Michigan Department of Treasury
496 (02/06)

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type	Local Unit Name	County
☒County ☐City ☐Twp ☐Village ☐Other	Oakland County, Michigan	Oakland

Fiscal Year End	Opinion Date	Date Audit Report Submitted to State
September 30, 2007	March 14, 2008	March 26, 2008

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

	YES	NO	**Check each applicable box below**. (See instructions for further detail.)
1.	☒	☐	All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2.	☐	☒	There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3.	☒	☐	The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4.	☒	☐	The local unit has adopted a budget for all required funds.
5.	☒	☐	A public hearing on the budget was held in accordance with State statute.
6.	☒	☐	The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7.	☒	☐	The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8.	☒	☐	The local unit only holds deposits/investments that comply with statutory requirements.
9.	☒	☐	The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan,* as revised (see Appendix H of Bulletin).
10.	☒	☐	There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11.	☒	☐	The local unit is free of repeated comments from previous years.
12.	☒	☐	The audit opinion is UNQUALIFIED.
13.	☒	☐	The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14.	☒	☐	The board or council approves all invoices prior to payment as required by charter or statute.
15.	☒	☐	To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)
Financial Statements	☒	
The letter of Comments and Recommendations	☒	
Other (Describe)	☐	Single Audit to be Forwarded

Certified Public Accountant (Firm Name)	Telephone Number
Plante & Moran, PLLC	248 352-2500

Street Address	City	State	Zip
27400 Northwestern Highway	Southfield	MI	48037

Authorizing CPA Signature	Printed Name	License Number
Leslie J. Pulver	Leslie J Pulver	1101009300

OAKLAND COUNTY, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended September 30, 2007
(With Independent Auditors' Report Thereon)

Prepared by:

Department of Management and Budget
Fiscal Services Division

Cover: Main Entrance, Oakland County Executive Office Building
2100 Pontiac Lake Road, Waterford, MI 48328
Courtesy: Michael Zack, Graphic Artist for Oakland County

County of Oakland
Index
September 30, 2007

Page(s)

I. Introductory Section

Supplemental Financial Information
Letter of Transmittal 1-19
Organizational Chart 20
List of Principal Officials 21
Government Finance Officers Association of the United States and Canada Certificate of Achievement for Excellence in Financial Reporting 22

II. Financial Section

Report of Independent Auditors 23-24
Management's Discussion and Analysis 25-45

Basic Financial Statements
Government-wide Financial Statements
- Statement of Net Assets 46-47
- Statement of Activities 48-49

Governmental Fund Financial Statements
- Balance Sheet 50-51
- Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets 52
- Statement of Revenues, Expenditures and Changes in Fund Balances 53-54
- Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities 55

Proprietary Fund Financial Statements
- Statement of Net Assets 56-57
- Statement of Revenues, Expenses and Changes in Fund Net Assets 58-59
- Statement of Cash Flows 60-64

Fiduciary Fund Financial Statements
- Statement of Fiduciary Net Assets 65
- Statement of Changes in Fiduciary Net Assets 66

Component Unit Financial Statements
- Statement of Net Assets 67
- Statement of Activities 68

Page(s)

II. Financial Section (continued)

Notes to Basic Financial Statements
1. Summary of Significant Accounting Policies 69-78
2. Legal Compliance – Budgets 78-79
3. Deposits and Investments 80-86
4. Receivables 86
5. Allowance for Uncollectible Receivables 87
6. Investment Income – Pension Trust Funds 87
7. Capital Assets 88-90
8. Long-term Debt 91-95
9. Interfund Balances 96-98
10. Fund Equities 99-101
11. Employee Benefits 101
12. Defined Benefit Pension Plan 101-104
13. Defined Contribution Plans 104-105
14. Postemployment Benefits 105-108
15. Deferred Compensation Plan 108
16. Risk Management 109-110
17. Leases 110-111
18. Commitments and Contingencies 111-112
19. Statement of Net Assets – Reconciliation of Internal Balances 112
20. Restricted Assets 112

Required Supplementary Information other than Management's Discussion and Analysis
Schedule of Funding Progress and Employer Contributions – Retirement System – Primary Government – Six-year Historical Trend Information –Unaudited 113
Schedule of Funding Progress and Employer Contributions – VEBA Healthcare Plan – Primary Government – Six-year Historical Trend Information – Unaudited 114
Budgetary Comparison Schedule – Major Governmental Funds 115-123

Notes to Required Supplemental Information 124

Combining and Individual Fund Statements and Schedules
Governmental Funds
Balance Sheet – By Fund Type 125
Statement of Revenues, Expenditures and Changes in Fund Balances – By Fund Type 126

Special Revenue Funds
Combining Balance Sheet 127-130
Combining Statement of Revenues, Expenditures and Changes in Fund Balances 131-134
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual 135-136

Debt Service Funds
Combining Balance Sheet 137
Combining Statement of Revenues, Expenditures and Changes in Fund Balances 138

Page(s)

II. Financial Section (continued)

Capital Projects Funds
Combining Balance Sheet 139-140
Combining Statement of Revenues, Expenditures and Changes in Fund Balances 141-142

Internal Service Funds
Combining Statement of Net Assets 143-146
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets 147-148
Combining Statement of Cash Flows 149-152

Enterprise Funds
Combining Statement of Net Assets 153-154
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets 155-156
Combining Statement of Cash Flows 157-160

Pension (and Other Postemployment Benefits) Trust Funds
Combining Statement of Fiduciary Net Assets 161
Combining Statement of Changes in Fiduciary Net Assets 162

Investment Trust Funds
Statement of Fiduciary Net Assets 163
Statement of Changes in Fiduciary Net Assets 164

Agency Funds
Combining Statement of Fiduciary Net Assets 165-166
Combining Statement of Changes in Assets and Liabilities 167-170

Governmental Funds – Component Unit – Drainage Districts
Combining Balance Sheet 171
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets 172
Combining Statement of Revenues, Expenditures and Changes in Fund Balances 173
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities 174

III. Statistical Section – Unaudited

Net Assets by Component 175
Changes in Net Assets 176-178
Fund Balance, Governmental Funds 179
Changes in Fund Balance, Governmental Funds 180-181
Assessed, Equalized and Taxable Value of Property 182
Direct and Overlapping Property Tax Rates 183
Principal Taxpayers 184
County Operating Property Tax Levies and Collections 185

Page(s)

III. Statistical Section – Unaudited (continued)

Ratio of General Bonded Debt Outstanding 186
Net County Direct and Overlapping Debt 187
Legal Debt Margin 188
Demographic and Economic Statistics 189
Principal Employers 190
County Employee by Function/Program 191
Operating Indicators by Function/Program 192
Capital Asset Statistics by Function/Program 193
Building Authority Data 194

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

February 27, 2008

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

State law requires all general purpose local governments to publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants. Pursuant to those requirements, we hereby issue the Comprehensive Annual Financial Report (CAFR) of Oakland County, Michigan for the fiscal year ended September 30, 2007.

This report consists of management's representations concerning the finances of Oakland County. Consequently, management assumes full responsibility for the completeness and reliability of the financial information presented in this report. To provide a reasonable basis for making these representations, the management of Oakland County has established a comprehensive internal control framework designed to protect the government's assets from loss, theft or misuse and to compile sufficient and reliable information for the preparation of Oakland County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Oakland County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. As management, we assert to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Oakland County's financial statements have been audited by Plante & Moran, PLLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Oakland County for the fiscal year ended September 30, 2007 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, 2007 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 2007 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 provides readers with the financial position of Oakland County, viewed as a single entity. In addition, the report provides a narrative introduction, overview and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). Oakland County's MD&A, which provides a detailed discussion of the County's fiscal year 2007 financial performance, can be found immediately following the report of the independent auditors. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of Oakland County

Incorporated on March 28, 1820, Oakland County covers approximately 910 square miles, 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 62 cities, villages and townships, including thirty-two (32) downtown areas and many scenic natural settings, providing a high quality of life for any lifestyle. The County ranks as the 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; planning; public safety; public records; public works; airports; and a wide range of other services, such as Michigan State University Cooperative Extension, animal control, work force development, veterans' services and senior programs. All of these activities are supported by administrative services, central services and information technology.

The Treasurer, Clerk/Register of Deeds, Prosecutor, and Sheriff are offices established by the State's constitution. A Drain Commissioner was established as an elected position in 1909 and currently operates under Public Act 40 of 1956 (as amended), the Uniform Drain Code. These offices, including the County Executive, are elected countywide with four-year terms. The Treasurer is responsible for collection of delinquent taxes, settlements with local units, cash management and investments; the Clerk/Register of Deeds is responsible for recording vital statistics, maintaining court records, Board of Commissioner proceedings, and documents affecting property ownership; the Sheriff and Prosecutor are responsible for law enforcement; and the 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 $120 million is funded principally by State-collected vehicle fuel and registration taxes under Public Act 51 of 1951. Other sources of funds are provided by federal and local governments and proceeds from the sale of bonds. The Road Commission is not subject to the Board of Commissioners' appropriation process and, therefore, is reflected as a discretely presented component unit in the County's Comprehensive Annual Financial Report (CAFR), as required by GASB Statement Number 14, *The Financial Reporting Entity*, as amended by Statement Number 39, *Determining Whether Certain Organizations are Component Units*.

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 thirteen (13) parks that provide camping, golf, swimming and a variety of other recreational activities. Parks and Recreation is supported, in part, by a separately voted ¼-mill tax levy, which is annually adjusted pursuant to the Michigan constitution, and its activity is blended into the County's CAFR due to the specific agency relationship established by State statute, as required by GASB Statement Number 14 and Statement Number 39.

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 1 through September 30. 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 1). 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 30, 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 Expenditures (e.g., salaries, overtime, and fringe benefits), Operating Expenditures (e.g., contractual services and commodities), and Internal Support Expenditures (e.g., Internal Service charges for 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 the 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 traditionally one of the most prosperous local economies in the United States. Between 1991 and 2004, the County experienced a 22.3% increase in private sector job growth. In fact, County employment grew approximately 90% faster during that time period than the remainder of the state of Michigan. A total of 21,600 new jobs per year were added between 1991 and 2000, accounting for 30% of all new jobs in the last decade. It is no wonder that Oakland County is known as the "economic engine of the state."

Sluggish economic situations, however, existed from 2000 to 2006, causing the County to lose a large segment of its automotive workforce and testing the County's ability to diversify its economic strength. Sparked by the creation of innovative programs such as Automation Alley and Emerging Sectors (discussed later in this letter), Oakland County is successfully transforming from a traditional industrial economy to a knowledge-based economy.

Restructuring the domestic automotive industry, combined with a severe slump in residential construction, resulted in over 18,000 jobs lost within the County in 2006. This drop was the largest annual loss in at least 27 years. Based upon on employment forecast for 2009, the local motor vehicle manufacturing industry will employ exactly half the workforce it did in 2003. Despite recent job losses, certain sectors show promise as the County continues to transition away from an industrial economy. Specifically, the areas of health care, education, engineering, and finance management services indicate job growth.

In September 2007, Oakland County's unemployment rate was 6.5%; while higher than the national average of 4.7%, it is lower when compared to Michigan's 7.0%.

Enhanced by Oakland's dynamic economic development programs and despite recent downturns in the economy, Oakland County remains a favorable location for business. Currently, 60% of Fortune 500 companies and 50% of Global Fortune 500 companies have business locations in the County. Oakland County is also Michigan's leading center for international commercial activity, hosting over 700 companies representing 33 countries. Of all the foreign-owned firms in southeast Michigan, 67% are located in Oakland County.

Oakland County's per capita income of $52,274 is the highest among Michigan's 83 counties and is ranked fourth among counties having more than one million in population (and is 26th among all counties in the country). Oakland County's per capita income also compares favorably to the national average ($36,629) and the state average ($33,784).

Despite challenges in the local economy, the past decade has produced an 80% increase in the true cash value and a 66% increase in the taxable value of real and personal property in the County. 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 July 1, 2007 property tax levy remained at 4.19 mills (out of an authorized levy of 4.2240 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 2007 market value of property in Oakland County is approximately $154.6 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 17.7 percent of the state's total. The growth in market value of property in Oakland County was over $1.7 billion from 2006 to 2007. This growth alone exceeds the total tax base of 15 of the 83 Michigan counties in the year 2007. The majority of Oakland County's taxable value is within the residential class of property, which is approximately 72 percent of the total property tax base. From 1997 to 2006, the average price of a single family home also increased by 54 percent, from $159,900 to $246,250.

The average 2007 property tax rate is $40.08 per thousand taxable value, which is distributed to the following taxing authorities:

Local School Districts	33.0%
Cities, Villages, Townships	28.1%
State Education Tax	15.0%
County Operating	10.5%
Intermediate School District	8.4%
Community College	3.9%
Parks and Recreation	1.1%
	100.0%

The continuing economic slump has had a significant impact on the local housing market and thus property values within the County's borders. Current trends indicate the taxable value of real and personal property in the County will fall in 2008 by .5%. These values are projected to decline in 2009 by another 3.5%. Since property tax revenue supports 62% of the County's General Fund/General Purpose (GF/GP) operations, the reduced property values could challenge the County's ability to provide services to its residents.

At the same time, as will be described throughout this letter, because the County utilizes long-term financial planning, and a long-term strategy regarding development, policy makers and administrators are taking action today to limit the budgetary impact of these reduced values so as to maintain the services County citizens require and expect.

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 policymakers 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 twofold. 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 ongoing operations and services.

For example, a portion of the General Fund equity 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 reductions from the State (or other sources), until long-term plans could be implemented. Of that original $12 million set aside in that designation, $8.3 million remained at the end of FY 2006. As part of the year-end closing process for fiscal year 2007, an additional $1.7 million was added to this designation, anticipating the need to support County operations in fiscal years 2009 through 2011.

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, such as 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.

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, 2007 are approximately $216.5 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 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 future income and restricted 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 use of the DTRF to support these capital projects will not adversely affect the fund balance. The projected fund balance in the DTRF at the conclusion of debt service in FY 2022 should be approximately the same level as the current fund balance.

In addition, as explained under the "Major Initiatives" section of this letter, a portion of the current net assets in excess of required amounts is being used to reduce the impact of budget shortfalls for the next three fiscal years.

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 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 2007, Oakland County issued $5.5 million in new limited taxing authority bonds to assist the Oakland County Community Mental Health Authority (OCCMHA) purchase homes to support developmentally disabled individuals. In addition, the County issued $557 million in Trust Certificates of Participation in order to provide sufficient funding to pay the remaining Voluntary Employee Benefit Association (VEBA) liability. Through this action, Oakland County becomes the first county in the nation to fully fund its long-term retiree health care obligation. 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, bankers' acceptances, 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 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 Postemployment 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.

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 $62.9 million since inception of the program without jeopardizing the retirement security of valued employees.

However, it is in the area of other postemployment benefits (OPEB) where Oakland County has been a true innovator and leader in exploring methods to provide and finance this escalating benefit. Specifically, the County has implemented benefit changes that will limit the growth of the cost of these benefits in the future, while still providing employees with a method to retain health care insurance once they leave County service. In addition, as briefly mentioned above, Oakland County has installed an innovative approach to current and projected future cost of retiree health care.

In order to stem the increasing cost of this benefit and limit the County's financial obligation on an on-going basis, yet still provide a useful benefit, a "Retirement Health Savings Plan" (RHS) was established for all employees hired after January 1, 2006. Rather than receive a specific level of health care insurance when they retire from County service, new hires are enrolled in the RHS and will be entitled to their vested cash benefit upon retirement from which they can purchase their own health insurance. The County contributes $1,300 annually ($50 per pay) to each employee's retirement health savings account. Upon leaving County service, the employee is entitled to the funds the County contributed based upon their length of service, with a partial benefit (60%) being provided after 15 years of service, increasing 4% per year. A full benefit is provided after 25 years of service. Once the employee retires and receives the vested cash benefit, the County's financial obligation ends, unlike the plan for employees hired prior to January 1, 2006, for which the County's financial obligation to fund the health care benefit continues until the retiree leaves the system. The RHS will eventually reduce the County's financial obligation related to retiree health care, increasing the fiscal flexibility to provide services to County residents.

Even more significant is the County's approach to funding the future costs of the traditional retiree health care plan. Over the past 22 years, Oakland County has obtained an actuarial analysis and, based on the actuary's recommendation, paid an annual required contribution (ARC) to pre-fund future costs. As a result of this long-standing practice, approximately $391 million in assets have accumulated over the past two decades in a Voluntary Employees' Benefit Association (VEBA). The VEBA is an irrevocable trust fund; assets from this fund can only be used to pay retiree health care cost.

The assets held in the VEBA only cover approximately 37% of the total accrued OPEB liability, leaving an unfunded accrued liability of approximately $557 million. Taking advantage of the County's low amount of debt (4.4% of the legally permissible debt level) and its AAA credit rating, in July 2007, Oakland County issued a unique debt instrument, Trust Certificates of Participation (COPs), to fully fund the remaining amount of unfunded accrued liability.

COPs are taxable certificates which mature over a period of 20 years at a 6.23% interest rate. Even though this instrument is unique, the County was still able to secure a AAA rating on this issue. Proceeds from the COPs were deposited in a separate irrevocable trust fund, the Interim Retiree Medical Care Benefits Trust (IRMBT). The IRMBT will be able to invest these proceeds at a higher rate than the debt service rate, creating a reserve from the COPs proceeds plus the earned investment income to allow the fund to complete its primary purpose, making future annual ARC payments to the VEBA. It is important to note, however, if the ARC payment is no longer required for some reason, such as establishment of a national health care program, proceeds from the IRMBT can then be used to pay the debt service on the COPs.

Together the VEBA and the IRMBT have total combined assets of $951.3 million, which more than satisfies the established liability as determined by the most recent actuary study. In addition, this funding mechanism will save County taxpayers approximately $100 million over 20 years as opposed to the traditional mechanism used to fund ARC payments.

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, as well as the Required Supplemental Information section of these statements.

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

Major Initiatives

As previously stated, Oakland County government's fiscal strength is built upon taking a long-term view of its financial and business operations. The County does not intend to be in business simply through the next fiscal year, but in perpetuity, providing necessary services to its citizens. This long-term fiscal view allows the County's policymakers and administrators to identity areas of potential fiscal weakness within a time frame that allows for thoughtful corrective action, avoiding disruptive fluctuations in services.

The long-term view, however, is not limited to keeping the County's fiscal house in order; it permeates all County operations. Oakland County officials realize that in order to maintain and enhance the quality of life enjoyed by its residents, County government must invest and initiate programs that will sustain the region's financial strength over the long haul; must work with the cities, villages, and townships (CVTs) within the County's borders to support their ability to provide services and to look at collaborative activities; and must continue to redesign its own operations to make certain that services are being provided in the most cost-efficient and effective way possible.

Oakland County government continues to build partnerships with education and private business to sustain and improve the region's economic strength. In particular, the County continues to look for ways to diversify the local business economy, preparing our region to be more competitive in the global market place. These efforts include the continued support for three award-winning efforts, *Emerging Sectors*, *Automation Alley*, and *Wireless Oakland*, as well as a new initiative to specifically prepare Oakland County students for the global market.

Launched in 2004, the *Emerging Sectors Project* identifies the top 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. By identifying these sectors and soliciting these companies that provide the emerging sector services, Oakland County will diversify its economic base. The goal is to make the County's economy "recession resistant."

Ten sectors have been identified as emerging sectors: advanced electronics and controls; advanced materials and chemicals; alternative energy and power generation; biotechnology; communication and information technology; health care, finance, and fast growth; homeland security; medical devices and instrumentation; robotics; and automation. During fiscal year 2007, special teams, consisting of Oakland County government officials and local business leaders, have visited businesses in Anaheim, New York, Boston, Germany, Sweden and India, explaining the benefits of locating in Oakland County.

Since its inception, *Emerging Sectors* has attracted 66 businesses to the County that specialize in these various sectors. These firms have generated nearly $1 billion in new investments, created over 9,000 new jobs, retained over 3,000 current jobs, and have spun off more than $24 million in new tax revenues for federal, state, and local government.

Enhancing the support for both the new emerging sector industries as well as established local companies is *Automation Alley*. The *"Alley,"* which began in 1999 with 42 members located in Oakland County, brings business, education, and government together to drive the growth of southeast Michigan's technology economy. From these small beginnings, the *"Alley"* now consists of 867 members spanning eight (8) counties.

Through its Technology Center, *Automation Alley* has interacted with more than 150 companies and has secured federal and state grants for various projects. Also, *Automation Alley* has sponsored trade missions to China, Mexico, India and Central Europe, generating millions in new business for small and mid-sized Oakland County companies. With over 300,000 technology workers, 82,000 technology companies, and 184 research and development institutions in southeast Michigan, *Automation Alley* is the heart and soul of this high-tech community.

The long-range development approach was the catalyst for the *Wireless Oakland* program, which is a public/private partnership designed to blanket the 910 square miles of Oakland County with wireless internet access and provide free high-speed internet access to every resident, business, and visitor. The ability to have unlimited access to the internet is a clear draw to technologically savvy businesses and residents.

The County's Department of Information Technology has partnered with MichTel Communications, LLC to secure private investors to complete full implementation. As of 2007, *Wireless Oakland* covered seven pilot communities, covering 18.5 square miles and 35,000 homes. Since coming on line, 22,000 residents have used 31 million minutes of free internet service. The 18.5 square miles makes *Wireless Oakland* the largest wireless internet program in the United States today. Full countywide implementation is anticipated for late 2008 to mid-2009.

In order to maintain a solid economic base and attract vibrant business, Oakland County realizes that it must help prepare and support its residents as they deal with the globalization of the economy. One country that is having a particularly strong impact on the global market place is China. Between 1975 and 2005, China's average gross domestic product grew 9.6% annually. Research and development expenditures have also soared in China, growing from $17.9 billion in 1995 to $113 billion in 2004.

In February 2007, in order to assist residents to compete and do business with China, this Administration challenged the 28 public school districts throughout the County to undertake the teaching of Mandarin Chinese to their students. The districts have taken up the challenge. Beginning in September 2007, Chinese history and culture are being taught in all 28 school districts; also 14 districts began to teach Mandarin Chinese with the remaining 14 districts scheduled to begin instruction next school year.

Oakland County residents already possess skills to compete in the new economic industries; 43% of County residents have at least a four-year college degree or better; a further 6% hold associate degrees. The addition of Mandarin Chinese will only enhance Oakland County's ability to attract emerging international business.

Oakland County has long recognized that having solid, prosperous cities, villages, and townships (CVTs) contributes to its ability to attract business and provide public services. Over the past fifteen (15) years of this Administration, the County has actively pursued partnering with its CVTs, sharing resources and/or using the County's vast abilities to develop more efficient methods of providing necessary public services. Ongoing examples of these efforts include the *Court and Law Enforcement Management Information System (CLEMIS), the Fire Records Management System,* and the *Cooperative Purchasing Agreements.* During the last year, however, two initiatives in particular were expanded; the use of the *Capital and Cooperative Initiatives Revolving Fund (CCIRF)* to fund collaboration studies and the use of the County's AAA bond rating to secure favorable debt issuance for CVTs throughout the County.

CCIRF was created by setting aside a portion of the funds collected from the state mandated shift and acceleration of the county operating tax from a December levy to a July levy. This state-mandated shift was designed to replace suspended state revenue-sharing payments. However, rather than budget for a constant level of these payments, the County has been "weaning" or reducing the use of these payments for on-going operations, leaving funds available for other purposes.

A portion of the CCIRF funds is available to encourage cooperative service relationships with either the County or jointly provided among the cities, villages, and townships within the County's borders. Specifically, CCIRF funds have been used to fund third-party consulting services to help local communities determine if a good business case could be made for consolidating departments or services. Five such efforts have been completed, or were nearly completed, in fiscal year 2007, all in the area of police and fire consolidation including the possible creation of a fire authority consisting of four communities in the southeast portion of the County and to explore combining public safety services among several communities in the western portion of the County.

However, also during fiscal year 2007, these collaboration studies experienced expanded focus as funds were allocated to investigate the sharing of multiple services between a city/township in the northern part of the County and between two cities in the southern part of the County. As local governments struggle with shrinking revenues, these collaboration efforts become more valuable.

Oakland County's AAA bond rating not only provides recognition of the efficiency of the County's government and the strength of the economy, it provides an opportunity to meet the needs of the residents through the issuance of debt at reduced cost. Generally, the County's bond ratings have been more favorable than most of its CVTs. Acknowledging this fact, County Administration proposed in 2001, and the Board of Commissioners supported the concept of allowing the CVTs to partner with the County when debt issuance was required. Under these arrangements, the County would issue debt for a CVT project provided the project served the public interest of the County in total (as well as the individual CVT), that the CVT signed an agreement to repay the debt, and that the CVT could provide assets as collateral to support the debt. Among the projects previously implemented include the building of a Sheriff's Substation in Rochester Hills and refinancing certain debt for the City of Pontiac, the county seat.

During fiscal year 2007, the County, through the Oakland County Building Authority, worked with the Oakland County Community Mental Health Authority (OCCMHA) to secure housing for developmentally disabled and mentally ill county residents. OCCMHA leases houses for their clients; by its nature, this relationship can be tenuous with the control of the property, and the rent amounts, in the hands of private investors. In order to secure these homes for future use and stabilize the annual cost of service, OCCMHA is proposing to purchase a number of homes. Again, working with the Oakland County Building Authority, an agreement has been reached for the County to issue debt to purchase the homes. The homes will then be leased to OCCMHA for the life of the debt service. OCCMHA will make the semi-annual debt service payments, with the County's $9.6 million annually required contribution to the OCCMHA used as support for the debt. As the debt is paid, the houses will be turned over to OCCMHA. OCCMHA is expecting to save $150,000 annually that can directed to expanded services. The lease agreement has been finalized and most of the homes have already been purchased. There are just a few homes remaining to be purchased pending mold remediation.

The County Administration and policymakers are always pursuing improvements in efficiency and service delivery, looking for creative, innovative methods to meeting the demands of county residents. Since October 1993, Oakland County implemented twelve (12) separate privatization efforts, including such things as the contracting of food service to the jail and the Medical Care Facility and contracting with private physicians to provide health care services. These efforts have generated a reduction of 178 positions, annual savings of $5.9 million and total savings of $37.6 million (present value) as of February 2008.

The most significant privatization effort was fully implemented in June 2007, with the development of a management contract to have a private firm operate Golden Oaks, the County's Medical Care Facility. Since the 1920s, the County has operated Golden Oaks, a 120-bed skilled care facility that generally serves the Medicaid/Medicare population; and since the early 1990s, the facility has been fiscally self-sufficient. However, over the last three years, changes in Medicaid/Medicare reimbursement practices, as well as increased competition from private sector providers, have changed the financial fortunes of the facility. A General Fund subsidy of $2.6 million was required in FY 2006 to keep the facility afloat. Annual subsidies of $2.8 million were projected for FY 2007 and FY 2008. Further, the current facility was built in 1977; thus it would require upgrades to provide the expanded services needed to attract new clients and to successfully compete against the private sector facilities. These upgrades are estimated to cost $4.9 million.

Given the increased competition, the financial losses already experienced, the projection of continued operating losses, and the costly facility renovations required, the County decided to investigate alternative service delivery sources. A Request for Proposal (RFP) was issued in April 2006, soliciting vendors who would maintain the services currently provided to residents; meet or exceed present levels of quality of care; and maintain an acceptable mix of Medicaid, Medicare, and Private Pay residents. This process resulted in the selection of a single vendor to manage the facility. Under the agreement, the County pays the vendor a $500,000 annual management fee for a three-year period, for which the vendor would assume all responsibility for operating Golden Oaks - including compliance with state and federal regulatory codes, cost reports, contracts, insurances, periodic building maintenance, retention of staff and employment. By the end of the three-year period, the vendor will have built a new facility in the Pontiac area and will transfer the remaining Golden Oaks residents to the new facility. The vendor will also maintain the number of Medicaid/Medicare beds, occupied at Golden Oaks, within the County borders. Those County employees who wished to continue working in the facility were offered positions by the contracted vendor. Some facility employees were transferred to other county operations, depending upon skill level.

Through these efforts, the County was able to employ the services of a private firm that has expertise in operating such facilities; maintained and, in many aspects, improved the care received by facility residents; eliminated the need for a General Fund appropriation, saving County taxpayers money; and found employment opportunities for displaced County workers.

The success of the Medical Care Facility effort provides a benchmark for further projects of this nature. Because of the stagnant economy and its impact on County operating revenues, County policymakers and administrators must continue to explore opportunities to reduce costs while maintaining services.

Although the fiscal year 2008 and fiscal year 2009 budgets were balanced when adopted by the Board of Commissioners in September 2007, reduced property values and increasing inflationary pressures, particularly related to employee health care, have forced a structural shortfall in the County's fiscal year 2008 budget of $5.1 million, and projected structural shortfalls of $14.8 million in fiscal year 2009 and $33.5 million in fiscal year 2010. Trend analysis was conducted out to fiscal year 2014, which indicated a potential shortfall in excess of $60 million unless action is taken.

In January 2008, the County Executive proposed (subsequently approved by the Board of Commissioners) a plan to eliminate the fiscal year 2008 shortfall and begin to bring down the anticipated shortfalls for fiscal year 2009 and fiscal year 2010. This plan includes the reduction of certain internal service fund rates charged to the General Fund/General Purpose (GF/GP) operations; recognition of unanticipated on-going revenues; and the limited use of fund equity from the Delinquent Tax Revolving Fund and the CCIRF fund. As stated previously, the growth in the current assets of both these funds exceeds the level needed to support the purposes of those funds. The use of this equity, as well as the other adjustments, eliminated the shortfall in fiscal year 2008, reduced the fiscal year 2009 projected shortfall to $4.0 million, and reduced the fiscal year 2010 projected shortfall to $19 million.

This action, although still leaving projected shortfalls in the out years, brings those shortfalls to more manageable amounts and allows the County's policymakers and administrators time to explore and implement meaningful, structural change to GF/GP operations, similar to the management contract for the Medical Care Facility. Again, because the County is taking the long-term view it can now anticipate issues that will arise two, three, or four years down the road and take proper action today. The County's past success with these efforts lends credence to the optimism that policymakers and administrators will restructure operations and eliminate the current projected shortfalls.

Awards and Acknowledgements

The financial community has acknowledged the County's solid tax base and financial policies in recent years. The County earned the highest bond rating achievable, AAA, from Standard and Poor's, Fitch Investor Services, and Moody's Investor Services, Incorporated. In their transmittal letter reaffirming Oakland County's AAA status, Moody's stated:

> "Moody's believes that Oakland County will continue its role as an economic engine…New residential and commercial development continues to keep pace with the demands of an increasing affluent population…The County's sound financial management is further evident in the continuous proactive measures it takes to address challenges for further years."

Out of more than 3,000 counties in the United States, only 42 enjoy the distinction of a 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 the fiscal year ended September 30, 2006. This was the 16th 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, 2007. This latest award is the 12th 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 2006 PAFR award was the County's 10th 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
Oakland County Executive

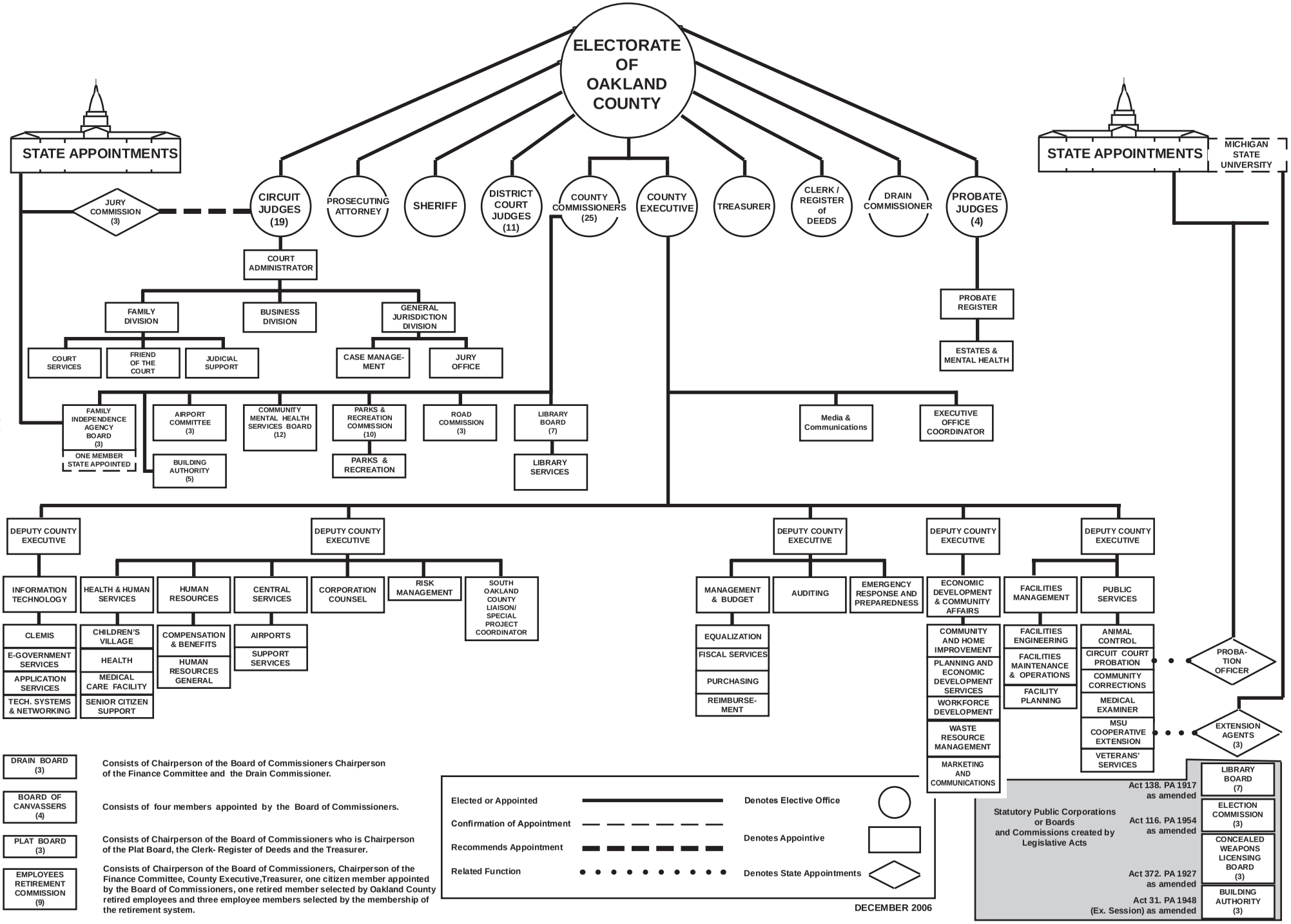
Laurie Van Pelt, CPFO
Fiscal Officer and Director, Department of Management and Budget

Wm. Art Holdsworth, CPFO
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



COUNTY EXECUTIVE

L. Brooks Patterson

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Hugh D. Crawford, Vice-Chairperson

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Eric Coleman
David Coulter
Sue Ann Douglas
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Tim Greimel
Mattie McKinney Hatchett
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Jeff Potter
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Mike Rogers
John A. Scott
Karen Spector
George W. Suarez
Dave Woodward
Helaine Zack

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Ruth Johnson

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
Barry M. Grant

Chief District Judge
William E. Bolle

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Vincent Gregory, Vice-Chairperson
Hugh D. Crawford, Secretary
John A. Scott
J. David VanderVeen

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

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J. David VanderVeen, Secretary

Hugh D. Crawford
Vincent Gregory
Eileen Kowall
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Charles E. Palmer
John Richards
Shelley G. Taub

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Larry P. Crake, Chairperson
Richard G. Skarritt, Vice-Chairperson
Eric S. Wilson, Commissioner

DRAIN BOARD

John P. McCulloch, Drain Commissioner
Bill Bullard, Jr., Board of Commissioners Chairperson
Mike Rogers, Finance Committee Chairperson

Personnel as of September 2007

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, 2006

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

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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, 2007, 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, 2007 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, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The budgetary comparison schedules and the 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.

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

To the Board of Commissioners
Oakland County, Michigan

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

Plante & Moran, PLLC

March 14, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of Oakland County's (the "County") financial performance, providing an overview of the activities for the fiscal year ended September 30, 2007. 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 2007.
- Net assets increased by $126.2 million to $1.17 billion (excluding component units).
- Governmental activities net assets increased by $102.5 million to $566.7 million.
- Business-type activity net assets increased $23.7 million to $601.7 million.

Fund Level:

- At the close of the fiscal year, the County's governmental funds reported combined ending fund balance of $874.5 million, an increase of $626.5 million from the fiscal year 2006 governmental funds combined ending fund balance.
- This increase is primarily a result of the establishment of the Interim Retiree Medical Benefit Trust Fund (IRMBT). The assets of the fund, which were derived from the proceeds of a $557.0 million debt issuance (see below), are held in trust to pay the Annual Required Contribution (ARC) to the County's retiree health care trust fund (the VEBA). The combined assets of the IRMBT and the VEBA are sufficient to cover the entire retiree medical benefit liability as currently calculated by the County's contracted actuarial firm.
- The General Fund balance increased by $4.7 million from $74.1 million at the end of fiscal year 2006 to $78.8 million at the end of fiscal year 2007. The increase is primarily attributed to receipt of the final year of the property tax acceleration payment pursuant to Public Act 357 of 2004.

Capital and Long-term Debt Activities:

- The County's capital assets experienced a net increase of $8.2 million during fiscal year 2007.
- The County issued $562.5 million in new bonds during fiscal year 2007; $557.0 million reflected the issuance of Certificates of Participation (COPs) used to fully fund the County's retiree medical benefit obligation.
- The County paid $13.0 million in bond obligations during fiscal year 2007.
- The County is $6.8 billion below its authorized debt limit.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The set of *basic financial statements* includes the Statement of Net 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 2007. 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 Parks and Recreation are examples of these activities.
- *Discretely Presented Component Units* – Component units are legally separate organizations for which the Board of Commissioners appoints a majority of the organization's policy board and there is a degree of financial accountability to the County. Two organizations are included as component units: the Road Commission for Oakland County and the Drainage Districts.

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

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

- Capital assets used in 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 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 governmental 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), and *Debt Service Funds* (accounts for resources used to pay long-term debt principal and interest).

- *Proprietary Funds* – Services for which the County charges customers (whether outside the County structure or a County department) a fee are generally reported in proprietary funds. Proprietary funds use the *accrual* basis of accounting used in the government-wide statements and by private business. There are two types of proprietary funds. *Enterprise Funds* report activities that provide supplies and services to the general public. 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. These funds, which include pension, VEBA, and agency funds, are reported using the accrual basis of accounting. The government-wide statements *exclude* the fiduciary fund activities and balances because these assets are not available to the County to fund its operations.

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Supplementary Information

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

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

As previously stated, Oakland County's financial position improved during Fiscal Year 2007. As reflected on the table below, the County's combined net assets increased by $126.2 million over the course of this fiscal year's operations. The net assets of the governmental activities increased by $102.5 million primarily due to the sale of Certificates of Participation (COPs) designed to fully fund the County's retiree medical care benefit contribution. These are reported as "restricted assets" on the Statement of Net Assets (and on the table below). The business-type activities had an increase of $23.7 million in net assets, which reflects increased delinquent property tax receivables, related to the challenged housing market, as well as increases in capital assets, particularly additional infrastructure development.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Current Assets	$ 561.1	$ 472.5	$ 418.5	$ 396.5	$ 979.6	$ 869.0
Capital Assets	217.6	213.1	237.9	234.2	455.5	447.3
Restricted Assets	560.6	-	-	-	560.6	-
Other Long-term Assets	72.4	72.5	-	-	72.4	72.5
Total Assets	1,411.7	758.1	656.4	630.7	2,068.1	1,388.8
Current Liabilities	149.5	119.3	54.7	52.7	204.2	172.0
Other Liabilities	695.5	174.6	-	-	695.5	174.6
Total Liabilities	845.0	293.9	54.7	52.7	899.7	346.6
Net Assets:						
Invested in Capital Assets Less Related Debt	154.2	144.7	230.3	225.9	384.5	370.6
Restricted	14.2	21.3	10.5	10.7	24.7	32.0
Unrestricted	398.3	298.2	360.9	341.4	759.2	639.6
Total Net Assets	$ 566.7	$ 464.2	$ 601.7	$ 578.0	$ 1,168.4	$ 1,042.2

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:

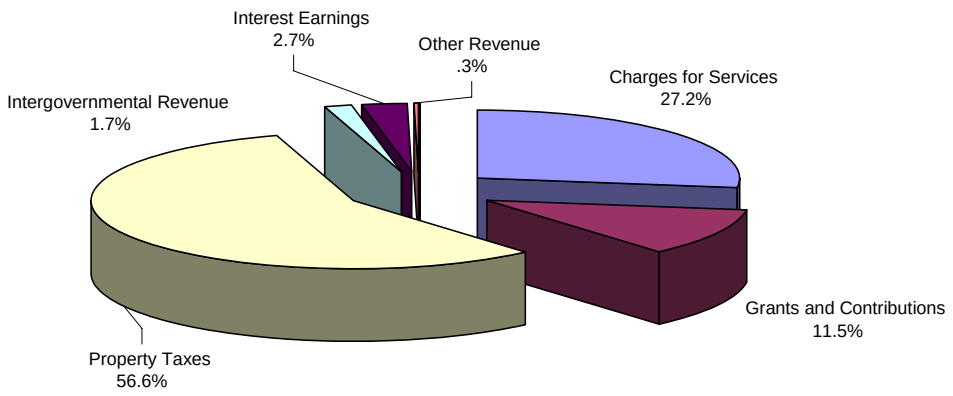
Changes in Oakland County Net Assets
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**
Revenues						
Program Revenues						
Charges for Services	$ 166.2	$ 144.4	$ 178.3	171.5	$ 344.5	$ 315.9
Grants and Contributions						
Operating	69.1	65.3	-	-	69.1	65.3
Capital	1.4	8.7	10.8	13.6	12.2	22.3
General Revenues						
Property Taxes	346.4	324.9	14.6	14.1	361.0	339.0
Intergovernmental Revenue	10.3	10.0	-	-	10.3	10.0
Investment Earnings	16.6	14.3	17.6	13.8	34.2	28.1
Other Revenue	1.3	0.8	-	-	1.3	0.8
Gain on sale of assets	0.6	-	-	-	0.6	-
Total Revenues	611.9	568.4	221.3	213.0	833.2	781.4
Expenses						
Public Safety	196.0	180.8	13.7	13.8	209.7	194.6
Justice Administration	93.1	90.4	-	-	93.1	90.4
Citizen Services	89.8	88.5	12.3	14.7	102.1	103.2
Public Works	24.8	40.5	138.2	130.2	163.0	170.7
Recreation and Leisure	2.8	2.8	21.8	20.7	24.6	23.5
Commerce and Community Dev.	47.2	36.8	-	-	47.2	36.8
General Government	55.8	39.4	1.9	1.3	57.7	40.7
Interest on Debt Service	8.1	6.6	-	-	8.1	6.6
Unallocated Depreciation	1.5	1.1	-	-	1.5	1.1
Total Expenses	519.1	486.9	187.9	180.7	707.0	667.6
Revenue over expenditures	92.8	81.5	33.4	32.3	126.2	113.8
Transfers - On-going	9.7	10.2	(9.7)	(10.2)	-	-
Increase in Net Assets	102.5	91.7	23.7	22.1	126.2	113.8
Net Assets - Beginning	464.2	372.5	578.0	555.9	1,042.2	928.4
Net Assets - Ending	$ 566.7	$ 464.2	$ 601.7	$ 578.0	$ 1,168.4	$ 1,042.2

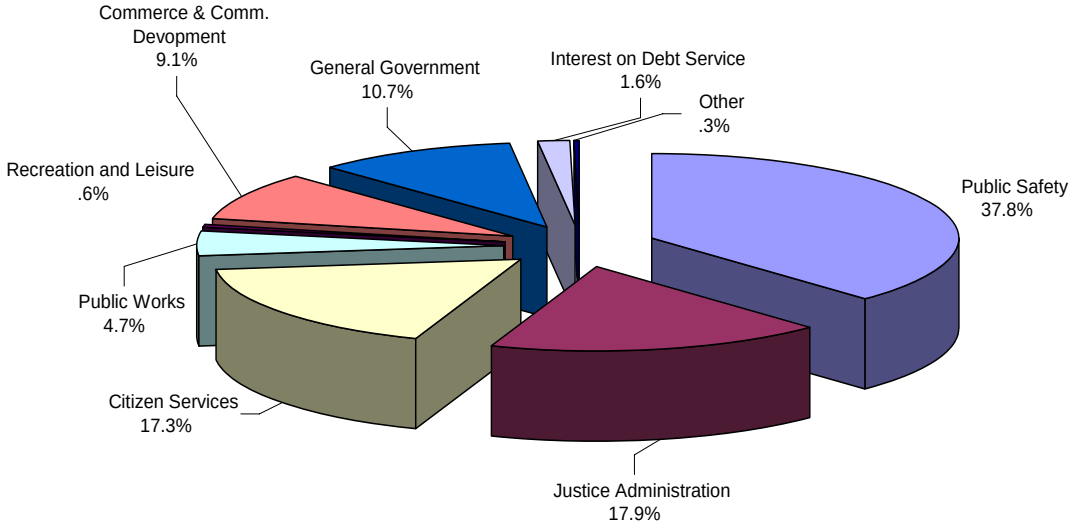
Governmental Activities:

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

Revenues - Governmental Activities Fiscal Year Ending September 30, 2007



Expenses - Governmental Activities Fiscal Year Ending September 30, 2007



In total, fiscal year 2007 governmental activity revenue collections increased by $43.5 million from fiscal year 2006. Of this total increase, $21.5 million represents additional property tax revenue; $21.8 million represents increased revenue derived by charging benefiting parties for county services and the recognition of revenue derived from specific program operations; and $2.3 million reflects additional interest income earned on the County's investments. The remaining portion of the revenue change resulted from a $5.2 million increase in operating grants and contributions, and other revenues, partially offset by a $7.3 million reduction reflecting completed capital projects (reductions in contributions).

