Michigan Dept. of Treasury, Local Audit & Finance Division
496 (3-98), Formerly L-3147

# AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

| Local Government Type: | Local Government Name: | County |
|---|---|---|
| ☐ City ☐ Township ☐ Village ☒ Other | County of Oakland, Michigan | Oakland |

| Audit Date | Opinion Date | Date Accountant Report Submitted To State: |
|---|---|---|
| September 30, 2004 | January 28, 2005 | March 31, 2005 |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132])
☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

| **We have enclosed the following:** | **Enclosed** | **To Be Forwarded** | **Not Required** |
|---|---|---|---|
| The letter of comments and recommendations. | ☐ | ☐ | ☒ |
| Reports on individual federal assistance programs (program audits). | ☐ | ☐ | ☒ |
| Single Audit Reports (ASLGU). | ☐ | ☒ | ☐ |

Certified Public Accountant (Firm Name): **PLANTE & MORAN, PLLC**

| Street Address | City | State | ZIP |
|---|---|---|---|
| 27400 Northwestern Highway | Southfield | MI | 48034 |

Accountant Signature

Plante & Moran, PLLC

# COUNTY OF OAKLAND
# COMPREHENSIVE ANNUAL FINANCIAL REPORT
## Fiscal Year Ended September 30, 2004
## (With Independent Auditors' Report Thereon)

**Prepared by:**

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

**Cover: Oakland County Courthouse, North Entrance**

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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 Financial Officers Association Of the United States and Canada Certificate of Achievement for Excellence in Financial Reporting**

March 17, 2005

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, 2004.

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 that is 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 the financial statements of Oakland County for the fiscal year ended September 30, 2004, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall presentation of the financial statements. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Oakland County's financial statements for the fiscal year ended September 30, 2004, are fairly presented in conformity with GAAP. The independent auditor's report is presented in the financial section of this report.

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

The Fiscal Year 2004 Comprehensive Annual Financial Report is issued pursuant to the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended by GASB Statement No. 37 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, – Omnibus* and Statement No. 38 *Certain Financial Statement Note Disclosures*. The financial report includes a Statement of Net Assets 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). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Overall, Oakland County's financial position improved during Fiscal Year 2004. The County's total net assets (excluding component units) increased by $35 million to $844 million. Of the total, $29.1 million was an increase to the net assets of governmental activities, while $5.9 million represented an increase to the net assets of the business-type activities. The General Fund, the chief operating fund of the County, reported a fund balance of $67.4 million as of September 30, 2004. This amount equates to 17.9% of the FY 2005 General Fund/General Purpose budget.

Oakland County's MD&A, which provides a more detailed discussion of the County's Fiscal Year 2004 financial performance, can be found immediately following the report of the independent auditors.

## Profile of Oakland County

Incorporated on March 28, 1820, Oakland County covers approximately 910 square miles, immediately north of the City of Detroit and Wayne County, in Southeast Michigan. With a population of 1,194,156 (2000 Census) and the County seat in Pontiac, Oakland County is home to a mix of urban and rural communities, encompassing 61 cities, villages and townships, including thirty downtown areas and many scenic natural settings, providing a high quality of life for any lifestyle. The County ranks as the fourth wealthiest county in the nation among counties with populations of more than one million people. Oakland County enjoys a world class reputation due to its renowned business environment and its many attributes that contribute to an excellent quality of life.

## Government Structure

Oakland County operates under the authority of Michigan Public Act 139 of 1973, the 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, skilled nursing care and resident hospitalization; community and economic development and planning; public safety; public records; public works, such as water and sewer; 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 Drain Commissioner was established as an elected position in 1909 and currently operates under Public Act 40 of 1956, the Uniform Drain Code. These offices, including the County Executive, are elected countywide with four-year terms. The Treasurer is responsible for collection of delinquent taxes, settlements with local units, cash management and investments; the Clerk/Register of Deeds is responsible for recording vital statistics, maintaining court records, Board of Commissioner proceedings, and documents affecting property ownership; the Sheriff and Prosecutor are responsible for law enforcement; and the Drain Commissioner is responsible for construction and maintenance of drains, lake level control, and sewer interceptors.

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 eleven (11) 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 25 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 Public Act 283 of 1909 and appointed by the County's Board of Commissioners, is responsible for approximately 2,600 miles of roads. Its budget of more than $10 million is funded principally by State-collected vehicle fuel and registration taxes under Public Act 51 of 1951. Other sources of funds are provided by federal and local governments and proceeds from the sale of bonds. The Road Commission is not subject to the Board of Commissioners' appropriation process and, therefore, is reflected as a discretely presented component unit in the County's Comprehensive Annual Financial Report (CAFR), as required by GASB Statement Number 14, *The Financial Reporting Entity.*

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

A ten-member commission, appointed by the Board of Commissioners, is responsible for Parks and Recreation, which acquires, develops, maintains and operates eleven (11) parks that provide camping, golf, swimming and a variety of other recreational activities. Parks and Recreation is supported, in part, by a separately voted ¼-mill tax levy, which is annually adjusted pursuant to the Michigan constitution, and its activity is blended into the County's CAFR due to the specific agency relationship established by State statute, as required by GASB Statement Number 14.

It should be noted that, upon additional review of GASB Statement Number 14, County management has determined that the Oakland County Community Mental Health Authority (CMHA) does not meet the requirements as a "discretely presented component unit. Therefore CMHA has been removed as a component unit from the Oakland County fiscal year 2004 financial statements.

## County Budget

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

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

The appropriated budget is prepared by fund, function (e.g., Administration of Justice), and department (e.g., Circuit Court). Control categories are established at the department level for Personnel related expenditures (e.g., salaries, overtime, fringe benefits), Controllable Operating Expenditures (e.g., contractual services and commodities), and Non-controllable Expenditures (e.g., Internal Service charges for printing, motor pool, office space, etc.). Departments may exceed individual line item appropriations (e.g., professional services, office supplies, etc.) within the aforementioned categories provided the Control Category is not overspent. Budget amendments providing additional spending authorization are required to be made by action of the Board of Commissioners, upon recommendation of the County Executive.

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

# Economic Condition of Oakland County

## Local Economy

Oakland County is known as the "economic engine of the state." As other sections of the Michigan and national economy faced slowdowns, Oakland's economic base remained solid. In a strong rebound from the 1991 recession, Oakland entered a long stretch of job growth, averaging 20,800 new jobs per year until 2001. Much of this growth was due to an increase of 33% in both the manufacturing and private nonmanufacturing sectors. Between 1991 and 2003, private sector job growth was 27.6%. In fact, County employment grew about 90% faster than the State of Michigan as a whole. Oakland is the number one job producing county in Michigan, responsible for 30% of all new jobs in the last decade. After the U.S. economy fell into recession in 2001, the trend was reversed with an average annual loss of 14,000 jobs through 2003. However, Michigan Dept. of Labor & Economic Growth statistics show that employment increased by 4,125 in November of 2004 compared to November of 2003.

During the 1990s, employment in the County began shifting from the manufacturing, trade, transportation and utility industries to service and construction industries. The steady gain in service industries was primarily dominated by increases in business services with health, engineering and management services also making significant contributions. Prior to 2001, the manufacturing sector maintained its share of employment, which was unusual among Michigan's local economies. In fact, manufacturing declined in the nation as a whole during this time period. Between 1998 and 1999, over 60% of the job growth in the County was in corporate headquarters, high-technology, and technology/research centers for automotive suppliers from around the world.

The 2001 national recession hit particularly hard in the manufacturing and high-technology sectors, which are concentrated in Oakland County. The durable goods manufacturing sector was responsible for almost half of the job losses although it makes up only about 10% of the local economy. There were also major job losses in professional and business services, which includes the technology-based industries on a statewide basis. While recovery from the recession is proceeding slowly, it is anticipated that Oakland will add about 16,400 jobs in 2005. In September 2004, Oakland's unemployment rate was relatively low at 4.8% when compared to Michigan's 6.2% and the nation's 5.1%.

Business growth has accelerated at the same pace as job growth. From 1992 to 2002, the number of businesses in the County rose by 25% to 41,300 with total annual payroll increasing by 105% to $34.5 billion. This growth has definitely been enhanced by Oakland's attractive business climate and dynamic economic development programs. Oakland County is also Michigan's leading center for international commercial activity with 648 companies representing 24 countries. Of the foreign-owned firms in southeast Michigan, 58% are located in Oakland County.

Oakland's per capita income of $46,400 is the highest among Michigan's 83 counties and is ranked within the top 1% of the nation's counties, ranking 24th out of 3,110. In fact, Oakland County's per capita income is more than 50% greater than both the nation ($30,900) and the state ($29,800).

The booming economy of the past decade has produced a 112% increase in the true cash value and a 72% increase in the taxable value of real and personal property in the County (since 1995). During this period of growth, the County exercised 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 December 1, 2004 property tax levy remained at 4.19 mills for operations, the third lowest total county tax rate in the State of Michigan. In spite of several reductions in the millage rate since 1994, moderate increases to the tax levy have resulted from the rising tax base. This increase in tax revenue allowed the County to keep pace with current programs and technology.

The 2003 market value of property in Oakland County is approximately

$134 billion, the highest value of all 83 counties in Michigan. While Oakland County's population represents approximately 10 percent of Michigan's total, its property value represents approximately 19 percent of the state's total. The growth in market value of property in Oakland County was over $8.5 billion from 2002 to 2003. This growth alone exceeds the total tax base of 77 of the 83 Michigan counties in the year 2000. The majority of Oakland County's taxable value is within the residential class of property, which is approximately 69 percent of the total property tax base. From 1997 to 2002, the average price of a single family home also increased by 49 percent, from $159,900 to $238,500.

The average 2004 property tax rate is $39.46 per thousand taxable value, which is distributed to the following taxing authorities:

| | |
|---|---|
| Local School Districts | 33.7% |
| Cities, Villages, Townships | 27.8% |
| State Education Tax | 14.9% |
| County Operating | 10.2% |
| Intermediate School District | 8.3% |
| Community College | 3.9% |
| Parks and Recreation | 1.1% |
| Total | 100.00% |

## Long-Term Financial Planning/Financial Policies

***Budgeting and Forecasting***
As previously stated a primary reason for Oakland County's solid financial position is the fact that county management and policy makers 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 fiscal position in years to come.

This planning begins with the preparation and adoption of a biennial budget and five-year forecast. Not only is the budget adopted for the next two fiscal years, the biennial budget is considered a "rolling" budget in that when it is amended, the amendment reflects the impact for both the remainder of the current fiscal year and the entire next fiscal year.

Also, in accordance with PA 139 of 1973, the County Executive is required to report the current financial condition of the County to the Board of Commissioners on a quarterly basis. These quarterly reports are prepared by the Fiscal Services Division of the Department of Management and Budget and presented to the Board of Commissioners' Finance Committee. The County Executive has traditionally exceeded this requirement by not only reporting the current financial condition of the County each quarter, but has also provided a quarterly forecast of the projected financial condition of the County at the close of the current fiscal year. These reports include a comparison of the amended budget to the forecasted amounts and explanations for major variances. Any recommended budget amendments are presented at that time and individual departments may be called to appear before the Finance Committee during this process. This process means the budget remains current throughout the year and that actual expenditures are continually monitored, compared to the budget, and reported to the Board of Commissioners.

The County further maintains a strong position control and position budgeting system and adheres to the practice of budgeting for full employment. Salary and fringe benefit appropriations are tied to specific authorized positions. Should vacancies occur or if positions are filled at a level lower than authorized, the resulting favorable variance falls to fund balance.

***Establishment and Use of General Fund Balance***
Because of Oakland County's conservative approach in budgeting and forecasting, there is, typically, a favorable budget variance at year-end. This has contributed to the increase in fund balance over the past several years. This increase in fund balance is not accomplished by accident, but is part of the design to assure the County's ability to continue to provide services to its citizens through long-term financial stability.

It is Oakland County's practice to develop and maintain a General Fund balance equaling approximately 15% of the General Fund/General Purpose budget. The purpose of this practice is two fold. First, it provides a cushion against sudden fiscal crises, allowing the County to meet emergency demands and/or unexpected changes in revenue without severely disrupting on-going operations and services.

For example, a portion of the General Fund balance has been designated as a "Budget Transition Fund." These funds were first set aside from expenditure reductions instituted during fiscal year 2003, in response to the State of Michigan reducing local revenue sharing payments. Reductions originally planned for fiscal year 2004 were accelerated into fiscal year 2003, generating $12 million in one-time savings which were designated to smooth and soften the effect of potential further immediate reductions from the State (or other sources), until long term plans could be implemented. As of September 30, 2004, $12.1 million remains in the Budget Transition Fund, of which $3.1 million has been applied to fiscal year 2005 operations and $0.7 million has been applied to fiscal year 2006 operations. This leaves a balance of $8.3 million to support any issues arising in fiscal year 2007 and beyond.

The second purpose of establishing a healthy General Fund balance is to provide a source of funds for one-time or limited time enhancements, which would not normally be considered during the biennial budget development. This allows the County to enhance services to citizens, and develop procedures to meet long-term financial needs, without limiting on-going services. An example of this was the one-time special transfer of $50.9 million from the General Fund balance to the Voluntary Employee Benefit Association (VEBA) Trust Fund at the end of fiscal year 2004.

The VEBA is the benefit mechanism designed to pay the County's retirees' health care commitment. The mechanism is funded by actuarially determined annual contributions. It has been general practice in the public sector to contribute annually an amount sufficient to cover the "current" cost for retirees' health care, meaning an amount to cover current retirees and eligible dependants. However, the County for the past couple decades has engaged in a practice of "advance funding" its retiree health care commitment. "Advance funding," means that, not only is the County meeting its obligation to pay the actuarially determined current cost, but also it is actively setting aside an amount to meet the actuarially determined cost of future retirees, which is recorded as a liability to the VEBA. The General Fund transfer of $50.9 million will speed the County's payment of this liability by providing additional funds, which can be invested by the VEBA in longer term equities, resulting in higher yields and enhancing the fund's assets.

The true benefit of the one-time transfer, and advance funding retirees' health care in general, is that the County has developed a mechanism to pay this long-term liability in a planned, thoughtful approach, rather than being forced to raid future resources needed to continue on-going services.

## 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. Once the notes are paid in full, any surplus in the fund may be transferred to the County general fund by appropriate action of the Board of Commissioners. Oakland County's DTRF has consistently provided its local units of government with a stable revenue stream while also generating a surplus. Responsible use of this surplus is the purpose of the Fiscal Responsibility Plan.

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

Oakland County has adopted a strict policy for accessing funds from the DTRF. Any appropriations from unrestricted DTRF funds, except penalties and investment interest, are limited to one-time expenditures. Further, the use of these funds for one-time expenditures requires a two-thirds approval by the Board of Commissioners. Except for a small annual transfer of interest income, DTRF funds are not used to fund recurring operations. As a result of Oakland's DTRF utilization policy, the corpus of the DTRF continues to be available not only to protect the revenue stream for the local units of government but also to generate interest earnings that, prudently managed, can be utilized in lieu of new taxes as a funding source for necessary capital projects.

The net assets in the DTRF as of September 30, 2004, are approximately $196.3 million. One of the principles of the Fiscal Responsibility Plan is to maintain a sufficient corpus in the fund to guarantee timely payment of outstanding notes. However, current net assets are significantly in excess of the amount required to pay outstanding notes on delinquent taxes. The goal of the plan is to increase utilization of the DTRF by using the fund to pay debt service on major Board-approved capital projects that will house essential public services. There are four major projects currently identified with a combined estimated capital outlay of $53 million to be funded with bond issues. The Fiscal Responsibility Plan utilizes fund balance in the DTRF for debt service over a 20-year period for each of these projects. Funding will be transferred from the DTRF to the General Fund on an annual basis to provide for debt service payments. It is estimated that $15.7 million in savings will be achieved over the term of the proposed bond issues. The savings result from the DTRF continuing to earn interest on the cash maintained in that fund at a rate more than the bond rate. The projected fund balance in the DTRF at the conclusion of debt service in FY 2022 should be no lower than near current levels

## Debt Administration

With the exception of the annual issuance of limited taxing authority notes related to delinquent tax receivables, Oakland County's practice is to only issue debt for the purchase and/or construction of long-lived assets. Further, the issuance of debt is undertaken only after it is determined to be fiscally advantageous to do so, as opposed to use of current resources or fund balance. Oakland County's debt administration practice was codified in a Debt Management Policy that was approved by the Board of Commissioners in January 2004.

During fiscal year 2004, Oakland County issued $6.7 million in new limited taxing authority bonds for the construction of T-hangers at the Oakland County International Airport and $4.9 million in advanced refunding bonds. In addition, the County maintained a AAA bond rating from Standard and Poors, Fitch Investors, and from Moody's Investors Services, Inc. A more detailed discussion of Oakland County's long-term debt can be found in the Management's Discussion and Analysis, as well as Note #8 to the financial statements.

## Cash Management Policies and Practices

The County Treasurer invests cash temporarily idle during the year. Investments, except those of the Retirement Systems and Deferred Compensation Plan, are administered by the Treasurer in compliance with the provisions of Public Act 20 of 1943, as amended. Significant policies include:

- Investments of the County are held in the County's name;
- Investments are in U.S. Treasury obligations, banker's acceptances, certificates of deposit, and commercial paper top rated by not less than two of the four rating services: Standard and Poors, Moody's Investors Services, Fitch Investors Services Incorporated, and Duff and Phelps;
- Only federal and state-chartered banks and savings institutions, which are members of FDIC, are utilized;
- State law requires the use of in-state banks;
- The County maintains a cash and investment pool that is available for use by all funds except fiduciary funds;
- Pension investments are made in accordance with Public Act 55 of 1982, as amended, and are limited to investments of no more than 65 percent in equity securities. No investments, loans, or leases are made with parties related to the pension plan.
- Investment income is allocated to all funds based on the respective share of their average daily balances. In some cases the share of investment income of specific funds is credited to the General Fund and used to fund overall County operations.

Additional information on Oakland County's investments can be found in Note #3 to the financial statements.

## Pension and Other Post Employment Benefits

Realizing its employees are its most valuable resource, Oakland County established two pension plans. The first plan is the Defined Benefit Pension Program, referred to as the County's Public Employees' Retirement System (PERS). The second plan is the Defined Contribution Pension Program, referred to as the Oakland Performance Retirement System (OPRS), which qualifies under Internal Revenue Code section 401(a). Individuals employed on or before July 1, 1994 had a one-time choice to belong either to the PERS or the OPRS. All eligible individuals employed since July 1, 1994 were enrolled in the OPRS. In addition, the County established a Voluntary Employee Benefits Association (VEBA), to cover other post employment benefits.

It is worthy to note, the PERS is fully funded, and since there have been no new Plan members enrolled since July 1, 1994, there have been no contributions from County funds since FY 1999. Also due to the voluntary shifting of 936 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 $21.4 million since inception of the program without jeopardizing the retirement security of valued employees.

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

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

## Major Initiatives

Oakland County continues to explore opportunities to improve the quality of life for its citizens. Such improvement is obtained not only through direct service provision, but also through strengthening the financial stability of county government, in order to provide those needed services. Such initiatives, for example, will support community and economic development, provide jobs for county citizens which in turn improves the county's tax base. To continue the high quality of life experienced by Oakland County residents, County government must continue to initiate action to attract and retain business investment.

The County engaged in several initiatives in 2004 designed to attract competitive businesses. The first was the *Emerging Sectors Project* which focuses on the identification of the top ten emerging and promising business sectors for the new economy of the 21st century that Oakland County might be able to cultivate for future job growth and long lasting economic stability. Through research begun in 2003, ten fast growing business sectors were identified including biotechnology, micro and nanotechnolgy and alternative energy and power generation. Based upon this research, Oakland County has identified the fastest growing companies within each sector and is actively soliciting them to expand into the County. There have already been positive results from these efforts, with three (3) emerging sector companies indicating their expansion into Oakland County; one company representing the Alternative Energy Sector; a second company representing the Advanced Material Sector; and the third representing the Sector of Homeland Security.

Further there are two additional companies, one from the Finance Sector and the other from the Computer Programming Sector that have indicated they will be expanding into Oakland County with the next six months.

The economic impact expected from the three emerging sector companies is 100 newly created positions and a financial impact of $30 million within the communities selected by the companies.

Another economic development initiative is *Automation Alley* – a 530-member partnership between business, government, and education designed to enhance southeast Michigan's technology cluster. The Automation Alley area includes over 19,000 technology companies and a technology workforce of 568,000. The consortium, which is an independent organization that grew out of the Oakland County Executive's efforts, moved to a new headquarters in Troy during 2004. This new facility houses meeting rooms, video conferencing, and areas to introduce new products and services. Automation Alley services includes the Membership Consortium, a Technology Center, an Export Center, and the statewide association of technology professionals.

The County has also continued the *Oakland County Business Roundtable.* This group, launched in 1993, capped off another productive year in 2004 by providing a wide-range of ideas and recommendations to enhance Oakland County's strong business climate while protecting and preserving the unsurpassed quality of life. To date, 82% of all roundtable suggestions have been implemented. Michigan Governor Granholm stated on December 5, 2002, she viewed Oakland County as a model of how government can partner with the business community; a model she has replicated statewide.

The quality of life in Oakland County is also enhanced by continued support for:

*COUNT YOUR STEPS*, a program designed to combat childhood obesity by providing pedometers to 29,000 third and fourth grade students in Oakland County's public and non-public schools to wear for a period of five weeks. Students log their daily steps every night and submit that information to the County Health Department. The five top walkers in each class and the top performing class in each district are awarded prizes in recognition of their achievement. The students keep their logbooks for the remainder of the year, with contest winners receiving additional prizes. The cost of this program is born by private sector donations. No taxpayer funds are used.

*Infant Mortality* utilizing a $300,000 grant from the Nurse Family Partnership, the County's Health Division implemented a concentrated effort in the City of Pontiac to reduce the infant mortality rate among African-American residents. Through increased counseling, prenatal care, maternal care, and other assistance, the African-American infant mortality rate dropped from 21.4 per 1,000 live births in 2002 to 9.8 per 1,000 live births in 2003.

*Oakland County Prescription Savings Program*, which provides Oakland County senior citizens with savings between 15% and 40% on their prescription drug, purchases. Seniors saved over $2.5 million in 2004 from this program.

*Prescription Relief Program* allows Oakland County residents, who meet income thresholds, the ability to buy prescriptions from among 1,500 name brand and generic maintenance drugs, for $7.00 per prescription.

*Mainstreet Oakland County* in 2001, Oakland County became the first County in the United States, and so far the only county, accepted into the National Mainstreet Program, operated by the National Trust for Historical Preservation in Washington D.C. The purpose of the program is to revitalize downtowns and traditional commercial areas. Since its inception in Oakland County, the program has generated over $228 million in new public and private investment, assisted in the establishment of 267 new businesses, help create 1,799 new jobs, and assisted in generating 1.4 million square feet of new floor space.

Finally, during 2005 Oakland County will initiate a program, which should not only directly improve the quality of life for its residents, but also provide the mechanism for increased business expansion. The program is called *Wireless Oakland*, and it is designed to blanket the County with wireless internet access and provide free high speed internet access to every resident, business, and visitor. The County plans to approach this venture as a public/private partnership, a mix of "free" and "for fee" services.

The successful implementation of *Wireless Oakland* will help bridge the "digital divide" that now exists between County residents who are highly trained in the use of technology and those residents who are from populations that do not have access or training on personal computers and the internet. Residents who do not have access or training on personal computers find themselves poorly prepared for the economic and workplace of tomorrow. By working in partnership with education, foundations, and business, long-term support and training can be developed that will ensure the County's workforce possesses the technical skills necessary to compete in the global high-tech economy for the 21st century.

## 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 Poors, Fitch Investor Services and Moody's Investor Services, Incorporated. On January 18, 2005, Moody's wrote the following appraisal as they reaffirmed the County's AAA bond rating:

> "The County's sound financial management is further evident in the continuous proactive measures it takes to address challenges for future fiscal years. Moody's believes that institutionalized conservative budgeting processes bolster the County's ability to mitigate unfavorable variances."

Out of more than 3,000 counties in the United States, only 34 enjoy the distinction of an AAA bond rating. The AAA bond rating allows the County to borrow at the lowest possible interest rate, saving County taxpayers millions of dollars in future costs.
The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Oakland County for its comprehensive annual financial report (CAFR) for fiscal year ended September 30, 2003. This was the thirteenth 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 biennial budget document dated October 1, 2004. This latest award is the tenth 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 2003 PAFR award was the County's seventh consecutive citation. Oakland County is one of two counties in the State of Michigan that holds all three of the GFOA awards simultaneously.

Acknowledgements:

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

Respectfully submitted,

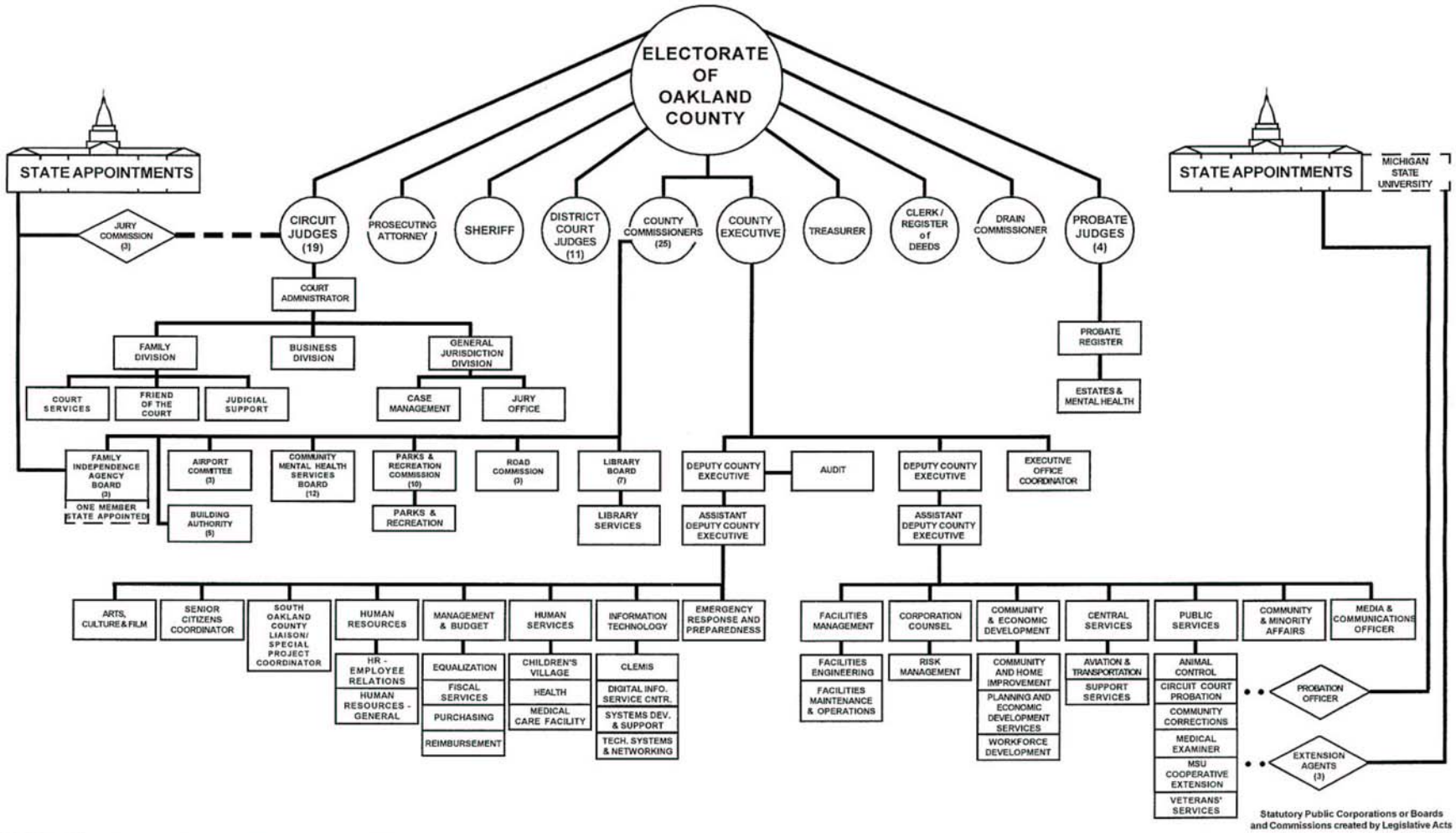
L. Brooks Patterson
County Executive

Laurie M. Van Pelt, CPFO
Director, Department of Management and Budget

Wm. Art Holdsworth
Deputy Director,
Department of Management and Budget

Timothy J. Soave, CPFO
Manager, Fiscal Services Division
Department of Management and Budget

# OAKLAND COUNTY GOVERNMENT
# ORGANIZATIONAL CHART




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

| | |
|---|---|
| Elected or Appointed | Denotes Elective Office |
| Confirmation of Appointment | Denotes Appointive Office |
| Recommends Appointment | |
| Related Function | Denotes State Appointments |

OAKLAND COUNTY PLANNING AND ECONOMIC DEVELOPMENT SERVICES FEBRUARY 2004

Statutory Public Corporations or Boards and Commissions created by Legislative Acts

| | |
|---|---|
| Act 138. PA 1917 as amended | LIBRARY BOARD (7) |
| Act 116. PA 1954 as amended | ELECTION COMMISSION (3) |
| Act 372. PA 1927 as amended | CONCEALED WEAPONS LICENSING BOARD (3) |
| Act 31. PA 1948 (Ex. Session) as amended | BUILDING AUTHORITY (3) |

## COUNTY EXECUTIVE

L. Brooks Patterson

## BOARD OF COMMISSIONERS

Thomas A. Law, Chairperson
David Moffitt, Vice-Chairperson

Bill Bullard, Jr.
Eric Coleman
David Coulter
Hugh D. Crawford
Sue Ann Douglas
Vincent Gregory
Mattie McKinney Hatchett
Greg Jamian
Martin J. Knollenberg
Eileen Kowall
Christine A. Long
Tom McMillin
Thomas F. Middleton
Chuck Moss
Charles E. Palmer
William R. Patterson
Jeff Potter
Mike Rogers
John A. Scott
George W. Suarez
Peter Webster
Eric S. Wilson
Helaine Zack

## OTHER ELECTED OFFICIALS

Clerk/Register of Deeds
G. William Caddell

Treasurer
Patrick M. Dohany

Drain Commissioner
John P. McCulloch

Prosecuting Attorney
David G. Gorcyca

Sheriff
Michael J. Bouchard

Chief Circuit Judge
Wendy L. Potts

Chief Probate Judge
Eugene Arthur Moore

Chief District Judge
William E. Bolle

## AIRPORT COMMITTEE

William R. Patterson, Chairperson
Vincent Gregory, Vice-Chairperson
Tom Middleton, Secretary
Hugh D. Crawford
J. David VanderVeen

## BUILDING AUTHORITY

Kenneth Strobel, Chairperson
Tamara Van Wormer-Tazzia, Vice-Chairperson
Harvey Wedell, Secretary
L. Brooks Patterson, County Executive
Patrick M. Dohany, County Treasurer

## PARKS AND RECREATION

Pecky D. Lewis, Jr., Chairperson
Richard Skarritt, Vice-Chairperson
Fred Korzon, Secretary

Hugh D. Crawford
Vincent Gregory
John P. McCulloch
Charles E. Palmer
John Richards
J. David VanderVeen
Suzette Vogt

## ROAD COMMISSION

Richard G. Skarritt, Chairperson
Rudy D. Lozano, Vice-Chairperson
Larry P. Crake, Commissioner

## DRAIN BOARD

John P. McCulloch, Drain Commissioner
Thomas A. Law, Board Chairperson
Chuck Moss, Finance Committee Chairperson

Personnel as of October 2004

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Oakland County, Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

# II. Financial Section

**The Financial Section contains:**

**A. Independent Auditors' Report**

**B. Management's Discussion and Analysis**

**C. Basic Financial Statements**

**D. Notes to Basic Financial Statements**

**E. Required Supplementary Information**

**F. Combining and Individual Fund Financial Statements and Schedules – Non-Major Funds**

plante moran

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Independent Auditor's Report

To the Board of Commissioners
Oakland County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oakland County, as of and for the year ended September 30, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Oakland County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oakland County, as of September 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oakland County's basic financial statements. The management's discussion and analysis, retirement system schedules of funding progress and the budgetary comparison schedules as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. The introductory section, combining and individual fund statements and schedules, and statistical section as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The budgetary comparison schedules, combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. We have applied certain limited procedures to the management's discussion and analysis and retirement systems schedules of funding progress, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it. The Introductory section and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.



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

As discussed in Note 20, during the year ended September 30, 2004 the County changed its method of accounting for self insurance liabilities, unbilled receivables, and deferred revenue. In addition, the County ceased including the Community Mental Health Authority in its reporting entity.

Plante & Moran, PLLC

January 28, 2005

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of Oakland County's (the County's) financial performance, providing an overview of the activities for the fiscal year ending September 30, 2004. 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 improved its financial position during Fiscal Year 2004.
- Net assets increased by $35 million to $844 million (excluding component units).
- Governmental activities net assets increased by $29.1 million to $310.7 million.
- Business-type activity net assets increased $5.9 million to $533.3 million.

**Fund Level:**

- At the close of the fiscal year, the County's governmental funds reported combined ending fund balance of $136.8 million, which reflects a decrease of $43.7 million from the fiscal year 2003 governmental funds combined ending fund balance.
- The primary reason for the decrease was the one-time special transfer of $50.9 million from the General Fund to the County's Voluntary Employee Benefit Association (VEBA) Fund.
- The transfer will enhance the County's practice, over the previous twenty years of "advance funding" retiree health care, reducing the fiscal pressure on future budgets.
- Absent the VEBA transfer, the combined governmental funds balance would have increased by $7.2 million as a result of fiscal year 2004 activities.

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

- The County issued $11.6 million in new bonds during fiscal year 2004; $6.7 million to finance construction of T-hangers at the Oakland County International Airport and $4.9 million to advance refund water supply and sewer debt.
- The County paid $22.2 million in bonds during fiscal year 2004.
- The County is $6.7 *billion* below its authorized debt limit.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial report of the County consists of the following components: 1) Introductory Section which includes the *Transmittal Letter*; 2) Financial Section which includes the *Auditor's Report*, the *Management 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 and proprietary 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 Assets 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 Assets presents the entire County's assets and liabilities, recording the difference between the two as "net assets". Over time, increases or decreases in net assets measure whether the County's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during fiscal year 2004. All changes in net assets are reported based on the period for which the underlying events giving rise to the change occurs, 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 revenue primarily fund these services. Most of the County Executive departments, law enforcement, the courts, the Board of Commissioner operations, and other Countywide elected official operations are reported under these activities.
- *Business-type Activities* – These activities operate like private businesses. The County charges fees to recover the cost of the services provided. The Oakland County International Airport and the Medical Care Facility are examples of these activities.
- *Discretely Presented Component Units* – Component units are legally separate organizations for which the Board of Commissioners appoints a majority of the organization's policy board and there is a degree of financial accountability to the County. Two organizations are included as component units: the Road Commission for Oakland County and the Drainage Districts.

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

Because of the different basis of accounting between the fund statements (described below) and the government-wide statements present reconciliation between the two statement types. The following summarizes the impact of transitioning from modified accrual to accrual accounting:

- Capital assets used in government activities (depreciation) are not reported on the government fund financial statements.
- Capital outlay spending results in capital assets on the government-wide statements, but are reported as expenditures on the government 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 reserves in the Fringe Benefit Fund, litigation, etc., appear as liabilities on the government-wide statements; however they will not appear on the fund statements unless current resources are used to pay a specific obligation.
- Bond proceeds are reported as liabilities on the government-wide statements, but are recorded as other financing sources on the governmental fund financial statements.

In addition, it should be noted that the government-wide financial statements include the net value of the County's infrastructure assets such as buildings, parking lots, sidewalks, heating and water pipes, etc. These values are not included in the fund financial statements.

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

The fund financial statements provide information on the County's significant (major) funds – not on the County as a whole. Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar.

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 Public Health Fund and Juvenile Maintenance Fund; other funds are required by bond or grant agreements, such as the Friend of the Court Fund. Funds are also utilized to track specific operations, which include the internal services funds (e.g. Motor Pool, Building and Liability Insurance, etc.) and enterprise funds (e.g. Airports and Parks and Recreation).

The *basic financial statements* only report major funds as defined by the Government Accounting Standards Board (GASB) and the State Department of Treasury. All other funds are classified as non-major funds. The County includes detailed information on its non-major funds in other sections of this report.

The County's funds are divided into three categories – governmental, proprietary, and fiduciary – and use different accounting approaches:

- *Governmental Funds* – Most of the County's basic services are reported in the governmental funds. The focus of these funds is how cash and other financial assets that can be readily converted to cash, flow in and out during the course of the fiscal year, and how the balances left at year-end are available for spending on future services. Consequently, the governmental fund statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that may be expended in the near future to finance the County's programs. These funds are reported using the *modified accrual* basis of accounting as described above. Because this basis of accounting differs from the government-wide statements, additional information is provided reconciling the government fund statements to the government-wide statements. Governmental funds include the *General Fund*, as well as S*pecial Revenue Funds* (use of fund balance is restricted), *Capital Projects Funds* (used to report major capital acquisitions and construction), *Debt Service Funds* (accounts for resources used to pay long-term debt principal and interest), and *Permanent Funds* (only investment earnings can be used to support County programs).

- *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. An example is the Oakland County International Airport. *Internal Service funds* report activities that provide supplies and services 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 Assets and Changes in Fiduciary Net Assets beginning on page 52. These funds, which include pension, VEBA, and agency funds are reported using the accrual basis of accounting. The government-wide statements *exclude* the fiduciary fund activities and balances because these assets are not available to the County to fund its operations.

**Notes to the Financial Statements**

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

**Required Supplementary Information**

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

### Other Supplementary Information

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

## FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

As previously stated, Oakland County's financial position improved during Fiscal Year 2004. The County's combined net assets increased by $35 million over the course of this fiscal year's operations. The net assets of the governmental activities increased by $29.1 million, reflecting a number of factors that will be explained below. The business type activities had an increase of $5.9 million in net assets, which reflects an increase in total assets greater than the increase in total liabilities.

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

| | Governmental Activities | | Business Type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| Current and other assets | $ 306.1 | $ 337.4 | $ 372.8 | $ 373.0 | $ 678.9 | $ 710.4 |
| Capital and other Long Term Assets | 232.6 | 239.5 | 209.7 | 202.5 | 442.3 | 442.0 |
| **Total Assets** | 538.7 | 576.9 | 582.5 | 575.5 | 1,121.2 | 1,152.4 |
| Current Liabilities | 83.6 | 82.4 | 49.2 | 48.1 | 132.8 | 130.5 |
| Other Liabilities | 144.4 | 212.9 | - | - | 144.4 | 212.9 |
| **Total Liabilities** | 228.0 | 295.3 | 49.2 | 48.1 | 277.2 | 343.4 |
| Net Assets: | | | | | | |
| Invested in Capital Assets Less Related Debt | 125.7 | 58.6 | 190.3 | 198.9 | 316.0 | 257.5 |
| Restricted | 22.4 | 28.5 | 23.5 | 20.3 | 45.9 | 48.8 |
| Unrestricted | 162.6 | 194.5 | 319.5 | 308.2 | 482.1 | 502.7 |
| **Total Net Assets** | $ 310.7 | $ 281.6 | $ 533.3 | $ 527.4 | $ 844.0 | $ 809.0 |

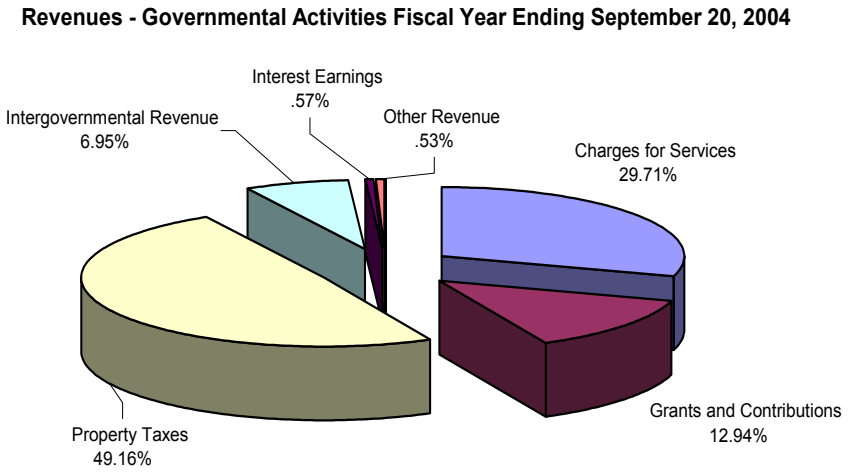
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the County's net assets changed during the fiscal year:

**Changes in Oakland County Net Assets**
*(in millions of dollars)*

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | **2004** | **2003** | **2004** | **2003** | **2004** | **2003** |
| **Revenues** | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services | $ 129.5 | $ 142.5 | $ 155.9 | $ 158.8 | $ 285.4 | $ 301.3 |
| Grants and Contributions | 56.4 | 54.9 | 6.0 | 24.0 | 62.4 | 78.9 |
| General Revenues | | | | | | |
| Property Taxes | 214.3 | 204.1 | 12.6 | 12.2 | 226.9 | 216.3 |
| Intergovernmental Revenue | 30.3 | 32.9 | - | - | 30.3 | 32.9 |
| Investment Earnings | 2.5 | 6.6 | 2.2 | 5.3 | 4.7 | 11.9 |
| Other Revenue | 2.3 | 3.0 | - | 3.9 | 2.3 | 6.9 |
| Gain on sale of assets | .6 | .4 | - | - | .6 | .4 |
| **Total Revenues** | 435.9 | 444.4 | 176.7 | 204.2 | 612.6 | 648.6 |
| **Expenses** | | | | | | |
| Public Safety | 165.1 | 151.6 | 10.9 | 9.3 | 176.0 | 160.9 |
| Justice Administration | 83.2 | 81.4 | - | - | 83.2 | 81.4 |
| Citizen Services | 77.6 | 76.6 | 16.8 | 16.7 | 94.4 | 93.3 |
| Public Works | 18.5 | 18.9 | 113.7 | 106.8 | 132.2 | 125.7 |
| Recreation and Leisure | 2.5 | 2.8 | 19.2 | 17.0 | 21.7 | 19.8 |
| Commerce and Community Dev. | 46.8 | 54.2 | - | - | 46.8 | 54.2 |
| General Government | 35.6 | 32.8 | 1.1 | 1.4 | 36.7 | 34.2 |
| Interest on Debt Service | 5.5 | 6.7 | - | - | 5.5 | 6.7 |
| Unallocated Depreciation | 1.1 | 2.8 | - | - | 1.1 | 2.8 |
| **Total Expenses** | 435.9 | 427.8 | 161.7 | 151.2 | 597.6 | 579.0 |
| Excess (deficiency) before Contributions and Transfers | - | 16.6 | 15.0 | 53.0 | 15.0 | 69.6 |
| Special Item - Write Off | - | (6.0) | (.2) | - | (.2) | (6.0) |
| Transfers - Special Item | (50.9) | - | - | - | (50.9) | - |
| Transfers - On-going | 11.8 | 12.6 | (11.8) | (12.6) | - | - |
| **Increase (decrease) in Net Assets** | (39.1) | 23.2 | 3.0 | 40.4 | (36.1) | 63.6 |
| Net Assets - Beginning | 281.6 | 258.4 | 527.4 | 487.0 | 809.0 | 745.4 |
| Restatement of Net Assets | 68.2 | - | 2.9 | - | 71.1 | - |
| Net Assets - Ending | $ 310.7 | $ 281.6 | $ 533.3 | $ 527.4 | $ 844.0 | $ 809.0 |

**Governmental Activities:**

The following chart depicts revenues of the governmental activities for the fiscal year:




In total, fiscal year 2004 governmental activity revenue collections decreased by $5.5 million from fiscal year 2003. This net decrease reflects reductions in charges for services revenue (primarily an accounting change), reduced investment income, and reduced intergovernmental revenue. These decreases offset an increase in property tax revenue.

Property tax revenue, which is not assigned to any particular activity, remains the largest source of support for governmental activities at 49.2%. The $214.3 million collected in fiscal year 2004 is $10.2 million higher than the fiscal year 2003 collection. This increase is related to a 5.28% increase in state taxable value of property within Oakland County. The County's operating millage rate of 4.19 mills remains the third lowest county millage rate in the state.

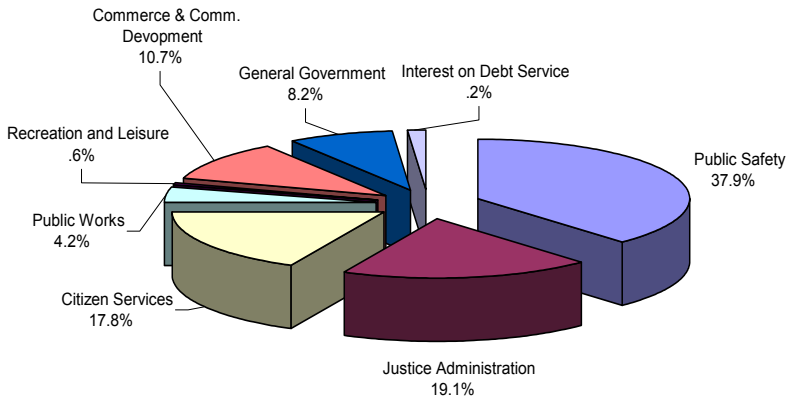
Charge for services, which reimburses the County for specific activities, is the second largest source of governmental activity revenue at 29.7%. The $129.5 million collected in fiscal year 2004 represents a $13 million decrease from the previous fiscal year. This decrease, however, does not reflect an actual reduction in services or revenue generated by those services. Rather, this "reduction" results from a change in how long-term special assessments are accounted for and reported on the government wide statements. Previous government wide statements included a liability for bonds and notes payable related to the construction of new systems (issues backed by the County's full faith and credit) as well as a liability for deferred revenue reflecting special assessment fees collected, in advance of the bond due date, to cover the note and bond payments. Upon discussion with the County's independent auditing firm, and further research, County management determined that the reporting of deferred revenue was inappropriate. The correction of this accounting/reporting treatment "reduces" the charges for services revenue for the Public Works activity. It also results in a restatement of governmental activity net assets, which is discussed below. A complete explanation of this accounting/reporting change can be found in Note #20 accompanying the financial statements.

Property taxes and charges for services account for over 78 percent of the governmental activities revenue sources.

Governmental activities experienced an actual reduction in investment income revenue of $4.1 million reflecting continued lower market rate of return on investments. Intergovernmental revenue experienced a $2.6 million reduction from the previous fiscal year due to state budget difficulties translating into state spending reductions to local units of government. Grants and contributions, gain on sale of assets, and "other revenue" experienced small increases from the previous fiscal year.

The following chart depicts expenses of the governmental activities for the fiscal year:

**Expenses - Governmental Activities Fiscal Year Ending September 30, 2004**




Governmental activity fiscal year expenditures increased by $8.1 million above the fiscal year 2003 expenditure level. Public Safety continued to be the largest governmental activity, expending $165.1 million of the $435.9 million total (37.9%). Public Safety expenditures grew by $13.5 million in this activity as a result of the opening of a new facility to house mentally ill inmates and an increased need to house prisoners in other facilities due to crowding in the main jail. This was the largest expenditure increase, in terms of actual dollars spent, of any governmental activity.

Closely linked to Public Safety, Justice Administration is the second largest expenditure category at $83.2 million (19.1%). The Justice Administration activity only experienced a $.8 million expenditure increase over the previous fiscal year. Over one-half of the fiscal year 2004 governmental activity expenditures are a result of these two activities.

Citizen Services, which includes the public health activities and the care of children who have been declared wards of the Oakland County Circuit Court – Family Division, as well as other activities, is the third largest governmental activity at $77.6 million (17.8%). The expenditure level of this activity reflects only a $1.0 million increase from fiscal year 2003. The increases in the above mentioned Citizen Services expenditures was partially offset by decreased Citizen Services expenditures for Commerce and Community Development ($7.4 million) reflecting the virtual completion, in fiscal year 2003, of the County's Environmental Infrastructure Project, by which the County provided funding to local cities, villages and townships to improve local water and sewer infrastructure.

