting standards for defined benefit pension plans provided to the employees of governmental employers through pension plans. Adopting GASB Statement No. 68 resulted in a net pension liability and significant changes to the defined benefit pension plan related note disclosures. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplemental Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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 and introductory section and statistical section, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

To the Board of Commissioners  
Oakland County, Michigan

The combining and individual fund statements and schedules, as identified in the table of contents, 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, 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, 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 & Morse, PLLC*

March 21, 2016

# County of Oakland

## Management's Discussion and Analysis

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of Oakland County's (the "County") financial performance, providing an overview of the activities for the fiscal year ended September 30, 2015. 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 \$13.6 million or 1.2 percent during fiscal year 2015, decreasing from \$1,146.3 million to \$1,132.7 million, net of a \$63.8 million adjustment for the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68 and restatement of approximately \$11.5 million in capital assets and approximately \$12.1 million in debt from the Pontiac Sewer Fund (Enterprise Fund) to the Pontiac Wastewater Treatment Facility Drainage District (Component Unit). These restatements are further detailed later in this analysis and in Note 20.
- Governmental activities net position decreased by approximately \$19.7 million, decreasing from \$444.2 million to \$424.5 million, net of a \$63.8 million adjustment for the implementation of GASB 68.
- Business-type activity net position increased \$6.1 million from \$702.1 million to \$708.2 million, net of the adjustment for the restatement of capital assets and related debt referenced above.

#### Fund Level:

- At the close of the fiscal year, the County's governmental funds reported a combined ending fund balance of \$304.4 million, a decrease of \$13.3 million from the fiscal year 2014 governmental funds combined ending fund balance, primarily reflecting a reduction of bond issuance proceeds compared to fiscal year 2014 activity.
- The General Fund balance increased by \$6.2 million from \$254.0 million at the end of fiscal year 2014 to \$260.2 million at the end of fiscal year 2015. The increase is primarily attributed to the restoration of revenue sharing payments from the State of Michigan and continued expenditure favorability.
- At the close of the fiscal year, the County's proprietary funds reported a combined ending net position of \$846.1 million, consisting of \$708.2 million for the Enterprise Funds (a \$6.1 million increase from fiscal year 2014) and \$137.9 million for the Internal Service Funds (a \$24.7 million decrease from fiscal year 2014). This overall reduction is primarily due to the implementation of GASB 68.

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

- The County's capital assets experienced a net increase of \$20.0 million during fiscal year 2015, primarily for increases in building and improvements, infrastructure, and construction in progress activities.
- The County reported \$3.0 million in new general government debt and business-type debt during fiscal year 2015, which supported Michigan Bond Authority debt for Sewage Disposal System projects.
- The County's general government bond and note obligations decreased by \$42.3 million during fiscal year 2015, which reflects \$10.3 million in payments related to Building Authority debt, \$21.4 million

## County of Oakland Management's Discussion and Analysis

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in payments related to Retirees Health Care bonds, and \$10.6 million in payments related to Water and Sewer Debt.

- The County is \$5.4 *billion* below its authorized debt limit.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial report of the County consists of the following components: 1) 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 2015. 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.

## County of Oakland Management's Discussion and Analysis

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- *Discretely Presented Component Units* – Component units are legally separate organizations for which the Board of Commissioners appoints a majority of the organization's policy board and there is a degree of financial accountability to the County. Two organizations are included as component units: the Road Commission for Oakland County and the Drainage Districts.

As stated previously, the government-wide statements report on an *accrual* basis of accounting. However, the governmental funds report on a *modified accrual basis*. Under modified accrual accounting, revenues are recognized when they are available to pay obligations of the fiscal period and expenditures are recognized when they are due and able to be paid from available resources.

Because of the different basis of accounting between the fund statements (described below) and the government-wide statements, a 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 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:

## County of Oakland Management's Discussion and Analysis

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- *Governmental Funds* – Most of the County's basic services are reported in the governmental funds. The focus of these funds is how cash and other financial assets that can be readily converted to cash, flow in and out during the course of the fiscal year, and how the balances left at year-end are available for spending on future services. Consequently, the governmental fund statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that may be expended in the near future to finance the County's programs. These funds are reported using the *modified accrual* basis of accounting as described above. Because this basis of accounting differs from the government-wide statements, additional information is provided reconciling the governmental fund statements to the government-wide statements.

Governmental funds include the *General Fund*, as well as *Special Revenue Funds* (use of fund balance is restricted), *Capital Projects Funds* (used to report major capital acquisitions and construction), and *Debt Service Funds* (account for resources used to pay long-term debt principal and interest).

- *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.

# County of Oakland

## Management's Discussion and Analysis

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### 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 No. 68

The fiscal year 2015 Comprehensive Annual Financial Report reflects the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

#### Restatement of Capital Asset and Debt Related to Pontiac Sewer System and Pontiac Wastewater Treatment Projects

In August 2012, the County issued debt to acquire the Pontiac Wastewater Treatment Facility under Chapter 20 of the Drain Code of 1956, as amended, and the establishment of forty (40) year contracts for the Pontiac Water Supply System and the Pontiac Sewage Disposal system. The Pontiac Wastewater Treatment Facility acquisition was facilitated under Chapter 20 of the Drain Code and is therefore accounted for as a separate Drainage District and reported as a component unit in the County's Comprehensive Annual Financial Report (CAFR). The water and sewer system contracts were facilitated under Act 342 and therefore are accounted for as separate enterprise funds.

When the Wastewater Treatment Facility and the sewer system were under the City of Pontiac's authority, these operations were accounted for as one sewer fund. The City of Pontiac also maintained a separate water system fund. In total, the City of Pontiac maintained two funds, a Water Fund and a Sewer Fund. However, because of the structure of the transition to Oakland County, the Pontiac Wastewater Treatment Facility is accounted for as a separate Drainage District (component unit), the Sewer Fund is accounted for as a separate enterprise fund, and the Water Fund is accounted for as a separate enterprise fund. In total, the County has three separate funds.

At the time of transition in August 2012, there were several projects that were already initiated by the City of Pontiac under their one sewer fund. Specifically, there were two projects where Pontiac issued debt for system improvements that benefited both the Pontiac Wastewater Treatment Facility and the sewer system. The delineation between treatment facility improvements and sewer system improvements was not specifically identified at the time of the transition and said projects and related debt were retained and reported under the Pontiac Sewer Fund. The repayment of the related debt was included in the applicable sewer rates when under the City of Pontiac's authority and that is still the case under the County's control.

Upon completion of the two projects, the *actual* costs for the capital projects were used to determine the split between the benefit to the Pontiac Wastewater Treatment Facility and the Pontiac Sewer System. Based on the information received from the project engineer, it was determined that one of the projects was split with 54% benefit to the Pontiac Sewer Fund and 46% benefit to the Pontiac Wastewater Treatment Facility. The other project was determined to be 100% benefit to the Pontiac Wastewater Treatment Facility. As a result, the County moved approximately \$11.5 million of capital assets and

## County of Oakland Management's Discussion and Analysis

approximately \$12.0 million of debt from the Pontiac Sewer System Fund (enterprise fund) to the Pontiac Wastewater Treatment Facility (component unit) to be reported in the proper funds.

### FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

As previously stated, Oakland County's overall financial position declined during fiscal year 2015. As reflected on the table below, the County's combined net position decreased by \$13.6 million over the course of fiscal year 2015 operations. In particular, the net position of the governmental activities decreased by approximately \$19.7 million (4.4 percent) primarily reflecting the implementation of GASB 68. The business-type activities increased \$6.1 million in net position (0.9 percent) which reflects an increase of capital asset contributions primarily related to the Evergreen Farmington Sewage Disposal System (EFSDS) projects and also reflects the capital asset and debt restatement previously noted.

#### Oakland County's Net Position

(in millions of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current Assets	\$ 494.5	\$ 531.8	\$ 478.2	\$ 477.0	\$ 972.7	\$ 1,008.8
Capital Assets	203.5	198.2	306.0	291.3 #	509.5	489.5
Other Long-term Assets	238.8	322.9 #	-	-	238.8	322.9
<b>Total Assets</b>	<u>936.8</u>	<u>1,052.9</u>	<u>784.2</u>	<u>768.3</u>	<u>1,721.0</u>	<u>1,821.2</u>
<b>Deferred Outflows of Resources</b>	<u>40.3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40.3</u>	<u>-</u>
Current Liabilities	127.5	154.1	56.2	46.2	183.7	200.3
Other Liabilities	425.1	454.6	19.8	20.0 #	444.9	474.6
<b>Total Liabilities</b>	<u>552.6</u>	<u>608.7</u>	<u>76.0</u>	<u>66.2</u>	<u>628.6</u>	<u>674.9</u>
Net Position:						
GASB 68 adjustment	-	63.8	-	-	-	63.8
Restatement of capital assets	-	-	-	(11.5)	-	(11.5)
Restatement of debt	-	-	-	12.1	-	12.1
Net Investment in Capital Assets	156.5	145.9	284.7	269.0	441.2	414.9
Restricted	39.6	53.9	89.7	78.3	129.3	132.2
Unrestricted	228.4	180.6	333.8	354.2	562.2	534.8
<b>Total Net Position</b>	<u>\$ 424.5</u>	<u>\$ 444.2</u>	<u>\$ 708.2</u>	<u>\$ 702.1</u>	<u>\$ 1,132.7</u>	<u>\$ 1,146.3</u>

#Beginning balance adjusted per restatement. See note #20.

# 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)

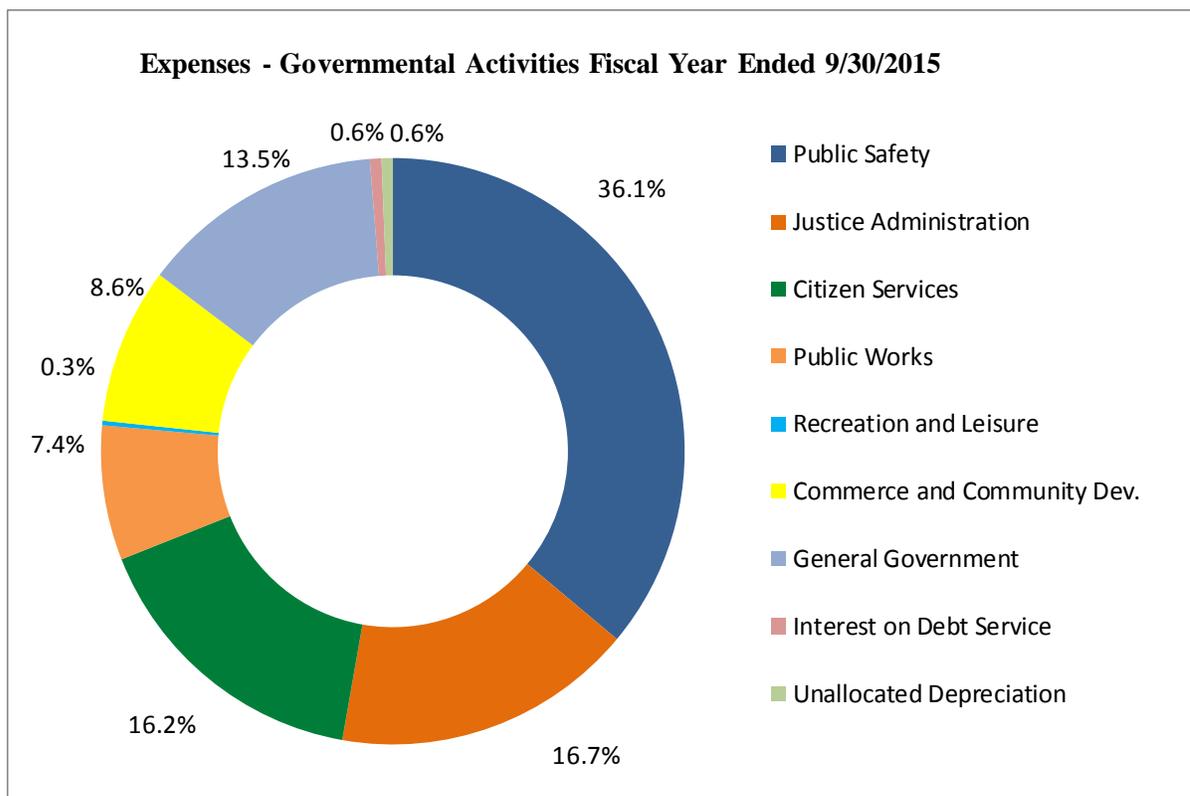
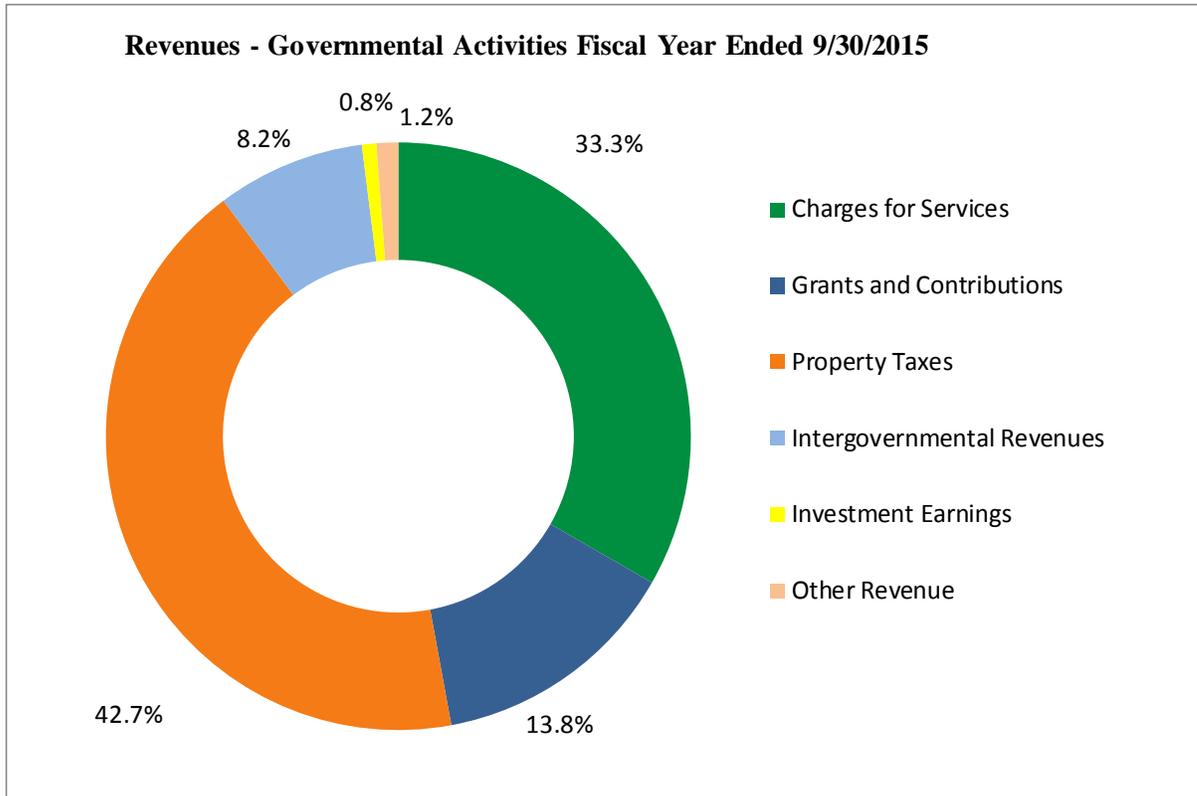
	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 159.6	\$ 164.2	\$ 261.4	\$ 251.5	\$ 421.0	\$ 415.7
Grants and Contributions						
Operating	60.0	66.3	1.7	0.1	61.7	66.4
Capital	5.9	3.8	11.1	4.8	17.0	8.6
General Revenues						
Property Taxes	204.2	206.3	11.8	11.6	216.0	217.9
Intergovernmental Revenue	39.2	14.1	-	-	39.2	14.1
Investment Earnings	3.6	4.9	2.9	5.2	6.5	10.1
Other Revenue	5.6	3.4	-	-	5.6	3.4
Gain on Sale of Assets	0.2	0.2	-	-	0.2	0.2
<b>Total Revenues</b>	<b>478.3</b>	<b>463.2</b>	<b>288.9</b>	<b>273.2</b>	<b>767.2</b>	<b>736.4</b>
<b>Expenses</b>						
Public Safety	186.1	201.6	21.3	21.3	207.4	222.9
Justice Administration	86.2	93.5	-	-	86.2	93.5
Citizen Services	83.7	87.2	7.0	6.9	90.7	94.1
Public Works	38.3	42.3	211.6	205.9	249.9	248.2
Recreation and Leisure	1.3	1.4	23.7	22.9	25.0	24.3
Commerce and Community Dev.	44.4	48.4	-	-	44.4	48.4
General Government	69.5	23.9	1.2	1.3	70.7	25.2
Interest on Debt Service	3.3	3.2	-	-	3.3	3.2
Unallocated Depreciation	3.2	2.1	-	-	3.2	2.1
<b>Total Expenses</b>	<b>516.0</b>	<b>503.6</b>	<b>264.8</b>	<b>258.3</b>	<b>780.8</b>	<b>761.9</b>
Revenues (Under) Over Expenditures	(37.7)	(40.4)	24.1	14.9	(13.6)	(25.5)
Transfers - On-going	18.0	19.5	(18.0)	(19.5)	-	-
<b>Increase (Decrease) in Net Position</b>	<b>(19.7)</b>	<b>(20.9)</b>	<b>6.1</b>	<b>(4.6)</b>	<b>(13.6)</b>	<b>(25.5)</b>
Net Position - Beginning	444.2	401.3	702.1	706.1	1,146.3	1,107.4
Net Position - Ending	424.5	380.4	708.2	\$ 701.5	1,132.7	1,081.9
GASB 68 adjustment		63.8 #	-	-	-	63.8
Restatement of capital assets	-	-	-	(11.5) #	-	(11.5)
Restatement of debt	-	-	-	12.1 #	-	12.1
Adjusted Net Position - Ending	<b>\$ 424.5</b>	<b>\$ 444.2</b>	<b>\$ 708.2</b>	<b>\$ 702.1</b>	<b>\$ 1,132.7</b>	<b>\$ 1,146.3</b>

#Beginning balance adjusted per restatement. See note #20.

# 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

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In total, fiscal year 2015 governmental activity revenue collections increased by \$15.1 million (3.3 percent) from fiscal year 2014. Of this amount, intergovernmental revenue increased by \$25.1 million and other revenue increased by \$2.2 million. These increases were offset by declines in charges for services revenue of \$4.6 million, \$4.2 million in grants and contributions, \$2.1 million in property tax revenue, and \$1.3 million in investment earnings from the fiscal year 2014 amounts.

Property taxes generated \$204.2 million in revenue, remaining the largest source of support for governmental activities, comprising 42.7 percent of all governmental activity revenue. Governmental activities have decreased their dependency on property taxes; the fiscal year 2015 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 when compared to 2008 rather than substantial increases from other revenue sources.

Property tax revenue decreased by approximately \$2.1 million from the amount realized during fiscal year 2014. This decrease reflects a reduction of the County's millage rate from 4.19 mills to 4.09 mills and is partially offset by increasing property taxable values over the past year. The County's operating millage rate of 4.09 mills is one of the lowest county general operating millage rates in the state. For more details regarding actual property tax collections, please see the statistical section appearing in the last section of this document.

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 \$159.6 million or 33.4 percent of the total. There are a wide variety of activities invoiced under this category, including service rendered to individuals, such as fees for marriage licenses, passports, and access to county records; as well as services rendered to other governmental units including contracted law enforcement and dispatch services, and the housing of state wards in the County's juvenile facility.

The \$159.6 million collected in fiscal year 2015 represents a \$4.6 million decrease (2.8 percent) from the previous fiscal year. The decrease in collection reflects a number of factors including \$6.2 million for multiple debt service special assessments, and \$1.5 million reduced revenue for sale of forfeited property through the annual Tax Sale as the number of delinquent parcels has declined. These revenue reductions were partially offset by increased revenue related to contracted law enforcement services provided to local communities of \$1.7 million due to restoring some of the contracted deputy positions previously reduced during the "Great Recession"; and a variety of Citizen Services activity revenue of \$1.1 million for such items as increased vaccination services offered through the Health Department, revenue recognized for community home and improvement program activities, and increased concealed pistol licensing.

The third largest source of support for governmental activities is the \$65.9 million received in operating and capital grants and contributions during fiscal year 2015, which is 13.8 percent of the total revenue for governmental activities. This amount represents a \$4.2 million net decrease (6.0 percent) from fiscal year 2014. Included in this total change is \$6.3 million for decreased operating grants (9.5 percent). This reduction primarily reflects the transition of the substance abuse prevention and treatment program from the Oakland County Health Department to the Oakland County Community Mental Health Authority (OCCMHA) of \$7.6 million as OCCMHA became the coordinating agency under statute in fiscal year

## County of Oakland Management's Discussion and Analysis

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2015. Also, it reflects a decline of community home and improvement and workforce development grants of \$1.4 million, and \$1.2 million for human services related grants. This is partially offset by a State of Michigan awarded 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 is to assist with the research, creation, and implementation of the Great Lakes Water Authority (GLWA). The capital contributions and grants increased by \$2.1 million over the \$3.8 million reported in fiscal year 2014. The majority represents capital contributions from a Building Authority project for various information technology and facility improvement projects as well as capital contributions from the Major Departmental Support Projects Fund for a tax/assessing software upgrade and a Cyber Security project.

Oakland County governmental activities also recorded \$39.2 million in intergovernmental revenue during fiscal year 2015, a \$25.1 million increase over the \$14.1 million amount received in fiscal year 2014, primarily due to the restoration of revenue-sharing payments from the State of Michigan occurring in fiscal year 2015 as well as an increase of 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 prevention and treatment programs.

Governmental activities generated \$3.6 million in investment earnings during fiscal year 2015; this amount reflects a decrease of \$1.3 million (26.5 percent) from the amount earned in fiscal year 2014. The decrease is due to a one-time capital gain realized in fiscal year 2014 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 \$12.4 million from the fiscal year 2014 expense level, a 2.5 percent increase from the previous fiscal year.

Public Safety continued to be the largest governmental activity, expensing \$186.1 million of the \$516.0 million total governmental activities amount (36.1 percent). Public Safety, which encompasses law enforcement, crime prevention, incarceration, emergency management, and technical support, saw expenses decrease by \$15.5 million (7.7 percent) from the previous fiscal year. The majority of the decrease reflects the internal service look-back allocation of \$4.7 million and \$9.5 million for the amortization of Other Post-Employment Benefits (OPEB) debt.

Closely linked to Public Safety, Justice Administration is the second largest expense category accounting for \$86.2 million, or 16.7 percent, of the total governmental activity expenses. The Justice Administration activity, which centers on the operations of the 6<sup>th</sup> Judicial Circuit Court, 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 \$7.3 million decrease (7.8 percent) from the previous fiscal year which primarily reflects internal service look-back allocation and OPEB amortization 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 \$83.7 million in expenses, or 16.2 percent, of the total governmental

## County of Oakland Management's Discussion and Analysis

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activities. Expenses decreased by \$3.5 million from the fiscal year 2014 level (4.0 percent). The majority of the decrease reflects the internal service look-back allocation and OPEB amortization noted above.

The General Government activity, which is comprised of the administration and financial management of County business, expensed \$69.5 million in fiscal year 2015, or 13.7 percent of the total governmental activities expenses. The level of expenses in fiscal year 2015 increased by approximately \$45.6 million from the fiscal year 2014 level. This is due to \$36.3 million for the pension expense recognized as a result of the GASB No. 68 implementation; \$4.1 million due to the increased amount and timing of claims processed through the Building and Liability Fund; \$3.8 million for expenses related to the CGAP grant award previously referenced; and \$1.1 million for the internal service look-back allocation noted above.

Commerce and Community Development, which reflects all efforts to promote and sustain a strong economic business climate and vibrant communities, experienced \$44.4 million in expenses (8.6 percent of the total governmental activities expenses), a decrease of approximately \$4.0 million (8.3 percent) from fiscal year 2014. This decrease reflects reduced grant expenditures for community home and improvement and workforce development programs as well as the OPEB amortization previously noted.

The Public Works activity, which includes the operating systems that form the infrastructure of basic county functions, expensed \$38.3 million in fiscal year 2015, or 7.4 percent of the total governmental activities expenses. This level of expenses is a net decrease of \$4.0 million or 9.5 percent from fiscal year 2014. The change reflects a reduction related to the internal service look-back allocation and OPEB amortization noted above of \$4.3 million; \$3.2 million for various water and sewer improvement projects; and \$700,000 for reduction of building space and ground maintenance. This is partially offset by a \$2.0 million increase related to a one-time payment to the Road Commission of Oakland County (RCOC) toward the purchase of equipment in order to make monies available within the RCOC budget for pothole repairs and emergency road repairs. Also, there was an increase of \$2.2 million for the continuation of building and infrastructure maintenance projects that had been put on hold in previous years due to economic conditions.

Interest on Debt Service is reported at \$3.3 million in fiscal year 2015, less than 1.0 percent of the total expenses for governmental activities. This amount is approximately \$100,000 higher (3.1 percent) than the amount reported for fiscal year 2015.

Finally, operating transfers reflect a net transfer of \$18.0 million from business-type activities to the governmental activities; this is a decrease of approximately \$1.5 million from the net transfer amount in fiscal year 2014. This decrease is primarily due to a reduced transfer amount from the Delinquent Tax Revolving Fund of \$600,000 as the number of delinquent parcels has declined. Also, there was a reduction in the transfers of \$800,000 from the various water and sewer enterprise funds for the one-time purchase and renovation of a water and sewer billing/customer service office that occurred in fiscal year 2014.

As stated previously, the result of fiscal year 2015 governmental activity was an overall decrease of \$19.7 million in net position, to \$424.5 million. This amount reflects the fact that the County's governmental activities expended \$37.7 million more than the revenue generated, offset by \$18.0 million

## County of Oakland Management's Discussion and Analysis

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in transfers in from business-type activities. Of the total \$424.5 million in governmental activities' net position, \$156.5 million is invested in capital assets net of related debt; \$39.6 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 \$228.4 million is reported as unrestricted.

### Business-type Activities

Net position in business-type activities is reported at \$708.2 million for fiscal year 2015, an increase of \$6.1 million (0.9 percent) over the amount reported at the end of fiscal year 2014. The overall change reflects the restatement of assets and debt between the Pontiac Sewer Fund (Enterprise Fund) and the Pontiac Wastewater Treatment Facility (Component Unit) for two projects previously noted. Of the total net position, \$284.7 million is for the net investment in Capital Assets, \$89.7 million is restricted by agreement or covenant, and \$333.8 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.

During fiscal year 2015, business-type activities generated \$288.9 million in revenue; this is an increase of \$15.7 million (5.7 percent) from the previous fiscal year. The overall increase reflects a net \$6.3 million increase of capital asset contributions primarily related to the Evergreen Farmington Sewage Disposal System (EFSDS), \$11.6 million of additional Charges for Services revenue recognized in sewage disposal funds for rate and usage fluctuations, and increased Recreation and Leisure activity. Also, additional revenue of \$1.6 million was received in the way of grants for Public Works infrastructure projects. This is partially offset by decreased revenue of \$1.8 million experienced in the Delinquent Tax Revolving Fund as the number of delinquencies has declined and \$2.3 million in reduced investment earnings as there was a one-time capital gain realized in fiscal year 2014 from the redemption of Certificates of Participation that were held in the County's investment portfolio that was not repeated in fiscal year 2015.

Business-type activity recorded expenses of \$264.8 million, an increase of \$6.5 million from fiscal year 2014 (2.5 percent). Approximately \$5.7 million of this increase is reflected in the Public Works activity due to general operating expense fluctuations 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 \$800,000 from the amount reported in fiscal year 2014 due to increased contractual services experienced for the maintenance of the county parks.

The remaining activities experienced insignificant changes.

### 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.

# County of Oakland

## Management's Discussion and Analysis

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### 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 2015, the governmental funds reported *combined* fund balances of \$304.4 million with the fund balances of the General Fund, the Building Authority Debt Act 31 Fund and the Water and Sewer Debt Act 342 Fund, representing 85.7 percent of the combined governmental funds balance.

The fiscal year ending combined fund balances of \$304.4 million represents a decrease of \$13.3 million from the combined fund balances reported at the end of fiscal year 2014. The overall decrease in the combined governmental fund balances reflects a \$6.2 million addition to the General Fund balance, reflecting various revenue increases and the continuing efforts to limit increases in expenditures. The Building Authority Debt Act 31 Fund and Water and Sewer Debt Act 342 Fund remained relatively unchanged. The increase in the General Fund was offset by a \$19.4 million reduction in the non-major governmental funds. The majority of this decrease reflects the final distribution of \$8.4 million from the Revenue Sharing Reserve special revenue fund (RSRF) as required by state law and is partially offset by \$2.3 million from State Revolving Fund loan proceeds for the Evergreen Farmington Sewage Disposal System Middlebelt Tunnel sewer project. Also, the overall decrease reflects a \$12.4 million decrease in the non-major Capital Project funds, primarily related to project costs being expended in fiscal year 2015 from bond proceeds received in previous fiscal years.

### **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, 2015, the General Fund reported a fund balance of \$260.2 million. This amount reflects an increase of \$6.2 million (2.4 percent) from the fund balance of \$254.0 million reported as of September 30, 2014.

The overall \$6.2 million increase in the General Fund balance is a result of General Fund revenues exceeding General Fund expenditures by \$26.8 million. In addition, the General Fund received \$24.0 million transfers from other funds, while transferring \$44.8 million to other funds, rendering a net "transfer out" of \$20.8 million. Finally, the General Fund received approximately \$222,000 for insurance recoveries related to storm damage claims made for helicopter equipment.

General Fund revenues were recorded at \$372.1 million for fiscal year 2015. This amount is an increase of \$24.6 million (7.1 percent) from the \$347.5 million received in fiscal year 2014. The majority of the increase reflects the restoration of revenue-sharing revenue from the State that was restored in fiscal year 2015 with the County receiving \$24.8 million.

General Fund expenditures were \$345.3 million, an increase of \$10.0 million from the fiscal year 2014 level. This increase primarily reflects \$12.1 million for payments of prior year restricted fund balance and fiscal year 2015 activity to the Oakland County Community Health Authority (OCCMHA) as the substance abuse coordinating agency changed from the Oakland County Health Department to OCCMHA in fiscal year 2015. The amount is determined by the convention facility liquor tax revenue as 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 used for substance abuse prevention and treatment programs. The overall

## County of Oakland Management's Discussion and Analysis

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change also includes a 3.0 percent general salary increase and is partially offset by fluctuations in various operating expenditures.

The General Fund received \$24.0 million in transfers from other funds; this is a decrease of \$18.9 million (44.1 percent) from the amounts transferred during fiscal year 2014. This decrease primarily reflects a reduction of \$17.1 million from the Revenue Sharing Reserve Fund as the final balance transfer occurred in fiscal year 2015. Also, the decrease relates to activity fluctuations from the Delinquent Tax Revolving Fund of \$600,000 and various Restricted Funds of \$500,000.

The General Fund transferred \$44.8 million to other funds during fiscal year 2015. This amount is \$600,000 more (1.4 percent) than the fiscal year 2014 transfers. The net \$600,000 increase reflects an increased transfer to the Building Improvement Fund of \$1.2 million for capital project support, \$1.2 million to increase funding in the Long Term Revolving Fund for water and sewer projects, additional operational requirements for the Information Technology Fund of \$900,000, an additional \$300,000 transfer to the Project Work Order Fund for various maintenance projects, and \$100,000 for operational requirements for other grants. This is partially offset by a reduction of transfers for a \$1.0 million transfer to the Major Department Support Projects Fund that did not reoccur in fiscal year 2015 as well as operational requirements related to the Fringe Benefit Fund of \$1.2 million, the Child Care Fund of \$800,000, and the Friend of the Court Fund of \$100,000.

Of the total \$260.2 million General Fund balance, all but \$1.7 million is Non-Spendable, Restricted, or Assigned for specific purposes. The total fiscal year 2015 General Fund balance represents 66.7 percent of the fiscal year 2015 General Fund operations. However, it should be noted that \$126.0 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 use in future fiscal years. When this assignment is removed, the remaining fund balance represents 34.4 percent of the fiscal year 2015 General Fund operations. The General Fund balance of \$260.2 million represents 85.5 percent of the combined fund balances of the governmental funds.

### General Fund Budgetary Highlights

Oakland County's budget is a dynamic document. Although adopted on September 18, 2014 (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 \$13.0 million (3.8 percent) during the fiscal year 2015 from \$345.8 million to \$358.8 million. The revenue budget was amended in a number of areas. Most significant was the additional revenue from the State of Michigan for Revenue Sharing of \$5.9 million and Convention Facility Liquor Tax of \$4.8 million. Other amendments included \$1.2 million for Sheriff Law Enforcement and Dispatch Services contracts and Insurance Recovery monies of \$220,000 for Sheriff helicopter repairs; also, \$325,000 for Health Division Immunizations; \$185,000 for Water Resources Commissioner Soil Erosion Fees; \$120,000 for Circuit Court Civil Mediation payments; \$95,756 in grant funding for Courts, Sheriff Drug Trafficking and Health Division Beach monitoring; and \$85,932 for various Registration Fees related to Sheriff and Economic Development programs.

Actual General Fund revenue totaled \$372.1 million, \$13.3 million more than the amended budget. Although variances naturally occur in every revenue line item, the most significant reason for this

## County of Oakland Management's Discussion and Analysis

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variance is reflected in the Other Intergovernmental category of \$9.4 million and is largely due to the increased Revenue Sharing and Convention Facility Liquor Tax from the State of Michigan. The Charges for Services category was favorable by \$7.8 million primarily related to the sale of foreclosed property, favorable Mortgage and Land Transfer Tax revenue and Commission Public Telephone revenue. There was also Investment Income favorability of \$411,903 in comparison to the budgeted amount, due to the investment base and market rate adjustments.

The Taxes revenue category was unfavorable by nearly \$4.0 million. This is primarily attributed to a millage reduction approved by the Board of Commissioners, whereby the millage rate was reduced from 4.19 mills to 4.09 mills. This was partially offset by a countywide taxable value increase which was a 0.7 percent improvement over the adopted budget amount. Also, there was a decline of \$327,334 in Other Revenues for less than anticipated prior years' adjustments and lower grant match obligations.

The General Fund expenditure budget increased \$14.1 million from \$356.7 million to \$370.8 million (4.0 percent) during fiscal year 2015. Changes included almost \$2.0 million in operating appropriations from fiscal year 2014 that were carried forward for specific projects which were not yet completed. Most notably, the funds carried forward included \$924,247 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 (CVTs) located within the County, in which each one contributes a one-third share of the program to the RCOC once projects have been identified; \$414,553 for evaluation of Detroit Water and Sewerage Department (DWSD) alternatives; \$239,000 in the Sheriff's Office primarily for a helicopter radio equipment project; \$186,000 for various Economic Development activities; \$176,974 to continue Circuit Court's State Judicial Technology Improvement and Online Judges project, and the use of mediation funds for equipment and furniture; \$34,093 for Board of Commissioner special projects; and \$22,000 for Probate Court office furniture.

There were additional appropriations made during fiscal year 2015 for distribution to the County's designated Substance Abuse Coordinating Agency of almost \$6.5 million due to the transition of the coordinating agency from the Oakland County Health Department to the Oakland County Community Mental Health Authority (OCCMHA); a one-time appropriation and payment of \$2.0 million to the Road Commission of Oakland County toward truck and equipment replacement; new Tri-Party Road Improvement Program projects in the amount of \$1.7 million; \$1.1 million related to Sheriff Law Enforcement and Dispatch Services contracts; and \$1.0 million for capital outlay and equipment for various departments.

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 Personnel, Operating and Internal Support Expenditure categories related to overtime, operating costs including defense attorney fees, guardian ad litem fees, professional services, contractual services, laboratory fees, medical supplies, metered postage, and internal service fund charges, the end of fiscal year 2015 resulted in several departments reflecting actual expenses in excess of total budgeted appropriations. Therefore, amendments netting \$329,000 were made to cover the shortage in Personnel Expenditures, Operating Expenditures, and Internal Support Expenditures.

## County of Oakland Management's Discussion and Analysis

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The General Fund expenditures for fiscal year 2015 were \$25.5 million below budget. This favorable variance from the budget reflects continued conscious efforts on behalf of the County's elected officials to limit expenditures wherever and whenever possible.

Of the total variance, \$9.6 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 addition, \$8.7 million savings in the Non-Departmental budget mainly reflects 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 2016 budget to complete the projects.

Further, the Sheriff's Office reflects favorable variances of \$1.9 million including Miscellaneous Capital Outlay of \$749,237 which was carried forward to Fiscal Year 2016 for a helicopter repair project. Additional favorability of almost \$565,000 is primarily due to savings achieved from the jail inmate food and jail clinic service contracts and over \$313,000 in favorable Fees Civil Service expense due to the continuing decline in the number of home foreclosures (this line item is offset by corresponding unfavorable Civil Action Service Fee revenue); \$1.7 million in savings for Circuit Court related to favorable Defense Attorney Fees, Attorney Fees Mediators, and Juror Fees and Mileage due to less activity; about \$517,000 favorability in the Department of Human Services for Professional Services, Laboratory Supplies, Office Supplies and Tornado Siren Equipment; approximately \$414,000 favorability in County Executive Administration related to unspent funds for professional services regarding DWSD evaluation; \$409,000 favorability in the Clerk / Register of Deeds office due to Election supplies, Court Transcripts and Professional Services; and \$371,000 favorability in Economic Development and Community Affairs related to Professional Services, Printing, Workshops and Meetings and Supplies.

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 \$23.2 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 2015 by \$6.1 million from \$46.5 million to \$52.6 million. Major amendments included \$1.6 million to the Friend of the Court Fund from the Circuit Court for the Cooperative Reimbursement program grant; \$1.2 million for a Treasurer's Office Tax Management System; \$1.0 million for an Information Technology Reference Architecture project; \$472,555 in grant match for Community and Home Improvement Division grants; \$280,324 to the Project Work Order Fund for various projects including Animal Control security, Sheriff building security enhancements, Economic Development renovations and Children's Village clinic space; and \$130,642 for the Sheriff's Office Auto Theft grant and several other smaller amendments related to transfers for various grants and projects.

Actual financing uses from the General Fund were \$7.8 million less than budgeted. This variance largely reflects the reduced resources needed by the Child Care Fund (\$5.5 million) and the Friend of the Court Grant Fund (\$2.0 million).

## County of Oakland Management's Discussion and Analysis

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### 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.

During fiscal year 2015, the *Building Authority Debt Act 31 Fund* balance decreased by \$57,792 to report a total fund balance of \$837,488. This is relatively unchanged from the previous fiscal year and reflects on-going activity to support debt service payments.

The remaining governmental fund classified as major: the *Water and Sewer Debt Act 342 Fund*, experienced a decrease in fund balance of \$15,340, to report a total fund balance of \$16,637.

### Enterprise Funds

There are seven (7) *Enterprise Funds* that are classified as major: the *Parks and Recreation Fund*, the *Delinquent Tax Revolving 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, 2015, the Enterprise Funds had combined net position of \$708.2 million, an increase of \$6.1 million from the combined net position reported at the end of fiscal year 2014. The seven major Enterprise Funds alone reported net positions of \$638.6 million (90.2 percent of the total combined enterprise net position). The net position of these seven major Enterprise Funds increased by \$11.4 million during fiscal year 2015.

Four of the seven major Enterprise Funds experienced an increase in net position. The *Water and Sewer Trust Fund* increased in net position by \$1.4 million (1.0 percent) to \$145.9 million. This increase primarily reflects fluctuating operating activity as well as revenue recognized for principal forgiveness on Pontiac Water and Sewer debt and funding from a local community toward the Walled Lake Novi Waste Water Treatment improvement project.

The *Evergreen-Farmington Sewage Disposal System Fund (EFSDS)* ended fiscal year 2015 with a net position of \$35.9 million, \$9.2 million (34.5 percent) more than the net position recorded at the end of fiscal year 2014. The increase in net position is attributed largely to capital asset contributions from Act 342 projects of \$7.4 million as well as fluctuating operating activity over the prior year.

The *Southeast Oakland County Sewage Disposal System Fund (SOCSDS)* experienced a \$6.5 million increase (18.3 percent) in net position to \$42.0 million. The primary reason for the increase is attributed to higher sewage disposal revenue of \$3.0 million while expenses remained relatively unchanged from previous year as well as a credit from the Detroit Water and Sewerage Department (DWSD) of \$3.7 million related to prior year sewage disposal services expense that occurred in fiscal year 2015.

The *Clinton Oakland Sewage Disposal System Fund (COSDS)* reported a net position of \$39.4 million, approximately \$279,000 (0.7 percent) more than the net position reported at the end of fiscal year 2014. The increase is primarily due to minor fluctuating operating activity over the prior year.

## County of Oakland Management's Discussion and Analysis

The *Parks and Recreation Fund* net position decreased \$1.6 million (1.7 percent) during fiscal year 2015 to a total of \$94.2 million in net position. This decrease resulted from contractual services and personnel costs increasing more than operating revenues while property tax revenue remained relatively unchanged from the previous year.