Property taxes, which generated $346.4 million in revenue, remain the largest source of support for governmental activities, comprising 56.6% of all governmental activity revenue. Governmental activities reduced their dependency on property taxes from fiscal year 2006 when these taxes represented 57.2% of governmental activity revenue. This reduction, however, is more reflective of increasing charges and investment income rather than a reduction in the growth of this particular revenue source.

As stated above, property tax revenue increased by $21.5 million from the amount realized during fiscal year 2006. This increase reflects a 4.2% increase in taxable value of real and personal property in the county during fiscal year 2007. In addition, the increased tax collection reflects the fact that the annual county property tax levy has been fully moved to July, as required by Public Act 357 of 2004. This state statute accelerated County property tax collections from December 1 to July 1 over a three-year period, with the county required to levy one-third of its property tax millage in July 2005 (two-thirds levy in December 2005); two-thirds of that millage in July 2006 (one-third in December 2006); and the full amount in July 2007 (no December levy). The July 2007 levy, which is reflected in fiscal year 2007 revenues, was based on the equalized value of real and personal property within the County's borders as calculated on December 31, 2006 and as reported in April 2007, rather than the amount that was calculated on December 31, 2005 and reported in April 2006, as was the previous practice. This change leads to a realization of four months of additional growth above the fiscal year 2006 levies. Again, it should be noted that now that the County levy has permanently shifted to July, the benefit of additional months of growth will no longer be received.

For more details regarding the financial impact of this act, please see the analysis of governmental funds later in this document. The County's operating millage rate of 4.19 mills remains the third lowest county general operating millage rate in the state.

Charges for services, which is revenue generated by county operations invoicing specific benefiting parties for services performed, as well as through the recognition of other specific program revenues, is the second largest source of governmental activity revenue, generating 27.2% of the total. There is a wide variety of activities invoiced under this category including service rendered to individuals, such as fees for marriage licenses, passports, and access to county records, as well as services rendered to other governmental units including Sheriff patrol and dispatch services as well as the housing of state wards in the county's juvenile home. The $166.2 million collected in fiscal year 2007 represents a $21.8 million increase from the previous fiscal year, $19.8 million of which is the recognition of restricted investment earnings related to the establishment of the Interim Retiree Medical Benefit Trust Fund (IRMBT).

As is explained under the "Financial Analysis of the County's Major Funds" section of this Management's Discussion and Analysis, the IRMBT is a new trust fund, established from $557.0 million in debt proceeds, to fully fund the County's retiree medical benefit obligation. Since this is a trust fund, the market value of the invested proceeds is recorded separately from other County investments. The remaining portion of the charge for service revenue increase relates to additional payments from new Industrial Facility Development projects, which are separate tax districts not counted with the general property tax levy. These tax abatement projects, approved by local units of government, make separate tax payments to the County.

Together, property taxes and charges for services account for over 83% of the governmental activities revenue sources.

Governmental activities generated $16.6 million in investment earnings during fiscal year 2007; this amount reflects an increase of $2.3 million earned in fiscal year 2006. The additional interest earnings have resulted from a larger investment base, due to increased property tax revenues related to the issue discussed above; the County Treasurer's practice of pooling all county funds for investment purposes; and higher rates of return being received by the County Treasurer. It is important to note, however, that since

the tax acceleration process authorized by P.A. 357 of 2004 is now completed, the County anticipates cash flow difficulties in the future. Specifically, property tax revenue required to operate the County's fiscal year which begins in October of one calendar year, will not be levied until July of the following calendar year, nine months into the fiscal year.

Governmental activities received $70.5 million in operating and capital grants and contributions during fiscal year 2007, which is 11.5% of the total revenue for governmental activities. This amount represents a $3.5 million decrease from fiscal year 2006. The net decrease primarily consists of the loss of $6.7 million in capital contributions in the Public Works activity, specifically related to completion (in fiscal year 2006) of Phase II of the PeopleSoft Financial System implementation and the completion of two grants which funded work on the Walnut Lake pump station. The Public Works reduction is partially offset by a $3.5 million increase in operating grants in the Public Safety activity, specifically $3.0 million in Urban Areas Security Initiative (UASI) homeland security grants as well as additional Bureau of Justice Administration grant funding or juvenile programs. Please note that the changes in operating and capital grants and contribution revenues are mirrored on the expenditure side of the governmental activities discussed below.

Oakland County governmental activities also recorded $10.3 million in intergovernmental revenue during fiscal year 2007, a $300,000 increase from the amount received in fiscal year 2006, primarily increased liquor tax distribution and court equity payments. This is revenue "shared" by the state and federal government, which is <u>not</u> tied to contractual obligations such as grant agreements.

Governmental activity fiscal year <u>expenses</u> increased by $32.2 million above the fiscal year 2006 expense level. One-half of this increase, $16.6 million, reflects changes in personnel cost, primarily cost of current staffing. <u>No</u> new positions were added during fiscal year 2007 without corresponding revenue. Of the $16.6 million in increased personnel cost, $6.0 million reflects salary increases; specifically, $4.0 million was brought about by a 2.0% across the board cost of living adjustment for all non-represented employees and those represented employees whose collective bargaining agreement reflects a "me-too" on cost of living adjustment with non-represented groups; $1.7 million represents increases in merit pay, with the balance of the increased personnel cost reflecting position reclassifications as authorized by the County merit system and additional special revenue funded positions.

The largest component of the increased personnel expenditures is the $10.6 million increase in fringe benefit cost. This amount reflects a $3.0 million increase in salary driven fringe benefits (FICA, Workers' Compensation, Accident and Life Insurance, Retirement, including retiree medical benefit) related to the cost of living and merit increases discussed above. In addition, increasing medical benefit cost for both active and retired employees resulted in the fringe benefit rate adjusting from 50.5% of salary in fiscal year 2006 to 53.4% of salary in fiscal year 2007. It should also be noted that the increased personnel cost, as well as some operating increases for fuel, resulted in additional internal service fund charges of $3.1 million during fiscal year 2007. Specific spending changes experienced by activity appear below.

Public Safety continued to be the largest governmental activity, expending $196.0 million of the $519.1 million total governmental activities amount (37.8%). Public Safety expenses encompass law enforcement, crime prevention, incarceration, emergency management, and technical support. Public Safety expenses grew by $15.2 million (8.4%) from the previous fiscal year, primarily related to increasing cost of on-going operations as well as additional homeland security efforts.

Of the total Public Safety increase, $8.0 million reflects increased personnel costs which include $2.7 million for the cost of living adjustment discussed above and $300,000 for increased patrol services provided by the Sheriff through contracts with local communities. In addition, the Public Safety activity experienced a $5.0 million increase reflecting proper accrual for the fringe benefit cost associated with anticipated retroactive pay for an unsettled agreement with the Oakland County Deputy Sheriff's Association (OCDSA). The current contract with this bargaining unit (which is in effect until a new agreement is reached) includes a more expensive health benefit package than received by non-represented County employees. Previous year's accruals did not properly account for the cost differential; the understatement was corrected in fiscal year 2007. In addition, increasing fuel cost was a major contributor to a $1.8 million increase in internal support cost for this activity, primarily Sheriff's patrol vehicles and marine equipment. The Sheriff also expended an additional $1.1 million for drug enforcement activities and an expansion of the canine program. Court-ordered drug forfeiture funds were used to support these expansions.

The Public Safety activity also expended $3.5 million in additional operating grant funds during fiscal year 2007. As was indicated in the above discussion regarding governmental activities revenues, the additional grant expenditures were primarily related to Urban Area Security Initiative (UASI) grant. Direct County operations spend approximately $300,000 in UASI funds for its own purposes. The remaining $2.7 million in UASI expenditures are actually funds passed through to other local governments in southeast Michigan for capital purchases, training activities, and reimbursement for personnel expenses related to homeland security efforts. The County functions as the fiduciary for all local UASI funds.

Finally, due to increases in state determined rates and extending lengths of stay, cost to house county youth committed to the State of Michigan increased by $900,000.

Closely linked to Public Safety, Justice Administration is the second largest expense category accounting for $93.1 million or 17.9% of the total governmental activity expenses. The Justice Administration activity, which centers on the operations of the 6th Judicial Circuit Court, the Oakland County Probate Court, 52nd District Court, as well as County Clerk functions which support the courts, experienced a $2.7 million expense increase (3.0%) over the previous fiscal year. Of this increase, $1.1 million is related to the above described personnel adjustments. In addition, a new state-mandated case management system was installed in the 52nd District Court at a cost of $1.0 million. Finally, the courts experienced additional expenses for court-appointed guardian ad litems, and expanded professional services for interpreters, psychological testing and drug testing.

Citizen Services, which includes all public health activities, public services such as Veterans' Services, and the care of children who have been declared wards of the Oakland County Family Court or the State Department of Human Services, is the third largest governmental activity with $89.8 million in expenses or 17.3% of the total governmental activities. Expenses for this activity increased by $1.3 million over the fiscal year 2006 level (1.5%), primarily a result of additional cost of care for children who have been declared court wards, for reasons of neglect, abuse, or delinquency and increased public health activity particularly related to expanded vaccine efforts. The personnel adjustments discussed previously account for $300,000 of the activity expenditure increase.

Together, Public Safety, Citizen Services, and Justice Administration accounted for 73.0% of all governmental activity expenses during fiscal year 2007. The remaining expenses were primarily concentrated in three areas, General Government (10.7% of total governmental activity expenses), Commerce and Community Development (9.1%), and Public Works (4.7%).

The General Government activity, which is comprised of the administration and financial management of County business, expended $55.8 million in fiscal year 2007, $16.4 million (41.6%) more than the previous fiscal year. Eighty-nine (89) percent of the General Government expense increase, or $14.6 million, relates to changes in the County's retiree medical benefit program. Specifically, $11.9 million represents payment for the actuarially determined increase in the Annual Required Contribution (ARC) the annual payment necessary to reduce the unfunded retiree medical benefit obligation over a thirty (30) year period. This payment was increased due to the restructuring of the liability amortization from 40 to 30 years (pursuant to GASB 45 requirements), as well as the closing of the Voluntary Employee Beneficiary Association (VEBA) to employees hired after January 1, 2006. The closing of the plan required the actuary to recalculate the liability using a level dollar payment basis, which increased the annual cost.

Additionally, $1.1 million of the expense increase results from the cost of issuing the Certificates of Participation (COPs) debt instruments to fund the IRMBT discussed briefly above. As is discussed in the "Long-Term Debt" section of this Management's Discussion and Analysis, COPs are unique instruments which required the assistance of various outside professionals to perfect the sale, including bond attorneys, financial consultants, paying agents, investment counselors, and bond rating expenses.

The remaining $1.8 million increase in General Government expenses reflects an increase of $1.4 million in Tri-Party expenditures. The Tri-Party program is a three-way agreement by which the County, the Road Commission for Oakland County, and the local cities, villages, and townships each put up equal financing to fund road improvements and expansions. This increase in Tri-Party expenditures reflects acceleration of certain road projects. The remaining portion of the General Government activity increase represents the previously discussed cost of living and fringe benefit adjustment.

Commerce and Community Development, which reflects all efforts to promote and sustain a strong economic and business climate and vibrant communities, experienced $47.2 million in expenses, an increase of $10.4 million (28.3%) from fiscal year 2006. A total of $6.0 million, or 60.0% of this "increase", is in reality a reclassification of certain programs/projects from the Public Works activity to the Commerce and Community Development activity, to provide for more consistent and accurate reporting. Specifically, Information Technology activity related to the land records, land management, global information systems (GIS), as well as the Register of Deeds Automation Fund was reclassified under this activity.

The remaining $4.4 million in additional expenses involves increased activity in several areas including $1.7 million increased job location and displaced worker training provided through additional grant funding to the Workforce Development Division; $1.2 million in expanded land recording efforts funded through the Register of Deeds Automation Fund, a special revenue fund created pursuant to state action designed to increase electronic access to land records and deed information; $400,000 in expanded professional services for the Emerging Sectors initiative discussed in the Transmittal Letter preceding this document; $225,000 for production of the Solid Waste Master Plan, which is required to be updated every five years; and increased personnel cost of $900,000, reflecting the previously discussed salary and fringe benefit adjustments.

The Public Works activity, which includes the operating systems that form the infrastructure of basic county functions, expended $24.8 million in fiscal year 2007, down $15.7 million from fiscal year 2006, a 38.8% decrease. Of this total decrease, $6.0 million relates to the reclassification of certain programs and/or projects to the Commerce and Community Development activity discussed above. In addition, a number of projects were capitalized (completed) during fiscal year 2006, which is therefore not reported in fiscal year 2007. The capitalized projects include $6.5 million for Phase II of the PeopleSoft Financial System and $4.9 million for Public Act 342 water and sewer projects. These reductions were partially offset by increasing personnel cost of $1.0 million for the reasons previously discussed and increased fuel cost for building and vehicle operations.

Finally, operating transfers reflect a net transfer of $9.7 million from business-type activities. These transfers come from the Delinquent Tax Revolving Fund including $3.8 million to support debt service payments and $5.8 million to support General Fund operations.

As stated previously, the result of fiscal year 2007 governmental activity was an overall increase of $102.5 million in net assets, to $566.7 million. This amount reflects the County's governmental activities generated $92.8 million more in revenue than they expended and the receipt of $9.7 million in transfers from business-type activities. Of the total $566.7 million in governmental activities' net assets, $154.2 million is invested in capital assets less related debt; $14.2 million is reported as restricted, meaning these assets are legally committed for a specific purpose through statute or by another authority outside the County government; and $398.3 million is reported as unrestricted.

Business-type Activities

Net assets in business-type activities are reported at $601.7 million for fiscal year 2007, an increase of $23.7 million over the amount reported at the end of fiscal year 2006. Of the total net assets, $230.3 million is invested in capital assets net of related debt, $10.5 million is restricted by agreement or covenant, and $360.9 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.

During fiscal year 2007, business-type activities generated $221.3 million in revenue; this is an increase of $8.3 million (3.9%) from the previous fiscal year. Of this total increase, $6.8 million reflects increased charges for services discussed below. In addition, business-type activities were able to generate $3.8 million in additional investment earnings, above the amount earned in fiscal year 2006, related to increased cash flow and improved rates of return obtained by the County Treasurer. As with the governmental activities, the increase in the business-type activities was partially offset by the completion of $2.8 million in capital grants.

Of the $6.8 million charges for services revenue growth, $5.6 million involves increased use charges for the sewage disposal systems as additional infrastructure systems come on line and the cost to provide these services increases. Further, the Delinquent Tax Revolving Fund received additional fee and interest collections of approximately $3.8 million, resulting from additional tax delinquencies reflecting the challenged housing market. A portion of this charge for service increase described above was offset by a $2.6 million reduction in charge for service revenue at the County's Medical Care Facility as a private management vendor assumed operations of the facility in June 2007.

The $2.8 million decrease in operating and capital grants and contributions almost entirely reflects changes in capital contributions. Of this total reduction in capital contributions, $7.4 million reflects reduction of new systems, primarily well water systems, contributed to the Water and Sewer Trust funds due to the virtual elimination of new residential construction in the region.

This reduction in water and sewer contributions was partially offset by an increase of $2.2 million under the Public Safety activity due to the recognition of the jail management system implementation and equipment purchases for Digital Biometric technology, which were supported by grant funds. In addition, the Recreation and Leisure activity received an increase of $2.1 million in capital contributions involving the transfer of Catalpa Park to the Parks and Recreation Commission, as well as the purchase of the Highland Oaks property and various park and building improvements also authorized by the Parks and Recreation Commission.

Business-type activity posted expenses of $187.9 million, an increase of $7.2 million above fiscal year 2006 (4.0%). This net expense increase reflects $8.0 million in increased Public Works related expenses including $1.4 million in increased sewer disposal system charges; $1.3 million in increased water charges from the City of Detroit; and $1.0 million in additional personnel cost related to the salary and fringe benefit changes discussed previously. In addition, sewer disposal operational cost (personnel and normal inflationary increases) increased by $1.6 million. Finally there were $2.5 million in one-time costs and adjustments during fiscal year 2007, specifically $1.8 million to adjust prior years' expenses to correct consumption calculations used to record charges from the Evergreen Farmington Sewage Disposal System to retail sewer systems, and $700,000 in one-time equity transfers related to well water projects.

There were also inflationary adjustments in the other business activities related to the salary and fringe benefit increases discussed earlier as well as fuel cost increases. The expense increases described above were partially offset by a $2.4 million reduction in the Citizen Services activity related to the implementation of the management contract for the Medical Care Facility discussed in the Transmittal Letter preceding this Management's Discussion and Analysis. The completion of the management contract reduced County expenses for the facility down to $600,000 annually.

Finally, there was a $9.7 million transfer to governmental activities discussed in the governmental activity section.

FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR FUNDS

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

Governmental Funds

Five (5) governmental funds are designated as major funds of the County; the *General Fund*, the *Public Health Fund*, the *Revenue Sharing Reserve Fund*, the *Interim Retiree Medical Benefit Trust Fund*, and the *Water and Sewer Debt Act 342 Fund.* As the County completed fiscal year 2007, the governmental funds reported *combined* fund balances of $874.5 million. This amount represents an increase of $626.5 million from the combined fund balances reported at the end of fiscal year 2006. The increase in the combined governmental funds balance reflects activity in two major funds; the creation of the Interim Retiree Medical Benefit Trust Fund with a year ending fund balance of $560.2 million, as well as an increase in the Revenue Sharing Reserve Fund (special revenue fund) balance of $58.9 million. The reasons for these increases are explained below.

General Fund

The General Fund is the chief operating fund of the County. Unless otherwise required by statute, contractual agreement or policy, all County revenues and expenditures are recorded in the General Fund. As of September 30, 2007, the General Fund reported a fund balance of $78.8 million. This amount reflects an increase of $4.7 million from the fund balance of $74.1 million reported as of September 30, 2006.

The increase in the General Fund balance is primarily due to the fact that fiscal year 2007 revenue increased by $19.3 million above the amount collected in fiscal year 2006, while fiscal year 2007 expenditures increased $16.2 million above the fiscal year 2006 amount. The additional revenue was generated through an increase of $20.8 million in property taxes, due to the final portion of the three-year acceleration of County property tax levies authorized pursuant to P.A. 357 of 2004, as well as the recording of higher taxable value on real and personal property within the County. This property tax increase was partially offset by reduced charges for services revenue of $600,000 and reduced investment income of $800,000 reflecting the tightening regional economy.

In addition, $7.1 million more in General Fund resources was transferred to other funds than was transferred during fiscal year 2006. The General Fund 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. (For detailed information regarding transfers between funds, please refer to note #9 to the financial statements). During fiscal year 2007, $5.7 million more was transferred from the General Fund to the Cooperative Capital Initiative Revolving Fund (CCIRF). A further discussion of CCIRF is contained in the Transmittal Letter contained in this document. The remaining increase in net General Fund transfers reflects additional projects through the Information Technology Fund.

The General Fund fiscal year 2007 revenues exceeded fiscal year 2007 expenditures by $133.0 million. However, when annual net transfers of $128.3 million are taken into account, the result of fiscal year 2007 activity is the increase in the General Fund balance of $4.7 million from September 30, 2006 to September 30, 2007. Of the total fund balance, all but $797,400 is reserved, designated or earmarked for specific purposes. This amount of fund balance represents 18.4 percent of the fiscal year 2008 General Fund/General Purpose operations.

General Fund Budgetary Highlights

Oakland County's budget is a dynamic document. Although adopted in September 2006 (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 $10.5 million during fiscal year 2007, from $440.7 million to $451.2 million (2.4%). Of the total revenue amendments, $6.5 million reflects full recognition of the final installment of the accelerated property tax levy authorized pursuant to P.A. 357 of 2004. The original fiscal year 2007 budget assumed that the taxable value as of December 31, 2005 would be used for the July 2007 levy when in reality the December 31, 2006 taxable value amount was the basis of the levy. The remaining $4.0 million in revenue budget increase represents multiple adjustments such as use of forfeited drug funds by the Sheriff to expand anti-drug equipment and the canine program ($734,000); recognition of additional payments for the housing of state prisoners in the Oakland County Jail ($660,000); full funding from the state court fund, which partially reimburses counties for Circuit and Probate Court expenditures ($660,000); additional convention facility payments from the State ($524,000); additional investment income projections ($407,000); refund of prior years' expenditures for various items ($372,000); additional Sheriff road patrol and dispatch contracts ($220,000); and various uses of fund balances ($300,000).

Actual General Fund revenue totaled $452.1 million, $1.0 million greater than the final amended budget. Of this net total, $1.5 million reflects property tax collections higher than the amended budget, again related to changed value assumptions discussed above. This favorable variance was partially offset by numerous items, particularly Clerk/Register of Deeds fee income generated less than budgeted as a result of reduced mortgage evaluations and home refinancing activity.

The General Fund expenditure budget increased by $13.0 million, from $317.9 million to $330.9 million, a 4.1% increase during fiscal year 2007. The majority of the budget adjustments reflects increases in the Sheriff's Office including: $7.0 million to properly accrue the potential retroactive pay related to the unsettled labor agreement with the Oakland County Deputy Sheriff's Association (agreement open since 2003) specifically the additional cost of the health care package enjoyed by employees covered by this bargaining unit as previously discussed in the analysis of the governmental activities; $1.5 million to cover the purchase of new patrol vehicles and to pay increased fuel cost; and $1.1 million related to use of drug forfeiture funds to support the canine program and enhance drug enforcement activities.

In addition, the budget was amended to support implementation of several major technology projects including a $1.7 million adjustment covering the cost of technology development for phase II of the PeopleSoft Financial/Human Resource system as well as the Equalization/Delinquent Tax system, and a $1.0 million adjustment to fund the state-mandated caseload reporting system in the 52nd District Court. Finally, the Public Services Department's 2007 budget was adjusted by $1.0 million to reflect an additional position and operating costs to support a contract to provide Medical Examiner services to Genesee County; an additional allocation to Community Corrections to expand the use of probation residential centers (helping to relieve jail overcrowding); and an additional allocation to develop census software for the Animal Control Division.

Actual General Fund expenditures for fiscal year 2007 were $11.7 million below budget. Of this total, $5.5 million reflects planned contingency and supplemental appropriation accounts that were not used due to a purposeful commitment on the part of county officials and administrators to reduce expenditures. The amounts of unused contingency funding include $1.4 million unspent for potential new grant match, $1.1 million unspent for additional emergency salaries and classification changes, unnecessary internal service fund adjustments including $900,000 for information technology development, and finally $618,000 in unnecessary subsidy for the Medical Care Facility due to the implementation of a management contract in June 2007. In addition, $1.6 million in favorable variance from budget is a result of vacant positions and positions filled at a lower classification than budgeted. Many positions were purposefully left vacant, filled at a lower classification, or filled with part-time employees not eligible for benefits, to reduce General Fund spending due to concerns regarding how the State's budget difficulties and the regional economy could potentially affect County operations.

In addition to the unspent contingency funding and personnel savings, another $4.4 million in operating appropriations was also unspent. This amount includes $1.7 million in reduced use of Internal Service Funds such as Leased Vehicles, Equipment Fund and Information Technology as County departments made a conscious effort to reduce expenditures; $1.1 million related to reduced land transfer and land recording activity related to the stagnant housing market; and $900,000 in planned fiscal year 2007 expenditures which were unable to be completed, specifically $532,000 in Community and Economic Development activities and $360,000 related to the completion and publication of the Drain Commissioner's Master Plan. Please note that the unspent planned fiscal year 2007 expenditures were carried forward and reappropriated in fiscal year 2008. In addition, Circuit Court caseloads saw a decline in filings, resulting in $514,000 in budget savings across both the Circuit Court and Prosecuting Attorney.

The adopted budget also included other financing sources and uses for General Fund resources, essentially the net result of the General Fund receiving resources from other funds less the amount of General Fund resources provided to (transferred) to other funds. The adopted budget assumed that the General Fund would transfer $122.9 million more in resources to other funds (financing uses) than it would take in from those funds (financing sources). The net financing uses budget was increased during fiscal year 2007 by $8.8 million to $131.7 million. The majority of the adjustments involve budgeted transfers of $4.9 million to the Information Technology Fund in order to replace aging technology equipment. In addition, budgeted transfers were increased by $1.9 million to the Public Health Fund, supporting additional programs including substance abuse prevention, implementation of an HPV vaccine, additional reimbursements from the state, and technology expenditures; $1.2 million for various special revenue funds to support required grant matches; and transfers to support various capital projects including $1.0 million for jail management, video conference arraignment and renovation of the Oakland County Jail visitation area, all which will assist in alleviating over-crowding.

Actual financing uses from the General Fund were $3.4 million less than budgeted. This reflects the actual resources needed by the Juvenile Maintenance ($1.7 million) and the Public Health ($1.0 million) funds being less than anticipated due to reduced expenditures by those operations supported by those funds. Further transfers to the General Fund from the Delinquent Tax Revolving Fund (DTRF) were $800,000 greater than budgeted due to additional debt service payments supported by the DTRF.

Interim Retiree Medical Benefit Trust Fund

During fiscal year 2007, Oakland County policymakers and administrators implemented a program to fully fund the actuarially determined retiree medical benefit obligation recorded in the Voluntary Employee Beneficiary Association (VEBA) Trust Fund. As is explained in more detail under the "Debt Administration" section of this Management's Discussion and Analysis as well as the Transmittal Letter preceding this MD&A, the County issued $557.0 million in debt through instruments entitled Certificates of Participation (COPs). The proceeds from this debt issue were placed in a new special revenue fund established under the authority of Public Act 139 of Michigan Public Acts of 1973, the Interim Retiree Medical Benefit Trust Fund (IRMBT).

The purpose of the IRMBT is to hold the proceeds from the debt issue in trust to cover current and future retiree medical benefit expenses. Specifically, funds accounted for in the IRMBT will pay the Annual Required Contribution (ARC) to the VEBA. The ARC is an actuarially determined annual payment which, if paid over a period of 20 years, will eliminate the VEBA's (e.g., County's) retiree medical benefit liability. Debt proceeds, and incurred interest on those proceeds, remain in the fund until the semi-annual ARC payments are required from the VEBA.

The COPs were sold in late June 2007; subsequently, the $557.0 million in proceeds was recorded in the IRMBT in July 2007. There was a $2.0 million discount recorded on the debt issue; however, the IRMBT received $19.8 million in interest income during fiscal year 2007. A payment of $14.6 million was made from the IRMBT to cover the balance of the fiscal year 2007 ARC payment. As of September 30, 2007, the fund had a balance of $560.2 million recorded in reserve for future ARC payments. This amount represents 64.1% of the combined fund balances of the governmental funds.

It should be noted that, although the funds held in trust in the IRMBT are designated to pay the ARC payment, the trust agreement and public ordinance which established the fund include one additional purpose. If for some reason the ARC payment is no longer required, such as the implementation of a federal or state funded retiree health care system, the remaining balance of IRMBT funds can be used to pay the remaining debt service generated by the COPs sale.

Revenue Sharing Reserve Fund

The Revenue Sharing Reserve Fund, created pursuant to Public Act 357 of 2004, is a special revenue fund designed to replace annual revenue-sharing payments, which were suspended by the State as part of a budget balancing action in September 2004. Specifically, this statute accelerates the County's annual property tax levy from a December 1 levy date to a July 1 levy date, over a three-year period beginning July 2005. The process of this acceleration generates additional annual property tax revenue in an amount equal to one-third of the fiscal year levy; proceeds from this additional levy are placed in the Revenue Sharing Reserve Fund. Annually, the County may draw funds from the Revenue Sharing Reserve Fund, equal to the state revenue-sharing payment received in fiscal year 2004, including an inflation factor (approximately $21.0 million annually).

As of September 30, 2007, the Revenue Sharing Reserve Fund had a fund balance of $168.2 million, which represents 19.2 percent of the combined fund balances of the governmental funds. This amount is a $58.9 million increase above the fund balance as of September 30, 2006. The increase reflects the $75.9 million property tax transfer required by law; $5.3 million in earned investment income; and $22.2 million transfer to the General Fund, to replace the suspended state revenue-sharing payment.

The fiscal year 2007 $75.9 million property tax transfer is the last transfer which will be made into the Revenue Sharing Reserve Fund. From this point on, funds will only be transferred out of the Revenue Sharing Reserve Fund to replace the suspended revenue-sharing payments from the State. The anticipated transfers from this fund to the General Fund will deplete the Revenue Sharing Reserve Fund during fiscal year 2015. The State has committed to restore revenue-sharing payments once the Revenue Sharing Reserve Fund is depleted.

The two remaining governmental funds are classified as major: the *Public Health Fund*, and the *Water and Sewer Debt Act 342 Fund* experienced combined reduction in funds balance of $124,253. These funds function as a pass-through for various activities and are designed to retain a small fund balance. As of September 30, 2007, the combined fund balances of these two funds totaled $44,476. The General Fund is committed to supporting the *Public Health Fund* balance should the need arise. By agreement, any shortfall in the *Water and Sewer Debt Act 342 Fund* would be supported by the local communities.

Enterprise Funds

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 $18.4 million (4.5%) during fiscal year 2007; 60.1% of this increase is attributed to the *Delinquent Tax Revolving Fund.* The challenged regional housing market has lead to an increase in tax delinquencies; this translated to an increase in revenue to the *Delinquent Tax Revolving Fund* of $3.8 million and an increase in investment earnings of $1.8 million. Transfers to the General Fund and other funds was also reduced due to the completion of debt service payments. In addition the *County Airport Fund* recorded $4.0 million in capital contributions related to sound abatement improvements of $1.7 million and $2.7 million in new T-hangars. Finally, the *Parks and Recreation Fund* received $2.2 million in capital contributions related to various improvements at several parks and the transfer of Catalpa Park from the General Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - At the end of fiscal year 2007, the County had invested $455.5 million, net of accumulated depreciation, in a broad range of capital assets (see table below). This amount of net capital assets reflects an increase of $8.2 million above the fiscal year 2006 amount. Additional depreciation charges for this fiscal year totaled $25.8 million.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**
Land	$ 7.4	$ 7.7	$ 55.0	$ 49.1	$ 62.4	$ 56.8
Land Improvements	0.2	0.2	8.7	9.9	8.9	10.1
Buildings and Improvements	108.2	73.2	32.5	29.7	140.7	102.9
Equipment and Vehicles	32.5	36.4	7.3	9.2	39.8	45.6
Infrastructure	15.8	16.5	86.1	90.1	101.9	106.6
Subtotal	164.1	134.0	189.6	188.0	353.7	322.0
Construction in Progress	53.5	79.1	48.3	46.2	101.8	125.3
Total Capital Assets	$ 217.6	$ 213.1	$ 237.9	$ 234.2	$ 455.5	$ 447.3

Net capital assets for the governmental activities increased by $4.5 million in fiscal year 2007. Of this net amount, $60.0 million reflects gross additions to the County's capital assets, $42.7 million in gross disposals of capital assets, and $13.7 million increase in accumulated depreciation. $38.5 million of the additions and disposals reflect the capitalization of several major projects under construction in 2006; most prominently: the occupancy of the new Executive Office Building ($28.0 million), completion of certain renovations and a small addition to the Oakland County jail ($8.5 million), and minor renovations to the County courthouse to support an additional visiting Circuit Court judge ($1.0 million). In addition, $12.3 million in new/continuing construction projects were in progress during fiscal year 2007 including continuing projects for the Executive Office Building ($6.8 million); beginning planning efforts for a new District Court facility in Independence Township (52nd District Court, Division II - $2.4 million) and an addition to the visitation area of the Oakland County jail ($1.3 million). The General Fund also picked up an additional $3.0 million reflecting the gross value of the Golden Oaks Medical Care Facility. This facility was owned by an enterprise fund (business activity); however, during 2007, management of the facility was contracted to a private firm, the enterprise fund was closed, and ownership of the facility reverted to the General Fund.

Additionally, governmental funds purchased $5.9 million in new equipment and vehicles; this includes $547,000 for "dark fiber" software in connection with the County's wide area fiber optic network; $430,000 for enhancements to the PeopleSoft financial system; $221,000 in other technology improvements; $715,000 in drain equipment such as three new specialty trucks; and equipment related to public safety and homeland security including over $2.0 million in new Sheriff's patrol vehicles; 28 portable ventilators for use in area hospitals valued at $225,000; seven new tornado sirens valued at $120,000; and other various pieces of equipment.

Net capital assets for the business-type activities increased by $3.7 million during fiscal year 2007, which reflects $27.1 million in gross additions, $14.0 million in disposals, and $12.0 million in increased depreciation expense. The increase in gross capital assets includes an additional $5.8 million in land purchases, primarily the purchase of land for two new parks, Highland Oaks at $3.3 million and Catalpa Park at $725,000; as well as $1.7 million in additional land for sound abatement at the Oakland County International Airport. Also $4.7 million in buildings and improvements came on-line in 2007 including $2.7 million for T-hangars at the Airport and $1.9 million in Parks improvements include expansion of the White Lake Oaks clubhouse and a new storage building at Glenn Oaks. An additional $1.5 million in infrastructure improvements were made in 2007, primarily $1.0 million in the water and sewer systems and $500,000 in the parks. Finally, there was $12.5 million in new construction in progress including $6.2 million in Parks and Recreation improvements such as trail improvements and various facility additions (related to the new parks); $3.1 million for Court and Law Enforcement Management System (CLEMIS) expansion, including $1.8 million in equipment for the Jail Management System; $2.1 million in Airport improvements related to sound abatement and runway improvement; $622,000 toward the implementation of the 821 MHz Radio System; and $535,000 for water and sewer improvements.

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

Long-term Debt - As of September 30, 2007, the County had $723.6 million in bonds and notes outstanding. Of this amount, $698.6 million are bonds with limited taxing authority, and $25.0 million are notes with limited taxing authority. This obligation is $549.5 million more than the obligation recorded as of September 30, 2006. The increased obligation is a result of the sale of $557.0 million in Certificates of Participation (COPs) in order to provide full funding of the outstanding retiree health care liability as well as an additional $5.5 million in new limited taxing authority debt to finance the purchase of group homes for the Oakland County Community Mental Health Authority (OCCMHA). These amounts were partially offset by $13.0 million in debt reductions. The level of obligation for the limited taxing authority notes remained the same. In addition, the County uses its full faith and credit (as a secondary obligator), to back $163.3 million Drainage District component unit debt. The Drainage District component unit debt experienced a $9.9 million net obligation reduction during fiscal year 2007.

Outstanding Debt as of September 30, 2007
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government		Drainage Districts Component Unit		Total County Commitment	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Bonds - Limited Tax Authority	$ 698.6	$ 149.1	$ -	$ -	$ 698.6	$ 149.1	$ 163.3	$ 173.1	$ 861.9	$ 322.2
Total Bonds	$ 698.6	$ 149.1	$ -	$ -	$ 698.6	$ 149.1	$ 163.3	$ 173.1	$ 861.9	$ 322.2
Notes - Unlimited Tax Authority	$ -	$ -	$ 25.0	$ 25.0	$ 25.0	$ 25.0	$ -	$ -	$ 25.0	$ 25.0
Total Outstanding Debt	$ 698.6	$ 149.1	$ 25.0	$ 25.0	$ 723.6	$ 174.1	$ 163.3	$ 173.1	$ 886.9	$ 347.2
Debt Limit (10% of SEV)									$ 7,733.1	$ 7,644.0
Available Statutory Debt Limit									$ 6,846.2	$ 7,296.8

Primary government activity during fiscal year 2007 included the issuance of $562.5 million in limited taxing authority bonds. The vast majority of this amount, $557.0 million, reflects the sale of Certificates of Participation (COPs) to fully fund the County's outstanding retiree health care liability. COPs are taxable instruments, which were sold at a 6.23% interest rate (rated AAA) over a 20-year period, and are secured by the assets of Interim Retiree Medical Benefit Trust (IRMBT). The IRMBT is supported by a Trust Agreement, authorized by an ordinance adopted by the County Board of Commissioners on June 14, 2007. Pursuant to the Trust Agreement, the County will make annual Contractual Payments (principal and interest) to the IRMBT which in turn pays the COPs holders. The annual Contractual Payment amounts range from $47.5 million to $49.3 million, with the last payment due April 1, 2027. The COPs are not callable until April 1, 2015.

The County's obligation to make the Contractual Payments are unsecured contractual obligations, enforceable in the same manner as other contractual obligations of the County (hence the higher interest rate). The County has not pledged its full faith and credit, its taxing power nor specific revenues, to make these Contractual Payments. However, pursuant to the Trust Agreement, the Contractual Payments are not "subject to appropriation" and not subject to termination by the County. The County is legally bound to make all Contractual Payments for the full term of the trust agreement.

The COPs proceeds have been placed in the IRMBT and can only be used to pay the annual required contribution (ARC) to the County's Voluntary Employee Beneficiary Association (VEBA). If, however, the ARC payment is no longer required, COPs proceeds could then pay the debt service.

In addition, Oakland County, through the Building Authority, issued $5.5 million in bonds, providing resources to the Oakland County Community Mental Health Authority (OCCMHA) to purchase homes to support citizens with developmental disabilities. Under Miscellaneous Resolution #01182, the Oakland County Board of Commissioners allowed agencies outside the County government structure to use the County's Building Authority and bond rating in debt issues (as long as all legal requirements are met). By purchasing these homes outright, rather than leasing them as is the current practice, the OCCMHA will save funds that can be used to expand services.

Finally, $25.0 million in limited taxing authority notes, related to the Delinquent Tax Revolving Fund, was issued. These notes are routinely paid off during the fiscal year.

During fiscal year 2007, $38.0 million in outstanding debt was paid, including $13.0 million in limited taxing authority bonds, primarily reflecting the refunding of certain water and sewer bonds ($4.6 million), the scheduled payment of some Building Authority bonds ($4.0 million), and the refunding of various Building Authority Bonds ($2.3 million). $25.0 million limited taxing authority notes were also retired.

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, 2006 was $76.4 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 allows the County to anticipate fiscal problems and react within a sufficient time frame so as to minimize the disruption of vital public services. This practice of taking a long-term fiscal view is particularly crucial for the next several years as the restructuring of the domestic automobile industry and subsequent challenges of the regional housing market are having a detrimental effect on Oakland County's General Fund / General Purpose (GF/GP) revenue projections.

Subsequent to the adoption, by the Oakland County Board of Commissioners, of balanced budgets for fiscal years 2008 and 2009, revised property value projections resulted in projected budget shortfalls for both fiscal years 2008 and 2009, and extending to future years. Property tax revenue constitutes 62.0% of all General Fund/General Purpose (GF/GP) revenues. The fiscal year 2008 and 2009 budgets assumed a 1.5% and 1.0% growth in property values for each respective year. Unfortunately, those projections were revised in December 2007 to reflect an anticipated .5% reduction in property value in fiscal year 2008 and a further 3.5% reduction in value in fiscal year 2009. Please note that County staff have projected property values out to fiscal year 2014 and currently anticipate a leveling off of value decline by fiscal 2011 and the beginning of slow growth in fiscal year 2012.

Because of its long-term fiscal focus, the County does not view the shift in property values as a temporary condition, but as a structural issue that must be addressed both in the short term (balance the current budget) AND in the long term by rationally adjusting expenditures to match the new revenue realities. As is explained in the Transmittal Letter preceding this analysis, budget amendments were proposed in January 2008 which eliminated the fiscal year 2008 shortfall and substantially reduced the projected fiscal year 2009 shortfall. These actions (again discussed in the Transmittal Letter) dealt with the short-term issue.

In regard to the long-term fiscal issue, County elected officials are currently preparing functional plans for structural reform to their operations by reducing their budgets to eliminate the projected shortfalls. In fact, each elected official has been given a "budget task", based upon their percentage of GF/GP expenditures, to reduce for fiscal year 2009 and fiscal year 2010. Until appropriate restructure/reduction plans are submitted, a hiring / capital purchase freeze remains in effect.

Through the use of a long-term fiscal focus, the County realizes an on-going structural issue that must be addressed and is developing contingencies to handle fiscal concerns before they become fiscal crises. As is explained in the Transmittal Letter, Oakland County is pursuing innovative methods to meet these fiscal challenges.

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, 2007

	Primary Government			
	Governmental Activities	Business-Type Activities	Totals	Component Units
Assets				
Current assets				
Pooled cash and investments	$ 435,539,225	$ 289,775,710	$ 725,314,935	$ 25,433,576
Cash and cash equivalents	-	-	-	17,725,503
Investments	-	-	-	29,490,300
Receivables (net of allowance for uncollectibles where applicable)				
Current property taxes	36,070,880	-	36,070,880	-
Delinquent property taxes	4,163,014	78,201,449	82,364,463	-
Special assessments	-	-	-	9,419,589
Due from other governmental units	24,413,219	23,653,291	48,066,510	665,782
Due from component units	879,073	494,031	1,373,104	-
Due from primary government	-	-	-	69,049
Accrued interest receivable	2,918,545	2,331,872	5,250,417	600,757
Accounts receivable	1,243,254	25,809,613	27,052,867	19,953,191
Contracts receivable	32,038,433	3,512,965	35,551,398	-
Internal balances - footnote 19	7,587,879	(7,587,879)	-	-
Inventories and supplies	471,374	882,728	1,354,102	3,502,828
Prepayments and other assets	15,803,753	1,416,730	17,220,483	833,353
Total current assets	561,128,649	418,490,510	979,619,159	107,693,928
Non-current assets				
Contracts receivable	28,184,333	-	28,184,333	-
Special assessments receivable	44,246,825	-	44,246,825	166,015,000
Restricted assets				
Cash and investments	558,603,001	-	558,603,001	-
Accrued interest receivable	1,925,632	-	1,925,632	-
Capital assets, net				
Land and other nondepreciable assets	60,916,643	103,280,172	164,196,815	298,324,303
Land improvements, net	225,663	8,750,250	8,975,913	388,211
Buildings and improvements, net	108,139,847	32,414,333	140,554,180	9,241,941
Equipment and vehicles, net	32,502,709	7,328,652	39,831,361	11,161,775
Infrastructure, net	15,821,441	86,120,051	101,941,492	748,492,175
Total capital assets, net	217,606,303	237,893,458	455,499,761	1,067,608,405
Total non-current assets	850,566,094	237,893,458	1,088,459,552	1,233,623,405
Total assets	$1,411,694,743	$ 656,383,968	$2,068,078,711	$1,341,317,333

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

County of Oakland
Statement of Net Assets (Continued)
September 30, 2007

	Primary Government			
	Governmental Activities	Business-Type Activities	Totals	Component Units
Liabilities				
Current liabilities				
Vouchers payable	$ 16,508,818	$ 4,083,275	$ 20,592,093	$ 10,396,926
Accrued payroll	16,454,377	-	16,454,377	-
Due to other governmental units	2,625,053	17,371,163	19,996,216	4,571,944
Due to component units	69,049	-	69,049	-
Due to primary government	-	-	-	1,373,104
Accrued interest payable	271,952	-	271,952	121,107
Other accrued liabilities	28,893,664	4,376,796	33,270,460	5,221,963
Accrued compensated absences	1,331,839	-	1,331,839	-
Unearned revenue	45,082,208	3,895,484	48,977,692	12,713,714
Claims and judgments	4,264,473	-	4,264,473	-
Bonds and notes payable	33,950,000	25,000,000	58,950,000	14,950,000
Total current liabilities	149,451,433	54,726,718	204,178,151	49,348,758
Non-current liabilities				
Accrued compensated absences	11,986,550	-	11,986,550	3,385,579
Claims and judgments	18,902,565	-	18,902,565	2,000,000
Unearned revenue	-	-	-	3,404,592
Bonds and notes payable	664,620,000	-	664,620,000	158,795,408
Total noncurrent liabilities	695,509,115	-	695,509,115	167,585,579
Total liabilities	844,960,548	54,726,718	899,687,266	216,934,337
Net assets				
Investment in capital assets, net of related debt	154,181,303	230,313,458	384,494,761	893,862,997
Restricted for				
Capital projects	13,764,753	-	13,764,753	11,543,458
Debt service	442,751	-	442,751	164,030,631
Airports	-	218,342	218,342	-
Community water and sewer	-	10,208,225	10,208,225	-
Unrestricted	398,345,388	360,917,225	759,262,613	54,945,910
Total net assets	$ 566,734,195	$ 601,657,250	$1,168,391,445	$1,124,382,996

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

County of Oakland
Statement of Activities
Year Ended September 30, 2007

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government				
Governmental activities				
General government, administrative	$ 55,832,272	$ 42,194,952	$ 721,109	$ -
Public safety	195,973,792	47,917,916	26,315,543	794,290
Justice administration	93,118,766	30,874,119	694,496	-
Citizen services	89,823,473	8,429,521	18,828,828	-
Public works	24,816,124	19,046,950	207,259	678,109
Recreation and leisure	2,778,168	92,490	20,400	-
Commerce and community development	47,168,210	17,685,622	22,355,911	-
Unallocated depreciation	1,515,755	-	-	-
Interest on debt	8,077,576	-	-	-
Total governmental activities	519,104,136	166,241,570	69,143,546	1,472,399
Business-type activities				
Airports	5,743,493	5,395,837	-	4,022,511
Community safety support	12,268,777	9,434,447	-	3,062,610
Community tax financing	1,951,128	16,165,463	-	-
Community water and sewer	46,460,504	42,025,496	-	973,039
Jail commissary	1,390,752	1,465,779	-	-
Recreation and leisure	21,818,894	8,858,117	7,819	2,158,361
Sewage disposal systems	91,710,019	90,448,987	-	535,477
Skilled nursing care	6,549,117	4,489,554	5,795	-
Total business-type activities	187,892,684	178,283,680	13,614	10,751,998
Total primary government	$ 706,996,820	$ 344,525,250	$ 69,157,160	$ 12,224,397
Component units				
Drainage districts	$ 11,812,927	$ 1,830,465	$ 906,169	$ 7,704,991
Road commission	88,324,057	16,462,040	63,928,870	44,991,410
Total component units	$ 100,136,984	$ 18,292,505	$ 64,835,039	$ 52,696,401
General revenues				
Taxes				
Property taxes				
State-shared revenue (unrestricted)				
Unrestricted investment earnings				
Gain on sale of capital assets				
Other revenues				
Transfers in (out)				
Total general revenues and transfers				
Change in net assets				
Net assets				
Beginning				
Ending				

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

County of Oakland
Statement of Activities (Continued)
Year Ended September 30, 2007

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activities	Totals	Component Units
$ (12,916,211)	$ -	$ (12,916,211)	$ -
(120,946,043)	-	(120,946,043)	-
(61,550,151)	-	(61,550,151)	-
(62,565,124)	-	(62,565,124)	-
(4,883,806)	-	(4,883,806)	-
(2,665,278)	-	(2,665,278)	-
(7,126,677)	-	(7,126,677)	-
(1,515,755)	-	(1,515,755)	-
(8,077,576)	-	(8,077,576)	-
(282,246,621)	-	(282,246,621)	-
-	3,674,855	3,674,855	-
-	228,280	228,280	-
-	14,214,335	14,214,335	-
-	(3,461,969)	(3,461,969)	-
-	75,027	75,027	-
-	(10,794,597)	(10,794,597)	-
-	(725,555)	(725,555)	-
-	(2,053,768)	(2,053,768)	-
-	1,156,608	1,156,608	-
(282,246,621)	1,156,608	(281,090,013)	-
-	-	-	(1,371,302)
-	-	-	37,058,263
-	-	-	35,686,961
346,416,928	14,636,020	361,052,948	-
10,289,585	-	10,289,585	-
16,553,783	17,586,698	34,140,481	4,216,693
568,634	-	568,634	-
1,308,488	-	1,308,488	-
9,714,755	(9,714,755)	-	-
384,852,173	22,507,963	407,360,136	4,216,693
102,605,552	23,664,571	126,270,123	39,903,654
464,128,643	577,992,679	1,042,121,322	1,084,479,342
$ 566,734,195	$ 601,657,250	$ 1,168,391,445	$ 1,124,382,996

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.