The result of fiscal year 2004 governmental activity was an overall increase of $35 million in net assets, to $310.7 million. However, as is shown on the previous chart, Changes in Oakland County Net Assets, there are three factors that contribute to this net increase. On-going governmental activity generated an $11.8 million increase in net assets during fiscal year 2004. This amount is derived from essentially equal governmental revenues and expenditures, with the routine transfer of resources from business type activities, such as use of Delinquent Tax revolving Fund interest income for specific projects, providing the net asset increase. However, during fiscal year 2004, the County generated a one-time special transfer of $50.9 million from the General Fund (governmental activity), to the Voluntary Employee Benefit Association (VEBA) Trust Fund (fiduciary fund).

The VEBA is the benefit mechanism designed to pay the County's retirees' health care commitment. The mechanism is funded by actuarial determined annual contributions. It has been general practice in the public sector to contribute annually an amount sufficient to cover the "current" cost for retirees' health, meaning an amount to cover current retirees and eligible dependants. However, over the past twenty years, the County has engaged in the practice of "advance funding" its retiree health care commitment. "Advanced funding," means that, not only is the County meeting its obligation to pay the actuarially determined current cost, but also it is actively setting aside an amount to meet the actuarially determined cost of future retirees, which is a liability to the VEBA. The General Fund transfer of $50.9 million will speed the County's payment of this liability by providing additional funds, which can be invested by the VEBA longer term, enhancing the fund's assets.

As a result of this one-time transfer of fund balance, net assets show a decrease of $39.1 million as a result of fiscal year 2004 activity. However, as mentioned above, a change in the reporting of deferred revenue for long-term special assessments, has caused a restatement of the Beginning Net Assets reported on the government wide statements. The removal of the deferred revenue liability, as well as a separate adjustment to the County's Building and Liability Insurance Fund, increased Beginning Net Assets by $68.2 million, generating the overall $35 million increase in governmental activity net assets. Again, a more detailed explanation of this reporting change can be found in Note #20 accompanying the financial statements.

Of the total governmental activities' net assets, $125.7 million is invested in fixed assets less related debt, $22.4 million is reported as restricted, meaning these assets are legally committed for a specific purpose through statue or by another authority outside the County government. The balance of $162.6 million is listed as unrestricted, having no legal commitment. However, it should be noted that of the total unrestricted amount, all but $450 thousand is reserved, designated, or otherwise earmarked for specific purposes.

**Business-type Activities:**

Net assets in business-type activities increased by $5.9 million during Fiscal Year 2004, of which $2.8 million reflects the restatement of net assets associated with the removal of deferred revenue for special assessments detailed in Note #20 accompanying the financial statements. Program revenues decreased by $27.6 million in fiscal year 2004 from the fiscal year 2003 amount. This "decrease" primarily reflects the fact that the fiscal year 2003 statements included the initial recording of certain water and sewer trust fund assets. This increased the 2003 net assets above the annual activity amount. Business-type activity expenses increased by $10.5 million reflecting increased infrastructure construction.

Of the total $533.3 million of net assets in the business type activities, $319.5 million is reported as unrestricted. However, 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.

## FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR FUNDS

As the County completed fiscal year 2004, its governmental funds reported *combined* fund balances of $136.8 million. This figure reflects a decrease of $43.7 million from the combined fund balances reported at the end of fiscal year 2003. This overall decrease in governmental fund balance primarily reflects a one-time special transfer of $50.9 million from the General Fund to Voluntary Employee Benefit Association Fund (this is discussed below). Absent this transfer, the combined governmental funds balance would have increased by $7.2 million.

### General Fund

The General Fund is the chief operating fund of the County. Unless otherwise required by statue, contractual agreement or policy, all County revenues and expenditures are recorded in the General Fund. As of September 30, 2004, the General Fund reported a fund balance of $67.4 million. This amount reflects a decrease of $45.1 million from the fund balance of $112.5 million reported as of September 30, 2003. The decrease in the General Fund balance is primarily due to a one-time special transfer of $50.9 million to the VEBA discussed previously. Of the total fund balance, all but $450,397 is reserved, designated or earmarked for specific purposes.

The General Fund fiscal year 2004 revenues exceeded fiscal year 2004 expenditures by $59.8 million. However, the General Fund also routinely supports the operations of other funds including the Public Health Fund, non-major governmental funds (primarily grants) as well as a required match of $9.6 million for Community Mental Health Authority operations. When these annual transfers are taken into account, the result of fiscal year 2004 non-special activity was an increase in the General Fund balance of $5.8 million from September 30, 2003 to September 30, 2004. (For detailed information regarding transfers between funds, please refer to note #9 to the financial statements).

Again, when the one-time special transfer from the General Fund to the VEBA is included, the General Fund balance was reduced to $67.4 million. This amount of fund balance represents 17.9% of the fiscal year 2005 General Fund/General Purpose operations.

General Fund Budgetary Highlights

Oakland County's budget is a dynamic document. Although adopted in September (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 $5.7 million during fiscal year 2004, from $329.8 million to $335.5 million (1.7 percent). A majority of the amendments resulted from recognizing increased charges for service revenue (fees) reflecting increased mortgage refinancing activity in the Clerk/ Register of Deeds ($2.7 million), and recalculation of the law enforcement patrol contracts rates under the Sheriff's Department ($2.0 million). Budget amendments were also generated through new fees established by the District Courts ($230,000), additional work generated by clients of the Community Corrections programs ($217,000), and additional appraiser contracts through the Equalization Division ($150,000).

Actual General Fund revenue totaled $343.8 million, $8.3 million greater than the final amended budget. Four areas experienced significant revenue variances: Clerk/Register of Deeds revenue exceeded the final amended budget by $7.0 million, reflecting increased fees for mortgage refinancing activity; Intergovernmental revenues exceeded the final amended budget by $3.4 million reflecting conservative budgeting due to the uncertainty of state revenues; Indirect Cost revenue exceeded the final amended budget by $2.2 million due to an increase in the chargeable rates; and Investment Income was recorded at $4.5 million below the final amended budget due to reductions in interest rates.

The County's expenditure budget was increased by $9.1 million (3.1 percent above the original budget) during fiscal year 2004. Of this total, $1.3 million funded the increased workload in the Register of Deeds area reflecting increased mortgage refinancing activity (covered by additional revenue), $1.7 million reflects implementation of a new time and labor system designed to enhance attendance reporting; $2.0 million to house prisoners in other county jails in order to alleviate overcrowding in the Oakland County jail; and $4.0 million reflects increased use of overtime in the Sheriff Department due to a reconfiguration of all the locked doors in the main jail, increased patrol activity due to special events, and payment of retroactive wages due to settlement of a collective bargaining agreement.

Actual County expenditures for fiscal year 2004 were $14.4 million below budget. Of this total, $5.8 million is a result of vacant positions and positions filled at a lower classification than budgeted. Many positions were purposely left vacant to reduce General Fund spending due to concerns over the how the State's budget difficulties would affect County operations; $5.0 million is a result of a number of programs, originally budgeted in FY 2004, being carried forward to FY 2005, including funding to support a specific road extension ($2.4 million), the Drain Commissioner's Master Plan ($1.4 million), and full implementation of the Emerging Sectors and Hazardous Waste initiatives ($1.4 million). Other variances include $607,000 in a reduced grant match requirement for the Friend of the Court, due to other increased revenues and $367,000 in reduced charges for the Sheriff's Aviation Fund due to reduced utilization.

The adopted budget included $44.0 million in net transfers to other funds and component units. The net transfer budget was increased during fiscal year 2004 by $12.9 million to $56.9 million. This increase relates to the addition of Phase I of financial/human resources system implementation ($4.4 million), expansion of the Court and Law Enforcement Management Information System (CLEMIS - $1.5 million), and other improvements to the County's technology base and emergency response preparedness. Actual transfers were within $2.8 million of budget.

In addition to the activity listed above, the General Fund budget was amended during FY 2004 to include the one-time special transfer of $50.9 million to the Voluntary Employee Benefit Association (VEBA), discussed above.

**Significant Changes – Other 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.

In addition to the General Fund, three other *governmental funds* are classified as major: the Public Health Fund, the Water and Sewer Debt Act 342 Fund, and the Water and Sewer Refunding Debt Act 202 Fund. The Act 342 Fund experienced planned significant decreases in fund balance due to debt service payments. The Public Health Fund and the Act 202 Fund experienced no major changes.

There are four (4) *enterprise funds* that are classified as major: the County Airports Fund, the Delinquent Tax Revolving Fund, the Parks and Recreation Fund, and the Water and Sewer Trust Fund. The net assets of these four funds increased by $7.3 million, which represents only a two percent change in the net assets of the funds in question.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - At the end of fiscal year 2004, the County had invested $395.9 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 $14.2 million above the fiscal year 2003 amount. Depreciation charges for this fiscal year totaled $303.7 million.

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

| | Governmental Activities | | Business Type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| Land | $ 7.7 | $ 7.7 | $ 45.4 | $ 42.0 | $ 53.1 | $ 49.7 |
| Land improvements | 3.9 | 4.3 | 11.5 | 12.7 | 15.4 | 17.0 |
| Buildings and Improvements | 71.3 | 74.4 | 26.5 | 26.1 | 97.8 | 100.5 |
| Equipment and Vehicles | 26.4 | 28.6 | 9.4 | 6.9 | 35.8 | 35.5 |
| Infrastructure | 13.1 | 14.0 | 91.2 | 94.4 | 104.3 | 108.4 |
| Subtotal | 122.4 | 129.0 | 184.0 | 182.1 | 306.4 | 311.1 |
| Construction in Progress | 63.7 | 50.3 | 25.8 | 20.3 | 89.5 | 70.6 |
| Total Capital Assets | $ 186.1 | $ 179.3 | $ 209.8 | $ 202.4 | $ 395.9 | $ 381.7 |

The increase in governmental activity net capital assets reflects continued construction of the Work Release Facility ($807,000), Jail renovations and additions ($2.8 million), a new Sheriff sub-station in Rochester Hills ($1.1 million), and the new Rochester Hills District Court ($5.0 million). In addition, there were a number of purchases and projects related to improvements for homeland security including the purchase of emergency electrical generators and security improvements to the Information Technology Building. These increases have been partially offset by the sale of County computer equipment through County and Internet Auctions ($686,795) as well as the write off of warrant teleconferencing equipment that was too obsolete to be sold at auction. The increase in business type activity net capital assets reflects improvements to the Oakland County International Airport as well as infrastructure in the Water and Sewer Trust Fund. Please review Note 7 of the financial statements, for additional information regarding capital assets

Long-term Debt - As of September 30, 2004, the County had $141.4 million in bonds and notes outstanding. Of this amount, $100,000 is bonds with unlimited taxing authority, $116.4 million are bonds with limited taxing authority, and $25 million are notes with limited taxing authority. This level obligation is $10.6 million less than the obligation recorded as of September 30, 2003, including $3.7 million less in unlimited taxing authority bonds and $6.9 million less in limited taxing authority bonds. This reduction is due to the pay down of various issues as well as the refinancing of a number of issues, as discussed below. In addition, the County uses its full faith and credit (as a secondary obligator), to back the Drainage District component unit debt.

**Outstanding Debt as of September 30, 2004**
*(in millions of dollars)*

| | Governmental Activities | | Business-type Activities | | Total Primary Government | | Component Unit | | Total County Commitment | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| Bonds - Unlimited Tax Authority | $ 0.1 | $ 3.8 | $ - | $ - | $ 0.1 | $ 3.8 | $ - | $ - | $ 0.1 | $ 3.8 |
| Bonds - Limited Tax Authority | 116.3 | 123.2 | - | - | 116.3 | 123.2 | 173.5 | 153.7 | 289.8 | 276.9 |
| Total Bonds | 116.4 | 127.0 | - | - | 116.4 | 127.0 | 173.5 | 153.7 | 289.9 | 280.7 |
| Notes - Unlimited Tax Authority | - | - | 25.0 | 25.0 | 25.0 | 25.0 | - | - | 25.0 | 25.0 |
| Total Outstanding Debt | $ 116.4 | $ 127.0 | $ 25.0 | $ 25.0 | $ 141.4 | $ 152.0 | $ 173.5 | $ 153.7 | $ 314.9 | $ 305.7 |
| Debt Limit (10% of SEV) | | | | | | | | | $ 7,029.7 | $ 6,708.5 |
| Available Statutory Debt Limit | | | | | | | | | $ 6,393.6 | $ 6,402.8 |

Activity during fiscal year 2004 included the issuance of $6.7 million in limited taxing authority bonds used to construct T-hangers at the Oakland County International Airport. Airport funds will be used to pay the debt service. In addition, the county advance refunded a portion of limited tax bonds for water supply under Public Act 202. Accordingly, the county issued $4.9 million of refunding bonds to place in trust for future debt service payments on the refunded debt. Finally, $25 million in limited taxing authority notes, related to the Delinquent Tax Revolving Fund, was issued.

$22.2 million in outstanding debt was paid during fiscal year 2004, including $3.7 million in unlimited taxing authority bonds, $18.5 million in limited taxing authority bonds, and $25 million limited taxing authority notes.

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 as well as Fitch Investors, 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, 2004 was $70.3 billion.

## ECONOMIC OUTLOOK

Oakland County's use of a two-year operating budget process and five-year forecasting process ensures a longer-term focus on the County's fiscal health. This long-term focus has allowed the County to maintain a balanced budget and continue to provide requested public services despite the economic conditions that are causing budgetary concerns for the State of Michigan and many local units of government in the state. The County's fiscal year 2005 and fiscal year 2006 budgets are balanced. In addition, the County retains over $8 million in a "budget transition fund" which can be used to transition expenditures that may be reduced through probable reductions in state and federal pass-through spending, and other economic pressures.

Even though Oakland County's budget is balanced for the next two years, fiscal pressures are expected to continue. Therefore the County utilizes a long-term financial perspective in developing contingencies to handle fiscal concerns before they become fiscal crises. In addition to the probably reduction in state and federal pass-through spending, the increasing cost of employee and retiree health care is reducing fiscal flexibility. The County has instituted a modified "zero-based" budgeting approach for the fiscal year 2006 and fiscal year 2007 budget. All operating expenditures, as well as any requested budget changes, will be thoroughly scrutinized with the objective of identifying deliverable benefits to County citizens.

## CONTACTING THE COUNTY'S DEPARTMENT OF MANAGEMENT AND BUDGET

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

# Basic
# Financial Statements

# County of Oakland
## Statement of Net Assets
## September 30, 2004

| | Primary Government | | | |
|---|---|---|---|---|
| | Governmental Activities | Business Type Activities | Totals | Component Units |
| **Assets** | | | | |
| Current assets | | | | |
| Pooled cash and investments | $ 254,318,935 | $ 294,339,621 | $ 548,658,556 | $ 34,852,835 |
| Cash and cash equivalents | - | - | - | 34,787,769 |
| Investments | - | - | - | 37,120,000 |
| Receivables (net of allowance for uncollectibles where applicable) | | | | |
| Delinquent property taxes | 3,892,907 | 45,989,999 | 49,882,906 | - |
| Special Assessments | - | - | - | 6,545,984 |
| Due from other governmental units | 23,950,774 | 18,057,022 | 42,007,796 | 1,017,527 |
| Accrued interest receivable | 1,636,705 | 6,157,198 | 7,793,903 | 115,415 |
| Accounts receivable | 4,951,943 | 17,320,665 | 22,272,608 | 20,008,075 |
| Due from component units | 328,558 | 178,662 | 507,220 | - |
| Due from primary government | - | - | - | 23,040 |
| Internal balances - footnote 19 | 10,607,129 | (10,607,129) | - | - |
| Due from fiduciary funds | 1,071,838 | - | 1,071,838 | - |
| Inventories and supplies | 541,923 | 1,145,117 | 1,687,040 | 3,304,839 |
| Prepayments and other assets | 4,798,614 | 232,591 | 5,031,205 | 853,758 |
| Total current assets | 306,099,326 | 372,813,746 | 678,913,072 | 138,629,242 |
| Contracts receivable | 209,601 | - | 209,601 | - |
| Special assessments receivable | 46,270,569 | - | 46,270,569 | 182,500,000 |
| Capital assets,net | | | | |
| Land and construction in progress | 71,381,794 | 71,184,394 | 142,566,188 | 234,778,727 |
| Land improvement, net | 3,945,442 | 11,453,158 | 15,398,600 | 701,995,453 |
| Buildings and improvements, net | 71,264,612 | 26,523,960 | 97,788,572 | - |
| Equipment and vehicles, net | 26,425,369 | 9,427,306 | 35,852,675 | - |
| Infrastructure, net | 13,100,119 | 91,169,684 | 104,269,803 | - |
| Total capital assets, net | 186,117,336 | 209,758,502 | 395,875,838 | 936,774,180 |
| Total assets | $ 538,696,832 | $ 582,572,248 | $ 1,121,269,080 | $ 1,257,903,422 |

(continued)

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

# County of Oakland
## Statement of Net Assets
## September 30, 2004

| | Primary Government | | | |
|---|---|---|---|---|
| | Governmental Activities | Business Type Activities | Totals | Component Units |
| **Liabilities** | | | | |
| Current liabilities | | | | |
| Vouchers payable | $ 14,485,850 | $ 2,866,784 | $ 17,352,634 | $ 9,169,534 |
| Accrued payroll | 8,209,557 | 149,989 | 8,359,546 | - |
| Due to other governmental units | 2,205,765 | 15,636,345 | 17,842,110 | 4,615,093 |
| Due to component units | 22,934 | 106 | 23,040 | - |
| Due to primary government | - | - | - | 507,220 |
| Accrued interest payable | 279,579 | 184,317 | 463,896 | |
| Other accrued liabilities | 16,367,196 | 5,322,270 | 21,689,466 | 7,175,212 |
| Accrued unreported health costs | 762,667 | - | 762,667 | - |
| Accrued sick and annual leave | 1,228,608 | - | 1,228,608 | - |
| Accrued workers' compensation | 1,333,948 | - | 1,333,948 | - |
| Deferred revenue | 23,765,662 | 81,065 | 23,846,727 | 22,788,114 |
| Claims and judgments | 5,350,000 | - | 5,350,000 | - |
| Bonds and notes payable | 9,585,000 | 25,000,000 | 34,585,000 | 12,210,000 |
| Total current liabilities | 83,596,766 | 49,240,876 | 132,837,642 | 56,465,173 |
| Accrued unreported health costs | 1,525,333 | - | 1,525,333 | |
| Accrued sick and annual leave | 11,057,469 | - | 11,057,469 | - |
| Accrued workers' compensation | 11,125,224 | - | 11,125,224 | - |
| Claims and judgments | 7,442,263 | | 7,442,263 | |
| Deferred revenue | 6,455,569 | - | 6,455,569 | 8,995,039 |
| Bonds and notes payable | 106,790,000 | - | 106,790,000 | 173,169,961 |
| Other long-term liabilities | - | - | - | 6,745,433 |
| Total liabilities | 227,992,624 | 49,240,876 | 277,233,500 | 245,375,606 |
| **Net assets** | | | | |
| Investment in capital assets, net of related debt | 125,697,336 | 190,338,502 | 316,035,838 | 749,894,219 |
| Restricted for | | | | |
| Capital projects | 22,117,750 | 520,478 | 22,638,228 | 23,364,012 |
| Debt service | 259,627 | - | 259,627 | 174,484,919 |
| Community water and sewer | - | 22,927,670 | 22,927,670 | - |
| Unrestricted | 162,629,495 | 319,544,722 | 482,174,217 | 64,784,666 |
| Total net assets | $ 310,704,208 | $ 533,331,372 | $ 844,035,580 | $ 1,012,527,816 |

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

# County of Oakland
## Statement of Activities
## Year Ended September 30, 2004

| | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions |
|---|---|---|---|---|
| **Functions/Programs** | | | | |
| **Primary government** | | | | |
| Governmental activities | | | | |
| General government, administrative | $ 35,578,079 | $ 12,299,340 | $ 1,521,884 | $ - |
| Public safety | 165,067,831 | 42,939,243 | 16,506,327 | 1,245,668 |
| Justice administration | 83,235,490 | 29,768,509 | 862,643 | - |
| Citizen services | 77,571,680 | 8,784,563 | 15,926,459 | - |
| Public works | 18,486,726 | 6,566,260 | 158,119 | 298,282 |
| Recreation and leisure | 2,462,791 | 117,393 | 8,750 | - |
| Commerce and community development | 46,808,623 | 28,894,323 | 19,898,125 | - |
| Unallocated depreciation | 1,123,059 | - | - | - |
| Interest on debt | 5,551,625 | 168,080 | - | - |
| Total governmental activities | 435,885,904 | 129,537,711 | 54,882,307 | 1,543,950 |
| Business-type activities | | | | |
| Airports | 5,005,242 | 4,280,322 | 8,636 | 3,198,595 |
| Community safety support | 10,865,506 | 10,931,124 | - | 1,256,922 |
| Community tax financing | 1,077,366 | 11,056,283 | - | - |
| Community water and sewer | 34,802,235 | 35,673,610 | - | 358,806 |
| Jail commissary | 1,283,311 | 1,207,479 | - | - |
| Recreation and leisure | 19,165,552 | 8,629,438 | 11,448 | 183,040 |
| Sewage disposal systems | 78,962,606 | 73,673,723 | - | 912,247 |
| Skilled nursing care | 10,568,345 | 10,477,016 | 29,368 | - |
| Total business-type activities | 161,730,163 | 155,928,995 | 49,452 | 5,909,610 |
| Total primary government | $ 597,616,067 | $ 285,466,706 | $ 54,931,759 | $ 7,453,560 |
| **Component units** | | | | |
| Drainage districts | $ 13,667,628 | $ 2,369,932 | $ 603,063 | $ 33,828,376 |
| Road commission | 85,506,062 | 15,183,476 | 65,262,006 | 42,881,776 |
| Total component units | $ 99,173,690 | $ 17,553,408 | $ 65,865,069 | $ 76,710,152 |
| General revenues | | | | |
| Taxes | | | | |
| Property taxes | | | | |
| State shared revenue | | | | |
| Unrestricted investment earnings | | | | |
| Gain on sale of capital assets | | | | |
| Other revenues | | | | |
| Special items - Contribution to VEBA Trust | | | | |
| Special items - Write off of CIP | | | | |
| Extraordinary item - Gain on insurance recovery | | | | |
| Transfers in (out) | | | | |
| Total general revenue, special items and transfers | | | | |
| Change in net assets | | | | |
| **Net assets** | | | | |
| Beginning (as restated, see Note 20) | | | | |
| Ending | | | | |

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

# County of Oakland
## Statement of Activities
## Year Ended September 30, 2004

| Net (Expenses) Revenues and Changes in Net Assets | | | |
|---|---|---|---|
| Primary Government | | | |
| Governmental Activities | Business Type Activities | Totals | Component Units |
| $ (21,756,855) | $ - | $ (21,756,855) | $ - |
| (104,376,593) | - | (104,376,593) | - |
| (52,604,338) | - | (52,604,338) | - |
| (52,860,658) | - | (52,860,658) | - |
| (11,464,065) | - | (11,464,065) | - |
| (2,336,648) | - | (2,336,648) | - |
| 1,983,825 | - | 1,983,825 | - |
| (1,123,059) | - | (1,123,059) | - |
| (5,383,545) | - | (5,383,545) | - |
| (249,921,936) | - | (249,921,936) | - |
| - | 2,482,311 | 2,482,311 | - |
| - | 1,322,540 | 1,322,540 | - |
| - | 9,978,917 | 9,978,917 | - |
| - | 1,230,181 | 1,230,181 | - |
| - | (75,832) | (75,832) | - |
| - | (10,341,626) | (10,341,626) | - |
| - | (4,376,636) | (4,376,636) | - |
| - | (61,961) | (61,961) | - |
| - | 157,894 | 157,894 | - |
| $ (249,921,936) | $ 157,894 | $ (249,764,042) | $ - |
| $ - | $ - | $ - | $ 23,133,743 |
| - | - | - | 37,821,196 |
| $ - | $ - | $ - | $ 60,954,939 |
| 214,309,074 | 12,647,696 | 226,956,770 | - |
| 30,239,698 | - | 30,239,698 | - |
| 2,498,825 | 2,204,973 | 4,703,798 | 1,268,442 |
| 592,234 | - | 592,234 | - |
| 2,303,411 | - | 2,303,411 | - |
| (50,890,224) | - | (50,890,224) | - |
| | (198,826) | (198,826) | |
| | | | 1,650,833 |
| 11,737,678 | (11,737,678) | - | - |
| 210,790,696 | 2,916,165 | 213,706,861 | 2,919,275 |
| (39,131,240) | 3,074,059 | (36,057,181) | 63,874,214 |
| 349,835,448 | 530,257,313 | 880,092,761 | 948,653,602 |
| $ 310,704,208 | $ 533,331,372 | $ 844,035,580 | $ 1,012,527,816 |

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.

**Public Health** – This fund is used to account for revenue reserved for the purpose of providing health protection, maintenance, and improvement for the residents of Oakland County.

**Water and Sewer Debt Act 342** – This fund is used to account for the accumulation of resources, mainly special assessments, for the payment of bonded debt issued for the construction of water and sewer systems under Public Act 342 of 1939 (currently 13 issues).

**Water and Sewer Refunding Debt Act 202** – This fund is used to account for the accumulation of resources, mainly special assessments, for the payment of bonded debt issued for the refinancing of debt obligations for construction of various water and sewer systems (currently 9 issues).

## Non-Major Funds

Non-major governmental funds are presented, by fund type, in the following sections:
Special Revenue funds
Debt Service funds
Capital Projects funds

# County of Oakland
## Balance Sheet
## Governmental Funds
## September 30, 2004

| | Major Funds | | |
|---|---|---|---|
| | General | Public Health | Water and Sewer Debt Act 342 |
| **Assets** | | | |
| Current assets | | | |
| Pooled cash and investments | $ 76,260,283 | $ 3,723,079 | $ 475,803 |
| Receivables (net of allowance for uncollectibles where applicable) | | | |
| Delinquent property taxes | 3,892,907 | - | - |
| Due from other governmental units | 2,924,160 | 190,575 | - |
| Due from component units | 110,996 | - | - |
| Accrued interest receivable | 1,127,682 | - | 1,851 |
| Accounts receivable | 4,022,656 | 119,094 | - |
| Due from other funds | 16,136,851 | 30,554 | - |
| Prepayments and other assets | 1,086,544 | 1,643 | - |
| Total current assets | 105,562,079 | 4,064,945 | 477,654 |
| Advances | - | - | - |
| Special assessments receivable | - | - | 16,030,000 |
| Contracts receivable | - | - | - |
| Total assets | $ 105,562,079 | $ 4,064,945 | $ 16,507,654 |
| **Liabilities and Fund Balances** | | | |
| Current liabilities | | | |
| Vouchers payable | $ 10,008,479 | $ 47,297 | $ - |
| Accrued payroll | 8,122,493 | - | - |
| Due to other governmental units | 38,703 | 127,920 | 75,889 |
| Due to component units | 15,576 | - | - |
| Due to other funds | 4,776,931 | 3,435,330 | - |
| Deferred revenue | 9,784,712 | - | 242,093 |
| Other accrued liabilities | 4,374,964 | 282,554 | - |
| Advances payable - current portion | 500,000 | - | - |
| Total current liabilities | 37,621,858 | 3,893,101 | 317,982 |
| Deferred revenue | - | - | 16,030,000 |
| Advances | 500,000 | - | - |
| Total liabilities | 38,121,858 | 3,893,101 | 16,347,982 |
| Fund balances | | | |
| Reserved | | | |
| Encumbrances | 1,491,119 | 171,844 | - |
| Advances | - | - | - |
| Prepayments | 1,086,545 | - | - |
| Programs | - | - | - |
| Debt service | - | - | 159,672 |
| Unreserved | | | |
| General fund | 64,862,557 | - | - |
| Special revenue funds | - | - | - |
| Capital projects funds | - | - | - |
| Total fund balances | 67,440,221 | 171,844 | 159,672 |
| Total liabilities and fund balances | $ 105,562,079 | $ 4,064,945 | $ 16,507,654 |

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

# County of Oakland
## Balance Sheet
## Governmental Funds
## September 30, 2004

| | Major Funds | | |
|---|---|---|---|
| | Water and Sewer Refunding Debt Act 202 | Non-Major Funds | Totals September 30, 2004 |
| **Assets** | | | |
| Current assets | | | |
| Pooled cash and investments | $ 1,436,233 | $ 77,228,704 | $ 159,124,102 |
| Receivables (net of allowance for uncollectibles where applicable) | | | |
| Delinquent property taxes | - | - | 3,892,907 |
| Due from other governmental units | - | 20,630,456 | 23,745,191 |
| Due from component units | - | 173,932 | 284,928 |
| Accrued interest receivable | 3,170 | 263,029 | 1,395,732 |
| Accounts receivable | - | 176,064 | 4,317,814 |
| Due from other funds | - | 4,684,846 | 20,852,251 |
| Prepayments and other assets | - | 13,748 | 1,101,935 |
| Total current assets | 1,439,403 | 103,170,779 | 214,714,860 |
| Advances | - | 816,423 | 816,423 |
| Special assessments receivable | 30,215,000 | 25,569 | 46,270,569 |
| Contracts receivable | - | 197,333 | 197,333 |
| Total assets | $ 31,654,403 | $ 104,210,104 | $ 261,999,185 |
| **Liabilities and Fund Balances** | | | |
| Current liabilities | | | |
| Vouchers payable | $ - | $ 2,956,321 | $ 13,012,097 |
| Accrued payroll | - | - | 8,122,493 |
| Due to other governmental units | 81,462 | 1,643,707 | 1,967,681 |
| Due to component units | - | 7,358 | 22,934 |
| Due to other funds | - | 8,556,460 | 16,768,721 |
| Deferred revenue | 1,260,307 | 12,248,550 | 23,535,662 |
| Other accrued liabilities | - | 9,006,041 | 13,663,559 |
| Advances payable - current portion | - | - | 500,000 |
| Total current liabilities | 1,341,769 | 34,418,437 | 77,593,147 |
| Deferred revenue | 30,215,000 | 25,569 | 46,270,569 |
| Advances payable | - | 816,423 | 1,316,423 |
| Total liabilities | 31,556,769 | 35,260,429 | 125,180,139 |
| Fund balances | | | |
| Reserved | | | |
| Encumbrances | - | 111,636 | 1,774,599 |
| Long-term receivables | - | 1,013,756 | 1,013,756 |
| Prepayments | - | - | 1,086,545 |
| Programs | - | 22,117,750 | 22,117,750 |
| Debt service | 97,634 | 2,321 | 259,627 |
| Unreserved | | | |
| General fund | - | - | 64,862,557 |
| Special revenue funds | - | 27,813,436 | 27,813,436 |
| Capital projects funds | - | 17,890,776 | 17,890,776 |
| Total fund balances | 97,634 | 68,949,675 | 136,819,046 |
| Total liabilities and fund balances | $ 31,654,403 | $ 104,210,104 | $ 261,999,185 |

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 Assets
## September 30, 2004

| | | |
|---|---|---|
| Total fund balances for governmental funds | | $ 136,819,046 |
| Amounts reported for governmental activities in the Statement of Net Assets 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 | $ 7,542,088 | |
| Construction in progress, not being depreciated | 59,224,616 | |
| Land improvements, net of $3,033,000 depreciation | 3,945,442 | |
| Buildings and improvements, net of $55,243,431 depreciation | 70,986,388 | |
| Equipment and vehicles, net of $4,610,601 depreciation | 5,377,097 | |
| Infrastructure, net of $4,633,567 depreciation | 12,727,651 | |
| | | 159,803,282 |
| Other long-term assets are not available to pay for current period expenditures and therefore are not reported in the funds. | | |
| Capital lease receivable | | 9,710,000 |
| Internal service funds are used by management to charge the cost of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. | | 81,441,459 |
| Deferred revenue on unearned lease receivable is not reported in the funds | | (6,660,000) |
| 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. | | 46,245,000 |
| 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 Assets. This is the net effect of these balances on the statement. | | |
| Bonds and notes payable | (116,375,000) | |
| Accrued interest payable | (279,579) | |
| | | (116,654,579) |
| Net assets of governmental activities | | $ 310,704,208 |

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, 2004

| | Major Funds | | |
|---|---|---|---|
| | General | Public Health | Water and Sewer Debt Act 342 |
| **Revenues** | | | |
| Taxes | $ 214,309,074 | $ - | $ - |
| Special assessments | - | - | 7,363,665 |
| Federal grants | 300,945 | - | - |
| State grants | 480 | 3,629,543 | - |
| Other intergovernmental revenues | 33,130,775 | - | - |
| Charges for services | 83,535,651 | 3,690,400 | 20,275 |
| Contributions | 4,070 | 9,410 | - |
| Investment income | 1,554,592 | - | 26,207 |
| Indirect cost recovery | 9,618,232 | - | - |
| Other | 1,339,243 | 685,153 | - |
| Total revenues | 343,793,062 | 8,014,506 | 7,410,147 |
| **Expenditures** | | | |
| Current operations | | | |
| County executive | 58,743,147 | 31,014,016 | - |
| Clerk/register of deeds | 12,510,892 | - | - |
| Treasurer | 3,227,295 | - | - |
| Justice administration | 55,222,486 | - | - |
| Law enforcement | 126,579,349 | - | - |
| Legislative | 5,059,493 | - | - |
| Drain commissioner | 4,563,503 | - | - |
| Non-departmental | 18,084,671 | - | - |
| Total current operations | 283,990,836 | 31,014,016 | - |
| Capital outlay | - | - | - |
| Intergovernmental | - | - | 153,261 |
| Debt service | | | |
| Principal payments | - | - | 6,350,000 |
| Interest and fiscal charges | - | - | 1,187,790 |
| Total expenditures | 283,990,836 | 31,014,016 | 7,691,051 |
| Excess (deficiency) of revenues over (under) expenditures | 59,802,226 | (22,999,510) | (280,904) |
| Other financing sources (uses) | | | |
| Transfers in | 6,861,763 | 22,711,028 | 176,430 |
| Transfers out | (60,843,671) | (74,129) | (2,219,926) |
| Payment to bond escrow agent | - | - | (2,705,230) |
| Issuance of bonds | - | - | 2,770,000 |
| Premiums on bonds sold | - | - | 7,878 |
| Discount on bonds sold | - | - | - |
| Total other financing sources (uses) | (53,981,908) | 22,636,899 | (1,970,848) |
| Special items | | | |
| Contribution to VEBA Trust | (50,890,224) | - | - |
| Net change in fund balances | (45,069,906) | (362,611) | (2,251,752) |
| **Fund balances** | | | |
| October 1, 2003 | 112,510,127 | 534,455 | 2,411,424 |
| September 30, 2004 | $ 67,440,221 | $ 171,844 | $ 159,672 |

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, 2004

| | Major Funds | | |
|---|---|---|---|
| | Water and Sewer Refunding Debt Act 202 | Non-Major Funds | Totals September 30, 2004 |
| **Revenues** | | | |
| Taxes | $ - | $ - | $ 214,309,074 |
| Special assessments | 5,469,880 | 6,248,658 | 19,082,203 |
| Federal grants | - | 36,177,253 | 36,478,198 |
| State grants | - | 20,993,587 | 24,623,610 |
| Other intergovernmental revenues | - | 3,457,607 | 36,588,382 |
| Charges for services | 2,925 | 24,666,934 | 111,916,185 |
| Contributions | - | 83,343 | 96,823 |
| Investment income | 11,952 | 338,334 | 1,931,085 |
| Indirect cost recovery | - | - | 9,618,232 |
| Other | - | 206,364 | 2,230,760 |
| Total revenues | 5,484,757 | 92,172,080 | 456,874,552 |
| **Expenditures** | | | |
| Current operations | | | |
| County executive | - | 66,793,293 | 156,550,456 |
| Clerk/register of deeds | - | 569,148 | 13,080,040 |
| Treasurer | - | 2,230,901 | 5,458,196 |
| Justice administration | - | 25,193,673 | 80,416,159 |
| Law enforcement | - | 5,637,062 | 132,216,411 |
| Legislative | - | - | 5,059,493 |
| Drain commissioner | - | 4,358,155 | 8,921,658 |
| Non-departmental | - | 98,282 | 18,182,953 |
| Total current operations | - | 104,880,514 | 419,885,366 |
| Capital outlay | | 17,962,682 | 17,962,682 |
| Intergovernmental | 27,130 | 2,069,541 | 2,249,932 |
| Debt service | | | |
| Principal payments | 4,105,000 | 7,100,000 | 17,555,000 |
| Interest and fiscal charges | 1,368,441 | 3,110,123 | 5,666,354 |
| Total expenditures | 5,500,571 | 135,122,860 | 463,319,334 |
| Excess (deficiency) of revenues over (under) expenditures | (15,814) | (42,950,780) | (6,444,782) |
| Other financing sources (uses) | | | |
| Transfers in | 1,145 | 43,764,101 | 73,514,467 |
| Transfers out | - | (3,464,344) | (66,602,070) |
| Payments to bond escrow agent | - | (2,127,138) | (4,832,368) |
| Issuance of bonds | - | 8,820,000 | 11,590,000 |
| Premiums on bonds sold | - | 29,896 | 37,774 |
| Discount on bonds sold | - | (55,957) | (55,957) |
| Total other financing sources (uses) | 1,145 | 46,966,558 | 13,651,846 |
| Special items | | | |
| Contribution to VEBA Trust | - | - | (50,890,224) |
| Net change in fund balances | (14,669) | 4,015,778 | (43,683,160) |
| **Fund balances** | | | |
| October 1, 2003 | 112,303 | 64,933,897 | 180,502,206 |
| September 30, 2004 | $ 97,634 | $ 68,949,675 | $ 136,819,046 |

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

## September 30, 2004

| | | |
|---|---|---|
| Net change in fund balance - total governmental funds | | $ (43,683,160) |
| 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. | | |
| Equipment and vehicles | $ 733,350 | |
| Construction in progress | 11,117,101 | |
| Depreciation expense | (4,458,068) | |
| | | 7,392,383 |
| Payment received on capital lease from a business-type fund provide current financial resources and therefore revenue to governmental funds. The payment received reduces a capital lease receivable in the Statement of Net Assets. | | (450,000) |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. | | 876,902 |
| Revenue from special assessments reported in the Statement of Activities in previous years did not provide current financial resources in the governmental funds. | | 130,000 |
| Current year special assessments will not be reported in Statement of Activities because it did not provide current year financial resources in the governmental funds. | | (14,090,000) |
| Bond proceeds provide current financial resources to governmental funds by issuing debt which increases long-term bonded debt in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Assets. This is the amount proceeds exceed repayments. | | |
| Bond proceeds | (11,590,000) | |
| Bond refunding | 4,715,000 | |
| Repayment of bond principal | 17,555,000 | |
| Accrued interest | 12,635 | |
| | | 10,692,635 |
| Change in net assets of governmental activities | | $ (39,131,240) |

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

# Proprietary Fund Financial Statements

## Major Funds

**County Airports –** This fund was established to account for operations of the County's Oakland County International, Oakland/Troy, and Oakland/Southwest airports. Revenues are primarily derived from leases, hangar rentals, landing fees, and other rental or service charges.

**Delinquent Tax Revolving** – This fund is used to account for money advanced by the County to cities, townships, villages and County funds for unpaid property taxes, and the subsequent collections of delinquencies from taxpayers.

**Parks and Recreation** – This fund is used to account for revenue earmarked for the operation of the County parks (currently 11). Principal revenues are from a voter-approved millage and user charges.

**Water and Sewer Trust** – This fund is used to account for monies received from those County residents whose water and sewer systems are maintained for their townships or municipalities by Oakland County.

## 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 Assets
## Proprietary Funds
## September 30, 2004

| | Business-Type Activities - Enterprise Funds | | | |
|---|---|---|---|---|
| | Major | | | |
| | County Airports | Delinquent Tax Revolving | Parks and Recreation | Water and Sewer Trust |
| **Assets** | | | | |
| Current assets | | | | |
| Pooled cash and investments | $ 13,905,813 | $ 169,074,218 | $ 17,545,900 | $ 17,169,014 |
| Delinquent property taxes | - | 45,989,999 | - | - |
| Due from other governmental units | 71,722 | 1,086,901 | - | 459,038 |
| Due from component units | - | - | - | 433 |
| Accrued interest receivable | 41,861 | 5,756,592 | 64,677 | 44,423 |
| Accounts receivable (net of allowance for uncollectibles where applicable) | 171,233 | 262 | 572,843 | 13,715,776 |
| Due from other funds | 278 | - | 39,614 | 972,743 |
| Current portion of advances receivable | - | 937,500 | - | - |
| Inventories and supplies | - | - | 31,042 | 263,097 |
| Prepayments and other assets | 79,068 | - | 4,660 | - |
| Total current assets | 14,269,975 | 222,845,472 | 18,258,736 | 32,624,524 |
| Contracts receivable | - | - | - | - |
| Advances | - | 2,650,000 | - | - |
| Capital assets | | | | |
| Land and nondepreciable assets | 35,817,088 | - | 16,721,170 | - |
| Land improvements, net | 11,453,158 | - | - | - |
| Building and improvements, net | 7,341,312 | - | 15,548,162 | - |
| Equipment and vehicles, net | 286,962 | - | 1,525,699 | 229,067 |
| Infrastructure, net | - | - | 27,834,123 | 21,575,019 |
| Total capital assets, net | 54,898,520 | - | 61,629,154 | 21,804,086 |
| Total assets | 69,168,495 | 225,495,472 | 79,887,890 | 54,428,610 |
| **Liabilities** | | | | |
| Current liabilities | | | | |
| Vouchers payable | 14,044 | 323,972 | 256,256 | 1,892,673 |
| Accrued payroll | - | - | 32,387 | 76,442 |
| Due to other governmental units | 42,932 | 53,188 | - | 678,509 |
| Due to component units | - | - | - | 106 |
| Due to other funds | 1,041 | 3,367,282 | 17,268 | 3,116,658 |
| Deferred revenue | - | - | 11,537 | - |
| Capital lease obligation-current portion | 230,000 | - | 450,000 | - |
| Notes payable | - | 25,000,000 | - | - |
| Accrued interest payable | - | 184,317 | - | - |
| Current portion of workers' compensation | - | - | - | - |
| Current portion of unreported health costs | - | - | - | - |
| Current portion of sick and annual leave | - | - | - | - |
| Current portion of claims and judgments | - | - | - | - |
| Current portion of advances payable | - | - | - | - |
| Other accrued liabilities | 395,086 | 300,919 | 137,445 | 2,434,825 |
| Total current liabilities | 683,103 | 29,229,678 | 904,893 | 8,199,213 |
| Capital lease obligations | 6,430,000 | - | 2,600,000 | - |
| Accrued workers' compensation | - | - | - | - |
| Accrued unreported health costs | - | - | - | - |
| Accrued sick and annual leave | - | - | - | - |
| Claims and judgments | - | - | - | - |
| Advances | - | - | - | - |
| Total liabilities | 7,113,103 | 29,229,678 | 3,504,893 | 8,199,213 |
| **Net assets** | | | | |
| Invested in capital assets, net of related debt | 48,238,520 | - | 58,579,154 | 21,804,086 |
| Restricted for programs | 520,478 | - | - | 22,927,670 |
| Unrestricted | 13,296,394 | 196,265,794 | 17,803,843 | 1,497,641 |
| Total net assets | $ 62,055,392 | $ 196,265,794 | $ 76,382,997 | $ 46,229,397 |

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

# County of Oakland
## Statement of Net Assets
## Proprietary Funds
## September 30, 2004

| | Business-Type Activities - Enterprise Funds | | |
|---|---|---|---|
| | Non-Major Funds | Totals September 30, 2004 | Governmental Activities - Internal Service Funds |
| **Assets** | | | |
| Current assets | | | |
| Pooled cash and investments | $ 76,644,676 | $ 294,339,621 | $ 95,194,833 |
| Delinquent property taxes | - | 45,989,999 | - |
| Due from other governmental units | 16,439,361 | 18,057,022 | 205,583 |
| Due from component units | 178,229 | 178,662 | 43,630 |
| Accrued interest receivable | 249,645 | 6,157,198 | 240,973 |
| Accounts receivable (net of allowance for uncollectibles where applicable) | 2,860,551 | 17,320,665 | 634,129 |
| Due from other funds | 3,209,094 | 4,221,729 | 2,234,185 |
| Current portion of advances receivable | - | 937,500 | - |
| Inventories and supplies | 850,978 | 1,145,117 | 541,923 |
| Prepayments and other assets | 148,863 | 232,591 | 3,696,679 |
| Total current assets | 100,581,397 | 388,580,104 | 102,791,935 |
| Contracts receivable | - | - | 12,268 |
| Advances | - | 2,650,000 | - |
| Capital assets, net | | | |
| Land and nondepreciable assets | 18,646,136 | 71,184,394 | 4,615,090 |
| Land improvements, net | - | 11,453,158 | - |
| Building and improvements, net | 3,634,486 | 26,523,960 | 278,224 |
| Equipment and vehicles, net | 7,385,578 | 9,427,306 | 21,048,272 |
| Infrastructure, net | 41,760,542 | 91,169,684 | 372,468 |
| Total capital assets, net | 71,426,742 | 209,758,502 | 26,314,054 |
| Total assets | 172,008,139 | 600,988,606 | 129,118,257 |
| **Liabilities** | | | |
| Current liabilities | | | |
| Vouchers payable | 379,839 | 2,866,784 | 1,473,753 |
| Accrued payroll | 41,160 | 149,989 | 87,064 |
| Due to other governmental units | 14,861,716 | 15,636,345 | 238,084 |
| Due to component units | - | 106 | - |
| Due to other funds | 2,204,109 | 8,706,358 | 761,248 |
| Deferred revenue | 69,528 | 81,065 | - |
| Capital lease obligation-current portion | - | 680,000 | - |
| Notes payable | - | 25,000,000 | - |
| Accrued interest payable | - | 184,317 | - |
| Current portion of workers' compensation | - | - | 1,333,948 |
| Current portion of unreported health costs | - | - | 762,667 |
| Current portion of sick and annual leave | - | - | 1,228,608 |
| Current portion of claims and judgments | - | - | 5,350,000 |
| Current portion of advances payable | - | - | 437,500 |
| Other accrued liabilities | 2,053,995 | 5,322,270 | 2,703,637 |
| Total current liabilities | 19,610,347 | 58,627,234 | 14,376,509 |
| Capital lease obligations | - | 9,030,000 | - |
| Accrued workers' compensation | - | - | 11,125,224 |
| Accrued unreported health costs | - | - | 1,525,333 |
| Accrued sick and annual leave | - | - | 11,057,469 |
| Claims and judgments | - | - | 7,442,263 |
| Advances | - | - | 2,150,000 |
| Total liabilities | 19,610,347 | 67,657,234 | 47,676,798 |
| **Net assets** | | | |
| Invested in capital assets, net of related debt | 71,426,742 | 200,048,502 | 26,314,054 |
| Restricted for programs | - | 23,448,148 | - |
| Unrestricted | 80,971,050 | 309,834,722 | 55,127,405 |
| Total net assets | $ 152,397,792 | $ 533,331,372 | $ 81,441,459 |

