



BIG BRIGHT LIGHT SHOW • ROCHESTER, MICHIGAN

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year ending September 30, 2018

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



**OAKLAND COUNTY, MICHIGAN  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Fiscal Year Ended September 30, 2018  
(With Independent Auditor's Report Thereon)**

**Prepared by:**

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

**Project Manager  
Carol Morin**

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

**County of Oakland**  
**Table of Contents**  
**September 30, 2018**

---

**I. Introductory Section**

**Supplemental Financial Information**

Letter of Transmittal .....	1-16
Organizational Chart .....	17
List of Principal Officials.....	18
Government Finance Officers Association of the United States and Canada Certificate of Achievement for Excellence in Financial Reporting .....	19

**II. Financial Section**

Report of Independent Auditors.....	20-22
Management's Discussion and Analysis.....	23-43

**Basic Financial Statements**

**Government-wide Financial Statements**

Statement of Net Position .....	44-45
Statement of Activities.....	46-47

**Governmental Fund Financial Statements**

Balance Sheet.....	48-49
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position.....	50
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	51-52
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities.....	53

**Proprietary Fund Financial Statements**

Statement of Net Position .....	54-57
Statement of Revenues, Expenses, and Changes in Net Position .....	58-59
Statement of Cash Flows.....	60-64

**Fiduciary Fund Financial Statements**

Statement of Net Position .....	65
Statement of Changes in Net Position.....	66

**Component Unit Financial Statements**

Statement of Net Position .....	67
Statement of Activities.....	68

**Notes to Basic Financial Statements**

1. Summary of Significant Accounting Policies .....	69-79
2. Legal Compliance – Budgets .....	80
3. Deposits and Investments.....	80-90
4. Property Taxes – Receivables and Short-term Debt .....	90
5. Allowances for Uncollectible Receivables .....	91
6. Investment Income – Pension and Other Postemployment Trust Funds .....	91
7. Capital Assets.....	92-94
8. Long-term Debt.....	95-101

**County of Oakland**  
**Table of Contents**  
**September 30, 2018**

---

**II. Financial Section (continued)**

9. Interfund Balances .....	101-103
10. Fund Equities .....	104-107
11. Employee Benefits .....	107
12. Defined Benefit Pension Plan .....	107-114
13. Defined Contribution Plans.....	114
14. Postemployment Benefits .....	115-121
15. Deferred Compensation Plan .....	121
16. Risk Management .....	122-123
17. Leases.....	123-124
18. Commitments and Contingencies .....	124-125
19. Statement of Net Position – Reconciliation of Internal Balances.....	125
20. Tax Abatements.....	125-126
21. Accounting and Reporting Changes.....	126-128

**Required Supplementary Information other than Management’s Discussion and Analysis**

Schedule of Changes in Net Pension Liability and Related Ratios – Retirement System – Primary Government – Last Five Fiscal Years – Unaudited.....	129
Schedule of Contributions – Retirement System – Primary Government – Last Ten Fiscal Years – Unaudited .....	130
Schedule of Investment Returns – Retirement System – Primary Government – Last Five Fiscal Years – Unaudited .....	131
Schedule of Changes in Net OPEB Liability and Related Ratios – OPEB System – Primary Government – Last Two Fiscal Years – Unaudited.....	132
Schedule of Contributions – OPEB System – Primary Government – Last Ten Fiscal Years – Unaudited .....	133
Schedule of Investment Returns – OPEB System – Primary Government – Last Two Fiscal Years – Unaudited .....	134
Budgetary Comparison Schedule – Major Governmental Funds .....	135-140
Notes to Required Supplementary Information .....	141

**Combining and Individual Fund Statements and Schedules**

***Governmental Funds***

Balance Sheet – By Fund Type.....	142
Statement of Revenues, Expenditures, and Changes in Fund Balances – By Fund Type.....	143

***Special Revenue Funds***

Combining Balance Sheet.....	144-147
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	148-151
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual.....	152-153



**County of Oakland**  
**Table of Contents**  
**September 30, 2018**

---

**II. Financial Section (continued)**

***Debt Service Funds***

Combining Balance Sheet.....	154
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	155

***Capital Projects Funds***

Combining Balance Sheet.....	156-157
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	158-159

***Internal Service Funds***

Combining Statement of Net Position .....	160-163
Combining Statement of Revenues, Expenses, and Changes in Net Position .....	164-165
Combining Statement of Cash Flows.....	166-170

Combining Schedule of Net Position – Fringe Benefits .....	171
Combining Schedule of Changes in Net Position – Fringe Benefits .....	172

***Enterprise Funds***

Combining Statement of Net Position .....	173
Combining Statement of Revenues, Expenses, and Changes in Net Position .....	174
Combining Statement of Cash Flows.....	175-176

***Pension (and Other Postemployment Benefits) Trust Funds***

Combining Statement of Net Position .....	177
Combining Statement of Changes in Net Position.....	178

***Investment Trust Funds***

Statement of Net Position .....	179
Statement of Changes in Net Position.....	180

***Agency Funds***

Combining Statement of Net Position .....	181-182
Combining Statement of Changes in Assets and Liabilities .....	183-186

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

Combining Balance Sheet.....	187
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position.....	188
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	189
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities.....	190

**County of Oakland**  
**Table of Contents**  
**September 30, 2018**

---

**III. Statistical Section – Unaudited**

Net Position by Component .....	191
Changes in Net Position.....	192-194
Fund Balances, Governmental Funds .....	195
Changes in Fund Balances, Governmental Funds.....	196-197
Assessed, Equalized, and Taxable Value of Property .....	198
Direct and Overlapping Property Tax Rates .....	199
Principal Taxpayers .....	200
County Operating Property Tax Levies and Collections .....	201
Ratio of General Bonded Debt Outstanding .....	202
Net County Direct and Overlapping Debt.....	203
Legal Debt Margin .....	204
Demographic and Economic Statistics .....	205
Principal Employers.....	206
County Employees by Function/Program .....	207
Operating Indicators by Function/Program.....	208
Capital Asset Statistics by Function/Program.....	209
Building Authority Data .....	210-211

## **I. INTRODUCTORY SECTION**

**The Introductory Section contains:**

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

March 21, 2019

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

State law requires all general purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants. Pursuant to those requirements, we hereby issue the Comprehensive Annual Financial Report (CAFR) of Oakland County, Michigan for the fiscal year ended September 30, 2018.

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, 2018 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall presentation of the financial statements. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that Oakland County's financial statements for the fiscal year ended September 30, 2018 are fairly presented in conformity with GAAP. The independent auditor's report is presented in the financial section of this report.

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



## **County of Oakland**

### **Letter of Transmittal**

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The Fiscal Year 2018 CAFR includes a Statement of Net Position 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 2018 financial performance, can be found immediately following the report of the independent auditors. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

### **Profile of Oakland County**

Incorporated on March 28, 1820, Oakland County covers approximately 910 square miles in southeast Michigan, immediately north of the City of Detroit and Wayne County. With a population of 1,242,304 (2015 estimate) and the County seat in Pontiac, Oakland County is home to a mix of urban and rural communities, encompassing 62 cities, villages and townships, including thirty-two (32) downtown areas and many scenic natural settings, providing a good quality of life for any lifestyle. Measuring per capita income, the County ranks as the ninth (9<sup>th</sup>) wealthiest county in the nation among counties with populations between 900,000 and 1,600,000 as cited in a May 2016 report by University of Michigan economists. Oakland County enjoys a world class reputation due to its renowned business environment and its many attributes that contribute to an excellent quality of life.

### *Government Structure*

Oakland County operates under the authority of Michigan Public Act 139 of 1973, the Optional Unified Form of County Government Act, approved by the electorate in 1974. An elected County Executive is responsible for the management of County affairs as specified under Public Act 139. Specific programs and services under the County Executive include human services in the form of public health, child care, and homeland security; community and economic development; planning; public safety; public records; public works; airports; and a wide range of other services, such as Michigan State University Cooperative Extension, animal control, work force development, veterans' services and senior programs. All of these activities are supported by administrative services, central services and information technology.

The Treasurer, Clerk/Register of Deeds, Prosecutor, and Sheriff are offices established by the State's constitution. A Water Resources Commissioner was established as an elected position in 1909 and currently operates under Public Act 40 of 1956 (as amended), the Uniform Drain Code. These offices, including the County Executive, are elected countywide with four-year terms. The Treasurer is responsible for collection of delinquent taxes, settlements with local units, cash management and investments. The Clerk/Register of Deeds is responsible for recording vital statistics, maintaining court records, Board of Commissioner proceedings, and documents affecting property ownership. The Sheriff and Prosecutor are responsible for law enforcement. The Water Resources Commissioner is responsible for construction and maintenance of drains, lake level controls, water supply systems and sewer interceptors.

## County of Oakland

### Letter of Transmittal

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

The Board of Commissioners is comprised of twenty-one (21) members elected to two-year terms by their respective districts and serves as the legislative body responsible for establishing policy and appropriating funds.

#### *Component Units*

A three-member Road Commission, established under Michigan Public Act 283 of 1909 and appointed by the County's Board of Commissioners, is responsible for more than 2,700 miles of roads. Its budget of more than \$129.1 million (excluding Assessment Districts) is funded principally by State-collected vehicle fuel and registration taxes under Public Act 51 of 1951. Other sources of funds are provided by federal and local governments. The Road Commission is not subject to the Board of Commissioners' appropriation process and, therefore, is reflected as a discretely presented component unit in the County's CAFR, as required by the Governmental Accounting Standards Board (GASB) Statement Number 14, *The Financial Reporting Entity*, as amended by Statement Number 39, *Determining Whether Certain Organizations are Component Units*, Statement Number 61, *The Financial Reporting Entity: Omnibus*, and Statement Number 80, *Blended Requirements for Certain Component Units*.

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

A ten-member commission, appointed by the Board of Commissioners, is responsible for Parks and Recreation, which acquires and develops County parks. Currently, Parks and Recreation maintains and operates thirteen (13) parks that provide camping, golf, swimming and a variety of other recreational activities. Parks and Recreation is supported, in part, by a separately voted ¼-mill tax levy, subject to annual tax limitation adjustments pursuant to the Michigan constitution. Parks and Recreation's activity is blended into the County's CAFR due to the specific agency relationship established by State statute, as required by GASB Statements Number 14, Number 39, Number 61, and Number 80.

## **County of Oakland**

### **Letter of Transmittal**

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#### *County Budget*

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

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

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

It is important to note that, although the appropriated budget is prepared on the fund/function/department basis, Oakland County's financial system also has the ability to budget and account by program cost center. The ability to budget and account for County activity by program is a valuable tool for policy makers to analyze and determine where to appropriate limited County resources in order to maximize their positive impact on County residents.

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

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

Oakland County is recognized as one of the most prosperous counties in the nation. Oakland County's economy is continuing to improve since the days of the "Great Recession." Oakland County is now in its ninth year of economic recovery since the recession's low point at the end of 2009. Oakland County was at its peak employment level in the third quarter of 2000, but during the recession lost 166,463 jobs by the time it reached its low point in the fourth quarter of 2009. Oakland County has returned to job growth in the current decade with approximately 119,100 job additions from 2010 to 2017. The County's average growth pace of 2.6% per year

## **County of Oakland**

### **Letter of Transmittal**

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well outpaced both the nation's and the state's average rate of 1.8% over the same period. In their April 2018 report, University of Michigan economists Gabriel Ehrlich and Donald Grimes forecasted 42,000 job additions for the forecast period of 2018 through 2020; a pace averaging 1.9% per year which is expected to be a substantially faster pace than anticipated for the nation or the state of Michigan. The higher-wage and middle-wage industries make up almost 80.0% of the net new jobs anticipated in the County over the three-year forecast period.

Due to its educated work force, Oakland County is well positioned to continue its transformation to the evolving knowledge-based economy. Approximately 57.7% of all County residents hold a degree from an institute of higher education. Oakland County has been investing for years in many of the industries that are prominent in the New Economy. Innovative programs such as Automation Alley, Emerging Sectors, Medical Main Street, and Tech248 continue to identify industries and businesses that are projected to have increasing employment opportunities, particularly those associated with professional and business services, health services, technology services, robotics, and advanced manufacturing.

Oakland County's unemployment rate has fallen (improved) steadily from the 2009 high rate of 13.0%. As of December 2018, Oakland County's unemployment rate was 3.2%. This rate is lower than the State of Michigan rate of 4.0% and the national rate of 3.9%.

Enhanced by the County's investment in dynamic economic development programs, Oakland County remains an ideal location for business. In 2004, an initiative was launched to diversify the County's economy away from reliance on traditional manufacturing jobs. The Emerging Sectors initiative to determine the 10 fastest-growing jobs within the knowledge-based economy has proven to be successful. Since its creation in 2004 through the most recent report issued in January 2019, the Emerging Sectors program has had 512 business successes and has attracted nearly \$5.1 billion in investment, creating approximately 51,662 jobs and retaining 37,337 jobs. Traditional businesses continue to grow as well. Since 2004, the County has seen 345 traditional business successes with more than \$3.2 billion in investment while creating or retaining over 129,000 jobs.

Oakland County's 2017 per capita personal income (PCPI) of \$68,971 is the highest among Michigan's 83 counties according to the U.S. Bureau of Economic Analysis (BEA) most recent published data on November 15, 2018. The 2017 PCPI reflects an increase of 3.7 percent from 2016. The Oakland County's per capita income also compares favorably to the national average (\$51,640) and the state average (\$46,201).

The 2018 market value of property in Oakland County is approximately \$143.7 billion, an increase of approximately \$5.7 billion from 2017 to 2018 (4.15%). The Taxable Value (TV), which is the calculation on which property tax revenue is based, increased 4.71%. This is the sixth year of increase in property value following five (5) consecutive years of decline and is further evidence that Oakland County's economy is strong. Current budget assumptions include a 5.0% increase in taxable value as of December 31, 2018 (FY 2019 revenue); a 4.5% increase in taxable value as of December 31, 2019 (FY 2020 revenue); and an additional 4.5% increase in taxable value as of December 31, 2020 (FY 2021 revenue).