Revenue-Sharing Reserve Fund - This fund was created in 2005 under State of Michigan Public Act 357 of 2004 to serve as a substitute to county revenue-sharing payments. This fund provides a funding mechanism to shift county property tax levies from winter to summer over a three-year period.

Interim Retiree Medical Benefits Trust Fund - This fund was created in 2007 under the authority of Act 139 of Michigan Public Acts of 1973 to account for money placed in trust from Certificates of Participation sold to fund future estimated accrued actuarial liabilities of County retiree medical benefits.

Water and Sewer Debt Act 342 Fund - This fund was established to account for the accumulation of resources, mainly special assessments, for the payment of bonded debt issued for the construction of water and sewer systems under Public Act 342 of 1939 (currently 12 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, 2007

	Major Funds		
	General	Public Health	Revenue Sharing Reserve
Assets			
Current assets			
Pooled cash and investments	$ 80,746,212	$ 518,252	$ 162,024,854
Receivables (net of allowance for uncollectibles where applicable)			
Current property taxes	36,070,880	-	-
Delinquent property taxes	4,163,014	-	-
Due from other governmental units	3,538,527	261,278	-
Due from component units	40,438	-	-
Accrued interest receivable	1,505,529	-	295,737
Accounts receivable	33,862	479,318	-
Contracts receivable	32,005,766	-	-
Due from other funds	20,753,380	602,105	5,861,063
Prepayments and other assets	133,923	80	-
Total current assets	178,991,531	1,861,033	168,181,654
Advances	-	-	-
Special assessments receivable	-	-	-
Contracts receivable	-	-	-
Total assets	$ 178,991,531	$ 1,861,033	$ 168,181,654
Liabilities and Fund Balances			
Current liabilities			
Vouchers payable	$ 5,956,810	$ 17,359	$ -
Accrued payroll	16,411,738	-	-
Due to other governmental units	1,486,200	127,487	-
Due to other funds	17,545,229	1,250,165	-
Due to component units	69,049	-	-
Deferred revenue	31,881,990	-	-
Deferred revenue - property taxes	21,363,588	-	-
Other accrued liabilities	5,479,987	437,100	-
Total current liabilities	100,194,591	1,832,111	-
Deferred revenue	-	-	-
Advances	-	-	-
Total liabilities	100,194,591	1,832,111	-
Fund balances			
Reserved			
Long-term receivables	-	-	-
Prepayments	133,923	-	-
Programs	265,185	-	-
Debt service	-	-	-
Unreserved, designated for, reported in:			
Encumbrances	542,088	28,922	-
General fund	77,058,362	-	-
Special revenue funds	-	-	168,181,654
Capital projects funds	-	-	-
Unreserved, undesignated reported in:			
General fund	797,382	-	-
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Total fund balances	78,796,940	28,922	168,181,654
Total liabilities and fund balances	$ 178,991,531	$ 1,861,033	$ 168,181,654

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

County of Oakland
Balance Sheet (Continued)
Governmental Funds
September 30, 2007

	Major Funds			
	Interim Retiree Medical Benefit Trust	Water and Sewer Debt Act 342	Non-Major Funds	Totals September 30, 2007
Assets				
Current assets				
Pooled cash and investments	$ 558,603,001	$ 723,954	$ 79,071,378	$ 881,687,651
Receivables (net of allowance for uncollectibles where applicable)				
Current property taxes	-	-	-	36,070,880
Delinquent property taxes	-	-	-	4,163,014
Due from other governmental units	-	26,270	20,516,004	24,342,079
Due from component units	-	-	772,801	813,239
Accrued interest receivable	1,925,632	588	448,840	4,176,326
Accounts receivable	-	-	457,581	970,761
Contracts receivable	-	-	32,667	32,038,433
Due from other funds	-	-	8,002,642	35,219,190
Prepayments and other assets	-	-	2,203,125	2,337,128
Total current assets	560,528,633	750,812	111,505,038	1,021,818,701
Advances	-	-	800,000	800,000
Special assessments receivable	-	27,150,000	17,096,825	44,246,825
Contracts receivable	-	-	28,184,333	28,184,333
Total assets	$ 560,528,633	$ 27,900,812	$ 157,586,196	$ 1,095,049,859
Liabilities and Fund Balances				
Current liabilities				
Vouchers payable	$ -	$ 548,426	$ 2,423,313	$ 8,945,908
Accrued payroll	-	-	-	16,411,738
Due to other governmental units	-	-	627,700	2,241,387
Due to other funds	-	-	16,957,132	35,752,526
Due to component units	-	-	-	69,049
Deferred revenue	-	-	9,032,464	40,914,454
Deferred revenue - property taxes	-	-	-	21,363,588
Other accrued liabilities	285,426	186,832	15,364,546	21,753,891
Total current liabilities	285,426	735,258	44,405,155	147,452,541
Deferred revenue	-	27,150,000	45,181,825	72,331,825
Advances payable	-	-	800,000	800,000
Total liabilities	285,426	27,885,258	90,386,980	220,584,366
Fund balances				
Reserved				
Long-term receivables	-	-	899,333	899,333
Prepayments	-	-	-	133,923
Programs	560,243,207	-	13,764,753	574,273,145
Debt service	-	15,554	427,197	442,751
Unreserved, designated for, reported in:				
Encumbrances	-	-	37,192	608,202
General fund	-	-	-	77,058,362
Special revenue funds	-	-	42,717,724	210,899,378
Capital projects funds	-	-	3,260,193	3,260,193
Unreserved, undesignated reported in:				
General fund	-	-	-	797,382
Special revenue funds	-	-	(83,268)	(83,268)
Capital projects funds	-	-	6,176,092	6,176,092
Total fund balances	560,243,207	15,554	67,199,216	874,465,493
Total liabilities and fund balances	$ 560,528,633	$ 27,900,812	$ 157,586,196	$ 1,095,049,859

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, 2007

Total fund balances for governmental funds		$ 874,465,493
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	$ 7,235,551	
Construction in progress, not being depreciated	49,719,171	
Land improvements, net of $905,619 depreciation	225,663	
Buildings and improvements, net of $67,379,797 depreciation	107,402,136	
Equipment and vehicles, net of $7,046,899 depreciation	6,843,571	
Infrastructure, net of $8,893,908 depreciation	15,562,697	
		186,988,789
Other long-term assets are not available to pay for current period expenditures and therefore are not reported in the funds.		
Capital lease receivable		7,580,000
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.		107,009,466
Delinquent real property taxes were deferred in the governmental funds because they were not available to pay for current year expenditures.		17,200,574
Long-term receivables such as special assessments and contracts receivable are expected to be collected over several years and are deferred in the governmental funds and are not available to pay for current year expenditures.		72,331,825
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	(698,570,000)	
Accrued interest payable	(271,952)	
		(698,841,952)
Net assets of governmental activities		$ 566,734,195

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, 2007

	Major Funds		
	General	Public Health	Revenue Sharing Reserve
Revenues			
Taxes	$ 339,186,628	$ -	$ -
Special assessments		-	-
Federal grants	182,653	36,600	-
State grants	9,600	4,755,127	-
Other intergovernmental revenues	12,613,371	-	-
Charges for services	83,454,723	2,343,170	-
Contributions	50,000	9,842	-
Investment income	5,679,576	-	5,254,728
Indirect cost recovery	9,042,090	-	-
Other	1,928,473	64,356	-
Total revenues	452,147,114	7,209,095	5,254,728
Expenditures			
Current operations			
County executive	65,057,455	33,626,261	-
Clerk/register of deeds	11,400,193	-	-
Treasurer	3,950,160	-	-
Justice administration	59,300,242	-	-
Law enforcement	149,739,660	-	-
Legislative	5,350,336	-	-
Drain commissioner	5,425,568	-	-
Non-departmental	18,357,731	-	-
Total current operations	318,581,345	33,626,261	-
Capital outlay	594,301	-	-
Intergovernmental	-	-	-
Debt service			
Principal payments	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	319,175,646	33,626,261	-
Excess (deficiency) of revenues over (under) expenditures	132,971,468	(26,417,166)	5,254,728
Other financing sources (uses)			
Transfers in	29,785,515	26,793,937	75,861,063
Transfers out	(158,040,517)	(449,390)	(22,226,000)
Issuance of bonds	-	-	-
Discount on bonds sold	-	-	-
Total other financing sources (uses)	(128,255,002)	26,344,547	53,635,063
Net change in fund balances	4,716,466	(72,619)	58,889,791
Fund balances			
October 1, 2006	74,080,474	101,541	109,291,863
September 30, 2007	$ 78,796,940	$ 28,922	$ 168,181,654

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

County of Oakland
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
Year Ended September 30, 2007

	Major Funds			
	Interim Retiree Medical Benefit Trust	Water and Sewer Debt Act 342	Non-Major Funds	Totals September 30, 2007
Revenues				
Taxes	$ -	$ -	$ -	$ 339,186,628
Special assessments	-	2,622,054	9,706,035	12,328,089
Federal grants	-	-	44,952,354	45,171,607
State grants	-	-	20,218,865	24,983,592
Other intergovernmental revenues	-	-	2,995,187	15,608,558
Charges for services	49,503	8,663	22,197,291	108,053,350
Contributions	-	-	104,934	164,776
Investment income	19,767,990	7,891	2,759,335	33,469,520
Indirect cost recovery	-	-	-	9,042,090
Other	-	-	1,786,704	3,779,533
Total revenues	19,817,493	2,638,608	104,720,705	591,787,743
Expenditures				
Current operations				
County executive	-	-	75,989,415	174,673,131
Clerk/register of deeds	-	-	1,991,143	13,391,336
Treasurer	-	-	2,763,911	6,714,071
Justice administration	-	-	27,143,289	86,443,531
Law enforcement	-	-	7,263,608	157,003,268
Legislative	-	-	-	5,350,336
Drain commissioner	-	2,125	6,822,486	12,250,179
Non-departmental	14,539,435	-	725,314	33,622,480
Total current operations	14,539,435	2,125	122,699,166	489,448,332
Capital outlay	-	-	18,035,891	18,630,192
Intergovernmental	-	59,238	22,577	81,815
Debt service				
Principal payments	-	1,590,000	11,410,000	13,000,000
Interest and fiscal charges	-	1,038,879	5,424,829	6,463,708
Total expenditures	14,539,435	2,690,242	157,592,463	527,624,047
Excess (deficiency) of revenues over (under) expenditures	5,278,058	(51,634)	(52,871,758)	64,163,696
Other financing sources (uses)				
Transfers in	-	-	66,773,874	199,214,389
Transfers out	-	-	(16,512,105)	(197,228,012)
Issuance of bonds	556,985,000	-	5,500,000	562,485,000
Discount on bonds sold	(2,019,851)	-	(65,450)	(2,085,301)
Total other financing sources (uses)	554,965,149	-	55,696,319	562,386,076
Net change in fund balances	560,243,207	(51,634)	2,824,561	626,549,772
Fund balances				
October 1, 2006	-	67,188	64,374,655	247,915,721
September 30, 2007	$ 560,243,207	$ 15,554	$ 67,199,216	$ 874,465,493

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

County of Oakland
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities
Year Ended September 30, 2007

Net change in fund balance - total governmental funds		$ 626,549,772
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.		
Land	$ 2,500	
Construction in progress	12,282,132	
Equipment and vehicles	579,328	
Depreciation expense	(5,609,916)	
		7,254,044
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		446,998
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.		(740,000)
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.		4,764,300
Delinquent real property taxes reported in the Statement of Activities did not provide current year financial resources in the governmental funds.		
Prior year's deferral	(9,970,274)	
Current year deferral	17,200,574	
		7,230,300
Revenue from special assessments and contracts receivable reported in the Statement of Activities in previous years did not provide current financial resources in the governmental funds until the current year.		(5,568,175)
Current year special assessments and contracts receivable reported in the Statement of Activities did not provide current year financial resources in the governmental funds.		11,695,000
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	(562,485,000)	
Repayment of bond principal	13,000,000	
Accrued interest	458,313	
		(549,026,687)
Change in net assets of governmental activities		$ 102,605,552

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, 2007

	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	$ 14,624,851	$ 153,926,791	$ 17,886,895	$ 16,182,580
Delinquent property taxes	-	78,201,449	-	-
Due from other governmental units	72,316	1,435,853	1,404,756	1,397,450
Due from component units	-	-	-	2,117
Accrued interest receivable	107,754	1,357,465	76,570	142,701
Accounts receivable (net of allowance for uncollectibles where applicable)	410,124	8,708,417	396,086	15,601,422
Due from other funds	-	-	-	397,830
Current portion of contracts receivable	3,405,434	-	-	-
Current portion of advances receivable	-	450,383	-	-
Inventories and supplies	-	-	42,670	97,509
Prepayments and other assets	130,496	-	17,192	4,362
Total current assets	18,750,975	244,080,358	19,824,169	33,825,971
Noncurrent assets				
Advances	-	1,004,979	-	-
Capital assets, net				
Land and other nondepreciable assets	39,751,242	-	24,768,139	-
Land improvements, net	8,750,250	-	-	-
Building and improvements, net	10,743,518	-	19,583,944	-
Equipment and vehicles, net	34,934	-	1,171,694	48,418
Infrastructure, net	80,900	-	23,148,073	28,974,664
Total noncurrent assets	59,360,844	1,004,979	68,671,850	29,023,082
Total assets	78,111,819	245,085,337	88,496,019	62,849,053
Liabilities				
Current liabilities				
Vouchers payable	21,838	1,608,998	137,254	1,718,914
Accrued payroll	-	-	-	-
Due to other governmental units	42,932	195,146	-	823,397
Due to other funds	-	1,500,000	190	459,965
Deferred revenue	3,267,736	-	198,358	-
Capital lease obligation - current portion	250,000	-	525,000	-
Notes payable	-	25,000,000	-	-
Current portion of compensated absences	-	-	-	-
Current portion of claims and judgments	-	-	-	-
Current portion of advances payable	-	-	-	-
Other accrued liabilities	512,935	234,845	221,064	2,611,988
Total current liabilities	4,095,441	28,538,989	1,081,866	5,614,264
Noncurrent liabilities				
Capital lease obligations	5,705,000	-	1,100,000	-
Accrued compensated absences	-	-	-	-
Claims and judgments	-	-	-	-
Advances	-	-	-	-
Total noncurrent liabilities	5,705,000	-	1,100,000	-
Total liabilities	9,800,441	28,538,989	2,181,866	5,614,264
Net assets				
Invested in capital assets, net of related debt	53,405,844	-	67,046,850	29,023,082
Restricted for programs	218,342	-	-	10,208,225
Unrestricted	14,687,192	216,546,348	19,267,303	18,003,482
Total net assets	$ 68,311,378	$ 216,546,348	$ 86,314,153	$ 57,234,789

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

County of Oakland
Statement of Net Assets (Continued)
Proprietary Funds
September 30, 2007

	Business-Type Activities - Enterprise Funds		
	Non-Major Funds	Totals September 30, 2007	Governmental Activities - Internal Service Funds
Assets			
Current assets			
Pooled cash and investments	$ 87,154,593	$ 289,775,710	$ 112,454,575
Delinquent property taxes	-	78,201,449	-
Due from other governmental units	19,342,916	23,653,291	71,140
Due from component units	491,914	494,031	65,834
Accrued interest receivable	647,382	2,331,872	667,851
Accounts receivable (net of allowance for uncollectibles where applicable)	693,564	25,809,613	272,493
Due from other funds	129,213	527,043	4,161,441
Current portion of contracts receivable	107,531	3,512,965	-
Current portion of advances receivable	-	450,383	-
Inventories and supplies	742,549	882,728	471,374
Prepayments and other assets	1,264,680	1,416,730	13,466,625
Total current assets	110,574,342	427,055,815	131,631,333
Noncurrent assets			
Advances	-	1,004,979	-
Capital assets, net			
Land and other nondepreciable assets	38,760,791	103,280,172	3,961,921
Land improvements, net	-	8,750,250	-
Building and improvements, net	2,086,871	32,414,333	737,711
Equipment and vehicles, net	6,073,606	7,328,652	25,659,138
Infrastructure, net	33,916,414	86,120,051	258,744
Total noncurrent assets	80,837,682	238,898,437	30,617,514
Total assets	191,412,024	665,954,252	162,248,847
Liabilities			
Current liabilities			
Vouchers payable	596,271	4,083,275	7,562,910
Accrued payroll	-	-	42,639
Due to other governmental units	16,309,688	17,371,163	383,666
Due to other funds	30,129	1,990,284	2,164,864
Deferred revenue	429,390	3,895,484	4,740
Capital lease obligation - current portion	-	775,000	-
Notes payable	-	25,000,000	-
Current portion of compensated absences	-	-	1,331,839
Current portion of claims and judgments	-	-	4,264,473
Current portion of advances payable	-	-	450,383
Other accrued liabilities	795,964	4,376,796	7,139,773
Total current liabilities	18,161,442	57,492,002	23,345,287
Noncurrent liabilities			
Capital lease obligations	-	6,805,000	-
Accrued compensated absences	-	-	11,986,550
Claims and judgments	-	-	18,902,565
Advances	-	-	1,004,979
Total noncurrent liabilities	-	6,805,000	31,894,094
Total liabilities	18,161,442	64,297,002	55,239,381
Net assets			
Invested in capital assets, net of related debt	80,837,682	230,313,458	30,617,514
Restricted for programs	-	10,426,567	-
Unrestricted	92,412,900	360,917,225	76,391,952
Total net assets	$ 173,250,582	$ 601,657,250	$ 107,009,466

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
Year Ended September 30, 2007

	Business-Type Activities - Enterprise Funds			
	Major			
	County Airports	Delinquent Tax Revolving	Parks and Recreation	Water and Sewer Trust
Operating revenues				
Charges for services	$ 5,393,841	$ 16,163,675	$ 8,666,037	$ 41,919,433
Other	1,996	1,788	17,573	106,063
Total operating revenues	5,395,837	16,165,463	8,683,610	42,025,496
Operating expenses				
Salaries	1,128,219	51,889	8,017,891	7,048,485
Fringe benefits	612,432	28,020	2,992,262	3,262,160
Contractual services	1,753,370	328,989	5,128,625	29,797,157
Commodities	128,802	-	1,116,037	1,899,008
Depreciation	1,624,193	-	3,208,678	659,458
Internal services	254,118	217,480	1,112,325	2,264,815
Intergovernmental	-	-	-	1,529,421
Total operating expenses	5,501,134	626,378	21,575,818	46,460,504
Operating income (loss)	(105,297)	15,539,085	(12,892,208)	(4,435,008)
Nonoperating revenues (expenses)				
Property taxes	-	-	14,636,020	-
Contributions	-	-	7,819	-
Interest revenue	810,138	9,839,265	1,044,333	1,273,495
Interest expense and paying agent fees	(242,359)	(1,324,750)	(74,908)	-
Gain (loss) on sale of property and equipment	-	-	22,406	-
Total nonoperating revenues	567,779	8,514,515	15,635,670	1,273,495
Income (loss) before transfers and contributions	462,482	24,053,600	2,743,462	(3,161,513)
Transfers and contributions				
Capital contributions	4,022,511	-	2,158,361	973,039
Transfers in	-	-	-	-
Transfers out	-	(12,865,643)	-	-
Total transfers and contributions	4,022,511	(12,865,643)	2,158,361	973,039
Change in net assets	4,484,993	11,187,957	4,901,823	(2,188,474)
Net assets				
October 1, 2006	63,826,385	205,358,391	81,412,330	59,423,263
September 30, 2007	$ 68,311,378	$ 216,546,348	$ 86,314,153	$ 57,234,789

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

County of Oakland
Statement of Revenues, Expenses and Changes in Fund Net Assets (Continued)
Proprietary Funds
Year Ended September 30, 2007

	Business-Type Activities - Enterprise Funds		
	Non-Major Funds	Totals September 30, 2007	Governmental Activities - Internal Service Funds
Operating revenues			
Charges for services	$ 104,135,205	$ 176,278,191	$ 202,067,535
Other	1,855,530	1,982,950	9,767
Total operating revenues	105,990,735	178,261,141	202,077,302
Operating expenses			
Salaries	6,086,477	22,332,961	21,511,221
Fringe benefits	3,016,021	9,910,895	11,263,880
Contractual services	91,889,894	128,898,035	158,422,662
Commodities	1,969,872	5,113,719	7,331,461
Depreciation	6,571,545	12,063,874	8,122,916
Internal services	2,529,086	6,377,824	6,381,816
Intergovernmental	-	1,529,421	-
Total operating expenses	112,062,895	186,226,729	213,033,956
Operating income (loss)	(6,072,160)	(7,965,588)	(10,956,654)
Nonoperating revenues (expenses)			
Property taxes	-	14,636,020	-
Contributions	5,795	13,614	-
Interest revenue	4,619,467	17,586,698	8,410,272
Interest expense and paying agent fees	-	(1,642,017)	(91,832)
Gain (loss) on sale of property and equipment	(23,805)	(1,399)	134,201
Total nonoperating revenues	4,601,457	30,592,916	8,452,641
Income (loss) before transfers and contributions	(1,470,703)	22,627,328	(2,504,013)
Transfers and contributions			
Capital contributions	3,598,087	10,751,998	295,970
Transfers in	3,906,923	3,906,923	8,062,428
Transfers out	(756,035)	(13,621,678)	(1,090,085)
Total transfers and contributions	6,748,975	1,037,243	7,268,313
Change in net assets	5,278,272	23,664,571	4,764,300
Net assets			
October 1, 2006	167,972,310	577,992,679	102,245,166
September 30, 2007	$ 173,250,582	$ 601,657,250	$ 107,009,466

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

County of Oakland
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2007

	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	$ 5,242,137	$ 13,676,390	$ 7,225,875	$ 41,739,916
Cash paid to suppliers	(2,769,232)	(20,886,506)	(10,488,491)	(42,666,200)
Cash paid to employees	(1,128,219)	(51,889)	(8,051,134)	(7,095,911)
Net cash provided by (used in) operating activities	1,344,686	(7,262,005)	(11,313,750)	(8,022,195)
Cash flows from noncapital financing activities				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	(11,365,643)	-	-
Amounts received on contracts	-	-	-	-
Interest received on contracts	-	-	-	-
Contributions	-	-	7,819	-
Issuance of short-term borrowings	-	25,000,000	-	-
Repayments received on advances	-	450,383	-	-
Property taxes	-	-	14,636,020	-
Interest paid on short-term borrowings	-	(1,324,750)	-	-
Payments on short-term borrowings	-	(25,000,000)	-	-
Net cash provided by (used in) noncapital financing activities	-	(12,240,010)	14,643,839	-
Cash flows from capital and related financing activities				
Transfers from other funds	-	-	-	-
Capital contributions	-	-	1,329,014	-
Proceeds from sale of capital assets	-	-	22,406	-
Acquisition of capital assets	(588,063)	-	(5,782,391)	(16,096)
Payments on capital lease obligation	(240,000)	-	(500,000)	-
Interest and fees paid on capital lease obligation	(242,359)	-	(74,908)	-
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	(1,070,422)	-	(5,005,879)	(16,096)
Cash flows from investing activities				
Interest on investments	757,249	9,104,005	1,059,089	1,186,466
Net cash provided by investing activities	757,249	9,104,005	1,059,089	1,186,466
Net increase (decrease) in cash and cash equivalents	1,031,513	(10,398,010)	(616,701)	(6,851,825)
Pooled cash and investments				
October 1, 2006	13,593,338	164,324,801	18,503,596	23,034,405
September 30, 2007	$ 14,624,851	$ 153,926,791	$ 17,886,895	$ 16,182,580

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

County of Oakland
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended September 30, 2007

	Business-Type Activities Enterprise Funds		
	Non-Major Funds	Totals September 30, 2007	Governmental Activities - Internal Service Funds
Cash flows from operating activities			
Cash received from users	$ 110,376,960	$ 178,261,278	$ 201,220,498
Cash paid to suppliers	(100,538,741)	(177,349,170)	(186,613,788)
Cash paid to employees	(6,139,152)	(22,466,305)	(21,578,628)
Net cash provided by (used in) operating activities	3,699,067	(21,554,197)	(6,971,918)
Cash flows from noncapital financing activities			
Transfers from other funds	3,892,523	3,892,523	2,903,670
Transfers to other funds	-	(11,365,643)	(1,090,085)
Amounts received on contracts	-	-	12,268
Interest received on contracts	-	-	975
Contributions	5,795	13,614	-
Issuance of short-term borrowings	-	25,000,000	-
Repayments received on advances	-	450,383	-
Property taxes	-	14,636,020	-
Interest paid on short-term borrowings	-	(1,324,750)	-
Payments on short-term borrowings	-	(25,000,000)	-
Net cash provided by (used in) noncapital financing activities	3,898,318	6,302,147	1,826,828
Cash flows from capital and related financing activities			
Transfers from other funds	14,400	14,400	5,158,758
Capital contributions	-	1,329,014	-
Proceeds from sale of capital assets	133	22,539	812,668
Acquisition of capital assets	(704,535)	(7,091,085)	(5,351,021)
Payments on capital lease obligation	-	(740,000)	-
Interest and fees paid on capital lease obligation	-	(317,267)	-
Amount paid on advances and equipment contracts	-	-	(450,383)
Interest paid on advances and equipment contracts	-	-	(91,832)
Net cash provided by (used in) capital and related financing activities	(690,002)	(6,782,399)	78,190
Cash flows from investing activities			
Interest on investments	4,293,756	16,400,565	8,024,088
Net cash provided by investing activities	4,293,756	16,400,565	8,024,088
Net increase (decrease) in cash and cash equivalents	11,201,139	(5,633,884)	2,957,188
Pooled cash and investments			
October 1, 2006	75,953,454	295,409,594	109,497,387
September 30, 2007	$ 87,154,593	$ 289,775,710	$ 112,454,575

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

County of Oakland
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended September 30, 2007

	Business-Type Activities - Enterprise Funds			
	Major			
	County Airports	Delinquent Tax Revolving	Parks and Recreation	Water and Sewer Trust
Operating income (loss)	$ (105,297)	$ 15,539,085	$ (12,892,208)	$ (4,435,008)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	1,624,193	-	3,208,678	659,458
(Increase) decrease in delinquent property taxes receivable	-	(21,205,994)	-	-
(Increase) decrease in due from other governmental units	(594)	390,421	(1,370,106)	(267,199)
(Increase) decrease in due from component units	-	-	-	(1,180)
(Increase) decrease in accounts receivable	(15,227)	(2,489,073)	(113,592)	(1,279,990)
(Increase) decrease in due from other funds	-	-	-	1,262,789
(Increase) decrease in contracts receivable	(137,698)	-	-	-
(Increase) decrease in inventories and supplies	-	-	(6,499)	48,013
(Increase) decrease in prepayments and other assets	(48,743)	-	279	(3,029)
Increase (decrease) in vouchers payable	(9,679)	578,158	(209,460)	(462,786)
Increase (decrease) in accrued payroll	-	-	(33,243)	(47,426)
Increase (decrease) in due to other governmental units	-	(29,353)	-	(54,168)
Increase (decrease) in due to other funds	-	-	(10,679)	(3,393,917)
Increase (decrease) in deferred revenue	(181)	-	25,963	-
Increase (decrease) in current portion of compensated absences	-	-	-	-
Increase (decrease) in current portion of claims and judgments	-	-	-	-
Increase (decrease) in current portion of contracts payable	-	-	-	-
Increase (decrease) in other accrued liabilities	37,912	(45,249)	87,117	(47,752)
Increase (decrease) in accrued compensated absences	-	-	-	-
Increase (decrease) in claims and judgments	-	-	-	-
Net cash provided by (used in) operating activities	$ 1,344,686	$ (7,262,005)	$ (11,313,750)	$ (8,022,195)

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

County of Oakland
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended September 30, 2007

	Business-Type Activities - Enterprise Funds		
	Non-Major Funds	Totals September 30, 2007	Governmental Activities - Internal Service Funds
Operating income (loss)	$ (6,072,160)	$ (7,965,588)	$ (10,956,654)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation expense	6,571,545	12,063,874	8,122,916
(Increase) decrease in delinquent property taxes receivable	-	(21,205,994)	-
(Increase) decrease in due from other governmental units	861,313	(386,165)	21,247
(Increase) decrease in due from component units	(464,505)	(465,685)	57,990
(Increase) decrease in accounts receivable	1,537,364	(2,360,518)	83,957
(Increase) decrease in due from other funds	2,832,813	4,095,602	(1,019,998)
(Increase) decrease in contracts receivable	-	(137,698)	-
(Increase) decrease in inventories and supplies	8,540	50,054	129,442
(Increase) decrease in prepayments and other assets	(986,931)	(1,038,424)	(8,643,723)
Increase (decrease) in vouchers payable	181,181	77,414	5,232,202
Increase (decrease) in accrued payroll	(52,675)	(133,344)	(67,407)
Increase (decrease) in due to other governmental units	1,175,984	1,092,463	48,268
Increase (decrease) in due to other funds	(1,260,792)	(4,665,388)	831,554
Increase (decrease) in deferred revenue	(380,760)	(354,978)	4,740
Increase (decrease) in current portion of compensated absences	-	-	28,579
Increase (decrease) in current portion of claims and judgments	-	-	(591,145)
Increase (decrease) in current portion of contracts payable	-	-	(132,368)
Increase (decrease) in other accrued liabilities	(251,850)	(219,822)	1,054,637
Increase (decrease) in accrued compensated absences	-	-	257,210
Increase (decrease) in claims and judgments	-	-	(1,433,365)
Net cash provided by (used in) operating activities	$ 3,699,067	$ (21,554,197)	$ (6,971,918)

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

Noncash transactions
Enterprise Funds
Major funds:
Noncash and capital related financing activities included capital assets contributed in the amount of $4,022,511, $829,347, and $973,039 in the County Airports fund, Parks and Recreation fund, and the Water and Sewer Trust fund, respectively.

Noncash and non-capital related financing activities included recording of Contracts Receivable and Deferred Revenue of $3,267,736 in the County Airports fund, and Transfers to other funds of $1,500,000 included in Due to Other Funds liability in the Delinquent Tax Revolving fund.

Nonmajor funds:
Noncash and capital related financing activities included write-off of $23,938 in fully depreciated assets, and transfer of $756,035 of capital assets to the general government in the Medical Care Facility fund, contribution of capital assets of $535,477 and $3,062,610 in the Evergreen-Farmington SDS and CLEMIS funds, respectively, purchase of capital assets of $29,275 included in Other accrued liabilities and write-off of $27,088 in fully depreciated capital assets in the Radio Communications fund.

Noncash and non-capital related financing activities included recording of Contracts Receivable and Deferred Revenue of $107,531 in the CLEMIS fund.

Internal Service Funds
Noncash capital and related financing included contributions of $105,517 (net of $3,400 accumulated depreciation) of capital assets from the Motor Pool fund to the Facilities Maintenance & Operations fund, and $190,453 of capital assets (software) in the Information Technology fund.

Fiduciary Fund Financial Statements

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

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

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

Combining schedules for fiduciary funds are presented, by fund type, in the following sections:
Pension (and Other Postemployment Benefits) Trust funds
Investment Trust funds
Agency funds

County of Oakland
Statement of Fiduciary Net Assets
Fiduciary Funds
September 30, 2007

	Pension (and Other Post-employment Benefits) Trust Funds	Investment Trust Funds	Agency Funds
Assets			
Cash and cash equivalents	$ 49,079,557	$ 11,403,870	$ 757,706
Pooled cash and investments	-	-	308,639,643
Investments, at fair value			
Common stock	667,352,064	-	-
Government securities	94,931,849	-	-
Corporate bonds	119,752,623	-	-
Municipal bonds	3,333,121	-	-
Asset-backed fixed income	15,811,714	-	-
CMO/REMIC investments	19,530,312	-	-
Mortgage-backed securities	36,716,299	-	-
Short-term investments	6,580,077	-	-
Commercial mortgage-backed securities	37,799,551	-	-
Money market funds	58,571,677	-	-
International common stock	92,345,107	-	-
Equity REIT	21,035,688	-	-
Other	5,498,697	-	-
Total investments	1,179,258,779	-	-
Receivables - interest and dividends	4,571,814	25,223	248,655
Receivables - other	3,857	-	-
Prepaid expenses	122,967	-	-
Total assets	1,233,036,974	11,429,093	309,646,004
Liabilities			
Vouchers payable	231,182	-	87,584,341
Due to other governmental units	-	-	203,700,629
Other accrued liabilities	1,998,448	-	18,361,034
Total liabilities	2,229,630	-	309,646,004
Net assets			
Held in Trust for Pension and other Postemployment healthcare benefits, and pool participants	$ 1,230,807,344	$ 11,429,093	$ -

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, 2007

	Pension (and Other Post-employment Benefits) Trust Funds	Investment Trust Funds
Additions		
Contributions		
Employer	$ 54,780,659	$ -
Pool participants	-	6,419,768
Plan members	1,071,409	-
Total contributions	55,852,068	6,419,768
Investment income	132,504,795	306,880
Other revenue	980,955	-
Total additions	189,337,818	6,726,648
Deductions		
Benefits	52,278,359	-
Administrative expenses	3,586,392	-
Distribution to pool participants	-	935,375
Total deductions	55,864,751	935,375
Net increase	133,473,067	5,791,273
Net assets held in trust for pension and other postemployment healthcare benefits, and pool participants October 1, 2006	1,097,334,277	5,637,820
September 30, 2007	$ 1,230,807,344	$ 11,429,093

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

Component Unit Financial Statements

Component Units

Drainage Districts - This component unit consists of many individual districts created for the purpose of alleviating drainage problems. This involves accounting for the resources and costs associated with the construction, maintenance, and financing of the individual drainage districts.

Road Commission - This component unit is responsible for the construction and maintenance of the County's system of roads and bridges, and is principally funded by the State-collected vehicle fuel and registration taxes under Public Act 51.

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

County of Oakland
Statement of Net Assets
Component Units
September 30, 2007

	Drainage Districts	Road Commission	Total Component Units
Assets			
Current assets			
Pooled cash and investments	$ 25,433,576	$ -	$ 25,433,576
Cash and cash equivalents	-	17,725,503	17,725,503
Investments	-	29,490,300	29,490,300
Receivables (net of allowance for uncollectibles where applicable)			
Special assessments	-	9,419,589	9,419,589
Due from other governmental units	665,782	-	665,782
Due from primary government	69,049	-	69,049
Accrued interest receivable	216,309	384,448	600,757
Accounts receivable	8,265	19,944,926	19,953,191
Inventories and supplies	-	3,502,828	3,502,828
Prepayments and other assets	-	833,353	833,353
Total current assets	26,392,981	81,300,947	107,693,928
Capital assets, net			
Land and other nondepreciable assets	149,726,095	148,598,208	298,324,303
Land improvements, net	-	388,211	388,211
Buildings and improvements, net	-	9,241,941	9,241,941
Equipment and vehicles, net	-	11,161,775	11,161,775
Infrastructure, net	273,580,541	474,911,634	748,492,175
Total capital assets, net	423,306,636	644,301,769	1,067,608,405
Special assessments receivable	166,015,000	-	166,015,000
Total assets	615,714,617	725,602,716	1,341,317,333
Liabilities			
Current liabilities			
Vouchers payable	2,740,954	7,655,972	10,396,926
Due to other governmental units	4,571,944	-	4,571,944
Due to primary government	1,313,541	59,563	1,373,104
Deferred revenue and advances	-	12,713,714	12,713,714
Accrued interest payable	49,997	71,110	121,107
Current portion of long-term debt	12,475,000	2,475,000	14,950,000
Other accrued liabilities	1,088,644	4,133,319	5,221,963
Total current liabilities	22,240,080	27,108,678	49,348,758
Deferred revenue	3,404,592	-	3,404,592
Bonds and notes payable	150,820,408	7,975,000	158,795,408
Accrued compensated absences	-	3,385,579	3,385,579
Claims and judgements	-	2,000,000	2,000,000
Total liabilities	176,465,080	40,469,257	216,934,337
Net assets			
Invested in capital assets, net of related debt	260,011,228	633,851,769	893,862,997
Restricted for			
Capital projects	11,543,458	-	11,543,458
Debt service	164,030,631	-	164,030,631
Unrestricted	3,664,220	51,281,690	54,945,910
Total net assets	$ 439,249,537	$ 685,133,459	$ 1,124,382,996

The accompanying notes are an integral part of the financial statements

County of Oakland
Statement of Activities
Component Units
Year Ended September 30, 2007

		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	$ 11,812,927	$ 1,830,465	$ 906,169	$ 7,704,991	$ (1,371,302)	$ -	$ (1,371,302)
Road Commission	88,324,057	16,462,040	63,928,870	44,991,410	-	37,058,263	37,058,263
Total component units	$ 100,136,984	$ 18,292,505	$ 64,835,039	$ 52,696,401	(1,371,302)	37,058,263	35,686,961
General Revenues							
Unrestricted investment earnings					1,409,787	2,806,906	4,216,693
Change in net assets					38,485	39,865,169	39,903,654
Net assets							
Beginning					439,211,052	645,268,290	1,084,479,342
Ending					$ 439,249,537	$ 685,133,459	$ 1,124,382,996

The accompanying notes are an integral part of the financial statements

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, 2007, 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, 2006, is not reported in the financial statements of Oakland County.

- Complete financial statements of the Road Commission, which includes the Road Commission Retirement System and its separately issued statements, can be obtained from its administrative offices as follows:

  Road Commission for Oakland County
  31001 Lahser Road
  Beverly Hills, Michigan 48025

- ***Drainage Districts*** **–** This component unit consists of approximately 200 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 Road Commission for Oakland County and the State of Michigan for road drainage. All activities of the various drainage districts are administered by the Oakland County Drain Commissioner. However, the drainage districts are not subject to the County's appropriation process. Because of the relationship between the component unit and the primary government, it would be misleading to exclude the Drainage Districts Component Unit from the financial statements of Oakland County.

- The financial activities of the Drainage Districts as of and for the year ended September 30, 2007 are reported discretely as a governmental fund type. There are no separately issued financial statements of this component unit, although financial information for the specific drainage districts may be obtained from:

  Oakland County 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** consist 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 the degree to which direct expenses that are clearly identifiable with a given functional category (General Government, Public Safety, Justice Administration, Citizen Services, Public Works, Recreation and Leisure, and Commerce and Community Development) are offset by program revenues. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or category, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular functional category. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Property taxes and certain intergovernmental revenues are reported instead as general revenues, which are used to cover the net cost of the various functional categories of the County.

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

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

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

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

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

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

The 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 Revenue Sharing Reserve Fund accounts for the State mandated transfers of equal amounts for a three-year period of the property tax shift from a winter levy to a summer levy to replace county revenue-sharing payments. These transfers from the General Fund will amount to the property tax levy for fiscal year 2004.

The Interim Retirees Medical Benefits Trust Fund accounts for monies received from the sale of trust certificates for the purpose of funding future estimated accrued actuarial liabilities of medical benefits of Oakland County retirees.

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

The County reports the following major enterprise funds:

The 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 the Oakland County parks system.

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 include health, workers' compensation, unemployment compensation, information technology, various equipment revolving funds, and central service-type operations.

Enterprise Funds, business-type activities, report operations for services to the general public, financed primarily by user charges intended to recover the cost of services provided, and include three airports, 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 consist of Pension (and other post-employment benefits) Trust, Investment Trust, and Agency funds, which 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, Pension Trust and Investment Trust Funds are accounted for on a flow-of-economic-resources measurement focus. All assets and liabilities are included on the Statement of Net 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 and July 1 of each year (see note 4) 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 days of the end of the fiscal period. Expenditures are recorded when the related fund liability is incurred, except debt service expenditures, which are recorded when paid.

- Proprietary, Pension Trust and Investment Trust Funds use the accrual basis of accounting. Under this method, 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 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 (GAAP basis) in that property tax revenue is recognized when made available by Board resolution. The budget was legally adopted by the Board of Commissioners prior to September 30, 2006 and presented in a separate document. Appropriation budgets were adopted for the General Fund and the following Special Revenue funds: Public Health, Child Care, and Social Welfare-Foster Care. Appropriations lapse at the end of the year. Project-length financial plans are budgeted for the remainder of the Special Revenue funds and for all Debt Service and Capital Projects funds. Budget and actual comparisons for such funds are not reported in the financial statements because annual budgets are not prepared.

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 designated within fund balance. In the succeeding year, the encumbrances are re-appropriated by the Board of Commissioners to cover the unliquidated encumbrances included in fund equity.

Pooled Cash and Investments
The County maintains a cash and investment pool for all funds except the pension trust funds, the Interim Retiree Medical Benefits Trust fund, and two agency funds (Jail Inmate Trust and District Court Trust), in order to maximize investment earnings. Investments of the pool are not segregated by fund but each contributing fund’s balance is treated as equity in the pool. For funds not in the pool, cash equivalents are considered to be demand deposits and short-term investments with an original maturity date of three months or less from the date of acquisition.

Cash overdrafts occurring in funds participating in pooled cash accounts at September 30, 2007 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 inter-fund 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, 2007.

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

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

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

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

Prepayments
Payments made for services that will benefit periods beyond September 30, 2007 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 lives of the major classes of property and equipment follow:

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

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

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

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

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 are used to finance the expenditures of the current fiscal period (October 1, 2006 through September 30, 2007) and are reported as revenues in the financial statements. Amounts not collected within 60 days of the end of the fiscal year are considered unavailable for the current period, and are reported as deferred revenue.

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, 2007. 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.

Accounting and Reporting Change
During fiscal year 2007, the County implemented Governmental Accounting Standards Board Statement No. 43, *Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement established uniform financial reporting standards for OPEB plans. Additional disclosures have been included in the Notes to the Financial Statements and in the Required Supplemental Information sections as required by this standard.

2. Legal Compliance - Budgets

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

The Board of Commissioners is authorized to make amendments to the various budgets as deemed necessary. Current year supplemental budgetary appropriations were not material. Funds 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, Revenue Sharing Reserve, Child Care, and Social Welfare-Foster Care. The budgetary comparison for the General Fund, the Public Health fund and Revenue Sharing Reserve fund (major special revenue funds) are presented in the Required Supplementary Information. The Child Care and Social Welfare Foster Care funds are presented in the Special Revenue Funds section.

The Interim Retiree Medical Benefits Trust Fund was created in June 2007 to account for proceeds from the sale of Certificates of Participation. This fund is a major special revenue fund and a budgetary comparison schedule should be presented in the Required Supplemental Information. A budget was not adopted for this fund in the current year, but this fund will be budgeted in fiscal year 2008 and thereafter.

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

(a) Transfers may be made from the non-departmental overtime reserve account and fringe benefit adjustment account to the appropriate departmental budget as specific overtime requests are reviewed and approved by the Fiscal Officer. Additionally, overtime appropriations may be transferred between divisions within a department at the request of the department head, if authorized by the Fiscal Officer or designee.

(b) Transfers may be made from the non-departmental appropriation reserve accounts for maintenance department charges and miscellaneous capital outlay to the appropriate departmental budgets as specific requests for these items are reviewed and approved by the Fiscal Officer.

(c) Transfers may be made from the non-departmental appropriation reserve accounts, emergency salaries, and summer help as specific requests for these items are reviewed and approved by the Director of the Human Resources Department.