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

# County of Oakland
## Statement of Revenues, Expenses and Changes in Fund Net Assets
## Proprietary Funds
## September 30, 2004

| | Business-Type Activities - Enterprise Funds | | | |
|---|---|---|---|---|
| | Major | | | |
| | County Airports | Delinquent Tax Revolving | Parks and Recreation | Water and Sewer Trust |
| **Operating revenues** | | | | |
| Charges for services | $ 4,262,855 | $ 10,841,561 | $ 8,432,672 | $ 35,548,115 |
| Other | 2,612 | 214,722 | 26,330 | 125,495 |
| Total operating revenues | 4,265,467 | 11,056,283 | 8,459,002 | 35,673,610 |
| **Operating expenses** | | | | |
| Salaries | 997,963 | 60,985 | 7,261,668 | 6,001,509 |
| Fringe benefits | 466,095 | 29,656 | 2,532,694 | 2,458,929 |
| Contractual services | 1,509,793 | 590,950 | 4,235,273 | 22,250,132 |
| Commodities | 74,502 | - | 785,728 | 1,453,614 |
| Depreciation | 1,664,352 | - | 3,105,724 | 583,234 |
| Internal services | 292,537 | - | 970,466 | 1,472,327 |
| Intergovernmental | - | - | - | 582,490 |
| Total operating expenses | 5,005,242 | 681,591 | 18,891,553 | 34,802,235 |
| Operating income (loss) | (739,775) | 10,374,692 | (10,432,551) | 871,375 |
| **Nonoperating revenues (expenses)** | | | | |
| Property taxes | - | - | 12,647,696 | - |
| Contributions | 8,636 | - | 11,448 | - |
| Interest revenue | 88,848 | 1,363,320 | 136,584 | 106,593 |
| Interest expense and paying agent fees | - | (395,775) | (130,306) | - |
| Gain on sale of property and equipment | 14,855 | - | 26,706 | - |
| Total nonoperating revenues | 112,339 | 967,545 | 12,692,128 | 106,593 |
| Income (loss) before transfers, contributions and special items | (627,436) | 11,342,237 | 2,259,577 | 977,968 |
| Transfers, contributions and special items | | | | |
| Special item - Write off of CIP | (198,826) | - | - | - |
| Capital contributions | 3,198,595 | - | 183,040 | 358,806 |
| Transfers in | - | - | 381,718 | 20,000 |
| Transfers out | - | (10,574,250) | - | (20,000) |
| Total transfers, contributions and special items | 2,999,769 | (10,574,250) | 564,758 | 358,806 |
| Change in net assets | 2,372,333 | 767,987 | 2,824,335 | 1,336,774 |
| **Net assets** | | | | |
| October 1, 2003, (as restated, see Note 20) | 59,683,059 | 195,497,807 | 73,558,662 | 44,892,623 |
| September 30, 2004 | $ 62,055,392 | $ 196,265,794 | $ 76,382,997 | $ 46,229,397 |

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

# County of Oakland
## Statement of Revenues, Expenses and Changes in Fund Net Assets
## Proprietary Funds
## September 30, 2004

| | Business-Type Activities - Enterprise Funds | | |
|---|---|---|---|
| | Non-Major Funds | Totals September 30, 2004 | Governmental Activities - Internal Service Funds |
| **Operating revenues** | | | |
| Charges for services | $ 95,391,462 | $ 154,476,665 | $ 169,214,020 |
| Other | 1,041,610 | 1,410,769 | 107,350 |
| Total operating revenues | 96,433,072 | 155,887,434 | 169,321,370 |
| **Operating expenses** | | | |
| Salaries | 7,477,653 | 21,799,778 | 18,336,489 |
| Fringe benefits | 3,274,393 | 8,761,767 | 8,601,721 |
| Contractual services | 77,499,506 | 106,085,654 | 129,170,999 |
| Commodities | 3,521,853 | 5,835,697 | 6,111,878 |
| Depreciation | 7,584,333 | 12,937,643 | 6,959,199 |
| Internal services | 2,465,723 | 5,201,053 | 5,197,073 |
| Intergovernmental | - | 582,490 | - |
| Total operating expenses | 101,823,461 | 161,204,082 | 174,377,359 |
| Operating income (loss) | (5,390,389) | (5,316,648) | (5,055,989) |
| **Nonoperating revenues (expenses)** | | | |
| Property taxes | - | 12,647,696 | - |
| Contributions | 29,368 | 49,452 | - |
| Interest revenue | 509,628 | 2,204,973 | 567,741 |
| Interest expense and paying agent fees | - | (526,081) | (40,340) |
| Gain on sale of property and equipment | - | 41,561 | 557,534 |
| Total nonoperating revenues | 538,996 | 14,417,601 | 1,084,935 |
| Income (loss) before transfers, contributions and special items | (4,851,393) | 9,100,953 | (3,971,054) |
| Transfers, contributions and special items | | | |
| Special item - Write off of CIP | - | (198,826) | - |
| Capital contributions | 2,169,169 | 5,909,610 | 22,675 |
| Transfers in | 3,511,198 | 3,912,916 | 5,772,595 |
| Transfers out | (5,056,344) | (15,650,594) | (947,314) |
| Total transfers, contributions and special items | 624,023 | (6,026,894) | 4,847,956 |
| Change in net assets | (4,227,370) | 3,074,059 | 876,902 |
| **Net assets** | | | |
| October 1, 2003 (as restated, see Note 20) | 156,625,162 | 530,257,313 | 80,564,557 |
| September 30, 2004 | $ 152,397,792 | $ 533,331,372 | $ 81,441,459 |

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

# County of Oakland
## Statement of Cash Flows
## Proprietary Funds
## September 30, 2004

| | Business-Type Activities - Enterprise Funds | | | |
|---|---|---|---|---|
| | Major | | | |
| | County Airports | Delinquent Tax Revolving | Parks and Recreation | Water and Sewer Trust |
| **Cash flows from operating activities** | | | | |
| Cash received from users | $ 4,227,380 | $ 14,812,261 | $ 8,185,121 | $ 38,585,698 |
| Cash paid to suppliers | (2,320,788) | (802,668) | (8,663,047) | (28,188,891) |
| Cash paid to employees | (997,963) | (60,985) | (7,229,281) | (5,925,067) |
| Net cash provided by (used in) operating activities | 908,629 | 13,948,608 | (7,707,207) | 4,471,740 |
| **Cash flows from noncapital financing activities** | | | | |
| Transfers from other funds | - | - | 381,718 | 20,000 |
| Transfers to other funds | - | (10,574,250) | - | (20,000) |
| Contributions | 8,636 | - | 258,115 | - |
| Contracts/loans | - | - | - | - |
| Amounts received on contracts | - | - | - | - |
| Interest received on contracts | - | - | - | - |
| Issuance of short-term borrowings | - | 25,000,000 | - | - |
| Repayments received on advances | - | 937,500 | - | - |
| Property taxes | - | - | 12,647,696 | - |
| Interest paid on short-term borrowings | - | (362,500) | - | - |
| Payments on short-term borrowings | - | (25,000,000) | - | - |
| Net cash provided by (used in) noncapital financing activities | 8,636 | (9,999,250) | 13,287,529 | - |
| **Cash flows from capital and related financing activities** | | | | |
| Transfers from other funds | - | - | - | - |
| Capital contributions | - | - | 173,200 | - |
| Proceeds on sale of capital assets | 14,855 | - | 26,706 | - |
| Acquisition of capital assets | (284,091) | - | (2,102,964) | - |
| Payments on capital lease obligation | - | - | (450,000) | - |
| Interest and fees paid on capital lease obligation | - | - | (130,306) | - |
| Amount paid on advances and equipment contracts | - | - | - | - |
| Interest paid on advances and equipment contracts | - | - | - | - |
| Net cash provided by (used in) capital and related financing activities | (269,236) | - | (2,483,364) | - |
| **Cash flows from investing activities** | | | | |
| Interest on investments | 149,453 | 2,062,564 | 195,941 | 174,373 |
| Net cash provided by (used in) investing activities | 149,453 | 2,062,564 | 195,941 | 174,373 |
| Net increase (decrease) in cash and cash equivalents | 797,482 | 6,011,922 | 3,292,899 | 4,646,113 |
| **Pooled cash and investments** | | | | |
| October 1, 2003 | 13,108,331 | 163,062,296 | 14,253,001 | 12,522,901 |
| September 30, 2004 | $ 13,905,813 | $ 169,074,218 | $ 17,545,900 | $ 17,169,014 |

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

# County of Oakland
## Statement of Cash Flows
## Proprietary Funds
## September 30, 2004

| | Business-Type Activities Enterprise Funds | | |
|---|---|---|---|
| | Non-Major Funds | Totals September 30, 2004 | Governmental Activities - Internal Service Funds |
| **Cash flows from operating activities** | | | |
| Cash received from users | $ 100,928,580 | $ 166,739,040 | $ 170,513,867 |
| Cash paid to suppliers | (86,312,814) | (126,288,208) | (142,552,540) |
| Cash paid to employees | (7,436,493) | (21,649,789) | (18,272,662) |
| Net cash provided by (used in) operating activities | 7,179,273 | 18,801,043 | 9,688,665 |
| **Cash flows from noncapital financing activities** | | | |
| Transfers from other funds | 2,718,582 | 3,120,300 | 3,414,198 |
| Transfers to other funds | (5,056,344) | (15,650,594) | (947,314) |
| Contributions | 29,368 | 296,119 | - |
| Amounts received on contracts | - | - | 6,134 |
| Interest received on contracts | - | - | 439 |
| Issuance of short-term borrowings | - | 25,000,000 | - |
| Repayments received on advances | - | 937,500 | - |
| Property taxes | - | 12,647,696 | - |
| Interest paid on short-term borrowings | - | (362,500) | - |
| Payments on short-term borrowings | - | (25,000,000) | - |
| Net cash provided by (used in) noncapital financing activities | (2,308,394) | 988,521 | 2,473,457 |
| **Cash flows from capital and related financing activities** | | | |
| Transfers from other funds | 792,616 | 792,616 | 2,358,397 |
| Capital contributions | 912,247 | 1,085,447 | - |
| Proceeds on sale of capital assets | 586 | 42,147 | 557,534 |
| Acquisition of capital assets | (5,407,026) | (7,794,081) | (6,298,495) |
| Payments on capital lease obligation | - | (450,000) | - |
| Interest and fees paid on capital lease obligation | - | (130,306) | - |
| Amount paid on advances and equipment contracts | - | - | (732,983) |
| Interest paid on advances and equipment contracts | - | - | (40,340) |
| Net cash used in capital and related financing activities | (3,701,577) | (6,454,177) | (4,155,887) |
| **Cash flows from investing activities** | | | |
| Interest on investments | 839,889 | 3,422,220 | 912,320 |
| Net cash provided by (used in) investing activities | 839,889 | 3,422,220 | 912,320 |
| Net increase (decrease) in cash and cash equivalents | 2,009,191 | 16,757,607 | 8,918,555 |
| **Pooled cash and investments** | | | |
| October 1, 2003 | 74,635,485 | 277,582,014 | 86,276,278 |
| September 30, 2004 | $ 76,644,676 | $ 294,339,621 | $ 95,194,833 |

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

# County of Oakland
## Statement of Cash Flows
## Proprietary Funds
## September 30, 2004

| | Business-Type Activities - Enterprise Funds | | | |
|---|---|---|---|---|
| | Major | | | |
| | County Airports | Delinquent Tax Revolving | Parks and Recreation | Water and Sewer Trust |
| Operating income (loss) | $ (739,775) | $ 10,374,692 | $ (10,432,551) | $ 871,375 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | | | | |
| Depreciation expense | 1,664,352 | - | 3,105,724 | 583,234 |
| (Increase) decrease in delinquent property taxes receivable | - | 3,676,328 | - | - |
| (Increase) decrease in due from other governmental units | (71,722) | 83,263 | - | (427,205) |
| (Increase) decrease in due from component units | - | - | - | 48 |
| (Increase) decrease in accounts receivable | 22,700 | (262) | (189,836) | 3,574,787 |
| (Increase) decrease in due from other funds | (278) | - | (19,142) | (235,542) |
| (Increase) decrease in inventories and supplies | - | - | 11,257 | 147,823 |
| (Increase) decrease in prepayments and other assets | 15,258 | - | 760 | - |
| Increase (decrease) in vouchers payable | 1,318 | (182,062) | (192,086) | 190,460 |
| Increase (decrease) in accrued payroll | - | - | 32,387 | 76,442 |
| Increase (decrease) in due to other governmental units | 5,627 | 53,188 | - | (666,581) |
| Increase (decrease) in due to component units | - | - | - | 106 |
| Increase (decrease) in due to other funds | (64) | 8,020 | 10,884 | 63,907 |
| Increase (decrease) in deferred revenue | - | - | (64,903) | - |
| Increase (decrease) in current portion of workers' compensation | - | - | - | - |
| Increase (decrease) in current portion of unreported health costs | - | - | - | - |
| Increase (decrease) in current portion of sick and annual leave | - | - | - | - |
| Increase (decrease) in current portion of claims and judgments | - | - | - | - |
| Increase (decrease) in other accrued liabilities | 11,213 | (64,559) | 30,299 | 292,886 |
| Increase (decrease) in accrued workers' compensation | - | - | - | - |
| Increase (decrease) in unreported health costs | - | - | - | - |
| Increase (decrease) in accrued sick and annual leave | - | - | - | - |
| Increase (decrease) in claims and judgments | - | - | - | - |
| Net cash provided by (used in) operating activities | $ 908,629 | $ 13,948,608 | $ (7,707,207) | $ 4,471,740 |

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

# County of Oakland
## Statement of Cash Flows
## Proprietary Funds
## September 30, 2004

| | Business-Type Activities - Enterprise Funds | | |
|---|---|---|---|
| | Non-Major Funds | Totals September 30, 2004 | Governmental Activities - Internal Service Funds |
| Operating income (loss) | $ (5,390,389) | $ (5,316,648) | $ (5,055,989) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | | | |
| Depreciation expense | 7,584,333 | 12,937,643 | 6,959,199 |
| (Increase) decrease in delinquent property taxes receivable | - | 3,676,328 | - |
| (Increase) decrease in due from other governmental units | 3,960,635 | 3,544,971 | 17,187 |
| (Increase) decrease in due from component units | 404,539 | 404,587 | 96,910 |
| (Increase) decrease in accounts receivable | (171,019) | 3,236,370 | 341,518 |
| (Increase) decrease in due from other funds | 233,043 | (21,919) | 736,882 |
| (Increase) decrease in inventories and supplies | (335,139) | (176,059) | 166,705 |
| (Increase) decrease in prepayments and other assets | (109,851) | (93,833) | 999,481 |
| Increase (decrease) in vouchers payable | (1,264,075) | (1,446,445) | 680,567 |
| Increase (decrease) in accrued payroll | 41,160 | 149,989 | 63,827 |
| Increase (decrease) in due to other governmental units | 1,985,395 | 1,377,629 | 37,159 |
| Increase (decrease) in due to component units | - | 106 | - |
| Increase (decrease) in due to other funds | 704,679 | 787,426 | 478,407 |
| Increase (decrease) in deferred revenue | 66,228 | 1,325 | - |
| Increase (decrease) in current portion of workers' compensation | - | - | (82,687) |
| Increase (decrease in current portion of unreported health costs | - | - | (26,666) |
| Increase (decrease) in current portion of sick and annual leave | - | - | 53,664 |
| Increase (decrease) in current portion of claims and judgments | - | - | 3,050,000 |
| Increase (decrease) in other accrued liabilities | (530,266) | (260,427) | 269,595 |
| Increase (decrease) in accrued workers' compensation | - | - | 233,534 |
| Increase (decrease) in unreported health costs | - | - | (53,334) |
| Increase (decrease) in accrued sick and annual leave | - | - | 482,978 |
| Increase (decrease) in claims and judgments | - | - | 239,728 |
| Net cash provided by (used in) operating activities | $ 7,179,273 | $ 18,801,043 | $ 9,688,665 |

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

**Noncash transactions**
**Enterprise Funds**
Major funds:
Noncash and capital related financing activities included $358,806 of capital assets contributed in the Water and Sewer Trust fund, $9,840 of capital assets contributed in the Parks and Recreation fund; $3,198,595 of capital assets contributed (including write-off of $186,000 in due from other gov't units), $6,660,000 of capital assets acquired through capital lease obligation, write-off of $198,826 of construction in progress, and $5,000 and $21,344 for purchase of capital assets included in Vouchers payable payable and Other accrued liabilities, respectively, in the County Airports fund.
Nonmajor funds:
Noncash and capital related financing activities included $1,256,922 of capital assets contributed in the CLEMIS fund, and purchase of capital assets of $135,893 and $1,478,187 included in Vouchers payable and Other accrued liabilities, respectively, in the Radio Communications fund.
**Internal Service Funds**
Noncash capital and related financing included $22,675 of capital assets contributed and write-off of capital assets and corresponding depreciation in the Information Technology fund, and $108,112 for purchase of capital assets included in Other accrued liabilities in the Telephone Communications fund.

# Fiduciary Fund Financial Statements

**Pension (and Other Post Employment Benefits) Trust Funds –** Employee Pension Trust funds accept payments made by the County, invest fund resources, and calculate and pay pensions to beneficiaries.

**Agency Funds –** These funds account for assets held by the County in a trustee capacity. Disbursements from these funds are contingent upon the trust agreement or applicable legislative enactment for each particular fund. Agency funds are generally clearance devices for monies collected for other, 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
Agency funds

# County of Oakland
## Statement of Fiduciary Net Assets
## Fiduciary Funds
## September 30, 2004

| | Pension (and Other Post Employment Benefits) Trust Funds (1) | Agency Funds |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 25,767,482 | $ 770,079 |
| Pooled cash and investments | - | 174,920,258 |
| Investments, at fair value | | |
| Common stock | 672,843,883 | - |
| U.S. government securities | 148,739,890 | - |
| Corporate bonds | 212,389,505 | - |
| Money markets | 31,270,617 | - |
| Real estate | 6,723,469 | - |
| Other | 21,736,107 | - |
| Total investments | 1,093,703,471 | - |
| Receivables - interest and dividends | 4,948,219 | 157,795 |
| Receivables - other | 18,229 | 67,773 |
| Prepaid expenses | 101,021 | - |
| Due from other funds | 7,602 | - |
| Total assets | 1,124,546,024 | 175,915,905 |
| **Liabilities** | | |
| Vouchers payable | 16,700 | 108,071,234 |
| Due to other governmental units | - | 47,849,320 |
| Due to other funds | 1,076,968 | 2,472 |
| Other accrued liabilities | 24,070,031 | 19,992,879 |
| Total liabilities | 25,163,699 | 175,915,905 |
| Net assets held in Trust for Pension and other Postemployment healthcare benefits | $ 1,099,382,325 | $ - |

(1) Road Commission Component Unit financial information is reported as of December 31, 2003.

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

# County of Oakland
## Statement of Changes in Fiduciary Net Assets
## Fiduciary Funds
## Year Ended September 30, 2004

| | Pension (and Other Post Employment Benefits) Trust Funds (1) |
|---|---|
| **Additions** | |
| Contributions | |
| Employer | $ 29,089,698 |
| Special item - Contribution from General fund | 50,890,224 |
| Plan members | 1,148,265 |
| Total contributions | 81,128,187 |
| Investment income | 104,701,619 |
| Less: Investment expense | (920,436) |
| Net investment income | 103,781,183 |
| Total additions | 184,909,370 |
| **Deductions** | |
| Benefits | 50,754,762 |
| Administrative expenses | 2,711,936 |
| Total deductions | 53,466,698 |
| Net increase | 131,442,672 |
| Net assets held in trust for pension and other post employment healthcare benefits | |
| October 1, 2003 | 967,939,653 |
| September 30, 2004 | $ 1,099,382,325 |

(1) Road Commission Component Unit financial information is reported as of December 31, 2003.

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

# Combining 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 Public Act 51.

Combining schedules for Drainage Districts Funds are presented, by fund type, in the Drainage Districts section.

# County of Oakland
## Combining Statement of Net Assets
## Component Units
## September 30, 2004

| | Drainage Districts | Road Commission | Total Component Units |
|---|---|---|---|
| **Assets** | | | |
| Current assets | | | |
| Pooled cash and investments | $ 34,852,835 | $ - | $ 34,852,835 |
| Cash and cash equivalents | - | 34,787,769 | 34,787,769 |
| Investments | - | 37,120,000 | 37,120,000 |
| Receivables (net of allowance for uncollectibles where applicable) | | | |
| Special assessments | - | 6,545,984 | 6,545,984 |
| Due from other governmental units | 1,017,527 | - | 1,017,527 |
| Accrued interest receivable | 93,380 | 22,035 | 115,415 |
| Accounts receivable | - | 20,008,075 | 20,008,075 |
| Due from primary government | 23,040 | - | 23,040 |
| Inventories and supplies | - | 3,304,839 | 3,304,839 |
| Prepayments and other assets | - | 853,758 | 853,758 |
| Total current assets | 35,986,782 | 102,642,460 | 138,629,242 |
| Capital assets, net | | | |
| Assets being depreciated | 270,313,624 | 431,681,829 | 701,995,453 |
| Assets not being depreciated | 123,587,376 | 111,191,351 | 234,778,727 |
| Total capital assets, net | 393,901,000 | 542,873,180 | 936,774,180 |
| Special assessments receivable | 182,500,000 | - | 182,500,000 |
| Total assets | 612,387,782 | 645,515,640 | 1,257,903,422 |
| **Liabilities** | | | |
| Current liabilities | | | |
| Vouchers payable | 14,740 | 9,154,794 | 9,169,534 |
| Due to other governmental units | 4,615,093 | - | 4,615,093 |
| Due to primary government | 470,244 | 36,976 | 507,220 |
| Deferred revenue and advances | 218,299 | 22,569,815 | 22,788,114 |
| Current portion of long term debt | 10,235,000 | 1,975,000 | 12,210,000 |
| Other accrued liabilities | 2,098,262 | 5,076,950 | 7,175,212 |
| Total current liabilities | 17,651,638 | 38,813,535 | 56,465,173 |
| Deferred revenue | 8,995,039 | - | 8,995,039 |
| Bonds and notes payable | 163,269,961 | 9,900,000 | 173,169,961 |
| Other long-term liabilities | - | 6,745,433 | 6,745,433 |
| Total liabilities | 189,916,638 | 55,458,968 | 245,375,606 |
| **Net assets** | | | |
| Invested in capital assets, net of related debt | 220,396,039 | 529,498,180 | 749,894,219 |
| Restricted for | | | |
| Capital projects | 23,364,012 | - | 23,364,012 |
| Debt service | 174,484,919 | - | 174,484,919 |
| Unrestricted | 4,226,174 | 60,558,492 | 64,784,666 |
| Total net assets | $ 422,471,144 | $ 590,056,672 | $ 1,012,527,816 |

# County of Oakland
## Statement of Activities
## September 30, 2004

| | | Program Revenues | | | | | |
|---|---|---|---|---|---|---|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Drainage Districts | Road Commission | Total Component Units |
| **Functions/Programs** | | | | | | | |
| Drainage Districts | $ 13,667,628 | $ 2,369,932 | $ 603,063 | $ 33,828,376 | $ 23,133,743 | $ - | $ 23,133,743 |
| Road Commission | 85,506,062 | 15,183,476 | 65,262,006 | 42,881,776 | - | 37,821,196 | 37,821,196 |
| Total component units | $ 99,173,690 | $ 17,553,408 | $ 65,865,069 | $ 76,710,152 | $ 23,133,743 | $ 37,821,196 | $ 60,954,939 |
| **General Revenues** | | | | | | | |
| Unrestricted investment earnings | | | | | 216,380 | 1,052,062 | 1,268,442 |
| **Extraordinary item - Gain on insurance recovery** | | | | | - | 1,650,833 | 1,650,833 |
| Change in net assets | | | | | 23,350,123 | 40,524,091 | 63,874,214 |
| **Net assets** | | | | | | | |
| Beginning (as restated, see Note 20) | | | | | 399,121,021 | 549,532,581 | 948,653,602 |
| Ending | | | | | $ 422,471,144 | $ 590,056,672 | $ 1,012,527,816 |

## 1. Summary of Significant Accounting Policies

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

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

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

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

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

Separate financial statements for the Authority are not published.

**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 Public Act 51. 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, 2004, is 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, 2003, is reported discretely as a fiduciary fund type - Pension Trust fund.

- Complete financial statements of the Road Commission which includes the Road Commission Retirement System and it's 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 approximately 185 individual districts created for the purpose of alleviating drainage problems. This involves the construction, maintenance, and financing necessary to account for the cost of the drainage district. The individual districts, each a separate legal entity with power to assess the benefiting communities, is governed by the Drain Board for Oakland County; the Oakland County Drain 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 County and the State of Michigan for road drainage.

- The financial activities of the Drainage Districts as of and for the year ended September 30, 2004 is 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 Drain Commissioner
  #1 Public Works Drive
  Waterford, Michigan 48328

**Basic (Government-Wide) and Fund Financial Statements – GASB Statement #34**
GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that net assets be classified for accounting and reporting purposes into the following three categories:

- **Invested in capital assets, net of related debt** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction or improvement of those assets.

- **Restricted net assets** result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors and the like, or imposed by law through constitutional provisions or enabling legislation.

- **Unrestricted net assets** consists of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets often are designated, to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be removed or modified.

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. While the previous financial reporting model emphasized fund types (the total of all funds of a particular type), in the new financial reporting model the focus is on either the County as a whole, or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns: (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reflects both the gross and net costs per functional category (General Government, Public Safety, Justice Administration, Citizen Services, Public Works, Recreation and Leisure, and Commerce and Community Development), which are otherwise being supported by general government revenues (property taxes and certain intergovernmental revenues). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and grants both operating and capital related. The program revenues must be directly associated with the function otherwise they are reported as general revenue. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net cost (by function or activity) is normally covered by the County's general revenues. Historically, the previous financial reporting model did not summarize or present net cost by function or activity.

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 expenditures 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 County reports the following major governmental funds: General Fund, Public Health, Water and Sewer Debt Act 342, and Water and Sewer Refunding Debt Act 202.

The governmental funds major funds statement 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 business-type major fund financial statements into the full accrual governmental column of the government-wide presentation.

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

The County's fiduciary funds (which have been redefined and narrowed in scope) are presented in the fund financial statements by type. Since, by definition, these assets are being held for the benefit of third parties (pension participants and others) and cannot be used to finance activities or obligations of the government, these funds are not incorporated into the government-wide statements.

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

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

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. Revenues are primarily derived from property taxes, state and federal distributions, and charges for services.

The Public Health Fund accounts for revenues reserved for the provision of health protection, maintenance, and improvement for the residents of Oakland County.

The Water and Sewer Debt Act 342 Fund accounts for the accumulation of resources, mainly special assessments, for the payment of bonded debt issued for construction of water and sewer systems in Oakland County.

The Water and Sewer Refunding Debt Act 202 Fund accounts 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 in Oakland County.

The County reports the following major enterprise funds:

The County Airports Fund was created to account for operations of the County's airports.

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 Parks and Recreation Fund accounts for the operation of County parks.

The Water and Sewer Trust Fund accounts for collection of resources for operation of various water and sewer systems maintained by the County rather than the respective municipalities.

Additionally, the County reports the following fund types:

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

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

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 includes 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, a medical care facility, four sewage disposal systems, parks and others.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund 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 revenues 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 (Pension Trust and Agency funds) account for assets held by the County in a trustee capacity or as an agent for others.

**Basis of Accounting**

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

- Proprietary and Pension Trust Funds are accounted for on a flow-of-economic-resources measurement focus. All assets and liabilities are included on the Statement of Net Assets with the balance classified as net assets. Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration.

- The financial statements have been prepared in conformity with generally accepted accounting principles. Governmental funds use the modified accrual basis of accounting, which recognizes revenues in the accounting period in which they become susceptible to accrual; generally when they become both measurable and available. Property taxes are levied on December 1 each year and are recognized as revenues 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 revenue of the current period. Other revenues are considered to be available when anticipated to be collected within 60 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 and Pension Trust Funds use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Agency funds, which report only a statement of fiduciary net assets, 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 Road Commission's Retirement system activity (Pension Trust Fund) uses the economic resources measurement focus. All assets and liabilities are included as of the balance sheet date. Revenues and expenses are accounted for under the accrual basis of accounting, and, as such, revenue is recognized when earned and expenses are recorded when liabilities are incurred.

The Drainage Districts uses the current financial resources measurement focus for its 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 revenue is recognized as related costs are incurred, except for debt service expenditures, which are recorded when paid.

**Budgets**
Budgets and budgetary accounting are on the modified accrual basis, which is consistent with generally accepted accounting principles 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, 2003 and presented in a separate document. Appropriation budgets were adopted for the General and certain Special Revenue funds. Appropriations lapse at the end of the year. Project-length financial plans are budgeted for the remainder of the Special Revenue funds and for all Debt Service and Capital Projects funds. Budget and actual comparisons for such funds are not reported in the financial statements because annual budgets are not prepared.

Encumbrances are recorded at the time that purchase orders and contracts are issued. The encumbrances are liquidated when the goods or services are received. Unliquidated encumbrances at the end of the year are set aside as reserved 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 implemented a cash and investment pool in fiscal year 2003 for all funds except the pension trust funds 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, 2004 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 are also reclassified at year-end as interfund liabilities.

The County's investments are stated at fair value, which is determined by using quoted market rates, if the investment is traded on a recognized stock exchange. There are no derivative instruments or products in the County's non-pension investment portfolio at September 30, 2004.

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.

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

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

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

**Prepayments**
Payments made for services that will benefit periods beyond September 30, 2004 are recorded as prepayments.

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

The County's estimated useful life of the major classes of property and equipment follows:

| Class | Years |
|---|---|
| Land improvements | 10-15 |
| Buildings and improvements | 35-45 |
| Furniture, 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.

**Fund Equity**
Reserves represent portions of fund equity not available for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

**Deferred Revenue**
Deferred revenue is reported on the County’s combined balance sheet. Amounts are classified as deferred when they do not meet the available criteria, such as grants received before the expenditure is incurred.

Property taxes levied December 1, 2003 (when they become a lien against the property) are used to finance the expenditures of the current fiscal period (October 1, 2003 through September 30, 2004) and are reported as revenues in the financial statements.

**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, 2004. These estimates and assumptions also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

## 2. Legal Compliance - Budgets

The Board of Commissioners has established the legal level of control by control groups, as outlined in the County's General Appropriations Act. This act states that expenditures shall not exceed the total appropriations for controllable personnel expenditures (salaries, overtime, and fringes), controllable operating expenditures, and non-controllable operating 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 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: Public Health, Juvenile Maintenance, and Social Welfare-Foster Care. The budgetary comparison for the General Fund and the Public Health fund (major special revenue fund) is presented in the Required Supplementary Information. The Juvenile Maintenance 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 Personnel 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 "Undesignated Fund Balance."

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

| | Appropriation | Expenditures | Excess expenditures |
|---|---|---|---|
| **General Fund** | | | |
| County Executive | | | |
| Administration | | | |
| Noncontrollable operating expenditures | $ 1,245,032 | $ 1,311,997 | $ 66,965 |
| Facilities Management | | | |
| Controllable personnel expenditures | 1,248,466 | 1,251,916 | 3,450 |
| Human Resources | | | |
| Controllable operating expenditures | 672,175 | 706,046 | 33,871 |
| Noncontrollable operating expenditures | 1,166,342 | 1,167,160 | 818 |
| Human Services | | | |
| Controllable personnel expenditures | 183,434 | 185,073 | 1,639 |
| Public Services | | | |
| Controllable operating expenditures | 1,881,607 | 2,027,155 | 145,548 |
| Clerk/Register of Deeds | | | |
| Noncontrollable operating expenditures | 2,655,632 | 2,674,856 | 19,224 |
| Justice Administration | | | |
| Probate Court | | | |
| Noncontrollable operating expenditures | 839,788 | 849,753 | 9,965 |
| Law Enforcement | | | |
| Prosecuting Attorney | | | |
| Noncontrollable operating expenditures | 1,863,749 | 1,874,014 | 10,265 |
| Sheriff | | | |
| Controllable personnel expenditures | 83,432,788 | 83,646,881 | 214,093 |
| Drain Commissioner | | | |
| Controllable personnel expenditures | 2,976,935 | 3,130,624 | 153,689 |
| **Special Revenue Funds** | | | |
| Juvenile Maintenance Fund | | | |
| County Executive | | | |
| Human Services | | | |
| Controllable operating expenditures | 8,786,760 | 9,105,005 | 318,245 |
| Noncontrollable operating expenditures | 2,537,266 | 2,547,912 | 10,646 |
| Justice Administration | | | |
| Circuit Court | | | |
| Controllable operating expenditures | 8,162,218 | 9,387,687 | 1,225,469 |

These excess expenditures were closed against other appropriation balances in accordance with the County's policy and approved by a Board of Commissioners resolution in fiscal year 2004.

## 3. Deposits and Investments

At September 30, 2004, the book value of the County's deposits was $410,826,822 with a corresponding bank balance of $526,347,478. Qualifying deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to $100,000. Of the bank's balance, $1,900,000 is insured, and the remaining $524,447,478 is uninsured and uncollateralized and in the County's name.

The Drainage Districts component units cash and investments is maintained in pooled accounts of the County, therefore it is not possible to determine the corresponding bank balances nor the amount of insurance that would be allocated to the Drainage Districts deposits amounting to $34,852,835.

At September 30, 2004, the book value of the Road Commission's deposits was $66,892,325, with a corresponding bank balance of $63,488,716. Of the bank's balance, $1,197,521 is insured by the FDIC and the remaining $62,291,195 is uninsured and uncollateralized and in the County's name.

**Investments**
Investments, except those of the Retirement Systems and Deferred Compensation Plan, are administered by the Treasurer under guidelines established by Act 20 of the Michigan Public Acts of 1943, as amended. Significant policies include:

All investments of the County are held in the County's name and tax ID number.

Investments are in U.S. Government obligations, banker's acceptances, repurchase agreements, certificates of deposit, and commercial paper top rated by not less than two of the four rating services: Standard and Poor's, Moody's Investors Services, Fitch Investors Services, and Duff and Phelps.

- Only federal and state-chartered banks and savings institutions which are members of the FDIC are utilized.

- State law requires the use of in-state banks.

- The County maintains a cash and investment pool that is available for use by all funds. Share values are $1, with interest rates floating daily. These are not considered external investment pools. Investment income is allocated to funds based on their share of the average daily cash balances, including negative interest for funds with cash overdrafts.

- Pension 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 common stock. No investments, loans, or leases are with parties related to the pension plan.

Under the provisions of State statutes, the Oakland County Employees' Retirement Plan lends securities, including U.S. Government securities, corporate bonds, and common stock, to broker-dealers for collateral that will be returned for the same securities in the future. The County's custodial bank (agent) manages the securities lending program and receives cash and securities, including banker's acceptances, commercial paper, mutual funds, and repurchase agreements, as collateral. The custodial bank does not have the ability to pledge or sell collateral securities unless the borrower defaults. Borrowers are required to deliver collateral for each loan equal to not less than 100 percent of the market value of the loaned securities.

The County did not impose any restrictions during the year ended September 30, 2004 on the amount of the loans that the agent made on its behalf. There were no failures by any borrowers to return loaned securities or pay distribution thereon. Furthermore, there were no losses during the period resulting from a default of the borrowers or the custodial banks.

The County and the borrower maintain the right to terminate all securities lending transactions on demand. Because the loans can be terminated at will, their duration does not generally match the duration of the investments. On September 30, 2004, the County had no credit risk exposure to borrowers. The collateral held and the market value of securities on loan for the County as of September 30, 2004 were $98,137,844 and $95,715,308, respectively.

Investments of the County and Road Commission's Public Employees' Retirement System (PERS) are administered by their respective boards. Investments are held in street name by safekeeping agents under formal trust agreements or in the Retirement Systems' names.

Included in the Primary Government's Pension Trust fund investments in corporate and public utility bonds are Collateralized Mortgage Obligations (CMOs) with a market value of $17,259,441 at September 30, 2004. Such investments include FNMA- and FHLB-issued certificates. The portfolio of CMOs matures at various dates through the year 2043 and is backed by investments in various assets, including mortgages. The market value of such investments is affected by, among other factors, changes in interest rates, including the effect of prepayments, marketability, and default rates on assets underlying the securities.

In accordance with GASB Statement No. 3, investments are also classified into three categories of credit risk, as follows:

Category 1: Insured or registered, or securities held by the County or its agent in the County's name.

Category 2: Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the County's name.

Category 3: Uninsured and unregistered, with securities held by the counter-party or by its trust department or agent, but not in the County's name.

The following is a summary of investments by risk category for the primary government and component units (excluding fiduciary fund type). The investments for the Primary Government include amounts the County Treasurer holds in a custodial capacity, but are not funds of the Primary Government. These include the Drainage Districts component unit, $34,852,835, the Public Transportation Authority, $11,824, and the Business Finance Corporation, $964,354.

| | Category | | | Carrying Amount (Fair Value) |
|---|---|---|---|---|
| | 1 | 2 | 3 | |
| **Governmental and Business Type** | | | | |
| **Primary Government** | | | | |
| Commercial paper | $ 111,149,165 | $ - | $ - | $ 111,149,165 |
| U.S. government securities | 190,616,181 | - | - | 190,616,181 |
| Total | $ 301,765,346 | $ - | $ - | 301,765,346 |
| Cash on hand | | | | 1,207,604 |
| Deposits | | | | 213,209,663 |
| Money market mutual funds/ pools | | | | 68,304,956 |
| Total | | | | 584,487,569 |
| Less: Amounts in investment not belonging to primary government | | | | 35,829,013 |
| Total Primary Government | | | | $ 548,658,556 |
| **Road Commission Component Unit** | | | | |
| Cash on hand | $ - | $ - | $ - | $ 4,645 |
| Deposits | - | - | - | 66,374,325 |
| Money market mutual funds/ pools | - | - | - | 5,528,799 |
| Total | $ - | $ - | $ - | $ 71,907,769 |

The following is a summary of investments by risk category for the fiduciary fund type of the primary government and component units:

| | Category | | | Carrying Amount |
|---|---|---|---|---|
| | 1 | 2 | 3 | (Fair Value) |
| **Fiduciary Funds** | | | | |
| **Pension Trust and Agency Funds** | | | | |
| **Primary Government** | | | | |
| U.S. government securities | $ 115,656,112 | $ - | $ - | $ 115,656,112 |
| Common stock | 587,688,414 | - | - | 587,688,414 |
| Corporate bonds | 184,417,924 | - | - | 184,417,924 |
| Money market mutual funds/ pools | 31,270,617 | - | - | 31,270,617 |
| Total | $ 919,033,067 | $ - | $ - | 919,033,067 |
| Real estate | | | | 6,723,469 |
| Deposits | | | | 197,617,159 |
| Total | | | | $ 1,123,373,695 |
| **Road Commission Component Unit - Pension Fund** | | | | |
| U.S. government securities | $ - | $ 8,319,770 | $ - | $ 8,319,770 |
| U.S. agency obligations | - | 24,764,008 | - | 24,764,008 |
| Corporate obiligation | - | 27,971,581 | - | 27,971,581 |
| Corporate equities | - | 85,155,469 | - | 85,155,469 |
| Other | - | 21,736,107 | - | 21,736,107 |
| Total | $ - | $ 167,946,935 | $ - | 167,946,935 |
| Deposits | | | | 518,000 |
| Money market mutual funds/ pools | | | | 3,322,660 |
| Total * | | | | $ 171,787,595 |
| Total reporting entity - Fiduciary funds only | | | | $ 1,295,161,290 |

* Amounts represent balances in the Retirement System as of December 31, 2003.

## 4. Receivables

### Property Taxes

Taxes are levied on December 1 on the taxable value of real and personal property as established the preceding December 31. Taxes become a lien on the property December 1 and are due and payable on that date through February 28 of the following year. Taxes become delinquent and are subject to penalty on March 1. Taxable value is determined by using such factors as State equalized, assessed, and capped values, along with a value change multiplier. Equalized values for the 2003 levy totaled $67,085,441,782, with taxable values of $53,179,886,010. The operating tax rate for the 2003 levy, collected in 2004, was 4.1900 mills, with an additional 0.2436 mills voted for Parks and Recreation.

### Delinquent Taxes

The Treasurer purchases, at face amount, real property tax receivables that are delinquent on March 1. These receivables ($45,989,999) at September 30, 2004 are pledged for the repayment of notes, the proceeds of which were used to liquidate the amounts of delinquent real property taxes due to the County and other governmental agencies. Subsequent collections of delinquent taxes, which include interest, penalties, fees, and investment earnings, amounting to $12,419,603 in 2004, are used to service the notes payable.

## 5. Allowances for Uncollectible Receivables

At September 30, 2004, the allowances for uncollectible receivables were as follows:

| | |
|---|---|
| **General Fund** | $ 362,842 |
| **Enterprise funds** | |
| Medical Care Facility | 23,872 |
| Radio Communications | 53,493 |
| Total | $ 440,207 |

## 6. Investment Income – Pension Trust Funds

The following is a breakdown of the Investment Income for the primary government for the year ended September 30, 2004:

| | Employees Retirement | VEBA Trust |
|---|---|---|
| Interest and dividends | $ 20,761,730 | $ 5,441,848 |
| Unrealized/ Realized gain on sale of investments (net) | 46,975,680 | 7,754,693 |
| Total | $ 67,737,410 | $ 13,196,541 |

## 7. Capital Assets

An analysis of property and equipment as reported in the Statement of Net Assets, and related accumulated depreciation, at September 30, 2004, for governmental activities follows:

| | Balance October 1, 2003 | Additions | Disposals | Balance September 30, 2004 |
|---|---|---|---|---|
| **Governmental Activities** | | | | |
| Capital assets, not being depreciated | | | | |
| Land | $ 7,672,088 | $ - | $ - | $ 7,672,088 |
| Construction in progress | 50,300,055 | 13,941,090 | (531,439) | 63,709,706 |
| Total capital assets, not being depreciated | 57,972,143 | 13,941,090 | (531,439) | 71,381,794 |
| Capital assets, being depreciated | | | | |
| Land improvements | 6,978,442 | - | - | 6,978,442 |
| Buildings and improvements | 127,551,371 | - | - | 127,551,371 |
| Equipment and vehicles | 79,559,161 | 4,862,045 | (3,597,823) | 80,823,383 |
| Infrastructure | 20,530,901 | - | - | 20,530,901 |
| Total capital assets, being depreciated | 234,619,875 | 4,862,045 | (3,597,823) | 235,884,097 |
| Less: Accumulated depreciation | | | | |
| Land improvements | 2,633,001 | 399,999 | - | 3,033,000 |
| Buildings and improvements | 53,201,069 | 3,085,689 | - | 56,286,758 |
| Equipment and vehicles | 50,974,631 | 7,008,736 | (3,585,352) | 54,398,015 |
| Infrastructure | 6,507,939 | 922,843 | - | 7,430,782 |
| Total accumulated depreciation | 113,316,640 | 11,417,267 | (3,585,352) | 121,148,555 |
| Total capital assets, being depreciated, net | 121,303,235 | (6,555,222) | (12,471) | 114,735,542 |
| Governmental activities capital assets, net | $ 179,275,378 | $ 7,385,868 | $ (543,910) | $ 186,117,336 |

Depreciation expense was charged to functions as follows:

| | |
|---|---|
| Public Safety | $ 1,703,914 |
| Justice administration | 720,935 |
| Citizens services | 309,814 |
| Public infrastructure | 600,346 |
| Unallocated depreciation | 1,123,059 |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | 6,959,199 |
| Total depreciation expense-governmental activities | $ 11,417,267 |

A summary of business-type property and equipment at September 30, 2004, follows:

| | Balance October 1, 2003 | Additions | Disposals | Balance September 30, 2004 |
|---|---|---|---|---|
| **Business-type Activities** | | | | |
| Capital assets, not being depreciated | | | | |
| Land | $ 42,034,750 | $ 3,383,536 | $ - | $ 45,418,286 |
| Construction in progress | 20,309,699 | 16,587,585 | (11,143,176) | 25,754,108 |
| Total capital assets, not being depreciated | 62,344,449 | 19,971,121 | (11,143,176) | 71,172,394 |
| Capital assets, being depreciated | | | | |
| Land improvements | 23,066,776 | - | - | 23,066,776 |
| Buildings and improvements | 40,700,890 | 1,449,406 | - | 42,150,296 |
| Equipment and vehicles | 29,921,404 | 7,855,025 | (224,506) | 37,551,923 |
| Infrastructure | 216,259,600 | 2,142,261 | (13,946) | 218,387,915 |
| Total capital assets, being depreciated | 309,948,670 | 11,446,692 | (238,452) | 321,156,910 |
| Less: Accumulated depreciation | | | | |
| Land improvements | 10,353,745 | 1,259,873 | - | 11,613,618 |
| Buildings and improvements | 14,578,766 | 1,047,570 | - | 15,626,336 |
| Equipment and vehicles | 23,020,916 | 5,315,622 | (223,921) | 28,112,617 |
| Infrastructure | 121,917,598 | 5,314,578 | (13,945) | 127,218,231 |
| Total accumulated depreciation | 169,871,025 | 12,937,643 | (237,866) | 182,570,802 |
| Total capital assets, being depreciated, net | 140,077,645 | (1,490,951) | (586) | 138,586,108 |
| Business-type activities capital assets, net | $ 202,422,094 | $ 18,480,170 | $ (11,143,762) | $ 209,758,502 |

Depreciation expense was charged to functions as follows:

| | |
|---|---|
| Airports | $ 1,664,352 |
| Community safety support | 4,610,219 |
| Community water and sewer | 583,234 |
| Recreation and leisure | 3,105,724 |
| Sewage disposal systems | 2,893,928 |
| Skilled nursing care | 80,186 |
| Total depreciation expense - business-type activities | $ 12,937,643 |

An analysis of property and equipment, and related accumulated depreciation where applicable, at September 30, 2004, for component units follows:

| | Balance October 1, 2003 | Additions | Disposals | Balance September 30, 2004 |
|---|---|---|---|---|
| **Component Units** | | | | |
| **Drainage Districts** | | | | |
| Capital assets, not being depreciated | | | | |
| Construction in Progress | $ 92,722,313 | $ 31,365,473 | $ (500,410) | $ 123,587,376 |
| Capital assets, being depreciated | | | | |
| Infrastructure | 323,340,289 | 500,410 | - | 323,840,699 |
| Less: Accumulated depreciation | | | | |
| Infrastructure | 49,155,476 | 4,371,599 | - | 53,527,075 |
| Total capital assets, being depreciated, net | 274,184,813 | (3,871,189) | - | 270,313,624 |
| Governmental activity capital assets, net | $ 366,907,126 | $ 27,494,284 | $ (500,410) | $ 393,901,000 |
| **Road Commission** | | | | |
| Capital assets, not being depreciated | | | | |
| Land and other | $ 105,551,176 | $ 5,640,175 | $ - | $ 111,191,351 |
| Construction in Progress | 421,080 | 1,903,086 | - | 2,324,166 |
| Total capital assets, not being depreciated | 105,972,256 | 7,543,261 | - | 113,515,517 |
| Capital assets, being depreciated | | | | |
| Buildings and storage bins | 12,357,660 | 221,250 | (458,396) | 12,120,514 |
| Road equipment | 40,976,200 | 4,559,367 | (2,297,462) | 43,238,105 |
| Other equipment | 5,207,017 | 328,797 | - | 5,535,814 |
| Infrastructure | 602,718,305 | 55,464,536 | - | 658,182,841 |
| Brine wells and gravel pits | 1,070,822 | - | (3,485) | 1,067,337 |
| Total capital assets, being depreciated | 662,330,004 | 60,573,950 | (2,759,343) | 720,144,611 |
| Less: Accumulated depreciation for | | | | |
| Buildings and storage bins | (7,204,033) | (322,642) | 244,653 | (7,282,022) |
| Road equipment | (30,543,526) | (4,484,401) | 1,702,944 | (33,324,983) |
| Other equipment | (2,932,870) | (414,993) | 90,116 | (3,257,747) |
| Infrastructure | (221,115,654) | (25,115,602) | - | (246,231,256) |
| Brine wells and gravel pits | (622,240) | (72,185) | 3,485 | (690,940) |
| Total accumulated depreciation | (262,418,323) | (30,409,823) | 2,041,198 | (290,786,948) |
| Total capital assets, being depreciated, net | 399,911,681 | 30,164,127 | (718,145) | 429,357,663 |
| Governmental activity capital assets, net | $ 505,883,937 | $ 37,707,388 | $ (718,145) | $ 542,873,180 |

## 8. Long-Term Debt

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

**Primary Government**

| Bonds with unlimited taxing authority | Interest rate | October 1, 2003 | Additions | Reductions | September 30, 2004 | Amounts due within one year | Amounts due thereafter | General obligation | With governmental commitment |
|---|---|---|---|---|---|---|---|---|---|
| Water and sewer - Act 185 | 3.50%-7.70% | $ 3,635,000 | | $ (3,635,000) | $ - | $ - | $ - | $ - | $ - |
| Sewage disposal - Act 342 | 4.00%-6.50% | 200,000 | - | (100,000) | 100,000 | 100,000 | - | - | 100,000 |
| | | 3,835,000 | - | (3,735,000) | 100,000 | 100,000 | - | - | 100,000 |
| **Bonds with limited taxing authority** | | | | | | | | | |
| Building authority - Act 31 | 2.50%-5.60% | 58,235,000 | 6,660,000 | (4,450,000) | 60,445,000 | 2,680,000 | 57,765,000 | 60,445,000 | - |
| Building authority refunding - Act 202 | 4.37%-4.75% | 8,615,000 | 2,160,000 | (1,090,000) | 9,685,000 | 1,140,000 | 8,545,000 | 9,685,000 | - |
| Sewage disposal - Act 342 | 3.50%-8.50% | 10,180,000 | | (2,635,000) | 7,545,000 | 750,000 | 6,795,000 | - | 7,545,000 |
| Water supply bonds - Act 342 | 4.40%-7.00% | 7,250,000 | - | (5,835,000) | 1,415,000 | 70,000 | 1,345,000 | - | 1,415,000 |
| Water and sewer refunding - Act 202 | 2.00%-3.50% | | 2,770,000 | | 2,770,000 | 280,000 | 2,490,000 | | 2,770,000 |
| Water supply refunding - Act 202 | 4.40%-4.70% | 2,945,000 | - | (405,000) | 2,540,000 | 235,000 | 2,305,000 | - | 2,540,000 |
| Sewage disposal refunding- Act 202 | 3.00%-5.20% | 28,605,000 | - | (3,700,000) | 24,905,000 | 3,905,000 | 21,000,000 | - | 24,905,000 |
| Michigan Bond Authority - Authority Sewage Disposal Bonds | 2.25% | 7,390,000 | - | (420,000) | 6,970,000 | 425,000 | 6,545,000 | - | 6,970,000 |
| | | 123,220,000 | 11,590,000 | (18,535,000) | 116,275,000 | 9,485,000 | 106,790,000 | 70,130,000 | 46,145,000 |
| Total bonds - governmental activities | | $ 127,055,000 | $ 11,590,000 | $ (22,270,000) | $ 116,375,000 | $ 9,585,000 | $ 106,790,000 | $ 70,130,000 | $ 46,245,000 |
| **Tax notes - limited taxing authority - business type activities** | 1.625% | $ 25,000,000 | $ 25,000,000 | $ (25,000,000) | $ 25,000,000 | $ 25,000,000 | $ - | $ 25,000,000 | $ - |

**Component units**

| Drainage Districts | Interest rate | October 1, 2003 | Additions | Reductions | September 30, 2004 | Amounts due within one year | Amounts due thereafter | General obligation | With governmental commitment |
|---|---|---|---|---|---|---|---|---|---|
| Drain bonds - Act 40 limited taxing authority | 3.60%-8.00% | $ 37,210,000 | $ - | $ (3,535,000) | $ 33,675,000 | $ 1,775,000 | $ 31,900,000 | $ 2,620,195 | $ 31,054,805 |
| Drain refunding - Act 202 | 3.75%-6.70% | 44,330,000 | 1,120,000 | (4,190,000) | 41,260,000 | 4,070,000 | 37,190,000 | 2,440,150 | 38,819,850 |
| Michigan Bond Authority Drain bonds | 2.00%-2.50% | 72,197,167 | 27,527,794 | (1,155,000) | 98,569,961 | 4,390,000 | 94,179,961 | 1,804,509 | 96,765,452 |
| Total Drainage Districts | | $ 153,737,167 | $ 28,647,794 | $ (8,880,000) | $ 173,504,961 | $ 10,235,000 | $ 163,269,961 | $ 6,864,854 | $ 166,640,107 |

| Road Commission | Interest rate | October 1, 2003 | Additions | Reductions | September 30, 2004 | Amounts due within one year | Amounts due thereafter | General obligation | With governmental commitment |
|---|---|---|---|---|---|---|---|---|---|
| Compensated absences | -- | $ 3,268,974 | $ 76,459 | $ - | $ 3,345,433 | $ - | $ 3,345,433 | $ - | $ 3,345,433 |
| Self-insured losses | -- | 2,032,000 | 1,368,000 | - | 3,400,000 | - | 3,400,000 | - | 3,400,000 |
| Michigan Transportation Fund revenue notes | 3.50%-4.75% | 13,850,000 | - | (1,975,000) | 11,875,000 | 1,975,000 | 9,900,000 | - | 11,875,000 |
| Total Road Commission | | $ 19,150,974 | $ 1,444,459 | $ (1,975,000) | $ 18,620,433 | $ 1,975,000 | $ 16,645,433 | $ - | $ 18,620,433 |
| Total reporting entity | | $ 324,943,141 | $ 66,682,253 | $ (58,125,000) | $ 333,500,394 | $ 46,795,000 | $ 286,705,394 | $ 101,994,854 | $ 231,505,540 |

The annual requirements to pay principal and interest on debt outstanding at September 30, 2004 (excluding the liabilities for compensated absences and uninsured losses for the Road Commission component unit) were:

| | Bonds with unlimited taxing authority | | Bonds with limited taxing authority | | Notes with limited taxing authority | | Total primary government | |
|---|---|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2005 | $ 100,000 | $ 5,750 | $ 9,485,000 | $ 4,847,946 | $ 25,000,000 | $ 424,306 | $ 34,585,000 | $ 5,278,002 |
| 2006 | - | - | 10,190,000 | 4,448,579 | - | - | 10,190,000 | 4,448,579 |
| 2007 | - | - | 11,135,000 | 4,036,811 | - | - | 11,135,000 | 4,036,811 |
| 2008 | - | - | 11,370,000 | 3,602,943 | - | - | 11,370,000 | 3,602,943 |
| 2009 | - | - | 9,975,000 | 3,146,998 | - | - | 9,975,000 | 3,146,998 |
| 2010-2014 | - | - | 28,980,000 | 11,147,666 | - | - | 28,980,000 | 11,147,666 |
| 2015-2019 | - | - | 21,220,000 | 6,162,166 | - | - | 21,220,000 | 6,162,166 |
| 2020-2024 | - | - | 13,920,000 | 1,534,307 | - | - | 13,920,000 | 1,534,307 |
| 2025-2029 | - | - | - | - | - | - | - | - |
| Total | $ 100,000 | $ 5,750 | $ 116,275,000 | $ 38,927,416 | $ 25,000,000 | $ 424,306 | $ 141,375,000 | $ 39,357,472 |

| | Drainage Districts | | Road Commission | | Total reporting entity | |
|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2005 | $ 10,235,000 | $ 5,788,070 | $ 1,975,000 | $ 484,312 | $ 46,795,000 | $ 11,550,384 |
| 2006 | 9,985,000 | 5,456,921 | 1,975,000 | 406,900 | 22,150,000 | 10,312,400 |
| 2007 | 10,405,000 | 5,136,069 | 1,975,000 | 328,512 | 23,515,000 | 9,501,392 |
| 2008 | 10,870,000 | 4,794,816 | 1,975,000 | 246,650 | 24,215,000 | 8,644,409 |
| 2009 | 11,140,000 | 4,428,921 | 1,975,000 | 163,813 | 23,090,000 | 7,739,732 |
| 2010-2014 | 54,760,000 | 16,246,822 | 2,000,000 | 120,000 | 85,740,000 | 27,514,488 |
| 2015-2019 | 38,955,000 | 7,752,283 | - | - | 60,175,000 | 13,914,449 |
| 2020-2024 | 27,154,961 | 2,244,209 | - | - | 41,074,961 | 3,778,516 |
| 2025-2029 | - | - | - | - | - | - |
| Total | $ 173,504,961 | $ 51,848,111 | $ 11,875,000 | $ 1,750,187 | $ 326,754,961 | $ 92,955,770 |

The County has pledged its full faith and credit on debt totaling $326,754,961. The General Fund is obligated if payments received on assessments levied against benefiting municipalities are insufficient to meet principal and interest requirements of this debt when due.