## County of Oakland

### Letter of Transmittal

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Oakland County's collective property values remain the highest of all 83 counties in Michigan, and represents 16.4% of the state's total value (even though Oakland County's population represents approximately 12.6% of Michigan's total). The majority of Oakland County's taxable value is within the residential class of property, which is approximately 74.6% of the total property tax base. The average residential sale price of a home in Oakland County increased substantially from \$245,677 in 2017 to \$296,397 in 2018, a 20.6% increase.

The average 2018 property tax rate is \$43.01 per thousand dollars of taxable value, a slight decrease from the 2017 average of \$43.14 per thousand dollars of taxable value. The average property tax rate is distributed to the following taxing authorities:

Local School Districts	33.74%
Cities, Villages, Townships	29.99%
State Education Tax	13.95%
County Operating	9.39%
Intermediate School District	7.63%
Community College	3.58%
Parks & Recreation/Zoo/Art/Huron Clinton	<u>1.72%</u>
	<u>100.00%</u>

The County continues to exercise a prudent and conservative approach to tax revenues by controlling the millage rate levied on the tax base. In fact, the County millage rate for the July 1, 2015 property tax levy was reduced from 4.19 mills to 4.09 mills (out of an authorized levy of 4.2168 mills) for operations. Further, the millage rate effective with the July 1, 2016 tax levy was reduced from 4.09 mills to 4.04 mills. The millage rate for the July 1, 2018 tax levy remained at 4.04 mills (out of a maximum authorized levy of 4.1125 mills) and is expected to remain at 4.04 mills for the July 1, 2019 tax levy. The County has one of the lowest county tax rates in the State of Michigan.

### Fiscal Policies

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

Other policies and practices are not as fully explained in other parts of the ensuing document yet they equally impact the County's financial position in FY 2018 and beyond and, therefore, some discussion of these policies is appropriate. Among these policies and practices meriting fuller discussion are the Budgeting and Forecasting activities; the capital improvement activities particularly associated with the Delinquent Tax Revolving Fund and the innovative Pension and Other Post-Employment Benefit practices.

## County of Oakland

### Letter of Transmittal

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#### *Budgeting and Forecasting*

A primary reason for Oakland County's solid financial position is the fact that County elected officials and administration continuously engage in long-term financial planning. Financial policies have been implemented to support practices that focus on how decisions made today will affect the County's financial position in years to come. The County Executive, based on recommendations from his Budget Task Force and finance team, keep constant focus on the County's financial position in making all budgeting and fiscal decisions.

The hallmark of the County's focus on long-term financial planning is preparation and adoption of a triennial budget and five-year forecast. Not only is the budget adopted for the next three fiscal years, the triennial budget is considered a "rolling" budget in that when it is amended, the amendment always reflects the impact for both the remainder of the current fiscal year and the impact on the entire next two fiscal years. The mantra adopted by the County Administration is "thoughtful management" not "crisis management."

The development and use of the triennial budget allows the County to maintain financial stability. Oakland County understands, however, that sound financial management actually begins with maintaining a solid financial position. The first financial question Oakland County officials ask is not "how do we balance the budget," but "where do we want to be financially in the next five years?" County officials first set a long-term goal of a solid financial position and "work backwards" to develop a budget which will achieve that goal.

Oakland County's sustainable long-term goal is to maintain a General Fund balance equating to approximately 20% of annual General Fund / General Purpose expenditures. This figure is calculated based upon two criteria. The first criterion is the Government Finance Officers' Association (GFOA) recommendation to retain at least two months of annual expenditures (approximately 17%) in fund balance. In fact, the County adopted Miscellaneous Resolution #15175 on July 16, 2015 to formally codify the fund balance policy for the General Fund. This has been a highly recognized and proven best practice that has been instrumental to Oakland County's long-term financial sustainability. Such practice provides a cushion against unexpected crises, allowing the County to meet emergency demands without severely disrupting ongoing operations and services.

The second criterion is the need for additional cash flow reserves arising from Michigan Public Act 357 of 2004 that requires the County to collect property taxes in arrears. Under this State Act, counties levy property taxes in July of each calendar year, which is ten months AFTER the beginning of Oakland County's fiscal year. Prior to enacting P.A. 357, the County levied property taxes in December only three months after the beginning of the fiscal year. Because of the prudent management of the General Fund balance, the County has been able to maintain its cash flow needs, despite the shift to a later levy date. However, the County will continue to monitor its cash flow needs and will take appropriate actions if short-term borrowing is needed to augment General Fund cash balances.



## County of Oakland

### Letter of Transmittal

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

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

The result of these practices is a balanced line item County budget (adopted by the Board of Commissioners in September 2018) for fiscal years 2019, 2020, and 2021. The County also prepares a high level five year forecast and fiscal plan document in its on-going effort of "thoughtful management" practices. Considering the status of the County's finances as of September 30, 2018, as well as its longer term focus, the County anticipates a balanced budget through FY 2023 without additional budget tasks or reductions.

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

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

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

## **County of Oakland**

### **Letter of Transmittal**

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

The net position of the DTRF as of September 30, 2018, totaled approximately \$196.8 million. While slightly below the target equity of \$200.0 million, the DTRF is still well positioned to guarantee timely payments to local units of government and to pay outstanding notes on delinquent taxes. The County has leveraged available unrestricted assets by using the DTRF to cover debt service on certain major Board-approved capital projects that house essential public services. There are three major building projects that were initiated in the early 2000's where debt service of approximately \$4.7 million annually is being covered by the DTRF. The debt on two of these projects will be paid in full by the end of FY 2022 with the third project to be paid in full by the end of FY 2024, thus freeing up approximately \$2.8 million to support new debt beginning in FY 2023 and another \$1.9 million starting in FY 2025. Additionally, in November 2015 the County issued debt of approximately \$15.5 million to construct the Oakland County Animal Shelter and Pet Adoption Center. The General Fund has already covered the debt service for the first seven years by transferring \$7.0 million in FY 2016 from the General Fund to a separate debt service fund. In FY 2018, the County transferred another \$1.7 million from the General Fund to the animal shelter debt service fund based on one-time surplus funds realized in November 2017 from State reimbursement of personal property tax losses. With the animal shelter facility operational as of October 2017, the former shelter property has the potential to be sold with the proceeds from the sale to be placed in the animal shelter debt service fund to even further extend the debt service coverage. It is not expected that the DTRF will need to cover the animal control facility debt service until late 2025, and could extend beyond that if the former animal shelter site is sold and proceeds are placed in the animal shelter debt service fund.

Even using the DTRF to support these capital initiatives, the fund's net position is still more than sufficient to meet all the fund commitments. As a result, the County has used a portion of the DTRF equity (the amount higher than required to meet funding commitments) to support General Fund / General Purpose operations. Historically, prudent stewardship of the Fund has enabled the County to draw annually from the DTRF to support General Fund / General Purpose operations. The five-year forecast anticipates the continuation of annual transfers from the DTRF to support General Fund / General Purpose operations in the amount of \$3.0 million annually for FY 2019 through FY 2023.

## County of Oakland

### Letter of Transmittal

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#### *Pension and Other Postemployment Benefits*

Realizing that employees are both its most valuable resource and that employee compensation and benefits are one of the largest expenses, Oakland County established two pension plans. The first plan is the Defined Benefit Pension Program, referred to as the County's Public Employees' Retirement System (PERS). The second plan is the Defined Contribution Pension Program, referred to as the Oakland Performance Retirement System (OPRS), which qualifies under Internal Revenue Code Section 401(a).

Individuals employed on or before July 1, 1994 had a choice to belong either to the PERS or the OPRS. All eligible individuals employed since July 1, 1994 were enrolled in the OPRS.

Due to the voluntary shifting of 1,126 employees from the PERS to OPRS, and the fact that all newly hired employees participate in the OPRS, the OPRS has resulted in a savings of approximately \$156.3 million since inception of the program without jeopardizing the retirement security of valued employees.

Oakland County has also been a true innovator and leader in exploring methods to providing and financing Other Post-Employment Benefits (OPEB). Specifically, the County has implemented benefit changes that will limit the growth of the cost of these benefits in the future, while still providing employees with a method to retain health care insurance once they leave County service. Rather than receiving a specific level of health care insurance when they retire from County service, employees hired after January 1, 2006 are enrolled in a "Retirement Health Savings Plan" (RHS). Under the RHS, for non-represented employees and most represented employees, the County contributes \$1,950 annually (\$75 per pay) to each employee's retirement health savings account (\$3,250 annually for those bargaining units bound by state law to binding arbitration). Upon leaving County service, the employee is entitled to the vested funds the County contributed based upon their length of service. In 2014, the Board of Commissioners approved Miscellaneous Resolution #14005 that provided a one-time window which allowed certain eligible employees to voluntarily and irrevocably convert from the defined benefit VEBA Plan to the defined contribution RHS Plan. The "buy out" provided a lump sum deposit equivalent to \$2,000 per year for each year of eligible service. The result was that 83 employees opted out of the VEBA Plan with approximately \$2.1 million being set aside in individual RHS Plan accounts for these employees. It is estimated that the ratio of savings is approximately 5:1; meaning for every \$1 provided for the one-time voluntarily conversion, \$5 in savings is anticipated in present value liabilities. The resolution also lowered the longevity requirements for the graduated vesting schedule with the RHS Plan. The previous vesting schedule allowed for a partial benefit (60%) provided after 15 years of service with full benefit provided after 25 years of service. The revised vesting schedule allows for partial vesting after 6 years of employment with employees becoming fully vested in the RHS Plan after 10 years of County service. Once the employee separates employment and receives the vested cash benefit, the County's financial obligations ends.

## County of Oakland

### Letter of Transmittal

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Employees hired prior to January 1, 2006, qualify for participation in the County's Voluntary Employees' Benefit Association (VEBA). The VEBA is an irrevocable trust fund; assets from this fund can only be used to pay retiree health care cost. Although this is an increasingly popular vehicle to support retiree health care, Oakland County has gone one significant step further – it has fully funded its OPEB obligation.

In July 2007 the County issued \$557.0 million in Trust Certificates of Participation (COPs). COPs are taxable debt, which were issued over a period of 20 years at a 6.23% interest rate. Subsequent to the issuance of the 2007 COPs, new legislation was adopted by the State of Michigan (Public Act 329 effective October 9, 2012) that allowed local units of government to issue limited taxable general obligation bond to fund OPEB obligations. On September 27, 2013, Oakland County issued private placement debt of \$350.0 million in securities and used \$72.1 million from available assets in the Interim Retiree Medical Care Benefits Trust (IRMBT) and VEBA in order to refinance the outstanding \$422.1 million 2007 COPs debt. The \$350.0 million in securities were sold in two series; \$316.0 million was placed with Bank of America/Merrill Lynch, which was chosen as the Senior Underwriter in a competitive bid process, and \$34.0 million was placed with the County Treasurer as part of the County's investment portfolio which previously held a portion of the COPs. The refinancing reduced the annual debt interest rate from 6.23% to an all-inclusive interest rate of 3.80% over the remaining life of the debt with the obligation to be paid in full by April 2027. As a result, the annual debt service payment is reduced by an average of \$13.2 million per year and provides gross cumulative savings of \$171.1 million. This refinancing not only saved the County taxpayers money, but also established a superseding plan to secure health care for all eligible County retirees and employees, and their covered dependents, to the end of their eligibility.

The most recent actuarial reports issued as of this writing are for the period ending September 30, 2017 and note that the County's Public Employees' Retirement System (PERS) is 102% funded and the VEBA is 142% funded. A more detailed discussion of Oakland County's pension and VEBA performance may be found in Notes #12, 13, 14, and 21 to the financial statements.

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

### Major Initiatives

Even through the most fiscally challenging years spanning the recent Great Recession, Oakland County government continued to provide the services expected by its citizens, supported its local cities, villages and townships, and worked with the private sector to revitalize the local economy – all while still balancing a multi-year budget and maintaining a healthy fund balance. This was accomplished through the combined efforts of Oakland County's elected officials, administrators, and employees who realize that their job is to keep providing necessary services in perpetuity, not just for a short period of time.

## County of Oakland

### Letter of Transmittal

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Oakland County's focus has always been on long-term sustainability.

Oakland County's operational model is based upon "thoughtful management" not "crisis management." By recognizing problems in advance and making necessary adjustments BEFORE the problems fully manifest themselves, the County Government was able to survive the "Great Recession" without layoffs or massive reductions in services. Even though the fiscal condition has improved, County elected officials and administrators continue to be mindful of potential problem areas and stand ready to implement any necessary changes so that services can be maintained at optimum levels.

In order to maintain quality citizen services, Oakland County officials realize that they must maintain an effective, professional workforce. After salary reductions of 2.5% in FY 2010 and 1.5% in FY 2011 coupled with no salary increase in FY 2012 and FY 2013, the County provided modest annual general salary increases beginning in FY 2014 ranging from 2% to 3%. However, Oakland County's employee general salary increases have been conservative and have lagged in comparison to the private sector. As the economy continues to improve, the County faces challenges of not only recruiting new talent, but retaining existing employees.

To recruit and retain quality staff requires a number of items including a safe work environment, effective and efficient tools to perform duties, advancement opportunities, and an appropriate compensation package, both in terms of salaries and benefits. That said, the funding for compensation comes from the taxpayers and a balance must be established between finding the resources to attract quality staff and meeting the expectation of the taxpayers. The County continues to engage in this balancing act, to the benefit of all parties.