The *Delinquent Tax Revolving Fund (DTRF)* ended fiscal year 2015 with a net position of \$202.8 million, \$2.6 million (1.3 percent) less than the net position recorded at the end of fiscal year 2014. This decrease is the result of 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 2015 net position of \$202.8 million still exceeds that requirement.

The *County Airport Fund* recorded a net position of \$78.5 million as of September 30, 2015. This reflects a reduction of \$1.7 million (2.1 percent) in net position from fiscal year 2014. The primary reason is due to the reduction of capital contributions recognized from State administered grants in fiscal year 2015 as well as fluctuating operating activity over the prior year.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - At the end of fiscal year 2015, the County had invested \$509.5 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 \$20.0 million from fiscal year 2014. This can be attributed to a \$5.3 million increase in governmental activities and a \$14.7 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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 7.4	\$ 7.4	\$ 68.2	\$ 68.2	\$ 75.6	\$ 75.6
Land Improvements	0.2	0.1	9.1	9.9	9.3	10.0
Buildings and Improvements	141.3	130.5	60.3	59.6	201.6	190.1
Equipment and Vehicles	26.9	21.2	19.5	24.9	46.4	46.1
Infrastructure	12.8	13.3	95.9	90.5	108.7	103.8
Subtotal	188.6	172.5	253.0	253.1	441.6	425.6
Construction in Progress	14.9	25.7	53.0	38.2	# 67.9	63.9
Total Capital Assets	\$ 203.5	\$ 198.2	\$ 306.0	\$ 291.3	\$ 509.5	\$ 489.5

#Beginning balance adjusted per restatement. See note #20.

Net capital assets for the governmental activities increased by \$5.3 million in fiscal year 2015. This change includes increases of \$10.8 million in buildings and improvements, \$5.7 million in equipment and vehicles, and \$100,000 in land improvements. The increase was offset by reductions of \$10.8 million in construction in progress and \$500,000 in infrastructure assets. In terms of gross numbers, the County's

## County of Oakland Management's Discussion and Analysis

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governmental activities had additions to capital assets of \$19.1 million, \$5.5 million in disposals of capital assets, and a \$7.8 million increase in net accumulated depreciation.

Of the \$19.1 million in additions to capital assets during fiscal year 2015, \$15.2 million reflects additions to construction in progress. This reflects projects for buildings, building improvements and renovations including \$2.7 million on the Oakland County Sheriff's Office Jail intercom, console and video system; \$1.2 million for a new intercom system at the Children's Village complex; \$725,000 for Sheriff's Office Forensic Lab renovations; \$653,000 for a separate building to facilitate counseling sessions at Children's Village thus enabling them to more efficiently and confidentially meet counseling needs of children and parents; \$550,000 for elevator improvements to various buildings; \$515,000 to the 2015 roof replacement project for buildings where the roofs had surpassed their warranty life; \$163,000 for the engineering and design phase of a new Animal Control and Pet Adoption Center; \$151,000 for building security enhancements; \$91,000 for improvements to the Emergency Operations Center; \$76,000 on the building to house the Oakland County Community Mental Health Authority programs, and \$60,000 in renovations related to the building used by the Water Resources Commissioner's office for billing and collections. Additions to construction in progress also include \$6.9 million for software and hardware projects consisting of the reference architecture project of \$2.0 million, cyber security project of \$1.6 million, server replacements of \$1.1 million, an upgrade to the Supervisory Control and Data Acquisition (SCADA) program of \$734,000 which allows for monitoring of systems and the development of a comprehensive asset management plan to watch, evaluate, and assist in the maintenance of infrastructure assets, tax assessment and management software of \$725,000, and firewall and network applications of \$196,000. Furthermore, \$1.2 million was used for the parking lot replacement program which reflects full reclamation work on four (4) parking lots and entrance ways, \$88,000 for a portable incinerator used at the Oakland County Sheriff's Office Forensic Lab, and \$83,000 for security at an offsite location that is used for the storage of emergency vehicles and equipment.

The remaining \$3.9 million reflects additions to equipment and vehicles. Among those additions is \$2.9 million in replacement vehicles and \$233,000 for eleven (11) additional fleet vehicles for the Sheriff's Office and various other departments. Equipment purchases included \$117,000 for a gas chromatograph to be used in the Sheriff's Office forensic lab, and \$78,000 for a telescoping scoop loader assigned to the Facilities Management department.

The County disposed of \$2.8 million in buildings and improvements and \$2.6 million in equipment and vehicles during fiscal year 2015. The disposals primarily reflect an adjustment to remove the original asset cost information of the former medical care facility as that building was renovated and repurposed for the Oakland County Community Mental Health Authority with the new asset cost information now reflected in the asset management system. Also, disposal included vehicles which were replaced by the new purchases discussed above, disposal of an armored vehicle, as well as computer and maintenance equipment which were sold at auction.

Net capital assets for the business-type activities increased \$14.7 million during fiscal year 2015. This change is comprised of increases of \$14.8 million to construction in progress, \$5.4 million to infrastructure, and \$700,000 to buildings and improvements. The increase was offset by decreases of \$5.4 million in equipment and vehicles and \$800,000 in land improvements. In terms of gross numbers, the County's business-type activities had additions to capital assets of \$65.1 million, although \$30.3

## County of Oakland Management's Discussion and Analysis

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million were assets capitalized out of construction in progress leaving current year outflows for capital purchases at \$34.8 million, \$6.0 million in disposals of capital assets, and \$14.1 million net increase in accumulated depreciation.

As stated above, the net increase of \$14.7 million in current assets consists of various additions, disposals, and depreciation. There were additions of \$33.6 million to construction in progress including \$8.4 million in the Evergreen Farmington Sewage Disposal System for various projects such as the construction of the 10" Middlebelt Road tunnel sewer to eliminate sanitary sewer overflows, pipe lining to maintain system integrity, and the replacement of a metering system; \$9.8 million in the Clinton Oakland Sewage Disposal System for projects reflecting the construction of a pump station and force main, development of the Perry Street pump station and force main which links the Clinton Oakland Sewage Disposal System and the Pontiac Wastewater Treatment Facility, and pump replacements and improvements; \$1.6 million in the South Oakland County Sewage Disposal System for structural and mechanical improvements primarily due to damage incurred during an extreme rain event; \$7.9 million in the various Water and Sewer Systems including \$4.0 million for Pontiac Water and Sewer system infrastructure improvements, \$1.6 million for building improvements to allow for more efficient service to the customers of the Pontiac Water and Sewer system, and various other systems improvements such as replacements of pipes, pumps and wells in order to maintain the integrity of the systems. There were \$4.7 million in projects for the Parks and Recreation Fund consisting of a variety of park improvements including building and roofing projects, improvements to play lots, trails, bridges, sidewalks, docks, campgrounds, and irrigation systems. The Courts and Law Enforcement Management Information System (CLEMIS) Fund incurred \$412,000 toward the Computer Aided Dispatch (CAD) upgrade project, and the Fire Records Management Fund expended \$241,000 toward the replacement of the Fire Records Management System (FRMS) which will increase efficiencies for multiple fire agencies that use the FRMS in recording events, sharing data, and meeting State reporting requirements. Further, there were additions of \$337,000 for the Oakland County Airport Fund related to the purchase of snow removal equipment.

Furthermore, there were additions of \$328,000 in the CLEMIS activity for law enforcement technology equipment and \$174,000 for upgraded equipment for the Oak Video system. Also, the Parks and Recreation activity comprised \$579,000 in capital asset additions including replacement of grounds maintenance equipment and the addition of a mobile zip line. Finally, the Radio Communications Fund included \$149,000 for server replacements and communication coverage enhancement equipment, and the George W. Kuhn Sewage Disposal System purchased maintenance equipment for \$55,000.

The remaining capital additions were previously recorded in construction in progress and have now been completed and converted to depreciable assets.

Disposals included equipment sold in the County auction at an original cost of \$6.0 million with a remaining book value of \$291,000. The above additions were further offset by \$19.8 million in depreciation expense.

Please review Note 7 to the financial statements for additional information regarding capital assets and Note 20 for information regarding the restatement of fiscal year 2014 balances.

## County of Oakland Management's Discussion and Analysis

Long-term Debt - As of September 30, 2015, the Primary Government had \$463.3 million in bonds and notes outstanding. Of this amount, \$438.3 million are bonds with limited taxing authority, and \$25.0 million are notes with limited taxing authority. This represents a \$39.4 million reduction from September 30, 2014 in the limited tax authority bonds and a \$12.4 million increase in the limited taxing authority notes. In addition, the County uses its full faith and credit (as a secondary obligor) to back \$264.6 million of Drainage District component unit debt. The Drainage District component unit debt experienced a \$17.0 million net obligation increase during fiscal year 2015. This is the result of \$36.1 million in new debt issues, offset by \$19.1 million in debt reductions.

### Outstanding Debt as of September 30, 2015

(in millions of dollars)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Bonds - Limited Tax Authority	\$ 417.1	\$ 455.9	\$ 21.2	\$ 21.8 #	\$ 438.3	\$ 477.7
Total Bonds	\$ 417.1	\$ 455.9	\$ 21.2	\$ 21.8	\$ 438.3	\$ 477.7
Notes - Limited Tax Authority	\$ -	\$ -	\$ 25.0	\$ 12.6	\$ 25.0	\$ 12.6
Total Outstanding Debt	\$ 417.1	\$ 455.9	\$ 46.2	\$ 34.4	\$ 463.3	\$ 490.3

	<u>Drainage Districts Component Unit</u>		<u>Total County Commitment</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Bonds - Limited Tax Authority	\$ 264.6	\$ 247.6 #	\$ 702.9	\$ 725.3
Total Bonds	\$ 264.6	\$ 247.6	\$ 702.9	\$ 725.3
Notes - Limited Tax Authority	\$ -	\$ -	\$ 25.0	\$ 12.6
Total Outstanding Debt	\$ 264.6	\$ 247.6	\$ 727.9	\$ 737.9
Debt Limit (10% of SEV)			\$ 6,080.6	\$ 5,508.5
Available Statutory Debt Limit			\$ 5,352.7	\$ 4,770.6

# Beginning balance adjusted per restatement. See note #20.

Oakland County issued \$3.0 million in general government and business-type activity debt in fiscal year 2015. Of this total, \$2.3 million represents Michigan Bond Authority – Sewage Disposal debt draws for the Evergreen Farmington Sewage Disposal System – Middlebelt Transport and Tunnel project. The remaining \$700,000 relates to new business-type activity for State Revolving Fund loans for capital improvements related to the Pontiac Water and Sewer System to address current and future capacity issues.

## County of Oakland Management's Discussion and Analysis

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The Drainage Districts component unit issued \$36.1 million in new debt during fiscal year 2015. Of this amount, \$4.2 million includes draws for State Revolving Fund loans for facility improvements to the Pontiac Wastewater Treatment Facility Drain Chapter 20 Drainage District. Additionally, the Drainage District's component unit includes \$7.2 million in new drain bonds and \$24.7 million in draws for State Revolving Fund loans for the Oakland Macomb 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. This represents an increase of \$12.4 million from the prior year. The increase does not reflect an additional dollar amount of notes issued but rather the fact that there was an early principal payment of \$12.4 million in fiscal year 2014. These notes are routinely paid off within a year of issuance.

During fiscal year 2015, \$42.3 million in outstanding general government debt was paid, primarily reflecting the retirement of Retirees Health Care bonds of \$21.4 million, the retirement of various water and sewer bonds/refunding bonds of \$10.6 million, and retirement of Building Authority bonds/refunding bonds of \$10.3 million.

A more detailed discussion of the County's long-term debt obligations is presented in Note 8 to the financial statements as well as Note 20 for information regarding the restatement of fiscal year 2014 balances related to business-type and component unit debt.

### **Bond Ratings**

The County's general obligations are rated AAA by Standard 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.

**ECONOMIC OUTLOOK**

Oakland County's economy is continuing to improve. As is detailed in the *Transmittal Letter* preceding this *Management's Discussion and Analysis*, the County's unemployment rate has fallen to 4.2 percent (December 2015) and employment is projected to grow by 49,032 new jobs 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 budgeted projections assume an increase in state taxable value of property within Oakland County borders of 3.0 percent for December 2015; an additional 4.0 percent increase for December 2016; and an additional 4.0 percent increase by December 2017. Market value of property is projected to be even higher. Every 1.0 percent increase in taxable value adds approximately \$2.0 million to the County's revenue.

The initiatives taken by the County's Elected Officials and Administration have 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* drawdown of excess equity provides additional time to achieve structural balance while maintaining target fund balance levels. On September 17, 2015, the Oakland County Board of Commissioners adopted a balanced budget for fiscal years 2016, 2017, and 2018 (through September 30, 2018). That document also includes official estimates for fiscal years 2019 and 2020.

**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) 858-0940.

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**Basic  
Financial Statements**

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**County of Oakland  
Statement of Net Position  
September 30, 2015**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Totals</b>	
<b>Assets</b>				
<b>Current assets</b>				
Pooled cash and investments	\$ 428,842,162	\$ 332,099,494	\$ 760,941,656	\$ 38,102,559
Cash and cash equivalents	-	-	-	55,910,954
Receivables (net of allowance for uncollectibles where applicable)				
Current property taxes	16,433,046	-	16,433,046	-
Delinquent property taxes	615,058	64,349,651	64,964,709	-
Special assessments	-	-	-	5,362,018
Due from other governmental units	25,437,883	25,198,326	50,636,209	9,795,759
Due from primary government	-	-	-	116,940
Due from component units	644,904	75,575	720,479	-
Accrued interest receivable	739,932	2,138,427	2,878,359	95,840
Accounts receivable	2,826,665	45,059,100	47,885,765	18,904,164
Contracts receivable	12,953,010	1,282,121	14,235,131	-
Internal balances - note 19	(5,153,900)	5,153,900	-	-
Inventories and supplies	1,492,390	418,993	1,911,383	4,648,821
Prepayments and other assets	9,714,698	2,424,415	12,139,113	3,817,207
Total current assets	<u>494,545,848</u>	<u>478,200,002</u>	<u>972,745,850</u>	<u>136,754,262</u>
<b>Noncurrent assets</b>				
Special assessments receivable	58,146,004	-	58,146,004	210,278,991
Contracts receivable	17,550,000	-	17,550,000	-
OPEB asset	163,092,632	-	163,092,632	-
<b>Capital assets, net</b>				
Land and other nondepreciable assets	22,266,619	121,118,357	143,384,976	361,448,049
Land improvements, net	159,910	9,128,044	9,287,954	1,078,684
Buildings and improvements, net	141,344,957	60,324,916	201,669,873	60,993,215
Equipment and vehicles, net	26,887,760	19,521,316	46,409,076	7,384,313
Infrastructure, net	12,837,648	95,900,694	108,738,342	978,942,776
Total capital assets, net	<u>203,496,894</u>	<u>305,993,327</u>	<u>509,490,221</u>	<u>1,409,847,037</u>
Total noncurrent assets	<u>442,285,530</u>	<u>305,993,327</u>	<u>748,278,857</u>	<u>1,620,126,028</u>
Total assets	<u>936,831,378</u>	<u>784,193,329</u>	<u>1,721,024,707</u>	<u>1,756,880,290</u>
<b>Deferred Outflows of Resources</b>				
Deferred outflows related to pension	40,245,669	-	40,245,669	17,222,616
Total deferred outflows of resources	<u>\$ 40,245,669</u>	<u>\$ -</u>	<u>\$ 40,245,669</u>	<u>\$ 17,222,616</u>

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

**County of Oakland**  
**Statement of Net Position (Continued)**  
**September 30, 2015**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Totals</b>	
<b>Liabilities</b>				
Current liabilities				
Vouchers payable	\$ 15,301,679	\$ 5,715,968	\$ 21,017,647	\$ 13,819,963
Accrued payroll	4,763,306	-	4,763,306	-
Due to other governmental units	2,090,449	14,960,954	17,051,403	13,083,203
Due to primary government	-	-	-	720,479
Due to component units	495	116,445	116,940	-
Accrued interest payable	294,771	-	294,771	38,462
Other accrued liabilities	21,208,056	7,064,811	28,272,867	10,137,534
Accrued compensated absences	1,250,552	-	1,250,552	-
Unearned revenue	47,558,467	1,866,397	49,424,864	25,007,961
Claims and judgments	4,405,765	-	4,405,765	572,340
Bonds and notes payable	30,660,000	26,480,200	57,140,200	19,314,800
Total current liabilities	<u>127,533,540</u>	<u>56,204,775</u>	<u>183,738,315</u>	<u>82,694,742</u>
Noncurrent liabilities				
Accrued compensated absences	11,254,965	-	11,254,965	3,018,250
Claims and judgments	14,667,837	-	14,667,837	673,860
Net pension liability	12,718,628	-	12,718,628	26,527,162
Other postemployment benefits	-	-	-	23,527,919
Bonds and notes payable	386,428,202	19,780,412	406,208,614	245,751,674
Total noncurrent liabilities	<u>425,069,632</u>	<u>19,780,412</u>	<u>444,850,044</u>	<u>299,498,865</u>
Total liabilities	<u>552,603,172</u>	<u>75,985,187</u>	<u>628,588,359</u>	<u>382,193,607</u>
<b>Net Position</b>				
Net investment in capital assets	156,456,894	284,732,715	441,189,609	1,144,780,563
Restricted for				
Property tax forfeiture	15,190,786	-	15,190,786	-
General Government	1,297,407	-	1,297,407	-
Public safety	6,111,317	-	6,111,317	-
Citizens services	1,866,475	-	1,866,475	-
Public works	4,329,337	-	4,329,337	10,571,582
Justice Administration	1,624,078	-	1,624,078	-
Commerce and community development	8,273,176	-	8,273,176	-
Debt service	899,136	-	899,136	196,028,896
Airports	-	700	700	-
Community water and sewer	-	89,643,164	89,643,164	-
Unrestricted	228,425,269	333,831,563	562,256,832	40,528,258
Total net position	<u>\$ 424,473,875</u>	<u>\$ 708,208,142</u>	<u>\$ 1,132,682,017</u>	<u>\$ 1,391,909,299</u>

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

**County of Oakland**  
**Statement of Activities**  
**Year Ended September 30, 2015**

	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Functions/Programs</b>					
<b>Primary government</b>					
Governmental activities					
General government, administrative	\$ 69,539,633	\$ 24,225,570	\$ 4,448,510	\$ -	\$ (40,865,553)
Public safety	186,050,353	64,625,234	17,630,677	163,231	(103,631,211)
Justice administration	86,238,778	31,830,801	741,357	-	(53,666,620)
Citizen services	83,738,255	8,414,435	14,728,273	-	(60,595,547)
Public works	38,300,439	12,855,569	362,098	5,761,319	(19,321,453)
Recreation and leisure	1,322,395	14,686	-	-	(1,307,709)
Commerce and community development	44,364,348	17,646,879	22,065,499	-	(4,651,970)
Unallocated depreciation	3,164,143	-	-	-	(3,164,143)
Interest on debt	3,273,505	-	-	-	(3,273,505)
Total governmental activities	<u>515,991,849</u>	<u>159,613,174</u>	<u>59,976,414</u>	<u>5,924,550</u>	<u>(290,477,711)</u>
Business-type activities					
Airports	7,023,922	4,421,496	287,991	485,207	(1,829,228)
Community safety support	21,312,944	12,833,963	-	761,013	(7,717,968)
Community tax financing	1,230,707	16,657,070	-	-	15,426,363
Community water and sewer	81,572,797	80,058,849	807,591	1,294,332	587,975
Recreation and leisure	23,741,356	9,978,385	69,032	308,000	(13,385,939)
Sewage disposal systems	129,927,356	137,441,935	518,864	8,219,302	16,252,745
Total business-type activities	<u>264,809,082</u>	<u>261,391,698</u>	<u>1,683,478</u>	<u>11,067,854</u>	<u>9,333,948</u>
Total primary government	<u>\$ 780,800,931</u>	<u>\$ 421,004,872</u>	<u>\$ 61,659,892</u>	<u>\$ 16,992,404</u>	<u>\$ (281,143,763)</u>
<b>Component units</b>					
Drainage districts	\$ 94,953,221	\$ 86,988,736	\$ 782,103	\$ 58,354,011	\$ 51,171,629
Road commission	111,085,883	17,668,474	65,173,330	56,459,414	28,215,335
Total component units	<u>\$ 206,039,104</u>	<u>\$ 104,657,210</u>	<u>\$ 65,955,433</u>	<u>\$ 114,813,425</u>	<u>\$ 79,386,964</u>

continued...

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

**County of Oakland**  
**Statement of Activities (Continued)**  
**Year Ended September 30, 2015**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>	
<b><u>Changes in net position</u></b>				
Net (expense) revenue	\$ (290,477,711)	\$ 9,333,948	\$ (281,143,763)	\$ 79,386,964
General revenues				
Taxes				
Property taxes	204,218,641	11,832,814	216,051,455	-
State-shared revenue (unrestricted)	39,238,141	-	39,238,141	-
Unrestricted investment earnings	3,589,453	2,914,365	6,503,818	1,109,874
Gain on sale of capital assets	135,786	-	135,786	-
Other revenues	5,623,075	-	5,623,075	-
Transfers in (out)	17,940,753	(17,940,753)	-	-
Total general revenues and transfers	270,745,849	(3,193,574)	267,552,275	1,109,874
Change in net position	(19,731,862)	6,140,374	(13,591,488)	80,496,838
<b>Net position</b>				
Beginning (as restated, see note 20)	444,205,737	702,067,768	1,146,273,505	1,311,412,461
Ending	\$ 424,473,875	\$ 708,208,142	\$ 1,132,682,017	\$ 1,391,909,299

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 eight issues).

## Non-Major Funds

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

Special revenue funds  
Debt service funds  
Capital projects funds

**County of Oakland  
Balance Sheet  
Governmental Funds  
September 30, 2015**

	<b>Major Funds</b>		
	<b>General</b>	<b>Building Authority Debt Act 31</b>	<b>Water and Sewer Debt Act 342</b>
<b>Assets</b>			
Pooled cash and investments	\$ 257,903,628	\$ 109,349	\$ 767,364
Receivables (net of allowance for uncollectibles where applicable)			
Current property taxes	16,433,046	-	-
Delinquent property taxes	615,058	-	-
Due from other governmental units	8,727,955	-	-
Due from component units	144,771	-	-
Accrued interest receivable	96,596	-	288
Accounts receivable	525,577	729,051	-
Contracts receivable	12,913,610	13,505,000	-
Special assessments receivable	-	-	55,550,727
Due from other funds	4,454,639	-	-
Advances receivable	-	-	-
Inventories	141,377	-	-
Prepayments and other assets	349,122	-	-
Total assets	<u>\$ 302,305,379</u>	<u>\$ 14,343,400</u>	<u>\$ 56,318,379</u>
<b>Liabilities</b>			
Vouchers payable	\$ 8,763,067	\$ -	\$ 743,675
Accrued payroll	4,763,306	-	-
Due to other governmental units	332,331	-	-
Due to other funds	16,857	912	-
Advances payable	-	-	-
Unearned revenue	11,436,921	-	33,197,525
Other accrued liabilities	5,758,617	-	7,340
Total liabilities	<u>31,071,099</u>	<u>912</u>	<u>33,948,540</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue-property taxes	10,773,845	-	-
Unavailable revenue-special assessments	-	-	22,353,202
Unavailable revenue-grants	105,053	-	-
Unavailable revenue-contracts receivable	-	13,505,000	-
Unavailable revenue-other	150,989	-	-
Total deferred inflows of resources	<u>11,029,887</u>	<u>13,505,000</u>	<u>22,353,202</u>
<b>Fund Balances</b>			
Nonspendable	490,499	-	-
Restricted	15,190,786	837,488	16,637
Committed	-	-	-
Assigned	242,777,177	-	-
Unassigned	1,745,931	-	-
Total fund balances	<u>260,204,393</u>	<u>837,488</u>	<u>16,637</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 302,305,379</u>	<u>\$ 14,343,400</u>	<u>\$ 56,318,379</u>

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

**County of Oakland  
Balance Sheet (Continued)  
Governmental Funds  
September 30, 2015**

	<b>Non-Major Funds</b>	<b>Totals September 30, 2015</b>
<b>Assets</b>		
Pooled cash and investments	\$ 54,412,003	\$ 313,192,344
Receivables (net of allowance for uncollectibles where applicable)		
Current property taxes	-	16,433,046
Delinquent property taxes	-	615,058
Due from other governmental units	16,173,609	24,901,564
Due from component units	473,534	618,305
Accrued interest receivable	31,339	128,223
Accounts receivable	649,458	1,904,086
Contracts receivable	4,084,400	30,503,010
Special assessments receivable	2,595,277	58,146,004
Due from other funds	1,013,822	5,468,461
Advances receivable	1,611,207	1,611,207
Inventories	-	141,377
Prepayments and other assets	2,704,232	3,053,354
Total assets	<u>\$ 83,748,881</u>	<u>\$ 456,716,039</u>
<b>Liabilities</b>		
Vouchers payable	\$ 3,221,779	\$ 12,728,521
Accrued payroll	-	4,763,306
Due to other governmental units	1,477,892	1,810,223
Due to other funds	10,447,141	10,464,910
Advances payable	1,611,207	1,611,207
Unearned revenue	2,215,078	46,849,524
Other accrued liabilities	9,934,777	15,700,734
Total liabilities	<u>28,907,874</u>	<u>93,928,425</u>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue-property taxes	-	10,773,845
Unavailable revenue-special assessments	2,595,277	24,948,479
Unavailable revenue-grants	3,330,726	3,435,779
Unavailable revenue-contracts receivable	4,045,000	17,550,000
Unavailable revenue-other	1,519,862	1,670,851
Total deferred inflows of resources	<u>11,490,865</u>	<u>58,378,954</u>
<b>Fund balances</b>		
Nonspendable	1,176,207	1,666,706
Restricted	18,440,171	34,485,082
Committed	27,813,859	27,813,859
Assigned	-	242,777,177
Unassigned	(4,080,095)	(2,334,164)
Total fund balances	<u>43,350,142</u>	<u>304,408,660</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 83,748,881</u>	<u>\$ 456,716,039</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, 2015**

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Total fund balances for governmental funds		\$ 304,408,660
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	5,462,091	
Land improvements, net of \$1,090,723 depreciation	159,910	
Buildings and improvements, net of \$107,238,482 depreciation	139,947,950	
Equipment and vehicles, net of \$18,885,024 depreciation	13,152,795	
Infrastructure, net of \$14,778,710 depreciation	<u>12,723,028</u>	
		178,681,325
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.		137,910,335
Other post-employment benefits assets do not represent financial resources and are not reported in the funds.		163,092,632
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.		10,158,787
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.		47,605,109
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	(417,088,202)	
Accrued interest payable	<u>(294,771)</u>	
		<u>(417,382,973)</u>
Net position of governmental activities		<u>\$ 424,473,875</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, 2015**

	<b>Major Funds</b>		
	<b>General</b>	<b>Building Authority Debt Act 31</b>	<b>Water and Sewer Debt Act 342</b>
<b>Revenues</b>			
Taxes	\$ 206,368,131	\$ -	\$ -
Special assessments	-	1,097,029	10,280,376
Federal grants	359,400	-	-
State grants	4,583,253	-	-
Other intergovernmental revenues	41,448,728	-	-
Charges for services	108,783,651	3,080	1,888
Contributions	135,744	-	-
Investment income	2,276,803	98	1,741
Indirect cost recovery	7,946,958	-	-
Other	183,233	-	-
Total revenues	<u>372,085,901</u>	<u>1,100,207</u>	<u>10,284,005</u>
<b>Expenditures</b>			
Current operations			
County Executive	85,114,190	15,674	-
Clerk/Register of Deeds	8,788,748	-	-
Treasurer	8,881,564	-	-
Justice administration	50,712,524	-	-
Law enforcement	152,534,888	-	-
Legislative	3,864,960	-	-
Water Resource Commissioner	5,354,127	-	2,853
Non-departmental	29,905,627	-	-
Total current operations	<u>345,156,628</u>	<u>15,674</u>	<u>2,853</u>
Capital outlay	116,739	-	-
Intergovernmental	-	-	13,592
Debt service			
Principal payments	-	5,655,000	9,675,000
Interest and fiscal charges	-	1,247,966	607,900
Total expenditures	<u>345,273,367</u>	<u>6,918,640</u>	<u>10,299,345</u>
Excess (deficiency) of revenues over (under) expenditures	<u>26,812,534</u>	<u>(5,818,433)</u>	<u>(15,340)</u>
Other financing sources (uses)			
Transfers in	23,968,311	5,760,891	-
Transfers out	(44,783,048)	(250)	-
Insurance recoveries	222,022	-	-
Issuance of bonds	-	-	-
Total other financing sources (uses)	<u>(20,592,715)</u>	<u>5,760,641</u>	<u>-</u>
Net change in fund balances	6,219,819	(57,792)	(15,340)
<b>Fund balances</b>			
October 1, 2014	<u>253,984,574</u>	<u>895,280</u>	<u>31,977</u>
September 30, 2015	<u>\$ 260,204,393</u>	<u>\$ 837,488</u>	<u>\$ 16,637</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, 2015**

	<b>Non-Major Funds</b>	<b>Totals September 30, 2015</b>
<b>Revenues</b>		
Taxes	\$ -	\$ 206,368,131
Special assessments	8,051,749	19,429,154
Federal grants	31,776,107	32,135,507
State grants	23,270,222	27,853,475
Other intergovernmental revenues	11,675,776	53,124,504
Charges for services	12,204,002	120,992,621
Contributions	140,407	276,151
Investment income	302,142	2,580,784
Indirect cost recovery	-	7,946,958
Other	836,434	1,019,667
	<u>88,256,839</u>	<u>471,726,952</u>
Total revenues		
<b>Expenditures</b>		
Current operations		
County Executive	67,810,965	152,940,829
Clerk/Register of Deeds	1,899,662	10,688,410
Treasurer	16,142	8,897,706
Justice administration	24,914,655	75,627,179
Law enforcement	6,819,363	159,354,251
Legislative	-	3,864,960
Water Resource Commissioner	9,391,665	14,748,645
Non-departmental	-	29,905,627
	<u>110,852,452</u>	<u>456,027,607</u>
Total current operations		
Capital outlay	16,277,979	16,394,718
Intergovernmental	-	13,592
Debt service		
Principal payments	4,400,000	19,730,000
Interest and fiscal charges	1,445,811	3,301,677
	<u>132,976,242</u>	<u>495,467,594</u>
Total expenditures		
Excess (deficiency) of revenues over (under) expenditures	<u>(44,719,403)</u>	<u>(23,740,642)</u>
Other financing sources (uses)		
Transfers in	38,049,031	67,778,233
Transfers out	(15,083,248)	(59,866,546)
Insurance recoveries	-	222,022
Issuance of bonds	2,331,098	2,331,098
	<u>25,296,881</u>	<u>10,464,807</u>
Total other financing sources (uses)		
Net change in fund balances	<u>(19,422,522)</u>	<u>(13,275,835)</u>
<b>Fund balances</b>		
October 1, 2014	<u>62,772,664</u>	<u>317,684,495</u>
September 30, 2015	<u>\$ 43,350,142</u>	<u>\$ 304,408,660</u>

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

**County of Oakland**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund**  
**Balances – Governmental Funds to the Statement of Activities**  
**Year Ended September 30, 2015**

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Net change in fund balance - total governmental funds		\$ (13,275,835)
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	\$ (16,320,669)	
Buildings and improvements	16,461,101	
Equipment and vehicles	7,410,827	
Infrastructure	292,425	
Depreciation expense	<u>(8,533,887)</u>	(690,203)
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.		(24,697,753)
Amortization of Other Post-Employment Benefits asset is not reported in the governmental funds.		(5,605,849)
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	(12,308,277)	
Current year deferral	<u>10,158,787</u>	(2,149,490)
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.		(12,152,152)
Bond proceeds provide current financial resources to governmental funds by issuing debt which increases long-term bonded debt in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Position. This is the amount that proceeds exceed repayments.		
Bond proceeds	(2,331,098)	
Repayment of bond principal	41,140,000	
Accrued interest	<u>30,518</u>	38,839,420
Change in net position of governmental activities		<u>\$ (19,731,862)</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, 2015**

	<b>Business-Type Activities - Enterprise Funds</b>				
	<b>Major</b>				
	<b>Parks and Recreation</b>	<b>Delinquent Tax Revolving</b>	<b>County Airports</b>	<b>Water and Sewer Trust</b>	<b>Evergreen- Farmington SDS</b>
<b>Assets</b>					
Current assets					
Pooled cash and investments	\$22,739,842	\$147,559,628	\$15,946,887	\$52,077,607	\$13,036,820
Delinquent property taxes receivable	-	64,349,651	-	-	-
Due from other governmental units	92,973	1,214,888	600	4,443,779	4,653,496
Due from component units	-	-	-	-	75,575
Accrued interest receivable	22,474	1,480,565	61,546	30,517	110,504
Accounts receivable (net of allowance for uncollectibles where applicable)	289,629	13,664,415	340,538	29,186,917	-
Due from other funds	3,493	-	-	5,000,000	-
Current portion of contracts receivable	-	-	1,282,121	-	-
Current portion of advances receivable	-	12,883	-	-	-
Inventories and supplies	55,307	-	-	-	-
Prepayments and other assets	19,321	-	-	616,737	-
Total current assets	<u>23,223,039</u>	<u>228,282,030</u>	<u>17,631,692</u>	<u>91,355,557</u>	<u>17,876,395</u>
Noncurrent assets					
Advances receivable	-	64,415	-	-	-
Capital assets, net					
Land and other nondepreciable assets	33,640,347	-	36,424,974	10,330,049	15,201,333
Land improvements, net	-	-	8,598,413	10,337	519,294
Building and improvements, net	19,981,529	-	23,050,763	1,082,774	9,741,700
Equipment and vehicles, net	1,476,160	-	827,527	1,919,782	292,376
Infrastructure, net	16,794,522	-	2,518,655	57,059,992	3,767,623
Total noncurrent assets	<u>71,892,558</u>	<u>64,415</u>	<u>71,420,332</u>	<u>70,402,934</u>	<u>29,522,326</u>
Total assets	<u>95,115,597</u>	<u>228,346,445</u>	<u>89,052,024</u>	<u>161,758,491</u>	<u>47,398,721</u>
<b>Deferred Outflows of Resources</b>					
Deferred outflows related to pension	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

**County of Oakland  
Statement of Net Position (Continued)  
Proprietary Funds  
September 30, 2015**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Major</b>			<b>Totals September 30, 2015</b>	
	<b>S.O.C.S.D.S.</b>	<b>Clinton- Oakland S.D.S.</b>	<b>Non-Major Funds</b>		
<b>Assets</b>					
Current assets					
Pooled cash and investments	\$ 37,472,149	\$ 6,667,773	\$ 36,598,788	\$ 332,099,494	\$ 115,649,818
Delinquent property taxes	-	-	-	64,349,651	-
Due from other governmental units	6,948,288	5,739,703	2,104,599	25,198,326	536,319
Due from component units	-	-	-	75,575	26,599
Accrued interest receivable	127,800	129,580	175,441	2,138,427	611,709
Accounts receivable (net of allowance for uncollectibles where applicable)	119,698	-	1,457,903	45,059,100	922,579
Due from other funds	-	-	78,524	5,082,017	308
Current portion of contracts receivable	-	-	-	1,282,121	-
Current portion of advances receivable	-	-	-	12,883	-
Inventories and supplies	-	-	363,686	418,993	1,351,013
Prepayments and other assets	556,459	-	1,231,898	2,424,415	6,661,344
Total current assets	<u>45,224,394</u>	<u>12,537,056</u>	<u>42,010,839</u>	<u>478,141,002</u>	<u>125,759,689</u>
Noncurrent assets					
Advances receivable	-	-	-	64,415	-
Capital assets, net					
Land and other nondepreciable assets	3,164,020	18,190,841	4,166,793	121,118,357	9,568,977
Land improvements, net	-	-	-	9,128,044	-
Building and improvements, net	-	224,088	6,244,062	60,324,916	1,397,007
Equipment and vehicles, net	181,103	32,721	14,791,647	19,521,316	13,734,965
Infrastructure, net	964,822	10,257,156	4,537,924	95,900,694	114,620
Total noncurrent assets	<u>4,309,945</u>	<u>28,704,806</u>	<u>29,740,426</u>	<u>306,057,742</u>	<u>24,815,569</u>
Total assets	<u>49,534,339</u>	<u>41,241,862</u>	<u>71,751,265</u>	<u>784,198,744</u>	<u>150,575,258</u>
<b>Deferred Outflows of Resources</b>					
Deferred outflows related to pension	-	-	-	-	40,245,669
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,245,669</u>

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

**County of Oakland  
Statement of Net Position (Continued)  
Proprietary Funds  
September 30, 2015**

	<b>Business-Type Activities - Enterprise Funds</b>				
	<b>Major</b>				
	<b>Parks and Recreation</b>	<b>Delinquent Tax Revolving</b>	<b>County Airports</b>	<b>Water and Sewer Trust</b>	<b>Evergreen- Farmington SDS</b>
<b>Liabilities</b>					
Current liabilities					
Vouchers payable	\$ 449,421	\$ 191,760	\$ 392,972	\$ 3,469,879	\$ 187,567
Due to other governmental units	-	290,647	-	1,064,286	5,191,522
Due to component units	-	-	-	116,445	-
Due to other funds	-	-	-	-	1,960
Unearned revenue	51,604	-	1,536,105	-	-
Notes payable	-	25,000,000	-	-	-
Current portion of bonds payable	-	-	610,000	620,200	250,000
Current portion of accrued compensated absences	-	-	-	-	-
Current portion of claims and judgments	-	-	-	-	-
Current portion of advances payable	-	-	-	-	-
Other accrued liabilities	398,566	43,168	495,913	3,772,027	484,877
Total current liabilities	<u>899,591</u>	<u>25,525,575</u>	<u>3,034,990</u>	<u>9,042,837</u>	<u>6,115,926</u>
Noncurrent liabilities					
Bonds payable	-	-	7,550,000	6,855,412	5,375,000
Net pension liability	-	-	-	-	-
Accrued compensated absences	-	-	-	-	-
Claims and judgments	-	-	-	-	-
Advances payable	-	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>7,550,000</u>	<u>6,855,412</u>	<u>5,375,000</u>
Total liabilities	<u>899,591</u>	<u>25,525,575</u>	<u>10,584,990</u>	<u>15,898,249</u>	<u>11,490,926</u>
<b>Net position</b>					
Net investment in capital assets	71,892,558	-	63,260,332	62,927,322	23,897,326
Restricted for programs	-	-	700	51,442,040	9,260,456
Unrestricted	22,323,448	202,820,870	15,206,002	31,490,880	2,750,013
Total net position	<u>\$ 94,216,006</u>	<u>\$ 202,820,870</u>	<u>\$ 78,467,034</u>	<u>\$ 145,860,242</u>	<u>\$ 35,907,795</u>

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

**County of Oakland  
Statement of Net Position (Continued)  
Proprietary Funds  
September 30, 2015**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Totals September 30, 2015</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Major</b>				
	<b>S.O.C.S.D.S.</b>	<b>Clinton- Oakland S.D.S.</b>	<b>Non-Major Funds</b>		
<b>Liabilities</b>					
<b>Current liabilities</b>					
Vouchers payable	\$ 87,325	\$ 595,255	\$ 341,789	\$ 5,715,968	\$ 2,573,158
Due to other governmental units	7,182,917	182,015	1,049,567	14,960,954	280,226
Due to component units	-	-	-	116,445	495
Due to other funds	1,899	-	1,556	5,415	80,461
Unearned revenue	-	-	278,688	1,866,397	93,885
Notes payable	-	-	-	25,000,000	-
Current portion of bonds payable	-	-	-	1,480,200	-
Current portion of accrued compensated absence	-	-	-	-	1,250,552
Current portion of claims and judgments	-	-	-	-	4,405,765
Current portion of advances payable	-	-	-	-	12,883
Other accrued liabilities	249,697	1,109,087	511,476	7,064,811	5,507,322
<b>Total current liabilities</b>	<b>7,521,838</b>	<b>1,886,357</b>	<b>2,183,076</b>	<b>56,210,190</b>	<b>14,204,747</b>
<b>Noncurrent liabilities</b>					
Bonds payable	-	-	-	19,780,412	-
Net pension liability	-	-	-	-	12,718,628
Accrued compensated absences	-	-	-	-	11,254,965
Claims and judgments	-	-	-	-	14,667,837
Advances payable	-	-	-	-	64,415
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,780,412</b>	<b>38,705,845</b>
<b>Total liabilities</b>	<b>7,521,838</b>	<b>1,886,357</b>	<b>2,183,076</b>	<b>75,990,602</b>	<b>52,910,592</b>
<b>Net position</b>					
Net investment in capital assets	4,309,945	28,704,806	29,740,426	284,732,715	24,815,569
Restricted for programs	14,536,679	8,496,214	5,907,775	89,643,864	-
Unrestricted	23,165,877	2,154,485	33,919,988	333,831,563	113,094,766
<b>Total net position</b>	<b>\$ 42,012,501</b>	<b>\$ 39,355,505</b>	<b>\$ 69,568,189</b>	<b>\$ 708,208,142</b>	<b>\$ 137,910,335</b>

