



WING LAKE • BLOOMFIELD, MICHIGAN

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year ending September 30, 2017

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



**OAKLAND COUNTY, MICHIGAN  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Fiscal Year Ended September 30, 2017  
(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 22, 2018

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, 2017.

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, 2017 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 unmodified opinion that Oakland County's financial statements for the fiscal year ended September 30, 2017 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 2017 CAFR includes a Statement of Net Position and a Statement of Activities, which provide 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 2017 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 1,242,304 (2015 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 cited in a May 2016 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 \$129.1 million (excluding Assessment Districts) 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. 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 the Governmental Accounting Standards Board (GASB) Statement Number 14, *The Financial Reporting Entity*, as amended by Statement Number 39, *Determining Whether Certain Organizations are Component Units*, Statement Number 61, *The Financial Reporting Entity: Omnibus*, and Statement Number 80, *Blended Requirements for Certain Component Units*.

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, Number 61, and Number 80.

## 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 (P.A. 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 recognized as one of the most prosperous counties in the nation. Oakland County's economy is continuing to improve since the days of the "Great Recession." Oakland County is now in its eighth year of economic recovery since the recession's low point at the end of 2009. With the economic recovery there has been job growth. From 2010 through 2016, the number of jobs in Oakland County increased by approximately 110,400 with four in nine of the new jobs created during that period being in the higher-wage industries. Over the period of 2009 to 2016, the County's job growth rate of 18.0% greatly outpaced both the nation's growth rate of 9.9% and the state's growth rate of 11.8%. In their April 2017 report, University of Michigan economists estimated an additional 16,475 jobs were created in 2016. Further, it is projected that an additional 44,300 jobs will be created in the County over the three-year forecast period of 2017-2019, a pace averaging 2% per year. The higher-wage and middle-wage industries make up over three-quarters of the net new jobs anticipated over the three-year forecast period.

Due to its educated work force, Oakland County is well positioned to continue its transformation to the evolving knowledge-based and information-based economy. Approximately 56.0% of all County residents hold a degree from an institute of higher education. Oakland County has been investing for years in many of the industries that are prominent in the New Economy. Innovative programs such as Automation Alley, Emerging Sectors, Medical Main Street, and Tech248 continue to identify industries and businesses that are projected to have increasing employment opportunities, particularly those associated with professional and business services, health services, and the technological evolution of the vehicle industry.

Oakland County's unemployment rate has fallen (improved) steadily from the 2009 high rate of 13.0%. Oakland County's 2017 average unemployment rate was 3.5%. This rate is lower than the State of Michigan rate of 4.5% and the national rate of 4.4%.

Enhanced by the County's investment in dynamic economic development programs, Oakland County remains an ideal location for business. Since its creation in 2004 through the most recent report issued in January 2018, the Emerging Sectors program has had 484 business successes and has attracted about \$4.6 billion in investment, creating approximately 48,200 jobs and retaining 33,400 jobs. The most successful sectors in terms of total investment are health care/life science at \$1.2 billion, advanced electronics at \$824.6 million, and IT/Communications at \$811.4 million. Additionally, Oakland County has about 1,100 global firms from 39 countries with foreign direct investment over the past four years topping more than \$1.1 billion as international companies continue to boost Oakland's economy. In 2017, Oakland County had a record amount of total new investment of \$1.2 billion, of which \$305.0 million was related to foreign direct investment.

Oakland County's 2016 per capita personal income (PCPI) of \$65,759 is the highest among Michigan's 83 counties according to the U.S. Bureau of Economic Analysis (BEA) most recent published data on November 16, 2017. The 2016 PCPI reflects an increase of 2.6 percent from 2015. Oakland County's per capita income also compares favorably to the national average (\$49,246) and the state average (\$44,253).

## County of Oakland Letter of Transmittal

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The 2017 market value of property in Oakland County is approximately \$138.0 billion, an increase of approximately \$7.9 billion from 2016 to 2017 (6.06%). The State Taxable Value (STV), which is the calculation on which property tax revenue is based, increased 3.67%. This is the fifth year of increase in property value following five (5) consecutive years of decline and is further evidence that Oakland County's economy is on the rebound. Current budget assumptions include a 5.0% increase in taxable value as of December 31, 2017 (FY 2018 revenue); a 5.0% increase in taxable value as of December 31, 2018 (FY 2019 revenue); and an additional 4.5% increase in taxable value as of December 31, 2019 (FY 2020 revenue).

Oakland County's collective property values remain the highest of all 83 counties in Michigan, and represent 16.3% of the state's total value (even though Oakland County's population represents approximately 12.5% of Michigan's total). The majority of Oakland County's taxable value is within the residential class of property, which is approximately 74.2% of the total property tax base. The average residential sale price of a home in Oakland County increased from \$232,835 in 2016 to \$245,677 in 2017, a 5.5% increase.

The average 2017 property tax rate is \$43.14 per thousand dollars of taxable value, an increase from the 2016 average of \$41.85 per thousand dollars of taxable value. The average property tax rate is distributed to the following taxing authorities:

Local School Districts	33.91%
Cities, Villages, Townships	29.81%
State Education Tax	13.91%
County Operating	9.37%
Intermediate School District	7.67%
Community College	3.60%
Parks & Recreation/Zoo/Art/Huron Clinton	<u>1.73%</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 4.2168 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 was reduced from 4.09 mills to 4.04 mills. The millage rate for the July 1, 2017 tax levy remained at 4.04 mills (out of a maximum authorized levy of 4.1457 mills) and is expected to remain at 4.04 mills for the July 1, 2018 tax levy.

### **Fiscal Policies**

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

## 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 2017 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 Postemployment 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, keeps 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.

## County of Oakland Letter of Transmittal

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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 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 P.A. 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 line item County budget (adopted by the Board of Commissioners in September 2017) for fiscal years 2018, 2019, and 2020. The County also prepares a high-level five-year forecast and fiscal plan document in its ongoing effort of "thoughtful management" practices. Considering the status of the County's finances as of September 30, 2017, as well as its longer-term focus, the County anticipates a balanced budget through FY 2022 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

## County of Oakland Letter of Transmittal

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has consistently provided its local units of government with a stable revenue stream while also generating a surplus. Responsible use of this surplus is the purpose of the Fiscal Responsibility Plan. The Fiscal Responsibility Plan, contained in the annual GAA, provides clear guidance regarding the conditions and functions for which surplus DTRF funds may be used.

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

Oakland County's Fiscal Responsibility Plan directs that any appropriations from unrestricted DTRF funds, except penalties and investment interest, are limited to one-time and/or limited purpose expenditures. Further, the use of these funds for one-time and/or limited purpose expenditures requires a minimum two-thirds approval by the Board of Commissioners. As a result of Oakland County's DTRF utilization policy, the corpus of the DTRF continues to be available not only to protect the revenue stream for the local units of government but also to generate interest earnings that, prudently managed, can be utilized in lieu of new taxes as a funding source for necessary capital projects.

The net position in the DTRF as of September 30, 2017, was approximately \$197.4 million. While slightly below the target equity of \$200.0 million, the DTRF is still well positioned to guarantee timely payments to local units of government and to pay outstanding notes on delinquent taxes. The County has leveraged available unrestricted assets 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 2000s 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 the Oakland County Animal Shelter and Pet Adoption Center. The General Fund has already covered the debt service for the first seven years by transferring \$7.0 million in FY 2016 from the General Fund to a separate debt service fund. With the animal shelter facility operational as of October 2017, the former shelter property is on the market with the proceeds from the eventual sale to be placed in the animal shelter debt service fund to even further extend the debt service coverage. While the initial plan was to have the DTRF cover the animal shelter debt after the \$7.0 million was expended, the County is now planning to transfer another \$1.7 million in FY 2018 from the General Fund to the animal shelter debt service fund based on one-time surplus funds realized in November 2017 for State reimbursement of personal property tax losses. It is not expected that the DTRF will need to cover the animal control facility debt service until late 2025, and more likely a few years after that once the former animal shelter site is sold and proceeds are placed in the animal shelter debt service fund.



## County of Oakland Letter of Transmittal

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Even using the DTRF to support these capital initiatives, the fund's net position is still more than sufficient 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 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 in the amount of \$6.0 million annually for FY 2018 through FY 2022.

### *Pension and Other Postemployment Benefits*

Realizing that employees are both its most valuable resource and that employee compensation and benefits are one of the largest expenses, 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 choice to belong either to the PERS or the OPRS. All eligible individuals employed since July 1, 1994 were enrolled in the OPRS.

Due to the voluntary shifting of 1,126 employees from the PERS to OPRS, and the fact that all newly hired employees participate in the OPRS, the OPRS has resulted in a savings of approximately \$145.1 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 Postemployment 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 healthcare insurance when they retire from County service, employees hired after January 1, 2006 are enrolled in a "Retirement Health Savings Plan" (RHS). Under the RHS, 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;

## County of Oakland Letter of Transmittal

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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.

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 healthcare cost. Although this is an increasingly popular vehicle to support retiree health care, Oakland County has gone one significant step further – it has fully funded its 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, 2016, the last actuary report issued as of this writing, the VEBA fund assets were 123% of the fund's actuarially determined liabilities.

A more detailed discussion of Oakland County's pension and VEBA performance may be found in Notes #12, 13, 14 and 21 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 policies, and solid pension and postemployment 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 maintaining a healthy fund balance. 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 manifest 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 and 1.5% in FY 2011 coupled with no salary increase in FY 2012 and FY 2013, the County provided modest annual general salary increases beginning in FY 2014 ranging from 2% to 3%. However, Oakland County’s employee general salary increases have been conservative and have lagged in comparison to the private sector. As the economy continues to improve, the County faces challenges of not only recruiting new talent, but retaining existing employees.

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 for FY 2018 with budgetary placeholders, for the time being, for a 1% salary increase in FY 2019 and another 1% salary increase for FY 2020. In addition to salary increases, over the past couple of years the County has made improvements to tuition reimbursement and RHS Plan contribution programs as well as implemented a six-week paid parental leave program and a voluntary once a year annual leave buy-back program (limited to between 20 and 40 hours). Further, the County reinstated the \$300 employer match for the 457(b) Deferred Compensation plan in FY 2016 and increased the employer match from \$300 to \$500 in FY 2017.

## 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 the County workforce. County Departments are actively engaging in succession planning efforts in order to identify future leaders and retain institutional knowledge. Primarily, efforts have been 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 2017 the County created a Talent Management Advisory Team (TMAT) to help strategize and make recommendations for recruiting and retaining a qualified and engaged workforce. An employee opinion survey was conducted to gather insight into how employees feel about the work environment, why they chose Oakland County as an employer and what might make them want to leave employment. Also, all departments were asked to nominate employees from diverse backgrounds, creating a 36-member team. The TMAT met periodically over a six-month period to brainstorm ideas such as marketing the County, communications with employees, creating a diverse and inclusive workforce, and developing recruitment and retention strategies. The TMAT reviewed the survey results as well as the ideas from the various focus group sessions with formal recommendations to be made in 2018. Additionally, in late 2017, the County Human Resources Department retained a consulting firm to conduct a job compensation study and update to the Salary Administration Plan for all non-union classifications. This study will analyze market competitiveness and is expected to be completed in 2018.

Healthcare benefits are another important factor in this balancing act. The County has been able to constrain its overall healthcare 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 healthcare costs. OakFit offers a multitude of programs such as health screenings and other innovative programs to assist in embracing healthy lifestyle behaviors. OakFit continues to be an effective program to manage healthcare costs and enhance employee quality of life. Since its inception back in 2007, the OakFit program has also garnered numerous awards and recognition for its focus to improve overall health of the employees while saving taxpayers millions in healthcare costs.

With the improving economic conditions and restoration of revenue sharing payments from the State of Michigan in FY 2015, the County has moved from a maintenance mode toward a reinvesting and rebuilding mode for continued long-term sustainability. For FY 2016 and FY 2017, the County transferred \$5.5 million per year to its Building Improvement Fund, and the long-term budget includes the continuation of the \$5.5 million annual appropriation for facility needs. In FY 2016 the County issued debt of approximately \$15.5 million to construct a new animal shelter facility on the main County campus. The new Oakland County Animal Shelter and Pet Adoption Center opened in October 2017. This 35,400 square-foot modern and state-of-the-art facility enhances the shelter's mission to adopt out as many dogs and cats as it can. With the new facility moving from Auburn Hills to our main County campus in Pontiac, pet adoptions are expected to increase given the more accessible central location. As previously noted, the former animal shelter site property is up for sale and will return the property to the tax rolls once sold.

## County of Oakland Letter of Transmittal

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The County has also taken measures to address ongoing security initiatives, major technology replacement and improvement projects, and infrastructure projects. This includes the replacement of the legacy 911 copper network to a regional Emergency Services Internet-protocol Network (ESINet) for the Next Generation 911. This latest technology allows 911 calls to be routed using geographic information system coordinates and will allow callers to use wireless devices to transmit photographs, videos, in-car crash system data, and text messages. Other technology initiatives underway include the replacement of the County's imaging and document management system and the replacement of the analog telephone system to a universal communication system that will transform the way employees communicate and collaborate with each other as well as with the public. Additional project implementations expected to start within the next year include the replacement of the Human Capital Management and Financial Management systems, replacement of the Radio Communications system, the Virtual Desktop Infrastructure project, the Identity and Access Management project, and the Network Operations Center Monitoring project.

Regional collaboration is no stranger to Oakland County. The County continues to be a leader in efforts to share government resources through intergovernmental cooperative programs. The County's Courts and Law Enforcement Management Information System (CLEMIS) program is a premier example of regional collaboration with over 200 public safety agencies across Southeast Michigan. Also, many local communities contract with Oakland County for services such as road patrol, police and fire dispatch services, real property assessing and personal property appraisals, animal control, information technology services, water and sewer services, and collection of delinquent taxes.

The County's Department of Information Technology and Corporation Counsel worked to develop the G2G ("government to government") Marketplace. Since its inception in 2014, the G2G Marketplace offers participating jurisdictions a way to evaluate and procure enterprise technology solutions and professional services. Participants can access pre-negotiated contracts with guaranteed best pricing and terms for tested, successful solutions, a best practice library, and other resources that help reduce overall costs. Within the past four years there are now 81 municipalities in Michigan that are part of the G2G Marketplace. Additionally, 750 entities from around the world are utilizing this resource with the G2G Marketplace having generated over 417,000 transactions approximating \$300.0 million in business system wide. This is just another example of how Oakland County is leading the way in helping governments of all sizes. For more information about the G2G Marketplace, please go to [www.G2GMarket.com](http://www.G2GMarket.com).

The Department of Information Technology has accumulated numerous awards over the years and has made Oakland County one of the most digitally advanced counties in the country. This includes national recognition for Oakland County's cybersecurity programs. In 2017, the Center for Digital Government bestowed its Cybersecurity Leadership and Innovation Award upon the County's Information Security Program. The program has delivered projects in governance, formalized program documentation, technical solutions, incident response, asset management, data management and improved patching process time. The program has a team dedicated to

## County of Oakland Letter of Transmittal

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monitoring and responding to issues and offers the CySAFE self-assessment template and advisory assistance to all U.S. counties. Also of special note, Deputy County Executive/Chief Information Officer Phil Bertolini was recognized as one of GOVERNING's Public Officials of the Year for 2017. GOVERNING selects only a handful of officials each year in recognition of outstanding leaders in state and local government who exemplify the ideals of public service.

As noted in the accompanying financial statements, Oakland County's General Fund balance totaled \$264.8 million as of September 30, 2017. This level of fund balance equates to 58.2% of budgeted fiscal year 2018 General Fund/General Purpose expenditures. However, of that amount \$33.1 million is assigned to balance the fiscal year 2018 budget, \$31.7 million is assigned to balance the fiscal year 2019 budget; and \$26.2 million is assigned to balance the fiscal year 2020 budget. When the above assignments are removed, the General Fund balance still stands at \$173.8 million or 38.2% 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 and was able to further reduce the millage rate by .05 mills for the July 2016 tax levy to bring the millage rate to 4.04 mills. The County has a longstanding tradition of maintaining a millage rate that is *below* the maximum authorized rate. The 4.04 millage rate is below the current maximum authorized rate of 4.1457 as allowed by the State Constitution. Until 2015, the maximum authorized millage rate had not changed for 10 years, primarily as a result of suppressed property values. With the recent rebound in property values, a roll-back to the maximum authorized millage rate has been required for the past three years. The County will continue to monitor the impacts of the Headlee Constitutional Tax Limitation Amendment of 1978 and the Proposal A Property Tax Limitation Amendment of 1994 in order to foresee potential constraints on future millage rates. The County's diligent long-term financial planning efforts are key to the continued success of providing quality services to the citizens.

### **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 rating report dated May 12, 2017, Moody's reaffirmed Oakland County's AAA status and stated:

“Oakland County demonstrates very strong management characteristics. 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's formal general fund balance policy requires 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, as will a low fixed cost burden that enhances the county's capacity to absorb any unanticipated cost growth.”

## **County of Oakland**

### **Letter of Transmittal**

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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, 2016; this was the 26th 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, 2015. This latest award is the 15th in a row. In order to qualify for the Distinguished Budget Presentation Award, Oakland County's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operation guide, and a communications device. Oakland County was the first governmental entity in the state of Michigan to achieve this honor in 1984, the first year of the program.

Lastly, Oakland County is the proud recipient of the GFOA award for its Popular Annual Financial Report (PAFR). The fiscal year 2016 PAFR award was the County's 20th consecutive citation. Currently, Oakland County is one of two counties in the state of Michigan that holds all three of the GFOA awards simultaneously.

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

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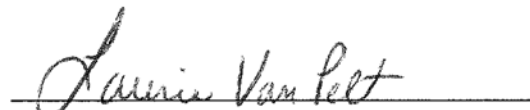
Acknowledgements:

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

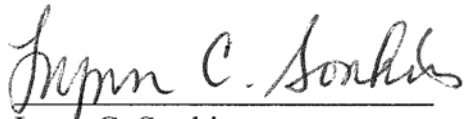
Respectfully submitted,



L. Brooks Patterson  
Oakland County Executive



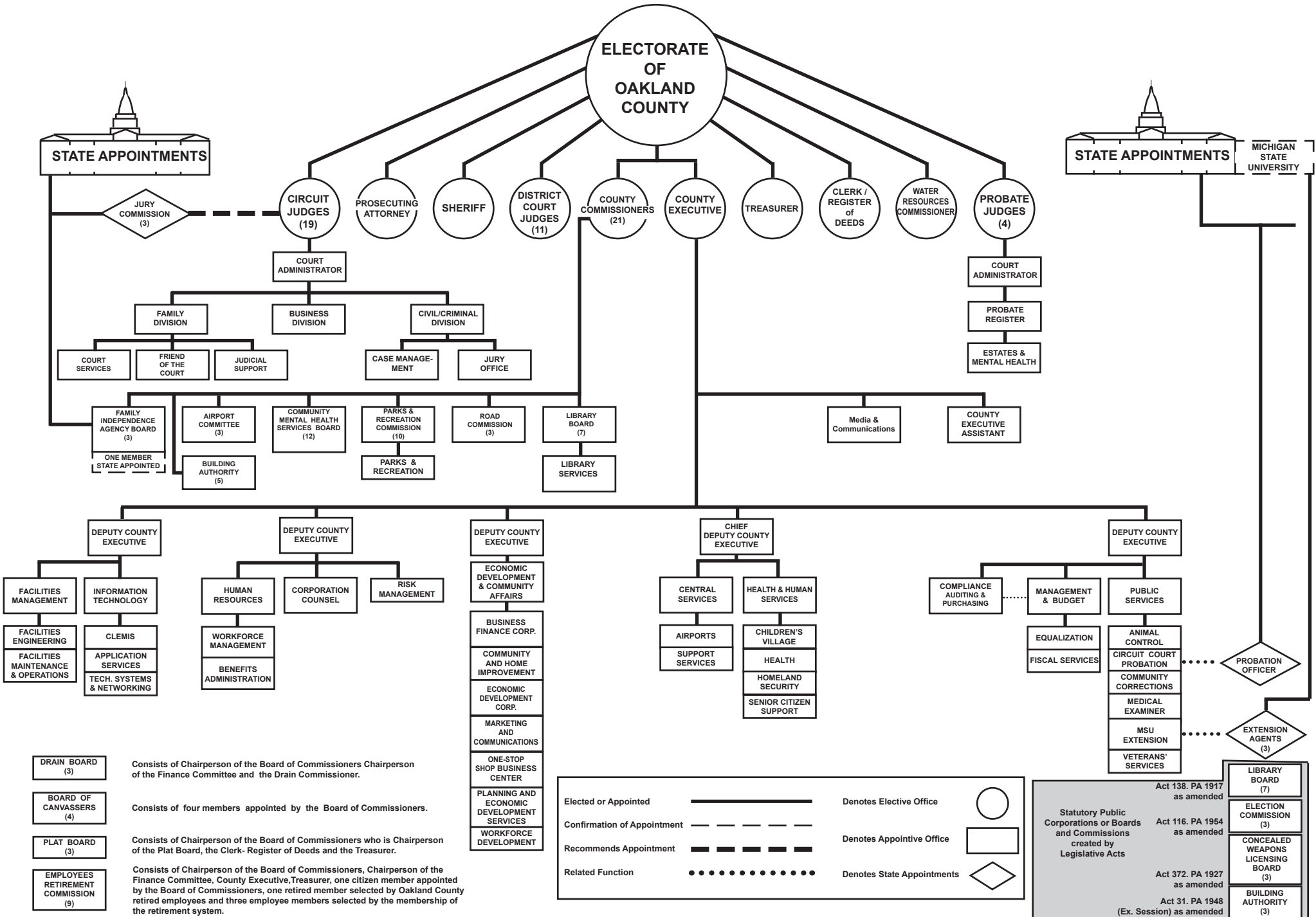
Laurie Van Pelt, CPFO  
Chief Fiscal Officer and Director,  
Department of Management and Budget



Lynn C. Sonkiss  
Fiscal Services Officer, Fiscal Services Division



# OAKLAND COUNTY GOVERNMENT ORGANIZATIONAL CHART



**COUNTY EXECUTIVE**

L. Brooks Patterson

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Michael Spisz, Vice-Chairperson

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David Bowman  
Hugh D. Crawford  
Bill Dwyer  
Wade Fleming  
Marcia Gershenson

Robert Hoffman  
Janet Jackson  
Adam Kochenderfer  
Eileen Kowall  
Christine A. Long  
Gary R. McGillivray  
Thomas Middleton

Nancy Quarles  
Shelley Goodman Taub  
Doug Tietz  
Philip J. Weipert  
Dave Woodward  
Helaine Zack

**OTHER ELECTED OFFICIALS**

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Lisa Brown

Treasurer  
Andy Meisner

Water Resources Commissioner  
Jim Nash

Prosecuting Attorney  
Jessica R. Cooper

Sheriff  
Michael J. Bouchard

Chief Circuit Judge  
Nanci J. Grant

Chief Probate Judge  
Linda S. Hallmark

Chief District Judge  
Julie A. Nicholson

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

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Andy Meisner, Vice-Chairperson  
Dennis King, Secretary  
Jamele Hage  
Douglas Williams

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J. David VanderVeen, Vice-Chairperson  
Ron Fowkes, Secretary  
Dan J. Stencil, Executive Officer

A. David Baumhart III  
Hugh D. Crawford

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

Jim Nash  
David W. Potts

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Gregory C. Jamian, Vice-Chairperson  
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Financial Report  
for the Fiscal Year Ended

**September 30, 2016**

*Christopher P. Morill*

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, Michigan (the "County") as of and for the year ended September 30, 2017 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.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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, Michigan as of September 30, 2017 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Commissioners  
Oakland County, Michigan

***Emphasis of Matter***

As described in Notes 14 and 21 to the financial statements, in 2017, the County adopted the new accounting guidance of Governmental Accounting Standards Board Statement No. 74, *Financial Reporting For Postemployment Benefit Plans Other Than Pension Plans*, and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 74 and Statement No. 75 established accounting and financial reporting standards for postemployment benefits plans other than pensions provided to the employees of governmental employers. Adopting GASB Statement No. 74 and Statement No. 75 resulted in the recognition of a net other postemployment benefit asset and significant changes to the other postemployment benefit plan-related note disclosures and required supplemental information schedules. 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.

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.

To the Board of Commissioners  
Oakland County, Michigan

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we will also issue a report on our consideration of Oakland County, Michigan'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, Michigan's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

March 22, 2018

# 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, 2017. 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 increased by \$61.8 million or 5.0 percent during fiscal year 2017, increasing from \$1,231.2 million to \$1,293.0 million, which reflects a \$38.4 million adjustment and restatement for the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75. The restatement is further detailed later in this analysis and in Note 21.
- Governmental activities net position increased by approximately \$57.7 million, increasing from \$488.5 million to \$546.2 million and includes a \$38.4 million adjustment for the implementation of GASB Statement No. 75.
- Business-type activity net position increased \$4.1 million from \$742.7 million to \$746.8 million.

#### Fund Level:

- At the close of the fiscal year, the County's governmental funds reported combined ending fund balance of \$322.4 million, a decrease of \$8.1 million from the fiscal year 2016 governmental funds combined ending fund balance, primarily reflecting a decrease of bond issuance proceeds compared to fiscal year 2016 activity.
- The General Fund balance increased by \$9.5 million from \$255.2 million at the end of fiscal year 2016 to \$264.7 million at the end of fiscal year 2017. The overall increase is primarily attributed to the decrease of one-time transfers out for capital-related projects during fiscal year 2017.
- At the close of the fiscal year, the County's proprietary funds reported a combined ending net position of \$814.2 million, consisting of \$746.8 million for the Enterprise Funds (a \$4.1 million increase from fiscal year 2016) and \$67.3 million for the Internal Service Funds (a \$42.6 million increase from fiscal year 2016). This overall increase is primarily due to the implementation of GASB 75. See Note 21 for the restatement related to GASB 75.

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

- The County's capital assets experienced a net increase of \$15.5 million during fiscal year 2017, primarily for increases in buildings and improvements and construction in progress activities.
- The County reported approximately \$17.9 million in new general government debt and business-type debt during fiscal year 2017, which supported debt for Sewage Disposal Act 342 system improvement projects and Michigan Bond Authority debt for multiple water and sewer projects.
- The County's primary government bond and note obligations decreased by \$35.5 million during fiscal year 2017, which reflects \$8.1 million in payments related to Building Authority debt, \$23.0 million in payments related to Retirees Health Care bonds, and \$4.4 million in payments related to Water and Sewer debt.
- The County is \$6.2 billion below its authorized debt limit.



# County of Oakland

## Management's Discussion and Analysis

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### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The set of *basic financial statements* includes the Statement of Net Position and the Statement of Activities, which report information about the County as a whole and about its activities. Their purpose is to assist in answering the question: is the County, in its entirety, better or worse off as a result of this fiscal year's activities? These statements, which include all non-fiduciary assets and liabilities, are reported on the *accrual basis of accounting*, similar to a private business. Accrual accounting means revenues are accounted for when they are *earned*, and expenses are accounted for when an *obligation* is incurred, regardless of when the actual cash is received or disbursed.

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

The Statement of Activities presents information showing how the County's net position changed during fiscal year 2017. 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, Water and Sewer services, and the Parks and Recreation Fund operations are examples of these activities.
- *Discretely Presented Component Units* – Component units are legally separate organizations for which the Board of Commissioners appoints a majority of the organization's policy board and there is a degree of financial accountability to the County. Two organizations are included as component units: the Road Commission for Oakland County and the Drainage Districts.

## County of Oakland Management's Discussion and Analysis

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

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 full 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, Fringe Benefits, 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:

- *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

## County of Oakland Management's Discussion and Analysis

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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* (accounts 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 as well as pension and OPEB trend data.

### Other Supplementary Information

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

# County of Oakland Management's Discussion and Analysis

## Special Note:

### Implementation of GASB Statement Number 74, Statement Number 75 and Statement Number 77

The fiscal year 2017 Comprehensive Annual Financial Report reflects the implementation of Governmental Accounting Standards Board Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plan*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and Statement No. 77, *Tax Abatement Disclosures*.

### FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

As previously stated, Oakland County's overall financial position improved during fiscal year 2017. As reflected on the table below, the County's combined net position increased by \$61.8 million over the course of fiscal year 2017 operations. In particular, the net position of the governmental activities increased by approximately \$57.7 million (11.8 percent) primarily reflecting the implementation of GASB No. 75. The business-type activities increased \$4.1 million in net position (0.6 percent) which reflects capital asset contributions primarily related to Evergreen Farmington Sewage Disposal System (EFSDS) projects and accounts for the conveyance of Oakland Township Water Supply System infrastructure and related assets.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current Assets	\$ 591.1	\$ 546.2	\$ 507.5	\$ 496.3	\$ 1,098.6	\$ 1,042.5
Capital Assets	219.4	204.8	326.9	326.0	546.3	530.8
Other Long-term Assets	347.7	217.2	-	-	347.7	217.2
<b>Total Assets</b>	<b>1,158.2</b>	<b>968.2</b>	<b>834.4</b>	<b>822.3</b>	<b>1,992.6</b>	<b>1,790.5</b>
Deferred Outflows of Resources						
Related to Pension	-	19.3	-	-	-	19.3
Current Liabilities	156.7	115.8	61.1	54.3	217.8	170.1
Other Liabilities	396.0	421.6	26.5	25.3	422.5	446.9
<b>Total Liabilities</b>	<b>552.7</b>	<b>537.4</b>	<b>87.6</b>	<b>79.6</b>	<b>640.3</b>	<b>617.0</b>
Deferred Inflows of Resources						
Related to Pension	12.2	-	-	-	12.2	-
Related to OPEB	47.1	-	-	-	47.1	-
<b>Total Deferred Inflows of Resources</b>	<b>59.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59.3</b>	<b>-</b>
Net Position:						
GASB 75 adjustment	-	38.4	-	-	-	38.4
Net Investment in Capital Assets	168.5	147.7	298.6	299.3	467.1	447.0
Restricted	41.0	36.0	96.5	98.3	137.5	134.3
Unrestricted	336.7	266.4	351.7	345.1	688.4	611.5
<b>Total Net Position</b>	<b>\$ 546.2</b>	<b>\$ 488.5</b>	<b>\$ 746.8</b>	<b>\$ 742.7</b>	<b>\$ 1,293.0</b>	<b>\$ 1,231.2</b>

# County of Oakland Management's Discussion and Analysis

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the County's net position changed during the fiscal year:

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 186.3	\$ 181.9	\$ 275.9	\$ 271.0	\$ 462.2	\$ 452.9
Grants and Contributions						
Operating	55.7	56.6	1.7	2.4	57.4	59.0
Capital	2.3	1.5	15.9	29.4	18.2	30.9
General Revenues						
Property Taxes	221.2	210.2	12.4	12.2	233.6	222.4
Intergovernmental Revenue	44.2	42.8	0.3	-	44.5	42.8
Investment Earnings	3.4	3.9	4.4	3.6	7.8	7.5
Other Revenue	1.8	3.8	-	-	1.8	3.8
Gain on Sale of Assets	0.4	0.4	-	-	0.4	0.4
<b>Total Revenues</b>	<u>515.3</u>	<u>501.1</u>	<u>310.6</u>	<u>318.6</u>	<u>825.9</u>	<u>819.7</u>
<b>Expenses</b>						
Public Safety	198.2	186.4	19.6	20.8	217.8	207.2
Justice Administration	91.2	88.2	-	-	91.2	88.2
Citizen Services	80.4	77.5	6.6	6.6	87.0	84.1
Public Works	44.5	53.6	223.8	214.5	268.3	268.1
Recreation and Leisure	1.4	1.3	25.1	23.5	26.5	24.8
Commerce and Community Dev.	42.6	42.6	-	-	42.6	42.6
General Government	7.2	37.0	0.9	0.9	8.1	37.9
Interest on Debt Service	3.6	3.2	-	-	3.6	3.2
Unallocated Depreciation	3.8	3.5	-	-	3.8	3.5
<b>Total Expenses</b>	<u>472.9</u>	<u>493.3</u>	<u>276.0</u>	<u>266.3</u>	<u>748.9</u>	<u>759.6</u>
Revenues Over Expenditures	42.4	7.8	34.6	52.3	77.0	60.1
Special item - Transfer of water system	-	-	(15.2)	-	(15.2)	-
Transfers - Ongoing	15.3	17.8	(15.3)	(17.8)	-	-
<b>Increase in Net Position</b>	<u>57.7</u>	<u>25.6</u>	<u>4.1</u>	<u>34.5</u>	<u>61.8</u>	<u>60.1</u>
Net Position - Beginning	488.5	424.5	742.7	708.2	1,231.2	1,132.7
Net Position - Ending	546.2	450.1	746.8	742.7	1,293.0	1,192.8
GASB 75 adjustment	-	38.4	#	-	-	38.4
Adjusted Net Position - Ending	<u>\$ 546.2</u>	<u>\$ 488.5</u>	<u>\$ 746.8</u>	<u>\$ 742.7</u>	<u>\$ 1,293.0</u>	<u>\$ 1,231.2</u>

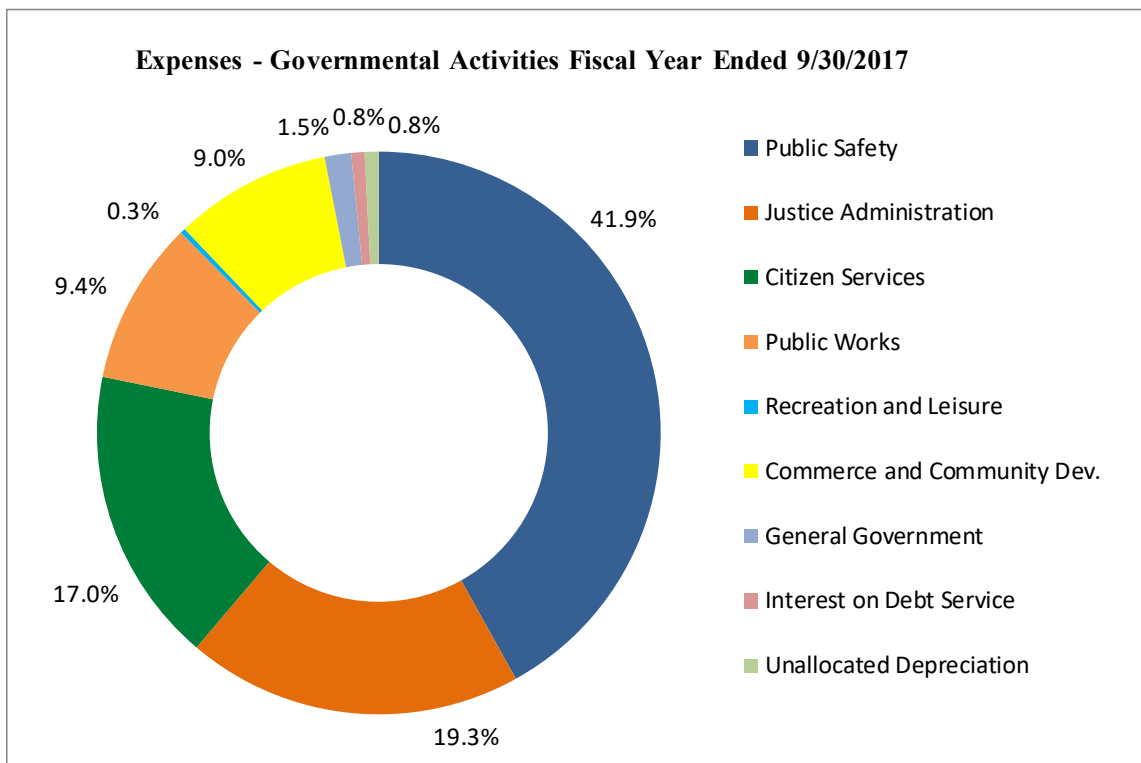
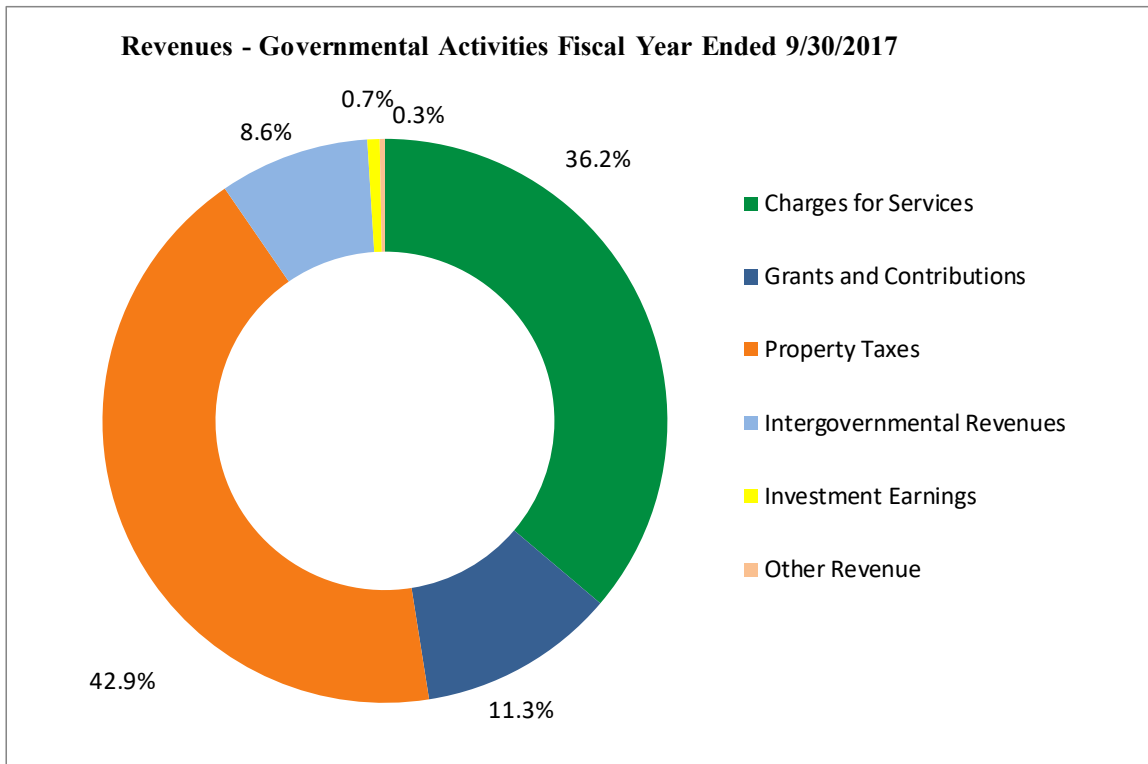
#Beginning balance adjusted per restatement. See Note #21.

# County of Oakland Management's Discussion and Analysis

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## Governmental Activities:

The following charts depict revenues 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 2017 governmental activity revenue collections increased by \$14.2 million (2.8 percent) from fiscal year 2016. Of this amount, property tax revenue increased by \$11.0 million, charges for services increased by \$4.4 million, and intergovernmental revenue increased by \$1.4 million. These increases were partially offset by declines of \$2.0 million in the other revenue category, investment earnings of \$500,000, and grants and contributions of \$100,000 from the fiscal year 2016 amounts.

Property taxes generated \$221.2 million in revenue, remaining the largest source of support for governmental activities, comprising 42.9 percent of all governmental activity revenue. Governmental activities have decreased their dependency on property taxes; the fiscal year 2017 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 increased by approximately \$11.0 million from the amount realized during fiscal year 2016. This overall increase is primarily due to increasing property taxable values over the past year as well as the timing of tax collections. The County's operating millage rate of 4.04 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 \$186.3 million or 36.2 percent of the total. There are a wide variety of activities charged 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 \$186.3 million collected in fiscal year 2017 represents a \$4.4 million increase (2.4 percent) from the previous fiscal year. The primary reason for the change is due to increased land sale activity which accounted for \$4.5 million.

The third largest source of support for governmental activities is the \$58.0 million received in operating and capital grants and contributions during fiscal year 2017, which is 11.3 percent of the total revenue for governmental activities. This amount represents a \$100,000 net decrease (0.2 percent) from fiscal year 2016 and reflects minor activity variances from the prior year. Included in this total change is a \$900,000 decrease in operating grants and a \$800,000 increase in capital contributions and grants in comparison to fiscal year 2016.

Oakland County governmental activities also recorded \$44.2 million in intergovernmental revenue during fiscal year 2017, a \$1.4 million increase over the \$42.8 million received in fiscal year 2016. The increase is primarily related to revenue from the State for personal property tax loss reimbursements. 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.

## County of Oakland Management's Discussion and Analysis

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Governmental activities generated \$3.4 million in investment earnings during fiscal year 2017; this amount reflects a decrease of \$500,000 (12.8 percent) from the amount earned in fiscal year 2016. While an overall decrease from the prior year, the County's investment pool rates continue to outperform U.S. Treasury rates.

Governmental activity fiscal year expenses decreased \$20.4 million from the fiscal year 2016 expense level, a 4.1 percent decrease from the previous fiscal year.

Public Safety continued to be the largest governmental activity, expensing \$198.2 million of the \$472.9 million total governmental activities amount (41.9 percent). Public Safety, which encompasses law enforcement, crime prevention, incarceration, emergency management, and technical support, experienced a \$11.8 million increase (6.3 percent) in comparison to the previous fiscal year. This increase can be attributed to a 3.0 percent general salary increase and related fringe benefits, fluctuations in contractual services and equipment maintenance, and entity-wide statement adjustments for capital outlay and internal service fund lookback allocations.

Closely linked to Public Safety, Justice Administration is the second largest expense category accounting for \$91.2 million, or 19.3 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 \$3.0 million increase (3.4 percent) from the previous fiscal year which primarily reflects the general salary increase previously noted and increases in various operating costs for defense attorney expenses, deputy supplies, technology development services, and insurance charges.

Citizen Services, which include 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 \$80.4 million in expenses, or 17.0 percent, of the total governmental activities. Expenses increased by \$2.9 million from the fiscal year 2016 level (3.7 percent). The majority of the increase is due to a 3.0 percent general salary increase, fluctuation of staffing levels, and Home Investment Partnership grant activity.

The Public Works activity, which includes the operating systems that form the infrastructure of basic county functions, expensed \$44.5 million in fiscal year 2017, or 9.4 percent of the total governmental activities expenses. This level of expense is a net decrease of \$9.1 million or 17.0 percent from fiscal year 2016. This reflects the fluctuation of activity for Act 342 water and sewer projects.

Commerce and Community Development, which reflects all efforts to promote and sustain a strong economic business climate and vibrant communities, experienced \$42.6 million in expenses, or 9.0 percent, of the total governmental activities. There was no change from prior fiscal year activity.

The General Government activity, which is comprised of the administration and financial management of County business, expensed \$7.2 million in fiscal year 2017, or 1.5 percent of the total governmental activities expenses. The level of expenses in fiscal year 2017 decreased by approximately \$29.8 million from the fiscal year 2016 level. This is largely due to a \$28.6 million decrease related to pension expense and retiree healthcare expense as the result of GASB No. 68 and GASB No. 75; both the pension and VEBA plans have a funding surplus.



## County of Oakland Management's Discussion and Analysis

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As stated previously, the result of fiscal year 2017 governmental activity was an overall increase of \$57.7 million in net position, to \$546.2 million. Of the total \$546.2 million in governmental activities net position, \$168.5 million is invested in capital assets; \$41.0 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 \$336.7 million is reported as unrestricted.

### **Business-type Activities:**

Net position in business-type activities is reported at \$746.8 million for fiscal year 2017, an increase of \$4.1 million (0.6 percent) over the amount reported at the end of fiscal year 2016. Of the total net position, \$298.6 million is for the net investment in capital assets, \$96.5 million is restricted, and \$351.7 million is reported as unrestricted. It is important to note that although reported as unrestricted, many of these assets have been reserved through Board of Commissioners resolutions to be spent on specific activities.

During fiscal year 2017, business-type activities generated \$310.6 million in revenue; this is a decrease of \$8.0 million (2.5 percent) from the previous fiscal year. The overall change reflects a net \$13.5 million decrease of capital asset contributions primarily related to the Evergreen Farmington Sewage Disposal System (EFSDS). This is partially offset by an overall net increase of \$4.9 million for Charges for Services revenue. Included in the net \$4.9 million is an increase of \$7.5 million related to rate and usage fluctuations in the various water and sewer funds and a reduction in revenue of \$2.3 million in the Delinquent Tax Revolving Fund as there are fewer delinquent properties.