At year end, the Board of Commissioners adopts a resolution which authorizes and closes amounts exceeding the original appropriation against the balances in other appropriations and closes the remaining balance to the General Fund's "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			
Central Services			
Operating expenditures	$ 59,279	$ 70,626	$ 11,347
Human Resources			
Internal support expenditures	968,731	995,240	26,509
Human Services			
Internal support expenditures	6,872	7,020	148
Public Services			
Personnel expenditures	11,182,886	11,184,543	1,657
Clerk/Register of Deeds			
Personnel expenditures	7,058,840	7,116,458	57,618
Law Enforcement			
Sheriff			
Operating expenditures	9,796,114	10,301,117	505,003
Drain Commissioner			
Internal support expenditures	1,380,933	1,402,859	21,926
Special Revenue Funds			
Public Health Fund			
County Executive			
Human Services			
Operating expenditures	5,356,132	5,363,587	7,455
Internal support expenditures	4,505,675	4,569,580	63,905
Child Care Fund			
County Executive			
Human Services			
Personnel expenditures	12,633,081	12,684,709	51,628
Internal support expenditures	2,305,799	2,326,953	21,154
Justice Administration			
Circuit Court			
Operating expenditures	9,844,251	10,872,256	1,028,005

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 2008.

3. Deposits and Investments

The County has deposits and investments which are maintained for its primary government, component unit and fiduciary fund type.

For the primary government, the County manages its investments in a pool format which is used by all County funds. Share value is maintained at $1, with interest rates floating daily. Investment income is allocated back to County funds based on their share of the pool which is based on their average daily cash balance.

For its pool, the County only uses federal and state-chartered banks and savings institutions, which are members of the FDIC, and have a location in the state of Michigan. All deposits and investments for the pool are held in the County's name and tax ID number.

During fiscal year 2005, the Board of Commissioners allowed the County Treasurer to offer an investment pool to local units of government, within the County, as a Local Government Investment Pool (LGIP). Contracted participants deposits are treated just like County funds and receive a share of earnings based on their average daily cash balance. The LGIP is not subject to regulatory oversight, is not registered with the SEC and does not issue a separate report. The LGIP is managed as a 2(a)7 fund with its net asset value maintained at $1. Fair value of the position in the pool is the same as the value of the pool shares. The LGIP has not provided or obtained any legally binding guarantees during the period to support the value of the shares. Investments are valued monthly.

Deposits

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

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

As of September 30, 2007, the bank balance of the County's deposits was $506,200,000. Insured deposits were $2,400,000, and the remaining $503,800,000 was uninsured, uncollateralized, and held in the County's name.

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

The County's Investment Policy allows for the use of bank deposits including certificates of deposit. The only limitation placed on bank deposits is that they cannot exceed 60% of the total investment portfolio. In addition, the County's investment policy allows for no more than 15% be invested with any single financial institution.

At September 30, 2007, the Road Commission component unit had $40,358,893 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The book balance for these deposits has been reported on the Statement of Net Assets as cash and cash equivalents of $17,730,913 and investments of $21,350,000. .

Investments - Internal Investment Pool

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 and the Investment policy as adopted by the County's Board of Commissioners. The County's Investment Policy is more restrictive than state law and allows for the following instruments:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of Michigan financial institutions.
3. Commercial paper rated at the time of purchase at the *highest* classification established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
4. Repurchase agreements consisting of instruments in subdivision 1. The PSA Master Repurchase Agreement prototype agreement shall be employed with appropriate supplemental provisions regarding security delivery, security substitutions, and governing law. A signed Repurchase agreement must be on file before entering into a repurchase transaction.
5. Bankers' acceptances of United States banks.
6. Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than 1 standard rating service.
7. Obligations described in subdivisions 1 through 6 if purchased through an inter-local agreement under the Urban Cooperation Act of 1967.
8. Investment pools organized under the Surplus Funds Investment Pool Act, PA 367 of 1982.
9. Investment pools organized under the Local Government Investment Pool Act, PA 121 of 1985.
10. Mutual funds registered under the Investment Company Act of 1940 with authority to only purchase investment vehicles that are legal for direct investment by a Michigan public corporation. Investment is limited to mutual funds that maintain a net asset value of $1.00 per share.

As of September 30, 2007, the County had the following deposit and investment types in its internal investment pool.

Deposit and Investment Type	Weighted Average Market Value	Maturity (days)
Certificates of Deposit (1)	$506,200,000	69
Money Market Investment Pools	111,794,572	1
Commercial Paper	182,664,333	11
U.S. Agencies	380,637,488	166
Total Market Value of Internal Investment Pool	$1,181,296,393	
Weighted Average Maturity of Internal Investment Pool (in days)		82

(1) The certificates of deposit are non-negotiable and therefore are not considered investments. They are presented here to give a clear picture of the investment pools' overall weighed average maturity.

Credit Risk – The County has $380,637,488 invested in U.S. Agencies which are rated AAA by Standard & Poor's and Aaa by Moody's. State law limits investments in commercial paper to the top two ratings issued by a nationally recognized statistical rating organization (NRSROs). It is the County's policy to further limit its investments in commercial paper to only the top rating as issued by NRSROs. As of September 30, 2007, the County had $109,899,986 invested in A1+ (S&P), P1 (Moody's) commercial paper and $72,764,347 invested in A1(S&P), P1 (Moody's) commercial paper. Three of the money market investment pools used by the County, with a fair value of $98,944,899 at September 30, 2007, carry an AAA (Standard & Poor's) and an Aaa (Moody's) rating. Six other money market investment pools used by the County, with a fair value of $12,849,673 at September 30, 2007, are not rated. The County's investment policy is silent on the use of rated versus unrated money market funds. In addition, there is no rating requirement for those money market funds that are rated.

Custodial Credit Risk – Investments is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments that are in the possession of another side party. The County's Investment Policy requires that all investment transactions (including collateral for repurchase agreements) be conducted on a delivery-versus-payment (DVP) basis. Securities shall be held by a third-party custodian, as designated by the County Treasurer, and shall be evidenced by a safekeeping receipt. As of September 30, 2007, $575,485,000 in investments, at par value, was held in third-party safekeeping in the County's name.

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

Concentration of Credit Risk – Investments - On September 30, 2007, the County had investments of 5% or more, of the total portfolio, with the following U.S. Agency issuers: Fannie Mae 8.26%, Federal Home Loan Bank 12.4% and Freddie Mac 11.96%. No other issuer of investments exceeded 5%. The County's investment policy allows for no more than 15% be invested with any single financial institution.

Interest Rate Risk – To limit its exposure to fair value losses from raising interest rates, the County's Investment Policy limits the County's internal investment pool from purchasing investments that have a final maturity that is no more than three years from the date of purchase. As of September 30, 2007, the internal investment pool had a weighted average maturity of 81 days and the longest investment maturity in the portfolio was 358 days (0.98 years).

Investments – Pension Trust and Intermediate Retiree Medical Benefits Trust Funds

The Pension Trust Funds and the Intermediate Retirees Medical Benefits Trust Fund investments are made in accordance with Act 55 of the Michigan Public Acts of 1982, as amended, and are limited to no more than 65 percent in common stock. In addition, no investments, loans, or leases are with parties related to the pension plan.

Pension investments are made through the use of Investment Advisors which are selected and retained by the various Retirement Boards (PERS, VEBA and IRMB). The advisors serve at the leisure of the various boards as provided by investment agreements. At September 30, 2007, the Primary Government's Pension Trust fund had 18 investment advisors. Investments are held in street name by safekeeping agents under formal trust agreements and/or in the Retirement Systems' name.

On June 28, 2007, the Oakland County Retiree Medical Benefit Funding trust sold $556,985,000 in Taxable Certificates of Participation (COPS) to provide a funding source for the Intermediate Retiree Medical Benefit Trust. Annual transfers from the Intermediate Retiree Medical Benefit Trust will be made to the VEBA Trust to fund the estimated unfunded accrued actuarial liabilities for retiree medical benefits. The Intermediate Trust has invested those Certificate proceeds in a fashion similar to the VEBA Trust, and are included below.

As of September 30, 2007, the County had the following investment types in its Retirement System:

Investment Type	Fair Value	Percentage	Average Duration
Government Bonds	$173,742,774	10.1%	5.363 years
Asset-Backed Fixed Income	19,766,242	1.2	2.594
Commercial Mortgage Backed Securities	50,121,073	2.9	2.594
Mortgage Backed Securities	72,912,702	4.3	2.594
Municipal Bonds	3,333,121	.2	3.113
Corporate Bonds	153,415,427	8.9	4.546
CMO/REMIC Investments	19,583,044	1.1	4.439
Common Stock	956,775,089	55.7	N/A
Equity ADR	8,805,736	.5	N/A
Equity REIT	30,770,724	1.8	N/A
International Common Stock	58,066,740	3.4	N/A
Investment Companies-Mutual Funds	79,454,983	4.6	N/A
Money Market Funds	79,036,934	4.6	.0027
Short Term Investments	11,334,164	.7	.18
Real Estate	14,141	.0	N/A
Total	$1,717,132,894	100.0%	

Credit Risk The Board's adopted Statement of Investment Goals and Objectives (SIGO) states that no non-convertible bonds and convertible securities are authorized for purchase. In addition, no more than 10% of the total value of the portfolio, at the time of purchase, may be held in non-investment grade bonds as rated by Moody's and/or Standard & Poor's. Ninety percent of the total value of the portfolio must have a quality rating of A or better by Moody's and Standard & Poor's. Any security held in the portfolio that drops below investment grade as rated by Moody's or Standard & Poor's shall be sold immediately. As of September 30, 2007, debt obligation investments held in the retirement system had the following ratings:

		Ratings	
Fair Value	Percentage	Moodys	S&P
$389,546,944	72.85%	Aaa	AAA
4,793,479	0.90	Aa1	AA+
15,958,729	2.98	Aa2	AA
25,819,839	4.83	Aa3	AA-
25,059,428	4.69	A1	A+
30,188,103	5.65	A2	A
13,252,905	2.48	A3	A-
14,924,512	2.79	Baa1	BBB+
11,740,430	2.20	Baa2	BBB
3,419,467	0.63	Baa3	BBB-
$ 534,703,836	100.00%		

Custodial Credit Risk is the risk that, in the event of the failure of the counterparty, the Retirement System would not be able to recover the value of its investments that are in the possession of another side party. The Retirement System's Statement of Investment Goals and Objectives (SIGO) require that all investment transactions shall be conducted through a custodian that will act as the system's third party. Securities shall be held by the custodian, as designated by the Retirement Boards, and shall be evidenced by a custodial report. As of September 30, 2007, $1,717,118,753 in investments was held in third-party safekeeping in the County's name.

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

For equities, holdings of all securities of an industry group should not exceed 25% of the portfolio at cost. ADRs should not exceed a maximum of 10% of the portfolio at cost and shall be further limited to Canadian securities and non-U.S. domiciled corporations issuing U.S. securities. As of September 30, 2007, as reported by the system's investment managers, no holdings exceed any of the Board's adopted limits.

Interest Rate Risk The Board's adopted Statement of Investment Goals and Objectives (SIGO) places no limitation on the system's fixed income managers on the length to maturity for fixed income investments. As the schedule indicates above, the system's fixed income investments had average durations of between .18 years and 5.363 years which is reasonable given the long-term nature of the system. Having reasonable durations will reduce the retirement system's risk exposure to raising interest rates.

Security Lending Transactions Under the provisions of State statutes, the Oakland County Employees' Retirement System lends U.S. government securities, corporate bonds, and common stock to brokers and/or dealers in exchange for collateral that will be returned for the same securities in the future. The County's custodial bank (agent) manages the securities lending program and receives cash and cash equivalent securities as collateral. The custodial bank does not have the ability to pledge or sell collateral securities unless the borrower defaults. Borrowers are required to deliver collateral for each loan equal to but not less than 102 percent of the market value of the loaned securities.

The County did not impose any restrictions during the year ended September 30, 2007 on the amount of loans that the agent made on its behalf. There were also 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, 2007, 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, 2007 were $359,870,290 and $350,926,646, respectively, or 102.55% collateral to market value coverage.

Collateralized Mortgage Obligations In the County's Retirement System investment portfolio are Collateralized Mortgage Obligations (CMOs) with a market value of $59,593,977 as of September 30, 2007. Investments include U.S. government-issued asset-backed certificates and corporate-issued asset-backed certificates. CMOs have maturity dates through the year 2049 and are backed by investments in various assets, including mortgages.

Interest Rate Risk - Collateralized Mortgage Obligations The market value of such investments can be affected by, among other factors, changes in interest rates, including the effect of prepayments, marketability, and default rates on assets underlying the securities. At September 30, 2007, the Retirement system's investment in CMOs included investment in the Interest Only (IO) Class. Prepayments on the CMO related mortgages, especially those with relatively high interest rates, could reduce the yields on the Interest Only Class and could even result in the failure of investors in that Class to recover their investments. As prepayments increase in falling interest rate environments, IOs have a negative duration, which means their price typically rises when interest rates rise. At September 30, 2007, the County's CMO portfolio, at its greatest level (2049), had 15,330 days-to-maturity.

Variable Rate Coupon Notes and Bonds In the County's Retirement System investment portfolio are Variable Rate coupon instruments with a market value of $15,565,211 as of September 30, 2007. Such investments include U.S. government-issued securities and corporate-issued securities. The variable rate securities have maturities through the year 2049 and are backed by investments in various assets, including mortgages.

Interest Rate Risk – Variable Rate Coupon Notes and Bonds The market value of these investments can be affected by, among other factors, changes in interest rates which affect their marketability. At September 30, 2007, the Retirement System was holding variable rate instruments that are reset against the LIBOR (London Interbank Offering Rate) with a plus factor. The coupons had short reset points ranging from every quarter to every month. The shorter the reset point the less sensitive the investment is to interest rate changes.

4. Receivables

Property Taxes

Prior to 2004, taxes were levied on December 1 on the taxable value of real and personal property as established the preceding December 31. Taxes became a lien on the property on December 1 and were due and payable on that date through February 28 of the following year, after which unpaid taxes became delinquent and subject to penalty. Michigan Public Act 357 of 2004 required a gradual shift of county property tax levies from winter to summer as a substitute to county revenue sharing from the State. This caused an accelerated levy of one-third of the millage rate times the 2005 taxable values on July 1. The levy dated December 1, 2005 for fiscal year 2006 was at two-thirds of the levy rate, then a levy dated July 1, 2006 at two-thirds of the levy rate times 2006 taxable values; then one-third of the levy rate billed on the levy of December 1, 2006 for fiscal year 2007. The entire County Operating Tax is levied on July 1 each year beginning in 2007. 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 2006 winter levy amounted to $76,439,725,583, with taxable values of $62,133,415,235 and equalized values for the summer 2007 levy totaled $77,331,082,036 with taxable values of $64,720,016,857. The operating tax rate for the 2006 winter levy, collected in 2007, was 1.39 mills, and the 2007 summer levy was 4.19 mills for a total of 5.58 mills. There is an additional 0.2415 mills voted for Parks and Recreation (winter levy only). As a side note, the date for delinquencies did not change with the shift in levy dates; therefore, while the levies are accelerated, the collections are not necessarily so.

Delinquent Taxes

The Treasurer purchases, at face amount, real property tax receivables that are delinquent on March 1. These receivables ($78,201,449 at September 30, 2007) 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 $26,002,940 in 2007, are used to service the notes payable.

5. Allowances for Uncollectible Receivables

At September 30, 2007, the allowances for uncollectible receivables were as follows:

General Fund	$ 1,298,177
Enterprise funds	
County Airports	34,116
Radio Communications	53,493
Total	$ 1,385,786

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, 2007:

	Employees' Retirement	**VEBA Trust**
Interest and dividends	$ 23,027,497	$ 9,941,255
Unrealized/ Realized gain on sale of investments (net)	69,168,247	30,367,796
Total	$ 92,195,744	$ 40,309,051

7. Capital Assets

An analysis of property and equipment as reported in the Statement of Net Assets, and related accumulated depreciation, at September 30, 2007, for governmental activities follows:

	Balance October 1, 2006	Additions	Disposals	Balance September 30, 2007
Governmental Activities				
Capital assets not being depreciated				
Land	$ 7,672,088	$ 2,500	$ (309,037)	$ 7,365,551
Construction in progress	79,125,292	12,861,868	(38,436,068)	53,551,092
Total capital assets not being depreciated	86,797,380	12,864,368	(38,745,105)	60,916,643
Capital assets being depreciated				
Land improvements	1,131,282	-	-	1,131,282
Buildings and improvements	135,415,318	41,185,635	-	176,600,953
Equipment and vehicles	95,451,162	5,976,883	(3,923,172)	97,504,873
Infrastructure	27,612,517	13,771	-	27,626,288
Total capital assets being depreciated	259,610,279	47,176,289	(3,923,172)	302,863,396
Less: Accumulated depreciation				
Land improvements	878,593	27,026	-	905,619
Buildings and improvements	62,310,063	6,151,043	-	68,461,106
Equipment and vehicles	59,073,991	9,097,286	(3,169,113)	65,002,164
Infrastructure	11,085,359	719,488	-	11,804,847
Total accumulated depreciation	133,348,006	15,994,843	(3,169,113)	146,173,736
Total capital assets being depreciated, net	126,262,273	31,181,446	(754,059)	156,689,660
Governmental activities capital assets, net	$ 213,059,653	$ 44,045,814	$ (39,499,164)	$ 217,606,303

Depreciation expense was charged to functions as follows:	
Public safety	$ 2,339,603
Justice administration	746,051
Citizens services	358,214
Public infrastructure	623,950
Commerce and Community Development	26,613
Unallocated depreciation	1,515,485
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	8,122,916
Total depreciation expense - governmental activities	$ 13,732,832

The variance in depreciation expense compared to additions to accumulated depreciation is a result of transfer of accumulated depreciation from the Medical Care Facility, enterprise fund to the general government.

A summary of business-type property and equipment at September 30, 2007 follows:

	Balance October 1, 2006	Additions	Disposals	Balance September 30, 2007
Business-type Activities				
Capital assets not being depreciated				
Land	$ 49,118,047	$ 5,865,495	$ (16,143)	$ 54,967,399
Construction in progress	46,188,537	12,542,636	(10,430,400)	48,300,773
Other	12,000	-	-	12,000
Total capital assets not being depreciated	95,318,584	18,408,131	(10,446,543)	103,280,172
Capital assets being depreciated				
Land improvements	23,909,455	-	(13,771)	23,895,684
Buildings and improvements	47,260,438	4,695,608	(3,004,276)	48,951,770
Equipment and vehicles	46,602,711	2,482,502	(469,060)	48,616,153
Infrastructure	227,583,886	1,504,101	(117,888)	228,970,099
Total capital assets being depreciated	345,356,490	8,682,211	(3,604,995)	350,433,706
Less: Accumulated depreciation				
Land improvements	13,981,318	1,177,887	(13,771)	15,145,434
Buildings and improvements	17,603,564	1,182,113	(2,248,240)	16,537,437
Equipment and vehicles	37,401,259	4,331,366	(445,124)	41,287,501
Infrastructure	137,488,522	5,372,508	(10,982)	142,850,048
Total accumulated depreciation	206,474,663	12,063,874	(2,718,117)	215,820,420
Total capital assets being depreciated, net	138,881,827	(3,381,663)	(886,878)	134,613,286
Business-type activities capital assets, net	$ 234,200,411	$ 15,026,468	$ (11,333,421)	$ 237,893,458

Depreciation expense was charged to functions as follows:

Airports	$ 1,624,193
Community safety support	3,712,937
Community water and sewer	659,458
Recreation and leisure	3,208,678
Sewage disposal systems	2,800,879
Skilled nursing care	57,729
Total depreciation expense - business-type activities	$ 12,063,874

Disposals included transfer of capital assets of $756,035 (net of accumulated depreciation) from the Medical Care Facility to the general government.

An analysis of property and equipment, and related accumulated depreciation where applicable, at September 30, 2007, for component units follows:

	Balance October 1, 2006	Additions	Disposals	Balance September 30, 2007
Component Units				
Drainage Districts				
Capital assets not being depreciated				
Construction in progress	$ 156,045,142	$ 5,515,429	$ (11,834,476)	$ 149,726,095
Capital assets being depreciated				
Infrastructure	325,001,965	11,834,476	-	336,836,441
Less: Accumulated depreciation				
Infrastructure	60,017,256	3,238,644	-	63,255,900
Total capital assets being depreciated, net	264,984,709	8,595,832	-	273,580,541
Governmental activity capital assets, net	$ 421,029,851	$ 14,111,261	$ (11,834,476)	$ 423,306,636
Road Commission				
Capital assets not being depreciated				
Land and other	$ 138,812,063	$ 9,765,645	$ -	$ 148,577,708
Construction in progress	1,134,087	-	(1,113,587)	20,500
Total capital assets not being depreciated	139,946,150	9,765,645	(1,113,587)	148,598,208
Capital assets being depreciated				
Buildings and storage bins	16,536,829	1,281,074	-	17,817,903
Road equipment	45,568,987	4,483,100	(378,114)	49,673,973
Other equipment	5,847,970	66,133	(126,700)	5,787,403
Infrastructure	748,681,739	59,021,391	-	807,703,130
Brine wells and gravel pits	1,364,232	-	-	1,364,232
Total capital assets being depreciated	817,999,757	64,851,698	(504,814)	882,346,641
Less: Accumulated depreciation				
Buildings and storage bins	8,204,515	371,447	-	8,575,962
Road equipment	36,597,543	3,877,802	(378,114)	40,097,231
Other equipment	3,858,137	470,933	(126,700)	4,202,370
Infrastructure	302,304,621	30,486,875	-	332,791,496
Brine wells and gravel pits	888,311	87,710	-	976,021
Total accumulated depreciation	351,853,127	35,294,767	(504,814)	386,643,080
Total capital assets being depreciated, net	466,146,630	29,556,931	-	495,703,561
Governmental activity capital assets, net	$ 606,092,780	$ 39,322,576	$ (1,113,587)	$ 644,301,769

8. Long-term Debt

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

Primary Government

	Interest rate	October 1, 2006	Additions	Reductions	September 30, 2007	Amounts due within one year	Amounts due thereafter	General obligation	With governmental commitment
Debt with limited taxing authority									
Building authority - Act 31	2.50%-5.60%	$ 84,500,000	$ 5,500,000	$ (3,965,000)	$ 86,035,000	$ 4,300,000	$ 81,735,000	$ 65,955,000	$ 20,080,000
Building authority refunding	4.37%-4.75%	15,365,000	-	(2,310,000)	13,055,000	2,345,000	10,710,000	5,050,000	8,005,000
Certificates of Participation - Taxable	6.00%-6.25%	-	556,985,000	-	556,985,000	20,765,000	536,220,000	556,985,000	-
Lake levels - Act 451	2.25%-3.40%	490,000	-	(50,000)	440,000	55,000	385,000	-	440,000
Sewage disposal - Act 342	3.50%-8.50%	4,985,000	-	(385,000)	4,600,000	1,640,000	2,960,000	-	4,600,000
Water and sewer - Act 342	4.00%-4.50%	3,700,000	-	(150,000)	3,550,000	330,000	3,220,000	-	3,550,000
Water supply - Act 342	4.40%-7.00%	11,950,000	-	(605,000)	11,345,000	150,000	11,195,000	-	11,345,000
Water and sewer refunding bonds	2.00%-3.50%	2,210,000	-	(285,000)	1,925,000	310,000	1,615,000	-	1,925,000
Water supply refunding bonds	4.40%-4.70%	2,065,000	-	(245,000)	1,820,000	250,000	1,570,000	-	1,820,000
Sewage disposal refunding bonds	3.00%-5.20%	17,715,000	-	(4,555,000)	13,160,000	3,350,000	9,810,000	-	13,160,000
Michigan Bond Authority - Sewage Disposal Bonds	2.25%	6,105,000	-	(450,000)	5,655,000	455,000	5,200,000	-	5,655,000
Total bonds - governmental activities		$ 149,085,000	$ 562,485,000	$ (13,000,000)	$ 698,570,000	$ 33,950,000	$ 664,620,000	$ 627,990,000	$ 70,580,000
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, 2006	Additions	Reductions	September 30, 2007	Amounts due within one year	Amounts due thereafter	General obligation	With governmental commitment
Debt with limited taxing authority									
Drain bonds - Act 40	3.60%-8.00%	$ 36,020,000	$ -	$ (14,015,000)	$ 22,005,000	$ 2,080,000	$ 19,925,000	$ 1,563,278	$ 20,441,722
Drain Notes - Act 40	2.90%	685,000	-	-	685,000	685,000	-	685,000	-
Drain refunding bonds	3.75%-6.70%	38,475,000	12,460,000	(4,025,000)	46,910,000	4,775,000	42,135,000	3,588,144	43,321,856
Michigan Bond Authority - Drain Bonds	2.00%-2.50%	97,954,167	561,241	(4,820,000)	93,695,408	4,935,000	88,760,408	1,668,412	92,026,996
Total Drainage Districts		$ 173,134,167	$ 13,021,241	$ (22,860,000)	$ 163,295,408	$ 12,475,000	$ 150,820,408	$ 7,504,834	$ 155,790,574
Total County Debt		$ 347,219,167	$ 600,506,241	$ (60,860,000)	$ 886,865,408	$ 71,425,000	$ 815,440,408	$ 660,494,834	$ 226,370,574

Road Commission	Interest rate	October 1, 2006	Additions	Reductions	September 30, 2007	Amounts due within one year	Amounts due thereafter	General obligation	With governmental commitment
Compensated absences	--	$ 3,217,245	$ 168,334	$ -	$ 3,385,579	$ -	$ 3,385,579	$ -	$ 3,385,579
Self-insured losses	--	2,150,000	-	(150,000)	2,000,000	-	2,000,000	-	2,000,000
Michigan Transportation Fund revenue notes	3.50%-4.75%	7,925,000	5,000,000	(2,475,000)	10,450,000	2,475,000	7,975,000	-	10,450,000
Total Road Commission		$ 13,292,245	$ 5,168,334	$ (2,625,000)	$ 15,835,579	$ 2,475,000	$ 13,360,579	$ -	$ 15,835,579
Total reporting entity		$ 360,511,412	$ 605,674,575	$ (63,485,000)	$ 902,700,987	$ 73,900,000	$ 828,800,987	$ 660,494,834	$ 242,206,153

The annual requirements to pay principal and interest on debt outstanding at September 30, 2007 (excluding the liabilities for compensated absences and uninsured losses for the Road Commission component unit) were:

	Bonds with limited taxing authority		Certificates of Participation limited taxing authority		Notes with limited taxing authority		Total primary government	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	$ 13,185,000	$ 6,046,392	$ 20,765,000	$ 33,604,137	$ 25,000,000	$ 656,250	$ 58,950,000	$ 40,306,779
2009	11,855,000	5,506,674	16,610,000	32,482,888	-	-	28,465,000	37,989,562
2010	10,690,000	5,028,235	17,590,000	31,456,887	-	-	28,280,000	36,485,122
2011	7,170,000	4,636,684	18,320,000	30,379,588	-	-	25,490,000	35,016,272
2012	7,225,000	4,355,014	19,545,000	29,243,638	-	-	26,770,000	33,598,652
2013-2017	36,475,000	17,309,378	114,085,000	126,906,287	-	-	150,560,000	144,215,665
2018-2022	36,785,000	9,410,355	150,245,000	86,925,000	-	-	187,030,000	96,335,355
2023-2027	16,130,000	1,445,207	199,825,000	32,673,281	-	-	215,955,000	34,118,488
2028-2032	2,070,000	189,000	-	-	-	-	2,070,000	189,000
Totals	$ 141,585,000	$ 53,926,939	$ 556,985,000	$ 403,671,706	$ 25,000,000	$ 656,250	$ 723,570,000	$ 458,254,895

	Drainage Districts		Road Commission		Total reporting entity	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	$ 12,475,000	$ 5,145,935	$ 2,475,000	$ 426,650	$ 73,900,000	$ 45,879,364
2009	11,885,000	4,705,625	2,475,000	323,813	42,825,000	43,019,000
2010	12,395,000	4,310,319	1,500,000	220,000	42,175,000	41,015,441
2011	12,705,000	3,889,364	1,500,000	160,000	39,695,000	39,065,636
2012	11,280,000	3,452,959	500,000	100,000	38,550,000	37,151,611
2013-2017	50,105,000	11,775,478	2,000,000	200,000	202,665,000	156,191,143
2018-2022	38,410,000	4,977,521	-	-	225,440,000	101,312,876
2023-2027	14,040,408	482,750	-	-	229,995,408	34,601,238
2028-2032	-	-	-	-	2,070,000	189,000
Totals	$ 163,295,408	$ 38,739,951	$ 10,450,000	$ 1,430,463	$ 897,315,408	$ 498,425,309

The County has pledged its full faith and credit on debt totaling $886,865,408. By statute, general obligation debt is limited to 10 percent of the state equalized value. As of September 30, 2007, the debt limit was $7,733,108,204. The County is obligated if payments received on assessments or contracts levied against benefiting municipalities are insufficient to meet principal and interest requirements of this debt when due, and is shown in the preceding table as debt "with governmental commitment."

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

Building Authority – Act 31
Act 31, Michigan Public Acts of 1948, provides for an authority to issue bonds to build and equip various public buildings, which are then leased to the County. Proceeds from these leases are used to repay the bonds. The collection of lease payments and retirement of debt is reflected in the respective Debt Service fund. At September 30, 2007, there were nine issues outstanding, totaling $86,035,000, maturing in the years 2008-2027, which represents debt originally issued in the years 1999-2007 totaling $103,260,000.

Taxable Certificates of Participation
Represents debt issued in the form of trust certificates to fund future retiree health care costs reported in the VEBA Trust fund. Debt was issued under the authority of Public Act 139, Michigan Public Acts of 1973, in the amount of $556,985,000, maturing in the years 2008 through 2027, and funds were placed in trust in the Intermediate Retirees Medical Benefits fund, a special revenue fund. The annual actuarially determined amount will be transferred from the trust to the VEBA Trust Fund.

Sewage Disposal, Water and Sewer, and Water Supply Bonds – Act 342
Act 342, Michigan Public Acts of 1939 provides for a contract between the County and local municipalities which defines a schedule of annual payments to be made by the municipality to meet principal and interest obligations. Such contractual payments may be funded by 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, 2007, there were nine issues outstanding, totaling $19,495,000, maturing in the years 2008-2030. This represents debt originally issued in the amount of $39,610,000 issued in the years 1988-2005.

Refunding Bonds
Michigan Public Act 202 of 1943 and Act 34 of 2001 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, 2007, there were 12 issues outstanding, totaling $29,960,000, maturing in the years 2008-2027. This represents debt originally issued in the years 1994-2006 totaling $64,165,000.

Michigan Bond Authority Sewage Disposal Bonds
In October 1996, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to $9,350,000 for the White Lake Township Sewage Disposal System project; the entire amount was received as of the end of fiscal year 1999. The amount outstanding for this issue at September 30, 2007 was $5,655,000, which matures in the years 2008-2018.

Lake Levels – Act 146
Act 451 of Michigan Public Acts of 1994 permits the issuance of debt for providing lake level control. Bonds are to be repaid through special assessments levied against benefiting property owners. In October 2004, the County authorized the issuance of bonds in the amount of $575,000 for the Watkins Lake Level. The amount outstanding at September 30, 2007 was $440,000, which matures in the years 2008-2014.

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 $245,085,337 at September 30, 2007, 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, 2007 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 and Notes – 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, 2007, there were 17 issues outstanding, totaling $22,005,000, maturing in the years 2008-2026. This represents original debt issued for $43,775,000 in the years 1993-2006. In May 2005, a Drain Note was issued by a financial institution in the amount of $685,000, which will mature in the year 2008, for purchase of property within the Franklin Sub-Watershed Drainage District. A liability is reported in the financial statements for the Drainage District Component Unit. Funds for repayment of this note will be provided through the sale of the property once drain improvements have been completed.

Drain Refunding Bonds (Component Unit)
Act 202 of 1943 and Act 34 of 2001 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, 2007, there were 17 issues outstanding, totaling $46,910,000, maturing in the years 2008-2024. This represents debt originally issued in the years 1997-2007 in the amount of $64,960,000.

Michigan Bond Authority Drain Bonds (Component Unit)
The County authorized issuance of bonds in the amount of $9,365,000 in 1994 to the Michigan Municipal Bond Authority Revolving Loan fund for the Combined Sewer Overflow Project. In October 2000, the County additionally authorized the issuance of bonds for up to $17,880,000 for the George W. Kuhn Drainage District, with the entire amount from the State Revolving Loan Fund being received by 2005. Further, in 2001, the County authorized an additional $82,200,000 for the George W. Kuhn Drainage District Segment II, with successive authorizations of $1,620,000 in 2005 and $3,170,000 in 2006. Through September 30, 2007, the drainage district received $85,350,408 from the State Revolving Loan Fund for Segment II. At September 30, 2007, there were eight issues outstanding, totaling $93,695,408, maturing in the years 2008-2024.

Advance Refunding of General Obligation Limited Tax Bonds
In June 2006, the County advance refunded a portion of a general obligation limited tax bond issue with surplus construction funds transferred to the debt service fund. These funds were placed in trust for the purpose of generating resources for the repayment of the refunded debt. Accordingly, the trust account assets and liability for the refunded bonds are not included in the County's financial statements. At September 30, 2007, there is an in-substance defeasance of $820,000 of Building Authority Bonds Series 2002A (Rochester Hills - Sheriff Substation), maturing in the years 2020 through 2022 inclusively.

In August 2007, the County issued $12,460,000 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 34, Public Acts of Michigan of 2001. General obligation limited tax refunding drain bonds were issued for the payment of future debt service payments of the refunded debt. The debt refunded amounted to $4,945,000 and $6,845,000 for the George Kuhn Drainage District Series 2000B and 2001E, respectively, maturing in the years 2008 through 2024 inclusively. The refunding was undertaken to reduce the debt service payments over the next 17 years by $610,420 and obtain an economic (present value) gain of $405,211.

Additionally, in 2007, bonds were called as a result of resources provided by the City of Orchard Lake in the form of prepaid assessment rolls. Debt amounting to $255,000 for the City of Orchard Lake Water and Sewer, Series 1994B was eliminated. This resulted in savings to the City of $58,338 for interest during fiscal years 2008 through 2014.

Changes in Other Long-term Liabilities
Long-term liabilities activity, as reported in the Fringe Benefit Fund and Building Liability Insurance Fund, Internal Service funds, for the fiscal year ended September 30, 2007 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities					
Accrued compensated absences	$ 13,032,600	$ 1,303,260	$ (1,017,471)	$ 13,318,389	$ 1,331,839
Claims and judgments					
Accrued unreported health costs	2,873,000	957,667	(797,667)	3,033,000	1,009,989
Accrued workers' compensation	12,401,973	1,194,736	(1,548,899)	12,047,810	1,065,330
Building and liability insurance	9,916,575	1,065,330	(2,895,677)	8,086,228	2,189,154
Governmental activity long-term liabilities	$ 38,224,148	$ 4,520,993	$ (6,259,714)	$ 36,485,427	$ 5,596,312

9. Interfund Balances

Interfund receivables and payables at September 30, 2007 were:

Due to/from other funds:

Receivable Fund	Payable Fund	
General Fund	Public Health	$ 830,259
	Nonmajor governmental	16,284,198
	Delinquent Tax Revolving	1,500,000
	Parks and Recreation	190
	Nonmajor enterprise	28,230
	Internal Service	2,110,503
	Total	20,753,380
Public Health	General Fund	367,276
	Nonmajor governmental	234,829
	Total	602,105
Revenue Sharing Reserve	General	5,861,063
Nonmajor governmental	General	7,145,042
	Public Health	419,906
	Nonmajor governmental	435,795
	Nonmajor enterprise	1,899
	Total	8,002,642
Water and Sewer Trust	Water and Sewer Trust	396,227
	Internal Service	1,603
	Total	397,830
Nonmajor enterprise	General	26,397
	Nonmajor governmental	2,310
	Water and Sewer Trust	63,738
	Internal Service	36,768
	Total	129,213
Internal service	General	4,145,451
	Internal Service	15,990
	Total	4,161,441
	Total	$ 39,907,674

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, 2007 were:

Primary Government	**Component Unit**	
Due from Component Unit	**Due to Primary Government**	
General Fund	Drainage Districts	$ 40,438
Nonmajor governmental	Drainage Districts	772,801
Water and Sewer Trust	Drainage Districts	2,117
Nonmajor enterprise	Drainage Districts	491,914
Internal Service	Drainage Districts	6,271
	Road Commission	59,563
		65,834
	Total	$ 1,373,104

Component Unit	**Primary Government**	
Due from Primary Government	**Due to Component Unit**	
Drainage Districts	General Fund	$ 69,049

Advances to/from other funds (including current and long-term portions) at September 30, 2007 were:

Receivable Fund	**Payable Fund**	
Nonmajor governmental	Nonmajor governmental	$ 800,000
Delinquent Tax Revolving	Internal Service	1,455,362
	Total	$ 2,255,362

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, 2007 were:

Transfers In	Transfers Out	Amount
General Fund	Revenue Sharing Reserve	$ 22,226,000
	Nonmajor governmental	58,628
	Delinquent Tax Revolving	7,500,887
		29,785,515
Public Health	General Fund	26,793,937
Revenue Sharing Reserve	General Fund	75,861,063
Nonmajor governmental	General Fund	46,436,488
	Public Health	449,390
	Nonmajor governmental	13,915,356
	Delinquent Tax Revolving	5,364,756
	Internal Service	607,884
		66,773,874
Nonmajor enterprise	General Fund	3,906,923
Internal Service	General Fund	5,042,106
	Nonmajor governmental	2,538,121
	Internal Service	482,201
		8,062,428
*General government	Nonmajor enterprise	756,035
	Total transfers	$ 211,939,775

*Transfers of capital assets from Medical Care Facility, nonmajor enterprise to general government.

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, 2007, a deficit existed in the following funds:

Special Revenue Funds	
Lake Levels Act 146	$ 48,715
Friend of the Court Grant	2,910
Multi-Organizational Grants	1,413
Law Enforcement Grants	29,184
Judicial Grants	1,046
Capital Projects Fund	
Lake Levels Act 146	49,263
Internal Service Funds	
Drain Equipment	2,363,626
Sheriff Aviation	13,452

The negative unreserved fund balances in the grant funds listed above reflects the fact that these grant funds operate on a reimbursement basis; e.g., the County pays the original expenses and is reimbursed by the grantor agency after submission of the proper support documentation. Typically, reimbursement for year-end expenditures lags by two to three months. Once reimbursement is obtained, the negative unreserved fund balance will be eliminated. Should the reimbursement not be sufficient to cover the expense, the County has match funds budgeted which will be transferred to cover any remaining deficit.

In the Special Revenue funds, the Lake Levels Act 146 fund consists of 30 separate lake level funds. Annually, lake level funds are reviewed and assessments authorized. Assessments are placed on winter (December) tax bills in order to cover any individual fund deficits and anticipated operating costs for the following year. While there are several individual lake level funds with deficit balances, the majority of the overall net negative unreserved fund balance is due to a $149,886 deficit in the Bush Lake Level fund. The deficit in this fund is related to the legal and administrative costs associated with the establishment of the lake level over the past several years. An approved assessment roll was just recently established for Bush Lake, and an assessment of $142,253 will be collected in FY2008 with the balance to be collected in FY2009. It is anticipated that the overall net negative unreserved fund balance for the Lake Level Act 146, Special Revenue fund will be eliminated in FY2008.

The deficit in the Lake Levels Act 146, Capital Projects 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 is funded by a bond issue in the amount of $575,000 received in FY2005. The construction costs exceeded the bond funding for this project and will require additional assessments to be collected from the benefiting residents. The negative unreserved fund balance of $37,696 for this project as of September 30, 2007 will be eliminated by collection of the special assessment to levied on the winter tax schedule (December 2007) in order to eliminate the deficit in FY2008. The remaining negative unreserved fund balance reflects preliminary costs related to the Bush Lake Level project. The project is still in the design stage. Once the project plan and estimate is approved, it is anticipated that bonds will be sold to fund the project with a multiple-year special assessment roll to cover bond principal and interest payments. If the project does not move forward, a special assessment will be issued to cover the preliminary design costs.

The negative unrestricted net assets in the Drain Equipment fund is primarily due to the recent change over the past several years to replace department-owned vehicles with leased vehicles from the Motor Pool Fund. The replacement of Drain department-owned vehicles requires a transfer from the Drain Equipment Fund to the Motor Pool Fund at the time of purchase and the number of owned vehicle replacements has been fairly significant over the past several years. Also, the lease charges from the Motor Pool Fund were more than anticipated (budgeted) for the fiscal year ended September 30, 2007 due to increased operating/fuel costs. Drain Equipment vehicle rates, as well as other equipment rates, have been increased for FY2008 and will continue to escalate in order to cover annual operations and future replacement. It is anticipated the negative unrestricted net assets will be eliminated within the next four fiscal years based on the continued rate adjustments and the decrease in the number of Drain Equipment owned vehicles requiring one-time transfers to the Motor Pool Fund for replacement.

The negative unrestricted net assets in the Sheriff Aviation fund reflects two separate interfund advances (FY2001 and FY2002) 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, which should be completed by FY2011.

Reserved, designated, and undesignated fund balances and net assets at September 30, 2007, including the Road Commission and Drainage Districts component units, were as follows:

		Unreserved	
	Reserved	**Designated**	**Undesignated**
Primary Government			
General Fund			
Encumbrances	$ -	$ 542,088	$ -
Prepaids	133,923	-	-
Future operating requirements	-	53,740,040	-
Capital outlay	-	18,872,800	-
Other programs	265,185	4,445,522	-
Uncommitted	-	-	797,382
	$ 399,108	$ 77,600,450	$ 797,382
Special Revenue Funds			
Encumbrances	$ -	$ 66,114	$ -
Specific programs	560,243,207	210,899,378	(83,268)
	$ 560,243,207	$ 210,965,492	$ (83,268)
Debt Service Funds			
Debt service - general obligations	$ 442,751	$ -	$ -
Capital Projects Funds			
Long-term receivables	$ 899,333	$ -	$ -
Work projects	13,764,753	3,260,193	-
Uncommitted	-	-	6,176,092
	$ 14,664,086	$ 3,260,193	$ 6,176,092

Component Units	Reserved	Unreserved Designated	Unreserved Undesignated
Road Commission			
Governmental Fund			
Construction and maintenance	$ 13,225,258	$ 21,035,518	$ -
Subsequent year's budget	-	7,371,941	-
Long-term portion of provision for uninsured losses	-	2,000,000	-
Compensated absences	-	3,385,579	-
	$ 13,225,258	$ 33,793,038	$ -
Drainage Districts			
Governmental Fund			
Construction and maintenance	$ 15,207,678	$ -	$ -
Debt Service	735,223	-	-
	$ 15,942,901	$ -	$ -

11. Employee Benefits

Primary Government

The County provides various benefits to its employees. Expenditures in 2007 for these benefits totaled the following: medical insurance, $38,695,427; dental insurance, $3,158,958; optical insurance, $284,029; annual and sick leave, $1,280,650; disability, $2,199,580; tuition reimbursement, $303,369; Social Security, $17,296,251; workers' compensation, $1,529,437; and unemployment claims, $498,676.

Road Commission

The Road Commission provides medical, dental, and optical insurance to its employees. Expenditures in 2007 for these benefits approximated $10,225,227. Workers' compensation expense in 2007 approximated $1,118,390.

12. Defined Benefit Pension Plan

Plan Description

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

Since the County does not issue a stand-alone report for its County PERS, following are condensed financial statements for the period as of and including September 30, 2007:

Statement of Net Assets

Cash and investments	$ 837,455,013
Other assets	3,128,895
Total assets	840,583,908
Liabilities	795,300
Net assets	$ 839,788,608

Statement of Changes in Net Assets

Additions:	
Contributions	$ 1,003,782
Investment income	92,195,744
Other revenue	683,784
Total additions	93,883,310
Deductions:	
Benefit payments	32,217,696
Other expenses	3,586,392
Total deductions	35,804,088
Change in net assets	58,079,222
Net assets held in trust, beginning of year	781,709,386
Net assets held in trust, end of year	$ 839,788,608

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, 2005 and September 30, 2004, respectively. There were no contributions from County funds for the years 2000 through 2007.

Sheriff's deputies contribute at a rate of 3 percent of their annual pay for the first 14 years of service and 5 percent thereafter. Command officers contribute 5 percent. General County Option A members who have elected improved benefits contribute 1 percent of their pay after 14 years of service. Contributions received from these employees for the years ended September 30, 2007 and September 30, 2006 amounted to $1,003,782 and $1,016,212, respectively.

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

Benefits

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

Eligible employees under the County plan are provided benefits based on 2%, 2.2% for years in excess of 14 years (Sheriff's deputies, 2.2% for the first 14 years of service, and 2.5% for thereafter, command officers 2.5%) of the final average compensation times the number of years of credited service. Maximum County retirement is 75% of final average compensation, defined as the average of the highest five consecutive years during the last 10 years.

Duty disability benefits provided by the County are computed as a regular retirement, with additional service credited until attainment of age 60, less an amount offset by workers' compensation payments, with a maximum payment of 75% of final average compensation. Non-duty disability benefits after 10 years of service are computed as a regular retirement. Death benefits are provided to beneficiaries after 10 years of service, based on years of service.

Classes of Employees

The County PERS covers the majority of full-time employees of the County hired prior to July 1, 1994. The Plans' membership consists of the following at September 30, 2006, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	1,651
Terminated plan members entitled to, but not yet receiving benefits	243
Active plan members	955
Total	2,849

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.

It is anticipated the County will offer a retirement incentive for qualifying employees to retire in fiscal year 2008, which will further reduce the active plan member count.

Annual Pension Cost

In 1998, the County contributed an amount in excess of the required contribution and as a result the plan is considered as over-funded. The plan consists of three divisions: General County, Command Officers and Sheriff's Deputies, with actuarial assumptions applied to each separately, and in cases where a required contribution is determined for a group, a "transfer" is made between groups to meet any obligation; therefore, the recommended contribution is $0 and 0% since fiscal year 2001. 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. As of the latest available actuarial report dated September 30, 2006, the Retirement System is considered 112% funded.