To partially address recruitment and retention concerns, there was a 3% salary increase for FY 2018 and a 2% salary increase in FY 2019. In addition to salary increases, over the past couple of years the County has made improvements to the tuition reimbursement program, RHS Plan contribution program, the 457(b) Deferred Compensation plan program, as well as implemented a six week paid parental leave program and a voluntary once a year annual leave buy-back program (limited to between 20 and 40 hours).

With over a third of the County workforce eligible to retire, the County continues to look for ways to further build and sustain the County workforce. County Departments are actively engaging in succession planning efforts in order to identify future leaders and retain institutional knowledge. Primarily, efforts have been initiated within individual departments to identify the future leaders, as well as identify training needs and other actions which can assist these individuals' development. Additionally, in late 2017, the County Human Resources Department retained a consulting firm to conduct a job compensation study and update to the Salary Administration Plan for all non-union classifications. This comprehensive study to measure market competitiveness is expected to be completed in 2019.

## **County of Oakland**

### **Letter of Transmittal**

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Health care benefits are another important factor in this balancing act. The County has been able to constrain its overall health care costs, including the cost of retiree health care. Much of the success in managing costs is due to the County's employee wellness program, OakFit. The mission of the OakFit program is to assist employees, retirees and dependents in taking ownership of their health and wellness in order to improve quality of life, enhance productivity, and stabilize long-term employee/employer health care costs. OakFit offers a multitude of programs such as health screenings and other innovative programs to assist in embracing healthy lifestyle behaviors. OakFit continues to be an effective program to manage health care costs and enhance employee quality of life. Since its inception back in 2007, the OakFit program has also garnered numerous awards and recognition for its focus to improve overall health of the employees while saving taxpayers millions in health care costs.

With the improving economic conditions and restoration of revenue sharing payments from the State of Michigan in FY 2015, the County has moved from a maintenance mode toward a reinvesting and rebuilding mode for continued long-term sustainability. The County budget includes an annual appropriation and transfer of \$5.5 million to its Building Improvement Fund for facility needs. The County has also taken measures to address on-going security initiatives, major technology replacement and improvement projects, and infrastructure projects. This includes the replacement of the legacy 911 copper network to a regional Emergency Services Internet-protocol Network (ESINet) for the Next Generation 911. This latest technology allows 911 calls to be routed using geographic information system coordinates and will allow callers to use wireless devices to transmit photographs, videos, in-car crash system data, and text messages. Other technology initiatives underway include the replacement of the County's imaging and document management system, the replacement of the analog telephone system to a universal communication system that will transform the way employees communicate and collaborate with each other as well as with the public, and the Identity and Access Management project.

Another noteworthy project underway is the replacement of County's human capital management and financial management system. The County's current PeopleSoft applications were installed in two phases with the human resources (HR) component being implemented in 1998 and the financials component being implemented in 2006, and while the system has been maintained over the years, the systems have not been upgraded to new functionality since 2009. The functionality and technology 'freeze' was due to budgetary cuts required as a result of the great recession. Both the financial and HR applications lack many of the work process improvements offered by modern systems and the technical infrastructure to run the PeopleSoft applications has aged significantly prompting the replacement. A Request for Proposal (RFP) was issued in late 2016 with eighteen (18) proposals submitted, reviewed, and scored. Workday was chosen as the provider for the new human capital management and financial management system. The Workday product is considered a market leader in financial and HR management suites by Gartner, a leading IT research institute. While some preliminary activities of this significant technology project have been underway, the implementation schedule includes a phased implementation approach from March 2019 through December 2020.



## **County of Oakland**

### **Letter of Transmittal**

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Additionally, other technology projects expected to start within the next year include the replacement of the Radio Communications system, the replacement of the Jail Management System, the Virtual Desktop Infrastructure project, and the Network Operations Center Monitoring project.

Regional collaboration is no stranger to Oakland County. The County continues to be a leader in efforts to share government resources through intergovernmental cooperative programs. The County's Courts and Law Enforcement Management Information System (CLEMIS) program is a premiere example of regional collaboration with over 250 public safety agencies across Southeast Michigan. Also, many local communities contract with Oakland County for services such as road patrol, police and fire dispatch services, real property assessing and personal property appraisals, animal control, information technology services, water and sewer services, and collection of delinquent taxes.

Another regional initiative held in November 2018 at the Suburban Collection Showplace in Novi was the MiCareerQuest Southeast event. The event was attended by approximately 8,000 high school students from school districts in Oakland, Livingston, Macomb, Monroe, Washtenaw and Wayne counties in which the students were exposed to four growing career quadrants: advanced manufacturing, construction, health sciences, and information technology. With approximately 800 exhibitors, this regional effort introduced the participating students to career opportunities that they may have not been aware of or considered and provided participating employers direct contact to spark interest to fill these in-demand occupations. The event was a huge success and is expected to be a regional annual event.

The County continues to be recognized for its achievements and leadership. Oakland County has been recognized for 14 years running as one of the most digitally advanced counties in the country by the Center for Digital Government. This includes national recognition for Oakland County's cybersecurity programs and its G2G ("government to government") Marketplace in which the County improves government services by sharing technology with other government agencies at little or no cost, thereby reducing the cost of government. Also of special note, Director of Management and Budget Laurie Van Pelt was one of ten Japanese-American leaders selected from across the nation to participate in the U.S. Japan Council's 2018 Japanese American Leadership Delegation (JALD) program. The delegates traveled to Japan where they met with Japanese leaders and top business executives to build and grow relationships. Japanese companies have a significant presence and economic impact in Oakland County, and the County's representation in the 2018 JALD program was a unique opportunity to strengthen existing relationships and foster new opportunities.

As noted in the accompanying financial statements, Oakland County's General Fund balance totaled \$245.0 million as of September 30, 2018. This level of fund balance equates to 52.5% of budgeted fiscal year 2019 General Fund/General Purpose expenditures. However, of that amount \$33.8 million is assigned to balance the fiscal year 2019 budget, \$26.9 million is assigned to balance the fiscal year 2020 budget; and \$25.5 million is assigned to balance the fiscal year 2021 budget. When the above assignments are removed, the General Fund balance still stands at \$158.8 million or 34.0% of General Fund/General Purpose expenditures.

## County of Oakland

### Letter of Transmittal

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The County leadership takes great pride in being good stewards of the financial resources available to the County. As a result of the County's ability to maintain financial stability while providing key services to its constituents, the County was able to reduce the County's tax rate by .10 mills from 4.19 mills to 4.09 mills for the July 2015 tax levy and was able to further reduce the millage rate by .05 mills for the July 2016 tax levy to bring the millage rate to 4.04 mills. The County has a longstanding tradition of maintaining a millage rate that is *below* the maximum authorized rate. The 4.04 millage rate is below the current maximum authorized rate of 4.1125 as allowed by the State Constitution. Until 2015, the maximum authorized millage rate had not changed for 10 years, primarily as a result of suppressed property values. With the recent improvement in property values, a roll-back to the maximum authorized millage rate has been required for the past four years. The County will continue to monitor the impacts of the Headlee Constitutional Tax Limitation Amendment of 1978 and the Proposal A Property Tax Limitation Amendment of 1994 in order to foresee potential constraints on future millage rates. The County's diligent long-term financial planning efforts are crucial to the continued success of providing quality services to the citizens.

#### Awards and Acknowledgements

The financial community has acknowledged the County's solid tax base and financial policies in recent years. The County earned the highest bond rating achievable, AAA, from Standard and Poor's and Moody's Investor Services, Incorporated. In a rating report dated August 31, 2018 Standard and Poor's reaffirmed Oakland County's AAA status and stated:

"We view the county's management as very strong, with strong financial policies and practices under our FMA (Financial Management Assessment) methodology, indicating financial practices are strong, well embedded, and likely sustainable. In our view, the county's very strong managerial characteristics are significant contributors to its very strong budgetary flexibility and consistently strong budgetary performance, especially in light of operating under a limited revenue growth environment while also keeping the tax levy below maximum permitted levels. We anticipate the very strong budgeting, reporting, and planning practices, as well as compliance with policies, will continue."

Oakland County has retained a AAA bond rating since 1998. Oakland County's AAA bond rating, affirmed by two rating agencies, allows the County to borrow at the lowest possible interest rate, saving County taxpayers millions of dollars in future costs.

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Oakland County for its CAFR for the fiscal year ended September 30, 2017; this was the 27th 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.

## County of Oakland

### Letter of Transmittal

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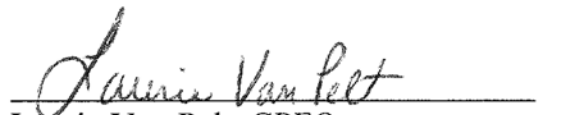
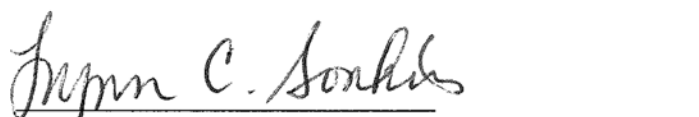
In addition, Oakland County also received the GFOA's Distinguished Budget Presentation Award for its triennial budget document dated October 1, 2015 which covers FY 2016 through FY 2018. This latest award is the 15th in a row. In order to qualify for the Distinguished Budget Presentation Award, Oakland County's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operation guide, and a communications device. Oakland County was the first governmental entity in the state of Michigan to achieve this honor in 1984, the first year of the program. The County recently submitted its FY 2019 through FY 2021 triennial budget document to GFOA to determine its eligibility for the award program.

Lastly, Oakland County is the proud recipient of the GFOA award for its Popular Annual Financial Report (PAFR). The fiscal year 2017 PAFR award was the County's 21st consecutive citation.

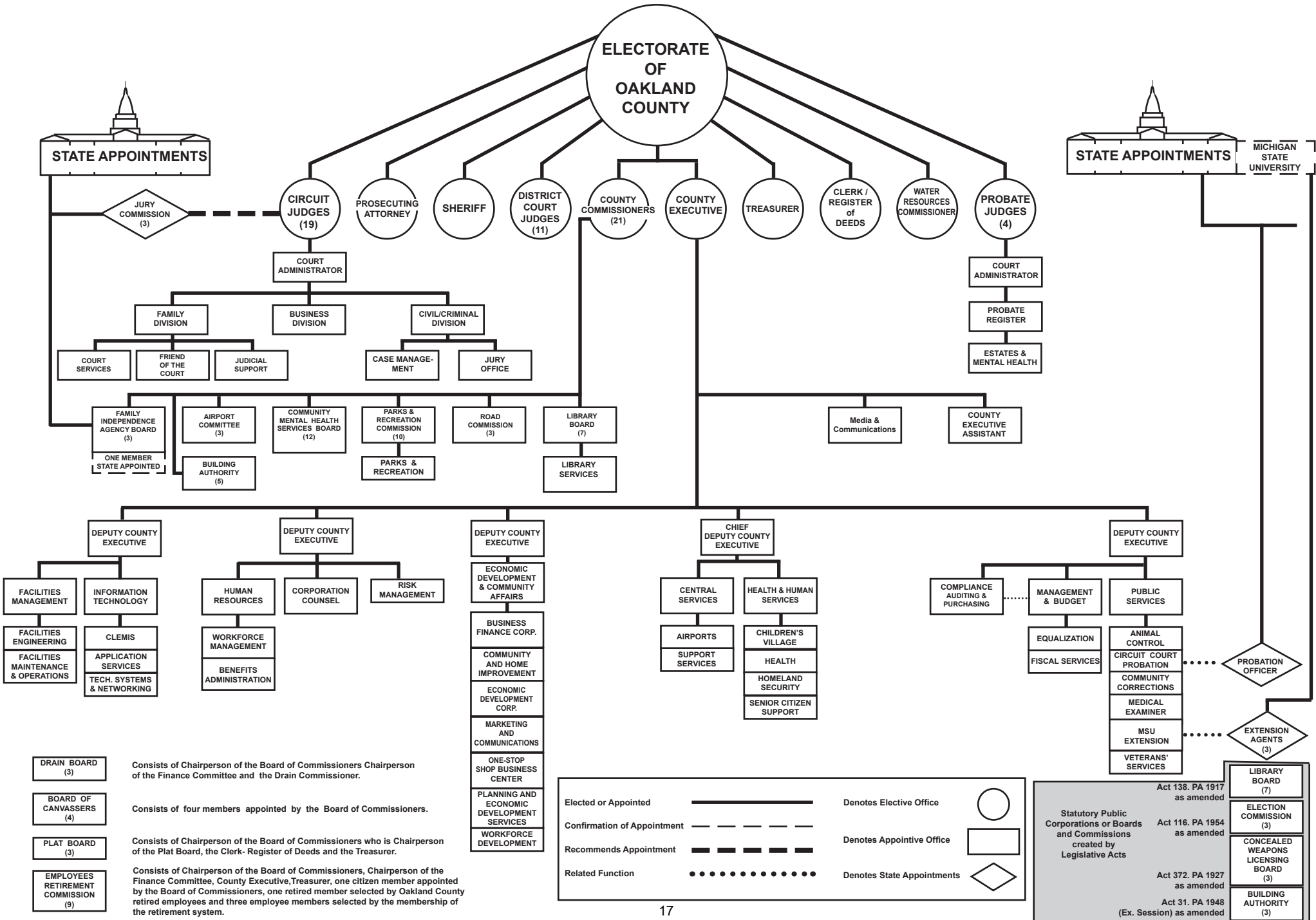
#### Acknowledgements:

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

Respectfully submitted,

  
L. Brooks Patterson  
Oakland County Executive  
Laurie Van Pelt, CPFO  
Chief Fiscal Officer and Director,  
Department of Management and Budget  
Lynn C. Sonkiss  
Fiscal Services Officer, Fiscal Services Division