Business-type activity recorded expenses of \$276.0 million, an increase of \$9.7 million from fiscal year 2016 (3.6 percent). This overall increase is primarily for Public Works activity due to general operating expense fluctuations in the various sewage disposal systems and water and sewer retail systems; this is partially offset by the revenue increases for these systems that are noted above.

Business-type activity also recognized a Special Item transaction in fiscal year 2017. Miscellaneous Resolution #17020 authorized the conveyance of Oakland County's interest in the Oakland Township Water Supply System. This noncash transaction removed the net book value of infrastructure and related assets in the amount of approximately \$15.2 million. The system is now owned by the Charter Township of Oakland, but Oakland County continues to operate and maintain the system under a contractual agreement.

### **FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR FUNDS**

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

#### Governmental Funds

Three (3) governmental funds are designated as major funds of the County; the *General Fund*, the *Building Authority Debt Act 31 Fund*, and the *Water and Sewer Debt Act 342 Fund*. As the County completed fiscal year 2017, the governmental funds reported *combined* fund balances of \$322.4 million with the fund balances of the General Fund, the Building Authority Debt Act 31 and the Water and Sewer Debt Act 342, representing 84.2 percent of the combined governmental funds balance.

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The fiscal year ending combined fund balance of \$322.4 million represents a decrease of \$8.1 million from the combined fund balance reported at the end of fiscal year 2016. The overall decrease in the combined governmental fund balances includes a \$9.5 million increase to the General Fund balance, reflecting the decrease of one-time transfers out for capital-related projects during fiscal year 2017. The Building Authority Debt Act 31 decreased by approximately \$1.0 million which reflects the partial utilization of the \$7.0 million transfer in fiscal year 2016 from the General Fund to the Animal Control and Pet Adoption Center debt service fund to cover the first seven (7) years of debt service. The Water and Sewer Debt Act 342 remained relatively unchanged. The non-major governmental funds decreased by \$16.6 million and primarily represents a decrease in bond issuance proceeds of \$25.8 million and a decrease of \$6.3 million for transfers in activity in comparison to the prior year. This is partially offset by an increase in capital outlay activity for the Animal Control and Pet Adoption project of \$13.0 million.

### 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, 2017 the General Fund reported a fund balance of \$264.7 million. This amount reflects an increase of \$9.5 million (3.7 percent) from the fund balance of \$255.2 million reported as of September 30, 2016.

The overall \$9.5 million increase in the General Fund balance is a result of General Fund revenues exceeding General Fund expenditures by \$38.5 million. In addition, the General Fund received \$13.3 million in transfers from other funds, while transferring \$42.2 million to other funds, rendering a net "transfer-out" of \$28.9 million.

General Fund revenues were recorded at \$397.6 million for fiscal year 2017. This amount is an increase of \$10.5 million (2.7 percent) from the \$387.1 million received in fiscal year 2016. The majority of the increase reflects higher charges for services revenue due to increased land sale activity, improved taxable values and tax collections, and additional intergovernmental revenue for the Local Community Stabilization Share revenue from the State for reimbursement of personal property tax losses.

General Fund expenditures were \$359.1 million, an increase of \$12.5 million from the fiscal year 2016 level (3.6 percent). The overall change primarily reflects increased operational activity for law enforcement and justice administration expenditures as well as the 3.0 percent general salary increase previously noted.

The General Fund received \$13.3 million in transfers from other funds; this is a decrease of \$1.3 million (8.9 percent) from the amounts transferred during fiscal year 2016. This decrease primarily reflects a reduction of \$2.2 million related to transfers from the Delinquent Tax Revolving Fund and is partially offset by a \$900,000 increase related to transfer activity from restricted and project work order funds.

The General Fund transferred \$42.2 million to other funds during fiscal year 2017. This amount is \$17.9 million less (29.8 percent) than the fiscal year 2016 transfers. The net decrease reflects a one-time transfer of \$7.0 million for the Animal Control and Pet Adoption Center facility debt in fiscal year 2016 that did not reoccur in fiscal year 2017, a \$8.4 million reduction in transfers to the Project Work Order Fund due to the timing of various capital and maintenance projects, a reduction of \$3.5 million to the Major Department Support Projects Fund for the Imaging System Replacement Project that occurred in fiscal year 2016, and a \$700,000 reduction in transfers to the Fire Records Management Fund for a one-time project that occurred in fiscal year 2016. This is partially offset by a transfer out of \$1.5 million to the

## County of Oakland Management's Discussion and Analysis

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Building and Liability Fund for sewer project settlement as well as modest operational requirements related to the Child Care Fund, internal services funds and various grants.

Of the total \$264.7 million General Fund balance, all but \$3.0 million is Nonspendable, Restricted, or Assigned for specific purposes. The total fiscal year 2017 General Fund balance represents 65.9 percent of the fiscal year 2017 General Fund operations. However, it should be noted that \$128.1 million from the 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 34.0 percent of the fiscal year 2017 General Fund operations. The General Fund balance of \$264.7 million represents 82.1 percent of the combined fund balances of the governmental funds.

### General Fund Budgetary Highlights

Oakland County's budget is a dynamic document. Although adopted on September 22, 2016 (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 \$5.4 million (1.4 percent) during the fiscal year 2017 from \$379.4 million to \$384.8 million. The revenue budget was amended in a number of areas. Most significant was the additional revenue from the State of Michigan for Convention Facility Liquor Tax of \$1.4 million and Local Community Stabilization Share personal property tax loss reimbursements of \$960,720. Other material amendments included over \$1.1 million for Sheriff Law Enforcement Services contracts, Reimbursement General of \$645,000 in the Water Resources Commissioner Office for charges to special revenue and proprietary funds, and Commission Public Telephone monies of almost \$620,000. Also, there were revenue amendments for various departments including the County Executive, Central Services, Health, Economic Development, Clerk/Register of Deeds and Probate Court to reflect operational activity.

Actual General Fund revenue totaled \$397.6 million, \$12.8 million more than the amended budget. Although variances naturally occur in every revenue line item, the most significant reason for this variance is reflected in the Charges for Services category which was favorable by \$12.6 million primarily related to the sale of foreclosed property, favorable Mortgage and Land Transfer Tax revenue, and Court Fines and Costs revenue.

The General Fund expenditure budget increased \$4.6 million (1.2 percent) from \$379.1 million to \$383.7 million during fiscal year 2017. Changes included \$3.7 million in operating appropriations from fiscal year 2016 that were carried forward for specific projects which were not yet completed. Most notably, the funds carried forward included \$965,903 for Tri-Party Road Improvement Program projects, which is a collaborative effort between Oakland County, the Road Commission of Oakland County (RCOC), and the individual cities, townships, and villages (CVT's) located within the county, in which each one contributes a one-third share of the program to the RCOC once projects have been identified; \$777,191 for Circuit Court Defense Attorney Fees; \$252,778 to continue Circuit Court's State Judicial Technology Improvement and Online Judges project and the use of mediation funds for equipment and furniture; \$586,866 for Juvenile Resentencing pending a Supreme Court appeal on Juvenile Resentencing cases; \$191,585 in the Sheriff's Office primarily for a helicopter engine overhaul project; \$191,081 for various Economic Development activities; \$165,800 for Human Resources Legal and Professional Services; \$120,932 for Local Road Improvement Program projects in cities and villages; \$105,494 for Miscellaneous Capital Outlay for furniture replacement; \$97,088 for Board of Commissioner Special

## County of Oakland Management's Discussion and Analysis

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Projects for Gun Safety, Youth Enrichment Scholarship program, and School Bullying Prevention; \$86,015 for Health Equipment and Lab Supplies; and \$81,500 in the Treasurer's Office for the demolition of tax reverted properties.

There were additional appropriations made during fiscal year 2017 including \$2.3 million for overtime costs in the Sheriff's Office primarily related to jail operational staffing requirements; new Tri-Party Road Improvement Program projects in the amount of \$1.6 million; \$715,700 in new Local Road Improvement program projects; \$694,400 million for distribution to the County's designated Substance Abuse Coordinating Agency, Oakland County Community Health Network (OCHN); \$661,500 for equipment maintenance primarily related to Sheriff helicopter repairs; and \$111,500 for relocation costs associated with the 2016 Presidential Election recount. These increases were partially offset by reductions of \$5.4 million for a one-time rate adjustment from the Fringe Benefit Fund.

Finally, the General Appropriations Act requires that appropriations accumulate at the following three summary levels of expenditures: Personnel Expenditures, Operating Expenditures, and Internal Support Expenditures. Due to unfavorable personnel variances related to overtime and hospitalization, operating costs including defense attorney fees, guardian ad litem fees, medical services – guardianship, transportation service and internal service fund charges, the end of fiscal year 2017 resulted in several departments reflecting actual expenses in excess of total budgeted appropriations at the summary category level. Therefore, amendments totaling \$2.6 million were made to cover the shortage in Personnel Expenditures, Operating Expenditures and Internal Support Expenditures and were fully offset by revenue amendments and expenditure reductions within other departmental categories.

The General Fund expenditures for fiscal year 2017 were \$24.5 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, \$9.1 million is attributed to salary and fringe benefits savings as all authorized employee positions are budgeted. The favorability is the result of vacancies, employee turnover, and filling some authorized positions with part-time non-benefit employees or filling those positions at a lower classification than budgeted.

In addition, \$6.8 million savings in the Non-Departmental budget mainly reflects that fewer adjustments were necessary to transfer funds to operating departments due to the conscious efforts of the departments to work within the constraints of their original budgets. Total savings also include unspent funds for Tri-Party Road Improvement Projects, Local Road Improvement Projects, Grant Match, Juvenile Resentencing and Capital Outlay, which were carried forward into the fiscal year 2018 budget to complete the projects.

Further, there is \$2.5 million in savings for the Circuit Court related to favorable Defense Attorney Fees, Attorney Fees Mediators, and Juror Fees and Mileage due to less activity. The Sheriff's Office reflects favorable variances of \$1.1 million including favorability of over \$213,000 for Other Expendable Equipment due to less than anticipated usage and almost \$144,900 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). The remaining Sheriff favorability is in

## County of Oakland Management's Discussion and Analysis

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Prisoner Housing Outside of County, Equipment Maintenance, Uniforms, Miscellaneous Capital Outlay, Evidence Fund – NET, Deputy Supplies, Gasoline Charges, Office Supplies, and several smaller line item variances. Additionally there is \$688,200 for favorability in Human Resources reflecting Legal Services, Professional Services, Recruitment Expense and Examination Materials; nearly \$649,550 in the Department of Human Services for Professional Services, Contracted Services, Personal Mileage and Software Support Maintenance; almost \$620,400 favorability in the Clerk / Register of Deeds office due to lower use of Professional Services and Court Transcripts, Fees Per Diems and Printing; almost \$527,000 favorability in Economic Development and Community Affairs related to Professional Services, Workshops and Meetings, Printing, Business Recruitment, Membership Dues, Travel and Conference and Software Support Maintenance; nearly \$466,500 in the Treasurer's Office related to Title Search and Fees Civil Service due to less than anticipated use; \$260,500 Management and Budget for Professional Services, Personal Mileage, Printing, Office Supplies, Metered Postage and Membership Dues; nearly \$227,800 favorability in Water Resources Commissioner related to Contracted Services, Legal Services, Professional Services and Education Programs; \$185,300 in the District Courts for Software Support Maintenance, Juror Fees and Mileage, Travel and Conference, Electrical Service, Medical Exams, Printing and Visiting Judges; and \$122,700 for the Board of Commissioners related to Special Projects, Workshops and Meetings, Professional Services – Annual Audit, Personal Mileage, Legal Services, and Computer Research Services.

The adopted budget also included other financing sources and uses for General Fund operations, essentially the net result of the General Fund receiving resources from other funds less the amount of General Fund resources provided to (or transferred to) other funds. The adopted budget assumed that the General Fund would transfer \$32.9 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 2017 by \$3.9 million from \$45.0 million to \$48.9 million. Major amendments included \$1.5 million to the Building Liability Fund for a water main extension project appropriation; \$1.4 million to the Project Work Order Fund primarily for building security enhancement projects and maintenance projects; \$241,600 for the Sheriff's Office Auto Theft Prevention Grant match; \$204,000 to the Child Care Fund; \$134,000 for the Sheriff's Office and Prosecuting Attorney Narcotics Enforcement Team (NET) Grant match; \$131,100 for Information Technology projects; nearly \$127,000 to the Motor Pool Fund for vehicle acquisitions related to Sheriff's Office law enforcement service contract amendments with local municipalities; and several other smaller amendments related to transfers for various grants and projects.

Actual financing uses from the General Fund were \$6.7 million less than budgeted. This variance largely reflects actual operational requirements for the Child Care Fund (\$5.8 million), the Friend of the Court Grant Fund (\$582,500), the Prosecuting Attorney Cooperative Reimbursement Grant Fund (\$137,850), the Sheriff's Office Auto Theft Prevention Grant Fund (\$110,150) and the Sheriff's Office and Prosecuting Attorney Narcotics Enforcement Team (NET) Grant Fund (\$22,200).

### **The Building Authority Debt Act 31 Fund**

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

## County of Oakland Management's Discussion and Analysis

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During fiscal year 2017 the *Building Authority Debt Act 31 Fund* balance decreased by approximately \$1.0 million to report a total fund balance of approximately \$6.7 million. This decrease is related to the partial utilization of the \$7.0 million transferred in fiscal year 2016 to cover the initial seven (7) years of debt service on the Animal Control and Pet Adoption facility previously noted. The remaining activity reflects ongoing activity to support annual 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 \$4,464, to report a total fund balance of \$16,120.

### 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 Airports 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, 2017 the Enterprise Funds had combined net position of \$746.8 million, an increase of \$4.1 million from the combined net position reported at the end of fiscal year 2016. The seven major enterprise funds alone reported net positions of \$683.5 million (91.5 percent of the total combined Enterprise net position). The net position of these seven major Enterprise funds increased overall by \$7.1 million during fiscal year 2017.

Two of the seven major Enterprise Funds experienced an increase in net position. The *Evergreen-Farmington Sewage Disposal System Fund (EFSDS)* increased in net position by \$15.8 million (24.8 percent) to \$79.4 million. The increase in net position is attributed largely to capital asset contributions from Act 342 projects of \$14.6 million as well as fluctuating operating activity over the prior year.

The *Clinton Oakland Sewage Disposal System Fund (COSDS)* ended fiscal year 2017 with a net position of \$41.2 million, \$1.3 million (3.3 percent) more than the net position recorded at the end of fiscal year 2016. The increase in net position is primarily for fluctuating operating activity over the prior year.

The *Parks and Recreation Fund* net position decreased \$1.9 million (2.0 percent) during fiscal year 2017 to a total of \$91.3 million in net position. This decrease resulted from operating expenses outpacing charges for services and property tax revenue.

The *Delinquent Tax Revolving Fund (DTRF)* ended fiscal year 2017 with a net position of \$197.4 million, \$2.8 million (1.4 percent) less than the net position recorded at the end of fiscal year 2016. This decrease is the result of reduced charges for services revenue as the amount of delinquencies declined, reduced interest revenue, and reflects an operational transfer to the General Fund of \$9.0 million in fiscal year 2016. As noted in the *Transmittal Letter*, future operational transfers to the General Fund have been reduced to \$6.0 million per year to ensure that the DTRF is able to meet all funding commitments. The fiscal year 2017 net position of \$197.4 million is still more than sufficient to meet fund obligations.

The *County Airports Fund* recorded a net position of \$76.9 million as of September 30, 2017. This reflects a reduction of approximately \$626,000 (0.8 percent) in net position from fiscal year 2016. The primary reason is due to fluctuating operating activity over the prior year.

## County of Oakland Management's Discussion and Analysis

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The *Water and Sewer Trust Fund* realized a \$4.2 million loss (2.6 percent) in fiscal year 2017 to report a net position of \$154.9 million. This overall reduction is mainly attributed to the conveyance of Oakland County's interest in the Oakland Township Water Supply System previously noted. This noncash transaction removed the net book value of infrastructure and related assets in the amount of approximately \$15.2 million. This is partially offset by fluctuations in operating activity for the various water and sewer systems.

The *Southeast Oakland County Sewage Disposal System Fund (SOCSDS)* experienced an \$545,000 decrease (1.3 percent) in net position to \$42.3 million. The decrease is primarily due to minor fluctuating operating activity over the prior year.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - At the end of fiscal year 2017, the County had invested \$546.3 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 \$15.5 million from the fiscal year 2016. This can be attributed to a \$14.6 million increase in governmental activities and a \$900,000 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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 7.4	\$ 7.4	\$ 68.2	\$ 68.2	\$ 75.6	\$ 75.6
Land Improvements	0.2	0.2	7.6	7.7	7.8	7.9
Buildings and Improvements	147.1	135.7	56.9	57.5	204.0	193.2
Equipment and Vehicles	32.6	24.4	11.5	16.6	44.1	41.0
Infrastructure	15.4	12.2	82.9	92.0	98.3	104.2
Subtotal	202.7	179.9	227.1	242.0	429.8	421.9
Construction in Progress	16.7	24.9	99.8	84.0	116.5	108.9
Total Capital Assets	<u>\$ 219.4</u>	<u>\$ 204.8</u>	<u>\$ 326.9</u>	<u>\$ 326.0</u>	<u>\$ 546.3</u>	<u>\$ 530.8</u>

Net capital assets for the governmental activities increased by \$14.6 million in fiscal year 2017. This change includes increases of \$11.4 million in buildings and improvements, \$8.2 million in equipment and vehicles, and \$3.2 million in Infrastructure. The increase was offset by reductions of \$8.2 million in construction in progress. In terms of gross numbers, the County's governmental activities had additions to capital assets of \$30.4 million, \$3.6 million in disposals of capital assets, and a \$12.2 million increase in net accumulated depreciation.

## County of Oakland Management's Discussion and Analysis

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Of the \$30.4 million in additions to capital assets during fiscal year 2017, \$25.7 million reflects additions to construction in progress. Major governmental activity incurred for construction in progress includes the following:

- \$13.0 million on the Animal Control and Pet Adoption Center building construction
- \$5.1 million for various building security and fire system enhancements
- \$4.1 million for technology software and hardware projects consisting of:
  - Watchguard in car video cameras and mobile data computers of \$1.7 million used primarily in the Sheriff's Office patrol vehicles
  - Imaging system project of \$1.4 million
  - Servers and network equipment of \$354,000
  - Tax assessment and management software of \$313,000
  - Pictometry Software for viewing GIS data of \$296,000
- \$900,000 on service center road and parking lot replacements and improvements
- \$731,000 for the replacement of the kitchen floor located in the Sheriff's Office Jail complex
- \$700,000 for upgrades to the Supervisory Control and Data Acquisition (SCADA) program used by the Water Resource Commissioner's office 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
- \$302,000 for renovations and improvement to the county complex steam tunnel system
- \$210,000 for the roof replacement at the jail complex
- \$156,000 for radio coverage enhancements

The remaining \$4.7 million reflects additions primarily to equipment and vehicles. Among these additions is \$3.2 million in replacement vehicles and \$153,000 for six (6) additional fleet vehicles for the Sheriff's Office and various other departments. Other equipment purchases included \$670,000 for various grounds and building maintenance equipment, \$248,096 for improvements to six (6) Circuit Court courtroom audio video systems, \$184,000 for various equipment used in jail and law enforcement operations, \$83,000 for technology upgrades to network and voicemail equipment, and \$55,000 for Health lab equipment.

The County disposed of \$3.6 million in equipment and vehicles during fiscal year 2017. Disposals primarily included vehicles which were replaced by the new purchases discussed above, as well as computer and maintenance equipment that was sold at auction.

Net capital assets for the business-type activities increased \$900,000 during fiscal year 2017. This change is comprised of a \$15.8 million net increase for construction in progress. The increase was offset by net decreases of \$9.1 million in infrastructure, \$5.1 million in equipment and vehicles, \$600,000 in building and improvements, and \$100,000 in land improvements. In terms of gross numbers, the County's business-type activities had additions to capital assets of \$34.2 million, \$39.6 million in disposals of capital assets, and a \$6.3 million net decrease in accumulated depreciation.

Major business-type capital asset additions during fiscal year 2017 included the following:

- \$21.2 million in the Evergreen Farmington Sewage Disposal System Fund for various projects directed to improve the system and reduce sanitary sewer overflows, including \$12.4 million on the Middlebelt Tunnel sewer project and \$5.7 million on the Telegraph/Franklin Sewer Replacement



## County of Oakland Management's Discussion and Analysis

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- \$4.9 million for Pontiac Water system infrastructure improvements intended to increase water pressure, decrease the frequency of water main breaks, as well as meter system replacement
- \$1.5 million for the Walled Lake Novi Wastewater Treatment Facility for Safety and Facility improvements
- \$1.4 million in projects for the Parks and Recreation Fund consisting of a variety of park improvements, including building projects for ADA improvements, roofing projects, paths, boardwalks, docks, campgrounds, upgrades to utility meters for compliance with emergency management policies, a mobile stage, and grounds maintenance equipment replacement
- \$1.4 million for the Oakland County Airports Fund related to runway and taxiway rehabilitation at the Oakland International and Oakland Troy airports
- \$1.1 million in the Radio Communications Fund related to upgrading existing infrastructure and 911 call taking system
- \$676,000 in the Clinton Oakland Sewage Disposal System Fund for projects primarily reflecting costs for the stabilization of the Clinton River streambank near the location of the interceptor, and the construction of the Perry Street pump station and force main which links the Clinton Oakland Sewage Disposal System and the Pontiac Wastewater Treatment Facility
- \$91,000 in the Courts and Law Enforcement Management Information System (CLEMIS) Fund primarily for optimization of the Computer Aided Dispatch (CAD) system

Disposals included removal of outdated software that was fully depreciated and equipment sold in the County auction all having an original cost of \$17.8 million with a remaining book value of \$400,000. Additionally, the Oakland Township Water Supply System (OTWSS) was transferred to Charter Township of Oakland. The original cost of OTWSS was \$21.8 million with accumulated depreciation at the time of the transfer of \$6.6 million. The above additions were further offset by \$17.7 million in depreciation expense.

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

Long-term Debt - As of September 30, 2017, the Primary Government had \$461.0 million in bonds and notes outstanding. Of this amount, \$436.0 million are bonds with limited taxing authority, and \$25.0 million are notes with limited taxing authority. This represents a \$17.6 million decrease from September 30, 2016 in the limited tax authority bonds and no change in the limited taxing authority notes. In addition, the County uses its full faith and credit (as a secondary obligor), to back \$250.2 million of Drainage District component unit debt. The Drainage District component unit debt experienced an overall decrease of \$14.5 million in fiscal year 2017. As detailed in Note 8 to the financial statements, this is the result of approximately \$17.8 million in debt reductions and \$3.2 million in new debt issues.

# County of Oakland Management's Discussion and Analysis

## Outstanding Debt as of September 30, 2017 (in millions of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Bonds - Limited Tax Authority	\$407.8	\$426.8	\$ 28.2	\$ 26.8	\$ 436.0	\$ 453.6
Total Bonds	\$407.8	\$426.8	\$ 28.2	\$ 26.8	\$ 436.0	\$ 453.6
Notes - Limited Tax Authority	\$ -	\$ -	\$ 25.0	\$ 25.0	\$ 25.0	\$ 25.0
Total Outstanding Debt	\$407.8	\$426.8	\$ 53.2	\$ 51.8	\$ 461.0	\$ 478.6

	Drainage Districts Component Unit		Total County Commitment	
	2017	2016	2017	2016
Bonds - Limited Tax Authority	\$250.2	\$264.7	\$ 686.2	\$ 718.3
Total Bonds	\$250.2	\$264.7	\$ 686.2	\$ 718.3
Notes - Limited Tax Authority	\$ -	\$ -	\$ 25.0	\$ 25.0
Total Outstanding Debt	\$250.2	\$264.7	\$ 711.2	\$ 743.3
Debt Limit (10% of SEV)			\$ 6,900.8	\$ 6,508.5
Available Statutory Debt Limit			\$ 6,189.6	\$ 5,765.2

Oakland County issued approximately \$17.9 million in general government and business-type activity debt in fiscal year 2017. Of this total, \$7.4 million represents Michigan Bond Authority – Sewage Disposal debt draws for the Evergreen Farmington Sewage Disposal System Middlebelt Transport and Tunnel project. In addition, \$7.3 million of general government debt for Sewage Disposal Act 342 bonds includes \$4.8 million for Bloomfield Township's costs for the North Evergreen Interceptor Project that incorporates the Amy Pump Station and Quarton Road Storage System improvements under the Evergreen Farmington Sewage Disposal System, \$1.5 million that was issued for the Village of Franklin Sanitary Sewage Collection and Disposal System for technology enhancements to the existing alarm systems, and \$1.0 million for the issuance of a second series of bonds for the Evergreen Farmington Sewage Disposal System Middlebelt Transport and Tunnel project. Finally, \$3.2 million reflects the County's use of State Revolving Fund loans for business-type activity related to Pontiac Water Supply System capital improvements.

The Drainage Districts component unit issued \$3.2 million in new debt during fiscal year 2017. Of this amount, \$2.6 million reflects new drain bonds for the Dan Devine Drainage District and the Heron Drain Drainage District projects. The remaining \$600,000 includes draws of State Revolving Fund loans for the Oakland Macomb Interceptor Drainage District construction project. The Oakland Macomb Interceptor Drainage District is a Chapter 21 Drainage District under Act 40 of the Public Acts of 1956, as amended.

## County of Oakland Management's Discussion and Analysis

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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. These bonds are paid by assessments levied against the benefiting municipalities.

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

During fiscal year 2017, \$35.5 million in outstanding general government debt was paid, primarily reflecting the retirement of Retirees Health Care bonds of \$23.0 million, the retirement of various water and sewer bonds/refunding bonds of \$4.4 million, and retirement of Building Authority bonds/refunding bonds of \$8.1 million.

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

### **Bond Ratings**

The County's general obligations are rated AAA by Standards and Poor's and Aaa by Moody's Investors Services Incorporated.

### **Limitations on Debt**

State statute limits the County's debt obligations to 10 percent of the current state equalized value (SEV). The County's SEV as of September 30, 2017 was \$69.0 billion.

# County of Oakland

## Management's Discussion and Analysis

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### 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 3.5 percent (2017 average) and employment is projected to grow by approximately 44,300 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 5.0 percent for December 2017; an additional 5.0 percent increase for December 2018; and an additional 4.5 percent increase by December 2019. Market value of property is projected to be even higher. Every 1.0 percent increase in taxable value adds approximately \$2.2 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* draw down of excess equity provides additional time to achieve structural balance while maintaining target fund balance levels. On September 28, 2017, the Oakland County Board of Commissioners adopted a balanced budget for fiscal years 2018, 2019, and 2020 (through September 30, 2020). That document also includes official estimates for fiscal years 2021 and 2022.

### 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, 2017**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Totals</b>	
<b>Assets</b>				
Current assets				
Pooled cash and investments	\$ 469,317,435	\$ 392,192,924	\$ 861,510,359	\$ 50,325,502
Cash and cash equivalents	-	-	-	67,799,056
Receivables (net of allowance for uncollectibles where applicable)				
Current property taxes	20,244,803	-	20,244,803	-
Delinquent property taxes	595,413	50,547,833	51,143,246	-
Special assessments	-	-	-	5,727,905
Due from other governmental units	20,644,920	17,964,412	38,609,332	5,697,926
Due from primary government	-	-	-	567
Due from component units	941,033	156,600	1,097,633	-
Accrued interest receivable	1,758,473	3,091,527	4,850,000	159,838
Accounts receivable	2,428,263	39,849,238	42,277,501	16,361,150
Contracts receivable	64,427,592	1,294,265	65,721,857	-
Internal balances - footnote 19	656,124	(656,124)	-	-
Inventories and supplies	1,821,771	408,780	2,230,551	4,676,522
Prepayments and other assets	8,300,260	2,655,810	10,956,070	2,157,323
Total current assets	<u>591,136,087</u>	<u>507,505,265</u>	<u>1,098,641,352</u>	<u>152,905,789</u>
Noncurrent assets				
Special assessments receivable	63,832,839	-	63,832,839	212,044,379
Pension asset	22,497,565	-	22,497,565	-
OPEB asset	261,360,097	-	261,360,097	-
Capital assets, net				
Land and other nondepreciable assets	24,082,215	168,044,596	192,126,811	324,753,869
Land improvements, net	264,540	7,590,916	7,855,456	853,608
Buildings and improvements, net	147,085,787	56,865,228	203,951,015	57,633,735
Equipment and vehicles, net	32,608,385	11,451,944	44,060,329	11,006,633
Infrastructure, net	15,411,609	82,912,625	98,324,234	1,074,887,378
Total capital assets, net	<u>219,452,536</u>	<u>326,865,309</u>	<u>546,317,845</u>	<u>1,469,135,223</u>
Total noncurrent assets	<u>567,143,037</u>	<u>326,865,309</u>	<u>894,008,346</u>	<u>1,681,179,602</u>
Total assets	<u>1,158,279,124</u>	<u>834,370,574</u>	<u>1,992,649,698</u>	<u>1,834,085,391</u>
<b>Deferred Outflows of Resources</b>				
Deferred outflows related to pension	-	-	-	22,885,945
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,885,945</u>

(continued)

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

**County of Oakland**  
**Statement of Net Position (Continued)**  
**September 30, 2017**

	<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	\$ 25,554,762	\$ 6,379,168	\$ 31,933,930	\$ 10,326,404
Accrued payroll	6,429,450	-	6,429,450	-
Due to other governmental units	900,412	14,787,039	15,687,451	13,365,156
Due to primary government	-	-	-	1,097,633
Due to component units	567	-	567	-
Accrued interest payable	403,653	159,722	563,375	-
Other accrued liabilities	27,912,031	11,012,531	38,924,562	6,322,735
Accrued compensated absences	1,257,022	-	1,257,022	-
Unearned revenue	54,424,795	1,949,835	56,374,630	38,229,125
Claims and judgments	4,725,665	-	4,725,665	409,050
Bonds and notes payable	35,080,000	26,801,000	61,881,000	17,899,000
Total current liabilities	<u>156,688,357</u>	<u>61,089,295</u>	<u>217,777,652</u>	<u>87,649,103</u>
Noncurrent liabilities				
Accrued compensated absences	11,313,196	-	11,313,196	2,857,000
Claims and judgments	12,011,574	-	12,011,574	418,430
Net pension liability	-	-	-	45,492,165
Net OPEB obligation	-	-	-	33,613,147
Bonds and notes payable	372,700,895	26,456,164	399,157,059	232,265,732
Total noncurrent liabilities	<u>396,025,665</u>	<u>26,456,164</u>	<u>422,481,829</u>	<u>314,646,474</u>
Total liabilities	<u>552,714,022</u>	<u>87,545,459</u>	<u>640,259,481</u>	<u>402,295,577</u>
<b>Deferred Inflows of Resources</b>				
Deferred Inflows related to pension	12,184,257	-	12,184,257	2,853,168
Deferred Inflows related to OPEB	47,146,838	-	47,146,838	-
Total deferred inflows of resources	<u>59,331,095</u>	<u>-</u>	<u>59,331,095</u>	<u>2,853,168</u>
<b>Net Position</b>				
Net investment in capital assets	168,617,536	298,608,145	467,225,681	1,218,970,491
Restricted for				
Property tax forfeiture	10,401,084	-	10,401,084	-
Public safety	8,041,607	-	8,041,607	-
Citizens services	1,935,079	-	1,935,079	-
Public works	4,016,170	-	4,016,170	19,736,345
Justice Administration	1,561,198	-	1,561,198	-
Commerce and community development	8,185,367	-	8,185,367	-
Debt service	6,812,015	-	6,812,015	183,297,678
Airports	-	17,900	17,900	-
Community water and sewer	-	96,481,121	96,481,121	-
Unrestricted	336,663,951	351,717,949	688,381,900	29,818,077
Total net position	<u>\$ 546,234,007</u>	<u>\$ 746,825,115</u>	<u>\$ 1,293,059,122</u>	<u>\$ 1,451,822,591</u>

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

**County of Oakland  
Statement of Activities  
Year Ended September 30, 2017**

	Expenses	Program Revenues			Net Revenue (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Functions/Programs</b>					
<b>Primary government</b>					
Governmental activities					
General government, administrative	\$ 7,210,199	\$ 28,420,204	\$ 614,012	\$ 161,669	\$ 21,985,686
Public safety	198,159,722	65,792,333	18,934,764	-	(113,432,625)
Justice administration	91,193,006	31,447,605	854,996	-	(58,890,405)
Citizen services	80,436,567	9,315,993	15,028,275	-	(56,092,299)
Public works	44,539,179	30,265,391	400,203	2,158,419	(11,715,166)
Recreation and leisure	1,368,297	16,046	7,004	-	(1,345,247)
Commerce and community development	42,558,106	21,023,719	19,855,509	-	(1,678,878)
Unallocated depreciation	3,825,781	-	-	-	(3,825,781)
Interest on debt	3,568,860	-	-	-	(3,568,860)
Total governmental activities	<u>472,859,717</u>	<u>186,281,291</u>	<u>55,694,763</u>	<u>2,320,088</u>	<u>(228,563,575)</u>
Business-type activities					
Airports	6,587,495	4,671,073	96,254	995,851	(824,317)
Community safety support	19,648,350	13,775,015	-	-	(5,873,335)
Community tax financing	970,801	13,613,000	-	-	12,642,199
Community water and sewer	85,734,595	95,595,194	339,060	227,084	10,426,743
Recreation and leisure	25,050,628	10,022,384	80,928	82,700	(14,864,616)
Sewage disposal systems	138,073,377	138,190,001	1,197,809	14,654,105	15,968,538
Total business-type activities	<u>276,065,246</u>	<u>275,866,667</u>	<u>1,714,051</u>	<u>15,959,740</u>	<u>17,475,212</u>
Total primary government	<u>\$ 748,924,963</u>	<u>\$ 462,147,958</u>	<u>\$ 57,408,814</u>	<u>\$ 18,279,828</u>	<u>\$ (211,088,363)</u>
<b>Component units</b>					
Drainage districts	\$ 107,840,196	\$ 90,639,289	\$ 816,115	\$ 25,507,568	\$ 9,122,776
Road commission	128,272,170	16,209,360	85,597,721	39,192,171	12,727,082
Total component units	<u>\$ 236,112,366</u>	<u>\$ 106,848,649</u>	<u>\$ 86,413,836</u>	<u>\$ 64,699,739</u>	<u>\$ 21,849,858</u>

(continued)

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



**County of Oakland**  
**Statement of Activities (Continued)**  
**Year Ended September 30, 2017**

	<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	\$ (228,563,575)	\$ 17,475,212	\$ (211,088,363)	\$ 21,849,858
General revenues				
Taxes				
Property taxes	221,228,539	12,393,806	233,622,345	-
State-shared revenue (unrestricted)	44,185,407	271,123	44,456,530	-
Unrestricted investment earnings	3,417,064	4,440,196	7,857,260	1,210,784
Gain on sale of capital assets	407,829	-	407,829	-
Other revenues	1,808,840	-	1,808,840	-
Special item - Transfer of water system to Oakland Township	-	(15,195,838)	(15,195,838)	-
Transfers in (out)	15,250,989	(15,250,989)	-	-
Total general revenues and transfers	286,298,668	(13,341,702)	272,956,966	1,210,784
Change in net position	57,735,093	4,133,510	61,868,603	23,060,642
<b>Net position</b>				
Beginning (as restated, see Note 21)	488,498,914	742,691,605	1,231,190,519	1,428,761,949
Ending	\$ 546,234,007	\$ 746,825,115	\$ 1,293,059,122	\$ 1,451,822,591

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. 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.

## 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, 2017**

	<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	\$ 253,985,406	\$ 6,011,264	\$ 219,631
Receivables (net of allowance for uncollectibles where applicable)			
Current property taxes	20,244,803	-	-
Delinquent property taxes	595,413	-	-
Due from other governmental units	9,729,655	-	-
Due from component units	20,359	-	-
Accrued interest receivable	683,084	12,607	314
Accounts receivable	338,692	734,817	-
Contracts receivable	49,209,392	12,135,000	-
Special assessments receivable	-	-	61,980,727
Due from other funds	10,260,063	-	-
Advances receivable	-	-	-
Inventories	131,944	-	-
Prepayments and other assets	221,180	-	-
Total assets	<u>\$ 345,419,991</u>	<u>\$ 18,893,688</u>	<u>\$ 62,200,672</u>
<b>Liabilities</b>			
Vouchers payable	\$ 10,181,134	\$ -	\$ 202,588
Accrued payroll	6,429,450	-	-
Due to other governmental units	415,922	-	-
Due to other funds	1,021,481	-	-
Advances payable	-	-	-
Unearned revenue	45,154,961	-	4,489,832
Other accrued liabilities	5,964,176	-	1,237
Total liabilities	<u>69,167,124</u>	<u>-</u>	<u>4,693,657</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue-property taxes	11,409,918	-	-
Unavailable revenue-special assessments	-	-	57,490,895
Unavailable revenue-grants	62,862	-	-
Unavailable revenue-contracts receivable	-	12,135,000	-
Unavailable revenue-other	-	-	-
Total deferred inflows of resources	<u>11,472,780</u>	<u>12,135,000</u>	<u>57,490,895</u>
<b>Fund Balances</b>			
Nonspendable	353,124	-	-
Restricted	10,401,084	6,758,688	16,120
Committed	-	-	-
Assigned	251,021,647	-	-
Unassigned	3,004,232	-	-
Total fund balances	<u>264,780,087</u>	<u>6,758,688</u>	<u>16,120</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 345,419,991</u>	<u>\$ 18,893,688</u>	<u>\$ 62,200,672</u>

(continued)

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

**County of Oakland  
Balance Sheet (Continued)  
Governmental Funds  
September 30, 2017**

	<b>Non-Major Funds</b>	<b>Totals September 30, 2017</b>
<b>Assets</b>		
Pooled cash and investments	\$ 76,230,971	\$ 336,447,272
Receivables (net of allowance for uncollectibles where applicable)		
Current property taxes	-	20,244,803
Delinquent property taxes	-	595,413
Due from other governmental units	10,704,982	20,434,637
Due from component units	883,299	903,658
Accrued interest receivable	124,551	820,556
Accounts receivable	203,006	1,276,515
Contracts receivable	3,083,200	64,427,592
Special assessments receivable	1,852,112	63,832,839
Due from other funds	1,651,914	11,911,977
Advances receivable	1,032,021	1,032,021
Inventories	-	131,944
Prepayments and other assets	1,911,703	2,132,883
Total assets	<u>\$ 97,677,759</u>	<u>\$ 524,192,110</u>
<b>Liabilities</b>		
Vouchers payable	\$ 5,660,732	\$ 16,044,454
Accrued payroll	-	6,429,450
Due to other governmental units	118,107	534,029
Due to other funds	11,168,716	12,190,197
Advances payable	1,032,021	1,032,021
Unearned revenue	4,182,089	53,826,882
Other accrued liabilities	15,581,720	21,547,133
Total liabilities	<u>37,743,385</u>	<u>111,604,166</u>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue-property taxes	-	11,409,918
Unavailable revenue-special assessments	1,852,112	59,343,007
Unavailable revenue-grants	2,910,500	2,973,362
Unavailable revenue-contracts receivable	2,950,000	15,085,000
Unavailable revenue-other	1,359,467	1,359,467
Total deferred inflows of resources	<u>9,072,079</u>	<u>90,170,754</u>
<b>Fund balances</b>		
Nonspendable	1,150,421	1,503,545
Restricted	19,443,799	36,619,691
Committed	33,562,352	33,562,352
Assigned	-	251,021,647
Unassigned	(3,294,277)	(290,045)
Total fund balances	<u>50,862,295</u>	<u>322,417,190</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 97,677,759</u>	<u>\$ 524,192,110</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, 2017**

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Total fund balances for governmental funds		\$ 322,417,190
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Land, not being depreciated	\$ 7,235,551	
Construction in progress, not being depreciated	10,369,383	
Land improvements, net of \$1,135,601 depreciation	264,540	
Buildings and improvements, net of \$118,448,688 depreciation	145,271,685	
Equipment and vehicles, net of \$24,145,210 depreciation	13,261,537	
Infrastructure, net of \$16,108,935 depreciation	<u>15,325,658</u>	
		191,728,354
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.		67,327,670
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.		10,814,505
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.		78,760,836
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	(124,410,895)	
Accrued interest payable	<u>(403,653)</u>	
		<u>(124,814,548)</u>
Net position of governmental activities		<u>\$ 546,234,007</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, 2017**

	<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	\$ 216,562,738	\$ -	\$ -
Special assessments	-	1,086,129	4,295,377
Federal grants	786,217	-	-
State grants	4,851,589	-	-
Other intergovernmental revenues	46,362,094	-	-
Charges for services	118,479,071	925	1,500
Contributions	47,158	-	-
Investment income	1,763,738	75,106	2,786
Indirect cost recovery	8,216,061	-	-
Other	579,465	-	-
Total revenues	<u>397,648,131</u>	<u>1,162,160</u>	<u>4,299,663</u>
<b>Expenditures</b>			
Current operations			
County Executive	90,383,793	1,000	-
Clerk/Register of Deeds	9,022,140	-	-
Treasurer	8,103,102	-	-
Justice administration	53,633,162	-	-
Law enforcement	164,679,877	-	-
Legislative	4,172,103	-	-
Water Resource Commissioner	6,376,179	-	-
Non-departmental	21,568,122	-	-
Total current operations	<u>357,938,478</u>	<u>1,000</u>	<u>-</u>
Capital outlay	1,206,153	-	-
Intergovernmental	-	-	6,000
Debt service			
Principal payments	-	3,150,000	3,040,000
Interest and fiscal charges	-	1,224,804	1,258,127
Total expenditures	<u>359,144,631</u>	<u>4,375,804</u>	<u>4,304,127</u>
Excess (deficiency) of revenues over (under) expenditures	<u>38,503,500</u>	<u>(3,213,644)</u>	<u>(4,464)</u>
Other financing sources (uses)			
Transfers in	13,266,297	2,244,500	-
Transfers out	(42,231,178)	-	-
Insurance recoveries	-	-	-
Issuance of bonds	-	-	-
Premiums on bonds sold	-	-	-
Total other financing sources (uses)	<u>(28,964,881)</u>	<u>2,244,500</u>	<u>-</u>
Net change in fund balances	<u>9,538,619</u>	<u>(969,144)</u>	<u>(4,464)</u>
<b>Fund balances</b>			
October 1, 2016	<u>255,241,468</u>	<u>7,727,832</u>	<u>20,584</u>
September 30, 2017	<u>\$ 264,780,087</u>	<u>\$ 6,758,688</u>	<u>\$ 16,120</u>

(continued)

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, 2017**

	Non-Major Funds	Totals September 30, 2017
<b>Revenues</b>		
Taxes	\$ -	\$ 216,562,738
Special assessments	4,638,551	10,020,057
Federal grants	27,736,187	28,522,404
State grants	21,957,339	26,808,928
Other intergovernmental revenues	12,183,868	58,545,962
Charges for services	12,710,276	131,191,772
Contributions	102,283	149,441
Investment income	388,773	2,230,403
Indirect cost recovery	-	8,216,061
Other	816,428	1,395,893
Total revenues	<u>80,533,705</u>	<u>483,643,659</u>
<b>Expenditures</b>		
Current operations		
County Executive	64,024,701	154,409,494
Clerk/Register of Deeds	1,862,101	10,884,241
Treasurer	-	8,103,102
Justice administration	23,876,303	77,509,465
Law enforcement	7,780,786	172,460,663
Legislative	-	4,172,103
Water Resource Commissioner	18,044,254	24,420,433
Non-departmental	-	21,568,122
Total current operations	<u>115,588,145</u>	<u>473,527,623</u>
Capital outlay	26,875,904	28,082,057
Intergovernmental	6,500	12,500
Debt service		
Principal payments	4,495,000	10,685,000
Interest and fiscal charges	1,143,700	3,626,631
Total expenditures	<u>148,109,249</u>	<u>515,933,811</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(67,575,544)</u>	<u>(32,290,152)</u>
Other financing sources (uses)		
Transfers in	45,340,134	60,850,931
Transfers out	(9,906,641)	(52,137,819)
Insurance recoveries	765,010	765,010
Issuance of bonds	14,732,205	14,732,205
Premiums on bonds sold	18,510	18,510
Total other financing sources (uses)	<u>50,949,218</u>	<u>24,228,837</u>
Net change in fund balances	<u>(16,626,326)</u>	<u>(8,061,315)</u>
<b>Fund balances</b>		
October 1, 2016	<u>67,488,621</u>	<u>330,478,505</u>
September 30, 2017	<u>\$ 50,862,295</u>	<u>\$ 322,417,190</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, 2017**

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Net change in fund balance - total governmental funds		\$ (8,061,315)
Governmental funds report capital outlay as expenditures.		
However, in the Statement of Activities, the cost of those assets		
is allocated over their estimated useful lives as depreciation expense.		
This is the amount by which capital outlays exceeded depreciation		
in the current period.		
Construction in progress	\$ (3,006,437)	
Buildings and improvements	16,443,177	
Equipment and vehicles	4,197,443	
Infrastructure	3,922,855	
Depreciation expense	<u>(9,144,738)</u>	
		12,412,300
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.		42,578,724
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	(6,148,704)	
Current year deferral	<u>10,814,505</u>	
		4,665,801
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.		10,146,972
Bond proceeds provide current financial resources to governmental		
funds by issuing debt which increases long-term bonded debt in		
the Statement of Net Position. Repayment of bond principal is an		
expenditure in the governmental funds, but the repayment reduces		
long-term bonded debt in the Statement of Net Position. This is the		
amount proceeds exceed repayments.		
Bond proceeds	(14,732,205)	
Repayment of bond principal	10,685,000	
Accrued interest	<u>39,816</u>	
		<u>(4,007,389)</u>
Change in net position of governmental activities		<u>\$ 57,735,093</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.