By statute, general obligation debt is limited to 10 percent of the state equalized value. As of September 30, 2004, the debt limit was $7,029,699,664, general obligation debt was $101,994,854.

The aforementioned bonds are to be repaid as summarized in the following paragraphs.

**Building Authority – Act 31**
Act 31 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, 2004, there were 6 issues outstanding, totaling $60,445,000, maturing in the years 2005-2024, which represents debt originally issued in the years 1999-2004 totaling $66,020,000.

**Sewage Disposal, Water and Sewer, and Water Supply Bonds – Acts 185 and 342**
Acts 185 and 342 provide 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 revenues produced by utility or tax revenues. The County is obligated upon the default of the local municipality, and therefore, such obligation is shown as "with governmental commitment." Assessments are shown in their entirety with the corresponding deferred revenue in the Debt Service funds for each act. At September 30, 2004, there were 12 issues outstanding, totaling $9,060,000, maturing in the years 2005-2018. This represents debt originally issued in the amount of $34,860,000 issued in the years 1976-1999.

**Refunding Bonds – Act 202**
Act 202 provides for the refunding of bonds based on covenants contained in the act. 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, 2004, there were 11 issues outstanding, totaling $39,900,000, maturing in the years 2005-2014. This represents debt originally issued in the years 1994-2004 totaling $60,225,000.

**Michigan Bond Authority Sewage Disposal Bonds**
In October 1996, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to $9,350,000 for the White Lake Township Sewage Disposal System project. The amount of $9,350,000 was received from the State Revolving Loan fund as of the end of fiscal year 1999. The amount outstanding for this issue at September 30, 2004 was $6,970,000, which matures in the years 2005-2018.

**Tax Notes – Section 87B of Act 206**
By agreement with various taxing authorities, the County purchases (at face value) real property taxes which are returned delinquent each March 1. The assets of the Delinquent Tax Revolving fund (an Enterprise fund) including receivables, in the amount of $222,845,472 at September 30, 2004, are pledged as collateral for payment of the tax notes. The proceeds of these notes were used to liquidate the amounts due the County's General Fund and other governmental agencies for purchase of their delinquent real property tax receivables and to provide an amount for note repayment. The amount outstanding at September 30, 2004 was $25,000,000. Subsequent collections on delinquent taxes receivable, plus interest penalties and collection fees thereon, and investment earnings are used to service the debt.

**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 revenues 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, 2004, there were 14 issues outstanding, totaling $33,675,000, maturing in the years 2005-2023. This represents original debt issued for $40,460,000 in the years 1993-2004.

**Drain Refunding Bonds – Act 202 (Component Unit)**
Act 202 provides for the refunding of bonds based on covenants contained in the act. The County initiates the refunding of various drain bonds issued under Act 40 on behalf of the drainage districts component unit. Bonds will be repaid from assessments levied against the benefiting municipalities. At September 30, 2004, there were 15 issues outstanding, totaling $41,260,000, maturing in the years 2005-2016. This represents debt originally issued in the years 1993-2004 in the amount of $54,555,000.

**Michigan Bond Authority Drain Bonds (Component Unit)**
As of 1999, the County had received $9,339,609 from the authorized issuance of bonds to the Michigan Municipal Bond Authority Revolving Loan fund for the Combined Sewer Overflow Project. In October 2000, the County additionally authorized the issuance of bonds for up to $17,880,000 for the George W. Kuhn Drainage District. Through September 30, 2004, the drainage district received $17,340,968 from the State Revolving Loan Fund. Further, the County authorized an additional $82,200,000 for Segment II of the George W. Kuhn Drainage District. Through September 30, 2004, the drainage district received $76,913,993 from the State Revolving Loan Fund for Segment II. At September 30, 2004, there were 6 issues outstanding, totaling $98,569,961, maturing in the years 2004-2022. Subsequent to September 30, 2004, the George W. Kuhn Drainage District received $3,663,358 in additional proceeds from the State Revolving Loan Fund.

**Advance Refunding of General Obligation Limited Tax Bonds**
In January, 2004, the County issued $2,770,000 of refunding bonds for a current refunding of two general obligation limited tax bond issues, pursuant to Act 202, Public Acts of Michigan of 1943. General obligation, limited tax refunding sewage disposal and water supply bonds were issued for the payment of future debt service payments of the refunded debt. The debt refunded amounted to $2,640,000 for the City of Orchard Lake Village System, Series 1993 sewage disposal and water supply bonds (combined), maturing in the years 2005 through 2012 inclusively. The refunding was undertaken to reduce the debt service payments over the next 8 years by $275,577 and to obtain an economic (present value) gain of $246,061.

In March, 2004, the County issued $1,120,000 of refunding bonds for a current refunding of a general obligation limited tax bond issue on behalf of the Drainage Districts component unit, pursuant to authorization contained in Act 202, Public Acts of Michigan of 1943. General obligation limited tax refunding drain bonds were issued for the payment of future debt service payment of the refunded debt. The debt refunded amounted to $1,050,000 for the Robert Huber Drainage District Series 1995B drain bonds maturing in the years 2005 through 2014 inclusively. The refunding was undertaken to reduce the debt service payment over the next 10 years by $153,234 and to obtain an economic (present value) gain of $133,957.

Additionally, in March, 2004, the County issued $2,160,000 of refunding bonds for a current refunding of a general obligation limited tax bond issue pursuant to authorization contained in Act 202, Public Acts of Michigan of 1943. General obligation limited tax refunding bonds were issued for the payment of future debt service payment of the refunded debt. The debt refunded amounted to $2,075,000 of Building Authority bond issued maturing in the years 2005 through 2008. The refunding was undertaken to reduce the debt service payment over the next 4 years by $179,901 and to obtain an economic (present value) gain of $172,314.

Additionally, in 2004 bonds were called as a result of resources provided by the Township of Waterford in the form of prepaid assessment rolls. Debt amounting to $200,000, $1,200,000, $1,850,000 and $1,575,000 for the Waterford Township Water Supply System Extension #3, Waterford Township Sewage Disposal System Extensions, Phase II, Waterford Township Iron Removal Facilities, Series 1992-A and 1993 respectively was eliminated. This resulted in savings to the township of $440,219 for interest, net of call premiums, during fiscal years 2005 through 2007.

**Changes in Other Long-Term Liabilities**
Long-term liabilities liability activity for the fiscal year ended September 30, 2004 was as follows:

| | Beginning balance | Additions | Reductions | Ending balance | Due within one year |
|---|---|---|---|---|---|
| **Governmental activities** | | | | | |
| Accrued unreported health costs | $ 2,368,000 | $ 789,333 | $ (869,333) | $ 2,288,000 | $ 762,667 |
| Accrued sick and annual leave | 11,749,435 | 1,711,586 | (1,174,944) | $ 12,286,077 | 1,228,608 |
| Accrued worker's compensation | 12,308,325 | 1,474,048 | (1,323,201) | $ 12,459,172 | 1,333,948 |
| Claims and judgments (restated) | 9,502,535 | 4,287,416 | (997,688) | 12,792,263 | 5,350,000 |
| Governmental activity long-term liabilities | $ 35,928,295 | $ 8,262,383 | $ (4,365,166) | $ 39,825,512 | $ 8,675,223 |

## 9. Interfund Balances

Interfund receivables and payables at September 30, 2004 were:

| Fund | Interfund receivables | Fund | Interfund payables |
|---|---|---|---|
| **General** | $ 16,136,851 | **General** | $ 4,776,931 |
| **Special Revenue** | | **Special Revenue** | |
| Public Health | 30,554 | Public Health | 3,435,330 |
| Juvenile Maintenance | 1,118,969 | Juvenile Maintenance | 1,851,790 |
| Register of Deeds Automation | 21,092 | Social Welfare Foster Care | 375 |
| Oakland Enhancement | 55,700 | Delinquent Personal Tax Administration | 617 |
| Restricted Funds | 548 | Register of Deeds Automation | 4,927 |
| Environmental Infrastructure | 1,867,282 | Restricted Funds | 325 |
| Drains-Act 40 Chapter 4 & 18 Maintenance | 27,468 | Social Welfare | 3,970 |
| Pollution Control Grants | 6,126 | Water and Sewer Act 342 | 218 |
| Friend of the Court Grant | 736,802 | Lake Levels Act 146 | 60,954 |
| Multi-Organizational Grants | 169,400 | Drains - Act 40 Chapter 4 & 18 Maintenance | 215,982 |
| Workforce Development Grants | 862 | Pollution Control Grants | 26,344 |
| Human Service Grants | 8,186 | Friend of the Court Grant | 2,519,655 |
| Other Grants | 75,881 | Multi-Organizational Grants | 252,640 |
| COPS More Grant | 125,409 | Workforce Development Grants | 1,229 |
| Judicial Grants | 564 | Law Enforcement Grants | 714,988 |
| Oakland Brownfield Initiative | 975 | Human Service Grants | 103,890 |
| | | Other Grants | 2,372,353 |
| | | Human Service Coordinating Council | 5,682 |
| | | COPS More Grant | 101,624 |
| | | Judicial Grants | 213,073 |
| Total special revenue | 4,245,818 | Total special revenue | 11,885,966 |
| **Debt Service** | | **Debt Service** | |
| | | Building Authority Airport T-Hangers | 21,059 |
| **Capital Projects** | | **Capital Projects** | |
| Project Work Orders | 100,000 | Project Work Order | 12,703 |
| Airport T-Hanger Construction | 21,059 | Work Release/Jail Mgt/Video Conferencing | 864 |
| Drain Commissioner Revolving | 348,523 | Airport T-Hanger Construction | 33 |
| | | Lake Levels Act 146 | 70,876 |
| | | Lake Improvements Act 345 | 289 |
| Total capital projects | 469,582 | Total capital projects | 84,765 |
| **Internal Service** | | **Internal Service** | |
| Facilities Maintenance and Operations | 54,000 | Facilities Maintenance and Operations | 46,161 |
| Information Technology | 262,436 | Information Technology | 463,901 |
| Drain Equipment | 3,017 | Drain Equipment | 245,756 |
| Motor Pool | 244,002 | Motor Pool | 109 |
| Mailing, Copier and Printing | 1,228 | Mailing, Copier & Printing | 1,851 |
| Telephone Communications | 16,358 | Telephone Communications | 1,142 |
| Building & Liability Insurance | 2,172 | Sheriff Aviation | 2,328 |
| Fringe Benefits | 1,591,073 | | |
| Sheriff Aviation | 59,899 | | |
| Total internal service | 2,234,185 | Total internal service | 761,248 |

| Fund | Interfund receivables | Fund | Interfund payables |
|---|---|---|---|
| **Enterprise** | | **Enterprise** | |
| County Airports | $ 278 | County Airports | $ 1,041 |
| Parks and Recreation | 39,614 | Delinquent Tax Revolving | 3,367,282 |
| Water and Sewer Trust | 972,743 | Parks and Recreation | 17,268 |
| Fire Records Management | 2,082 | Water and Sewer Trust | 3,116,658 |
| Evergreen-Farmington S.D.S. | 2,921,657 | Medical Care Facility | 891,991 |
| S.O.C.S.D.S. | 59,758 | Fire Records Management | 24,511 |
| Clinton-Oakland S.D.S. | 110,803 | Evergreen-Farmington S.D.S. | 525,347 |
| CLEMIS | 113,847 | S.O.C.S.D.S. | 174,071 |
| Jail Inmate Commissary | 947 | Clinton-Oakland S.D.S. | 260,642 |
| | | Huron-Rouge S.D.S. | 14,832 |
| | | Farmers Market | 284 |
| | | CLEMIS | 168,426 |
| | | Jail Inmate Commissary | 144,005 |
| Total enterprise | 4,221,729 | Total enterprise | 8,706,358 |
| **Fiduciary** | | **Fiduciary** | |
| Employees' Retirement | 7,602 | Employees' Retirement | 245 |
| | | District Court Trust | 2,472 |
| | | VEBA Trust | 1,076,723 |
| Total fiduciary | 7,602 | Total fiduciary | 1,079,440 |
| Total due from other funds | $ 27,315,767 | Total due to other funds | $ 27,315,767 |

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

Receivables and payables between funds of the Primary Government and the Component Units at September 30, 2004 were:

| **Primary Government** | | **Primary Government** | |
|---|---|---|---|
| **Due From Component Unit** | | **Due to Component Unit** | |
| **Fund** | | **Fund** | |
| **General** | $ 110,996 | **General** | $ 15,576 |
| **Special Revenue** | - | **Special Revenue**<br>Other Grants | 7,358 |
| **Capital Projects**<br>Drain Commissioner Revolving | 173,932 | **Capital Projects** | - |
| **Internal Service** | | **Internal Service** | |
| Facilities Maintenance and Operations | 25,688 | | |
| Information Technology | 9,630 | | |
| Drain Equipment | 7,881 | | |
| Micrographics | 95 | | |
| Fringe Benefits | 336 | | |
| Total Internal Service | 43,630 | | - |
| **Enterprise** | | **Enterprise** | |
| Evergreen-Farmington S.D.S. | 178,229 | Water and Sewer Trust | 106 |
| Water and Sewer Trust | 433 | | |
| Total enterprise | 178,662 | Total enterprise | 106 |
| Total Primary Government | 507,220 | Total Primary Government | 23,040 |
| **Component Units** | | **Component Units** | |
| **Due from Primary Government** | | **Due to Primary Government** | |
| Drainage Districts | 23,040 | Drainage Districts | 470,244 |
| | | Road Commission | 36,976 |
| Total Component Units | 23,040 | Total Component Units | 507,220 |
| Total | $ 530,260 | Total | $ 530,260 |

Advances to/from other funds (including current and long-term portions) at September 30, 2004 were:

| Fund | Advances receivable | Fund | Advances payable |
|---|---|---|---|
| **General** | $ - | **General** | $ 1,000,000 |
| **Capital Projects** | | **Capital Projects** | |
| Building Improvement | 800,000 | Office Building Renovation | 800,000 |
| Long-term Revolving | 16,423 | Lake Levels Act 146 | 16,423 |
| Total capital projects | 816,423 | Total capital projects | 816,423 |
| **Internal Service** | | **Internal Service** | |
| | | Sheriff Aviation | 2,587,500 |
| **Enterprise** | | **Enterprise** | |
| Delinquent Tax Revolving | 3,587,500 | | |
| Total advances receivable | $ 4,403,923 | Total advances payable | $ 4,403,923 |

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, 2004 were:

| Fund | Transfers In | Fund | Transfers Out |
|---|---|---|---|
| **General** | $ 6,861,763 | **General** | $ 60,843,671 |
| **Special Revenue** | | **Special Revenue** | |
| Public Health | 22,711,028 | Public Health | 74,129 |
| Juvenile Maintenance | 18,912,137 | Juvenile Maintenance | 35,885 |
| Social Welfare Foster Care | 375 | Multi-Organizational Grants | 20,102 |
| Oakland Enhancement | 55,700 | Water and Sewer Act 342 | 1,315,381 |
| Water & Sewer Act 342 | 7,921,698 | Human Services Grants | 117,130 |
| Drains - Act 40 Chapter 4 & 18 Maintenance | 27,431 | Other Grants | 13,500 |
| COPS More Grant | 11,254 | | |
| Total special revenue | 49,639,623 | Total special revenue | 1,576,127 |
| **Debt Service** | | **Debt Service** | |
| Water and Sewer Act 342 | 176,430 | Water and Sewer Act 342 | 2,219,926 |
| Water and Sewer Refunding Act 202 | 1,145 | Building Authority Computer Center | 5 |
| Water and Sewer Act 185 | 409,703 | | |
| Building Authority Work Rel/ Jail Mgmt/Video | 1,915,200 | | |
| Building Authority Office Building Renovation | 565,460 | | |
| Building Authority 52/3 Dist Ct & Sheriff Substation | 1,372,025 | | |
| Building Authority Computer Center Refunding | 33,110 | | |
| Building Authority Computer Center | 55,469 | | |
| Building Authority Refunding Series 1998 | 1,445,981 | | |
| Total debt service | 5,974,523 | Total debt service | 2,219,931 |
| **Capital Projects** | | **Capital Projects** | |
| Building Improvement | 2,000,000 | Building Improvement | 1,511,600 |
| Project Work Orders | 4,088,524 | Project Work Orders | 65,802 |
| Major Dept Support Projects | 4,950,034 | Lyon Oaks Park | 381,718 |
| | | Long-Term Revolving | 3,221 |
| Total capital projects | 11,038,558 | Total capital projects | 1,962,341 |

| Fund | Transfers In | Fund | Transfers Out |
|---|---|---|---|
| **Internal Service** | | **Internal Service** | |
| Facilities Maintenance and Operations | $ 54,000 | Information Technology | $ 554,222 |
| Information Technology | 5,269,993 | Drain Equipment | 357,852 |
| Motor Pool | 448,602 | Sheriff Aviation | 35,240 |
| Total internal service | 5,772,595 | Total internal service | 947,314 |
| **Enterprise** | | **Enterprise** | |
| Parks & Recreation | 381,718 | Delinquent Tax Revolving | 10,574,250 |
| Water and Sewer Trust | 20,000 | Water and Sewer Trust | 20,000 |
| Fire Records Management | 441,300 | Jail Inmate Commissary | 57,675 |
| CLEMIS | 3,000,362 | Evergreen-Farmington S.D.S. | 4,973,669 |
| Radio Communications | 69,536 | Radio Communications | 25,000 |
| Total enterprise | 3,912,916 | Total enterprise | 15,650,594 |
| Total transfers in | $ 83,199,978 | Total transfers out | $ 83,199,978 |

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

## 10. Fund Equities

At September 30, 2004, a deficit existed in the following funds:

| | |
|---|---|
| **Capital Projects Fund** | |
| Lake Levels Act 146 | $ 89,039 |
| **Internal Service Fund** | |
| Sheriff Aviation | 2,054,337 |
| **Enterprise Fund** | |
| Jail Inmate Commissary | 35,226 |

The deficit in the Lake Levels Act 146 fund reflects two accounting issues. The first involves the commencement of a new lake level construction project in FY2004. The Watkins Lake Level Control Structure and Augmentation Well project will be funded by a bond issue, the proceeds of which will not be received until FY2005. The negative unreserved fund balance of $72,997 as of September 30, 2004 will be eliminated upon receipt of the bond proceeds. The second issue is expenditures for the Waumegah Lake Level Dam project, which is funded by an advance from the Long-term Revolving fund. A multi-year assessment roll in the amount of $17,989 has been authorized and upon collection will be used to pay back the Revolving fund, and thus eliminate the deficit, which at September 30, 2004 was $16,042.

The negative unrestricted net assets in the Sheriff Aviation fund reflects two separate interfund advances from the Delinquent Tax Revolving fund to purchase two helicopters. The negative unrestricted net assets will be eliminated as the advances are repaid to the Delinquent Tax Revolving fund.

The negative unrestricted net assets in the Jail Inmate Commissary fund reflect the fact that the cost of goods sold to inmates of the Oakland County jail have increased faster than the related charges on the sales of those goods. In addition, the Sheriff Department has made a commitment to transfer positions currently funded by this fund to the General Fund. The rate increase, along with position transfers and increased sales should offset the negative net assets and increase fund balance by September 30, 2005.

Reserved, designated, and undesignated fund balances and net assets at September 30, 2004 including the Road Commission and Drainage Districts component units, were as follows:

| | | Unreserved | |
|---|---|---|---|
| | **Reserved** | **Designated** | **Undesignated** |
| **Primary Government** | | | |
| **General Fund** | | | |
| Encumbrances | $ 1,491,119 | $ - | $ - |
| Prepaids | 1,086,545 | - | - |
| Future operating requirements | - | 52,305,155 | - |
| Capital outlay | - | 7,257,005 | - |
| Other programs | - | 4,850,000 | - |
| Uncommitted | - | - | 450,397 |
| | $ 2,577,664 | $ 64,412,160 | $ 450,397 |
| **Special Revenue Funds** | | | |
| Encumbrances | $ 283,480 | $ - | $ - |
| Construction and maintenance | - | 9,344,681 | - |
| Specific programs | - | 18,468,755 | - |
| | $ 283,480 | $ 27,813,436 | $ - |
| **Debt Service Funds** | | | |
| Debt service - general obligations | $ 259,627 | $ - | $ - |
| **Capital Projects Funds** | | | |
| Long-term receivables | $ 1,013,756 | $ - | $ - |
| Work projects | 22,117,750 | 7,270,580 | - |
| Uncommitted | - | - | 10,620,196 |
| | $ 23,131,506 | $ 7,270,580 | $ 10,620,196 |

| | | Unreserved | |
|---|---|---|---|
| | **Reserved** | **Designated** | **Undesignated** |
| **Component Units** | | | |
| **Road Commission** | | | |
| Governmental Fund | | | |
| Inventories and supplies | $ 1,986,518 | $ - | $ - |
| Construction and maintenance | 13,670,166 | 15,989,673 | - |
| Subsequent year's budget | - | 15,595,332 | - |
| Long-term portion of provision for uninsured losses | - | 3,400,000 | - |
| Compensated absences | - | 3,345,433 | - |
| | $ 15,656,684 | $ 38,330,438 | $ - |
| **Drainage Districts** | | | |
| Governmental Fund | | | |
| Construction and maintenance | $ 27,590,186 | $ - | $ - |
| Debt Service | 979,958 | - | - |
| | $ 28,570,144 | $ - | $ - |

## 11. Employee Benefits

**Primary Government**
The County provides various benefits to its employees. Expenditures in 2004 for these benefits approximated the following: medical insurance, $27,067,000; dental insurance, $2,997,000; optical insurance, $289,000; annual and sick leave, $1,136,000; disability, $2,528,000; tuition reimbursement, $309,000; Social Security, $15,434,000; workers' compensation, $1,784,000; and unemployment claims, $305,000.

**Road Commission**
The Road Commission provides medical, dental, and optical insurance to its employees. Expenditures in 2004 for these benefits approximated $8,461,500. Workers' compensation expense in 2004 approximated $834,700.

## 12. Defined Benefit Pension Plans

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

The County does not issue a stand-alone report for its County PERS.

**Basis of Accounting**
The County's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable, in accordance with the terms of the Plan.

**Method Used to Value Investments**
Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at an estimated fair value, or amortized cost.

**Funding Policy/Contributions**
The County policy is to fund normal costs of the Plan by contributions which are based on actuarially determined rates, expressed as percentages of annual covered payroll, and which are sufficient to accumulate assets to pay benefits when due. The current year and prior-period rates for the County plan were 0.0 percent and 0.0 percent, respectively, of annual covered payroll, which was determined through actuarial valuation performed at September 30, 2002 and September 30, 2001, respectively. There were no contributions from County funds for the years 2000 through 2004.

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 year ended September 30, 2004 and September 30, 2003 amounted to $1,071,778 and $1,044,995, 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 the Oakland County

**Benefits**
Members of both plans may retire at age 55 (except Sheriff's deputies, who may retire with 25 years of service regardless of age) with 25 years of service or at age 60 with 8 years of service. Members vest after 8 years of service.

Eligible employees under the County plan are provided benefits based on 2%, 2.2% for years in excess of 14 years (Sheriff's deputies, 2.2% for the first 14 years of service, and 2.5% for thereafter, command officers 2.5%) of the final average compensation times the number of years of credited service. Maximum County retirement is 75% of final average compensation, defined as the average of the highest five consecutive years during the last ten 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 ten years of service are computed as a regular retirement. Death benefits are provided to beneficiaries after ten years of service, based on years of service.

**Classes of Employees**
The County PERS covers the majority of full-time employees of the County. The Plans' membership consists of the following at September 30, 2003, the date of the latest actuarial valuation:

| | |
|---|---|
| Retirees and beneficiaries receiving benefits | 1,625 |
| Terminated plan members entitled to, but not yet receiving benefits | 261 |
| Active plan members | 1,060 |
| Total | 2,946 |

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.

During fiscal year 2003, the County offered a retirement incentive for qualifying employees to retire, 186 active employees elected to retire. This incentive amounted to $6.4 million and was paid from the Oakland County Employees Retirement Fund.

**Annual Pension Cost**

In 1998, the County contributed $6,421,492, which exceeded the required contribution of $4,414,888 (due to an adjustment in 1997 when the fiscal year change caused a nine-month "stub" year). As a result, the County had a negative net pension obligation (asset) of $2,006,604. The required County contribution for the year ended September 30, 2000 based on the September 30, 1998 actuarial evaluation was 0% of covered payroll, expressed in dollars as $365,699 which was not paid due to the prior period overpayment. The recommended rate of contribution for the year ended September 30, 2004 based on the actuarial evaluation of September 30, 2002 is again 0% of covered payroll, expressed in dollars as $0. The contribution amount was determined using the aggregate actuarial cost method, whereby the excess of the actuarial present value of projected benefits of the plan members as a group over the actuarial value of assets is allocated on a level basis over the earnings of the members between the valuation date and assumed retirement. The aggregate actuarial cost method does not produce an accrued liability or separately amortize an unfunded actuarial liability. The pension liability (asset) for the Plan at adoption was $0 and was determined in accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* which was adopted on January 1, 1997. The current negative net pension obligation (NPO) (asset) is calculated as follows:

| | 2004 | 2003 | 2002 |
|---|---|---|---|
| Overpayment at beginning of year | $ (781,551) | $ (727,024) | $ (694,906) |
| Interest on NPO | (58,616) | (54,527) | (52,118) |
| Total NPO | (840,167) | (781,551) | (747,024) |
| Adjustment to annual pension cost | 91,071 | - | - |
| NPO at end of year | $ (749,096) | $ (781,551) | $ (747,024) |

**Fund Balance Reserved for Employees' Pension Benefits**

Fund balances reserved for employees' pension benefits includes legally required reserves. Fund balance as of September 30, 2004 consists of the following reserves:

| | |
|---|---|
| Annuity reserve | $ 5,602,582 |
| Pension reserve | 302,624,039 |
| Pension accumulated reserve | 400,859,127 |
| Total fund balance | $ 709,085,748 |

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.

Required supplementary information, which includes: a Schedule of Employer Contributions, significant actuarial assumptions, and a Schedule of Funding Progress for the County, is presented immediately following the notes.

**Road Commission**

The Road Commission contributes to the Road Commission for Oakland County Retirement System (the "System"), which is the administrator of a single-employer public employees' retirement system that covers substantially all employees of the Road Commission. The System provides retirement, disability, and death benefits to plan members and their beneficiaries. The System currently requires no employee contribution. The obligation of the Road Commission to contribute to and maintain the System for these employees was established by negotiation with various collective bargaining units or other actions of the Oakland County Board of Road Commissioners. At December 31, 2003, the date of the most recent actuarial valuation, membership consisted of 430 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them and 551 current active employees.

A complete analysis of the dollar amounts of the actuarial value of assets, actuarial accrued liability, and unfunded actuarial accrued liability is reported in the Road Commission's Retirement System Financial Report as of December 31, 2003. A copy of this report may be obtained from the Road Commission's administrative office, located at 31001 Lahser Road, Beverly Hills, MI 48025.

For the year ended December 31, 2003, the Road Commission's annual pension cost of $1,895,360 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of the actuarial valuations at December 31, 2001 and 2002, using the individual entry age normal cost method. Significant actuarial assumptions used include (a) 7.5 percent investment rate of return, (b) projected salary increases of 4.5 percent to 8.0 percent per year, and (c) no cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at December 31, 2003 was 15 years.

As of December 31, 2003, the plan's legally required reserves have been fully funded as follows:

| | |
|---|---|
| Reserve for employee's contributions | $ 15,000 |
| Reserve for retired benefit payments | 60,609,698 |

**Trend Information**
The three-year trend information for the Road Commission PERS is as follows:

| | Fiscal year ended December 31, | | |
|---|---|---|---|
| | **2003** | **2002** | **2001** |
| Annual pension cost (APC) | $ 1,895,360 | $ 1,573,200 | $ 2,235,000 |
| Percentage of APC contributed | 100% | 100% | 100% |
| Net pension obligation | $ - | $ - | $ - |

Required supplementary information, which includes: a Schedule of Employer Contributions, significant actuarial assumptions, and a Schedule of Funding Progress for the Road Commission, is presented immediately following the notes.

## 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. The County reopened the opportunity for transfer from the County PERS to the OPRS again in 1997, 1998, and 2000. As a result, there was a total of 1,230 employees which amounted to $107,395,133 transferred to the OPRS through 2000. In 1999, establishment of the Community Mental Health Authority resulted in the transfer of 247 employees out of the County 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 contribution with county match of 2% for new hire 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, 2004 was 2,680, which includes 787 employees who elected to transfer from the PERS in 1995 through 2000 and 1,893 current employees hired since July 1, 1994.

The County's payroll for employees covered by the OPRS for the year ended September 30, 2004 was $134,112,821, and the County's total payroll was $209,998,977. The required contributions, which matched those actually made, were $5,619,720 by employees and $12,596,802 by the County, representing 4.2% and 9.4% of covered payroll, 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.

## 14. Post-Employment Benefits

The Oakland VEBA Trust (the Trust), formerly titled Oakland County Retirees' Health Care Trust, provides medical care benefit insurance coverage to retired employees or survivors of deceased employees who were hired on or before September 20, 1985, or hired on or after September 21, 1985, and had 15 years of service (for family coverage) or 8 to 14 years of service (for retired members only).

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

In 2004 the County provided 1,726 retirees medical insurance and reimbursed them for Medicare premiums under the Trust. In 2004, the County disbursed $17,047,694 for this purpose.

Post-employment benefits are established and may be amended by the Board of Commissioners in accordance with County policies, union contracts, and plan provisions.

Contributions are determined by independent consulting actuaries using the "individual entry age" actuarial cost method. Actuarial valuations for the County are as of September 30, 2003. The County's Trust has an estimated unfunded liability that was determined as part of an actuarial valuation as of September 30, 2003, the most recent date for which actuarial data are available, and is as follows:

| | |
|---|---|
| Retirees and beneficiaries | $ 225,994,626 |
| Vested terminated employees who will be eligible when they collect retirement (age 60 in most cases) and their beneficiaries | 37,028,257 |
| Active employees and beneficiaries | 234,236,688 |
| Total | 497,259,571 |
| Net assets available for benefits, at fair value | 161,875,682 |
| Unfunded accrued liability | $ 335,383,889 |

Unfunded actuarial accrued liabilities are being amortized as a fixed percentage of payroll over a period of 26 years.

The consulting actuary determines contribution requirements and actuarial present values for benefits by applying actuarial assumptions to the benefit provisions of the Trust and the following assumptions regarding future experiences: a long-term rate of investment return of 7.5%, future rate of increase in health care costs of 6.0%, and a salary inflation rate of 5.25%. They also use varied rates of mortality among employees, retirees, and beneficiaries. The County's contribution rate is 14.80% of payroll. In 2004, the County contributed $27,194,338 and earned $13,196,541 of interest income, with retirees contributing $76,487 toward the cost of hospitalization riders. Additionally, during 2004 a change was made in actuarial assumptions used in the calculation of retiree hospitalization, which will increase the County's required contribution to retiree health care in future years. Therefore, in 2004 the County transferred approximately $50.9 million from the General Fund unreserved fund balance to the VEBA Trust fund, thus reducing the amount of unfunded actuarial liability, and generating additional investment income for future funding.

The Road Commission provides healthcare benefits to all full-time employees and life insurance benefits to duty disability employees upon retirement, pursuant to agreements with various collective bargaining units or other action of the Oakland County Board of Road Commissioners. Currently, approximately 500 retirees and their spouses are eligible. The Road Commission includes retirees and their spouses in its health care plan, with no contribution required by the participant in most circumstances. Expenditures for post-employment benefits are on a "pay as you go" basis and accordingly are recognized as the life insurance premiums and medical costs become due. Approximately $2,840,000 was charged to operations during the year ended September 30, 2004.

## 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 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 loss, employee injuries, general liability claims, and torts, as well as medical benefits provided to employees. The County has purchased insurance to cover losses to its buildings and contents in the amount of $409,882,590. Liability insurance has been purchased for: airport operations in the amount of $50,000,000, fleet operations in the amount of $5,000,000, and employee bonds in the amount of $3,000,000. Workers' compensation umbrella coverage in excess of $500,000 to the statutory limit has also been purchased. The County is uninsured for all risks except as noted. The Road Commission has similar risks and is uninsured for these claims within certain limits. Depending on the type of claim, the per-occurrence limit ranges from $300,000 to $1,258,000 and the aggregate limit ranges from legal limits for workers' compensation to $15,000,000 for general liability. The County and Road Commission estimate the liability for all the above-mentioned claims that have been incurred through September 30, 2004, including both claims that have been reported, as well as those that have not yet been reported, and estimates of both future payments of losses and related claim adjustment expenses.

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

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

| | September 30, 2004 | September 30, 2003 |
|---|---|---|
| **Primary Government** | | |
| Beginning-of-period liability | $ 43,928,295 | $ 44,189,952 |
| Estimated claims incurred, claim adjustment expenses and changes in estimates | | |
| Provisions for current-year events | 36,897,401 | 34,281,998 |
| Decrease in provisions for prior-year events | (5,799,266) | (923,196) |
| Total incurred claims, claim adjustment expenses and changes in estimates | 31,098,135 | 33,358,802 |
| Claim payments and claim adjustment expenses | | |
| Related to current-year events | (33,112,420) | (30,111,583) |
| Related to prior-year events | (2,088,498) | (3,508,876) |
| Total claim payments and claim adjustment expenses | (35,200,918) | (33,620,459) |
| End-of-period liability | $ 39,825,512 | $ 43,928,295 |
| **Road Commission - Component Unit** | | |
| Beginning-of-year liability | $ 5,234,000 | $ 5,165,888 |
| Estimated claims incurred and changes in estimates | 11,375,577 | 9,782,872 |
| Claim payments | (11,709,577) | (9,714,760) |
| End-of-year liability | $ 4,900,000 | $ 5,234,000 |

## 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, 2004 were $1,094,855. The future minimum lease payments as of September 30, 2004 are as follows:

| Fiscal year | Primary government |
|---|---|
| 2005 | $ 785,714 |
| 2006 | 411,435 |
| 2007 | 408,185 |
| 2008 | 303,776 |
| 2009 | 157,604 |
| 2010 - 2014 | 788,020 |
| 2015 - 2019 | 709,218 |
| | $ 3,563,952 |

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, 2004 amounted to $167,818, recorded in the Facilities Maintenance & Operations fund, internal service fund type.

## 18. Commitments and Contingencies

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

The County, the Drainage Districts, and the Road Commission received funds from various federal and State units to finance specific activities. The final determination of revenue is subject to the acceptance of project costs by the granting agency, usually after a compliance audit. To the extent that costs are disallowed by the granting agency, County, the Drainage Districts, and Road Commission resources would be required to reimburse the grant funds. Management believes that disallowed costs, if any, would be immaterial.

The County has outstanding construction commitments (contracts) at September 30, 2004 as follows: 52/3 District Court & Sheriff Substation, with a cost of $17,574,950 and a remaining contract commitment of $124,227; Work Release/Jail Management/Video Conferencing with a cost of $305,000 for the Jail Management System portion and a remaining balance of $152,000; the Office Building Renovation project with preliminary construction contracts (2) of $1,377,084 and a remaining balance of $1,235,604. Bonds were sold at the end of FY2004 in the amount of $6,660,000 to finance construction of T-Hangers at the Oakland County International Airport, however no construction contracts have been authorized at this time.

The County, along with many other units of government in the State of Michigan, is a participant in litigation which appeals a ruling regarding the State Tax Commission's rate table calculations of personal property taxes for public utilities. The outcome is not known at this time, however the County has established a designated fund balance of $9 million in the General Fund to cover potential tax tribunal claims should that appeal be denied.

## 19. Statement of Net Assets – Reconciliation of Internal Balances

* The internal balances amount on the Statement of Net Assets (page 34) is reconciled as follows:

| | |
|---|---|
| **Governmental Activities** | |
| Governmental Funds | |
| Due from other funds | $ 20,852,251 |
| Long-term advances receivable | 816,423 |
| Due to other funds | (16,768,721) |
| Current and long-term advances payable | (1,816,423) |
| Internal Service Funds | |
| Due from other funds | 2,234,185 |
| Due to other funds | (761,248) |
| Current and long-term advances payable | (2,587,500) |
| Transferred to due to/ due from fiduciary funds | |
| Due from fiduciary funds | (1,071,838) |
| Capital lease receivable for Parks and Recreation, not reported in funds | 3,050,000 |
| Capital lease receivable for County Airports, not reported in funds | 6,660,000 |
| Governmental activities, internal balances | $ 10,607,129 |
| **Business-Type Activities** | |
| Proprietary Funds | |
| Due from other funds | $ 4,221,729 |
| Current and long-term advances receivable | 3,587,500 |
| Due to other funds | (8,706,358) |
| Current and long-term capital lease payable | (9,710,000) |
| Business-type activities, internal balances | $ (10,607,129) |

## 20. Accounting and Reporting Change

Several adjustments were made to prior period balances as described below:

- Adjustment to the Building and Liability Insurance fund, an Internal Service Fund, for a liability recorded in prior years for potential catastrophic losses in the amount of $8 million. This was not an actual realized claim, and therefore should not have been recorded as a liability.

- An adjustment of amounts recorded for unbilled receivables in the Water and Sewer Trust Fund, a major Enterprise Fund. A review of amounts used to estimate the receivable in prior years was low based on current consumption and rates by approximately $2.9 million.

- Removal of the Community Mental Health Authority as a component unit of Oakland County. This caused the elimination of Component Unit prior period net assets of $16,771,139.

- Additionally, an adjustment was made to account for the reporting of deferred revenue related to Special Assessments. While the liability for bonds and notes payable was added to the government-wide statements for FY2003, deferred revenue not due and payable in the current period to the extent it is related to any long-term debt obligation, should not be reported in the Statement of Net Assets. Therefore, net assets are increased by approximately $153.7 million in the Drainage Districts column of the Component Unit Statement of Net Assets, $60.2 million in the governmental activities column and $153.7 million in the component units column of the Basic Statement of Net Assets.

Beginning net assets have been restated as follows:

| | |
|---|---|
| Fund Financial Statements | |
| **Internal Service Funds:** | |
| Building and Liability Insurance Fund: | |
| Net assets at September 30, 2003 | $ 5,458,552 |
| Adjustment for claims liability | 8,000,000 |
| Net assets at September 30, 2003, as restated | $ 13,458,552 |
| Totals September 30, 2004: | |
| Net assets at September 30, 2003 | $ 72,564,557 |
| Adjustment for Building and Liability Insurance Fund | 8,000,000 |
| Net assets at September 30, 2003, as restated | $ 80,564,557 |
| **Proprietary Funds:** | |
| Business-Type Activities - Enterprise Funds | |
| Water and Sewer Trust Fund (Major Fund) | |
| Net assets at September 30, 2003 | $ 41,981,972 |
| Adjustment for unbilled receivables | 2,910,651 |
| Net assets at September 30, 2003, as restated | $ 44,892,623 |
| Totals September 30, 2004: | |
| Net assets at September 30, 2003 | $ 527,346,662 |
| Adjustment for Water and Sewer Trust Fund | 2,910,651 |
| Net assets at September 30, 2003, as restated | $ 530,257,313 |
| Governmental Activities - Internal Service Funds: | |
| Net assets at September 30, 2003 | $ 72,564,557 |
| Adjustment for Building and Liability Insurance Fund | 8,000,000 |
| Net assets at September 30, 2003, as restated | $ 80,564,557 |

| | |
|---|---|
| **Drainage Districts Component Unit:** | |
| Net assets at September 30, 2003 | $ 245,383,854 |
| Adjustment for deferred revenue | 153,737,167 |
| Net assets at September 30, 2003, as restated | $ 399,121,021 |
| Government-Wide Financial Statements | |
| **Primary Government** | |
| Governmental activities: | |
| Net assets at September 30, 2003 | $ 281,630,448 |
| Adjustment for claims liability | 8,000,000 |
| Adjustment for deferred revenue | 60,205,000 |
| Net assets at September 30, 2003, as restated | $ 349,835,448 |
| Business-Type Activities: | |
| Net assets at September 30, 2003 | $ 527,346,662 |
| Adjustment for unbilled receivables | 2,910,651 |
| Net assets at September 30, 2003, as restated | $ 530,257,313 |
| Totals: | |
| Net assets at September 30, 2003 | $ 808,977,110 |
| Adjustment to governmental activities | 68,205,000 |
| Adjustment to business-type activities | 2,910,651 |
| Net assets at September 30, 2003, as restated | $ 880,092,761 |
| **Component Units** | |
| Net assets at September 30, 2003 | $ 811,687,574 |
| Adjustment for elimination of Community Mental Health Authority | (16,771,139) |
| Adjustment for deferred revenue - Drainage Districts | 153,737,167 |
| Net assets at September 30, 2003, as restated | $ 948,653,602 |

# REQUIRED SUPPLEMENTARY INFORMATION

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

| Actuarial valuation date September 30, | | Actuarial value of assets | Actuarial accrued liability (AAL) | Unfunded AAL (UAAL) | Funded ratio | Covered payroll | UAAL as a percentage of covered payroll |
|---|---|---|---|---|---|---|---|
| 1998 | * | $ 632,758,322 | $ 539,845,227 | $ (92,913,095) | 115.6% | $ 72,112,212 | 0.0% |
| 1999 | * | 716,127,212 | 567,224,551 | (148,902,661) | 123.9% | 73,990,858 | 0.0% |
| 2000 | * | 775,243,552 | 573,768,933 | (201,474,619) | 135.1% | 69,175,806 | 0.0% |
| 2001 | | 789,236,897 | 580,370,868 | (208,866,029) | 136.0% | 67,115,144 | 0.0% |
| 2002 | | 723,402,622 | 602,229,408 | (121,173,214) | 120.1% | 67,665,611 | 0.0% |
| 2003 | | 658,078,396 | 626,340,056 | (31,738,340) | 105.1% | 58,244,337 | 0.0% |

* Plan amended.