# OAKLAND COUNTY GOVERNMENT ORGANIZATIONAL CHART



## **COUNTY EXECUTIVE**

L. Brooks Patterson

## **BOARD OF COMMISSIONERS**

Michael Gingell, Chairperson  
Michael Spisz, Vice-Chairperson

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

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

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

## **OTHER ELECTED OFFICIALS**

Clerk/Register of Deeds  
Lisa Brown

Treasurer  
Andy Meisner

Water Resources Commissioner  
Jim Nash

Prosecuting Attorney  
Jessica R. Cooper

Sheriff  
Michael J. Bouchard

Chief Circuit Judge  
Shalina Kumar

Chief Probate Judge  
Kathleen A. Ryan

Chief District Judge  
Joseph G. Fabrizio

## **AIRPORT COMMITTEE**

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

## **BUILDING AUTHORITY**

Jay Shah, Chairperson  
Andy Meisner, Vice-Chairperson  
Doug Snider, Secretary  
Jamele Hage  
Douglas Williams

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

A. David Baumhart III  
Hugh D. Crawford

Robert E. Kostin  
Andrea LaFontaine  
Christine A. Long

Gary R. McGillivray  
Jim Nash

## **ROAD COMMISSION**

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

## **DRAIN BOARD**

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

As of September 2018



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Michigan**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2017**

*Christopher P. Morill*

Executive Director/CEO



## **II. Financial Section**

**The Financial Section contains:**

- A. Independent Auditors' Report**
- B. Management's Discussion and Analysis**
- C. Basic Financial Statements**
- D. Notes to Basic Financial Statements**
- E. Required Supplementary Information**
- F. Combining and Individual Fund Financial Statements and Schedules – Non-Major Funds**

## **Independent Auditor's Report**

To the Board of Commissioners  
Oakland County, Michigan

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oakland County, Michigan (the "County") as of and for the year ended September 30, 2018 and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Board of Commissioners  
Oakland County, Michigan

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oakland County, Michigan as of September 30, 2018 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules and introductory section and statistical section, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules, as identified in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, as identified in the table of contents, are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section, as identified in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

To the Board of Commissioners  
Oakland County, Michigan

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

In accordance with *Government Auditing Standards*, we will also issue a report dated March 21, 2019 on our consideration of Oakland County, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oakland County, Michigan's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

March 21, 2019

# **County of Oakland**

## **Management's Discussion and Analysis**

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### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following is a discussion and analysis of Oakland County's (the County) financial performance, providing an overview of the activities for the fiscal year ended September 30, 2018. This analysis should be read in conjunction with the Transmittal Letter, beginning on page 1 of this report, and with the County's financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

#### **Government-wide:**

- In total, Oakland County's financial position increased by \$107.6 million or 8.2 percent during fiscal year 2018, increasing from \$1,305.7 million to \$1,413.3 million which reflects a \$12.7 million adjustment and restatement related to Governmental Accounting Standards Board (GASB) Statement No. 74 to correct the balances and activity of the Superseding Trust Fund to be within the County's activity versus fiduciary fund activity. The restatement is further detailed later in this analysis and in Note 21.
- Governmental activities net position increased by approximately \$98.5 million, increasing from \$558.9 million to \$657.4 million and includes a \$12.7 million adjustment for the Superseding Trust Fund reporting correction noted above.
- Business-type activity net position increased \$9.1 million from \$746.8 million to \$755.9 million.

#### **Fund Level:**

- At the close of the fiscal year, the County's governmental funds reported combined ending fund balance of \$310.6 million, a decrease of \$11.8 million from the fiscal year 2017 governmental funds combined ending fund balance, primarily reflecting a decrease of bond issuance proceeds compared to fiscal year 2017 activity.
- The General Fund balance decreased by \$19.7 million from \$264.7 million at the end of fiscal year 2017 to \$245.0 million at the end of fiscal year 2018. The overall reduction is primarily attributed to the increase of one-time transfers out for capital related projects during fiscal year 2018.
- At the close of the fiscal year, the County's proprietary funds reported a combined ending net position of \$933.6 million, consisting of \$755.9 million for the Enterprise Funds (a \$9.1 million increase from fiscal year 2017) and \$177.7 million for the Internal Service Funds (a \$97.7 million increase from fiscal year 2017). The majority of the overall increase is primarily due to GASB No. 74 and GASB No. 75 adjustments. See Note 21 for the restatement related to GASB No. 74.

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

- The County's capital assets experienced a net increase of \$9.0 million during fiscal year 2018, primarily for increases in construction in progress activities.
- The County reported approximately \$14.9 million in new general government debt and business type debt during fiscal year 2018. This supported debt for general government of \$2.6 million which included both Water Supply Act 342 and Michigan Bond Authority – Sewage Disposal bonds. In addition, \$12.3 million of business type debt supported Sewage Disposal Act 34, Sewage Disposal Refunding and Michigan Bond Authority debt for multiple water and sewer projects.
- The County's primary government bond and note obligations decreased by \$39.9 million during fiscal year 2018, which reflects \$8.3 million in payments related to Building Authority debt, \$23.9 million

## County of Oakland

### Management's Discussion and Analysis

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in payments related to Retirees Health Care bonds, and \$7.7 million in payments related to Water and Sewer debt.

- The County is \$6.5 *billion* below its authorized debt limit.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

The Statement of Activities presents information showing how the County's net position changed during fiscal year 2018. All changes in net position are reported based on the period for which the underlying events occur, regardless of the timing of related cash flows. Therefore, revenue and expenses are reported in these statements for some items that will only result in cash flows in future financial periods, such as uncollected taxes and earned but unused employee annual leave.

Both statements report the following activities:

- *Governmental Activities* – Most of the County's basic services are reported under this category. Taxes, charges for services, and intergovernmental revenues primarily fund these services. Most of the County Executive departments, law enforcement, the courts, the Board of Commissioner operations, and other countywide elected official operations are reported under these activities.
- *Business-type Activities* – These activities operate like private businesses. The County charges fees to recover the cost of the services provided. The Oakland County International Airport, Water and Sewer services, and the Parks and Recreation Fund operations are examples of these activities.
- *Discretely Presented Component Units* – Component units are legally separate organizations for which the Board of Commissioners appoints a majority of the organization's policy board and there is a degree of financial accountability to the County. Two organizations are included as component units: the Road Commission for Oakland County and the Drainage Districts.



## County of Oakland Management's Discussion and Analysis

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

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

- Capital assets used in governmental activities (depreciation) are not reported on the governmental fund financial statements.
- Capital outlay spending results in capital assets on the government-wide statements, but is reported as expenditures on the governmental fund financial statements.
- Internal service funds are reported as governmental activities on the government-wide statements, but are reported as proprietary funds on the fund financial statements.
- Long-term contingencies, such as litigation, etc., appear as liabilities on the government-wide statements; however they will not appear on the governmental fund financial statements unless current resources are used to pay a specific obligation.
- Bond proceeds are reported as liabilities on the government-wide statements, but are recorded as other financing sources on the governmental fund financial statements.

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

The fund financial statements provide information on the County's significant (major) funds – not on the County as a whole. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the County uses to keep track of specific sources of funding and spending for a particular purpose. State law or policy requires some separate funds, such as the Child Care Fund; other funds are required by bond or grant agreements, such as the Friend of the Court Fund. Funds are also utilized to track specific operations, which include the internal services funds (e.g. Motor Pool, Fringe Benefits, Building and Liability Insurance, etc.) and enterprise funds (e.g. Airports and Parks and Recreation).

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

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

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

## County of Oakland Management's Discussion and Analysis

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information is provided reconciling the governmental fund statements to the government-wide statements.

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

- *Proprietary Funds* – Services, for which the County charges customers (whether outside the County structure or a County department) a fee, are generally reported in proprietary funds. Proprietary funds use the *accrual* basis of accounting used in the government-wide statements and by private business. There are two types of proprietary funds. *Enterprise funds* report activities that provide supplies and services to the general public as well as the cities, villages, and townships. An example is the Oakland County International Airport. *Internal Service funds* report activities that provide supplies and a service primarily to the County's other operations, such as the Motor Pool Fund. Internal Service funds are reported as governmental activities on the government-wide statements.
- *Fiduciary Funds* – The County acts as a trustee or fiduciary for its employee pension plans. It is also responsible for other assets that, because of trust arrangements, can only be used for the trust beneficiaries. The County's fiduciary activities are reported in separate statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These funds, which include pension, VEBA, and agency funds, are reported using the accrual basis of accounting. The government-wide statements *exclude* the fiduciary fund activities and balances because these assets are not available to the County to fund its operations.

### Notes to the Financial Statements

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

### Required Supplementary Information

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

### Other Supplementary Information

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

## County of Oakland Management's Discussion and Analysis

### Special Note:

The fiscal year 2018 Comprehensive Annual Financial Report does not include any new implementations of Governmental Accounting Standards Board Statements. However, a restatement and adjustment is reflected in this report to correct the implementation of Governmental Accounting Standards Board Statement No. 74 as the Superseding Trust Fund is to be recorded as activity of the County versus within the OPEB Plan (fiduciary fund). See Note 21 for more information.

### FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

As previously stated, Oakland County's overall financial position improved during fiscal year 2018. As reflected on the table below, the County's combined net position increased by \$107.6 million over the course of fiscal year 2018 operations. In particular, the net position of the governmental activities increased by approximately \$98.5 million (17.6 percent) primarily reflecting GASB No. 68, GASB No. 74, and GASB No. 75 adjustments. The business-type activities increased \$9.1 million in net position (1.2 percent) which reflects operational fluctuations for wholesale sewage disposal systems and retail water and sewer systems.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current Assets	\$ 564.3	\$ 591.1	\$ 518.0	\$ 507.5	\$ 1,082.3	\$ 1,098.6
Capital Assets	226.1	219.4	329.2	326.9	555.3	546.3
Other Long-term Assets	485.0	347.7	-	-	485.0	347.7
<b>Total Assets</b>	<b>1,275.4</b>	<b>1,158.2</b>	<b>847.2</b>	<b>834.4</b>	<b>2,122.6</b>	<b>1,992.6</b>
Current Liabilities	124.9	156.7	58.1	61.1	183.0	217.8
Other Liabilities	363.6	396.0	33.2	26.5	396.8	422.5
<b>Total Liabilities</b>	<b>488.5</b>	<b>552.7</b>	<b>91.3</b>	<b>87.6</b>	<b>579.8</b>	<b>640.3</b>
Deferred Inflows of Resources						
Related to Pension	9.3	12.2	-	-	9.3	12.2
Related to OPEB	120.2	47.1	-	-	120.2	47.1
<b>Total Deferred Inflows of Resources</b>	<b>129.5</b>	<b>59.3</b>	<b>-</b>	<b>-</b>	<b>129.5</b>	<b>59.3</b>
Net Position:						
GASB 74 adjustment	-	12.7	-	-	-	12.7
Net Investment in Capital Assets	181.6	168.5	293.5	298.6	475.1	467.1
Restricted	57.4	41.0	97.2	96.5	154.6	137.5
Unrestricted	418.4	336.7	365.2	351.7	783.6	688.4
<b>Total Net Position</b>	<b>\$ 657.4</b>	<b>\$ 558.9</b>	<b>\$ 755.9</b>	<b>\$ 746.8</b>	<b>\$ 1,413.3</b>	<b>\$ 1,305.7</b>

# County of Oakland

## Management's Discussion and Analysis

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

### Changes in Oakland County's Net Position

(in millions of dollars)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 175.7	\$ 186.3	\$ 282.8	\$ 275.9	\$ 458.5	\$ 462.2
Grants and Contributions						
Operating	60.6	55.7	2.0	1.7	62.6	57.4
Capital	2.3	2.3	9.7	15.9	12.0	18.2
General Revenues						
Property Taxes	227.4	221.2	12.7	12.4	240.1	233.6
Intergovernmental Revenue	45.3	44.2	0.3	0.3	45.6	44.5
Investment Earnings	5.7	3.4	5.3	4.4	11.0	7.8
Other Revenue	1.5	1.8	-	-	1.5	1.8
Gain on Sale of Assets	0.4	0.4	-	-	0.4	0.4
<b>Total Revenues</b>	<b>518.9</b>	<b>515.3</b>	<b>312.8</b>	<b>310.6</b>	<b>831.7</b>	<b>825.9</b>
<b>Expenses</b>						
Public Safety	169.2	198.2	18.1	19.6	187.3	217.8
Justice Administration	78.0	91.2	-	-	78.0	91.2
Citizen Services	73.5	80.4	6.3	6.6	79.8	87.0
Public Works	27.3	44.5	238.8	223.8	266.1	268.3
Recreation and Leisure	1.3	1.4	26.9	25.1	28.2	26.5
Commerce and Community Dev.	40.5	42.6	-	-	40.5	42.6
General Government	35.6	7.2	1.4	0.9	37.0	8.1
Interest on Debt Service	3.6	3.6	-	-	3.6	3.6
Unallocated Depreciation	3.6	3.8	-	-	3.6	3.8
<b>Total Expenses</b>	<b>432.6</b>	<b>472.9</b>	<b>291.5</b>	<b>276.0</b>	<b>724.1</b>	<b>748.9</b>
Revenues (Under) Over Expenditures	86.3	42.4	21.3	34.6	107.6	77.0
Special item - Transfer of water system	-	-	-	(15.2)	-	(15.2)
Transfers - On-going	12.2	15.3	(12.2)	(15.3)	-	-
<b>Position</b>	<b>98.5</b>	<b>57.7</b>	<b>9.1</b>	<b>4.1</b>	<b>107.6</b>	<b>61.8</b>
Net Position - Beginning	558.9	488.5	746.8	742.7	1,305.7	1,231.2
Net Position - Ending	657.4	546.2	755.9	746.8	1,413.3	1,293.0
GASB 74 adjustment	-	12.7	-	-	-	12.7
Adjusted Net Position - Ending	<b>\$ 657.4</b>	<b>\$ 558.9</b>	<b>\$ 755.9</b>	<b>\$ 746.8</b>	<b>1,413.3</b>	<b>\$ 1,305.7</b>