**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 Great Lakes Water Authority 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 Great Lakes Water Authority 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 Great Lakes Water Authority 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, 2017**

	<b>Business-Type Activities - Enterprise Funds</b>				
	<b>Major</b>				
	<b>Parks and Recreation</b>	<b>Delinquent Tax Revolving</b>	<b>County Airports</b>	<b>Water and Sewer Trust</b>	<b>Evergreen- Farmington SDS</b>
<b>Assets</b>					
<b>Current assets</b>					
Pooled cash and investments	\$ 24,732,625	\$ 159,511,509	\$ 15,825,063	\$ 85,704,140	\$ 12,785,547
Delinquent property taxes receivable	-	50,547,833	-	-	-
Due from other governmental units	33,616	1,104,376	600	2,870,311	3,958,519
Due from component units	-	-	-	-	156,600
Accrued interest receivable	33,898	1,911,742	103,733	226,188	144,691
Accounts receivable (net of allowance for uncollectibles where applicable)	342,730	9,830,454	283,437	27,869,529	120,000
Due from other funds	-	-	-	165	-
Current portion of contracts receivable	-	-	1,294,265	-	-
Current portion of advances receivable	-	12,883	-	-	-
Inventories and supplies	124,070	-	-	-	-
Prepayments and other assets	2,855	333	-	661,068	-
<b>Total current assets</b>	<b>25,269,794</b>	<b>222,919,130</b>	<b>17,507,098</b>	<b>117,331,401</b>	<b>17,165,357</b>
<b>Noncurrent assets</b>					
Advances receivable	-	38,649	-	-	-
Net pension asset	-	-	-	-	-
Net OPEB asset	-	-	-	-	-
<b>Capital assets, net</b>					
Land and other nondepreciable assets	31,864,600	-	36,715,610	19,790,238	55,848,390
Land improvements, net	-	-	7,104,958	1,477	484,481
Building and improvements, net	18,888,588	-	21,406,919	981,269	11,650,364
Equipment and vehicles, net	1,337,847	-	562,230	3,173,878	421,211
Infrastructure, net	15,233,837	-	2,605,757	39,727,678	8,228,718
<b>Total capital assets</b>	<b>67,324,872</b>	<b>-</b>	<b>68,395,474</b>	<b>63,674,540</b>	<b>76,633,164</b>
<b>Total noncurrent assets</b>	<b>67,324,872</b>	<b>38,649</b>	<b>68,395,474</b>	<b>63,674,540</b>	<b>76,633,164</b>
<b>Total assets</b>	<b>92,594,666</b>	<b>222,957,779</b>	<b>85,902,572</b>	<b>181,005,941</b>	<b>93,798,521</b>

(continued)

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

**County of Oakland  
Statement of Net Position (Continued)  
Proprietary Funds  
September 30, 2017**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Major</b>			<b>Totals</b>	
	<b>S.O.C.S.D.S.</b>	<b>Clinton- Oakland S.D.S.</b>	<b>Non-Major Funds</b>	<b>September 30, 2017</b>	
<b>Assets</b>					
<b>Current assets</b>					
Pooled cash and investments	\$ 41,029,895	\$ 9,536,176	\$ 43,067,969	\$ 392,192,924	\$ 132,870,163
Delinquent property taxes	-	-	-	50,547,833	-
Due from other governmental units	4,852,696	3,613,619	1,530,675	17,964,412	210,283
Due from component units	-	-	-	156,600	37,375
Accrued interest receivable	232,565	156,680	282,030	3,091,527	937,917
Accounts receivable (net of allowance for uncollectibles where applicable)	33,301	450	1,369,337	39,849,238	1,151,748
Due from other funds	-	-	36,894	37,059	1,036,371
Current portion of contracts receivable	-	-	-	1,294,265	-
Current portion of advances receivable	-	-	-	12,883	-
Inventories and supplies	-	-	284,710	408,780	1,689,827
Prepayments and other assets	476,286	-	1,515,268	2,655,810	6,167,377
<b>Total current assets</b>	<b>46,624,743</b>	<b>13,306,925</b>	<b>48,086,883</b>	<b>508,211,331</b>	<b>144,101,061</b>
<b>Noncurrent assets</b>					
Advances receivable	-	-	-	38,649	-
Net pension asset	-	-	-	-	22,497,565
Net OPEB asset	-	-	-	-	261,360,097
<b>Capital assets, net</b>					
Land and other nondepreciable assets	3,288,050	14,767,766	5,769,942	168,044,596	6,477,281
Land improvements, net	-	-	-	7,590,916	-
Building and improvements, net	45,441	194,699	3,697,948	56,865,228	1,814,102
Equipment and vehicles, net	153,251	276,878	5,526,649	11,451,944	19,346,848
Infrastructure, net	1,091,927	13,063,143	2,961,565	82,912,625	85,951
<b>Total capital assets</b>	<b>4,578,669</b>	<b>28,302,486</b>	<b>17,956,104</b>	<b>326,865,309</b>	<b>27,724,182</b>
<b>Total noncurrent assets</b>	<b>4,578,669</b>	<b>28,302,486</b>	<b>17,956,104</b>	<b>326,903,958</b>	<b>311,581,844</b>
<b>Total assets</b>	<b>51,203,412</b>	<b>41,609,411</b>	<b>66,042,987</b>	<b>835,115,289</b>	<b>455,682,905</b>

(continued)

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

**County of Oakland  
Statement of Net Position (Continued)  
Proprietary Funds  
Year Ended September 30, 2017**

	<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	\$ 1,015,905	\$ 77,942	\$ 42,244	\$ 3,133,580	\$ 1,460,167
Due to other governmental units	242	314,368	-	31,198	5,758,035
Due to component unit	-	-	-	-	-
Due to other funds	-	-	-	450,976	94,198
Unearned revenue	96,388	-	1,556,519	-	-
Notes payable	-	25,000,000	-	-	-
Accrued interest payable	-	159,722	-	-	-
Current portion of bonds payable	-	-	650,000	886,000	265,000
Current portion of accrued compensated absences	-	-	-	-	-
Current portion of claims and judgments	-	-	-	-	-
Current portion of advances payable	-	-	-	-	-
Other accrued liabilities	163,638	43,129	469,289	6,259,390	1,972,185
<b>Total current liabilities</b>	<b>1,276,173</b>	<b>25,595,161</b>	<b>2,718,052</b>	<b>10,761,144</b>	<b>9,549,585</b>
Noncurrent liabilities					
Bonds payable	-	-	6,285,000	15,321,164	4,850,000
Accrued compensated absences	-	-	-	-	-
Claims and judgments	-	-	-	-	-
Advances payable	-	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>6,285,000</b>	<b>15,321,164</b>	<b>4,850,000</b>
<b>Total liabilities</b>	<b>1,276,173</b>	<b>25,595,161</b>	<b>9,003,052</b>	<b>26,082,308</b>	<b>14,399,585</b>
<b>Deferred Inflows of Resources</b>					
Deferred inflows related to pension	-	-	-	-	-
Deferred inflows related to OPEB	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net position</b>					
Net investment in capital assets	67,324,872	-	61,460,474	47,467,376	71,518,164
Restricted for programs	-	-	17,900	58,154,746	5,003,582
Unrestricted	23,993,621	197,362,618	15,421,146	49,301,511	2,877,190
<b>Total net position</b>	<b>\$ 91,318,493</b>	<b>\$ 197,362,618</b>	<b>\$ 76,899,520</b>	<b>\$ 154,923,633</b>	<b>\$ 79,398,936</b>

(continued)

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

**County of Oakland**  
**Statement of Net Position (Continued)**  
**Proprietary Funds**  
**Year Ended September 30, 2017**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Major</b>			<b>Totals September 30, 2017</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	\$ 365,277	\$ 53,467	\$ 230,586	\$ 6,379,168	\$ 9,510,308
Due to other governmental units	7,650,332	108,742	924,122	14,787,039	366,383
Due to component unit	-	-	-	-	567
Due to other funds	129,037	62,991	7,513	744,715	50,495
Unearned revenue	-	-	296,928	1,949,835	2,500
Notes payable	-	-	-	25,000,000	-
Accrued interest payable	-	-	-	159,722	-
Current portion of bonds payable	-	-	-	1,801,000	23,870,000
Current portion of accrued compensated absences	-	-	-	-	1,257,022
Current portion of claims and judgments	-	-	-	-	4,725,665
Current portion of advances payable	-	-	-	-	12,883
Other accrued liabilities	740,246	128,320	1,236,334	11,012,531	6,364,898
Total current liabilities	<u>8,884,892</u>	<u>353,520</u>	<u>2,695,483</u>	<u>61,834,010</u>	<u>46,160,721</u>
<b>Noncurrent liabilities</b>					
Bonds payable	-	-	-	26,456,164	259,500,000
Accrued compensated absences	-	-	-	-	11,313,196
Claims and judgments	-	-	-	-	12,011,574
Advances payable	-	-	-	-	38,649
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,456,164</u>	<u>282,863,419</u>
Total liabilities	<u>8,884,892</u>	<u>353,520</u>	<u>2,695,483</u>	<u>88,290,174</u>	<u>329,024,140</u>
<b>Deferred Inflows of Resources</b>					
Deferred inflows related to pension	-	-	-	-	12,184,257
Deferred inflows related to OPEB	-	-	-	-	47,146,838
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,331,095</u>
<b>Net position</b>					
Net investment in capital assets	4,578,669	28,302,486	17,956,104	298,608,145	27,724,182
Restricted for programs	16,552,663	10,643,950	6,126,180	96,499,021	-
Unrestricted	21,187,188	2,309,455	39,265,220	351,717,949	39,603,488
Total net position	<u>\$ 42,318,520</u>	<u>\$ 41,255,891</u>	<u>\$ 63,347,504</u>	<u>\$ 746,825,115</u>	<u>\$ 67,327,670</u>

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

**County of Oakland**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**Year Ended September 30, 2017**

	<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	\$ 9,957,748	\$ 13,086,297	\$ 4,668,996	\$ 94,798,816	\$ 41,635,644
Other	41,948	741	2,077	947,295	537,630
Total operating revenues	<u>9,999,696</u>	<u>13,087,038</u>	<u>4,671,073</u>	<u>95,746,111</u>	<u>42,173,274</u>
<b>Operating expenses</b>					
Salaries	9,025,079	105,886	1,151,685	109,622	-
Fringe benefits	3,044,442	73,402	657,016	70,396	-
Fringe benefits - pension	-	-	-	-	-
Fringe benefits - OPEB	-	-	-	-	-
Contractual services	6,313,586	273,096	1,546,869	43,542,952	39,187,310
Commodities	1,607,558	-	121,327	2,065,417	39,521
Depreciation	3,636,023	-	2,603,048	2,195,901	1,016,854
Internal services	1,423,940	1,907	212,181	22,568,755	1,627,933
Intergovernmental	-	-	-	14,817,954	-
Total operating expenses	<u>25,050,628</u>	<u>454,291</u>	<u>6,292,126</u>	<u>85,370,997</u>	<u>41,871,618</u>
Operating income (loss)	<u>(15,050,932)</u>	<u>12,632,747</u>	<u>(1,621,053)</u>	<u>10,375,114</u>	<u>301,656</u>
<b>Nonoperating revenues (expenses)</b>					
Property taxes	12,393,806	-	-	-	-
Local community stabilization share	271,123	-	-	-	-
Contributions	80,928	-	-	339,060	851,617
Interest recovery - federal grants	-	-	96,254	-	86,640
Interest revenue	314,362	1,479,370	198,032	986,839	165,552
Interest expense	-	(225,648)	(295,369)	(363,598)	(257,429)
Premiums on bonds sold	-	248,750	-	-	-
Gain on sale of property and equipment	22,688	-	-	(150,917)	-
Total nonoperating revenues (expenses)	<u>13,082,907</u>	<u>1,502,472</u>	<u>(1,083)</u>	<u>811,384</u>	<u>846,380</u>
Income (loss) before transfers and contributions	<u>(1,968,025)</u>	<u>14,135,219</u>	<u>(1,622,136)</u>	<u>11,186,498</u>	<u>1,148,036</u>
<b>Transfers and contributions</b>					
Capital contributions	82,700	-	995,851	227,084	14,648,106
Transfers in	-	-	-	-	-
Transfers out	-	(16,964,594)	-	(367,539)	-
Total transfers and contributions	<u>82,700</u>	<u>(16,964,594)</u>	<u>995,851</u>	<u>(140,455)</u>	<u>14,648,106</u>
<b>Special item</b>					
Transfer of water system to Oakland Township	-	-	-	(15,195,838)	-
Change in net position	<u>(1,885,325)</u>	<u>(2,829,375)</u>	<u>(626,285)</u>	<u>(4,149,795)</u>	<u>15,796,142</u>
<b>Net position</b>					
October 1, 2016 (as Restated, see Note 21)	93,203,818	200,191,993	77,525,805	159,073,428	63,602,794
September 30, 2017	<u>\$ 91,318,493</u>	<u>\$ 197,362,618</u>	<u>\$ 76,899,520</u>	<u>\$ 154,923,633</u>	<u>\$ 79,398,936</u>

(continued)

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, 2017**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Major</b>			<b>Totals September 30, 2017</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	\$ 51,266,602	\$ 37,807,175	\$ 20,796,091	\$ 274,017,369	\$ 249,910,012
Other	805	64	446,540	1,977,100	412,947
Total operating revenues	<u>51,267,407</u>	<u>37,807,239</u>	<u>21,242,631</u>	<u>275,994,469</u>	<u>250,322,959</u>
<b>Operating expenses</b>					
Salaries	-	-	2,621,673	13,013,945	39,095,786
Fringe benefits	-	-	1,309,648	5,154,904	23,013,865
Fringe benefits - pension	-	-	-	-	3,547,700
Fringe benefits - OPEB	-	-	-	-	(18,459,467)
Contractual services	50,195,309	34,816,491	13,294,632	189,170,245	140,222,932
Commodities	155,719	28,277	571,971	4,589,790	6,511,766
Depreciation	235,086	817,583	7,162,219	17,666,714	6,328,883
Internal services	1,837,796	930,133	1,857,005	30,459,650	7,209,869
Intergovernmental	-	-	50,000	14,867,954	-
Total operating expenses	<u>52,423,910</u>	<u>36,592,484</u>	<u>26,867,148</u>	<u>274,923,202</u>	<u>207,471,334</u>
Operating income (loss)	<u>(1,156,503)</u>	<u>1,214,755</u>	<u>(5,624,517)</u>	<u>1,071,267</u>	<u>42,851,625</u>
<b>Nonoperating revenues (expenses)</b>					
Property taxes	-	-	-	12,393,806	-
Local community stabilization share	-	-	-	271,123	-
Contributions	225,153	-	34,399	1,531,157	335,029
Interest recovery - federal grants	-	-	-	182,894	-
Interest revenue	380,284	131,372	535,635	4,191,446	1,186,661
Interest expense	-	-	-	(1,142,044)	(10,981,211)
Premiums on bonds sold	-	-	-	248,750	-
Gain on sale of property and equipment	-	-	427	(127,802)	490,324
Total nonoperating revenues (expenses)	<u>605,437</u>	<u>131,372</u>	<u>570,461</u>	<u>17,549,330</u>	<u>(8,969,197)</u>
Income (loss) before transfers and contributions	<u>(551,066)</u>	<u>1,346,127</u>	<u>(5,054,056)</u>	<u>18,620,597</u>	<u>33,882,428</u>
<b>Transfers and contributions</b>					
Capital contributions	5,999	-	-	15,959,740	2,158,419
Transfers in	-	-	2,367,144	2,367,144	7,417,710
Transfers out	-	-	(286,000)	(17,618,133)	(879,833)
Total transfers and contributions	<u>5,999</u>	<u>-</u>	<u>2,081,144</u>	<u>708,751</u>	<u>8,696,296</u>
<b>Special item</b>					
Transfer of water system to Oakland Township	-	-	-	(15,195,838)	-
Change in net position	<u>(545,067)</u>	<u>1,346,127</u>	<u>(2,972,912)</u>	<u>4,133,510</u>	<u>42,578,724</u>
<b>Net position</b>					
October 1, 2016 (as Restated, see Note 21)	<u>42,863,587</u>	<u>39,909,764</u>	<u>66,320,416</u>	<u>742,691,605</u>	<u>24,748,946</u>
September 30, 2017	<u>\$ 42,318,520</u>	<u>\$ 41,255,891</u>	<u>\$ 63,347,504</u>	<u>\$ 746,825,115</u>	<u>\$ 67,327,670</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, 2017**

	<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	\$ 9,748,989	\$ 15,444,908	\$ 4,695,559	\$ 102,124,048	\$ 40,987,034
Cash paid to suppliers	(11,806,715)	(348,405)	(2,577,267)	(80,748,238)	(37,841,125)
Cash paid to employees	(9,025,079)	(105,886)	(1,151,685)	(109,622)	-
Net cash provided by (used in) operating activities	(11,082,805)	14,990,617	966,607	21,266,188	3,145,909
<b>Cash flows from noncapital financing activities</b>					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	(16,964,594)	-	(367,539)	-
Local community stabilization share	271,123	-	-	-	-
Contributions	80,928	-	-	339,060	851,617
Interest recovery - federal grants	-	-	96,254	-	86,640
Principal paid on debt	-	-	-	-	-
Interest paid on debt	-	-	-	-	-
Purchase of delinquent property taxes	-	(66,517,083)	-	-	-
Delinquent property taxes collected	-	71,671,512	-	-	-
Issuance of short-term borrowings	-	25,000,000	-	-	-
Repayments received on advances	-	12,883	-	-	-
Premiums on bonds sold	-	248,750	-	-	-
Property taxes	12,393,806	-	-	-	-
Interest paid on short-term borrowings	-	(98,519)	-	-	-
Payments on short-term borrowings	-	(25,000,000)	-	-	-
Net cash provided by (used in) noncapital financing activities	12,745,857	(11,647,051)	96,254	(28,479)	938,257
<b>Cash flows from capital and related financing activities</b>					
Contributions for capital acquisitions	82,700	-	-	-	-
Proceeds from sale of bonds	-	-	-	3,452,495	-
Transfers from other funds	-	-	-	-	-
Proceeds from sale of capital assets	26,790	-	-	11,151	-
Acquisition of capital assets	(1,385,199)	-	(402,855)	(6,818,724)	(6,604,360)
Principal paid on debt	-	-	(615,000)	(900,600)	(260,000)
Interest paid on debt	-	-	(295,369)	(363,598)	(257,429)
Amount paid on advances	-	-	-	-	-
Interest paid on advances	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	(1,275,709)	-	(1,313,224)	(4,619,276)	(7,121,789)
<b>Cash flows from investing activities</b>					
Interest on investments	298,458	1,156,232	167,357	832,762	139,165
Net cash provided by investing activities	298,458	1,156,232	167,357	832,762	139,165
Net increase (decrease) in cash and cash equivalents	685,801	4,499,798	(83,006)	17,451,195	(2,898,458)
<b>Pooled cash and investments</b>					
October 1, 2016	24,046,824	155,011,711	15,908,069	68,252,945	15,684,005
September 30, 2017	\$ 24,732,625	\$ 159,511,509	\$ 15,825,063	\$ 85,704,140	\$ 12,785,547

(continued)

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, 2017**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Major</b>			<b>Totals September 30, 2017</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	\$ 51,520,401	\$ 37,343,509	\$ 21,238,514	\$ 283,102,962	\$ 250,343,718
Cash paid to suppliers	(51,284,004)	(35,767,782)	(17,128,766)	(237,502,302)	(168,965,238)
Cash paid to employees	-	-	(2,621,673)	(13,013,945)	(39,095,786)
Net cash provided by (used in) operating activities	236,397	1,575,727	1,488,075	32,586,715	42,282,694
<b>Cash flows from noncapital financing activities</b>					
Transfers from other funds	-	-	2,304,829	2,304,829	5,134,881
Transfers to other funds	-	-	(286,000)	(17,618,133)	(879,833)
Local community stabilization share	-	-	-	271,123	-
Contributions	225,153	-	-	1,496,758	335,029
Interest recovery - federal grants	-	-	-	182,894	-
Principal paid on debt	-	-	-	-	(23,020,000)
Interest paid on debt	-	-	-	-	(10,980,656)
Purchase of delinquent property taxes	-	-	-	(66,517,083)	-
Delinquent property taxes collected	-	-	-	71,671,512	-
Issuance of short-term borrowings	-	-	-	25,000,000	-
Repayments received on advances	-	-	-	12,883	-
Premiums on bonds sold	-	-	-	248,750	-
Property taxes	-	-	-	12,393,806	-
Interest paid on short-term borrowings	-	-	-	(98,519)	-
Payments on short-term borrowings	-	-	-	(25,000,000)	-
Net cash provided by (used in) noncapital financing activities	225,153	-	2,018,829	4,348,820	(29,410,579)
<b>Cash flows from capital and related financing activities</b>					
Contributions for capital acquisitions	5,999	-	-	88,699	74,500
Proceeds from sale of bonds	-	-	-	3,452,495	-
Transfers from other funds	-	-	62,315	62,315	2,284,102
Proceeds from sale of capital assets	-	-	427	38,368	672,598
Acquisition of capital assets	(708,915)	(675,620)	(1,863,107)	(18,458,780)	(6,687,710)
Principal paid on debt	-	-	-	(1,775,600)	-
Interest paid on debt	-	-	-	(916,396)	-
Amount paid on advances	-	-	-	-	(12,883)
Interest paid on advances	-	-	-	-	(555)
Net cash provided by (used in) capital and related financing activities	(702,916)	(675,620)	(1,800,365)	(17,508,899)	(3,669,948)
<b>Cash flows from investing activities</b>					
Interest on investments	303,156	110,819	457,744	3,465,693	955,404
Net cash provided by investing activities	303,156	110,819	457,744	3,465,693	955,404
Net increase (decrease) in cash and cash equivalents	61,790	1,010,926	2,164,283	22,892,329	10,157,571
<b>Pooled cash and investments</b>					
October 1, 2016	40,968,105	8,525,250	40,903,686	369,300,595	122,712,592
September 30, 2017	\$ 41,029,895	\$ 9,536,176	\$ 43,067,969	\$ 392,192,924	\$ 132,870,163

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, 2017**

	<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	\$ (15,050,932)	\$ 12,632,747	\$ (1,621,053)	\$ 10,375,114	\$ 301,656
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities					
Depreciation expense	3,636,023	-	2,603,048	2,195,901	1,016,854
(Increase) decrease in due from other governmental units	(1,616)	568,998	-	4,246,886	(971,817)
(Increase) decrease in due from component units	-	-	-	-	(94,423)
(Increase) decrease in accounts receivable	(221,391)	1,790,397	14,627	2,136,373	(120,000)
(Increase) decrease in due from other funds	-	-	-	(5,322)	-
(Increase) decrease in inventories and supplies	(62,862)	-	-	-	-
(Increase) decrease in prepayments and other assets	(2,072)	-	-	(4,140)	-
(Increase) decrease in net pension asset	-	-	-	-	-
(Increase) decrease in net OPEB asset	-	-	-	-	-
(Increase) decrease in deferred outflows related to pension	-	-	-	-	-
Increase (decrease) in vouchers payable	751,405	(141,333)	(41,628)	176,018	1,027,526
Increase (decrease) in due to other govern- mental units	242	137,345	-	(261,116)	121,606
Increase (decrease) in due to component units	-	-	-	-	-
Increase (decrease) in due to other funds	-	-	-	449,078	91,875
Increase (decrease) in unearned revenue	(27,700)	-	9,859	-	-
Increase (decrease) in current portion of other long-term liabilities	-	-	-	-	-
Increase (decrease) in other accrued liabilities	(103,902)	2,463	1,754	1,957,396	1,772,632
Increase (decrease) in net pension liability	-	-	-	-	-
Increase (decrease) in other long-term liabilities	-	-	-	-	-
Increase (decrease) in deferred inflows related to pensions	-	-	-	-	-
Increase (decrease) in deferred inflows related to OPEB	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ (11,082,805)</u>	<u>\$ 14,990,617</u>	<u>\$ 966,607</u>	<u>\$ 21,266,188</u>	<u>\$ 3,145,909</u>

(continued)

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, 2017**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Major</b>			<b>Totals September 30, 2017</b>	
	<b>S.O.C.S.D.S.</b>	<b>Clinton- Oakland S.D.S.</b>	<b>Non-Major Funds</b>		
Operating income (loss)	\$ (1,156,503)	\$ 1,214,755	\$ (5,624,517)	\$ 1,071,267	\$ 42,851,625
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation expense	235,086	817,583	7,162,219	17,666,714	6,328,883
(Increase) decrease in due from other governmental units	128,399	(463,280)	61,969	3,569,539	603,922
(Increase) decrease in due from component units	-	-	-	(94,423)	3,656
(Increase) decrease in accounts receivable	124,595	(450)	55,270	3,779,421	506,649
(Increase) decrease in due from other funds	-	-	(36,894)	(42,216)	(1,021,552)
(Increase) decrease in inventories and supplies	-	-	17,177	(45,685)	(612,913)
(Increase) decrease in prepayments and other assets	46,460	-	(623,848)	(583,600)	312,003
(Increase) decrease in net pension asset	-	-	-	-	(22,497,565)
(Increase) decrease in net OPEB asset	-	-	-	-	(65,606,305)
(Increase) decrease in deferred outflows related to pension	-	-	-	-	19,305,794
Increase (decrease) in vouchers payable	267,057	(8,713)	(23,260)	2,007,072	7,054,435
Increase (decrease) in due to other govern- mental units	15,189	(126,564)	104,209	(9,089)	125,269
Increase (decrease) in due to component units	-	-	-	-	567
Increase (decrease) in due to other funds	124,003	61,437	7,328	733,721	49,011
Increase (decrease) in unearned revenue	-	-	(84,462)	(102,303)	(71,916)
Increase (decrease) in current portion of other long-term liabilities	-	-	-	-	323,590
Increase (decrease) in other accrued liabilities	452,111	80,959	472,884	4,636,297	479,357
Increase (decrease) in net pension liability	-	-	-	-	(5,444,786)
Increase (decrease) in other long-term liabilities	-	-	-	-	261,875
Increase (decrease) in deferred inflows related to pensions	-	-	-	-	12,184,257
Increase (decrease) in deferred inflows related to OPEB	-	-	-	-	47,146,838
Net cash provided by (used in) operating activities	<u>\$ 236,397</u>	<u>\$ 1,575,727</u>	<u>\$ 1,488,075</u>	<u>\$ 32,586,715</u>	<u>\$ 42,282,694</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, 2017**

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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 \$995,851 and \$14,648,106 in the County Airports and Evergreen-Farmington S.D.S. funds, respectively; the transfer of \$15,195,838 of capital assets (\$21,776,074 less accumulated depreciation of \$6,580,236) to Oakland Township (Special item), disposal of \$402,357 of capital assets (\$719,694 less accumulated depreciation of \$317,337) and forgiveness of debt in the amount of \$227,084 in the Water and Sewer Trust fund.

Noncash and non-capital related financing activities included recording of Contracts Receivable and Unearned Revenue of \$1,294,265 in the County Airports fund.

Nonmajor funds:

Noncash and non-capital related financing activities included recording of grant proceeds of \$34,399 in the Due from Other Governmental Units asset account in the Huron-Rouge S.D.S. fund.

**Internal Service Funds**

Noncash and capital-related financing activities included contribution of capital assets in the amount of \$2,083,919 in the Information Technology fund.

Noncash and non-capital related financing activities included the recording of pension expense of \$3,547,700 and reduction of OPEB expense of (\$18,459,467) 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, 2017**

	<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	\$ 43,985,097	\$546,662,273	\$298,125,809
Cash and cash equivalents	-	-	690,021
Investments, at fair value			
Common stock	399,082,022	-	-
Government agencies	55,302,467	-	-
Corporate bonds	182,417,060	-	-
Municipal bonds	4,392,612	-	-
Hedge funds	96,098,461	-	-
Limited partnerships	124,250,441	-	-
Asset-backed fixed income	28,068,597	-	-
Government bonds	83,692,934	-	-
Government mortgage-backed securities	89,343,358	-	-
Government-issued commercial mortgage-backed securities	4,009,338	-	-
Non-government backed CMOs	1,159,418	-	-
Commercial mortgage-backed securities	20,222,862	-	-
Bank loans	5,655,537	-	-
International common stock	652,449,890	-	-
Index-linked government bonds	44,639,887	-	-
Real estate	201,763,603	-	-
Other fixed income	4,882,097	-	-
Other	408,997	-	-
Total investments	<u>1,997,839,581</u>	<u>-</u>	<u>-</u>
Receivables - interest and dividends	4,170,040	694,867	203,290
Receivables - other	436,583	-	40,384
Prepaid expenses	206,527	-	-
Total assets	<u>2,046,637,828</u>	<u>547,357,140</u>	<u>299,059,504</u>
<b>Liabilities</b>			
Vouchers payable	1,025,284	-	65,517,414
Due to other governmental units	-	-	217,958,056
Other accrued liabilities	2,353,600	-	15,584,034
Total liabilities	<u>3,378,884</u>	<u>-</u>	<u>299,059,504</u>
<b>Net position</b>			
Restricted for Pension and other Postemployment healthcare benefits, and pool participants	<u>\$ 2,043,258,944</u>	<u>\$547,357,140</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, 2017**

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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	\$ -	\$ 803,032,443
Plan members	590,790	-
Total contributions	<u>590,790</u>	<u>803,032,443</u>
Investment income	223,492,172	4,883,808
Other revenue	3,917,583	-
Total additions	<u>228,000,545</u>	<u>807,916,251</u>
<b>Deductions</b>		
Benefits	87,579,060	-
Administrative expenses	5,965,946	-
Distribution to pool participants	-	778,796,690
Total deductions	<u>93,545,006</u>	<u>778,796,690</u>
Net increase	134,455,539	29,119,561
Net position restricted for pension and other postemployment healthcare benefits, and pool participants		
October 1, 2016	<u>1,908,803,405</u>	<u>518,237,579</u>
September 30, 2017	<u>\$ 2,043,258,944</u>	<u>\$ 547,357,140</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, 2017**

	<b>Drainage Districts</b>	<b>Road Commission</b>	<b>Total Component Units</b>
<b>Assets</b>			
Current assets			
Pooled cash and investments	\$ 50,325,502	\$ -	\$ 50,325,502
Cash and cash equivalents	-	67,799,056	67,799,056
Receivables, net			
Special assessments	-	5,727,905	5,727,905
Due from other governmental units	5,697,926	-	5,697,926
Due from primary government	-	567	567
Accrued interest receivable	159,838	-	159,838
Accounts receivable	113,348	16,247,802	16,361,150
Inventories and supplies	-	4,676,522	4,676,522
Prepayments and other assets	-	2,157,323	2,157,323
Total current assets	<u>56,296,614</u>	<u>96,609,175</u>	<u>152,905,789</u>
Noncurrent assets			
Special assessments receivable	212,044,379	-	212,044,379
Capital assets, net			
Land and other nondepreciable assets	112,416,856	212,337,013	324,753,869
Land improvements, net	-	853,608	853,608
Buildings and improvements, net	49,488,282	8,145,453	57,633,735
Equipment and vehicles, net	675,267	10,331,366	11,006,633
Infrastructure, net	470,689,176	604,198,202	1,074,887,378
Total capital assets, net	<u>633,269,581</u>	<u>835,865,642</u>	<u>1,469,135,223</u>
Total noncurrent assets	<u>845,313,960</u>	<u>835,865,642</u>	<u>1,681,179,602</u>
Total assets	<u>901,610,574</u>	<u>932,474,817</u>	<u>1,834,085,391</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to pension	-	22,885,945	22,885,945
<b>Liabilities</b>			
Current liabilities			
Vouchers payable	1,563,239	8,763,165	10,326,404
Due to other governmental units	13,365,156	-	13,365,156
Due to primary government	1,059,494	38,139	1,097,633
Unearned revenue and advances	29,495,000	8,734,125	38,229,125
Current portion of long-term debt	17,899,000	-	17,899,000
Current portion of long-term liabilities	-	409,050	409,050
Other accrued liabilities	2,872,251	3,450,484	6,322,735
Total current liabilities	<u>66,254,140</u>	<u>21,394,963</u>	<u>87,649,103</u>
Bonds and notes payable	232,265,732	-	232,265,732
Accrued compensated absences	-	2,857,000	2,857,000
Claims and judgments	-	418,430	418,430
Net pension liability	-	45,492,165	45,492,165
Net OPEB obligation	-	33,613,147	33,613,147
Total liabilities	<u>298,519,872</u>	<u>103,775,705</u>	<u>402,295,577</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows related to pension	-	2,853,168	2,853,168
<b>Net position</b>			
Net investment in capital assets	383,104,849	835,865,642	1,218,970,491
Restricted for			
Public works	19,736,345	-	19,736,345
Debt service	183,297,678	-	183,297,678
Unrestricted	16,951,830	12,866,247	29,818,077
Total net position	<u>\$ 603,090,702</u>	<u>\$ 848,731,889</u>	<u>\$ 1,451,822,591</u>

The accompanying notes are an integral part of the financial statements

**County of Oakland  
Statement of Activities  
Component Units  
Year Ended September 30, 2017**

	<u>Program Revenues</u>						<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>Drainage Districts</b>	<b>Road Commission</b>	
<b>Functions/Programs</b>							
Drainage Districts	\$ 107,840,196	\$ 90,639,289	\$ 816,115	\$ 25,507,568	\$ 9,122,776	\$ -	\$ 9,122,776
Road Commission	128,272,170	16,209,360	85,597,721	39,192,171	-	12,727,082	12,727,082
Total component units	<u>\$ 236,112,366</u>	<u>\$ 106,848,649</u>	<u>\$ 86,413,836</u>	<u>\$ 64,699,739</u>	<u>9,122,776</u>	<u>12,727,082</u>	<u>21,849,858</u>
<b>General Revenue</b>							
Unrestricted investment earnings					449,177	761,607	1,210,784
Change in net position					9,571,953	13,488,689	23,060,642
<b>Net position</b>							
Beginning					593,518,749	835,243,200	1,428,761,949
Ending					<u>\$ 603,090,702</u>	<u>\$ 848,731,889</u>	<u>\$ 1,451,822,591</u>

The accompanying notes are an integral part of the financial statements

# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2017

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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, 2017

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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, 2017, 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, 2016, 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 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, are 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, 2017 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, 2017

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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 it 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, 2017

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

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

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

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

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

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

The focus of the entity-wide financial statements under the new reporting model is to present the County as a whole. The focus of the Fund Financial Statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary funds (by category), and the component units. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

#### **Basis of Presentation – Fund Accounting**

Funds are used to report the County's financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

# County of Oakland

## Notes to Basic Financial Statements

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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 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 Great Lakes Water Authority 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 Great Lakes Water Authority for treatment. Costs are recovered by developing rates and billing the municipalities being served.

The Clinton-Oakland S.D.S. (Sewage Disposal System) Fund was established to record the operations and maintenance of the system, which is used to move sewage to the Great Lakes Water Authority 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

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



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- 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 it becomes susceptible to accrual, generally when it becomes 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, 2016 and presented in a separate document. Appropriation budgets were adopted for the General Fund and the following Special Revenue funds: Child Care and Social Welfare-Foster Care. Appropriations lapse at the end of the year. Project-length financial plans are budgeted for the remainder of the Special Revenue funds and for all Debt Service and Capital Projects funds. Budget and actual comparisons for such funds are not reported in the financial statements because annual budgets are not prepared.

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

**Pooled Cash and Investments**

The County maintains a cash and investment pool for all funds except the pension trust funds, the 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, 2017 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.

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, 2017 are recorded as prepayments using the consumption method.

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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 acquisition 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, 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 Liability/(Asset)**

The County offers a defined healthcare benefits plan to retirees. The County records an OPEB liability (asset) for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB 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.

In June 2015, the GASB issued two new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pension (OPEB). GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Plans other than Pension Plans*, addresses reporting by OPEB plans, whereas GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans are now required to include in the financial statement more extensive footnote disclosures and required supplemental information related to the measurement of the OPEB liabilities for which assets have been accumulated. The County has implemented both of these statements this year.

The net OPEB liability (asset) is recorded on both the government-wide and internal service funds statements. This change does not impact the General Fund or any other governmental fund. Refer to the OPEB notes for further details.

**Net Pension Liability/(Asset)**

The government-wide statements now include a liability/(asset) for our unfunded/overfunded legacy costs related to the County's pension plan. The net pension liability/(asset) 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/(asset) 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 footnotes 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.

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- 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.

**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 then. The Road Commission reports deferred outflows from the difference between expected and actual investment earnings, contributions made after the measurement date of the net pension liability, and changes in assumptions in relation to the pension plan.

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 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 three types of deferred inflows, one of which arises only under a modified accrual basis of accounting, that qualify 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. The second type is related to the difference between expected and actual experience related to the Retirement and OPEB plans. These amounts will be amortized over the next four years and included in net Pension and OPEB expense. The third type is related to the difference between projected and actual investment earnings of the pension plan and OPEB plan.

Property taxes levied are used to finance the expenditures of the current fiscal period (October 1, 2016 through September 30, 2017) 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, 2017. 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.

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**Notes to Basic Financial Statements**  
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**2. Legal Compliance - Budgets**

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

The Board of Commissioners is authorized to make amendments to the various budgets as deemed necessary. Current year supplemental budgetary appropriations were not material. Funds that receive an appropriation and can therefore be defined as those with an appropriated, annual, legally adopted budget are the General Fund and 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.

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 fiscal 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. Income, gains and losses are allocated back to County funds based on their share of the pool which is calculated on their average daily cash balance.

## County of Oakland

### Notes to Basic Financial Statements

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For its pool, the County only uses federal and state-chartered banks and savings institutions, which are members of the FDIC, NCUA or DIFS 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. Income, gains and losses are allocated based upon the participants' average daily balance. The LGIP is not subject to regulatory oversight, is not registered with the SEC, and does not issue a separate report. Fair value of the position in the pool is approximately equal to the value of the pool shares. The LGIP has not provided or obtained any legally binding guarantees during the period to support the value of the shares. Investments are valued monthly.

#### **Deposits**

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

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

As of September 30, 2017, the bank balance of the County's deposits was \$990,722,377. Insured deposits were \$4,500,000, and the remaining \$986,222,377 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, 2017, the Road Commission component unit had \$14,520,957 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 Retirees' 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.

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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.
6. Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than 1 standard rating service.
7. Obligations described in subdivisions 1 through 6 if purchased through an inter-local agreement under the Urban Cooperation Act of 1967.
8. Investment pools organized under the Surplus Funds Investment Pool Act, PA 367 of 1982.
9. Investment pools organized under the Local Government Investment Pool Act, PA 121 of 1985.
10. Mutual funds registered under the Investment Company Act of 1940 with authority to only purchase investment vehicles that are legal for direct investment by a Michigan public corporation. Investment is limited to mutual funds that maintain a net asset value of \$1.00 per share.

As of September 30, 2017, the County had the following deposit and investment types in its internal investment pool.

<u>Deposit and Investment Type</u>	<u>Market Value</u>	<u>Weighted Average Maturity (days)</u>
Certificates of Deposit (1)	\$ 906,819,525	196
Deposit Accounts (1)	83,902,852	1
Money Market Investment Pools	279,835,076	1
Negotiable CD	5,004,100	841
Commercial Paper	92,826,862	49
MI Government Coupon	39,797,030	3,386
U.S. Agencies	<u>426,473,295</u>	693
Total Market Value of Internal Investment Pool	\$ 1,834,658,740	
Weighted Average Maturity of Internal Investment Pool (in days)		329

(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 \$426,473,295 invested in U.S. government securities which are rated AA+ by Standard & Poor's and Aaa by Moody's. The County had \$39,797,030 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. At September 30, 2017, the County had \$32,955,635 invested in A1+ (S&P) and P1 (Moody's) commercial paper and \$59,871,227 invested in A1 (S&P) and P1 (Moody's). The money market investment pool had \$279,835,076 invested with a rating of AAAM (S&P). 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 rated money market funds.



## County of Oakland

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*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, 2017, \$564,101,287 in investments, at fair value, was held in third-party safekeeping in the County's name.

The County also invests in money market funds that have their securities safe kept with a third party selected by the counterparty. However, the pool's securities are held in trust for the participants of the fund and are not available to the counterparty if the counterparty should happen to fail. We believe this arrangement satisfies the County's investment policy safe-keeping requirement.

*Concentration of Credit Risk – Investments.* On September 30, 2017, the County had investments of 5% or more, of the total portfolio, with the following U.S. agency issuers: Fannie Mae 10.25%, and Freddie Mac 11.09%. 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, 2017, the internal investment pool had a weighted average maturity of 329 days and the longest investment maturity in the portfolio was 3,386 days (9.3 years).

*Fair Value Measurement* – The County categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The County's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

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The County has the following recurring fair value measurements as of September 30, 2017:

**Assets and Liabilities Measured at Fair Value on a Recurring Basis**

<u>Investment Type</u>	<u>Total Value</u>	<u>Fair Value Measurement Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Commercial Paper	\$ 92,826,862	\$ -	\$ 92,826,862	\$ -
Government Agencies	426,473,295	-	426,473,295	-
Municipal Bonds	39,797,030	-	39,797,030	-
Total Investments by Fair Value	\$ 559,097,187	\$ -	\$ 559,097,187	\$ -

**Investments measured at the  
Net Asset Value (NAV)**

Money Market Investment Pools	<u>279,835,076</u>
Total Investments measured fair value	<u>\$838,932,263</u>

The fair value of Commercial Paper, Government Agencies and Municipal Bonds at September 30, 2017 was determined primarily based on Level 2 inputs, and they are valued using quoted prices for identical securities in markets that are not active. Money Market Investment Pools are valued at published fair value per share (unit) for the fund.

**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 (PERS, VEBA and SMBT) and Deferred Compensation Boards. The advisors serve at the leisure of the Board as provided by investment agreements. At September 30, 2017, the Primary Government's Pension Trust fund had 27 investment advisors. Investments are held in street name by safekeeping agents under formal trust agreements and/or in the Retirement Systems' name.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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As of September 30, 2017, the County had the following investment types in its Retirement System and other postemployment benefits trust funds:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percentage</u>	<u>Average Duration (In Years)</u>
Common Stock	\$ 573,244,138	28.13%	N/A
International Common Stock	79,205,753	3.89%	N/A
Common Stock - Funds	396,733,425	19.47%	N/A
Exchange Traded Funds	2,348,597	0.11%	N/A
Government Bonds	78,583,489	3.86%	7.19
International Government Bonds	5,109,446	0.25%	N/A
Government Agencies	55,302,466	2.71%	3.35
Municipal Bonds	4,392,612	0.21%	10.28
Corporate Bonds	182,417,060	8.95%	6.32
Bank Loans	5,655,536	0.28%	N/A
Government Mortgage-Backed Securities	89,343,358	4.38%	3.66
Gov't Issued Commercial Mortgage-Backed	4,009,338	0.20%	5.64
Commercial Mortgage-Backed Securities	20,222,861	0.99%	3.82
Asset-Backed Securities	28,068,596	1.38%	1.36
Non-government Backed CMOs	1,159,418	0.06%	1.52
Index Linked Government Bonds	44,639,887	2.19%	13.07
Other Fixed Income	4,882,097	0.24%	2.95
Real Estate	201,763,604	9.90%	N/A
Partnerships	124,250,441	6.10%	N/A
Other Assets	408,997	0.02%	N/A
Hedge Funds	96,098,460	4.71%	N/A
Cash and Cash Equivalents	40,263,222	1.97%	0.27
Total	<u>\$2,038,102,801</u>	<u>100.00%</u>	

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

**County of Oakland**  
**Notes to Basic Financial Statements**  
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As of September 30, 2017, debt obligation investments held in the retirement system had the following ratings:

<b>Ratings</b>			
<u>Fair Value</u>	<u>Percentage</u>	<u>S&amp;P</u>	<u>Moody's</u>
\$182,982,592	27.58 %	AAA	Aaa
21,477,642	3.24	AA	Aa
92,575,469	13.95	A	A
58,197,831	8.77	BBB	Baa
13,631,643	2.05	BB	Ba
10,320,513	1.56	B	B
505,988	0.08	CCC	Caa
175,676,622	26.48	NR	NR
<u>108,108,390</u>	<u>16.29</u>	US Gov't Guaranteed	
\$663,476,690	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, 2017, \$2,038,103,801 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, 2017, as reported by the system's investment managers, no holdings exceed any of the Board's adopted limits.