Schedule of employer contributions:

| Year ended September 30, | Annual required contribution | Percentage contributed |
|---|---|---|
| 1998 | $ 4,414,888 | 145% |
| 1999 | 1,215,589 | - |
| 2000 | 365,699 | - |
| 2001 | - | - |
| 2002 | - | - |
| 2003 | - | - |

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

| | |
|---|---|
| Actuarial cost method | Aggregate actuarial cost beginning in 1995; individual entry-age normal cost previously |
| Asset valuation method | 3-year average of adjusted market values |
| Actuarial assumptions | |
| Investment rate of return | 7.5% |
| Projected salary increases* | 5.25% to 12.25% |
| Cost-of-living adjustments | 1.5% non-compounding annually |

* Includes pay inflation at 5.25%

Note: The aggregate actuarial cost method does not produce an accrued liability or separately amortize an unfunded actuarial liability. The AAL values shown are actually present values of future benefit payments (both accrued and future).

# County of Oakland
## Component Unit – Road Commission Retirement System
## Required Supplementary Information
## Schedule of Funding Progress and Employer Contributions
## Six-Year Historical Trend Information – Unaudited

Schedule of funding progress:

| Actuarial valuation date December 31, | Actuarial value of assets | Actuarial accrued liability (AAL) | Funded ratio | Unfunded AAL (UAAL) | Covered payroll | UAAL as a percentage of covered payroll |
|---|---|---|---|---|---|---|
| 1998 | $ 117,790,193 | $ 102,590,655 | 114.8% | $ (15,199,538) | $ 24,177,412 | 0.0% |
| 1999 | 131,926,367 | 116,292,106 | 113.4% | (15,634,261) | 25,345,063 | 0.0% |
| 2000 | 143,780,578 | 122,490,587 | 117.4% | (21,289,991) | 25,409,923 | 0.0% |
| 2001 | 150,647,599 | 127,603,386 | 118.1% | (23,044,213) | 26,570,231 | 0.0% |
| 2002 | 149,363,853 | 132,828,911 | 112.4% | (16,534,942) | 26,759,461 | 0.0% |
| 2003 | 154,182,955 | 142,068,917 | 108.5% | (12,114,038) | 28,259,643 | 0.0% |

Schedule of employer contributions:

| Year ended December 31, | Annual required contribution | Percentage contributed |
|---|---|---|
| 1998 | $ 3,008,040 | 107.2% |
| 1999 | 2,566,035 | 111.5% |
| 2000 | 1,840,456 | 135.5% |
| 2001 | 2,108,248 | 106.0% |
| 2002 | 1,739,618 | 90.4% |
| 2003 | 1,841,781 | 102.9% |

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

| | |
|---|---|
| Actuarial cost method | Individual entry-age normal cost |
| Amortization method | Level percent of payroll contributions, closed |
| Remaining amortization period | 15 years |
| Asset valuation method | 5-year smoothed market |
| Actuarial assumptions | |
| Investment rate of return | 7.5% |
| Projected salary increases* | 4.5% to 8.0% |
| Cost-of-living adjustments | None |

* Includes pay inflation at 4.5%

# County of Oakland
## Required Supplementary Information
## Budgetary Comparison Schedule
## Major Governmental Funds
## Year Ended September 30, 2004

| | General Fund | | | |
|---|---|---|---|---|
| | Original Budget | Final Amended Budget | Actual | Variance with Final Amended Budget |
| **Revenues** | | | | |
| Taxes | | | | |
| Current property taxes | $ 213,209,000 | $ 213,209,000 | $ 214,179,225 | $ 970,225 |
| Delinquent taxes - prior years | 825,000 | 825,000 | 28,310 | (796,690) |
| Trailer tax | 95,000 | 95,000 | 101,539 | 6,539 |
| Total | 214,129,000 | 214,129,000 | 214,309,074 | 180,074 |
| Other intergovernmental revenues | | | | |
| Cigarette tax distribution | 900,000 | 900,000 | 718,165 | (181,835) |
| Circuit judges' salaries | 903,506 | 903,506 | 908,198 | 4,692 |
| Community corrections | 272,000 | 489,000 | 507,870 | 18,870 |
| Probate judges' salaries | 565,619 | 565,619 | 591,048 | 25,429 |
| District judges' salaries | 536,702 | 536,702 | 525,826 | (10,876) |
| State revenue sharing | 15,000,000 | 15,000,000 | 18,606,512 | 3,606,512 |
| State reimbursement - P.A. 228 | 2,017,000 | 2,017,000 | 1,813,401 | (203,599) |
| State court fund - P.A. 189 | 6,100,000 | 6,100,000 | 6,293,440 | 193,440 |
| Convention facility liquor tax | 2,900,000 | 2,808,180 | 2,808,180 | - |
| Other | 370,605 | 370,605 | 358,135 | (12,470) |
| Total | 29,565,432 | 29,690,612 | 33,130,775 | 3,440,163 |
| Charges for services | | | | |
| County Executive | 228,500 | 235,000 | 187,536 | (47,464) |
| Management and Budget | 2,690,718 | 2,840,718 | 2,773,141 | (67,577) |
| Central Services | 138,000 | 138,000 | 184,543 | 46,543 |
| Human Resources | 800 | 800 | 19,103 | 18,303 |
| Public Services | 1,045,385 | 1,215,467 | 1,432,174 | 216,707 |
| Community and Economic Development | 569,259 | 460,259 | 392,337 | (67,922) |
| Clerk/Register of Deeds | 14,153,273 | 16,884,682 | 23,922,092 | 7,037,410 |
| Treasurer | 2,951,381 | 2,951,381 | 1,958,893 | (992,488) |
| Circuit Court | 3,552,790 | 3,665,650 | 3,786,887 | 121,237 |
| District Court | 11,216,292 | 11,354,811 | 12,428,242 | 1,073,431 |
| Probate Court | 524,100 | 524,100 | 537,012 | 12,912 |
| Prosecuting Attorney | 207,500 | 207,500 | 165,975 | (41,525) |
| Sheriff | 30,645,606 | 32,698,237 | 33,060,703 | 362,466 |
| Legislative | 81,855 | 81,855 | 81,743 | (112) |
| Drain Commissioner | 1,304,000 | 1,304,000 | 1,208,079 | (95,921) |
| Non-Departmental | 1,678,000 | 1,678,000 | 1,397,191 | (280,809) |
| Total | 70,987,459 | 76,240,460 | 83,535,651 | 7,295,191 |

(continued)

# County of Oakland
## Required Supplementary Information
## Budgetary Comparison Schedule
## Major Governmental Funds
## Year Ended September 30, 2004

| | General Fund | | | |
|---|---|---|---|---|
| | Original Budget | Final Amended Budget | Actual | Variance with Final Amended Budget |
| **Revenues, continued** | | | | |
| Investment income | $ 6,033,200 | $ 6,033,200 | $ 1,554,592 | $ (4,478,608) |
| Indirect cost recovery | 7,364,054 | 7,364,054 | 9,618,232 | 2,254,178 |
| Federal grants | 1,400,532 | 1,420,532 | 300,945 | (1,119,587) |
| State grants | - | 1,000 | 480 | (520) |
| Contributions | - | - | 4,070 | 4,070 |
| Other revenue | 330,139 | 581,354 | 1,339,243 | 757,889 |
| Total revenues | 329,809,816 | 335,460,212 | 343,793,062 | 8,332,850 |
| **Expenditures** | | | | |
| County Executive | | | | |
| Administration | | | | |
| Controllable personnel expenditures | 5,548,468 | 5,626,968 | 5,584,602 | 42,366 |
| Controllable operating expenditures | 849,227 | 866,767 | 687,888 | 178,879 |
| Non-controllable operating expenditures | 1,153,797 | 1,245,032 | 1,311,997 | (66,965) |
| Total Administration | 7,551,492 | 7,738,767 | 7,584,487 | 154,280 |
| Management and Budget | | | | |
| Controllable personnel expenditures | 15,478,028 | 15,661,252 | 14,334,099 | 1,327,153 |
| Controllable operating expenditures | 524,899 | 571,824 | 281,552 | 290,272 |
| Non-controllable operating expenditures | 3,179,193 | 5,231,914 | 5,213,898 | 18,016 |
| Total Management and Budget | 19,182,120 | 21,464,990 | 19,829,549 | 1,635,441 |
| Central Services | | | | |
| Controllable personnel expenditures | 1,345,228 | 1,372,660 | 1,317,623 | 55,037 |
| Controllable operating expenditures | 36,153 | 149,153 | 19,703 | 129,450 |
| Non-controllable operating expenditures | 975,421 | 1,070,300 | 1,024,463 | 45,837 |
| Total Central Services | 2,356,802 | 2,592,113 | 2,361,789 | 230,324 |
| Facilities Management | | | | |
| Controllable personnel expenditures | 1,245,466 | 1,248,466 | 1,251,916 | (3,450) |
| Controllable operating expenditures | 109,925 | 118,689 | 109,672 | 9,017 |
| Non-controllable operating expenditures | 134,447 | 172,174 | 128,414 | 43,760 |
| Total Facilities Management | 1,489,838 | 1,539,329 | 1,490,002 | 49,327 |
| Human Resources | | | | |
| Controllable personnel expenditures | 3,210,698 | 3,297,483 | 3,132,334 | 165,149 |
| Controllable operating expenditures | 642,175 | 672,175 | 706,046 | (33,871) |
| Non-controllable operating expenditures | 706,554 | 1,166,342 | 1,167,160 | (818) |
| Total Personnel | 4,559,427 | 5,136,000 | 5,005,540 | 130,460 |

(continued)

# County of Oakland
## Required Supplementary Information
## Budgetary Comparison Schedule
## Major Governmental Funds
## Year Ended September 30, 2004

| | General Fund | | | |
|---|---|---|---|---|
| | Original Budget | Final Amended budget | Actual | Variance with Final Amended Budget |
| **Expenditures (continued)** | | | | |
| County Executive (continued) | | | | |
| Human Services | | | | |
| Controllable personnel expenditures | $ 183,434 | $ 183,434 | $ 185,073 | $ (1,639) |
| Controllable operating expenditures | 2,144,626 | 2,215,876 | 2,126,242 | 89,634 |
| Non-controllable operating expenditures | 13,705 | 13,705 | 10,249 | 3,456 |
| Total Human Services | 2,341,765 | 2,413,015 | 2,321,564 | 91,451 |
| Public Services | | | | |
| Controllable personnel expenditures | 9,224,159 | 9,264,080 | 9,089,857 | 174,223 |
| Controllable operating expenditures | 1,468,502 | 1,881,607 | 2,027,155 | (145,548) |
| Non-controllable operating expenditures | 3,251,155 | 3,481,702 | 3,367,236 | 114,466 |
| Total Public Services | 13,943,816 | 14,627,389 | 14,484,248 | 143,141 |
| Community and Economic Development | | | | |
| Controllable personnel expenditures | 4,513,530 | 4,474,955 | 3,582,724 | 892,231 |
| Controllable operating expenditures | 1,539,362 | 2,228,065 | 1,089,087 | 1,138,978 |
| Non-controllable operating expenditures | 1,080,092 | 1,035,637 | 994,157 | 41,480 |
| Total Community and Economic Development | 7,132,984 | 7,738,657 | 5,665,968 | 2,072,689 |
| Total County Executive | 58,558,244 | 63,250,260 | 58,743,147 | 4,507,113 |
| Clerk/Register of Deeds | | | | |
| Controllable personnel expenditures | 7,589,228 | 7,742,385 | 7,505,155 | 237,230 |
| Controllable operating expenditures | 2,192,983 | 2,566,454 | 2,330,881 | 235,573 |
| Non-controllable operating expenditures | 1,873,523 | 2,655,632 | 2,674,856 | (19,224) |
| Total Clerk/Register of Deeds | 11,655,734 | 12,964,471 | 12,510,892 | 453,579 |
| Treasurer | | | | |
| Controllable personnel expenditures | 2,563,469 | 2,567,977 | 2,327,050 | 240,927 |
| Controllable operating expenditures | 183,215 | 190,449 | 115,372 | 75,077 |
| Non-controllable operating expenditures | 648,490 | 787,058 | 784,873 | 2,185 |
| Total Treasurer | 3,395,174 | 3,545,484 | 3,227,295 | 318,189 |

(continued)

# County of Oakland
## Required Supplementary Information
## Budgetary Comparison Schedule
## Major Governmental Funds
## Year Ended September 30, 2004

| | General Fund | | | |
|---|---|---|---|---|
| | Original Budget | Final Amended Budget | Actual | Variance with Final Amended Budget |
| **Expenditures (continued)** | | | | |
| Justice Administration | | | | |
| Circuit Court | | | | |
| Controllable personnel expenditures | $ 21,238,441 | $ 21,430,880 | $ 20,193,943 | $ 1,236,937 |
| Controllable operating expenditures | 7,327,934 | 11,038,316 | 10,442,380 | 595,936 |
| Non-controllable operating expenditures | 4,308,068 | 5,017,300 | 4,983,477 | 33,823 |
| Total Circuit Court | 32,874,443 | 37,486,496 | 35,619,800 | 1,866,696 |
| District Court | | | | |
| Controllable personnel expenditures | 10,321,794 | 10,470,724 | 10,068,093 | 402,631 |
| Controllable operating expenditures | 2,677,399 | 2,708,630 | 2,595,820 | 112,810 |
| Non-controllable operating expenditures | 1,674,214 | 1,909,606 | 1,708,621 | 200,985 |
| Total District Court | 14,673,407 | 15,088,960 | 14,372,534 | 716,426 |
| Probate Court | | | | |
| Controllable personnel expenditures | 3,935,371 | 3,931,311 | 3,671,830 | 259,481 |
| Controllable operating expenditures | 654,981 | 718,777 | 708,569 | 10,208 |
| Non-controllable operating expenditures | 700,042 | 839,788 | 849,753 | (9,965) |
| Total Probate Court | 5,290,394 | 5,489,876 | 5,230,152 | 259,724 |
| Total Justice Administration | 52,838,244 | 58,065,332 | 55,222,486 | 2,842,846 |
| Law Enforcement | | | | |
| Prosecuting Attorney | | | | |
| Controllable personnel expenditures | 13,940,240 | 13,819,408 | 13,004,618 | 814,790 |
| Controllable operating expenditures | 872,434 | 1,896,841 | 1,661,091 | 235,750 |
| Non-controllable operating expenditures | 1,786,515 | 1,863,749 | 1,874,014 | (10,265) |
| Total Prosecuting Attorney | 16,599,189 | 17,579,998 | 16,539,723 | 1,040,275 |
| Sheriff | | | | |
| Controllable personnel expenditures | 80,494,499 | 83,432,788 | 83,646,881 | (214,093) |
| Controllable operating expenditures | 9,034,536 | 11,393,936 | 11,080,353 | 313,583 |
| Non-controllable operating expenditures | 14,746,797 | 15,520,441 | 15,312,392 | 208,049 |
| Total Sheriff | 104,275,832 | 110,347,165 | 110,039,626 | 307,539 |
| Total Law Enforcement | 120,875,021 | 127,927,163 | 126,579,349 | 1,347,814 |

(continued)

# County of Oakland
## Required Supplementary Information
## Budgetary Comparison Schedule
## Major Governmental Funds
## Year Ended September 30, 2004

| | General Fund | | | |
|---|---|---|---|---|
| | Original Budget | Final Amended Budget | Actual | Variance with Final Amended Budget |
| **Expenditures (continued)** | | | | |
| Legislative | | | | |
| Board of Commissioners | | | | |
| Controllable personnel expenditures | $ 3,066,015 | $ 3,044,583 | $ 2,799,376 | $ 245,207 |
| Controllable operating expenditures | 1,067,881 | 1,233,462 | 1,133,178 | 100,284 |
| Non-controllable operating expenditures | 1,156,290 | 1,142,842 | 1,126,939 | 15,903 |
| Total Legislative | 5,290,186 | 5,420,887 | 5,059,493 | 361,394 |
| Drain Commissioner | | | | |
| Controllable personnel expenditures | 2,668,091 | 2,976,935 | 3,130,624 | (153,689) |
| Controllable operating expenditures | 165,998 | 1,802,543 | 381,161 | 1,421,382 |
| Non-controllable operating expenditures | 919,870 | 1,153,753 | 1,051,718 | 102,035 |
| Total Drain Commissioner | 3,753,959 | 5,933,231 | 4,563,503 | 1,369,728 |
| Non-departmental | | | | |
| Controllable operating expenditures | 23,146,117 | 17,572,462 | 15,118,769 | 2,453,693 |
| Non-controllable operating expenditures | 9,794,702 | 3,745,016 | 2,965,902 | 779,114 |
| Total non-departmental | 32,940,819 | 21,317,478 | 18,084,671 | 3,232,807 |
| Total expenditures | 289,307,381 | 298,424,306 | 283,990,836 | 14,433,470 |
| Excess of revenues over expenditures | 40,502,435 | 37,035,906 | 59,802,226 | 22,766,320 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers in | | | | |
| Special Revenue Funds | | | | |
| Other Grants | - | 13,500 | 13,500 | - |
| Capital Projects | | | | |
| Long Term Revolving | | | 3,221 | 3,221 |
| Project Work Order Funds | - | - | 65,802 | 65,802 |
| Total capital projects funds | - | - | 69,023 | 69,023 |
| Enterprise Funds | | | | |
| Delinquent Tax Revolving | 5,952,101 | 6,352,101 | 6,721,565 | 369,464 |
| Jail Inmate Commissary | 95,221 | 95,221 | 57,675 | (37,546) |
| Total enterprise funds | 6,047,322 | 6,447,322 | 6,779,240 | 331,918 |
| Total Transfers In | 6,047,322 | 6,460,822 | 6,861,763 | 400,941 |

(continued)

# County of Oakland
## Required Supplementary Information
## Budgetary Comparison Schedule
## Major Governmental Funds
## Year Ended September 30, 2004

| | General Fund | | | |
|---|---|---|---|---|
| | Original Budget | Final Amended Budget | Actual | Variance with Final Amended Budget |
| **Other Financing Sources (Uses) (continued)** | | | | |
| Transfers out | | | | |
| Special Revenue Funds | | | | |
| Public Health | $ (25,526,822) | $ (26,134,566) | $ (22,711,028) | $ 3,423,538 |
| Juvenile Maintenance | (15,989,045) | (17,891,548) | (18,912,137) | (1,020,589) |
| Social Welfare Foster Care | (15,000) | (15,000) | (375) | 14,625 |
| Drains-Act 40 Chapter 4 & 18 Maintenance | (56,165) | (27,431) | (27,431) | - |
| COPS MORE Grant | - | (11,254) | (11,254) | - |
| Oakland Enhancement | (55,700) | (55,700) | (55,700) | - |
| Total special revenue funds | (41,642,732) | (44,135,499) | (41,717,925) | 2,417,574 |
| Debt Service Funds | | | | |
| Building Authority Computer Center | (109,938) | (109,938) | (55,469) | 54,469 |
| Building Authority Computer Center Refunding | - | - | (33,105) | (33,105) |
| Building Authority Refunding Series 1998 | (1,445,981) | (1,445,981) | (1,445,981) | - |
| Total debt service funds | (1,555,919) | (1,555,919) | (1,534,555) | 21,364 |
| Capital Projects Funds | | | | |
| Major Department Support Projects | - | (4,395,812) | (4,395,812) | - |
| Building Improvement | (2,000,000) | (2,000,000) | (2,000,000) | - |
| Project Work Orders | (350,000) | (2,407,665) | (2,385,665) | 22,000 |
| Total capital projects funds | (2,350,000) | (8,803,477) | (8,781,477) | 22,000 |
| Internal Service Funds | | | | |
| Information Technology | (2,500,000) | (5,209,753) | (5,209,753) | - |
| Facilities Maintenance and Operations | (54,000) | (54,000) | (54,000) | - |
| Motor Pool | - | (70,648) | (70,648) | - |
| Total internal service funds | (2,554,000) | (5,334,401) | (5,334,401) | - |

(continued)

# County of Oakland
## Required Supplementary Information
## Budgetary Comparison Schedule
## Major Governmental Funds
## Year Ended September 30, 2004

| | General Fund | | | |
|---|---|---|---|---|
| | Original Budget | Final Amended Budget | Actual | Variance with Final Amended Budget |
| **Other Financing Sources (Uses) (continued)** | | | | |
| Transfers out (continued) | | | | |
| Enterprise Funds | | | | |
| CLEMIS | $ (1,950,800) | $ (3,000,362) | $ (3,000,362) | $ - |
| Radio Communications | - | (33,651) | (33,651) | - |
| Fire Records Management | - | (469,500) | (441,300) | 28,200 |
| Total enterprise funds | (1,950,800) | (3,503,513) | (3,475,313) | 28,200 |
| Total transfers out - primary government | (50,053,451) | (63,332,809) | (60,843,671) | 2,489,138 |
| Total other financing sources (uses) | (44,006,129) | (56,871,987) | (53,981,908) | 2,890,079 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (3,503,694) | (19,836,081) | 5,820,318 | 25,656,399 |
| **Special items** | | | | |
| Contributions to VEBA Trust | - | (50,890,224) | (50,890,224) | - |
| **Fund balance** | | | | |
| October 1, 2003 | 112,510,127 | 112,510,127 | 112,510,127 | - |
| September 30, 2004 | $ 109,006,433 | $ 41,783,822 | $ 67,440,221 | $ 25,656,399 |

# County of Oakland
## Required Supplementary Information
## Budgetary Comparison Schedule
## Major Governmental Funds
## Year Ended September 30, 2004

| | Public Health | | | |
|---|---|---|---|---|
| | Original budget | Final Amended budget | Actual | Variance with Final Amended Budget |
| **Revenues** | | | | |
| State grants | $ 3,642,619 | $ 3,642,619 | $ 3,629,543 | $ (13,076) |
| Charges for services | 3,126,248 | 3,194,182 | 3,690,400 | 496,218 |
| Other | - | 614,355 | 685,153 | 70,798 |
| Contributions | - | - | 9,410 | 9,410 |
| Total revenues | 6,768,867 | 7,451,156 | 8,014,506 | 563,350 |
| **Expenditures** | | | | |
| Current operations | | | | |
| County Executive | | | | |
| Human Services | | | | |
| Controllable personnel expenditures | 25,081,135 | 25,302,062 | 23,292,107 | 2,009,955 |
| Controllable operating expenditures | 4,197,974 | 4,795,356 | 4,495,955 | 299,401 |
| Non-controllable operating expenditures | 3,016,580 | 3,414,175 | 3,225,954 | 188,221 |
| Total Human Services | 32,295,689 | 33,511,593 | 31,014,016 | 2,497,577 |
| Total County Executive | 32,295,689 | 33,511,593 | 31,014,016 | 2,497,577 |
| Total expenditures | 32,295,689 | 33,511,593 | 31,014,016 | 2,497,577 |
| Deficiency of revenues under expenditures | (25,526,822) | (26,060,437) | (22,999,510) | 3,060,927 |
| Other financing sources (uses) | | | | |
| Operating transfers in | 25,526,822 | 26,134,566 | 22,711,028 | (3,423,538) |
| Operating transfers out | - | (74,129) | (74,129) | - |
| Deficiency of revenues and other financing sources under expenditures and other financing uses | - | - | (362,611) | (362,611) |
| **Fund balance** | | | | |
| October 1, 2003 | 534,455 | 534,455 | 534,455 | - |
| September 30, 2004 | $ 534,455 | $ 534,455 | $ 171,844 | $ (362,611) |

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

# County of Oakland
## Balance Sheet
## Non-Major Governmental Funds – By Fund Type
## Year Ended September 30, 2004

| | Special Revenue | Debt Service | Capital Projects | Totals September 30, 2004 |
|---|---|---|---|---|
| **Assets** | | | | |
| Current assets | | | | |
| Pooled cash and investments | $ 36,239,975 | $ 23,380 | $ 40,965,349 | $ 77,228,704 |
| Due from other governmental units | 20,630,456 | - | - | 20,630,456 |
| Due from component units | - | - | 173,932 | 173,932 |
| Accrued interest receivable | 74,937 | - | 188,092 | 263,029 |
| Accounts receivable (net of allowance for uncollectibles where applicable) | 143,397 | - | 32,667 | 176,064 |
| Due from other funds | 4,215,264 | - | 469,582 | 4,684,846 |
| Other assets | 13,748 | - | - | 13,748 |
| Total current assets | 61,317,777 | 23,380 | 41,829,622 | 103,170,779 |
| Noncurrent assets | | | | |
| Advances | - | - | 816,423 | 816,423 |
| Special assessments receivable | 1,031 | - | 24,538 | 25,569 |
| Contracts receivable | - | - | 197,333 | 197,333 |
| Total noncurrent assets | 1,031 | - | 1,038,294 | 1,039,325 |
| Total assets | $ 61,318,808 | $ 23,380 | $ 42,867,916 | $ 104,210,104 |
| **Liabilities and Fund Balances** | | | | |
| Current liabilities | | | | |
| Vouchers payable | $ 2,876,359 | $ - | $ 79,962 | $ 2,956,321 |
| Due to other governmental units | 1,643,707 | - | - | 1,643,707 |
| Due to component units | 7,358 | - | - | 7,358 |
| Due to other funds | 8,450,636 | 21,059 | 84,765 | 8,556,460 |
| Deferred revenue | 12,248,550 | - | - | 12,248,550 |
| Other accrued liabilities | 8,166,095 | - | 839,946 | 9,006,041 |
| Total current liabilities | 33,392,705 | 21,059 | 1,004,673 | 34,418,437 |
| Noncurrent | | | | |
| Deferred Revenue | 1,031 | - | 24,538 | 25,569 |
| Advances | - | - | 816,423 | 816,423 |
| Total noncurrent liabilities | 1,031 | - | 840,961 | 841,992 |
| Total liabilities | 33,393,736 | 21,059 | 1,845,634 | 35,260,429 |
| Fund balances | | | | |
| Reserved | | | | |
| Encumbrances | 111,636 | - | - | 111,636 |
| Debt service | - | 2,321 | - | 2,321 |
| Long-term receivables | - | - | 1,013,756 | 1,013,756 |
| Programs | - | - | 22,117,750 | 22,117,750 |
| Unreserved | | | | |
| Designated | 27,813,436 | - | 7,270,580 | 35,084,016 |
| Undesignated | - | - | 10,620,196 | 10,620,196 |
| Total fund balances | 27,925,072 | 2,321 | 41,022,282 | 68,949,675 |
| Total Liabilities and Fund Balances | $ 61,318,808 | $ 23,380 | $ 42,867,916 | $ 104,210,104 |

# County of Oakland
## Statement of Revenues, Expenditures and Changes in Fund Balances
## Non-Major Governmental Funds – By Fund Type
## Year Ended September 30, 2004

| | Special Revenue | Debt Service | Capital Projects | Totals September 30, 2004 |
|---|---|---|---|---|
| **Revenues** | | | | |
| Special assessments | $ 1,487,523 | $ 4,743,681 | $ 17,454 | $ 6,248,658 |
| Federal grants | 36,177,253 | - | - | 36,177,253 |
| State grants | 20,893,110 | - | 100,477 | 20,993,587 |
| Other intergovernmental revenues | 3,457,607 | - | - | 3,457,607 |
| Charges for services | 24,646,297 | 20,637 | - | 24,666,934 |
| Contributions | 83,343 | - | - | 83,343 |
| Investment income | 223,852 | 2,752 | 111,730 | 338,334 |
| Other | 169,078 | - | 37,286 | 206,364 |
| Total revenues | 87,138,063 | 4,767,070 | 266,947 | 92,172,080 |
| **Expenditures** | | | | |
| Current operations | | | | |
| County Executive | 66,793,293 | - | - | 66,793,293 |
| Clerk/Register of Deeds | 569,148 | - | - | 569,148 |
| Treasurer | 2,230,901 | - | - | 2,230,901 |
| Justice administration | 25,193,673 | - | - | 25,193,673 |
| Law enforcement | 5,637,062 | - | - | 5,637,062 |
| Drain Commissioner | 4,358,155 | - | - | 4,358,155 |
| Non-departmental | 98,282 | - | - | 98,282 |
| Total current operations | 104,880,514 | - | - | 104,880,514 |
| Capital outlay | - | - | 17,962,682 | 17,962,682 |
| Intergovernmental | 1,491,980 | 577,561 | - | 2,069,541 |
| Debt service | | | | |
| Principal payments | - | 7,100,000 | - | 7,100,000 |
| Interest and fiscal charges | - | 3,110,123 | - | 3,110,123 |
| Total expenditures | 106,372,494 | 10,787,684 | 17,962,682 | 135,122,860 |
| Deficiency of revenues under expenditures | (19,234,431) | (6,020,614) | (17,695,735) | (42,950,780) |
| Other financing sources (uses) | | | | |
| Transfers in | 26,928,595 | 5,796,948 | 11,038,558 | 43,764,101 |
| Transfers out | (1,501,998) | (5) | (1,962,341) | (3,464,344) |
| Payment to bond escrow agent | | (2,127,138) | | (2,127,138) |
| Issuance of bonds | - | 2,160,000 | 6,660,000 | 8,820,000 |
| Premiums on bonds sold | - | 29,896 | | 29,896 |
| Discount on bonds sold | - | - | (55,957) | (55,957) |
| Total other financing sources (uses) | 25,426,597 | 5,859,701 | 15,680,260 | 46,966,558 |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | 6,192,166 | (160,913) | (2,015,475) | 4,015,778 |
| **Fund balances** | | | | |
| October 1, 2003 | 21,732,906 | 163,234 | 43,037,757 | 64,933,897 |
| September 30, 2004 | $ 27,925,072 | $ 2,321 | $ 41,022,282 | $ 68,949,675 |

**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 revenues, non-capital grants, and other earmarked revenues not included within other fund categories.

***The Juvenile Maintenance Fund*** - is used to account for revenue earmarked for the placement of children to foster care homes and for the detention of children in the Children's Village, as ordered by Probate Court.

***The Social Welfare Foster Care Fund*** - is used to reimburse agencies and individuals for board and care expenditures of foster care children. Partial reimbursement of these expenditures is received from the State of Michigan.

***The Delinquent Personal Tax Administration Fund*** - is used to account for the collection of delinquent personal property taxes and their subsequent disbursement to various municipalities, school districts, and other governmental units. Cost-related activities involving the collection of taxes are also recorded in this fund. Per State of Michigan statutes, money collected in excess of costs shall be intermittently transferred to the County General Fund.

***The 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 revenue received from various sources for the purpose of coordinating economic development within the County.

***The Property Tax Forfeiture Fund*** - is used to account for the collection of revenues from land sale fees and subsequent sales of forfeited parcels of land. Proceeds from the forfeited properties are disbursed to the respective municipalities upon completion of sale.

***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: Easter Egg Hunt, Medical Examiner Library and FSC, Animal Population Control and Education, Arts, Culture and Film.

***The Social Welfare Fund*** - is used to account for payments made to General Assistance recipients through the Oakland County Office of the Michigan Family Independence Agency. The State of Michigan, in turn, reimburses Oakland County for the disbursements.

***The Environmental Infrastructure Fund*** - permits the annual transfer of $5,000,000 for five years from the Delinquent Tax Revolving Fund to the General Fund to establish an Environmental Infrastructure Fund. These funds are then to be allocated and transferred from the General Fund for the purpose of reimbursing local cities, villages and townships for costs incurred on environmental issues, based on criteria developed by the Board of Commissioners.

***The County Veterans' Trust Fund*** - is used to account for revenue earmarked for aid to needy veterans.

***The Water and Sewer Act 342 Fund*** - is used to account for the construction, under contractual arrangement, of water and sewer systems (currently 8) under Public Act 342 of 1939. Upon completion of the projects, these systems are turned over to the respective municipalities for operations and maintenance.

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

***The Drains Act 40 Chapter 4 & 18 Maintenance Fund*** - is used to record expenditures for the operations and maintenance of drainage districts created under Chapter 4 and 18 of Public Act 40 of 1956 (currently 292 drains). Revenues are provided from special assessments against the benefiting properties within the district.

***The Lake Improvements Act 345 Fund*** - is used to account for special assessment revenues collected to oversee the improvement (i.e., weed control) of various lakes in Oakland County. Efforts are in progress where the lake improvement board will name the Treasurer of the local municipality (as opposed to the former arrangement with the Oakland County Treasurer) as treasurer of the respective improvement board. This will remove accounting and reporting responsibility from Oakland County, and by the end of fiscal year 2004 the number of such lakes maintained under Public Act 345 of 1966 has been reduced from 28 to 4.

***The Pollution Control Grants Fund*** – consists of grant sub-funds for costs relating to:

- Main 1-2 Storm Water Detention Pond Inventory, which utilizes federal funds to inventory the existing stormwater detention basins withing the Main 1-2 Subwatershed, identify the existing capacity and outlet structures, and to evaluate each individual facility for improvements and impact on water quality and flow.
- Main 1-2 Stream Bank Inventory, utilizes federal funds to inventory and identify stream bank erosion sites along the main branch of the Rouge River and to make recommendations that will incorporate best management practices to decrease sediment loading to the river.
- Rouge-Oakland Public Education Activities, which utilizes for public education and information measures to control sources of water pollution and improve water quality.

***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 sub-funds:

- Community Corrections, which utilizes State funds to increase utilization of community-based sanctions and services for nonviolent offenders.
- Juvenile Accountability Incentive Block Grant, which utilizes federal and County funds to develop programs to promote greater accountability in the juvenile justice system.
- Law Enforcement Block Grant, which utilizes federal and County funds to enhance the adjudication process of drug cases in Oakland County.

***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. Formerly known as J.T.P.A. (Jobs Training Partnership Training Act) Grants

***The Law Enforcement Grants Fund*** - consists of sub-funds 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*** - consisting of grant sub-funds where the function does not relate specifically to one of the other areas:

- F.O.C. (Friend of the Court) Medical Support, which accounts for utilization of state and federal funds to identify backlogs of existing Title IV-D cases requiring medical support enforcement and determine and initiate action needed for backlogged and new cases.
- Clerk/Register of Deeds Survey/Remonumentation, which utilizes state funds to locate, verify, replace, or reposition government sector corners and quarter corners within the County, per Public Act 345 of 1990.
- Tornado Siren, which utilizes County and municipal funds in the procurement and installation of tornado siren units used in the tornado warning system.
- Grants for programs such as Arts, Culture and Film, Medical Examiner Family Counseling, Community Corrections In-Step, and Domestic Preparedness Equipment.

***The Human Services Coordinating Council Fund*** - accounts for costs of programs utilizing federal funding to provide services and support relating to "at risk" children and families.

***The COPS (Community Oriented Policing Services) More Grant Fund*** - accounts for federal and state funding to help police departments become more efficient by providing funds for technology, equipment and the support resources that will allow officers to spend more time engaged in community policing activities.

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

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

# County of Oakland
## Combining Balance Sheet
## Non-Major Special Revenue Funds
## September 30, 2004

| | Juvenile Maintenance | Social Welfare Foster Care | Delinquent Personal Tax Administration | Register of Deeds Automation | Oakland Enhancement | Property Tax Forfeiture | Restricted Funds |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Current assets | | | | | | | |
| Pooled cash and investments | $ - | $ 299 | $ 10,021,856 | $ 3,815,890 | $ 235,667 | $ 4,243,977 | $ 338,518 |
| Due from other governmental units | 2,197,083 | 76 | - | - | - | - | - |
| Accrued interest receivable | - | - | 28,221 | - | 784 | 12,589 | 344 |
| Accounts receivable (net of allowance for uncollectibles where applicable) | 29,501 | - | - | - | 12,461 | - | - |
| Due from other funds | 1,118,969 | - | - | 21,092 | 55,700 | - | 548 |
| Other assets | 822 | - | - | - | - | - | - |
| Total current assets | 3,346,375 | 375 | 10,050,077 | 3,836,982 | 304,612 | 4,256,566 | 339,410 |
| Noncurrent assets | | | | | | | |
| Special assessments receivable | - | - | - | - | - | - | - |
| Total assets | $ 3,346,375 | $ 375 | $ 10,050,077 | $ 3,836,982 | $ 304,612 | $ 4,256,566 | $ 339,410 |
| **Liabilities and Fund Balances** | | | | | | | |
| Current liabilities | | | | | | | |
| Vouchers payable | $ 978,285 | $ - | $ - | $ - | $ 3,669 | $ - | $ 1,252 |
| Due to other governmental units | - | - | - | - | - | - | - |
| Due to component units | - | - | - | - | - | - | - |
| Due to other funds | 1,851,790 | 375 | 617 | 4,927 | - | - | 325 |
| Deferred revenue | - | - | - | - | - | - | - |
| Other accrued liabilities | 485,226 | - | 4,445 | 44,803 | 5,000 | 2,043,410 | 23,737 |
| Total current liabilities | 3,315,301 | 375 | 5,062 | 49,730 | 8,669 | 2,043,410 | 25,314 |
| Noncurrent liabilities | | | | | | | |
| Deferred revenue | - | - | - | - | - | - | - |
| Total liabilities | 3,315,301 | 375 | 5,062 | 49,730 | 8,669 | 2,043,410 | 25,314 |
| Fund balances | | | | | | | |
| Reserve for encumbrances | 31,074 | - | - | - | 6,999 | - | 73,269 |
| Unreserved | | | | | | | |
| Designated for construction and maintenance | - | - | - | - | - | - | - |
| Designated for programs | - | - | 10,045,015 | 3,787,252 | 288,944 | 2,213,156 | 240,827 |
| Total unreserved | - | - | 10,045,015 | 3,787,252 | 288,944 | 2,213,156 | 240,827 |
| Total fund balances | 31,074 | - | 10,045,015 | 3,787,252 | 295,943 | 2,213,156 | 314,096 |
| Total liabilities and fund balances | $ 3,346,375 | $ 375 | $ 10,050,077 | $ 3,836,982 | $ 304,612 | $ 4,256,566 | $ 339,410 |

(continued)

# County of Oakland
## Combining Balance Sheet
## Non-Major Special Revenue Funds
## September 30, 2004

| | Social Welfare | Environmental Infrastructure | County Vererans' Trust | Water & Sewer Act 342 | Lake Levels Act 146 | Drains-Act 40 Maintenance Chapter 4 & 18 |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Current assets | | | | | | |
| Pooled cash and investments | $ - | $ - | $ 26,279 | $ 7,915,107 | $ 104,241 | $ 3,747,703 |
| Due from other governmental units | 3,970 | - | - | 196,994 | 18,187 | 6,658 |
| Accrued interest receivable | - | - | - | 6,901 | 1,749 | 13,790 |
| Accounts receivable (net of allowance for uncollectibles where applicable) | 72,080 | - | - | - | - | 5,098 |
| Due from other funds | - | 1,867,282 | - | - | - | 27,468 |
| Other assets | - | - | - | - | - | - |
| Total current assets | 76,050 | 1,867,282 | 26,279 | 8,119,002 | 124,177 | 3,800,717 |
| Noncurrent assets | | | | | | |
| Special assessments receivable | - | - | - | - | 1,031 | - |
| Total assets | $ 76,050 | $ 1,867,282 | $ 26,279 | $ 8,119,002 | $ 125,208 | $ 3,800,717 |
| **Liabilities and Fund Balances** | | | | | | |
| Current liabilities | | | | | | |
| Vouchers payable | $ - | $ - | $ - | $ 40,556 | $ 7,199 | $ 852 |
| Due to other governmental units | 72,080 | - | - | - | - | 270 |
| Due to component units | - | - | - | - | - | - |
| Due to other funds | 3,970 | - | - | 218 | 60,954 | 215,982 |
| Deferred revenue | - | - | - | - | - | - |
| Other accrued liabilities | - | - | - | 29,470 | 8,262 | 2,338,979 |
| Total current liabilities | 76,050 | - | - | 70,244 | 76,415 | 2,556,083 |
| Noncurrent liabilities | | | | | | |
| Deferred revenue | - | - | - | - | 1,031 | - |
| Total liabilities | 76,050 | - | - | 70,244 | 77,446 | 2,556,083 |
| Fund balances | | | | | | |
| Reserve for encumbrances | - | - | - | - | 294 | - |
| Unreserved | | | | | | |
| Designated for construction and maintenance | - | - | - | 8,048,758 | 47,468 | 1,244,634 |
| Designated for programs | - | 1,867,282 | 26,279 | - | - | - |
| Total unreserved | - | 1,867,282 | 26,279 | 8,048,758 | 47,468 | 1,244,634 |
| Total fund balances | - | 1,867,282 | 26,279 | 8,048,758 | 47,762 | 1,244,634 |
| Total liabilities and fund balances | $ 76,050 | $ 1,867,282 | $ 26,279 | $ 8,119,002 | $ 125,208 | $ 3,800,717 |

(continued)

# County of Oakland
## Combining Balance Sheet
## Non-Major Special Revenue Funds
## September 30, 2004

| | Lake Improvements Act 345 | Pollution Control Grants | Friend of the Court | Multi-Organizational Grants | Workforce Development Grants | Law Enforcement Grants | Housing and Community Development |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Current assets | | | | | | | |
| Pooled cash and investments | $ 3,694 | $ - | $ - | $ - | $ 19,635 | $ - | $ 4,072,673 |
| Due from other governmental units | - | 112,799 | 1,756,858 | 706,263 | 2,876,179 | 1,025,673 | 554,304 |
| Accrued interest receivable | 127 | - | - | - | - | - | 10,432 |
| Accounts receivable (net of allowance for uncollectibles where applicable) | - | - | 21,855 | - | 50 | - | - |
| Due from other funds | - | 6,126 | 736,802 | 169,400 | 862 | - | - |
| Other assets | - | - | 7,055 | - | - | 833 | - |
| Total current assets | 3,821 | 118,925 | 2,522,570 | 875,663 | 2,896,726 | 1,026,506 | 4,637,409 |
| Noncurrent assets | | | | | | | |
| Special assessments receivable | - | - | - | - | - | - | - |
| Total assets | $ 3,821 | $ 118,925 | $ 2,522,570 | $ 875,663 | $ 2,896,726 | $ 1,026,506 | $ 4,637,409 |
| **Liabilities and Fund Balances** | | | | | | | |
| Current liabilities | | | | | | | |
| Vouchers payable | $ - | $ - | $ 1,115 | $ 105,071 | $ 989,893 | $ 19,853 | $ 2,297 |
| Due to other governmental units | - | - | - | 189,616 | 7,046 | 274,621 | - |
| Due to component units | - | - | - | - | - | - | - |
| Due to other funds | - | 26,344 | 2,519,655 | 252,640 | 1,229 | 714,988 | - |
| Deferred revenue | - | 92,581 | - | 94,482 | - | - | 4,633,678 |
| Other accrued liabilities | - | - | 1,800 | 233,854 | 1,898,558 | 17,044 | 1,434 |
| Total current liabilities | - | 118,925 | 2,522,570 | 875,663 | 2,896,726 | 1,026,506 | 4,637,409 |
| Noncurrent liabilities | | | | | | | |
| Deferred revenue | - | - | - | - | - | - | - |
| Total liabilities | - | 118,925 | 2,522,570 | 875,663 | 2,896,726 | 1,026,506 | 4,637,409 |
| Fund balances | | | | | | | |
| Reserve for encumbrances | - | - | - | - | - | - | - |
| Unreserved | | | | | | | |
| Designated for construction and maintenance | 3,821 | - | - | - | - | - | - |
| Designated for programs | - | - | - | - | - | - | - |
| Total unreserved | 3,821 | - | - | - | - | - | - |
| Total fund balances | 3,821 | - | - | - | - | - | - |
| Total liabilities and fund balances | $ 3,821 | $ 118,925 | $ 2,522,570 | $ 875,663 | $ 2,896,726 | $ 1,026,506 | $ 4,637,409 |

(continued)

# County of Oakland
## Combining Balance Sheet
## Non-Major Special Revenue Funds
## September 30, 2004

| | Human Service Grants | Other Grants | Human Services Coordinating Council | COPS More Grant | Judicial Grants | Oakland Brownfield Initiative | Totals September 30, 2004 |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Current assets | | | | | | | |
| Pooled cash and investments | $ 160,537 | $ - | $ - | $ 1,502,458 | $ - | $ 31,441 | $ 36,239,975 |
| Due from other governmental units | 2,861,840 | 2,367,846 | 5,682 | 5,704,506 | 232,061 | 3,477 | 20,630,456 |
| Accrued interest receivable | - | - | - | - | - | - | 74,937 |
| Accounts receivable (net of allowance for uncollectibles where applicable) | 2,352 | - | - | - | - | - | 143,397 |
| Due from other funds | 8,186 | 75,881 | - | 125,409 | 564 | 975 | 4,215,264 |
| Other assets | 5,038 | - | - | - | - | - | 13,748 |
| Total current assets | 3,037,953 | 2,443,727 | 5,682 | 7,332,373 | 232,625 | 35,893 | 61,317,777 |
| Noncurrent assets | | | | | | | |
| Special assessments receivable | - | - | - | - | - | - | 1,031 |
| Total assets | $ 3,037,953 | $ 2,443,727 | $ 5,682 | $ 7,332,373 | $ 232,625 | $ 35,893 | $ 61,318,808 |
| **Liabilities and Fund Balances** | | | | | | | |
| Current liabilities | | | | | | | |
| Vouchers payable | $ 224,946 | $ 10,550 | $ - | $ 471,137 | $ 19,552 | $ 132 | $ 2,876,359 |
| Due to other governmental units | 1,100,074 | - | - | - | - | - | 1,643,707 |
| Due to component units | - | 7,358 | - | - | - | - | 7,358 |
| Due to other funds | 103,890 | 2,372,353 | 5,682 | 101,624 | 213,073 | - | 8,450,636 |
| Deferred revenue | 772,580 | 14,378 | - | 6,605,090 | - | 35,761 | 12,248,550 |
| Other accrued liabilities | 836,463 | 39,088 | - | 154,522 | - | - | 8,166,095 |
| Total current liabilities | 3,037,953 | 2,443,727 | 5,682 | 7,332,373 | 232,625 | 35,893 | 33,392,705 |
| Noncurrent liabilities | | | | | | | |
| Deferred revenue | - | - | - | - | - | - | 1,031 |
| Total liabilities | 3,037,953 | 2,443,727 | 5,682 | 7,332,373 | 232,625 | 35,893 | 33,393,736 |
| Fund balances | | | | | | | |
| Reserve for encumbrances | - | - | - | - | - | - | 111,636 |
| Unreserved | | | | | | | |
| Designated for construction and maintenance | - | - | - | - | - | - | 9,344,681 |
| Designated for programs | - | - | - | - | - | - | 18,468,755 |
| Total unreserved | - | - | - | - | - | - | 27,813,436 |
| Total fund balances | - | - | - | - | - | - | 27,925,072 |
| Total liabilities and fund balances | $ 3,037,953 | $ 2,443,727 | $ 5,682 | $ 7,332,373 | $ 232,625 | $ 35,893 | $ 61,318,808 |