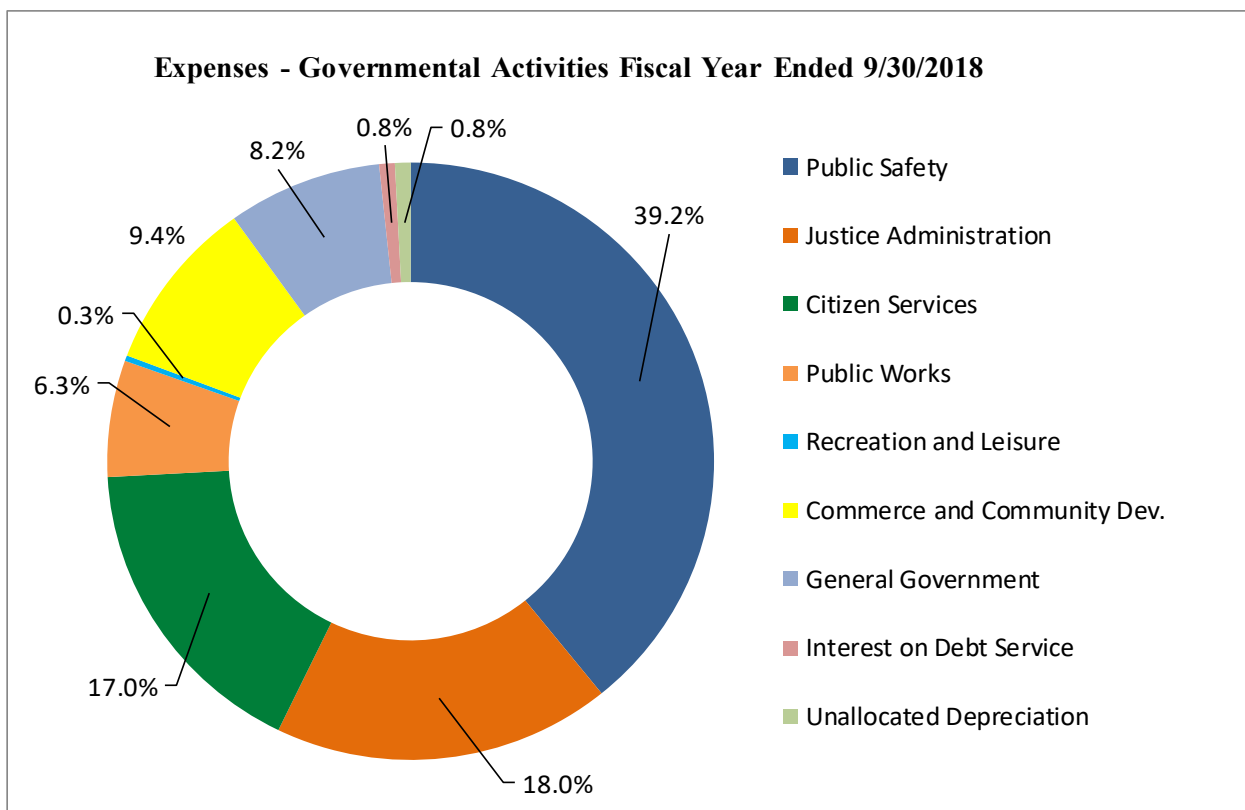
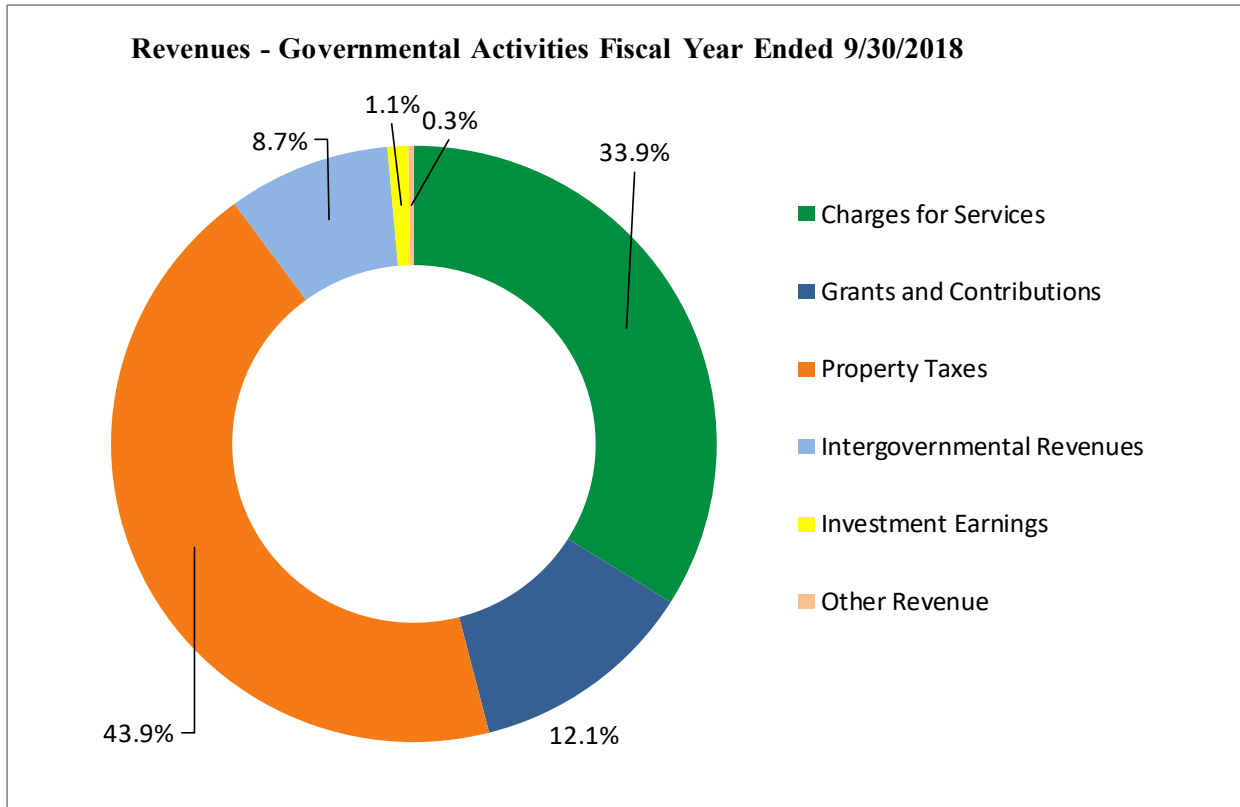
#Beginning balance adjusted per restatement. See note #21.

# County of Oakland Management's Discussion and Analysis

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## Governmental Activities:

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



## County of Oakland Management's Discussion and Analysis

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In total, fiscal year 2018 governmental activity revenue collections increased by \$3.6 million (0.7 percent) from fiscal year 2017. Of this amount, property tax revenue increased by \$6.2 million, grants and contributions increased by \$4.9 million, investment earnings increased by \$2.3 million, and intergovernmental revenue increased by \$1.1 million. These increases were partially offset by declines of \$10.6 million in the charges for services category and a reduction of \$300,000 in the other revenue category from the fiscal year 2017 amounts.

Property taxes generated \$227.4 million in revenue, remaining the largest source of support for governmental activities, comprising 43.8 percent of all governmental activity revenue. Governmental activities have decreased their dependency on property taxes; the fiscal year 2018 percentage is far below fiscal year 2008, when property taxes represented 60.6 percent of governmental activity revenue. However, this reduced reliance on property tax revenue is due to reduced property values when compared to 2008 rather than substantial increases from other revenue sources.

Property tax revenue increased by approximately \$6.2 million from the amount realized during fiscal year 2017. This overall increase is primarily due to increasing property taxable values over the past year as well as the timing of tax collections. The County's operating millage rate of 4.04 mills is one of the lowest county general operating millage rates in the State. For more details regarding actual property tax collections, please see the statistical section appearing in the last section of this document.

Charges for services, which reflects revenue generated by county operations charging specific benefiting parties for services performed, as well as recognition of other revenues generated by specific programs, is the second largest source of governmental activity revenue, generating \$175.7 million or 33.9 percent of the total. There are a wide variety of activities charged under this category including service rendered to individuals, such as fees for marriage licenses, passports, and access to county records; as well as services rendered to other governmental units including contracted law enforcement and dispatch services, and the housing of state wards in the County's juvenile facility.

The \$175.7 million collected in fiscal year 2018 represents a \$10.6 million decrease (5.7 percent) from the previous fiscal year. The primary reason for the reduction is due to the adjustment of deferred revenue related to long-term receivables, special assessments and contracts receivables, in comparison to the prior year, which accounted for \$14.6 million. This was partially offset by approximately \$4.0 million in increases for law enforcement contracted patrol services revenue and board and care housing revenue at Oakland County Children's Village.

The third largest source of support for governmental activities is the \$62.9 million received in operating and capital grants and contributions during fiscal year 2018, which is 12.1 percent of the total revenue for governmental activities. This amount represents a \$4.9 million increase (8.4 percent) from fiscal year 2017 and reflects increases of Child Care Subsidy revenue and Community Development Block Grant Home Improvement grants revenue from the prior year. Included in this total change is a \$4.9 million increase in operating grants and no change in capital contributions and grants in comparison to fiscal year 2017.

Oakland County governmental activities also recorded \$45.3 million in intergovernmental revenue during fiscal year 2018, a \$1.1 million increase over the \$44.2 million received in fiscal year 2017. The increase is primarily related to revenue from the State for personal property tax loss reimbursements and revenue sharing payments from State. Intergovernmental revenue is "shared" revenue by the state and federal

## County of Oakland Management's Discussion and Analysis

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government, and is not tied to contractual obligations such as grant agreements. However, in the case of the convention facility liquor tax revenue, one-half of the revenues distributed by the State under the authority of the State Convention Facility Development Act, P.A. 106 of 1985, must be earmarked for substance abuse prevention and treatment programs.

Governmental activities generated \$5.7 million in investment earnings during fiscal year 2018; this amount reflects a \$2.3 million increase (67.4 percent) from the amount earned in fiscal year 2017. The increase is substantially due to the Superseding Trust Fund investment earnings now being accounted for under the Governmental activities (see Note 21 for more information). The County's investment pool rates continue to outperform U.S. Treasury rates.

Governmental activity fiscal year expenses decreased \$40.3 million from the fiscal year 2017 expense level, an 8.5 percent decrease from the previous fiscal year.

Public Safety continued to be the largest governmental activity, expensing \$169.2 million of the \$432.6 million total governmental activities amount (39.1 percent). Public Safety which encompasses law enforcement, crime prevention, incarceration, emergency management, and technical support experienced a \$29.0 million decrease (14.6 percent) in comparison to the previous fiscal year. The primary reason for the overall decrease is related to an updated methodology to allocate the negative expenses recognized in the Fringe Benefit Fund for Pension and OPEB activity (both plans have a funding surplus and the activity was previously only reflected in the General Government activity) as well as entity wide statement adjustments for capital outlay and internal service fund lookback allocations. The overall decrease is partially offset by a 2.0 percent general salary increase and related fringe benefits and fluctuations in various operating expenses.

Closely linked to Public Safety, Justice Administration is the second largest expense category accounting for \$78.0 million, or 18.0 percent, of the total governmental activity expenses. The Justice Administration activity, which centers on the operations of the 6<sup>th</sup> Judicial Circuit Court, 52nd District Court, as well as the Prosecuting Attorney, County Clerk functions which support the courts, and the Reimbursement Unit of the Fiscal Services Division, experienced a \$13.2 million decrease (14.5 percent) from the previous fiscal year which primarily relates to the re-allocation adjustment for the Pension and OPEB activity previously noted and partially offset for the 2.0 percent general salary increase and related fringe benefits.

Citizen Services, which includes all public health activities, public services such as Veterans' Services, and the care of children who have been declared wards of the Oakland County Family Court, is the third largest governmental activity with \$73.5 million in expenses, or 17.0 percent, of the total governmental activities. Expenses decreased by \$6.9 million from the fiscal year 2017 level (8.6 percent). The overall decrease is mostly related to the re-allocation adjustment for the Pension and OPEB activity previously noted. The overall decrease is partially offset for the 2.0 percent general salary increase and related fringe benefits and an increase in activity for Community Development Block Grant and Health grant expenses.

The Public Works activity, which includes the operating systems that form the infrastructure of basic county functions, expensed \$27.3 million in fiscal year 2018, or 6.3 percent of the total governmental activities expenses. This level of expense is a net decrease of \$17.2 million or 38.6 percent from fiscal year 2017. Most of this reduction is related to the re-allocation adjustment for the Pension and OPEB activity previously noted and fluctuating activity for Act 342 water and sewer projects.

## County of Oakland Management's Discussion and Analysis

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Commerce and Community Development, which reflects all efforts to promote and sustain a strong economic business climate and vibrant communities, experienced \$40.5 million in expenses, or 9.3 percent, of the total governmental activities. This reflects a decrease of \$2.1 million or 4.9 percent from fiscal year 2018 and is primarily associated with the re-allocation adjustment related to Pension and OPEB activity previously noted and fluctuating Workforce Development grant activity.

The General Government activity, which is comprised of the administration and financial management of County business, expensed \$35.6 million in fiscal year 2018, or 8.2 percent of the total governmental activities expenses. The level of expenses in fiscal year 2018 increased by approximately \$28.4 million from the fiscal year 2017 level. This increase is due to the re-allocation adjustment related to Pension and OPEB activity previously noted.

As stated previously, the result of fiscal year 2018 governmental activity was an overall increase of \$98.5 million in net position, to \$657.4 million. Of the total \$657.4 million in governmental activities' net position, \$181.6 million is invested in capital assets; \$57.4 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 \$418.4 million is reported as unrestricted.