*Interest Rate Risk* - The Board's adopted Statement of Investment Goals and Objectives (SIGO) places no limitation on the system's fixed-income managers on the length to maturity for fixed-income investments. As the schedule on page 86 indicates, the system's fixed-income investments had average durations of between .27 years and 13.07 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.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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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 .29 years to 45.6 years and are backed by investments in various assets, including mortgages. As of September 30, 2017, the market value was \$21,382,279.

*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, 2017, the County's CMO portfolio had an effective duration of 3.82 years.

*Fair Value Measurement* – The County categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The County's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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The County has the following recurring fair value measurements as of September 30, 2017:

**Assets and Liabilities Measured at Fair Value on a Recurring Basis**

	Balance at September 30, 2017	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Signifcant Other Obsevable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>				
Equity securities:				
Common Stock	\$ 652,449,890	\$ 652,449,890	\$ -	\$ -
Exchange Traded Funds	2,348,597	2,348,597	-	-
Equity Mutual Funds	25,973,552	-	25,973,552	-
Total equity securities	680,772,039	654,798,487	25,973,552	-
Debt securities:				
Government Bonds	85,360,003	-	85,360,003	-
Government Agencies	25,265,850	-	25,265,850	-
State or Local Governments	2,725,544	-	2,725,544	-
Corporate Bonds	182,417,060	-	182,417,060	-
Residential Mortgage-Backed Securities	119,379,974	-	119,379,974	-
Commercial Mortgage-Backed Securities	24,232,200	-	24,232,200	-
Collateralized Mortgage Obligations	1,159,418	-	1,159,418	-
Other Asset-Backed Securities	28,068,596	-	28,068,596	-
Index Linked Government Bonds	44,639,887	-	44,639,887	-
Bank Loans	5,655,537	-	5,655,537	-
Other Debt Securities	4,882,097	-	4,882,097	-
Total debt securities	523,786,166	-	523,786,166	-
Total investments by fair value level	\$ 1,204,558,205	\$ 654,798,487	\$ 549,759,718	\$ -
<b>Investments measured at the Net Asset Value (NAV)</b>				
International Equity	157,425,032			
Global Fixed Income	124,250,441			
Index Funds	211,390,426			
Hedged Equity Long/Short Funds	96,098,460			
Private Real Estate	12,012,793			
Real Estate	180,747,416			
Real Estate International	9,003,395			
Total investments measured at the NAV	790,927,963			
Total investments measured at fair value	\$ 1,995,486,168			
<b>Investment derivative instruments</b>				
Forward Foreign Currency Exchange	\$ 21,872	\$ -	\$ 21,872	\$ -

**County of Oakland**  
**Notes to Basic Financial Statements**  
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Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches: Equity Mutual Funds are valued using fair value per share for each fund; Fixed Income investments are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors. Debt and equity securities classified in Level 3 are based upon unobservable inputs. Derivative instruments classified in Level 2 are valued using a market approach that considers benchmarks.

**Investments in Entities that Calculate Net Asset Value per Share**

The County holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At the year ended September 30, 2017, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if eligible</u>	<u>Redemption Notice Period</u>
International Equity	\$157,425,032	\$ -	Monthly	10 Days
Global Fixed Income	124,250,441	-	Daily	3 Days
Index Funds	211,390,426	-	Daily	3 Days
Hedged Equity Long/Short Funds	96,098,460	-	Quarterly	90 Days
Private Real Estate	12,012,793	70,398,074	-	-
Real Estate	180,747,416	303,897	-	-
Real Estate International	9,003,395	-	-	-
	<u>\$790,927,963</u>	<u>\$ 70,701,971</u>		

The International Equity fund seeks long-term growth of capital by investing at least 80% of its net assets in large capitalization equity securities listed in the Morgan Stanley Capital International Europe, Australasia and Far East Index (MSCI EAFE Index).

The Global Fixed Income Fund seeks current income with capital appreciation and growth of income, by investing at least 80% of its net assets in bonds of governments, government-related entities and government agencies located anywhere in the world. The fund regularly enters into various currency-related and other transactions involving derivative instruments.

The Index Fund seeks to replicate the total return of the S&P 500 index. Under normal market conditions, at least 80% of its total assets will be invested in stocks in the S&P 500 index. The fund utilizes a “passive” investment approach, attempting to replicate the investment performance of its benchmark.

The Hedged Equity Long/Short Fund is comprised of hedge funds that invest in global equity markets using long/short strategies both from a bottom-up (stock-pickers) orientation and a top-down (macro) orientation, including emerging markets.

The fair values of the investments in the preceding four classes have been estimated using the net asset value per share of the investments.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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The Real Estate funds class included several real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this class have been estimated using the net asset value of the County’s ownership interest in partners’ capital.

**Disclosures Regarding Redemption Only Upon Liquidation**

The investments in the Private Real Estate, Real Estate and Real Estate International can never be redeemed with the funds. Distributions from each fund will be received only as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next 1 to 10 years.

**4. Property Taxes – Receivables and Short-term Debt**

*Receivables* – In accordance with Michigan Public Act 357 of 2004, the County Operating Tax is levied on July 1 on the taxable value of real and personal property as established the preceding December 31. Taxes become a lien on the property on July 1 and are due and payable on that date through February 28 of the following year, after which unpaid taxes became delinquent and subject to penalty. Taxable value is determined by using such factors as State equalized, assessed, and capped values, along with a value change multiplier. Prior to 2004, taxes were levied on December 1 of each year; the state public act required a gradual shift over a three-year period of county property taxes from winter to summer as a substitute to county revenue sharing from the State. Equalized values for the 2017 summer levy amounted to \$69,008,352,209, with taxable values of \$54,723,743,027. The operating tax rate for the 2017 levy was 4.04 mills, with an additional 0.2392 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 \$20,840,216 at September 30, 2017.

*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 \$222,957,779 at September 30, 2017, are pledged as collateral for payment of the tax notes; subsequent collections on delinquent taxes receivable, plus interest, penalties and collection fees thereon, and investment earnings are used to service the debt.

The following is a summary of the short-term debt activity for the year ended September 30, 2017:

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



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

At September 30, 2017, the allowances for uncollectible receivables were as follows:

**General Fund** \$ 25,000

In addition, the Parks and Recreation fund (Enterprise) records an allowance for uncollectible taxes receivable in the amount of \$35,976 at September 30, 2017.

**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, 2017:

	<b>Employees' Retirement</b>	<b>VEBA Trust</b>	<b>Superseding Trust</b>
Interest and dividends	\$ 11,788,671	\$ 17,200,107	\$ 127,008
Unrealized/Realized gain (loss) on investments	<u>72,938,680</u>	<u>120,237,346</u>	<u>1,200,360</u>
Total	<u>\$ 84,727,351</u>	<u>\$ 137,437,453</u>	<u>\$ 1,327,368</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, 2017, for governmental activities follows:

	<b>Balance October 1, 2016</b>	<b>Additions</b>	<b>Disposals and Adjustments</b>	<b>Balance September 30, 2017</b>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 7,365,551	\$ -	\$ -	\$ 7,365,551
Construction in progress	24,957,399	25,748,043	(33,988,778)	16,716,664
Total capital assets not being depreciated	<u>32,322,950</u>	<u>25,748,043</u>	<u>(33,988,778)</u>	<u>24,082,215</u>
Capital assets being depreciated				
Land improvements	1,296,690	103,451	-	1,400,141
Buildings and improvements	250,198,432	16,896,229	-	267,094,661
Equipment and vehicles	124,386,006	17,729,361	(3,565,919)	138,549,448
Infrastructure	30,681,421	3,922,855	-	34,604,276
Total capital assets being depreciated	<u>406,562,549</u>	<u>38,651,896</u>	<u>(3,565,919)</u>	<u>441,648,526</u>
Less: Accumulated depreciation				
Land improvements	1,111,870	23,731	-	1,135,601
Buildings and improvements	114,497,116	5,511,758	-	120,008,874
Equipment and vehicles	99,973,627	9,268,587	(3,301,151)	105,941,063
Infrastructure	18,523,122	669,545	-	19,192,667
Total accumulated depreciation	<u>234,105,735</u>	<u>15,473,621</u>	<u>(3,301,151)</u>	<u>246,278,205</u>
Total capital assets being depreciated, net	<u>172,456,814</u>	<u>23,178,275</u>	<u>(264,768)</u>	<u>195,370,321</u>
Governmental activities capital assets, net	<u>\$ 204,779,764</u>	<u>\$ 48,926,318</u>	<u>\$ (34,253,546)</u>	<u>\$ 219,452,536</u>

Depreciation expense was charged to functions as follows:

Public safety	\$ 3,283,860
Justice administration	1,055,219
Citizens services	680,777
Public infrastructure	269,566
Commerce and Community Development	29,535
Unallocated depreciation	3,825,781
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>6,328,883</u>
Total depreciation expense - governmental activities	<u>\$ 15,473,621</u>

**County of Oakland**  
**Notes to Basic Financial Statements**  
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A summary of business-type property and equipment at September 30, 2017 follows:

	Balance October 1, 2016	Additions	Disposals and Adjustments	Balance September 30, 2017
<b>Business-type Activities</b>				
Capital assets not being depreciated				
Land	\$ 68,158,860	\$ 19,020	\$ -	\$ 68,177,880
Construction in progress	84,097,529	33,685,831	(17,928,644)	99,854,716
Other	12,000	-	-	12,000
Total capital assets not being depreciated	<u>152,268,389</u>	<u>33,704,851</u>	<u>(17,928,644)</u>	<u>168,044,596</u>
Capital assets being depreciated				
Land improvements	35,823,624	1,144,008	-	36,967,632
Buildings and improvements	99,223,240	2,780,910	(9,881)	101,994,269
Equipment and vehicles	91,458,598	1,443,781	(17,691,247)	75,211,132
Infrastructure	344,445,066	12,957,832	(21,875,647)	335,527,251
Total capital assets being depreciated	<u>570,950,528</u>	<u>18,326,531</u>	<u>(39,576,775)</u>	<u>549,700,284</u>
Less: Accumulated depreciation				
Land improvements	28,075,933	1,300,783	-	29,376,716
Buildings and improvements	41,767,009	3,364,049	(2,017)	45,129,041
Equipment and vehicles	74,904,010	6,002,691	(17,147,513)	63,759,188
Infrastructure	252,440,382	6,999,191	(6,824,947)	252,614,626
Total accumulated depreciation	<u>397,187,334</u>	<u>17,666,714</u>	<u>(23,974,477)</u>	<u>390,879,571</u>
Total capital assets being depreciated, net	<u>173,763,194</u>	<u>659,817</u>	<u>(15,602,298)</u>	<u>158,820,713</u>
Business-type activities capital assets, net	<u>\$ 326,031,583</u>	<u>\$ 34,364,668</u>	<u>\$ (33,530,942)</u>	<u>\$ 326,865,309</u>
Depreciation expense was charged to functions as follows:				
Airports		\$ 2,603,048		
Community safety support		7,042,895		
Community water and sewer		2,195,901		
Recreation and leisure		3,636,023		
Sewage disposal systems		<u>2,188,847</u>		
Total depreciation expense - business-type activities		<u>\$ 17,666,714</u>		

**County of Oakland**  
**Notes to Basic Financial Statements**  
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An analysis of property and equipment, and related accumulated depreciation where applicable, at September 30, 2017, for component units follows:

<b>Component Units</b>	<b>Balance October 1, 2016</b>	<b>Additions</b>	<b>Disposals and Adjustments</b>	<b>Balance September 30, 2017</b>
<b>Drainage Districts</b>				
Capital assets not being depreciated				
Construction in progress	\$ 189,848,291	\$ 13,150,180	\$ (90,907,579)	\$ 112,090,892
Land	325,964	-	-	325,964
Total capital assets not being depreciated	<u>190,174,255</u>	<u>13,150,180</u>	<u>(90,907,579)</u>	<u>112,416,856</u>
Capital assets being depreciated				
Buildings	57,248,656	-	-	57,248,656
Equipment	373,557	422,521	-	796,078
Infrastructure	499,491,689	83,698,921	-	583,190,610
Total capital assets being depreciated	<u>557,113,902</u>	<u>84,121,442</u>	<u>-</u>	<u>641,235,344</u>
Less: Accumulated depreciation				
Buildings	6,233,743	1,526,631	-	7,760,374
Equipment	69,355	51,456	-	120,811
Infrastructure	105,201,985	7,299,449	-	112,501,434
Total accumulated depreciation	<u>111,505,083</u>	<u>8,877,536</u>	<u>-</u>	<u>120,382,619</u>
Total capital assets being depreciated, net	<u>445,608,819</u>	<u>75,243,906</u>	<u>-</u>	<u>520,852,725</u>
Governmental activity capital assets, net	<u>\$ 635,783,074</u>	<u>\$ 88,394,086</u>	<u>\$ (90,907,579)</u>	<u>\$ 633,269,581</u>
<b>Road Commission</b>				
Capital assets not being depreciated				
Land and other	\$ 205,514,233	\$ 5,737,907	\$ -	\$ 211,252,140
Construction in progress	31,012	1,053,861	-	1,084,873
Total capital assets not being depreciated	<u>205,545,245</u>	<u>6,791,768</u>	<u>-</u>	<u>212,337,013</u>
Capital assets being depreciated				
Buildings and storage bins	21,331,484	54,833	-	21,386,317
Road equipment	55,125,606	3,821,670	(781,714)	58,165,562
Other equipment	6,067,916	126,656	-	6,194,572
Infrastructure	1,029,513,618	53,876,010	(17,229,230)	1,066,160,398
Brine wells and gravel pits	2,489,608	-	-	2,489,608
Total capital assets being depreciated	<u>1,114,528,232</u>	<u>57,879,169</u>	<u>(18,010,944)</u>	<u>1,154,396,457</u>
Less: Accumulated depreciation				
Buildings and storage bins	12,675,589	565,275	-	13,240,864
Road equipment	45,651,943	3,999,832	(781,714)	48,870,061
Other equipment	4,996,729	161,978	-	5,158,707
Infrastructure	435,447,867	43,743,559	(17,229,230)	461,962,196
Brine wells and gravel pits	1,523,462	112,538	-	1,636,000
Total accumulated depreciation	<u>500,295,590</u>	<u>48,583,182</u>	<u>(18,010,944)</u>	<u>530,867,828</u>
Total capital assets being depreciated, net	<u>614,232,642</u>	<u>9,295,987</u>	<u>-</u>	<u>623,528,629</u>
Governmental activity capital assets, net	<u>\$ 819,777,887</u>	<u>\$ 16,087,755</u>	<u>\$ -</u>	<u>\$ 835,865,642</u>

**County of Oakland**  
**Notes to Basic Financial Statements**  
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**8. Long-term Debt**

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

**Primary Government**

	Interest rate	October 1, 2016	Additions	Reductions	September 30, 2017	Amounts due within one year	Amounts due thereafter	General obligation	With governmental commitment
<b>Governmental activities</b>									
<b>Debt with limited taxing authority</b>									
Building authority - Act 31	2.00%-4.75%	\$ 42,335,000	\$ -	\$ (3,150,000)	\$ 39,185,000	\$ 3,215,000	\$ 35,970,000	\$ 27,050,000	\$ 12,135,000
Building authority refunding	2.00%-5.00%	31,025,000	-	(4,290,000)	26,735,000	4,460,000	22,275,000	23,785,000	2,950,000
Retirees Health Care Bonds	3.62%-4.52%	306,390,000	-	(23,020,000)	283,370,000	23,870,000	259,500,000	283,370,000	-
Water supply - Act 342	2.00%-5.50%	15,035,000	-	(790,000)	14,245,000	740,000	13,505,000	-	14,245,000
Sewage disposal - Act 342	1.70%-3.75%	3,550,000	7,350,000	(150,000)	10,750,000	435,000	10,315,000	-	10,750,000
Water and sewer refunding bonds	1.50%-2.75%	1,205,000	-	(205,000)	1,000,000	205,000	795,000	-	1,000,000
Michigan Bond Authority - Sewage Disposal Bonds	1.62%-2.50%	27,213,690	7,382,205	(2,100,000)	32,495,895	2,155,000	30,340,895	-	32,495,895
Total bonds - governmental activities		<u>\$ 426,753,690</u>	<u>\$ 14,732,205</u>	<u>\$ (33,705,000)</u>	<u>\$ 407,780,895</u>	<u>\$ 35,080,000</u>	<u>\$ 372,700,895</u>	<u>\$ 334,205,000</u>	<u>\$ 73,575,895</u>
<b>Business-type activities</b>									
<b>Business-type activities</b>									
BA - Act 31 - County Airport	1.00%-5.90%	\$ 4,350,000	\$ -	\$ (250,000)	\$ 4,100,000	\$ 275,000	\$ 3,825,000	\$ 4,100,000	\$ -
BA refunding - County Airport	2.00%-2.25%	3,200,000	-	(365,000)	2,835,000	375,000	2,460,000	2,835,000	-
Sewage disposal - Act 34	1.75%-6.75%	3,350,000	-	(155,000)	3,195,000	160,000	3,035,000	3,195,000	-
Michigan Bond Authority - Water & Sewage Disposal Bonds	2.50%	15,907,354	3,225,410	(1,005,600)	18,127,164	991,000	17,136,164	18,127,164	-
Total bonds - business-type		<u>26,807,354</u>	<u>3,225,410</u>	<u>(1,775,600)</u>	<u>28,257,164</u>	<u>1,801,000</u>	<u>26,456,164</u>	<u>28,257,164</u>	<u>-</u>
Total bonds - primary government		<u>\$ 453,561,044</u>	<u>\$ 17,957,615</u>	<u>\$ (35,480,600)</u>	<u>\$ 436,038,059</u>	<u>\$ 36,881,000</u>	<u>\$ 399,157,059</u>	<u>\$ 362,462,164</u>	<u>\$ 73,575,895</u>

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

<b>Drainage Districts</b>	<b>Interest rate</b>	<b>October 1, 2016</b>	<b>Additions</b>	<b>Reductions</b>	<b>September 30, 2017</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	1.00%-7.00%	\$ 70,880,000	\$ 2,585,000	\$ (3,740,000)	\$ 69,725,000	\$ 3,995,000	\$ 65,730,000	\$ 50,617,662	\$ 19,107,338
Drain refunding bonds	2.00%-2.25%	11,205,000	-	(1,830,000)	9,375,000	1,385,000	7,990,000	1,465,355	7,909,645
Michigan Bond Authority-Drain Bonds	1.15%-4.15%	182,701,488	597,644	(12,234,400)	171,064,732	12,519,000	158,545,732	19,122,327	151,942,405
Total Drainage Districts		<u>264,786,488</u>	<u>3,182,644</u>	<u>(17,804,400)</u>	<u>250,164,732</u>	<u>17,899,000</u>	<u>232,265,732</u>	<u>71,205,344</u>	<u>178,959,388</u>
Total County Debt		<u>\$ 718,347,532</u>	<u>\$ 21,140,259</u>	<u>\$ (53,285,000)</u>	<u>\$ 686,202,791</u>	<u>\$ 54,780,000</u>	<u>\$ 631,422,791</u>	<u>\$ 433,667,508</u>	<u>\$ 252,535,283</u>
<b>Road Commission</b>									
Compensated absences	--	\$ 3,078,900	\$ -	\$ (221,900)	\$ 2,857,000	\$ -	\$ 2,857,000	\$ -	\$ 2,857,000
Self-insured losses	--	1,012,333	754,462	(939,315)	827,480	409,050	418,430	-	827,480
Other postemployment benefits	--	28,201,451	5,411,696	-	33,613,147	-	33,613,147	-	33,613,147
Net pension liability	--	42,947,521	2,544,644	-	45,492,165	-	45,492,165	-	45,492,165
Total Road Commission		<u>\$ 75,240,205</u>	<u>\$ 8,710,802</u>	<u>\$ (1,161,215)</u>	<u>\$ 82,789,792</u>	<u>\$ 409,050</u>	<u>\$ 82,380,742</u>	<u>\$ -</u>	<u>\$ 82,789,792</u>
Total reporting entity		<u>\$ 793,587,737</u>	<u>\$ 29,851,061</u>	<u>\$ (54,446,215)</u>	<u>\$ 768,992,583</u>	<u>\$ 55,189,050</u>	<u>\$ 713,803,533</u>	<u>\$ 433,667,508</u>	<u>\$ 335,325,075</u>

**County of Oakland**  
**Notes to Basic Financial Statements**  
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The annual requirements to pay principal and interest on debt outstanding at September 30, 2017 (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>
2018	\$ 11,210,000	\$ 3,580,419	\$ 23,870,000	\$ 10,131,947	\$ 1,801,000	\$ 918,794	\$ 36,881,000	\$ 14,631,160
2019	10,860,000	3,249,052	24,750,000	9,251,925	1,851,400	866,339	37,461,400	13,367,316
2020	11,255,000	2,919,065	25,660,000	8,339,504	1,891,800	811,304	38,806,800	12,069,873
2021	11,380,000	2,579,095	26,605,000	7,393,507	1,939,900	754,456	39,924,900	10,727,058
2022	11,605,000	2,230,523	27,585,000	6,412,669	2,002,600	693,410	41,192,600	9,336,602
2023-2027	30,975,727	7,498,387	154,900,000	15,866,593	9,498,745	2,469,852	195,374,472	25,834,832
2028-2032	24,370,000	3,787,897	-	-	8,011,719	773,933	32,381,719	4,561,830
2033-2037	12,575,168	767,713	-	-	1,260,000	63,500	13,835,168	831,213
2038-2042	180,000	15,725	-	-	-	-	180,000	15,725
<b>Totals</b>	<b>\$ 124,410,895</b>	<b>\$ 26,627,876</b>	<b>\$ 283,370,000</b>	<b>\$ 57,396,145</b>	<b>\$ 28,257,164</b>	<b>\$ 7,351,588</b>	<b>\$ 436,038,059</b>	<b>\$ 91,375,609</b>

	<b>Drainage Districts</b>		<b>Total reporting entity</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2018	\$ 17,899,000	\$ 6,497,578	\$ 54,780,000	\$ 21,128,738
2019	18,143,600	6,076,518	55,605,000	19,443,834
2020	18,623,200	5,640,673	57,430,000	17,710,546
2021	19,095,100	5,185,983	59,020,000	15,913,041
2022	19,532,400	4,710,238	60,725,000	14,046,840
2023-2027	74,049,322	17,078,119	269,423,794	42,912,951
2028-2032	61,717,110	7,999,175	94,098,829	12,561,005
2033-2037	21,105,000	935,150	34,940,168	1,766,363
2038-2042	-	-	180,000	15,725
<b>Totals</b>	<b>\$ 250,164,732</b>	<b>\$ 54,123,434</b>	<b>\$ 686,202,791</b>	<b>\$ 145,499,043</b>

# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2017

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The County has pledged its full faith and credit on debt totaling \$711,202,791, 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, 2017, the debt limit was \$6,900,835,220. 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, 2017, there were five issues outstanding, totaling \$39,185,000, maturing in the years 2018-2040, which represents debt originally issued in the years 2010-2015 totaling \$52,895,000.

#### **Retirees Health Care Bonds**

In September 2013, the County issued refunding bonds in the amount of \$350,000,000 in order to refinance and redeem the 2007 Certificates of Participation debt. This 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. As of September 30, 2017, there were two issues outstanding totaling \$283,370,000 maturing in the years 2018-2027. The debt is recorded in the Fringe Benefits Fund, an Internal Service Fund of the County.

#### **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, 2017, there were eight issues outstanding, totaling \$24,995,000, maturing in the years 2018-2037. This represents debt originally issued in the amount of \$28,250,000 issued in the years 1999-2017.

#### **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, 2017, there were six issues outstanding, totaling \$27,735,000, maturing in the years 2018-2025. This represents debt originally issued in the years 2010-2014 totaling \$51,385,000.



# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2017

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#### **Michigan Bond Authority Sewage Disposal Bonds**

In October 1996, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$9,350,000 for the White Lake Township Sewage Disposal System project; the entire amount was received as of the end of fiscal year 1999. The amount outstanding for this issue at September 30, 2017 was \$575,000, which matures in the year 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, 2017 for this issue is \$1,000,727, which matures in the years 2018-2027.

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, 2017, \$32,365,168 was drawn from the State Revolving Loan fund. The amount outstanding at September 30, 2017 for this issue is \$30,920,168, which matures in the years 2018-2035.

#### **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, 2017 was \$3,195,000, which matures in the years 2018-2031.

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, 2017 of \$2,835,000 maturing in the years 2018-2024 and the Airport Terminal Building in the amount outstanding as of September 30, 2017 of \$4,100,000 maturing in the years 2018-2030. 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 amount outstanding for this issue at September 30, 2017 was \$1,920,000 which matures in the years 2018-2032.

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 four Clean Water/Water Quality projects. The total authorized loan amount is \$8,220,720. 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 \$6,890,000. 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: one for up to \$6,850,000 with \$1,762,500 principal forgiveness, as of September 30, 2017, \$5,452,799 was drawn, and one for up to \$720,000, as of September 30, 2017, \$281,245 was drawn. Additionally, in October 2016, the County authorized the issuance of bonds for the City of Pontiac Water Supply System for \$5,165,000, with \$1,000,000 principal forgiveness. The debt obligation recorded as of September 30, 2017 amounted to \$16,207,164 maturing in the years 2018 through 2035.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

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**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, 2017, there were 14 issues outstanding, totaling \$69,725,000, maturing in the years 2018-2034. This represents original debt issued for \$88,065,000 in the years 1997-2017.

**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, 2017, there were three issues outstanding, totaling \$9,375,000, maturing in the years 2018-2025. This represents debt originally issued in the years 2013-2016 in the amount of \$11,610,000.

**Michigan Bond Authority Drain Bonds (Component Unit)**

The County authorized the issuance of bonds for \$17,880,000 in October 2000 from the Michigan Municipal Bond Authority Revolving Loan fund for the George W. Kuhn Drainage District. 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 \$13,246,822. 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 & IV in the years 2012, 2013 & 2015, respectively, amounting to \$99,160,000. 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 was \$13,322,810. Further, in October 2014, the County authorized an additional \$9,840,000 with \$1,000,000 principal forgiveness for the Pontiac Waste Water Treatment Drain District. In June 2017, the County authorized the issuance of bonds for up to \$31,995,000, with \$2,500,000 principal forgiveness from the Michigan Municipal Bond Authority Revolving Loan fund for the Clinton River Water Resource Recovery Facility Drainage District. At September 30, 2017, there were 14 issues outstanding, totaling \$171,064,732, maturing in the years 2018-2036.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

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**Changes in Other Long-term Liabilities**

Long-term liabilities activity, as reported in and liquidated through the Fringe Benefit Fund and Building Liability Insurance Fund, Internal Service funds, for the fiscal year ended September 30, 2017 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
<b>Governmental activities</b>					
Accrued compensated absences	\$ 12,749,365	\$ 1,095,790	\$ (1,274,937)	\$ 12,570,218	\$ 1,257,022
Claims and judgments			-		
Accrued unreported health costs	4,097,391	2,353,477	(1,365,797)	5,085,071	1,695,024
Accrued workers' compensation	7,226,415	1,608,496	(1,765,084)	7,069,827	1,810,203
Building and liability insurance	4,648,821	1,186,799	(1,253,279)	4,582,341	1,220,438
Net pension liability	5,444,786	-	(5,444,786)	-	-
Governmental activity long-term liabilities	<u>\$ 34,166,778</u>	<u>\$ 6,244,562</u>	<u>\$ (11,103,883)</u>	<u>\$ 29,307,457</u>	<u>\$ 5,982,687</u>

**9. Interfund Balances**

Interfund receivables and payables at September 30, 2017 were as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General	Nonmajor governmental	<u>\$ 10,260,063</u>
Nonmajor governmental	General	988,387
	Nonmajor governmental	661,629
	S.O.C.S.D.S.	1,898
	Total	<u>1,651,914</u>
Water and Sewer Trust	Nonmajor governmental	<u>165</u>
Nonmajor enterprise	General	33,094
	Nonmajor governmental	3,800
	Total	<u>36,894</u>
Internal service	Nonmajor governmental	243,059
	Water and Sewer Trust	450,976
	Evergreen Farmington S.D.S.	94,198
	S.O.C.S.D.S.	127,139
	Clinton Oakland S.D.S.	62,991
	Nonmajor enterprise	7,513
	Internal service	50,495
	Total	<u>1,036,371</u>
	Total	<u>\$ 12,985,407</u>

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

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

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Receivables and payables between funds of the Primary Government and the Component Units at September 30, 2017 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	\$ 19,520
	Road Commission	839
	Total	<u>20,359</u>
Nonmajor governmental	Drainage Districts	<u>883,299</u>
Evergreen Farmington SDS	Drainage Districts	<u>156,600</u>
Internal Service	Drainage Districts	75
	Road Commission	<u>37,300</u>
	Total	<u>37,375</u>
	Total	<u>\$1,097,633</u>
 <b>Component Unit</b>	 <b>Primary Government</b>	
<b>Due from Primary Government</b>	<b>Due to Component Unit</b>	
Road Commission	Internal service	<u>\$ 567</u>

Advances to/from other funds (including current and long-term portions) at September 30, 2017 were as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	
Nonmajor governmental	Nonmajor governmental	<u>\$1,032,021</u>
Delinquent Tax Revolving	Internal Service	<u>51,532</u>
	Total	<u>\$1,083,553</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**  
**September 30, 2017**

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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, 2017 were as follows:

<b>Transfers In</b>	<b>Transfers Out</b>	<b>Amount</b>
General	Nonmajor governmental	\$ 1,072,703
	Delinquent Tax Revolving	<u>12,193,594</u>
	Total	<u>13,266,297</u>
Building Authority Act 31	General	<u>2,244,500</u>
Nonmajor governmental	General	32,207,292
	Nonmajor governmental	7,649,763
	Delinquent Tax Revolving	4,771,000
	Internal service	<u>712,079</u>
	Total	<u>45,340,134</u>
Nonmajor enterprise	General	2,354,382
	Nonmajor governmental	<u>12,762</u>
	Total	<u>2,367,144</u>
Internal Service	General	5,425,004
	Nonmajor governmental	1,171,413
	Water and Sewer Trust	367,539
	Nonmajor enterprise	286,000
	Internal service	<u>167,754</u>
	Total	<u>7,417,710</u>
	Total transfers	<u>\$ 70,635,785</u>

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

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

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**10. Fund Equities**

At September 30, 2017, a deficit existed in the following funds:

**Capital Projects Funds**

Lake Levels Act 146	\$ 203,015
Drain Chapter 4 Construction	775,336

In the Capital Projects funds, the negative unassigned fund balance in the Lake Levels Act 146 fund primarily reflects costs that are related to the Bush Lake Level project in the amount of \$87,518 and the Upper Straits Lake Level Dam Reconstruction project in the amount of \$122,076. The Bush Lake Level is construction of a new lake level control structure which has been completed and a long-term special assessment for the project commenced in FY 2011. In 2010, the Oakland County Board of Commissioners authorized a loan in the amount of \$300,000 from the County's Long Term Revolving Fund to the Bush Lake Special Assessment District to be collected in ten annual installments. The long-term receivable is now on the balance sheet to track the collection of the Long Term Special Assessment. Collection of the annual special assessment has reduced the deficit by \$18,947 from the FY 2016 deficit of \$106,465 to the FY 2017 deficit of \$87,518. The Upper Straits Lake Dam Replacement project consists of replacing an existing lake level control structure in West Bloomfield Township, Oakland County, Michigan. The project is still in the design phase. The total estimated project cost of \$725,000 will be financed by the sale of bonds or a loan. The loan will be repaid by an assessment to the Upper Straits Lake Level Special Assessment District over a likely 10-year period. The Special Assessment District must be updated prior to project assessment and financing of the project. Updating the district requires approval by Oakland County Circuit Court. It is anticipated that the project will be issued for bids and financing secured in the fall of 2018 with construction to commence during the winter of 2018. 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.

In addition, 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 \$775,336. 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.

**Special Revenue Funds**

\$ 2,315,926

In accordance with Michigan Department of Treasury, when deferred inflows of resources minus taxes and special assessments receivable is great enough to cover the unassigned fund balance, no formal deficit elimination plan is required.

**Internal Service Fund (Fringe Benefit)**

\$ 7,670,877

In accordance with Michigan Department of Treasury, when current assets are greater than current liabilities, no formal deficit elimination plan is required.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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Nonspendable, restricted, committed, assigned, and unassigned fund balances of the primary government at September 30, 2017 were as follows:

	Nonspendable	Spendable			Unassigned
		Restricted	Committed	Assigned	
<b>Primary Government</b>					
<b>General Fund</b>					
Prepays	\$ 221,180	\$ -	\$ -	\$ -	\$ -
Inventories	131,944	-	-	-	-
Property Tax Forfeiture	-	10,401,084	-	-	-
Future operating requirements 2018 and beyond	-	-	-	128,094,735	-
Property Tax Forfeiture Activities	-	-	-	23,783,803	-
Future Technology Replacement	-	-	-	11,000,000	-
Capital Reserve	-	-	-	14,000,000	-
Financial-HR System Updates	-	-	-	10,000,000	-
Headlee Rollback-State Tax Exempt	-	-	-	10,000,000	-
Catastrophic Claims	-	-	-	8,454,500	-
Unfunded Mandates	-	-	-	11,500,000	-
HR Comp/Workforce Planning	-	-	-	5,000,000	-
Emergency Salaries	-	-	-	2,000,000	-
Tri-Party Supplemental	-	-	-	4,470,159	-
Carryforwards	-	-	-	4,847,541	-
Data Privacy and Security	-	-	-	3,000,000	-
Homeland Security Enhancements	-	-	-	4,400,000	-
Pandemic Response	-	-	-	1,500,000	-
Local Road Improvement Match Program	-	-	-	3,317,006	-
Business Continuity Recovery	-	-	-	1,000,000	-
WRC Long-Term Revolving Fund	-	-	-	1,000,000	-
MI SCAO Interpreter Costs	-	-	-	750,000	-
Senior Services	-	-	-	600,000	-
High School Apprenticeship Program	-	-	-	500,000	-
Building Security Cameras and Consoles	-	-	-	292,766	-
Board of Commissioners Projects	-	-	-	140,204	-
Sheriff Aviation	-	-	-	65,805	-
Human Resources Legal	-	-	-	500,000	-
Quality of Life Initiatives	-	-	-	200,000	-
Community Partnerships	-	-	-	238,654	-
Buy Local	-	-	-	150,000	-
Department Operations	-	-	-	185,145	-
Rx Discount Card Program	-	-	-	31,329	-
Unassigned	-	-	-	-	3,004,232
<b>Total</b>	<b>\$ 353,124</b>	<b>\$ 10,401,084</b>	<b>\$ -</b>	<b>\$ 251,021,647</b>	<b>\$ 3,004,232</b>

**County of Oakland**  
**Notes to Basic Financial Statements**  
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	Nonspendable	Spendable			Unassigned
		Restricted	Committed	Assigned	
<b>Primary Government</b>					
<b>Special Revenue Funds</b>					
Grants (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ (2,315,926)
Specific programs	-	19,406,592	-	-	-
Total	\$ -	\$ 19,406,592	\$ -	\$ -	\$ (2,315,926)
<b>Debt Service Funds</b>					
Debt service-general obligations	\$ -	\$ 6,812,015	\$ -	\$ -	\$ -
<b>Capital Projects Funds</b>					
Long-term receivables	\$ 1,150,421	\$ -	\$ -	\$ -	\$ -
Work projects	-	-	33,562,352	-	(978,351)
Total	\$ 1,150,421	\$ -	\$ 33,562,352	\$ -	\$ (978,351)

**11. Employee Benefits**

**Primary Government**

The County provides various benefits to its employees. Expenditures in 2017 for these benefits totaled the following: medical insurance, \$42,903,608; prescription coverage, \$10,364,770; dental insurance, \$3,096,995; optical insurance, \$269,909; group life insurance, \$871,195; disability, \$3,164,139; tuition reimbursement, \$320,460; Social Security, \$16,798,978; workers' compensation, \$1,356,309; and unemployment claims, \$361,267.

**12. Defined Benefit Pension Plan**

**Plan Description**

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

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

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



**County of Oakland**  
**Notes to Basic Financial Statements**  
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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 plans' membership consists of the following at September 30, 2017, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	2,007
Terminated plan members entitled to, but not yet receiving benefits	88
Active plan members	<u>300</u>
Total	<u>2,395</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%, and 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 2017, there was no annual contribution required, which was determined through actuarial valuations performed at September 30, 2015.

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, 2017 and September 30, 2016 amounted to \$372,273 and \$443,238, 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.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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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, 2017, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.58 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, 2017 consists of the following reserves:

Annuity reserve	\$ 3,313,035
Pension reserve	217,557,521
Pension accumulated reserve	<u>564,140,571</u>
Total fund balance	<u>\$ 785,011,127</u>

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

**County of Oakland**  
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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, 2017:

**Statement of Net Position**

Cash and investments	\$ 783,633,276
Other assets	<u>1,891,006</u>
Total assets	<u>785,524,282</u>
Liabilities	<u>513,155</u>
Net position	<u>\$ 785,011,127</u>

**Statement of Changes in Net Position**

Additions:	
Contributions	\$ 372,273
Investment income	84,727,351
Other revenue	<u>584,526</u>
Total additions	<u>85,684,150</u>
Deductions:	
Benefit payments	55,839,217
Other expenses	<u>2,476,778</u>
Total deductions	<u>58,315,995</u>
Change in net position	<u>27,368,155</u>
Net position held in trust, beginning of year	<u>757,642,972</u>
Net position held in trust, end of year	<u>\$ 785,011,127</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.

**Actuarial Methods and Assumptions**

The annual required contribution was determined as part of the actuarial valuation as of September 30, 2015, using the individual entry age cost method. Significant actuarial assumptions used include (a) 7.25 investment rate of return, (b) projected salary increases of 3.25 to 9.25 percent per year and (c) 1.5 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 3.25 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period.

The individual entry age actuarial cost method is the basis for determining the total pension liability for GASB No. 67 purposes and also the basis used to determine employer contributions for funding purposes.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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**Net Pension Liability**

The County has chosen to use September 30, 2017 as its measurement date for the net pension liability. The September 30, 2017 reported net pension liability was determined using a measure of the total pension liability, less the amount of the pension plan's fiduciary net position. The September 30, 2017 total pension liability was determined by an actuarial valuation performed as of September 30, 2016, which used updated procedures to roll forward the estimated liability to September 30, 2017.

The components of the net pension liability of the County at September 30, 2017 were as follows:

Total pension liability	\$ 762,513,562
Plan fiduciary net position	<u>(785,011,127)</u>
Net Pension Liability (Asset)	<u>\$ (22,497,565)</u>
Plan fiduciary net position as a percentage of the total pension liability	102.95%

The net pension liability (asset) of (\$22,497,565) has been recorded in the Fringe Benefit Fund, an internal service fund that is used to account for the County's employee fringe benefits.

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

	<u>Increase/(Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>
<b>Balances at 9/30/2016</b>	\$ 763,087,758	\$ 757,642,972	\$ 5,444,786
<b>Changes for the year:</b>			
Service Cost	2,483,176	-	2,483,176
Interest	53,389,706	-	53,389,706
Difference between expected and actual experience	(607,861)	-	(607,861)
Assumption changes	-	-	-
Contributions - employer	-	-	-
Contributions - member	-	372,273	(372,273)
Net investment income	-	83,094,349	(83,094,349)
Benefit payments, including refunds of member contributions	(55,839,217)	(55,839,217)	-
Administrative expenses	-	(259,250)	259,250
<b>Net changes</b>	<u>(574,196)</u>	<u>27,368,155</u>	<u>(27,942,351)</u>
<b>Balances at 9/30/2017</b>	<u>\$ 762,513,562</u>	<u>\$ 785,011,127</u>	<u>\$ (22,497,565)</u>

**County of Oakland**  
**Notes to Basic Financial Statements**  
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**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2017, the County recognized pension expense of \$3,547,700. At September 30, 2017 the County reported deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 4,921,175
Net difference between projected and actual earnings on pension plan investments	<u>42,225,663</u>
Total	<u>\$ 47,146,838</u>

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

<b>Fiscal Year Ending September 30</b>	<b>Net Deferred Inflows of Resources</b>
2018	\$ 1,304,741
2019	1,304,741
2020	(8,756,676)
2021	<u>(6,037,063)</u>
Total	<u>\$ (12,184,257)</u>

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of September 30, 2016, which used update procedures to roll forward the estimated liability to September 30, 2017. The valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
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 (unadjusted) 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.

**County of Oakland**  
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**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 real rates of return 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, 2016, these best estimates are summarized in the following table.

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	7.50%
International Equity	8.50%
Domestic Bonds	2.50%
International Bonds	3.50%
Real Estate	4.50%
Alternative Assets	6.29%

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

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

	1% Decrease 6.25%	Current Single Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability/(Asset)	\$ 52,420,809	\$ (22,497,565)	\$ (86,487,960)

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, 2016 was \$45,492,165. The Road Commission has chosen to use December 31, 2016 as its measurement date for the net pension liability. The September 30, 2017 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of December 31, 2016. The December 31, 2016 total pension liability was determined by an actuarial valuation performed as of that date. For the year ended September 30, 2017, the Road Commission recognized pension expense of \$14,087,870. At September 30, 2017, the Road Commission reported total deferred outflows of resources of \$22,885,945 and deferred inflows of resources of \$2,853,168.

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

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

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

Total membership in the OPRS as of September 30, 2017 was 3,220, which includes 336 employees who elected to transfer from the PERS in 1995 through 2000 and 2,884 current employees hired since July 1, 1994.

The County's payroll for employees covered by the OPRS for the year ended September 30, 2017 was \$200,858,053, and the County's total payroll was \$241,349,440. The required contributions, which matched those actually made, were \$7,556,051 by employees and \$17,851,539 by the County, representing 3.8% and 8.9% 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 2017, the County contributed \$224,288 to the plan.

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

**County of Oakland**  
**Notes to Basic Financial Statements**  
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**14. Postemployment Benefits**

**Plan Description**

The Oakland County Employees' Retirement System – Voluntary Employees' Beneficiary Association Trust (VEBA) is a single-employer defined benefit health plan, covering all eligible employees. The plan provides healthcare benefits to plan members and their beneficiaries. The plan is administered by the Oakland County Retirement and Deferred Compensation Board through two funding vehicles: the Oakland County VEBA Trust (the Trust) and the Superseding Trust.

Management of VEBA 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.

**Plan Membership**

The Oakland County VEBA covers the majority of full-time employees of the County hired prior to September 20, 1985 having eight or more years of service, or hired on or after September 21, 1985 having 15 years of service (for family coverage) or 8-14 years of service (for retired members only). The plan's membership consists of the following at September 30, 2017, the date of the latest actuarial valuation:

Retirees and Beneficiaries	2,448
Inactive, Nonretired Members	194
Active Members	<u>2,050</u>
Total	<u>4,692</u>

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).

**Benefits**

In 2017, the County provided 2,784 retirees medical insurance and reimbursed 1,731 of them for Medicare premiums under the Trust. In 2017, the County disbursed \$31,739,843 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 all classes is now closed to new hires. The County has established a "Retirement Health Savings Plan" beginning January 1, 2007. For General members hired on and after 1/1/95 (5/27/95 for Command Officers and Sheriff's deputies), the portion of healthcare costs paid by the Trust will be based on years of service at retirement. If a member has less than 15 years of service, there is no County paid retiree health coverage. If a member has 15 years of service at retirement, 60 percent of the healthcare premium will be paid by the Health Care Trust. The percent increases 4.0 percent per year of service over 15 with a 100 percent maximum coverage after 25 years of service.