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, 2015**

	<b>Business-Type Activities - Enterprise Funds</b>				
	<b>Major</b>				
	<b>Parks and Recreation</b>	<b>Delinquent Tax Revolving</b>	<b>County Airports</b>	<b>Water and Sewer Trust</b>	<b>Evergreen-Farmington SDS</b>
<b>Operating revenues</b>					
Charges for services	\$ 9,893,635	\$ 15,770,957	\$ 4,416,272	\$ 81,321,792	\$ 40,419,719
Other	52,063	347,080	5,224	299,063	96,827
Total operating revenues	<u>9,945,698</u>	<u>16,118,037</u>	<u>4,421,496</u>	<u>81,620,855</u>	<u>40,516,546</u>
<b>Operating expenses</b>					
Salaries	8,508,876	103,551	1,106,766	92,235	-
Fringe benefits	2,971,568	72,521	653,695	65,517	-
Fringe benefits - pension	-	-	-	-	-
Contractual services	6,402,409	262,762	1,865,825	41,404,657	36,494,069
Commodities	993,912	-	114,884	1,909,120	58,258
Depreciation	3,331,106	-	2,718,781	2,822,614	680,989
Internal services	1,533,485	-	237,840	20,685,252	1,208,906
Intergovernmental	-	-	-	14,418,339	-
Total operating expenses	<u>23,741,356</u>	<u>438,834</u>	<u>6,697,791</u>	<u>81,397,734</u>	<u>38,442,222</u>
Operating income (loss)	<u>(13,795,658)</u>	<u>15,679,203</u>	<u>(2,276,295)</u>	<u>223,121</u>	<u>2,074,324</u>
<b>Nonoperating revenues (expenses)</b>					
Property taxes	11,832,814	-	-	-	-
Contributions	69,032	-	287,991	807,591	-
Interest recovery - federal grants	-	-	102,749	-	91,394
Interest revenue	157,136	1,360,886	141,752	496,641	85,129
Interest expense	-	(47,312)	(326,131)	(175,063)	(274,933)
Bonds maturing	-	-	-	-	-
Gain on sale of property and equipment	32,687	-	-	(1,562,006)	-
Total nonoperating revenues (expenses)	<u>12,091,669</u>	<u>1,313,574</u>	<u>206,361</u>	<u>(432,837)</u>	<u>(98,410)</u>
Income (loss) before transfers and contributions	<u>(1,703,989)</u>	<u>16,992,777</u>	<u>(2,069,934)</u>	<u>(209,716)</u>	<u>1,975,914</u>
<b>Transfers and contributions</b>					
Capital contributions	308,000	-	382,458	1,294,332	7,449,977
Transfers in	-	-	-	1,809,253	-
Transfers out	(208,852)	(19,634,498)	-	(1,477,287)	(254,182)
Total transfers and contributions	<u>99,148</u>	<u>(19,634,498)</u>	<u>382,458</u>	<u>1,626,298</u>	<u>7,195,795</u>
Change in net position	<u>(1,604,841)</u>	<u>(2,641,721)</u>	<u>(1,687,476)</u>	<u>1,416,582</u>	<u>9,171,709</u>
<b>Net position</b>					
October 1, 2014 (as restated, see Note 20)	<u>95,820,847</u>	<u>205,462,591</u>	<u>80,154,510</u>	<u>144,443,660</u>	<u>26,736,086</u>
September 30, 2015	<u>\$ 94,216,006</u>	<u>\$ 202,820,870</u>	<u>\$ 78,467,034</u>	<u>\$ 145,860,242</u>	<u>\$ 35,907,795</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, 2015**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Major</b>			<b>Totals September 30, 2015</b>	
	<b>S.O.C.S.D.S.</b>	<b>Clinton- Oakland S.D.S.</b>	<b>Non-Major Funds</b>		
<b>Operating revenues</b>					
Charges for services	\$ 49,672,262	\$ 37,302,500	\$ 19,453,091	\$ 258,250,228	\$ 230,272,228
Other	3,751,015	8,345	111,020	4,670,637	4,603,408
Total operating revenues	<u>53,423,277</u>	<u>37,310,845</u>	<u>19,564,111</u>	<u>262,920,865</u>	<u>234,875,636</u>
<b>Operating expenses</b>					
Salaries	-	-	2,351,208	12,162,636	33,453,817
Fringe benefits	-	-	1,307,904	5,071,205	20,348,239
Fringe benefits - pension	-	-	-	-	36,325,259
Contractual services	46,287,025	35,364,639	12,977,657	181,059,043	135,304,060
Commodities	129,272	46,647	575,022	3,827,115	6,342,449
Depreciation	797,558	759,605	8,704,853	19,815,506	5,155,383
Internal services	1,151,169	739,490	2,025,657	27,581,799	6,128,280
Intergovernmental	-	-	50,000	14,468,339	-
Total operating expenses	<u>48,365,024</u>	<u>36,910,381</u>	<u>27,992,301</u>	<u>263,985,643</u>	<u>243,057,487</u>
Operating income (loss)	<u>5,058,253</u>	<u>400,464</u>	<u>(8,428,190)</u>	<u>(1,064,778)</u>	<u>(8,181,851)</u>
<b>Nonoperating revenues (expenses)</b>					
Property taxes	-	-	-	11,832,814	-
Contributions	518,864	-	-	1,683,478	326,031
Interest recovery - federal grants	-	-	-	194,143	-
Interest revenue	245,620	107,984	319,217	2,914,365	1,008,669
Interest expense	-	-	-	(823,439)	(12,590,825)
Bonds maturing	-	-	-	-	(21,410,000)
Gain on sale of property and equipment	-	-	152	(1,529,167)	359,838
Total nonoperating revenues (expenses)	<u>764,484</u>	<u>107,984</u>	<u>319,369</u>	<u>14,272,194</u>	<u>(32,306,287)</u>
Income (loss) before transfers and contributions	<u>5,822,737</u>	<u>508,448</u>	<u>(8,108,821)</u>	<u>13,207,416</u>	<u>(40,488,138)</u>
<b>Transfers and contributions</b>					
Capital contributions	677,931	-	761,013	10,873,711	5,761,319
Transfers in	-	-	2,577,778	4,387,031	10,367,503
Transfers out	(33,877)	(229,034)	(490,054)	(22,327,784)	(338,437)
Total transfers and contributions	<u>644,054</u>	<u>(229,034)</u>	<u>2,848,737</u>	<u>(7,067,042)</u>	<u>15,790,385</u>
Change in net position	<u>6,466,791</u>	<u>279,414</u>	<u>(5,260,084)</u>	<u>6,140,374</u>	<u>(24,697,753)</u>
<b>Net position</b>					
October 1, 2014 (as restated, see Note 20)	35,545,710	39,076,091	74,828,273	702,067,768	162,608,088
September 30, 2015	<u>\$ 42,012,501</u>	<u>\$ 39,355,505</u>	<u>\$ 69,568,189</u>	<u>\$ 708,208,142</u>	<u>\$ 137,910,335</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, 2015**

	<b>Business-Type Activities - Enterprise Funds</b>				
	<b>Major</b>				
	<b>Parks and Recreation</b>	<b>Delinquent Tax Revolving</b>	<b>County Airports</b>	<b>Water and Sewer Trust</b>	<b>Evergreen- Farmington SDS</b>
<b>Cash flows from operating activities</b>					
Cash received from users	\$ 9,809,801	\$ 20,923,156	\$ 4,441,063	\$ 78,272,164	\$ 45,091,428
Cash paid to suppliers	(12,284,519)	(335,283)	(2,871,598)	(77,537,149)	(37,391,436)
Cash paid to employees	(8,508,876)	(103,551)	(1,106,766)	(92,235)	-
Net cash provided by (used in) operating activities	(10,983,594)	20,484,322	462,699	642,780	7,699,992
<b>Cash flows from noncapital financing activities</b>					
Transfers from other funds	-	-	-	1,809,253	-
Transfers to other funds	(208,852)	(19,634,498)	-	(1,477,287)	(254,182)
Contributions	69,032	-	287,991	297,040	-
Principal paid on debt	-	-	-	-	-
Interest paid on debt	-	-	-	-	-
Purchase of delinquent property taxes	-	(72,532,014)	-	-	-
Delinquent property taxes collected	-	81,140,950	-	-	-
Issuance of short-term borrowings	-	25,000,000	-	-	-
Advances issued	-	-	-	-	-
Repayments received on advances	-	12,883	-	-	-
Property taxes	11,832,814	-	-	-	-
Interest paid on short-term borrowings	-	(44,273)	-	-	-
Payments on short-term borrowings	-	(15,000,000)	-	-	-
Net cash provided by (used in) noncapital financing activities	11,692,994	(1,056,952)	287,991	629,006	(254,182)
<b>Cash flows from capital and related financing activities</b>					
Contributions for capital acquisitions	308,000	-	-	457,416	-
Proceeds from sale of bonds	-	-	-	609,192	-
Transfers from other funds	-	-	-	-	-
Interest recovery - federal grants	-	-	102,749	-	91,394
Proceeds from sale of capital assets	32,687	-	-	116,445	-
Acquisition of capital assets	(5,253,493)	-	(5,689)	(8,702,865)	(1,005,763)
Principal paid on debt	-	-	(600,000)	(352,500)	(245,000)
Interest paid on debt	-	-	(326,131)	(175,063)	(274,933)
Amount paid on advances	-	-	-	-	-
Interest paid on advances	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	(4,912,806)	-	(829,071)	(8,047,375)	(1,434,302)
<b>Cash flows from investing activities</b>					
Interest on investments	162,130	1,384,230	144,590	506,721	85,418
Net cash provided by investing activities	162,130	1,384,230	144,590	506,721	85,418
Net increase (decrease) in cash and cash equivalents	(4,041,276)	20,811,600	66,209	(6,268,868)	6,096,926
<b>Pooled cash and investments</b>					
October 1, 2014	26,781,118	126,748,028	15,880,678	58,346,475	6,939,894
September 30, 2015	<u>\$ 22,739,842</u>	<u>\$ 147,559,628</u>	<u>\$ 15,946,887</u>	<u>\$ 52,077,607</u>	<u>\$ 13,036,820</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, 2015**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Major</b>			<b>Totals September 30, 2015</b>	
	<b>S.O.C.S.D.S.</b>	<b>Clinton- Oakland S.D.S.</b>	<b>Non-Major Funds</b>		
<b>Cash flows from operating activities</b>					
Cash received from users	\$ 52,073,410	\$ 36,732,973	\$ 18,797,732	\$ 266,141,727	\$ 234,075,966
Cash paid to suppliers	(47,545,184)	(36,770,548)	(16,544,954)	(231,280,671)	(171,045,212)
Cash paid to employees	-	-	(2,351,208)	(12,162,636)	(33,453,817)
Net cash provided by (used in) operating activities	4,528,226	(37,575)	(98,430)	22,698,420	29,576,937
<b>Cash flows from noncapital financing activities</b>					
Transfers from other funds	-	-	2,577,778	4,387,031	8,629,563
Transfers to other funds	(33,877)	(229,034)	(490,054)	(22,327,784)	(338,437)
Contributions	518,864	-	-	1,172,927	307,281
Principal paid on debt	-	-	-	-	(21,410,000)
Interest paid on debt	-	-	-	-	(12,588,479)
Purchase of delinquent property taxes	-	-	-	(72,532,014)	-
Delinquent property taxes collected	-	-	-	81,140,950	-
Issuance of short-term borrowings	-	-	-	25,000,000	-
Advances issued	-	-	-	-	-
Repayments received on advances	142,531	-	-	155,414	-
Property taxes	-	-	-	11,832,814	-
Interest paid on short-term borrowings	-	-	-	(44,273)	-
Payments on short-term borrowings	-	-	-	(15,000,000)	-
Net cash provided by (used in) noncapital financing activities	627,518	(229,034)	2,087,724	13,785,065	(25,400,072)
<b>Cash flows from capital and related financing activities</b>					
Contributions for capital acquisitions	677,931	-	-	1,443,347	243,750
Proceeds from sale of bonds	-	-	-	609,192	-
Transfers from other funds	-	-	-	-	1,737,940
Interest recovery - federal grants	-	-	-	194,143	-
Proceeds from sale of capital assets	-	-	152	149,284	627,541
Acquisition of capital assets	(1,618,723)	(9,115,339)	(586,124)	(26,287,996)	(5,780,462)
Principal paid on debt	-	-	-	(1,197,500)	-
Interest paid on debt	-	-	-	(776,127)	-
Amount paid on advances	-	-	-	-	(155,414)
Interest paid on advances	-	-	-	-	(2,346)
Net cash provided by (used in) capital and related financing activities	(940,792)	(9,115,339)	(585,972)	(25,865,657)	(3,328,991)
<b>Cash flows from investing activities</b>					
Interest on investments	250,857	109,153	325,180	2,968,279	1,016,998
Net cash provided by investing activities	250,857	109,153	325,180	2,968,279	1,016,998
Net increase (decrease) in cash and cash equivalents	4,465,809	(9,272,795)	1,728,502	13,586,107	1,864,872
<b>Pooled cash and investments</b>					
October 1, 2014	33,006,340	15,940,568	34,870,286	318,513,387	113,784,946
September 30, 2015	\$ 37,472,149	\$ 6,667,773	\$ 36,598,788	\$ 332,099,494	\$ 115,649,818

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, 2015**

	<b>Business-Type Activities - Enterprise Funds</b>				
	<b>Major</b>				
	<b>Parks and Recreation</b>	<b>Delinquent Tax Revolving</b>	<b>County Airports</b>	<b>Water and Sewer Trust</b>	<b>Evergreen- Farmington SDS</b>
Operating (loss) income	\$ (13,795,658)	\$15,679,203	\$(2,276,295)	\$ 223,121	\$ 2,074,324
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities					
Depreciation expense	3,331,106	-	2,718,781	2,822,614	680,989
(Increase) decrease in due from other governmental units	84,154	3,666,293	-	129,555	3,222,061
(Increase) decrease in due from component units	-	-	-	-	78,409
(Increase) decrease in accounts receivable	9,668	1,121,800	9,322	(3,589,571)	-
(Increase) decrease in due from other funds	(3,493)	-	-	114,572	1,274,412
(Increase) decrease in inventories and supplies	(11,300)	-	-	-	-
(Increase) decrease in prepayments and other assets	(3,169)	-	-	(611,868)	-
(Increase) decrease in deferred outflows related to pension	-	-	-	-	-
Increase (decrease) in vouchers payable	(71,432)	(11,571)	(12,294)	1,340,871	(43,066)
Increase (decrease) in due to other govern- mental units	-	38,195	-	593,170	23,725
Increase (decrease) in due to component units	-	-	-	-	-
Increase (decrease) in due to other funds	-	-	-	-	1,960
Increase (decrease) in unearned revenue	(226,226)	-	10,245	(3,247)	-
Increase (decrease) in current portion of other long-term liabilities	-	-	-	-	-
Increase (decrease) in other accrued liabilities	(297,244)	(9,598)	12,940	(376,437)	387,178
Increase (decrease) in net pension liability	-	-	-	-	-
Increase (decrease) in other long-term liabilities	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ (10,983,594)</u>	<u>\$20,484,322</u>	<u>\$ 462,699</u>	<u>\$ 642,780</u>	<u>\$ 7,699,992</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, 2015**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Major</b>				
	<b>S.O.C.S.D.S.</b>	<b>Clinton- Oakland S.D.S.</b>	<b>Non-Major Funds</b>	<b>Totals September 30, 2015</b>	
Operating income (loss)	\$ 5,058,253	\$ 400,464	\$ (8,428,190)	\$ (1,064,778)	\$ (8,181,851)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation expense	797,558	759,605	8,704,853	19,815,506	5,155,383
(Increase) decrease in due from other governmental units	(1,295,316)	(965,872)	(684,387)	4,156,488	(482,411)
(Increase) decrease in due from component units	-	388,000	59	466,468	3,492
(Increase) decrease in accounts receivable	(54,551)	-	(159,040)	(2,662,372)	(544,505)
(Increase) decrease in due from other funds	-	-	61,406	1,446,897	222,131
(Increase) decrease in inventories and supplies	-	-	143,070	131,770	(308,371)
(Increase) decrease in prepayments and other assets	34,310	-	(137,157)	(717,884)	(1,025,148)
(Increase) decrease in deferred outflows related to pension	-	-	-	-	(40,245,669)
Increase (decrease) in vouchers payable	3,322	(810,900)	237,513	632,443	(735,260)
Increase (decrease) in due to other govern- mental units	121,130	(162,574)	(13,442)	600,204	(1,013)
Increase (decrease) in due to component units	-	-	-	-	495
Increase (decrease) in due to other funds	1	-	1,555	3,516	(131,786)
Increase (decrease) in unearned revenue	-	-	15,583	(203,645)	1,623
Increase (decrease) in current portion of other long-term liabilities	-	-	-	-	1,111,817
Increase (decrease) in other accrued liabilities	(136,481)	353,702	159,747	93,807	925,191
Increase (decrease) in net pension liability	-	-	-	-	76,570,928
Increase (decrease) in other long-term liabilities	-	-	-	-	(2,758,109)
Net cash provided by (used in) operating activities	<u>\$ 4,528,226</u>	<u>\$ (37,575)</u>	<u>\$ (98,430)</u>	<u>\$ 22,698,420</u>	<u>\$ 29,576,937</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, 2015**

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**Noncash transactions**

**Enterprise Funds**

Major funds:

Noncash and capital related financing activities included contribution of capital assets in the amount of \$382,548 and \$7,449,977 in the County Airports and Evergreen-Farmington S.D.S. fund, respectively, and acquisition of capital assets of \$724,475 reported in the Other Accrued liabilities liability account in the Clinton-Oakland S.D.S. fund.

In the Water and Sewer Trust fund, the following: acquisition of capital assets of \$414,915 reported in the Other Accrued liabilities liability account; write-off of capital assets of \$1,273,374; Capital asset contributions of \$836,916 included in Due from Other Governmental Units asset account; proceeds from sale of capital assets belonging to Drainage Districts Component Unit of \$116,445 reported in the Due to Component Units liability account; principal (\$552,500) and interest (\$299,140) for the restatement of debt for the Drainage Districts Component Unit reported in Intergovernmental Expenses, and debt adjustment increase for \$85,179 from reversal of prior year's debt forgiveness.

Noncash and non-capital related financing activities included interest expense of \$8,313 reported in the Vouchers Payable liability in the Delinquent Tax Revolving fund; recording of Contracts Receivable and Unearned Revenue of \$1,282,121 in the County Airports fund, and Contributions in the amount of \$510,551 reported in Due from Other Governmental Units asset account in the Water and Sewer Trust fund.

Nonmajor funds:

Noncash and capital related financing activities included contribution of capital assets in the amount of \$166,952 and \$594,061 in the Fire Records Management and CLEMIS funds, respectively.

**Internal Service Funds**

Noncash and capital related financing activities included contribution of capital assets in the amount of \$5,536,319 and acquisition of capital assets in the amount of \$42,735 reported in the Other Accrued Liabilities liability account in the Information Technology fund.

Noncash and non-capital related financing activities included recording of pension expense in the amount of \$36,325,259 in the Fringe Benefits 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 custodial capacity. Disbursements from these funds are contingent upon the 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, 2015**

	<b>Pension (and Other Post- employment Benefits) Trust Funds</b>	<b>Investment Trust Funds</b>	<b>Agency Funds</b>
<b>Assets</b>			
Pooled cash and investments	\$ 27,169,589	\$ 500,425,222	\$ 236,907,377
Cash and cash equivalents	-	-	732,076
Investments, at fair value			
Common stock	843,544,809	-	-
Preferred stock	81,991	-	-
Government securities	141,833,088	-	-
Corporate bonds	215,345,465	-	-
Municipal bonds	2,585,553	-	-
Hedge funds	91,409,533	-	-
Limited partnerships	113,056,188	-	-
Asset-backed fixed income	17,894,077	-	-
Government bonds	24,615,466	-	-
Government mortgage-backed securities	59,960,543	-	-
Government issued commercial mortgage-backed securities	1,108,168	-	-
Non-government backed CMOs	2,393,816	-	-
Commercial mortgage-backed securities	26,340,326	-	-
Bank loans	4,872,095	-	-
Exchange traded funds	1,395,831	-	-
International common stock	66,740,809	-	-
Index linked government bonds	21,140,690	-	-
Real estate	156,932,205	-	-
Other fixed income	6,614,664	-	-
Other	628,922	-	-
Total investments	<u>1,798,494,239</u>	<u>-</u>	<u>-</u>
Receivables - interest and dividends	4,844,601	-	171,295
Receivables - other	29,298	-	-
Prepaid expenses	214,906	-	-
Total assets	<u>1,830,752,633</u>	<u>500,425,222</u>	<u>237,810,748</u>
<b>Liabilities</b>			
Vouchers payable	1,025,335	-	407,603
Due to other governmental units	-	-	222,300,060
Other accrued liabilities	2,386,574	-	15,103,085
Total liabilities	<u>3,411,909</u>	<u>-</u>	<u>237,810,748</u>
<b>Net position</b>			
Held in Trust for Pension and Other Postemployment healthcare benefits, and pool participants	<u>\$ 1,827,340,724</u>	<u>\$ 500,425,222</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, 2015**

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	<b>Pension (and Other Post- employment Benefits) Trust Funds</b>	<b>Investment Trust Funds</b>
<b>Additions</b>		
Contributions		
Pool participants	\$ -	\$ 863,051,594
Employer	4,554,832	-
Plan members	584,619	-
Total contributions	<u>5,139,451</u>	<u>863,051,594</u>
Investment income	13,573,094	3,830,655
Other revenue	2,387,199	-
Total additions	<u>21,099,744</u>	<u>866,882,249</u>
<b>Deductions</b>		
Benefits	82,183,259	-
Administrative expenses	6,067,392	-
Distribution to pool participants	-	772,978,999
Total deductions	<u>88,250,651</u>	<u>772,978,999</u>
Net increase (decrease)	(67,150,907)	93,903,250
Net position held in trust for pension and other postemployment healthcare benefits, and pool participants		
October 1, 2014	<u>1,894,491,631</u>	<u>406,521,972</u>
September 30, 2015	<u>\$ 1,827,340,724</u>	<u>\$ 500,425,222</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, 2015**

	<b>Drainage Districts</b>	<b>Road Commission</b>	<b>Total Component Units</b>
<b>Assets</b>			
<b>Current assets</b>			
Pooled cash and investments	\$ 38,102,559	\$ -	\$ 38,102,559
Cash and cash equivalents	-	55,910,954	55,910,954
Receivables, net			
Special assessments	-	5,362,018	5,362,018
Due from other governmental units	9,795,759	-	9,795,759
Due from primary government	116,445	495	116,940
Accrued interest receivable	95,840	-	95,840
Accounts receivable	41,265	18,862,899	18,904,164
Inventories and supplies	-	4,648,821	4,648,821
Prepayments and other assets	124,290	3,692,917	3,817,207
Total current assets	<u>48,276,158</u>	<u>88,478,104</u>	<u>136,754,262</u>
<b>Noncurrent assets</b>			
Special assessments receivable	210,278,991	-	210,278,991
Capital assets, net			
Land and other nondepreciable assets	164,753,430	196,694,619	361,448,049
Land improvements, net	-	1,078,684	1,078,684
Buildings and improvements, net	52,740,325	8,252,890	60,993,215
Equipment and vehicles, net	335,019	7,049,294	7,384,313
Infrastructure, net	395,652,128	583,290,648	978,942,776
Total capital assets, net	<u>613,480,902</u>	<u>796,366,135</u>	<u>1,409,847,037</u>
Total noncurrent assets	<u>823,759,893</u>	<u>796,366,135</u>	<u>1,620,126,028</u>
Total assets	<u>872,036,051</u>	<u>884,844,239</u>	<u>1,756,880,290</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to pension	-	17,222,616	17,222,616
<b>Liabilities</b>			
<b>Current liabilities</b>			
Vouchers payable	3,045,949	10,774,014	13,819,963
Due to other governmental units	13,083,203	-	13,083,203
Due to primary government	692,227	28,252	720,479
Unearned revenue and advances	15,145,232	9,862,729	25,007,961
Accrued interest payable	35,129	3,333	38,462
Current portion of long-term debt	18,814,800	500,000	19,314,800
Current portion of long-term liabilities	-	572,340	572,340
Other accrued liabilities	6,465,970	3,671,564	10,137,534
Total current liabilities	<u>57,282,510</u>	<u>25,412,232</u>	<u>82,694,742</u>
Bonds and notes payable	245,751,674	-	245,751,674
Accrued compensated absences	-	3,018,250	3,018,250
Claims and judgments	-	673,860	673,860
Net pension liability	-	26,527,162	26,527,162
Other postemployment benefits	-	23,527,919	23,527,919
Total liabilities	<u>303,034,184</u>	<u>79,159,423</u>	<u>382,193,607</u>
<b>Net position</b>			
Net investment in capital assets	348,914,428	795,866,135	1,144,780,563
Restricted for			
Public works	10,571,582	-	10,571,582
Debt service	196,028,896	-	196,028,896
Unrestricted	13,486,961	27,041,297	40,528,258
Total net position	<u>\$ 569,001,867</u>	<u>\$ 822,907,432</u>	<u>\$ 1,391,909,299</u>

The accompanying notes are an integral part of the financial statements

**County of Oakland  
Statement of Activities  
Component Units  
Year Ended September 30, 2015**

	<b>Program Revenues</b>				<b>Drainage Districts</b>	<b>Road Commission</b>	<b>Total Component Units</b>
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>			
<b>Functions/Programs</b>							
Drainage Districts	\$ 94,953,221	\$ 86,988,736	\$ 782,103	\$ 58,354,011	\$ 51,171,629	\$ -	\$ 51,171,629
Road Commission	111,085,883	17,668,474	65,173,330	56,459,414	-	28,215,335	28,215,335
Total component units	<u>\$ 206,039,104</u>	<u>\$ 104,657,210</u>	<u>\$ 65,955,433</u>	<u>\$ 114,813,425</u>	<u>51,171,629</u>	<u>28,215,335</u>	<u>79,386,964</u>
<b>General Revenue</b>							
Unrestricted investment earnings					333,292	776,582	1,109,874
Change in net position					51,504,921	28,991,917	80,496,838
<b>Net position</b>							
Beginning (as restated, see Note 20)					517,496,946	793,915,515	1,311,412,461
Ending					<u>\$ 569,001,867</u>	<u>\$ 822,907,432</u>	<u>\$ 1,391,909,299</u>

The accompanying notes are an integral part of the financial statements

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2015**

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**1. Summary of Significant Accounting Policies**

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

**The Financial Reporting Entity**

As defined by generally accepted accounting principles established by 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, 2015**

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**Discretely Presented Component Unit**

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

- **Road Commission for Oakland County (Road Commission)** – The Road Commission is governed by three appointees of the County Board of Commissioners who are not County Board members. The Road Commission is responsible for the construction and maintenance of the County's system of roads and bridges, and is principally funded by State-collected vehicle fuel and registration taxes under Michigan Public Act 51 of 1951. The County has budgetary control and appropriation authority over its activities; however, such has not been exercised. The Road Commission's primary activities, which are as of and for the year ended September 30, 2015, 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, 2015, 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 182 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, 2015 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, 2015

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#### **Basic (Government-wide) and Fund Financial Statements – GASB Statement No. 34**

GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that net position 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, 2015

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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's 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.

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**Notes to Basic Financial Statements**  
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The County reports the following major governmental funds:

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

The 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, 2015

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

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

#### **Proprietary Fund Types**

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

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

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 a custodial capacity 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**  
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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, 2014 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**  
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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 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, 2015 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, 2015.

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/Payables**

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 are stated at cost using the first-in, first-out (FIFO) method. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

**Prepayments**

Payments made for services that will benefit periods beyond September 30, 2015 are recorded as prepayments using the consumption method.

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

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

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

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

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

**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**

The County offers pension benefits to retirees. The County records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, provide information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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**Other Postemployment Benefit Costs**

The County offers 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, 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.

**Net Pension Liability**

Beginning in fiscal year 2015, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires governments that provide defined benefit pensions to recognize the net pension liability and the pension expense on their financial statements. As a result, the government-wide statements now include a liability for our unfunded legacy costs related to the County’s pension plan. The net pension liability is the difference between the total pension liability and the plan’s fiduciary net position. The pension expense recognized each fiscal year is equal to the change in the net pension liability from the beginning of the year to the end of the year, adjusted for deferred recognition of the liability and investment experience. The net pension liability is recorded on the government-wide, internal service and discretely presented component unit statements. This change does not impact the General Fund or any other governmental fund. Refer to the pension notes for further details.

**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 County’s highest level of decision-making authority. A formal resolution by the Board of Commissioners is required to establish, modify or rescind a fund balance commitment.
- 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 through a formal resolution.
- 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.

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

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The County has only one item that qualifies for reporting in that category. Accordingly, the item, deferred outflows related to pensions, is reported as deferred outflows in the government-wide, internal service and component unit statements of net position. This amount is the result of a difference between what the plan expected to earn from the plan investments and what it actually earned. This amount will be amortized over the next four years and included in pension expense.

In addition to liabilities, the statement of net position and/or balance sheet 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 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 five sources: property taxes, contracts, grants, special assessments and other. 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, 2014 through September 30, 2015) and are reported as revenues in the financial statements. Amounts not collected within 60 days of the end of the fiscal year are considered unavailable for the current period, and are reported as deferred 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, 2015. 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 two 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.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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Transfers within and between budgeted funds and departments may be made by the Fiscal Officer (Director of Management and Budget Department) in the following instances:

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

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

During the year, the County incurred no expenditures in excess of appropriations which are presented at the legal level of control.

### **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.

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**Notes to Basic Financial Statements**  
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**Deposits**

It is County policy to review and verify a bank's creditworthiness through a system of ratio analysis and from information provided by several third-party sources. In addition, the County places concentration limits on banks based on creditworthiness resulting from both the ratio analysis and third-party information.

*Custodial Credit Risk – Deposits.* Custodial credit risk for deposits is the risk that in the event of a bank failure, the County's deposits may not be returned.

As of September 30, 2015, the bank balance of the County's deposits was \$1,075,951,200. Insured deposits were \$4,750,000, and the remaining \$1,071,201,200 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, 2015, the Road Commission component unit had \$4,134,332 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, Superseding 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 two 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.

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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 one standard rating service.
7. Obligations described in subdivisions 1 through 6 if purchased through an inter-local agreement under the Urban Cooperation Act of 1967.
8. Investment pools organized under the Surplus Funds Investment Pool Act, PA 367 of 1982.
9. Investment pools organized under the Local Government Investment Pool Act, PA 121 of 1985.
10. Mutual funds registered under the Investment Company Act of 1940 with authority to only purchase investment vehicles that are legal for direct investment by a Michigan public corporation. Investment is limited to mutual funds that maintain a net asset value of \$1.00 per share.

As of September 30, 2015, the County had the following deposit and investment types in its internal investment pool:

<b>Deposit and Investment Type</b>	<b>Market Value</b>	<b>Weighted Average Maturity (days)</b>
Certificates of Deposit (1)	\$ 701,693,406	224
Deposit Accounts (1)	374,257,794	1
Money Market Investment Pools	600,804	1
MI Government Coupon	38,409,800	4,200
U.S. Agencies	409,860,065	1,075
<b>Total Market Value of Internal Investment Pool</b>	<b>\$ 1,524,821,869</b>	
<b>Weighted Average Maturity of Internal Investment Pool (in days)</b>		<b>487</b>

(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 \$409,860,065 invested in U.S. government securities which are rated AA+ by Standard & Poor's and Aaa by Moody's. The County had \$38,409,800 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 held no commercial paper as of September 30, 2015. 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, 2015, \$448,269,865 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

**County of Oakland**  
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to fail. We believe this arrangement satisfies the County's investment policy safe-keeping requirement.

*Concentration of Credit Risk – Investments.* On September 30, 2015, the County had investments of 5% or more, of the total portfolio, with the following U.S. agency issuers: Fannie Mae 6.97%, and Freddie Mac 12.11%. No other issuer exceeded 5% of the total portfolio.

*Interest Rate Risk* – To limit its exposure to fair value losses from rising interest rates, the County's investment policy states the County will not directly invest in securities that mature more than three years from date of purchase; however, securities exceeding the three-year limitation may be purchased provided maturity dates coincide with the expected use of the funds. As of September 30, 2015, the internal investment pool had a weighted average maturity of 487 days and the longest investment maturity in the portfolio was 4,200 days (11.5 years).

**Investments – Pension Trust Funds**

The Pension Trust Funds and the Superseding 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 SMBT). The advisors serve at the leisure of the Board as provided by investment agreements. At September 30, 2015, the Primary Government's Pension Trust fund had 22 investment advisors. Investments are held in street name by safekeeping agents under formal trust agreements and/or in the Retirement Systems' name.

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As of September 30, 2015, the County had the following investment types in its Retirement System and other postemployment benefits trust funds:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Percentage</b>	<b>Average Duration (In Years)</b>
Common Stock	\$ 844,087,596	46.10%	N/A
Corporate Bonds	217,798,793	11.90%	5.68
Real Estate	156,943,144	8.57%	N/A
Partnerships	113,056,188	6.18%	N/A
Hedge Funds	91,409,533	4.99%	N/A
Government Agencies	142,702,197	7.79%	2.59
Government Bonds	20,588,516	1.12%	10.01
International Common Stock	66,808,549	3.65%	N/A
Government Mortgage-Backed Securities	60,120,866	3.28%	3.22
Cash and Cash Equivalents	27,735,883	1.52%	N/A
Commercial Mortgage-Backed Securities	26,345,680	1.44%	3.13
Asset-Backed Securities	17,906,485	0.98%	1.25
Index Linked Government Bonds	21,159,908	1.16%	13.12
Municipal Bonds	2,622,705	0.14%	N/A
International Government Bonds	4,248,720	0.23%	N/A
International Government Agencies	205,517	0.01%	N/A
Other Fixed Income	6,644,414	0.36%	3.56
Bank Loans	4,882,800	0.27%	N/A
Non-government Backed CMOs	2,401,637	0.13%	2.41
Gov't Issued Commercial Mortgage-Backed	1,176,747	0.06%	2.98
Exchange Traded Funds	1,401,920	0.08%	N/A
Other Assets	628,922	0.03%	N/A
Preferred Stock	81,991	0.01%	N/A
<b>Total</b>	<b>\$1,830,958,711</b>	<b>100.00%</b>	

*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.

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As of September 30, 2015, debt obligation investments held in the retirement system had the following ratings:

<b>Fair Value</b>	<b>Percentage</b>	<b>Ratings</b>	
		<b>S&amp;P</b>	<b>Moody's</b>
\$63,705,284	10.01 %	AAA	Aaa
179,035,998	28.12	AA	Aa
88,081,951	13.83	A	A
64,654,993	10.16	BBB	Baa
31,523,541	4.95	BB	Ba
6,441,534	1.01	B	B
102,675	0.02	CCC	CCC
82,550	0.01	C	Ca
<u>203,038,976</u>	<u>31.89</u>	NR	NR
\$636,667,502	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, 2015, \$1,830,857,781 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, 2015, 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 87 indicates, the system's fixed-income investments had average durations of between 1.2 years and 13.1 years which is reasonable given the long-term nature of the system. Having reasonable durations will reduce the retirement system's risk exposure to rapidly adjusting interest rates.

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*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 7.3 years to 46.4 years and are backed by investments in various assets, including mortgages. As of September 30, 2015, the market value was \$3,742,318.

*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, 2015, the County's CMO portfolio had an effective duration of 1.82 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 \$15,582,961 as of September 30, 2015. Such investments include U.S. government-issued securities and corporate-issued securities. The variable rate securities have maturities through the year 2044 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, 2015, 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 2015 summer levy amounted to \$60,806,103,774 with taxable values of \$51,895,341,437. The operating tax rate for the 2015 levy was 4.09 mills, with an additional 0.2410 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 \$17,084,104 at September 30, 2015.

*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 \$228,346,445 at September 30, 2015, 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.

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The following is a summary of the short-term debt activity for the year ended September 30, 2015:

<b>Beginning balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending balance</b>	<b>Due within one year</b>
\$ 12,625,000	\$ 25,000,000	\$(12,625,000)	\$ 25,000,000	\$ 25,000,000

**5. Allowances for Uncollectible Receivables**

At September 30, 2015, the allowances for uncollectible receivables were as follows:

<b>General Fund</b>	\$ 25,000
<b>Capital Projects</b>	
Drains-Act 40 Maintenance Chapters 4 & 18	6,972
<b>Enterprise Funds</b>	
Water & Sewer Trust	<u>215,310</u>
Total	<u>\$ 247,282</u>

In addition, the Parks and Recreation fund (Enterprise) records an allowance for uncollectible taxes receivable in the amount of \$36,301 at September 30, 2015.