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

Net position in business-type activities is reported at \$755.9 million for fiscal year 2018, an increase of \$9.1 million (1.2 percent) over the amount reported at the end of fiscal year 2017. Of the total net position, \$293.5 million is for the net investment in capital assets, \$97.2 million is restricted, and \$365.2 million is reported as unrestricted. It is important to note that although reported as unrestricted, many of these assets have been reserved through Board of Commissioners resolutions to be spent on specific activities.

During fiscal year 2018, business-type activities generated \$312.8 million in revenue; this is an increase of \$2.2 million (0.7 percent) from the previous fiscal year. The overall change reflects an overall net increase of \$6.9 million for Charges for Services revenue which is mainly comprised of rate and usage fluctuations in the various water and sewer funds and slightly offset by a reduction of revenue in the Delinquent Tax Revolving Fund as there are fewer delinquent properties. Also, the investment earnings increased by \$900,000 over prior year levels. The noted increases are partially offset by a reduction in capital asset contributions of \$5.8 million primarily related to the Evergreen Farmington Sewage Disposal System (EFSDS).

Business-type activity recorded expenses of \$291.5 million, an increase of \$15.5 million from fiscal year 2017 (5.6 percent). This overall increase is primarily for Public Works activity due to an increase in transfers to municipalities for capital improvement projects as well as general operating expense fluctuations in the various sewage disposal systems and water and sewer retail systems. This is partially offset by the revenue increases for these systems that are noted above.



# County of Oakland

## Management's Discussion and Analysis

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

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

#### Governmental Funds

Three (3) governmental funds are designated as major funds of the County; the *General Fund*, the *Building Authority Debt Act 31 Fund*, and the *Water and Sewer Debt Act 342 Fund*. As the County completed fiscal year 2018, the governmental funds reported *combined* fund balances of \$310.6 million with the fund balances of the General Fund, the Building Authority Debt Act 31 and the Water & Sewer Debt Act 342, representing 81.3 percent of the combined governmental funds balance.

The fiscal year ending combined fund balances of \$310.6 million represents a decrease of \$11.8 million from the combined fund balances reported at the end of fiscal year 2017. The overall decrease in the combined governmental fund balances includes a \$19.7 million decrease to the General Fund balance, reflecting an increase of one-time transfers out for capital related projects during fiscal year 2018. The Building Authority Debt Act 31 increased by \$781,314 which reflects an additional transfer of \$1.7 million in fiscal year 2018 from the General Fund to the Animal Control and Pet Adoption Center debt service fund to utilize the one-time favorable personal property tax loss reimbursement from the State. The Water and Sewer Debt Act 342 remained relatively unchanged. The non-major governmental funds increased by \$7.1 million overall. In comparison to the prior year, this primarily represents reduced Act 342 Water and Sewer project activity of \$10.0 million, a reduction of bond issuance proceeds of \$12.0 million, an increase in transfers in for the Project Work Order Fund for various security and renovation projects of \$23.0 million, and an increase of various grant activity of approximately \$4.0 million.

#### **General Fund**

The General Fund is the principal operating fund of the County. Unless otherwise required by statute, contractual agreement or policy, all County revenues and expenditures are recorded in the General Fund. As of September 30, 2018 the General Fund reported a fund balance of \$245.0 million. This amount reflects a decrease of \$19.7 million (7.4 percent) from the fund balance of \$264.7 million reported as of September 30, 2017.

The overall \$19.7 million decrease in the General Fund balance is a result of General Fund revenues exceeding General Fund expenditures by \$38.6 million. In addition, the General Fund received \$9.6 million transfers from other funds, while transferring \$67.9 million to other funds; rendering a net "transfer-out" of \$58.3 million.

General Fund revenues were recorded at \$412.1 million for fiscal year 2018. This amount is an increase of \$14.5 million (3.6 percent) from the \$397.6 million received in fiscal year 2017. The majority of the increase is due to improved taxable values and tax collections, additional intergovernmental revenue for the Local Community Stabilization Share revenue from the State for reimbursement of personal property tax losses, and an increase of indirect cost recovery revenue.

## County of Oakland Management's Discussion and Analysis

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General Fund expenditures were \$373.5 million, an increase of \$14.4 million from the fiscal year 2017 level (4.0 percent). The overall change primarily reflects increased operational activity for law enforcement, county executive and justice administration expenditures as well as the 2.0 percent general salary increase previously noted.

The General Fund received \$9.6 million in transfers from other funds; this is a decrease of \$3.7 million (27.8 percent) from the amounts transferred during fiscal year 2017. This decrease primarily reflects a reduction of \$3.3 million related to transfers from the Delinquent Tax Revolving Fund.

The General Fund transferred \$67.9 million to other funds during fiscal year 2018. This amount is \$25.7 million more (60.9 percent) than the fiscal year 2017 transfers. The increase reflects one-time transfers of \$18.7 million to the Major Departmental Support Projects Fund which includes \$13.4 million for the Financial and Human Capital Management System Replacement project, \$4.2 million for phase I of the Universal Communications and Collaboration Program, and \$1.1 million for the Health Insurance Portability and Accountability Act (HIPAA) Compliance Project. In addition, transfers to the Project Work Order for security enhancement and renovation projects increased by \$6.4 million and transfers to Building Authority Debt Fund increased by \$1.7 million which reflects a transfer to the Building Authority Animal Control Debt Service Fund for future debt payments as previously noted. This is partially offset by a transfer out of \$1.5 million to the Building and Liability Fund for a sewer project settlement in fiscal year 2017 that did not reoccur in fiscal year 2018 as well as modest operational requirements related to the Child Care Fund, internal services funds and various grants.

Of the total \$245.0 million General Fund balance, all but \$1.5 million is Non-Spendable, Restricted, or Assigned for specific purposes. The total fiscal year 2018 General Fund balance represents 55.5 percent of the fiscal year 2018 General Fund operations. However, it should be noted that \$119.2 million from the General Fund balance has been assigned for "Budget Transition" to support future operations. This assignment was developed through the acceleration of past budget reductions planned for use in future fiscal years. When this assignment is removed, the remaining fund balance represents 28.5 percent of the fiscal year 2018 General Fund operations. The General Fund balance of \$245.0 million represents 78.9 percent of the combined fund balances of the governmental funds.

### General Fund Budgetary Highlights

Oakland County's budget is a dynamic document. Although adopted on September 28, 2017 (prior to the start of the fiscal year), the budget is frequently amended during the course of the fiscal year to reflect changing operational demands.

The General Fund revenue budget was increased by \$6.5 million (1.6 percent) during the fiscal year 2018 from \$392.8 million to \$399.3 million. The revenue budget was amended in a number of areas. Most significant was the additional revenue from the Local Community Stabilization Share personal property tax loss reimbursements of \$2.2 million, the State of Michigan for Convention Facility Liquor Tax of \$741,000 and Current Property Tax collections of \$611,000. Other material amendments included over \$1.1 million for Sheriff Dispatch and Law Enforcement Services contracts, Reimbursement General of \$243,000 in the Water Resources Commissioner Office for charges to special revenue and proprietary funds, and Commission Public Telephone monies of almost \$492,000. Also, there were revenue amendments for various departments including Public Services, Health, Economic Development, Circuit Court and Probate Court to reflect operational activity.

## County of Oakland

### Management's Discussion and Analysis

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Actual General Fund revenue totaled \$412.1 million, \$12.8 million more than the amended budget. Although variances naturally occur in every revenue line item, the most significant reason for this variance is reflected in the Charges for Services category which was favorable by \$10.8 million primarily related to the sale of foreclosed property, favorable Mortgage and Land Transfer Tax revenue, Court Fines and Children's Village Out-County Board and Care revenue.

The General Fund expenditure budget increased \$11.2 million (2.9 percent) from \$389.8 million to \$401.0 million during fiscal year 2018. Changes included \$4.8 million in operating appropriations from fiscal year 2017 that were carried forward for specific projects which were not yet completed. Most notably, the funds carried forward included \$1,186,866 for Juvenile Resentencing pending a Supreme Court appeal on Juvenile Resentencing cases; \$965,903 for Tri-Party Road Improvement Program projects, which is a collaborative effort between Oakland County, the Road Commission of Oakland County (RCOC), and the individual cities, townships, and villages (CVT's) located within the county, in which each one contributes a one-third share of the program to the RCOC once projects have been identified; \$780,406 for Circuit Court Defense Attorney Fees; \$495,018 grant match requirement for the HOME Investment Partnership Act Grant; \$366,055 for Local Road Improvement Program projects in cities and villages; \$280,060 for various Economic Development activities; \$242,250 for Human Resources Legal and Professional Services; \$192,085 for Circuit Court's courtroom technology improvements and the use of mediation funds for equipment and furniture; \$176,280 in the Sheriff's Office for various equipment replacements and upgrades; \$69,000 for Miscellaneous Capital Outlay for furniture replacement; and \$55,000 Board of Commissioner's Special Projects for Gun Safety and public awareness and prevention of Human Trafficking.

There were additional appropriations made during fiscal year 2018 including \$2.2 million for overtime costs in the Sheriff's Office primarily related to jail operational staffing requirements; new Tri-Party Road Improvement Program projects in the amount of \$2.1 million; \$1.4 million in new Local Road Improvement program projects; \$600,000 for Area Agency on Aging 1-B Community Living Program Services; \$509,316 for a one-time appropriation toward a school drinking water station program; and \$370,742 for distribution to the County's designated Substance Abuse Coordinating Agency, Oakland County Community Health Network (OCHN).

Finally, the General Appropriations Act requires that appropriations accumulate at the following three summary levels of expenditures: Personnel Expenditures, Operating Expenditures, and Internal Support Expenditures. Due to unfavorable personnel variances related to overtime, operating costs including defense attorney fees, guardian ad litem fees, medical services – guardianship, medical services – probate exam, professional services and internal service fund charges, the end of fiscal year 2018 resulted in several departments reflecting actual expenses in excess of total budgeted appropriations at the summary category level. Therefore, amendments totaling \$2.1 million were made to cover the shortage in Personnel Expenditures, Operating Expenditures and Internal Support Expenditures and were fully offset by revenue amendments and expenditure reductions within other departmental categories.

The General Fund expenditures for fiscal year 2018 were \$27.5 million below budget. This favorable variance from the budget reflects continued conscious efforts on behalf of the County's elected officials to limit expenditures wherever and whenever possible.

## County of Oakland

### Management's Discussion and Analysis

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Of the total variance, \$10.5 million is attributed to salary and fringe benefits savings as all authorized employee positions are budgeted. The favorability is the result of vacancies, employee turnover, and filling some authorized positions with part-time non-benefit employees or filling those positions at a lower classification than budgeted.

In addition, \$7.2 million savings in the Non-Departmental budget mainly reflects fewer adjustments were necessary to transfer funds to operating departments due to the conscious efforts of the departments to work within the constraints of their original budgets. Total savings also include unspent funds for Tri-Party Road Improvement Projects, Local Road Improvement Projects, Grant Match, Juvenile Resentencing and Capital Outlay, which were carried forward into the fiscal year 2019 budget to complete the projects.

Further, there is \$2.5 million in savings for the Circuit Court related to favorable Defense Attorney Fees, Attorney Fees Mediators, and Juror Fees and Mileage due to less activity. The Sheriff's Office reflects favorable variance of \$1.2 million which includes \$196,115 in favorable Fees Civil Service expense due to the continuing decline in the number of home foreclosures; \$171,558 Equipment Maintenance and Equipment Rental due to recent equipment replacements; and \$163,834 in Internal Service charges for insurance based on actual usage. The remaining Sheriff favorability is in Prisoner Housing Outside of County, Deputy Supplies, Uniforms, Printing, Evidence Fund – NET, Laundry and Cleaning, Office Supplies, and several smaller line item variances. Additionally, the Treasurer's Office reflects favorable variance of \$1.1 million which is primarily from Title Search and Fees Civil Service due to less than anticipated usage. Further favorable variances are within the Department of Human Services of \$987,730 reflecting Professional Services, Contracted Services and Personal Mileage; \$545,808 in Economic Development and Community Affairs related to Professional Services, Workshops and Meetings, Printing, Business Recruitment and Special Event Supplies; \$603,850 Human Resources includes Professional Services, Recruitment Expense, Examination Materials and Info Tech Operations; \$467,165 Clerk / Register of Deeds office due to lower use of Professional Services and Court Transcripts, Election Supplies and Printing; \$452,981 Management and Budget for Professional Services, Personal Mileage, Printing, Office Supplies, Metered Postage and Info Tech Operations; \$246,939 Water Resources Commissioners related to Contracted Services, Legal Services, Professional Services and Education Programs; \$156,381 Board of Commissioners related to Special Projects, Workshops and Meetings, Professional Services – Annual Audit, Personal Mileage, Legal Services; and \$143,455 Public Services related to Contracted Services, Medical Examiner's Laboratory Supplies, and Veteran's Services Soldier Burial and Soldier Relief.

The adopted budget also included other financing sources and uses for General Fund operations; essentially the net result of the General Fund receiving resources from other funds less the amount of General Fund resources provided to (or transferred to) other funds. The adopted budget assumed that the General Fund would transfer \$36.2 million more in resources to other funds (financing uses) than it would take in from these funds (financing sources). The financing uses budget was increased during fiscal year 2018 by \$29.0 million from \$44.8 million to \$73.8 million. Major amendments included \$13.4 million to the Major Departmental Support Projects Fund for the Financial and Human Capital Management System Replacement project; \$7.6 million to the Project Work Order Fund primarily for building security enhancement and renovation projects; \$4.2 million to the Major Departmental Support Projects Fund for phase I of the Universal Communications and Collaboration Program which reflects the Network Equipment Replacement Project; \$1.7 million to the Building Authority Animal Control Debt Service

## County of Oakland Management's Discussion and Analysis

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Fund for future debt payments; and \$1.1 million for the Health Insurance Portability and Accountability Act (HIPAA) Compliance Project.