**County of Oakland**  
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New employees are required to join the County's retiree health saving plan effective 1/1/06 for General Non-Union employees, 3/5/09 for Sheriff Command Officers, 1/1/10 for Sheriff Corrections Deputies, and 2/9/12 for Sheriff Road Patrol Deputies. Employees will receive a cash payment upon retirement from which they can purchase their own health insurance. At September 30, 2016, the date of the most recent actuarial valuation, membership in the OPEB plan consisted of 2,448 retirees and beneficiaries currently receiving benefits, 2,050 active employees, and 226 terminated employees entitled to benefits but not yet receiving them.

**Funding Policy/Contributions**

In 2013, the County contributed an additional \$236,000,000 in order to fully fund the VEBA. For fiscal year 2017, there was no annual contribution required, which was determined through actuarial valuations performed at September 30, 2015, given the VEBA was fully funded.

The County contributions are based on a 10-year open amortization of the unfunded actuarial accrued liabilities (UAL) for the over funded divisions. In addition, the County reports an other postemployment benefits asset for the funding provided by the previous sale of certificates of participation. This OPEB asset has been replaced with the implementation of GASB 75 and a new OPEB asset has been recorded.

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 investment return, 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.

In the September 30, 2016 actuarial valuation, the date of the most recent actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 7.25 percent investment rate of return (net of administrative expenses), which consists of a real rate of return of 4.0 percent per year plus a long-term rate of inflation of 3.25 percent per year and an annual healthcare cost trend rate of 9.0 percent initially, reduced by decrements to an ultimate rate of 3.25 percent after 10 years. Both rates included a 3.25 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. Active member payroll was assumed to increase 3.25 percent per year for the purpose of determining the level percent contributions.

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

The VEBA 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 the 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	<u>5.0%</u>
Total	<u>100.0%</u>

**Rate of Return**

For the year ended September 30, 2017, the annual money-weighted rate of return on VEBA plan investments, net of VEBA plan investment expense, was 12.1 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net OPEB Liability**

The County has chosen to use September 30, 2017 as its measurement date for the net OPEB liability. The September 30, 2017 reported net OPEB liability was determined using a measure of the total OPEB liability, less the amount of the VEBA plan's fiduciary net position. The September 30, 2017 total OPEB liability was determined by an actuarial valuation performed as of September 30, 2016, which used updated procedures to roll forward the estimated liability to September 30, 2017.

The components of the net pension liability of the County at September 30, 2017 were as follows:

Total OPEB liability	\$ 984,219,962
Plan fiduciary net position	<u>(1,245,580,059)</u>
Net OPEB Liability (Asset)	<u>\$ (261,360,097)</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 126.56%

The net OPEB Liability has been recorded in the Fringe Benefit Fund, an internal service fund that is used to account for the County's employee fringe benefits.

**County of Oakland**  
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Changes in the net OPEB liability during the measurement year were as follows:

	<b>Increase/(Decrease)</b>		
	<b>Total OPEB Liability</b>	<b>Plan Net Position</b>	<b>Net OPEB Liability</b>
<b>Balances at 9/30/2016</b>	\$ 944,050,411	\$ 1,139,804,203	\$(195,753,792)
<b>Changes for the year:</b>			
Service Cost	11,009,857	-	11,009,857
Interest	67,692,444	-	67,692,444
Difference between expected and actual experience	(6,799,845)	-	(6,799,845)
Assumption changes	-	-	-
Contributions - employer	-	-	-
Contributions - member	-	218,517	(218,517)
Net investment income	-	134,380,948	(134,380,948)
Benefit payments, including refunds of member contributions	(31,732,905)	(31,951,422)	218,517
Administrative expenses	-	(204,215)	204,215
Other	-	3,332,028	(3,332,028)
<b>Net changes</b>	<b>40,169,551</b>	<b>105,775,856</b>	<b>(65,606,305)</b>
<b>Balances at 9/30/2017</b>	<b>\$ 984,219,962</b>	<b>\$ 1,245,580,059</b>	<b>\$(261,360,097)</b>

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to OPEB**

For the year ended September 30, 2017, the County recognized a reduction of OPEB expense of (\$18,459,467). At September 30, 2017 the County reported deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 4,921,175
Net difference between projected and actual earnings on pension plan investments	<u>42,225,663</u>
Total	<u>\$ 47,146,838</u>

**County of Oakland**  
**Notes to Basic Financial Statements**  
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Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending September 30</u>	<u>Net Deferred Inflows of Resources</u>
2018	\$ (12,435,086)
2019	(12,435,085)
2020	(11,720,251)
2021	(10,556,416)
Total	<u>\$ (47,146,838)</u>

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of September 30, 2016, which used updated procedures to roll forward the estimated liability to September 30, 2017. The valuations used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%	
Healthcare cost trend rate	9.00%	decreasing to 3.25% in 2028
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 (unadjusted) 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 OPEB 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 OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The long-term expected rate of return of OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These real rates of return 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).

**County of Oakland**  
**Notes to Basic Financial Statements**  
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For each major asset class that is included in the OPEB plan's target asset allocation as of September 30, 2016, these best estimates are summarized in the following table.

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	7.50%
International Equity	8.50%
Domestic Bonds	2.50%
International Bonds	3.50%
Real Estate	4.50%
Alternative Assets	6.29%

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

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

	1% Decrease 6.25%	Current Single Discount Rate 7.25%	1% Increase 8.25%
Net OPEB Liability/(Asset)	\$ (133,851,526)	\$ (261,360,097)	\$ (367,386,321)

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The following table presents the net OPEB liability, calculated using the healthcare cost trend rate of 9.0 percent, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1.0 percentage point lower (8.0 percent, decreasing to 2.25%) or 1.0 percentage point higher (10.0 percent, decreasing to 4.25%) than the current rate.

	1 Percent Decrease (8% decreasing to 2.25%	Current Healthcare Cost Trend Rate (9.0% decreasing to 3.25%	1 Percent Increase (10.0% decreasing to 4.25%
Net OPEB Liability/(Asset)	\$ (372,213,599)	\$ (261,360,097)	\$ (131,608,064)

**County of Oakland**  
**Notes to Basic Financial Statements**  
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The following are condensed financial statements as of and including September 30, 2017 (the OPEB Plan includes the VEBA and Superseding Trusts):

**Statement of Net Position**

Cash and investments	\$ 1,258,191,402
Other assets	2,922,144
Total assets	<u>1,261,113,546</u>
Liabilities	<u>2,865,729</u>
Net position	<u>\$ 1,258,247,817</u>

**Statement of Changes in Net Position**

Additions:	
Contributions	\$ 218,517
Investment income	138,764,821
Other revenue	3,333,057
Total additions	<u>142,316,395</u>
Deductions:	
Benefits	31,739,843
Other expenses	3,489,168
Total deductions	<u>35,229,011</u>
Change in net position	107,087,384
Net position held in trust, beginning of year	<u>1,151,160,433</u>
Net position held in trust, end of year	<u>\$ 1,258,247,817</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, 2017, the Road Commission's adjusted annual required contribution to the Trust was \$12,763,832 with interest of \$1,269,065 on the prior year net OPEB obligation. The Road Commission contributed \$1,837,405 to the Trust during the year and paid \$6,783,796 directly toward insurance premiums and medical costs for retirees during fiscal year 2017, leaving a net OPEB obligation of \$33,613,147 at September 30, 2017.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

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**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 \$694,001,249, electronic data processing equipment in the amount of \$46,956,338, 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 helicopters' hull physical damage in the amount of \$3,139,792, and helicopters' additional equipment physical damage in the amount of \$1,354,800. 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. In FY 2016, the County added Excess Liability with limits of \$10,000,000 over a \$3,000,000 SIR/deductible and Cyber Liability with limits of \$5,000,000. 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 of the above-mentioned claims that have been incurred through September 30, 2017, 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**  
**Notes to Basic Financial Statements**  
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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>2017</b>	<b>2016</b>
<b>Primary Government</b>		
Beginning-of-period liability	\$ 15,972,627	\$ 19,073,602
Estimated claims incurred, claim adjustment expenses and changes in estimates		
Provisions for current-year events	54,052,651	42,405,776
Decrease in provisions for prior-year events	(1,057,953)	(2,017,018)
Total incurred claims, claim adjustment expenses and changes in estimates	52,994,698	40,388,758
Claim payments and claim adjustment expenses		
Related to current-year events	(50,174,917)	(41,635,925)
Related to prior-year events	(2,055,169)	(1,853,808)
Total claim payments and claim adjustment expenses	(52,230,086)	(43,489,733)
End-of-period liability	<u>\$ 16,737,239</u>	<u>\$ 15,972,627</u>
<b>Road Commission - Component Unit</b>		
Beginning-of-year liability	\$ 1,912,333	\$ 2,146,200
Estimated claims incurred and changes in estimates	12,341,151	12,149,943
Claim payments	(12,526,004)	(12,383,810)
End-of-year liability	<u>\$ 1,727,480</u>	<u>\$ 1,912,333</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, 2017 were \$1,015,758. The future minimum lease payments as of September 30, 2017 are as follows:

<b>Fiscal year</b>	<b>Primary government</b>
2018	\$ 1,005,865
2019	965,907
2020	756,111
2021	608,908
2022	399,375
2023-2027	<u>1,424,738</u>
Total	<u>\$ 5,160,904</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, 2017 totaled \$87,555 recorded in the Facilities Maintenance & Operations fund, an internal service fund type.



**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

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The County has also “loaned” its AAA bond rating to assist local communities in the ability to finance local projects by pledging full faith and credit on the debt issued through the Oakland County Building Authority. Debt is to be paid from payments from the benefiting community over the life of the debt issues, with the structures being collateral. A contract, or lease, receivable with a corresponding deferred revenue is shown in the Debt Service Fund financial statements of the County. Debt and receivables are reported for a Sheriff’s Sub-station in the City of Rochester Hills for \$5.2 million in 2002 (refunded for \$2,260,000 in 2012), Community Mental Health Authority Housing Project in the amount of \$5,500,000 in 2007 (refunded for \$2,875,000 in 2014), 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, 2017 are as follows:

Fiscal year	Primary government
2018	\$ 1,744,772
2019	1,729,385
2020	1,613,310
2021	1,393,735
2022	1,416,823
2023 - 2027	6,151,707
2028 - 2032	3,362,189
2033 - 2037	1,107,663
2038 - 2042	195,725
	<u>\$ 18,715,309</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, 2017 as follows: Walled Lake Novi Waste Water Treatment Plant – Headworks & Security Improvements Project with a cost of \$1,970,000, with a balance of \$748,416; Evergreen-Farmington S.D.S – Middlebelt Road Tunnel Project with a cost of \$34,023,018, with a remaining balance of \$2,665,224; Evergreen-Farmington S.D.S. – North Evergreen Interceptor Stonycroft Relief Sewer

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

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Project with a cost of \$1,301,254, with a remaining balance of \$11,178; Evergreen-Farmington S.D.S. – North Evergreen Interceptor Wattles Road Linear Storage Project with a cost of \$4,326,424 and remaining balance of \$2,147; Evergreen-Farmington S.D.S – North Evergreen Interceptor Quarton Rd Storage Improvement Project with a cost of \$2,695,395 and a remaining balance of \$2,441,757; and the Pontiac Water System Water Main and Meter Replacements and Improvements Projects with a cost of \$8,044,185, with a remaining balance of \$1,662,333. Building Authority Projects has two contracts, one with a cost of \$13,429,604 for construction of the Animal Control and Pet Adoption Center with a remaining balance of \$2,851,272, and one with a cost of \$2,337,000 for Facilities Infrastructure/Information Technology Project with a remaining balance of \$2,031,198. There are two outstanding contracts under the direction of the Facilities Management Department, one with a cost of \$3,465,486 for Security Enhancements for Jail CCTV, Control Consoles & Intercom Upgrades with a remaining balance of \$313,135, and one with a cost of \$1,186,525 for Children’s Village Multi Building Video Security Upgrade with a remaining balance of \$1,011,105 as of September 30, 2017.

There are four contracts for Information Technology with a cost of \$11,062,903 with a remaining balance of \$2,827,597 and one for Parks & Recreation with a cost of \$1,110,241 with a remaining balance of \$1,020,252 as of September 30, 2017.

The Drainage Districts’ component unit has a construction contract for Clinton River Water Resource Recovery Facility – Bio-solids Handling & Septage Receiving Facility Project with a cost of \$32,370,771 with a remaining balance of \$31,633,129 and two construction contracts for the Oakland Macomb Interceptor Drainage District Project with a total cost of \$73,011,614, with a remaining balance of \$136,364, as of September 30, 2017.

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

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

<b>Governmental Activities</b>	
Governmental Funds	
Due from other funds	\$ 11,911,977
Advances receivable	1,032,021
Due to other funds	(12,190,197)
Advances payable	(1,032,021)
Internal Service Funds	
Due from other funds	1,036,371
Due to other funds	(50,495)
Current and long-term advances payable	(51,532)
Governmental activities, internal balances	<u>\$ 656,124</u>
<b>Business-Type Activities</b>	
Proprietary Funds	
Due from other funds	\$ 37,059
Current and long-term advances receivable	51,532
Due to other funds	(744,715)
Business-type activities, internal balances	<u>\$ (656,124)</u>

# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2017

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#### 20. Tax Abatements

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement requires governments to disclose in their financial statements information related to tax abatement agreements. Therefore, contained in this note is the information resulting from the implementation of this statement.

The County received reduced property tax revenues during the year as a result of Industrial Facility (IFTs), Brownfield Redevelopment Agreements, Personal Property tax (PA 328) and other agreements entered into by cities, villages, townships, and authorities within the County.

The IFTs were entered into based upon the Plant Rehabilitation and Industrial Development District Act, (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFTs provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in building of new facilities and to promote the establishment of high-tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the County. The abatements amounted to \$442,501 for the County General Fund and \$26,200 for the County Parks and Recreation Fund for the fiscal year.

Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties. These agreements were entered into based upon the Brownfield Redevelopment Act, PA 381 of 1996, as amended. Under this act, a municipality may create a Brownfield redevelopment authority to develop and implement Brownfield projects. Tax increment financing may be used as a tool for property redevelopment. The abatements amounted to \$277,282 for the County General Fund and \$16,417 for the County Parks and Recreation Fund for the year.

The County also receives reduced property tax revenue as a result of the New Personal Property Tax (Act 328 of 1998, as amended by PA 20 of 1999) granted by cities, villages, and townships with the County. New Personal Property Tax exemptions are intended to promote purchase of new equipment. The abatements amounted to \$1,156,066 for the County General Fund and \$68,448 for the County Parks and Recreation Fund for the year.

Finally, various local governments within Oakland County use Payment in Lieu of Taxes (PILOT) Programs that are designed to provide tax abatements primarily for owners of low- to moderate-income multi-family housing units. Under this program the local governments establish ordinances and enter into agreements that allow the low- to moderate-income multi-family housing unit property owners to make payments at lower amounts than would have been otherwise due in the normal course of property tax collection. The County has estimated the PILOT abatement impact by taking the County's Ad Valorem Tax amount less the actual PILOT payments for the year. The abatements amounted to \$325,268 for the year.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2017**

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**21. Accounting and Reporting Change**

In fiscal year 2017 the County adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the primary objective of which is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pension (OPEB). 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, 2016.

Also, beginning in fiscal year 2017, the County has elected to record the debt for the Retirees Healthcare Bonds in the Fringe Benefits fund, causing a restatement as of September 30, 2016.

**Fund Financial Statements**

	Fringe Benefits Fund	Totals September 30, 2017
<b><u>Internal Service Funds</u></b>		
Net Position at September 30, 2016	\$ 63,961,378	\$ 135,385,154
Adjustment for implementation of GASB Statement No. 75	195,753,792	195,753,792
Adjustment for Retirees healthcare bonds	<u>(306,390,000)</u>	<u>(306,390,000)</u>
Net Position at September 30, 2016, as restated	<u>\$ (46,674,830)</u>	<u>\$ 24,748,946</u>

This restatement is also reported in the Proprietary Funds Statement of Changes in Net Position – Governmental Activities – Internal Service Funds.

In addition, the OPEB asset of \$157,325,849 reported in the Governmental Activities Statement of Net Position at September 30, 2016 was removed. As a result of the preceding changes, the Government-wide Statement of Activities is restated as follows:

**Statement of Activities**

	<b>Primary Government</b>		Totals
	Governmental Activities	Business- Type Activities	
Net Position at September 30, 2016	\$ 450,070,971	\$ 742,691,605	\$ 1,192,762,576
Adjustments - decreases	(157,325,849)	-	(157,325,849)
Adjustments - increases	<u>195,753,792</u>	<u>-</u>	<u>195,753,792</u>
Net Position at September 30, 2016, as restated	<u>\$ 488,498,914</u>	<u>\$ 742,691,605</u>	<u>\$ 1,231,190,519</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**  
**Last Four Fiscal Years – Unaudited**

	Fiscal Year			
	2017	2016	2015	2014
<b>Total pension liability</b>				
Service cost	\$ 2,483,176	\$ 2,864,098	\$ 3,705,776	\$ 4,196,269
Interest	53,389,706	53,131,461	50,740,081	50,492,624
Difference between expected and actual experience	(607,861)	2,639,268	2,621,256	-
Assumption changes	-	-	29,334,529	-
Benefit payments, including refunds of member contributions	(55,839,217)	(53,925,525)	(52,066,966)	(49,993,923)
Net change in total pension liability (asset)	(574,196)	4,709,302	34,334,676	4,694,970
<b>Total pension liability - beginning of year</b>	<u>763,087,758</u>	<u>758,378,456</u>	<u>724,043,780</u>	<u>719,348,810</u>
<b>Total pension liability - end of year (a)</b>	<u><u>\$ 762,513,562</u></u>	<u><u>\$ 763,087,758</u></u>	<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	372,273	443,238	473,247	560,091
Net investment income	83,094,349	65,710,783	5,099,460	70,247,939
Benefit payments, including refunds of member contributions	(55,839,217)	(53,925,525)	(52,066,966)	(49,993,923)
Administrative expenses	(259,250)	(245,352)	(296,825)	(2,959,649)
Net change in plan fiduciary net position	27,368,155	11,983,144	(42,236,252)	23,625,293
<b>Plan fiduciary net position - beginning of year</b>	<u>757,642,972</u>	<u>745,659,828</u>	<u>787,896,080</u>	<u>764,270,787</u>
<b>Plan fiduciary net position - end of year (b)</b>	<u><u>785,011,127</u></u>	<u><u>757,642,972</u></u>	<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>\$ (22,497,565)</u></u>	<u><u>\$ 5,444,786</u></u>	<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	102.95%	99.29%	98.32%	108.82%
Covered employee payroll	\$ 18,631,927	\$ 21,834,812	\$ 24,707,298	\$ 29,901,825
Net pension liability (asset) as a percentage of covered employee payroll	(120.75%)	24.94%	51.48%	(213.54%)

Covered payroll is 2015 valuation payroll (projected to the 2016-2017 year) used to determine employer contributions for the 2016-2017 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									
	2017 *	2016 *	2015	2014	2013	2012 *	2011 *	2010 *	2009 *	2008 *
Actuarially determined contribution	\$ -	\$ -	\$ 4,554,832	\$ 5,770,835	\$ 5,400,095	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-	4,554,832	5,770,835	5,400,095	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 18,631,927	\$ 21,834,812	\$ 24,707,298	\$ 29,901,825	\$ 33,706,963	\$ 38,275,780	\$ 42,686,155	\$ 44,884,070	\$ 46,690,015	\$ 55,704,389
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	18.44%	19.30%	16.02%	0.00%	0.00%	0.00%	0.00%	0.00%

**Notes to Schedule**

Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported.

\* No actuarial determined contribution

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-Age Normal
Amortization method	Level Dollar
Remaining Amortization Period	10 years, open if over 100% funded
Asset valuation method	5-year smoothed market
Price Inflation	2.50%
Projected salary increases*	3.25% wage inflation
Investment rate of return*	7.25% net of investment and administrative expenses
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	RP-2014 Healthy Annuitant Mortality Table (unadjusted) projected to 2021 using a static projection based on the 2-dimensional MP-2014 improvement scales.

**County of Oakland  
Primary Government – Retirement System  
Required Supplementary Information  
Schedule of Investment Returns  
Last Four Fiscal Years – 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%
2016	9.20%
2017	11.58%

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 Changes in Net OPEB Liability and Related Ratios**  
**Current Fiscal Year – Unaudited**

	<u>2017</u>
<b>Total OPEB liability</b>	
Service cost	\$ 11,009,857
Interest on the total OPEB liability	67,692,444
Change in benefit terms	-
Difference between expected and actual experience	(6,799,845)
Change in assumptions	-
Employer-financed benefit payments	<u>(31,732,905)</u>
Net change in total OPEB liability	40,169,551
<b>Total OPEB liability - beginning of year</b>	<u>944,050,411</u>
<b>Total OPEB liability - end of year (a)</b>	<u>\$ 984,219,962</u>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ -
Contributions - member	218,517
OPEB Plan net investment income	134,380,948
Employer-financed benefit payments	(31,732,905)
Member-financed benefit payments	(218,517)
OPEB Plan administrative expenses	(204,215)
Other	<u>3,332,028</u>
Net change in plan fiduciary net position	105,775,856
<b>Plan fiduciary net position - beginning of year</b>	<u>1,139,804,203</u>
<b>Plan fiduciary net position - end of year (b)</b>	<u>1,245,580,059</u>
Net OPEB liability (asset) - end of year (a) - (b)	<u>\$ (261,360,097)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	126.56%
Covered employee payroll	N/A
Net OPEB liability (asset) as a percentage of covered employee payroll	N/A

GASB Statement No. 74 was implemented in FYE September 30, 2017 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 Contributions  
Last Ten Fiscal Years – Unaudited**

	Fiscal Year									
	2017 *	2016 *	2015 *	2014 *	2013 *	2012 *	2011 *	2010	2009	2008
Actuarially determined contribution	\$ -	\$ 800,184	\$ 818,930	\$ 35,236,330	\$ 36,969,985	\$ 37,268,761	\$ 47,592,273	\$ 57,631,411	\$ 61,863,580	\$ 60,200,684
Contributions in relation to the actuarially determined contribuion	-	-	-	-	-	-	-	57,631,411	61,863,580	60,200,684
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 800,184</u>	<u>\$ 818,930</u>	<u>\$ 35,236,330</u>	<u>\$ 36,969,985</u>	<u>\$ 37,268,761</u>	<u>\$ 47,592,273</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	N/A	\$ 141,464,508	\$ 144,715,626	\$ 146,473,723	\$ 154,128,944	\$ 162,819,440	\$ 173,903,452	\$ 175,316,170	\$ 180,539,069	\$ 186,274,882
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	32.87%	34.27%	32.32%

**Notes to Schedule**

Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported.

\* The County fully funded the VEBA plan through the issuance of debt. (See notes 8 and 14)

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-Age Normal
Amortization method	Level Dollar
Remaining amortization period	10 years, open if over 100% funded
Asset valuation method	5-year smoothed market
Price Inflation	2.50%
Projected salary increases*	4.50% wage inflation
Investment rate of return*	7.50% net of investment and administrative expenses
Retirement age	Age-based table of rates that are specific to the type of eligibility condition.
Mortality	The 1994 Group Annuity Mortality Table with ages adjusted for men and set back one year for women
Health Care Trend Rates	Medical, Prescription Drug, Medicare Part B: 9% trend, gradually decreasing to 4.5% in year 10. Dental and vision: 4.5% trend for all years
Aging factors	Based on an internal GRS study using several pricing manuals from National Health Care Consultant groups and Health Care Consultant groups and incorporating analysis and data from a SOA survey regarding aging practices used in healthcare valuations.

**County of Oakland  
Primary Government – OPEB Plan  
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>
2017	12.10%

GASB Statement No. 74 was implemented for FYE September 30, 2017 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  
Budgetary Comparison Schedule  
Major Governmental Fund  
Year Ended September 30, 2017**

	<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>				
Taxes				
Current property taxes	\$ 216,096,588	\$ 216,145,382	\$ 216,248,718	\$ 103,336
Delinquent taxes - prior years	98,500	98,500	216,100	117,600
Trailer tax	80,000	80,000	97,920	17,920
Total	<u>216,275,088</u>	<u>216,323,882</u>	<u>216,562,738</u>	<u>238,856</u>
Other intergovernmental revenues				
Circuit judges' salaries	868,756	868,756	869,544	788
Probate judges' salaries	603,424	603,424	602,652	(772)
District judges' salaries	457,240	457,240	456,790	(450)
State court fund - P.A. 189	5,000,000	5,000,000	4,418,504	(581,496)
Local comm stabilization share	2,400,000	3,360,720	3,534,579	173,859
Revenue sharing	26,163,819	26,419,185	26,419,185	-
Convention facility/Liquor tax	8,424,340	9,813,138	9,813,138	-
Other	287,975	292,990	247,702	(45,288)
Total	<u>44,205,554</u>	<u>46,815,453</u>	<u>46,362,094</u>	<u>(453,359)</u>
Charges for services				
County Executive	230,000	236,536	289,087	52,551
Management and Budget	3,765,600	3,765,600	3,910,193	144,593
Central Services	316,780	325,780	343,736	17,956
Human Resources	475	475	-	(475)
Human Services	4,281,399	4,287,399	4,221,898	(65,501)
Public Services	1,463,200	1,463,200	1,478,267	15,067
Community and Economic Development	477,318	479,818	384,718	(95,100)
Clerk/Register of Deeds	13,603,000	13,682,000	18,483,963	4,801,963
Treasurer	5,032,300	5,032,300	12,508,437	7,476,137
Circuit Court	3,086,000	3,086,000	3,032,981	(53,019)
District Court	11,668,081	11,668,081	12,185,771	517,690
Probate Court	507,600	587,800	588,367	567
Prosecuting Attorney	294,800	290,000	359,876	69,876
Sheriff	56,054,323	56,966,680	56,318,570	(648,110)
Legislative	26,500	26,500	33,944	7,444
Water Resources Commissioner	1,953,732	2,598,732	2,948,899	350,167
Non-Departmental	716,812	1,336,662	1,390,364	53,702
Total	<u>103,477,920</u>	<u>105,833,563</u>	<u>118,479,071</u>	<u>12,645,508</u>
Investment income	1,904,900	1,904,900	1,763,738	(141,162)
Indirect cost recovery	8,000,000	8,046,170	8,216,061	169,891
Federal grants	402,685	596,472	786,217	189,745
State grants	4,749,523	4,791,805	4,851,589	59,784
Contributions	29,240	84,187	47,158	(37,029)
Other revenues	429,100	438,400	579,465	141,065
Total revenues	<u>379,474,010</u>	<u>384,834,832</u>	<u>397,648,131</u>	<u>12,813,299</u>

(continued)

**County of Oakland  
 Budgetary Comparison Schedule (Continued)  
 Major Governmental Fund  
 Year Ended September 30, 2017**

	<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	\$ 6,158,166	\$ 6,063,275	\$ 5,959,962	\$ 103,313
Operating	414,576	445,526	395,336	50,190
Internal Support	1,019,450	1,106,801	1,096,728	10,073
Total Administration	<u>7,592,192</u>	<u>7,615,602</u>	<u>7,452,026</u>	<u>163,576</u>
Management and Budget				
Personnel	16,812,358	16,451,661	14,672,916	1,778,745
Operating	824,021	826,818	566,299	260,519
Internal Support	2,186,735	3,074,598	2,946,880	127,718
Total Management and Budget	<u>19,823,114</u>	<u>20,353,077</u>	<u>18,186,095</u>	<u>2,166,982</u>
Central Services				
Personnel	1,448,529	1,418,227	1,363,154	55,073
Operating	375,993	404,993	347,806	57,187
Internal Support	770,104	825,492	824,778	714
Total Central Services	<u>2,594,626</u>	<u>2,648,712</u>	<u>2,535,738</u>	<u>112,974</u>
Facilities Management				
Personnel	1,037,306	1,031,476	1,031,442	34
Operating	174,446	181,413	164,019	17,394
Internal Support	70,514	70,727	62,939	7,788
Total Facilities Management	<u>1,282,266</u>	<u>1,283,616</u>	<u>1,258,400</u>	<u>25,216</u>
Human Resources				
Personnel	2,811,424	2,749,784	2,692,012	57,772
Operating	742,211	1,108,011	419,853	688,158
Internal Support	848,833	1,122,850	1,082,822	40,028
Total Human Resources	<u>4,402,468</u>	<u>4,980,645</u>	<u>4,194,687</u>	<u>785,958</u>
Human Services				
Personnel	26,625,510	26,073,568	24,310,480	1,763,088
Operating	4,915,736	4,968,319	4,318,779	649,540
Internal Support	3,412,333	4,071,626	3,928,840	142,786
Total Human Services	<u>34,953,579</u>	<u>35,113,513</u>	<u>32,558,099</u>	<u>2,555,414</u>
Public Services				
Personnel	12,382,405	12,129,714	11,385,033	744,681
Operating	1,859,405	1,976,713	1,974,492	2,221
Internal Support	3,262,219	3,587,396	3,533,322	54,074
Total Public Services	<u>17,504,029</u>	<u>17,693,823</u>	<u>16,892,847</u>	<u>800,976</u>

(continued)

**County of Oakland  
 Budgetary Comparison Schedule (Continued)  
 Major Governmental Fund  
 Year Ended September 30, 2017**

	<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	\$ 5,425,314	\$ 5,308,425	\$ 4,963,985	\$ 344,440
Operating	1,818,575	1,951,135	1,424,240	526,895
Internal Support	897,922	1,005,895	1,001,171	4,724
Total Community and Economic Development	<u>8,141,811</u>	<u>8,265,455</u>	<u>7,389,396</u>	<u>876,059</u>
Total County Executive	<u>96,294,085</u>	<u>97,954,443</u>	<u>90,467,288</u>	<u>7,487,155</u>
Clerk/Register of Deeds				
Personnel	7,830,777	7,677,131	6,273,834	1,403,297
Operating	1,435,508	1,696,977	1,076,620	620,357
Internal Support	1,347,338	1,812,029	1,761,686	50,343
Total Clerk/Register of Deeds	<u>10,613,623</u>	<u>11,186,137</u>	<u>9,112,140</u>	<u>2,073,997</u>
Treasurer				
Personnel	3,372,686	3,301,521	3,029,402	272,119
Operating	4,512,105	4,512,105	4,045,638	466,467
Internal Support	780,029	1,117,648	1,042,448	75,200
Total Treasurer	<u>8,664,820</u>	<u>8,931,274</u>	<u>8,117,488</u>	<u>813,786</u>
Justice Administration				
Circuit Court				
Personnel	22,451,923	21,376,270	20,444,071	932,199
Operating	7,062,871	8,233,868	5,719,211	2,514,657
Internal Support	4,857,530	5,469,299	5,113,649	355,650
Total Circuit Court	<u>34,372,324</u>	<u>35,079,437</u>	<u>31,276,931</u>	<u>3,802,506</u>
District Court				
Personnel	12,913,477	12,655,134	12,153,297	501,837
Operating	2,616,680	2,643,012	2,457,739	185,273
Internal Support	1,564,649	1,756,153	1,729,919	26,234
Total District Court	<u>17,094,806</u>	<u>17,054,299</u>	<u>16,340,955</u>	<u>713,344</u>
Probate Court				
Personnel	4,652,329	4,553,574	4,191,936	361,638
Operating	811,424	919,251	918,151	1,100
Internal Support	917,504	962,039	918,347	43,692
Total Probate Court	<u>6,381,257</u>	<u>6,434,864</u>	<u>6,028,434</u>	<u>406,430</u>
Total Justice Administration	<u>57,848,387</u>	<u>58,568,600</u>	<u>53,646,320</u>	<u>4,922,280</u>

(continued)

**County of Oakland  
 Budgetary Comparison Schedule (Continued)  
 Major Governmental Fund  
 Year Ended September 30, 2017**

	<b>General Fund</b>			<b>Variance with Final Amended Budget</b>
	<b>Original Budget (Unaudited)</b>	<b>Final Amended Budget (Unaudited)</b>	<b>Actual</b>	
<b>Expenditures (continued)</b>				
Law Enforcement				
Prosecuting Attorney				
Personnel	\$ 16,621,452	\$ 16,240,980	\$ 15,601,560	\$ 639,420
Operating	560,166	560,166	538,141	22,025
Internal Support	1,865,301	1,956,316	1,908,192	48,124
Total Prosecuting Attorney	<u>19,046,919</u>	<u>18,757,462</u>	<u>18,047,893</u>	<u>709,569</u>
Sheriff				
Personnel	115,858,293	116,418,817	116,414,433	4,384
Operating	12,884,996	14,485,204	13,383,487	1,101,717
Internal Support	17,417,804	18,011,782	17,833,514	178,268
Total Sheriff	<u>146,161,093</u>	<u>148,915,803</u>	<u>147,631,434</u>	<u>1,284,369</u>
Total Law Enforcement	<u>165,208,012</u>	<u>167,673,265</u>	<u>165,679,327</u>	<u>1,993,938</u>
Legislative				
Board of Commissioners				
Personnel	2,680,943	2,629,461	2,526,219	103,242
Operating	854,586	1,018,932	896,241	122,691
Internal Support	704,356	760,612	755,307	5,305
Total Legislative	<u>4,239,885</u>	<u>4,409,005</u>	<u>4,177,767</u>	<u>231,238</u>
Water Resource Commissioner				
Personnel	218,414	213,224	212,927	297
Operating	532,975	532,975	305,204	227,771
Internal Support	4,881,378	5,860,895	5,858,048	2,847
Total Water Resource Commissioner	<u>5,632,767</u>	<u>6,607,094</u>	<u>6,376,179</u>	<u>230,915</u>
Non-departmental				
Operating	22,191,311	25,062,388	19,133,703	5,928,685
Internal Support	8,430,833	3,278,310	2,434,419	843,891
Total non-departmental	<u>30,622,144</u>	<u>28,340,698</u>	<u>21,568,122</u>	<u>6,772,576</u>
Total expenditures	<u>379,123,723</u>	<u>383,670,516</u>	<u>359,144,631</u>	<u>24,525,885</u>
Excess of revenues (under) over expenditures	<u>350,287</u>	<u>1,164,316</u>	<u>38,503,500</u>	<u>37,339,184</u>

(continued)

**County of Oakland**  
**Budgetary Comparison Schedule (Continued)**  
**Major Governmental Fund**  
**Year Ended September 30, 2017**

	<b>General Fund</b>			<b>Variance with Final Amended Budget</b>
	<b>Original Budget (Unaudited)</b>	<b>Final Amended Budget (Unaudited)</b>	<b>Actual</b>	
<b>Other Financing Sources (Uses)</b>				
Transfers in				
Special Revenue Funds				
Restricted Funds	\$ 73,720	\$ 936,801	\$ 860,556	\$ (76,245)
Total special revenue funds	<u>73,720</u>	<u>936,801</u>	<u>860,556</u>	<u>(76,245)</u>
Capital Project Funds				
Project Work Orders	-	212,147	212,147	-
Total capital project funds	<u>-</u>	<u>212,147</u>	<u>212,147</u>	<u>-</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	12,048,178	12,048,178	12,193,594	145,416
Total enterprise funds	<u>12,048,178</u>	<u>12,048,178</u>	<u>12,193,594</u>	<u>145,416</u>
Total Transfers In	<u>12,163,487</u>	<u>13,197,126</u>	<u>13,266,297</u>	<u>69,171</u>
Transfers out				
Special Revenue Funds				
Child Care	(23,442,791)	(23,646,955)	(17,839,540)	5,807,415
Social Welfare Foster Care	(1,000)	(1,000)	-	1,000
Restricted Funds	-	(17,629)	(17,629)	-
Drains-Act 40 Chapters 4 & 18				
Maintenance	(56,165)	(56,165)	(50,789)	5,376
Friend of the Court Grant	(5,246,653)	(5,246,653)	(4,664,170)	582,483
Judicial Grants	-	(18,940)	(8,500)	10,440
Law Enforcement Grants	(1,309,113)	(1,684,718)	(1,414,528)	270,190
Human Service Grants	-	(16,995)	(16,994)	1
Total special revenue funds	<u>(30,055,722)</u>	<u>(30,689,055)</u>	<u>(24,012,150)</u>	<u>6,676,905</u>

(continued)



**County of Oakland**  
**Budgetary Comparison Schedule (Continued)**  
**Major Governmental Fund**  
**Year Ended September 30, 2017**

	<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>				
Transfers Out (continued)				
Debt Service Funds				
Building Authority Debt Act 31	\$ (2,244,250)	\$ (2,244,250)	\$ (2,244,500)	\$ (250)
Total debt service funds	<u>(2,244,250)</u>	<u>(2,244,250)</u>	<u>(2,244,500)</u>	<u>(250)</u>
Capital Projects Funds				
Building Improvement	(5,500,000)	(5,500,000)	(5,500,000)	-
Project Work Orders	<u>(1,320,000)</u>	<u>(2,695,142)</u>	<u>(2,695,142)</u>	<u>-</u>
Total capital projects funds	<u>(6,820,000)</u>	<u>(8,195,142)</u>	<u>(8,195,142)</u>	<u>-</u>
Internal Service Funds				
Information Technology	(3,620,676)	(3,751,751)	(3,751,751)	-
Facilities Maintenance and Operations	-	-	(917)	(917)
Motor Pool	-	(126,836)	(126,836)	-
Building Liability Insurance	<u>-</u>	<u>(1,545,500)</u>	<u>(1,545,500)</u>	<u>-</u>
Total internal service funds	<u>(3,620,676)</u>	<u>(5,424,087)</u>	<u>(5,425,004)</u>	<u>(917)</u>
Enterprise Funds				
Fire Records Management	(461,742)	(461,742)	(460,643)	1,099
CLEMIS	(1,844,186)	(1,844,186)	(1,844,186)	-
Radio Communications	<u>-</u>	<u>(49,553)</u>	<u>(49,553)</u>	<u>-</u>
Total enterprise funds	<u>(2,305,928)</u>	<u>(2,355,481)</u>	<u>(2,354,382)</u>	<u>1,099</u>
Total transfers out	<u>(45,046,576)</u>	<u>(48,908,015)</u>	<u>(42,231,178)</u>	<u>6,676,837</u>
Total other financing sources (uses)	<u>(32,883,089)</u>	<u>(35,710,889)</u>	<u>(28,964,881)</u>	<u>6,746,008</u>
Net change in fund balance	<u>(32,532,802)</u>	<u>(34,546,573)</u>	<u>9,538,619</u>	<u>44,085,192</u>
<b>Fund balance</b>				
October 1, 2016	<u>255,241,468</u>	<u>255,241,468</u>	<u>255,241,468</u>	<u>-</u>
September 30, 2017	<u>\$222,708,666</u>	<u>\$220,694,895</u>	<u>\$264,780,087</u>	<u>\$44,085,192</u>

**County of Oakland**  
**Note to Required Supplementary Information**  
**September 30, 2017**

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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, 2017**

	Special Revenue	Debt Service	Capital Projects	Totals September 30, 2017
<b>Assets</b>				
Pooled cash and investments	\$ 37,241,597	\$ 36,535	\$ 38,952,839	\$ 76,230,971
Due from other governmental units	10,704,982	-	-	10,704,982
Due from component units	-	-	883,299	883,299
Accrued interest receivable	84,765	1,272	38,514	124,551
Accounts receivable (net of allowance for uncollectibles where applicable)	203,006	-	-	203,006
Special assessments receivable	1,536	1,000,000	850,576	1,852,112
Contracts receivable	-	2,950,000	133,200	3,083,200
Due from other funds	1,376,427	-	275,487	1,651,914
Advances	-	-	1,032,021	1,032,021
Other assets	1,911,703	-	-	1,911,703
Total assets	<u>\$ 51,524,016</u>	<u>\$ 3,987,807</u>	<u>\$ 42,165,936</u>	<u>\$ 97,677,759</u>
<b>Liabilities</b>				
Vouchers payable	\$ 3,849,558	\$ 600	\$ 1,810,574	\$ 5,660,732
Due to other governmental units	118,107	-	-	118,107
Due to other funds	11,073,633	-	95,083	11,168,716
Advances	20,168	-	1,011,853	1,032,021
Unearned revenue	4,182,089	-	-	4,182,089
Other accrued liabilities	10,918,292	-	4,663,428	15,581,720
Total liabilities	<u>30,161,847</u>	<u>600</u>	<u>7,580,938</u>	<u>37,743,385</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - special assessments	1,536	1,000,000	850,576	1,852,112
Unavailable revenue - grants	2,910,500	-	-	2,910,500
Unavailable revenue - contracts receivable	-	2,950,000	-	2,950,000
Unavailable revenue - other	1,359,467	-	-	1,359,467
Total deferred inflows of resources	<u>4,271,503</u>	<u>3,950,000</u>	<u>850,576</u>	<u>9,072,079</u>
<b>Fund Balances</b>				
Nonspendable	-	-	1,150,421	1,150,421
Spendable:				
Restricted	19,406,592	37,207	-	19,443,799
Committed	-	-	33,562,352	33,562,352
Unassigned	(2,315,926)	-	(978,351)	(3,294,277)
Total fund balances	<u>17,090,666</u>	<u>37,207</u>	<u>33,734,422</u>	<u>50,862,295</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 51,524,016</u>	<u>\$ 3,987,807</u>	<u>\$ 42,165,936</u>	<u>\$ 97,677,759</u>

**County of Oakland**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds – By Fund Type**  
**Year Ended September 30, 2017**

	Special Revenue	Debt Service	Capital Projects	Totals September 30, 2017
<b>Revenues</b>				
Special assessments	\$ 3,673,082	\$ 866,578	\$ 98,891	\$ 4,638,551
Federal grants	27,736,187	-	-	27,736,187
State grants	21,957,339	-	-	21,957,339
Other intergovernmental revenue	12,183,868	-	-	12,183,868
Charges for services	12,147,059	749	562,468	12,710,276
Contributions	102,283	-	-	102,283
Investment income	190,300	1,437	197,036	388,773
Other	816,428	-	-	816,428
Total revenues	<u>78,806,546</u>	<u>868,764</u>	<u>858,395</u>	<u>80,533,705</u>
<b>Expenditures</b>				
Current operations				
County Executive	64,024,701	-	-	64,024,701
Clerk/Register of Deeds	1,862,101	-	-	1,862,101
Justice administration	23,876,303	-	-	23,876,303
Law enforcement	7,780,786	-	-	7,780,786
Legislative	-	-	-	-
Water Resource Commissioner	18,044,254	-	-	18,044,254
Total current operations	<u>115,588,145</u>	<u>-</u>	<u>-</u>	<u>115,588,145</u>
Capital outlay	232,994	-	26,642,910	26,875,904
Intergovernmental	-	6,500	-	6,500
Debt service				
Principal payments	-	4,495,000	-	4,495,000
Interest and fiscal charges	-	1,143,700	-	1,143,700
Total expenditures	<u>115,821,139</u>	<u>5,645,200</u>	<u>26,642,910</u>	<u>148,109,249</u>
Deficiency of revenues under expenditures	<u>(37,014,593)</u>	<u>(4,776,436)</u>	<u>(25,784,515)</u>	<u>(67,575,544)</u>
<b>Other financing sources (uses)</b>				
Transfers in	24,240,206	4,771,000	16,328,928	45,340,134
Transfers out	(1,526,190)	-	(8,380,451)	(9,906,641)
Insurance recoveries	765,010	-	-	765,010
Issuance of bonds	14,732,205	-	-	14,732,205
Premium on bonds sold	18,510	-	-	18,510
Total other financing sources (uses)	<u>38,229,741</u>	<u>4,771,000</u>	<u>7,948,477</u>	<u>50,949,218</u>
Net change in fund balances	1,215,148	(5,436)	(17,836,038)	(16,626,326)
<b>Fund balances</b>				
October 1, 2016	<u>15,875,518</u>	<u>42,643</u>	<u>51,570,460</u>	<u>67,488,621</u>
September 30, 2017	<u>\$ 17,090,666</u>	<u>\$ 37,207</u>	<u>\$ 33,734,422</u>	<u>\$ 50,862,295</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 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 State of Michigan assumed responsibilities for this fund during fiscal year 2017.

***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 under Public Act 342 of 1939. Upon completion of the projects, these systems are turned over to the respective municipalities for operations and maintenance.

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

## County of Oakland

### Non-Major Special Revenue Funds

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***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. Revenue is provided from special assessments against the benefiting properties within the district.