# County of Oakland
## Combining Statement of Revenues, Expenditures and Changes in Fund Balances
## Non-Major Special Revenue Funds
## Year Ended September 30, 2004

| | Juvenile Maintenance | Social Welfare Foster Care | Delinquent Personal Tax Administration | Register of Deeds Automation | Oakland Enhancement | Property Tax Forfeiture | Restricted Funds |
|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | |
| Special assessments | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Federal grants | 249,031 | - | - | - | - | - | - |
| State grants | 10,427,258 | 375 | - | - | - | - | - |
| Other intergovernmental revenues | - | - | - | - | - | - | - |
| Charges for services | 3,321,501 | - | 1,000,389 | 2,684,850 | 466,052 | 1,768,947 | 17,800 |
| Contributions | - | - | - | - | 20,060 | - | 60,525 |
| Investment income | - | - | 114,352 | 20,790 | 2,596 | 23,394 | 667 |
| Other | 4,277 | - | - | - | - | - | - |
| Total revenues | 14,002,067 | 375 | 1,114,741 | 2,705,640 | 488,708 | 1,792,341 | 78,992 |
| **Expenditures** | | | | | | | |
| Salaries | 8,051,328 | - | 344,548 | - | 220,109 | 28,546 | - |
| Fringe benefits | 3,789,436 | - | 156,706 | - | 116,589 | 13,615 | - |
| Contractual services | 17,781,737 | 750 | 453,505 | 308,597 | 193,531 | 1,098,827 | 31,577 |
| Commodities | 710,955 | - | 2,365 | - | 3,346 | 3,181 | 66,532 |
| Capital outlay | - | - | - | - | - | - | - |
| Internal services | 2,551,829 | - | 117,779 | - | - | 11,829 | 173 |
| Intergovernmental | - | - | - | - | - | - | - |
| Total expenditures | 32,885,285 | 750 | 1,074,903 | 308,597 | 533,575 | 1,155,998 | 98,282 |
| Excess (deficiency) of revenues over (under) expenditures | (18,883,218) | (375) | 39,838 | 2,397,043 | (44,867) | 636,343 | (19,290) |
| Other financing sources (uses) | | | | | | | |
| Transfers in | 18,912,137 | 375 | - | - | 55,700 | - | - |
| Transfers out | (35,885) | - | - | - | - | - | - |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | (6,966) | - | 39,838 | 2,397,043 | 10,833 | 636,343 | (19,290) |
| **Fund balances (deficit)** | | | | | | | |
| October 1, 2003 | 38,040 | - | 10,005,177 | 1,390,209 | 285,110 | 1,576,813 | 333,386 |
| September 30, 2004 | $ 31,074 | $ - | $ 10,045,015 | $ 3,787,252 | $ 295,943 | $ 2,213,156 | $ 314,096 |

(continued)

# County of Oakland
## Combining Statement of Revenues, Expenditures and Changes in Fund Balances
## Non-Major Special Revenue Funds
## Year Ended September 30, 2004

| | Social Welfare | Environmental Infrastructure | County Vererans' Trust | Water & Sewer Act 342 | Lake Levels Act 146 | Drains-Act 40 Maintenance Chapter 4 & 18 |
|---|---|---|---|---|---|---|
| **Revenues** | | | | | | |
| Special assessments | $ - | $ - | $ - | $ 940,678 | $ 373,530 | $ 165,942 |
| Federal grants | - | - | - | 175,131 | - | - |
| State grants | - | - | 59,736 | - | - | - |
| Other intergovernmental revenues | - | - | - | - | - | - |
| Charges for services | 1,165,242 | - | - | 244,773 | 12,302 | 117,468 |
| Contributions | - | - | - | - | - | - |
| Investment income | - | - | - | 43,318 | 1,603 | 24,362 |
| Other | - | - | - | 76,298 | 85 | 23,016 |
| Total revenues | 1,165,242 | - | 59,736 | 1,480,198 | 387,520 | 330,788 |
| **Expenditures** | | | | | | |
| Salaries | - | - | - | 431,596 | 147,091 | 164,166 |
| Fringe benefits | - | - | - | 171,364 | 56,916 | 69,889 |
| Contractual services | 1,165,242 | - | 36,298 | 1,936,445 | 148,524 | 20,099 |
| Commodities | - | - | 266 | 586 | 9,901 | 2,370 |
| Capital outlay | - | - | - | - | - | - |
| Internal services | - | - | - | 31,214 | 28,582 | 21,143 |
| Intergovernmental | - | 1,491,980 | - | 174,905 | - | - |
| Total expenditures | 1,165,242 | 1,491,980 | 36,564 | 2,746,110 | 391,014 | 277,667 |
| Excess (deficiency) of revenues over (under) expenditures | - | (1,491,980) | 23,172 | (1,265,912) | (3,494) | 53,121 |
| Other financing sources (uses) | | | | | | |
| Transfers in | - | - | - | 7,921,698 | - | 27,431 |
| Transfers out | - | - | - | (1,315,381) | - | - |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | - | (1,491,980) | 23,172 | 5,340,405 | (3,494) | 80,552 |
| **Fund balances (deficit)** | | | | | | |
| October 1, 2003 | - | 3,359,262 | 3,107 | 2,708,353 | 51,256 | 1,164,082 |
| September 30, 2004 | $ - | $ 1,867,282 | $ 26,279 | $ 8,048,758 | $ 47,762 | $ 1,244,634 |

(continued)

# County of Oakland
## Combining Statement of Revenues, Expenditures and Changes in Fund Balances
## Non-Major Special Revenue Funds
## Year Ended September 30, 2004

| | Lake Improvements Act 345 | Pollution Control Grants | Friend of the Court | Multi-Organizational Grants | Workforce Development Grants | Law Enforcement Grants | Housing and Community Development |
|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | |
| Special assessments | $ 7,373 | $ - | $ - | $ - | $ - | $ - | $ - |
| Federal grants | - | 61,793 | - | 742,071 | 16,013,096 | 572,437 | 5,910,895 |
| State grants | - | - | 3,046,727 | 3,528,650 | 277,424 | 3,064,800 | - |
| Other intergovernmental revenues | - | 61,013 | 2,452,724 | - | - | - | 183,240 |
| Charges for services | - | - | 7,749,518 | 2,013 | - | 1,312,825 | 4,347,893 |
| Contributions | - | - | - | - | - | - | - |
| Investment income | (7,230) | - | - | - | - | - | - |
| Other | | 6,125 | 173 | 131 | - | 34 | - |
| Total revenues | 143 | 128,931 | 13,249,142 | 4,272,865 | 16,290,520 | 4,950,096 | 10,442,028 |
| **Expenditures** | | | | | | | |
| Salaries | - | 9,766 | 7,326,556 | 1,359,816 | 326,376 | 2,853,399 | 1,229,053 |
| Fringe benefits | - | 3,705 | 3,407,187 | 639,405 | 146,220 | 1,329,899 | 587,996 |
| Contractual services | 216,793 | 115,029 | 755,097 | 1,942,142 | 15,727,570 | 400,211 | 8,445,415 |
| Commodities | 817 | 180 | 42,497 | 258,151 | 2,072 | 19,716 | 7,647 |
| Capital outlay | - | - | - | 9,500 | - | 1,794 | - |
| Internal services | - | 251 | 1,717,805 | 43,749 | 88,282 | 345,077 | 171,917 |
| Intergovernmental | 596,823 | - | - | - | - | - | - |
| Total expenditures | 814,433 | 128,931 | 13,249,142 | 4,252,763 | 16,290,520 | 4,950,096 | 10,442,028 |
| Excess (deficiency) of revenues over (under) expenditures | (814,290) | - | - | 20,102 | - | - | - |
| Other financing sources (uses) | | | | | | | |
| Transfers in | - | - | - | - | | - | - |
| Transfers out | - | - | - | (20,102) | | - | - |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | (814,290) | - | - | - | - | - | - |
| **Fund balances (deficit)** | | | | | | | |
| October 1, 2003 | 818,111 | - | - | - | - | - | - |
| September 30, 2004 | $ 3,821 | $ - | $ - | $ - | $ - | $ - | $ - |

(continued)

# County of Oakland
## Combining Statement of Revenues, Expenditures and Changes in Fund Balances
## Non-Major Special Revenue Funds
## Year Ended September 30, 2004

| | Human Service Grants | Other Grants | Human Services Coordinating Council | COPS More Grant | Judicial Grants | Oakland Brownfield Initiative | Totals September 30, 2004 |
|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | |
| Special assessments | $ - | $ - | $ - | $ - | $ - | $ - | $ 1,487,523 |
| Federal grants | 10,551,938 | 1,067,351 | - | 490,412 | 328,318 | 14,780 | 36,177,253 |
| State grants | - | 230,086 | - | - | 258,054 | - | 20,893,110 |
| Other intergovernmental revenues | - | 5,374 | - | 755,256 | - | - | 3,457,607 |
| Charges for services | 3,040 | 431,684 | - | - | - | - | 24,646,297 |
| Contributions | 2,758 | - | - | - | - | - | 83,343 |
| Investment income | - | - | - | - | - | - | 223,852 |
| Other | 56,191 | 2,748 | - | - | - | - | 169,078 |
| Total revenues | 10,613,927 | 1,737,243 | - | 1,245,668 | 586,372 | 14,780 | 87,138,063 |
| **Expenditures** | | | | | | | |
| Salaries | 3,104,468 | 450,454 | - | 88,102 | 235,633 | 9,335 | 26,380,342 |
| Fringe benefits | 1,281,331 | 217,276 | - | 41,322 | 82,853 | 3,015 | 12,114,724 |
| Contractual services | 5,458,208 | 685,657 | - | 220,407 | 246,071 | 2,430 | 57,390,162 |
| Commodities | 211,124 | 99,570 | - | 163,754 | 21,768 | - | 1,626,798 |
| Capital outlay | 78,430 | 264,795 | - | 731,011 | - | - | 1,085,530 |
| Internal services | 363,236 | 5,991 | - | 12,326 | 47 | - | 5,511,230 |
| Intergovernmental | - | - | - | - | - | - | 2,263,708 |
| Total expenditures | 10,496,797 | 1,723,743 | - | 1,256,922 | 586,372 | 14,780 | 106,372,494 |
| Excess (deficiency) of revenues over (under) expenditures | 117,130 | 13,500 | - | (11,254) | - | - | (19,234,431) |
| Other financing sources (uses) | | | | | | | |
| Transfers in | - | - | - | 11,254 | - | - | 26,928,595 |
| Transfers out | (117,130) | (13,500) | - | - | - | - | (1,501,998) |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | - | - | - | - | - | - | 6,192,166 |
| **Fund balances (deficit)** | | | | | | | |
| October 1, 2003 | - | - | - | - | - | - | 21,732,906 |
| September 30, 2004 | $ - | $ - | $ - | $ - | $ - | $ - | $ 27,925,072 |

# County of Oakland
## Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Non-Major Special Revenue Funds
## Year Ended September 30, 2004

| | Juvenile Maintenance | | |
|---|---|---|---|
| | Final Amended Budget | Actual | Variance with Final Amended Budget |
| **Revenues** | | | |
| Federal grants | $ 239,800 | $ 249,031 | $ 9,231 |
| State grants | 9,700,000 | 10,427,258 | 727,258 |
| Charges for services | 4,359,437 | 3,321,501 | (1,037,936) |
| Other | 38,040 | 4,277 | (33,763) |
| Total revenues | 14,337,277 | 14,002,067 | (335,210) |
| **Expenditures** | | | |
| Current operations | | | |
| County Executive | | | |
| Human Services | | | |
| Controllable personnel expenditures | 11,231,438 | 10,509,429 | 722,009 |
| Controllable operating expenditures | 8,786,760 | 9,105,005 | (318,245) |
| Non-controllable operating expenditures | 2,537,266 | 2,547,912 | (10,646) |
| Total Human Services | 22,555,464 | 22,162,346 | 393,118 |
| Total County Executive | 22,555,464 | 22,162,346 | 393,118 |
| Justice Administration | | | |
| Circuit Court | | | |
| Controllable personnel expenditures | 1,458,883 | 1,331,335 | 127,548 |
| Controllable operating expenditures | 8,162,218 | 9,387,687 | (1,225,469) |
| Non-controllable operating expenditures | 16,375 | 3,917 | 12,458 |
| Total Circuit Court | 9,637,476 | 10,722,939 | (1,085,463) |
| Total Justice Administration | 9,637,476 | 10,722,939 | (1,085,463) |
| Total expenditures | 32,192,940 | 32,885,285 | (692,345) |
| Deficiency of revenues under expenditures | (17,855,663) | (18,883,218) | (1,027,555) |
| Other financing sources (uses) | | | |
| Transfers in | 17,891,548 | 18,912,137 | 1,020,589 |
| Transfers out | (35,885) | (35,885) | - |
| Deficiency of revenues and other financing sources under expenditures and other financing uses | - | (6,966) | (6,966) |
| **Fund balance** | | | |
| October 1, 2003 | 38,040 | 38,040 | - |
| September 30, 2004 | $ 38,040 | $ 31,074 | $ (6,966) |

# County of Oakland
## Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Non-Major Special Revenue Funds
## Year Ended September 30, 2004

| | Social Welfare Foster Care | | |
|---|---|---|---|
| | Final Amended Budget | Actual | Variance with Final Amended Budget |
| **Revenues** | | | |
| State grants | $ 15,000 | $ 375 | $ (14,625) |
| Total revenues | 15,000 | 375 | (14,625) |
| **Expenditures** | | | |
| Current operations | | | |
| County Executive | | | |
| Human Services | | | |
| Controllable operating expenditures | 30,000 | 750 | 29,250 |
| Total Human Services | 30,000 | 750 | 29,250 |
| Total County Executive | 30,000 | 750 | 29,250 |
| Total expenditures | 30,000 | 750 | 29,250 |
| Deficiency of revenues under expenditures | (15,000) | (375) | 14,625 |
| Other financing sources | | | |
| Transfers in | 15,000 | 375 | (14,625) |
| Excess of revenues and other financing sources over expenditures | - | - | - |
| **Fund balance** | | | |
| October 1, 2003 | - | - | - |
| September 30, 2004 | $ - | $ - | $ - |

**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 Lyon Oaks Park Fund*** - was established to accumulate the resources for the payment of bonded debt issued for the construction of facilities at the Lyon Oaks Park.

***The Building Authority Work Release, Jail Management and Video Conferencing Fund*** - was established to accumulate resources for the payment of bonded debt issued to construct the Work Release Facility and administration buildings for housing of non-violent offenders and Sheriff Department personnel.

***The Building Authority Office Building Renovation Fund*** - was established to accumulate the resources for the payment of bonded debt issued for the renovation of the former Oakland Schools building.

***The Building Authority 52nd District Court, 3rd Division and Sheriff Substation Fund*** - was established to accumulate resources for the payment of bonded debt issued to construct a new facility for the District Court located in Rochester Hills and an adjacent Sheriff Department substation.

***The Building Authority Airport T-Hangers Fund*** - was established to accumulate the resources for the payment of bonded debt issued for the construction of T-Hangers at Oakland County International Airport.

***The Building Authority Refunding Series 1992 Fund*** - was established to accumulate resources for the payment of bonded debt issued for the refinancing of debt obligations for various Building Authority funds.

***The Building Authority Computer Center Fund*** - was established to accumulate resources for the payment of bonded debt issued to construct the Oakland County Computer Center.

***The Building Authority Refunding Series 1998 Fund*** - was established to accumulate resources for the payment of bonded debt issued for the refinancing of debt obligations of the Building Authority West Wing Extension.

***The Building Authority Computer Center Refunding Fund*** - was established to accumulate resources for the payment of bonded debt issued to for the refinancing of debt obligations of the Building Authority Computer Center.

***The Water and Sewer Act 185 Fund*** - is used to account for the accumulation of resources for the payment of bonded debt issued

# County of Oakland
## Combining Balance Sheet
## Non-Major Debt Service Funds
## September 30, 2004

| | Building Authority Lyon Oaks Park | Building Authority Work Rel/Jail MgmtVideo | Building Authority Office Bldg. Renovation | Building Authority 52/3 District Court & Sheriff Substation | Building Authority Airport T-Hangars | Building Authority Refunding Series 1992 |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Current assets | | | | | | |
| Pooled cash and investments | $ 5 | $ 5 | $ 5 | $ 5 | $ 21,059 | $ 5 |
| Total assets | $ 5 | $ 5 | $ 5 | $ 5 | $ 21,059 | $ 5 |
| **Liabilities and Fund Balances** | | | | | | |
| Current liabilities | | | | | | |
| Due to other funds | $ - | $ - | $ - | $ - | $ 21,059 | $ - |
| Total liabilities | - | - | - | - | 21,059 | - |
| Fund balances - reserved for debt service | 5 | 5 | 5 | 5 | - | 5 |
| Total liabilities and fund balances | $ 5 | $ 5 | $ 5 | $ 5 | $ 21,059 | $ 5 |

(continued)

# County of Oakland
## Combining Balance Sheet
## Non-Major Debt Service Funds
## September 30, 2004

| | Building Authority Computer Center | Building Authority Refunding Series 1998 | Building Authority Computer Center Refunding | Water and Sewer Act 185 | Total September 30, 2004 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Current assets | | | | | |
| Pooled cash and investments | $ - | $ 5 | $ 2,291 | $ - | $ 23,380 |
| Total assets | $ - | $ 5 | $ 2,291 | $ - | $ 23,380 |
| **Liabilities and Fund Balances** | | | | | |
| Current liabilities | | | | | |
| Due to other funds | $ - | $ - | $ - | $ - | $ 21,059 |
| Total liabilities | - | - | - | - | 21,059 |
| Fund balances - reserved for debt service | - | 5 | 2,291 | - | 2,321 |
| Total liabilities and fund balances | $ - | $ 5 | $ 2,291 | $ - | $ 23,380 |

# County of Oakland
## Combining Statement of Revenues, Expenditures and Changes in Fund Balances
## Non-Major Debt Service Funds
## September 30, 2004

| | Building Authority Lyon Oaks Park | Building Authority Work Rel/Jail Mgmt/Video | Building Authority Office Bldg. Renovation | Building Authority 52/3 District Court & Sheriff Substation | Building Authority Airport T-Hangars | Building Authority Refunding Series 1992 |
|---|---|---|---|---|---|---|
| **Revenues** | | | | | | |
| Special assessments | $ 580,306 | $ - | $ - | $ 377,338 | $ - | $ - |
| Charges for services | - | - | - | 275 | - | - |
| Investment income | - | - | - | - | - | - |
| Total revenues | 580,306 | - | - | 377,613 | - | - |
| **Expenditures** | | | | | | |
| Principal payments | 450,000 | 850,000 | 275,000 | 800,000 | - | - |
| Interest | 130,006 | 1,064,925 | 289,733 | 949,088 | - | - |
| Paying agent fees | 300 | 275 | 722 | 550 | - | - |
| Contractual services | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - |
| Total expenditures | 580,306 | 1,915,200 | 565,455 | 1,749,638 | - | - |
| Deficiency of revenues under expenditures | - | (1,915,200) | (565,455) | (1,372,025) | - | - |
| Other financing sources (uses) | | | | | | |
| Transfers in | - | 1,915,200 | 565,460 | 1,372,025 | - | - |
| Transfers out | - | - | - | - | - | - |
| Payment to bond escrow agent | - | - | - | - | - | - |
| Issuance of bonds | - | - | - | - | - | - |
| Premiums on bonds sold | - | - | - | - | - | - |
| Total other financing sources (uses) | - | 1,915,200 | 565,460 | 1,372,025 | - | - |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | - | - | 5 | - | - | - |
| **Fund balances** | | | | | | |
| October 1, 2003 | 5 | 5 | - | 5 | - | 5 |
| September 30, 2004 | $ 5 | $ 5 | $ 5 | $ 5 | $ - | $ 5 |

(continued)

# County of Oakland
## Combining Statement of Revenues, Expenditures and Changes in Fund Balances
## Non-Major Debt Service Funds
## September 30, 2004

| | Building Authority Computer Center | Building Authority Refunding Series 1998 | Building Authority Computer Center Refunding | Water and Sewer Act 185 | Totals September 30, 2004 |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| Special assessments | $ - | $ - | $ - | $ 3,786,037 | $ 4,743,681 |
| Charges for services | - | - | - | 20,362 | 20,637 |
| Investment income | - | - | 2,286 | 466 | 2,752 |
| Total revenues | - | - | 2,286 | 3,806,865 | 4,767,070 |
| **Expenditures** | | | | | |
| Principal payments | - | 1,065,000 | 25,000 | 3,635,000 | 7,100,000 |
| Interest | 54,469 | 380,681 | 8,068 | 151,038 | 3,028,008 |
| Paying agent fees | 1,000 | 300 | 37 | 2,173 | 5,357 |
| Contractual services | 62,758 | - | - | 14,000 | 76,758 |
| Intergovernmental | - | - | - | 577,561 | 577,561 |
| Total expenditures | 118,227 | 1,445,981 | 33,105 | 4,379,772 | 10,787,684 |
| Deficiency of revenues under expenditures | (118,227) | (1,445,981) | (30,819) | (572,907) | (6,020,614) |
| Other financing sources (uses) | | | | | |
| Transfers in | 55,469 | 1,445,981 | 33,110 | 409,703 | 5,796,948 |
| Transfers out | (5) | - | - | - | (5) |
| Payment to bond escrow agent | (2,127,138) | - | - | - | (2,127,138) |
| Issuance of bonds | 2,160,000 | - | - | - | 2,160,000 |
| Premiums on bonds sold | 29,896 | - | - | - | 29,896 |
| Total other financing sources (uses) | 118,222 | 1,445,981 | 33,110 | 409,703 | 5,859,701 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (5) | - | 2,291 | (163,204) | (160,913) |
| **Fund balances** | | | | | |
| October 1, 2003 | 5 | 5 | - | 163,204 | 163,234 |
| September 30, 2004 | $ - | $ 5 | $ 2,291 | $ - | $ 2,321 |

**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 to account for the 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 Lyon Oaks Park Fund*** - was established to account for the cost of construction of the golf course and facilities at Lyon Oaks Park.

***The Work Release, Jail Management and Video Conferencing Fund*** - is used to account for the cost of construction of a Work Release Facility and development of a Jail Management and Video Conference System.

***The Office Building Renovation Fund*** – was established to account for the cost of the purchase and renovation of the former Oakland Schools building.

***The 52/3 District Court & Sheriff Substation Fund*** - was established to account for the cost of construction of the new district court building and Sheriff Department substation in Rochester Hills.

***The Airport T-Hanger Construction Fund*** - was established to account for the costs of construction of T-Hangers at the County airports.

***The Major Departmental Support Projects Fund*** - was established to account for the costs of departmental support projects with estimated aggregated expenditures over $5 million, which are funded by current available resources rather than bond issues.

***The Lake Levels Act 146 Fund*** - is to account for the costs of construction or reconstruction of various dam structures for purposes of lake level control and augmentation wells (currently 3) under P.A. 146 of 1961.

***The Lake Improvements Act 345 Fund*** - is used to account for the costs of construction of augmentation wells (currently 2) for purposes of lake level control. Financing is provided by special assessment rolls as permitted under P.A. 345 of 1966.

***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 in the individual projects.

# County of Oakland
## Combining Balance Sheet
## Non-Major Capital Project Funds
## Year Ended September 30, 2004

| | Building Improvement | Project Work Orders | Lyon Oaks Park | Work Release/ Jail Mgt/Video Conferencing | Office Building Renovation | 52/3 District Court & Sheriff Substation |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Current assets | | | | | | |
| Pooled cash and investments | $ 10,709,235 | $ 5,616,574 | $ - | $ 8,225,838 | $ 874,065 | $ 4,215,716 |
| Accrued interest receivable | - | - | - | 60,409 | 48,024 | 79,186 |
| Accounts receivable | - | - | - | - | - | - |
| Due from component units | - | - | - | - | - | - |
| Due from other funds | - | 100,000 | - | - | - | - |
| Total current assets | 10,709,235 | 5,716,574 | - | 8,286,247 | 922,089 | 4,294,902 |
| Noncurrent assets | | | | | | |
| Advances | 800,000 | - | - | - | - | - |
| Special assessments receivable | - | - | - | - | - | - |
| Contracts receivable | - | - | - | - | - | - |
| Total noncurrent assets | 800,000 | - | - | - | - | - |
| Total assets | $ 11,509,235 | $ 5,716,574 | $ - | $ 8,286,247 | $ 922,089 | $ 4,294,902 |
| **Liabilities and Fund Balances** | | | | | | |
| Current liabilities | | | | | | |
| Vouchers payable | $ - | $ 1,869 | $ - | $ - | $ - | $ 805 |
| Due to other funds | - | 12,703 | - | 864 | - | - |
| Other accrued liabilities | - | 355,513 | - | 76,422 | 4,782 | 196,811 |
| Total current liabilities | - | 370,085 | - | 77,286 | 4,782 | 197,616 |
| Noncurrent liabilities | | | | | | |
| Deferred revenue | - | - | - | - | - | - |
| Advances | - | - | - | - | 800,000 | - |
| Total noncurrent liabilities | - | - | - | - | 800,000 | - |
| Total liabilities | - | 370,085 | - | 77,286 | 804,782 | 197,616 |
| Fund balances | | | | | | |
| Reserved | | | | | | |
| Long-term receivables | 800,000 | - | - | - | - | - |
| Work projects | - | - | - | 8,208,961 | 117,307 | 4,097,286 |
| Total reserved | 800,000 | - | - | 8,208,961 | 117,307 | 4,097,286 |
| Unreserved | | | | | | |
| Designated for work projects | - | 5,346,489 | - | - | - | - |
| Undesignated | 10,709,235 | - | - | - | - | - |
| Total unreserved | 10,709,235 | 5,346,489 | - | - | - | - |
| Total fund balances (deficit) | 11,509,235 | 5,346,489 | - | 8,208,961 | 117,307 | 4,097,286 |
| Total liabilities and fund balances | $ 11,509,235 | $ 5,716,574 | $ - | $ 8,286,247 | $ 922,089 | $ 4,294,902 |

(continued)

# County of Oakland
## Combining Balance Sheeet
## Non-Major Capital Project Funds
## Year Ended September 30, 2004

| | Airport T-Hangar Construction | Major Dept. Support Projects | Lake Levels Act 146 | Lake Improvements Act 345 | Drain Commissioner Revolving | Long-term Revolving | Totals September 30, 2004 |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Current assets | | | | | | | |
| Pooled cash and investments | $ 6,548,698 | $ 2,165,839 | $ 22,240 | $ 32,297 | $ 1,310,270 | $ 1,244,577 | $ 40,965,349 |
| Accrued interest receivable | - | - | 53 | 420 | - | - | 188,092 |
| Accounts receivable | - | - | - | - | - | 32,667 | 32,667 |
| Due from component units | - | - | - | - | 173,932 | - | 173,932 |
| Due from other funds | 21,059 | - | - | - | 348,523 | - | 469,582 |
| Total current assets | 6,569,757 | 2,165,839 | 22,293 | 32,717 | 1,832,725 | 1,277,244 | 41,829,622 |
| Noncurrent assets | | | | | | | |
| Advances | - | - | - | - | - | 16,423 | 816,423 |
| Special assessments receivable | - | - | 17,989 | 6,549 | - | - | 24,538 |
| Contracts receivable | - | - | - | - | - | 197,333 | 197,333 |
| Total noncurrents assets | - | - | 17,989 | 6,549 | - | 213,756 | 1,038,294 |
| Total assets | $ 6,569,757 | $ 2,165,839 | $ 40,282 | $ 39,266 | $ 1,832,725 | $ 1,491,000 | $ 42,867,916 |
| **Liabilities and Fund Balances** | | | | | | | |
| Current liabilities | | | | | | | |
| Vouchers payable | $ - | $ 69,563 | $ - | $ - | $ 7,725 | $ - | $ 79,962 |
| Due to other funds | 33 | - | 70,876 | 289 | - | - | 84,765 |
| Other accrued liabilities | 10,200 | 172,185 | 24,033 | - | - | - | 839,946 |
| Total current liabilities | 10,233 | 241,748 | 94,909 | 289 | 7,725 | - | 1,004,673 |
| Noncurrent liabilities | | | | | | | |
| Deferred revenue | - | - | 17,989 | 6,549 | - | - | 24,538 |
| Advances | - | - | 16,423 | - | - | - | 816,423 |
| Total noncurrent liabilities | - | - | 34,412 | 6,549 | - | - | 840,961 |
| Total liabilities | 10,233 | 241,748 | 129,321 | 6,838 | 7,725 | - | 1,845,634 |
| Fund balances | | | | | | | |
| Reserved | | | | | | | |
| Long-term receivables | - | - | - | - | - | 213,756 | 1,013,756 |
| Work projects | 6,559,524 | - | - | 32,428 | 1,825,000 | 1,277,244 | 22,117,750 |
| Total reserved | 6,559,524 | - | - | 32,428 | 1,825,000 | 1,491,000 | 23,131,506 |
| Unreserved | | | | | | | |
| Designated for work projects | - | 1,924,091 | - | - | - | - | 7,270,580 |
| Undesignated | - | - | (89,039) | - | - | - | 10,620,196 |
| Total unreserved | - | 1,924,091 | (89,039) | - | - | - | 17,890,776 |
| Total fund balances (deficit) | 6,559,524 | 1,924,091 | (89,039) | 32,428 | 1,825,000 | 1,491,000 | 41,022,282 |
| Total liabilities and fund balances | $ 6,569,757 | $ 2,165,839 | $ 40,282 | $ 39,266 | $ 1,832,725 | $ 1,491,000 | $ 42,867,916 |

# County of Oakland
## Combining Statement of Revenues, Expenditures and Changes in Fund Balances
## Non-Major Capital Project Funds
## Year Ended September 30, 2004

| | Building Improvement | Project Work Orders | Lyon Oaks Park | Work Release/ Jail Mgt/Video Conferencing | Office Building Renovation | 52/3 District Court & Sheriff Substation |
|---|---|---|---|---|---|---|
| **Revenues** | | | | | | |
| Special assessments | $ - | $ - | $ - | $ - | $ - | $ - |
| State grants | - | - | - | 100,477 | - | - |
| Investment income | - | - | (3,986) | 59,653 | 6,093 | 28,343 |
| Other | 8,000 | - | - | - | - | - |
| Total revenues | 8,000 | - | (3,986) | 160,130 | 6,093 | 28,343 |
| **Expenditures - capital outlay** | - | 4,895,028 | - | 3,310,978 | 351,649 | 6,143,565 |
| Excess (deficiency) of revenues over (under) expenditures | 8,000 | (4,895,028) | (3,986) | (3,150,848) | (345,556) | (6,115,222) |
| Other financing sources (uses) | | | | | | |
| Transfers in | 2,000,000 | 4,088,524 | - | - | - | - |
| Transfers out | (1,511,600) | (65,802) | (381,718) | - | - | - |
| Issuance of bonds | - | - | - | - | - | - |
| Discounts on bonds sold | - | - | - | - | - | - |
| Total other financing sources (uses) | 488,400 | 4,022,722 | (381,718) | - | - | - |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 496,400 | (872,306) | (385,704) | (3,150,848) | (345,556) | (6,115,222) |
| **Fund balances (deficit)** | | | | | | |
| October 1, 2003 | 11,012,835 | 6,218,795 | 385,704 | 11,359,809 | 462,863 | 10,212,508 |
| September 30, 2004 | $ 11,509,235 | $ 5,346,489 | $ - | $ 8,208,961 | $ 117,307 | $ 4,097,286 |

(continued)

# County of Oakland
## Combining Statement of Revenues, Expenditures and Changes in Fund Balances
## Non-Major Capital Project Funds
## Year Ended September 30, 2004

| | Airport T-Hanger Construction | Major Dept. Support Projects | Lake Levels Act 146 | Lake Improvements Act 345 | Drain Commissioner Revolving | Long-term Revolving | Totals September 30, 2004 |
|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | |
| Special assessments | $ - | $ - | $ 11,791 | $ 5,663 | $ - | $ - | $ 17,454 |
| State grants | - | - | - | - | - | - | 100,477 |
| Investment income | 21,121 | - | 71 | 435 | - | - | 111,730 |
| Other | - | - | 29,286 | - | - | - | 37,286 |
| Total revenues | 21,121 | - | 41,148 | 6,098 | - | - | 266,947 |
| **Expenditures - capital outlay** | 65,640 | 3,025,943 | 74,233 | 95,646 | - | - | 17,962,682 |
| Excess (deficiency) of revenues over (under) expenditures | (44,519) | (3,025,943) | (33,085) | (89,548) | - | - | (17,695,735) |
| Other financing sources (uses) | | | | | | | |
| Transfers in | - | 4,950,034 | - | - | - | - | 11,038,558 |
| Transfers out | - | - | - | - | - | (3,221) | (1,962,341) |
| Issuance of bonds | 6,660,000 | - | - | - | - | - | 6,660,000 |
| Discounts on bonds sold | (55,957) | - | - | - | - | - | (55,957) |
| Total other financing sources (uses) | 6,604,043 | 4,950,034 | - | - | - | (3,221) | 15,680,260 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 6,559,524 | 1,924,091 | (33,085) | (89,548) | - | (3,221) | (2,015,475) |
| **Fund balances (deficits)** | | | | | | | |
| October 1, 2003 | - | - | (55,954) | 121,976 | 1,825,000 | 1,494,221 | 43,037,757 |
| September 30, 2004 | $ 6,559,524 | $ 1,924,091 | $ (89,039) | $ 32,428 | $ 1,825,000 | $ 1,491,000 | $ 41,022,282 |

**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-reimbursed 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 Micrographics Fund*** - accumulates the costs of microfilming and photocopying County records. The fund recovers costs by developing rates and billing user departments and title insurance companies.

***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 Office Equipment Fund*** - accumulates the costs of servicing and operating County-owned office equipment. The fund recovers these costs by developing rates and billing user departments.

***The Mailing, Copier, and Printing Fund*** - accumulates the costs of County mail, printing services, and servicing and operating leased copier machines. The fund recovers these costs by developing rates and billing user departments.

***The Telephone Communications Fund*** - accumulates the costs of operating the County telephone system. The fund is reimbursed for the accumulated costs by distributing the charges to the specific fund or department.

***The Building and Liability Insurance Fund*** - was established to accumulate monies, which are available to settle claims against the County when no insurance coverage exists and to make insurance premium payments. The fund is reimbursed by the user departments for insurance premiums paid and monies accumulated for self-insurance.

***The Fringe Benefits Fund*** - is used as a clearing account for the County's employee fringe benefits. Monies are accumulated in this fund as a result of payroll allocations made on a departmental and/or bargaining unit basis. This fund also accumulates and disburses monies related to workers' compensation and unemployment compensation claims.

***The Sheriff Aviation Fund*** – accumulates the cost of the purchase and operations of the helicopter(s) used by the Oakland County Sheriff's Department. The fund recovers the costs through user charges to the Sheriff Department (General Fund).

# County of Oakland
## Combining Statement of Net Assets
## Internal Service Funds
## September 30, 2004

| | Facilities Maintenance and Operations | Information Technology | Drain Equipment | Micrographics | Motor Pool | Office Equipment |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Current assets | | | | | | |
| Pooled cash and investments | $ 9,785,158 | $ 14,462,690 | $ 894,083 | $ 1,119,624 | $ 1,089,973 | $ 2,525,252 |
| Due from other governmental units | 3,663 | 147,899 | 20,057 | - | 6,895 | - |
| Due from component units | 25,688 | 9,630 | 7,881 | 95 | - | - |
| Accrued interest receivable | 9,541 | 28,369 | 2,148 | 5,838 | 10,797 | 6,723 |
| Accounts receivable (net of allowance for uncollectibles where applicable) | 24,951 | 165,381 | 364,570 | 23,476 | 11,305 | 6,134 |
| Due from other funds | 54,000 | 262,436 | 3,017 | - | 244,002 | - |
| Inventories and supplies | 94,859 | 91,067 | - | - | 93,553 | - |
| Prepayments and other assets | - | 1,164,745 | - | 23,673 | 276,554 | - |
| Total current assets | 9,997,860 | 16,332,217 | 1,291,756 | 1,172,706 | 1,733,079 | 2,538,109 |
| Noncurrent assets | | | | | | |
| Contracts receivable | - | - | - | - | - | 12,268 |
| Capital assets, at cost | | | | | | |
| Land | - | - | 130,000 | - | - | - |
| Buildings and improvements | 525,283 | - | 371,407 | - | 424,861 | - |
| Equipment and vehicles | 1,645,867 | 40,032,463 | 5,363,748 | 463,328 | 10,614,083 | 3,913,948 |
| Infrastructure | 3,169,683 | - | - | - | - | - |
| Construction in progress | - | 2,508,761 | 1,976,329 | - | - | - |
| | 5,340,833 | 42,541,224 | 7,841,484 | 463,328 | 11,038,944 | 3,913,948 |
| Less: Accumulated depreciation | 4,715,072 | 32,840,381 | 4,312,904 | 297,574 | 5,711,209 | 2,881,242 |
| Capital assets, net | 625,761 | 9,700,843 | 3,528,580 | 165,754 | 5,327,735 | 1,032,706 |
| Total noncurrent assets | 625,761 | 9,700,843 | 3,528,580 | 165,754 | 5,327,735 | 1,044,974 |
| Total assets | $ 10,623,621 | $ 26,033,060 | $ 4,820,336 | $ 1,338,460 | $ 7,060,814 | $ 3,583,083 |

(continued)

# County of Oakland
## Combining Statement of Net Assets
## Internal Service Funds
## September 30, 2004

| | Mailing, Copier, and Printing | Telephone Communications | Building and Liability Insurance | Fringe Benefits | Sheriff Aviation | Totals September 30, 2004 |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Current assets | | | | | | |
| Pooled cash and investments | $ 462,243 | $ 1,125,039 | $ 22,814,298 | $ 40,416,450 | $ 500,023 | $ 95,194,833 |
| Due from other governmental units | 27,069 | - | - | - | - | 205,583 |
| Due from component units | - | - | - | 336 | - | 43,630 |
| Accrued interest receivable | - | - | 81,183 | 96,374 | - | 240,973 |
| Accounts receivable (net of allowance for uncollectibles where applicable) | 19,484 | 16,988 | 1,840 | - | - | 634,129 |
| Due from other funds | 1,228 | 16,358 | 2,172 | 1,591,073 | 59,899 | 2,234,185 |
| Inventories and supplies | 262,444 | - | - | - | - | 541,923 |
| Prepayments and other assets | 54,745 | 69,004 | 1,472 | 2,106,486 | - | 3,696,679 |
| Total current assets | 827,213 | 1,227,389 | 22,900,965 | 44,210,719 | 559,922 | 102,791,935 |
| Noncurrent assets | | | | | | |
| Contracts receivable | - | - | - | - | - | 12,268 |
| Capital assets, at cost | | | | | | |
| Land | - | - | - | - | - | 130,000 |
| Buildings and improvements | - | - | - | - | - | 1,321,551 |
| Equipment and vehicles | 380,890 | 4,431,949 | - | - | 3,989,410 | 70,835,686 |
| Infrastructure | - | - | - | - | - | 3,169,683 |
| Construction in progress | - | - | - | - | - | 4,485,090 |
| | 380,890 | 4,431,949 | - | - | 3,989,410 | 79,942,010 |
| Less: Accumulated depreciation | 351,387 | 1,895,614 | - | - | 622,573 | 53,627,956 |
| Capital assets, net | 29,503 | 2,536,335 | - | - | 3,366,837 | 26,314,054 |
| Total noncurrent assets | 29,503 | 2,536,335 | - | - | 3,366,837 | 26,326,322 |
| Total assets | $ 856,716 | $ 3,763,724 | $ 22,900,965 | $ 44,210,719 | $ 3,926,759 | $ 129,118,257 |

(continued)

# County of Oakland
## Combining Statement of Net Assets
## Internal Service Funds
## September 30, 2004

| | Facilities Maintenance and Operations | Information Technology | Drain Equipment | Micrographics | Motor Pool | Office Equipment |
|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | |
| Current liabilities | | | | | | |
| Vouchers payable | $ 132,154 | $ 667,386 | $ 70,062 | $ 3,850 | $ 210,595 | $ - |
| Accrued payroll | 82,218 | - | - | - | - | - |
| Due to other governmental units | - | - | - | - | - | - |
| Due to other funds | 46,161 | 463,901 | 245,756 | - | 109 | - |
| Current portion of workers' compensation | - | - | - | - | - | - |
| Current portion of unreported health costs | - | - | - | - | - | - |
| Current portion of sick and annual leave | - | - | - | - | - | - |
| Current portion of claims and judgments | - | - | - | - | - | - |
| Current portion of advances payable | - | - | - | - | - | - |
| Other accrued liabilities | 183,308 | 926,784 | 589,019 | 3,460 | 47,537 | 4,944 |
| Total current liabilities | 443,841 | 2,058,071 | 904,837 | 7,310 | 258,241 | 4,944 |
| Noncurrent liabilities | | | | | | |
| Accrued workers' compensation | - | - | - | - | - | - |
| Accrued unreported health costs | - | - | - | - | - | - |
| Accrued sick and annual leave | - | - | - | - | - | - |
| Claims and judgments | - | - | - | - | - | - |
| Advances | - | - | - | - | - | - |
| Total noncurrent liabilities | - | - | - | - | - | - |
| Total liabilities | 443,841 | 2,058,071 | 904,837 | 7,310 | 258,241 | 4,944 |
| **Net Assets** | | | | | | |
| Invested in capital assets | 625,761 | 9,700,843 | 3,528,580 | 165,754 | 5,327,735 | 1,032,706 |
| Unrestricted | 9,554,019 | 14,274,146 | 386,919 | 1,165,396 | 1,474,838 | 2,545,433 |
| Total net assets | $ 10,179,780 | $ 23,974,989 | $ 3,915,499 | $ 1,331,150 | $ 6,802,573 | $ 3,578,139 |

(continued)

# County of Oakland
## Combining Statement of Net Assets
## Internal Service Funds
## September 30, 2004

| | Mailing, Copier, and Printing | Telephone Communications | Building and Liability Insurance | Fringe Benefits | Sheriff Aviation | Totals September 30, 2004 |
|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | |
| Current liabilities | | | | | | |
| Vouchers payable | $ - | $ 89,289 | $ 2,208 | $ 290,599 | $ 7,610 | $ 1,473,753 |
| Accrued payroll | - | - | - | - | 4,846 | 87,064 |
| Due to other governmental units | - | - | - | 238,084 | - | 238,084 |
| Due to other funds | 1,851 | 1,142 | - | - | 2,328 | 761,248 |
| Current portion of workers' compensation | - | - | - | 1,333,948 | - | 1,333,948 |
| Current portion of unreported health costs | - | - | - | 762,667 | - | 762,667 |
| Current portion sick and annual leave | - | - | - | 1,228,608 | - | 1,228,608 |
| Current portion of claims and judgments | - | - | 5,350,000 | - | - | 5,350,000 |
| Current portion of advances payable | - | - | - | - | 437,500 | 437,500 |
| Other accrued liabilities | 14,969 | 216,949 | 147,203 | 557,489 | 11,975 | 2,703,637 |
| Total current liabilities | 16,820 | 307,380 | 5,499,411 | 4,411,395 | 464,259 | 14,376,509 |
| Noncurrent liabilities | | | | | | |
| Accrued workers' compensation | - | - | - | 11,125,224 | - | 11,125,224 |
| Accrued unreported health costs | - | - | - | 1,525,333 | - | 1,525,333 |
| Accrued sick and annual leave | - | - | - | 11,057,469 | - | 11,057,469 |
| Claims and judgments | - | - | 7,442,263 | - | - | 7,442,263 |
| Advances | - | - | - | - | 2,150,000 | 2,150,000 |
| Total noncurrent liabilities | - | - | 7,442,263 | 23,708,026 | 2,150,000 | 33,300,289 |
| Total liabilities | 16,820 | 307,380 | 12,941,674 | 28,119,421 | 2,614,259 | 47,676,798 |
| **Net Assets** | | | | | | |
| Invested in capital assets | 29,503 | 2,536,335 | - | - | 3,366,837 | 26,314,054 |
| Unrestricted | 810,393 | 920,009 | 9,959,291 | 16,091,298 | (2,054,337) | 55,127,405 |
| Total net assets | $ 839,896 | $ 3,456,344 | $ 9,959,291 | $ 16,091,298 | $ 1,312,500 | $ 81,441,459 |

# County of Oakland
## Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
## Internal Service Funds
## Year Ended September 30, 2004

| | Facilities Maintenance and Operations | Information Technology | Drain Equipment | Micrographics | Motor Pool | Office Equipment |
|---|---|---|---|---|---|---|
| **Operating revenues** | | | | | | |
| Charges for services | $ 24,027,210 | $ 23,963,868 | $ 1,991,777 | $ 684,490 | $ 4,744,292 | $ 649,310 |
| Other | 58,420 | 32,688 | 5,648 | - | 1,650 | - |
| Total operating revenues | 24,085,630 | 23,996,556 | 1,997,425 | 684,490 | 4,745,942 | 649,310 |
| **Operating expenses** | | | | | | |
| Salaries | 7,111,947 | 7,828,615 | 253,847 | 396,304 | 645,970 | - |
| Fringe benefits | 3,623,261 | 3,404,222 | 107,089 | 176,917 | 320,886 | - |
| Contractual services | 10,326,338 | 12,226,828 | 552,860 | 159,746 | 1,356,592 | 227,384 |
| Commodities | 1,083,883 | 1,175,962 | 395,822 | 115,227 | 1,588,297 | 106,084 |
| Depreciation | 787,268 | 3,545,624 | 504,200 | 39,538 | 1,158,751 | 392,585 |
| Internal services | 876,535 | 1,388,525 | 1,432,070 | 63,523 | 319,370 | 1,129 |
| Total operating expenses | 23,809,232 | 29,569,776 | 3,245,888 | 951,255 | 5,389,866 | 727,182 |
| Operating income (loss) | 276,398 | (5,573,220) | (1,248,463) | (266,765) | (643,924) | (77,872) |
| **Nonoperating revenues (expenses)** | | | | | | |
| Interest revenue | 54,282 | 73,613 | 16,421 | 7,551 | 9,607 | 15,872 |
| Interest expense | - | - | - | - | - | - |
| Gain on sale of property and equipment | 8,860 | 1,145 | 100,015 | - | 443,686 | 3,828 |
| Net nonoperating revenues | 63,142 | 74,758 | 116,436 | 7,551 | 453,293 | 19,700 |
| Income (loss) before transfers, contributions and special items | 339,540 | (5,498,462) | (1,132,027) | (259,214) | (190,631) | (58,172) |
| Capital contributions | - | 22,675 | - | - | - | - |
| Transfers in | 54,000 | 5,269,993 | - | - | 448,602 | - |
| Transfers out | - | (554,222) | (357,852) | - | - | - |
| Change in net assets | 393,540 | (760,016) | (1,489,879) | (259,214) | 257,971 | (58,172) |
| **Net assets** | | | | | | |
| October 1, 2003 (as restated) | 9,786,240 | 24,735,005 | 5,405,378 | 1,590,364 | 6,544,602 | 3,636,311 |
| September 30, 2004 | $ 10,179,780 | $ 23,974,989 | $ 3,915,499 | $ 1,331,150 | $ 6,802,573 | $ 3,578,139 |

(continued)

# County of Oakland
## Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
## Internal Service Funds
## Year Ended September 30, 2004

| | Mailing, Copier, and Printing | Telephone Communications | Building and Liability Insurance | Fringe Benefits | Sheriff Aviation | Totals September 30, 2004 |
|---|---|---|---|---|---|---|
| **Operating revenues** | | | | | | |
| Charges for services | $ 3,393,597 | $ 4,106,667 | $ 2,935,638 | $ 101,124,101 | $ 1,593,070 | $ 169,214,020 |
| Other | 4,519 | 1,007 | 2,981 | - | 437 | 107,350 |
| Total operating revenues | 3,398,116 | 4,107,674 | 2,938,619 | 101,124,101 | 1,593,507 | 169,321,370 |
| **Operating expenses** | | | | | | |
| Salaries | 317,761 | 336,277 | 469,060 | 729,555 | 247,153 | 18,336,489 |
| Fringe benefits | 159,753 | 166,875 | 187,557 | 335,993 | 119,168 | 8,601,721 |
| Contractual services | 1,379,706 | 2,023,958 | 5,860,541 | 94,909,930 | 147,116 | 129,170,999 |
| Commodities | 1,403,929 | 146,760 | 1,407 | 9,000 | 85,507 | 6,111,878 |
| Depreciation | 3,653 | 299,341 | - | - | 228,239 | 6,959,199 |
| Internal services | 69,334 | 549,717 | 64,042 | 177,121 | 255,707 | 5,197,073 |
| Total operating expenses | 3,334,136 | 3,522,928 | 6,582,607 | 96,161,599 | 1,082,890 | 174,377,359 |
| Operating income (loss) | 63,980 | 584,746 | (3,643,988) | 4,962,502 | 510,617 | (5,055,989) |
| **Nonoperating revenues (expenses)** | | | | | | |
| Interest revenue | 2,078 | 4,803 | 144,727 | 236,324 | 2,463 | 567,741 |
| Interest expense | - | - | - | - | (40,340) | (40,340) |
| Gain on sale of property and equipment | - | - | - | - | - | 557,534 |
| Net nonoperating revenues | 2,078 | 4,803 | 144,727 | 236,324 | (37,877) | 1,084,935 |
| Income (loss) before transfers, contributions and special items | 66,058 | 589,549 | (3,499,261) | 5,198,826 | 472,740 | (3,971,054) |
| Capital contributions | - | - | - | - | - | 22,675 |
| Transfers in | - | - | - | - | - | 5,772,595 |
| Transfers out | - | - | - | - | (35,240) | (947,314) |
| Change in net assets | 66,058 | 589,549 | (3,499,261) | 5,198,826 | 437,500 | 876,902 |
| **Net assets** | | | | | | |
| October 1, 2003 (as restated) | 773,838 | 2,866,795 | 13,458,552 | 10,892,472 | 875,000 | 80,564,557 |
| September 30, 2004 | $ 839,896 | $ 3,456,344 | $ 9,959,291 | $ 16,091,298 | $ 1,312,500 | $ 81,441,459 |