**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, 2015:

	<b>Employees' Retirement</b>	<b>VEBA Trust</b>	<b>Superseding Trust</b>
Interest and dividends	\$ 12,833,745	\$ 17,332,682	\$ 125,702
Unrealized/Realized loss on investments	<u>(5,471,303)</u>	<u>(10,703,873)</u>	<u>(543,859)</u>
Total	<u>\$ 7,362,442</u>	<u>\$ 6,628,809</u>	<u>\$ (418,157)</u>

**County of Oakland**  
**Notes to Basic Financial Statements**  
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**7. Capital Assets**

An analysis of property and equipment as reported in the Statement of Net Position, and related accumulated depreciation, at September 30, 2015, for governmental activities follows:

	<b>Balance October 1, 2014</b>	<b>Additions</b>	<b>Disposals and Adjustments</b>	<b>Balance September 30, 2015</b>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 7,365,551	\$ -	\$ -	\$ 7,365,551
Construction in progress	25,770,129	15,254,238	(26,123,299)	14,901,068
Total capital assets not being depreciated	<u>33,135,680</u>	<u>15,254,238</u>	<u>(26,123,299)</u>	<u>22,266,619</u>
Capital assets being depreciated				
Land improvements	1,250,633	-	-	1,250,633
Buildings and improvements	236,327,098	16,561,454	(2,884,335)	250,004,217
Equipment and vehicles	111,495,875	12,595,796	(2,609,195)	121,482,476
Infrastructure	30,388,996	292,425	-	30,681,421
Total capital assets being depreciated	<u>379,462,602</u>	<u>29,449,675</u>	<u>(5,493,530)</u>	<u>403,418,747</u>
Less: Accumulated depreciation				
Land improvements	1,066,497	24,226	-	1,090,723
Buildings and improvements	105,834,160	5,609,082	(2,783,982)	108,659,260
Equipment and vehicles	90,373,398	7,285,749	(3,064,431)	94,594,716
Infrastructure	17,073,560	770,213	-	17,843,773
Total accumulated depreciation	<u>214,347,615</u>	<u>13,689,270</u>	<u>(5,848,413)</u>	<u>222,188,472</u>
Total capital assets being depreciated, net	<u>165,114,987</u>	<u>15,760,405</u>	<u>354,883</u>	<u>181,230,275</u>
Governmental activities capital assets, net	<u>\$ 198,250,667</u>	<u>\$ 31,014,643</u>	<u>\$ (25,768,416)</u>	<u>\$ 203,496,894</u>

Depreciation expense was charged to functions as follows:

Public safety	\$ 3,057,326
Justice administration	1,102,458
Citizens services	639,555
Public infrastructure	540,870
Commerce and Community Development	29,535
Unallocated depreciation	3,164,143
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>5,155,383</u>
Total depreciation expense - governmental activities	<u>\$ 13,689,270</u>

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**Notes to Basic Financial Statements**  
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A summary of business-type property and equipment at September 30, 2015 follows:

	<b>Balance October 1, 2014</b>	<b>Additions</b>	<b>Disposals and Adjustments</b>	<b>Balance September 30, 2015</b>
<b>Business-type Activities</b>				
Capital assets not being depreciated				
Land	\$ 68,158,860	\$ -	\$ -	\$ 68,158,860
Construction in progress	38,208,179	# 33,575,452	(18,836,134)	52,947,497
Other	12,000	-	-	12,000
Total capital assets not being depreciated	<u>106,379,039</u>	<u>33,575,452</u>	<u>(18,836,134)</u>	<u>121,118,357</u>
Capital assets being depreciated				
Land improvements	35,229,023	594,601	-	35,823,624
Buildings and improvements	94,777,226	4,039,601	-	98,816,827
Equipment and vehicles	93,407,687	2,518,927	(6,032,896)	89,893,718
Infrastructure	327,974,620	12,940,432	-	340,915,052
Total capital assets being depreciated	<u>551,388,556</u>	<u>20,093,561</u>	<u>(6,032,896)</u>	<u>565,449,221</u>
Less: Accumulated depreciation				
Land improvements	25,283,496	1,412,084	-	26,695,580
Buildings and improvements	35,209,524	3,282,387	-	38,491,911
Equipment and vehicles	68,537,385	7,579,041	(5,744,024)	70,372,402
Infrastructure	237,472,364	7,541,994	-	245,014,358
Total accumulated depreciation	<u>366,502,769</u>	<u>19,815,506</u>	<u>(5,744,024)</u>	<u>380,574,251</u>
Total capital assets being depreciated, net	<u>184,885,787</u>	<u>278,055</u>	<u>(288,872)</u>	<u>184,874,970</u>
Business-type activities capital assets, net	<u>\$ 291,264,826</u>	<u>\$ 33,853,507</u>	<u>\$ (19,125,006)</u>	<u>\$ 305,993,327</u>
Depreciation expense was charged to functions as follows:				
Airports		\$ 2,718,781		
Community safety support		8,638,636		
Community water and sewer		2,822,614		
Recreation and leisure		3,331,106		
Sewage disposal systems		2,304,369		
Total depreciation expense - business-type activities		<u>\$ 19,815,506</u>		

# Beginning balance adjusted per restatement. See note #20.

**County of Oakland**  
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An analysis of property and equipment, and related accumulated depreciation where applicable, at September 30, 2015, for component units follows:

	<b>Balance October 1, 2014</b>	<b>Additions</b>	<b>Disposals and Adjustments</b>	<b>Balance September 30, 2015</b>
<b>Component Units</b>				
<b>Drainage Districts</b>				
Capital assets not being depreciated				
Construction in progress	\$ 117,174,658	\$ 47,321,337	\$ (68,529)	\$ 164,427,466
Land	325,964	-	-	325,964
Total capital assets not being depreciated	<u>117,500,622</u>	<u>47,321,337</u>	<u>(68,529)</u>	<u>164,753,430</u>
Capital assets being depreciated				
Buildings	57,248,656	-	-	57,248,656
Equipment	71,063	302,494	-	373,557
Infrastructure	495,110,960 #	68,529	-	495,179,489
Total capital assets being depreciated	<u>552,430,679</u>	<u>371,023</u>	<u>-</u>	<u>552,801,702</u>
Less: Accumulated depreciation				
Buildings	2,981,700	1,526,631	-	4,508,331
Equipment	11,436	27,102	-	38,538
Infrastructure	94,484,966	5,042,395	-	99,527,361
Total accumulated depreciation	<u>97,478,102</u>	<u>6,596,128</u>	<u>-</u>	<u>104,074,230</u>
Total capital assets being depreciated, net	<u>454,952,577</u>	<u>(6,225,105)</u>	<u>-</u>	<u>448,727,472</u>
Governmental activity capital assets, net	<u>\$ 572,453,199</u>	<u>\$ 41,096,232</u>	<u>\$ (68,529)</u>	<u>\$ 613,480,902</u>
<b>Road Commission</b>				
Capital assets not being depreciated				
Land and other	\$ 190,542,674	\$ 5,562,069	\$ -	\$ 196,104,743
Construction in progress	1,400,610	408,245	(1,218,979)	589,876
Total capital assets not being depreciated	<u>191,943,284</u>	<u>5,970,314</u>	<u>(1,218,979)</u>	<u>196,694,619</u>
Capital assets being depreciated				
Buildings and storage bins	20,192,210	190,999	(2,913)	20,380,296
Road equipment	52,426,179	3,843,925	(2,256,557)	54,013,547
Other equipment	5,073,986	175,549	(3,140)	5,246,395
Infrastructure	948,292,692	65,016,781	(17,525,419)	995,784,054
Brine wells and gravel pits	1,461,628	1,027,980	-	2,489,608
Total capital assets being depreciated	<u>1,027,446,695</u>	<u>70,255,234</u>	<u>(19,788,029)</u>	<u>1,077,913,900</u>
Less: Accumulated depreciation				
Buildings and storage bins	11,549,785	577,621	-	12,127,406
Road equipment	47,286,461	2,298,919	(2,255,591)	47,329,789
Other equipment	4,790,925	93,074	(3,140)	4,880,859
Infrastructure	389,763,992	40,254,833	(17,525,419)	412,493,406
Brine wells and gravel pits	1,391,522	19,402	-	1,410,924
Total accumulated depreciation	<u>454,782,685</u>	<u>43,243,849</u>	<u>(19,784,150)</u>	<u>478,242,384</u>
Total capital assets being depreciated, net	<u>572,664,010</u>	<u>27,011,385</u>	<u>(3,879)</u>	<u>599,671,516</u>
Governmental activity capital assets, net	<u>\$ 764,607,294</u>	<u>\$ 32,981,699</u>	<u>\$ (1,222,858)</u>	<u>\$ 796,366,135</u>

# Beginning balance adjusted per restatement. See note #20.

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**8. Long-term Debt**

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

**Primary Government**

	<b>Interest rate</b>	<b>October 1, 2014</b>	<b>Additions</b>	<b>Reductions</b>	<b>September 30, 2015</b>	<b>Amounts due within one year</b>	<b>Amounts due thereafter</b>	<b>General obligation</b>	<b>With governmental commitment</b>
<b>Governmental activities</b>									
<b>Debt with limited taxing authority</b>									
Building authority - Act 31	2.00%-4.75%	\$ 35,035,000	\$ -	\$ (5,655,000)	\$ 29,380,000	\$ 2,495,000	\$ 26,885,000	\$ 15,875,000	\$ 13,505,000
Building authority refunding	2.00%-5.00%	39,270,000	-	(4,060,000)	35,210,000	4,185,000	31,025,000	31,165,000	4,045,000
Retirees Health Care Bonds	3.62%-4.52%	350,000,000	-	(21,410,000)	328,590,000	22,200,000	306,390,000	328,590,000	-
Water supply - Act 342	2.00%-6.00%	24,865,000	-	(9,045,000)	15,820,000	785,000	15,035,000	-	15,820,000
Water and sewer refunding bonds	1.50%-2.75%	1,605,000	-	(190,000)	1,415,000	210,000	1,205,000	-	1,415,000
Sewage disposal refunding bonds	2.25%-3.60%	290,000	-	(150,000)	140,000	140,000	-	-	140,000
Michigan Bond Authority - Sewage Disposal Bonds	1.62%-2.50%	4,832,104	2,331,098	(630,000)	6,533,202	645,000	5,888,202	-	6,533,202
Total bonds - governmental activities		<u>\$ 455,897,104</u>	<u>\$ 2,331,098</u>	<u>\$ (41,140,000)</u>	<u>\$ 417,088,202</u>	<u>\$ 30,660,000</u>	<u>\$ 386,428,202</u>	<u>\$ 375,630,000</u>	<u>\$ 41,458,202</u>
<b>Business-type activities</b>									
<b>Business-type activities</b>									
BA - Act 31 - County Airport	1.00%-5.90%	\$ 4,850,000	\$ -	\$ (250,000)	\$ 4,600,000	\$ 250,000	\$ 4,350,000	\$ 4,600,000	\$ -
BA refunding - County Airport	2.00%-2.25%	3,910,000	-	(350,000)	3,560,000	360,000	3,200,000	3,560,000	-
Sewage disposal - Act 342	1.75%-6.75%	3,645,000	-	(145,000)	3,500,000	150,000	3,350,000	3,500,000	-
Michigan Bond Authority - Water & Sewage Disposal Bonds	2.50%	# 9,358,741	694,371	(452,500)	9,600,612	720,200	8,880,412	9,600,612	-
Total bonds - business type		<u>21,763,741</u>	<u>694,371</u>	<u>(1,197,500)</u>	<u>21,260,612</u>	<u>1,480,200</u>	<u>19,780,412</u>	<u>21,260,612</u>	<u>-</u>
Total bonds - primary government		<u>\$ 477,660,845</u>	<u>\$ 3,025,469</u>	<u>\$ (42,337,500)</u>	<u>\$ 438,348,814</u>	<u>\$ 32,140,200</u>	<u>\$ 406,208,614</u>	<u>\$ 396,890,612</u>	<u>\$ 41,458,202</u>

# Beginning balance adjusted per retatement. See note #20.

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

<b>Drainage Districts</b>	<b>Interest rate</b>	<b>October 1, 2014</b>	<b>Additions</b>	<b>Reductions</b>	<b>September 30, 2015</b>	<b>Amounts due within one year</b>	<b>Amounts due thereafter</b>	<b>General obligation</b>	<b>With governmental commitment</b>
<b>Debt with limited taxing authority</b>									
Drain bonds - Act 40	1.15%-7.00%	\$ 71,170,000	\$ 7,235,000	\$ (3,860,000)	\$ 74,545,000	\$ 3,665,000	\$ 70,880,000	\$ 55,223,576	\$ 19,321,424
Drain refunding bonds	1.00%-4.75%	18,275,000	-	(3,860,000)	14,415,000	3,075,000	11,340,000	2,255,189	12,159,811
Michigan Bond Authority-Drain Bonds	1.15%-4.15% #	158,200,298	28,863,676	(11,457,500)	175,606,474	12,074,800	163,531,674	17,258,346	158,348,128
Total Drainage Districts		<u>247,645,298</u>	<u>36,098,676</u>	<u>(19,177,500)</u>	<u>264,566,474</u>	<u>18,814,800</u>	<u>245,751,674</u>	<u>74,737,111</u>	<u>189,829,363</u>
Total County Debt		<u>\$ 725,306,143</u>	<u>\$ 39,124,145</u>	<u>\$ (61,515,000)</u>	<u>\$ 702,915,288</u>	<u>\$ 50,955,000</u>	<u>\$ 651,960,288</u>	<u>\$ 471,627,723</u>	<u>\$ 231,287,565</u>
<b>Road Commission</b>									
Compensated absences	--	\$ 2,811,150	\$ 207,100	\$ -	\$ 3,018,250	\$ -	\$ 3,018,250	\$ -	\$ 3,018,250
Self-insured losses	--	1,954,800	345,830	(1,054,430)	1,246,200	572,340	673,860	-	1,246,200
Other postemployment benefits	--	16,463,767	7,064,152	-	23,527,919	-	23,527,919	-	23,527,919
Net pension liability	--	9,168,707	17,358,455	-	26,527,162	-	26,527,162	-	26,527,162
Michigan Transportation									
Fund revenue notes	4.00%	1,000,000	-	(500,000)	500,000	500,000	-	-	500,000
Total Road Commission		<u>31,398,424</u>	<u>24,975,537</u>	<u>(1,554,430)</u>	<u>54,819,531</u>	<u>1,072,340</u>	<u>53,747,191</u>	<u>-</u>	<u>54,819,531</u>
Total reporting entity		<u>\$ 756,704,567</u>	<u>\$ 64,099,682</u>	<u>\$ (63,069,430)</u>	<u>\$ 757,734,819</u>	<u>\$ 52,027,340</u>	<u>\$ 705,707,479</u>	<u>\$ 471,627,723</u>	<u>\$ 286,107,096</u>

# Beginning balance adjusted per restatement. See note #20.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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The annual requirements to pay principal and interest on debt outstanding at September 30, 2015 (excluding the liabilities for compensated absences, other postemployment benefits, pension liability and uninsured losses for the Road Commission component unit) were as follows:

	<b>Bonds with limited taxing authority</b>		<b>Retirees Health Care Bonds limited taxing authority</b>		<b>Business-type Bonds limited taxing authority</b>		<b>Total primary government</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2016	\$ 8,460,000	\$ 2,722,962	\$ 22,200,000	\$ 11,799,138	\$ 1,480,200	\$ 743,438	\$ 32,140,200	\$ 15,265,538
2017	9,935,000	2,458,929	23,020,000	10,980,656	1,510,600	709,779	34,465,600	14,149,364
2018	10,160,000	2,153,506	23,870,000	10,131,947	1,345,192	673,443	35,375,192	12,958,896
2019	9,017,475	1,848,494	24,750,000	9,251,925	1,321,400	634,050	35,088,875	11,734,469
2020	8,435,000	1,578,207	25,660,000	8,339,504	1,351,800	592,328	35,446,800	10,510,039
2021-2025	28,390,000	4,146,349	143,205,000	26,790,450	6,940,800	2,246,500	178,535,800	33,183,299
2026-2030	9,400,727	1,598,370	65,885,000	2,882,319	6,149,485	936,520	81,435,212	5,417,209
2031-2035	4,115,000	447,431	-	-	1,161,135	23,308	5,276,135	470,739
2036-2040	585,000	51,550	-	-	-	-	585,000	51,550
<b>Totals</b>	<b>\$ 88,498,202</b>	<b>\$ 17,005,798</b>	<b>\$ 328,590,000</b>	<b>\$ 80,175,939</b>	<b>\$ 21,260,612</b>	<b>\$ 6,559,366</b>	<b>\$ 438,348,814</b>	<b>\$ 103,741,103</b>

	<b>Drainage Districts</b>		<b>Road Commission</b>		<b>Total reporting entity</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2016	\$ 18,814,800	\$ 7,043,922	\$ 500,000	\$ 20,000	\$ 51,455,000	\$ 22,329,460
2017	17,344,400	6,567,251	-	-	51,810,000	20,716,615
2018	17,284,000	6,133,424	-	-	52,659,192	19,092,320
2019	17,538,600	5,701,463	-	-	52,627,475	17,435,932
2020	18,023,200	5,253,981	-	-	53,470,000	15,764,020
2021-2025	84,701,876	19,166,649	-	-	263,237,676	52,349,948
2026-2030	58,795,320	9,275,968	-	-	140,230,532	14,693,177
2031-2035	32,064,278	1,798,636	-	-	37,340,413	2,269,375
2036-2040	-	-	-	-	585,000	51,550
<b>Totals</b>	<b>\$ 264,566,474</b>	<b>\$ 60,941,294</b>	<b>\$ 500,000</b>	<b>\$ 20,000</b>	<b>\$ 703,415,288</b>	<b>\$ 164,702,397</b>

**County of Oakland**  
**Notes to Basic Financial Statements**  
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The County has pledged its full faith and credit on debt totaling \$727,915,288, which includes \$25,000,000 of short-term notes for the delinquent taxes as described in Note 4. By statute, general obligation debt is limited to 10 percent of the state equalized value. As of September 30, 2015, the debt limit was \$6,080,610,377. 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, 2015, there were four issues outstanding, totaling \$29,380,000, maturing in the years 2016-2040, which represents debt originally issued in the years 2010-2012 totaling \$37,445,000. Subsequent to September 30, 2015, in November 2015, the County authorized the issuance of building authority bonds for a new Animal Control Facility in the amount of \$15,450,000.

**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 healthcare 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. As of September 30, 2015, there were two issues outstanding totaling \$328,590,000 maturing in the years 2016-2027.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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**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, 2015, there were five issues outstanding, totaling \$15,820,000, maturing in the years 2016-2034. This represents debt originally issued in the amount of \$18,100,000 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, 2015, there were seven issues outstanding, totaling \$36,765,000, maturing in the years 2016-2025. 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, 2015 was \$1,685,000, which matures in the years 2016-2018.

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, 2015 for this issue is \$1,190,727, which matures in the years 2016-2027.

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, 2015, \$3,657,475 was drawn from the State Revolving Loan fund. The amount outstanding at September 30, 2015 for this issue is \$3,657,475, which matures in the years 2016-2019.

**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, 2015 was \$3,500,000, which matures in the years 2016-2031.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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Two Building Authority bond issues for the County Airport fund consist of the Airport T-Hangar Refunding in the amount outstanding as of September 30, 2015 of \$3,560,000 maturing in the years 2016-2024 and the Airport Terminal Building in the amount outstanding as of September 30, 2015 of \$4,600,000 maturing in the years 2016-2030. 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.

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, 2015 was \$2,125,000, which matures in the years 2016-2032.

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 \$8,845,300; as of September 30, 2015, the amount outstanding was \$6,866,420. In addition, in October 2014, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for City of Pontiac Water Supply System Improvements for up to \$6,890,000; as of September 30, 2015, \$609,192 was drawn from the State Revolving Loan fund. Further, in October 2015, the County authorized the issuance of two additional bonds from the Michigan Municipal Bond Authority Revolving Loan fund for the City of Pontiac Water Supply System for one up to \$6,850,000 with \$1,762,500 principal forgiveness and one up to \$720,000. The debt obligation recorded as of September 30, 2015 amounted to \$7,475,612, maturing in the years 2016 through 2032.

**Drain Bonds – Act 40 (Component Unit)**

Act 40 provides for the creation of a Drain Board, which has the power to assess state, county, and local levels of government for principal and interest payments. Such assessments are to be funded from General Fund revenue of the respective municipality. The County portion of the assessment is identified as a general obligation. Further, the County is obligated if assessments levied against benefiting municipalities are insufficient to meet principal and interest requirements when due. Such obligations are shown as "with governmental commitment." At September 30, 2015, there were 14 issues outstanding, totaling \$74,545,000, maturing in the years 2016-2034. This represents original debt issued for \$86,895,000 in the years 1994-2014.

**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, 2015, there were nine issues outstanding, totaling \$14,415,000, maturing in the years 2016-2025. This represents debt originally issued in the years 2001-2013 in the amount of \$36,180,000.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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**Michigan Bond Authority Drain Bonds (Component Unit)**

The County authorized issuance of bonds in the amount of \$9,365,000 in 1994 from 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 and IV in the years 2012, 2013 and 2015, respectively, amounting to \$99,160,000. Through September 30, 2015, the drainage district received \$110,090,768 from the State Revolving Loan Fund for the Oakland-Macomb Interceptor Drain District Segments I, II, III and IV. In August 2012, in conjunction with the transfer of operations of the City of Pontiac waste water treatment system to the County, the County's Drainage District assumed the debt obligations initiated by the City of Pontiac for two Clean Water/Water Quality projects. The total authorized loan amount is \$13,689,700; as of September 30, 2015, the amount outstanding was \$11,502,110. In addition, in October 2014, the County authorized issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for the Pontiac Waste Water Treatment Drain District for up to \$9,840,000 with \$1,000,000 principal forgiveness. At September 30, 2015, there were 15 issues outstanding, totaling \$175,606,474, maturing in the years 2016-2033.

**Advance and Current Refunding of General Obligation Limited Tax Bonds**

In October 2014, bonds were called as result of resources provided by the Township of Oxford in the form of prepaid assessment rolls. Debt amounting to \$8,345,000 for the Oxford Township Water Supply System, Series 2005 was eliminated and the corresponding special assessment receivable is not included in the County's financial statements.

In March 2015, bonds were called as a result of resources provided by the Community Mental Health Authority in the form of prepaid contracts. Debt amounting to \$3,210,000 for the Community Mental Health Authority, Series 2012 was eliminated and the corresponding receivable is not included in the County's financial statements. This defeasance resulted in the elimination of debt for fiscal years 2029 through 2032 and a net savings to the Community Mental Health Authority of \$1,343,734 in interest for fiscal years 2016 through 2032.

**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, 2015 was as follows:

**County of Oakland**  
**Notes to Basic Financial Statements**  
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	<b>Beginning balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending balance</b>	<b>Due within one year</b>
<b>Governmental activities</b>					
Accrued compensated absences	\$ 12,315,350	\$ 1,421,702	\$ (1,231,535)	\$ 12,505,517	\$ 1,250,552
Claims and judgments					
Accrued unreported health costs	3,125,090	2,436,606	(1,041,696)	4,520,000	1,506,667
Accrued workers' compensation	12,007,421	1,770,000	(3,777,421)	10,000,000	1,720,203
Building and liability insurance	5,777,550	501,269	(1,725,217)	4,553,602	1,178,895
Net pension liability	-	12,718,628	-	12,718,628	-
Governmental activity long-term liabilities	<u>\$ 33,225,411</u>	<u>\$ 18,848,205</u>	<u>\$ (7,775,869)</u>	<u>\$ 44,297,747</u>	<u>\$ 5,656,317</u>

**9. Interfund Balances**

Interfund receivables and payables at September 30, 2015 were as follows:

Due to/from other funds:

<b><u>Receivable Fund</u></b>	<b><u>Payable Fund</u></b>	
General	Building Authority Debt Act 31	\$ 912
	Nonmajor governmental	<u>4,453,727</u>
	Total	<u>4,454,639</u>
Nonmajor governmental	General	16,549
	Evergreen Farmington S.D.S.	1,960
	Nonmajor governmental	993,414
	S.O.C.S.D.S.	<u>1,899</u>
	Total	<u>1,013,822</u>
Water & Sewer Trust	Nonmajor governmental	<u>5,000,000</u>
Parks & Recreation	Internal service	<u>3,493</u>
Nonmajor enterprise	Nonmajor enterprise	1,556
	Internal service	<u>76,968</u>
	Total	<u>78,524</u>
Internal service	General	<u>308</u>
	Total	<u>\$ 10,550,786</u>

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

**County of Oakland**  
**Notes to Basic Financial Statements**  
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Receivables and payables between funds of the Primary Government and the Component Units at September 30, 2015 were as follows:

<b>Primary Government</b>	<b>Component Unit</b>	
<b>Due from Component Unit</b>	<b>Due to Primary Government</b>	
General	Drainage Districts	\$ 143,068
	Road Commission	1,703
	Total	<u>144,771</u>
Nonmajor governmental	Drainage Districts	473,509
	Road Commission	25
	Total	<u>473,534</u>
Evergreen Farmington SDS	Drainage Districts	<u>75,575</u>
Internal Service	Drainage Districts	75
	Road Commission	26,524
	Total	<u>26,599</u>
	Total	<u>\$ 720,479</u>
<b>Component Unit</b>	<b>Primary Government</b>	
<b>Due from Primary Government</b>	<b>Due to Component Unit</b>	
Drainage Districts	Water & Sewer Trust	<u>\$ 116,445</u>
Road Commission	Internal Service	<u>495</u>
	Total	<u>\$ 116,940</u>

Advances to/from other funds (including current and long-term portions) at September 30, 2015 were as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	
Nonmajor governmental	Nonmajor governmental	<u>\$ 1,611,207</u>
Delinquent Tax Revolving	Internal Service	<u>77,298</u>
	Total	<u>\$ 1,688,505</u>

Advances distinguish long-term internal borrowings from receivables and payables that arise in connection with routine borrowings and short-term loans (due to/due from other funds).

**County of Oakland**  
**Notes to Basic Financial Statements**  
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Interfund transfers between the funds within the Primary Government recorded in the accompanying financial statements as operating transfers in/out for the year ended September 30, 2015 were as follows:

<b>Transfers In</b>	<b>Transfers Out</b>	<b>Amount</b>
General	Nonmajor governmental	\$ 9,135,463
	Delinquent Tax Revolving	<u>14,832,848</u>
	Total	<u>23,968,311</u>
Building Authority Act 31	General	2,278,125
	Building Authority Act 31	250
	Nonmajor governmental	<u>3,482,516</u>
	Total	<u>5,760,891</u>
Nonmajor governmental	General	30,689,951
	Nonmajor governmental	2,371,133
	Delinquent Tax Revolving	4,801,650
	Internal Service	<u>186,297</u>
	Total	<u>38,049,031</u>
Water & Sewer Trust	Evergreen Farmington S.D.S.	213,232
	S.O.C.S.D.S.	8,121
	Clinton Oakland S.D.S.	195,063
	Water & Sewer Trust	1,392,167
	Nonmajor enterprise	<u>670</u>
	Total	<u>1,809,253</u>
Nonmajor enterprise	General	2,350,697
	Nonmajor governmental	27,081
	Nonmajor enterprise	<u>200,000</u>
	Total	<u>2,577,778</u>
Internal Service	General	9,464,275
	Nonmajor governmental	67,055
	Parks & Recreation	208,852
	SOCSDS	25,756
	Evergreen Farmington SDS	40,950
	Water & Sewer Trust	85,120
	Clinton Oakland SDS	33,971
	Nonmajor enterprise	289,384
	Internal service	<u>152,140</u>
	Total	<u>10,367,503</u>
	Total transfers	<u>\$ 82,532,767</u>

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

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

At September 30, 2015, a deficit existed in the following funds:

**Capital Projects Funds**

Lake Levels Act 146	\$ 162,619
Drain Chapter 4 Construction	863,079

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 \$126,869 and the Upper Straits Lake Level Dam Reconstruction project in the amount of \$41,978. The Bush Lake Level is construction of a new lake level control structure which has been completed and a long-term special assessment for the project commenced in FY 2011. In 2010, the Oakland County Board of Commissioners authorized a loan in the amount of \$300,000 from the County's Long Term Revolving Fund to the Bush Lake Special Assessment District to be collected in 10-annual installments. The long-term receivable is now on the balance sheet to track the collection of the Long Term Special Assessment. Collection of the annual special assessment has reduced the deficit by \$28,005 from the FY 2014 deficit of \$154,875 to the FY 2015 deficit of \$126,870. 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 10-year period. The Special Assessment District must be updated, prior to requesting the loan. Updating the district requires Circuit Court action and therefore, the project schedule is directly affected by the Court schedule. There have been some delays on the project and related court proceedings due to critical infrastructure improvements needed for other systems under the responsibility of the Oakland County Water Resources Commission's office. Delays in receiving the court judgment on the district update will impact 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 in the amount of \$863,079. A loan from the Long Term Revolving Fund was approved by the Oakland County Board of Commissioners via Miscellaneous Resolution #14136 adopted June 11, 2014 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 in December 2014. The Construction of the sewer was completed and became operational as of January 2015 and the deficit for this specific project will be eliminated when the long-term assessment roll collection is completed.

**County of Oakland**  
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Nonspendable, restricted, committed, assigned, and unassigned fund balances of the primary government at September 30, 2015 were as follows:

	Nonspendable	Spendable			Unassigned
		Restricted	Committed	Assigned	
<b>Primary Government</b>					
<b>General Fund</b>					
Prepays	\$ 349,122	\$ -	\$ -	\$ -	\$ -
Inventories	141,377	-	-	-	-
Property Tax Forfeiture	-	15,190,786	-	-	-
Future operating requirements 2016 and beyond	-	-	-	126,023,058	-
Future Technology Replacement	-	-	-	18,500,000	-
Financial System Updates	-	-	-	10,000,000	-
Homeland Security Enhancements	-	-	-	8,904,249	-
Property Tax Forfeiture Activities	-	-	-	8,806,624	-
Animal Control Debt Serv Y1-Y7	-	-	-	7,000,000	-
HR Comp/Workforce Planning	-	-	-	5,600,000	-
Health Care Impact	-	-	-	5,000,000	-
Capital Reserve	-	-	-	5,000,000	-
Emergency Salaries	-	-	-	5,000,000	-
Future Headlee Rollback	-	-	-	5,000,000	-
Catastrophic Claims	-	-	-	5,000,000	-
Unfunded Mandates	-	-	-	5,000,000	-
Tri-Party Supplemental	-	-	-	3,909,236	-
Operational Improvements	-	-	-	3,000,000	-
DB Pension Contribution	-	-	-	3,000,000	-
Data Privacy and Security	-	-	-	3,000,000	-
Carryforwards	-	-	-	2,333,884	-
Pandemic Response	-	-	-	2,200,000	-
Building Security Cameras and Consoles	-	-	-	2,042,986	-
Business Continuity	-	-	-	1,000,000	-
WRC Long-Term Revolving Fund	-	-	-	1,000,000	-
Sheriff Aviation	-	-	-	877,055	-
MI SCAO Interpreter Costs	-	-	-	750,000	-
Federal Regulatory Changes	-	-	-	750,000	-
Board of Commissioners Projects	-	-	-	635,000	-
Jail Alternative Prg Startup	-	-	-	600,000	-
Tax Tribunal Appeals Consultants	-	-	-	500,000	-
New Grant Match Opportunities	-	-	-	500,000	-
Human Resources Legal	-	-	-	500,000	-
Quality of Life Initiatives	-	-	-	480,000	-
Community Partnerships	-	-	-	238,654	-
Microloan	-	-	-	200,000	-
Buy Local	-	-	-	150,000	-
Department Operations	-	-	-	129,105	-
Jail Commissary	-	-	-	123,539	-
Rx Discount Card Program	-	-	-	23,787	-
Unassigned	-	-	-	-	1,745,931
<b>Total</b>	<b>\$ 490,499</b>	<b>\$ 15,190,786</b>	<b>\$ -</b>	<b>\$ 242,777,177</b>	<b>\$ 1,745,931</b>

**County of Oakland**  
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	Nonspendable	Spendable			Unassigned
		Restricted	Committed	Assigned	
<b>Primary Government</b>					
<b>Special Revenue Funds</b>					
Grants (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ (3,054,397)
Specific programs	-	18,395,160	-	-	-
Total	\$ -	\$ 18,395,160	\$ -	\$ -	\$ (3,054,397)
<b>Debt Service Funds</b>					
Debt service-general obligations	\$ -	\$ 899,136	\$ -	\$ -	\$ -
<b>Capital Projects Funds</b>					
Long-term receivables	\$ 1,176,207	\$ -	\$ -	\$ -	\$ -
Work projects	-	-	27,813,859	-	(1,025,698)
Total	\$ 1,176,207	\$ -	\$ 27,813,859	\$ -	\$ (1,025,698)

**11. Employee Benefits**

**Primary Government**

The County provides various benefits to its employees. Expenditures in 2015 for these benefits totaled the following: medical insurance, \$37,787,014; dental insurance, \$3,061,895; optical insurance, \$274,310; disability, \$2,718,860; tuition reimbursement, \$265,172; Social Security, \$15,401,174; workers' compensation, \$1,720,203; and unemployment claims, \$333,309.

**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.

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**Plan Membership**

The County PERS covers the majority of full-time employees of the County hired prior to July 1, 1994. The plan's membership consists of the following at September 30, 2015, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	1,975
Terminated plan members entitled to, but not yet receiving benefits	113
Active plan members	<u>403</u>
Total	<u>2,491</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 2015, the annual contribution was \$4,554,832 which was determined through actuarial valuations performed at September 30, 2013.

Sheriff's deputies contribute at a rate of 3 percent of their annual pay for the first 14 years of service and 5 percent thereafter. Command officers contribute 5 percent. General County Option A members who have elected improved benefits contribute 1 percent of their pay after 14 years of service. Contributions received from these employees for the years ended September 30, 2015 and September 30, 2014 amounted to \$473,247 and \$560,091, respectively.

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

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**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 Board's 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%
<b>Total</b>	<u>100.0%</u>

**Rate of Return**

For the year ended September 30, 2015, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense, was .35 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, 2015 consists of the following reserves:

Annuity reserve	\$ 5,382,036
Pension reserve	186,097,015
Pension accumulated reserve	<u>554,180,778</u>
Total fund balance	<u>\$ 745,659,829</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.

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Since the County does not issue a stand-alone report for its County PERS, following are condensed financial statements for the period as of and including September 30, 2015:

**Statement of Net Position**

Cash and investments	\$ 744,017,654
Other assets	2,213,903
Total assets	<u>746,231,557</u>
Liabilities	<u>571,728</u>
Net position	<u>\$ 745,659,829</u>

**Statement of Changes in Net Position**

Additions:	
Contributions	\$ 5,028,079
Investment income	7,362,442
Other revenue	149,367
Total additions	<u>12,539,888</u>
Deductions:	
Benefit payments	52,066,966
Other expenses	2,709,173
Total deductions	<u>54,776,139</u>
Change in net position	(42,236,251)
Net position held in trust, beginning of year	<u>787,896,080</u>
Net position held in trust, end of year	<u>\$ 745,659,829</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.

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**Actuarial Methods and Assumptions**

The annual required contribution was determined as part of the actuarial valuation as of September 30, 2013, 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 has chosen to use September 30, 2015 as its measurement date for the net pension liability. The September 30, 2015 reported net pension liability was determined using a measure of the total pension liability and the pension plan net position as of September 30, 2015. The September 30, 2015 total pension liability was determined by an actuarial valuation performed as of September 30, 2014, which used updated procedures to roll forward the estimated liability to September 30, 2015.

The components of the net pension liability of the County at September 30, 2015 were as follows:

Total pension liability	\$ 758,378,456
Plan fiduciary net position	<u>(745,659,828)</u>
Net Pension Liability/(Asset)	<u>\$ 12,718,628</u>
Plan fiduciary net position as a percentage of the total pension liability	98.32%

The net pension liability of \$12,718,628 has been recorded in the Fringe Benefit Fund, an internal service fund that is used to account for the County's employee fringe benefits.

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Changes in the net pension liability during the measurement year were as follows:

	<b>Increase/(Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Net Position</b>	<b>Net Pension Liability</b>
<b>Balances at 9/30/2014</b>	\$ 724,043,780	\$ 787,896,080	\$ (63,852,300)
<b>Changes for the year:</b>			
Service cost	3,705,776	-	3,705,776
Interest	50,740,081	-	50,740,081
Difference between expected and actual experience	2,621,256	-	2,621,256
Assumption changes	29,334,529	-	29,334,529
Contributions - employer	-	4,554,832	(4,554,832)
Contributions - member	-	473,247	(473,247)
Net investment income	-	5,099,460	(5,099,460)
Benefit payments, including refunds of member contributions	(52,066,966)	(52,066,966)	-
Administrative expenses	-	(296,825)	296,825
<b>Net changes</b>	<u>34,334,676</u>	<u>(42,236,252)</u>	<u>76,570,928</u>
<b>Balances at 9/30/2015</b>	<u>\$ 758,378,456</u>	<u>\$ 745,659,828</u>	<u>\$ 12,718,628</u>

*Assumptions changes.* For the calculation of net pension liability as of September 30, 2015, the mortality table used was updated to the RP-2014 Health Annuitant Mortality Table, projected to 2021 using a static projection based on the 2 dimensional MP-2014 improvement scales. The wage inflation percentage was also updated to 3.25 percent. Additionally, the actuarial cost method was changed to the individual entry age method.

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2015, the County recognized pension expense of \$36,325,259. At September 30, 2015 the County reported deferred outflows of resources related to pensions from the follow sources:

	<b>Deferred Outflows of Resources</b>
Net difference between projected and actual earnings on pension plan investments	<u>\$ 40,245,669</u>
Total	<u>\$ 40,245,669</u>

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Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal Year Ending September 30</b>	<b>Net Deferred Outflows of Resources</b>
2016	\$ 10,061,417
2017	10,061,417
2018	10,061,417
2019	10,061,418
Total	<u>\$ 40,245,669</u>

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of September 30, 2014, which used update procedures to roll forward the estimated liability to September 30, 2015. The valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.25 – 9.25% 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 RP-2014 Healthy Annuitant Mortality Table projected to 2021 using a static projection based on the 2-dimensional MP-2014 improvement scales.

**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, 2014, these best estimates are summarized in the following table.

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Asset Class	Long-Term Expected Real Rate of Return
Core Bonds	2.80%
Core Plus	3.07%
Global Bonds	2.63%
U.S. Large Cap Equity	7.80%
U.S. Mid Cap Equity	8.47%
U.S. Small Cap Equity	9.09%
International Developed Equity	8.79%
Emerging Market Equity	10.14%
Long/Short Equity	7.64%
Core Real Estate	5.51%
Opportunistic Real Estate	8.80%

**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	Current Single Discount Rate	1% Increase
	<u>6.25%</u>	<u>7.25%</u>	<u>8.25%</u>
Net Pension Liability/(Asset)	\$ 89,410,684	\$ 12,718,628	\$ (53,561,279)

The Road Commission for Oakland County Retirement System board of trustees administers the Road Commission for Oakland County Retirement System – a single-employer defined benefit pension plan that provides retirement, disability, and death benefits for all eligible general employees of the Retirement System. Benefit terms have been established by contractual agreements between the Retirement System and the various employee union representation or other actions of the Oakland County Board of Road Commissioners; amendments are subject to the same process. The Road Commission's net pension liability as of December 31, 2014 was \$26,527,162. The Road Commission has chosen to use December 31, 2014 as its measurement date for the net pension liability. The September 30, 2015 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of December 31, 2014. The December 31, 2014 total pension liability was determined by an actuarial valuation performed as of that date. For the year ended September 30, 2015, the Road Commission recognized pension expense of \$8,211,535. At September 30, 2015, the Road Commission reported total deferred outflows of resources of \$17,222,616.

**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

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individually actuarially determined earned retirement benefits in the County PERS, determined as of January 1, 1995, plus accrued interest at the rate of 7.5% from January 1, 1995 until the date of election to transfer, transferred into the OPRS. Subsequent to 1995, the County reopened the opportunity for transfer several times, resulting in an additional 1,477 employees transferred from the County PERS to the OPRS.

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

Total membership in the OPRS as of September 30, 2015 was 3,009, which includes 408 employees who elected to transfer from the PERS in 1995 through 2000 and 2,601 current employees hired since July 1, 1994.

The County's payroll for employees covered by the OPRS for the year ended September 30, 2015 was \$176,486,083, and the County's total payroll was \$220,272,993. The required contributions, which matched those actually made, were \$6,678,314 by employees and \$15,875,209 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 2015, the County contributed \$198,063 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.

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

In 2015, the County provided 2,263 retirees medical insurance and reimbursed them for Medicare premiums under the Trust. In 2015, the County disbursed \$30,116,293 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, 2014, the date of the most recent actuarial valuation, membership in the OPEB consisted of 2,324 retirees and beneficiaries currently receiving benefits, 2,322 active employees, and 234 terminated employees entitled to benefits but not yet receiving them.

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

	<u>Fiscal year ended September 30</u>		
	2015	2014	2013
Annual OPEB cost (ARC)	\$ 5,605,849	\$ 29,545,126	\$ 28,359,365
Percentage of ARC contributed	0%	0%	0%
Net OPEB asset	\$163,092,632	\$168,698,481	\$198,243,607

In 2013, the County contributed an additional \$236,000,000 in order to fully fund the VEBA. In 2015, the annual required contribution (ARC) as determined by the actuary was \$818,930 and there were no County contributions, given the VEBA was fully funded.

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The funding progress of the plan as of September 30, 2014, the most recent actuarial valuation report, is as follows:

Retirees and beneficiaries	\$ 463,768,854
Vested terminated employees who will be eligible when they collect retirement (age 60 in most cases) and their beneficiaries	58,886,930
Active employees and beneficiaries	362,848,645
Actuarial accrued liability	<u>885,504,429</u>
Actuarial value of assets	<u>1,076,904,047</u>
Unfunded AAL (Overfunded AAL)	<u>\$ (191,399,618)</u>
Funded ratio	121.6%
Annual covered payroll	\$ 146,473,723
Overfunded AAL as a percentage of payroll	130.7%
Actuarial Required Contribution (ARC)	\$ 818,930
Adjustment to the ARC	9,629,938
Interest on net OPEB asset	<u>(4,843,019)</u>
Annual OPEB cost	5,605,849
Contributions	<u>-</u>
Decrease in net OPEB asset	5,605,849
OPEB asset - Beginning of year	<u>168,698,481</u>
OPEB asset - End of year	<u>\$ 163,092,632</u>

The County contributions are based on a 10-year open amortization of the unfunded actuarial accrued liabilities (UAL) for the overfunded divisions and a 20-year closed amortization of the UAL for the underfunded division (Command Officers). 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, 2015 was 21 years.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

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In the September 30, 2014 actuarial valuation, the date of the most recent 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 open level dollar method for the overfunded divisions and a 20-year closed level dollar method for the underfunded division (Command Officers). Active member payroll was assumed to increase 4.5 percent per year for the purpose of determining the level percent contributions.

The following are condensed financial statements as of and including September 30, 2015 (the OPEB Plan includes the VEBA and Superseding Trusts):

**Statement of Net Position**

Cash and investments	\$ 1,081,646,174
Other assets	2,874,902
Total assets	<u>1,084,521,076</u>
Liabilities	<u>2,840,181</u>
Net position	<u>\$ 1,081,680,895</u>

**Statement of Changes in Net Position**

Additions:	
Contributions	\$ 111,372
Investment income	6,210,652
Other revenue	2,237,832
Total additions	<u>8,559,856</u>
Deductions:	
Benefits	30,116,293
Other expenses	3,358,219
Total deductions	<u>33,474,512</u>
Change in net position	(24,914,656)
Net position held in trust, beginning of year	<u>1,106,595,551</u>
Net position held in trust, end of year	<u>\$ 1,081,680,895</u>

The Road Commission contributes to the Road Commission for Oakland County Retiree Health Care Trust (the "Trust"). The Trust provides for future payment of medical benefits for eligible retirees, their spouses and their dependents. The obligation to provide benefits to employees was established by negotiation with various collective bargaining units or other actions of the Oakland County Board of Road Commissioners. At December 31, 2014, the date of the most recent actuarial valuation, membership consisted of 706 retirees and beneficiaries currently receiving benefits, 280 vested active employees, and 62 nonvested active employees. For the year ended September 30, 2015, the Road Commission's adjusted annual required contribution to the Trust was \$12,851,553 with interest of \$740,870 on the prior year net OPEB obligation. The Road Commission contributed \$500,000 to the Trust during the year and paid \$6,028,271 directly toward

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insurance premiums and medical costs for retirees during fiscal year 2015, leaving a net OPEB obligation of \$23,527,919 at September 30, 2015.

**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 \$632,246,617, electronic data processing equipment in the amount of \$42,301,397, 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.

The County and the Road Commission estimate the liability for all the above-mentioned claims that have been incurred through September 30, 2015, 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.