Actual financing uses from the General Fund were \$5.8 million less than budgeted. This variance largely reflects actual operational requirements for the Child Care Fund (\$5.5 million), the Friend of the Court Grant Fund (\$294,700), and the Prosecuting Attorney Cooperative Reimbursement Grant Fund (\$102,900).

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

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

During fiscal year 2018 the *Building Authority Debt Act 31 Fund* balance increased by \$781,314 to report a total fund balance of approximately \$7.5 million. This increase reflects an additional transfer of \$1.7 million in fiscal year 2018 from the General Fund to the Animal Control and Pet Adoption Center debt service fund to utilize the one-time favorable personal property tax loss reimbursement from the State previously noted. The remaining activity reflects on-going activity to support annual debt service payments.

The remaining governmental fund classified as major: the *Water and Sewer Debt Act 342 Fund*, experienced a decrease in fund balance of \$2,326, to report a total fund balance of \$13,794.

### Enterprise Funds

There are seven (7) *enterprise funds* that are classified as major: the *Parks and Recreation Fund*, the *Delinquent Tax Revolving Fund*, the *County Airport Fund*, the *Water and Sewer Trust Fund*, the *Evergreen-Farmington Sewage Disposal System (EFSDS) Fund*, the *Southeast Oakland County Sewage Disposal System (SOCSDS) Fund*, and the *Clinton Oakland Sewage Disposal System (COSDS) Fund*. As of September 30, 2018 the Enterprise Funds had a combined net position of \$755.9 million, an increase of \$9.1 million from the combined net position reported at the end of fiscal year 2017. The seven major enterprise funds reported net positions of \$693.2 million (91.7 percent of the total combined Enterprise net position). The net position of these seven major Enterprise funds increased overall by \$9.7 million during fiscal year 2018.

Three of the seven major Enterprise Funds experienced an increase in net position. The *Evergreen-Farmington Sewage Disposal System Fund (EFSDS)* increased in net position by \$11.9 million (15.0 percent) to \$91.3 million. The increase in net position is attributed largely to capital asset contributions from Act 342 projects of \$8.8 million as well as fluctuating operating activity over the prior year.

The *Clinton Oakland Sewage Disposal System Fund (COSDS)* ended fiscal year 2018 with a net position of \$43.2 million, \$2.0 million (4.8 percent) more than the net position recorded at the end of fiscal year 2017. The increase in net position is primarily for fluctuating operating activity over the prior year.

## County of Oakland Management's Discussion and Analysis

The *Southeast Oakland County Sewage Disposal System Fund (SOCSDS)* experienced a \$674,787 increase (1.4 percent) in net position to \$42.9 million. The increase is primarily due to minor fluctuating operating activity over the prior year.

The *Parks and Recreation Fund* net position decreased \$2.4 million (2.6 percent) during fiscal year 2018 to a total of \$88.9 million in net position. This decrease resulted from operating expenses outpacing charges for services and property tax revenue.

The *Delinquent Tax Revolving Fund (DTRF)* ended fiscal year 2018 with a net position of \$196.8 million, \$584,107 (0.3 percent) less than the net position recorded at the end of fiscal year 2017. This decrease is the result of reduced charges for services revenue as the amount of delinquencies declined, reduced interest revenue, and reflects an operational transfer to the General Fund of \$6.0 million in fiscal year 2018. As noted in the *Transmittal Letter*, future operational transfers to the General Fund have been reduced to \$3.0 million per year to ensure that the DTRF is able to meet all funding commitments. The fiscal year 2018 net position of \$196.8 million is still more than sufficient to meet fund obligations.

The *County Airport Fund* recorded a net position of \$75.6 million as of September 30, 2018. This reflects a reduction of approximately \$1.3 million (1.7 percent) in net position from fiscal year 2017. The primary reason is due to fluctuating operating activity over the prior year.

The *Water and Sewer Trust Fund* realized a \$547,410 loss (0.3 percent) in fiscal year 2018 to report a net position of \$154.4 million. This overall reduction is mainly attributed to an increase of intergovernmental expenses paid to municipalities where the County operates and maintains the systems on behalf of the local municipality as well as fluctuations in operating activity for the various water and sewer systems.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - At the end of fiscal year 2018, the County had invested \$555.3 million, net of accumulated depreciation, in a broad range of capital assets (see table below). This amount of net capital assets reflects an increase of \$9.0 million from fiscal year 2017. This can be attributed to a \$6.7 million increase in governmental activities and a \$2.3 million increase to business-type activities.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 7.4	\$ 7.4	\$ 68.2	\$ 68.2	\$ 75.6	\$ 75.6
Land Improvements	0.2	0.2	6.7	7.6	6.9	7.8
Buildings and Improvements	141.9	147.1	55.5	56.9	197.4	204.0
Equipment and Vehicles	30.3	32.6	11.0	11.5	41.3	44.1
Infrastructure	14.7	15.4	77.6	82.9	92.3	98.3
Subtotal	194.5	202.7	219.0	227.1	413.5	429.8
Construction in Progress	31.6	16.7	110.2	99.8	141.8	116.5
Total Capital Assets	\$ 226.1	\$ 219.4	\$ 329.2	\$ 326.9	\$ 555.3	\$ 546.3

## County of Oakland Management's Discussion and Analysis

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Net capital assets for the governmental activities increased by \$6.7 million in fiscal year 2018. This change includes an increase of \$14.9 million in construction in progress. The increase was offset by reductions of \$5.2 million in buildings and improvements, \$2.3 million in equipment and vehicles, and \$700,000 in Infrastructure. In terms of gross numbers, the County's governmental activities had additions to capital assets of \$24.0 million, \$4.8 million in disposals of capital assets, and a \$12.5 million increase in net accumulated depreciation.

Of the \$24.0 million in additions to capital assets during fiscal year 2018, \$16.1 million reflects additions to construction in progress. Major governmental activity incurred for construction in progress includes the following:

- \$6.4 million for various building security system enhancements
- \$2.7 million for renovations and improvement to the county complex steam tunnel system
- \$2.5 million for technology software and hardware projects consisting of:
  - Universal Communications and Collaboration Program of \$1.7 million that will replace the end of life technologies and provide increased network capacity, voice over IP (VOIP) phone service, voicemail service, and increased conferencing options
  - Tax assessment and management software of \$220,000
  - Imaging system project of \$200,000
  - Watchguard in car video cameras and mobile data computers of \$160,000 used in the Sheriff's Office patrol vehicles
  - Case management system for Children's Village of \$90,000
- \$880,000 for renovations and improvements to the county jail
- \$623,000 on service center parking lot replacements and improvements
- \$614,000 for the replacement of various building equipment including chillers, fire suppression systems, emergency generators, and elevator improvements
- \$563,000 on improvements and replacements for Children's Village including improvement to living quarters, new security fencing, and replacements of the intercom system and the kitchen dishwasher
- \$438,000 toward a new building management system
- \$413,000 for enhanced in-building radio coverage
- \$246,000 for an upgrade to an analog safety system
- \$166,000 on the expansion of the patrol services building

The remaining \$7.9 million reflects additions primarily to equipment and vehicles. The County had vehicle additions of \$3.7 million which included replacement of several fleet vehicles and specialty vehicles including a CCTV van, vector truck, crane truck, dump truck, and an increase to the fleet of 15 vehicles including 7 additional patrol vehicles used by the Sheriff's Office and 8 other vehicles used by various other departments. There were purchases of \$1.3 million in equipment used in jail and law enforcement operations including \$637,000 for the replacement and upgrade of a helicopter imaging system, \$358,000 for equipment used in the Sheriff's Office communications center, and various other equipment used for patrol, training, and detention services. Additional equipment purchased included \$517,000 for technology replacements and upgrades to network and storage equipment, \$344,000 for various grounds and building maintenance equipment, \$255,000 for improvements to six (6) Circuit Court courtroom audio video systems, \$227,000 for a mail sorter used to support County mail services, and \$62,000 to replace cash registers used by various departments.

## County of Oakland

### Management's Discussion and Analysis

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The County disposed of \$3.6 million in equipment and vehicles during fiscal year 2018. Disposals primarily included vehicles which were replaced by the new purchases discussed above, as well as computer and maintenance equipment that were sold at auction.

Net capital assets for the business-type activities increased \$2.3 million during fiscal year 2018. This change is comprised of a \$10.4 million net increase for construction in progress. The increase was offset by net decreases of \$5.3 million in infrastructure, \$1.4 million in buildings and improvements, \$900,000 in land improvements, and \$500,000 in equipment and vehicles. In terms of gross numbers, the County's business-type activities had additions to capital assets of \$22.2 million, \$4.8 million in disposals of capital assets, and a \$10.9 million net decrease in accumulated depreciation.

Major business-type capital asset additions during fiscal year 2018 included the following:

- \$8.2 million in the Evergreen Farmington Sewage Disposal System Fund for various projects directed to system improvement and sanitary sewer overflow reduction including \$2.4 million for the Middlebelt Tunnel sewer project, \$2.2 million on the Quarton Road Relief project, and \$1.4 million relating to the Telegraph/Franklin sewer replacement
- \$4.2 million for Pontiac Water system infrastructure projects including water line replacement to increase water pressure and decrease the frequency of water main breaks, sewer line replacement expanding the Clinton River from bank-to-bank including new chambers for bypass, as well as residential water meter replacements
- \$1.9 million in projects for the Parks and Recreation Fund consisted of an array of park improvements including ADA accessibility improvements, building repairs, waterpark structure restoration, dock replacement, concession freezers, rescue boats, and grounds maintenance equipment replacement
- \$1.2 million in the George W. Kuhn Fund for various projects comprising drain rehabilitation and Supervisory Control and Data Acquisition (SCADA) system updates including radio tower installation improving system and remote location communication
- \$1.1 million for the Walled Lake Novi Wastewater Treatment Facility for safety and facility improvements
- \$350,000 in the Courts and Law Enforcement Management Information System (CLEMIS) Fund primarily for optimization of the Computer Aided Dispatch (CAD) system
- \$304,000 in the Fire Records Management System (FRMS) Fund to develop an in-house solution based on the CLEMIS platform to improve the system for fire response community customers
- \$204,000 in the Radio Communications Fund related to upgrading existing infrastructure and 911 call taking system
- \$158,000 for the Oakland County Airport Fund for ground equipment, vehicles and terminal roof replacement

Capital asset disposals for business-type activities totaled \$4.8 million for fiscal year 2018. This included outdated and fully depreciated computer equipment which was sold at the County auction, and fully depreciated vehicles and other equipment which were replaced as previously explained. The above additions were further offset by \$15.2 million in depreciation expense.

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



## County of Oakland

### Management's Discussion and Analysis

Long-term Debt - As of September 30, 2018, the Primary Government had \$436.0 million in bonds and notes outstanding. Of this amount, \$411.0 million are bonds with limited taxing authority, and \$25.0 million are notes with limited taxing authority. This represents a \$25.0 million decrease from September 30, 2017 in the limited tax authority bonds and no change in the limited taxing authority notes. In addition, the County uses its full faith and credit (as a secondary obligor), to back \$238.3 million of Drainage District component unit debt. The Drainage District component unit debt experienced an overall decrease of \$11.9 million in fiscal year 2018. As detailed in Note 8 of the financial statements, this is the result of approximately \$20.1 million in debt reductions and \$8.3 million in new debt issues.

#### Outstanding Debt as of September 30, 2018 (in millions of dollars)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Bonds - Limited Tax Authority	\$ 375.3	\$ 407.8	\$ 35.7	\$ 28.2	\$ 411.0	\$ 436.0
Total Bonds	\$ 375.3	\$ 407.8	\$ 35.7	\$ 28.2	\$ 411.0	\$ 436.0
Notes - Limited Tax Authority	\$ -	\$ -	\$ 25.0	\$ 25.0	\$ 25.0	\$ 25.0
Total Outstanding Debt	\$ 375.3	\$ 407.8	\$ 60.7	\$ 53.2	\$ 436.0	\$ 461.0

	<b>Drainage Districts Component Unit</b>		<b>Total County Commitment</b>			
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>		
Bonds - Limited Tax Authority	\$ 238.3	\$ 250.2	\$ 649.3	\$ 686.2		
Total Bonds	\$ 238.3	\$ 250.2	\$ 649.3	\$ 686.2		
Notes - Limited Tax Authority	\$ -	\$ -	\$ 25.0	\$ 25.0		
Total Outstanding Debt	\$ 238.3	\$ 250.2	\$ 674.3	\$ 711.2		
Debt Limit (10% of SEV)			\$ 7,187.1	\$ 6,900.8		
Available Statutory Debt Limit			\$ 6,512.8	\$ 6,189.6		

Oakland County issued approximately \$14.9 million in general government and business-type activity debt in fiscal year 2018. Of this total, general government debt of \$2.6 million includes \$2.4 million of Michigan Bond Authority – Sewage Disposal bonds and \$.2 million of Water Supply Act 342. Business-type debt supports \$8.3 million of Sewage Disposal – Act 34 for the Evergreen-Farmington Sewage Disposal System improvements that incorporates the Telegraph-Franklin Sewer replacement of \$6.7 million, the Eight Mile Pump Station Automatic Transfer Switch of \$1.0 million and the Eldon Street sewer extension of \$0.6 million. Additionally, \$3.1 million includes the Evergreen Farmington Sewage Disposal Refunding bonds. Finally, \$0.9 million reflects the County's use of State Revolving Fund loans for business-type activity related to Pontiac Water Supply System capital improvements.

## County of Oakland Management's Discussion and Analysis

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The Drainage Districts component unit issued \$8.3 million in new debt during fiscal year 2018. Of this amount, \$2.3 million reflects Drain Refunding bonds for the Bloomfield Township Combined Sewer Drainage District. The remaining \$6.0 million includes draws of State Revolving Fund loans for the Clinton River Resource Recovery Facility Drainage District for the Biosolids Handling and Septage Receiving Facility Project that involves converting solid waste into methane gas and also producing a biosolid that can be used as an environmentally safe fertilizer.