Fund Balance Reserved for Employees' Pension Benefits

Fund balances reserved for employees' pension benefits include legally required reserves. Fund balance as of September 30, 2007 consists of the following reserves:

Annuity reserve	$ 8,335,090
Pension reserve	540,894,440
Pension accumulated reserve	290,659,078
Total fund balance	$ 839,888,608

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 to the financial statements.

13. Defined Contribution Plans

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

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

Total membership in the OPRS as of September 30, 2007 was 2,806, which includes 679 employees who elected to transfer from the PERS in 1995 through 2000 and 2,127 current employees hired since July 1, 1994.

The County's payroll for employees covered by the OPRS for the year ended September 30, 2007 was $153,728,402, and the County's total payroll was $226,529,242. The required contributions, which matched those actually made, were $6,149,671 by employees and $14,066,721 by the County, representing 4.0% and 9.2% 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. Postemployment Benefits

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

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

In 2007, the County provided 1,776 retirees medical insurance and reimbursed them for Medicare premiums under the Trust. In 2007, the County disbursed $20,060,663 for this purpose.

Postemployment benefits are established and may be amended by the Board of Commissioners in accordance with County policies, union contracts, and plan provisions. The plan covers the following classes of employees: General Union, Command Officers, Deputies, and General Non-Union. The County established a “Retirement Health Savings Plan” beginning January 1, 2007, whereby the general non-union class of employees hired on or after this date will no longer receive a defined health insurance benefit, but will receive a cash payment upon retirement from which they can purchase their own health insurance. At September 30, 2006, the date of the most recent actuarial valuation, membership in the OPEB consisted of 1,771 retirees and beneficiaries currently receiving benefits, 3,654 active employees and 243 terminated employees entitled to benefits but not yet receiving them.

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, 2006. The County's Trust has an estimated unfunded liability that was determined as part of an actuarial valuation as of September 30, 2006, the most recent date for which actuarial data are available, and is as follows:

Retirees and beneficiaries	$ 363,967,112
Vested terminated employees who will be eligible when they collect retirement (age 60 in most cases) and their beneficiaries	52,070,973
Active employees and beneficiaries	413,646,568
Total	829,684,653
Net assets available for benefits, at fair value	303,053,196
Unfunded accrued liability	$ 526,631,457

Unfunded actuarial accrued liabilities are being amortized as a fixed percentage of payroll over a period of 29 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 10%, and a salary inflation rate of 5.25%. They also use varied rates of mortality among employees, retirees, and beneficiaries. In 2007, the County contributed $54,780,659 and earned $40,309,051 of interest income, with retirees contributing $67,627 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. Costs of administering the plan are funded through the Oakland County Fringe Benefits Fund, an internal service fund.

Employer contributions in 2007 for the County OPEB as determined through actuarial valuations performed at September 30, 2005 were: General Union $2,766,186, Command Officers $1,985,668, Deputies $7,752,516, and General Non-Union $42,276,289. This is expressed in percentages of covered payroll as 18.01%, 22.68%, and 16.40%, respectively, for the first three classes. The General Non-Union division is expressed only in dollars due to a change to the level dollar amortization method, used to finance the unfunded accrued liability. Employees are not required to contribute to the plan.

The funding progress of the plan as of September 30, 2006, the most recent actuarial valuation report, is as follows:

Actuarial accrued liability	$ 829,684,653
Actuarial value of assets	303,053,196
Unfunded AAL (UAAL)	$ 526,631,457
Funded ratio	36.5%
Annual covered payroll	$ 201,019,205
UAAL as a percentage of covered payroll	262.0%

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

	Fiscal year ended September 30,		
	2007	**2006**	**2005**
Annual OPEB cost (ARC)	$ 54,780,659	$ 37,488,000	$ 28,777,510
Percentage of ARC contributed	100%	100%	100%
Net OPEB obligation	$ -	$ -	$ -

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

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

Since the County does not issue stand-alone financial reports for the VEBA Trust, following are condensed financial statements as of and including September 30, 2007:

Statement of Net Assets

Cash and investments	$ 390,883,323
Other assets	1,569,743
Total assets	392,453,066
Liabilities	1,434,330
Net assets	$ 391,018,736

Statement of Changes in Net Assets

Additions:	
Contributions	$ 54,848,286
Investment income	40,309,051
Other revenue	297,171
Total additions	95,454,508
Deductions:	
Benefits	20,060,663
Change in net assets	75,393,845
Net assets held in trust, beginning of year	315,624,891
Net assets held in trust, end of year	$ 391,018,736

The Road Commission contributes to the Road Commission for Oakland County Retiree Health Care Trust (the "Trust"). The Trust provides for future payment of medical benefits for eligible retirees, their spouses and their dependents. The obligation to provide benefits to employees was established by negotiation with various collective bargaining units or other actions of the Oakland County Board of Road Commissioners. At December 31, 2006, the date of the most recent actuarial valuation, membership consisted of 441 retirees and beneficiaries currently receiving benefits, 341 vested active employees, and 194 nonvested active employees. For the year ended December 30, 2006, the Road Commission's annual required contribution to the Trust was $9,325,000.

15. Deferred Compensation Plan

In fiscal year 1998, both the County and the Road Commission adopted GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. During fiscal year 1999, as required by the statement, the County and the Road Commission each placed all Deferred Compensation Plan assets with a trustee, relinquishing all fiduciary accountability for the assets. Accordingly, the related assets and liabilities of the plan are not reported in the County and Road Commission financial statements.

16. Risk Management

The County is exposed to various risks of loss related to property, employee injuries, general liability claims, and torts, as well as medical benefits provided to employees. The County has purchased property insurance for: its building and contents in the amount of $300,000,000 loss limit (rated values: building and contents in the amount of $501,779,639, builder's risk in the amount of $2,139,589), electronic data processing equipment in the amount of $39,303,098, boats and motors in the amount of $503,000, ATV/snowmobiles in the amount of $66,000, helicopter physical damage in the amount of $3,442,003, and automobile catastrophe physical damage in the amount of $2,000,000. Liability insurance has been purchased for: airport operations in the amount of $50,000,000, helicopter operations in the amount of $100,000,000, automobile fleet operations in the amount of $5,000,000, fiduciary liability in the amount of $25,000,000, employee bonds in the amount of $3,000,000, travel accident in the amount of $100,000 per person/$500,000 aggregate, N.E.T. law enforcement liability in the amount of $5,000,000, workers' compensation statutory coverage in excess of $500,000 each occurrence self-insured retention and employers liability in the amount of $1,000,000. The County is uninsured for all other risks except as noted.

The Road Commission has similar risks and is uninsured for these claims within certain limits. General liability claims are covered $1,000,000 per occurrence and $4,000,000 in aggregate with a maximum coverage of $15,000,000. Workers' compensation claims are covered with $750,000 per occurrence with no aggregate coverage.

The County and the Road Commission estimate the liability for all the above-mentioned claims that have been incurred through September 30, 2007, including both those claims that have been reported, as well as those that have not yet been reported, and estimates of both future payments of losses and related claim adjustment expenses.

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

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

	September 30, 2007	September 30, 2006
Primary Government		
Beginning-of-period liability	$ 25,191,548	$ 26,442,453
Estimated claims incurred, claim adjustment expenses and changes in estimates		
Provisions for current-year events	48,168,954	42,336,617
Increase (decrease) in provisions for prior-year events	(2,830,882)	(2,819,923)
Total incurred claims, claim adjustment expenses and changes in estimates	45,338,072	39,516,694
Claim payments and claim adjustment expenses		
Related to current-year events	(44,754,470)	(38,481,666)
Related to prior-year events	(2,608,112)	(2,285,933)
Total claim payments and claim adjustment expenses	(47,362,582)	(40,767,599)
End-of-period liability	$ 23,167,038	$ 25,191,548
Road Commission - Component Unit		
Beginning-of-year liability	$ 3,760,000	$ 4,010,000
Estimated claims incurred and changes in estimates	11,645,423	10,659,208
Claim payments	(11,895,423)	(10,909,208)
End-of-year liability	$ 3,510,000	$ 3,760,000

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, 2007 were $1,086,836. The future minimum lease payments as of September 30, 2007 are as follows:

Fiscal year	Primary government
2008	$ 998,675
2009	648,851
2010	313,659
2011	157,604
2012	157,604
2013 - 2017	788,020
2018 - 2022	267,927
	$ 3,332,340

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, 2007 amounted to $94,830, recorded in the Facilities Maintenance & Operations fund, an internal service fund type.

The County has also "loaned" its AAA bond rating to assist local communities in the ability to finance local projects by pledging full faith and credit on the debt issued through the Oakland County Building Authority. Debt is to be paid from payments from the benefiting community over the life of the debt issues, with the structures being collateral. A contract, or lease, receivable with a corresponding deferred revenue is shown in the Debt Service Fund financial statements of the County. Debt and receivables are reported for a Sheriff's Sub-station in the City of Rochester Hills for $5.2 million in 2002, Pontiac Phoenix Center and Phoenix Plaza Amphitheatre Refunding bonds in the City of Pontiac in the amount of $11.5 million and $8.16 million, respectively, in 2006, and Community Mental Health Authority Housing Project in the amount of $5,500,000 in 2007. The future minimum lease payments to be received as of September 30, 2007 are as follows:

Fiscal year	Primary government
2008	$ 2,132,285
2009	2,107,288
2010	2,095,750
2011	2,107,119
2012	2,090,900
2013 - 2017	12,117,776
2018 - 2022	11,387,874
2023 - 2027	9,289,362
	$ 43,328,354

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, 2007 as follows: Work Release/Jail Management/Video Conferencing with a cost of $2,420,000 for the Jail Management System portion with a remaining balance of $1,128,769; the Office Building Renovation project with preliminary construction contracts (2) of $17,094,014 and a remaining balance of $63,000, the Jail Renovation and Visitation project with a cost of $1,494,798 with a remaining balance of $1,184,848, and radio tower project of $35,732,808 with a balance of $18,052,000. In addition, there are four construction contracts for the Oxford Village Water Supply System project under Act 342 with a total cost of $4,706,205 with a remaining balance of $590,973, and a commitment for purchase of multiple group homes for the Community Mental Health Authority Housing Project in the amount of $5,500,000.

The Drainage Districts component unit has three construction contracts for the George W. Kuhn Drainage District project with a total cost of $87,295,207, with a remaining balance of $358,600 as of September 30, 2007.

19. Statement of Net Assets – Reconciliation of Internal Balances

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

Governmental Activities	
Governmental Funds	
Due from other funds	$ 35,219,190
Long-term advances receivable	800,000
Due to other funds	(35,752,526)
Current and long-term advances payable	(800,000)
Internal Service Funds	
Due from other funds	4,161,441
Due to other funds	(2,164,864)
Current and long-term advances payable	(1,455,362)
Capital lease receivable for Parks and Recreation, not reported in funds	1,625,000
Capital lease receivable for County Airports, not reported in funds	5,955,000
Governmental activities, internal balances	$ 7,587,879
Business-Type Activities	
Proprietary Funds	
Due from other funds	$ 527,043
Current and long-term advances receivable	1,455,362
Due to other funds	(1,990,284)
Current and long-term capital lease payable	(7,580,000)
Business-type activities, internal balances	$ (7,587,879)

20. Restricted Assets

Cash and investments in the amount of $558,603,001 and accrued interest on the investments of $1,925,632 recorded in the Interim Retirees Medical Benefits Trust Fund have been restricted on the County's entity-wide Statement of Net Assets. The amounts are a result of proceeds from the sale of the Trust Certificates of Participation, and are to be used exclusively for payment of the annual required contribution (ARC) to the VEBA Trust, a fiduciary fund, which accounts for postemployment benefits for retirees

REQUIRED SUPPLEMENTARY INFORMATION

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

Schedule of funding progress:

Actuarial valuation date September 30,		Actuarial value of assets	Actuarial accrued liability (AAL)	Unfunded AAL (UAAL)	Funded ratio	Covered payroll	UAAL as a percentage of covered payroll
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%
2004		655,564,045	641,879,328	(13,684,717)	102.1%	60,605,120	0.0%
2005		709,058,495	658,515,200	(50,543,295)	107.7%	58,521,380	0.0%
2006		746,695,624	668,999,513	(77,696,111)	111.6%	57,453,054	0.0%

Schedule of employer contributions:

Year ended September 30,	Annual required contribution	Percentage contributed
2001	$ 0	100%
2002	0	100%
2003	0	100%
2004	0	100%
2005	0	100%
2006	0	100%

Notes to Required Supplemental Information:

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%

It should also be noted that 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
Primary Government - VEBA Healthcare Plan
Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
Six-Year Historical Trend Information - Unaudited

Schedule of funding progress:

Actuarial valuation date September 30,	Actuarial value of assets	Actuarial accrued liability (AAL)	Unfunded AAL (UAAL)	Funded ratio	Covered payroll	UAAL as a percentage of covered payroll
2001	$ 151,229,915	$ 411,982,317	$ 260,752,402	36.7%	$ 172,693,445	151.0%
2002	154,273,962	471,114,547	316,840,585	32.7%	183,705,032	172.5%
2003	161,875,682	497,259,571	335,383,889	32.6%	181,772,063	184.5%
2004	230,455,929	708,860,813	478,404,884	32.5%	192,689,384	248.3%
2005	265,554,787	752,224,175	486,669,388	35.3%	201,187,290	241.9%
2006	303,053,196	829,684,653	526,631,457	36.5%	201,019,205	262.0%

Schedule of employer contributions:

Year ended September 30,		Annual required contribution	Percentage contributed
2001		$ 16,182,512	100.0%
2002		20,521,589	100.0%
2003		23,473,437	100.0%
2004	(1)	27,194,338	100.0%
2005		28,777,510	100.0%
2006		37,488,000	100.0%

(1) The County made an additional discretionary contribution of $50,890,224 in fiscal year 2004.

Notes to Required Supplemental Information:

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	Individual entry-age normal cost
Amortization method	Level percent of payroll contributions, closed
Remaining amortization period	29 years
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%

County of Oakland
Budgetary Comparison Schedule
Major Governmental Funds
Year Ended September 30, 2007

	General Fund			
	Original Budget	Final Amended Budget	Actual	Variance with Final Amended Budget
Revenues				
Taxes				
Current property taxes	$ 330,898,400	$ 337,353,800	$ 338,924,482	$ 1,570,682
Delinquent taxes - prior years	98,500	98,500	170,470	71,970
Trailer tax	101,500	101,500	91,676	(9,824)
Total	331,098,400	337,553,800	339,186,628	1,632,828
Other intergovernmental revenues				
Cigarette tax distribution	718,000	718,000	705,269	(12,731)
Circuit judges' salaries	903,900	868,700	853,632	(15,068)
Community corrections	380,000	-	-	-
Probate judges' salaries	613,500	590,100	591,181	1,081
District judges' salaries	523,300	502,900	502,964	64
State court fund - P.A. 189	5,500,000	6,160,000	6,160,496	496
Convention facility liquor tax	2,900,000	3,423,820	3,423,820	-
Other	374,850	414,850	376,009	(38,841)
Total	11,913,550	12,678,370	12,613,371	(64,999)
Charges for services				
County Executive	263,000	233,250	218,593	(14,657)
Management and Budget	2,852,418	2,912,505	3,230,907	318,402
Central Services	185,700	185,700	178,179	(7,521)
Human Resources	18,800	18,800	19,156	356
Human Services	-	-	150,000	150,000
Public Services	1,754,310	2,405,138	2,660,978	255,840
Community and Economic Development	296,450	296,450	212,281	(84,169)
Clerk/Register of Deeds	17,501,895	17,502,920	16,072,687	(1,430,233)
Treasurer	3,897,980	3,897,980	2,937,889	(960,091)
Circuit Court	4,029,490	4,177,690	3,795,728	(381,962)
District Court	13,094,856	13,094,856	12,995,011	(99,845)
Probate Court	540,300	540,300	584,020	43,720
Prosecuting Attorney	215,900	215,900	234,038	18,138
Sheriff	36,152,661	37,004,201	37,328,299	324,098
Legislative	39,800	39,800	86,790	46,990
Drain Commissioner	1,781,728	1,755,328	1,738,043	(17,285)
Non-Departmental	1,417,500	1,000,000	1,012,124	12,124
Total	84,042,788	85,280,818	83,454,723	(1,826,095)

(continued)

County of Oakland
Budgetary Comparison Schedule (Continued)
Major Governmental Funds
Year Ended September 30, 2007

	General Fund			
	Original Budget	Final Amended Budget	Actual	Variance with Final Amended Budget
Revenues (continued)				
Investment income	$ 5,012,000	$ 5,419,400	$ 5,679,576	$ 260,176
Indirect cost recovery	8,200,000	8,200,000	9,042,090	842,090
Federal grants	199,000	224,828	182,653	(42,175)
State grants	-	12,000	9,600	(2,400)
Contributions	32,000	32,000	50,000	18,000
Other revenue	199,109	1,780,983	1,928,473	147,490
Total revenues	440,696,847	451,182,199	452,147,114	964,915
Expenditures				
County Executive				
Administration				
Personnel	6,013,379	6,005,810	5,919,730	86,080
Operating	565,486	743,162	634,884	108,278
Internal Support	1,278,328	1,312,759	1,277,551	35,208
Total Administration	7,857,193	8,061,731	7,832,165	229,566
Management and Budget				
Personnel	16,764,122	16,856,261	16,561,914	294,347
Operating	512,093	563,039	400,711	162,328
Internal Support	3,583,666	5,135,540	4,768,458	367,082
Total Management and Budget	20,859,881	22,554,840	21,731,083	823,757
Central Services				
Personnel	1,411,928	1,426,363	1,418,554	7,809
Operating	41,115	59,279	70,626	(11,347)
Internal Support	1,253,916	1,363,060	1,148,190	214,870
Total Central Services	2,706,959	2,848,702	2,637,370	211,332
Facilities Management				
Personnel	1,355,566	1,355,566	1,332,562	23,004
Operating	126,100	126,217	116,500	9,717
Internal Support	128,096	130,895	130,318	577
Total Facilities Management	1,609,762	1,612,678	1,579,380	33,298
Human Resources				
Personnel	3,466,731	3,476,710	3,034,231	442,479
Operating	722,295	971,685	802,691	168,994
Internal Support	711,486	968,731	995,240	(26,509)
Total Personnel	4,900,512	5,417,126	4,832,162	584,964

(continued)

County of Oakland
Budgetary Comparison Schedule (Continued)
Major Governmental Funds
Year Ended September 30, 2007

	General Fund			
	Original Budget	Final Amended budget	Actual	Variance with Final Amended Budget
Expenditures (continued)				
County Executive (continued)				
Human Services				
Personnel	$ 201,148	$ 201,148	$ 193,024	$ 8,124
Operating	2,231,813	2,946,028	2,844,928	101,100
Internal Support	6,872	6,872	7,020	(148)
Total Human Services	2,439,833	3,154,048	3,044,972	109,076
Public Services				
Personnel	11,059,375	11,182,886	11,184,543	(1,657)
Operating	1,941,566	2,253,476	2,120,710	132,766
Internal Support	3,136,670	3,621,666	3,585,875	35,791
Total Public Services	16,137,611	17,058,028	16,891,128	166,900
Community and Economic Development				
Personnel	4,826,948	4,818,035	4,713,679	104,356
Operating	1,177,209	1,719,980	965,458	754,522
Internal Support	896,692	1,003,790	991,178	12,612
Total Community and Economic Development	6,900,849	7,541,805	6,670,315	871,490
Total County Executive	63,412,600	68,248,958	65,218,575	3,030,383
Clerk/Register of Deeds				
Personnel	7,066,822	7,058,840	7,116,458	(57,618)
Operating	2,326,298	2,462,054	1,641,840	820,214
Internal Support	2,399,640	2,923,668	2,644,592	279,076
Total Clerk/Register of Deeds	11,792,760	12,444,562	11,402,890	1,041,672
Treasurer				
Personnel	2,816,946	2,820,400	2,749,515	70,885
Operating	257,121	257,145	185,033	72,112
Internal Support	710,385	1,060,672	1,016,077	44,595
Total Treasurer	3,784,452	4,138,217	3,950,625	187,592

(continued)

County of Oakland
Budgetary Comparison Schedule (Continued)
Major Governmental Funds
Year Ended September 30, 2007

	General Fund			
	Original Budget	Final Amended Budget	Actual	Variance with Final Amended Budget
Expenditures (continued)				
Justice Administration				
Circuit Court				
Personnel	$ 24,332,933	$ 24,244,455	$ 24,041,293	$ 203,162
Operating	7,595,190	7,995,097	7,750,459	244,638
Internal Support	4,306,158	4,677,967	4,589,913	88,054
Total Circuit Court	36,234,281	36,917,519	36,381,665	535,854
District Court				
Personnel	11,888,290	11,909,392	11,814,227	95,165
Operating	2,664,241	2,674,353	2,611,458	62,895
Internal Support	2,265,043	2,434,237	2,281,469	152,768
Total District Court	16,817,574	17,017,982	16,707,154	310,828
Probate Court				
Personnel	4,483,524	4,532,554	4,503,260	29,294
Operating	846,150	872,962	843,292	29,670
Internal Support	855,683	887,693	879,622	8,071
Total Probate Court	6,185,357	6,293,209	6,226,174	67,035
Total Justice Administration	59,237,212	60,228,710	59,314,993	913,717
Law Enforcement				
Prosecuting Attorney				
Personnel	15,466,013	15,438,064	15,386,709	51,355
Operating	901,067	916,358	720,395	195,963
Internal Support	1,798,468	1,903,613	1,873,491	30,122
Total Prosecuting Attorney	18,165,548	18,258,035	17,980,595	277,440
Sheriff				
Personnel	95,421,354	102,761,909	102,759,821	2,088
Operating	8,689,505	9,796,114	10,301,117	(505,003)
Internal Support	17,726,292	19,347,743	18,792,791	554,952
Total Sheriff	121,837,151	131,905,766	131,853,729	52,037
Total Law Enforcement	140,002,699	150,163,801	149,834,324	329,477

(continued)

County of Oakland
Budgetary Comparison Schedule (Continued)
Major Governmental Funds
Year Ended September 30, 2007

	General Fund			
	Original Budget	Final Amended Budget	Actual	Variance with Final Amended Budget
Expenditures (continued)				
Legislative				
Board of Commissioners				
Personnel	$ 3,272,994	$ 3,276,884	$ 3,140,046	$ 136,838
Operating	1,133,770	1,238,458	1,133,552	104,906
Internal Support	1,085,778	1,105,621	1,076,738	28,883
Total Legislative	5,492,542	5,620,963	5,350,336	270,627
Drain Commissioner				
Personnel	3,612,096	3,558,153	3,462,369	95,784
Operating	406,959	964,639	560,340	404,299
Internal Support	1,134,693	1,380,933	1,402,859	(21,926)
Total Drain Commissioner	5,153,748	5,903,725	5,425,568	478,157
Non-departmental				
Operating	19,396,886	20,729,257	15,861,346	4,867,911
Internal Support	9,616,056	3,430,903	2,816,989	613,914
Total non-departmental	29,012,942	24,160,160	18,678,335	5,481,825
Total expenditures	317,888,955	330,909,096	319,175,646	11,733,450
Excess of revenues over expenditures	122,807,892	120,273,103	132,971,468	12,698,365
Other Financing Sources (Uses)				
Transfers in				
Special Revenue Funds				
Revenue Sharing Reserve	22,226,000	22,226,000	22,226,000	-
Restricted funds	-	-	3,349	3,349
Total special revenue	22,226,000	22,226,000	22,229,349	3,349
Capital Projects				
Project Work Orders	-	-	55,279	55,279
Enterprise Funds				
Delinquent Tax Revolving	5,952,101	6,702,101	7,500,887	798,786
Total Transfers In	28,178,101	28,928,101	29,785,515	857,414

(continued)

County of Oakland
Budgetary Comparison Schedule (Continued)
Major Governmental Funds
Year Ended September 30, 2007

	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	$ (25,827,774)	$ (27,768,119)	$ (26,793,937)	$ 974,182
Revenue Sharing Reserve	(75,861,063)	(75,861,063)	(75,861,063)	-
Juvenile Maintenance	(21,747,997)	(22,327,630)	(20,673,297)	1,654,333
Social Welfare Foster Care	(1,000)	(1,000)	-	1,000
Oakland Enhancement	(55,700)	(55,700)	-	55,700
CCIRF	(13,865,879)	(13,865,879)	(13,865,879)	-
Environmental Infrastructure	-	-	(7,325)	(7,325)
Jail Population Management	(1,198,475)	(1,198,475)	(1,198,475)	-
Water & Sewer Act 342	-	(125,000)	(125,000)	-
Drains-Act 40 Chapters 4 & 18 Maintenance	(56,165)	(56,165)	(12,434)	43,731
Friend of the Court Grant	(3,852,035)	(3,852,035)	(3,958,154)	(106,119)
Multi Organizational Grants	-	(14,760)	(448,755)	(433,995)
Law Enforcement Grants	(783,694)	(1,453,839)	(1,640,907)	(187,068)
Housing Community Development	-	(352,722)	(352,722)	-
Other Grants	-	(103,612)	(65,468)	38,144
Judicial Grants	-	(44,168)	(43,979)	189
Total special revenue funds	(143,249,782)	(147,080,167)	(145,047,395)	2,032,772
Debt Service Funds				
Building Authority Refunding	(2,546,226)	(2,546,226)	(2,545,450)	776
Total debt service funds	(2,546,226)	(2,546,226)	(2,545,450)	776
Capital Projects Funds				
Project Work Orders	(400,000)	(450,792)	(498,643)	(47,851)
Work Release Jail Mgmt Video	-	(600,000)	(600,000)	-
BA Jail Renovation Visitation	-	(400,000)	(400,000)	-
Total capital projects funds	(400,000)	(1,450,792)	(1,498,643)	(47,851)
Internal Service Funds				
Facilities Maintenance and Operations	-	-	(16,563)	(16,563)
Information Technology	(5,000)	(4,897,090)	(4,892,090)	5,000
Drain Equipment	-	-	(37,051)	(37,051)
Motor Pool	-	(79,077)	(79,077)	-
Office Equipment	-	(17,325)	(17,325)	-
Total internal service funds	(5,000)	(4,993,492)	(5,042,106)	(48,614)

(continued)

County of Oakland
Budgetary Comparison Schedule (Continued)
Major Governmental Funds
Year Ended September 30, 2007

	General Fund			
	Original Budget	Final Amended Budget	Actual	Variance with Final Amended Budget
Other Financing Sources (Uses) (continued)				
Transfers out (continued)				
Enterprise Funds				
Medical Care Facility	$ (2,812,587)	$ (2,134,053)	$ (1,516,072)	$ 617,981
Fire Records Management	(401,940)	(501,940)	(490,390)	11,550
CLEMIS	(1,619,000)	(1,633,400)	(1,633,400)	-
Radio Communications	-	(267,061)	(267,061)	-
Total enterprise funds	(4,833,527)	(4,536,454)	(3,906,923)	629,531
Total transfers out	(151,034,535)	(160,607,131)	(158,040,517)	2,566,614
Total other financing sources (uses)	(122,856,434)	(131,679,030)	(128,255,002)	3,424,028
Net change in fund balance	(48,542)	(11,405,927)	4,716,466	16,122,393
Fund balance				
October 1, 2006	74,080,474	74,080,474	74,080,474	-
September 30, 2007	$ 74,031,932	$ 62,674,547	$ 78,796,940	$ 16,122,393

County of Oakland
Budgetary Comparison Schedule (Continued)
Major Governmental Funds
Year Ended September 30, 2007

	Public Health			
	Original budget	Final Amended budget	Actual	Variance with Final Amended Budget
Revenues				
State grants	$ 4,492,090	$ 4,491,020	$ 4,755,127	$ 264,107
Charges for services	2,690,954	2,741,139	2,379,770	(361,369)
Contributions	-	15,000	9,842	(5,158)
Other	-	-	64,356	64,356
Total revenues	7,183,044	7,247,159	7,209,095	(38,064)
Expenditures				
Current operations				
County Executive				
Human Services				
Personnel	25,037,810	24,999,473	23,693,094	1,306,379
Operating	4,741,747	5,356,132	5,363,587	(7,455)
Internal Support	3,231,261	4,505,675	4,569,580	(63,905)
Total Human Services	33,010,818	34,861,280	33,626,261	1,235,019
Total County Executive	33,010,818	34,861,280	33,626,261	1,235,019
Total expenditures	33,010,818	34,861,280	33,626,261	1,235,019
Deficiency of revenues under expenditures	(25,827,774)	(27,614,121)	(26,417,166)	1,196,955
Other financing sources				
Transfers in	25,827,774	27,768,119	26,793,937	(974,182)
Transfers out	-	(255,539)	(449,390)	(193,851)
Total other financing sources	25,827,774	27,512,580	26,344,547	(1,168,033)
Net change in fund balance	-	(101,541)	(72,619)	28,922
Fund balance				
October 1, 2006	101,541	101,541	101,541	-
September 30, 2007	$ 101,541	$ -	$ 28,922	$ 28,922

County of Oakland
Budgetary Comparison Schedule (Continued)
Major Governmental Funds
Year Ended September 30, 2007

	Revenue Sharing Reserve			
	Original budget	Final Amended budget	Actual	Variance with Final Amended Budget
Revenues				
Investment income	$ 4,243,732	$ 4,243,732	$ 5,254,728	$ 1,010,996
Other financing sources (uses)				
Transfers in	75,861,063	75,861,063	75,861,063	-
Transfers out	(22,704,743)	(22,704,743)	(22,226,000)	478,743
Total other financing sources (uses)	53,156,320	53,156,320	53,635,063	478,743
Net change in fund balance	57,400,052	57,400,052	58,889,791	1,489,739
Fund balance				
October 1, 2006	109,291,863	109,291,863	109,291,863	-
September 30, 2007	$ 166,691,915	$ 166,691,915	$ 168,181,654	$ 1,489,739

Budgetary Comparisons

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

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

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

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

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

County of Oakland
Balance Sheet
Non-Major Governmental Funds – By Fund Type
September 30, 2007

	Special Revenue	Debt Service	Capital Projects	Totals September 30, 2007
Assets				
Current assets				
Pooled cash and investments	$ 54,715,708	$ 1,374,131	$ 22,981,539	$ 79,071,378
Due from other governmental units	17,844,959	2,671,045	-	20,516,004
Due from component units	-	-	772,801	772,801
Accrued interest receivable	276,035	9,395	163,410	448,840
Accounts receivable (net of allowance for uncollectibles where applicable)	457,581	-	-	457,581
Contracts receivable	-	-	32,667	32,667
Due from other funds	6,639,453	150	1,363,039	8,002,642
Other assets	2,203,125	-	-	2,203,125
Total current assets	82,136,861	4,054,721	25,313,456	111,505,038
Noncurrent assets				
Advances	-	-	800,000	800,000
Special assessments receivable	-	17,096,825	-	17,096,825
Contracts receivable	-	28,085,000	99,333	28,184,333
Total noncurrent assets	-	45,181,825	899,333	46,081,158
Total assets	$ 82,136,861	$ 49,236,546	$ 26,212,789	$ 157,586,196
Liabilities and Fund Balances				
Current liabilities				
Vouchers payable	$ 2,412,913	$ 1,250	$ 9,150	$ 2,423,313
Due to other governmental units	546,238	81,462	-	627,700
Due to other funds	16,881,653	-	75,479	16,957,132
Deferred revenue	9,032,464	-	-	9,032,464
Other accrued liabilities	10,591,945	3,544,812	1,227,789	15,364,546
Total current liabilities	39,465,213	3,627,524	1,312,418	44,405,155
Noncurrent liabilities				
Deferred revenue	-	45,181,825	-	45,181,825
Advances	-	-	800,000	800,000
Total noncurrent liabilities	-	45,181,825	800,000	45,981,825
Total liabilities	39,465,213	48,809,349	2,112,418	90,386,980
Fund balances				
Reserved				
Long-term receivables	-	-	899,333	899,333
Programs	-	-	13,764,753	13,764,753
Debt service	-	427,197	-	427,197
Unreserved				
Designated for encumbrances	37,192	-	-	37,192
Designated for programs	42,717,724	-	3,260,193	45,977,917
Undesignated	(83,268)	-	6,176,092	6,092,824
Total fund balances	42,671,648	427,197	24,100,371	67,199,216
Total liabilities and fund balances	$ 82,136,861	$ 49,236,546	$ 26,212,789	$ 157,586,196

County of Oakland
Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds – By Fund Type
Year Ended September 30, 2007

	Special Revenue	Debt Service	Capital Projects	Totals September 30, 2007
Revenues				
Special assessments	$ 588,639	$ 9,112,486	$ 4,910	$ 9,706,035
Federal grants	44,952,354	-	-	44,952,354
State grants	20,218,865	-	-	20,218,865
Other intergovernmental revenues	2,995,187	-	-	2,995,187
Charges for services	22,182,784	14,218	289	22,197,291
Contributions	104,934	-	-	104,934
Investment income	1,865,834	71,921	821,580	2,759,335
Other	1,055,793	-	730,911	1,786,704
Total revenues	93,964,390	9,198,625	1,557,690	104,720,705
Expenditures				
Current operations				
County Executive	75,989,415	-	-	75,989,415
Clerk/Register of Deeds	1,991,143	-	-	1,991,143
Treasurer	2,763,911	-	-	2,763,911
Justice administration	27,143,289	-	-	27,143,289
Law enforcement	7,263,608	-	-	7,263,608
Drain Commissioner	6,822,486	-	-	6,822,486
Non-departmental	725,314	-	-	725,314
Total current operations	122,699,166	-	-	122,699,166
Capital outlay	2,531,538	-	15,504,353	18,035,891
Intergovernmental	7,325	15,252	-	22,577
Debt service				
Principal payments	-	11,410,000	-	11,410,000
Interest and fiscal charges	-	5,424,829	-	5,424,829
Total expenditures	125,238,029	16,850,081	15,504,353	157,592,463
Deficiency of revenues under expenditures	(31,273,639)	(7,651,456)	(13,946,663)	(52,871,758)
Other financing sources (uses)				
Transfers in	42,841,784	7,911,752	16,020,338	66,773,874
Transfers out	(5,516,259)	-	(10,995,846)	(16,512,105)
Issuance of bonds	5,500,000	-	-	5,500,000
Discount on bonds sold	(65,450)	-	-	(65,450)
Total other financing sources (uses)	42,760,075	7,911,752	5,024,492	55,696,319
Net change in fund balance	11,486,436	260,296	(8,922,171)	2,824,561
Fund balances				
October 1, 2006	31,185,212	166,901	33,022,542	64,374,655
September 30, 2007	$ 42,671,648	$ 427,197	$ 24,100,371	$ 67,199,216

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

The Social Welfare Foster Care Fund - is used to reimburse agencies and individuals for board and care expenditures of foster care children. Partial reimbursement of these expenditures is received from the State of Michigan (column not shown on statements where there is no balance or activity).

The 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 Capital and Cooperative Initiatives Revolving Fund (CCIRF) - was created as a result of the state mandated shift in property tax levies from winter to summer. The difference between the amount available for operating use and the amount actually budgeted for on-going operations is placed in this fund each year, and the resulting balances are available to finance various capital projects throughout the County.

The Waste Resource Management Fund - is used to account for administrative costs associated with Brownfield plans.

The Jail Population Management Fund - was created for the purpose of tracking costs associated with jaul overcrowding and the jail expansion.

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

The Water and Sewer Act 342 Fund - is used to account for the construction, under contractual arrangement, of water and sewer systems (currently 14) 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 Chapters 4 and 18 of Public Act 40 of 1956 (currently 305 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 whereby 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 (three remaining as of September 30, 2007).

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

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

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

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

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

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

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 grants where the function does not relate specifically to one of the other areas:

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

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

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

County of Oakland
Combining Balance Sheet
Non-Major Special Revenue Funds
September 30, 2007

	Child Care	Delinquent Personal Tax Administration	Register of Deeds Automation	Oakland Enhancement	Property Tax Forfeiture	Restricted Funds	Social Welfare
Assets							
Current assets							
Pooled cash and investments	$ 591,369	$ 5,902,188	$ 6,672,019	$ 282,489	$ 6,629,662	$ 283,087	$ 74,963
Due from other governmental units	2,403,692	-	-	-	-	-	-
Accrued interest receivable	-	59,968	25,070	2,149	40,079	722	-
Accounts receivable (net of allowance for uncollectibles where applicable)	32,557	-	55	17,237	-	-	142,000
Due from other funds	-	-	-	-	-	1,100	100
Other assets	149	-	3,000	-	-	-	-
Total assets	$ 3,027,767	$ 5,962,156	$ 6,700,144	$ 301,875	$ 6,669,741	$ 284,909	$ 217,063
Liabilities and Fund Balances							
Current liabilities							
Vouchers payable	$ 169,383	$ -	$ 3,000	$ -	$ -	$ 794	$ -
Due to other governmental units	-	-	-	-	-	-	142,000
Due to other funds	1,531,431	-	-	-	-	3,349	-
Deferred revenue	-	-	-	-	-	-	-
Other accrued liabilities	1,289,761	15,189	4,196	40	2,769,805	-	-
Total liabilities	2,990,575	15,189	7,196	40	2,769,805	4,143	142,000
Fund balances							
Unreserved, designated for							
Encumbrances	37,192	-	-	-	-	-	-
Programs	-	5,946,967	6,692,948	301,835	3,899,936	280,766	75,063
Unreserved, undesignated	-	-	-	-	-	-	-
Total fund balances (deficit)	37,192	5,946,967	6,692,948	301,835	3,899,936	280,766	75,063
Total liabilities and fund balances	$ 3,027,767	$ 5,962,156	$ 6,700,144	$ 301,875	$ 6,669,741	$ 284,909	$ 217,063

(continued)

County of Oakland
Combining Balance Sheet (Continued)
Non-Major Special Revenue Funds
September 30, 2007

	Environmental Infrastructure	County Vererans' Trust	CCIRF	Waste Resource Management	Jail Population Management	Bldg Auth External Projects	Water & Sewer Act 342	Lake Levels Act 146
Assets								
Current assets								
Pooled cash and investments	$ -	$ 17,560	$ 11,478,040	$ 166,651	$ 2,551,362	$ 5,381,639	$ 4,666,080	$ 31,696
Due from other governmental units	-	-	-	-	-	-	-	34,484
Accrued interest receivable	-	-	23,197	-	-	-	61,836	2,753
Accounts receivable (net of allowance for uncollectibles where applicable)	-	-	-	-	-	-	-	240
Due from other funds	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total assets	$ -	$ 17,560	$ 11,501,237	$ 166,651	$ 2,551,362	$ 5,381,639	$ 4,727,916	$ 69,173
Liabilities and Fund Balances								
Current liabilities								
Vouchers payable	$ -	$ -	$ 165,368	$ -	$ -	$ -	$ -	$ 94
Due to other governmental units	-	-	-	-	-	-	119,459	-
Due to other funds	-	-	-	-	-	243	-	70,060
Deferred revenue	-	-	-	-	-	-	-	-
Other accrued liabilities	-	-	60,014	-	-	-	243,332	47,734
Total liabilities	-	-	225,382	-	-	243	362,791	117,888
Fund balances								
Unreserved, designated for								
Encumbrances	-	-	-	-	-	-	-	-
Programs	-	17,560	11,275,855	166,651	2,551,362	5,381,396	4,365,125	-
Unreserved, undesignated	-	-	-	-	-	-	-	(48,715)
Total fund balances (deficit)	-	17,560	11,275,855	166,651	2,551,362	5,381,396	4,365,125	(48,715)
Total liabilities and fund balances	$ -	$ 17,560	$ 11,501,237	$ 166,651	$ 2,551,362	$ 5,381,639	$ 4,727,916	$ 69,173

(continued)

County of Oakland
Combining Balance Sheet (Continued)
Non-Major Special Revenue Funds
September 30, 2007

	Drains-Act 40 Maintenance Chapter 4 & 18	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	$ 4,003,054	$ 946	$ -	$ -	$ -	$ 49,506	$ -	$ 4,371,795
Due from other governmental units	8,510	-	43,777	1,503,829	582,708	1,532,059	1,634,963	237,284
Accrued interest receivable	32,832	7	-	-	-	-	-	27,422
Accounts receivable (net of allowance for uncollectibles where applicable)	3,960	-	-	23,139	37,853	-	-	-
Due from other funds	-	-	10,564	4,068,689	478,694	-	1,332,963	-
Other assets	-	-	-	6,660	-	2,191,193	1,518	-
Total assets	$ 4,048,356	$ 953	$ 54,341	$ 5,602,317	$ 1,099,255	$ 3,772,758	$ 2,969,444	$ 4,636,501
Liabilities and Fund Balances								
Current liabilities								
Vouchers payable	$ 63	$ -	$ 4,182	$ 3,266	$ 10,172	$ 1,500,891	$ 342,546	$ -
Due to other governmental units	270	-	-	-	104,573	-	172,726	-
Due to other funds	213,914	-	32,924	5,263,041	509,558	-	2,354,455	-
Deferred revenue	-	-	10,264	324,618	105,289	-	125,355	3,926,636
Other accrued liabilities	2,855,484	-	11	14,302	371,076	2,271,867	3,546	1,532
Total liabilities	3,069,731	-	47,381	5,605,227	1,100,668	3,772,758	2,998,628	3,928,168
Fund balances								
Unreserved, designated for								
Encumbrances	-	-	-	-	-	-	-	-
Programs	978,625	953	6,960	-	-	-	-	708,333
Unreserved, undesignated	-	-	-	(2,910)	(1,413)	-	(29,184)	-
Total fund balances (deficit)	978,625	953	6,960	(2,910)	(1,413)	-	(29,184)	708,333
Total liabilities and fund balances	$ 4,048,356	$ 953	$ 54,341	$ 5,602,317	$ 1,099,255	$ 3,772,758	$ 2,969,444	$ 4,636,501

(continued)

County of Oakland
Combining Balance Sheet (Continued)
Non-Major Special Revenue Funds
September 30, 2007

	Human Service Grants	Other Grants	COPS More Grant	Judicial Grants	Oakland Brownfield Initiative	MI Child	Totals September 30, 2007
Assets							
Current assets							
Pooled cash and investments	$ 489,723	$ -	$ 1,018,691	$ -	$ 45,272	$ 7,916	$ 54,715,708
Due from other governmental units	266,467	6,315,933	3,100,585	165,911	14,757	-	17,844,959
Accrued interest receivable	-	-	-	-	-	-	276,035
Accounts receivable (net of allowance for uncollectibles where applicable)	189,383	-	-	8,263	2,894	-	457,581
Due from other funds	427,291	271,331	-	48,721	-	-	6,639,453
Other assets	605	-	-	-	-	-	2,203,125
Total assets	$ 1,373,469	$ 6,587,264	$ 4,119,276	$ 222,895	$ 62,923	$ 7,916	$ 82,136,861
Liabilities and Fund Balances							
Current liabilities							
Vouchers payable	$ 196,891	$ 9,246	$ 387	$ 5,255	$ -	$ 1,375	$ 2,412,913
Due to other governmental units	2,206	5,004	-	-			546,238
Due to other funds	261,284	6,461,743	-	179,651	-	-	16,881,653
Deferred revenue	325,978	102,564	4,081,012	28,465	-	2,283	9,032,464
Other accrued liabilities	587,110	8,499	37,877	10,570	-	-	10,591,945
Total liabilities	1,373,469	6,587,056	4,119,276	223,941	-	3,658	39,465,213
Fund balances							
Unreserved, designated for							
Encumbrances	-	-	-	-	-	-	37,192
Programs	-	208	-	-	62,923	4,258	42,717,724
Unreserved, undesignated	-	-	-	(1,046)	-	-	(83,268)
Total fund balances (deficit)	-	208	-	(1,046)	62,923	4,258	42,671,648
Total liabilities and fund balances	$ 1,373,469	$ 6,587,264	$ 4,119,276	$ 222,895	$ 62,923	$ 7,916	$ 82,136,861

County of Oakland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
Year Ended September 30, 2007

	Child Care	Delinquent Personal Tax Administration	Register of Deeds Automation	Oakland Enhancement	Property Tax Forfeiture	Restricted Funds	Social Welfare
Revenues							
Special assessments	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Federal grants	292,049	-	-	-	-	-	-
State grants	13,122,308	-	-	-	-	-	-
Other intergovernmental revenues	-	-	-	-	-	-	-
Charges for services	4,392,867	945,999	1,326,963	485,821	1,935,816	-	1,450,090
Contributions	-	-	-	31,495	-	73,439	-
Investment income	-	325,507	367,601	16,322	353,520	5,057	-
Other	657,407	650	-	-	-	-	-
Total revenues	18,464,631	1,272,156	1,694,564	533,638	2,289,336	78,496	1,450,090
Expenditures							
Salaries	9,314,343	323,496	50,610	266,937	30,216	-	-
Fringe benefits	5,127,047	171,359	22,778	147,147	13,554	-	-
Contractual services	21,664,540	482,402	1,427,554	100,105	1,616,647	25,044	1,375,027
Commodities	706,912	-	-	2,085	-	30,132	-
Capital outlay	-	-	-	-	-	-	-
Internal services	2,330,433	116,434	9,018	-	9,802	989	-
Intergovernmental	-	-	-	-	-	-	-
Total expenditures	39,143,275	1,093,691	1,509,960	516,274	1,670,219	56,165	1,375,027
Excess (deficiency) of revenues over (under) expenditures	(20,678,644)	178,465	184,604	17,364	619,117	22,331	75,063
Other financing sources (uses)							
Transfers in	20,673,297	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(3,349)	-
Issuance of bonds	-	-	-	-	-	-	-
Discount on bonds sold	-	-	-	-	-	-	-
Total other financing sources (uses)	20,673,297	-	-	-	-	(3,349)	-
Net change in fund balances	(5,347)	178,465	184,604	17,364	619,117	18,982	75,063
Fund balances (deficit)							
October 1, 2006	42,539	5,768,502	6,508,344	284,471	3,280,819	261,784	-
September 30, 2007	$ 37,192	$ 5,946,967	$ 6,692,948	$ 301,835	$ 3,899,936	$ 280,766	$ 75,063