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

	<b>September 30</b>	
	<b>2015</b>	<b>2014</b>
<b>Primary Government</b>		
Beginning-of-period liability	\$ 20,910,061	\$ 20,654,795
Estimated claims incurred, claim adjustment expenses and changes in estimates		
Provisions for current-year events	48,513,809	48,485,558
Decrease in provisions for prior-year events	831,066	(882,472)
Total incurred claims, claim adjustment expenses and changes in estimates	49,344,875	47,603,086
Claim payments and claim adjustment expenses		
Related to current-year events	(44,219,801)	(45,340,199)
Related to prior-year events	(6,961,533)	(2,007,621)
Total claim payments and claim adjustment expenses	(51,181,334)	(47,347,820)
End-of-period liability	<u>\$ 19,073,602</u>	<u>\$ 20,910,061</u>
<b>Road Commission - Component Unit</b>		
Beginning-of-year liability	\$ 2,854,800	\$ 3,346,033
Estimated claims incurred and changes in estimates	11,524,812	11,977,100
Claim payments	(12,233,412)	(12,468,333)
End-of-year liability	<u>\$ 2,146,200</u>	<u>\$ 2,854,800</u>

**17. Leases**

The County (primary government) leases certain office facilities and other equipment under non-cancelable operating leases. Total costs for such leases for the County for the year ended September 30, 2015 were \$992,830. The future minimum lease payments as of September 30, 2015 are as follows:

<b>Fiscal year</b>	<b>Primary government</b>
2016	\$ 801,716
2017	640,564
2018	538,888
2019	482,323
2020	372,000
2021-2025	992,000
Total	<u>\$ 3,827,491</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, 2015 totaled \$106,708, 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 of Oakland**  
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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, 2015 are as follows:

Fiscal year	Primary government
2016	\$ 1,751,485
2017	1,734,022
2018	1,744,773
2019	1,729,385
2020	1,613,310
2021 - 2025	6,802,288
2026 - 2030	5,078,041
2031 - 2035	1,110,962
2036 - 2040	636,550
	<u>\$ 22,200,816</u>

**18. Commitments and Contingencies**

The County, the Drainage Districts, and the Road Commission are involved in legal actions in which plaintiffs seek damages of indeterminable amounts which may exceed insurance coverage where applicable. Litigation is subject to many uncertainties, and the outcome of individual matters cannot be predicted. Accordingly, a reasonable range of liability to the County, the Drainage Districts, or Road Commission pertaining to these matters cannot be determined. Management has taken steps to protect the County and believes any liability resulting from cases in which it is involved will not materially affect its financial position.

The County, the Drainage Districts, and the Road Commission received funds from various federal and state units to finance specific activities. The final determination of 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) under the jurisdiction of the Water Resources Commissioner, and has contracts for Act 342 projects at September 30, 2015 as follows: Farmington Hills Water System Project with a total cost of \$5,195,396 with a remaining balance of \$360,212; contracts with a cost of \$14,434,627 for the Clinton Oakland Sewage Disposal System with a remaining balance of \$261,425; Walled Lake-Novu Wastewater Treatment Plant with a cost of \$1,298,000 with a balance of \$454,952; Evergreen-Farmington S.D.S – Middlebelt Road Tunnel Project contract with a cost of \$28,179,499 with a remaining balance of \$25,298,492 and the Pontiac Water System Water Main Replacement and Improvements contracts with a cost of \$4,693,085 with a remaining balance of \$1,257,710. Building Authority Projects

**County of Oakland**  
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have contracts with a cost of \$2,704,964 for the Facilities Infrastructure/Information Technology Project with a remaining balance of \$51,603.

The Drainage Districts' component unit has construction contracts for the Bloomfield Township CSO project with a total cost of \$2,720,377 and a remaining balance of \$399,109; the Pontiac Waste Water Treatment Facility Pump Station Phase II Project has a cost of \$7,936,820 with a remaining balance of \$2,844,726; and contracts for the Oakland Macomb Interceptor Drainage District Project with a total cost of \$102,246,259, with a remaining balance of \$19,729,018 as of September 30, 2015.

**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	\$	5,468,461
Advances receivable		1,611,207
Due to other funds		(10,464,910)
Advances payable		(1,611,207)
Internal Service Funds		
Due from other funds		308
Due to other funds		(80,461)
Current and long-term advances payable		(77,298)
Governmental activities, internal balances	\$	<u>(5,153,900)</u>

**Business-Type Activities**

Proprietary Funds		
Due from other funds	\$	5,082,017
Current and long-term advances receivable		77,298
Due to other funds		(5,415)
Business-type activities, internal balances	\$	<u>5,153,900</u>

**20. Accounting and Reporting Change**

In fiscal year 2015, the County adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the primary objective of which is to improve accounting and financial reporting by state and local governments for pensions. The County elected to record these changes in the Fringe Benefits Fund, an Internal Services fund, and for reporting purposes the net position of this fund was restated as of September 30, 2014.

**Fund Financial Statements**

	Fringe Benefits Fund	Totals September 30, 2015
<b><u>Internal Service Funds</u></b>		
Net Position at September 30, 2014	\$ 33,493,389	\$ 98,755,788
Adjustment for implementation of GASB Statement No. 68	<u>63,852,300</u>	<u>63,852,300</u>
Net Position at September 30, 2014, as restated	<u>\$ 97,345,689</u>	<u>\$ 162,608,088</u>

**County of Oakland**  
**Notes to Basic Financial Statements**  
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This restatement is also reported in the Proprietary Funds Statement of Changes in Net Position - Governmental Activities – Internal Service funds.

The Road Commission Component Unit likewise reports a restatement of Net Position due to the implementation of GASB Statement No. 68 as follows:

	Road Commission	Total Component Units
Net Position at September 30, 2014	\$ 801,955,292	\$ 1,319,971,139
Adjustment for implementation of GASB Statement No. 68	<u>(8,039,777)</u>	<u>(8,039,777)</u>
Net Position at September 30, 2014, as restated	<u>\$ 793,915,515</u>	<u>\$ 1,311,931,362</u>

In addition, based on an independent engineering study, it was determined that a portion of assets and related debt for the City of Pontiac Wastewater Treatment Plant, as previously reported in the County's Water & Sewer Trust Fund (Enterprise fund) and the Drainage Districts component unit needed to be reallocated at a ratio of 54.0% to Pontiac sewer and 46% to the Chapter 20 Drainage District. As a result, the Net Position of the Water & Sewer Trust fund (major fund) and the Drainage Districts Component Unit was restated as of September 30, 2014 as follows:

**Proprietary Funds**

	Water and Sewer Trust	Totals September 30, 2015
<b><u>Business -Type Activities - Enterprise Funds</u></b>		
Net Position at September 30, 2014	\$ 143,924,759	\$ 701,548,867
Restatement of Debt	12,054,610	12,054,610
Restatement of Capital Assets	<u>(11,535,709)</u>	<u>(11,535,709)</u>
Net Position at September 30, 2014, as restated	<u>\$ 144,443,660</u>	<u>\$ 702,067,768</u>

	Drainage Districts	Total Component Units
<b><u>Component Units</u></b>		
Net Position at September 30, 2014	\$ 518,015,847	\$ 1,319,971,139
Restatement of Debt	(12,054,610)	(12,054,610)
Restatement of Capital Assets	<u>11,535,709</u>	<u>11,535,709</u>
Net Position at September 30, 2014, as restated	<u>\$ 517,496,946</u>	<u>\$ 1,319,452,238</u>

As a result of the preceding changes, the Government-wide Statement of Activities is restated as follows:

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

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Totals</b>	
Net Position at September 30, 2014	\$ 380,353,437	\$ 701,548,867	\$ 1,081,902,304	\$ 1,319,971,139
Adjustments	63,852,300	518,901	64,371,201	(8,558,678)
Net Position at September 30, 2014, as restated	<u>\$ 444,205,737</u>	<u>\$ 702,067,768</u>	<u>\$ 1,146,273,505</u>	<u>\$ 1,311,412,461</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**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>2015</u>	<u>2014</u>
<b>Total pension liability</b>		
Service cost	\$ 3,705,776	\$ 4,196,269
Interest	50,740,081	50,492,624
Difference between expected and actual experience	2,621,256	
Assumption changes	29,334,529	
Benefit payments, including refunds of member contributions	(52,066,966)	(49,993,923)
Net change in total pension liability	34,334,676	4,694,970
<b>Total pension liability - beginning of year</b>	<u>724,043,780</u>	<u>719,348,810</u>
<b>Total pension liability - end of year (a)</b>	<u><u>758,378,456</u></u>	<u><u>724,043,780</u></u>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 4,554,832	\$ 5,770,835
Contributions - member	473,247	560,091
Net investment income	5,099,460	70,247,939
Benefit payments, including refunds of member contributions	(52,066,966)	(49,993,923)
Administrative expenses	(296,825)	(2,959,649)
Net change in plan fiduciary net position	(42,236,252)	23,625,293
<b>Plan fiduciary net position - beginning of year</b>	<u>787,896,080</u>	<u>764,270,787</u>
<b>Plan fiduciary net position - end of year (b)</b>	<u><u>745,659,828</u></u>	<u><u>787,896,080</u></u>
Net pension liability (asset) - end of year (a) - (b)	<u><u>\$ 12,718,628</u></u>	<u><u>\$ (63,852,300)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	98.32%	108.82%
Covered employee payroll	\$ 24,707,298	\$ 29,901,825
Net pension liability as a percentage of covered employee payroll	51.48%	(213.54%)

Covered payroll is 2013 valuation payroll (projected to the 2014-2015 year) used to determine employer contributions for the 2014-2015 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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 4,554,832	\$ 5,770,835	\$ 5,400,095	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribuion	<u>4,554,832</u>	<u>5,770,835</u>	<u>5,400,095</u>	<u>-</u>						
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 24,707,298	\$ 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
Contributions as a percentage of covered-employee payroll	18.44%	19.30%	16.02%	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 contribuions 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**

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

<b>Fiscal Year</b>	<b>Rate of Return</b>
2014	8.74%
2015	0.35%

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**

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Schedule of funding progress:

Actuarial valuation date September 30,	Actuarial value of assets *	Actuarial accrued liability (AAL)	Unfunded AAL (UAAL)	Funded ratio	Covered payroll	UAAL as a percentage of covered payroll
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%)
2014	1,076,904,047	885,504,429	(191,399,618)	121.6%	146,473,723	(130.7%)

\*The actuarial value of assets for fiscal years 2009 through 2013 includes the net position of the IRMBT. As noted in Note 8, at September 30, 2014, 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 OPEB cost	Percentage contributed
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%
2015	5,605,849	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**
Remaining amortization period	20 years (Command Officers) 10 years (All Others)
Asset valuation method	5-year smoothed market
Actuarial assumptions	
Investment rate of return*	7.5%
Projected salary increases*	4.50% to 10.50%
Cost-of-living adjustments	1.5% non-compounding annually

\* Includes pay inflation at 4.5%

\*\*A closed, level dollar amortization method was used for the Command Officers Division contributions and an open, level dollar amortization method was used for all other employment divisions.

**County of Oakland  
Budgetary Comparison Schedule  
Major Governmental Funds  
Year Ended September 30, 2015**

	<b>General Fund</b>			<b>Variance with Final Amended Budget</b>
	<b>Original Budget (Unaudited)</b>	<b>Final Amended Budget (Unaudited)</b>	<b>Actual</b>	
<b>Revenues</b>				
<b>Taxes</b>				
Current property taxes	\$ 209,241,439	\$ 210,139,939	\$ 206,229,469	\$ (3,910,470)
Delinquent taxes - prior years	98,500	98,500	53,161	(45,339)
Trailer tax	80,000	80,000	85,501	5,501
Total	<u>209,419,939</u>	<u>210,318,439</u>	<u>206,368,131</u>	<u>(3,950,308)</u>
<b>Other intergovernmental revenues</b>				
Cigarette tax distribution	48,000	48,000	-	(48,000)
Circuit judges' salaries	866,381	866,381	846,007	(20,374)
Probate judges' salaries	592,724	592,724	595,780	3,056
District judges' salaries	455,990	455,990	435,359	(20,631)
State court fund - P.A. 189	5,200,000	5,200,000	4,892,355	(307,645)
Revenue sharing	10,204,476	16,102,231	24,831,356	8,729,125
Convention facility/Liquor tax	3,640,000	8,456,530	9,514,429	1,057,899
Other	360,300	277,450	333,442	55,992
Total	<u>21,367,871</u>	<u>31,999,306</u>	<u>41,448,728</u>	<u>9,449,422</u>
<b>Charges for services</b>				
County Executive	230,000	230,000	324,415	94,415
Management and Budget	3,733,968	3,733,968	3,854,088	120,120
Central Services	335,651	335,651	328,377	(7,274)
Human Resources	475	475	611	136
Human Services	3,057,097	3,385,598	3,834,237	448,639
Public Services	1,445,495	1,478,495	1,656,523	178,028
Community and Economic Development	353,400	442,329	472,994	30,665
Clerk/Register of Deeds	12,273,850	12,260,882	16,185,154	3,924,272
Treasurer	6,349,200	5,450,700	8,740,121	3,289,421
Circuit Court	3,558,000	3,678,000	3,325,770	(352,230)
District Court	12,196,185	12,196,185	11,999,628	(196,557)
Probate Court	507,600	507,600	543,098	35,498
Prosecuting Attorney	287,000	322,000	246,009	(75,991)
Sheriff	52,881,650	54,150,019	53,753,839	(396,180)
Legislative	21,900	29,300	29,983	683
Water Resources Commissioner	1,831,848	2,031,848	2,166,856	135,008
Non-Departmental	712,000	714,206	1,321,948	607,742
Total	<u>99,775,319</u>	<u>100,947,256</u>	<u>108,783,651</u>	<u>7,836,395</u>
Investment income	1,864,900	1,864,900	2,276,803	411,903
Indirect cost recovery	7,800,000	7,901,908	7,946,958	45,050
Federal grants	265,647	324,418	359,400	34,982
State grants	4,717,755	4,712,702	4,583,253	(129,449)
Contributions	168,240	290,323	135,744	(154,579)
Other revenues	428,800	428,800	183,233	(245,567)
Total revenues	<u>345,808,471</u>	<u>358,788,052</u>	<u>372,085,901</u>	<u>13,297,849</u>

**County of Oakland  
 Budgetary Comparison Schedule (Continued)  
 Major Governmental Funds  
 Year Ended September 30, 2015**

	<b>General Fund</b>			<b>Variance with Final Amended Budget</b>
	<b>Original Budget (Unaudited)</b>	<b>Final Amended Budget (Unaudited)</b>	<b>Actual</b>	
<b>Expenditures</b>				
County Executive				
Administration				
Personnel	\$ 5,617,525	\$ 5,624,911	\$ 5,624,350	\$ 561
Operating	391,329	846,735	321,047	525,688
Internal Support	771,582	837,006	819,579	17,427
Total Administration	<u>6,780,436</u>	<u>7,308,652</u>	<u>6,764,976</u>	<u>543,676</u>
Management and Budget				
Personnel	15,950,714	15,950,714	14,037,910	1,912,804
Operating	824,021	824,021	628,778	195,243
Internal Support	2,105,878	2,759,469	2,592,078	167,391
Total Management and Budget	<u>18,880,613</u>	<u>19,534,204</u>	<u>17,258,766</u>	<u>2,275,438</u>
Central Services				
Personnel	1,349,977	1,349,977	1,324,360	25,617
Operating	403,920	399,970	338,072	61,898
Internal Support	673,464	746,101	746,088	13
Total Central Services	<u>2,427,361</u>	<u>2,496,048</u>	<u>2,408,520</u>	<u>87,528</u>
Facilities Management				
Personnel	979,176	979,176	921,787	57,389
Operating	174,446	198,446	197,679	767
Internal Support	72,892	78,656	73,574	5,082
Total Facilities Management	<u>1,226,514</u>	<u>1,256,278</u>	<u>1,193,040</u>	<u>63,238</u>
Human Resources				
Personnel	2,718,915	2,718,915	2,427,530	291,385
Operating	553,339	535,325	407,380	127,945
Internal Support	816,726	1,058,991	963,640	95,351
Total Human Resources	<u>4,088,980</u>	<u>4,313,231</u>	<u>3,798,550</u>	<u>514,681</u>
Human Services				
Personnel	24,545,983	24,554,415	22,112,837	2,441,578
Operating	4,426,135	4,753,972	4,236,276	517,696
Internal Support	3,064,362	3,658,663	3,658,499	164
Total Human Services	<u>32,036,480</u>	<u>32,967,050</u>	<u>30,007,612</u>	<u>2,959,438</u>
Public Services				
Personnel	11,608,651	11,527,630	10,938,895	588,735
Operating	1,551,855	1,847,855	1,847,794	61
Internal Support	2,939,329	3,453,036	3,423,062	29,974
Total Public Services	<u>16,099,835</u>	<u>16,828,521</u>	<u>16,209,751</u>	<u>618,770</u>

(continued)

**County of Oakland  
Budgetary Comparison Schedule (Continued)  
Major Governmental Funds  
Year Ended September 30, 2015**

	<b>General Fund</b>			<b>Variance with Final Amended Budget</b>
	<b>Original Budget (Unaudited)</b>	<b>Final Amended Budget (Unaudited)</b>	<b>Actual</b>	
<b>Expenditures (continued)</b>				
County Executive (continued)				
Community and Economic Development				
Personnel	\$ 5,076,961	\$ 5,076,961	\$ 4,827,310	\$ 249,651
Operating	1,661,205	1,952,966	1,581,837	371,129
Internal Support	870,660	1,149,730	1,103,382	46,348
Total Community and Economic Development	<u>7,608,826</u>	<u>8,179,657</u>	<u>7,512,529</u>	<u>667,128</u>
Total County Executive	<u>89,149,045</u>	<u>92,883,641</u>	<u>85,153,744</u>	<u>7,729,897</u>
Clerk/Register of Deeds				
Personnel	7,552,198	7,510,422	6,340,172	1,170,250
Operating	1,469,544	1,461,887	1,052,719	409,168
Internal Support	1,194,066	1,401,239	1,395,857	5,382
Total Clerk/Register of Deeds	<u>10,215,808</u>	<u>10,373,548</u>	<u>8,788,748</u>	<u>1,584,800</u>
Treasurer				
Personnel	3,204,451	3,204,451	3,047,509	156,942
Operating	4,605,440	4,659,340	4,604,180	55,160
Internal Support	557,631	1,230,218	1,230,200	18
Total Treasurer	<u>8,367,522</u>	<u>9,094,009</u>	<u>8,881,889</u>	<u>212,120</u>
Justice Administration				
Circuit Court				
Personnel	21,395,623	20,440,235	19,158,321	1,281,914
Operating	7,066,812	7,328,516	5,584,318	1,744,198
Internal Support	4,266,327	4,633,170	4,406,405	226,765
Total Circuit Court	<u>32,728,762</u>	<u>32,401,921</u>	<u>29,149,044</u>	<u>3,252,877</u>
District Court				
Personnel	12,149,478	12,149,478	11,555,103	594,375
Operating	2,437,139	2,462,776	2,277,184	185,592
Internal Support	1,534,499	1,778,382	1,725,943	52,439
Total District Court	<u>16,121,116</u>	<u>16,390,636</u>	<u>15,558,230</u>	<u>832,406</u>
Probate Court				
Personnel	4,324,169	4,324,169	4,175,614	148,555
Operating	739,424	880,424	878,190	2,234
Internal Support	913,398	1,016,314	968,794	47,520
Total Probate Court	<u>5,976,991</u>	<u>6,220,907</u>	<u>6,022,598</u>	<u>198,309</u>
Total Justice Administration	<u>54,826,869</u>	<u>55,013,464</u>	<u>50,729,872</u>	<u>4,283,592</u>

(continued)

**County of Oakland  
 Budgetary Comparison Schedule (Continued)  
 Major Governmental Funds  
 Year Ended September 30, 2015**

	<b>General Fund</b>			<b>Variance with Final Amended Budget</b>
	<b>Original Budget (Unaudited)</b>	<b>Final Amended Budget (Unaudited)</b>	<b>Actual</b>	
<b>Expenditures (continued)</b>				
<b>Law Enforcement</b>				
Prosecuting Attorney				
Personnel	\$ 15,681,178	\$ 15,681,178	\$ 15,076,127	\$ 605,051
Operating	560,166	560,166	542,035	18,131
Internal Support	1,754,573	1,824,982	1,821,953	3,029
Total Prosecuting Attorney	<u>17,995,917</u>	<u>18,066,326</u>	<u>17,440,115</u>	<u>626,211</u>
Sheriff				
Personnel	105,555,324	107,839,251	107,838,244	1,007
Operating	12,269,288	13,326,216	11,413,154	1,913,062
Internal Support	15,640,980	16,077,315	15,902,887	174,428
Total Sheriff	<u>133,465,592</u>	<u>137,242,782</u>	<u>135,154,285</u>	<u>2,088,497</u>
Total Law Enforcement	<u>151,461,509</u>	<u>155,309,108</u>	<u>152,594,400</u>	<u>2,714,708</u>
<b>Legislative</b>				
Board of Commissioners				
Personnel	2,596,353	2,519,708	2,432,022	87,686
Operating	846,833	891,133	801,159	89,974
Internal Support	614,220	650,730	631,779	18,951
Total Legislative	<u>4,057,406</u>	<u>4,061,571</u>	<u>3,864,960</u>	<u>196,611</u>
Water Resource Commissioner				
Personnel	208,781	208,781	208,719	62
Operating	587,975	379,975	307,839	72,136
Internal Support	4,203,322	4,838,138	4,837,569	569
Total Water Resource Commissioner	<u>5,000,078</u>	<u>5,426,894</u>	<u>5,354,127</u>	<u>72,767</u>
<b>Non-departmental</b>				
Operating	25,147,124	34,999,770	27,523,371	7,476,399
Internal Support	8,505,684	3,632,217	2,382,256	1,249,961
Total non-departmental	<u>33,652,808</u>	<u>38,631,987</u>	<u>29,905,627</u>	<u>8,726,360</u>
Total expenditures	<u>356,731,045</u>	<u>370,794,222</u>	<u>345,273,367</u>	<u>25,520,855</u>
Excess of revenues (under) over expenditures	<u>(10,922,574)</u>	<u>(12,006,170)</u>	<u>26,812,534</u>	<u>38,818,704</u> (continued)

**County of Oakland  
 Budgetary Comparison Schedule (Continued)  
 Major Governmental Funds  
 Year Ended September 30, 2015**

	<b>General Fund</b>			<b>Variance with Final Amended Budget</b>
	<b>Original Budget (Unaudited)</b>	<b>Final Amended Budget (Unaudited)</b>	<b>Actual</b>	
<b>Other Financing Sources (Uses)</b>				
Transfers in				
Special Revenue Funds				
Revenue Sharing Reserve	\$ 8,379,378	\$ 8,379,378	\$ 753,823	\$ (7,625,555)
Restricted Funds	102,739	855,045	8,379,378	7,524,333
Other Grants	-	2,262	2,262	-
Total special revenue funds	<u>8,482,117</u>	<u>9,236,685</u>	<u>9,135,463</u>	<u>(101,222)</u>
Internal Service Funds				
Facilities Maintenance and Operations	41,589	-	-	-
Total internal service funds	<u>41,589</u>	<u>-</u>	<u>-</u>	<u>-</u>
Enterprise Funds				
Delinquent Tax Revolving	14,805,543	14,805,543	14,832,848	27,305
Total enterprise funds	<u>14,805,543</u>	<u>14,805,543</u>	<u>14,832,848</u>	<u>27,305</u>
Total Transfers In	<u>23,329,249</u>	<u>24,042,228</u>	<u>23,968,311</u>	<u>(73,917)</u>
Transfers out				
Special Revenue Funds				
Child Care	(22,747,833)	(23,382,999)	(17,845,147)	5,537,852
Social Welfare Foster Care	(1,000)	(1,000)	-	1,000
Drains-Act 40 Chapters 4 & 18				
Maintenance	(56,165)	(56,165)	(41,134)	15,031
Friend of the Court Grant	(4,646,794)	(6,232,852)	(4,198,816)	2,034,036
Other Grants	-	(76,568)	(76,568)	-
Judicial Grants	-	(87,873)	(60,000)	27,873
Law Enforcement Grants	(1,189,675)	(1,564,882)	(1,394,366)	170,516
Multi Organizational Grants	-	(2,018)	(2,018)	-
Human Service Grants	(8,640)	(8,640)	-	8,640
Housing & Community Development	-	(472,555)	(472,555)	-
Total special revenue funds	<u>(28,650,107)</u>	<u>(31,885,552)</u>	<u>(24,090,604)</u>	<u>7,794,948</u>

(continued)

**County of Oakland  
 Budgetary Comparison Schedule (Continued)  
 Major Governmental Funds  
 Year Ended September 30, 2015**

	<b>General Fund</b>			<b>Variance with Final Amended Budget</b>
	<b>Original Budget (Unaudited)</b>	<b>Final Amended Budget (Unaudited)</b>	<b>Actual</b>	
<b>Other Financing Sources (Uses) (continued)</b>				
Debt Service Funds				
Building Authority Debt Act 31	\$ (2,278,375)	\$ (2,278,375)	\$ (2,278,125)	\$ 250
Total debt service funds	<u>(2,278,375)</u>	<u>(2,278,375)</u>	<u>(2,278,125)</u>	<u>250</u>
Capital Projects Funds				
Building Improvement	(1,500,000)	(1,500,000)	(1,500,000)	-
Project Work Orders	(3,620,000)	(3,900,324)	(3,900,324)	-
Long Term Revolving	-	(1,199,023)	(1,199,023)	-
Total capital projects funds	<u>(5,120,000)</u>	<u>(6,599,347)</u>	<u>(6,599,347)</u>	<u>-</u>
Internal Service Funds				
Information Technology	(3,629,971)	(4,744,467)	(4,744,467)	-
Motor Pool	(23,500)	(164,976)	(164,976)	-
Fringe Benefit	(4,555,000)	(4,555,000)	(4,554,832)	168
Total internal service funds	<u>(8,208,471)</u>	<u>(9,464,443)</u>	<u>(9,464,275)</u>	<u>168</u>
Enterprise Funds				
Fire Records Management	(413,145)	(461,711)	(461,711)	-
CLEMIS	(1,844,186)	(1,844,186)	(1,844,186)	-
Radio Communications	(7,800)	(44,800)	(44,800)	-
Total enterprise funds	<u>(2,265,131)</u>	<u>(2,350,697)</u>	<u>(2,350,697)</u>	<u>-</u>
Total transfers out	<u>(46,522,084)</u>	<u>(52,578,414)</u>	<u>(44,783,048)</u>	<u>7,795,366</u>
Insurance Recoveries	-	220,000	222,022	2,022
Total other financing sources (uses)	<u>(23,192,835)</u>	<u>(28,316,186)</u>	<u>(20,592,715)</u>	<u>7,723,471</u>
Net change in fund balance	<u>(34,115,409)</u>	<u>(40,322,356)</u>	<u>6,219,819</u>	<u>46,542,175</u>
<b>Fund balance</b>				
October 1, 2014	<u>253,984,574</u>	<u>253,984,574</u>	<u>253,984,574</u>	<u>-</u>
September 30, 2015	<u>\$219,869,165</u>	<u>\$213,662,218</u>	<u>\$260,204,393</u>	<u>\$46,542,175</u>

**County of Oakland**  
**Notes to Required Supplementary Information**  
**September 30, 2015**

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**Budgetary Comparisons**

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

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

Funds which receive an appropriation and can therefore be defined as those with an appropriated, annual, legally adopted budget are the General Fund and the following Special Revenue Funds: Child Care and Social Welfare Foster Care. Budgetary comparisons for funds in the "Major" funds category are reported in the Required Supplementary Information section.

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

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

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**County of Oakland  
Balance Sheet  
Non-Major Governmental Funds – By Fund Type  
September 30, 2015**

	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Totals September 30, 2015</b>
<b>Assets</b>				
Pooled cash and investments	\$ 24,952,996	\$ 198,866	\$ 29,260,141	\$ 54,412,003
Due from other governmental units	16,173,609	-	-	16,173,609
Due from component units	25	-	473,509	473,534
Accrued interest receivable	30,171	967	201	31,339
Accounts receivable (net of allowance for uncollectibles where applicable)	649,458	-	-	649,458
Contracts receivable	-	4,045,000	39,400	4,084,400
Special assessments receivable	2,213	1,557,655	1,035,409	2,595,277
Due from other funds	508,450	-	505,372	1,013,822
Advances	-	-	1,611,207	1,611,207
Other assets	2,704,232	-	-	2,704,232
Total assets	<u>\$ 45,021,154</u>	<u>\$ 5,802,488</u>	<u>\$ 32,925,239</u>	<u>\$ 83,748,881</u>
<b>Liabilities</b>				
Vouchers payable	\$ 2,325,218	\$ 15,563	\$ 880,998	\$ 3,221,779
Due to other governmental units	1,477,892	-	-	1,477,892
Due to other funds	10,340,887	1,097	105,157	10,447,141
Advances	21,146	-	1,590,061	1,611,207
Unearned revenue	2,215,078	-	-	2,215,078
Other accrued liabilities	8,447,369	138,162	1,349,246	9,934,777
Total liabilities	<u>24,827,590</u>	<u>154,822</u>	<u>3,925,462</u>	<u>28,907,874</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - special assessments	2,213	1,557,655	1,035,409	2,595,277
Unavailable revenue - grants	3,330,726	-	-	3,330,726
Unavailable revenue - contracts receivable	-	4,045,000	-	4,045,000
Unavailable revenue - other	1,519,862	-	-	1,519,862
Total deferred inflows of resources	<u>4,852,801</u>	<u>5,602,655</u>	<u>1,035,409</u>	<u>11,490,865</u>
<b>Fund Balances</b>				
Nonspendable	-	-	1,176,207	1,176,207
Spendable:				
Restricted	18,395,160	45,011	-	18,440,171
Committed	-	-	27,813,859	27,813,859
Unassigned	(3,054,397)	-	(1,025,698)	(4,080,095)
Total fund balances	<u>15,340,763</u>	<u>45,011</u>	<u>27,964,368</u>	<u>43,350,142</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 45,021,154</u>	<u>\$ 5,802,488</u>	<u>\$ 32,925,239</u>	<u>\$ 83,748,881</u>

**County of Oakland**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds – By Fund Type**  
**Year Ended September 30, 2015**

	Special Revenue	Debt Service	Capital Projects	Totals September 30, 2015
<b>Revenues</b>				
Special assessments	\$ 6,863,911	\$ 1,041,413	\$ 146,425	\$ 8,051,749
Federal grants	31,776,107	-	-	31,776,107
State grants	23,270,222	-	-	23,270,222
Other intergovernmental revenue	11,675,776	-	-	11,675,776
Charges for services	12,144,225	1,252	58,525	12,204,002
Contributions	140,407	-	-	140,407
Investment income	171,605	1,075	129,462	302,142
Other	836,434	-	-	836,434
Total revenues	<u>86,878,687</u>	<u>1,043,740</u>	<u>334,412</u>	<u>88,256,839</u>
<b>Expenditures</b>				
Current operations				
County Executive	67,810,965	-	-	67,810,965
Clerk/Register of Deeds	1,899,662	-	-	1,899,662
Treasurer	16,142	-	-	16,142
Justice administration	24,914,655	-	-	24,914,655
Law enforcement	6,819,363	-	-	6,819,363
Water Resource Commissioner	9,391,665	-	-	9,391,665
Total current operations	<u>110,852,452</u>	<u>-</u>	<u>-</u>	<u>110,852,452</u>
Capital outlay	197,364	-	16,080,615	16,277,979
Debt service				
Principal payments	-	4,400,000	-	4,400,000
Interest and fiscal charges	-	1,445,811	-	1,445,811
Total expenditures	<u>111,049,816</u>	<u>5,845,811</u>	<u>16,080,615</u>	<u>132,976,242</u>
Deficiency of revenues under expenditures	<u>(24,171,129)</u>	<u>(4,802,071)</u>	<u>(15,746,203)</u>	<u>(44,719,403)</u>
<b>Other financing sources (uses)</b>				
Transfers in	24,388,512	4,801,650	8,858,869	38,049,031
Transfers out	(9,561,034)	-	(5,522,214)	(15,083,248)
Issuance of bonds	2,331,098	-	-	2,331,098
Total other financing sources (uses)	<u>17,158,576</u>	<u>4,801,650</u>	<u>3,336,655</u>	<u>25,296,881</u>
Net change in fund balances	<u>(7,012,553)</u>	<u>(421)</u>	<u>(12,409,548)</u>	<u>(19,422,522)</u>
<b>Fund balances</b>				
October 1, 2014	<u>22,353,316</u>	<u>45,432</u>	<u>40,373,916</u>	<u>62,772,664</u>
September 30, 2015	<u>\$ 15,340,763</u>	<u>\$ 45,011</u>	<u>\$ 27,964,368</u>	<u>\$ 43,350,142</u>

# County of Oakland

## Non-Major Special Revenue Funds

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### Special Revenue Funds

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

***The Revenue-Sharing Reserve 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. This fund was closed as of September 30, 2015.

***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 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.

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

## County of Oakland

### Non-Major Special Revenue Funds

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

***The Drains Act 40 Chapters 4 & 18 Maintenance Fund*** - is used to record expenditures for the operations and maintenance of drainage districts created under Chapters 4 and 18 of Public Act 40 of 1956 (currently 303 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, 2015 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.
- Byrne Formula Justice Assistance Grants (JAG) replaces the Local Law Enforcement Block Grant (LLEBG) programs. JAG provides federal funds to support a broad range of activities to prevent and control crime, and to improve the criminal justice system.

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

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

## County of Oakland Non-Major Special Revenue Funds

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

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

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

- Clerk/Register of Deeds Survey/Remonumentation, which utilizes state funds to locate, verify, replace, or reposition 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.
- Great Lakes Water Authority, a cost reimbursement agreement for due diligence examination of business issues related to the research, creation, and implementation of the Authority.
- Grants for programs such as Domestic Preparedness Equipment, Homeland Security grants, MI Financial Empowerment, Holly Dispatch Consolidation, AAA Safety, DTE Energy Tree Planting, Friend of the Court Access and Visitation, Two Seven Oh, and MEDC Region 10.

***The Judicial Grants Fund*** - accounts for drug court programs through Oakland County Circuit and 52<sup>nd</sup> Division 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 Brownfield Consortium Assessment program consists of Oakland County plus cities to perform environmental investigations on parcels throughout the County with special focus on the cities comprised in this Consortium.

***The Concealed Pistol Licensing Fund*** – created under State of Michigan Public Act 3 of 2015, accounts for the deposit of concealed pistol licensing fees collected by the County Clerk/Register of Deeds, and the allowable expenditures related to the cost of administering this act.

**County of Oakland  
Combining Balance Sheet  
Non-Major Special Revenue Funds  
September 30, 2015**

	<b>Revenue Sharing Reserve</b>	<b>Child Care</b>	<b>Register of Deeds Automation</b>	<b>Oakland Enhancement</b>	<b>Restricted Funds</b>	<b>County Veterans' Trust</b>
<b>Assets</b>						
Pooled cash and investments	\$ -	\$ -	\$ 6,778,943	\$ 82,701	\$ 1,462,943	\$ 4,122
Due from other governmental units	-	3,508,027	-	-	-	-
Due from component unit	-	-	25	-	-	-
Accrued interest receivable	-	-	830	373	-	-
Accounts receivable (net of allowance for uncollectibles where applicable)	-	-	145	16,248	29,684	-
Special assessments receivable	-	-	-	-	-	-
Due from other funds	-	15,520	484,831	-	-	-
Other assets	-	250	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 3,523,797</u>	<u>\$ 7,264,774</u>	<u>\$ 99,322</u>	<u>\$ 1,492,627</u>	<u>\$ 4,122</u>
<b>Liabilities</b>						
Vouchers payable	\$ -	\$ 367,249	\$ -	\$ -	\$ 871	\$ 2,812
Due to other governmental units	-	-	40	-	-	-
Due to other funds	-	1,032,166	-	-	61,842	-
Advances payable	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Other accrued liabilities	-	580,584	66,484	-	-	-
Total liabilities	<u>-</u>	<u>1,979,999</u>	<u>66,524</u>	<u>-</u>	<u>62,713</u>	<u>2,812</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue - special assessments	-	-	-	-	-	-
Unavailable revenue - grants	-	-	-	-	-	-
Unavailable revenue - other	-	1,519,862	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>1,519,862</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances (deficits)</b>						
Restricted	-	23,936	7,198,250	99,322	1,429,914	1,310
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	<u>-</u>	<u>23,936</u>	<u>7,198,250</u>	<u>99,322</u>	<u>1,429,914</u>	<u>1,310</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ -</u>	<u>\$ 3,523,797</u>	<u>\$ 7,264,774</u>	<u>\$ 99,322</u>	<u>\$ 1,492,627</u>	<u>\$ 4,122</u>

(continued)

**County of Oakland  
Combining Balance Sheet (Continued)  
Non-Major Special Revenue Funds  
September 30, 2015**

	<b>Waste Resource Management</b>	<b>Water &amp; Sewer Act 342</b>	<b>Lake Levels Act 146</b>	<b>Drains-Act 40 Maintenance Chapters 4 &amp; 18</b>	<b>Lake Improvements Act 345</b>	<b>Friend of the Court</b>
<b>Assets</b>						
Pooled cash and investments	\$ 708,533	\$ 6,475,279	\$ 174,688	\$ 2,193,033	\$ 1,006	\$ -
Due from other governmental units	-	5,619,388	12,361	186,085	-	1,190,149
Due from component unit	-	-	-	-	-	-
Accrued interest receivable	-	673	-	25,372	4	-
Accounts receivable (net of allowance for uncollectibles where applicable)	-	-	657	2,977	-	26,006
Special assessments receivable	-	-	-	2,213	-	-
Due from other funds	-	1,961	-	-	-	-
Other assets	-	-	-	-	-	8,416
Total assets	<u>\$ 708,533</u>	<u>\$ 12,097,301</u>	<u>\$ 187,706</u>	<u>\$ 2,409,680</u>	<u>\$ 1,010</u>	<u>\$ 1,224,571</u>
<b>Liabilities</b>						
Vouchers payable	\$ -	\$ 239,407	\$ 4,123	\$ 2,595	\$ -	\$ 2,736
Due to other governmental units	-	-	-	270	-	270
Due to other funds	2,101	5,000,000	135,000	318,525	-	1,210,630
Advances payable	-	-	-	21,146	-	-
Unearned revenue	-	-	-	-	-	-
Other accrued liabilities	167,914	3,420,160	8,870	1,212,817	-	10,935
Total liabilities	<u>170,015</u>	<u>8,659,567</u>	<u>147,993</u>	<u>1,555,353</u>	<u>-</u>	<u>1,224,571</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue - special assessments	-	-	-	2,213	-	-
Unavailable revenue - grants	-	-	-	-	-	1,190,149
Unavailable revenue - other	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,213</u>	<u>-</u>	<u>1,190,149</u>
<b>Fund Balances (deficits)</b>						
Restricted	538,518	3,437,734	39,713	852,114	1,010	-
Unassigned	-	-	-	-	-	(1,190,149)
Total fund balances (deficits)	<u>538,518</u>	<u>3,437,734</u>	<u>39,713</u>	<u>852,114</u>	<u>1,010</u>	<u>(1,190,149)</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 708,533</u>	<u>\$ 12,097,301</u>	<u>\$ 187,706</u>	<u>\$ 2,409,680</u>	<u>\$ 1,010</u>	<u>\$ 1,224,571</u>

(continued)

**County of Oakland  
Combining Balance Sheet (Continued)  
Non-Major Special Revenue Funds  
September 30, 2015**

	<b>Multi- Organizational Grants</b>	<b>Workforce Development Grants</b>	<b>Law Enforcement Grants</b>	<b>Housing and Community Development</b>	<b>Human Service Grants</b>	<b>Other Grants</b>
<b>Assets</b>						
Pooled cash and investments	\$ -	\$ 106,519	\$ -	\$ 3,357,701	\$ 3,072,035	\$ -
Due from other governmental units	344,045	850,471	986,131	570,150	179,140	2,533,583
Due from component unit	-	-	-	-	-	-
Accrued interest receivable	-	-	-	2,899	-	-
Accounts receivable (net of allowance for uncollectibles where applicable)	-	-	-	-	555,638	14,016
Special assessments receivable	-	-	-	-	-	-
Due from other funds	-	-	636	-	5,502	-
Other assets	-	2,693,943	1,623	-	-	-
Total assets	<u>\$ 344,045</u>	<u>\$ 3,650,933</u>	<u>\$ 988,390</u>	<u>\$ 3,930,750</u>	<u>\$ 3,812,315</u>	<u>\$ 2,547,599</u>
<b>Liabilities</b>						
Vouchers payable	\$ 7,951	\$ 1,275,457	\$ 123,043	\$ 14,893	\$ 190,067	\$ 70,566
Due to other governmental units	921	-	336,368	2,748	-	1,063,035
Due to other funds	301,697	-	457,756	-	379,880	1,282,805
Advances payable	-	-	-	-	-	-
Unearned revenue	33,476	-	-	2,181,602	-	-
Other accrued liabilities	-	2,375,476	1,686	295,739	184,232	116,332
Total liabilities	<u>344,045</u>	<u>3,650,933</u>	<u>918,853</u>	<u>2,494,982</u>	<u>754,179</u>	<u>2,532,738</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue - special assessments	-	-	-	-	-	-
Unavailable revenue - grants	-	-	271,558	-	179,140	1,540,142
Unavailable revenue - other	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>271,558</u>	<u>-</u>	<u>179,140</u>	<u>1,540,142</u>
<b>Fund Balances (deficits)</b>						
Restricted	-	-	-	1,435,768	2,878,996	-
Unassigned	-	-	(202,021)	-	-	(1,525,281)
Total fund balances (deficits)	<u>-</u>	<u>-</u>	<u>(202,021)</u>	<u>1,435,768</u>	<u>2,878,996</u>	<u>(1,525,281)</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 344,045</u>	<u>\$ 3,650,933</u>	<u>\$ 988,390</u>	<u>\$ 3,930,750</u>	<u>\$ 3,812,315</u>	<u>\$ 2,547,599</u>