***The Lake Improvements Act 345 Fund*** - is used to account for funds held for lake improvement boards remaining from a phase out begun in 2004, awaiting action by the improvement boards to transfer responsibility to the respective local municipality.

***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.

***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.

## **County of Oakland Non-Major Special Revenue Funds**

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*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, 2017**

	<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	\$ 4,576,871	\$ 6,428,720	\$ 61,762	\$ 2,516,086	\$ -
Due from other governmental units	3,496,882	-	-	-	-
Accrued interest receivable	-	17,976	612	3,699	-
Accounts receivable (net of allowance for uncollectibles where applicable)	3,981	-	19,275	27,125	-
Special assessments receivable	-	-	-	-	-
Due from other funds	-	284,831	-	7,729	-
Other assets	440	-	-	-	-
Total assets	<u>\$ 8,078,174</u>	<u>\$ 6,731,527</u>	<u>\$ 81,649</u>	<u>\$ 2,554,639</u>	<u>\$ -</u>
<b>Liabilities</b>					
Vouchers payable	\$ 532,071	\$ -	\$ -	\$ -	\$ -
Due to other governmental units	-	40	-	-	-
Due to other funds	5,429,637	-	-	198,002	-
Advances payable	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Other accrued liabilities	749,999	-	-	-	-
Total liabilities	<u>6,711,707</u>	<u>40</u>	<u>-</u>	<u>198,002</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - special assessments	-	-	-	-	-
Unavailable revenue - grants	-	-	-	-	-
Unavailable revenue - other	1,359,467	-	-	-	-
Total deferred inflows of resources	<u>1,359,467</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances (deficits)</b>					
Restricted	7,000	6,731,487	81,649	2,356,637	-
Unassigned	-	-	-	-	-
Total fund balances (deficits)	<u>7,000</u>	<u>6,731,487</u>	<u>81,649</u>	<u>2,356,637</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 8,078,174</u>	<u>\$ 6,731,527</u>	<u>\$ 81,649</u>	<u>\$ 2,554,639</u>	<u>\$ -</u>

(continued)

**County of Oakland  
Combining Balance Sheet (Continued)  
Non-Major Special Revenue Funds  
September 30, 2017**

	Waste Resource Management	Water & Sewer Act 342	Lake Levels Act 146	Drains-Act 40 Maintenance Chapters 4 & 18	Lake Improvements Act 345	Friend of the Court
<b>Assets</b>						
Pooled cash and investments	\$ 893,551	\$ 10,183,861	\$ 140,079	\$ 2,722,525	\$ 1,009	\$ -
Due from other governmental units	-	-	24,135	168,134	-	1,509,228
Accrued interest receivable	129	16,424	41	31,492	-	-
Accounts receivable (net of allowance for uncollectibles where applicable)	-	-	9,507	6,774	-	29,871
Special assessments receivable	-	-	-	1,536	-	-
Due from other funds	-	99,880	103	3,226	-	980,658
Other assets	-	-	-	-	-	1,275
Total assets	<u>\$ 893,680</u>	<u>\$ 10,300,165</u>	<u>\$ 173,865</u>	<u>\$ 2,933,687</u>	<u>\$ 1,009</u>	<u>\$ 2,521,032</u>
<b>Liabilities</b>						
Vouchers payable	\$ 2,508	\$ 1,624,929	\$ 19,653	\$ 43,092	\$ -	\$ 6,581
Due to other governmental units	-	-	-	17,270	-	975
Due to other funds	-	342,940	35,220	150,579	-	2,510,302
Advances payable	-	-	-	20,168	-	-
Unearned revenue	-	-	-	-	-	-
Other accrued liabilities	173,871	4,892,608	19,583	2,124,560	-	3,174
Total liabilities	<u>176,379</u>	<u>6,860,477</u>	<u>74,456</u>	<u>2,355,669</u>	<u>-</u>	<u>2,521,032</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue - special assessments	-	-	-	1,536	-	-
Unavailable revenue - grants	-	-	-	-	-	1,509,228
Unavailable revenue - other	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,536</u>	<u>-</u>	<u>1,509,228</u>
<b>Fund Balances (deficits)</b>						
Restricted	717,301	3,439,688	99,409	576,482	1,009	-
Unassigned	-	-	-	-	-	(1,509,228)
Total fund balances (deficits)	<u>717,301</u>	<u>3,439,688</u>	<u>99,409</u>	<u>576,482</u>	<u>1,009</u>	<u>(1,509,228)</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 893,680</u>	<u>\$ 10,300,165</u>	<u>\$ 173,865</u>	<u>\$ 2,933,687</u>	<u>\$ 1,009</u>	<u>\$ 2,521,032</u>

(continued)

**County of Oakland  
Combining Balance Sheet (Continued)  
Non-Major Special Revenue Funds  
September 30, 2017**

	<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	\$ -	\$ 99,083	\$ -	\$ 4,599,775	\$ 3,619,343	\$ -
Due from other governmental units	288,997	1,439,258	924,902	1,548,520	175,280	1,009,121
Accrued interest receivable	-	-	-	12,798	86	-
Accounts receivable (net of allowance for uncollectibles where applicable)	-	-	-	-	104,473	2,000
Special assessments receivable	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Other assets	-	1,909,346	-	-	642	-
Total assets	<u>\$ 288,997</u>	<u>\$ 3,447,687</u>	<u>\$ 924,902</u>	<u>\$ 6,161,093</u>	<u>\$ 3,899,824</u>	<u>\$ 1,011,121</u>
<b>Liabilities</b>						
Vouchers payable	\$ 5,132	\$ 1,507,555	\$ 11,388	\$ 2,753	\$ 43,458	\$ 34,874
Due to other governmental units	-	-	-	4,661	-	-
Due to other funds	280,115	-	768,171	-	481,715	787,721
Advances payable	-	-	-	-	-	-
Unearned revenue	-	-	-	4,182,089	-	-
Other accrued liabilities	3,750	1,940,132	71,859	787,128	127,918	19,371
Total liabilities	<u>288,997</u>	<u>3,447,687</u>	<u>851,418</u>	<u>4,976,631</u>	<u>653,091</u>	<u>841,966</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue - special assessments	-	-	-	-	-	-
Unavailable revenue - grants	168,665	-	343,779	165,113	175,281	496,464
Unavailable revenue - other	-	-	-	-	-	-
Total deferred inflows of resources	<u>168,665</u>	<u>-</u>	<u>343,779</u>	<u>165,113</u>	<u>175,281</u>	<u>496,464</u>
<b>Fund Balances (deficits)</b>						
Restricted	-	-	-	1,019,349	3,071,452	-
Unassigned	(168,665)	-	(270,295)	-	-	(327,309)
Total fund balances (deficits)	<u>(168,665)</u>	<u>-</u>	<u>(270,295)</u>	<u>1,019,349</u>	<u>3,071,452</u>	<u>(327,309)</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 288,997</u>	<u>\$ 3,447,687</u>	<u>\$ 924,902</u>	<u>\$ 6,161,093</u>	<u>\$ 3,899,824</u>	<u>\$ 1,011,121</u>

(continued)

**County of Oakland  
Combining Balance Sheet (Continued)  
Non-Major Special Revenue Funds  
September 30, 2017**

	<b>Judicial Grants</b>	<b>Oakland Brownfield Initiative</b>	<b>Concealed Pistol Licensing</b>	<b>Totals September 30, 2017</b>
<b>Assets</b>				
Current assets				
Pooled cash and investments	\$ -	\$ 554,512	\$ 844,420	\$ 37,241,597
Due from other governmental units	109,334	11,191	-	10,704,982
Accrued interest receivable	-	-	1,508	84,765
Accounts receivable (net of allowance for uncollectibles where applicable)	-	-	-	203,006
Special assessments receivable	-	-	-	1,536
Due from other funds	-	-	-	1,376,427
Other assets	-	-	-	1,911,703
Total assets	<u>\$ 109,334</u>	<u>\$ 565,703</u>	<u>\$ 845,928</u>	<u>\$ 51,524,016</u>
<b>Liabilities</b>				
Vouchers payable	\$ 8,114	\$ 7,300	\$ 150	\$ 3,849,558
Due to other governmental units	-	-	95,161	118,107
Due to other funds	89,231	-	-	11,073,633
Advances payable	-	-	-	20,168
Unearned revenue	-	-	-	4,182,089
Other accrued liabilities	448	3,891	-	10,918,292
Total liabilities	<u>97,793</u>	<u>11,191</u>	<u>95,311</u>	<u>30,161,847</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - special assessments	-	-	-	1,536
Unavailable revenue - grants	51,970	-	-	2,910,500
Unavailable revenue - other	-	-	-	1,359,467
Total deferred inflows of resources	<u>51,970</u>	<u>-</u>	<u>-</u>	<u>4,271,503</u>
<b>Fund Balances (deficits)</b>				
Restricted	-	554,512	750,617	19,406,592
Unassigned	(40,429)	-	-	(2,315,926)
Total fund balances (deficits)	<u>(40,429)</u>	<u>554,512</u>	<u>750,617</u>	<u>17,090,666</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 109,334</u>	<u>\$ 565,703</u>	<u>\$ 845,928</u>	<u>\$ 51,524,016</u>

**County of Oakland**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**  
**September 30, 2017**

	Child Care	Register of Deeds Automation	Oakland Enhancement	Restricted Funds	County Veterans' Trust
<b>Revenues</b>					
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	336,047	-	-	-	-
State grants	13,315,215	-	-	-	42,868
Other intergovernmental revenue	-	-	-	-	-
Charges for services	5,355,890	1,161,665	469,048	1,216,646	-
Contributions	-	-	-	93,279	-
Investment income	-	79,485	1,053	23,646	-
Other	44,784	-	-	-	-
Total revenues	<u>19,051,936</u>	<u>1,241,150</u>	<u>470,101</u>	<u>1,333,571</u>	<u>42,868</u>
<b>Expenditures</b>					
Salaries	12,179,466	241,977	288,501	-	-
Fringe benefits	7,114,328	152,274	159,600	-	-
Contractual services	13,610,843	809,659	23,685	-	49,010
Commodities	788,896	-	-	-	636
Capital outlay	-	-	-	-	-
Internal services	2,897,273	199,196	1,559	-	-
Total expenditures	<u>36,590,806</u>	<u>1,403,106</u>	<u>473,345</u>	<u>-</u>	<u>49,646</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,538,870)</u>	<u>(161,956)</u>	<u>(3,244)</u>	<u>1,333,571</u>	<u>(6,778)</u>
<b>Other financing sources (uses)</b>					
Transfers in	17,848,361	-	-	17,629	-
Transfers out	(346,692)	-	-	(1,148,831)	-
Insurance recoveries	-	-	-	-	-
Issuance of bonds	-	-	-	-	-
Premiums on bonds sold	-	-	-	-	-
Total other financing sources (uses)	<u>17,501,669</u>	<u>-</u>	<u>-</u>	<u>(1,131,202)</u>	<u>-</u>
Net change in fund balances	<u>(37,201)</u>	<u>(161,956)</u>	<u>(3,244)</u>	<u>202,369</u>	<u>(6,778)</u>
<b>Fund balances (deficit)</b>					
October 1, 2016	<u>44,201</u>	<u>6,893,443</u>	<u>84,893</u>	<u>2,154,268</u>	<u>6,778</u>
September 30, 2017	<u>\$ 7,000</u>	<u>\$ 6,731,487</u>	<u>\$ 81,649</u>	<u>\$ 2,356,637</u>	<u>\$ -</u>

(continued)

**County of Oakland**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Non-Major Special Revenue Funds**  
**September 30, 2017**

	Waste Resource Management	Water & Sewer Act 342	Lake Levels Act 146	Drains-Act 40 Maintenance Chapters 4 & 18	Lake Improvements Act 345	Friend of the Court
<b>Revenues</b>						
Special assessments	\$ -	\$ 1,933,119	\$ 431,865	\$ 1,308,098	\$ -	\$ -
Federal grants	-	-	-	-	-	-
State grants	-	-	-	-	-	-
Other intergovernmental revenue	-	-	-	-	-	10,546,050
Charges for services	127,269	-	728	40,856	-	1,491,828
Contributions	-	-	-	-	-	-
Investment income	10,299	35,166	2,170	29,263	-	-
Other	-	-	26,309	7,013	-	-
Total revenues	<u>137,568</u>	<u>1,968,285</u>	<u>461,072</u>	<u>1,385,230</u>	<u>-</u>	<u>12,037,878</u>
<b>Expenditures</b>						
Salaries	-	-	-	-	-	8,815,914
Fringe benefits	-	-	-	-	-	5,190,509
Contractual services	15,180	14,711,223	136,782	922,255	6	978,448
Commodities	-	650,029	9,219	10,385	-	66,436
Capital outlay	-	-	-	-	-	5,446
Internal services	-	787,641	251,691	565,023	-	1,601,808
Total expenditures	<u>15,180</u>	<u>16,148,893</u>	<u>397,692</u>	<u>1,497,663</u>	<u>6</u>	<u>16,658,561</u>
Excess (deficiency) of revenues over (under) expenditures	<u>122,388</u>	<u>(14,180,608)</u>	<u>63,380</u>	<u>(112,433)</u>	<u>(6)</u>	<u>(4,620,683)</u>
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	93,988	-	4,664,170
Transfers out	-	-	-	(8)	-	-
Insurance recoveries	-	765,010	-	-	-	-
Issuance of bonds	-	14,732,205	-	-	-	-
Premiums on bonds sold	-	18,510	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>15,515,725</u>	<u>-</u>	<u>93,980</u>	<u>-</u>	<u>4,664,170</u>
Net change in fund balances	<u>122,388</u>	<u>1,335,117</u>	<u>63,380</u>	<u>(18,453)</u>	<u>(6)</u>	<u>43,487</u>
<b>Fund balances (deficit)</b>						
October 1, 2016	<u>594,913</u>	<u>2,104,571</u>	<u>36,029</u>	<u>594,935</u>	<u>1,015</u>	<u>(1,552,715)</u>
September 30, 2017	<u>\$ 717,301</u>	<u>\$ 3,439,688</u>	<u>\$ 99,409</u>	<u>\$ 576,482</u>	<u>\$ 1,009</u>	<u>\$ (1,509,228)</u>

(continued)

**County of Oakland**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Non-Major Special Revenue Funds**  
**September 30, 2017**

	Multi- Organizational Grants	Workforce Development Grants	Law Enforcement Grants	Housing and Community Development	Human Service Grants	Other Grants
<b>Revenues</b>						
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	-	13,994,310	194,027	7,292,945	5,161,058	614,359
State grants	1,405,780	2,095,946	2,185,281	20,653	1,880,148	456,136
Other intergovernmental revenue	-	-	1,637,818	-	-	-
Charges for services	-	-	1,882	1,674,133	700	-
Contributions	-	-	-	-	-	9,004
Investment income	-	-	-	-	538	-
Other	-	-	411,853	205,871	114,206	6,392
Total revenues	<u>1,405,780</u>	<u>16,090,256</u>	<u>4,430,861</u>	<u>9,193,602</u>	<u>7,156,650</u>	<u>1,085,891</u>
<b>Expenditures</b>						
Salaries	888,532	403,516	2,690,174	1,287,900	2,797,482	157,151
Fringe benefits	479,119	188,968	1,582,236	734,267	1,652,180	89,481
Contractual services	142,023	15,415,347	1,137,898	7,536,584	1,785,738	440,762
Commodities	-	4,969	287,997	51,164	290,387	387,610
Capital outlay	-	-	-	-	20,833	206,715
Internal services	64,771	77,456	301,287	153,693	479,619	5,600
Total expenditures	<u>1,574,445</u>	<u>16,090,256</u>	<u>5,999,592</u>	<u>9,763,608</u>	<u>7,026,239</u>	<u>1,287,319</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(168,665)</u>	<u>-</u>	<u>(1,568,731)</u>	<u>(570,006)</u>	<u>130,411</u>	<u>(201,428)</u>
<b>Other financing sources (uses)</b>						
Transfers in	-	-	1,590,564	-	16,994	-
Transfers out	-	-	(30,659)	-	-	-
Insurance recoveries	-	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	-
Premiums on bonds sold	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,559,905</u>	<u>-</u>	<u>16,994</u>	<u>-</u>
Net change in fund balances	<u>(168,665)</u>	<u>-</u>	<u>(8,826)</u>	<u>(570,006)</u>	<u>147,405</u>	<u>(201,428)</u>
<b>Fund balances (deficit)</b>						
October 1, 2016	<u>-</u>	<u>-</u>	<u>(261,469)</u>	<u>1,589,355</u>	<u>2,924,047</u>	<u>(125,881)</u>
September 30, 2017	<u>\$ (168,665)</u>	<u>\$ -</u>	<u>\$ (270,295)</u>	<u>\$ 1,019,349</u>	<u>\$ 3,071,452</u>	<u>\$ (327,309)</u>

(continued)

**County of Oakland**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Non-Major Special Revenue Funds**  
**September 30, 2017**

	Judicial Grants	Oakland Brownfield Initiative	Concealed Pistol Licensing	Totals September 30, 2017
<b>Revenues</b>				
Special assessments	\$ -	\$ -	\$ -	\$ 3,673,082
Federal grants	-	143,441	-	27,736,187
State grants	555,312	-	-	21,957,339
Other intergovernmental revenue	-	-	-	12,183,868
Charges for services	-	80,156	526,258	12,147,059
Contributions	-	-	-	102,283
Investment income	-	-	8,680	190,300
Other	-	-	-	816,428
Total revenues	<u>555,312</u>	<u>223,597</u>	<u>534,938</u>	<u>78,806,546</u>
<b>Expenditures</b>				
Salaries	223,384	-	86,418	30,060,415
Fringe benefits	99,112	-	63,113	17,505,187
Contractual services	157,435	143,441	5,620	58,021,939
Commodities	9,817	-	27,057	2,584,602
Capital outlay	-	-	-	232,994
Internal services	-	-	29,385	7,416,002
Total expenditures	<u>489,748</u>	<u>143,441</u>	<u>211,593</u>	<u>115,821,139</u>
Excess (deficiency) of revenues over (under) expenditures	<u>65,564</u>	<u>80,156</u>	<u>323,345</u>	<u>(37,014,593)</u>
<b>Other financing sources (uses)</b>				
Transfers in	8,500	-	-	24,240,206
Transfers out	-	-	-	(1,526,190)
Insurance recoveries	-	-	-	765,010
Issuance of bonds	-	-	-	14,732,205
Premiums on bonds sold	-	-	-	18,510
Total other financing sources (uses)	<u>8,500</u>	<u>-</u>	<u>-</u>	<u>38,229,741</u>
Net change in fund balances	74,064	80,156	323,345	1,215,148
<b>Fund balances (deficit)</b>				
October 1, 2016	<u>(114,493)</u>	<u>474,356</u>	<u>427,272</u>	<u>15,875,518</u>
September 30, 2017	<u>\$ (40,429)</u>	<u>\$ 554,512</u>	<u>\$ 750,617</u>	<u>\$ 17,090,666</u>



**County of Oakland**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget**  
**and Actual – Non-Major Special Revenue Funds**  
**Year Ended September 30, 2017**

	<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	\$ 336,047	\$ 36,047
State grants	15,709,273	13,315,215	(2,394,058)
Charges for services	4,718,480	5,355,890	637,410
Other	-	44,784	44,784
Total revenues	<u>20,727,753</u>	<u>19,051,936</u>	<u>(1,675,817)</u>
<b>Expenditures</b>			
Current operations			
County Executive			
Human Services			
Personnel	17,344,178	17,338,838	5,340
Operating	10,364,369	8,363,894	2,000,475
Internal Support	2,895,051	2,887,617	7,434
Total Human Services	<u>30,603,598</u>	<u>28,590,349</u>	<u>2,013,249</u>
Total County Executive	<u>30,603,598</u>	<u>28,590,349</u>	<u>2,013,249</u>
Justice administration			
Circuit Court			
Personnel	2,227,998	1,954,956	273,042
Operating	11,236,975	6,035,845	5,201,130
Internal Support	9,669	9,656	13
Total Circuit Court	<u>13,474,642</u>	<u>8,000,457</u>	<u>5,474,185</u>
Total Justice administration	<u>13,474,642</u>	<u>8,000,457</u>	<u>5,474,185</u>
Total expenditures	<u>44,078,240</u>	<u>36,590,806</u>	<u>7,487,434</u>
Deficiency of revenues under expenditures	<u>(23,350,487)</u>	<u>(17,538,870)</u>	<u>5,811,617</u>
<b>Other financing sources (uses)</b>			
Transfers in	23,652,978	17,848,361	(5,804,617)
Transfers out	(346,692)	(346,692)	-
Total other financing sources (uses)	<u>23,306,286</u>	<u>17,501,669</u>	<u>(5,804,617)</u>
Net change in fund balance	(44,201)	(37,201)	7,000
<b>Fund balance</b>			
October 1, 2016	<u>44,201</u>	<u>44,201</u>	<u>-</u>
September 30, 2017	<u>\$ -</u>	<u>\$ 7,000</u>	<u>\$ 7,000</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, 2017**

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	<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, 2016	<u>-</u>	<u>-</u>	<u>-</u>
September 30, 2017	<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. 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.

**County of Oakland  
Combining Balance Sheet  
Non-Major Debt Service Funds  
September 30, 2017**

	<b>Building Authority Debt Refunding</b>	<b>Lake Level Debt Act 146</b>	<b>Water and Sewer Debt Refunding</b>	<b>Totals September 30, 2017</b>
<b>Assets</b>				
Pooled cash and investments	\$ 971	\$ 34,942	\$ 622	\$ 36,535
Accrued interest receivable	247	965	60	1,272
Special assessments receivable	-	-	1,000,000	1,000,000
Contracts receivable	<u>2,950,000</u>	<u>-</u>	<u>-</u>	<u>2,950,000</u>
Total assets	<u>\$ 2,951,218</u>	<u>\$ 35,907</u>	<u>\$ 1,000,682</u>	<u>\$ 3,987,807</u>
<b>Liabilities</b>				
Vouchers payable	<u>\$ 600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 600</u>
Total liabilities	<u>600</u>	<u>-</u>	<u>-</u>	<u>600</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - special assessments	-	-	1,000,000	1,000,000
Unavailable revenue - contracts	<u>2,950,000</u>	<u>-</u>	<u>-</u>	<u>2,950,000</u>
Total deferred inflows of resources	<u>2,950,000</u>	<u>-</u>	<u>1,000,000</u>	<u>3,950,000</u>
<b>Fund Balances - restricted for debt service</b>	<u>618</u>	<u>35,907</u>	<u>682</u>	<u>37,207</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,951,218</u>	<u>\$ 35,907</u>	<u>\$ 1,000,682</u>	<u>\$ 3,987,807</u>

**County of Oakland**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Debt Service Funds**  
**Year Ended September 30, 2017**

	<b>Building Authority Debt Refunding</b>	<b>Lake Level Debt Act 146</b>	<b>Water and Sewer Debt Refunding</b>	<b>Totals September 30, 2017</b>
<b>Revenues</b>				
Special assessments	\$ 636,703	\$ -	\$ 229,875	\$ 866,578
Charges for services	749	-	-	749
Investment income	609	423	405	1,437
Total revenues	<u>638,061</u>	<u>423</u>	<u>230,280</u>	<u>868,764</u>
<b>Expenditures</b>				
Principal payments	4,290,000	-	205,000	4,495,000
Interest	1,117,175	-	24,875	1,142,050
Paying agent fees	1,650	-	-	1,650
Intergovernmental	-	-	6,500	6,500
Total expenditures	<u>5,408,825</u>	<u>-</u>	<u>236,375</u>	<u>5,645,200</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,770,764)</u>	<u>423</u>	<u>(6,095)</u>	<u>(4,776,436)</u>
<b>Other financing sources (uses)</b>				
Transfers in	4,771,000	-	-	4,771,000
Net change in fund balances	236	423	(6,095)	(5,436)
<b>Fund balances</b>				
October 1, 2016	382	35,484	6,777	42,643
September 30, 2017	<u>\$ 618</u>	<u>\$ 35,907</u>	<u>\$ 682</u>	<u>\$ 37,207</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 Animal Control and Pet Adoption Center Construction Fund* - was established to account for the costs of construction of a new facility for the Animal Control division and the related pet adoption center. Construction is financed by the issuance of general obligation bonds.

*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, 2017**

	<b>Building Improvement</b>	<b>Project Work Orders</b>	<b>Facilities Management Infrastructure &amp; IT Projects</b>	<b>Animal Control and Pet Adoption Center Construction</b>	<b>Major Dept. Support Projects</b>
<b>Assets</b>					
Pooled cash and investments	\$ 7,447,770	\$ 16,350,444	\$ 6,094,476	\$ 3,572,651	\$ 3,324,223
Accrued interest receivable	-	-	10,641	27,121	-
Special assessments receivable	-	-	-	-	-
Contracts receivable	-	-	-	-	-
Due from component units	-	-	-	-	-
Due from other funds	-	-	-	-	-
Advances	-	-	-	-	-
Total assets	<u>\$ 7,447,770</u>	<u>\$ 16,350,444</u>	<u>\$ 6,105,117</u>	<u>\$ 3,599,772</u>	<u>\$ 3,324,223</u>
<b>Liabilities</b>					
Vouchers payable	\$ -	\$ 1,628,132	\$ 156,939	\$ 25,503	\$ -
Due to other funds	-	-	-	3,800	-
Advances	-	-	-	-	-
Other accrued liabilities	-	1,502,981	274,663	2,801,797	46,425
Total liabilities	<u>-</u>	<u>3,131,113</u>	<u>431,602</u>	<u>2,831,100</u>	<u>46,425</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	7,447,770	13,219,331	5,673,515	768,672	3,277,798
Unassigned	-	-	-	-	-
Total fund balances (deficits)	<u>7,447,770</u>	<u>13,219,331</u>	<u>5,673,515</u>	<u>768,672</u>	<u>3,277,798</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 7,447,770</u>	<u>\$ 16,350,444</u>	<u>\$ 6,105,117</u>	<u>\$ 3,599,772</u>	<u>\$ 3,324,223</u>

(continued)

**County of Oakland  
Combining Balance Sheet (Continued)  
Non-Major Capital Project Funds  
September 30, 2017**

	Lake Levels Act 146	Lake Improvements Act 345	Chapter 4 Drain Construction	Drain Commissioner Revolving	Long-term Revolving	Totals September 30, 2017
<b>Assets</b>						
Pooled cash and investments	\$ 21,384	\$ 9,609	\$ 140,289	\$ 666,214	\$ 1,325,779	\$ 38,952,839
Accrued interest receivable	219	78	455	-	-	38,514
Special assessments receivable	57,956	-	792,620	-	-	850,576
Contracts receivable	-	-	-	-	133,200	133,200
Due from component units	-	-	-	883,299	-	883,299
Due from other funds	-	-	-	275,487	-	275,487
Advances	-	-	-	-	1,032,021	1,032,021
Total assets	<u>\$ 79,559</u>	<u>\$ 9,687</u>	<u>\$ 933,364</u>	<u>\$ 1,825,000</u>	<u>\$ 2,491,000</u>	<u>\$ 42,165,936</u>
<b>Liabilities</b>						
Vouchers payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,810,574
Due to other funds	91,283	-	-	-	-	95,083
Advances	95,773	-	916,080	-	-	1,011,853
Other accrued liabilities	37,562	-	-	-	-	4,663,428
Total liabilities	<u>224,618</u>	<u>-</u>	<u>916,080</u>	<u>-</u>	<u>-</u>	<u>7,580,938</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue - special assessments	<u>57,956</u>	<u>-</u>	<u>792,620</u>	<u>-</u>	<u>-</u>	<u>850,576</u>
Total deferred inflows of resources	<u>57,956</u>	<u>-</u>	<u>792,620</u>	<u>-</u>	<u>-</u>	<u>850,576</u>
<b>Fund Balances (deficits)</b>						
Nonspendable	-	-	-	-	1,150,421	1,150,421
Committed	-	9,687	-	1,825,000	1,340,579	33,562,352
Unassigned	(203,015)	-	(775,336)	-	-	(978,351)
Total fund balances (deficits)	<u>(203,015)</u>	<u>9,687</u>	<u>(775,336)</u>	<u>1,825,000</u>	<u>2,491,000</u>	<u>33,734,422</u>
Total liabilities, deferred inflows from resources, and fund balances (deficits)	<u>\$ 79,559</u>	<u>\$ 9,687</u>	<u>\$ 933,364</u>	<u>\$ 1,825,000</u>	<u>\$ 2,491,000</u>	<u>\$ 42,165,936</u>



**County of Oakland**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Capital Project Funds**  
**Year Ended September 30, 2017**

	<b>Building Improvement</b>	<b>Project Work Orders</b>	<b>Facilities Management Infrastructure &amp; IT Projects</b>	<b>Animal Control and Pet Adoption Center Construction</b>	<b>Major Dept. Support Projects</b>
<b>Revenues</b>					
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	231,742	300,000	-	-
Investment income	-	-	72,787	121,460	-
Total revenues	<u>-</u>	<u>231,742</u>	<u>372,787</u>	<u>121,460</u>	<u>-</u>
<b>Expenditures</b>					
Capital outlay	-	9,252,616	2,174,312	13,031,739	2,072,865
Total expenditures	<u>-</u>	<u>9,252,616</u>	<u>2,174,312</u>	<u>13,031,739</u>	<u>2,072,865</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(9,020,874)</u>	<u>(1,801,525)</u>	<u>(12,910,279)</u>	<u>(2,072,865)</u>
<b>Other financing sources (uses)</b>					
Transfers in	5,565,361	9,713,567	1,050,000	-	-
Transfers out	(7,094,056)	(1,243,204)	-	-	-
Total other financing sources (uses)	<u>(1,528,695)</u>	<u>8,470,363</u>	<u>1,050,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(1,528,695)</u>	<u>(550,511)</u>	<u>(751,525)</u>	<u>(12,910,279)</u>	<u>(2,072,865)</u>
<b>Fund balances (deficit)</b>					
October 1, 2016	<u>8,976,465</u>	<u>13,769,842</u>	<u>6,425,040</u>	<u>13,678,951</u>	<u>5,350,663</u>
September 30, 2017	<u>\$ 7,447,770</u>	<u>\$ 13,219,331</u>	<u>\$ 5,673,515</u>	<u>\$ 768,672</u>	<u>\$ 3,277,798</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, 2017**

	Lake Levels Act 146	Lake Improvements Act 345	Chapter 4 Drain Construction	Drain Commissioner Revolving	Long-term Revolving	Totals September 30, 2017
<b>Revenues</b>						
Special assessments	\$ 19,934	\$ -	\$ 78,957	\$ -	\$ -	\$ 98,891
Charges for services	902	-	29,824	-	-	562,468
Investment income	284	117	2,388	-	-	197,036
Total revenues	<u>21,120</u>	<u>117</u>	<u>111,169</u>	<u>-</u>	<u>-</u>	<u>858,395</u>
<b>Expenditures</b>						
Capital outlay	<u>82,042</u>	<u>-</u>	<u>29,336</u>	<u>-</u>	<u>-</u>	<u>26,642,910</u>
Total expenditures	<u>82,042</u>	<u>-</u>	<u>29,336</u>	<u>-</u>	<u>-</u>	<u>26,642,910</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(60,922)</u>	<u>117</u>	<u>81,833</u>	<u>-</u>	<u>-</u>	<u>(25,784,515)</u>
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	16,328,928
Transfers out	-	-	(43,191)	-	-	(8,380,451)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(43,191)</u>	<u>-</u>	<u>-</u>	<u>7,948,477</u>
Net change in fund balances	<u>(60,922)</u>	<u>117</u>	<u>38,642</u>	<u>-</u>	<u>-</u>	<u>(17,836,038)</u>
<b>Fund balances (deficit)</b>						
October 1, 2016	<u>(142,093)</u>	<u>9,570</u>	<u>(813,978)</u>	<u>1,825,000</u>	<u>2,491,000</u>	<u>51,570,460</u>
September 30, 2017	<u>\$ (203,015)</u>	<u>\$ 9,687</u>	<u>\$ (775,336)</u>	<u>\$ 1,825,000</u>	<u>\$ 2,491,000</u>	<u>\$ 33,734,422</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 and Net OPEB liability/(asset) is also recorded in the Fringe Benefit fund.

**County of Oakland  
Combining Statement of Net Position  
Internal Service Funds  
September 30, 2017**

	<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	\$ 10,643,554	\$ 10,523,885	\$ 9,373,071	\$ 3,655,888
Due from other governmental units	1,026	15,277	181,047	11,456
Due from component units	22,941	12,488	1,946	-
Accrued interest receivable	37,906	61,351	16,767	12,321
Accounts receivable (net of allowance for uncollectibles where applicable)	304,590	42,635	223,220	-
Due from other funds	-	-	577,903	214,904
Inventories and supplies	435,284	23,466	961,508	269,569
Prepayments and other assets	-	3,312,834	-	4,392
Total current assets	11,445,301	13,991,936	11,335,462	4,168,530
Noncurrent assets				
Net pension asset	-	-	-	-
Net OPEB asset	-	-	-	-
Capital assets, at cost				
Land	-	-	130,000	-
Buildings and improvements	525,283	-	2,424,145	424,860
Equipment and vehicles	2,162,573	68,530,739	7,015,076	18,532,132
Infrastructure	3,169,683	-	-	-
Construction in progress	-	1,843,249	4,504,032	-
	5,857,539	70,373,988	14,073,253	18,956,992
Less: Accumulated depreciation	5,455,295	56,981,464	6,145,368	13,011,309
Capital assets, net	402,244	13,392,524	7,927,885	5,945,683
Total noncurrent assets	402,244	13,392,524	7,927,885	5,945,683
Total assets	11,847,545	27,384,460	19,263,347	10,114,213

(continued)

**County of Oakland  
Combining Statement of Net Position (Continued)  
Internal Service Funds  
September 30, 2017**

	<b>Telephone Communications</b>	<b>Building and Liability Insurance</b>	<b>Fringe Benefits</b>	<b>Totals September 30, 2017</b>
<b>Assets</b>				
Current assets				
Pooled cash and investments	\$ 4,425,204	\$ 9,845,808	\$ 84,402,753	\$ 132,870,163
Due from other governmental units	342	-	1,135	210,283
Due from component units	-	-	-	37,375
Accrued interest receivable	14,327	150,889	644,356	937,917
Accounts receivable (net of allowance for uncollectibles where applicable)	424	-	580,879	1,151,748
Due from other funds	504	243,060	-	1,036,371
Inventories and supplies	-	-	-	1,689,827
Prepayments and other assets	47,802	1,153,095	1,649,254	6,167,377
Total current assets	<u>4,488,603</u>	<u>11,392,852</u>	<u>87,278,377</u>	<u>144,101,061</u>
Noncurrent assets				
Net pension asset	-	-	22,497,565	22,497,565
Net OPEB asset	-	-	261,360,097	261,360,097
Capital assets, at cost				
Land	-	-	-	130,000
Buildings and improvements	-	-	-	3,374,288
Equipment and vehicles	4,902,181	-	-	101,142,701
Infrastructure	-	-	-	3,169,683
Construction in progress	-	-	-	6,347,281
	<u>4,902,181</u>	<u>-</u>	<u>-</u>	<u>114,163,953</u>
Less: Accumulated depreciation	<u>4,846,335</u>	<u>-</u>	<u>-</u>	<u>86,439,771</u>
Capital assets, net	<u>55,846</u>	<u>-</u>	<u>-</u>	<u>27,724,182</u>
Total noncurrent assets	<u>55,846</u>	<u>-</u>	<u>283,857,662</u>	<u>311,581,844</u>
Total assets	<u>4,544,449</u>	<u>11,392,852</u>	<u>371,136,039</u>	<u>455,682,905</u>

(continued)

**County of Oakland**  
**Combining Statement of Net Position (Continued)**  
**Internal Service Funds**  
**September 30, 2017**

	<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	\$ 359,549	\$ 1,903,693	\$ 179,169	\$ 239,593
Due to other governmental units	-	84,914	-	-
Due to component units	-	567	-	-
Due to other funds	-	504	49,991	-
Unearned revenue	-	2,500	-	-
Current portion of bonds payable	-	-	-	-
Current portion of compensated absences	-	-	-	-
Current portion of claims and judgments	-	-	-	-
Current portion of advances payable	-	-	12,883	-
Other accrued liabilities	491,193	712,463	607,005	42,368
Total current liabilities	<u>850,742</u>	<u>2,704,641</u>	<u>849,048</u>	<u>281,961</u>
Noncurrent liabilities				
Bonds payable	-	-	-	-
Accrued compensated absences	-	-	-	-
Claims and judgments	-	-	-	-
Advances payable	-	-	38,649	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>38,649</u>	<u>-</u>
Total liabilities	<u>850,742</u>	<u>2,704,641</u>	<u>887,697</u>	<u>281,961</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflows related to pension	-	-	-	-
Deferred inflows related to OPEB	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Position</b>				
Net investment in capital assets	402,244	13,392,524	7,927,885	5,945,683
Unrestricted	<u>10,594,559</u>	<u>11,287,295</u>	<u>10,447,765</u>	<u>3,886,569</u>
Total net position	<u>\$ 10,996,803</u>	<u>\$ 24,679,819</u>	<u>\$ 18,375,650</u>	<u>\$ 9,832,252</u>

(continued)

**County of Oakland**  
**Combining Statement of Net Position (Continued)**  
**Internal Service Funds**  
**Year Ended September 30, 2017**

	Telephone Communications	Building and Liability Insurance	Fringe Benefits	Totals September 30, 2017
<b>Liabilities</b>				
Current liabilities				
Vouchers payable	\$ 68,938	\$ 27,189	\$ 6,732,177	\$ 9,510,308
Due to other governmental units	-	-	281,469	366,383
Due to component units	-	-	-	567
Due to other funds	-	-	-	50,495
Unearned revenue	-	-	-	2,500
Current portion of bonds payable	-	-	23,870,000	23,870,000
Current portion of compensated absences	-	-	1,257,022	1,257,022
Current portion of claims and judgments	-	1,220,438	3,505,227	4,725,665
Current portion of advances payable	-	-	-	12,883
Other accrued liabilities	5,884	138,926	4,367,059	6,364,898
Total current liabilities	<u>74,822</u>	<u>1,386,553</u>	<u>40,012,954</u>	<u>46,160,721</u>
Noncurrent liabilities				
Bonds payable	-	-	259,500,000	259,500,000
Accrued compensated absences	-	-	11,313,196	11,313,196
Claims and judgments	-	3,361,903	8,649,671	12,011,574
Advances payable	-	-	-	38,649
Total noncurrent liabilities	<u>-</u>	<u>3,361,903</u>	<u>279,462,867</u>	<u>282,863,419</u>
Total liabilities	<u>74,822</u>	<u>4,748,456</u>	<u>319,475,821</u>	<u>329,024,140</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflows related to pension	-	-	12,184,257	12,184,257
Deferred inflows related to OPEB	-	-	47,146,838	47,146,838
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>59,331,095</u>	<u>59,331,095</u>
<b>Net Position</b>				
Net investment in capital assets	55,846	-	-	27,724,182
Unrestricted	4,413,781	6,644,396	(7,670,877)	39,603,488
Total net position	<u>\$ 4,469,627</u>	<u>\$ 6,644,396</u>	<u>\$ (7,670,877)</u>	<u>\$ 67,327,670</u>

**County of Oakland**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**Year Ended September 30, 2017**

	<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	\$ 26,155,993	\$ 25,958,975	\$ 39,837,344	\$ 8,313,663
Other	10,020	193,610	5,433	3,825
Total operating revenues	<u>26,166,013</u>	<u>26,152,585</u>	<u>39,842,777</u>	<u>8,317,488</u>
<b>Operating expenses</b>				
Salaries	8,051,548	9,932,899	18,200,894	837,511
Fringe benefits	5,112,321	5,103,736	11,196,791	520,158
Fringe benefits - pension	-	-	-	-
Fringe benefits - OPEB	-	-	-	-
Contractual services	9,579,852	15,244,054	1,419,045	1,524,425
Commodities	1,312,534	559,873	1,663,544	2,616,441
Depreciation	95,301	2,689,602	538,937	2,986,248
Internal services	1,169,068	1,010,784	3,891,095	239,815
Total operating expenses	<u>25,320,624</u>	<u>34,540,948</u>	<u>36,910,306</u>	<u>8,724,598</u>
Operating income (loss)	<u>845,389</u>	<u>(8,388,363)</u>	<u>2,932,471</u>	<u>(407,110)</u>
<b>Nonoperating revenues (expenses)</b>				
Contributions	-	-	335,029	-
Interest revenue	130,776	108,678	88,745	26,826
Interest expense	-	-	(555)	-
Gain on sale of property and equipment	49,652	615	5,600	434,457
Net nonoperating revenues (expenses)	<u>180,428</u>	<u>109,293</u>	<u>428,819</u>	<u>461,283</u>
Income (loss) before transfers and contributions	<u>1,025,817</u>	<u>(8,279,070)</u>	<u>3,361,290</u>	<u>54,173</u>
Capital contributions	-	2,083,919	74,500	-
Transfers in	835,175	4,507,925	-	529,110
Transfers out	(672,539)	(39,540)	(167,754)	-
Change in net position	<u>1,188,453</u>	<u>(1,726,766)</u>	<u>3,268,036</u>	<u>583,283</u>
<b>Net position</b>				
October 1, 2016 (as Restated, see Note 21)	<u>9,808,350</u>	<u>26,406,585</u>	<u>15,107,614</u>	<u>9,248,969</u>
September 30, 2017	<u>\$ 10,996,803</u>	<u>\$ 24,679,819</u>	<u>\$ 18,375,650</u>	<u>\$ 9,832,252</u>

(continued)



**County of Oakland**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)**  
**Internal Service Funds**  
**Year Ended September 30, 2017**

	Telephone Communications	Building and Liability Insurance	Fringe Benefits	Totals September 30, 2017
<b>Operating revenues</b>				
Charges for services	\$ 2,817,570	\$ 3,301,785	\$143,524,682	\$249,910,012
Other	-	20,000	180,059	412,947
Total operating revenues	<u>2,817,570</u>	<u>3,321,785</u>	<u>143,704,741</u>	<u>250,322,959</u>
<b>Operating expenses</b>				
Salaries	233,310	534,178	1,305,446	39,095,786
Fringe benefits	136,911	246,034	697,914	23,013,865
Fringe benefits - pension	-	-	3,547,700	3,547,700
Fringe benefits - OPEB	-	-	(18,459,467)	(18,459,467)
Contractual services	1,737,183	3,732,652	106,985,721	140,222,932
Commodities	176,171	144,539	38,664	6,511,766
Depreciation	18,795	-	-	6,328,883
Internal services	519,369	108,135	271,603	7,209,869
Total operating expenses	<u>2,821,739</u>	<u>4,765,538</u>	<u>94,387,581</u>	<u>207,471,334</u>
Operating income (loss)	<u>(4,169)</u>	<u>(1,443,753)</u>	<u>49,317,160</u>	<u>42,851,625</u>
<b>Nonoperating revenues (expenses)</b>				
Contributions	-	-	-	335,029
Interest revenue	53,269	110,918	667,449	1,186,661
Interest expense	-	-	(10,980,656)	(10,981,211)
Gain on sale of property and equipment	-	-	-	490,324
Net nonoperating revenues (expenses)	<u>53,269</u>	<u>110,918</u>	<u>(10,313,207)</u>	<u>(8,969,197)</u>
Income (loss) before transfers and contributions	<u>49,100</u>	<u>(1,332,835)</u>	<u>39,003,953</u>	<u>33,882,428</u>
Capital contributions	-	-	-	2,158,419
Transfers in	-	1,545,500	-	7,417,710
Transfers out	-	-	-	(879,833)
Change in net position	<u>49,100</u>	<u>212,665</u>	<u>39,003,953</u>	<u>42,578,724</u>
<b>Net position</b>				
October 1, 2016 (as Restated, see Note 21)	<u>4,420,527</u>	<u>6,431,731</u>	<u>(46,674,830)</u>	<u>24,748,946</u>
September 30, 2017	<u>\$ 4,469,627</u>	<u>\$ 6,644,396</u>	<u>\$ (7,670,877)</u>	<u>\$ 67,327,670</u>