(continued)

County of Oakland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Non-Major Special Revenue Funds
Year Ended September 30, 2007

	Environmental Infrastructure	County Vererans' Trust	CCIRF	Waste Resource Management	Jail Population Management	Bldg Auth External Projects	Water & Sewer Act 342	Lake Levels Act 146
Revenues								
Special assessments	$ -	$ -	$ -	$ -	$ -	$ -	$ 120,000	$ 291,455
Federal grants	-	-	-	-	-	-	235,564	-
State grants	-	140,935	-	-	-	-	146,575	-
Other intergovernmental revenues	-	-	-	-	-	-	-	-
Charges for services	-	-	500	103,270	-	-	-	494
Contributions	-	-	-	-	-	-	-	-
Investment income	-	-	129,611	-	-	13,709	375,736	9,612
Other	-	-	-	-	-	-	8,892	-
Total revenues	-	140,935	130,111	103,270	-	13,709	886,767	301,561
Expenditures								
Salaries	-	-	-	6,487	-	-	345,926	152,331
Fringe benefits	-	-	-	2,969	-	-	150,591	66,505
Contractual services	-	123,965	669,150	-	-	66,863	4,786,549	142,833
Commodities	-	259	-	-	-	-	7,944	20,169
Capital outlay	-	-	87,312	-	-	-	-	-
Internal services	-	-	-	-	-	-	52,303	56,735
Intergovernmental	7,325	-	-	-	-	-	-	-
Total expenditures	7,325	124,224	756,462	9,456	-	66,863	5,343,313	438,573
Excess (deficiency) of revenues over (under) expenditures	(7,325)	16,711	(626,351)	93,814	-	(53,154)	(4,456,546)	(137,012)
Other financing sources (uses)								
Transfers in	7,325	-	13,865,879	-	1,198,475	-	125,000	-
Transfers out	-	-	(5,500,000)	-	-	-	-	-
Issuance of bonds		-	-	-	-	5,500,000	-	-
Discount on bonds sold	-	-	-	-	-	(65,450)	-	-
Total other financing sources (uses)	7,325	-	8,365,879	-	1,198,475	5,434,550	125,000	-
Net change in fund balances	-	16,711	7,739,528	93,814	1,198,475	5,381,396	(4,331,546)	(137,012)
Fund balances (deficit)								
October 1, 2006	-	849	3,536,327	72,837	1,352,887	-	8,696,671	88,297
September 30, 2007	$ -	$ 17,560	$ 11,275,855	$ 166,651	$ 2,551,362	$ 5,381,396	$ 4,365,125	$ (48,715)

(continued)

County of Oakland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Non-Major Special Revenue Funds
Year Ended September 30, 2007

	Drains-Act 40 Maintenance Chapter 4 & 18	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	$ 177,184	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Federal grants	-	-	616,961	-	368,286	18,026,452	1,420,589	5,618,058
State grants	16,223	-	-	-	3,616,862	591,927	1,845,651	-
Other intergovernmental revenues	-	-	-	2,553,717	-	-	42,808	336,833
Charges for services	30,425	-	-	8,314,635	-	-	1,400,571	1,773,088
Contributions	-	-	-	-	-	-	-	-
Investment income	230,415	52	-	-	-	-	-	-
Other	250	-	52,730	40	-	-	77,889	-
Total revenues	454,497	52	669,691	10,868,392	3,985,148	18,618,379	4,787,508	7,727,979
Expenditures								
Salaries	313,061	-	228,448	8,093,430	1,278,670	368,817	3,095,825	1,288,225
Fringe benefits	154,769	-	110,093	4,269,680	635,074	156,789	1,624,734	677,000
Contractual services	14,401	1	109,977	670,012	2,215,071	17,996,333	703,595	5,559,507
Commodities	10,876	-	-	67,469	199,725	3,012	610,485	10,365
Capital outlay	-	-	-	-	-	-	86,897	-
Internal services	74,536	-	24,438	1,725,955	94,217	93,428	390,233	192,882
Intergovernmental	-	-	-	-	-	-	-	-
Total expenditures	567,643	1	472,956	14,826,546	4,422,757	18,618,379	6,511,769	7,727,979
Excess (deficiency) of revenues over (under) expenditures	(113,146)	51	196,735	(3,958,154)	(437,609)	-	(1,724,261)	-
Other financing sources (uses)								
Transfers in	12,434	-	-	3,958,154	448,755	-	1,723,020	352,722
Transfers out	-	-	-	(2,910)	(10,000)	-	-	-
Issuance of bonds	-	-	-	-	-	-	-	-
Discount on bonds sold	-	-	-	-	-	-	-	-
Total other financing sources (uses)	12,434	-	-	3,955,244	438,755	-	1,723,020	352,722
Net change in fund balances	(100,712)	51	196,735	(2,910)	1,146	-	(1,241)	352,722
Fund balances (deficit)								
October 1, 2006	1,079,337	902	(189,775)	-	(2,559)	-	(27,943)	355,611
September 30, 2007	$ 978,625	$ 953	$ 6,960	$ (2,910)	$ (1,413)	$ -	$ (29,184)	$ 708,333

(continued)

County of Oakland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Non-Major Special Revenue Funds
Year Ended September 30, 2007

	Human Service Grants	Other Grants	COPS More Grant	Judicial Grants	Oakland Brownfield Initiative	MI Child	Totals September 30, 2007
Revenues							
Special assessments	$ -	$ -	$ -	$ -	$ -	$ -	$ 588,639
Federal grants	11,986,561	5,795,133	179,691	170,709	242,301	-	44,952,354
State grants	23,350	500,182	-	214,852	-	-	20,218,865
Other intergovernmental revenues	-	-	61,829	-	-	-	2,995,187
Charges for services	4,536	6,800	-	-	-	10,909	22,182,784
Contributions	-	-	-	-	-	-	104,934
Investment income	-	-	-	-	38,692	-	1,865,834
Other	257,441	-	-	494		-	1,055,793
Total revenues	12,271,888	6,302,115	241,520	386,055	280,993	10,909	93,964,390
Expenditures							
Salaries	3,579,619	216,242	-	182,145	35,943	-	29,170,771
Fringe benefits	1,738,197	108,705	-	81,708	10,550	-	15,269,249
Contractual services	6,382,059	1,098,502	232,600	147,642	195,808	19,095	67,825,282
Commodities	441,796	2,614,106	8,920	14,632	-	-	4,748,887
Capital outlay	1,447	2,355,882	-	-	-	-	2,531,538
Internal services	501,635	7,978	-	3,961	-	-	5,684,977
Intergovernmental	-	-	-	-	-	-	7,325
Total expenditures	12,644,753	6,401,415	241,520	430,088	242,301	19,095	125,238,029
Excess (deficiency) of revenues over (under) expenditures	(372,865)	(99,300)	-	(44,033)	38,692	(8,186)	(31,273,639)
Other financing sources (uses)							
Transfers in	367,276	65,468	-	43,979	-	-	42,841,784
Transfers out	-	-	-	-	-	-	(5,516,259)
Issuance of bonds	-	-	-	-	-	-	5,500,000
Discount on bonds sold	-	-	-	-	-	-	(65,450)
Total other financing sources (uses)	367,276	65,468	-	43,979	-	-	42,760,075
Net change in fund balances	(5,589)	(33,832)	-	(54)	38,692	(8,186)	11,486,436
Fund balances (deficit)							
October 1, 2006	5,589	34,040	-	(992)	24,231	12,444	31,185,212
September 30, 2007	$ -	$ 208	$ -	$ (1,046)	$ 62,923	$ 4,258	$ 42,671,648

County of Oakland
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Non-Major Special Revenue Funds
Year Ended September 30, 2007

	Child Care		
	Final Amended Budget	Actual	Variance with Final Amended Budget
Revenues			
Federal grants	$ 245,000	$ 292,049	$ 47,049
State grants	13,106,504	13,122,308	15,804
Charges for services	3,565,000	4,392,867	827,867
Other	-	657,407	657,407
Total revenues	16,916,504	18,464,631	1,548,127
Expenditures			
Current operations			
County Executive			
Human Services			
Personnel	12,633,081	12,684,709	(51,628)
Operating	12,482,851	11,499,196	983,655
Internal Support	2,305,799	2,326,953	(21,154)
Total Human Services	27,421,731	26,510,858	910,873
Total County Executive	27,421,731	26,510,858	910,873
Justice administration			
Circuit Court			
Personnel	2,012,644	1,756,681	255,963
Operating	9,844,251	10,872,256	(1,028,005)
Internal Support	3,500	3,480	20
Total Circuit Court	11,860,395	12,632,417	(772,022)
Total Justice administration	11,860,395	12,632,417	(772,022)
Total expenditures	39,282,126	39,143,275	138,851
Deficiency of revenues under expenditures	(22,365,622)	(20,678,644)	1,686,978
Other financing sources (uses)			
Transfers in	22,327,630	20,673,297	(1,654,333)
Transfers out	(2,144)	-	2,144
Total other financing sources (uses)	22,325,486	20,673,297	(1,652,189)
Net change in fund balance	(40,136)	(5,347)	34,789
Fund balance			
October 1, 2006	42,539	42,539	-
September 30, 2007	$ 2,403	$ 37,192	$ 34,789

County of Oakland
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Non-Major Special Revenue Funds (Continued)
Year Ended September 30, 2007

	Social Welfare Foster Care		
	Final Amended Budget	Actual	Variance with Final Amended Budget
Revenues			
State grants	$ 1,000	$ -	$ (1,000)
Total revenues	1,000	-	(1,000)
Expenditures			
Current operations			
County Executive			
Human Services			
Operating	2,000	-	2,000
Deficiency of revenues under expenditures	(1,000)	-	1,000
Other financing sources			
Transfers in	1,000	-	(1,000)
Net change in fund balance	-	-	-
Fund balance			
October 1, 2006	-	-	-
September 30, 2007	$ -	$ -	$ -

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

The Building Authority Debt Act 31 Fund **-** was established to accumulate the resources for the payment of bonded debt issued for the construction of, or improvement to various facilities (currently seven issues). Also includes debt issued as assistance in obtaining favorable lending rates for other units of government within the County.

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

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

The Water and Sewer Debt Refunding Fund **-** was established to account for the accumulation of resources, mainly special assessments, for the payment of bonded debt issued for the refinancing of debt obligations for construction of various water and sewer systems (currently 10 issues).

County of Oakland
Combining Balance Sheet
Non-Major Debt Service Funds
September 30, 2007

	Building Authority Debt Act 31	Building Authority Debt Refunding	Lake Level Debt Act 146	Water and Sewer Debt Refunding	Totals September 30, 2007
Assets					
Current assets					
Pooled cash and investments	$ 11,689	$ 944	$ 248,870	$ 1,112,628	$ 1,374,131
Accrued interest receivable	38	170	1,215	7,972	9,395
Due from other governmental units	-	-	-	2,671,045	2,671,045
Due from other funds	-	150	-	-	150
Total current assets	11,727	1,264	250,085	3,791,645	4,054,721
Noncurrent assets					
Contracts receivable	20,080,000	$ 8,005,000	$ -	$ -	28,085,000
Special assessments receivable	-	-	191,825	16,905,000	17,096,825
Total assets	$ 20,091,727	$ 8,006,264	$ 441,910	$ 20,696,645	$ 49,236,546
Liabilities and Fund Balances					
Current liabilities					
Vouchers payable	$ 1,100	$ 150	$ -	$ -	$ 1,250
Due to other governmental units	-	-	-	81,462	81,462
Other accrued liabilities	-	-	-	3,544,812	3,544,812
Total current liabilities	1,100	150	-	3,626,274	3,627,524
Noncurrent liabilities					
Deferred revenue	20,080,000	8,005,000	191,825	16,905,000	45,181,825
Total liabilities	20,081,100	8,005,150	191,825	20,531,274	48,809,349
Fund balances - reserved for debt service	10,627	1,114	250,085	165,371	427,197
Total liabilities and fund balances	$ 20,091,727	$ 8,006,264	$ 441,910	$ 20,696,645	$ 49,236,546

County of Oakland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Debt Service Funds
Year Ended September 30, 2007

	Building Authority Debt Act 31	Building Authority Debt Refunding	Lake Level Debt Act 146	Water and Sewer Debt Refunding	Totals September 30, 2007
Revenues					
Special assessments	$ 2,491,618	$ 389,469	$ 270,537	$ 5,960,862	$ 9,112,486
Charges for services	966	275	9,952	3,025	14,218
Investment income	11,659	484	13,970	45,808	71,921
Total revenues	2,504,243	390,228	294,459	6,009,695	9,198,625
Expenditures					
Principal payments	3,965,000	2,310,000	50,000	5,085,000	11,410,000
Interest	3,903,969	624,394	14,578	875,863	5,418,804
Paying agent fees	2,175	800	-	3,050	6,025
Contractual services	-	-	-	15,252	15,252
Total expenditures	7,871,144	2,935,194	64,578	5,979,165	16,850,081
Excess (deficiency) of revenues over (under) expenditures	(5,366,901)	(2,544,966)	229,881	30,530	(7,651,456)
Other financing sources					
Transfers in	5,366,302	2,545,450	-	-	7,911,752
Total other financing sources	5,366,302	2,545,450	-	-	7,911,752
Net change in fund balances	(599)	484	229,881	30,530	260,296
Fund balances					
October 1, 2006	11,226	630	20,204	134,841	166,901
September 30, 2007	$ 10,627	$ 1,114	$ 250,085	$ 165,371	$ 427,197

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 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-Hangar Construction Fund - was established to account for the costs of construction of T-Hangars at the County airports.

The Jail Renovation - Visitation Fund - was established to account for the costs of renovating several areas of the Law Enforcement Center (Jail) and installation of a video visitation system.

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 four) under P.A. 146 of 1961.

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

The Drain Commissioner Revolving Fund - was established to provide funds for preliminary costs of various drains (including component unit drainage districts), lake level projects, and lake improvements.

The Long-term Revolving Fund - was established to provide preliminary financing for specific capital projects as approved by the Oakland County Board of Commissioners. Funds advanced are recovered through special assessments, or contracts with municipalities, in the individual projects.

County of Oakland
Combining Balance Sheet
Non-Major Capital Projects Funds
September 30, 2007

	Building Improvement	Project Work Orders	Work Release/ Jail Mgt/Video Conferencing	Office Building Renovation	52/3 District Court & Sheriff Substation	Airport T-Hangar Construction
Assets						
Current assets						
Pooled cash and investments	$ 6,225,355	$ 3,623,368	$ 2,640,322	$ 1,757,672	$ -	$ 779,760
Accrued interest receivable	-	-	86,308	65,467	-	7,659
Contracts receivable	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-
Due from other funds	-	4,000	600,000	-	-	-
Total current assets	6,225,355	3,627,368	3,326,630	1,823,139	-	787,419
Noncurrent assets						
Advances	800,000	-	-	-	-	-
Contracts receivable	-	-	-	-	-	-
Total noncurrent assets	800,000	-	-	-	-	-
Total assets	$ 7,025,355	$ 3,627,368	$ 3,326,630	$ 1,823,139	$ -	$ 787,419
Liabilities and Fund Balances						
Current liabilities						
Vouchers payable	$ -	$ 1,050	$ -	$ 99	$ -	$ -
Due to other funds	-	-	2,310	-	-	-
Other accrued liabilities	-	366,251	82,554	71,730	-	1,195
Total current liabilities	-	367,301	84,864	71,829	-	1,195
Noncurrent liabilities						
Advances	-	-	-	800,000	-	-
Total noncurrent liabilities	-	-	-	800,000	-	-
Total liabilities	-	367,301	84,864	871,829	-	1,195
Fund balances						
Reserved						
Long-term receivables	800,000	-	-	-	-	-
Work projects	-	-	3,241,766	951,310	-	786,224
Total reserved	800,000	-	3,241,766	951,310	-	786,224
Unreserved						
Designated for work projects	-	3,260,067	-	-	-	-
Undesignated	6,225,355	-	-	-	-	-
Total unreserved	6,225,355	3,260,067	-	-	-	-
Total fund balances (deficit)	7,025,355	3,260,067	3,241,766	951,310	-	786,224
Total liabilities and fund balances	$ 7,025,355	$ 3,627,368	$ 3,326,630	$ 1,823,139	$ -	$ 787,419

(continued)

County of Oakland
Combining Balance Sheet (Continued)
Non-Major Capital Project Funds
September 30, 2007

	Jail Renovation-Visitation	Major Dept. Support Projects	Lake Levels Act 146	Lake Improvements Act 345	Drain Commissioner Revolving	Long-term Revolving	Totals September 30, 2007
Assets							
Current assets							
Pooled cash and investments	$ 5,853,602	$ 126	$ 33,145	$ 8,433	$ 700,756	$ 1,359,000	$ 22,981,539
Accrued interest receivable	3,426	-	472	78	-	-	163,410
Contracts receivable	-	-	-	-	-	32,667	32,667
Due from component units	-	-	-	-	772,801	-	772,801
Due from other funds	400,000	-	-	-	359,039	-	1,363,039
Total current assets	6,257,028	126	33,617	8,511	1,832,596	1,391,667	25,313,456
Noncurrent assets							
Advances	-	-	-	-	-	-	800,000
Contracts receivable	-	-	-	-	-	99,333	99,333
Total noncurrents assets	-	-	-	-	-	99,333	899,333
Total assets	$ 6,257,028	$ 126	$ 33,617	$ 8,511	$ 1,832,596	$ 1,491,000	$ 26,212,789
Liabilities and Fund Balances							
Current liabilities							
Vouchers payable	$ 405	$ -	$ -	$ -	$ 7,596	$ -	$ 9,150
Due to other funds	-	-	72,880	289	-	-	75,479
Other accrued liabilities	696,059	-	10,000	-	-	-	1,227,789
Total current liabilities	696,464	-	82,880	289	7,596	-	1,312,418
Noncurrent liabilities							
Advances	-	-	-	-	-	-	800,000
Total noncurrent liabilities	-	-	-	-	-	-	800,000
Total liabilities	696,464	-	82,880	289	7,596	-	2,112,418
Fund balances							
Reserved							
Long-term receivables	-	-	-	-	-	99,333	899,333
Work projects	5,560,564	-	-	8,222	1,825,000	1,391,667	13,764,753
Total reserved	5,560,564	-	-	8,222	1,825,000	1,491,000	14,664,086
Unreserved							
Designated for work projects	-	126	-	-	-	-	3,260,193
Undesignated	-	-	(49,263)	-	-	-	6,176,092
Total unreserved	-	126	(49,263)	-	-	-	9,436,285
Total fund balances (deficit)	5,560,564	126	(49,263)	8,222	1,825,000	1,491,000	24,100,371
Total liabilities and fund balances	$ 6,257,028	$ 126	$ 33,617	$ 8,511	$ 1,832,596	$ 1,491,000	$ 26,212,789

County of Oakland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Capital Project Funds
Year Ended September 30, 2007

	Building Improvement	Project Work Orders	Work Release/ Jail Mgt/Video Conferencing	Office Building Renovation	52/3 District Court & Sheriff Substation	Airport T-Hangar Construction
Revenues						
Special assessments	$ -	$ -	$ -	$ -	$ -	$ -
Charges for services	-	-	-	-	-	-
Investment income	-	-	214,513	278,889	46,570	56,377
Other	725,000	5,911	-	-	-	-
Total revenues	725,000	5,911	214,513	278,889	46,570	56,377
Expenditures						
Capital Outlay	-	4,902,904	898,808	6,797,519	89,835	1,089,509
Total expenditures	-	4,902,904	898,808	6,797,519	89,835	1,089,509
Excess (deficiency) of revenues over (under) expenditures	725,000	(4,896,993)	(684,295)	(6,518,630)	(43,265)	(1,033,132)
Other financing sources (uses)						
Transfers in	3,898,319	4,903,528	600,000	-	-	-
Transfers out	(4,858,626)	(978,809)	(2,234,368)	-	(2,924,043)	-
Total other financing sources (uses)	(960,307)	3,924,719	(1,634,368)	-	(2,924,043)	-
Net change in fund balances	(235,307)	(972,274)	(2,318,663)	(6,518,630)	(2,967,308)	(1,033,132)
Fund balances (deficit)						
October 1, 2006	7,260,662	4,232,341	5,560,429	7,469,940	2,967,308	1,819,356
September 30, 2007	$ 7,025,355	$ 3,260,067	$ 3,241,766	$ 951,310	$ -	$ 786,224

(continued)

County of Oakland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Non-Major Capital Project Funds
Year Ended September 30, 2007

	Jail Renovation-Visitation	Major Dept. Support Projects	Lake Levels Act 146	Lake Improvements Act 345	Drain Commissioner Revolving	Long-term Revolving	Totals September 30, 2007
Revenues							
Special assessments	$ -	$ -	$ 4,910	$ -	$ -	$ -	$ 4,910
Charges for services	-	-	289	-	-	-	289
Investment income	222,347	-	2,424	460	-	-	821,580
Other	-	-	-	-	-	-	730,911
Total revenues	222,347	-	7,623	460	-	-	1,557,690
Expenditures							
Capital Outlay	1,280,274	430,452	15,052	-	-	-	15,504,353
Total expenditures	1,280,274	430,452	15,052	-	-	-	15,504,353
Excess (deficiency) of revenues over (under) expenditures	(1,057,927)	(430,452)	(7,429)	460	-	-	(13,946,663)
Other financing sources (uses)							
Transfers in	6,618,491	-	-	-	-	-	16,020,338
Transfers out	-	-	-	-	-	-	(10,995,846)
Total other financing sources (uses)	6,618,491	-	-	-	-	-	5,024,492
Net change in fund balances	5,560,564	(430,452)	(7,429)	460	-	-	(8,922,171)
Fund balances (deficit)							
October 1, 2006	-	430,578	(41,834)	7,762	1,825,000	1,491,000	33,022,542
September 30, 2007	$ 5,560,564	$ 126	$ (49,263)	$ 8,222	$ 1,825,000	$ 1,491,000	$ 24,100,371

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

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

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

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

The 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's Department (General Fund).

County of Oakland
Combining Statement of Net Assets
Internal Service Funds
September 30, 2007

	Facilities Maintenance and Operations	Information Technology	Drain Equipment	Micrographics	Motor Pool	Office Equipment
Assets						
Current assets						
Pooled cash and investments	$ 9,664,498	$ 19,934,238	$ -	$ -	$ 369,941	$ 1,731,863
Due from other governmental units	16,330	5,572	12,762	-	8,105	-
Due from component units	8,491	9,996	47,189	158	-	-
Accrued interest receivable	46,501	91,407	-	6,974	8,617	16,548
Accounts receivable (net of allowance for uncollectibles where applicable)	66,269	95,630	84,769	3,450	25	-
Due from other funds	-	-	-	-	-	-
Inventories and supplies	88,201	66,431	-	-	133,229	-
Prepayments and other assets	855	1,724,309	-	81,648	-	-
Total current assets	9,891,145	21,927,583	144,720	92,230	519,917	1,748,411
Noncurrent assets						
Capital assets, at cost						
Land	-	-	130,000	-	-	-
Buildings and improvements	525,283	-	868,876	-	424,861	-
Equipment and vehicles	1,800,452	49,694,184	4,325,386	463,328	13,184,453	4,768,601
Infrastructure	3,169,683	-	-	-	-	-
Construction in progress	-	1,086,251	2,745,670	-	-	-
	5,495,418	50,780,435	8,069,932	463,328	13,609,314	4,768,601
Less: Accumulated depreciation	5,012,921	38,188,378	3,327,326	384,702	6,840,439	3,662,531
Capital assets, net	482,497	12,592,057	4,742,606	78,626	6,768,875	1,106,070
Total assets	$ 10,373,642	$ 34,519,640	$ 4,887,326	$ 170,856	$ 7,288,792	$ 2,854,481

(continued)

County of Oakland
Combining Statement of Net Assets (Continued)
Internal Service Funds
September 30, 2007

	Mailing, Copier, and Printing	Telephone Communications	Building and Liability Insurance	Fringe Benefits	Sheriff Aviation	Totals September 30, 2007
Assets						
Current assets						
Pooled cash and investments	$ 40,667	$ 3,502,877	$ 22,517,847	$ 53,515,759	$ 1,176,885	$ 112,454,575
Due from other governmental units	27,631	740	-	-	-	71,140
Due from component units	-	-	-	-	-	65,834
Accrued interest receivable	-	11,244	179,659	305,213	1,688	667,851
Accounts receivable (net of allowance for uncollectibles where applicable)	17,833	4,517	-	-	-	272,493
Due from other funds	-	-	-	3,988,351	173,090	4,161,441
Inventories and supplies	183,513	-	-	-	-	471,374
Prepayments and other assets	22,002	38,601	485,247	11,113,963	-	13,466,625
Total current assets	291,646	3,557,979	23,182,753	68,923,286	1,351,663	131,631,333
Noncurrent assets						
Capital assets, at cost						
Land	-	-	-	-	-	130,000
Buildings and improvements	-	-	-	-	-	1,819,020
Equipment and vehicles	527,599	4,772,559	-	-	4,077,841	83,614,403
Infrastructure	-	-	-	-	-	3,169,683
Construction in progress	-	-	-	-	-	3,831,921
	527,599	4,772,559	-	-	4,077,841	92,565,027
Less: Accumulated depreciation	395,281	2,885,646	-	-	1,250,289	61,947,513
Capital assets, net	132,318	1,886,913	-	-	2,827,552	30,617,514
Total assets	$ 423,964	$ 5,444,892	$ 23,182,753	$ 68,923,286	$ 4,179,215	$ 162,248,847

(continued)

County of Oakland
Combining Statement of Net Assets (Continued)
Internal Service Funds
September 30, 2007

	Facilities Maintenance and Operations	Information Technology	Drain Equipment	Micrographics	Motor Pool	Office Equipment
Liabilities						
Current liabilities						
Vouchers payable	$ 71,424	$ 590,774	$ 10,783	$ -	$ 111,644	$ 1,488
Accrued payroll	-	-	-	-	-	-
Due to other governmental units	-	-	-	-	-	-
Due to other funds	-	38,002	2,053,213	57,238	-	-
Deferred revenue	-	4,740	-	-	-	-
Current portion of compensated absences	-	-	-	-	-	-
Current portion of claims and judgments	-	-	-	-	-	-
Current portion of advances payable	-	-	12,883	-	-	-
Other accrued liabilities	393,880	1,577,613	263,988	-	2,805	22,972
Total current liabilities	465,304	2,211,129	2,340,867	57,238	114,449	24,460
Noncurrent liabilities						
Accrued compensated absences	-	-	-	-	-	-
Claims and judgments	-	-	-	-	-	-
Advances	-	-	167,479	-	-	-
Total noncurrent liabilities	-	-	167,479	-	-	-
Total liabilities	465,304	2,211,129	2,508,346	57,238	114,449	24,460
Net Assets						
Invested in capital assets	482,497	12,592,057	4,742,606	78,626	6,768,875	1,106,070
Unrestricted	9,425,841	19,716,454	(2,363,626)	34,992	405,468	1,723,951
Total net assets	$ 9,908,338	$ 32,308,511	$ 2,378,980	$ 113,618	$ 7,174,343	$ 2,830,021

(continued)

County of Oakland
Combining Statement of Net Assets (Continued)
Internal Service Funds
September 30, 2007

	Mailing, Copier, and Printing	Telephone Communications	Building and Liability Insurance	Fringe Benefits	Sheriff Aviation	Totals September 30, 2007
Liabilities						
Current liabilities						
Vouchers payable	$ 38,966	$ 73,561	$ 94,963	$ 6,567,771	$ 1,536	$ 7,562,910
Accrued payroll	-	-	-	-	42,639	42,639
Due to other governmental units	-	-	-	383,666	-	383,666
Due to other funds	271	150	-	-	15,990	2,164,864
Deferred revenue	-	-	-	-	-	4,740
Current portion of compensated absences	-	-	-	1,331,839	-	1,331,839
Current portion of claims and judgments	-	-	2,189,154	2,075,319	-	4,264,473
Current portion of advances payable	-	-	-	-	437,500	450,383
Other accrued liabilities	16,859	25,547	1,264	4,804,895	29,950	7,139,773
Total current liabilities	56,096	99,258	2,285,381	15,163,490	527,615	23,345,287
Noncurrent liabilities						
Accrued compensated absences	-	-	-	11,986,550	-	11,986,550
Claims and judgments	-	-	5,897,074	13,005,491	-	18,902,565
Advances	-	-	-	-	837,500	1,004,979
Total noncurrent liabilities	-	-	5,897,074	24,992,041	837,500	31,894,094
Total liabilities	56,096	99,258	8,182,455	40,155,531	1,365,115	55,239,381
Net Assets						
Invested in capital assets	132,318	1,886,913	-	-	2,827,552	30,617,514
Unrestricted	235,550	3,458,721	15,000,298	28,767,755	(13,452)	76,391,952
Total net assets	$ 367,868	$ 5,345,634	$ 15,000,298	$ 28,767,755	$ 2,814,100	$ 107,009,466

County of Oakland
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
Year Ended September 30, 2007

	Facilities Maintenance and Operations	Information Technology	Drain Equipment	Micrographics	Motor Pool	Office Equipment
Operating revenues						
Charges for services	$ 24,666,611	$ 24,123,044	$ 3,350,372	$ 655,920	$ 7,728,158	$ 635,032
Other	714	2,513	1,785	-	-	2,000
Total operating revenues	24,667,325	24,125,557	3,352,157	655,920	7,728,158	637,032
Operating expenses						
Salaries	7,700,896	9,503,808	615,912	360,076	768,637	-
Fringe benefits	4,289,604	4,670,646	280,067	211,881	460,952	-
Contractual services	10,630,936	12,076,175	408,685	235,633	1,416,974	816,846
Commodities	1,155,673	1,719,644	272,299	50,593	2,596,288	-
Depreciation	144,439	4,511,537	265,934	23,348	2,115,520	468,858
Internal services	939,448	1,507,722	2,257,435	54,267	456,112	803
Total operating expenses	24,860,996	33,989,532	4,100,332	935,798	7,814,483	1,286,507
Operating income (loss)	(193,671)	(9,863,975)	(748,175)	(279,878)	(86,325)	(649,475)
Nonoperating revenues (expenses)						
Interest revenue	586,672	926,146	(77,695)	4,676	(32,975)	112,082
Interest expense	-	-	(9,959)	-	-	-
Gain (loss) on sale of property and equipment	-	3,689	82,962	-	40,672	6,878
Net nonoperating revenues (expenses)	586,672	929,835	(4,692)	4,676	7,697	118,960
Income (loss) before transfers and contributions	393,001	(8,934,140)	(752,867)	(275,202)	(78,628)	(530,515)
Capital contributions	105,517	190,453	-	-	-	-
Transfers in	30,352	7,405,000	136,978	-	472,773	17,325
Transfers out	(632,801)	(88,505)	(368,779)	-	-	-
Change in net assets	(103,931)	(1,427,192)	(984,668)	(275,202)	394,145	(513,190)
Net assets						
October 1, 2006	10,012,269	33,735,703	3,363,648	388,820	6,780,198	3,343,211
September 30, 2007	$ 9,908,338	$ 32,308,511	$ 2,378,980	$ 113,618	$ 7,174,343	$ 2,830,021

(continued)

County of Oakland
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets (Continued)
Internal Service Funds
Year Ended September 30, 2007

	Mailing, Copier, and Printing	Telephone Communications	Building and Liability Insurance	Fringe Benefits	Sheriff Aviation	Totals September 30, 2007
Operating revenues						
Charges for services	$ 3,511,886	$ 4,159,234	$ 3,942,126	$ 127,640,935	$ 1,654,217	$ 202,067,535
Other	-	-	2,755	-	-	9,767
Total operating revenues	3,511,886	4,159,234	3,944,881	127,640,935	1,654,217	202,077,302
Operating expenses						
Salaries	338,442	302,947	455,268	1,196,432	268,803	21,511,221
Fringe benefits	187,883	191,503	209,489	611,252	150,603	11,263,880
Contractual services	1,704,597	2,072,093	790,813	128,089,814	180,096	158,422,662
Commodities	1,211,894	203,387	2,588	13,732	105,363	7,331,461
Depreciation	18,324	337,874	-	-	237,082	8,122,916
Internal services	89,102	530,049	80,429	238,067	228,382	6,381,816
Total operating expenses	3,550,242	3,637,853	1,538,587	130,149,297	1,170,329	213,033,956
Operating income (loss)	(38,356)	521,381	2,406,294	(2,508,362)	483,888	(10,956,654)
Nonoperating revenues (expenses)						
Interest revenue	(6,971)	169,412	1,213,632	5,479,808	35,485	8,410,272
Interest expense	-	-	-	-	(81,873)	(91,832)
Gain (loss) on sale of property and equipment	-	-	-	-	-	134,201
Net nonoperating revenues (expenses)	(6,971)	169,412	1,213,632	5,479,808	(46,388)	8,452,641
Income (loss) before transfers and contributions	(45,327)	690,793	3,619,926	2,971,446	437,500	(2,504,013)
Capital contributions	-	-	-	-	-	295,970
Transfers in	-	-	-	-	-	8,062,428
Transfers out	-	-	-	-	-	(1,090,085)
Change in net assets	(45,327)	690,793	3,619,926	2,971,446	437,500	4,764,300
Net assets						
October 1, 2006	413,195	4,654,841	11,380,372	25,796,309	2,376,600	102,245,166
September 30, 2007	$ 367,868	$ 5,345,634	$ 15,000,298	$ 28,767,755	$ 2,814,100	$ 107,009,466

County of Oakland
Combining Statement of Cash Flows
Internal Service Funds
Year Ended September 30, 2007

	Facilities Maintenance and Operations	Information Technology	Drain Equipment	Micrographics	Motor Pool	Office Equipment
Cash flows from operating activities						
Cash received from users	$ 24,698,272	$ 24,222,207	$ 3,374,928	$ 679,542	$ 8,204,435	$ 637,032
Cash paid to suppliers	(17,038,631)	(19,913,061)	(1,770,040)	(588,309)	(5,442,810)	(810,403)
Cash paid to employees	(7,783,704)	(9,503,808)	(618,205)	(360,076)	(768,637)	-
Net cash provided by (used in) operating activities	(124,063)	(5,194,662)	986,683	(268,843)	1,992,988	(173,371)
Cash flows from noncapital financing activities						
Transfers from other funds	30,352	2,736,340	136,978	-	-	-
Transfers to other funds	(632,801)	(88,505)	(368,779)	-	-	-
Amounts received on contracts	-	-	-	-	-	12,268
Interest received on contracts	-	-	-	-	-	975
Net cash provided by (used in) noncapital financing activities	(602,449)	2,647,835	(231,801)	-	-	13,243
Cash flows from capital and related financing activities						
Transfers from other funds	-	4,668,660	-	-	472,773	17,325
Proceeds from sale of capital assets	-	3,689	82,962	-	714,303	11,714
Acquisition of capital assets	(25,715)	(1,484,547)	(738,539)	-	(2,778,364)	(323,856)
Amount paid on advances and equipment contracts	-	-	(12,883)	-	-	-
Interest paid on advances and equipment contracts	-	-	(9,959)	-	-	-
Net cash provided by (used in) capital and related financing activities	(25,715)	3,187,802	(678,419)	-	(1,591,288)	(294,817)
Cash flows from investing activities						
Interest on investments	549,344	866,245	(76,463)	4,208	(31,759)	102,733
Net cash provided by (used in) investing activities	549,344	866,245	(76,463)	4,208	(31,759)	102,733
Net increase (decrease) in cash and cash equivalents	(202,883)	1,507,220	-	(264,635)	369,941	(352,212)
Pooled cash and investments						
October 1, 2006	9,867,381	18,427,018	-	264,635	-	2,084,075
September 30, 2007	$ 9,664,498	$ 19,934,238	$ -	$ -	$ 369,941	$ 1,731,863

(continued)

County of Oakland
Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended September 30, 2007

	Mailing, Copier and Printing	Telephone Communications	Building and Liability Insurance	Fringe Benefits	Sheriff Aviation	Totals September 30, 2007
Cash flows from operating activities						
Cash received from users	$ 3,502,356	$ 4,155,468	$ 3,944,881	$ 125,824,711	$ 1,976,666	$ 201,220,498
Cash paid to suppliers	(3,237,891)	(3,045,399)	(3,140,217)	(130,964,494)	(662,533)	(186,613,788)
Cash paid to employees	(338,442)	(302,947)	(455,268)	(1,196,432)	(251,109)	(21,578,628)
Net cash provided by (used in) operating activities	(73,977)	807,122	349,396	(6,336,215)	1,063,024	(6,971,918)
Cash flows from noncapital financing activities						
Transfers from other funds	-	-	-	-	-	2,903,670
Transfers to other funds	-	-	-	-	-	(1,090,085)
Amounts received on contracts	-	-	-	-	-	12,268
Interest received on contracts	-	-	-	-	-	975
Net cash provided by (used in) noncapital financing activities	-	-	-	-	-	1,826,828
Cash flows from capital and related financing activities						
Transfers from other funds	-	-	-	-	-	5,158,758
Proceeds from sale of capital assets	-	-	-	-	-	812,668
Acquisition of capital assets	-	-	-	-	-	(5,351,021)
Amount paid on advances and equipment contracts	-	-	-	-	(437,500)	(450,383)
Interest paid on advances and equipment contracts	-	-	-	-	(81,873)	(91,832)
Net cash provided by (used in) capital and related financing activities	-	-	-	-	(519,373)	78,190
Cash flows from investing activities						
Interest on investments	(6,469)	159,026	1,132,938	5,290,488	33,797	8,024,088
Net cash provided by (used in) investing activities	(6,469)	159,026	1,132,938	5,290,488	33,797	8,024,088
Net increase (decrease) in cash and cash equivalents	(80,446)	966,148	1,482,334	(1,045,727)	577,448	2,957,188
Pooled cash and investments						
October 1, 2006	121,113	2,536,729	21,035,513	54,561,486	599,437	109,497,387
September 30, 2007	$ 40,667	$ 3,502,877	$ 22,517,847	$ 53,515,759	$ 1,176,885	$ 112,454,575

(continued)

County of Oakland
Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended September 30, 2007

	Facilities Maintenance and Operations	Information Technology	Drain Equipment	Micrographics	Motor Pool	Office Equipment
Operating income (loss)	$ (193,671)	$ (9,863,975)	$ (748,175)	$ (279,878)	$ (86,325)	$ (649,475)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation expense	144,439	4,511,537	265,934	23,348	2,115,520	468,858
(Increase) decrease in due from other governmental units	8,683	9,529	12,296	-	3,702	-
(Increase) decrease in due from component units	52,838	2,115	2,535	(78)	-	-
(Increase) decrease in accounts receivable	(51,405)	85,006	7,862	23,700	3,575	-
(Increase) decrease in due from other funds	20,831	-	78	-	469,000	-
(Increase) decrease in inventories and supplies	(7,367)	16,494	-	-	63,352	-
(Increase) decrease in prepayments and other assets	928	(37,589)	26,089	45,124	346,540	-
Increase (decrease) in vouchers payable	(11,857)	(613,492)	(9,305)	(138,297)	(203,031)	(5,601)
Increase (decrease) in accrued payroll	(82,808)	-	(2,293)	-	-	-
Increase (decrease) in due to other governmental units	-	-	-	-	-	-
Increase (decrease) in due to other funds	(27,078)	(18,247)	1,440,029	57,238	(627,473)	-
Increase (decrease) in deferred revenue	-	4,740	-	-	-	-
Increase (decrease) in current portion of compensated absences	-	-	-	-	-	-
Increase (decrease) in current portion claims and judgments	-	-	-	-	-	-
Increase (decrease) in current portion of contracts payable	-	(132,368)	-	-	-	-
Increase (decrease) in other accrued liabilities	22,404	841,588	(8,367)	-	(91,872)	12,847
Increase (decrease) in accrued compensated absences	-	-	-	-	-	-
Increase (decrease) in claims and judgments	-	-	-	-	-	-
Net cash provided by (used in) operating activities	$ (124,063)	$ (5,194,662)	$ 986,683	$ (268,843)	$ 1,992,988	$ (173,371)

County of Oakland
Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended September 30, 2007

	Mailing, Copier, and Printing	Telephone Communications	Building and Liability Insurance	Fringe Benefits	Sheriff Aviation	Totals September 30, 2007
Operating income (loss)	$ (38,356)	$ 521,381	$ 2,406,294	$ (2,508,362)	$ 483,888	$ (10,956,654)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation expense	18,324	337,874	-	-	237,082	8,122,916
(Increase) decrease in due from other governmental units	(13,186)	223	-	-	-	21,247
(Increase) decrease in due from component units	-	-	-	580	-	57,990
(Increase) decrease in accounts receivable	3,656	(3,989)	-	15,552	-	83,957
(Increase) decrease in due from other funds	-	-	-	(1,832,356)	322,449	(1,019,998)
(Increase) decrease in inventories and supplies	56,963	-	-	-	-	129,442
(Increase) decrease in prepayments and other assets	34,246	3,255	(291,198)	(8,771,672)	554	(8,643,723)
Increase (decrease) in vouchers payable	(110,117)	2,956	89,895	6,246,277	(15,226)	5,232,202
Increase (decrease) in accrued payroll	-	-	-	-	17,694	(67,407)
Increase (decrease) in due to other governmental units	-	-	-	48,268	-	48,268
Increase (decrease) in due to other funds	271	150	-	-	6,664	831,554
Increase (decrease) in deferred revenue	-	-	-	-	-	4,740
Increase (decrease) in current portion of compensated absences	-	-	-	28,579	-	28,579
Increase (decrease) in current portion claims and judgments	-	-	(514,061)	(77,084)	-	(591,145)
Increase (decrease) in current portion of contracts payable	-	-	-	-	-	(132,368)
Increase (decrease) in other accrued liabilities	(25,778)	(54,728)	(25,248)	373,872	9,919	1,054,637
Increase (decrease) in accrued compensated absences	-	-	-	257,210	-	257,210
Increase (decrease) in claims and judgments	-	-	(1,316,286)	(117,079)	-	(1,433,365)
Net cash provided by (used in) operating activities	$ (73,977)	$ 807,122	$ 349,396	$ (6,336,215)	$ 1,063,024	$ (6,971,918)

Noncash transactions

Non-cash capital and related financing included a contribution of $105,517 (net of $3,400 accumulated depreciation) of capital assets from the Motor Pool fund to the Facilities Maintenance & Operations fund, and $190,453 of capital assets (software) in the Information Technology 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 operation of the facility was transferred to private party operation during fiscal year 2007.