(continued)

**County of Oakland  
Combining Balance Sheet (Continued)  
Non-Major Special Revenue Funds  
September 30, 2015**

	<b>Judicial Grants</b>	<b>Oakland Brownfield Initiative</b>	<b>Concealed Pistol Licensing</b>	<b>Totals September 30, 2015</b>
<b>Assets</b>				
Current assets				
Pooled cash and investments	\$ -	\$ 396,363	\$ 139,130	\$ 24,952,996
Due from other governmental units	182,904	11,175	-	16,173,609
Due from component unit	-	-	-	25
Accrued interest receivable	-	-	20	30,171
Accounts receivable (net of allowance for uncollectibles where applicable)	503	-	3,584	649,458
Special assessments receivable	-	-	-	2,213
Due from other funds	-	-	-	508,450
Other assets	-	-	-	2,704,232
Total assets	<u>\$ 183,407</u>	<u>\$ 407,538</u>	<u>\$ 142,734</u>	<u>\$ 45,021,154</u>
<b>Liabilities</b>				
Vouchers payable	\$ 13,362	\$ 9,175	\$ 911	\$ 2,325,218
Due to other governmental units	-	-	74,240	1,477,892
Due to other funds	153,114	-	5,371	10,340,887
Advances payable	-	-	-	21,146
Unearned revenue	-	-	-	2,215,078
Other accrued liabilities	4,140	2,000	-	8,447,369
Total liabilities	<u>170,616</u>	<u>11,175</u>	<u>80,522</u>	<u>24,827,590</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - special assessments	-	-	-	2,213
Unavailable revenue - grants	149,737	-	-	3,330,726
Unavailable revenue - other	-	-	-	1,519,862
Total deferred inflows of resources	<u>149,737</u>	<u>-</u>	<u>-</u>	<u>4,852,801</u>
<b>Fund Balances (deficits)</b>				
Restricted	-	396,363	62,212	18,395,160
Unassigned	(136,946)	-	-	(3,054,397)
Total fund balances (deficits)	<u>(136,946)</u>	<u>396,363</u>	<u>62,212</u>	<u>15,340,763</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 183,407</u>	<u>\$ 407,538</u>	<u>\$ 142,734</u>	<u>\$ 45,021,154</u>

**County of Oakland**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Non-Major Special Revenue Funds**  
**September 30, 2015**

	Revenue Sharing Reserve	Child Care	Register of Deeds Automation	Oakland Enhancement	Restricted Funds	County Veterans' Trust
<b>Revenues</b>						
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	-	342,963	-	-	-	-
State grants	-	13,125,557	-	-	-	218,940
Other intergovernmental revenue	-	-	-	-	-	-
Charges for services	-	4,086,903	1,121,800	487,970	1,098,786	-
Contributions	-	-	-	-	129,914	-
Investment income	-	-	61,160	1,010	8,508	-
Other	-	144,706	-	-	65,100	-
Total revenues	-	17,700,129	1,182,960	488,980	1,302,308	218,940
<b>Expenditures</b>						
Salaries	-	10,930,963	252,617	295,349	-	-
Fringe benefits	-	6,672,900	176,080	178,101	-	-
Contractual services	-	14,631,560	894,327	26,455	1,302	229,922
Commodities	-	722,448	-	-	-	2,113
Capital outlay	-	-	-	-	-	-
Internal services	-	2,540,818	184,330	-	-	-
Total expenditures	-	35,498,689	1,507,354	499,905	1,302	232,035
Excess (deficiency) of revenues over (under) expenditures	-	(17,798,560)	(324,394)	(10,925)	1,301,006	(13,095)
<b>Other financing sources (uses)</b>						
Transfers in	-	17,850,229	-	-	-	-
Transfers out	(8,379,378)	(27,733)	(41,345)	-	(844,419)	-
Issurance of bonds	-	-	-	-	-	-
Total other financing sources (uses)	(8,379,378)	17,822,496	(41,345)	-	(844,419)	-
Net change in fund balances	(8,379,378)	23,936	(365,739)	(10,925)	456,587	(13,095)
<b>Fund balances (deficit)</b>						
October 1, 2014	8,379,378	-	7,563,989	110,247	973,327	14,405
September 30, 2015	\$ -	\$ 23,936	\$ 7,198,250	\$ 99,322	\$ 1,429,914	\$ 1,310

(continued)

**County of Oakland**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Non-Major Special Revenue Funds**  
**September 30, 2015**

	<b>Waste Resource Management</b>	<b>Water &amp; Sewer Act 342</b>	<b>Lake Levels Act 146</b>	<b>Drains-Act 40 Maintenance Chapters 4 &amp; 18</b>	<b>Lake Improvements Act 345</b>	<b>Friend of the Court</b>
<b>Revenues</b>						
Special assessments	\$ -	\$ 5,477,100	\$ 432,561	\$ 954,250	\$ -	\$ -
Federal grants	-	-	-	-	-	-
State grants	-	-	-	-	-	-
Other intergovernmental revenue	-	-	-	-	-	10,111,294
Charges for services	54,128	1,412,249	250	51,761	-	1,338,706
Contributions	-	-	-	-	-	-
Investment income	5,953	78,223	366	14,396	9	-
Other	-	-	-	3,879	-	-
<b>Total revenues</b>	<b>60,081</b>	<b>6,967,572</b>	<b>433,177</b>	<b>1,024,286</b>	<b>9</b>	<b>11,450,000</b>
<b>Expenditures</b>						
Salaries	-	-	-	-	-	8,174,958
Fringe benefits	-	-	-	-	-	4,938,434
Contractual services	-	7,817,516	99,459	92,384	-	840,997
Commodities	-	5,626	35,401	8,773	-	72,577
Capital outlay	-	-	-	-	-	-
Internal services	-	535,295	284,588	512,624	-	1,544,041
<b>Total expenditures</b>	<b>-</b>	<b>8,358,437</b>	<b>419,448</b>	<b>613,781</b>	<b>-</b>	<b>15,571,007</b>
Excess (deficiency) of revenues over (under) expenditures	60,081	(1,390,865)	13,729	410,505	9	(4,121,007)
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	41,134	-	4,198,816
Transfers out	-	-	-	-	-	(28,731)
Issurance of bonds	-	2,331,098	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>2,331,098</b>	<b>-</b>	<b>41,134</b>	<b>-</b>	<b>4,170,085</b>
<b>Net change in fund balances</b>	<b>60,081</b>	<b>940,233</b>	<b>13,729</b>	<b>451,639</b>	<b>9</b>	<b>49,078</b>
<b>Fund balances (deficit)</b>						
October 1, 2014	478,437	2,497,501	25,984	400,475	1,001	(1,239,227)
September 30, 2015	\$ 538,518	\$ 3,437,734	\$ 39,713	\$ 852,114	\$ 1,010	\$ (1,190,149)

(continued)

**County of Oakland**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Non-Major Special Revenue Funds**  
**September 30, 2015**

	<b>Multi- Organizational Grants</b>	<b>Workforce Development Grants</b>	<b>Law Enforcement Grants</b>	<b>Housing and Community Development</b>	<b>Human Service Grants</b>	<b>Other Grants</b>
<b>Revenues</b>						
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	220,717	15,983,756	215,098	7,531,058	6,090,990	1,196,298
State grants	1,681,960	1,382,463	2,078,501	25,468	1,389,357	2,858,040
Other intergovernmental revenue	-	-	1,564,482	-	-	-
Charges for services	-	-	1,702	2,228,430	57,798	-
Contributions	-	-	-	-	-	10,493
Investment income	1,708	-	-	-	-	-
Other	-	-	593	-	312,922	309,234
Total revenues	<u>1,904,385</u>	<u>17,366,219</u>	<u>3,860,376</u>	<u>9,784,956</u>	<u>7,851,067</u>	<u>4,374,065</u>
<b>Expenditures</b>						
Salaries	913,748	407,896	2,437,389	1,250,967	3,030,811	148,778
Fringe benefits	534,719	168,719	1,502,324	743,987	1,834,594	77,787
Contractual services	312,503	16,706,511	667,138	7,869,104	1,926,022	5,028,992
Commodities	36,806	2,785	46,912	20,727	264,343	326,581
Capital outlay	-	-	139,696	-	-	57,668
Internal services	98,627	80,308	277,285	127,509	447,514	5,600
Total expenditures	<u>1,896,403</u>	<u>17,366,219</u>	<u>5,070,744</u>	<u>10,012,294</u>	<u>7,503,284</u>	<u>5,645,406</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,982</u>	<u>-</u>	<u>(1,210,368)</u>	<u>(227,338)</u>	<u>347,783</u>	<u>(1,271,341)</u>
<b>Other financing sources (uses)</b>						
Transfers in	2,018	-	1,472,967	472,555	12,171	278,622
Transfers out	(10,000)	-	-	-	-	(229,428)
Issurance of bonds	-	-	-	-	-	-
Total other financing sources (uses)	<u>(7,982)</u>	<u>-</u>	<u>1,472,967</u>	<u>472,555</u>	<u>12,171</u>	<u>49,194</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>262,599</u>	<u>245,217</u>	<u>359,954</u>	<u>(1,222,147)</u>
<b>Fund balances (deficit)</b>						
October 1, 2014	<u>-</u>	<u>-</u>	<u>(464,620)</u>	<u>1,190,551</u>	<u>2,519,042</u>	<u>(303,134)</u>
September 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (202,021)</u>	<u>\$ 1,435,768</u>	<u>\$ 2,878,996</u>	<u>\$ (1,525,281)</u>

(continued)

**County of Oakland**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Non-Major Special Revenue Funds**  
**September 30, 2015**

	<b>Judicial Grants</b>	<b>Oakland Brownfield Initiative</b>	<b>Concealed Pistol Licensing</b>	<b>Totals September 30, 2015</b>
<b>Revenues</b>				
Special assessments	\$ -	\$ -	\$ -	\$ 6,863,911
Federal grants	-	195,227	-	31,776,107
State grants	509,936	-	-	23,270,222
Other intergovernmental revenue	-	-	-	11,675,776
Charges for services	-	79,986	123,756	12,144,225
Contributions	-	-	-	140,407
Investment income	-	-	272	171,605
Other	-	-	-	836,434
<b>Total revenues</b>	<b>509,936</b>	<b>275,213</b>	<b>124,028</b>	<b>86,878,687</b>
<b>Expenditures</b>				
Salaries	232,553	-	26,924	28,102,953
Fringe benefits	126,682	-	16,830	16,971,157
Contractual services	226,339	195,227	-	57,565,758
Commodities	10,891	-	5,557	1,561,540
Capital outlay	-	-	-	197,364
Internal services	-	-	12,505	6,651,044
<b>Total expenditures</b>	<b>596,465</b>	<b>195,227</b>	<b>61,816</b>	<b>111,049,816</b>
Excess (deficiency) of revenues over (under) expenditures	(86,529)	79,986	62,212	(24,171,129)
<b>Other financing sources (uses)</b>				
Transfers in	60,000	-	-	24,388,512
Transfers out	-	-	-	(9,561,034)
Issurance of bonds	-	-	-	2,331,098
<b>Total other financing sources (uses)</b>	<b>60,000</b>	<b>-</b>	<b>-</b>	<b>17,158,576</b>
<b>Net change in fund balances</b>	<b>(26,529)</b>	<b>79,986</b>	<b>62,212</b>	<b>(7,012,553)</b>
<b>Fund balances (deficit)</b>				
October 1, 2014	(110,417)	316,377	-	22,353,316
September 30, 2015	\$ (136,946)	\$ 396,363	\$ 62,212	\$ 15,340,763

**County of Oakland**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and**  
**Actual – Non-Major Special Revenue Funds**  
**Year Ended September 30, 2015**

	<b>Child Care</b>		
	<b>Final Amended Budget (Unaudited)</b>	<b>Actual</b>	<b>Variance with Final Amended Budget</b>
<b>Revenues</b>			
Federal grants	\$ 300,000	\$ 342,963	\$ 42,963
State grants	15,230,438	13,125,557	(2,104,881)
Charges for services	4,040,000	4,086,903	46,903
Other	-	144,706	144,706
Total revenues	<u>19,570,438</u>	<u>17,700,129</u>	<u>(1,870,309)</u>
<b>Expenditures</b>			
Current operations			
County Executive			
Human Services			
Personnel	15,357,376	15,274,211	83,165
Operating	11,193,663	7,855,617	3,338,046
Internal Support	<u>2,548,296</u>	<u>2,540,122</u>	<u>8,174</u>
Total Human Services	<u>29,099,335</u>	<u>25,669,950</u>	<u>3,429,385</u>
Total County Executive	<u>29,099,335</u>	<u>25,669,950</u>	<u>3,429,385</u>
Justice administration			
Circuit Court			
Personnel	2,376,906	2,329,652	47,254
Operating	11,453,848	7,498,391	3,955,457
Internal Support	<u>697</u>	<u>696</u>	<u>1</u>
Total Circuit Court	<u>13,831,451</u>	<u>9,828,739</u>	<u>4,002,712</u>
Total Justice administration	<u>13,831,451</u>	<u>9,828,739</u>	<u>4,002,712</u>
Total expenditures	<u>42,930,786</u>	<u>35,498,689</u>	<u>7,432,097</u>
Deficiency of revenues under expenditures	(23,360,348)	(17,798,560)	5,561,788
<b>Other financing sources (uses)</b>			
Transfers in	23,388,081	17,850,229	(5,537,852)
Transfers out	<u>(27,733)</u>	<u>(27,733)</u>	<u>-</u>
Total other financing sources (uses)	<u>23,360,348</u>	<u>17,822,496</u>	<u>(5,537,852)</u>
Net change in fund balance	-	23,936	23,936
<b>Fund balance</b>			
October 1, 2014	<u>-</u>	<u>-</u>	<u>-</u>
September 30, 2015	<u>\$ -</u>	<u>\$ 23,936</u>	<u>\$ 23,936</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, 2015**

	<u>Social Welfare Foster Care</u>		
	<b>Final Amended Budget (Unaudited)</b>	<b>Actual</b>	<b>Variance with Final Amended Budget</b>
<b>Revenues</b>			
State grants	\$ 1,000	\$ -	\$ (1,000)
Total revenues	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
<b>Expenditures</b>			
Current operations			
County Executive			
Human Services			
Operating	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Deficiency of revenues under expenditures	(1,000)	-	1,000
<b>Other financing sources</b>			
Transfers in	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Net change in fund balance	-	-	-
<b>Fund balance</b>			
October 1, 2014	<u>-</u>	<u>-</u>	<u>-</u>
September 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## **County of Oakland**

### **Non-Major Debt Service Funds**

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#### **Debt Service Funds**

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

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

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

*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, 2015**

	<b>Building Authority Debt Refunding</b>	<b>Lake Level Debt Act 146</b>	<b>Water and Sewer Debt Refunding</b>	<b>Totals September 30, 2015</b>
<b>Assets</b>				
Pooled cash and investments	\$ -	\$ 34,292	\$ 164,574	\$ 198,866
Accrued interest receivable	92	875	-	967
Special assessments receivable	-	2,655	1,555,000	1,557,655
Contracts receivable	4,045,000	-	-	4,045,000
Total assets	<u>\$ 4,045,092</u>	<u>\$ 37,822</u>	<u>\$ 1,719,574</u>	<u>\$ 5,802,488</u>
<b>Liabilities</b>				
Vouchers payable	\$ -	\$ -	\$ 15,563	\$ 15,563
Due to other funds	55	-	1,042	1,097
Other accrued liabilities	-	-	138,162	138,162
Total liabilities	<u>55</u>	<u>-</u>	<u>154,767</u>	<u>154,822</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - special assessments	-	2,655	1,555,000	1,557,655
Unavailable revenue - contracts	4,045,000	-	-	4,045,000
Total deferred inflows of resources	<u>4,045,000</u>	<u>2,655</u>	<u>1,555,000</u>	<u>5,602,655</u>
<b>Fund Balances - restricted for debt service</b>				
Total liabilities, deferred inflows of resources, and fund balances	<u>37</u>	<u>35,167</u>	<u>9,807</u>	<u>45,011</u>
	<u>\$ 4,045,092</u>	<u>\$ 37,822</u>	<u>\$ 1,719,574</u>	<u>\$ 5,802,488</u>

**County of Oakland**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Debt Service Funds**  
**Year Ended September 30, 2015**

	<b>Building Authority Debt Refunding</b>	<b>Lake Level Debt Act 146</b>	<b>Water and Sewer Debt Refunding</b>	<b>Totals September 30, 2015</b>
<b>Revenues</b>				
Special assessments	\$ 658,826	\$ 2,372	\$ 380,215	\$ 1,041,413
Charges for services	444	283	525	1,252
Investment income	343	282	450	1,075
Total revenues	<u>659,613</u>	<u>2,937</u>	<u>381,190</u>	<u>1,043,740</u>
<b>Expenditures</b>				
Principal payments	4,060,000	-	340,000	4,400,000
Interest	1,403,171	-	40,215	1,443,386
Paying agent fees	1,650	-	775	2,425
Total expenditures	<u>5,464,821</u>	<u>-</u>	<u>380,990</u>	<u>5,845,811</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,805,208)</u>	<u>2,937</u>	<u>200</u>	<u>(4,802,071)</u>
<b>Other financing sources (uses)</b>				
Transfers in	4,801,650	-	-	4,801,650
Net change in fund balances	<u>(3,558)</u>	<u>2,937</u>	<u>200</u>	<u>(421)</u>
<b>Fund balances</b>				
October 1, 2014	<u>3,595</u>	<u>32,230</u>	<u>9,607</u>	<u>45,432</u>
September 30, 2015	<u>\$ 37</u>	<u>\$ 35,167</u>	<u>\$ 9,807</u>	<u>\$ 45,011</u>

## County of Oakland

### Non-Major Capital Projects Funds

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#### **Capital Projects Funds**

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

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

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

***The 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 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, 2015**

	<b>Building Improvement</b>	<b>Project Work Orders</b>	<b>Facilities Infrastructure &amp; IT Projects</b>	<b>CMHA Building Renovation</b>	<b>Major Dept. Support Projects</b>
<b>Assets</b>					
Pooled cash and investments	\$ 4,835,155	\$ 8,884,647	\$ 10,094,333	\$ 9,661	\$ 3,115,842
Accrued interest receivable	-	-	-	-	-
Contracts receivable	-	-	-	-	-
Special assessments receivable	-	-	-	-	-
Due from component units	-	-	-	-	-
Due from other funds	-	11,330	-	-	-
Advances	435,000	-	-	-	-
Total assets	<u>\$ 5,270,155</u>	<u>\$ 8,895,977</u>	<u>\$ 10,094,333</u>	<u>\$ 9,661</u>	<u>\$ 3,115,842</u>
<b>Liabilities</b>					
Vouchers payable	\$ -	\$ 115,852	\$ 765,074	\$ -	\$ -
Due to other funds	-	55,796	6,281	4,136	-
Advances	-	435,000	-	-	-
Other accrued liabilities	-	796,411	364,550	-	178,285
Total liabilities	<u>-</u>	<u>1,403,059</u>	<u>1,135,905</u>	<u>4,136</u>	<u>178,285</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - special assessments	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances (deficits)</b>					
Nonspendable	-	-	-	-	-
Committed	5,270,155	7,492,918	8,958,428	5,525	2,937,557
Unassigned	-	-	-	-	-
Total fund balances (deficits)	<u>5,270,155</u>	<u>7,492,918</u>	<u>8,958,428</u>	<u>5,525</u>	<u>2,937,557</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 5,270,155</u>	<u>\$ 8,895,977</u>	<u>\$ 10,094,333</u>	<u>\$ 9,661</u>	<u>\$ 3,115,842</u>

(continued)

**County of Oakland  
Combining Balance Sheet (Continued)  
Non-Major Capital Project Funds  
September 30, 2015**

	<b>Lake Levels Act 146</b>	<b>Lake Improvements Act 345</b>	<b>Drain Chapter 4 Construction</b>	<b>Drain Commissioner Revolving</b>	<b>Long-term Revolving</b>	<b>Totals September 30, 2015</b>
<b>Assets</b>						
Pooled cash and investments	\$ 19,082	\$ 9,431	\$ 159,076	\$ 857,521	\$ 1,275,393	\$ 29,260,141
Accrued interest receivable	149	52	-	-	-	201
Contracts receivable	-	-	-	-	39,400	39,400
Special assessments receivable	111,231	-	924,178	-	-	1,035,409
Due from component units	-	-	-	473,509	-	473,509
Due from other funds	-	-	-	494,042	-	505,372
Advances	-	-	-	-	1,176,207	1,611,207
Total assets	<u>\$ 130,462</u>	<u>\$ 9,483</u>	<u>\$ 1,083,254</u>	<u>\$ 1,825,072</u>	<u>\$ 2,491,000</u>	<u>\$ 32,925,239</u>
<b>Liabilities</b>						
Vouchers payable	\$ -	\$ -	\$ -	\$ 72	\$ -	\$ 880,998
Due to other funds	38,816	-	128	-	-	105,157
Advances	133,034	-	1,022,027	-	-	1,590,061
Other accrued liabilities	10,000	-	-	-	-	1,349,246
Total liabilities	<u>181,850</u>	<u>-</u>	<u>1,022,155</u>	<u>72</u>	<u>-</u>	<u>3,925,462</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue - special assessments	<u>111,231</u>	<u>-</u>	<u>924,178</u>	<u>-</u>	<u>-</u>	<u>1,035,409</u>
Total deferred inflows of resources	<u>111,231</u>	<u>-</u>	<u>924,178</u>	<u>-</u>	<u>-</u>	<u>1,035,409</u>
<b>Fund Balances (deficits)</b>						
Nonspendable	-	-	-	-	1,176,207	1,176,207
Committed	-	9,483	-	1,825,000	1,314,793	27,813,859
Unassigned	<u>(162,619)</u>	<u>-</u>	<u>(863,079)</u>	<u>-</u>	<u>-</u>	<u>(1,025,698)</u>
Total fund balances (deficits)	<u>(162,619)</u>	<u>9,483</u>	<u>(863,079)</u>	<u>1,825,000</u>	<u>2,491,000</u>	<u>27,964,368</u>
Total liabilities, deferred inflows from resources, and fund balances (deficits)	<u>\$ 130,462</u>	<u>\$ 9,483</u>	<u>\$ 1,083,254</u>	<u>\$ 1,825,072</u>	<u>\$ 2,491,000</u>	<u>\$ 32,925,239</u>

**County of Oakland**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Capital Project Funds**  
**Year Ended September 30, 2015**

	<b>Building Improvement</b>	<b>Project Work Orders</b>	<b>Facilities Infrastructure &amp; IT Projects</b>	<b>CMHA Building Renovation</b>	<b>Major Dept. Support Projects</b>
<b>Revenues</b>					
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	55,206	-	-	-
Investment income	-	-	108,736	18,289	-
Total revenues	<u>-</u>	<u>55,206</u>	<u>108,736</u>	<u>18,289</u>	<u>-</u>
<b>Expenditures</b>					
Capital outlay	-	8,428,569	5,233,072	75,569	1,756,582
Total expenditures	<u>-</u>	<u>8,428,569</u>	<u>5,233,072</u>	<u>75,569</u>	<u>1,756,582</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(8,373,363)</u>	<u>(5,124,336)</u>	<u>(57,280)</u>	<u>(1,756,582)</u>
<b>Other financing sources (uses)</b>					
Transfers in	1,574,933	5,622,103	462,810	-	1,199,023
Transfers out	<u>(1,422,728)</u>	<u>(616,970)</u>	<u>-</u>	<u>(3,482,516)</u>	<u>-</u>
Total other financing sources (uses)	<u>152,205</u>	<u>5,005,133</u>	<u>462,810</u>	<u>(3,482,516)</u>	<u>1,199,023</u>
Net change in fund balances	152,205	(3,368,230)	(4,661,526)	(3,539,796)	(557,559)
<b>Fund balances (deficit)</b>					
October 1, 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>
September 30, 2015	<u>\$ 5,270,155</u>	<u>\$ 7,492,918</u>	<u>\$ 8,958,428</u>	<u>\$ 5,525</u>	<u>\$ 2,937,557</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, 2015**

	Lake Levels Act 146	Lake Improvements Act 345	Drain Chapter 4 Construction	Drain Commissioner Revolving	Long-term Revolving	Totals September 30, 2015
<b>Revenues</b>						
Special assessments	\$ 27,481	\$ -	\$ 118,944	\$ -	\$ -	\$ 146,425
Charges for services	2,597	-	722	-	-	58,525
Investment income	178	83	2,176	-	-	129,462
Total revenues	<u>30,256</u>	<u>83</u>	<u>121,842</u>	<u>-</u>	<u>-</u>	<u>334,412</u>
<b>Expenditures</b>						
Capital outlay	2,136	-	584,687	-	-	16,080,615
Total expenditures	<u>2,136</u>	<u>-</u>	<u>584,687</u>	<u>-</u>	<u>-</u>	<u>16,080,615</u>
Excess (deficiency) of revenues over (under) expenditures	<u>28,120</u>	<u>83</u>	<u>(462,845)</u>	<u>-</u>	<u>-</u>	<u>(15,746,203)</u>
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	8,858,869
Transfers out	-	-	-	-	-	(5,522,214)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,336,655</u>
Net change in fund balances	28,120	83	(462,845)	-	-	(12,409,548)
<b>Fund balances (deficit)</b>						
October 1, 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>
September 30, 2015	<u>\$ (162,619)</u>	<u>\$ 9,483</u>	<u>\$ (863,079)</u>	<u>\$ 1,825,000</u>	<u>\$ 2,491,000</u>	<u>\$ 27,964,368</u>

# County of Oakland

## Internal Service Funds

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### **Internal Service Funds**

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

***The Facilities Maintenance and Operations Fund*** - accumulates the costs of operating and maintaining the County's buildings, grounds, and utilities. The fund recovers costs by developing rates and billing user departments.

***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 to 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 Retiree Healthcare Refunding debt. Due to the nature of the fund serving as the mechanism for employee benefits, the entire Net Pension liability is also recorded in the Fringe Benefit fund.

**County of Oakland  
Combining Statement of Net Position  
Internal Service Funds  
September 30, 2015**

	<b>Facilities Maintenance and Operations</b>	<b>Information Technology</b>	<b>Drain Equipment</b>	<b>Motor Pool</b>
<b>Assets</b>				
Current assets				
Pooled cash and investments	\$ 8,662,208	\$ 12,628,558	\$ 4,566,181	\$ 3,219,786
Due from other governmental units	5,586	14,312	495,460	19,507
Due from component units	5,047	21,477	75	-
Accrued interest receivable	14,420	37,738	1,049	5,873
Accounts receivable (net of allowance for uncollectibles where applicable)	369,760	38,920	113,623	371
Due from other funds	-	308	-	-
Inventories and supplies	529,507	25,503	565,521	230,482
Prepayments and other assets	-	3,950,546	-	4,208
Total current assets	9,586,528	16,717,362	5,741,909	3,480,227
Noncurrent assets				
Capital assets, at cost				
Land	-	-	130,000	-
Buildings and improvements	525,283	-	1,867,642	424,860
Equipment and vehicles	2,109,702	59,712,829	6,584,719	16,198,448
Infrastructure	3,169,683	-	-	-
Construction in progress	-	5,494,594	3,944,383	-
	5,804,668	65,207,423	12,526,744	16,623,308
Less: Accumulated depreciation	5,492,999	53,519,590	5,191,159	11,217,506
Capital assets, net	311,669	11,687,833	7,335,585	5,405,802
Total assets	9,898,197	28,405,195	13,077,494	8,886,029
<b>Deferred Outflows of Resources</b>				
Deferred outflows related to pension	-	-	-	-
Total deferred outflows of resources	-	-	-	-

(continued)

**County of Oakland  
Combining Statement of Net Position (Continued)  
Internal Service Funds  
September 30, 2015**

	Telephone Communications	Building and Liability Insurance	Fringe Benefits	Totals September 30, 2015
<b>Assets</b>				
Current assets				
Pooled cash and investments	\$ 4,347,799	\$ 11,698,693	\$ 70,526,593	\$ 115,649,818
Due from other governmental units	1,134	-	320	536,319
Due from component units	-	-	-	26,599
Accrued interest receivable	2,965	117,310	432,354	611,709
Accounts receivable (net of allowance for uncollectibles where applicable)	453	-	399,452	922,579
Due from other funds	-	-	-	308
Inventories and supplies	-	-	-	1,351,013
Prepayments and other assets	12,287	560,562	2,133,741	6,661,344
Total current assets	<u>4,364,638</u>	<u>12,376,565</u>	<u>73,492,460</u>	<u>125,759,689</u>
Noncurrent assets				
Capital assets, at cost				
Land	-	-	-	130,000
Buildings and improvements	-	-	-	2,817,785
Equipment and vehicles	4,838,959	-	-	89,444,657
Infrastructure	-	-	-	3,169,683
Construction in progress	-	-	-	9,438,977
	<u>4,838,959</u>	<u>-</u>	<u>-</u>	<u>105,001,102</u>
Less: Accumulated depreciation	<u>4,764,279</u>	<u>-</u>	<u>-</u>	<u>80,185,533</u>
Capital assets, net	<u>74,680</u>	<u>-</u>	<u>-</u>	<u>24,815,569</u>
Total assets	<u>4,439,318</u>	<u>12,376,565</u>	<u>73,492,460</u>	<u>150,575,258</u>
<b>Deferred Outflows of Resources</b>				
Deferred outflows related to pension	<u>-</u>	<u>-</u>	<u>40,245,669</u>	<u>40,245,669</u>
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>40,245,669</u>	<u>40,245,669</u>

(continued)

**County of Oakland**  
**Combining Statement of Net Position (Continued)**  
**Internal Service Funds**  
**September 30, 2015**

	<b>Facilities Maintenance and Operations</b>	<b>Information Technology</b>	<b>Drain Equipment</b>	<b>Motor Pool</b>
<b>Liabilities</b>				
Current liabilities				
Vouchers payable	\$ 202,061	\$ 674,984	\$ 195,985	\$ 153,871
Due to other governmental units	-	42,156	-	-
Due to component units	-	495	-	-
Due to other funds	3,493	76,968	-	-
Unearned revenue	92,885	1,000	-	-
Current portion of compensated absences	-	-	-	-
Current portion of claims and judgments	-	-	-	-
Current portion of advances payable	-	-	12,883	-
Other accrued liabilities	618,696	1,021,196	754,868	4,428
Total current liabilities	917,135	1,816,799	963,736	158,299
Noncurrent liabilities				
Net pension liability	-	-	-	-
Accrued compensated absences	-	-	-	-
Claims and judgments	-	-	-	-
Advances payable	-	-	64,415	-
Total noncurrent liabilities	-	-	64,415	-
Total liabilities	917,135	1,816,799	1,028,151	158,299
<b>Net Position</b>				
Net investment in capital assets	311,669	11,687,833	7,335,585	5,405,802
Unrestricted	8,669,393	14,900,563	4,713,758	3,321,928
Total net position	\$ 8,981,062	\$ 26,588,396	\$ 12,049,343	\$ 8,727,730

**County of Oakland**  
**Combining Statement of Net Position (Continued)**  
**Internal Service Funds**  
**September 30, 2015**

	Telephone Communications	Building and Liability Insurance	Fringe Benefits	Totals September 30, 2015
<b>Liabilities</b>				
Current liabilities				
Vouchers payable	\$ 70,601	\$ 32,014	\$ 1,243,642	\$ 2,573,158
Due to other governmental units	-	-	238,070	280,226
Due to component units	-	-	-	495
Due to other funds	-	-	-	80,461
Unearned revenue	-	-	-	93,885
Current portion of compensated absences	-	-	1,250,552	1,250,552
Current portion of claims and judgments	-	1,178,895	3,226,870	4,405,765
Current portion of advances payable	-	-	-	12,883
Other accrued liabilities	24,940	4,230	3,078,964	5,507,322
Total current liabilities	<u>95,541</u>	<u>1,215,139</u>	<u>9,038,098</u>	<u>14,204,747</u>
Noncurrent liabilities				
Net pension liability	-	-	12,718,628	12,718,628
Accrued compensated absences	-	-	11,254,965	11,254,965
Claims and judgments	-	3,374,707	11,293,130	14,667,837
Advances payable	-	-	-	64,415
Total noncurrent liabilities	<u>-</u>	<u>3,374,707</u>	<u>35,266,723</u>	<u>38,705,845</u>
Total liabilities	<u>95,541</u>	<u>4,589,846</u>	<u>44,304,821</u>	<u>52,910,592</u>
<b>Net Position</b>				
Net investment in capital assets	74,680	-	-	24,815,569
Unrestricted	4,269,097	7,786,719	69,433,308	113,094,766
Total net position	<u>\$ 4,343,777</u>	<u>\$ 7,786,719</u>	<u>\$ 69,433,308</u>	<u>\$ 137,910,335</u>

**County of Oakland**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**Year Ended September 30, 2015**

	<b>Facilities Maintenance and Operations</b>	<b>Information Technology</b>	<b>Drain Equipment</b>	<b>Motor Pool</b>
<b>Operating revenues</b>				
Charges for services	\$ 23,715,005	\$ 25,071,797	\$ 32,130,023	\$ 7,552,141
Other	7,596	854,368	2,422	2,584
Total operating revenues	<u>23,722,601</u>	<u>25,926,165</u>	<u>32,132,445</u>	<u>7,554,725</u>
<b>Operating expenses</b>				
Salaries	7,593,415	8,609,169	14,533,352	764,387
Fringe benefits	4,860,982	4,708,048	9,221,224	501,942
Fringe benefits - pension	-	-	-	-
Contractual services	10,535,476	13,907,039	678,323	1,356,886
Commodities	981,929	1,020,453	1,103,310	3,044,087
Depreciation	86,676	2,278,981	651,700	2,046,989
Internal services	1,158,304	1,007,557	2,757,379	343,296
Total operating expenses	<u>25,216,782</u>	<u>31,531,247</u>	<u>28,945,288</u>	<u>8,057,587</u>
Operating income (loss)	<u>(1,494,181)</u>	<u>(5,605,082)</u>	<u>3,187,157</u>	<u>(502,862)</u>
<b>Nonoperating revenues (expenses)</b>				
Contributions	18,750	-	300,957	6,324
Interest revenue	92,366	75,847	16,632	27,671
Interest expense	-	-	(2,346)	-
Bonds maturing	-	-	-	-
Gain on sale of property and equipment	12	1,116	-	358,710
Net nonoperating revenues (expenses)	<u>111,128</u>	<u>76,963</u>	<u>315,243</u>	<u>392,705</u>
Income (loss) before transfers and contributions	<u>(1,383,053)</u>	<u>(5,528,119)</u>	<u>3,502,400</u>	<u>(110,157)</u>
Capital contributions	-	5,536,319	225,000	-
Transfers in	67,055	5,030,467	94,000	621,149
Transfers out	(145,350)	(59,857)	(133,230)	-
Change in net position	<u>(1,461,348)</u>	<u>4,978,810</u>	<u>3,688,170</u>	<u>510,992</u>
<b>Net position</b>				
October 1, 2014 (as Restated, see Note 20)	<u>10,442,410</u>	<u>21,609,586</u>	<u>8,361,173</u>	<u>8,216,738</u>
September 30, 2015	<u>\$ 8,981,062</u>	<u>\$ 26,588,396</u>	<u>\$ 12,049,343</u>	<u>\$ 8,727,730</u>

**County of Oakland**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)**  
**Internal Service Funds**  
**Year Ended September 30, 2015**

	Telephone Communications	Building and Liability Insurance	Fringe Benefits	Totals September 30, 2015
<b>Operating revenues</b>				
Charges for services	\$ 2,869,678	\$ 2,388,279	\$136,545,305	\$230,272,228
Other	-	1,250,046	2,486,392	4,603,408
Total operating revenues	<u>2,869,678</u>	<u>3,638,325</u>	<u>139,031,697</u>	<u>234,875,636</u>
<b>Operating expenses</b>				
Salaries	216,551	515,733	1,221,210	33,453,817
Fringe benefits	134,695	249,772	671,576	20,348,239
Fringe benefits - pension	-	-	36,325,259	36,325,259
Contractual services	1,558,885	7,621,495	99,645,956	135,304,060
Commodities	154,796	22,722	15,152	6,342,449
Depreciation	91,037	-	-	5,155,383
Internal services	522,073	94,955	244,716	6,128,280
Total operating expenses	<u>2,678,037</u>	<u>8,504,677</u>	<u>138,123,869</u>	<u>243,057,487</u>
Operating income (loss)	<u>191,641</u>	<u>(4,866,352)</u>	<u>907,828</u>	<u>(8,181,851)</u>
<b>Nonoperating revenues (expenses)</b>				
Contributions	-	-	-	326,031
Interest revenue	35,909	136,806	623,438	1,008,669
Interest expense	-	-	(12,588,479)	(12,590,825)
Bonds maturing	-	-	(21,410,000)	(21,410,000)
Gain on sale of property and equipment	-	-	-	359,838
Net nonoperating revenues (expenses)	<u>35,909</u>	<u>136,806</u>	<u>(33,375,041)</u>	<u>(32,306,287)</u>
Income (loss) before transfers and contributions	<u>227,550</u>	<u>(4,729,546)</u>	<u>(32,467,213)</u>	<u>(40,488,138)</u>
Capital contributions	-	-	-	5,761,319
Transfers in	-	-	4,554,832	10,367,503
Transfers out	-	-	-	(338,437)
Change in net position	<u>227,550</u>	<u>(4,729,546)</u>	<u>(27,912,381)</u>	<u>(24,697,753)</u>
<b>Net position</b>				
October 1, 2014 (as Restated, see Note 20)	<u>4,116,227</u>	<u>12,516,265</u>	<u>97,345,689</u>	<u>162,608,088</u>
September 30, 2015	<u>\$ 4,343,777</u>	<u>\$ 7,786,719</u>	<u>\$ 69,433,308</u>	<u>\$ 137,910,335</u>

**County of Oakland**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**Year Ended September 30, 2015**

	<b>Facilities Maintenance and Operations</b>	<b>Information Technology</b>	<b>Drain Equipment</b>	<b>Motor Pool</b>
<b>Cash flows from operating activities</b>				
Cash received from users	\$ 23,578,985	\$26,157,658	\$31,661,715	\$7,538,112
Cash paid to suppliers	(17,640,932)	(21,810,511)	(13,427,044)	(5,041,663)
Cash paid to employees	<u>(7,593,415)</u>	<u>(8,609,169)</u>	<u>(14,533,352)</u>	<u>(764,387)</u>
Net cash provided by (used in) operating activities	<u>(1,655,362)</u>	<u>(4,262,022)</u>	<u>3,701,319</u>	<u>1,732,062</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers from other funds	67,055	3,913,676	94,000	-
Transfers to other funds	(145,350)	(59,857)	(133,230)	-
Contributions	-	-	300,957	6,324
Principal paid on debt	-	-	-	-
Interest paid on debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) noncapital financing activities	<u>(78,295)</u>	<u>3,853,819</u>	<u>261,727</u>	<u>6,324</u>
<b>Cash flows from capital and related financing activities</b>				
Transfers from other funds	-	1,116,791	-	621,149
Contributions for capital acquisitions	18,750	-	225,000	-
Proceeds from sale of capital assets	12	1,116	-	626,413
Acquisition of capital assets	(83,229)	(1,099,368)	(1,431,231)	(3,166,634)
Amount paid on advances	-	-	(155,414)	-
Interest paid on advances	<u>-</u>	<u>-</u>	<u>(2,346)</u>	<u>-</u>
Net cash provided by (used in) capital and related financing activities	<u>(64,467)</u>	<u>18,539</u>	<u>(1,363,991)</u>	<u>(1,919,072)</u>
<b>Cash flows from investing activities</b>				
Interest on investments	<u>94,640</u>	<u>76,554</u>	<u>17,115</u>	<u>27,446</u>
Net cash provided by investing activities	<u>94,640</u>	<u>76,554</u>	<u>17,115</u>	<u>27,446</u>
Net increase (decrease) in cash and cash equivalents	(1,703,484)	(313,110)	2,616,170	(153,240)
<b>Pooled cash and investments</b>				
October 1, 2014	<u>10,365,692</u>	<u>12,941,668</u>	<u>1,950,011</u>	<u>3,373,026</u>
September 30, 2015	<u>\$ 8,662,208</u>	<u>\$12,628,558</u>	<u>\$ 4,566,181</u>	<u>\$3,219,786</u>

(continued)

**County of Oakland**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**Year Ended September 30, 2015**

	<b>Telephone Communications</b>	<b>Building and Liability Insurance</b>	<b>Fringe Benefits</b>	<b>Totals September 30, 2015</b>
<b>Cash flows from operating activities</b>				
Cash received from users	\$ 2,868,876	\$ 3,638,325	\$138,632,295	\$ 234,075,966
Cash paid to suppliers	(2,387,582)	(9,473,747)	(101,263,733)	(171,045,212)
Cash paid to employees	(216,551)	(515,733)	(1,221,210)	(33,453,817)
Net cash provided by (used in) operating activities	<u>264,743</u>	<u>(6,351,155)</u>	<u>36,147,352</u>	<u>29,576,937</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers from other funds	-	-	4,554,832	8,629,563
Transfers to other funds	-	-	-	(338,437)
Contributions	-	-	-	307,281
Principal paid on debt	-	-	(21,410,000)	(21,410,000)
Interest paid on debt	-	-	(12,588,479)	(12,588,479)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>(29,443,647)</u>	<u>(25,400,072)</u>
<b>Cash flows from capital and related financing activities</b>				
Transfers from other funds	-	-	-	1,737,940
Contributions for capital acquisitions	-	-	-	243,750
Proceeds from sale of capital assets	-	-	-	627,541
Acquisition of capital assets	-	-	-	(5,780,462)
Amount paid on advances	-	-	-	(155,414)
Interest paid on advances	-	-	-	(2,346)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,328,991)</u>
<b>Cash flows from investing activities</b>				
Interest on investments	36,703	139,900	624,640	1,016,998
Net cash provided by investing activities	<u>36,703</u>	<u>139,900</u>	<u>624,640</u>	<u>1,016,998</u>
Net increase (decrease) in cash and cash equivalents	301,446	(6,211,255)	7,328,345	1,864,872
<b>Pooled cash and investments</b>				
October 1, 2014	4,046,353	17,909,948	63,198,248	113,784,946
September 30, 2015	<u>\$ 4,347,799</u>	<u>\$ 11,698,693</u>	<u>\$ 70,526,593</u>	<u>\$ 115,649,818</u>

**County of Oakland**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**Year Ended September 30, 2015**

	<b>Facilities Maintenance and Operations</b>	<b>Information Technology</b>	<b>Drain Equipment</b>	<b>Motor Pool</b>
Operating income (loss)	\$ (1,494,181)	\$ (5,605,082)	\$ 3,187,157	\$ (502,862)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	86,676	2,278,981	651,700	2,046,989
(Increase) decrease in due from other governmental units	-	(3,488)	(461,949)	(16,242)
(Increase) decrease in due from component units	76	1,359	2,057	-
(Increase) decrease in accounts receivable	(144,565)	10,741	(10,838)	(371)
(Increase) decrease in due from other funds	-	222,131	-	-
(Increase) decrease in inventories and supplies	(333,812)	4,362	(71,905)	92,984
(Increase) decrease in prepayments and other assets	199	(1,337,322)	-	6
(Increase) decrease in deferred outflows related to pension	-	-	-	-
Increase (decrease) in vouchers payable	3,619	37,423	(7,937)	108,618
Increase (decrease) in due to other governmental units	-	42,156	-	-
Increase (decrease) in due to component units	-	495	-	-
Increase (decrease) in due to other funds	(38,784)	(92,762)	(240)	-
Increase (decrease) in unearned revenue	873	750	-	-
Increase (decrease) in current portion of compensated absences	-	-	-	-
Increase (decrease) in current portion of claims and judgments	-	-	-	-
Increase (decrease) increase in other accrued liabilities	264,537	178,234	413,274	2,940
Increase (decrease) increase in net pension liability	-	-	-	-
Increase (decrease) in accrued compensated absences	-	-	-	-
Increase (decrease) in claims and judgments	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ (1,655,362)</u>	<u>\$ (4,262,022)</u>	<u>\$ 3,701,319</u>	<u>\$ 1,732,062</u>

(continued)

**County of Oakland**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**Year Ended September 30, 2015**

	<b>Telephone Communications</b>	<b>Building and Liability Insurance</b>	<b>Fringe Benefits</b>	<b>Totals September 30, 2015</b>
Operating (loss) income	\$ 191,641	\$ (4,866,352)	\$ 907,828	\$ (8,181,851)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	91,037	-	-	5,155,383
(Increase) decrease in due from other governmental units	(692)	-	(40)	(482,411)
(Increase) decrease in due from component units	-	-	-	3,492
(Increase) decrease in accounts receivable	(110)	-	(399,362)	(544,505)
(Increase) decrease in due from other funds	-	-	-	222,131
(Increase) decrease in inventories and supplies	-	-	-	(308,371)
(Increase) decrease in prepayments and other assets	31,234	13,914	266,821	(1,025,148)
(Increase) decrease in outflows related to pension	-	-	(40,245,669)	(40,245,669)
Increase (decrease) in vouchers payable	(50,447)	(122,426)	(704,110)	(735,260)
Increase (decrease) in due to other governmental units	-	-	(43,169)	(1,013)
Increase (decrease) in due to component units	-	-	-	495
Increase (decrease) in due to other funds	-	-	-	(131,786)
Increase (decrease) in unearned revenue	-	-	-	1,623
Increase (decrease) in current portion of compensated absences	-	-	19,017	19,017
Increase (decrease) in current portion of claims and judgments	-	677,626	415,174	1,092,800
Increase (decrease) in other accrued liabilities	2,080	(152,343)	216,469	925,191
Increase (decrease) increase in net pension liability	-	-	76,570,928	76,570,928
Increase (decrease) in accrued compensated absences	-	-	171,150	171,150
Increase (decrease) in claims and judgments	-	(1,901,574)	(1,027,685)	(2,929,259)
Net cash provided by (used in) operating activities	<u>\$ 264,743</u>	<u>\$ (6,351,155)</u>	<u>\$ 36,147,352</u>	<u>\$ 29,576,937</u>

**Noncash transactions:**

Non-cash and capital related financing activities included contribution of capital assets in the amount of \$5,536,319, and acquisition of capital assets in the amount of \$42,735 reported in the Other Accrued Liabilities liability account in the Information Technology fund.