# County of Oakland
## Combining Statement of Cash Flows
## Internal Service Funds
## Year Ended September 30, 2004

| | Facilities Maintenance and Operations | Information Technology | Drain Equipment | Micrographics | Motor Pool | Office Equipment |
|---|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | | |
| Cash received from users | $ 24,138,175 | $ 23,955,199 | $ 2,346,431 | $ 688,288 | $ 4,517,422 | $ 649,310 |
| Cash paid to suppliers | (16,024,534) | (17,049,012) | (1,867,315) | (533,815) | (3,255,940) | (329,653) |
| Cash paid to employees | (7,029,729) | (7,828,615) | (253,847) | (396,304) | (645,970) | - |
| Net cash provided by (used in) operating activities | 1,083,912 | (922,428) | 225,269 | (241,831) | 615,512 | 319,657 |
| **Cash flows from noncapital financing activities** | | | | | | |
| Transfers from other funds | 54,000 | 3,360,198 | - | - | - | - |
| Transfers to other funds | - | (554,222) | (357,852) | - | - | - |
| Amounts received on contracts | - | - | - | - | - | 6,134 |
| Interest received on contracts | - | - | - | - | - | 439 |
| Net cash provided by (used in) noncapital financing activities | 54,000 | 2,805,976 | (357,852) | - | - | 6,573 |
| **Cash flows from capital and related financing activities** | | | | | | |
| Transfers from other funds | - | 1,909,795 | - | - | 448,602 | - |
| Proceeds on sale of capital assets | 8,860 | 1,145 | 100,015 | - | 443,686 | 3,828 |
| Acquisition of capital assets | (100,736) | (1,745,918) | (1,581,930) | (50,116) | (2,545,346) | (250,190) |
| Amount paid on advances and equipment contracts | - | (295,483) | - | - | - | - |
| Interest paid on advances and equipment contracts | - | - | - | - | - | - |
| Net cash provided by (used in) capital and related financing activities | (91,876) | (130,461) | (1,481,915) | (50,116) | (1,653,058) | (246,362) |
| **Cash flows from investing activities** | | | | | | |
| Interest on investments | 90,860 | 110,120 | 17,596 | 13,929 | 17,153 | 26,099 |
| Net cash provided by (used in) investing activities | 90,860 | 110,120 | 17,596 | 13,929 | 17,153 | 26,099 |
| Net increase (decrease) in cash and cash equivalents | 1,136,896 | 1,863,207 | (1,596,902) | (278,018) | (1,020,393) | 105,967 |
| **Pooled cash and investments** | | | | | | |
| October 1, 2003 | 8,648,262 | 12,599,483 | 2,490,985 | 1,397,642 | 2,110,366 | 2,419,285 |
| September 30, 2004 | $ 9,785,158 | $ 14,462,690 | $ 894,083 | $ 1,119,624 | $ 1,089,973 | $ 2,525,252 |

(continued)

# County of Oakland
## Combining Statement of Cash Flows
## Internal Service Funds
## Year Ended September 30, 2004

| | Mailing, Copier, and Printing | Telephone Communications | Building and Liability Insurance | Fringe Benefits | Sheriff Aviation | Totals September 30, 2004 |
|---|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | | |
| Cash received from users | $ 3,413,994 | $ 4,078,698 | $ 2,938,597 | $ 101,877,644 | $ 1,910,109 | $ 170,513,867 |
| Cash paid to suppliers | (3,088,199) | (2,804,213) | (2,606,737) | (94,358,688) | (634,434) | (142,552,540) |
| Cash paid to employees | (317,761) | (336,277) | (469,060) | (729,555) | (265,544) | (18,272,662) |
| Net cash provided by (used in) operating activities | 8,034 | 938,208 | (137,200) | 6,789,401 | 1,010,131 | 9,688,665 |
| **Cash flows from noncapital financing activities** | | | | | | |
| Transfers from other funds | - | - | - | - | - | 3,414,198 |
| Transfers to other funds | - | - | - | - | (35,240) | (947,314) |
| Amounts received on contracts | - | - | - | - | - | 6,134 |
| Interest received on contracts | - | - | - | - | - | 439 |
| Net cash provided by (used in) noncapital financing activities | - | - | - | - | (35,240) | 2,473,457 |
| **Cash flows from capital and related financing activities** | | | | | | |
| Transfers from other funds | - | - | - | - | - | 2,358,397 |
| Proceeds on sale of capital assets | - | - | - | - | - | 557,534 |
| Acquisition of capital assets | - | (24,259) | - | - | - | (6,298,495) |
| Amount paid on advances and equipment contracts | - | - | - | - | (437,500) | (732,983) |
| Interest paid on advances and equipment contracts | - | - | - | - | (40,340) | (40,340) |
| Net cash provided by (used in) capital and related financing activities | - | (24,259) | - | - | (477,840) | (4,155,887) |
| **Cash flows from investing activities** | | | | | | |
| Interest on investments | 3,109 | 5,351 | 247,423 | 377,708 | 2,972 | 912,320 |
| Net cash provided by (used in) investing activities | 3,109 | 5,351 | 247,423 | 377,708 | 2,972 | 912,320 |
| Net increase (decrease) in cash and cash equivalents | 11,143 | 919,300 | 110,223 | 7,167,109 | 500,023 | 8,918,555 |
| **Pooled cash and investments** | | | | | | |
| October 1, 2003 | 451,100 | 205,739 | 22,704,075 | 33,249,341 | - | 86,276,278 |
| September 30, 2004 | $ 462,243 | $ 1,125,039 | $ 22,814,298 | $ 40,416,450 | $ 500,023 | $ 95,194,833 |

(continued)

# County of Oakland
## Combining Statement of Cash Flows
## Internal Service Funds
## Year Ended September 30, 2004

| | Facilities Maintenance and Operations | Information Technology | Drain Equipment | Micrographics | Motor Pool | Office Equipment |
|---|---|---|---|---|---|---|
| Operating income (loss) | $ 276,398 | $ (5,573,220) | $ (1,248,463) | $ (266,765) | $ (643,924) | $ (77,872) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | | | | | | |
| Depreciation expense | 787,268 | 3,545,624 | 504,200 | 39,538 | 1,158,751 | 392,585 |
| (Increase) decrease in due from other governmental units | (3,663) | 25,563 | (433) | - | (3,998) | - |
| (Increase) decrease in due from component units | 74,446 | 3,257 | 8,314 | 49 | - | - |
| (Increase) decrease in accounts receivable | 9,720 | 30,693 | 317,358 | 3,749 | (10,409) | - |
| (Increase) decrease in due from other funds | (27,958) | (100,870) | 23,767 | - | (214,113) | - |
| (Increase) decrease in inventories and supplies | 3,634 | 87,405 | - | - | 8,602 | - |
| (Increase) decrease in prepayments and other assets | - | 121,877 | - | (23,673) | 158,444 | - |
| Increase (decrease) in vouchers payable | (254,393) | 472,663 | 23,971 | 1,811 | 210,595 | - |
| Increase (decrease) in accrued payroll | 82,218 | - | - | - | - | - |
| Increase (decrease) in due to other governmental units | - | (51) | - | - | - | - |
| Increase (decrease) in due to other funds | 43,398 | 268,351 | 244,426 | - | (39,119) | - |
| (Decrease) in current portion of workers' compensation | - | - | - | - | - | - |
| Increase (decrease) in current portion unreported health costs | - | - | - | - | - | - |
| Increase (decrease) in current portion sick and annual leave | - | - | - | - | - | - |
| Increase (decrease) in current portion claims and judgments | - | - | - | - | - | - |
| Increase (decrease) in other accrued liabilities | 92,844 | 196,280 | 352,129 | 3,460 | (9,317) | 4,944 |
| (Decrease) in accrued workers' compensation | - | - | - | - | - | - |
| Increase (decrease) in unreported health costs | - | - | - | - | - | - |
| Increase in accrued sick and annual leave | - | - | - | - | - | - |
| Increase (decrease) in claims and judgments | - | - | - | - | - | - |
| Net cash provided by (used in) operating activities | $ 1,083,912 | $ (922,428) | $ 225,269 | $ (241,831) | $ 615,512 | $ 319,657 |

(continued)

# County of Oakland
## Combining Statement of Cash Flows
## Internal Service Funds
## Year Ended September 30, 2004

| | Mailing, Copier, and Printing | Telephone Communications | Building and Liability Insurance | Fringe Benefits | Sheriff Aviation | Totals September 30, 2004 |
|---|---|---|---|---|---|---|
| Operating income (loss) | $ 63,980 | $ 584,746 | $ (3,643,988) | $ 4,962,502 | $ 510,617 | $ (5,055,989) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | | | | | | |
| Depreciation expense | 3,653 | 299,341 | - | - | 228,239 | 6,959,199 |
| (Increase) decrease in due from other governmental units | (282) | - | - | - | - | 17,187 |
| (Increase) decrease in due from component units | 10,967 | - | - | (123) | - | 96,910 |
| (Increase) decrease in accounts receivable | 2,244 | (13,987) | 2,150 | - | - | 341,518 |
| (Increase) decrease in due from other funds | 2,949 | (14,989) | (2,172) | 753,666 | 316,602 | 736,882 |
| (Increase) decrease in inventories and supplies | 67,064 | - | - | - | - | 166,705 |
| (Increase) decrease in prepayments and other assets | (1,155) | (29,749) | 91,108 | 682,629 | - | 999,481 |
| Increase (decrease) in vouchers payable | (12,397) | 19,653 | (21,229) | 232,450 | 7,443 | 680,567 |
| Increase (decrease) in accrued payroll | - | - | - | - | (18,391) | 63,827 |
| Increase (decrease) in due to other governmental units | - | - | - | 37,210 | - | 37,159 |
| Increase (decrease) in due to other funds | 786 | 572 | - | (1,208) | (38,799) | 478,407 |
| (Decrease) in current portion of workers' compensation | - | - | - | (82,687) | - | (82,687) |
| Increase (decrease) in current portion unreported health costs | - | - | - | (26,666) | - | (26,666) |
| Increase (decrease) in current portion sick and annual leave | - | - | - | 53,664 | - | 53,664 |
| Increase (decrease) in current portion claims and judgments | - | - | 3,050,000 | - | - | 3,050,000 |
| Increase (decrease) in other accrued liabilities | (129,775) | 92,621 | 147,203 | (485,214) | 4,420 | 269,595 |
| (Decrease) in accrued workers' compensation | - | - | - | 233,534 | - | 233,534 |
| Increase (decrease) in unreported health costs | - | - | - | (53,334) | - | (53,334) |
| Increase in accrued sick and annual leave | - | - | - | 482,978 | - | 482,978 |
| Increase (decrease) in claims and judgments | - | - | 239,728 | - | - | 239,728 |
| Net cash provided by (used in) operating activities | $ 8,034 | $ 938,208 | $ (137,200) | $ 6,789,401 | $ 1,010,131 | $ 9,688,665 |

**Noncash transactions**

Non-cash capital and related financing included $22,675 of capital assets contributed, and write-off of $186,151 of capital assets and corresponding depreciation in the Information Technology fund; and $108,112 for purchase of capital assets included in Other accrued liabilities in the Telephone Communications fund.

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

***The Medical Care Facility Fund*** - was established to account for the financial operations of a 120-bed skilled nursing facility. Costs are recovered by charges to Medicare, Medicaid, or other third-party insurers for patient services.

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

***The Southeastern Oakland County S.D.S. (S.O.C.S.D.S.) Fund*** - was established to record the operations and maintenance of the system, which is used to move sewage and storm water to the City of Detroit for treatment. Costs are recovered by developing rates and billing the municipalities being serviced.

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

***The Huron-Rouge S.D.S. 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.

***The Farmers Market Fund*** - is used to account for the operations of the Oakland County Farmer's Market located in Waterford.

***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 Jail Inmate Commissary Fund*** - is used to account for commissary operations and services, library operations and services, and indigent services for inmates at the Oakland County Jail. Inmate commissary transactions are logged in individual accounts in the Jail Management System (JAMS). Monies collected for these individual accounts are held in the Jail Inmate Trust Account.

# County of Oakland
## Combining Statement of Net Assets
## Non-Major Enterprise Funds
## September 30, 2004

| | Medical Care Facility | Fire Records Management | Evergreen-Farmington S.D.S. | S.O.C.S.D.S. | Clinton-Oakland S.D.S. | Huron-Rouge S.D.S. |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Current assets | | | | | | |
| Pooled cash and investments | $ - | $ 272,580 | $ 17,553,214 | $ 20,920,400 | $ 14,592,761 | $ 2,341,742 |
| Due from other governmental units | - | 65,645 | 6,054,340 | 3,604,271 | 4,897,794 | 1,321,862 |
| Due from component units | - | - | 178,229 | - | - | - |
| Accrued interest receivable | 2,367 | 636 | 85,639 | 62,194 | 49,124 | 7,211 |
| Accounts receivable (net of allowances for uncollectibles where applicable) | 2,053,766 | - | - | - | - | - |
| Due from other funds | - | 2,082 | 2,921,657 | 59,758 | 110,803 | - |
| Inventories and supplies | 221,003 | - | - | - | - | - |
| Prepayments and other assets | - | 14,875 | - | - | - | - |
| Total current assets | 2,277,136 | 355,818 | 26,793,079 | 24,646,623 | 19,650,482 | 3,670,815 |
| Noncurrent assets | | | | | | |
| Capital assets, at cost | | | | | | |
| Land | - | - | 27,681 | 613,529 | 25,725 | 19,748 |
| Land improvements | 13,771 | - | - | 11,274 | - | - |
| Buildings and improvements | 3,004,276 | - | 3,167,894 | 3,325,705 | 734,721 | 348,504 |
| Equipment and vehicles | 78,441 | 517,860 | 24,848 | 246,713 | 7,047 | - |
| Infrastructure | - | - | 25,784,033 | 76,214,843 | 36,799,208 | 2,962,297 |
| Construction in progress | - | - | 912,248 | - | - | - |
| | 3,096,488 | 517,860 | 29,916,704 | 80,412,064 | 37,566,701 | 3,330,549 |
| Less: Accumulated depreciation | 2,119,514 | 352,493 | 19,314,347 | 64,946,738 | 18,819,929 | 2,051,288 |
| Capital assets, net | 976,974 | 165,367 | 10,602,357 | 15,465,326 | 18,746,772 | 1,279,261 |
| Total assets | $ 3,254,110 | $ 521,185 | $ 37,395,436 | $ 40,111,949 | $ 38,397,254 | $ 4,950,076 |
| **Liabilities** | | | | | | |
| Current liabilities | | | | | | |
| Vouchers payable | $ 1,567 | $ - | $ 40,924 | $ 5,329 | $ 9,405 | $ 50 |
| Accrued payroll | 38,798 | - | - | - | - | - |
| Due to other governmental units | - | - | 5,099,768 | 5,945,867 | 2,773,618 | 1,042,463 |
| Due to other funds | 891,991 | 24,511 | 525,347 | 174,071 | 260,642 | 14,832 |
| Deferred revenue | - | - | - | - | - | - |
| Other accrued liabilities | 232,933 | 310 | 18,098 | 35,981 | 46,711 | - |
| Total liabilities | 1,165,289 | 24,821 | 5,684,137 | 6,161,248 | 3,090,376 | 1,057,345 |
| **Net Assets** | | | | | | |
| Invested in capital assets, net of related debt | 976,974 | 165,367 | 10,602,357 | 15,465,326 | 18,746,772 | 1,279,261 |
| Unrestricted | 1,111,847 | 330,997 | 21,108,942 | 18,485,375 | 16,560,106 | 2,613,470 |
| Total net assets | $ 2,088,821 | $ 496,364 | $ 31,711,299 | $ 33,950,701 | $ 35,306,878 | $ 3,892,731 |

(continued)

# County of Oakland
## Combining Statement of Net Assets
## Non-Major Enterprise Funds
## September 30, 2004

| | Farmers Market | CLEMIS | Radio Communications | Jail Inmate Commissary | Totals September 30, 2004 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Current assets | | | | | |
| Pooled cash and investments | $ 11,041 | $ 3,794,323 | $ 17,158,615 | $ - | $ 76,644,676 |
| Due from other governmental units | - | 443,279 | 52,170 | - | 16,439,361 |
| Due from component units | - | - | - | - | 178,229 |
| Accrued interest receivable | - | 12,477 | 29,569 | 428 | 249,645 |
| Accounts receivable (net of allowances for uncollectibles where applicable) | - | 36,278 | 656,097 | 114,410 | 2,860,551 |
| Due from other funds | - | 113,847 | - | 947 | 3,209,094 |
| Inventories and supplies | - | 62,624 | 536,420 | 30,931 | 850,978 |
| Prepayments and other assets | - | 69,487 | 64,501 | - | 148,863 |
| Total current assets | 11,041 | 4,532,315 | 18,497,372 | 146,716 | 100,581,397 |
| Noncurrent assets | | | | | |
| Capital assets, at cost | | | | | |
| Land | - | - | - | - | 686,683 |
| Land improvements | - | - | - | - | 25,045 |
| Buildings and improvements | - | - | - | - | 10,581,100 |
| Equipment and vehicles | - | 17,475,180 | 11,151,046 | - | 29,501,135 |
| Infrastructure | - | - | - | - | 141,760,381 |
| Construction in progress | - | 2,802,147 | 14,245,058 | - | 17,959,453 |
| | - | 20,277,327 | 25,396,104 | - | 200,513,797 |
| Less: Accumulated depreciation | - | 12,255,162 | 9,227,584 | - | 129,087,055 |
| Capital assets, net | - | 8,022,165 | 16,168,520 | - | 71,426,742 |
| Total assets | $ 11,041 | $ 12,554,480 | $ 34,665,892 | $ 146,716 | $ 172,008,139 |
| **Liabilities** | | | | | |
| Current liabilities | | | | | |
| Vouchers payable | $ - | $ 135,725 | $ 156,548 | $ 30,291 | $ 379,839 |
| Accrued payroll | - | - | - | 2,362 | 41,160 |
| Due to other governmental units | - | - | - | - | 14,861,716 |
| Due to other funds | 284 | 168,426 | - | 144,005 | 2,204,109 |
| Deferred revenue | - | - | 69,528 | - | 69,528 |
| Other accrued liabilities | - | 114,927 | 1,599,751 | 5,284 | 2,053,995 |
| Total liabilities | 284 | 419,078 | 1,825,827 | 181,942 | 19,610,347 |
| **Net Assets** | | | | | |
| Invested in capital assets, net of related debt | - | 8,022,165 | 16,168,520 | - | 71,426,742 |
| Unrestricted | 10,757 | 4,113,237 | 16,671,545 | (35,226) | 80,971,050 |
| Total net assets | $ 10,757 | $ 12,135,402 | $ 32,840,065 | $ (35,226) | $ 152,397,792 |

# County of Oakland
## Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
## Non-Major Enterprise Funds
## Year Ended September 30, 2004

| | Medical Care Facility | Fire Records Management | Evergreen-Farmington S.D.S. | S.O.C.S.D.S. | Clinton-Oakland S.D.S. | Huron-Rouge S.D.S. |
|---|---|---|---|---|---|---|
| **Operating revenues** | | | | | | |
| Charges for services | $ 10,277,798 | $ 126,129 | $ 22,235,876 | $ 28,378,443 | $ 18,909,496 | $ 3,361,643 |
| Other | 199,218 | 5 | 772,721 | 1,957 | 13,587 | - |
| Total operating revenues | 10,477,016 | 126,134 | 23,008,597 | 28,380,400 | 18,923,083 | 3,361,643 |
| **Operating expenses** | | | | | | |
| Salaries | 3,912,940 | 128,410 | 571,700 | 419,462 | 610,971 | 84,196 |
| Fringe benefits | 1,756,871 | 62,317 | 238,426 | 172,667 | 255,125 | 36,208 |
| Contractual services | 2,217,833 | 96,019 | 24,374,227 | 27,377,513 | 17,948,214 | 3,044,394 |
| Commodities | 1,882,499 | - | 98,881 | 256,110 | 51,300 | 610 |
| Depreciation | 80,186 | 99,950 | 584,505 | 1,492,528 | 750,679 | 66,216 |
| Internal services | 718,016 | 82,562 | 221,661 | 102,250 | 191,019 | 13,744 |
| Total operating expenses | 10,568,345 | 469,258 | 26,089,400 | 29,820,530 | 19,807,308 | 3,245,368 |
| Operating income (loss) | (91,329) | (343,124) | (3,080,803) | (1,440,130) | (884,225) | 116,275 |
| **Nonoperating revenues** | | | | | | |
| Interest revenue | (4,560) | 1,783 | 131,608 | 140,503 | 99,210 | 13,877 |
| Contributions | 29,368 | - | - | - | - | - |
| Net nonoperating revenues | 24,808 | 1,783 | 131,608 | 140,503 | 99,210 | 13,877 |
| Income (loss) before contributions and transfers | (66,521) | (341,341) | (2,949,195) | (1,299,627) | (785,015) | 130,152 |
| Capital contributions | - | - | 912,247 | - | - | - |
| Transfers in | - | 441,300 | - | - | - | - |
| Transfers out | - | - | (4,973,669) | - | - | - |
| Change in net assets | (66,521) | 99,959 | (7,010,617) | (1,299,627) | (785,015) | 130,152 |
| **Net assets** | | | | | | |
| October 1, 2003 | 2,155,342 | 396,405 | 38,721,916 | 35,250,328 | 36,091,893 | 3,762,579 |
| September 30, 2004 | $ 2,088,821 | $ 496,364 | $ 31,711,299 | $ 33,950,701 | $ 35,306,878 | $ 3,892,731 |

(continued)

# County of Oakland
## Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
## Non-Major Enterprise Funds
## Year Ended September 30, 2004

| | Farmers Market | CLEMIS | Radio Communications | Jail Inmate Commissary | Totals September 30, 2004 |
|---|---|---|---|---|---|
| **Operating revenues** | | | | | |
| Charges for services | $ 143,730 | $ 2,163,726 | $ 8,587,142 | $ 1,207,479 | $ 95,391,462 |
| Other | - | 788 | 53,334 | - | 1,041,610 |
| Total operating revenues | 143,730 | 2,164,514 | 8,640,476 | 1,207,479 | 96,433,072 |
| **Operating expenses** | | | | | |
| Salaries | 59,482 | 975,517 | 494,494 | 220,481 | 7,477,653 |
| Fringe benefits | 24,224 | 398,005 | 220,180 | 110,370 | 3,274,393 |
| Contractual services | 10,503 | 1,901,447 | 444,011 | 85,345 | 77,499,506 |
| Commodities | - | 206,688 | 180,905 | 844,860 | 3,521,853 |
| Depreciation | - | 3,483,993 | 1,026,276 | - | 7,584,333 |
| Internal services | 49,484 | 668,144 | 396,588 | 22,255 | 2,465,723 |
| Total operating expenses | 143,693 | 7,633,794 | 2,762,454 | 1,283,311 | 101,823,461 |
| Operating income (loss) | 37 | (5,469,280) | 5,878,022 | (75,832) | (5,390,389) |
| **Nonoperating revenues** | | | | | |
| Interest revenue | (161) | 16,673 | 109,398 | 1,297 | 509,628 |
| Contributions | - | - | - | - | 29,368 |
| Net nonoperating revenues | (161) | 16,673 | 109,398 | 1,297 | 538,996 |
| Income (loss) before contributions and transfers | (124) | (5,452,607) | 5,987,420 | (74,535) | (4,851,393) |
| Capital contributions | - | 1,256,922 | - | - | 2,169,169 |
| Transfers in | - | 3,000,362 | 69,536 | - | 3,511,198 |
| Transfers out | - | - | (25,000) | (57,675) | (5,056,344) |
| Change in net assets | (124) | (1,195,323) | 6,031,956 | (132,210) | (4,227,370) |
| **Net assets** | | | | | |
| October 1, 2003 | 10,881 | 13,330,725 | 26,808,109 | 96,984 | 156,625,162 |
| September 30, 2004 | $ 10,757 | $ 12,135,402 | $ 32,840,065 | $ (35,226) | $ 152,397,792 |

# County of Oakland
## Combining Statement of Cash Flows
## Non-Major Enterprise Funds
## Year Ended September 30, 2004

| | Medical Care Facility | Fire Records Management | Evergreen-Farmington S.D.S. | S.O.C.S.D.S. | Clinton-Oakland S.D.S. | Huron-Rouge S.D.S. |
|---|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | | |
| Cash received from users | $ 10,388,713 | $ 84,489 | $ 25,798,631 | $ 29,586,329 | $ 19,312,034 | $ 3,369,565 |
| Cash paid to suppliers | (6,537,012) | (341,098) | (25,047,385) | (27,576,299) | (18,261,222) | (3,203,223) |
| Cash paid to employees | (3,874,142) | (128,410) | (571,700) | (419,462) | (610,971) | (84,196) |
| Net cash provided by (used in) operating activities | (22,441) | (385,019) | 179,546 | 1,590,568 | 439,841 | 82,146 |
| **Cash flows from noncapital financing activities** | | | | | | |
| Transfers from other funds | - | 441,300 | - | - | - | - |
| Transfers to other funds | - | - | (4,973,669) | - | - | - |
| Contributions | 29,368 | - | - | - | - | - |
| Net cash used in noncapital financing activities | 29,368 | 441,300 | (4,973,669) | - | - | - |
| **Cash flows from capital and related financing activities** | | | | | | |
| Transfers from other funds | - | - | - | - | - | - |
| Capital contributions | - | - | 912,247 | - | - | - |
| Proceeds from sale of capital assets | - | - | - | - | - | - |
| Acquisition of capital assets | - | - | (883,894) | - | - | - |
| Net cash used in capital and related financing activities | - | - | 28,353 | - | - | - |
| **Cash flows from investing activities** | | | | | | |
| Interest on investments | (6,927) | 2,540 | 229,348 | 220,064 | 163,697 | 23,146 |
| Net cash provided by investing activities | (6,927) | 2,540 | 229,348 | 220,064 | 163,697 | 23,146 |
| Net increase (decrease) in cash and cash equivalents | - | 58,821 | (4,536,422) | 1,810,632 | 603,538 | 105,292 |
| **Pooled cash and investments** | | | | | | |
| October 1, 2003 | - | 213,759 | 22,089,636 | 19,109,768 | 13,989,223 | 2,236,450 |
| September 30, 2004 | $ - | $ 272,580 | $ 17,553,214 | $ 20,920,400 | $ 14,592,761 | $ 2,341,742 |

(continued)

# County of Oakland
## Combining Statement of Cash Flows
## Non-Major Enterprise Funds
## Year Ended September 30, 2004

| | Farmers Market | CLEMIS | Radio Communications | Jail Inmate Commissary | Totals September 30, 2004 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Cash received from users | $ 161,372 | $ 2,368,911 | $ 8,666,827 | $ 1,191,709 | $ 100,928,580 |
| Cash paid to suppliers | (90,688) | (2,953,002) | (1,350,666) | (952,219) | (86,312,814) |
| Cash paid to employees | (59,482) | (975,517) | (494,494) | (218,119) | (7,436,493) |
| Net cash provided by (used in) operating activities | 11,202 | (1,559,608) | 6,821,667 | 21,371 | 7,179,273 |
| **Cash flows from noncapital financing activities** | | | | | |
| Transfers from other funds | - | 2,207,746 | 69,536 | - | 2,718,582 |
| Transfers to other funds | - | - | (25,000) | (57,675) | (5,056,344) |
| Contributions | - | - | - | - | 29,368 |
| Net cash used in noncapital financing activities | - | 2,207,746 | 44,536 | (57,675) | (2,308,394) |
| **Cash flows from capital and related financing activities** | | | | | |
| Transfers from other funds | - | 792,616 | - | - | 792,616 |
| Capital contributions | - | - | - | - | 912,247 |
| Proceeds from sale of capital assets | - | - | 586 | - | 586 |
| Acquisition of capital assets | - | - | (4,523,132) | - | (5,407,026) |
| Net cash used in capital and related financing activities | - | 792,616 | (4,522,546) | - | (3,701,577) |
| **Cash flows from investing activities** | | | | | |
| Interest on investments | (161) | 28,610 | 178,132 | 1,440 | 839,889 |
| Net cash provided by investing activities | (161) | 28,610 | 178,132 | 1,440 | 839,889 |
| Net increase (decrease) in cash and cash equivalents | 11,041 | 1,469,364 | 2,521,789 | (34,864) | 2,009,191 |
| **Pooled cash and investments** | | | | | |
| October 1, 2003 | - | 2,324,959 | 14,636,826 | 34,864 | 74,635,485 |
| September 30, 2004 | $ 11,041 | $ 3,794,323 | $ 17,158,615 | $ - | $ 76,644,676 |

(continued)

# County of Oakland
## Combining Statement of Cash Flows
## Non-Major Enterprise Funds
## Year Ended September 30, 2004

| | Medical Care Facility | Fire Records Management | Evergreen-Farmington S.D.S. | S.O.C.S.D.S. | Clinton-Oakland S.D.S. | Huron-Rouge S.D.S. |
|---|---|---|---|---|---|---|
| Operating income (loss) | $ (91,329) | $ (343,124) | $ (3,080,803) | $ (1,440,130) | $ (884,225) | $ 116,275 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | | | | | | |
| Depreciation expense | 80,186 | 99,950 | 584,505 | 1,492,528 | 750,679 | 66,216 |
| (Increase) decrease in due from other governmental units | - | (38,345) | 2,366,043 | 1,216,673 | 399,740 | 7,922 |
| (Increase) decrease in due from component units | - | - | 404,539 | - | - | - |
| (Increase) decrease in accounts receivable | (88,303) | - | - | - | - | - |
| (Increase) decrease in due from other funds | - | (2,082) | 19,452 | (10,744) | (10,789) | - |
| (Increase) decrease in inventories and supplies | (221,003) | - | - | - | - | - |
| (Increase) decrease in prepayments and other assets | - | (13,371) | - | - | - | - |
| Increase (decrease) in vouchers payable | (972) | - | 17,020 | 110 | (1,253,069) | (134,011) |
| Increase (decrease) in accrued payroll | 38,798 | - | - | - | - | - |
| Increase (decrease) in due to other governmental units | - | (85,057) | 190,676 | 320,617 | 1,533,807 | 25,352 |
| Increase (decrease) in due to other funds | 135,094 | - | 323,002 | 10,343 | 19,279 | 392 |
| Increase (decrease) in deferred revenue | - | (3,300) | - | - | - | - |
| Increase (decrease) in other accrued liabilities | 125,088 | 310 | (644,888) | 1,171 | (115,581) | - |
| Net cash provided by (used in) operating activities | $ (22,441) | $ (385,019) | $ 179,546 | $ 1,590,568 | $ 439,841 | $ 82,146 |

(continued)

# County of Oakland
## Combining Statement of Cash Flows
## Non-Major Enterprise Funds
## Year Ended September 30, 2004

| | Farmers Market | CLEMIS | Radio Communications | Jail Inmate Commissary | Totals September 30, 2004 |
|---|---|---|---|---|---|
| Operating income (loss) | $ 37 | $ (5,469,280) | $ 5,878,022 | $ (75,832) | $ (5,390,389) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | | | | | |
| Depreciation expense | - | 3,483,993 | 1,026,276 | - | 7,584,333 |
| (Increase) decrease in due from other governmental units | - | (27,595) | 36,197 | - | 3,960,635 |
| (Increase) decrease in due from component units | - | - | - | - | 404,539 |
| (Increase) decrease in accounts receivable | 17,642 | (6,161) | (79,374) | (14,823) | (171,019) |
| (Increase) decrease in due from other funds | - | 238,153 | - | (947) | 233,043 |
| (Increase) decrease in inventories and supplies | - | 17,704 | (142,273) | 10,433 | (335,139) |
| (Increase) decrease in prepayments and other assets | - | (47,479) | (49,001) | - | (109,851) |
| Increase (decrease) in vouchers payable | - | 88,526 | 17,175 | 1,146 | (1,264,075) |
| Increase (decrease) in accrued payroll | - | - | - | 2,362 | 41,160 |
| Increase (decrease) in due to other governmental units | - | - | - | - | 1,985,395 |
| Increase (decrease) in due to other funds | (6,477) | 129,298 | - | 93,748 | 704,679 |
| Increase (decrease) in deferred revenue | - | - | 69,528 | - | 66,228 |
| Increase (decrease) in other accrued liabilities | - | 33,233 | 65,117 | 5,284 | (530,266) |
| Net cash provided by (used in) operating activities | $ 11,202 | $ (1,559,608) | $ 6,821,667 | $ 21,371 | $ 7,179,273 |

**Noncash transactions**

Noncash and capital related financing activities included $1,256,922 of capital assets contributed in the CLEMIS fund and purchase of capital assets of $135,893 and $1,478,187 included in Vouchers payable and Other accrued liabilities respectively in the Radio Communications fund.

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

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

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

**Component Unit - Road Commission Retirement** – This fund is used to account for the financial operations of the Oakland County Road Commission Retirement System. The Road Commission for Oakland County Retirement System is a single-employer defined benefit pension plan that is administered by the Road Commission for Oakland County Retirement System Board of Trustees. This plan covers substantially all employees of the Road Commission.

# County of Oakland
## Combining Statement of Fiduciary Net Assets
## Pension (and Other Postemployment Benefit) Trust Funds
## September 30, 2004

| | Oakland County Employees' Retirement | VEBA Trust | Component Unit Road Commission Retirement (1) | Totals September 30, 2004 |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and cash equivalents | $ 18,450,946 | $ 3,475,876 | $ 3,840,660 | $ 25,767,482 |
| Investments, at fair value: | | | | |
| Common stock | 445,384,198 | 142,304,216 | 85,155,469 | 672,843,883 |
| U.S. government securities | 74,131,376 | 41,524,736 | 33,083,778 | 148,739,890 |
| Corporate bonds | 138,291,346 | 46,126,578 | 27,971,581 | 212,389,505 |
| Money market | 23,382,620 | 7,887,997 | - | 31,270,617 |
| Real estate | 6,723,469 | - | - | 6,723,469 |
| Other | - | - | 21,736,107 | 21,736,107 |
| Total investments | 687,913,009 | 237,843,527 | 167,946,935 | 1,093,703,471 |
| Receivables - interest and dividends | 3,176,122 | 1,074,980 | 697,117 | 4,948,219 |
| Receivables - other | 9,656 | 8,573 | - | 18,229 |
| Prepaid expenses | 101,021 | - | - | 101,021 |
| Due from other funds | 7,602 | - | - | 7,602 |
| Total assets | 709,658,356 | 242,402,956 | 172,484,712 | 1,124,546,024 |
| **Liabilities** | | | | |
| Vouchers payable | 16,700 | - | - | 16,700 |
| Due to other funds | 245 | 1,076,723 | - | 1,076,968 |
| Other accrued liabilities | 555,663 | 1,219,796 | 22,294,572 | 24,070,031 |
| Total liabilities | 572,608 | 2,296,519 | 22,294,572 | 25,163,699 |
| Net assets held in trust for employees' pension and other post-employment healthcare benefits | $ 709,085,748 | $ 240,106,437 | $ 150,190,140 | $ 1,099,382,325 |

(1) Road Commission component unit financial information is reported as of December 31, 2003.

# County of Oakland
## Combining Statement of Changes in Fiduciary Net Assets
## Pension (and Other Postemployment Benefit) Trust Funds
## Year Ended September 30, 2004

| | Oakland County Employees' Retirement | VEBA Trust | Component Unit Road Commission Retirement (1) | Totals September 30, 2004 |
|---|---|---|---|---|
| **Additions** | | | | |
| Contributions | | | | |
| Employer | $ - | $ 27,194,338 | $ 1,895,360 | $ 29,089,698 |
| Special-from General Fund | - | 50,890,224 | - | 50,890,224 |
| Plan members | 1,071,778 | 76,487 | - | 1,148,265 |
| Total contributions | 1,071,778 | 78,161,049 | 1,895,360 | 81,128,187 |
| Investment income | 67,737,410 | 13,196,541 | 23,767,668 | 104,701,619 |
| Less: Investment expense | - | - | (920,436) | (920,436) |
| Net investment income (loss) | 67,737,410 | 13,196,541 | 22,847,232 | 103,781,183 |
| Total additions (deletions) | 68,809,188 | 91,357,590 | 24,742,592 | 184,909,370 |
| **Deductions** | | | | |
| Benefits | 27,700,247 | 17,047,694 | 6,006,821 | 50,754,762 |
| Administrative expenses | 2,711,936 | - | - | 2,711,936 |
| Total deductions | 30,412,183 | 17,047,694 | 6,006,821 | 53,466,698 |
| Net decrease | 38,397,005 | 74,309,896 | 18,735,771 | 131,442,672 |
| **Net assets held in trust for employees' pension and other postemployment healthcare benefits** | | | | |
| October 1, 2003 | 670,688,743 | 165,796,541 | 131,454,369 | 967,939,653 |
| September 30, 2004 | $ 709,085,748 | $ 240,106,437 | $ 150,190,140 | $ 1,099,382,325 |

(1) Road Commission component unit financial information is reported for the year ended December 31, 2003

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

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

***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 Medical Care Facility (M.C.F.) Patient Trust Fund*** - is used to account for personal funds of patients at the Medical Care Facility.

***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 Sheriff's NET (Narcotics Enforcement Team) Forfeiture Fund*** **-** is used to account for money siezed, 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 District Court Trust Fund*** - 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 Fiduciary Net Assets
## Agency Funds
## September 30, 2004

| | Undistributed Taxes | Escheats Trust | Public Library Trust | Contractor's Retainage | Circuit Court Trust | Register of Deeds Trust | M.C.F. Patient Trust |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Pooled cash and investments | $ 155,733,226 | $ 187,015 | $ 380,356 | $ 5,446,653 | $ 5,777,587 | $ 3,336,956 | $ 15,783 |
| Cash and cash equivalents | - | - | - | - | - | - | - |
| Accrued interest receivable | - | - | 9,859 | 13,114 | 115,687 | - | 66 |
| Accounts receivable | - | - | 67,773 | - | - | - | - |
| Total assets | 155,733,226 | 187,015 | 457,988 | 5,459,767 | 5,893,274 | 3,336,956 | 15,849 |
| **Liabilities** | | | | | | | |
| Vouchers payable | 108,070,921 | - | - | - | - | - | 313 |
| Due to other governmental units | 47,662,305 | 187,015 | - | - | - | - | - |
| Due to other funds | - | - | - | - | - | - | - |
| Other accrued liabilities | - | - | 457,988 | 5,459,767 | 5,893,274 | 3,336,956 | 15,536 |
| Total liabilities | 155,733,226 | 187,015 | 457,988 | 5,459,767 | 5,893,274 | 3,336,956 | 15,849 |
| Net assets | $ - | $ - | $ - | $ - | $ - | $ - | $ - |

(continued)

# County of Oakland
## Combining Statement of Fiduciary Net Assets
## Agency Funds
## September 30, 2004

| | Legatee Trust | Special Trust | Sheriff NET Forfeiture | District Court Trust | Jail Inmate Trust Account | Totals September 30, 2004 |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Pooled cash and investments | $ 363,335 | $ 2,433,496 | $ 1,063,379 | $ 182,472 | $ - | $ 174,920,258 |
| Cash and cash equivalents | - | - | - | 557,495 | 212,584 | 770,079 |
| Accrued interest receivable | 321 | 4,629 | 14,119 | - | - | 157,795 |
| Accounts receivable | | - | - | - | - | 67,773 |
| Total assets | 363,656 | 2,438,125 | 1,077,498 | 739,967 | 212,584 | 175,915,905 |
| **Liabilities** | | | | | | |
| Vouchers payable | - | - | - | - | - | 108,071,234 |
| Due to other governmental units | - | - | - | - | - | 47,849,320 |
| Due to other funds | - | - | - | 2,472 | - | 2,472 |
| Other accrued liabilities | 363,656 | 2,438,125 | 1,077,498 | 737,495 | 212,584 | 19,992,879 |
| Total liabilities | 363,656 | 2,438,125 | 1,077,498 | 739,967 | 212,584 | 175,915,905 |
| Net assets | $ - | $ - | $ - | $ - | $ - | $ - |

# County of Oakland
## Combining Statement of Changes in Assets and Liabilities
## Agency Funds
## Year Ended September 30, 2004

| | Balance October 1, 2003 | Additions | Deductions | Balance September 30, 2004 |
|---|---|---|---|---|
| **Undistributed Taxes** | | | | |
| Assets | | | | |
| Pooled cash and investments | $ 154,480,659 | $ 957,176,881 | $ 955,924,314 | $ 155,733,226 |
| Liabilities | | | | |
| Vouchers payable | $ - | $ 692,816,614 | $ 584,745,693 | $ 108,070,921 |
| Due to other governmental units | 154,480,659 | 825,927,555 | 932,745,909 | 47,662,305 |
| Due to other funds | - | 121,768,520 | 121,768,520 | - |
| Other accrued liabilities | - | 9,480,806 | 9,480,806 | - |
| Total | $ 154,480,659 | $ 1,649,993,495 | $ 1,648,740,928 | $ 155,733,226 |
| **Escheats Trust** | | | | |
| Assets | | | | |
| Pooled cash and investments | $ 629,704 | $ 55,677 | $ 498,366 | $ 187,015 |
| Liabilities | | | | |
| Vouchers payable | $ - | $ 498,362 | $ 498,362 | $ - |
| Due to other governmental units | 629,704 | 55,677 | 498,366 | 187,015 |
| Total | $ 629,704 | $ 554,039 | $ 996,728 | $ 187,015 |
| **Public Library Trust** | | | | |
| Assets | | | | |
| Pooled cash and investments | $ 450,813 | $ 1,677,143 | $ 1,747,600 | $ 380,356 |
| Accrued interest receivable | 10,063 | - | 204 | 9,859 |
| Accounts receivable | 66,131 | 1,642 | - | 67,773 |
| Total | $ 527,007 | $ 1,678,785 | $ 1,747,804 | $ 457,988 |
| Liabilities | | | | |
| Vouchers payable | $ - | $ 1,708,798 | $ 1,708,798 | $ - |
| Other accrued liabilities | 527,007 | 1,654,345 | 1,723,364 | 457,988 |
| Total | $ 527,007 | $ 3,363,143 | $ 3,432,162 | $ 457,988 |

(continued)

# County of Oakland
## Combining Statement of Changes in Assets and Liabilities
## Agency Funds
## Year Ended September 30, 2004

| | Balance October 1, 2003 | Additions | Deductions | Balance September 30, 2004 |
|---|---|---|---|---|
| **Contractor's Retainage** | | | | |
| Assets | | | | |
| Pooled cash and investments | $ 6,299,441 | $ 1,605,813 | $ 2,458,601 | $ 5,446,653 |
| Accrued interest receivable | 41,472 | - | 28,358 | 13,114 |
| Total | $ 6,340,913 | $ 1,605,813 | $ 2,486,959 | $ 5,459,767 |
| Liabilities | | | | |
| Vouchers payable | $ - | $ 1,988,055 | $ 1,988,055 | $ - |
| Due to other funds | 125,397 | - | 125,397 | - |
| Other accrued liabilities | 6,215,516 | 1,537,504 | 2,293,253 | 5,459,767 |
| Total | $ 6,340,913 | $ 3,525,559 | $ 4,406,705 | $ 5,459,767 |
| **Circuit Court Trust** | | | | |
| Assets | | | | |
| Pooled cash and investments | $ 7,781,167 | $ 7,678,591 | $ 9,682,171 | $ 5,777,587 |
| Accrued interest receivable | 151,325 | - | 35,638 | 115,687 |
| Total | $ 7,932,492 | $ 7,678,591 | $ 9,717,809 | $ 5,893,274 |
| Liabilities | | | | |
| Vouchers payable | $ - | $ 8,676,085 | $ 8,676,085 | $ - |
| Other accrued liabilities | 7,932,492 | 7,492,323 | 9,531,541 | 5,893,274 |
| Total | $ 7,932,492 | $ 16,168,408 | $ 18,207,626 | $ 5,893,274 |
| **Register of Deeds Trust** | | | | |
| Assets | | | | |
| Pooled cash and investments | $ 2,450,692 | $ 50,381,732 | $ 49,495,468 | $ 3,336,956 |
| Liabilities | | | | |
| Vouchers payable | $ - | $ 48,267,027 | $ 48,267,027 | $ - |
| Other accrued liabilities | 2,450,692 | 50,381,732 | 49,495,468 | 3,336,956 |
| Total | $ 2,450,692 | $ 98,648,759 | $ 97,762,495 | $ 3,336,956 |

(continued)

# County of Oakland
## Combining Statement of Changes in Assets and Liabilities
## Agency Funds
## Year Ended September 30, 2004

| | Balance October 1, 2003 | Additions | Deductions | Balance September 30, 2004 |
|---|---|---|---|---|
| **M.C.F. Patient Trust** | | | | |
| Assets | | | | |
| Pooled cash and investments | $ 12,971 | $ 28,476 | $ 25,664 | $ 15,783 |
| Accrued interest receivable | 129 | - | 63 | 66 |
| Total | $ 13,100 | $ 28,476 | $ 25,727 | $ 15,849 |
| Liabilities | | | | |
| Vouchers payable | $ - | $ 22,826 | $ 22,513 | $ 313 |
| Other accrued liabilities | 13,100 | 28,267 | 25,831 | 15,536 |
| Total | $ 13,100 | $ 51,093 | $ 48,344 | $ 15,849 |
| **Legatee Trust** | | | | |
| Assets | | | | |
| Pooled cash and investments | $ 282,078 | $ 146,397 | $ 65,140 | $ 363,335 |
| Accrued interest receivable | 1,635 | - | 1,314 | 321 |
| Total | $ 283,713 | $ 146,397 | $ 66,454 | $ 363,656 |
| Liabilities | | | | |
| Vouchers payable | $ - | $ 57,729 | $ 57,729 | $ - |
| Other accrued liabilities | 283,713 | 140,592 | 60,649 | 363,656 |
| Total | $ 283,713 | $ 198,321 | $ 118,378 | $ 363,656 |
| **Special Trust** | | | | |
| Assets | | | | |
| Pooled cash and investments | $ 868,110 | $ 6,969,472 | $ 5,404,086 | $ 2,433,496 |
| Accrued interest receivable | 6,763 | - | 2,134 | 4,629 |
| Total | $ 874,873 | $ 6,969,472 | $ 5,406,220 | $ 2,438,125 |
| Liabilities | | | | |
| Vouchers payable | $ - | $ 3,713,611 | $ 3,713,611 | $ - |
| Other accrued liabilities | 874,873 | 6,921,280 | 5,358,028 | 2,438,125 |
| Total | $ 874,873 | $ 10,634,891 | $ 9,071,639 | $ 2,438,125 |

(continued)