**County of Oakland**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**Year Ended September 30, 2017**

	<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	\$ 26,142,386	\$26,208,805	\$ 39,891,126	\$ 8,108,826
Cash paid to suppliers	(17,125,705)	(20,137,463)	(18,616,838)	(4,716,535)
Cash paid to employees	(8,051,548)	(9,932,899)	(18,200,894)	(837,511)
Net cash provided by (used in) operating activities	<u>965,133</u>	<u>(3,861,557)</u>	<u>3,073,394</u>	<u>2,554,780</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers from other funds	836,448	4,298,433	-	-
Transfers to other funds	(672,539)	(39,540)	(167,754)	-
Contributions	-	-	335,029	-
Principal paid on debt	-	-	-	-
Interest paid on debt	-	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>163,909</u>	<u>4,258,893</u>	<u>167,275</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>				
Transfers from other funds	-	209,492	-	529,110
Contributions for capital acquisitions	-	-	74,500	-
Proceeds from sale of capital assets	49,652	615	5,600	616,731
Acquisition of capital assets	(251,634)	(2,350,544)	(1,134,018)	(2,888,292)
Amount paid on advances	-	-	(12,883)	-
Interest paid on advances	-	-	(555)	-
Net cash provided by (used in) capital and related financing activities	<u>(201,982)</u>	<u>(2,140,437)</u>	<u>(1,067,356)</u>	<u>(1,742,451)</u>
<b>Cash flows from investing activities</b>				
Interest on investments	111,780	92,709	75,502	22,355
Net cash provided by investing activities	<u>111,780</u>	<u>92,709</u>	<u>75,502</u>	<u>22,355</u>
Net increase (decrease) in cash and cash equivalents	1,038,840	(1,650,392)	2,248,815	834,684
<b>Pooled cash and investments</b>				
October 1, 2016	<u>9,604,714</u>	<u>12,174,277</u>	<u>7,124,256</u>	<u>2,821,204</u>
September 30, 2017	<u>\$ 10,643,554</u>	<u>\$10,523,885</u>	<u>\$ 9,373,071</u>	<u>\$ 3,655,888</u>

(continued)

**County of Oakland**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**Year Ended September 30, 2017**

	<b>Telephone Communications</b>	<b>Building and Liability Insurance</b>	<b>Fringe Benefits</b>	<b>Totals September 30, 2017</b>
<b>Cash flows from operating activities</b>				
Cash received from users	\$ 2,817,545	\$ 3,078,725	\$144,096,305	\$ 250,343,718
Cash paid to suppliers	(2,580,739)	(4,390,162)	(101,397,796)	(168,965,238)
Cash paid to employees	(233,310)	(534,178)	(1,305,446)	(39,095,786)
Net cash provided by (used in) operating activities	<u>3,496</u>	<u>(1,845,615)</u>	<u>41,393,063</u>	<u>42,282,694</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers from other funds	-	-	-	5,134,881
Transfers to other funds	-	-	-	(879,833)
Contributions	-	-	-	335,029
Principal paid on debt	-	-	(23,020,000)	(23,020,000)
Interest paid on debt	-	-	(10,980,656)	(10,980,656)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>(34,000,656)</u>	<u>(29,410,579)</u>
<b>Cash flows from capital and related financing activities</b>				
Transfers from other funds	-	1,545,500	-	2,284,102
Contributions for capital acquisitions	-	-	-	74,500
Proceeds from sale of capital assets	-	-	-	672,598
Acquisition of capital assets	(63,222)	-	-	(6,687,710)
Amount paid on advances	-	-	-	(12,883)
Interest paid on advances	-	-	-	(555)
Net cash provided by (used in) capital and related financing activities	<u>(63,222)</u>	<u>1,545,500</u>	<u>-</u>	<u>(3,669,948)</u>
<b>Cash flows from investing activities</b>				
Interest on investments	44,999	93,663	514,396	955,404
Net cash provided by investing activities	<u>44,999</u>	<u>93,663</u>	<u>514,396</u>	<u>955,404</u>
Net increase (decrease) in cash and cash equivalents	(14,727)	(206,452)	7,906,803	10,157,571
<b>Pooled cash and investments</b>				
October 1, 2016	<u>4,439,931</u>	<u>10,052,260</u>	<u>76,495,950</u>	<u>122,712,592</u>
September 30, 2017	<u>\$ 4,425,204</u>	<u>\$ 9,845,808</u>	<u>\$ 84,402,753</u>	<u>\$ 132,870,163</u>

(continued)

**County of Oakland**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**Year Ended September 30, 2017**

	<b>Facilities Maintenance and Operations</b>	<b>Information Technology</b>	<b>Drain Equipment</b>	<b>Motor Pool</b>
Operating income (loss)	\$ 845,389	\$(8,388,363)	\$ 2,932,471	\$ (407,110)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	95,301	2,689,602	538,937	2,986,248
(Increase) decrease in due from other governmental units	(1,026)	8,089	589,925	6,242
(Increase) decrease in due from component units	(17,894)	16,648	4,902	-
(Increase) decrease in accounts receivable	67,834	30,858	17,173	-
(Increase) decrease in due from other funds	-	-	(563,651)	(214,904)
(Increase) decrease in inventories and supplies	(230,641)	2,037	(310,986)	(73,323)
(Increase) decrease in prepayments and other assets	1,232	387,115	-	(1,392)
(Increase) decrease in net pension asset	-	-	-	-
(Increase) decrease in net OPEB asset	-	-	-	-
(Increase) decrease in deferred outflows related to pension	-	-	-	-
Increase (decrease) in vouchers payable	160,747	1,324,738	(206,248)	221,240
Increase (decrease) in due to other governmental units	-	84,914	-	-
Increase (decrease) in due to component units	-	567	-	-
Increase (decrease) in due to other funds	-	-	49,991	-
Increase (decrease) in unearned revenue	(72,541)	625	-	-
Increase (decrease) in current portion of compensated absences	-	-	-	-
Increase (decrease) in current portion of claims and judgments	-	-	-	-
Increase (decrease) increase in other accrued liabilities	116,732	(18,387)	20,880	37,779
Increase (decrease) increase in net pension liability	-	-	-	-
Increase (decrease) in accrued compensated absences	-	-	-	-
Increase (decrease) in claims and judgments	-	-	-	-
Increase (decrease) in deferred inflows related to pensions	-	-	-	-
Increase (decrease) in deferred inflows related to OPEB	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 965,133</u>	<u>\$(3,861,557)</u>	<u>\$ 3,073,394</u>	<u>\$ 2,554,780</u>

(continued)

**County of Oakland**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**Year Ended September 30, 2017**

	<b>Telephone Communications</b>	<b>Building and Liability Insurance</b>	<b>Fringe Benefits</b>	<b>Totals September 30, 2017</b>
Operating (loss) income	\$ (4,169)	\$ (1,443,753)	\$ 49,317,160	\$ 42,851,625
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	18,795	-	-	6,328,883
(Increase) decrease in due from other governmental units	2	-	690	603,922
(Increase) decrease in due from component units	-	-	-	3,656
(Increase) decrease in accounts receivable	(27)	-	390,811	506,649
(Increase) decrease in due from other funds	-	(243,060)	63	(1,021,552)
(Increase) decrease in inventories and supplies	-	-	-	(612,913)
(Increase) decrease in prepayments and other assets	(35,904)	(51,206)	12,158	312,003
(Increase) decrease in net pension asset	-	-	(22,497,565)	(22,497,565)
(Increase) decrease in net OPEB asset	-	-	(65,606,305)	(65,606,305)
(Increase) decrease in deferred outflows related to pension	-	-	19,305,794	19,305,794
Increase (decrease) in vouchers payable	21,040	(172,964)	5,705,882	7,054,435
Increase (decrease) in due to other governmental units	-	-	40,355	125,269
Increase (decrease) in due to component units	-	-	-	567
Increase (decrease) in due to other funds	-	-	(980)	49,011
Increase (decrease) in unearned revenue	-	-	-	(71,916)
Increase (decrease) in current portion of compensated absences	-	-	(17,915)	(17,915)
Increase (decrease) in current portion of claims and judgments	-	(32,841)	374,346	341,505
Increase (decrease) in other accrued liabilities	3,759	131,848	186,746	479,357
Increase (decrease) increase in net pension liability	-	-	(5,444,786)	(5,444,786)
Increase (decrease) in accrued compensated absences	-	-	(161,232)	(161,232)
Increase (decrease) in claims and judgments	-	(33,639)	456,746	423,107
Increase (decrease) in deferred inflows related to pensions	-	-	12,184,257	12,184,257
Increase (decrease) in deferred inflows related to OPEB	-	-	47,146,838	47,146,838
Net cash provided by (used in) operating activities	<u>\$ 3,496</u>	<u>\$ (1,845,615)</u>	<u>\$ 41,393,063</u>	<u>\$ 42,282,694</u>

(continued)

**County of Oakland**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**Year Ended September 30, 2017**

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**Noncash transactions:**

Noncash and capital-related financing activities included contribution of capital assets in the amount of \$2,083,919 in the Information Technology fund.

Noncash and non-capital related financial activities included recording of pension expense of \$3,547,700 and a reduction of OPEB expense of (\$18,459,467) 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, 2017**

	<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, 2017</b>
<b>Assets</b>						
Current assets						
Pooled cash and investments	\$ 346,063	\$ 707,296	\$ 11,871,960	\$ 22,201,829	\$ 7,940,821	\$ 43,067,969
Due from other governmental units	-	55,186	874,432	14,883	586,174	1,530,675
Accrued interest receivable	59,178	3,058	40,278	149,813	29,703	282,030
Accounts receivable (net of allowances for uncollectibles where applicable)	-	2,894	151,427	1,215,016	-	1,369,337
Due from other funds	-	33,094	201	3,599	-	36,894
Inventories and supplies	-	-	-	284,710	-	284,710
Prepayments and other assets	-	24,276	851,414	639,578	-	1,515,268
Total current assets	<u>405,241</u>	<u>825,804</u>	<u>13,789,712</u>	<u>24,509,428</u>	<u>8,556,698</u>	<u>48,086,883</u>
Noncurrent assets						
Capital assets, at cost						
Land	-	-	-	-	19,749	19,749
Buildings and improvements	-	-	-	12,944,791	348,504	13,293,295
Equipment and vehicles	-	534,338	22,309,352	27,738,260	-	50,581,950
Infrastructure	-	-	-	8,585,770	3,274,693	11,860,463
Construction in progress	-	675,903	3,221,201	1,853,089	-	5,750,193
	-	1,210,241	25,530,553	51,121,910	3,642,946	81,505,650
Less: Accumulated depreciation	-	534,338	21,357,561	38,692,432	2,965,215	63,549,546
Capital assets, net	-	675,903	4,172,992	12,429,478	677,731	17,956,104
Total assets	<u>405,241</u>	<u>1,501,707</u>	<u>17,962,704</u>	<u>36,938,906</u>	<u>9,234,429</u>	<u>66,042,987</u>
<b>Liabilities</b>						
Current liabilities						
Vouchers payable	1,325	21,225	119,798	77,809	10,429	230,586
Due to other governmental units	-	-	391,031	15,101	517,990	924,122
Due to other funds	-	-	-	-	7,513	7,513
Unearned revenue	-	-	296,928	-	-	296,928
Other accrued liabilities	-	42,663	211,832	911,994	69,845	1,236,334
Total liabilities	<u>1,325</u>	<u>63,888</u>	<u>1,019,589</u>	<u>1,004,904</u>	<u>605,777</u>	<u>2,695,483</u>
<b>Net Position</b>						
Net investment in capital assets	-	675,903	4,172,992	12,429,478	677,731	17,956,104
Restricted for programs	-	-	-	-	6,126,180	6,126,180
Unrestricted	403,916	761,916	12,770,123	23,504,524	1,824,741	39,265,220
Total net position	<u>\$ 403,916</u>	<u>\$ 1,437,819</u>	<u>\$ 16,943,115</u>	<u>\$ 35,934,002</u>	<u>\$ 8,628,652</u>	<u>\$ 63,347,504</u>



**County of Oakland**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Non-Major Enterprise Funds**  
**Year Ended September 30, 2017**

	<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, 2017</b>
<b>Operating revenues</b>						
Charges for services	\$ 525,962	\$ 217,246	\$ 6,029,657	\$ 7,393,556	\$ 6,629,670	\$ 20,796,091
Other	-	-	88,803	45,326	312,411	446,540
Total operating revenues	<u>525,962</u>	<u>217,246</u>	<u>6,118,460</u>	<u>7,438,882</u>	<u>6,942,081</u>	<u>21,242,631</u>
<b>Operating expenses</b>						
Salaries	163,396	228,909	1,611,388	617,980	-	2,621,673
Fringe benefits	69,902	127,599	814,651	297,496	-	1,309,648
Contractual services	26,358	162,242	4,800,318	1,602,860	6,702,854	13,294,632
Commodities	2,757	-	54,991	513,040	1,183	571,971
Depreciation	-	-	1,179,152	5,863,743	119,324	7,162,219
Internal services	28,449	100,938	606,123	1,016,920	104,575	1,857,005
Intergovernmental	-	-	-	50,000	-	50,000
Total operating expenses	<u>290,862</u>	<u>619,688</u>	<u>9,066,623</u>	<u>9,962,039</u>	<u>6,927,936</u>	<u>26,867,148</u>
Operating income (loss)	<u>235,100</u>	<u>(402,442)</u>	<u>(2,948,163)</u>	<u>(2,523,157)</u>	<u>14,145</u>	<u>(5,624,517)</u>
<b>Nonoperating revenues (expenses)</b>						
Contributions	-	-	-	-	34,399	34,399
Interest revenue	2,873	9,744	141,708	285,114	96,196	535,635
Gain (loss) on sale of property and equipment	-	-	427	-	-	427
Total nonoperating revenues (expenses)	<u>2,873</u>	<u>9,744</u>	<u>142,135</u>	<u>285,114</u>	<u>130,595</u>	<u>570,461</u>
Income (loss) before contributions and transfers	<u>237,973</u>	<u>(392,698)</u>	<u>(2,806,028)</u>	<u>(2,238,043)</u>	<u>144,740</u>	<u>(5,054,056)</u>
Transfers in	-	460,643	1,844,186	62,315	-	2,367,144
Transfers out	-	-	-	(286,000)	-	(286,000)
Change in net position	<u>237,973</u>	<u>67,945</u>	<u>(961,842)</u>	<u>(2,461,728)</u>	<u>144,740</u>	<u>(2,972,912)</u>
<b>Net position</b>						
October 1, 2016	<u>165,943</u>	<u>1,369,874</u>	<u>17,904,957</u>	<u>38,395,730</u>	<u>8,483,912</u>	<u>66,320,416</u>
September 30, 2017	<u>\$ 403,916</u>	<u>\$ 1,437,819</u>	<u>\$ 16,943,115</u>	<u>\$ 35,934,002</u>	<u>\$ 8,628,652</u>	<u>\$ 63,347,504</u>

**County of Oakland  
Combining Statement of Cash Flows  
Non-Major Enterprise Funds  
Year Ended September 30, 2017**

	Delinquent					Totals
	Personal Property Tax Administration	Fire Records Management	CLEMIS	Radio Communications	Huron- Rouge S.D.S.	September 30, 2017
<b>Cash flows from operating activities</b>						
Cash received from users	\$ 525,962	\$ 179,710	\$ 6,127,151	\$ 7,463,610	\$ 6,942,081	\$ 21,238,514
Cash paid to suppliers	(138,235)	(351,095)	(6,749,347)	(3,059,920)	(6,830,169)	(17,128,766)
Cash paid to employees	(163,396)	(228,909)	(1,611,388)	(617,980)	-	(2,621,673)
Net cash provided by (used in) operating activities	224,331	(400,294)	(2,233,584)	3,785,710	111,912	1,488,075
<b>Cash flows from noncapital financing activities</b>						
Transfers from other funds	-	460,643	1,844,186	-	-	2,304,829
Transfers to other funds	-	-	-	(286,000)	-	(286,000)
Net cash provided by (used in) noncapital financing activities	-	460,643	1,844,186	(286,000)	-	2,018,829
<b>Cash flows from capital and related financing activities</b>						
Transfers from other funds	-	-	-	62,315	-	62,315
Proceeds from sale of capital assets	-	-	427	-	-	427
Acquisition of capital assets	-	(331,378)	(90,504)	(1,128,829)	(312,396)	(1,863,107)
Net cash provided by (used in) capital and related financing activities	-	(331,378)	(90,077)	(1,066,514)	(312,396)	(1,800,365)
<b>Cash flows from investing activities</b>						
Interest on investments	2,627	8,149	119,698	246,134	81,136	457,744
Net cash provided by investing activities	2,627	8,149	119,698	246,134	81,136	457,744
Net increase (decrease) in cash and cash equivalents	226,958	(262,880)	(359,777)	2,679,330	(119,348)	2,164,283
<b>Pooled cash and investments</b>						
October 1, 2016	119,105	970,176	12,231,737	19,522,499	8,060,169	40,903,686
September 30, 2017	\$ 346,063	\$ 707,296	\$ 11,871,960	\$ 22,201,829	\$ 7,940,821	\$ 43,067,969

(continued)

**County of Oakland**  
**Combining Statement of Cash Flows (Continued)**  
**Non-Major Enterprise Funds**  
**Year Ended September 30, 2017**

	<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>2017</b>
Operating income (loss)	\$ 235,100	\$ (402,442)	\$ (2,948,163)	\$ (2,523,157)	\$ 14,145	\$ (5,624,517)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation expense	-	-	1,179,152	5,863,743	119,324	7,162,219
(Increase) decrease in due from other governmental units	-	(4,548)	69,322	(2,805)	-	61,969
(Increase) decrease in accounts receivable	-	156	(76,431)	131,545	-	55,270
(Increase) decrease in due from other funds	-	(33,094)	(201)	(3,599)	-	(36,894)
(Increase) decrease in inventories and supplies	-	-	-	17,177	-	17,177
(Increase) decrease in prepayments and other assets	-	395	(225,193)	(399,050)	-	(623,848)
Increase (decrease) in vouchers payable	319	12,180	(22,406)	(17,149)	3,796	(23,260)
Increase (decrease) in due to other governmental units	-	-	99,026	5,183	-	104,209
Increase (decrease) in due to other funds	-	-	-	-	7,328	7,328
Increase (decrease) in unearned revenue	-	(50)	16,001	(100,413)	-	(84,462)
Increase (decrease) in other accrued liabilities	(11,088)	27,109	(324,691)	814,235	(32,681)	472,884
Net cash provided by (used in) operating activities	<u>\$ 224,331</u>	<u>\$ (400,294)</u>	<u>\$ (2,233,584)</u>	<u>\$ 3,785,710</u>	<u>\$ 111,912</u>	<u>\$ 1,488,075</u>

**Noncash transactions**

Noncash and non-capital related financing activities included recording of grant proceeds of \$34,399 in the Due from Other Governmental Units asset account in the Huron-Rouge S.D.S. fund.

**County of Oakland**  
**Pension (and Other Postemployment Benefits) Trust Funds**  
**September 30, 2017**

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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, 2017**

	<b>Oakland County Employees' Retirement</b>	<b>OPEB Plan</b>	<b>Totals September 30, 2017</b>
<b>Assets</b>			
Pooled cash and investments	\$ 19,461,860	\$ 24,523,237	\$ 43,985,097
Investments, at fair value:			
Common stock	153,601,492	245,480,530	399,082,022
Government agencies	21,120,394	34,182,073	55,302,467
Corporate bonds	74,436,315	107,980,745	182,417,060
Municipal bonds	2,375,282	2,017,330	4,392,612
Hedge funds	42,791,759	53,306,702	96,098,461
Limited partnerships	42,614,942	81,635,499	124,250,441
Asset-backed fixed income	11,200,523	16,868,074	28,068,597
Government bonds	34,039,607	49,653,327	83,692,934
Government mortgage-backed securities	37,063,975	52,279,383	89,343,358
Government-issued commercial mortgage-backed	1,984,362	2,024,976	4,009,338
Non-Government backed CMOs	509,718	649,700	1,159,418
Commercial mortgage-backed securities	8,870,262	11,352,600	20,222,862
Bank loans	2,651,592	3,003,945	5,655,537
International common stock	226,414,909	426,034,981	652,449,890
Index-linked government bonds	19,167,902	25,471,985	44,639,887
Real estate	82,832,284	118,931,319	201,763,603
Other fixed income	2,087,101	2,794,996	4,882,097
Other	408,997	-	408,997
Total investments	<u>764,171,416</u>	<u>1,233,668,165</u>	<u>1,997,839,581</u>
Receivables - interest and dividends	1,881,421	2,288,619	4,170,040
Receivables - other	9,585	426,998	436,583
Prepaid expenses	-	206,527	206,527
Total assets	<u>785,524,282</u>	<u>1,261,113,546</u>	<u>2,046,637,828</u>
<b>Liabilities</b>			
Vouchers payable	112,521	912,763	1,025,284
Other accrued liabilities	400,634	1,952,966	2,353,600
Total liabilities	<u>513,155</u>	<u>2,865,729</u>	<u>3,378,884</u>
<b>Net position</b>			
Restricted for employees' pension and other postemployment healthcare benefits	<u>\$785,011,127</u>	<u>\$ 1,258,247,817</u>	<u>\$ 2,043,258,944</u>

**County of Oakland**  
**Combining Statement of Changes in Net Position**  
**Pension (and Other Postemployment Benefits) Trust Funds**  
**Year Ended September 30, 2017**

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	<b>Oakland County Employees' Retirement</b>	<b>OPEB Plan</b>	<b>Totals September 30, 2017</b>
<b>Additions</b>			
Contributions			
Plan members	\$ 372,273	\$ 218,517	\$ 590,790
Investment income	84,727,351	138,764,821	223,492,172
Other revenue	584,526	3,333,057	3,917,583
Total additions	<u>85,684,150</u>	<u>142,316,395</u>	<u>228,000,545</u>
<b>Deductions</b>			
Benefits	55,839,217	31,739,843	87,579,060
Administrative expenses	2,476,778	3,489,168	5,965,946
Total deductions	<u>58,315,995</u>	<u>35,229,011</u>	<u>93,545,006</u>
Net increase	27,368,155	107,087,384	134,455,539
<b>Net position restricted for employees' pension and other postemployment healthcare benefits</b>			
October 1, 2016	<u>757,642,972</u>	<u>1,151,160,433</u>	<u>1,908,803,405</u>
September 30, 2017	<u>\$ 785,011,127</u>	<u>\$ 1,258,247,817</u>	<u>\$ 2,043,258,944</u>

**County of Oakland**  
**Combining Schedule of Net Position**  
**Other Postemployment Benefits Trust Funds**  
**September 30, 2017**

	<b>VEBA Trust</b>	<b>Superseding Trust</b>	<b>Totals September 30, 2017</b>
<b>Assets</b>			
Pooled cash and investments	\$ 24,317,924	\$ 205,313	\$ 24,523,237
Investments, at fair value:			
Common stock	237,392,385	8,088,145	245,480,530
Government agencies	34,002,589	179,484	34,182,073
Corporate bonds	106,343,901	1,636,844	107,980,745
Municipal bonds	2,004,223	13,107	2,017,330
Hedge funds	53,306,702	-	53,306,702
Limited partnerships	81,635,499	-	81,635,499
Asset-backed fixed income	16,588,236	279,838	16,868,074
Government bonds	49,052,494	600,833	49,653,327
Government mortgage-backed securities	51,613,118	666,265	52,279,383
Government-issued commercial-backed	2,024,976	-	2,024,976
Non-Government backed CMOs	649,700	-	649,700
Commercial mortgage-backed securities	11,222,036	130,564	11,352,600
Bank loans	3,003,945	-	3,003,945
International common stock	426,034,981	-	426,034,981
Index-linked government bonds	25,213,101	258,884	25,471,985
Real estate	118,931,319	-	118,931,319
Other fixed income	2,209,976	585,020	2,794,996
Total investments	<u>1,221,229,181</u>	<u>12,438,984</u>	<u>1,233,668,165</u>
Receivables - interest and dividends	2,260,718	27,901	2,288,619
Receivables - other	426,998	-	426,998
Prepaid expenses	206,527	-	206,527
Total assets	<u>1,248,441,348</u>	<u>12,672,198</u>	<u>1,261,113,546</u>
<b>Liabilities</b>			
Vouchers payable	912,763	-	912,763
Other accrued liabilities	1,948,526	4,440	1,952,966
Total liabilities	<u>2,861,289</u>	<u>4,440</u>	<u>2,865,729</u>
<b>Net position</b>			
Restricted for other postemployment healthcare benefits	<u>\$ 1,245,580,059</u>	<u>\$ 12,667,758</u>	<u>\$ 1,258,247,817</u>

**County of Oakland**  
**Combining Schedule of Changes in Net Position**  
**Other Postemployment Benefits Trust Funds**  
**Year Ended September 30, 2017**

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	VEBA Trust	Superseding Trust	Totals September 30, 2017
<b>Additions</b>			
Contributions			
Plan members	\$ 218,517	\$ -	\$ 218,517
Investment income	137,437,453	1,327,368	138,764,821
Other revenue	3,332,028	1,029	3,333,057
Total additions	<u>140,987,998</u>	<u>1,328,397</u>	<u>142,316,395</u>
<b>Deductions</b>			
Benefits	31,739,843	-	31,739,843
Administrative expenses	3,472,299	16,869	3,489,168
Total deductions	<u>35,212,142</u>	<u>16,869</u>	<u>35,229,011</u>
Net increase	105,775,856	1,311,528	107,087,384
<b>Net position restricted for other postemployment healthcare benefits</b>			
October 1, 2016	<u>1,139,804,203</u>	<u>11,356,230</u>	<u>1,151,160,433</u>
September 30, 2017	<u>\$ 1,245,580,059</u>	<u>\$ 12,667,758</u>	<u>\$ 1,258,247,817</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, 2017**

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	<b>Local Government Investment Pool</b>
<b>Assets</b>	
Pooled cash and investments	\$ 546,662,273
Receivables - interest and dividends	<u>694,867</u>
 Total assets	 <u>547,357,140</u>
 <b>Net position</b>	
Held in trust for investment pool participants	 <u>\$ 547,357,140</u>

**County of Oakland**  
**Statement of Changes in Net Position**  
**Investment Trust Funds**  
**Year Ended September 30, 2017**

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	<b>Local Government Investment Pool</b>
<b>Additions</b>	
Contributions from pool participants	\$ 803,032,443
Investment income	4,883,808
Total additions	<u>807,916,251</u>
<b>Deductions</b>	
Distribution to pool participants	<u>778,796,690</u>
Net increase	29,119,561
<b>Net position held in trust for pool participants</b>	
October 1, 2016	<u>518,237,579</u>
September 30, 2017	<u>\$ 547,357,140</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, 2017**

	<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	\$ 283,436,172	\$ 143,886	\$ 1,357,119	\$ 4,336,776	\$ 39,298	\$ 973,386
Cash and cash equivalents	-	-	-	-	-	-	-
Accrued interest receivable	1,098	-	-	24,792	112,851	-	3,928
Accounts receivable	-	-	-	40,384	-	-	-
Total assets	<u>\$ 151,098</u>	<u>\$ 283,436,172</u>	<u>\$ 143,886</u>	<u>\$ 1,422,295</u>	<u>\$ 4,449,627</u>	<u>\$ 39,298</u>	<u>\$ 977,314</u>
<b>Liabilities</b>							
Vouchers payable	\$ -	\$ 65,517,414	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governmental units	-	217,918,758	-	-	-	39,298	-
Other accrued liabilities	151,098	-	143,886	1,422,295	4,449,627	-	977,314
Total liabilities	<u>\$ 151,098</u>	<u>\$ 283,436,172</u>	<u>\$ 143,886</u>	<u>\$ 1,422,295</u>	<u>\$ 4,449,627</u>	<u>\$ 39,298</u>	<u>\$ 977,314</u>

(continued)

**County of Oakland**  
**Combining Statement of Net Position (Continued)**  
**Agency Funds**  
**September 30, 2017**

	<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, 2017</b>
<b>Assets</b>						
Pooled cash and investments	\$ 3,395,754	\$ 3,624,802	\$ 668,616	\$ -	\$ -	\$ 298,125,809
Cash and cash equivalents	-	-	-	389,111	300,910	690,021
Accrued interest receivable	22,945	32,369	5,307	-	-	203,290
Accounts receivable	-	-	-	-	-	40,384
Total assets	<u>\$ 3,418,699</u>	<u>\$ 3,657,171</u>	<u>\$ 673,923</u>	<u>\$ 389,111</u>	<u>\$ 300,910</u>	<u>\$ 299,059,504</u>
<b>Liabilities</b>						
Vouchers payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,517,414
Due to other governmental units	-	-	-	-	-	217,958,056
Other accrued liabilities	3,418,699	3,657,171	673,923	389,111	300,910	15,584,034
Total liabilities	<u>\$ 3,418,699</u>	<u>\$ 3,657,171</u>	<u>\$ 673,923</u>	<u>\$ 389,111</u>	<u>\$ 300,910</u>	<u>\$ 299,059,504</u>

**County of Oakland**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**Year Ended September 30, 2017**

	<b>Balance October 1, 2016</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance September 30, 2017</b>
<b>District Court Investments</b>				
Assets				
Pooled cash and investments	\$ 150,000	\$ 1,807	\$ 1,807	\$ 150,000
Accrued interest receivable	866	383	151	1,098
Total	<u>\$ 150,866</u>	<u>\$ 2,190</u>	<u>\$ 1,958</u>	<u>\$ 151,098</u>
Liabilities				
Other accrued liabilities	<u>\$ 150,866</u>	<u>\$ 2,100</u>	<u>\$ 1,868</u>	<u>\$ 151,098</u>
<b>Undistributed Taxes</b>				
Assets				
Pooled cash and investments	<u>\$ 263,535,324</u>	<u>\$ 879,097,948</u>	<u>\$ 859,197,100</u>	<u>\$ 283,436,172</u>
Liabilities				
Vouchers payable	\$ -	\$ 644,701,213	\$ 579,183,799	\$ 65,517,414
Due to other governmental units	<u>263,535,324</u>	<u>879,676,075</u>	<u>925,292,641</u>	<u>217,918,758</u>
Total	<u>\$ 263,535,324</u>	<u>\$ 1,524,377,288</u>	<u>\$ 1,504,476,440</u>	<u>\$ 283,436,172</u>
<b>Register of Deeds Trust</b>				
Assets				
Pooled cash and investments	<u>\$ 256,194</u>	<u>\$ 4,511,938</u>	<u>\$ 4,624,246</u>	<u>\$ 143,886</u>
Liabilities				
Vouchers payable	\$ 104,386	\$ 4,519,860	\$ 4,624,246	\$ -
Other accrued liabilities	<u>151,808</u>	<u>4,335,768</u>	<u>4,343,690</u>	<u>143,886</u>
Total	<u>\$ 256,194</u>	<u>\$ 8,855,628</u>	<u>\$ 8,967,936</u>	<u>\$ 143,886</u>
<b>Sheriff NET Forfeiture</b>				
Assets				
Pooled cash and investments	\$ 1,435,983	\$ 1,370,412	\$ 1,449,276	\$ 1,357,119
Accrued interest receivable	23,847	2,127	1,182	24,792
Accounts receivable	<u>-</u>	<u>40,384</u>	<u>-</u>	<u>40,384</u>
Total	<u>\$ 1,459,830</u>	<u>\$ 1,412,923</u>	<u>\$ 1,450,458</u>	<u>\$ 1,422,295</u>
Liabilities				
Vouchers payable	\$ -	\$ 988,580	\$ 988,580	\$ -
Other accrued liabilities	<u>1,459,830</u>	<u>1,419,066</u>	<u>1,456,601</u>	<u>1,422,295</u>
Total	<u>\$ 1,459,830</u>	<u>\$ 2,407,646</u>	<u>\$ 2,445,181</u>	<u>\$ 1,422,295</u>

(continued)

**County of Oakland**  
**Combining Statement of Changes in Assets and Liabilities (Continued)**  
**Agency Funds**  
**Year Ended September 30, 2017**

	Balance October 1, 2016	Additions	Deductions	Balance September 30, 2017
<b>Circuit Court Trust</b>				
Assets				
Pooled cash and investments	\$ 2,105,280	\$ 7,228,862	\$ 4,997,366	\$ 4,336,776
Accrued interest receivable	112,851	8,699	8,699	112,851
Total	<u>\$ 2,218,131</u>	<u>\$ 7,237,561</u>	<u>\$ 5,006,065</u>	<u>\$ 4,449,627</u>
Liabilities				
Vouchers payable	\$ -	\$ 4,734,802	\$ 4,734,802	\$ -
Other accrued liabilities	2,218,131	7,118,757	4,887,261	4,449,627
Total	<u>\$ 2,218,131</u>	<u>\$ 11,853,559</u>	<u>\$ 9,622,063</u>	<u>\$ 4,449,627</u>
<b>Escheats Trust</b>				
Assets				
Pooled cash and investments	\$ 83,821	\$ 52,462	\$ 96,985	\$ 39,298
Liabilities				
Vouchers payable	\$ -	\$ 84,565	\$ 84,565	\$ -
Due to other governmental units	83,821	52,462	96,985	39,298
Total	<u>\$ 83,821</u>	<u>\$ 137,027</u>	<u>\$ 181,550</u>	<u>\$ 39,298</u>
<b>Legatee Trust</b>				
Assets				
Pooled cash and investments	\$ 839,955	\$ 648,923	\$ 515,492	\$ 973,386
Accrued interest receivable	1,701	3,084	857	3,928
Total	<u>\$ 841,656</u>	<u>\$ 652,007</u>	<u>\$ 516,349</u>	<u>\$ 977,314</u>
Liabilities				
Vouchers payable	\$ -	\$ 494,322	\$ 494,322	\$ -
Other accrued liabilities	841,656	650,899	515,241	977,314
Total	<u>\$ 841,656</u>	<u>\$ 1,145,221</u>	<u>\$ 1,009,563</u>	<u>\$ 977,314</u>
<b>Special Trust</b>				
Assets				
Pooled cash and investments	\$ 3,350,573	\$ 7,167,051	\$ 7,121,870	\$ 3,395,754
Accrued interest receivable	12,900	12,876	2,831	22,945
Total	<u>\$ 3,363,473</u>	<u>\$ 7,179,927</u>	<u>\$ 7,124,701</u>	<u>\$ 3,418,699</u>
Liabilities				
Vouchers payable	\$ -	\$ 4,894,005	\$ 4,894,005	\$ -
Other accrued liabilities	3,363,473	7,168,878	7,113,652	3,418,699
Total	<u>\$ 3,363,473</u>	<u>\$ 12,062,883</u>	<u>\$ 12,007,657</u>	<u>\$ 3,418,699</u>

(continued)



**County of Oakland**  
**Combining Statement of Changes in Assets and Liabilities (Continued)**  
**Agency Funds**  
**Year Ended September 30, 2017**

	Balance October 1, 2016	Additions	Deductions	Balance September 30, 2017
<b>Contractor's Retainage</b>				
Assets				
Pooled cash and investments	\$ 3,938,923	\$ 1,596,366	\$ 1,910,487	\$ 3,624,802
Accrued interest receivable	24,592	10,958	3,181	32,369
Total	<u>\$ 3,963,515</u>	<u>\$ 1,607,324</u>	<u>\$ 1,913,668</u>	<u>\$ 3,657,171</u>
Liabilities				
Vouchers payable	\$ -	\$ 1,784,155	\$ 1,784,155	\$ -
Other accrued liabilities	3,963,515	1,596,035	1,902,379	3,657,171
Total	<u>\$ 3,963,515</u>	<u>\$ 3,380,190</u>	<u>\$ 3,686,534</u>	<u>\$ 3,657,171</u>
<b>Public Library Trust</b>				
Assets				
Pooled cash and investments	\$ 729,887	\$ 2,375,463	\$ 2,436,734	\$ 668,616
Accrued interest receivable	2,699	3,768	1,160	5,307
Total	<u>\$ 732,586</u>	<u>\$ 2,379,231</u>	<u>\$ 2,437,894</u>	<u>\$ 673,923</u>
Liabilities				
Vouchers payable	\$ -	\$ 2,434,942	\$ 2,434,942	\$ -
Other accrued liabilities	732,586	2,379,137	2,437,800	673,923
Total	<u>\$ 732,586</u>	<u>\$ 4,814,079</u>	<u>\$ 4,872,742</u>	<u>\$ 673,923</u>
<b>District Court Trust Accounts</b>				
Assets				
Cash and cash equivalents	\$ 681,823	\$ 2,898,693	\$ 3,191,405	\$ 389,111
Liabilities				
Other accrued liabilities	\$ 681,823	\$ 2,898,693	\$ 3,191,405	\$ 389,111
<b>Jail Inmate Trust Account</b>				
Assets				
Cash and cash equivalents	\$ 222,603	\$ 2,495,791	\$ 2,417,484	\$ 300,910
Liabilities				
Other accrued liabilities	\$ 222,603	\$ 2,495,791	\$ 2,417,484	\$ 300,910

(continued)

**County of Oakland**  
**Combining Statement of Changes in Assets and Liabilities (Continued)**  
**Agency Funds**  
**Year Ended September 30, 2017**

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	Balance October 1, 2016	Additions	Deductions	Balance September 30, 2017
<b>Total All Agency Funds</b>				
Assets				
Pooled cash and investments	\$ 276,425,940	\$ 904,051,232	\$ 882,351,363	\$ 298,125,809
Cash and cash equivalents	904,426	5,394,484	5,608,889	690,021
Accrued interest receivable	179,456	41,895	18,061	203,290
Accounts receivable	-	40,384	-	40,384
Total	<u>\$ 277,509,822</u>	<u>\$ 909,527,995</u>	<u>\$ 887,978,313</u>	<u>\$ 299,059,504</u>
Liabilities				
Vouchers payable	\$ 104,386	\$ 664,636,444	\$ 599,223,416	\$ 65,517,414
Due to other governmental units	263,619,145	879,728,537	925,389,626	217,958,056
Other accrued liabilities	13,786,291	30,065,124	28,267,381	15,584,034
Total	<u>\$ 277,509,822</u>	<u>\$ 1,574,430,105</u>	<u>\$ 1,552,880,423</u>	<u>\$ 299,059,504</u>

## **County of Oakland**

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

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#### **Drainage Districts**

This component unit consists of many individual districts 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 of the individual drainage districts.

**County of Oakland  
Combining Balance Sheet  
Governmental Funds – Component Unit – Drainage Districts  
September 30, 2017**

	<b>Drainage Districts</b>			<b>Totals September 30, 2017</b>
	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	
<b>Assets</b>				
Current assets				
Pooled cash and investments	\$30,657,741	\$ 1,290,715	\$18,377,046	\$ 50,325,502
Receivables (net of allowance for uncollectibles where applicable)				
Accounts receivable	100,573	275	12,500	113,348
Special assessments receivable	27,557	212,016,822	-	212,044,379
Due from other governmental units	5,675,369	9,624	12,933	5,697,926
Accrued interest receivable	116,477	26,400	16,961	159,838
Due from other funds	3,069	-	56,669	59,738
Total assets	<u>\$36,580,786</u>	<u>\$213,343,836</u>	<u>\$18,476,109</u>	<u>\$268,400,731</u>
<b>Liabilities</b>				
Vouchers payable	\$ 924,993	\$ 348,235	\$ 290,011	\$ 1,563,239
Due to other governmental units	13,328,356	36,800	-	13,365,156
Due to other funds	3,069	-	56,669	59,738
Due to primary government	989,169	250	70,075	1,059,494
Unearned revenue	-	29,495,000	-	29,495,000
Other accrued liabilities	1,598,854	165,873	1,107,524	2,872,251
Total liabilities	<u>16,844,441</u>	<u>30,046,158</u>	<u>1,524,279</u>	<u>48,414,878</u>
<b>Deferred Inflow of Resources</b>				
Unavailable revenue - special assessments	27,557	182,521,822	-	182,549,379
Unavailable revenue - grants	24,754	-	-	24,754
Total deferred inflows of resources	<u>52,311</u>	<u>182,521,822</u>	<u>-</u>	<u>182,574,133</u>
<b>Fund Balances</b>				
Restricted	19,684,034	775,856	-	20,459,890
Committed	-	-	16,951,830	16,951,830
Total fund balances	<u>19,684,034</u>	<u>775,856</u>	<u>16,951,830</u>	<u>37,411,720</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$36,580,786</u>	<u>\$213,343,836</u>	<u>\$18,476,109</u>	<u>\$268,400,731</u>

**County of Oakland**  
**Reconciliation of the Balance Sheet – Governmental Funds to the**  
**Statement of Net Position**  
**Component Unit – Drainage Districts**  
**September 30, 2017**

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Total fund balances of governmental funds		\$ 37,411,720
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	\$112,416,856	
Buildings, net of \$7,760,374 depreciation	49,488,282	
Equipment, net of \$120,811 depreciation	675,267	
Infrastructure, net of \$112,501,434 depreciation	<u>470,689,176</u>	
		633,269,581
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		182,574,133
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>(250,164,732)</u>
Net position of governmental activities		<u>\$ 603,090,702</u>

**County of Oakland**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds – Component Unit – Drainage Districts**  
**Year Ended September 30, 2017**

	<b>Drainage Districts</b>			<b>Totals September 30, 2017</b>
	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	
<b>Revenues</b>				
Special assessments	\$ 14,656,305	\$ 24,706,371	\$ 9,874,377	\$ 49,237,053
Federal grants	-	-	1,423,229	1,423,229
State grants	1,227,798	-	422,943	1,650,741
Charges for services	74,848,105	4,375	96,157	74,948,637
Investment income	250,245	28,306	170,626	449,177
Other	13,208	2,821	18,318	34,347
Total revenues	<u>90,995,661</u>	<u>24,741,873</u>	<u>12,005,650</u>	<u>127,743,184</u>
<b>Expenditures</b>				
Salaries	219	-	113	332
Contractual services	82,021,742	-	10,127,761	92,149,503
Commodities	741,820	-	1,936	743,756
Principal payments	-	17,804,400	-	17,804,400
Interest	-	6,901,971	-	6,901,971
Paying agent fees	-	6,400	-	6,400
Intergovernmental	3,390	289,912	209,009	502,311
Internal services	4,385,401	-	637,029	5,022,430
Total expenditures	<u>87,152,572</u>	<u>25,002,683</u>	<u>10,975,848</u>	<u>123,131,103</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,843,089</u>	<u>(260,810)</u>	<u>1,029,802</u>	<u>4,612,081</u>
<b>Other financing sources (uses)</b>				
Transfers in	845	-	-	845
Transfers out	-	-	(845)	(845)
Insurance recovery	1,000,000	-	-	1,000,000
Issuance of bonds	-	-	3,182,644	3,182,644
Federal grant interest recovery	-	178,806	-	178,806
Total other financing sources (uses)	<u>1,000,845</u>	<u>178,806</u>	<u>3,181,799</u>	<u>4,361,450</u>
Net change in fund balances	<u>4,843,934</u>	<u>(82,004)</u>	<u>4,211,601</u>	<u>8,973,531</u>
<b>Fund balances</b>				
October 1, 2016	<u>14,840,100</u>	<u>857,860</u>	<u>12,740,229</u>	<u>28,438,189</u>
September 30, 2017	<u>\$ 19,684,034</u>	<u>\$ 775,856</u>	<u>\$ 16,951,830</u>	<u>\$ 37,411,720</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, 2017**

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Net change in fund balance - total governmental funds		\$ 8,973,531
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	\$ (77,757,399)	
Equipment	422,521	
Infrastructure	83,698,921	
Depreciation expense	<u>(8,877,536)</u>	(2,513,493)
Revenue from special assessments reported in the Statement of Activities in previous years that provided current financial resources in the governmental funds		(17,804,400)
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		6,294,559
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	(3,182,644)	
Repayment of debt	<u>17,804,400</u>	<u>14,621,756</u>
Change in net position of governmental activities		<u>\$ 9,571,953</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									
	2017	2016 (2)	2015	2014	2013	2012	2011 (1)	2010	2009	2008
Governmental activities:										
Net invested in capital assets	\$ 168,617,536	\$ 147,744,764	\$ 156,456,894	\$ 145,910,667	\$ 137,512,571	\$ 148,709,168	\$ 150,330,717	\$ 151,764,265	\$ 150,871,035	\$ 156,516,704
Restricted	40,952,520	35,931,987	39,591,712	53,896,914	72,467,130	92,918,321	98,366,070	6,480,807	7,414,537	9,714,922
Unrestricted	<u>336,663,951</u>	<u>304,822,163</u>	<u>228,425,269</u>	<u>180,545,856</u>	<u>191,318,485</u>	<u>157,152,392</u>	<u>149,221,428</u>	<u>230,165,706</u>	<u>226,807,427</u>	<u>275,919,598</u>
Total governmental activities net position	<u>\$ 546,234,007</u>	<u>\$ 488,498,914</u>	<u>\$ 424,473,875</u>	<u>\$ 380,353,437</u>	<u>\$ 401,298,186</u>	<u>\$ 398,779,881</u>	<u>\$ 397,918,215</u>	<u>\$ 388,410,778</u>	<u>\$ 385,092,999</u>	<u>\$ 442,151,224</u>
Business-type activities:										
Net invested in capital assets	\$ 298,608,145	\$ 299,224,229	\$ 284,732,715	\$ 268,982,184	\$ 264,682,840	\$ 289,004,302	\$ 247,997,936	\$ 246,550,290	\$ 231,574,926	\$ 224,691,371
Restricted	96,499,021	98,337,169	89,643,864	78,286,471	73,813,076	77,418,640	77,825,011	15,802,201	13,250,044	11,217,873
Unrestricted	<u>351,717,949</u>	<u>345,130,207</u>	<u>333,831,563</u>	<u>354,280,212</u>	<u>367,673,527</u>	<u>337,479,877</u>	<u>324,574,011</u>	<u>380,611,469</u>	<u>380,765,211</u>	<u>379,297,755</u>
Total business-type activities net position	<u>\$ 746,825,115</u>	<u>\$ 742,691,605</u>	<u>\$ 708,208,142</u>	<u>\$ 701,548,867</u>	<u>\$ 706,169,443</u>	<u>\$ 703,902,819</u>	<u>\$ 650,396,958</u>	<u>\$ 642,963,960</u>	<u>\$ 625,590,181</u>	<u>\$ 615,206,999</u>
Primary government:										
Net invested in capital assets	\$ 467,225,681	\$ 446,968,993	\$ 441,189,609	\$ 414,892,851	\$ 402,195,411	\$ 437,713,470	\$ 398,328,653	\$ 398,314,555	\$ 382,445,961	\$ 381,208,075
Restricted	137,451,541	134,269,156	129,235,576	132,183,385	146,280,206	170,336,961	176,161,081	22,283,008	20,664,581	20,932,795
Unrestricted	<u>688,381,900</u>	<u>649,952,370</u>	<u>562,256,832</u>	<u>534,826,068</u>	<u>558,992,012</u>	<u>494,632,269</u>	<u>473,795,439</u>	<u>610,777,175</u>	<u>607,572,638</u>	<u>655,217,353</u>
Total primary government net position	<u>\$ 1,293,059,122</u>	<u>\$ 1,231,190,519</u>	<u>\$ 1,132,682,017</u>	<u>\$ 1,081,902,304</u>	<u>\$ 1,107,467,629</u>	<u>\$ 1,102,682,700</u>	<u>\$ 1,048,285,173</u>	<u>\$ 1,031,374,738</u>	<u>\$ 1,010,683,180</u>	<u>\$ 1,057,358,223</u>

- (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.
- (2) Implementation of GASB Statement No. 75 resulted in restatement of Net Position as of September 30, 2016.