Non-cash and non-capital related financing activities included recording of pension expense of \$36,325,259 in the Fringe Benefits fund.

## County of Oakland Non-Major Enterprise Funds

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### **Enterprise Funds**

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

***The Delinquent Personal 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, 2015**

	<b>Delinquent Personal Property Tax Administration</b>	<b>Fire Records Management</b>	<b>CLEMIS</b>	<b>Radio Communications</b>	<b>Huron- Rouge S.D.S.</b>	<b>Totals September 30, 2015</b>
<b>Assets</b>						
Current assets						
Pooled cash and investments	\$ 68,457	\$ 279,045	\$ 11,859,344	\$ 17,025,610	\$ 7,366,332	\$ 36,598,788
Due from other governmental units	-	49,715	1,002,977	20,305	1,031,602	2,104,599
Accrued interest receivable	58,827	1,083	9,278	97,310	8,943	175,441
Accounts receivable (net of allowances for uncollectibles where applicable)	-	2,880	188,051	1,266,972	-	1,457,903
Due from other funds	-	76,968	1,152	404	-	78,524
Inventories and supplies	-	-	-	363,686	-	363,686
Prepayments and other assets	-	28,434	964,710	238,754	-	1,231,898
Total current assets	<u>127,284</u>	<u>438,125</u>	<u>14,025,512</u>	<u>19,013,041</u>	<u>8,406,877</u>	<u>42,010,839</u>
Noncurrent assets						
Capital assets, at cost						
Land	-	-	-	-	19,749	19,749
Buildings and improvements	-	-	-	12,952,637	348,504	13,301,141
Equipment and vehicles	-	534,338	41,188,275	26,489,859	-	68,212,472
Infrastructure	-	-	-	8,585,770	2,962,297	11,548,067
Construction in progress	-	241,071	2,536,803	1,369,170	-	4,147,044
	-	775,409	43,725,078	49,397,436	3,330,550	97,228,473
Less: Accumulated depreciation	-	534,338	37,370,293	26,803,742	2,779,674	67,488,047
Capital assets, net	<u>-</u>	<u>241,071</u>	<u>6,354,785</u>	<u>22,593,694</u>	<u>550,876</u>	<u>29,740,426</u>
Total assets	<u>127,284</u>	<u>679,196</u>	<u>20,380,297</u>	<u>41,606,735</u>	<u>8,957,753</u>	<u>71,751,265</u>
<b>Liabilities</b>						
Current liabilities						
Vouchers payable	4,113	-	201,950	133,990	1,736	341,789
Due to other governmental units	-	-	570,197	4,886	474,484	1,049,567
Due to other funds	-	-	404	1,152	-	1,556
Unearned revenue	-	-	278,688	-	-	278,688
Other accrued liabilities	-	63,215	359,038	87,259	1,964	511,476
Total liabilities	<u>4,113</u>	<u>63,215</u>	<u>1,410,277</u>	<u>227,287</u>	<u>478,184</u>	<u>2,183,076</u>
<b>Net Position</b>						
Net investment in capital assets	-	241,071	6,354,785	22,593,694	550,876	29,740,426
Restricted for programs	-	-	-	-	5,907,775	5,907,775
Unrestricted	123,171	374,910	12,615,235	18,785,754	2,020,918	33,919,988
Total net position	<u>\$ 123,171</u>	<u>\$ 615,981</u>	<u>\$ 18,970,020</u>	<u>\$ 41,379,448</u>	<u>\$ 8,479,569</u>	<u>\$ 69,568,189</u>

**County of Oakland**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Non-Major Enterprise Funds**  
**Year Ended September 30, 2015**

	<b>Delinquent Personal Property Tax Administration</b>	<b>Fire Records Management</b>	<b>CLEMIS</b>	<b>Radio Communications</b>	<b>Huron- Rouge S.D.S.</b>	<b>Totals September 30, 2015</b>
<b>Operating revenues</b>						
Charges for services	\$ 539,033	\$ 203,474	\$ 6,404,880	\$ 6,114,437	\$ 6,191,267	\$ 19,453,091
Other	-	-	32	110,988	-	111,020
Total operating revenues	<u>539,033</u>	<u>203,474</u>	<u>6,404,912</u>	<u>6,225,425</u>	<u>6,191,267</u>	<u>19,564,111</u>
<b>Operating expenses</b>						
Salaries	226,345	217,539	1,310,354	596,970	-	2,351,208
Fringe benefits	127,680	131,071	697,538	351,615	-	1,307,904
Contractual services	342,354	206,556	4,799,016	1,799,663	5,830,068	12,977,657
Commodities	3,988	3,708	152,511	414,404	411	575,022
Depreciation	-	1,850	2,962,826	5,673,960	66,217	8,704,853
Internal services	44,194	58,686	572,632	1,312,045	38,100	2,025,657
Intergovernmental	-	-	-	50,000	-	50,000
Total operating expenses	<u>744,561</u>	<u>619,410</u>	<u>10,494,877</u>	<u>10,198,657</u>	<u>5,934,796</u>	<u>27,992,301</u>
Operating income (loss)	<u>(205,528)</u>	<u>(415,936)</u>	<u>(4,089,965)</u>	<u>(3,973,232)</u>	<u>256,471</u>	<u>(8,428,190)</u>
<b>Nonoperating revenues (expenses)</b>						
Interest revenue	1,600	2,595	100,488	147,471	67,063	319,217
Gain (loss) on sale of property and equipment	-	-	152	-	-	152
Total nonoperating revenues (expenses)	<u>1,600</u>	<u>2,595</u>	<u>100,640</u>	<u>147,471</u>	<u>67,063</u>	<u>319,369</u>
Income (loss) before contributions and transfers	<u>(203,928)</u>	<u>(413,341)</u>	<u>(3,989,325)</u>	<u>(3,825,761)</u>	<u>323,534</u>	<u>(8,108,821)</u>
Capital contributions	-	166,952	594,061	-	-	761,013
Transfers in	-	461,711	2,044,186	71,881	-	2,577,778
Transfers out	-	-	-	(486,000)	(4,054)	(490,054)
Change in net position	<u>(203,928)</u>	<u>215,322</u>	<u>(1,351,078)</u>	<u>(4,239,880)</u>	<u>319,480</u>	<u>(5,260,084)</u>
<b>Net position</b>						
October 1, 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>
September 30, 2015	<u>\$ 123,171</u>	<u>\$ 615,981</u>	<u>\$ 18,970,020</u>	<u>\$ 41,379,448</u>	<u>\$ 8,479,569</u>	<u>\$ 69,568,189</u>

**County of Oakland  
Combining Statement of Cash Flows  
Non-Major Enterprise Funds  
Year Ended September 30, 2015**

	<b>Delinquent Personal Property Tax Administration</b>	<b>Fire Records Management</b>	<b>CLEMIS</b>	<b>Radio Communications</b>	<b>Huron- Rouge S.D.S.</b>	<b>Totals September 30, 2015</b>
<b>Cash flows from operating activities</b>						
Cash received from users	\$ 539,033	\$ 121,491	\$ 6,339,171	\$ 6,122,571	\$ 5,675,466	\$ 18,797,732
Cash paid to suppliers	(515,909)	(346,096)	(5,959,255)	(3,858,815)	(5,864,879)	(16,544,954)
Cash paid to employees	(226,345)	(217,539)	(1,310,354)	(596,970)	-	(2,351,208)
Net cash provided by (used in) operating activities	<u>(203,221)</u>	<u>(442,144)</u>	<u>(930,438)</u>	<u>1,666,786</u>	<u>(189,413)</u>	<u>(98,430)</u>
<b>Cash flows from noncapital financing activities</b>						
Transfers from other funds	-	461,711	2,044,186	71,881	-	2,577,778
Transfers to other funds	-	-	-	(486,000)	(4,054)	(490,054)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>461,711</u>	<u>2,044,186</u>	<u>(414,119)</u>	<u>(4,054)</u>	<u>2,087,724</u>
<b>Cash flows from capital and related financing activities</b>						
Proceeds from sale of capital assets	-	-	152	-	-	152
Acquisition of capital assets	-	(74,119)	(350,077)	(161,928)	-	(586,124)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>(74,119)</u>	<u>(349,925)</u>	<u>(161,928)</u>	<u>-</u>	<u>(585,972)</u>
<b>Cash flows from investing activities</b>						
Interest on investments	1,568	2,643	102,438	150,248	68,283	325,180
Net cash provided by investing activities	<u>1,568</u>	<u>2,643</u>	<u>102,438</u>	<u>150,248</u>	<u>68,283</u>	<u>325,180</u>
Net increase (decrease) in cash and cash equivalents	(201,653)	(51,909)	866,261	1,240,987	(125,184)	1,728,502
<b>Pooled cash and investments</b>						
October 1, 2014	<u>270,110</u>	<u>330,954</u>	<u>10,993,083</u>	<u>15,784,623</u>	<u>7,491,516</u>	<u>34,870,286</u>
September 30, 2015	<u>\$ 68,457</u>	<u>\$ 279,045</u>	<u>\$ 11,859,344</u>	<u>\$ 17,025,610</u>	<u>\$ 7,366,332</u>	<u>\$ 36,598,788</u>

(continued)

**County of Oakland  
Combining Statement of Cash Flows (Continued)  
Non-Major Enterprise Funds  
Year Ended September 30, 2015**

	<b>Delinquent</b>			<b>Radio</b>	<b>Huron-</b>	<b>Totals</b>
	<b>Personal Property</b>	<b>Fire Records</b>		<b>Communications</b>	<b>Rouge S.D.S.</b>	<b>September 30,</b>
	<b>Tax Administration</b>	<b>Management</b>	<b>CLEMIS</b>			<b>2015</b>
Operating income (loss)	\$ (205,528)	\$ (415,936)	\$ (4,089,965)	\$ (3,973,232)	\$ 256,471	\$ (8,428,190)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation expense	-	1,850	2,962,826	5,673,960	66,217	8,704,853
(Increase) decrease in due from other governmental units	-	(4,915)	(162,814)	(857)	(515,801)	(684,387)
(Increase) decrease in due from component units	-	-	-	59	-	59
(Increase) decrease in accounts receivable	-	(100)	(57,288)	(101,652)	-	(159,040)
(Increase) decrease in due from other funds	-	(76,968)	138,778	(404)	-	61,406
(Increase) decrease in inventories and supplies	-	-	-	143,070	-	143,070
(Increase) decrease in prepayments and other assets	-	(9,290)	(123,889)	(3,978)	-	(137,157)
Increase (decrease) in vouchers payable	2,307	-	158,718	74,752	1,736	237,513
Increase (decrease) in due to other governmental units	-	-	115,444	(128,886)	-	(13,442)
Increase (decrease) in due to other funds	-	-	403	1,152	-	1,555
Increase (decrease) in unearned revenue	-	-	15,583	-	-	15,583
Increase (decrease) in other accrued liabilities	-	63,215	111,766	(17,198)	1,964	159,747
Net cash provided by (used in) operating activities	<u>\$ (203,221)</u>	<u>\$ (442,144)</u>	<u>\$ (930,438)</u>	<u>\$ 1,666,786</u>	<u>\$ (189,413)</u>	<u>\$ (98,430)</u>

**Noncash transactions**

Noncash and capital related financing activities included contribution of capital assets in the amount of \$166,952 and \$594,061 in the Fire Records Management and CLEMIS funds respectively.

**County of Oakland**  
**Combining Statement of Net Position**  
**Pension (and Other Postemployment Benefits) Trust Funds**  
**September 30, 2015**

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**Pension Trust Funds**

Employee Pension Trust funds accept payments made by the County, invest fund resources, and calculate and pay pensions 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 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, 2015**

	<b>Oakland County Employees' Retirement</b>	<b>OPEB Plan</b>	<b>Totals September 30, 2015</b>
<b>Assets</b>			
Pooled cash and investments	\$ 10,832,202	\$ 16,337,387	\$ 27,169,589
Investments, at fair value:			
Common stock	331,426,110	512,118,699	843,544,809
Preferred stock	42,432	39,559	81,991
Government agencies	58,811,173	83,021,915	141,833,088
Corporate bonds	93,604,316	121,741,149	215,345,465
Municipal bonds	1,549,054	1,036,499	2,585,553
Hedge funds	40,703,823	50,705,710	91,409,533
Limited partnerships	38,775,580	74,280,608	113,056,188
Asset-backed fixed income	6,946,045	10,948,032	17,894,077
Government bonds	10,442,097	14,173,369	24,615,466
Government mortgage-backed securities	26,503,577	33,456,966	59,960,543
Government issued commercial mortgage backed	628,544	479,624	1,108,168
Non-Government backed CMOs	1,175,297	1,218,519	2,393,816
Commercial mortgage-backed securities	12,065,272	14,275,054	26,340,326
Bank loans	2,405,136	2,466,959	4,872,095
Exchange traded funds	480,839	914,992	1,395,831
International common stock	28,765,124	37,975,685	66,740,809
Index linked government bonds	9,321,868	11,818,822	21,140,690
Real estate	65,957,250	90,974,955	156,932,205
Other fixed income	2,952,993	3,661,671	6,614,664
Other	628,922	-	628,922
Total investments	<u>733,185,452</u>	<u>1,065,308,787</u>	<u>1,798,494,239</u>
Receivables - interest and dividends	2,205,313	2,639,288	4,844,601
Receivables - other	8,590	20,708	29,298
Prepaid expenses	-	214,906	214,906
Total assets	<u>746,231,557</u>	<u>1,084,521,076</u>	<u>1,830,752,633</u>
<b>Liabilities</b>			
Vouchers payable	123,795	901,540	1,025,335
Other accrued liabilities	447,933	1,938,641	2,386,574
Total liabilities	<u>571,728</u>	<u>2,840,181</u>	<u>3,411,909</u>
<b>Net position</b>			
Held in trust for employees' pension and other postemployment healthcare benefits	<u>\$ 745,659,829</u>	<u>\$ 1,081,680,895</u>	<u>\$ 1,827,340,724</u>

**County of Oakland  
Combining Statement of Changes in Net Position  
Pension (and Other Postemployment Benefits) Trust Funds  
Year Ended September 30, 2015**

	<b>Oakland County Employees' Retirement</b>	<b>OPEB Plan</b>	<b>Totals September 30, 2015</b>
<b>Additions</b>			
Contributions			
Employer	\$ 4,554,832	\$ -	\$ 4,554,832
Plan members	473,247	111,372	584,619
Total contributions	<u>5,028,079</u>	<u>111,372</u>	<u>5,139,451</u>
Investment income	7,362,442	6,210,652	13,573,094
Other revenue	149,367	2,237,832	2,387,199
Total additions	<u>12,539,888</u>	<u>8,559,856</u>	<u>21,099,744</u>
<b>Deductions</b>			
Benefits	52,066,966	30,116,293	82,183,259
Administrative expenses	2,709,173	3,358,219	6,067,392
Total deductions	<u>54,776,139</u>	<u>33,474,512</u>	<u>88,250,651</u>
Net increase (decrease)	(42,236,251)	(24,914,656)	(67,150,907)
<b>Net position held in trust for employees' pension and other postemployment healthcare benefits</b>			
October 1, 2014	<u>787,896,080</u>	<u>1,106,595,551</u>	<u>1,894,491,631</u>
September 30, 2015	<u>\$ 745,659,829</u>	<u>\$ 1,081,680,895</u>	<u>\$ 1,827,340,724</u>

**County of Oakland  
Combining Schedule of Net Position  
Other Postemployment Benefits Trust Funds  
Year Ended September 30, 2015**

	<b>VEBA Trust</b>	<b>Superseding Trust</b>	<b>Totals September 30, 2015</b>
<b>Assets</b>			
Pooled cash and investments	\$ 16,229,924	\$ 107,463	\$ 16,337,387
Investments, at fair value:			
Common stock	506,211,605	5,907,094	512,118,699
Preferred stock	39,559	-	39,559
Government agencies	82,025,289	996,626	83,021,915
Corporate bonds	120,303,212	1,437,937	121,741,149
Municipal bonds	1,036,499	-	1,036,499
Hedge funds	50,705,710	-	50,705,710
Limited partnerships	74,280,608	-	74,280,608
Asset-backed fixed income	10,812,581	135,451	10,948,032
Government bonds	14,012,713	160,656	14,173,369
Government mortgage-backed securities	32,939,085	517,881	33,456,966
Government issued commercial backed	479,624	-	479,624
Non-Government backed CMOs	1,201,920	16,599	1,218,519
Commercial mortgage-backed securities	14,208,706	66,348	14,275,054
Bank loans	2,466,959	-	2,466,959
Exchange traded funds	914,992	-	914,992
International common stock	37,975,685	-	37,975,685
Index linked government bonds	11,681,754	137,068	11,818,822
Real estate	90,974,955	-	90,974,955
Other fixed income	2,955,524	706,147	3,661,671
Total investments	<u>1,055,226,980</u>	<u>10,081,807</u>	<u>1,065,308,787</u>
Receivables - interest and dividends	2,608,797	30,491	2,639,288
Receivables - other	20,708	-	20,708
Prepaid expenses	214,906	-	214,906
Total assets	<u>1,074,301,315</u>	<u>10,219,761</u>	<u>1,084,521,076</u>
<b>Liabilities</b>			
Vouchers payable	897,839	3,701	901,540
Other accrued liabilities	1,938,416	225	1,938,641
Total liabilities	<u>2,836,255</u>	<u>3,926</u>	<u>2,840,181</u>
<b>Net position</b>			
Held in trust for other postemployment healthcare benefits	<u>\$ 1,071,465,060</u>	<u>\$ 10,215,835</u>	<u>\$ 1,081,680,895</u>

**County of Oakland**  
**Combining Schedule of Changes in Net Position**  
**Other Postemployment Benefits Trust Funds**  
**Year Ended September 30, 2015**

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	<b>VEBA Trust</b>	<b>Superseding Trust</b>	<b>Totals September 30, 2015</b>
<b>Additions</b>			
Contributions			
Plan members	\$ 111,372	\$ -	\$ 111,372
Investment income	6,628,809	(418,157)	6,210,652
Other revenue	2,226,424	11,408	2,237,832
Total additions (decreases)	<u>8,966,605</u>	<u>(406,749)</u>	<u>8,559,856</u>
<b>Deductions</b>			
Benefits	30,116,293	-	30,116,293
Administrative expenses	3,349,826	8,393	3,358,219
Total deductions	<u>33,466,119</u>	<u>8,393</u>	<u>33,474,512</u>
Net increase (decrease)	(24,499,514)	(415,142)	(24,914,656)
<b>Net position held in trust for other postemployment healthcare benefits</b>			
October 1, 2014	1,095,964,574	10,630,977	1,106,595,551
September 30, 2015	<u>\$ 1,071,465,060</u>	<u>\$ 10,215,835</u>	<u>\$ 1,081,680,895</u>

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

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### **Investment Trust Funds**

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

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

**County of Oakland  
Statement of Net Position  
Investment Trust Funds  
September 30, 2015**

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	<b>Local Government Investment Pool</b>
<b>Assets</b>	
Pooled cash and investments	<u>\$ 500,425,222</u>
 Total assets	 <u>\$ 500,425,222</u>
 <b>Net position</b>	
Held in trust for investment pool participants	 <u>\$ 500,425,222</u>

**County of Oakland**  
**Statement of Changes in Net Position**  
**Investment Trust Funds**  
**Year Ended September 30, 2015**

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	<b>Local Government Investment Pool</b>
<b>Additions</b>	
Contributions from pool participants	\$ 863,051,594
Investment income	<u>3,830,655</u>
Total additions	<u>866,882,249</u>
<b>Deductions</b>	
Distribution to pool participants	<u>772,978,999</u>
Net increase	93,903,250
<b>Net position held in trust for pool participants</b>	
October 1, 2014	<u>406,521,972</u>
September 30, 2015	<u>\$ 500,425,222</u>

# County of Oakland

## Agency Funds

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### Agency Funds

These funds account for assets held by the County in a custodial capacity. Disbursements from these funds are contingent upon 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, 2015**

	<b>District Court Investments</b>	<b>Undistributed Taxes</b>	<b>Register of Deeds Trust</b>	<b>Sheriff NET Forfeiture</b>	<b>Circuit Court Trust</b>	<b>Escheats Trust</b>	<b>Legatee Trust</b>
<b>Assets</b>							
Pooled cash and investments	\$ 150,000	\$ 222,587,488	\$ 438,225	\$ 1,047,458	\$ 3,696,264	\$ 50,247	\$ 728,188
Cash and cash equivalents	-	-	-	-	-	-	-
Accrued interest receivable	709	-	-	23,044	112,851	-	1,178
Total assets	<u>\$ 150,709</u>	<u>\$ 222,587,488</u>	<u>\$ 438,225</u>	<u>\$ 1,070,502</u>	<u>\$ 3,809,115</u>	<u>\$ 50,247</u>	<u>\$ 729,366</u>
<b>Liabilities</b>							
Vouchers payable	\$ -	\$ 337,675	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governmental units	-	222,249,813	-	-	-	50,247	-
Other accrued liabilities	150,709	-	438,225	1,070,502	3,809,115	-	729,366
Total liabilities	<u>\$ 150,709</u>	<u>\$ 222,587,488</u>	<u>\$ 438,225</u>	<u>\$ 1,070,502</u>	<u>\$ 3,809,115</u>	<u>\$ 50,247</u>	<u>\$ 729,366</u>

(continued)

**County of Oakland**  
**Combining Statement of Net Position (Continued)**  
**Agency Funds**  
**September 30, 2015**

	<b>Special Trust</b>	<b>Contractor's Retainage</b>	<b>Public Library Trust</b>	<b>District Court Trust Accounts</b>	<b>Jail Inmate Trust Account</b>	<b>Totals September 30, 2015</b>
<b>Assets</b>						
Pooled cash and investments	\$ 2,274,679	\$ 5,113,818	\$ 821,010	\$ -	\$ -	\$236,907,377
Cash and cash equivalents	-	-	-	418,335	313,741	732,076
Accrued interest receivable	11,034	20,912	1,567	-	-	171,295
Total assets	<u>\$ 2,285,713</u>	<u>\$ 5,134,730</u>	<u>\$ 822,577</u>	<u>\$ 418,335</u>	<u>\$ 313,741</u>	<u>\$237,810,748</u>
<b>Liabilities</b>						
Vouchers payable	\$ -	\$ 69,928	\$ -	\$ -	\$ -	407,603
Due to other governmental units	-	-	-	-	-	222,300,060
Other accrued liabilities	2,285,713	5,064,802	822,577	418,335	313,741	15,103,085
Total liabilities	<u>\$ 2,285,713</u>	<u>\$ 5,134,730</u>	<u>\$ 822,577</u>	<u>\$ 418,335</u>	<u>\$ 313,741</u>	<u>\$237,810,748</u>

**County of Oakland**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**Year Ended September 30, 2015**

	Balance October 1, 2014	Additions	Deductions	Balance September 30, 2015
<b>District Court Investments</b>				
Assets				
Pooled cash and investments	\$ 170,000	\$ 1,436	\$ 21,436	\$ 150,000
Accrued interest receivable	722	173	186	709
Total	<u>\$ 170,722</u>	<u>\$ 1,609</u>	<u>\$ 21,622</u>	<u>\$ 150,709</u>
Liabilities				
Vouchers payable	\$ -	\$ 20,000	\$ 20,000	\$ -
Other accrued liabilities	170,722	1,587	21,600	150,709
Total	<u>\$ 170,722</u>	<u>\$ 21,587</u>	<u>\$ 41,600</u>	<u>\$ 150,709</u>
<b>Undistributed Taxes</b>				
Assets				
Pooled cash and investments	<u>\$ 178,949,779</u>	<u>\$ 820,642,753</u>	<u>\$ 777,005,044</u>	<u>\$ 222,587,488</u>
Liabilities				
Vouchers payable	\$ -	\$ 515,465,113	\$ 515,127,438	\$ 337,675
Due to other governmental units	178,949,779	820,630,668	777,330,634	222,249,813
Total	<u>\$ 178,949,779</u>	<u>\$ 1,336,095,781</u>	<u>\$ 1,292,458,072</u>	<u>\$ 222,587,488</u>
<b>Register of Deeds Trust</b>				
Assets				
Pooled cash and investments	<u>\$ 816,803</u>	<u>\$ 5,335,561</u>	<u>\$ 5,714,139</u>	<u>\$ 438,225</u>
Liabilities				
Vouchers payable	\$ 96,978	\$ 5,617,161	\$ 5,714,139	\$ -
Other accrued liabilities	719,825	5,414,120	5,695,720	438,225
Total	<u>\$ 816,803</u>	<u>\$ 11,031,281</u>	<u>\$ 11,409,859</u>	<u>\$ 438,225</u>
<b>Sheriff NET Forfeiture</b>				
Assets				
Pooled cash and investments	\$ 1,313,371	\$ 1,187,027	\$ 1,452,940	\$ 1,047,458
Accrued interest receivable	23,175	681	812	23,044
Total	<u>\$ 1,336,546</u>	<u>\$ 1,187,708</u>	<u>\$ 1,453,752</u>	<u>\$ 1,070,502</u>
Liabilities				
Vouchers payable	\$ -	\$ 930,850	\$ 930,850	\$ -
Other accrued liabilities	1,336,546	1,193,195	1,459,239	1,070,502
Total	<u>\$ 1,336,546</u>	<u>\$ 2,124,045</u>	<u>\$ 2,390,089</u>	<u>\$ 1,070,502</u>

**County of Oakland**  
**Combining Statement of Changes in Assets and Liabilities (Continued)**  
**Agency Funds**  
**Year Ended September 30, 2015**

	Balance October 1, 2014	Additions	Deductions	Balance September 30, 2015
<b>Circuit Court Trust</b>				
Assets				
Pooled cash and investments	\$ 5,123,558	\$ 3,767,935	\$ 5,195,229	\$ 3,696,264
Accrued interest receivable	112,851	5,345	5,345	112,851
Total	<u>\$ 5,236,409</u>	<u>\$ 3,773,280</u>	<u>\$ 5,200,574</u>	<u>\$ 3,809,115</u>
Liabilities				
Vouchers payable	\$ 1,253	\$ 4,846,163	\$ 4,847,416	\$ -
Other accrued liabilities	5,235,156	3,734,471	5,160,512	3,809,115
Total	<u>\$ 5,236,409</u>	<u>\$ 8,580,634</u>	<u>\$ 10,007,928</u>	<u>\$ 3,809,115</u>
<b>Escheats Trust</b>				
Assets				
Pooled cash and investments	\$ 27,986	\$ 114,771	\$ 92,510	\$ 50,247
Liabilities				
Vouchers payable	\$ -	\$ 90,710	\$ 90,710	\$ -
Due to other governmental units	27,986	114,771	92,510	50,247
Total	<u>\$ 27,986</u>	<u>\$ 205,481</u>	<u>\$ 183,220</u>	<u>\$ 50,247</u>
<b>Legatee Trust</b>				
Assets				
Pooled cash and investments	\$ 679,230	\$ 218,517	\$ 169,559	\$ 728,188
Accrued interest receivable	1,335	815	972	1,178
Total	<u>\$ 680,565</u>	<u>\$ 219,332</u>	<u>\$ 170,531</u>	<u>\$ 729,366</u>
Liabilities				
Vouchers payable	\$ -	\$ 103,660	\$ 103,660	\$ -
Other accrued liabilities	680,565	220,309	171,508	729,366
Total	<u>\$ 680,565</u>	<u>\$ 323,969</u>	<u>\$ 275,168</u>	<u>\$ 729,366</u>
<b>Special Trust</b>				
Assets				
Pooled cash and investments	\$ 1,995,840	\$ 2,788,428	\$ 2,509,589	\$ 2,274,679
Accrued interest receivable	11,351	2,306	2,623	11,034
Total	<u>\$ 2,007,191</u>	<u>\$ 2,790,734</u>	<u>\$ 2,512,212</u>	<u>\$ 2,285,713</u>
Liabilities				
Vouchers payable	\$ -	\$ 1,592,669	\$ 1,592,669	\$ -
Other accrued liabilities	2,007,191	2,794,984	2,516,462	2,285,713
Total	<u>\$ 2,007,191</u>	<u>\$ 4,387,653</u>	<u>\$ 4,109,131</u>	<u>\$ 2,285,713</u>

(continued)

**County of Oakland**  
**Combining Statement of Changes in Assets and Liabilities (Continued)**  
**Agency Funds**  
**Year Ended September 30, 2015**

	Balance October 1, 2014	Additions	Deductions	Balance September 30, 2015
<b>Contractor's Retainage</b>				
Assets				
Pooled cash and investments	\$ 5,542,858	\$ 2,576,027	\$ 3,005,067	\$ 5,113,818
Accrued interest receivable	21,707	5,273	6,068	20,912
Total	<u>\$ 5,564,565</u>	<u>\$ 2,581,300</u>	<u>\$ 3,011,135</u>	<u>\$ 5,134,730</u>
Liabilities				
Vouchers payable	\$ -	\$ 2,829,691	\$ 2,759,763	\$ 69,928
Other accrued liabilities	5,564,565	2,369,419	2,869,182	5,064,802
Total	<u>\$ 5,564,565</u>	<u>\$ 5,199,110</u>	<u>\$ 5,628,945</u>	<u>\$ 5,134,730</u>
<b>Public Library Trust</b>				
Assets				
Pooled cash and investments	\$ 695,348	\$ 2,586,218	\$ 2,460,556	\$ 821,010
Accrued interest receivable	2,217	1,676	2,326	1,567
Total	<u>\$ 697,565</u>	<u>\$ 2,587,894</u>	<u>\$ 2,462,882</u>	<u>\$ 822,577</u>
Liabilities				
Vouchers payable	\$ -	\$ 2,459,901	\$ 2,459,901	\$ -
Other accrued liabilities	697,565	2,587,801	2,462,789	822,577
Total	<u>\$ 697,565</u>	<u>\$ 5,047,702</u>	<u>\$ 4,922,690</u>	<u>\$ 822,577</u>
<b>District Court Trust Accounts</b>				
Assets				
Cash and cash equivalents	\$ 844,000	\$ 3,144,857	\$ 3,570,522	\$ 418,335
Liabilities				
Other accrued liabilities	\$ 844,000	\$ 3,144,857	\$ 3,570,522	\$ 418,335
<b>Jail Inmate Trust Account</b>				
Assets				
Cash and cash equivalents	\$ 319,851	\$ 2,635,490	\$ 2,641,600	\$ 313,741
Liabilities				
Other accrued liabilities	\$ 319,851	\$ 2,635,490	\$ 2,641,600	\$ 313,741

(continued)

**County of Oakland**  
**Combining Statement of Changes in Assets and Liabilities (Continued)**  
**Agency Funds**  
**Year Ended September 30, 2015**

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	<b>Balance October 1, 2014</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance September 30, 2015</b>
<b>Total All Agency Funds</b>				
Assets				
Pooled cash and investments	\$ 195,314,773	\$ 839,218,673	\$ 797,626,069	\$ 236,907,377
Cash and cash equivalents	1,163,851	5,780,347	6,212,122	732,076
Accrued interest receivable	173,358	16,269	18,332	171,295
Total	<u>\$ 196,651,982</u>	<u>\$ 845,015,289</u>	<u>\$ 803,856,523</u>	<u>\$ 237,810,748</u>
Liabilities				
Vouchers payable	\$ 98,231	\$ 533,955,918	\$ 533,646,546	\$ 407,603
Due to other governmental units	178,977,765	820,745,439	777,423,144	222,300,060
Other accrued liabilities	17,575,986	24,096,233	26,569,134	15,103,085
Total	<u>\$ 196,651,982</u>	<u>\$ 1,378,797,590</u>	<u>\$ 1,337,638,824</u>	<u>\$ 237,810,748</u>

## **County of Oakland**

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

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#### **Drainage Districts**

This component unit consists of many individual districts (currently 182) 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 38 debt issues) of the individual drainage districts.