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, 2007

	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	$ -	$ 207,878	$ 17,724,598	$ 19,609,888	$ 20,600,259	$ 3,833,340
Due from other governmental units	-	39,171	7,354,907	4,560,861	4,253,644	2,239,540
Due from component units	-	-	491,914	-	-	-
Accrued interest receivable	-	1,268	172,585	160,910	150,168	20,789
Accounts receivable (net of allowances for uncollectibles where applicable)	-	1,128	-	6,662	-	-
Due from other funds	-	-	20,561	20,561	20,560	2,056
Current portion of contracts receivable	-	-	-	-	-	-
Inventories and supplies	-	-	-	-	-	-
Prepayments and other assets	-	18,482	-	816,000	-	-
Total current assets	-	267,927	25,764,565	25,174,882	25,024,631	6,095,725
Noncurrent assets						
Capital assets, at cost						
Land	-	-	27,681	613,529	25,725	19,749
Land improvements	-	-	-	11,274	-	-
Buildings and improvements	-	-	3,167,894	3,325,705	734,721	348,504
Equipment and vehicles	-	533,989	37,596	328,753	7,047	-
Infrastructure	-	-	25,784,033	76,214,843	36,799,208	2,962,297
Construction in progress	-	-	10,450,360	-	-	-
	-	533,989	39,467,564	80,494,104	37,566,701	3,330,550
Less: Accumulated depreciation	-	520,996	21,068,180	69,178,626	21,071,965	2,249,939
Capital assets, net	-	12,993	18,399,384	11,315,478	16,494,736	1,080,611
Total assets	-	280,920	44,163,949	36,490,360	41,519,367	7,176,336
Liabilities						
Current liabilities						
Vouchers payable	-	922	258,333	21,596	214,516	-
Due to other governmental units	-	-	4,468,888	6,443,865	3,737,933	1,659,002
Due to other funds	-	-	-	1,898	-	-
Deferred revenue	-	-	-	-	-	-
Other accrued liabilities	-	600	66,743	80,722	51,791	2
Total liabilities	-	1,522	4,793,964	6,548,081	4,004,240	1,659,004
Net Assets						
Invested in capital assets, net of related debt	-	12,993	18,399,384	11,315,478	16,494,736	1,080,611
Unrestricted	-	266,405	20,970,601	18,626,801	21,020,391	4,436,721
Total net assets	$ -	$ 279,398	$ 39,369,985	$ 29,942,279	$ 37,515,127	$ 5,517,332

(continued)

County of Oakland
Combining Statement of Net Assets (Continued)
Non-Major Enterprise Funds
September 30, 2007

	Farmers Market	CLEMIS	Radio Communications	Jail Inmate Commissary	Totals September 30, 2007
Assets					
Current assets					
Pooled cash and investments	$ -	$ 1,962,567	$ 23,205,505	$ 10,558	$ 87,154,593
Due from other governmental units	-	791,098	103,695	-	19,342,916
Due from component units	-	-	-	-	491,914
Accrued interest receivable	-	23,900	117,762	-	647,382
Accounts receivable (net of allowances for uncollectibles where applicable)	-	23,174	522,532	140,068	693,564
Due from other funds	26,397	39,078	-	-	129,213
Current portion of contracts receivable	-	107,531	-	-	107,531
Inventories and supplies	-	81,673	630,817	30,059	742,549
Prepayments and other assets	-	328,005	102,193	-	1,264,680
Total current assets	26,397	3,357,026	24,682,504	180,685	110,574,342
Noncurrent assets					
Capital assets, at cost					
Land	-	-	-	-	686,684
Land improvements	-	-	-	-	11,274
Buildings and improvements	-	-	-	-	7,576,824
Equipment and vehicles	-	28,002,815	11,130,982	-	40,041,182
Infrastructure	-	-	-	-	141,760,381
Construction in progress	-	2,821,090	24,802,657	-	38,074,107
	-	30,823,905	35,933,639	-	228,150,452
Less: Accumulated depreciation	-	22,110,886	11,112,178	-	147,312,770
Capital assets, net	-	8,713,019	24,821,461	-	80,837,682
Total assets	26,397	12,070,045	49,503,965	180,685	191,412,024
Liabilities					
Current liabilities					
Vouchers payable	-	41,032	39,952	19,920	596,271
Due to other governmental units	-	-	-	-	16,309,688
Due to other funds	28,166	-	-	65	30,129
Deferred revenue	-	429,390	-	-	429,390
Other accrued liabilities	-	400,600	178,926	16,580	795,964
Total liabilities	28,166	871,022	218,878	36,565	18,161,442
Net Assets					
Invested in capital assets, net of related debt	-	8,713,019	24,821,461	-	80,837,682
Unrestricted	(1,769)	2,486,004	24,463,626	144,120	92,412,900
Total net assets	$ (1,769)	$ 11,199,023	$ 49,285,087	$ 144,120	$ 173,250,582

County of Oakland
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Non-Major Enterprise Funds
Year Ended September 30, 2007

	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	$ 4,470,454	$ 166,269	$ 30,158,816	$ 32,687,073	$ 21,628,274	$ 4,138,394
Other	19,100	-	1,818,516	1,618	2,024	14,272
Total operating revenues	4,489,554	166,269	31,977,332	32,688,691	21,630,298	4,152,666
Operating expenses						
Salaries	2,042,012	218,789	568,412	609,120	488,571	51,449
Fringe benefits	1,034,676	132,496	276,613	271,430	228,625	24,246
Contractual services	2,557,502	171,075	28,124,966	31,973,133	21,603,549	3,551,711
Commodities	279,976	1,079	95,586	418,125	73,446	149
Depreciation	57,729	4,825	584,823	1,399,160	750,679	66,217
Internal services	553,284	66,350	229,107	121,340	187,103	12,459
Total operating expenses	6,525,179	594,614	29,879,507	34,792,308	23,331,973	3,706,231
Operating income (loss)	(2,035,625)	(428,345)	2,097,825	(2,103,617)	(1,701,675)	446,435
Nonoperating revenues (expenses)						
Contributions	5,795	-	-	-	-	-
Interest revenue	(18,288)	8,670	928,547	1,131,266	1,078,642	195,122
Gain (loss) on sale of property and equipment	(23,938)	-	-	-	-	-
Net nonoperating revenues (expenses)	(36,431)	8,670	928,547	1,131,266	1,078,642	195,122
Income (loss) before contributions and transfers	(2,072,056)	(419,675)	3,026,372	(972,351)	(623,033)	641,557
Capital contributions	-	-	535,477	-	-	-
Transfers in	1,516,072	490,390	-	-	-	-
Transfers out	(756,035)	-	-	-	-	-
Change in net assets	(1,312,019)	70,715	3,561,849	(972,351)	(623,033)	641,557
Net assets						
October 1, 2006	1,312,019	208,683	35,808,136	30,914,630	38,138,160	4,875,775
September 30, 2007	$ -	$ 279,398	$ 39,369,985	$ 29,942,279	$ 37,515,127	$ 5,517,332

(continued)

County of Oakland
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets (Continued)
Non-Major Enterprise Funds
Year Ended September 30, 2007

	Farmers Market	CLEMIS	Radio Communications	Jail Inmate Commissary	Totals September 30, 2007
Operating revenues					
Charges for services	$ 152,101	$ 3,202,558	$ 6,065,487	$ 1,465,779	$ 104,135,205
Other	-	-	-	-	1,855,530
Total operating revenues	152,101	3,202,558	6,065,487	1,465,779	105,990,735
Operating expenses					
Salaries	69,495	1,194,649	528,670	315,310	6,086,477
Fringe benefits	24,145	563,837	272,777	187,176	3,016,021
Contractual services	26,279	2,756,180	1,046,007	79,492	91,889,894
Commodities	-	167,554	137,135	796,822	1,969,872
Depreciation	-	3,702,369	5,743	-	6,571,545
Internal services	48,249	900,000	399,242	11,952	2,529,086
Total operating expenses	168,168	9,284,589	2,389,574	1,390,752	112,062,895
Operating income (loss)	(16,067)	(6,082,031)	3,675,913	75,027	(6,072,160)
Nonoperating revenues (expenses)					
Contributions	-	-	-	-	5,795
Interest revenue	(1,407)	120,929	1,162,163	13,823	4,619,467
Gain (loss) on sale of property and equipment	-	133	-	-	(23,805)
Net nonoperating revenues (expenses)	(1,407)	121,062	1,162,163	13,823	4,601,457
Income (loss) before contributions and transfers	(17,474)	(5,960,969)	4,838,076	88,850	(1,470,703)
Capital contributions	-	3,062,610	-	-	3,598,087
Transfers in	-	1,633,400	267,061	-	3,906,923
Transfers out	-	-	-	-	(756,035)
Change in net assets	(17,474)	(1,264,959)	5,105,137	88,850	5,278,272
Net assets					
October 1, 2006	15,705	12,463,982	44,179,950	55,270	167,972,310
September 30, 2007	$ (1,769)	$ 11,199,023	$ 49,285,087	$ 144,120	$ 173,250,582

County of Oakland
Combining Statement of Cash Flows
Non-Major Enterprise Funds
Year Ended September 30, 2007

	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	$ 5,765,091	$ 166,162	$ 34,132,169	$ 32,338,838	$ 23,393,660	$ 3,401,854
Cash paid to suppliers	(5,191,549)	(372,853)	(29,964,388)	(32,967,898)	(21,447,653)	(3,100,185)
Cash paid to employees	(2,077,737)	(218,789)	(572,812)	(614,460)	(492,392)	(51,567)
Net cash provided by (used in) operating activities	(1,504,195)	(425,480)	3,594,969	(1,243,520)	1,453,615	250,102
Cash flows from noncapital financing activities						
Transfers from other funds	1,516,072	490,390	-	-	-	-
Contributions	5,795	-	-	-	-	-
Net cash provided by (used in) noncapital financing activities	1,521,867	490,390	-	-	-	-
Cash flows from capital and related financing activities						
Transfers from other funds	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Acquisition of capital assets	-	(16,129)	(12,747)	(51,600)	-	-
Net cash provided by (used in) capital and related financing activities	-	(16,129)	(12,747)	(51,600)	-	-
Cash flows from investing activities						
Interest on investments	(17,672)	7,973	865,102	1,045,225	995,317	183,578
Net cash provided by (used in) investing activities	(17,672)	7,973	865,102	1,045,225	995,317	183,578
Net increase (decrease) in cash and cash equivalents	-	56,754	4,447,324	(249,895)	2,448,932	433,680
Pooled cash and investments						
October 1, 2006	-	151,124	13,277,274	19,859,783	18,151,327	3,399,660
September 30, 2007	$ -	$ 207,878	$ 17,724,598	$ 19,609,888	$ 20,600,259	$ 3,833,340

(continued)

County of Oakland
Combining Statement of Cash Flows (Continued)
Non-Major Enterprise Funds
Year Ended September 30, 2007

	Farmers Market	CLEMIS	Radio Communications	Jail Inmate Commissary	Totals September 30, 2007
Cash flows from operating activities					
Cash received from users	$ 125,704	$ 3,384,424	$ 6,227,720	$ 1,441,338	$ 110,376,960
Cash paid to suppliers	(70,851)	(4,493,369)	(1,803,638)	(1,126,357)	(100,538,741)
Cash paid to employees	(69,495)	(1,194,649)	(528,670)	(318,581)	(6,139,152)
Net cash provided by (used in) operating activities	(14,642)	(2,303,594)	3,895,412	(3,600)	3,699,067
Cash flows from noncapital financing activities					
Transfers from other funds	-	1,619,000	267,061	-	3,892,523
Contributions	-	-	-	-	5,795
Net cash provided by (used in) noncapital financing activities	-	1,619,000	267,061	-	3,898,318
Cash flows from capital and related financing activities					
Transfers from other funds	-	14,400	-	-	14,400
Proceeds from sale of capital assets	-	133	-	-	133
Acquisition of capital assets	-	(16,125)	(607,934)	-	(704,535)
Net cash provided by (used in) capital and related financing activities	-	(1,592)	(607,934)	-	(690,002)
Cash flows from investing activities					
Interest on investments	(1,407)	112,410	1,089,072	14,158	4,293,756
Net cash provided by (used in) investing activities	(1,407)	112,410	1,089,072	14,158	4,293,756
Net increase (decrease) in cash and cash equivalents	(16,049)	(573,776)	4,643,611	10,558	11,201,139
Pooled cash and investments					
October 1, 2006	16,049	2,536,343	18,561,894	-	75,953,454
September 30, 2007	$ -	$ 1,962,567	$ 23,205,505	$ 10,558	$ 87,154,593

(continued)

County of Oakland
Combining Statement of Cash Flows (Continued)
Non-Major Enterprise Funds
Year Ended September 30, 2007

	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)	$ (2,035,625)	$ (428,345)	$ 2,097,825	$ (2,103,617)	$ (1,701,675)	$ 446,435
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation expense	57,729	4,825	584,823	1,399,160	750,679	66,217
(Increase) decrease in due from other governmental units	-	(4)	(300,865)	(328,750)	1,783,922	(748,756)
(Increase) decrease in due from component units	-	-	(464,505)	-	-	-
(Increase) decrease in accounts receivable	1,275,537	(103)	-	(542)	-	-
(Increase) decrease in due from other funds	-	-	2,920,207	(20,561)	(20,560)	(2,056)
(Increase) decrease in inventories and supplies	-	-	-	-	-	-
(Increase) decrease in prepayments and other assets	200	(3,375)	-	(816,000)	-	-
Increase (decrease) in vouchers payable	(14,971)	922	138,338	2,272	163,235	(8)
Increase (decrease) in accrued payroll	(35,725)	-	(4,400)	(5,340)	(3,821)	(118)
Increase (decrease) in due to other governmental units	-	-	(1,141,467)	789,653	963,022	564,776
Increase (decrease) in due to other funds	(593,217)	-	(249,555)	(144,247)	(211,122)	(22,706)
Increase (decrease) in deferred revenue	-	-	-	-	-	-
Increase (decrease) in other accrued liabilities	(158,123)	600	14,568	(15,548)	(270,065)	(53,682)
Net cash provided by (used in) operating activities	$ (1,504,195)	$ (425,480)	$ 3,594,969	$ (1,243,520)	$ 1,453,615	$ 250,102

(continued)

County of Oakland
Combining Statement of Cash Flows (Continued)
Non-Major Enterprise Funds
Year Ended September 30, 2007

	Farmers Market	CLEMIS	Radio Communications	Jail Inmate Commissary	Totals September 30, 2007
Operating income (loss)	$ (16,067)	$ (6,082,031)	$ 3,675,913	$ 75,027	$ (6,072,160)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation expense	-	3,702,369	5,743	-	6,571,545
(Increase) decrease in due from other governmental units	-	515,535	(59,769)	-	861,313
(Increase) decrease in due from component units	-	-	-	-	(464,505)
(Increase) decrease in accounts receivable	-	77,129	222,002	(36,659)	1,537,364
(Increase) decrease in due from other funds	(26,397)	(30,038)	-	12,218	2,832,813
(Increase) decrease in inventories and supplies	-	(8,840)	12,453	4,927	8,540
(Increase) decrease in prepayments and other assets	-	(169,537)	1,781	-	(986,931)
Increase (decrease) in vouchers payable	-	(124,754)	20,887	(4,740)	181,181
Increase (decrease) in accrued payroll	-	-	-	(3,271)	(52,675)
Increase (decrease) in due to other governmental units	-	-	-	-	1,175,984
Increase (decrease) in due to other funds	27,822	-	(85)	(67,682)	(1,260,792)
Increase (decrease) in deferred revenue	-	(380,760)	-	-	(380,760)
Increase (decrease) in other accrued liabilities	-	197,333	16,487	16,580	(251,850)
Net cash provided by (used in) operating activities	$ (14,642)	$ (2,303,594)	$ 3,895,412	$ (3,600)	$ 3,699,067

Noncash transactions

Noncash and capital related financing activities included write-off of $23,938 in fully depreciated assets, and transfer of $756,035 of capital assets to the general government in the Medical Care Facility fund, contribution of capital assets of $535,477 and $3,062,610 in the Evergreen-Farmington SDS and CLEMIS funds, respectively, purchase of capital assets of $29,175 included in Other accrued liabilities and write-off of $27,088 in fully depreciated capital assets in the Radio Communications fund.

Noncash and non-capital related financing activities included recording of Contracts Receivable and Deferred Revenue of $107,531 in the CLEMIS 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 postemployment medical benefits.

County of Oakland
Combining Statement of Fiduciary Net Assets
Pension (and Other Postemployment Benefits) Trust Funds
September 30, 2007

	Oakland County Employees' Retirement	VEBA Trust	Totals September 30, 2007
Assets			
Cash and cash equivalents	$ 30,399,766	$ 18,679,791	$ 49,079,557
Investments, at fair value:			
Common stock	452,807,089	214,544,975	667,352,064
Government securities	55,132,663	39,799,186	94,931,849
Corporate bonds	84,395,016	35,357,607	119,752,623
Municipal bonds	2,608,909	724,212	3,333,121
Asset-backed fixed income	11,395,497	4,416,217	15,811,714
CMO/REMIC investments	14,213,589	5,316,723	19,530,312
Mortgage-backed securities	25,845,682	10,870,617	36,716,299
Short-term investments	4,069,961	2,510,116	6,580,077
Commercial mortgage-backed securities	26,588,392	11,211,159	37,799,551
Money market funds	43,849,832	14,721,845	58,571,677
International common stock	68,115,826	24,229,281	92,345,107
Equity REIT	14,312,894	6,722,794	21,035,688
Other	3,719,897	1,778,800	5,498,697
Total investments	807,055,247	372,203,532	1,179,258,779
Receivables - interest and dividends	3,128,394	1,443,420	4,571,814
Receivables - other	501	3,356	3,857
Prepaid expenses	-	122,967	122,967
Total assets	840,583,908	392,453,066	1,233,036,974
Liabilities			
Vouchers payable	161,852	69,330	231,182
Other accrued liabilities	633,448	1,365,000	1,998,448
Total liabilities	795,300	1,434,330	2,229,630
Net assets			
Held in trust for employees' pension and other postemployment healthcare benefits	$ 839,788,608	$ 391,018,736	$ 1,230,807,344

County of Oakland
Combining Statement of Changes in Fiduciary Net Assets
Pension (and Other Postemployment Benefits) Trust Funds
Year Ended September 30, 2007

	Oakland County Employees' Retirement	VEBA Trust	Totals September 30, 2007
Additions			
Contributions			
Employer	$ -	$ 54,780,659	$ 54,780,659
Plan members	1,003,782	67,627	1,071,409
Total contributions	1,003,782	54,848,286	55,852,068
Investment income	92,195,744	40,309,051	132,504,795
Other revenue	683,784	297,171	980,955
Total additions	93,883,310	95,454,508	189,337,818
Deductions			
Benefits	32,217,696	20,060,663	52,278,359
Administrative expenses	3,586,392	-	3,586,392
Total deductions	35,804,088	20,060,663	55,864,751
Net increase	58,079,222	75,393,845	133,473,067
Net assets held in trust for employees' pension and other postemployment healthcare benefits			
October 1, 2006	781,709,386	315,624,891	1,097,334,277
September 30, 2007	$ 839,788,608	$ 391,018,736	$ 1,230,807,344

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

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

County of Oakland
Statement of Fiduciary Net Assets
Investment Trust Funds
September 30, 2007

	Local Government Investment Pool
Assets	
Cash and cash equivalents	$ 11,403,870
Receivables - interest and dividends	25,223
Total assets	$ 11,429,093
Net assets	
Held in trust for investment pool participants	$ 11,429,093

County of Oakland
Statement of Changes in Fiduciary Net Assets
Investment Trust Funds
Year Ended September 30, 2007

	Local Government Investment Pool
Additions	
Contributions from pool participants	$ 6,419,768
Investment income	306,880
Total additions	6,726,648
Deductions	
Distribution to pool participants	935,375
Net increase	5,791,273
Net assets held in trust for pool participants	
October 1, 2006	5,637,820
September 30, 2007	$ 11,429,093

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

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

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

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

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

The Medical Care Facility (M.C.F.) Patient Trust Fund - is used to account for personal funds of patients at the Medical Care Facility. This fund divested all assets and liabilities in fiscal year 2007 due to privatization of the Medical Care Facility.

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

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

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

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

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

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

The District Court Trust Accounts - 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, 2007

	District Court Investments	Undistributed Taxes	Register of Deeds Trust	Sheriff NET Forfeiture	M.C.F. Patient Trust	Circuit Court Trust	Escheats Trust
Assets							
Pooled cash and investments	$ 300,000	$ 291,030,904	$ 75,365	$ 1,670,210	$ -	$ 11,213,500	$ 252,716
Cash and cash equivalents	-	-	-	-	-	-	-
Accrued interest receivable	-	-	-	21,049	-	166,049	-
Total assets	300,000	291,030,904	75,365	1,691,259	-	11,379,549	252,716
Liabilities							
Vouchers payable	-	87,582,991	-	-	-	1,350	-
Due to other governmental units	-	203,447,913	-	-	-	-	252,716
Other accrued liabilities	300,000	-	75,365	1,691,259	-	11,378,199	-
Total liabilities	300,000	291,030,904	75,365	1,691,259	-	11,379,549	252,716
Net assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -

(continued)

County of Oakland
Combining Statement of Fiduciary Net Assets (Continued)
Agency Funds
September 30, 2007

	Legatee Trust	Special Trust	Contractor's Retainage	Public Library Trust	District Court Trust Accounts	Jail Inmate Trust Account	Totals September 30, 2007
Assets							
Pooled cash and investments	$ 478,297	$ 1,718,000	$ 1,406,328	$ 494,323	$ -	$ -	$ 308,639,643
Cash and cash equivalents	-	-	-	-	519,517	238,189	757,706
Accrued interest receivable	2,210	16,101	28,011	15,235	-	-	248,655
Total assets	480,507	1,734,101	1,434,339	509,558	519,517	238,189	309,646,004
Liabilities							
Vouchers payable	-	-	-	-	-	-	87,584,341
Due to other governmental units	-	-	-	-	-	-	203,700,629
Other accrued liabilities	480,507	1,734,101	1,434,339	509,558	519,517	238,189	18,361,034
Total liabilities	480,507	1,734,101	1,434,339	509,558	519,517	238,189	309,646,004
Net assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -

County of Oakland
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended September 30, 2007

	Balance October 1, 2006	Additions	Deductions	Balance September 30, 2007
District Court Investments				
Assets				
Pooled cash and investments	$ 300,000	$ 47,439	$ 47,439	$ 300,000
Accrued interest receivable	-	2,761	2,761	-
Total	$ 300,000	$ 50,200	$ 50,200	$ 300,000
Liabilities				
Due to other funds	$ -	$ 28,459	$ 28,459	$ -
Other accrued liabilities	300,000	21,378	21,378	300,000
Total	$ 300,000	$ 49,837	$ 49,837	$ 300,000
Undistributed Taxes				
Assets				
Pooled cash and investments	$ 249,409,774	$ 1,066,832,466	$ 1,025,211,336	$ 291,030,904
Liabilities				
Vouchers payable	$ 103,694,496	$ 646,069,329	$ 662,180,834	$ 87,582,991
Due to other governmental units	145,715,278	1,076,285,102	1,018,552,467	203,447,913
Due to other funds	-	104,003,393	104,003,393	-
Total	$ 249,409,774	$ 1,826,357,824	$ 1,784,736,694	$ 291,030,904
Register of Deeds Trust				
Assets				
Pooled cash and investments	$ 30,365	$ 236,060	$ 191,060	$ 75,365
Liabilities				
Vouchers payable	$ -	$ 191,060	$ 191,060	$ -
Other accrued liabilities	30,365	261,631	216,631	75,365
Total	$ 30,365	$ 452,691	$ 407,691	$ 75,365
Sheriff NET Forfeiture				
Assets				
Pooled cash and investments	$ 1,887,080	$ 1,553,878	$ 1,770,748	$ 1,670,210
Accrued interest receivable	14,104	11,895	4,950	21,049
Total	$ 1,901,184	$ 1,565,773	$ 1,775,698	$ 1,691,259
Liabilities				
Vouchers payable	$ -	$ 1,027,080	$ 1,027,080	$ -
Other accrued liabilities	1,901,184	2,153,618	2,363,543	1,691,259
Total	$ 1,901,184	$ 3,180,698	$ 3,390,623	$ 1,691,259

(continued)

County of Oakland
Combining Statement of Changes in Assets and Liabilities (Continued)
Agency Funds
Year Ended September 30, 2007

	Balance October 1, 2006	Additions	Deductions	Balance September 30, 2007
M.C.F. Patient Trust				
Assets				
Pooled cash and investments	$ 18,706	$ 350,690	$ 369,396	$ -
Accrued interest receivable	101	205	306	-
Total	$ 18,807	$ 350,895	$ 369,702	$ -
Liabilities				
Vouchers payable	$ -	$ 38,472	$ 38,472	$ -
Other accrued liabilities	18,807	350,631	369,438	-
Total	$ 18,807	$ 389,103	$ 407,910	$ -
Circuit Court Trust				
Assets				
Pooled cash and investments	$ 7,687,688	$ 12,294,939	$ 8,769,126	$ 11,213,501
Accrued interest receivable	129,075	62,246	25,273	166,048
Total	$ 7,816,763	$ 12,357,185	$ 8,794,399	$ 11,379,549
Liabilities				
Vouchers payable	$ -	$ 10,444,850	$ 10,443,500	$ 1,350
Other accrued liabilities	7,816,763	15,830,503	12,269,067	11,378,199
Total	$ 7,816,763	$ 26,275,353	$ 22,712,567	$ 11,379,549
Escheats Trust				
Assets				
Pooled cash and investments	$ 161,237	$ 173,104	$ 81,625	$ 252,716
Liabilities				
Vouchers payable	$ -	$ 80,465	$ 80,465	$ -
Due to other governmental units	161,237	172,959	81,480	252,716
Total	$ 161,237	$ 253,424	$ 161,945	$ 252,716
Legatee Trust				
Assets				
Pooled cash and investments	$ 357,947	$ 231,784	$ 111,434	$ 478,297
Accrued interest receivable	842	2,505	1,137	2,210
Total	$ 358,789	$ 234,289	$ 112,571	$ 480,507
Liabilities				
Vouchers payable	$ -	$ 70,409	$ 70,409	$ -
Other accrued liabilities	358,789	541,626	419,908	480,507
Total	$ 358,789	$ 612,035	$ 490,317	$ 480,507

(continued)

County of Oakland
Combining Statement of Changes in Assets and Liabilities (Continued)
Agency Funds
Year Ended September 30, 2007

	Balance October 1, 2006	Additions	Deductions	Balance September 30, 2007
Special Trust				
Assets				
Pooled cash and investments	$ 2,767,537	$ 2,596,833	$ 3,646,370	$ 1,718,000
Accrued interest receivable	5,156	14,907	3,962	16,101
Total	$ 2,772,693	$ 2,611,740	$ 3,650,332	$ 1,734,101
Liabilities				
Vouchers payable	$ -	$ 3,539,643	$ 3,539,643	$ -
Other accrued liabilities	2,772,693	2,664,232	3,702,824	1,734,101
Total	$ 2,772,693	$ 6,203,875	$ 7,242,467	$ 1,734,101
Contractor's Retainage				
Assets				
Pooled cash and investments	$ 3,196,209	$ 3,417,171	$ 5,207,052	$ 1,406,328
Accrued interest receivable	16,011	19,209	7,209	28,011
Total	$ 3,212,220	$ 3,436,380	$ 5,214,261	$ 1,434,339
Liabilities				
Vouchers payable	$ 114,438	$ 2,479,966	$ 2,594,404	$ -
Other accrued liabilities	3,097,782	3,612,623	5,276,066	1,434,339
Total	$ 3,212,220	$ 6,092,589	$ 7,870,470	$ 1,434,339
Public Library Trust				
Assets				
Pooled cash and investments	$ 546,871	$ 1,821,328	$ 1,873,876	$ 494,323
Accrued interest receivable	12,145	6,723	3,633	15,235
Total	$ 559,016	$ 1,828,051	$ 1,877,509	$ 509,558
Liabilities				
Vouchers payable	$ -	$ 1,793,517	$ 1,793,517	$ -
Other accrued liabilities	559,016	3,499,148	3,548,606	509,558
Total	$ 559,016	$ 5,292,665	$ 5,342,123	$ 509,558
District Court Trust Accounts				
Assets				
Cash and cash equivalents	$ 379,149	$ 4,091,754	$ 3,951,386	$ 519,517
Liabilities				
Other accrued liabilities	$ 379,149	$ 4,091,754	$ 3,951,386	$ 519,517

(continued)

County of Oakland
Combining Statement of Changes in Assets and Liabilities (Continued)
Agency Funds
Year Ended September 30, 2007

	Balance October 1, 2006	Additions	Deductions	Balance September 30, 2007
Jail Inmate Trust Account				
Assets				
Cash and cash equivalents	$ 268,840	$ 1,214,548	$ 1,245,199	$ 238,189
Liabilities				
Other accrued liabilities	$ 268,840	$ 1,214,548	$ 1,245,199	$ 238,189
Total All Agency Funds				
Assets				
Pooled cash and investments	$ 266,363,414	$ 1,089,555,692	$ 1,047,279,462	$ 308,639,644
Cash and cash equivalents	647,989	5,306,302	5,196,585	757,706
Accrued interest receivable	177,434	120,451	49,231	248,654
Total	$ 267,188,837	$ 1,094,982,445	$ 1,052,525,278	$ 309,646,004
Liabilities				
Vouchers payable	$ 103,808,934	$ 665,734,791	$ 681,959,384	$ 87,584,341
Due to other governmental units	145,876,515	1,076,458,061	1,018,633,947	203,700,629
Due to other funds	-	104,031,852	104,031,852	-
Other accrued liabilities	17,503,388	34,241,692	33,384,046	18,361,034
Total	$ 267,188,837	$ 1,880,466,396	$ 1,838,009,229	$ 309,646,004

Drainage Districts

This component unit consists of many individual districts (currently 199) created pursuant to Michigan Public Act 40 of 1956, Chapters 20 and 21 for the purpose of alleviating drainage problems. Separate funds and fund types are established to account for the resources and cost associated with the construction, maintenance, and financing of the individual drainage districts.

County of Oakland
Combining Balance Sheet
Governmental Funds – Component Unit – Drainage Districts
September 30, 2007

	Drainage Districts			
	Special Revenue	Debt Service	Capital Projects	Total
Assets				
Current assets				
Pooled cash and investments	$6,617,381	$ 4,399,631	$14,416,564	$ 25,433,576
Receivables (net of allowance for uncollectibles where applicable)				
Accounts receivable	-	-	8,265	8,265
Due from other governmental units	169,387	188,210	308,185	665,782
Accrued interest receivable	58,035	11,649	146,625	216,309
Due from primary government	-	69,049	-	69,049
Due from other funds	-	-	13	13
Total current assets	6,844,803	4,668,539	14,879,652	26,392,994
Noncurrent assets				
Special assessments receivable	-	166,015,000	-	166,015,000
Total assets	$6,844,803	$170,683,539	$14,879,652	$192,407,994
Liabilities				
Current liabilities				
Vouchers payable	$ 5,516	$ 2,735,326	$ 112	$ 2,740,954
Due to other governmental units	2,055,048	748,085	1,768,811	4,571,944
Due to other funds	-	-	13	13
Due to primary government	939,955	-	373,586	1,313,541
Bonds and notes payable	-	-	685,000	685,000
Accrued interest payable	-	1,990	48,007	49,997
Other accrued liabilities	180,064	447,915	460,665	1,088,644
Total current liabilities	3,180,583	3,933,316	3,336,194	10,450,093
Noncurrent liabilities				
Deferred revenue	-	166,015,000	-	166,015,000
Total liabilities	3,180,583	169,948,316	3,336,194	176,465,093
Fund balances				
Reserved	3,664,220	735,223	11,543,458	15,942,901
Total fund balances	3,664,220	735,223	11,543,458	15,942,901
Total liabilities and fund balances	$6,844,803	$170,683,539	$14,879,652	$192,407,994

County of Oakland
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets
Component Unit – Drainage Districts
September 30, 2007

Total fund balances for governmental funds		$ 15,942,901
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.		
Construction in progress	$ 149,726,095	
Infrastructure	336,836,441	
Accumulated depreciation	(63,255,900)	
		423,306,636
Elimination of interfund balances		
Due from other funds	(13)	
Due to other funds	13	
		-
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.		162,610,408
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		(162,610,408)
Net assets of governmental activities		$ 439,249,537

County of Oakland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds – Component Unit – Drainage Districts
Year Ended September 30, 2007

	Drainage Districts			
	Special Revenue	Debt Service	Capital Projects	Total
Revenues				
Special assessments	$ 1,631,744	$ 16,346,524	$ 1,197,226	$ 19,175,494
Federal grants	438,829	-	345,388	784,217
State grants	121,952	-	-	121,952
Charges for services	32,042	77,366	89,313	198,721
Investment income	357,289	134,929	917,569	1,409,787
Total revenues	2,581,856	16,558,819	2,549,496	21,690,171
Expenditures				
Salaries	639,488	-	687,310	1,326,798
Fringe benefits	299,933	-	312,079	612,012
Contractual services	1,292,973	80,968	4,215,005	5,588,946
Commodities	99,378	-	3,492	102,870
Principal payments	-	11,070,000	-	11,070,000
Interest	-	5,309,269	19,865	5,329,134
Paying agent fees	-	10,200	-	10,200
Intergovernmental	-	255,067	-	255,067
Internal services	190,997	-	84,656	275,653
Total expenditures	2,522,769	16,725,504	5,322,407	24,570,680
Excess (deficiency) of revenues over (under) expenditures	59,087	(166,685)	(2,772,911)	(2,880,509)
Other financing sources (uses)				
Issuance of bonds	-	-	561,241	561,241
Issuance of refunding bonds	-	12,460,000	-	12,460,000
Payment to bond escrow agent	-	(12,300,756)	-	(12,300,756)
Discounts on bonds sold	-	(78,276)	-	(78,276)
Total other financing sources (uses)	-	80,968	561,241	642,209
Net change in fund balances	59,087	(85,717)	(2,211,670)	(2,238,300)
Fund balances				
October 1, 2006	3,605,133	820,940	13,755,128	18,181,201
September 30, 2007	$ 3,664,220	$ 735,223	$ 11,543,458	$ 15,942,901

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, 2007

Net change in fund balance - total governmental funds		$ (2,238,300)
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	$ (6,319,047)	
Infrastructure	11,834,476	
Depreciation expense	(3,238,644)	
		2,276,785
Revenue from special assessments reported in the Statement of Activities in previous years did not provide current financial resources in the governmental funds.		(11,070,000)
Current year special assessments will not be reported in the Statement of Activities because it did not provide current year financial resources in the governmental funds.		1,231,241
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	(561,241)	
Bond proceeds - Refunding debt	(12,460,000)	
Repayment of bond principal	22,860,000	
		9,838,759
Change in net assets of governmental activities		$ 38,485

III. STATISTICAL SECTION – UNAUDITED

Statistical Section

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

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

Net Assets by Component - Last Six Fiscal Years
Changes in Net Assets - Last Six Fiscal Years
Fund Balances, Governmental Funds - Last Ten Fiscal Years
Changes in Fund Balances, Governmental Funds - Last Nine Fiscal Years

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

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

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

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

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

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

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

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

County of Oakland
Net Assets by Component – Unaudited Table 1
Last Six Fiscal Years

	Fiscal Year					
	2007	2006	2005	2004	2003	2002
Governmental activities:						
Invested in capital assets, net of related debt	$ 154,181,303	$ 144,694,653	$ 116,382,905	$ 125,697,336	$ 58,629,622	$ 21,551,366
Restricted	14,207,504	21,240,061	38,035,337	22,377,377	28,514,882	55,835,122
Unrestricted	398,345,388	298,193,929	218,101,959	162,629,495	194,485,944	181,035,407
Total governmental activities net assets	$ 566,734,195	$ 464,128,643	$ 372,520,201	$ 310,704,208	$ 281,630,448	$ 258,421,895
Business-type activities:						
Invested in capital assets, net of related debt	$ 230,313,458	$ 225,880,411	$ 215,651,425	$ 190,338,502	$ 198,922,094	$ 179,629,620
Restricted	10,426,567	10,730,495	7,294,993	23,448,148	20,368,141	27,017,375
Unrestricted	360,917,225	341,381,773	332,975,197	319,544,722	308,056,427	280,329,861
Total business-type activities net assets	$ 601,657,250	$ 577,992,679	$ 555,921,615	$ 533,331,372	$ 527,346,662	$ 486,976,856
Primary government:						
Invested in capital assets, net of related debt	$ 384,494,761	$ 370,575,064	$ 332,034,330	$ 316,035,838	$ 257,551,716	$ 201,180,986
Restricted	24,634,071	31,970,556	45,330,330	45,825,525	48,883,023	82,852,497
Unrestricted	759,262,613	639,575,702	551,077,156	482,174,217	502,542,371	461,365,268
Total primary government net assets	$ 1,168,391,445	$ 1,042,121,322	$ 928,441,816	$ 844,035,580	$ 808,977,110	$ 745,398,751

Note: Accrual-basis financial information as a whole is available beginning with fiscal year 2002, the year GASB Statement 34 was implemented.

County of Oakland
Change in Net Assets – Unaudited Table 2
Last Six Fiscal Years

	Fiscal Year					
	2007	2006	2005	2004	2003	2002
Expenses						
Governmental activities:						
General government, administrative	$ 55,832,272	$ 39,448,194	$ 34,915,722	$ 35,578,079	$ 32,821,805	$ 36,480,813
Public safety	195,973,792	180,827,863	173,911,642	165,067,831	151,546,402	144,451,972
Justice administration	93,118,766	90,373,934	85,956,260	83,235,490	81,373,123	79,933,470
Citizen services	89,823,473	88,508,774	83,919,462	77,571,680	76,612,458	87,645,381
Public works	24,816,124	40,467,118	35,622,915	18,486,726	18,876,007	17,552,954
Recreation and leisure	2,778,168	2,779,800	2,577,424	2,462,791	2,808,343	2,996,623
Commerce and community development	47,168,210	36,748,872	42,979,748	46,808,623	54,193,367	44,639,565
Unallocated depreciation	1,515,755	1,129,853	1,123,059	1,123,059	2,835,206	1,020,845
Interest on debt	8,077,576	6,624,240	5,652,842	5,551,625	6,726,688	6,570,446
Total governmental activities expenses	519,104,136	486,908,648	466,659,074	435,885,904	427,793,399	421,292,069
Business-type activities:						
Airports	5,743,493	5,676,193	5,632,833	5,005,242	4,823,282	4,487,009
Community safety support	12,268,777	12,539,437	10,971,037	10,865,506	9,340,875	9,253,381
Community tax financing	1,951,128	1,340,229	1,315,521	1,077,366	1,409,967	1,984,852
Community water and sewer	46,460,504	40,118,287	37,700,658	34,802,235	34,877,178	33,482,071
Jail commissary	1,390,752	1,334,057	1,252,825	1,283,311	1,186,284	1,204,952
Recreation and leisure	21,818,894	20,665,548	20,773,917	19,165,552	17,008,848	16,663,091
Sewage disposal systems	91,710,019	90,093,986	80,423,546	78,962,606	71,884,188	75,230,353
Skilled nursing care	6,549,117	8,981,260	10,685,844	10,568,345	10,686,838	10,053,430
Total business-type activities expenses	187,892,684	180,748,997	168,756,181	161,730,163	151,217,460	152,359,139
Total primary government expenses	$ 706,996,820	$ 667,657,645	$ 635,415,255	$ 597,616,067	$ 579,010,859	$ 573,651,208
Program Revenues						
Governmental activities:						
Charges for services:						
General government, administrative	$ 42,194,952	$ 14,285,484	$ 12,839,070	$ 12,299,340	$ 11,548,896	$ 14,682,954
Public safety	47,917,916	49,434,892	45,251,275	42,939,243	41,903,525	41,238,007
Justice administration	30,874,119	30,576,767	29,630,731	29,768,509	26,858,948	27,350,803
Citizen services	8,429,521	9,113,293	8,357,404	8,784,563	7,598,168	5,541,962
Public works	19,046,950	20,878,079	6,392,216	6,566,260	28,951,559	23,099,115
Recreation and leisure	92,490	98,935	99,049	117,393	88,279	117,826
Commerce and community development	17,685,622	20,009,846	22,975,217	28,894,323	25,548,227	19,525,047
Interest on debt	-	-	386,479	168,080	-	-
Operating grants and contributions:						
General government, administrative	721,109	1,121,105	1,658,934	1,521,884	72,460	244,630
Public safety	26,315,543	20,550,578	20,278,356	16,506,327	15,519,406	15,202,364
Justice administration	694,496	1,634,191	780,681	862,643	338,254	2,140,019
Citizen services	18,828,828	19,070,669	18,136,755	15,926,459	17,103,251	20,732,185
Public works	207,259	86,254	5,854	158,119	436,520	44,378
Recreation and leisure	20,400	31,700	-	8,750	84,519	114,509
Commerce and community development	22,355,911	20,584,131	19,718,664	19,898,125	20,054,932	18,218,192
Capital grants and contributions:						
Public safety	794,290	3,529,427	1,590,024	1,245,668	959,459	1,514,359
Public works	678,109	7,404,889	6,904,972	298,282	369,031	133,128
Total governmental activities program revenues	236,857,515	218,410,240	195,005,681	185,963,968	197,435,434	189,899,478

(Continued)

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

	Fiscal Year					
	2007	2006	2005	2004	2003	2002
Program Revenues (Continued)						
Business-type activities:						
Charges for services:						
Airports	$ 5,395,837	$ 5,300,440	$ 4,608,834	$ 4,280,322	$ 4,079,620	$ 3,942,609
Community safety support	9,434,447	11,202,550	10,821,190	10,931,124	10,552,618	10,093,556
Community tax financing	16,165,463	12,442,217	11,984,075	11,056,283	14,012,054	14,830,389
Community water and sewer	42,025,496	41,514,810	38,620,408	35,673,610	35,297,873	32,369,622
Jail commissary	1,465,779	1,377,018	1,323,321	1,207,479	1,148,072	1,212,489
Recreation and leisure	8,858,117	8,953,868	9,204,041	8,629,438	8,055,511	8,269,873
Sewage disposal systems	90,448,987	83,641,440	79,161,520	73,673,723	75,762,691	71,176,635
Skilled nursing care	4,489,554	7,078,913	9,225,119	10,477,016	9,903,162	10,218,571
Operating grants and contributions:						
Airports	-	-	40	8,636	6,078	-
Community safety support	-	-	-	-	-	1,514,359
Recreation and leisure	7,819	24,411	13,627	11,448	9,043	-
Skilled nursing care	5,795	18,055	31,061	29,368	15,090	-
Capital grants and contributions:						
Airports	4,022,511	3,390,266	817,888	3,198,595	265,152	146,991
Community safety support	3,062,610	864,928	6,624,066	1,256,922	959,549	-
Community water and sewer	973,039	8,428,755	1,390,686	358,806	22,249,780	-
Recreation and leisure	2,158,361	7,955	88,900	183,040	411,290	-
Sewage disposal systems	535,477	864,895	8,137,741	912,247	10,000	26,299
Skilled nursing care	-	-	-	-	34,168	-
Total business-type activities program revenues	189,049,292	185,110,521	182,052,517	161,888,057	182,771,751	153,801,393
Total primary government program revenues	$ 425,906,807	$ 403,520,761	$ 377,058,198	$ 347,852,025	$ 380,207,185	$ 343,700,871
Net (Expense)/Revenue						
Governmental activities	$ (282,246,621)	$ (268,498,408)	$ (271,653,393)	$ (249,921,936)	$ (230,357,965)	$ (231,392,591)
Business-type activities	1,156,608	4,361,524	13,296,336	157,894	31,554,291	1,442,254
Total primary government net expense	$ (281,090,013)	$ (264,136,884)	$ (258,357,057)	$ (249,764,042)	$ (198,803,674)	$ (229,950,337)
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Property taxes	$ 346,416,928	$ 324,933,152	$ 304,477,931	$ 214,309,074	$ 204,057,370	$ 192,253,197
State-shared revenues (unrestricted)	10,289,585	9,959,900	10,197,734	30,239,698	32,911,846	35,117,729
Unrestricted investment earnings	16,553,783	14,325,859	6,991,101	2,498,825	6,579,296	7,895,868
Gain on sale of capital assets	568,634	-	95,379	592,234	379,413	592,896
Other revenues	1,308,488	733,352	1,378,194	2,303,411	3,097,397	3,019,648
Special items - write off of C.I.P.	-	-	-	-	(6,033,983)	-
Special items - Contribution to VEBA Trust	-	-	-	(50,890,224)	-	-
Transfers in (out)	9,714,755	10,154,587	10,329,047	11,737,678	12,575,179	(55,576,974)
Total governmental activities	384,852,173	360,106,850	333,469,386	210,790,696	253,566,518	183,302,364

(Continued)

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

	Fiscal Year					
	2007	2006	2005	2004	2003	2002
General Revenues and Other Changes in Net Assets (Continued)						
Business-type activities:						
Property taxes	$ 14,636,020	$ 14,071,266	$ 12,811,366	$ 12,647,696	$ 12,196,371	$ 10,950,682
Unrestricted investment earnings	17,586,698	13,792,861	6,811,588	2,204,973	5,262,876	6,709,123
Gain on sale of capital assets	-	-	-	-	16,991	13,157
Other revenues	-	-	-	-	3,914,456	506,140
Special items - write off of C.I.P.	-	-	-	(198,826)	-	-
Transfers in (out)	(9,714,755)	(10,154,587)	(10,329,047)	(11,737,678)	(12,575,179)	55,576,974
Total business-type activities	22,507,963	17,709,540	9,293,907	2,916,165	8,815,515	73,756,076
Total primary government	$ 407,360,136	$ 377,816,390	$ 342,763,293	$ 213,706,861	$ 262,382,033	$ 257,058,440
Change in Net Assets						
Governmental activities	$ 102,605,552	$ 91,608,442	$ 61,815,993	$ (39,131,240)	$ 23,208,553	$ (48,090,227)
Business-type activities	23,664,571	22,071,064	22,590,243	3,074,059	40,369,806	75,198,330
Total primary government	$ 126,270,123	$ 113,679,506	$ 84,406,236	$ (36,057,181)	$ 63,578,359	$ 27,108,103

Note: Accrual-basis financial information as a whole is available beginning with fiscal year 2002, the year GASB Statement 34 was implemented.

County of Oakland
Fund Balances, Governmental Funds – Unaudited Table 3
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year									
	2007	2006	2005 (3)	2004	2003	2002	2001 (2)	2000	1999	1998
General Fund:										
Reserved	$ 399,108	$ 1,221,581	$ 598,097	$ 2,577,664	$ 2,736,083	$ 4,249,521	$ 43,081,080	$ 1,344,791	$ 2,693,238	$ 10,139,421
Unreserved:										
Designated	77,600,450	72,092,443	63,649,200	64,412,160	109,291,076	90,318,299	53,852,800	40,616,600	35,166,000	25,306,092
Undesignated	797,382	766,450	1,197,376	450,397	482,968	82,370	207,313	1,027,971	627,446	571,457
Total General Fund	$ 78,796,940	$ 74,080,474	$ 65,444,673	$ 67,440,221	$ 112,510,127	$ 94,650,190	$ 97,141,193	$ 42,989,362	$ 38,486,684	$ 36,016,970
All Other Governmental Funds (1):										
Reserved	$ 575,350,044	$ 22,974,884	$ 35,964,327	$ 23,674,613	$ 29,973,040	$ 48,939,335	$ 14,739,815	$ 28,306,962	$ 31,171,658	$ 28,239,890
Unreserved:										
Designated:										
Special Revenue Funds	210,965,492	140,799,885	74,210,217	27,813,436	21,643,363	25,781,542	22,057,625	14,498,602	12,915,741	8,938,687
Capital Projects Funds	3,260,193	4,662,919	15,842,509	7,270,580	6,218,795	15,357,454	17,828,637	8,920,955	5,576,463	13,221,827
Undesignated										
Special Revenue Funds	(83,268)	(221,269)	-	-	-	-	(551,614)	(152,517)	(170,376)	(162,205)
Capital Projects Funds	6,176,092	5,618,828	5,317,282	10,620,196	10,156,881	7,500,718	4,578,420	12,283,899	5,144,759	493,275
	$ 795,668,553	$ 173,835,247	$ 131,334,335	$ 69,378,825	$ 67,992,079	$ 97,579,049	$ 58,652,883	$ 63,857,901	$ 54,638,245	$ 50,731,474

(1) Fund Balances have been restated to reflect the following changes during the time period reported: Year 1998 to reflect Community Mental Health becoming a component unit of the primary government effective with fiscal year 1999; Years 1998-1999 to reflect Drainage Districts becoming a component unit of the primary government effective with fiscal year 2000; Years 1998-2000 to reflect Delinquent Personal Tax Administration fund and Probate Court Trust fund being reclassified from fiduciary fund-type (Expendable Trust Funds) to governmental fund-type (Special Revenue Funds), and County Market Fund being reclassified from governmental fund-type (Special Revenue Fund) to proprietary fund-type (Enterprise Fund) effective with fiscal year 2001; Years 1998-2001 to reflect Parks and Recreation Fund being reclassified from a governmental fund-type to a proprietary fund-type (Enterprise Fund) effective with fiscal year 2002.