# County of Oakland

## Changes in Net Position – Unaudited Table 2

### Last Ten Fiscal Years

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011 (1)	2010	2009	2008
<b>Expenses</b>										
Governmental activities:										
General government, administrative	\$ 7,210,199	\$ 36,922,795	\$ 69,539,633	\$ 23,850,091	\$ 24,802,464	\$ 24,883,201	\$ 36,769,153	\$ 64,661,974	\$ 65,190,329	\$ 55,917,104
Public safety	198,159,722	186,368,098	186,050,353	201,580,810	195,275,037	203,647,570	169,055,162	173,410,126	187,538,293	193,657,522
Justice administration	91,193,006	88,190,032	86,238,778	93,496,165	90,873,460	91,355,151	82,995,986	85,663,267	88,190,975	94,185,884
Citizen services	80,436,567	77,513,361	83,738,255	87,214,484	82,502,384	83,141,703	78,697,492	84,616,509	87,111,105	89,557,378
Public works	44,539,179	53,585,849	38,300,439	42,267,177	29,008,606	29,173,892	23,972,731	21,638,989	21,098,772	33,657,302
Recreation and leisure	1,368,297	1,346,384	1,322,395	1,448,875	1,551,035	1,747,878	1,393,680	1,717,720	2,537,737	2,500,868
Commerce and community development	42,558,106	42,667,769	44,364,348	48,411,360	48,895,303	53,775,460	61,663,939	67,785,938	59,391,426	49,522,895
Unallocated depreciation	3,825,781	3,527,266	3,164,143	2,083,460	1,911,473	1,912,755	1,976,521	1,990,978	1,959,201	1,900,360
Interest on debt	3,568,860	3,222,007	3,273,505	3,244,225	2,626,856	4,041,393	13,447,625	35,876,728	40,013,064	48,251,563
Total governmental activities expenses	<u>472,859,717</u>	<u>493,343,561</u>	<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>
Business-type activities:										
Airports	6,587,495	6,630,136	7,023,922	6,910,625	6,653,186	9,016,461	5,957,174	5,819,585	6,224,009	6,607,247
Community safety support	19,648,350	20,772,663	21,312,944	21,277,821	17,084,677	17,370,233	16,303,359	14,469,036	11,812,058	14,885,712
Community tax financing	970,801	988,159	1,230,707	1,278,589	1,399,607	1,615,467	1,746,776	1,446,745	2,233,942	2,682,543
Community water and sewer	85,734,595	82,330,145	81,572,797	77,684,287	77,371,824	53,137,399	48,504,467	41,891,865	43,447,751	43,094,681
Jail commissary	-	-	-	-	-	-	-	-	648,125	1,439,198
Recreation and leisure	25,050,628	23,460,676	23,741,356	22,860,691	21,181,725	20,108,609	20,061,315	21,635,614	20,446,250	20,841,960
Sewage disposal systems	138,073,377	132,107,791	129,927,356	128,252,681	126,797,005	121,129,202	111,655,907	93,373,475	102,123,883	95,836,418
Total business-type activities expenses	<u>276,065,246</u>	<u>266,289,570</u>	<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>
Total primary government expenses	<u>\$ 748,924,963</u>	<u>\$ 759,633,131</u>	<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>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government, administrative	\$ 28,420,204	\$ 23,078,190	\$ 24,225,570	\$ 25,879,090	\$ 28,230,087	\$ 24,431,514	\$ 27,107,546	\$ 26,766,446	\$ 17,820,281	\$ (52,389,036)
Public safety	65,792,333	64,274,890	64,625,234	63,007,666	60,741,916	60,028,240	50,912,265	64,847,767	49,231,699	49,174,229
Justice administration	31,447,605	32,064,235	31,830,801	31,711,482	31,730,104	31,950,808	31,017,405	38,414,451	30,403,131	31,465,349
Citizen services	9,315,993	9,488,715	8,414,435	7,310,429	6,448,453	5,829,293	6,682,817	12,948,266	8,906,620	6,345,201
Public works	30,265,391	34,566,771	12,855,569	19,090,066	22,030,824	16,293,669	3,988,963	13,972,441	4,075,870	8,973,627
Recreation and leisure	16,046	15,468	14,686	39,934	38,154	79,342	91,273	178,753	703,665	118,119
Commerce and community development	21,023,719	18,361,879	17,646,879	17,158,997	18,967,967	14,240,342	12,231,135	15,254,871	13,744,979	15,163,579
Operating grants and contributions:										
General government, administrative	614,012	600,500	4,448,510	786,094	812,900	1,972,545	1,019,348	1,785,795	911,378	854,210
Public safety	18,934,764	18,302,689	17,630,677	17,770,136	23,147,123	28,147,900	21,723,458	22,185,332	23,627,427	26,927,251
Justice administration	854,996	680,004	741,357	508,391	456,013	662,382	675,133	629,776	344,724	674,877
Citizen services	15,028,275	15,731,575	14,728,273	23,545,171	21,776,402	20,364,604	21,940,379	22,734,748	20,900,530	19,547,323
Public works	400,203	1,069,022	362,098	261,174	930,304	2,635,398	836,666	1,483,907	68,125	313,462
Recreation and leisure	7,004	8,000	-	14,965	72,414	254,812	7,700	11,500	3,700	1,300
Commerce and community development	19,855,509	20,163,033	22,065,499	23,443,405	24,638,978	30,484,781	41,374,879	46,056,662	36,598,640	25,301,094
Capital grants and contributions:										
General government, administrative	161,669	-	-	-	-	-	-	-	-	-
Public safety	-	282,049	163,231	193,234	965,065	618,415	1,869,849	259,795	3,061,210	2,179,783
Justice administration	-	39,190	-	-	-	-	-	-	-	-
Public works	2,158,419	1,207,474	5,761,319	3,557,413	-	1,961,591	1,992,056	493,320	1,905,878	3,294,672
Total governmental activities program revenues	<u>244,296,142</u>	<u>239,933,684</u>	<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>

(Continued)

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011 (1)	2010	2009	2008
<b>Program Revenues (Continued)</b>										
Business-type activities:										
Charges for services:										
Airports	\$ 4,671,073	\$ 4,624,215	\$ 4,421,496	\$ 4,294,902	\$ 4,381,999	\$ 4,502,884	\$ 4,510,925	\$ 3,747,657	\$ 4,088,960	\$ 4,896,123
Community safety support	13,775,015	14,293,818	12,833,963	13,085,553	11,417,222	13,242,926	12,266,838	11,486,639	11,562,650	9,305,150
Community tax financing	13,613,000	15,872,925	16,657,070	18,306,142	21,845,093	21,965,251	27,731,753	26,195,224	56,665,158	20,471,957
Community water and sewer	95,595,194	92,591,784	80,058,849	80,597,277	80,223,019	59,090,782	50,721,103	48,741,135	45,494,838	45,216,075
Jail commissary	-	-	-	-	-	-	-	-	648,781	1,403,706
Recreation and leisure	10,022,384	9,981,419	9,978,385	8,525,094	8,430,978	8,751,064	8,029,370	7,931,012	7,712,091	8,728,377
Sewage disposal systems	138,190,001	133,611,778	137,441,935	126,670,775	121,781,246	118,951,504	110,808,669	107,752,414	65,648,219	88,241,160
Operating grants and contributions:										
Airports	96,254	-	287,991	-	-	-	-	59,892	-	-
Community water and sewer	339,060	1,398,631	807,591	48,319	-	13,301,375	-	-	-	-
Recreation and leisure	80,928	77,079	69,032	92,689	96,241	25,385	31,579	42,723	52,752	282,469
Sewage disposal systems	1,197,809	727,072	518,864	-	21,783	-	300,000	22,389	16,208	-
Capital grants and contributions:										
Airports	995,851	915,522	485,207	1,252,591	778,548	17,054,233	3,510,611	1,988,314	1,217,057	95,525
Community safety support	-	77,563	761,013	2,255,765	2,189,506	786,768	6,710,663	1,076,608	4,089,196	3,599,133
Community water and sewer	227,084	1,057,973	1,294,332	1,206,737	-	-	-	-	-	-
Recreation and leisure	82,700	-	308,000	-	288,141	38,796	1,506,000	-	-	240,734
Sewage disposal systems	14,654,105	27,520,966	8,219,302	93,399	1,476,762	103,635	136,314	78,531	-	233,497
Total business-type activities program revenues	<u>293,540,458</u>	<u>302,750,745</u>	<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>
Total primary government program revenues	<u>\$ 537,836,600</u>	<u>\$ 542,684,429</u>	<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>
<b>Net (Expenses)/Revenues</b>										
Governmental activities	\$ (228,563,575)	\$ (253,409,877)	\$ (290,477,711)	\$ (269,319,000)	\$ (236,459,914)	\$ (253,723,367)	\$ (246,501,417)	\$ (269,338,399)	\$ (340,723,045)	\$ (431,205,836)
Business-type activities	<u>17,475,212</u>	<u>36,461,175</u>	<u>9,333,948</u>	<u>(1,835,451)</u>	<u>2,442,514</u>	<u>35,437,232</u>	<u>22,034,827</u>	<u>30,486,218</u>	<u>10,259,892</u>	<u>(2,673,853)</u>
Total primary government net expenses	<u>\$ (211,088,363)</u>	<u>\$ (216,948,702)</u>	<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>
<b>General Revenue and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 221,228,539	\$ 210,219,877	\$ 204,218,641	\$ 206,256,326	\$ 199,808,014	\$ 200,634,390	\$ 208,006,331	\$ 217,789,968	\$ 243,995,434	\$ 260,528,403
State-shared revenue (unrestricted)	44,185,407	42,849,430	39,238,141	14,066,100	12,789,988	11,128,237	8,976,908	9,104,897	9,902,653	10,687,879
Unrestricted investment earnings	3,417,064	3,894,824	3,589,453	4,917,507	2,553,617	2,955,907	4,865,609	7,243,074	832,681	18,827,633
Gain on sale of capital assets	407,829	435,178	135,786	205,284	270,885	213,451	331,629	-	91,828	123,665
Other revenues	1,808,840	3,765,977	5,623,075	3,397,021	3,752,043	6,513,306	3,514,883	4,045,007	5,859,798	1,714,661
Transfers in (out)	15,250,989	17,841,687	17,940,753	19,532,013	19,803,672	33,139,742	34,901,063	34,473,232	22,982,426	14,740,624
Total governmental activities	<u>286,298,668</u>	<u>279,006,973</u>	<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>

(Continued)

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011 (1)	2010	2009	2008
<b>General Revenues and Other Changes in Net Position (Continued)</b>										
Business-type activities:										
Property taxes	\$ 12,393,806	\$ 12,246,824	\$ 11,832,814	\$ 11,567,251	\$ 11,398,103	\$ 11,664,549	\$ 12,696,436	\$ 14,506,403	\$ 15,128,620	\$ 15,124,023
State-shared revenue (unrestricted)	271,123	-	-	-	-	-	-	-	-	-
Unrestricted investment earnings	4,440,196	3,617,151	2,914,365	5,179,637	1,758,041	2,050,923	3,015,229	6,854,390	7,977,096	15,840,203
Special items	(15,195,838)	-	-	-	6,471,638	37,492,899	-	-	-	-
Transfers in (out)	<u>(15,250,989)</u>	<u>(17,841,687)</u>	<u>(17,940,753)</u>	<u>(19,532,013)</u>	<u>(19,803,672)</u>	<u>(33,139,742)</u>	<u>(34,901,063)</u>	<u>(34,473,232)</u>	<u>(22,982,426)</u>	<u>(14,740,624)</u>
Total business-type activities	<u>(13,341,702)</u>	<u>(1,977,712)</u>	<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>
Total primary government	<u>\$ 272,956,966</u>	<u>\$ 277,029,261</u>	<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>
<b>Change in Net Position</b>										
Governmental activities	\$ 57,735,093	\$ 25,597,096	\$ (19,731,862)	\$(20,944,749)	\$ 2,518,305	\$ 861,666	\$ 14,095,006	\$ 3,317,779	\$(57,058,225)	\$(124,582,971)
Business-type activities	<u>4,133,510</u>	<u>34,483,463</u>	<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>
Total primary government	<u>\$ 61,868,603</u>	<u>\$ 60,080,559</u>	<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>

(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									
	2017	2016	2015	2014	2013	2012	2011 (1)	2010	2009	2008
General Fund (I):										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 379,793	\$ 384,218	\$ 401,491
Unreserved:										
Designated:										
Unassigned	-	-	-	-	-	-	-	148,109,832	105,531,347	81,211,880
Nonspendable	353,124	534,766	490,499	221,975	258,647	1,100,141	292,698	516,356	351,088	2,713,991
Restricted	10,401,084	5,884,980	15,190,786	28,453,511	20,201,133	11,555,148	5,287,071			
Assigned	251,021,647	245,859,255	242,777,177	222,979,095	221,222,041	209,683,648	194,082,115			
Unassigned	3,004,232	2,962,467	1,745,931	2,329,993	1,091,218	1,090,503	1,500,000			
<b>Total General Fund</b>	<b>\$ 264,780,087</b>	<b>\$ 255,241,468</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>
All Other Governmental Funds (I):										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 347,622,280	\$ 365,269,937	\$ 437,653,323
Unreserved:										
Designated:										
Special Revenue Funds	-	-	-	-	-	-	-	147,349,425	179,637,943	195,940,244
Capital Projects Funds	-	-	-	-	-	-	-	6,175,010	7,063,814	9,238,783
Undesignated:										
Special Revenue Funds	-	-	-	-	-	-	-	(91,342)	(96,051)	(286,530)
Capital Projects Funds	-	-	-	-	-	-	-	11,756,867	12,518,053	9,460,642
Nonspendable	1,150,421	1,102,916	1,176,207	991,206	441,135	547,459	445,125			
Restricted	26,218,607	25,721,135	19,294,296	25,443,403	51,418,485	81,363,173	97,920,945			
Committed	33,562,352	51,423,615	27,813,859	39,973,683	46,332,071	18,432,389	16,530,640			
Assigned	-	-	-	-	-	7,732	17,254			
Unassigned	(3,294,277)	(3,010,629)	(4,080,095)	(2,708,371)	(606,542)	(462,247)	(366,963)			
<b>Total all other governmental funds</b>	<b>\$ 57,637,103</b>	<b>\$ 75,237,037</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>

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

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011 (2)	2010	2009	2008
<b>Revenues</b>										
Property taxes	\$ 216,562,738	\$ 214,229,960	\$ 206,368,131	\$ 207,034,582	\$ 200,842,221	\$ 200,943,790	\$ 209,290,437	\$ 221,271,719	\$ 244,919,383	\$ 257,609,031
Special assessments	10,020,057	5,384,564	19,429,154	5,712,490	24,639,181	8,873,964	7,915,855	10,420,745	11,402,826	15,300,494
Federal grants	28,522,404	29,637,348	32,135,507	37,110,198	43,875,848	58,364,646	61,433,127	64,410,483	58,228,883	52,411,295
State grants	26,808,928	26,846,548	27,853,475	28,778,014	28,716,151	27,523,160	28,874,320	30,803,568	28,607,917	24,217,563
Other intergovernmental revenue	58,545,962	56,868,569	53,124,504	26,659,052	26,724,815	25,341,493	22,790,048	12,857,979	14,605,183	16,484,867
Charges for services	131,191,772	123,644,292	120,992,621	117,882,404	121,147,370	112,904,076	99,927,910	108,984,759	105,195,473	106,125,199
Contributions	149,441	221,578	276,151	373,184	207,200	718,965	443,866	400,252	257,986	154,072
Investment income	2,230,403	2,772,483	2,580,784	3,604,765	1,862,818	2,223,477	3,824,350	42,828,295	(1,661,180)	(55,451,203)
Indirect cost recovery	8,216,061	7,846,289	7,946,958	8,415,107	7,610,932	8,275,669	8,770,800	9,141,312	9,315,137	8,661,578
Other	1,395,893	930,308	1,019,667	2,498,909	3,637,920	6,364,199	1,067,822	4,045,007	5,859,798	1,714,661
<b>Total revenues</b>	<b>483,643,659</b>	<b>468,381,939</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>Expenditures</b>										
County Executive	154,409,494	150,905,047	152,940,829	177,990,015	177,867,738	174,957,912	181,369,381	188,031,969	183,553,752	184,687,193
Clerk/Register of Deeds	10,884,241	10,844,437	10,688,410	11,478,209	11,504,787	12,078,679	10,643,080	11,423,907	12,114,081	12,501,908
Treasurer	8,103,102	8,286,497	8,897,706	8,715,059	8,371,074	8,322,889	8,003,249	8,480,363	7,879,361	7,773,390
Justice administration	77,509,465	75,811,521	75,627,179	76,112,761	74,360,297	78,443,609	78,704,797	81,915,294	84,794,618	87,876,040
Law enforcement	172,460,663	164,741,810	159,354,251	159,070,684	154,364,056	160,228,557	146,921,316	148,473,341	152,303,740	156,911,223
Legislative	4,172,103	3,960,835	3,864,960	3,955,467	4,073,210	4,478,413	4,223,183	4,549,812	5,222,130	5,315,075
Water resource commissioner	24,420,433	35,142,209	14,748,645	15,737,892	12,362,273	10,755,550	9,088,423	11,131,024	9,346,814	13,285,960
Non-departmental	21,568,122	21,079,507	29,905,627	18,528,670	18,778,041	17,164,651	16,674,594	74,017,143	80,683,771	80,617,850
Capital outlay	28,082,057	13,469,248	16,394,718	1,668,488	3,154,872	8,124,757	13,125,733	9,440,401	9,721,942	11,014,119
Intergovernmental	12,500	4,508	13,592	24,718	107,184	14,363	3,035	1,598,530	134,838	465,075
Debt service:										
Principal payments	10,685,000	8,610,000	19,730,000	11,215,000	24,095,000	22,275,000	8,535,000	11,655,000	11,955,000	13,720,000
Interest and fiscal charges	3,626,631	3,070,416	3,301,677	3,406,901	4,096,185	4,176,896	4,917,688	5,194,504	5,524,573	6,071,386
<b>Total expenditures</b>	<b>515,933,811</b>	<b>495,926,035</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>
Excess of revenues over (under) expenditures	(32,290,152)	(27,544,096)	(23,740,642)	(49,835,159)	(33,870,261)	(49,487,837)	(37,870,944)	(50,747,169)	(86,503,214)	(153,011,662)

(Continued)

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011 (2)	2010	2009	2008
<b>Other Financing Sources (Uses)</b>										
Transfers in	\$ 60,850,931	\$ 75,470,868	\$ 67,778,233	\$ 88,060,822	\$ 79,499,398	\$ 93,460,173	\$ 91,581,408	\$ 128,102,839	\$ 119,914,896	\$ 125,322,659
Transfers out	(52,137,819)	(62,329,852)	(59,866,546)	(75,126,053)	(64,468,826)	(59,410,852)	(58,902,434)	(93,179,568)	(99,307,651)	(112,182,037)
Insurance recoveries	765,010	-	222,022	183,718	-	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	(348,800,000)	-	(29,840,000)	(12,488,453)	(2,699,858)	-
Issuance of bonds	14,732,205	40,475,488	2,331,098	10,126,377	33,825,000	9,300,000	1,200,000	6,942,148	174,208	1,739,371
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	18,510	20,870	-	206,732	1,702,443	203,846	1,488,907	1,592,775	38,144	-
Discount on bonds sold	-	(23,433)	-	(12,642)	-	(76,269)	(17,993)	(54,700)	-	-
<b>Total other financing sources (uses)</b>	<u>24,228,837</u>	<u>53,613,941</u>	<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>
<b>Net change in fund balances</b>	<u>\$ (8,061,315)</u>	<u>\$ 26,069,845</u>	<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>
Debt service as a percentage of noncapital expenditures (1)	2.89%	2.40%	4.72%	3.05%	5.73%	5.30%	2.82%	3.06%	3.11%	3.45%

(1) Noncapital expenditures are total governmental expenditures less capital expenditures (Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances).

(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 Fiscal Years**

Fiscal Year	Real Property (1)							
	Residential Property		Commercial Property		Industrial Property		Other Property (2)	
	Assessed and Equalized Value	Taxable Value	Assessed and Equalized Value	Taxable Value	Assessed and Equalized Value	Taxable Value	Assessed and Equalized Value	Taxable Value
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
2016	49,933,653,218	38,997,799,934	9,867,734,909	8,731,176,989	1,806,943,546	1,606,675,259	67,420,325	42,597,045
2017	53,043,295,649	40,609,322,089	10,486,445,800	8,957,063,497	1,954,501,320	1,661,231,821	70,329,430	44,178,330

Fiscal Year	Personal Property		Total Property		Total Direct Tax Rate (3)
	Assessed and Equalized Value	Taxable Value	Assessed and Equalized Value	Taxable Value	
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	4.3315
2016	3,409,099,116	3,407,953,246	65,084,851,114	52,786,202,473	4.2810
2017	3,453,780,010	3,451,947,290	69,008,352,209	54,723,743,027	4.2792

**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.

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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>County direct rates</b>										
County operating	4.0400	4.0400	4.0900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900
Parks and Recreation	0.2392	0.2410	0.2415	0.2415	0.2415	0.2415	0.2415	0.2415	0.2415	0.2415
Total rate	4.2792	4.2810	4.3315	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	3.3079	3.3398	3.3633	3.3690	3.3690	3.3690	3.3690	3.3690	3.3690	3.3690
Low range	2.8915	2.9115	2.9295	2.9295	2.9295	2.9295	2.9295	2.9295	2.9295	2.9295
High range	5.4643	5.4643	5.5341	5.5341	5.5341	5.5341	5.5341	5.5341	5.5341	5.5341
Community colleges (3)										
Median rate	1.7766	1.7880	1.7967	1.7967	1.7967	1.7967	1.7967	1.7967	1.7967	1.7967
Low range	1.5555	1.5707	1.5819	1.5844	1.5844	1.5844	1.5844	1.5844	1.5844	1.5844
High range	2.8096	2.8096	2.8596	2.8596	2.8596	2.8596	2.8596	2.6796	2.6796	2.6796
Cities (31)										
Median rate	17.2076	16.8995	17.5854	17.5856	16.7929	16.0541	16.1905	15.5898	14.8121	14.8179
Low range	7.8270	7.8332	7.8600	7.8600	7.3600	8.8200	9.7060	9.0500	8.3000	8.3000
High range	39.2861	39.1859	39.2669	38.1191	37.4634	30.4298	29.1461	25.3589	25.2763	25.2604
Villages (10)										
Median rate	15.3816	15.4412	15.6106	15.9168	15.2286	14.4597	14.6508	14.1182	14.1182	14.1036
Low range	9.9863	7.8250	8.8020	9.5000	8.8900	8.8900	8.5900	7.9900	7.3525	7.2249
High range	18.4043	18.4744	18.4701	18.5025	17.9756	20.0210	18.3610	18.1386	17.8196	18.1020
Townships (21)										
Median rate	8.0907	8.1787	7.6106	7.9168	7.2786	7.2685	6.7444	6.7444	6.5876	6.5876
Low range	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.5000	0.5000
High range	14.6799	14.6987	14.6712	15.1064	13.8002	13.8002	13.8002	13.1777	11.7112	11.7112
School districts (35) (b)										
Homestead:										
Median rate	15.0000	15.3000	15.4086	14.3880	13.9513	13.9513	13.7550	13.6410	13.4161	13.5105
Low range	8.8700	8.8700	6.0000	9.8700	9.8700	9.0500	8.2500	8.1800	7.8500	7.7400
High range	26.1868	26.2618	26.2068	26.8868	26.8868	26.4868	26.4868	25.8868	25.8868	23.5993
Non-Homestead:										
Median rate	30.2450	31.0000	31.0000	31.0000	31.0000	30.7000	30.5400	30.4000	29.5200	29.6931
Low range	25.6665	25.6739	24.0000	25.6974	26.4420	26.4420	26.1800	14.4500	25.8000	24.9243
High range	40.5603	40.8512	41.0000	37.4500	35.3610	34.8500	34.8500	34.5000	33.3410	33.2310
DDAs (9) (c)										
Median rate	1.7142	1.8046	1.8787	1.8978	1.8978	1.8978	1.8008	1.7470	1.7470	1.7470
Low range	1.3326	1.3549	1.3794	1.3794	1.3794	1.3794	1.3794	1.3000	1.3000	1.3000
High range	1.9514	1.9516	1.9732	1.9734	1.9734	1.9734	1.9734	1.9734	1.9734	1.9734
Public Transportation Authority (d)	0.9941	0.9998	1.0000	1.0000	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900
Zoological Authority	0.0990	0.0998	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
Art Institute Authority (e)	0.1981	0.1996	0.2000	0.2000	0.2000	0.2000	-	-	-	-

**Notes**

- The County's maximum allowable operating millage levy for 2016 was 4.1457.
- (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.
- (e) 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 2017			Fiscal Year 2008		
	Taxable Valuation*	Rank	Percentage County Taxable Valuation	Taxable Valuation*	Rank	Percentage County Taxable Valuation
Detroit Edison Company/DTE	\$ 551,389,249	1	1.01%	\$ 473,058,860	3	0.73%
Consumers Energy	287,012,198	2	0.52%	182,819,030	4	0.28%
FCA Auburn Hills Owner LLC (formerly Chrysler)	167,950,630	3	0.31%	561,632,390	2	0.87%
Enbridge Energy	116,830,080	4	0.21%	-	-	-
SL Town Etal	78,961,590	5	0.14%	-	-	-
Oakland Management	75,449,600	6	0.14%	-	-	-
Frankel/Forbes/Cohn	74,439,120	7	0.14%	-	-	-
Taubman/Great Lakes Crossing	68,408,310	8	0.13%	129,049,130	5	0.20%
Comcast	56,856,520	9	0.10%	56,602,950	17	0.09%
Redwood-ERC Novi LLC	56,025,150	10	0.10%	-	-	-
General Motors	52,539,020	11	0.10%	900,634,242	1	1.39%
International Transmission (ITC)	49,976,650	12	0.09%	70,580,010	12	0.11%
SighCidermill Village	41,797,597	13	0.08%	-	-	-
Twelve Oaks Mall LLC	39,131,100	14	0.07%	-	-	-
Ramco Lion Venture	37,773,280	15	0.07%	81,805,620	10	0.13%
Occidental Development Ltd	33,762,500	16	0.06%	-	-	-
VHS Huron Valley-Sinai Hospital	30,722,890	17	0.06%	-	-	-
Troy Apts IV	28,910,220	18	0.05%	-	-	-
Hartman Tyner	27,498,670	19	0.05%	-	-	-
Urbancaal Oakland Mall	23,506,650	20	0.04%	-	-	-
<b>Total</b>	<b>\$ 1,898,941,024</b>		<b>3.47%</b>	<b>\$ 2,456,182,232</b>		<b>3.80%</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**

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Fiscal Year	Collected within the Fiscal Year of the Levy		Percentage of Levy	Collections in Subsequent Years	Total Collections to Date	
	Tax Levy (1)	Amount			Amount	Percentage of Levy
2008	\$ 262,899,380	\$ 228,260,470	86.82 %	\$ 34,636,914	\$ 262,897,384	100.00 %
2009	253,987,318	219,099,614	86.26 %	34,877,959	253,977,573	100.00 %
2010	223,423,779	198,172,603	88.70 %	25,241,534	223,414,137	100.00 %
2011	206,524,166	187,107,837	90.60 %	19,398,668	206,506,505	99.99 %
2012	200,442,426	179,242,176	89.42 %	21,081,687	200,323,863	99.94 %
2013	201,089,193	179,700,449	89.36 %	21,217,028	200,917,477	99.91 %
2014	204,966,211	181,910,042	88.75 %	22,755,049	204,665,091	99.85 %
2015	207,429,739	186,742,691	90.03 %	19,724,221	206,466,912	99.54 %
2016	208,735,308	186,750,930	89.47 %	19,668,336	206,419,266	98.89 %
2017	216,290,097	196,045,294	90.64 %	-	196,045,294	90.64 %

Source: Oakland County Treasurer

- (1) 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	Governmental Activities Debt (1)				Business-Type Activities Bonds	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)				
2008	\$ 601,400,000	0.93 %	\$ 501.36	\$ 64,424,371	\$ -	\$ 665,824,371	10.50 %	\$ 555.06
2009	579,780,000	0.93 %	482.79	57,663,579	-	637,443,579	10.93 %	530.81
2010	562,030,000	1.02 %	467.22	52,350,727	-	614,380,727	10.25 %	510.74
2011	538,995,000	1.06 %	445.01	48,375,727	4,060,000	591,430,727	9.02 %	488.30
2012	515,605,000	1.05 %	422.15	52,865,727	19,589,279	588,060,006	8.39 %	481.47
2013	428,985,000	0.87 %	348.00	46,625,727	34,705,962	510,316,689	7.19 %	413.98
2014	402,340,000	0.80 %	324.49	53,557,104	33,818,351	489,715,455	6.50 %	394.96
2015	375,630,000	0.72 %	302.37	41,458,202	21,260,612	438,348,814	5.56 %	352.85
2016	363,425,000	0.69 %	292.15	63,328,690	26,807,354	453,561,044	5.54 %	364.61
2017	334,205,000	0.61 %	268.66	73,575,895	28,257,164	436,038,059	5.33 %	350.52

**Notes:**

- (1) The County does not hold any funds restricted for the repayment of debt principal.
- (a) Taxable values can be found in Table 5.
- (b) Population and personal income data can be found in Table 12.
- (c) See Notes to Basic Financial Statements, Note 8 - Debt. Special Assessment debt is shown with governmental commitment.

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

**County of Oakland**  
**Net County Direct and Overlapping Debt – Unaudited Table 10**  
**September 30, 2017**

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	<b>Net Amount Outstanding</b>
<b>Direct debt</b>	
Building Authority bonds	\$ 50,835,000
Retirees Health Care bonds	283,370,000
Total direct debt	<u>334,205,000</u>
<b>Overlapping debt</b>	
Cities	726,912,105
Townships	433,215,971
Villages	24,002,805
School districts	2,277,264,148
Intermediate school districts	44,739,363
Community colleges	2,770,575
Water & sewer special assessment debt	<u>73,575,895</u>
Net overlapping debt	<u>3,582,480,862</u>
<b>Net direct and overlapping debt</b>	<u>\$ 3,916,685,862</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>
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%
2016	65,084,851,114	6,508,485,111	743,347,532	5,765,137,579	11.42%
2017	69,008,352,209	6,900,835,221	711,202,791	6,189,632,430	10.31%

Sources:

Equalized Valuations = Oakland County Department of Management & Budget, Equalization Division  
Debt = See Notes to Financial Statements, Notes No. 4 & 8

**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>
2008	1,199,545	\$ 63,436,227	\$ 52,884	6.60 %
2009	1,200,890	58,335,550	48,577	13.00 %
2010	1,202,930	59,931,707	49,821	11.80 %
2011	1,211,211	65,538,124	54,110	9.50 %
2012	1,221,391	70,059,248	57,360	8.20 %
2013	1,232,713	71,010,281	57,605	7.80 %
2014	1,239,897	75,349,173	60,771	6.50 %
2015	1,242,304	78,829,158	63,454	4.80 %
2016	1,243,970	81,802,445	65,759	4.20 %
2017	1,243,970 (a)	81,802,445 (a)	65,759 (a)	3.50 %

(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 Technology, Management & Budget



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

Employer	Fiscal Year 2017			Fiscal Year 2008		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Beaumont Health System	18,301	1	2.88%	14,610	2	2.55%
FCA US LLC (formerly Chrysler)	13,099	2	2.06%	9,053	3	1.58%
General Motors Corporation	9,687	3	1.53%	15,097	1	2.63%
Ascension Michigan (formerly St John Providence Hospital)	5,474	4	0.86%	3,841	9	0.67%
U.S. Postal Service	4,195	5	0.66%	4,176	7	0.73%
Henry Ford Health System	4,085	6	0.64%	n/a	n/a	n/a
Oakland County Government	3,451	7	0.54%	4,447	5	0.78%
Trinity Health (formerly St. Joseph Mercy)	2,466	8	0.39%	4,721	4	0.82%
Magna International of America Inc.	2,441	9	0.38%	n/a	n/a	n/a
Comerica Bank	2,003	10	0.32%	n/a	n/a	n/a
Electronic Data Systems (EDS)	n/a	n/a	n/a	4,334	6	0.76%
Blue Cross Blue Shield of Michigan	n/a	n/a	n/a	3,996	8	0.70%
Botsford Health Care	n/a	n/a	n/a	2,351	10	0.41%
	<u>65,202</u>		<u>10.27%</u>	<u>66,626</u>		<u>11.63%</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)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General government										
County Executive Administration	62	60	60	60	47	47	47	50	52	66
Management & Budget	188	188	188	189	204	203	205	205	203	203
Central Services	61	61	60	59	59	58	66	68	68	66
Human Resources	49	48	48	46	46	47	49	50	50	50
Board of Commissioners	30	30	30	30	34	34	34	34	34	34
Clerk/Register of Deeds	112	112	112	112	112	116	118	118	121	128
County Treasurer	46	46	47	47	46	46	44	44	48	48
Public Safety										
Sheriff	1,200	1,169	1,117	1,107	1,088	1,119	1,024	1,054	1,117	1,129
Community Corrections	60	59	59	59	60	58	59	60	60	65
Animal Control	37	38	37	36	36	33	26	26	26	24
Justice Administration										
Circuit Court	417	415	412	410	410	409	431	442	471	469
District Court	189	190	188	186	188	185	184	186	197	200
Probate Court	53	52	51	49	49	49	54	57	59	61
Prosecuting Attorney	169	169	170	171	170	172	175	177	185	189
Medical Examiner	26	26	26	26	26	26	26	26	26	28
Citizens Services										
Administration	2	2	2	2	2	2	2	5	5	5
Health	357	365	366	369	370	373	378	378	387	404
Homeland Security	11	11	11	12	12	16	13	13	13	n/a
Children's Village	206	203	201	192	192	189	185	185	178	161
Veterans' Services	16	16	16	16	16	16	16	16	16	18
MSU Extension-Oakland County	13	13	13	15	15	15	15	15	15	14
Public Works										
Water Resources Commissioner	376	370	314	266	263	263	264	264	266	270
Facilities Management	197	194	190	189	187	188	189	193	196	204
Information Technology	173	166	160	159	161	161	164	164	167	167
Recreation and Leisure										
Library Board	6	6	7	7	7	10	10	12	17	17
Parks and Recreation	440	441	425	421	378	379	376	376	376	341
Commerce and Community Development										
Administration	14	14	12	12	12	12	12	12	12	12
Planning and Economic Development Services	48	48	49	48	46	46	47	48	49	44
Community and Home Improvement	22	22	22	22	23	23	23	22	22	21
Workforce Development	9	9	9	9	9	9	9	9	9	9
Totals	<u>4,589</u>	<u>4,543</u>	<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>

(1) Employee count reflects authorized, budgeted positions

**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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Law Enforcement										
Dispatched Calls	375,492	333,680	292,131	286,235	272,066	197,767	168,685	145,090	125,987	133,402
Arrests	13,200	13,727	11,355	11,943	11,525	12,126	10,999	8,906	8,513	8,466
Inmate bookings	18,124	18,236	18,789	19,317	19,913	19,796	19,889	19,608	21,866	24,053
Judicial										
Circuit Court civil/criminal cases disposed	10,889	11,132	10,981	11,742	12,442	13,147	14,212	15,752	15,927	15,849
District Court cases filed	118,358	119,077	122,934	119,347	118,307	119,643	123,860	134,077	145,465	144,933
Citizen Services										
Veteran benefits claims filed	5,114	5,544	5,697	5,461	6,202	6,805	6,848	7,220	6,870	7,546
Deeds/Mortgages	101,409	107,252	101,807	90,969	119,116	109,403	86,034	84,048	85,478	84,866
Jobs retained and created	33,804	19,053	10,057	11,332	8,866	9,269	8,365	14,522	4,187	10,311
Immunizations	45,951	51,086	59,156	54,600	61,141	62,309	80,741	143,839	102,893	94,038
Community Development										
BFC/EDC Loans	20	13	26	34	40	28	26	21	16	28
Applications for home improvement	560	519	393	533	500	387	384	276	601	609
Single family homes rehabilitated	207	183	206	198	183	163	165	186	276	218
Parks and Recreation										
Participants-Parks/County Market	1,285,490	999,654	913,524	1,147,845	1,358,617	1,221,658	942,019	843,600	775,683	815,097
Participants-Golf Courses	147,388	160,895	164,067	104,492	95,531	130,281	116,804	126,727	148,747	172,783
Participants-Recreation, Facilities	500,395	456,053	492,530	485,981	437,407	411,068	390,106	370,355	291,917	365,310
Participants-Banquet Facilities	71,488	75,449	89,888	87,436	90,915	125,008	109,420	125,592	147,365	154,594
Airports										
Takeoffs and landings	131,294	125,132	126,070	111,672	117,981	128,766	119,347	119,581	144,678	162,283
Public Works										
Water and sewer customers	120,989	119,630	78,432	79,312	78,096	77,280	76,784	76,435	76,413	76,050
Water main breaks	114	133	156	123	128	79	85	90	104	94
Water permits issued	849	734	884	921	902	626	337	220	164	232

**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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Justice and Law Enforcement										
Correction facilities capacities	1,508	1,653	1,653	1,653	1,653	1,653	1,666	1,594	1,750	1,768
Substations	13	13	13	13	13	14	14	12	12	12
Parks and Recreation										
Number of county parks	13	13	13	13	13	14	13	13	13	13
Park acreage	6,743	6,743	6,756	6,756	6,756	6,643	6,643	6,456	6,398	6,378
Airport										
Number of runways	5	5	5	5	5	5	5	5	5	5
Number of T-Hangars	646	646	646	646	650	738	738	738	738	738
Facilities										
Buildings	40	40	40	40	40	40	40	40	40	40
County facilities square footage	1,885,019	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
Public Works										
Combined Sewer Overflow Retention										
Treatment Facilities	4	4	4	4	4	4	4	4	4	3
Water mains (miles)	362.93	441.61	439.71	515.79	160.63	136.41	133.03	132.99	123.60	161.51
Water storage capacity (millions of gallons)	17.50	15.07	15.07	15.07	3.07	3.07	3.07	3.07	3.07	2.07
Sewers (miles)	144.35	144.93	138.34	138.41	138.42	138.29	137.32	137.22	137.22	135.08
Permitted Sewer treatment capacity (millions of gallons)	15,566.91	15,566.91	15,579.69	15,579.69	15,567.62	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, 2017**

	City of Oak Park Project	Facilities Infrastructure & IT Projects	CMHA Building Renovation	Animal Control & Pet Adoption Center Debt	City of Keego Harbor Debt	CMHA Housing Project Refunding
Cash	\$ 113,316	\$ 5	\$ 788	\$ 5,896,823	\$ 332	\$ 49
Lease receivable	2,145,000	-	9,040,000	-	950,000	2,130,000
Other assets	-	-	734,827	13,877	-	252
Deferred inflows - contracts	2,145,000	-	9,040,000	-	950,000	2,130,000
Other liabilities	370	-	840	-	60	-
Current year activity:						
Transfers in	-	2,244,500	-	-	-	-
Leases and other income	151,887	-	871,295	74,466	64,512	320,419
Debt service:						
Principal	75,000	1,850,000	600,000	600,000	25,000	245,000
Interest	77,560	393,750	280,200	432,806	39,188	74,775
Fiscal charges	300	250	250	500	-	500
Contractual services	-	500	500	-	-	-
Principal and interest requirements:						
2018	150,685	2,237,500	862,200	1,035,656	63,438	337,050
2019	153,747	2,229,750	868,825	1,033,256	67,687	324,025
2020	151,748	2,220,500	850,075	1,035,606	66,788	340,700
2021	149,747	2,209,750	855,950	1,037,656	65,887	322,150
2022	152,685	2,222,125	861,075	1,034,457	64,688	338,375
Thereafter	2,338,184	2,207,625	6,560,625	14,433,791	1,163,275	755,200
	<u>\$ 3,096,796</u>	<u>\$ 13,327,250</u>	<u>\$ 10,858,750</u>	<u>\$ 19,610,422</u>	<u>\$ 1,491,763</u>	<u>\$ 2,417,500</u>

(continued)

**County of Oakland**  
**Building Authority Data – Unaudited Table 17 (Continued)**  
**September 30, 2017**

	<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	\$ 305	\$ 305	\$ 307	\$ 6,012,235
Lease receivable	-	-	-	820,000	15,085,000
Other assets	-	-	-	-	748,956
Deferred inflows - contracts	-	-	-	820,000	15,085,000
Other liabilities	-	300	300	5	1,875
Current year activity:					
Transfers in	1,310,800	1,582,700	1,877,500	-	7,015,500
Leases and other income	-	-	-	317,642	1,800,221
Debt service:					
Principal	980,000	1,255,000	1,515,000	295,000	7,440,000
Interest	330,500	327,400	362,200	22,300	2,340,679
Fiscal charges	300	300	300	250	2,950
Contractual services	-	-	-	-	1,000
Principal and interest requirements:					
2018	1,301,500	1,587,200	1,866,100	331,400	9,772,729
2019	1,300,500	1,569,800	1,864,050	315,100	9,726,740
2020	1,297,000	1,546,000	1,890,900	204,000	9,603,317
2021	1,311,000	1,566,000	1,865,800	-	9,383,940
2022	1,291,500	1,508,000	1,860,250	-	9,333,155
Thereafter	-	-	3,192,906	-	30,651,606
	<u>\$ 6,501,500</u>	<u>\$ 7,777,000</u>	<u>\$ 12,540,006</u>	<u>\$ 850,500</u>	<u>\$ 78,471,487</u>



# OAKLAND COUNTY, MICHIGAN

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