**County of Oakland  
Combining Balance Sheet  
Governmental Funds – Component Unit – Drainage Districts  
September 30, 2015**

	<b>Drainage Districts</b>			<b>Totals September 30, 2015</b>
	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	
<b>Assets</b>				
Current assets				
Pooled cash and investments	\$ 15,896,706	\$ 3,424,328	\$ 18,781,525	\$ 38,102,559
Receivables (net of allowance for uncollectibles where applicable)				
Accounts receivable	33,000	-	8,265	41,265
Special assessments receivable	117,169	210,161,822		210,278,991
Due from other governmental units	8,609,624	19,941	1,166,194	9,795,759
Accrued interest receivable	67,040	28,800	-	95,840
Due from primary government	116,445	-	-	116,445
Due from other funds	-	6,438	350,000	356,438
Other assets	-	-	124,290	124,290
Total assets	<u>\$ 24,839,984</u>	<u>\$ 213,641,329</u>	<u>\$ 20,430,274</u>	<u>\$ 258,911,587</u>
<b>Liabilities</b>				
Vouchers payable	\$ 80,087	\$ 2,418,713	\$ 547,149	\$ 3,045,949
Due to other governmental units	12,886,792	36,411	160,000	13,083,203
Due to other funds	-	-	356,438	356,438
Due to primary government	380,269	-	311,958	692,227
Unearned revenue	-	15,145,232	-	15,145,232
Accrued interest payable	-	-	35,129	35,129
Other accrued liabilities	752,612	180,719	5,532,639	6,465,970
Total liabilities	<u>14,099,760</u>	<u>17,781,075</u>	<u>6,943,313</u>	<u>38,824,148</u>
<b>Deferred Inflow of Resources</b>				
Unavailable revenue - contracts	51,473	-	-	51,473
Unavailable revenue - special assessments	117,169	195,016,590	-	195,133,759
Total deferred inflows of resources	<u>168,642</u>	<u>195,016,590</u>	<u>-</u>	<u>195,185,232</u>
<b>Fund Balances</b>				
Restricted	10,571,582	843,664	-	11,415,246
Committed	-	-	13,486,961	13,486,961
Total fund balances	<u>10,571,582</u>	<u>843,664</u>	<u>13,486,961</u>	<u>24,902,207</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 24,839,984</u>	<u>\$ 213,641,329</u>	<u>\$ 20,430,274</u>	<u>\$ 258,911,587</u>

**County of Oakland**  
**Reconciliation of the Balance Sheet – Governmental Funds to the**  
**Statement of Net Position**  
**Component Unit – Drainage Districts**  
**September 30, 2015**

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Total fund balances of governmental funds		\$ 24,902,207
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	\$164,753,430	
Buildings, net of \$4,508,331 depreciation	52,740,325	
Equipment, net of \$38,538 depreciation	335,019	
Infrastructure, net of \$99,527,361 depreciation	<u>395,652,128</u>	
		613,480,902
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		195,185,232
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>(264,566,474)</u>
Net position of governmental activities		<u>\$ 569,001,867</u>

**County of Oakland**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds – Component Unit – Drainage Districts**  
**Year Ended September 30, 2015**

	<b>Drainage Districts</b>			<b>Totals September 30, 2015</b>
	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	
<b>Revenues</b>				
Special assessments	\$10,622,873	\$26,342,918	\$14,374,880	\$ 51,340,671
Federal grants	-	-	1,485,000	1,485,000
State grants	782,103	-	-	782,103
Charges for services	72,558,425	7,033	127,060	72,692,518
Investment income	160,965	36,230	136,097	333,292
Other	472,341	-	1,004	473,345
Total revenues	<u>84,596,707</u>	<u>26,386,181</u>	<u>16,124,041</u>	<u>127,106,929</u>
<b>Expenditures</b>				
Salaries	366	-	79	445
Contractual services	81,481,035	500	45,122,660	126,604,195
Commodities	184,070	-	-	184,070
Principal payments	-	19,177,500	-	19,177,500
Interest	-	7,147,718	-	7,147,718
Paying agent fees	-	7,550	-	7,550
Intergovernmental	118,217	198,195	200	316,612
Internal services	1,056,502	-	656,868	1,713,370
Total expenditures	<u>82,840,190</u>	<u>26,531,463</u>	<u>45,779,807</u>	<u>155,151,460</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,756,517</u>	<u>(145,282)</u>	<u>(29,655,766)</u>	<u>(28,044,531)</u>
<b>Other financing sources (uses)</b>				
Insurance recovery	-	-	3,200,000	3,200,000
Issuance of bonds	-	-	36,098,676	36,098,676
Federal grant interest recovery	-	189,248	-	189,248
Discounts on bonds sold	-	-	(6,964)	(6,964)
Total other financing sources (uses)	<u>-</u>	<u>189,248</u>	<u>39,291,712</u>	<u>39,480,960</u>
Net change in fund balances	<u>1,756,517</u>	<u>43,966</u>	<u>9,635,946</u>	<u>11,436,429</u>
<b>Fund balances</b>				
October 1, 2014	<u>8,815,065</u>	<u>799,698</u>	<u>3,851,015</u>	<u>13,465,778</u>
September 30, 2015	<u>\$10,571,582</u>	<u>\$ 843,664</u>	<u>\$13,486,961</u>	<u>\$ 24,902,207</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, 2015**

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Net change in fund balance - total governmental funds		\$ 11,436,429
Governmental funds report capital outlay as an expenditure. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Construction in progress	\$ 47,321,337	
Equipment	302,494	
Depreciation expense	<u>(6,596,128)</u>	
		41,027,703
Revenue from special assessments reported in the Statement of Activities in previous years that provided current financial resources in the governmental funds		(19,177,500)
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		35,139,465
Bond proceeds provide current financial resources to governmental funds by issuing debt which increases long-term bonded debt in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Position. This is the amount that proceeds exceed repayments		
Bond proceeds	(36,098,676)	
Repayment of debt	<u>19,177,500</u>	
		<u>(16,921,176)</u>
Change in net position of governmental activities		<u>\$ 51,504,921</u>

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**III. STATISTICAL SECTION – UNAUDITED**

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County of Oakland  
Statistical Section

**Statistical Section**

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

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

- Net Position by Component - Last Ten Fiscal Years
- Changes in Net Position - Last Ten Fiscal Years
- Fund Balances, Governmental Funds - Last Ten Fiscal Years
- Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years

**Revenue Capacity** - These schedules contain information to help the reader assess the factors affecting the County's ability to generate its main income source - property taxes. The schedules are:

- Assessed, Equalized and Taxable Value of Property - Last Ten Fiscal Years
- Direct and Overlapping Property Tax Rates - Last Ten Years
- Principal Taxpayers - Current Year and Nine Years Ago
- County Operating Property Tax Levies and Collections - Last Ten Fiscal Years

**Debt Capacity** - These schedules present information to help the reader assess the affordability of the County's current level of outstanding debt and the ability to issue additional debt in the future. The schedules are:

- Ratio of General Bonded Debt Outstanding - Last Ten Fiscal Years
- Net County Direct and Overlapping Debt - Current Year
- Legal Debt Margin - Last Ten Years

**Demographic and Economic Information** - These schedules present various demographic and economic indicators to help the reader understand the environment within the County that affects the County's financial activities. The schedules are:

- Demographic and Economic Statistics (Population and Personal Income) - Last Ten Years
- Principal Employers - Current Year and Nine Years Ago

**Operating Information** - These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs. The schedules are:

- County Employees by Function/Program - Last Ten Fiscal Years
- Operating Indicators by Function/Program - Last Ten Fiscal Years
- Capital Asset Statistics by Function/Program - Last Ten Fiscal Years
- Building Authority Data - Detail on Debt Issues

**County of Oakland  
Net Position by Component – Unaudited Table 1  
Last Ten Fiscal Years**

	Fiscal Year									
	2015	2014	2013	2012	2011 (1)	2010	2009	2008	2007	2006
<b>Governmental activities:</b>										
Net invested in capital assets	\$ 156,456,894	\$ 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
Restricted	39,591,712	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
Unrestricted	228,425,269	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
<b>Total governmental activities net assets</b>	<b>\$ 424,473,875</b>	<b>\$ 380,353,437</b>	<b>\$ 401,298,186</b>	<b>\$ 398,779,881</b>	<b>\$ 397,918,215</b>	<b>\$ 388,410,778</b>	<b>\$ 385,092,999</b>	<b>\$ 442,151,224</b>	<b>\$ 566,734,195</b>	<b>\$ 464,128,643</b>
<b>Business-type activities:</b>										
Net invested in capital assets	\$ 284,732,715	\$ 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
Restricted	89,643,864	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
Unrestricted	333,831,563	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
<b>Total business-type activities net assets</b>	<b>\$ 708,208,142</b>	<b>\$ 701,548,867</b>	<b>\$ 706,169,443</b>	<b>\$ 703,902,819</b>	<b>\$ 650,396,958</b>	<b>\$ 642,963,960</b>	<b>\$ 625,590,181</b>	<b>\$ 615,206,999</b>	<b>\$ 601,657,250</b>	<b>\$ 577,992,679</b>
<b>Primary government:</b>										
Net invested in capital assets	\$ 441,189,609	\$ 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
Restricted	129,235,576	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
Unrestricted	562,256,832	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
<b>Total primary government net assets</b>	<b>\$ 1,132,682,017</b>	<b>\$ 1,081,902,304</b>	<b>\$ 1,107,467,629</b>	<b>\$ 1,102,682,700</b>	<b>\$ 1,048,285,173</b>	<b>\$ 1,031,374,738</b>	<b>\$ 1,010,683,180</b>	<b>\$ 1,057,358,223</b>	<b>\$ 1,168,391,445</b>	<b>\$ 1,042,121,322</b>

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

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

	Fiscal Year									
	2015	2014	2013	2012	2011 (1)	2010	2009	2008	2007	2006
<b>Expenses</b>										
Governmental activities:										
General government, administrative	\$ 69,539,633	\$ 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
Public safety	186,050,353	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
Justice administration	86,238,778	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
Citizen services	83,738,255	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
Public works	38,300,439	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
Recreation and leisure	1,322,395	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
Commerce and community development	44,364,348	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
Unallocated depreciation	3,164,143	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
Interest on debt	3,273,505	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
Total governmental activities expenses	<u>515,991,849</u>	<u>503,596,647</u>	<u>477,446,618</u>	<u>493,679,003</u>	<u>469,972,289</u>	<u>537,362,229</u>	<u>553,030,902</u>	<u>569,150,876</u>	<u>519,104,136</u>	<u>486,908,648</u>
Business-type activities:										
Airports	7,023,922	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
Community safety support	21,312,944	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
Community tax financing	1,230,707	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
Community water and sewer	81,572,797	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
Jail commissary	-	-	-	-	-	-	648,125	1,439,198	1,390,752	1,334,057
Recreation and leisure	23,741,356	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
Sewage disposal systems	129,927,356	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
Skilled nursing care	-	-	-	-	-	-	-	-	6,549,117	8,981,260
Total business-type activities expenses	<u>264,809,082</u>	<u>258,264,694</u>	<u>250,488,024</u>	<u>222,377,371</u>	<u>204,228,998</u>	<u>178,636,320</u>	<u>186,936,018</u>	<u>185,387,759</u>	<u>187,892,684</u>	<u>180,748,997</u>
Total primary government expenses	<u>\$780,800,931</u>	<u>\$761,861,341</u>	<u>\$727,934,642</u>	<u>\$716,056,374</u>	<u>\$674,201,287</u>	<u>\$715,998,549</u>	<u>\$739,966,920</u>	<u>\$754,538,635</u>	<u>\$706,996,820</u>	<u>\$667,657,645</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government, administrative	\$ 24,225,570	\$ 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
Public safety	64,625,234	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
Justice administration	31,830,801	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
Citizen services	8,414,435	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
Public works	12,855,569	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
Recreation and leisure	14,686	39,934	38,154	79,342	91,273	178,753	703,665	118,119	92,490	98,935
Commerce and community development	17,646,879	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
Operating grants and contributions:										
General government, administrative	4,448,510	786,094	812,900	1,972,545	1,019,348	1,785,795	911,378	854,210	721,109	1,121,105
Public safety	17,630,677	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
Justice administration	741,357	508,391	456,013	662,382	675,133	629,776	344,724	674,877	694,496	1,634,191
Citizen services	14,728,273	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
Public works	362,098	261,174	930,304	2,635,398	836,666	1,483,907	68,125	313,462	207,259	86,254
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	22,065,499	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
Capital grants and contributions:										
Public safety	163,231	193,234	965,065	618,415	1,869,849	259,795	3,061,210	2,179,783	794,290	3,529,427
Public works	5,761,319	3,557,413	-	1,961,591	1,992,056	493,320	1,905,878	3,294,672	678,109	7,404,889
Total governmental activities program revenues	<u>225,514,138</u>	<u>234,277,647</u>	<u>240,986,704</u>	<u>239,955,636</u>	<u>223,470,872</u>	<u>268,023,830</u>	<u>212,307,857</u>	<u>137,945,040</u>	<u>236,857,515</u>	<u>218,410,240</u>

(continued)

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

	Fiscal Year									
	2015	2014	2013	2012	2011 (1)	2010	2009	2008	2007	2006
<b>Program Revenues (Continued)</b>										
Business-type activities:										
Charges for services:										
Airports	\$ 4,421,496	\$ 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
Community safety support	12,833,963	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
Community tax financing	16,657,070	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
Community water and sewer	80,058,849	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
Jail commissary	-	-	-	-	-	-	648,781	1,403,706	1,465,779	1,377,018
Recreation and leisure	9,978,385	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
Sewage disposal systems	137,441,935	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
Skilled nursing care	-	-	-	-	-	-	-	-	4,489,554	7,078,913
Operating grants and contributions:										
Airports	287,991	-	-	-	-	59,892	-	-	-	-
Community water and sewer	807,591	48,319	-	13,301,375	-	-	-	-	-	-
Recreation and leisure	69,032	92,689	96,241	25,385	31,579	42,723	52,752	282,469	7,819	24,411
Sewage disposal systems	518,864	-	21,783	-	300,000	22,389	16,208	-	-	-
Skilled nursing care	-	-	-	-	-	-	-	-	5,795	18,055
Capital grants and contributions:										
Airports	485,207	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
Community safety support	761,013	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
Community water and sewer	1,294,332	1,206,737	-	-	-	-	-	-	973,039	8,428,755
Recreation and leisure	308,000	-	288,141	38,796	1,506,000	-	-	240,734	2,158,361	7,955
Sewage disposal systems	8,219,302	93,399	1,476,762	103,635	136,314	78,531	-	233,497	535,477	864,895
Total business-type activities program revenues	<u>274,143,030</u>	<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>
Total primary government program revenues	<u>\$ 499,657,168</u>	<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>
<b>Net (Expenses)/Revenues</b>										
Governmental activities	\$ (290,477,711)	\$ (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)
Business-type activities	9,333,948	(1,835,451)	2,442,514	35,437,232	22,034,827	30,486,218	10,259,892	(2,673,853)	1,156,608	4,361,524
Total primary government net expenses	<u>\$ (281,143,763)</u>	<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>
<b>General Revenue and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 204,218,641	\$ 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
State-shared revenue (unrestricted)	39,238,141	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
Unrestricted investment earnings	3,589,453	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
Gain on sale of capital assets	135,786	205,284	270,885	213,451	331,629	-	91,828	123,665	568,634	-
Other revenues	5,623,075	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
Transfers in (out)	17,940,753	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
Total governmental activities	<u>270,745,849</u>	<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>

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

	Fiscal Year									
	2015	2014	2013	2012	2011 (1)	2010	2009	2008	2007	2006
<b>General Revenues and Other Changes in Net Position (Continued)</b>										
Business-type activities:										
Property taxes	\$ 11,832,814	\$ 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
Unrestricted investment earnings	2,914,365	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
Special items - Contr. Pontiac W&S	-	-	6,471,638	37,492,899	-	-	-	-	-	-
Transfers in (out)	(17,940,753)	(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)
Total business-type activities	<u>(3,193,574)</u>	<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>
Total primary government	<u>\$267,552,275</u>	<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>
<b>Change in Net Position</b>										
Governmental activities	\$ (19,731,862)	\$ (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
Business-type activities	<u>6,140,374</u>	<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>
Total primary government	<u>\$ (13,591,488)</u>	<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>

(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									
	2015	2014	2013	2012	2011 (1)	2010	2009	2008	2007	2006
General Fund (1):										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 379,793	\$ 384,218	\$ 401,491	\$ 399,108	\$ 1,221,581
Unreserved:										
Designated	-	-	-	-	-	148,109,832	105,531,347	81,211,880	77,600,450	72,092,443
Unassigned	-	-	-	-	-	516,356	351,088	2,713,991	797,382	766,450
Nonspendable	490,499	221,975	258,647	1,100,141	292,698					
Restricted	15,190,786	28,453,511	20,201,133	11,555,148	5,287,071					
Assigned	242,777,177	222,979,095	221,222,041	209,683,648	194,082,115					
Unassigned	1,745,931	2,329,993	1,091,218	1,090,503	1,500,000					
<b>Total General Fund</b>	<b>\$ 260,204,393</b>	<b>\$ 253,984,574</b>	<b>\$ 242,773,039</b>	<b>\$ 223,429,440</b>	<b>\$ 201,161,884</b>	<b>\$ 149,005,981</b>	<b>\$ 106,266,653</b>	<b>\$ 84,327,362</b>	<b>\$ 78,796,940</b>	<b>\$ 74,080,474</b>
All Other Governmental Funds (1):										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 347,622,280	\$ 365,269,937	\$ 437,653,323	\$ 575,350,044	\$ 22,974,884
Unreserved:										
Designated:										
Special Revenue Funds	-	-	-	-	-	147,349,425	179,637,943	195,940,244	210,965,492	140,799,885
Capital Projects Funds	-	-	-	-	-	6,175,010	7,063,814	9,238,783	3,260,193	4,662,919
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
Nonspendable	1,176,207	991,206	441,135	547,459	445,125					
Restricted	19,294,296	25,443,403	51,418,485	81,363,173	97,920,945					
Committed	27,813,859	39,973,683	46,332,071	18,432,389	16,530,640					
Assigned	-	-	-	7,732	17,254					
Unassigned	(4,080,095)	(2,708,371)	(606,542)	(462,247)	(366,963)					
<b>Total all other governmental funds</b>	<b>\$ 44,204,267</b>	<b>\$ 63,699,921</b>	<b>\$ 97,585,149</b>	<b>\$ 99,888,506</b>	<b>\$ 114,547,001</b>	<b>\$ 512,812,240</b>	<b>\$ 564,393,696</b>	<b>\$ 652,006,462</b>	<b>\$ 795,668,553</b>	<b>\$ 173,835,247</b>

(1) Prior year amounts have not been restated for the implementation of GASB Statement No. 54. In addition, the implementation of Statement No. 54 resulted in reclassification of two funds as follows: Interim Retirees Medical Benefits Trust fund from Special Revenue to Pension Trust fund type; Delinquent Personal Tax Administration fund from Special Revenue to Enterprise Fund type. Also, three Special Revenue funds were absorbed into the County's General Fund: Public Health, Property Tax Forfeiture, and CCIRF funds.

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

	Fiscal Year									
	2015	2014	2013	2012	2011 (2)	2010	2009	2008	2007	2006
<b>Revenues</b>										
Property taxes	\$ 206,368,131	\$ 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
Special assessments	19,429,154	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
Federal grants	32,135,507	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
State grants	27,853,475	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
Other intergovernmental revenue	53,124,504	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
Charges for services	120,992,621	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
Contributions	276,151	373,184	207,200	718,965	443,866	400,252	257,986	154,072	164,776	102,666
Investment income	2,580,784	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
Indirect cost recovery	7,946,958	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
Other	1,019,667	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
<b>Total revenues</b>	<b>471,726,952</b>	<b>438,068,705</b>	<b>459,264,456</b>	<b>451,533,439</b>	<b>444,338,535</b>	<b>505,164,119</b>	<b>476,731,406</b>	<b>427,227,557</b>	<b>591,787,743</b>	<b>540,541,708</b>
<b>Expenditures</b>										
County Executive	152,940,829	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
Clerk/Register of Deeds	10,688,410	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
Treasurer	8,897,706	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
Justice administration	75,627,179	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
Law enforcement	159,354,251	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
Legislative	3,864,960	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
Water resource commissioner	14,748,645	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
Non-departmental	29,905,627	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
Capital outlay	16,394,718	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
Intergovernmental	13,592	24,718	107,184	14,363	3,035	1,598,530	134,838	465,075	81,815	11,994,158
Debt service:										
Principal payments	19,730,000	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
Interest and fiscal charges	3,301,677	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
<b>Total expenditures</b>	<b>495,467,594</b>	<b>487,903,864</b>	<b>493,134,717</b>	<b>501,021,276</b>	<b>482,209,479</b>	<b>555,911,288</b>	<b>563,234,620</b>	<b>580,239,219</b>	<b>527,624,047</b>	<b>517,386,729</b>
Excess of revenues over (under) expenditures	(23,740,642)	(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

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

	Fiscal Year									
	2015	2014	2013	2012	2011 (2)	2010	2009	2008	2007	2006
<b>Other Financing Sources (Uses)</b>										
Transfers in	\$ 67,778,233	\$ 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
Transfers out	(59,866,546)	(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)
Insurance recoveries	222,022	183,718								
Payment to bond escrow agent	-	-	(348,800,000)		(29,840,000)	(12,488,453)	(2,699,858)	-	-	(9,009,368)
Issuance of bonds	2,331,098	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
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)
Total other financing sources (uses)	<u>10,464,807</u>	<u>26,313,954</u>	<u>51,758,015</u>	<u>57,096,898</u>	<u>33,994,888</u>	<u>41,905,041</u>	<u>20,829,739</u>	<u>14,879,993</u>	<u>562,386,076</u>	<u>27,981,734</u>
Net change in fund balances	<u>\$ (13,275,835)</u>	<u>\$ (23,521,205)</u>	<u>\$ 17,887,754</u>	<u>\$ 7,609,061</u>	<u>\$ (3,876,056)</u>	<u>\$ (8,842,128)</u>	<u>\$ (65,673,475)</u>	<u>\$ (138,131,669)</u>	<u>\$ 626,549,772</u>	<u>\$ 51,136,713</u>
Debt service as a percentage of noncapital expenditures (1)	4.72%	3.05%	5.73%	5.30%	2.82%	3.06%	3.11%	3.45%	3.78%	3.44%

(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**

<b>Real Property (1)</b>										
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		
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	
2015		45,768,414,870	37,726,099,014	9,416,529,950	8,668,179,912	1,670,792,580	1,575,950,217	67,583,600	42,908,710	

Fiscal Year (4)	Personal Property		Total Property		Total Direct Tax Rate (3)	
	Assessed and Equalized Value	Taxable Value	Assessed and Equalized Value	Taxable Value		
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
2015		3,882,782,774	3,882,203,584	60,806,103,774	51,895,341,437	4.3310

**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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>County direct rates</b>										
County operating	4.0900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900
Parks and Recreation	0.2410	0.2415	0.2415	0.2415	0.2415	0.2415	0.2415	0.2415	0.2415	0.2415
Total rate	4.3310	4.4315	4.4315	4.4315	4.4315	4.4315	4.4315	4.4315	4.4315	4.4315
<b>Overlapping rates</b>										
Huron-Clinton Metro Authority (a)	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146
Intermediate school districts (5)										
Median rate	3.3633	3.3690	3.3690	3.3690	3.3690	3.3690	3.3690	3.3690	3.3690	3.3690
Low range	2.9295	2.9295	2.9295	2.9295	2.9295	2.9295	2.9295	2.9295	2.9295	2.9430
High range	3.5341	3.5341	3.5341	3.5341	3.5341	3.5341	3.5341	3.5341	3.5341	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	1.5819	1.5844	1.5844	1.5844	1.5844	1.5844	1.5844	1.5844	1.5844	1.5844
High range	2.8596	2.8596	2.8596	2.8596	2.8596	2.6796	2.6796	2.6796	2.6796	2.6807
Cities (31)										
Median rate	17.5854	17.5856	16.7929	16.0541	16.1905	15.5898	14.8121	14.8179	15.1084	15.1084
Low range	7.8600	7.8600	7.3600	8.8200	9.7060	9.0500	8.3000	8.3000	8.3000	8.3000
High range	39.2669	38.1191	37.4634	30.4298	29.1461	25.3589	25.2763	25.2604	24.4050	24.8349
Villages (10)										
Median rate	15.6106	15.9168	15.2286	14.4597	14.6508	14.1182	14.1182	14.1036	14.1036	14.1290
Low range	8.8020	9.5000	8.8900	8.8900	8.5900	7.9900	7.3525	7.2249	7.3670	7.7443
High range	18.4701	18.5025	17.9756	20.0210	18.3610	18.1386	17.8196	18.1020	18.1120	19.7520
Townships (21)										
Median rate	7.6106	7.9168	7.2786	7.2685	6.7444	6.7444	6.5876	6.5876	6.2652	6.0380
Low range	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.5000	0.5000	0.5500	0.5500
High range	14.6712	15.1064	13.8002	13.8002	13.8002	13.1777	11.7112	11.7112	11.2223	11.6081
School districts (35) (b)										
Homestead:										
Median rate	15.4086	14.3880	13.9513	13.9513	13.7550	13.6410	13.4161	13.5105	13.2455	13.4910
Low range	6.0000	9.8700	9.8700	9.0500	8.2500	8.1800	7.8500	7.7400	7.3500	7.7200
High range	26.2068	26.8868	26.8868	26.4868	26.4868	25.8868	25.8868	23.5993	27.8925	27.8925
Non-Homestead:										
Median rate	31.0000	31.0000	31.0000	30.7000	30.5400	30.4000	29.5200	29.6931	29.6061	29.6000
Low range	24.0000	25.6974	26.4420	26.4420	26.1800	14.4500	25.8000	24.9243	25.3500	25.7200
High range	41.0000	37.4500	35.3610	34.8500	34.8500	34.5000	33.3410	33.2310	32.8410	33.2110
DDAs (9) (c)										
Median rate	1.8787	1.8978	1.8978	1.8978	1.8008	1.7470	1.7470	1.7470	1.8768	1.8856
Low range	1.3794	1.3794	1.3794	1.3794	1.3794	1.3000	1.3000	1.3000	1.3794	1.4010
High range	1.9732	1.9734	1.9734	1.9734	1.9734	1.9734	1.9734	1.9734	1.9734	1.9860
Public Transportation Authority (d)	0.9998	1.0000	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900	0.5950
Zoological Authority (e)	0.0998	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	-	-
Art Institute Authority (f)	0.1996	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.
- (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 18 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 2015			Fiscal Year 2006		
	Taxable Valuation*	Rank	Percentage County Taxable Valuation	Taxable Valuation*	Rank	Percentage County Taxable Valuation
Detroit Edison Company/DTE	\$ 491,486,460	1	0.95%	\$ 372,822,429	2	0.60%
Consumers Energy	232,127,640	2	0.45%	163,634,118	5	0.26%
Auburn Hills Owner LLC	152,400,000	3	0.29%	-	-	-
General Motors	117,936,260	4	0.23%	549,439,936	1	0.88%
Enbridge Energy	84,699,670	5	0.16%	-	-	-
Chrysler Group LLC/Chrysler Finance	83,622,270	6	0.16%	175,894,786	4	0.28%
SL Town Etal	76,507,990	7	0.15%	-	-	-
Taubman/Great Lakes Crossing	74,287,020	8	0.14%	217,959,608	3	0.35%
Oakland Management	63,689,380	9	0.12%	-	-	-
International Transmission (ITC)	52,881,350	10	0.10%	-	-	-
Hartman Tyner	52,643,710	11	0.10%	-	-	-
Franke/Forbes/Cohn	52,400,450	12	0.10%	93,966,545	11	0.15%
Twelve Oaks Mall LLC	50,332,820	13	0.10%	-	-	-
Ramco Lion Venture	48,529,080	14	0.09%	102,043,007	9	0.16%
Meijers	41,480,770	15	0.08%	-	-	-
Verizon Wireless	40,716,510	16	0.08%	-	-	-
VHS Huron Valley-Sinai Hospital	38,841,210	17	0.07%	-	-	-
Galleria	34,245,021	18	0.07%	-	-	-
Redwood-ERC Novi LLC	32,465,980	19	0.06%	-	-	-
Robert Bosch	28,568,110	20	0.06%	-	-	-
<b>Total</b>	<b>\$ 1,849,861,701</b>		<b>3.56%</b>	<b>\$ 1,675,760,429</b>		<b>2.70%</b>

\* 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
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 %	3,300,589	159,402,710	100.00 %
2006	S 2006	166,634,796	142,992,690	85.81 %	23,627,026	166,619,716	99.99 %
2006	W 2007	85,765,677	83,915,557	97.84 %	1,842,358	85,757,915	99.99 %
2007	S 2007	262,814,606	225,336,018	85.74 %	37,440,484	262,776,502	99.99 %
2008	2008	262,899,380	228,260,470	86.82 %	34,578,910	262,839,380	99.98 %
2009	2009	253,987,318	219,099,614	86.26 %	34,825,546	253,925,160	99.98 %
2010	2010	223,423,779	198,172,603	88.70 %	25,090,054	223,262,657	99.93 %
2011	2011	206,524,166	187,107,837	90.60 %	19,151,543	206,259,380	99.87 %
2012	2012	200,442,426	179,242,176	89.42 %	20,732,426	199,974,602	99.77 %
2013	2013	201,089,193	179,700,449	89.36 %	20,168,687	199,869,136	99.39 %
2014	2014	204,966,211	181,910,042	88.75 %	20,368,778	202,278,820	98.69 %
2015	2015	203,175,737	186,742,691	91.91 %	-	186,742,691	91.91 %

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	<u>General Bonded Debt (1)</u>			<u>Other Governmental Activities Debt</u>		<u>Business-type Activities</u>	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 (e)			
2006	\$76,685,000	0.12 %	63.78	\$ 72,400,000	\$ 7,957,730	\$ 25,000,000	\$ 182,042,730	2.88 %	\$151.42
2007	627,990,000	0.97 %	523.39	70,580,000	7,504,834	25,000,000	731,074,834	11.33 %	609.30
2008	601,400,000	0.93 %	501.36	64,424,371	6,269,408	25,000,000	697,093,779	10.72 %	581.13
2009	579,780,000	0.93 %	482.79	57,663,579	3,860,661	50,000,000	691,304,240	11.55 %	575.66
2010	562,030,000	1.02 %	467.28	52,350,727	4,485,830	50,000,000	668,866,557	11.04 %	556.11
2011	538,995,000	1.06 %	445.12	48,375,727	4,650,725	54,060,000	646,081,452	9.87 %	533.55
2012	515,605,000	1.05 %	422.41	52,865,727	61,636,190	44,589,279	674,696,196	9.62 %	552.74
2013	428,985,000	0.87 %	348.25	46,625,727	61,001,062	59,705,962	596,317,751	8.42 %	484.09
2014	402,340,000	0.80 %	325.03	53,557,104	59,761,071	46,443,351	562,101,526	7.60 %	454.09
2015	375,630,000	0.72 %	303.45	41,458,202	74,737,111	46,260,612	538,085,925	7.27 %	434.69

**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).
- (e) See Notes to Basic Financial Statements, Note 4 Short-Term Note & Note 8 - Long-Term Debt

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

**County of Oakland**  
**Net County Direct and Overlapping Debt – Unaudited Table 10**  
**September 30, 2015**

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	<b>Gross Amount Outstanding</b>	<b>Self-supporting or Paid by Benefiting Entity</b>	<b>Net Amount Outstanding</b>
<b>Direct debt</b>			
Building authority bonds	\$ 64,590,000	\$ 17,550,000	\$ 47,040,000
Retirees Health Care Bonds	328,590,000	-	328,590,000
Water and sewer debt (Special assessment)	23,908,202	23,908,202	-
Drainage Districts bonds and notes	264,566,474	189,829,363	74,737,111
Road Commission debt (no County credit)	<u>54,819,531</u>	<u>54,819,531</u>	<u>-</u>
Net direct debt	<u>\$ 736,474,207</u>	<u>\$ 286,107,096</u>	<u>450,367,111</u>
<b>Overlapping debt</b>			
Cities			587,430,545
Townships			430,408,433
Villages			17,780,329
School districts			2,304,252,226
Intermediate school districts			53,579,120
Community colleges			3,739,188
Library			97,800
County-issued debt paid by local municipalities			<u>286,107,096</u>
Net overlapping debt			<u>3,683,394,737</u>
<b>Net direct and overlapping debt</b>			<u><u>\$ 4,133,761,848</u></u>

**Overlapping Debt:**

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

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

Source: Oakland County Treasurer and Municipal Advisory Council of Michigan

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

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<b>Year</b>	<b>State Equalized Valuation</b>	<b>Debt Limit 10% of SEV</b>	<b>Amount of Debt Applicable to Limit</b>	<b>Legal Debt Margin</b>	<b>Debt Applicable to Limit as a Percentage of Debt Limit</b>
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%
2015	60,806,103,774	6,080,610,377	727,915,288	5,352,695,089	11.97%

Sources:

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

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

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<b>Year</b>	<b>Population</b>	<b>Personal Income</b> (thousands of dollars)	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2006	1,202,256	\$ 63,150,693	\$ 52,527	5.70 %
2007	1,199,862	64,530,539	53,782	5.80 %
2008	1,199,545	65,044,717	54,224	6.60 %
2009	1,200,890	59,848,735	49,837	13.00 %
2010	1,202,763	60,606,933	50,390	11.80 %
2011	1,210,910	65,461,298	54,060	9.60 %
2012	1,220,631	70,164,952	57,483	8.30 %
2013	1,231,820	70,844,656	57,512	8.00 %
2014	1,237,868	73,973,217	59,759	6.80 %
2015	1,237,868 (a)	73,973,217 (a)	59,759 (a)	5.00 %

(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  
 Unemployment Rate = Michigan Department of Labor & Economic Growth

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

Employer	Fiscal Year 2015			Fiscal Year 2006		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Beaumont Health System	14,525	1	2.45%	12,227	2	2.00%
Chrysler Group LLC	12,416	2	2.09%	10,382	3	1.70%
General Motors Corporation	9,305	3	1.57%	17,486	1	2.86%
Ascension Michigan (formerly St John Providence Hospital)	4,440	4	0.75%	4,027	6	0.66%
U.S. Postal Service	4,225	5	0.71%	3,977	8	0.65%
Henry Ford Health System	3,381	6	0.57%	n/a	n/a	n/a
Oakland County Government	3,340	7	0.56%	4,536	4	0.74%
Trinity Health (formerly St. Joseph Mercy)	2,353	8	0.40%	3,674	10	0.60%
Magna International of America Inc.	2,328	9	0.39%	n/a	n/a	n/a
Comerica Bank	2,052	10	0.35%	n/a	n/a	n/a
Electronic Data Systems (EDS)	n/a	n/a	n/a	4,450	5	0.73%
AT&T Michigan	n/a	n/a	n/a	4,000	7	0.66%
Blue Cross/Blue Shield	n/a	n/a	n/a	3,923	9	0.64%
	<u>43,840</u>		<u>7.38%</u>	<u>56,455</u>		<u>9.24%</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)									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>General government</b>										
County Executive Administration	60	60	47	47	47	50	52	66	66	63
Management & Budget	188	189	204	203	205	205	203	203	207	205
Central Services	60	59	59	58	66	68	68	66	66	65
Human Resources	48	46	46	47	49	50	50	50	51	51
Board of Commissioners	30	30	34	34	34	34	34	34	34	34
Clerk/Register of Deeds	112	112	112	116	118	118	121	128	128	133
County Treasurer	47	47	46	46	44	44	48	48	48	48
<b>Public Safety</b>										
Sheriff	1,117	1,107	1,088	1,119	1,024	1,054	1,117	1,129	1,135	1,130
Community Corrections	59	59	60	58	59	60	60	65	67	66
Animal Control	37	36	36	33	26	26	26	24	24	24
<b>Justice Administration</b>										
Circuit Court	412	410	410	409	431	442	471	469	469	473
District Court	188	186	188	185	184	186	197	200	201	201
Probate Court	51	49	49	49	54	57	59	61	61	61
Prosecuting Attorney	170	171	170	172	175	177	185	189	189	189
Medical Examiner	26	26	26	26	26	26	26	28	34	34
<b>Citizens Services</b>										
Administration	2	2	2	2	2	5	5	5	5	5
Health	366	369	370	373	378	378	387	404	404	403
Homeland Security	11	12	12	16	13	13	13	n/a	n/a	n/a
Medical Care Facility (2)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	104	104
Children's Village	201	192	192	189	185	185	178	161	161	161
Veterans' Services	16	16	16	16	16	16	16	18	18	18
MSU Extension-Oakland County	13	15	15	15	15	15	15	14	13	13
<b>Public Works</b>										
Water Resources Commissioner	314	266	263	263	264	264	266	270	271	269
Facilities Management	190	189	187	188	189	193	196	204	204	201
Information Technology	160	159	161	161	164	164	167	167	169	165
<b>Recreation and Leisure</b>										
Library Board	7	7	7	10	10	12	17	17	18	18
Parks and Recreation	425	421	378	379	376	376	376	341	341	317
<b>Commerce and Community Development</b>										
Administration	12	12	12	12	12	12	12	12	12	13
Planning and Economic Development Services	49	48	46	46	47	48	49	44	43	42
Community and Home Improvement	22	22	23	23	23	22	22	21	21	21
Workforce Development	9	9	9	9	9	9	9	9	9	9
Totals	<u>4,402</u>	<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>

(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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Law Enforcement</b>										
Dispatched Calls	292,131	286,235	272,066	197,767	168,685	145,090	125,987	133,402	179,563	180,472
Arrests	11,355	11,943	11,525	12,126	10,999	8,906	8,513	8,466	8,900	9,286
Inmate bookings	18,789	19,317	19,913	19,796	19,889	19,608	21,866	24,053	25,809	27,003
<b>Judicial</b>										
Circuit Court civil/criminal cases disposed	10,981	11,742	12,442	13,147	14,212	15,752	15,927	15,849	16,108	16,132
District Court cases filed	122,934	119,347	118,307	119,643	123,860	134,077	145,465	144,933	152,710	159,380
<b>Citizen Services</b>										
Veteran benefits claims filed	5,697	5,461	6,202	6,805	6,848	7,220	6,870	7,546	7,071	7,182
Deeds/Mortgages	101,807	90,969	119,116	109,403	86,034	84,048	85,478	84,866	110,600	141,157
Jobs retained and created	10,057	11,332	8,866	9,269	8,365	14,522	4,187	10,311	10,842	1,640
Immunizations	59,156	54,600	61,141	62,309	80,741	143,839	102,893	94,038	82,347	95,202
<b>Community Development</b>										
BFC/EDC Loans	26	34	40	28	26	21	16	28	33	26
Applications for home improvement	393	533	500	387	384	276	601	609	457	373
Single family homes rehabilitated	206	198	183	163	165	186	276	218	198	253
<b>Parks and Recreation</b>										
Participants-Parks/County Market	913,524	1,147,845	1,358,617	1,221,658	942,019	843,600	775,683	815,097	778,616	789,867
Participants-Golf Courses	164,067	104,492	95,531	130,281	116,804	126,727	148,747	172,783	178,444	198,477
Participants-Recreation, Facilities	492,530	485,981	437,407	411,068	390,106	370,355	291,917	365,310	373,214	374,853
Participants-Banquet Facilities	89,888	87,436	90,915	125,008	109,420	125,592	147,365	154,594	161,678	170,524
<b>Airports</b>										
Takeoffs and landings	126,070	111,672	117,981	128,766	119,347	119,581	144,678	162,283	202,345	202,973
<b>Public Works</b>										
Water and sewer customers	78,432	79,312	78,096	77,280	76,784	76,435	76,413	76,050	75,613	74,926
Water main breaks	156	123	128	79	85	90	104	94	115	114
Water permits issued	884	921	902	626	337	220	164	232	370	811

**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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Justice and Law Enforcement										
Correction facilities capacities	1,653	1,653	1,653	1,653	1,666	1,594	1,750	1,768	1,984	1,981
Substations	13	13	13	14	14	12	12	12	12	12
Parks and Recreation										
Number of county parks	13	13	13	14	13	13	13	13	13	11
Park acreage	6,756	6,756	6,756	6,643	6,643	6,456	6,398	6,378	6,378	6,089
Airport										
Number of runways	5	5	5	5	5	5	5	5	5	5
Number of T-Hangars	646	646	650	738	738	738	738	738	738	711
Facilities										
Buildings	40	40	40	41	40	40	40	40	41	42
County facilities square footage	1,891,804	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
Public Works										
Combined Sewer Overflow Retention										
Treatment Facilities	4	4	4	4	4	4	4	3	3	3
Water mains (miles)	439.71	515.79	160.63	136.41	133.03	132.99	123.60	161.51	165.83	162.57
Water storage capacity (millions of gallons)	15.07	15.07	3.07	3.07	3.07	3.07	3.07	2.07	2.07	2.07
Sewers (miles)	138.34	138.41	138.42	138.29	137.32	137.22	137.22	135.08	131.81	131.84
Permitted Sewer treatment capacity (millions of gallons)	15,579.69	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

**Sources**

Various County departments

**County of Oakland  
Building Authority Data – Unaudited Table 17  
September 30, 2015**

	City of Oak Park Project	Facilities Infrastructure & IT Projects	CMHA Building Renovation	City of Keego Harbor Debt
Cash	\$ 110,128	\$ 5	\$ -	\$ 47
Lease receivable	2,290,000	-	10,215,000	1,000,000
Other assets	-	-	729,051	-
Deferred inflows - contracts	2,290,000	-	10,215,000	1,000,000
Other liabilities	289	-	1,359	95
Current year activity:				
Transfers in	-	2,278,125	3,482,766	-
Leases and other income	151,535	-	882,411	66,260
Debt service:				
Principal	70,000	1,775,000	3,785,000	25,000
Interest	81,122	502,875	621,931	40,938
Fiscal charges	300	250	250	300
Contractual services	1,000	-	11,935	-
Transfers out	-	-	-	-
Principal and interest requirements:				
2016	149,372	2,273,875	872,825	64,938
2017	152,560	2,243,750	880,200	64,187
2018	150,685	2,237,500	862,200	63,438
2019	153,747	2,229,750	868,825	67,687
2020	151,748	2,220,500	850,075	66,788
Thereafter	2,640,617	6,639,500	8,277,650	1,293,850
	<u>\$ 3,398,729</u>	<u>\$ 17,844,875</u>	<u>\$ 12,611,775</u>	<u>\$ 1,620,888</u>

(continued)

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

	<b>CMHA Housing Proj Refunding</b>	<b>52/3 District Court Bldg. Refunding</b>	<b>Work Release JailMgt/Video Refunding</b>	<b>Office Bldg. Renovation Refunding</b>	<b>Sheriff Substation Refunding</b>	<b>Totals</b>
Cash	\$ -	\$ 5	\$ 5	\$ 5	\$ 128	\$ 110,323
Lease receivable	2,625,000	-	-	-	1,420,000	17,550,000
Other assets	72	-	-	-	20	729,143
Deferred inflows - contracts	2,625,000	-	-	-	1,420,000	17,550,000
Other liabilities	198	-	-	-	-	1,941
Current year activity:						
Transfers in	-	1,323,300	1,607,350	1,871,000	-	10,562,541
Leases and other income	340,196	-	-	-	319,418	1,759,820
Debt service:						
Principal	250,000	900,000	1,195,000	1,430,000	285,000	9,715,000
Interest	93,321	423,000	412,050	440,700	34,100	2,650,037
Fiscal charges	500	300	300	300	250	2,750
Contractual services	2,738	-	-	-	-	15,673
Transfers out	-	-	-	-	250	250
Principal and interest requirements:						
2016	330,950	1,328,000	1,596,200	1,861,800	333,400	8,811,360
2017	319,775	1,310,500	1,582,400	1,877,200	317,300	8,747,872
2018	337,050	1,301,500	1,587,200	1,866,100	331,400	8,737,073
2019	324,025	1,300,500	1,569,800	1,864,050	315,100	8,693,484
2020	340,700	1,297,000	1,546,000	1,890,900	204,000	8,567,711
Thereafter	1,415,725	2,602,500	3,074,000	6,918,956	-	32,862,798
	<u>\$ 3,068,225</u>	<u>\$ 9,140,000</u>	<u>\$ 10,955,600</u>	<u>\$ 16,279,006</u>	<u>\$ 1,501,200</u>	<u>\$ 76,420,298</u>



# OAKLAND COUNTY, MICHIGAN

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