# County of Oakland
## Combining Statement of Changes in Assets and Liabilities
## Agency Funds
## Year Ended September 30, 2004

| | Balance October 1, 2003 | Additions | Deductions | Balance September 30, 2004 |
|---|---|---|---|---|
| **Sheriff NET Forfeiture** | | | | |
| Assets | | | | |
| Pooled cash and investments | $ 840,525 | $ 1,540,701 | $ 1,317,847 | $ 1,063,379 |
| Accrued interest receivable | 14,678 | - | 559 | 14,119 |
| Total | $ 855,203 | $ 1,540,701 | $ 1,318,406 | $ 1,077,498 |
| Liabilities | | | | |
| Vouchers payable | $ - | $ 861,782 | $ 861,782 | $ - |
| Other accrued liabilities | 855,203 | 1,529,895 | 1,307,600 | 1,077,498 |
| Total | $ 855,203 | $ 2,391,677 | $ 2,169,382 | $ 1,077,498 |
| **District Court Trust** | | | | |
| Assets | | | | |
| Pooled cash and investments | $ 206,305 | $ 2,472 | $ 26,305 | $ 182,472 |
| Cash and cash equivalents | 583,960 | 4,046,828 | 4,073,293 | 557,495 |
| Accrued interest receivable | 859 | - | 859 | - |
| Total | $ 791,124 | $ 4,049,300 | $ 4,100,457 | $ 739,967 |
| Liabilities | | | | |
| Due to other funds | $ 2,164 | $ 1,613 | $ 1,305 | $ 2,472 |
| Other accrued liabilities | 788,960 | 4,047,687 | 4,099,152 | 737,495 |
| Total | $ 791,124 | $ 4,049,300 | $ 4,100,457 | $ 739,967 |
| **Jail Inmate Trust Account** | | | | |
| Assets | | | | |
| Cash and cash equivalents | $ 170,181 | $ 1,232,316 | $ 1,189,913 | $ 212,584 |
| Liabilities | | | | |
| Other accrued liabilities | $ 170,181 | $ 1,232,316 | $ 1,189,913 | $ 212,584 |

(continued)

# County of Oakland
## Combining Statement of Changes in Assets and Liabilities
## Agency Funds
## Year Ended September 30, 2004

| | Balance October 1, 2003 | Additions | Deductions | Balance September 30, 2004 |
|---|---|---|---|---|
| **Total All Agency Funds** | | | | |
| Assets | | | | |
| Pooled cash and investments | $ 174,302,465 | $ 1,027,263,355 | $ 1,026,645,562 | $ 174,920,258 |
| Cash and cash equivalents | 754,141 | 5,279,144 | 5,263,206 | 770,079 |
| Accrued interest receivable | 226,924 | - | 69,129 | 157,795 |
| Accounts receivable | 66,131 | 1,642 | - | 67,773 |
| Total | $ 175,349,661 | $ 1,032,544,141 | $ 1,031,977,897 | $ 175,915,905 |
| Liabilities | | | | |
| Vouchers payable | $ - | $ 758,610,889 | $ 650,539,655 | $ 108,071,234 |
| Due to other governmental units | 155,110,363 | 825,983,232 | 933,244,275 | 47,849,320 |
| Due to other funds | 127,561 | 121,770,133 | 121,895,222 | 2,472 |
| Other accrued liabilities | 20,111,737 | 84,446,747 | 84,565,605 | 19,992,879 |
| Total | $ 175,349,661 | $ 1,790,811,001 | $ 1,790,244,757 | $ 175,915,905 |

**Drainage Districts**

This component unit consists of many individual districts created 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, 2004

| | Drainage Districts | | | |
|---|---|---|---|---|
| | Special Revenue | Debt Service | Capital Projects | Total |
| **Assets** | | | | |
| Current assets | | | | |
| Pooled cash and investments | $5,428,393 | $ 2,157,183 | $27,267,259 | $ 34,852,835 |
| Receivables (net of allowance for uncollectibles where applicable) | | | | |
| Due from other governmental units | 149,641 | 302,736 | 565,150 | 1,017,527 |
| Accrued interest receivable | 23,227 | 7,326 | 62,827 | 93,380 |
| Due from primary government | 7,465 | 15,502 | 73 | 23,040 |
| Due from other funds | 36,226 | 419,151 | 83 | 455,460 |
| Total current assets | 5,644,952 | 2,901,898 | 27,895,392 | 36,442,242 |
| Special assessments receivable | - | 182,500,000 | - | 182,500,000 |
| Total assets | $5,644,952 | $185,401,898 | $27,895,392 | $218,942,242 |
| **Liabilities** | | | | |
| Current liabilities | | | | |
| Vouchers payable | $ 8,133 | $ - | $ 6,607 | $ 14,740 |
| Due to other governmental units | 908,271 | 1,242,286 | 2,464,536 | 4,615,093 |
| Due to other funds | 61 | 419,151 | 36,248 | 455,460 |
| Due to primary government | 344,820 | 34,076 | 91,348 | 470,244 |
| Deferred revenue | - | 218,299 | - | 218,299 |
| Other accrued liabilities | 157,493 | 8,128 | 1,932,641 | 2,098,262 |
| Total current liabilities | 1,418,778 | 1,921,940 | 4,531,380 | 7,872,098 |
| Deferred revenue | - | 182,500,000 | - | 182,500,000 |
| Total liabilities | 1,418,778 | 184,421,940 | 4,531,380 | 190,372,098 |
| **Fund balances** | | | | |
| Reserved | 4,226,174 | 979,958 | 23,364,012 | 28,570,144 |
| Total fund balances | 4,226,174 | 979,958 | 23,364,012 | 28,570,144 |
| Total liabilities and fund balances | $5,644,952 | $185,401,898 | $27,895,392 | $218,942,242 |

# County of Oakland
## Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets
## Component Unit – Drainage Districts
## September 30, 2004

| | | |
|---|---|---|
| Total fund balances for governmental funds | | $ 28,570,144 |
| Amounts reported for governmental activities in the Statement of Net Assets are different because | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | |
| Infrastructure | $ 323,840,699 | |
| Construction in progress | 123,587,376 | |
| Accumulated depreciation | (53,527,075) | |
| | | 393,901,000 |
| Elimination of interfund balances. | | |
| Due from other funds | (455,460) | |
| Due to other funds | 455,460 | |
| | | - |
| 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. | | 173,504,961 |
| 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 Assets. This is the net effect of these balances on the statement. | | |
| Bonds and notes payable | | (173,504,961) |
| Net assets of governmental activities | | $ 422,471,144 |

# County of Oakland
## Combining Statement of Revenues, Expenditures and Changes in Fund Balances
## Governmental Funds – Component Unit – Drainage Districts
## Year Ended September 30, 2004

| | Drainage Districts | | | |
|---|---|---|---|---|
| | Special Revenue | Debt Service | Capital Projects | Total |
| **Revenues** | | | | |
| Special assessments | $ 1,449,519 | $ 13,431,251 | $ 655,180 | $ 15,535,950 |
| Federal grants | - | - | 603,063 | 603,063 |
| Charges for services | 13,074 | 22,985 | 884,354 | 920,413 |
| Investment income | 40,622 | 10,168 | 165,590 | 216,380 |
| Total revenues | 1,503,215 | 13,464,404 | 2,308,187 | 17,275,806 |
| **Expenditures** | | | | |
| Salaries | 568,756 | - | 610,284 | 1,179,040 |
| Fringe benefits | 223,394 | - | 238,399 | 461,793 |
| Contractual services | 859,664 | 44,152 | 31,976,058 | 32,879,874 |
| Commodities | 64,723 | - | 1,785 | 66,508 |
| Principal payments | - | 7,830,000 | - | 7,830,000 |
| Interest | - | 5,458,231 | - | 5,458,231 |
| Paying agent fees | - | 172,006 | - | 172,006 |
| Intergovernmental | - | 312,781 | - | 312,781 |
| Internal services | 84,989 | - | 46,280 | 131,269 |
| Total expenditures | 1,801,526 | 13,817,170 | 32,872,806 | 48,491,502 |
| Excess (deficiency) of revenues over (under) expenditures | (298,311) | (352,766) | (30,564,619) | (31,215,696) |
| Other financing sources (uses) | | | | |
| Transfers in | 236 | - | 9 | 245 |
| Transfers out | (9) | - | (236) | (245) |
| Issuance of bonds | - | - | 27,527,794 | 27,527,794 |
| Payment to bond escrow agent | - | (1,080,076) | - | (1,080,076) |
| Issuance of refunding bonds | - | 1,120,000 | - | 1,120,000 |
| Premiums on bonds sold | - | 4,227 | - | 4,227 |
| Excess (deficiency) of revenues and other sources over (under) expenditures | (298,084) | (308,615) | (3,037,052) | (3,643,751) |
| **Fund balances** | | | | |
| October 1, 2003 | 4,524,258 | 1,288,573 | 26,401,064 | 32,213,895 |
| September 30, 2004 | $ 4,226,174 | $ 979,958 | $ 23,364,012 | $ 28,570,144 |

# 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, 2004

| | | |
|---|---|---|
| Net change in fund balance - total governmental funds | | $ (3,643,751) |
| Governmental funds report capital outlay as 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 | $ 30,865,063 | |
| Infrastructure | 500,410 | |
| Depreciation expense | (4,371,599) | |
| | | 26,993,874 |
| Revenue from special assessments reported in the Statement of Activities in previous years did not provide current financial resources in the governmental funds. | | (7,830,000) |
| Current year special assessments will not be reported in Statement of Activities because it did not provide current year financial resources in the governmental funds. | | 27,571,945 |
| Bond proceeds provide current financial resources to governmental funds by issuing debt with increases long-term bonded debt in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Assets. This is the amount proceeds exceed repayments. | | |
| Bond proceeds | (28,652,021) | |
| Repayment of bond principal | 8,910,076 | |
| | | (19,741,945) |
| Change in net assets of governmental activities | | $ 23,350,123 |

# III. Statistical Section – Unaudited

# County of Oakland
## General Governmental Expenditures by Function – Unaudited (1) Table 1
## Last Ten Fiscal Years

| | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 (2) | 1996 | 1995 |
|---|---|---|---|---|---|---|---|---|---|---|
| County Executive (2) | $ 156,550,456 | $ 149,307,293 | $ 154,605,827 | $ 149,744,060 | $ 143,209,213 | $ 122,219,972 | $ 108,277,397 | $ 77,300,241 | $ 90,960,686 | $ 87,722,234 |
| Clerk/Register of Deeds | 13,080,040 | 12,423,937 | 13,445,569 | 10,506,883 | 10,517,386 | 9,377,996 | 7,772,822 | 5,165,502 | 7,729,797 | 7,074,120 |
| Treasurer | 5,458,196 | 5,774,036 | 4,525,029 | 4,077,255 | 3,765,565 | 3,195,915 | 3,140,747 | 2,070,410 | 2,715,039 | 2,719,456 |
| Justice administration | 80,416,159 | 77,410,722 | 75,480,801 | 72,303,297 | 63,267,727 | 56,737,135 | 54,028,545 | 39,071,526 | 50,999,116 | 49,168,161 |
| Law enforcement | 132,216,411 | 121,606,032 | 115,316,654 | 104,520,100 | 101,585,022 | 92,965,913 | 91,885,843 | 67,197,922 | 85,354,740 | 79,936,285 |
| Legislative | 5,059,493 | 5,002,440 | 5,249,616 | 5,368,932 | 5,094,162 | 4,863,777 | 4,574,804 | 3,821,751 | 4,280,773 | 4,087,369 |
| Drain Commissioner | 8,921,658 | 8,131,493 | 5,218,322 | 4,879,051 | 4,150,030 | 5,352,683 | 10,910,333 | 6,722,531 | 8,273,246 | 6,685,724 |
| Community Mental Health (3) | - | - | - | - | - | - | 162,774,890 | 142,172,445 | 115,283,122 | 105,655,621 |
| Parks and Recreation (5) | - | - | - | 13,928,752 | 12,674,964 | 11,170,098 | 14,842,244 | 13,101,085 | 14,352,481 | 13,484,912 |
| Road Commission | 123,261,138 | 114,186,402 | 130,393,152 | 100,024,144 | 93,162,727 | 86,277,547 | 95,737,761 | 95,601,844 | 93,217,591 | 89,478,562 |
| Drainage Districts (4) | 15,618,696 | 15,985,701 | 13,319,697 | 13,928,502 | 14,777,287 | - | - | - | - | - |
| Non-departmental | 18,182,953 | 16,588,079 | 6,255,161 | 12,122,018 | 7,526,763 | 29,759,027 | 20,474,392 | 12,334,851 | 18,545,234 | 18,545,612 |
| Intergovernmental | 2,249,932 | 14,333,573 | 7,001,272 | 992,065 | 3,886,220 | 2,868,781 | 6,638,976 | 650,470 | 2,642,774 | 2,308,208 |
| Principal payments | 17,555,000 | 23,590,000 | 20,125,000 | 19,350,000 | 21,100,000 | 28,975,000 | 29,135,000 | 26,710,300 | 28,320,000 | 26,855,000 |
| Interest and fiscal charges | 5,666,354 | 6,759,378 | 6,389,790 | 6,624,072 | 7,396,538 | 14,963,232 | 16,045,822 | 10,402,469 | 18,197,493 | 18,870,736 |
| Memo total | $ 584,236,486 | $ 571,099,086 | $ 557,325,890 | $ 518,369,131 | $ 492,113,604 | $ 468,727,076 | $ 626,239,576 | $ 502,323,347 | $ 540,872,092 | $ 512,592,000 |

(1) Includes General, Special Revenue, and Debt Service funds of Primary Government and Component Units, governmental fund types.

(2) Amounts are for the nine-month period ended September 30, 1997, except for Community Mental Health and Road Commission, which are reported for the year ended September 30, 1997.

(3) Community Mental Health Authority is excluded from governmental expenditures effective with fiscal year 1999.

(4) Beginning in fiscal year 2000, the Drainage Districts became a component unit, governmental fund type, of the Primary Government. For comparative purposes, the expenditures for this component unit is shown excluding those of the Capital Projects fund type.

(5) Beginning in fiscal year 2002, the Parks and Recreation fund is reported as Proprietary fund type (Enterprise Fund)

# County of Oakland
## General Governmental Revenues by Source – Unaudited (1) Table 2
## Last Ten Fiscal Years

| | 2004 | 2003 | 2002 (6) | 2001 (5) | 2000 (4) | 1999 (3) | 1998 | 1997 (2) | 1996 | 1995 |
|---|---|---|---|---|---|---|---|---|---|---|
| Taxes | $ 214,309,074 | $ 204,057,370 | $ 192,372,010 | $ 235,061,095 | $ 176,092,094 | $ 166,654,002 | $ 161,045,318 | $ 116,488,640 | $ 151,476,700 | $ 144,256,414 |
| Special assessments | 35,994,667 | 43,902,424 | 39,359,558 | 40,206,945 | 42,790,778 | 45,688,622 | 44,826,243 | 36,647,916 | 44,253,563 | 42,516,911 |
| Federal grants | 64,212,617 | 52,892,846 | 64,481,712 | 41,953,147 | 24,667,428 | 19,376,175 | 26,018,791 | 28,277,520 | 33,845,779 | 35,756,794 |
| State grants | 105,723,949 | 108,818,523 | 103,377,013 | 114,646,658 | 117,360,317 | 114,725,441 | 156,809,207 | 156,734,244 | 167,016,478 | 161,719,552 |
| Other intergovernmental | 58,460,632 | 56,167,492 | 49,050,157 | 49,176,678 | 44,918,577 | 44,124,712 | 138,652,543 | 89,596,701 | 50,016,340 | 43,469,683 |
| Charges for services | 113,607,991 | 109,359,385 | 104,240,077 | 92,351,324 | 91,725,334 | 94,701,083 | 90,893,704 | 61,656,982 | 74,893,304 | 68,971,488 |
| Investment income | 2,922,207 | 5,716,388 | 7,428,928 | 16,774,577 | 16,252,027 | 13,988,609 | 15,909,461 | 12,681,852 | 16,162,998 | 18,661,745 |
| Other | 2,290,297 | 2,335,012 | 2,997,236 | 2,221,346 | 763,601 | 3,162,301 | 2,921,672 | 5,781,769 | 4,572,180 | 4,648,074 |
| Memo total | $ 597,521,434 | $ 583,249,440 | $ 563,306,691 | $ 592,391,770 | $ 514,570,156 | $ 502,420,945 | $ 637,076,939 | $ 507,865,624 | $ 542,237,342 | $ 520,000,661 |

(1) Includes General, Special Revenue, and Debt Service funds of Primary Government and Component Units, governmental fund types.

(2) Amounts are for the nine-month period ended September 30, 1997, except for Community Mental Health and Road Commission, which are reported for the year ended September 30, 1997.

(3) Amounts beginning with fiscal year ended September 30, 1999 reflect exclusion of revenues for Community Mental Health Authority.

(4) Beginning in fiscal year 2000, the Drainage districts became a component unit, governmental fund type, of the Primary Government. For comparative purposes, the revenues for this component unit is shown excluding those of the Capital Projects fund type.

(5) Effective with fiscal year 2001, in compliance with GASB Statement No. 33 for reporting of tax revenues, property taxes are no longer shown as deferred for one quarter.

(6) Beginning in fiscal year 2002, the Parks & Recreation fund is reported as Proprietary Fund type (Enterprise Fund)

# County of Oakland
## County Operating Property Tax Collection and Levy Record – Unaudited Table 3
## Last Ten Fiscal Years

| Year of Levy (1) | Tax Levy | Collections to March 1 Each Year | | Collections to End of Fiscal Year (2) | |
|---|---|---|---|---|---|
| | | Amount | Percent | Amount | Percent |
| 1994 | $ 137,211,588 | $ 130,150,654 | 94.85% | $ 136,976,159 | 99.83% |
| 1995 | 142,993,143 | 136,217,398 | 95.26% | 142,593,625 | 99.72% |
| 1996 | 146,793,283 | 139,773,122 | 95.22% | 146,495,460 | 99.80% |
| 1997 | 154,608,230 | 146,878,133 | 95.00% | 154,271,960 | 99.78% |
| 1998 | 158,822,030 | 150,584,994 | 94.81% | 158,511,893 | 99.80% |
| 1999 | 169,119,667 | 160,852,822 | 95.11% | 168,158,174 | 99.43% |
| 2000 | 179,455,454 | 170,218,781 | 94.85% | 178,468,449 | 99.45% |
| 2001 | 192,549,695 | 181,781,363 | 94.41% | 186,950,162 | 97.09% |
| 2002 | 206,294,411 | 194,663,962 | 94.36% | 204,411,316 | 99.09% |
| 2003 | 216,173,657 | 204,777,737 | 94.73% | 214,408,609 | 99.18% |

(1) Property taxes are recorded as revenue in the General Fund, net of certain adjustments, in the year following the year of levy prior to 1996.

(2) Starting with the 1996 levy, collections are as of September 30, previously December 31.

Source: Oakland County Treasurer

# County of Oakland
## Assessed, Equalized, and Estimated Value of Taxable Property – Unaudited Table 4
## Last Ten Fiscal Years

| | Real Property | | Personal Property | Total | | Ratio of Total Equalized to total estimated amount value |
|---|---|---|---|---|---|---|
| Year of Levy (1) | Assessed value | Equalized value | Assessed and equalized value | Equalized value | Estimated amount value | |
| 1994 | $ 28,280,195,479 | $ 28,280,520,470 | $ 2,899,739,160 | $ 31,180,259,630 | $ 62,578,336,350 | 49.80% |
| 1995 | 30,032,307,086 | 30,032,307,086 | 3,180,629,809 | 33,212,936,895 | 66,630,865,970 | 49.80% |
| 1996 | 32,312,811,773 | 32,312,811,773 | 3,432,142,210 | 35,744,953,983 | 71,638,355,161 | 49.90% |
| 1997 | 35,207,616,066 | 35,207,616,066 | 3,718,065,750 | 38,925,681,816 | 78,136,973,925 | 49.80% |
| 1998 | 38,968,362,590 | 38,968,362,590 | 4,088,471,704 | 43,056,834,284 | 86,533,042,471 | 49.80% |
| 1999 | 43,351,722,556 | 43,351,722,556 | 4,520,810,144 | 47,872,532,700 | 96,134,183,439 | 49.80% |
| 2000 | 47,946,109,270 | 47,946,109,270 | 4,491,256,560 | 52,437,365,830 | 105,324,743,044 | 49.80% |
| 2001 | 52,802,069,063 | 52,802,069,063 | 4,667,642,532 | 57,469,711,595 | 115,434,231,652 | 49.79% |
| 2002 | 58,197,370,454 | 58,197,370,454 | 4,632,159,968 | 62,829,530,422 | 126,268,454,165 | 49.76% |
| 2003 | 62,601,288,076 | 62,601,288,076 | 4,484,153,706 | 67,085,441,782 | 135,120,290,347 | 49.65% |

(1) Levy is dated December 1 of each year.

Source: Oakland County Treasurer

# County of Oakland
## Property Tax Rates – Direct and Overlapping Governments – Unaudited Table 5
## Last Ten Fiscal Years

Tax rates (per $1,000 equalized valuation):

| Year of levy | General operating | Parks | Oakland Schools | Oakland Community College | Huron-Clinton Authority | Public Transportation Authority (1) |
|---|---|---|---|---|---|---|
| 1994 | 4.4805 | 0.2439 | 2.1294 | 0.8522 | 0.2236 | - |
| 1995 | 4.4805 | 0.2439 | 2.1294 | 1.6522 | 0.2236 | 0.3300 |
| 1996 | 4.3805 | 0.2439 | 2.1294 | 1.6522 | 0.2236 | 0.3300 |
| 1997 | 4.3505 | 0.2439 | 2.1294 | 1.6522 | 0.2236 | 0.3300 |
| 1998 | 4.1900 | 0.2429 | 2.1208 | 1.6456 | 0.2235 | 0.3300 |
| 1999 | 4.1900 | 0.2404 | 2.0998 | 1.6295 | 0.2218 | 0.3270 |
| 2000 | 4.1900 | 0.2376 | 2.0752 | 1.6109 | 0.2202 | 0.3236 |
| 2001 | 4.1900 | 0.2352 | 3.4526 | 1.5952 | 0.2186 | 0.3207 |
| 2002 | 4.1900 | 0.2453 | 3.4224 | 1.6090 | 0.2170 | 0.6000 |
| 2003 | 4.1900 | 0.2436 | 3.3991 | 1.5983 | 0.2161 | 0.5974 |

Tax Levies:

| Year of levy | County operating | County special assessments | County Parks | Schools | Community Colleges | Intermediate Schools | Huron-Clinton Authority | Public Transportation Authority | Township/ City/ Village | State Education Tax | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1994 | $ 137,211,588 | $ 1,345,465 | $ 7,469,112 | $ 419,314,749 | $ 26,571,057 | $ 65,439,640 | $ 6,847,582 | $ - | $ 381,542,567 | $ 184,204,983 | $ 1,229,946,743 |
| 1995 | 142,993,143 | 1,454,214 | 7,783,942 | 450,014,718 | 52,825,635 | 68,297,090 | 7,136,226 | 5,012,535 | 402,878,254 | 192,284,901 | 1,330,680,658 |
| 1996 | 146,793,283 | 1,266,384 | 8,173,217 | 473,616,159 | 56,472,501 | 71,823,105 | 7,492,953 | 5,956,447 | 429,314,926 | 202,298,601 | 1,403,207,576 |
| 1997 | 154,608,230 | 1,226,846 | 8,667,708 | 513,820,527 | 58,835,473 | 76,301,284 | 7,946,287 | 6,279,516 | 457,898,335 | 214,983,831 | 1,500,568,037 |
| 1998 | 158,822,030 | 1,337,373 | 9,207,007 | 547,134,854 | 62,510,779 | 81,285,938 | 8,277,076 | 7,463,667 | 493,489,635 | 229,877,253 | 1,599,405,612 |
| 1999 | 169,119,667 | 1,431,429 | 9,701,960 | 577,962,494 | 66,785,373 | 84,930,971 | 8,951,210 | 7,802,081 | 520,239,559 | 245,046,073 | 1,691,970,817 |
| 2000 | 179,455,454 | 1,634,771 | 10,175,140 | 606,070,951 | 69,114,118 | 90,295,980 | 9,424,695 | 8,105,501 | 557,184,664 | 260,362,350 | 1,791,823,624 |
| 2001 | 192,549,695 | 1,656,765 | 10,807,301 | 658,727,717 | 73,539,976 | 160,183,110 | 10,044,456 | 8,572,752 | 577,297,316 | 282,501,420 | 1,975,880,508 |
| 2002 | 206,294,411 | 1,928,990 | 12,076,101 | 692,893,805 | 79,448,227 | 172,119,820 | 10,682,752 | 17,139,800 | 605,556,172 | 301,878,650 | 2,100,018,728 |
| 2003 | 216,173,657 | 775,569 | 12,565,003 | 710,593,349 | 82,695,346 | 179,047,884 | 11,146,203 | 17,702,892 | 652,655,226 | 263,627,075 | 2,146,982,204 |

(1) Taxes levied only on certain communities.

Source: Oakland County Treasurer

# County of Oakland
## Principal Taxpayers – Unaudited Table 6
## September 30, 2004

| Taxpayer | Principal Products or Services | 2004 Taxable Valuation* | 2004 Percentage County Taxable Valuation |
|---|---|---|---|
| General Motors Corporation | Automobiles, Trucks, and Buses | $ 504,785,700 | 0.95% |
| Detroit Edison Company | Electric Utility | 342,522,300 | 0.65% |
| Twelve Oaks/Taubman, et. al. | Real Estate | 197,490,300 | 0.37% |
| Daimler-Chrysler Corporation | Automobiles and Trucks | 161,599,416 | 0.30% |
| Consumers Power/Energy | Gas and Electric Utility | 150,335,200 | 0.28% |
| Ford Motor Company | Automobiles and Trucks | 124,084,570 | 0.23% |
| Town Centre Delaware, Inc. | Real Estate | 118,710,631 | 0.22% |
| Manufacturer's Hanover Bank | Office Building | 103,905,100 | 0.20% |
| Ramco - Gershenson | Real Estate | 93,749,740 | 0.18% |
| W.R.C. Properties, Inc. | Real Estate | 92,758,620 | 0.17% |
| Frankel/Forbes/Cohen, et. al. | Real Estate | 86,329,670 | 0.16% |
| Liberty Property Investments | Real Estate Investment Trust | 74,462,150 | 0.14% |
| Electronic Data Systems Corp. | Computer Systems | 71,076,540 | 0.13% |
| Gale & Wentworth, LLC | Real Estate | 59,111,150 | 0.11% |
| First Industrial Realty | Real Estate Investment Trust | 51,739,630 | 0.10% |
| Comerica Bank | Banking, Real Estate, Financial | 50,419,000 | 0.10% |
| Nykel Management Co. | Real Estate | 49,400,790 | 0.09% |
| K-Mart Corp. | Retail Sales | 49,305,850 | 0.09% |
| Prudential/ Prudential Insurance Company | Real Estate, Office Management | 44,946,500 | 0.09% |
| Standard Federal Bank | Banking, Real Estate, Financial | 43,121,192 | 0.08% |
| Total | | $ 2,469,854,049 | 4.64% |

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

Source: Oakland County Equalization Division

# County of Oakland
## Special Assessment Billings and Collections – Unaudited Table 7
## Last Ten Fiscal Years

| Year | | Special assessment billings | Special assessment collections |
|---|---|---|---|
| 1995 | | $ 22,604,562 | $ 22,604,562 |
| 1996 | | 24,661,730 | 24,661,730 |
| 1997 | (1) | 22,526,440 | 22,257,294 |
| 1998 | | 23,238,490 | 23,607,636 |
| 1999 | | 27,365,934 | 27,361,028 |
| 2000 | (2) | 18,401,969 | 18,306,875 |
| 2001 | | 16,705,455 | 16,705,455 |
| 2002 | | 17,310,000 | 17,310,000 |
| 2003 | | 18,780,000 | 18,780,000 |
| 2004 | | 14,090,000 | 14,090,000 |

(1) For the nine-month period ended September 30, 1997

(2) Effective with year 2000, excludes Drainage Districts component unit

Source: Oakland County Department of Management and Budget
Fiscal Services Division

# County of Oakland
## Percentage of Net Long-Term Debt to Equalized Value and Net Long-Term Debt per Capita – Unaudited Table 8
## Last Ten Fiscal Years

| Calendar year (1) | Population (2) | Equalized value | Net long-term debt (3) | Percentage of Net Long-term debt to equalized value | Net long-term debt per capita |
|---|---|---|---|---|---|
| 1994 | 1,083,592 | $ 31,180,259,630 | $ 333,167,665 | 1.069% | $ 307 |
| 1995 | 1,083,592 | 33,212,936,895 | 329,528,022 | 0.992% | 304 |
| 1996 | 1,083,592 | 35,744,953,983 | 307,611,984 | 0.861% | 284 |
| 1997 | 1,083,592 | 38,925,681,816 | 305,818,474 | 0.786% | 282 |
| 1998 | 1,083,592 | 43,056,834,284 | 287,233,125 | 0.667% | 265 |
| 1999 | 1,083,592 | 47,872,532,700 | 155,650,000 | 0.325% | 144 |
| 2000 | 1,194,156 | 52,437,365,830 | 128,345,000 | 0.245% | 107 |
| 2001 | 1,194,156 | 57,469,711,595 | 167,920,000 | 0.292% | 141 |
| 2002 | 1,194,156 | 62,829,530,422 | 152,055,000 | 0.242% | 127 |
| 2003 | 1,194,156 | 67,085,441,782 | 141,375,000 | 0.211% | 118 |

(1) Represents the year in which property taxes are levied (December 1), collections of which are made in the subsequent year.

(2) Source: U.S. Department of Commerce, Bureau of Census

(3) General obligation indebtedness, including Delinquent Tax Revolving Notes outstanding at December 31 through 1996, thereafter, September 30. Also, excluding Drainage Districts component unit debt effective 2000.

# County of Oakland

## Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures – Unaudited Table 9

## Last Ten Fiscal Years

| Fiscal year | | Principal | Interest and fees | Total debt service | Total general governmental expenditures (1) | | Ratio of debt service to total general governmental expenditures |
|---|---|---|---|---|---|---|---|
| 1995 | | $ 26,855,000 | $ 18,870,736 | $ 45,725,736 | $ 512,592,000 | | 8.9 |
| 1996 | | 28,320,000 | 18,197,493 | 46,517,493 | 540,872,092 | | 8.6 |
| 1997 | (2) | 26,710,300 | 10,402,469 | 37,112,769 | 502,323,347 | | 7.4 |
| 1998 | | 29,135,000 | 16,045,822 | 45,180,822 | 626,239,576 | | 7.2 |
| 1999 | | 28,975,000 | 14,963,232 | 43,938,232 | 468,727,076 | (3) | 9.4 |
| 2000 | (4) | 21,100,000 | 7,396,538 | 28,496,538 | 492,113,604 | | 5.8 |
| 2001 | | 19,350,000 | 6,624,072 | 25,974,072 | 518,369,131 | | 5.0 |
| 2002 | (5) | 20,125,000 | 6,389,790 | 26,514,790 | 557,325,890 | | 4.8 |
| 2003 | | 23,590,000 | 6,759,378 | 30,349,378 | 571,099,086 | | 5.3 |
| 2004 | | 17,555,000 | 5,666,354 | 23,221,354 | 445,356,652 | | 5.2 |

(1) Includes General, Special Revenue, and Debt Service funds of Primary Government.

(2) For the nine-month period ended September 30, 1997 except for Community Mental health which is reported for the year ended September 30, 1997

(3) In 1999, the Community Mental Health Authority is reported as a discretely presented component unit, excluding the respective expenditures from total governmental expenditures.

(4) Beginning in fiscal year 2000, the Drainage Districts became a discretely presented component unit, excluding the respective debt service and total expenditures.

(5) Beginning in fiscal year 2002, the Parks and Recreation fund is reported as Proprietary fund type, excluding the respective expenditures from total governmental expenditures.

# County of Oakland
## Computation of Legal Debt Limited – Unaudited Table 10
## September 30, 2004

| | |
|---|---|
| Statutory limit - 10% of 2004 SEV | $ 7,029,699,664 |
| **Bonds and Notes with County Credit and Unlimited Tax** | |
| Sewage Disposal Bonds - Act 342 | $ 100,000 |
| Total | 100,000 |
| **Bonds and Notes with County Credit and Limited Tax** | |
| General Obligation Limited Tax Building Authority - Act 31 | 60,445,000 |
| General Obligation Limited Tax Building Authority Refunding - Act 202 | 9,685,000 |
| General Obligation Limited Tax Drain Bonds - Act 40 | 33,745,000 |
| General Obligation Limited Tax Drain Refunding Bonds - Act 202 | 42,785,000 |
| General Obligation Limited Tax Sewage Disposal Bonds - Act 342 | 7,545,000 |
| General Obligation Limited Tax Water Supply Bonds - Act 342 | 1,415,000 |
| General Obligation Limited Tax Water Supply Refunding - Act 202 | 2,540,000 |
| General Obligation Limited Tax Sewage Disposal Refunding - Act 202 | 24,905,000 |
| General Obligation Limited Tax Water Supply & Sewage Disposal Refunding - Act 202 | 2,770,000 |
| General Obligation Limited Tax Michigan Bond Authority Drain Bonds | 99,009,961 |
| General Obligation Limited Tax Michigan Bond Authority Sewage Disposal Bond | 6,970,000 |
| Total | 291,814,961 |
| **Bonds and Notes with County Credit and Limited Tax - Taxable** | |
| General Obligation Limited Tax Notes - taxable obligation | 25,000,000 |
| Total bonds and notes with County credit | 316,914,961 |
| Available balance | $ 6,712,784,703 |

Source: Oakland County Treasurer

# County of Oakland
## Net County Direct and Overlapping Debt – Unaudited Table 11
## September 30, 2004

| | Gross | Self-supporting or portion paid directly by benefited municipalities | | Net | County share of funds on hand | | Net County debt |
|---|---|---|---|---|---|---|---|
| **Bonds and Notes with County Credit and unlimited tax** | | | | | | | |
| Sewage Disposal Bonds - Act 342 | $ 100,000 | $ 100,000 | (a) | $ - | $ - | | $ - |
| Total | $ 100,000 | $ 100,000 | | - | - | | - |
| **Bonds and Notes with County Credit and Limited Tax** | | | | | | | |
| General Obligation Building Authority | $ 60,445,000 | $ 4,850,000 | (a) | $ 55,595,000 | 21,079 | (b) | $ 55,573,921 |
| General Obligation Building Authority Refunding | 9,685,000 | - | | 9,685,000 | 2,296 | (b) | 9,682,704 |
| Drain Bonds - Chapter 20, Act 40 | 33,745,000 | 31,124,805 | (a) | 2,620,195 | 92,831 | (b) | 2,527,364 |
| Sewage Disposal Bonds | 7,545,000 | 7,545,000 | (a) | - | | | - |
| Drain Bonds - Chapter 20, Refunding | 42,785,000 | 40,344,850 | (a) | 2,440,150 | - | | 2,440,150 |
| Water Supply Bonds | 1,415,000 | 1,415,000 | (a) | - | | | - |
| Water Supply Bonds Refunding | 2,540,000 | 2,540,000 | (a) | - | | | - |
| Sewage Disposal Bonds Refunding | 24,905,000 | 24,905,000 | (a) | - | | | - |
| Water Supply & Sewage Disposal Refunding | 2,770,000 | 2,770,000 | (a) | - | | | - |
| Michigan Bond Authority - Drain Bonds | 99,009,961 | 97,205,452 | (a) | 1,804,509 | | | 1,804,509 |
| Michigan Bond Authority - Sewage Disp. Bonds | 6,970,000 | 6,970,000 | (a) | - | | | - |
| Total | $ 291,814,961 | $ 219,670,107 | | $ 72,144,854 | $ 116,206 | | $ 72,028,648 |
| **Bonds and Notes with County Credit and Limited Tax - Taxable** | | | | | | | |
| General Obligation Limited Taxable | $ 25,000,000 | - | | $ 25,000,000 | $ - | | 25,000,000 |
| **Bonds and Notes with No County Credit** | | | | | | | |
| Michigan Transportation Fund | $ 11,875,000 | $ 11,875,000 | (c) | - | - | | - |

Continued

# County of Oakland
## Net County Direct and Overlapping Debt – Unaudited Table 11
## September 30, 2004

| | Gross | Self-supporting or portion paid directly by benefited municipalities | Net | County share of funds on hand | Net County debt | |
|---|---|---|---|---|---|---|
| **Overlapping Debt of County** | | | | | | |
| Cities, villages and townships | | | | | $ 888,170,941 | (d) |
| School districts | | | | | 2,861,973,076 | (d) |
| Community college and intermediate school districts | | | | | 34,407,567 | (d) |
| County issued bonds paid by local municipalities | | | | | 219,770,107 | (a) |
| Net County overlapping debt | | | | | 4,004,321,691 | |
| Net County direct and overlapping debt | | | | | $ 4,101,350,339 | |

(a) Total County Issued Bonds Paid by Local Municipalities

(b) September 30, 2004 Pooled cash and investments balance

(c) Self-supporting Obligations

(d) Amount as of September 30, 2004

Source: Oakland County Treasurer

# County of Oakland
## Demographics Statistics and Age Distribution – Unaudited Table 12
## (Latest Figures Available)

Population count

| | |
|---|---|
| 1950 | 396,001 |
| 1960 | 690,259 |
| 1970 | 907,858 |
| 1975 | 966,562 |
| 1980 | 1,011,793 |
| 1990 | 1,083,592 |
| 2000 | 1,194,156 |

Age distribution

| | Under 5 | 5-9 | 10-14 | 15-19 | 20-24 | 25-44 | 45-64 | Over 64 |
|---|---|---|---|---|---|---|---|---|
| 1950 | 49,285 | 40,217 | 31,173 | 25,678 | 28,171 | 126,499 | 74,157 | 20,821 |
| 1960 | 93,057 | 85,914 | 69,424 | 47,048 | 33,779 | 199,697 | 123,686 | 37,654 |
| 1970 | 81,038 | 96,181 | 106,298 | 88,131 | 63,386 | 228,193 | 184,268 | 60,363 |
| 1975 | 66,204 | 92,536 | 109,922 | 100,512 | 62,534 | 238,934 | 222,741 | 73,179 |
| 1980 | 67,489 | 75,580 | 88,087 | 91,920 | 88,238 | 300,206 | 210,480 | 89,793 |
| 1990 | 78,224 | 75,088 | 71,220 | 71,477 | 72,122 | 381,212 | 216,361 | 117,888 |
| 2000 | 80,367 | 86,326 | 85,498 | 74,272 | 60,591 | 387,242 | 284,901 | 134,959 |

| | Males | | Females | |
|---|---|---|---|---|
| Age | **Number** | **Percentage** | **Number** | **Percentage** |
| Under 5 years | 41,325 | 7.1% | 39,042 | 6.4% |
| 5-9 years | 44,480 | 7.6% | 41,846 | 6.9% |
| 10-14 years | 43,964 | 7.5% | 41,534 | 6.8% |
| 15-19 years | 38,512 | 6.6% | 35,760 | 5.9% |
| 20-24 years | 30,339 | 5.2% | 30,252 | 5.0% |
| 25-34 years | 87,788 | 15.0% | 88,399 | 14.5% |
| 35-44 years | 103,910 | 17.8% | 107,145 | 17.6% |
| 45-54 years | 88,256 | 15.1% | 91,560 | 15.0% |
| 55-59 years | 30,975 | 5.3% | 31,435 | 5.2% |
| 60-64 years | 20,723 | 3.5% | 21,952 | 3.6% |
| 65-74 years | 31,478 | 5.4% | 38,793 | 6.4% |
| 75 years and over | 22,910 | 3.9% | 41,778 | 6.9% |
| Total | 584,660 | 100.00% | 609,496 | 100.00% |

Source: Department of Commerce, Bureau of Census, and Oakland County Community and Economic Development Department.

# County of Oakland
## Property Value, Construction and Bank Deposits – Unaudited Table 13
## Last Ten Fiscal Years

| Fiscal Year | Commercial Construction (1) | | Residential Construction (1) | | Bank Deposits (2) (in thousands) | Property Value (in thousands) (4) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Number of Units | Value (in thousands) | Number of Units | Value (in thousands) | | Commercial | Industrial | Residential | Developmental | Agricultural |
| 1995 | 420 | $ 214,629 | 5,529 | $ 862,071 | $ 18,433,604 | $ 11,363,918 | $ 3,974,099 | $ 44,417,880 | $ 284,434 | $ 229,121 |
| 1996 | 371 | 192,852 | 5,957 | 982,407 | 19,641,898 | 11,835,245 | 4,164,651 | 48,106,612 | 286,425 | 232,687 |
| 1997 | 235 | 293,333 | 4,095 | 683,508 | 20,981,118 | 12,813,368 | 4,446,758 | 52,868,661 | 300,555 | 271,395 |
| 1998 | 205 | 160,952 | 5,565 | 973,550 | 22,500,823 | 14,194,871 | 4,731,202 | 58,841,000 | 301,558 | 287,851 |
| 1999 | 236 | 298,953 | 5,714 | 1,074,914 | 23,087,150 | 15,834,736 | 5,373,882 | 65,300,684 | 339,684 | 243,402 |
| 2000 | 206 | 427,619 | 4,700 | 1,007,561 | 24,667,182 | 17,807,252 | 6,049,399 | 71,757,105 | 456,216 | 267,237 |
| 2001 | 283 | 464,085 | 3,988 | 971,729 | 24,989,144 | 19,359,413 | 6,752,136 | 79,195,946 | 484,729 | 304,602 |
| 2002 | 93 | 139,821 | 3,550 | 892,628 | 29,967,318 | 21,350,501 | 7,675,173 | 87,047,386 | 597,048 | 333,175 |
| 2003 | 127 | 129,172 | 3,980 | 1,013,348 | 37,798,700 | 23,051,769 | 8,342,933 | 93,767,958 | 554,682 | 361,267 |
| 2004 | 221 | 247,286 | 4,230 | 991,512 | (3) | 23,824,212 | 8,575,570 | 99,350,718 | 162,947 | 417,286 |

Sources:

(1) Oakland County Community and Economic Development and Dodge Construction Monthly Publication.
1997 reflects figures for nine months activity.

(2) State Financial Institution Bureau Bank and Trust Division.
Sheshunoff - The Branches of Michigan, deposits on record in banks, savings and loan, and credit unions as of June 30.

(3) Information not available until April 2005.

(4) Oakland County Equalization Division, Department of Management & Budget.

Education

| Grade | Number of Students |
|---|---|
| **Kindergarten** | 14,054 |
| 1 | 14,273 |
| 2 | 14,331 |
| 3 | 14,562 |
| 4 | 14,700 |
| 5 | 14,818 |
| 6 | 14,978 |
| 7 | 15,341 |
| 8 | 15,332 |
| 9 | 17,141 |
| 10 | 15,728 |
| 11 | 14,470 |
| 12 | 13,168 |
| Other | 11,383 |
| Total enrollment | 204,279 |
| Number of districts | 49 |

Source: Oakland Schools Board of Education

| Colleges | Locations |
|---|---|
| Baker College | Auburn Hills |
| Central Michigan University - Extensions | Southfield, Troy, Auburn Hills |
| Davenport University | Highland, Oxford |
| Michigan State University - Extensions | Troy |
| Midwestern Baptist College | Pontiac |
| Northwood University - Extensions | Troy |
| Oakland Community College | Auburn Hills, Farmington Hills, Royal Oak, Southfield and Waterford |
| Oakland University | Rochester Hills |
| Rochester College | Rochester Hills |
| St. Mary's College | Orchard Lake |
| Sienna Heights University - Extension | Southfield |
| University of Phoenix - Extension | Southfield, Troy |
| Walsh College | Troy, Novi |
| Wayne State University - Extensions | Farmington Hills |
| William Tyndale College | Farmington Hills |

| Technical Institutes | Locations |
|---|---|
| Cranbrook Academy of Art | Bloomfield Hills |
| Lawrence Technological University | Southfield |
| Oakland Technical Centers | Pontiac, Clarkston, Royal Oak, Wixom |
| I T T Technical Institute | Troy |

Source: Oakland County Community and Economic Development Department

continued

Elections - Last Ten Fiscal Years (1)

| | | | |
|---|---|---|---|
| 1994 | General election - November 8, 1994 | | |
| | Registered voters | 767,852 | |
| | Ballots cast | 413,394 | 53.84% |
| 1995 | Public Transportation millage - June 6, 1995 | | |
| | Registered voters (20 units participating) | 390,648 | |
| | Ballots cast | 53,634 | 13.73% |
| 1996 | Primary election - August 6, 1996 | | |
| | Registered voters | 806,172 | |
| | Ballots cast | 159,284 | 19.76% |
| 1996 | General election - November 5, 1996 | | |
| | Registered voters | 826,440 | |
| | Ballots cast | 510,747 | 61.80% |
| 1998 | Primary election - August 4, 1998 | | |
| | Registered voters | 858,576 | |
| | Ballots cast | 184,169 | 21.45% |
| 1999 | General election - November 3, 1998 | | |
| | Registered voters | 867,144 | |
| | Ballots cast | 414,227 | 47.77% |
| 2000 | Primary election - August 8, 2000 | | |
| | Registered voters | 850,783 | |
| | Ballots cast | 127,076 | 14.94% |
| 2001 | General election - November 7, 2000 | | |
| | Registered voters | 860,037 | |
| | Ballots cast | 574,501 | 66.80% |
| 2002 | Primary election - August 6, 2002 | | |
| | Registered voters | 857,652 | |
| | Ballots cast | 239,856 | 27.97% |
| 2003 | General election - November 5, 2002 | | |
| | Registered voters | 854,842 | |
| | Ballots cast | 439,751 | 51.44% |
| 2004 | Primary election - August 3, 2004 | | |
| | Registered voters | 861,420 | |
| | Ballots cast | 159,973 | 18.57% |

(1) Fiscal Year ended December 31 prior to 1997

Source: Oakland County Clerk/Register of Deeds - Elections Division

# County of Oakland
## Building Authority Data – Unaudited Table 15
## September 30, 2004

| | Lyon Oaks Park | Work Release Facility | Office Bldg. Renovation | 52/3 District Court Bldg. | Sheriff Substation Rochester Hills | Oakland Int'l Airport T-Hangers | Computer Center | Refunding Series 1998 | Computer Center Refunding | Totals |
|---|---|---|---|---|---|---|---|---|---|---|
| Cash | $ 5 | $ 5 | $ 5 | $ 5 | $ - | $ 21,059 | $ - | $ 5 | $ 2,291 | $ 23,375 |
| Lease receivable | 3,050,000 | 21,725,000 | 7,285,000 | 16,875,000 | 4,850,000 | 6,660,000 | - | 7,550,000 | 2,135,000 | 70,130,000 |
| Bond payable | 3,050,000 | 21,725,000 | 7,285,000 | 16,875,000 | 4,850,000 | 6,660,000 | - | 7,550,000 | 2,135,000 | 70,130,000 |
| Year ended September 30, 2003 | | | | | | | | | | |
| Transfers in | - | 1,915,200 | 565,460 | 1,372,025 | - | - | 55,469 | 1,445,981 | 33,110 | 5,387,245 |
| Leases and other income | 580,306 | - | - | - | 377,613 | - | 62,758 | - | 2,286 | 1,022,963 |
| Debt Service | | | | | | | | | | |
| Principal | 450,000 | 850,000 | 275,000 | 625,000 | 175,000 | - | - | 1,065,000 | 25,000 | 3,465,000 |
| Interest | 130,006 | 1,064,925 | 289,733 | 746,750 | 202,338 | - | 54,469 | 380,681 | 8,068 | 2,876,970 |
| Fiscal charges | 300 | 275 | 722 | 275 | 275 | - | 63,758 | 300 | 37 | 65,942 |
| Transfers out | - | - | - | - | - | - | 5 | - | - | 5 |
| Principal and interest requirements | | | | | | | | | | |
| 2005 | $ 562,569 | $ 1,908,050 | $ 559,232 | $ 1,379,563 | $ 397,087 | $ 503,761 | $ - | $ 1,439,088 | $ 82,906 | $ 6,832,256 |
| 2006 | 569,587 | 1,898,050 | 553,733 | 1,385,062 | 391,088 | 483,102 | - | 1,480,744 | 82,206 | 6,843,572 |
| 2007 | 575,575 | 1,886,150 | 573,232 | 1,388,125 | 385,087 | 483,403 | - | 1,463,462 | 1,081,463 | 7,836,497 |
| 2008 | 580,325 | 1,871,375 | 565,733 | 1,390,375 | 403,588 | 487,402 | - | 1,449,650 | 1,053,175 | 7,801,623 |
| 2009 | 583,688 | 1,855,525 | 557,483 | 1,414,275 | 395,994 | 486,153 | - | 1,478,770 | - | 6,771,888 |
| Thereafter | 561,275 | 23,588,206 | 7,941,717 | 18,173,400 | 5,079,350 | 7,498,990 | - | 1,458,472 | - | 64,301,410 |
| | $ 3,433,019 | $ 33,007,356 | $ 10,751,130 | $ 25,130,800 | $ 7,052,194 | $ 9,942,811 | $ - | $ 8,770,186 | $ 2,299,750 | $ 100,387,246 |