(2) 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. This resulted in an increase in Reserved Fund Balance in the General Fund.

(3) Fiscal year 2005 began State mandated shift of County property taxes from winter to summer over a three-year period. This also required establishment of the Revenue Sharing Reserve fund (Special Revenue fund-type) to be funded by a transfer of an amount equal to one-third of the FY2004 levy, increasing Designated Fund Balances for Other Governmental Funds by $55,144,063.

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

	Fiscal Year									
	2007	2006	2005 (3)	2004	2003	2002	2001 (2)	2000	1999	1998
Revenues										
Property taxes	$ 339,186,628	$ 318,383,151	$ 301,057,658	$ 214,309,074	$ 204,057,370	$ 192,253,197	$ 222,230,797	$ 166,305,331	$ 157,386,962	$ 152,301,324
Special assessments	12,328,089	11,332,984	10,797,589	19,082,203	27,056,515	24,330,224	24,028,230	27,706,723	33,318,319	34,015,933
Federal grants	45,171,607	42,894,711	41,776,753	36,478,198	33,791,532	34,093,696	25,256,189	10,871,818	10,865,402	13,497,794
State grants	24,983,592	23,575,611	28,574,408	24,623,610	28,126,308	29,533,395	40,531,592	48,606,095	46,379,401	28,169,605
Other intergovernmental revenues	15,608,558	15,234,407	16,089,480	36,588,382	38,356,990	40,386,058	41,565,243	38,457,493	36,174,456	32,810,442
Charges for services	108,053,350	107,945,932	108,702,567	111,916,185	103,837,967	93,733,665	83,955,030	83,186,092	79,335,940	77,128,775
Contributions	164,776	102,666	75,080	96,823	138,092	345,489	766,913	458,524	6,400	40,012
Investment income	33,469,520	10,310,405	5,081,523	1,931,085	5,136,061	6,299,570	13,851,656	13,611,029	11,913,680	14,291,796
Indirect cost recovery	9,042,090	9,007,715	9,410,302	9,618,232	9,220,915	8,676,209	3,104,059	779,876	3,079,183	3,312,025
Other	3,779,533	1,754,126	1,294,348	2,230,760	3,063,177	2,651,747	1,447,927	8,201,932	3,495,277	588,020
Total revenues	591,787,743	540,541,708	522,859,708	456,874,552	452,784,927	432,303,250	456,737,636	398,184,913	381,955,020	356,155,726
Expenditures										
County Executive	174,673,131	166,586,991	163,130,577	156,550,456	149,307,293	154,605,827	149,744,060	143,063,229	137,061,549	108,169,398
Clerk/Register of Deeds	13,391,336	11,897,910	11,711,757	13,080,040	12,423,937	13,445,569	10,506,883	10,517,386	9,377,996	7,772,822
Treasurer	6,714,071	6,122,456	5,658,775	5,458,196	5,774,036	4,525,029	4,077,255	4,382,546	3,808,342	3,682,121
Justice administration	86,443,531	83,711,921	84,343,946	80,416,159	77,410,722	75,480,801	72,303,297	63,291,914	56,737,135	54,028,545
Law enforcement	157,003,268	147,103,554	142,747,959	132,216,411	121,606,032	115,316,654	104,520,100	101,585,022	92,965,913	91,885,843
Legislative	5,350,336	16,688,074	5,107,485	5,059,493	5,002,440	5,249,616	5,368,932	5,094,162	4,863,777	4,574,804
Drain Commissioner	12,250,179	6,430,363	15,672,724	8,921,658	8,131,493	5,218,322	4,879,051	4,150,030	4,042,744	7,348,014
Non-departmental	33,622,480	17,507,381	20,929,827	18,182,953	16,588,079	18,125,777	17,995,977	18,397,379	26,060,096	21,644,259
Capital outlay	18,630,192	32,271,857	18,354,001	17,962,682	35,680,591	14,396,482	11,439,838	7,014,507	17,063,521	16,953,723
Intergovernmental	81,815	11,994,158	1,020,567	2,249,932	14,333,573	7,001,272	5,989,146	4,213,835	2,714,375	6,184,819
Debt service:										
Principal payments	13,000,000	11,190,000	10,320,000	17,555,000	23,590,000	20,125,000	19,350,000	21,100,000	23,150,000	22,755,000
Interest and fiscal charges	6,463,708	5,882,064	5,550,107	5,666,354	6,759,378	6,389,790	6,624,072	7,396,538	9,852,955	10,993,966
Total expenditures	527,624,047	517,386,729	484,547,725	463,319,334	476,607,574	439,880,139	412,798,611	390,206,548	387,698,403	355,993,314
Excess of revenues over (under) expenditures	64,163,696	23,154,979	38,311,983	(6,444,782)	(23,822,647)	(7,576,889)	43,939,025	7,978,365	(5,743,383)	162,412

(Continued)

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

	Fiscal Year									
	2007	2006	2005 (3)	2004	2003	2002	2001 (2)	2000	1999	1998
Other Financing Sources (Uses)										
Transfers in	$ 199,214,389	$ 185,927,476	$ 177,038,866	$ 73,514,467	$ 66,522,904	$ 83,430,971	$ 85,155,942	$ 90,486,096	$ 78,069,575	$ 69,654,001
Transfers out	(197,228,012)	(182,735,492)	(176,149,891)	(66,602,070)	(62,076,753)	(85,706,528)	(80,105,888)	(84,742,127)	(72,501,943)	(75,636,698)
Payment to bond escrow agent	-	(9,009,368)	(1,099,561)	(4,832,368)	(2,605,000)	-	(2,414,514)	-	(26,809,670)	(9,942,038)
Issuance of bonds	562,485,000	34,160,000	21,955,000	11,590,000	10,330,000	46,700,000	2,395,000	-	33,625,000	13,498,052
Premiums on bonds sold	-	(360,882)	-	37,774	-	-	-	-	-	-
Discount on bonds sold	(2,085,301)	-	(96,435)	(55,957)	(75,537)	(412,391)	(22,752)	-	(263,094)	(80,920)
Total other financing sources (uses)	562,386,076	27,981,734	21,647,979	13,651,846	12,095,614	44,012,052	5,007,788	5,743,969	12,119,868	(2,507,603)
Special items										
Contribution to VEBA Trust (OPEB)	-	-	-	(50,890,224)	-	-	-	-	-	-
Net change in fund balances	$ 626,549,772	$ 51,136,713	$ 59,959,962	$ (43,683,160)	$ (11,727,033)	$ 36,435,163	$ 48,946,813	$ 13,722,334	$ 6,376,485	$ (2,345,191)
Debt service as a percentage of noncapital expenditures (4)	3.78%	3.52%	3.43%	5.23%	6.91%	6.26%	6.53%	7.55%	9.00%	9.63%

(1) Revenues, Expenditures and Other Financing Sources (Uses) have been restated to reflect the following changes during the time period reported: Year 1998 to reflect Community Mental Health becoming a component unit of the primary government effective with fiscal year 1999; Years 1998-1999 to reflect Drainage Districts becoming a component unit of the primary government effective with fiscal year 2000; Years 1998-2000 to reflect Delinquent Personal Tax Administration fund and Probate Court Trust fund being reclassifed from fiduciary fund-type (Expendable Trust Funds) to governmental fund-type (Special Revenue Funds) effective with fiscal year 2001: Years 1998-2001 to reflect Parks and Recreation fund being reclassified from a governmental fund-type to proprietary fund-type (Enterprise Fund) effective with fiscal year 2002.

(2) 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, resulting in an increase in Property Tax revenues.

(3) Property Tax revenue increased in fiscal year 2005 to reflect State mandated shift in county levies from winter to summer over a three-year period, resulting in revenue reported for a one and one-third tax levy.

(4) Noncapital expenditures are total governmental expenditures less capital expenditures. Capital expenditures for fiscal years 1998-2001 are derived from information contained in the General Fixed Asset Account Group, thereafter from the Reconciliation of Changes in Revenues, Expenditures and Changes in Fund Balances for Governmental Funds to the Statement of Activities.

County of Oakland
Assessed, Equalized and Taxable Value of Property – Unaudited Table 5
Last Ten Years

		Real Property							
		Residential Property		Commercial Property		Industrial Property		Other Property (2)	
Fiscal Year (4)		Assessed and Equalized Value	Taxable Value	Assessed and Equalized Value	Taxable Value	Assessed and Equalized Value	Taxable Value	Assessed and Equalized Value	Taxable Value
1998		$ 26,344,550,517	$ 24,355,021,126	$ 6,367,905,697	$ 6,033,103,331	$ 2,210,513,131	$ 2,131,568,321	$ 284,646,721	$ 230,920,357
1999		29,283,454,119	26,058,947,041	7,039,644,131	6,394,377,351	2,351,595,974	2,246,237,410	293,668,366	224,237,162
2000		32,512,141,685	27,769,387,734	7,880,200,156	6,846,528,524	2,668,632,045	2,410,932,618	290,748,670	209,157,136
2001		35,706,691,127	29,612,462,232	8,860,269,915	7,430,999,738	3,018,125,108	2,603,993,273	361,023,120	233,217,826
2002		39,403,105,948	31,986,147,909	9,638,252,705	7,964,898,466	3,367,641,990	2,803,602,553	393,068,420	236,251,798
2003		43,302,023,776	34,367,791,079	10,609,472,888	8,429,612,676	3,822,186,970	3,006,710,986	463,686,820	255,848,882
2004		46,577,341,174	36,359,626,588	11,435,938,410	8,844,705,777	4,133,581,982	3,259,170,159	454,426,510	232,927,499
2005	W	49,408,890,846	38,842,901,603	11,850,471,372	9,155,127,947	4,265,204,120	3,405,223,134	288,458,040	133,077,813
2005	S	52,230,680,064	41,437,282,259	12,373,303,295	9,591,582,791	4,369,825,460	3,553,642,970	309,452,950	106,066,950
2006	W	52,230,680,064	41,437,282,259	12,373,303,295	9,591,582,791	4,369,825,460	3,553,642,970	309,452,950	106,066,950
2006	S	54,926,992,118	44,249,526,081	12,704,731,140	9,959,236,636	4,491,747,190	3,710,576,990	167,858,925	66,813,058
2007	W	54,926,992,118	44,249,526,081	12,704,731,140	9,959,236,636	4,491,747,190	3,710,576,990	167,858,925	66,813,058
2007	S	55,590,024,968	46,309,065,848	12,927,621,440	10,361,539,920	4,532,903,170	3,863,398,841	157,153,230	64,646,660

		Personal Property		Total Property		Total
Fiscal Year (4)		Assessed and Equalized Value	Taxable Value	Assessed and Equalized Value	Taxable Value	Direct Tax Rate (3)
1998		$ 3,718,065,750	$ 3,717,932,420	$ 38,925,681,816	$ 36,468,545,555	4.5944
1999		4,088,471,704	4,088,132,744	43,056,834,294	39,011,931,708	4.4329
2000		4,520,810,144	4,520,015,264	47,872,532,700	41,756,021,276	4.4304
2001		4,491,256,560	4,489,900,840	52,437,365,830	44,370,573,909	4.4276
2002		4,667,642,532	4,665,829,152	57,469,711,595	47,656,729,878	4.4252
2003		4,632,159,968	4,628,845,976	62,829,530,422	50,688,809,599	4.4353
2004		4,484,153,706	4,483,455,987	67,085,441,782	53,179,886,010	4.4336
2005	W	4,483,972,263	4,450,160,375	70,296,996,641	55,986,490,872	4.4322
2005	S	4,175,926,590	4,174,265,170	73,459,188,359	58,862,840,140	1.3900
2006	W	4,175,926,590	4,174,265,170	73,459,188,359	58,862,840,140	3.0415
2006	S	4,148,396,210	4,147,262,470	76,439,725,583	62,133,415,235	2.8000
2007	W	4,148,396,210	4,147,262,470	76,439,725,583	62,133,415,235	1.6315
2007	S	4,123,379,228	4,121,365,588	77,331,082,036	64,720,016,857	4.1900

Notes:

(1) The County assesses property annually. Assessed value is approximately 50% of actual cash value (estimated market value). Values are equalized by adding or deducting from the assessed value of each class of property in all assessing jurisdictions in order to bring each unit to a common level of valuation. Taxable value is a result of a ballot proposal passed by the electorate in the State of Michigan in 1994. Taxable value increases are limited to (following adjustments for additions or losses) the rate of inflation or 5%, whichever is less. The taxable value limit does not apply to a property in the year following a transfer of ownership (sale).

(2) Includes Agricultural and Developmental property

(3) Per $1,000 of taxable value.

(4) The County has historically levied taxes on December 1 to finance the calendar year to follow. Michigan Public Act 357 of 2004 mandated a shift in County operating tax from a winter tax levy to a summer tax levy. To ease the transition of shifting collection of the tax from winter to summer (accelerated collection), there is a three-year phase-in of the payment schedule. In 2005, one-third of the County Operating Tax was billed on the summer tax statement of 2005, two-thirds on the winter tax statements. In 2006, two-thirds of the millage is billed on the summer statements, and one-third on the winter statement. In 2007, the entire County Operating Tax will be billed on the summer tax statements. These millage rates are applied to the respective taxable values determined as certified at the time of billing.

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

County of Oakland
Direct and Overlapping Property Tax Rates – Unaudited Table 6
Last Ten Years
(Rates per $1,000 of taxable value)

	Year Taxes Are Payable									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
County direct rates										
County operating	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.3505
Parks and Recreation	0.2415	0.2415	0.2422	0.2436	0.2453	0.2352	0.2376	0.2404	0.2429	0.2439
Total rate	4.4315	4.4315	4.4322	4.4336	4.4353	4.4252	4.4276	4.4304	4.4329	4.5944
Overlapping rates										
Huron-Clinton Metro Authority (a)	0.2146	0.2146	0.2154	0.2161	0.2170	0.2186	0.2202	0.2218	0.2235	0.2236
Intermediate school districts (5)										
Median rate	3.3690	3.3690	3.3789	3.3991	3.4224	3.0773	2.0752	2.0998	2.1208	2.1294
Low range	2.9295	2.9430	2.9615	2.9729	2.9863	1.9753	1.9789	1.9914	1.9971	1.9971
High range	3.5341	3.5361	3.5361	3.5469	3.5673	3.5835	3.5894	3.5894	3.6032	3.6032
Community colleges (3)										
Median rate	1.7967	1.7967	1.7967	1.8024	1.8043	1.8193	1.8310	1.8440	1.8521	1.8521
Low range	1.5844	1.5844	1.5889	1.5983	1.6090	1.5952	1.6109	1.6295	1.6456	1.6522
High range	2.6796	2.6807	2.6807	2.7466	2.8280	2.8672	1.8694	1.8694	1.8745	1.8745
Cities (30)										
Median rate	15.1084	15.1084	15.2367	14.4680	14.7619	14.8009	15.1415	15.2815	15.5644	15.6534
Low range	8.3000	8.3000	8.3000	7.5500	7.5500	7.5500	7.6400	7.6400	6.7100	6.4200
High range	24.4050	24.8349	25.5163	25.4554	26.1031	26.3122	27.1553	28.6535	29.8450	29.2171
Villages (11)										
Median rate	14.1036	14.1290	14.1870	14.0552	14.0752	15.2989	15.3971	15.2898	14.5575	13.9302
Low range	7.3670	7.7443	7.9462	7.9474	7.9500	7.7207	7.7236	7.7270	7.2300	7.7300
High range	18.1120	19.7520	17.9480	18.3524	18.7615	19.0911	19.1639	19.4194	19.7036	21.4862
Townships (21)										
Median rate	6.2652	6.0380	6.0937	6.1765	6.2628	6.2266	6.0678	6.0015	5.3345	5.9302
Low range	0.5500	0.5500	0.5500	0.5500	0.5500	0.6000	0.6000	0.6000	0.6000	0.6000
High range	11.2223	11.6081	11.5495	11.8007	10.7166	13.4073	9.9092	9.6419	10.5348	10.7560
School districts (35) (b)										
Homestead:										
Median rate	13.2455	13.4910	13.6373	12.6015	13.8641	13.9538	13.7500	13.6442	13.5786	13.8154
Low range	7.3500	7.7200	6.7000	5.0000	8.7872	8.7923	8.8000	8.4852	8.5196	7.0000
High range	27.8925	27.8925	27.8945	27.8945	28.8945	28.9094	28.7971	29.6651	29.8814	30.2460
Non-Homestead:										
Median rate	29.6061	29.6000	29.3455	28.8508	29.8627	30.1332	29.4666	29.6430	29.8827	29.9500
Low range	25.3500	25.7200	23.9010	23.0000	24.6700	24.6700	24.6700	24.5008	24.6700	24.0000
High range	32.8410	33.2110	32.6884	31.6925	34.2910	34.2910	34.2894	33.9590	33.9856	32.9091
DDAs (10) (c)										
Median rate	1.8768	1.8856	1.9290	1.9339	1.9128	1.9558	1.9810	1.9890	1.9860	-
Low range	1.3794	1.4010	1.4393	1.4869	1.4869	1.4869	1.5224	1.7536	1.7536	-
High range	1.9734	1.9860	1.9860	2.0000	1.9705	1.9924	2.0000	2.0000	2.0000	-
Public Transportation Authority (d)	0.5900	0.5950	0.5962	0.5974	0.6000	0.3207	0.3236	0.3270	0.3300	0.3300

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

Notes

The County's maximum allowable millage levy for 2007 was 4.224

(a) Tax rate is recommended by this parks authority, and is approved by the Oakland County Board of Commissioners. The rate is included in the "County Combined Rate" on tax statements, but is not recorded as revenue on the County's financial statements.

(b) Includes State of Michigan levy of 6.0000 mills for State Education Tax. District count is for actual school districts, but does not count separate rates for transfers, development authorities, and other agreements which are used in determining ranges of rates.

(c) Downtown Development Authorities rates began in tax year 1999 with 7 districts. Consists of 10 districts as of tax year 2005.

(d) Special voted tax, levied in 16 cities, 3 villages, and 3 townships only.

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

	Fiscal Year 2007			Fiscal Year 1998		
Taxpayer	**Taxable Valuation***	**Rank**	**Percentage County Taxable Valuation**	**Taxable Valuation***	**Rank**	**Percentage County Taxable Valuation**
General Motors Corporation	$ 782,748,642	1	1.21 %	$ 430,640,370	1	1.10 %
Daimler-Chrysler Corporation	513,883,120	2	0.79 %	152,554,175	3	0.39 %
Detroit Edison Company/DTE	475,009,890	3	0.73 %	316,764,970	2	0.81 %
Consumers Energy	185,904,660	4	0.29 %	144,329,050	4	0.37 %
Stuart Frankel/Somerset	145,616,300	5	0.22 %	72,807,880	11	0.19 %
Taubman/12 Oaks/Great Lakes Cross.	141,803,730	6	0.22 %	94,506,050	6	0.24 %
Bre Southfield (formerly Town Centre Delaware, Inc.)	111,199,580	7	0.17 %	86,563,900	8	0.22 %
Ford Motor Company	94,724,520	8	0.15 %	110,143,860	5	0.28 %
AT&T	89,746,670	9	0.14 %	-		- %
Ramco - Gershenson	78,535,910	10	0.12 %	81,020,760	9	0.21 %
Meijer	70,904,410	11	0.11 %	-		- %
Wal-Mart/Sam's Club	70,125,480	12	0.11 %	-		- %
International Transmission	62,205,600	13	0.10 %	-		- %
Comcast	56,642,160	14	0.09 %	-		- %
Comerica Bank	56,424,720	15	0.09 %	42,994,130	17	0.11 %
Liberty Property Investments	51,591,120	16	0.08 %	63,884,390	12	0.16 %
Electronic Data Systems Corp.	49,576,170	17	0.08 %	60,946,690	13	0.16 %
Palace Sports and Entertainment	45,355,960	18	0.07 %	-		- %
Novi Campus LLC	44,881,240	19	0.07 %	-		- %
Kroger	41,254,100	20	0.06 %	-		- %
Total	$ 3,168,133,982		4.90 %	$ 1,657,156,225		4.24 %

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

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

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

Year of Levy (1)		Fiscal Year	Collected within the Fiscal Year of the Levy: Tax Levy (2)	Collected within the Fiscal Year of the Levy: Amount	Percentage of Levy	Collections in Subsequent Years	Total Collections to Date: Amount	Total Collections to Date: Percentage of Levy
1997		1998	$ 154,608,230	$ 150,980,892	97.65 %	$ 3,620,719	$ 154,601,611	100.00 %
1998		1999	158,822,030	155,281,200	97.77 %	3,527,438	158,808,638	99.99 %
1999		2000	169,119,667	165,732,647	98.00 %	3,360,633	169,093,280	99.98 %
2000		2001	179,455,454	175,467,354	97.78 %	3,710,500	179,177,854	99.85 %
2001		2002	192,549,695	187,779,963	97.52 %	4,047,973	191,827,936	99.63 %
2002		2003	206,294,411	201,567,944	97.71 %	3,867,545	205,435,489	99.58 %
2003		2004	216,173,657	211,292,953	97.74 %	3,990,695	215,283,648	99.59 %
2004	W	2005	227,583,190	222,651,567	97.83 %	3,831,991	226,483,558	99.52 %
2005	S	2005	79,281,336	65,809,623	83.01 %	13,407,640	79,217,263	99.92 %
2005	W	2006	159,403,731	156,102,121	97.93 %	2,332,406	158,434,527	99.39 %
2006	S	2006	166,634,796	142,992,690	85.81 %	20,047,495	163,040,185	97.84 %
2006	W	2007	85,765,677	83,915,557	97.84 %	-	83,915,557	97.84 %
2007	S	2007	262,557,068	225,336,018	85.82 %	-	225,336,018	85.82 %

Source: Oakland County Treasurer

(1) Tax levy date is December 1 of each year until calendar year 2005, at which time a shift in tax levy from Winter to Summer over a three-year period began. At that point the levy date is July 1. To accomplish this, the County Operating Tax levy for Summer 2005 is 1/3 of the annual rate, 2/3 for Winter 2005 (FY2006), 2/3 for Summer 2006, 1/3 for Winter 2006 (FY2007). In 2007, the entire County Operating Tax will be collected on the Summer Tax statements.

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

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

	General Bonded Debt (1)			Other Governmental Activities Debt		Business-Type Activities			
Year	General Obligation Bonds	Percentage of Taxable Property Values (a)	Per Capita (b)	Special Assessment Bonds (c)	Drainage Districts Debt (d)	Tax Notes	Total Primary Government	Percentage of Personal Income (b)	Per Capita (b)
1998	$ 22,755,000	0.06 %	$ 19.37	$ 141,415,000	$ 7,475,034	$ 14,500,000	$ 186,145,034	3.71 %	$ 158.41
1999	25,605,000	0.07 %	21.70	127,520,000	7,056,073	10,000,000	170,181,073	3.25 %	144.22
2000	22,925,000	0.05 %	19.20	112,725,000	6,721,082	20,000,000	162,371,082	2.88 %	135.97
2001	20,215,000	0.05 %	16.82	96,130,000	6,876,394	12,000,000	135,221,394	2.37 %	112.48
2002	64,100,000	0.13 %	53.29	78,820,000	6,904,807	25,000,000	174,824,807	3.01 %	145.33
2003	66,850,000	0.13 %	55.34	60,205,000	6,915,207	25,000,000	158,970,207	2.61 %	131.60
2004	70,130,000	0.13 %	57.85	46,245,000	6,864,854	25,000,000	148,239,854	2.40 %	122.29
2005	85,850,000	0.15 %	70.70	41,085,000	7,244,056	25,000,000	159,179,056	2.58 %	131.08
2006	76,685,000	0.12 %	63.15	72,400,000	7,957,730	25,000,000	182,042,730	2.95 %	149.91
2007	627,990,000	0.97 %	515.63	70,580,000	7,504,834	25,000,000	731,074,834	11.52 %	600.28

Notes:

(1) The County does not hold any funds restricted for the repayment of debt principal

(a) Taxable values can be found in Table 5

(b) Population and personal income data can be found in Table 12

(c) See Notes to Basic Financial Statements, Note 8 - Long-term Debt. Special Assessment debt is shown with governmental commitment.

(d) See Note 8 in Notes to Basic Financial Statements - Long-term Debt. Special Assessment debt for Drainage Districts Component Unit, General Obligation (owed by Primary Government).

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

County of Oakland
Net County Direct and Overlapping Debt – Unaudited Table 10
September 30, 2007

	Gross Amount Outstanding	Self-supporting or Paid by Benefiting Entity	Net Amount Outstanding
Direct debt			
Building authority bonds	$ 99,090,000	$ 28,085,000	$ 71,005,000
Certificates of Participation	556,985,000	-	556,985,000
Water and sewer debt (Special assessment)	42,055,000	42,055,000	-
Lake Levels (Special assessment)	440,000	440,000	-
General obligation tax notes	25,000,000	-	25,000,000
Drainage Districts bonds and notes	163,295,408	155,790,574	7,504,834
Road Commission debt (no County credit)	15,835,579	15,835,579	-
Net direct debt	$ 902,700,987	$ 242,206,153	660,494,834
Overlapping debt			
Cities			619,413,435
Villages			28,014,582
Townships			276,977,749
School districts			2,747,715,213
Intermediate school districts			54,300,009
Community colleges			9,465,997
Library			7,760,631
County-issued debt paid by local municipalities			242,206,153
Net overlapping debt			3,985,853,769
Net direct and overlapping debt			$ 4,646,348,603

Source: Oakland County Treasurer and Municipal Advisory Council of Michigan

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

Year	State Equalized Valuation	Debt Limit 10% of SEV	Amount of Debt Applicable to Limit	Legal Debt Margin	Debt Applicable to Limit as a Percentage of Debt Limit
1998	$ 43,056,834,284	$ 4,305,683,428	$ 287,233,125	$ 4,018,450,303	6.67%
1999	47,872,532,700	4,787,253,270	263,705,721	4,523,547,549	5.51%
2000	52,437,365,830	5,243,736,583	244,435,000	4,999,301,583	4.66%
2001	57,469,711,595	5,746,971,160	232,076,943	5,514,894,217	4.04%
2002	62,829,530,422	6,282,953,042	303,211,679	5,979,741,363	4.83%
2003	67,085,441,782	6,708,544,178	305,792,167	6,402,752,011	4.56%
2004	70,296,996,641	7,029,699,664	314,879,961	6,714,819,703	4.48%
2005	73,459,188,359	7,345,918,836	324,503,722	7,021,415,114	4.42%
2006	76,439,725,583	7,643,972,558	347,219,167	7,296,753,391	4.54%
2007	77,331,082,036	7,733,108,204	886,865,408	6,846,242,796	11.47%

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

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

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
1998	1,175,057	$ 50,217,376	$ 42,736	3.00 %
1999	1,179,978	52,357,495	44,371	2.90 %
2000	1,194,156	56,335,375	47,176	2.90 %
2001	1,202,615	57,026,820	47,419	4.40 %
2002	1,203,454	58,023,888	48,214	5.20 %
2003	1,207,544	60,992,510	50,510	5.50 %
2004	1,211,670	61,810,176	51,012	5.60 %
2005	1,213,669	63,443,926	52,274	5.70 %
2006	1,214,255	63,443,926 (a)	52,274 (a)	5.80 %
2007	1,214,255 (a)	63,443,926 (a)	52,274 (a)	6.10 %

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

Sources:

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

Personal Income = Michigan Bureau of Economic Analysis

Unemployment Rate = Michigan Department of Labor & Economic Growth

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

	Fiscal Year 2007			Fiscal Year 1998		
Employer	**Employees**	**Rank**	**Percentage of Total County Employment**	**Employees**	**Rank**	**Percentage of Total County Employment**
General Motors Corporation	15,555	1	2.63%	26,700	1	4.11%
William Beaumont Hospital	12,588	2	2.13%	14,000	3	2.16%
Chrysler Group	10,113	3	1.71%	20,600	2	3.17%
Oakland County	4,573	4	0.77%	3,500	7	0.54%
Electronic Data Systems Corp.	4,396	5	0.74%	9,480	4	1.46%
St. John Health Services	4,139	6	0.70%	n/a	n/a	n/a
(formerly Providence Hospital)			0.00%			
Blue Cross Blue Shield of Michigan	4,051	7	0.69%	n/a	n/a	n/a
U.S. Postal Service	3,970	8	0.67%	n/a	n/a	n/a
Trinity Health	3,707	9	0.63%	2,870	10	0.44%
(formerly St. Joseph Mercy)	-		0.00%	-		0.00%
Zieger Health Care Crop	2,442	10	0.41%	n/a	n/a	n/a
U.S. Government	n/a	n/a	n/a	4,569	6	0.70%
AT&T Michigan	n/a	n/a	n/a	4,800	5	0.74%
Ford Motor Company	n/a	n/a	n/a	3,480	8	0.54%
Modern Engineering Service Co.	n/a	n/a	n/a	3,070	9	0.47%
	65,534		11.10%	93,069		14.34%

Source

Oakland County Department of Planning & Economic Development

County of Oakland
County Employees by Function/Program – Unaudited Table 14
Last Ten Fiscal Years

	Employees as of September 30									
Functions/Programs	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**	**2001**	**2000**	**1999**	**1998**
General government										
County Executive Administration	66	63	65	65	71	62	62	62	60	60
Management & Budget	207	205	204	204	221	222	244	242	237	237
Central Services	66	65	61	61	63	69	72	73	72	72
Human Resources	51	51	51	50	51	51	49	45	46	45
Board of Commissioners	34	34	34	34	34	34	34	34	34	34
Clerk/Register of Deeds	128	133	154	151	153	152	146	138	133	133
County Treasurer	48	48	48	48	49	49	49	49	49	49
Public Safety										
Sheriff	1,135	1,130	1,092	1,042	1,040	1,011	987	975	916	887
Community Corrections	67	66	68	67	71	71	62	57	39	33
Animal Control	24	24	24	23	24	24	24	24	24	26
Justice Administration										
Circuit Court	469	473	455	456	465	458	419	242	241	234
District Court	201	201	194	188	183	177	167	165	162	161
Probate Court	61	61	59	59	61	63	64	242	240	240
Prosecuting Attorney	189	189	188	189	198	197	191	187	186	186
Medical Examiner	34	34	34	26	28	27	28	27	23	21
Citizens Services										
Administration	5	5	5	5	5	5	7	7	5	5
Health	404	403	413	441	472	477	475	474	474	481
Medical Care Facility	104	104	110	112	112	112	112	112	112	111
Children's Village	161	161	161	161	166	166	151	149	148	146
Veterans' Services	18	18	16	16	18	18	18	18	18	18
MSU Extension-Oakland County	13	13	13	13	14	14	15	20	15	15
Public Works										
Drain Commissioner	271	269	269	263	251	240	227	226	221	213
Facilities Management	204	201	201	201	200	202	204	207	221	220
Information Technology	169	165	159	157	165	172	165	148	118	118
Recreation and Leisure										
Library Board	18	18	23	23	24	24	24	24	25	25
Parks and Recreation	341	317	313	313	289	288	288	264	259	258
Commerce and Community Development										
Administration	12	13	14	9	8	6	5	3	1	1
Planning and Economic Development Services	43	42	41	40	43	43	41	40	40	37
Community and Home Improvement	21	21	21	21	21	21	21	19	19	19
Workforce Development	9	9	9	9	9	9	9	9	9	9
Totals	4,573	4,536	4,499	4,447	4,509	4,464	4,360	4,282	4,147	4,094

Note: Employee count is based on authorized, budgeted positions

Source
Oakland County Human Resources Department

County of Oakland
Operating Indicators by Function/Program – Unaudited Table 15
Last Ten Fiscal Years

	Fiscal Year									
Functions/Programs	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**	**2001**	**2000**	**1999**	**1998**
Law Enforcement										
Dispatched Calls	179,563	180,472	180,940	171,858	174,861	167,220	172,233	167,618	140,653	130,682
Arrests	8,900	9,286	8,569	7,288	7,888	7,459	7,421	6,379	6,320	6,566
Inmate bookings	25,809	27,003	25,734	26,066	24,573	24,805	24,295	23,922	22,003	22,659
Judicial										
Circuit Court civil/criminal cases disposed	16,108	16,129	16,424	16,244	16,375	16,782	16,212	15,803	16,336	19,760
District Court cases filed	157,101	159,380	157,920	158,882	162,650	173,278	169,929	158,781	162,321	168,353
Citizen Services										
Veteran benefits claims filed	7,071	7,182	6,784	6,337	6,604	6,258	5,510	4,929	4,699	4,853
Deeds/Mortgages	110,600	141,157	176,787	223,553	295,114	237,153	181,559	143,268	162,527	n/a
Jobs retained and created	10,842	1,640	4,422	3,417	2,826	8,991	5,851	6,596	5,610	4,137
Immunizations	82,347	95,202	117,679	125,660	103,787	116,173	120,030	123,579	124,752	112,141
Community Development										
BFC/EDC Loans	33	26	20	22	15	14	15	21	27	31
Applications for home improvement	457	373	369	369	389	378	400	346	328	333
Single family homes rehabilitated	198	253	229	300	269	208	239	239	272	247
Parks and Recreation										
Participants-Park	778,616	789,867	793,215	752,662	660,597	575,847	751,052	709,929	679,555	659,253
Participants-Golf Course	178,444	198,477	200,521	215,551	177,716	181,168	166,178	219,654	229,264	235,380
Participants-Recreation, Facilities	373,214	374,853	381,025	365,954	391,353	595,336	534,634	583,657	505,774	498,882
Participants-Nature Interpretive Service	35,226	46,428	47,062	44,967	41,253	46,028	46,050	50,304	44,198	45,207
Participants-Banquet Facilities	161,678	170,524	182,100	158,091	161,471	94,153	86,842	90,686	91,361	80,979
Airports										
Takeoffs and landings	202,345	202,973	207,757	243,395	276,153	277,616	283,369	337,219	346,573	332,647
Public Works										
Water and sewer customers	75,613	73,129	72,602	72,157	68,685	66,876	64,978	63,153	61,242	59,047
Water main breaks	115	119	146	256	212	115	132	246	202	150
Water permits issued	138	168	343	518	589	541	519	473	602	570

Source

Oakland County Department of Management & Budget, Fiscal Services Division
and other individual departments

County of Oakland
Capital Asset Statistics by Function/Program – Unaudited Table 16
Last Ten Fiscal Years

	Fiscal Year									
Functions/Programs	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**	**2001**	**2000**	**1999**	**1998**
Justice and Law Enforcement										
Correction facilities capacities	1,984	1,981	1,981	1,956	1,868	1,856	1,856	1,856	1,856	1,856
Substations	12	12	12	12	12	12	12	10	10	10
Parks and Recreation										
Number of county parks	13	11	11	11	11	11	11	11	11	11
Park acreage	6,378	6,089	5,742	5,715	5,715	5,715	5,715	5,715	5,661	5,661
Airport										
Number of runways	5	5	5	5	5	6	6	6	5	5
Number of T-Hangars	738	711	619	619	619	619	619	619	493	493
Facilities										
Buildings	41	42	42	42	41	39	39	39	38	37
County facilities square footage	1,925,118	1,921,389	1,921,389	1,960,310	1,956,433	1,693,808	1,693,808	1,714,873	1,667,393	1,696,233
Public Works										
Combined Sewer Overflow Retention Treatment Facilities	3	3	3	3	3	3	3	3	3	3
Water mains (miles)	165.83	162.57	148.67	173.99	164.80	158.41	139.60	125.07	104.53	80.00
Water storage capacity (millions of gallons)	2.068	2.068	2.068	2.068	2.068	2.068	2.068	2.068	2.068	2.068
Sewers (miles)	131.81	131.84	131.84	131.84	131.84	131.84	131.59	131.59	131.59	131.59
Sewer treatment capacity (millions of gallons)	151.80	151.80	121.80	121.80	121.80	121.80	121.80	121.80	121.80	121.80

Sources

Various County departments

County of Oakland
Building Authority Data – Unaudited Table 17
September 30, 2007

	Lyon Oaks Park	Work Release Facility	Office Bldg. Renovation	52/3 District Court Bldg.	Sheriff Substation Rochester Hills	Oakland Int'l Airport T-Hangars	Pontiac Phoenix Center	CMHA Housing Project	Phoenix Plaza Amphitheatre Refunding	Refunding Series 1998	Computer Center Refunding	Totals
Cash	$ 5	$ 280	$ 535	$ 280	$ 524	$ 167	$ 1,431	$ 8,466	$ 935	$ 5	$ 5	$ 12,633
Lease receivable	1,625,000	19,025,000	24,500,000	14,850,000	3,430,000	5,955,000	11,150,000	5,500,000	8,005,000	4,020,000	1,030,000	99,090,000
Other assets	-	-	-	-	27	4	114	-	170	150	-	465
Bonds payable	1,625,000	19,025,000	24,500,000	14,850,000	3,430,000	5,955,000	11,150,000	5,500,000	8,005,000	4,020,000	1,030,000	99,090,000
Other liabilities	106	275	275	275	275	-	-	-	-	150	-	1,356
Year ended September 30, 2006:												
Transfers in	-	1,886,700	2,089,381	1,388,675	1,546	-	-	-	-	1,463,762	1,081,688	7,911,752
Leases and other income	575,891	-	-	-	345,563	482,848	1,091,200	8,741	390,228	-	-	2,894,471
Debt service:												
Principal	500,000	925,000	1,050,000	700,000	200,000	240,000	350,000	-	45,000	1,230,000	1,035,000	6,275,000
Interest	75,575	961,150	1,038,351	688,125	146,288	243,403	751,078	-	344,469	233,462	46,462	4,528,363
Fiscal charges	300	275	500	275	275	-	275	275	275	300	225	2,975
Principal and interest requirements:												
2008	$ 580,325	$ 1,871,375	$ 2,087,101	$ 1,390,375	$ 360,991	$ 487,402	$ 958,363	$ 424,926	$ 388,006	$ 1,449,650	$ 1,053,175	$ 11,051,689
2009	583,688	1,855,525	2,080,601	1,414,275	353,256	486,153	939,612	422,931	391,487	1,478,770	-	10,006,298
2010	561,275	1,862,625	2,096,851	1,385,600	345,156	488,502	945,862	414,931	389,800	1,458,473	-	9,949,075
2011	-	1,842,525	2,082,633	1,405,375	336,775	489,890	950,863	431,431	388,050	-	-	7,927,542
2012	-	1,845,800	2,091,101	1,397,375	352,556	495,265	929,613	422,432	386,300	-	-	7,920,442
Thereafter	-	18,037,256	24,521,008	13,985,050	2,686,029	6,025,333	13,233,175	6,092,359	10,784,051	-	-	95,364,261
	$ 1,725,288	$ 27,315,106	$ 34,959,295	$ 20,978,050	$ 4,434,763	$ 8,472,545	$ 17,957,488	$ 8,209,010	$ 12,727,694	$ 4,386,893	$ 1,053,175	$ 142,219,307

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March 14, 2008

To the Finance Committee of the Oakland
County Board of Commissioners
Oakland County, Michigan

We have recently completed our audit of the basic financial statements of the County of Oakland for the year ended September 30, 2007. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible. This report is intended solely for the use of the audit committee, the board of commissioners, and others within the County.

Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America

We conducted our audit of the basic financial statements of the County of Oakland in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. The following paragraphs explain our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's responsibility. We may make suggestions as to the form or content of the financial statements or even draft them, in whole or in part, based on management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the representations of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than with those items of lesser importance or those in which the possibility of material error is remote. For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

Praxity MEMBER
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An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or irregularities. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

Auditor's Responsibility for Testing and Reporting on Internal Controls and Compliance with Laws and Regulations

In the audit process, we gain an understanding of the internal control structure of an entity as well as the laws and regulations having a direct and material effect on the entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of company documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the entity's internal control structure or the entity's compliance with laws and regulations.

The limited purpose of these tests in a financial statement audit may not meet the needs of some users of auditors' reports who require additional information on internal controls and on compliance with laws and regulations. To meet certain audit report users' needs, laws and regulations often prescribe testing and reporting on internal controls and compliance to supplement the financial statement audit's coverage of these areas. In accordance with regulatory requirements covering federal (awards) financial assistance, supplemental testing of and reporting on internal controls and compliance were performed. Nevertheless, even after performing and reporting the results of these additional tests of internal controls and compliance required by laws and regulations, some reasonable needs of report users still may be unmet. We may meet these needs by performing further tests of internal controls and compliance with laws and regulations in either of two ways:

1. Supplemental (or agreed-upon) procedures, or

2. Examination, resulting in an opinion

For the year ended September 30, 2007, we were not engaged to nor did we perform the additional services listed in 1 and 2 above.

Significant Accounting Policies

Auditing standards call for us to inform you regarding the initial selection of, and change in, significant accounting policies or their application. In addition, we are expected to inform you about the methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. During the current year, the County issued $557 million in Trust Certificates of Participation in order to provide sufficient funding to pay the remaining Voluntary Employee Benefit Association (VEBA) liability related to retiree benefits. These funds have been recorded in the Interim Retiree Medical Benefit Trust, a major special revenue fund of the County. The debt proceeds and investment earnings of this fund will be used to fund the actuarially required contributions for retiree benefits. We have reviewed the County's method used to account for this significant unusual transaction and are in agreement with the methodology.

Management's Judgments and Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Auditing standards call for us to report to you about accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments. Further, we are expected to report to you about the process used by management in formulating particularly sensitive accounting estimates and about the basis for our conclusions regarding the reasonableness of those estimates. In this connection, we are reporting the following matters:

- The liability for accrued workers' compensation claims including claims incurred but not reported - The County uses a third-party administrator to track reported claims and to estimate the required reserves for the reported claims. In addition, the County's insurance and safety coordinator estimates an amount for claims incurred but not reported based on a 10-year history of reported claims. Based on our review of supporting documentation and our understanding of the methodology used in arriving at the estimated liability, we concluded that the estimate was reasonable.

- The liability for general liability claims and judgments including claims incurred but not reported - The County's Risk Management Department tracks reported claims and estimates the required reserves for the reported claims. In addition, the County uses a third-party actuarial company to estimate an amount for claims incurred but not reported based on a history of reported claims. Based on our review of supporting documentation and our understanding of the methodology used in arriving at the estimated liability, we concluded that the estimate was reasonable.

- The liability for incurred but not reported health costs - The County uses a third-party administrator to estimate the required reserves for claims incurred but not reported. The third-party administrator estimates the liability based on a history of reported claims. Based on our review of supporting documentation and our understanding of the methodology used in arriving at the estimated liability, we concluded that the estimate was reasonable.

- The liability for unbilled legal fees - The Court estimates an amount owed to court-appointed attorneys for unbilled legal fees based on a review of outstanding cases at year end and a history of legal expenses. Based on our review of supporting documentation and our understanding of the methodology used in arriving at the estimated liability, we concluded that the estimate was reasonable.

- The liability for retroactive wages on open union contracts - The County's Fiscal Services Department estimates the amount of retroactive wages that will be due employees for services performed prior to September 30, 2007, once open union contracts are settled. The estimate is based on the expected wage increase and the actual time worked since the expiration of the union contract. Based on our review of supporting documentation and our understanding of the methodology used in arriving at the estimated liability, we concluded that the estimate was reasonable.

- The asset for unbilled water and sewer accounts receivable - The County's Water and Sewer Department estimates the amount of water and sewer services used, but not billed to its customers at year end. The estimate is based on historical usage by billing district. Based on our review of supporting documentation and our understanding of the methodology used in arriving at the estimated asset, we concluded that the estimate was reasonable.

Significant Audit Adjustments

Auditing standards call for us to report to you significant audit adjustments that, in our judgment, may not have been detected except through the auditing procedures we performed. As a result of our audit, no significant adjustments were made to the financial statements.

Auditing standards also require us to inform you about uncorrected possible financial statement adjustments identified by us during the current engagement and pertaining to the latest period presented, which were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. As a result of our audit, no uncorrected possible financial statement adjustments were identified.

Disagreements with Management

In the process of conducting an audit, various matters will be discussed with management. In that process, significant differences of opinion may arise regarding the scope of the audit, the application of accounting principles, disclosures to be included in the County's financial statements, or the wording of our report. In the interest of keeping you informed of all significant matters, such differences are required to be reported to you even though they are satisfactorily resolved. There were no disagreements with management over the application of accounting principles or the basis for management's judgments about accounting estimates. Additionally, there were no disagreements regarding the scope of the audit, disclosures to be included in the financial statements, or the wording of the auditor's report.

Consultation with Other Accountants

When management consults with other accountants about significant accounting and auditing matters, auditing standards require that we present our views on those matters to you. To our knowledge, there were no such consultations with other accountants.

Difficulties Encountered In Performing the Audit

We did not receive the County's schedule of expenditures of federal awards (SEFA) in a timely manner. The SEFA identifies the County's federal grant expenditures by funding source. These expenditures are audited for compliance with grant requirements as described in U.S. Office of Management and Budget Circular A-133. This separately issued audit report is due by June 30, 2008. Although this separately issued audit report is not due until June 2008, the expenditures included in the SEFA need to be reconciled to the information reported in the County's Comprehensive Annual Financial Report (CAFR) which is due by March 31, 2008. Going forward, we would like to receive the SEFA at least 45 days before the due date of the CAFR.

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We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Very truly yours,

Plante & Moran, PLLC

Leslie J. Pulver

Leslie J. Pulver

Joseph C. Heffernan

Joseph C. Heffernan