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

During fiscal year 2018, \$39.9 million in outstanding general government and business-type debt was paid, primarily reflecting the retirement of Retirees Health Care bonds of \$23.9 million, the retirement of various water and sewer bonds/refunding bonds of \$7.7 million, and retirement of Building Authority bonds/refunding bonds of \$8.3 million.

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

### **Bond Ratings**

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

### **Limitations on Debt**

State statute limits the County's debt obligations to 10 percent of the current state equalized value (SEV). The County's SEV as of September 30, 2018 was \$72.0 billion.

## County of Oakland Management's Discussion and Analysis

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### ECONOMIC OUTLOOK

Oakland County's economy is continuing to improve. As is detailed in the *Transmittal Letter* preceding this *Management's Discussion and Analysis*, the County's unemployment rate has fallen to 3.2 percent (2018 average) and employment is projected to grow by approximately 42,000 new jobs over the next three years.

The improvement in the economic outlook should positively impact the County's fiscal stability; this is already being evidenced through revised estimates of the value of property located within the County's borders. The current budgeted projections assume an increase in state taxable value of property within Oakland County borders of 5.0 percent for December 2018; an additional 4.5 percent increase for December 2019; and an additional 4.5 percent increase by December 2020. Market value of property is projected to be even higher. Every 1.0 percent increase in taxable value adds approximately \$2.3 million to the County's revenue.

The initiatives taken by the County's Elected Officials and Administration have resulted in structural reductions of county expenses as well as generating additional fund balance in excess of the 20 percent of annual operating expenditures targeted fund balance level. The *planned* draw down of excess equity provides additional time to achieve structural balance while maintaining target fund balance levels. On September 27, 2018, the Oakland County Board of Commissioners adopted a balanced budget for fiscal years 2019, 2020, and 2021 (through September 30, 2021). That document also includes official estimates for fiscal years 2022 and 2023.

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

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If there are questions about this report, or a need for additional information, contact the Department of Management and Budget, Fiscal Services Division at (248) 858-0940.

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**Basic  
Financial Statements**

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**County of Oakland**  
**Statement of Net Position**  
**September 30, 2018**

	Primary Government			
	Governmental Activities	Business- Type Activities	Totals	Component Units
<b>Assets</b>				
Current assets				
Pooled cash and investments	\$ 451,382,576	\$ 398,542,869	\$ 849,925,445	\$ 46,398,677
Cash and cash equivalents	-	-	-	75,163,170
Investments, at fair value	13,880,260	-	13,880,260	-
Receivables (net of allowance for uncollectibles where applicable)				
Current property taxes	25,102,368	-	25,102,368	-
Delinquent property taxes	530,431	46,624,635	47,155,066	-
Special assessments	-	-	-	3,922,138
Due from other governmental units	27,063,264	25,226,301	52,289,565	5,346,825
Due from component units	731,078	84,391	815,469	-
Accrued interest receivable	2,001,589	3,464,007	5,465,596	213,710
Accounts receivable	1,724,803	38,858,713	40,583,516	23,723,552
Contracts receivable	31,256,049	1,473,880	32,729,929	-
Internal balances - footnote 19	12,948	(12,948)	-	-
Inventories and supplies	1,533,483	395,072	1,928,555	3,417,472
Prepayments and other assets	9,059,998	3,382,544	12,442,542	3,262,167
Total current assets	564,278,847	518,039,464	1,082,318,311	161,447,711
Noncurrent assets				
Special assessments receivable	60,507,675	-	60,507,675	197,547,792
Pension asset	22,623,016	-	22,623,016	-
OPEB asset	401,913,734	-	401,913,734	-
Capital assets, net				
Land and other nondepreciable assets	38,967,222	178,416,197	217,383,419	339,332,654
Land improvements, net	235,358	6,684,667	6,920,025	741,390
Buildings and improvements, net	141,932,184	55,538,678	197,470,862	68,479,840
Equipment and vehicles, net	30,246,236	10,961,299	41,207,535	13,198,014
Infrastructure, net	14,674,977	77,603,359	92,278,336	1,094,149,302
Total capital assets, net	226,055,977	329,204,200	555,260,177	1,515,901,200
Total noncurrent assets	711,100,402	329,204,200	1,040,304,602	1,713,448,992
Total assets	1,275,379,249	847,243,664	2,122,622,913	1,874,896,703
<b>Deferred Outflows of Resources</b>				
Deferred outflows related to pension	-	-	-	6,622,191
Deferred outflows related to OPEB	-	-	-	8,005,781
Total deferred outflows of resources	-	-	-	14,627,972
				(continued)

(continued)

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

**County of Oakland**  
**Statement of Net Position (Continued)**  
**September 30, 2018**

	Primary Government			
	Governmental Activities	Business-Type Activities	Totals	Component Units
<b>Liabilities</b>				
Current liabilities				
Vouchers payable	\$ 24,355,838	\$ 4,013,729	\$ 28,369,567	\$ 15,630,745
Accrued payroll	6,951,321	-	6,951,321	-
Due to other governmental units	1,438,420	16,497,775	17,936,195	13,957,324
Due to primary government	-	-	-	815,469
Due to component units	-	-	-	-
Accrued interest payable	362,657	116,736	479,393	-
Other accrued liabilities	26,925,743	7,853,502	34,779,245	7,349,838
Accrued compensated absences	1,264,656	-	1,264,656	-
Unearned revenue	20,770,197	2,168,535	22,938,732	36,331,054
Claims and judgments	7,177,353	-	7,177,353	465,050
Bonds and notes payable	35,630,000	27,456,400	63,086,400	19,313,600
Total current liabilities	124,876,185	58,106,677	182,982,862	93,863,080
Noncurrent liabilities				
Accrued compensated absences	11,381,898	-	11,381,898	2,585,798
Claims and judgments	12,574,678	-	12,574,678	510,085
Net pension liability	-	-	-	33,601,609
Net OPEB obligation	-	-	-	125,643,741
Bonds and notes payable	339,645,206	33,242,861	372,888,067	219,018,619
Total noncurrent liabilities	363,601,782	33,242,861	396,844,643	381,359,852
Total liabilities	488,477,967	91,349,538	579,827,505	475,222,932
<b>Deferred Inflows of Resources</b>				
Deferred Inflows related to pension	9,273,581	-	9,273,581	3,916,875
Deferred Inflows related to OPEB	120,188,280	-	120,188,280	2,263,842
Total deferred inflows of resources	129,461,861	-	129,461,861	6,180,717
<b>Net Position</b>				
Net investment in capital assets	181,610,977	293,504,939	475,115,916	1,277,568,981
Restricted for				
Property tax forfeiture	12,860,936	-	12,860,936	-
Superseding Trust - OPEB	14,058,877	-	14,058,877	-
Public safety	9,440,983	-	9,440,983	-
Citizens services	2,119,381	-	2,119,381	-
Public works	1,597,319	-	1,597,319	23,387,478
Justice Administration	1,757,417	-	1,757,417	-
Commerce and community development	7,998,812	-	7,998,812	-
Debt service	7,555,029	-	7,555,029	174,931,803
Airports	-	69,930	69,930	-
Community water and sewer	-	97,102,206	97,102,206	-
Unrestricted	418,439,690	365,217,051	783,656,741	(67,767,236)
Total net position	\$ 657,439,421	\$ 755,894,126	\$ 1,413,333,547	\$ 1,408,121,026

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

**County of Oakland**  
**Statement of Activities**  
**Year Ended September 30, 2018**

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue (Expense)
<b><u>Functions/Programs</u></b>					
<b>Primary government</b>					
Governmental activities					
General government, administrative	\$ 35,548,340	\$ 27,513,139	\$ 722,999	\$ 23,273	\$ (7,288,929)
Public safety	169,208,509	69,089,611	21,820,828	45,046	(78,253,024)
Justice administration	78,025,038	31,538,861	571,023	-	(45,915,154)
Citizen services	73,510,309	9,710,756	16,820,290	-	(46,979,263)
Public works	27,336,927	16,873,895	1,000	2,187,532	(8,274,500)
Recreation and leisure	1,294,311	14,527	-	-	(1,279,784)
Commerce and community development	40,532,530	20,968,785	20,652,246	-	1,088,501
Unallocated depreciation	3,557,676	-	-	-	(3,557,676)
Interest on debt	3,609,194	-	-	-	(3,609,194)
Total governmental activities	<u>432,622,834</u>	<u>175,709,574</u>	<u>60,588,386</u>	<u>2,255,851</u>	<u>(194,069,023)</u>
Business-type activities					
Airports	6,316,381	4,711,066	92,761	-	(1,512,554)
Community safety support	18,114,764	14,601,037	-	-	(3,513,727)
Community tax financing	1,423,477	12,723,395	-	-	11,299,918
Community water and sewer	100,192,304	98,234,422	50,227	772,916	(1,134,739)
Recreation and leisure	26,891,978	10,424,470	660,093	68,469	(15,738,946)
Sewage disposal systems	138,558,969	142,048,906	1,212,675	8,809,512	13,512,124
Total business-type activities	<u>291,497,873</u>	<u>282,743,296</u>	<u>2,015,756</u>	<u>9,650,897</u>	<u>2,912,076</u>
Total primary government	<u>\$ 724,120,707</u>	<u>\$ 458,452,870</u>	<u>\$ 62,604,142</u>	<u>\$ 11,906,748</u>	<u>\$ (191,156,947)</u>
<b>Component units</b>					
Drainage districts	\$ 110,637,160	\$ 97,613,054	\$ 946,383	\$ 16,889,664	\$ 4,811,941
Road commission	129,362,141	17,700,157	96,021,998	53,851,882	38,211,896
Total component units	<u>\$ 239,999,301</u>	<u>\$ 115,313,211</u>	<u>\$ 96,968,381</u>	<u>\$ 70,741,546</u>	<u>\$ 43,023,837</u>
(continued)					

(continued)

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

**County of Oakland**  
**Statement of Activities (Continued)**  
**Year Ended September 30, 2018**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Totals</b>	
<b><u>Changes in net position</u></b>				
Net (expense) revenue	\$ (194,069,023)	\$ 2,912,076	\$ (191,156,947)	\$ 43,023,837
General revenues				
Taxes				
Property taxes	227,384,489	12,707,412	240,091,901	-
State-shared revenue (unrestricted)	45,299,918	323,212	45,623,130	-
Unrestricted investment earnings	5,743,583	5,282,745	11,026,328	2,003,125
Gain (loss) on sale of capital assets	478,887	-	478,887	(1,053,475)
Other revenues	1,543,368	-	1,543,368	-
Transfers in (out)	12,156,434	(12,156,434)	-	-
Total general revenues and transfers	292,606,679	6,156,935	298,763,614	949,650
Change in net position	98,537,656	9,069,011	107,606,667	43,973,487
<b><u>Net position</u></b>				
Beginning (as restated, see Note 21)	558,901,765	746,825,115	1,305,726,880	1,364,147,539
Ending	\$ 657,439,421	\$ 755,894,126	\$ 1,413,333,547	\$ 1,408,121,026

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



# **Governmental Fund Financial Statements**

## **Major Funds**

**General Fund** - The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

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

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

## **Non-Major Funds**

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

Special revenue funds

Debt service funds

Capital projects funds

**County of Oakland**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2018**

	<b>Major Funds</b>		
	<b>General</b>	<b>Building Authority Debt Act 31</b>	<b>Water and Sewer Debt Act 342</b>
<b>Assets</b>			
Pooled cash and investments	\$ 232,404,550	\$ 6,771,564	\$ 1,058,494
Receivables (net of allowance for uncollectibles where applicable)			
Current property taxes	25,102,368	-	-
Delinquent property taxes	530,431	-	-
Due from other governmental units	12,830,604	-	-
Due from component units	14,187	-	-
Accrued interest receivable	746,135	15,716	120
Accounts receivable	221,427	752,722	-
Contracts receivable	17,337,649	11,435,000	-
Special assessments receivable	-	-	58,835,727
Due from other funds	8,016,995	-	-
Advances receivable	-	-	-
Inventories	174,570	-	-
Prepayments and other assets	131,534	-	74,374
Total assets	<u>\$ 297,510,450</u>	<u>\$ 18,975,002</u>	<u>\$ 59,968,715</u>
<b>Liabilities</b>			
Vouchers payable	\$ 10,062,363	\$ -	\$ 1,118,694
Accrued payroll	6,951,321	-	-
Due to other governmental units	1,108,750	-	-
Due to other funds	3,812,219	-	-
Advances payable	-	-	-
Unearned revenue	12,914,653	-	2,100,521
Other accrued liabilities	6,729,083	-	500
Total liabilities	<u>41,578,389</u>	<u>-</u>	<u>3,219,715</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue-property taxes	10,716,256	-	-
Unavailable revenue-special assessments	-	-	56,735,206
Unavailable revenue-grants	170,868	-	-
Unavailable revenue-contracts receivable	-	11,435,000	-
Unavailable revenue-other	-	-	-
Total deferred inflows of resources	<u>10,887,124</u>	<u>11,435,000</u>	<u>56,735,206</u>
<b>Fund Balances</b>			
Nonspendable	306,104	-	-
Restricted	12,860,936	7,540,002	13,794
Committed	-	-	-
Assigned	230,412,909	-	-
Unassigned	1,464,988	-	-
Total fund balances	<u>245,044,937</u>	<u>7,540,002</u>	<u>13,794</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 297,510,450</u>	<u>\$ 18,975,002</u>	<u>\$ 59,968,715</u>

(continued)

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

**County of Oakland**  
**Balance Sheet (Continued)**  
**Governmental Funds**  
**September 30, 2018**

	<b>Non-Major Funds</b>	<b>Totals September 30, 2018</b>
<b>Assets</b>		
Pooled cash and investments	\$ 75,355,487	\$ 315,590,095
Receivables (net of allowance for uncollectibles where applicable)		
Current property taxes	-	25,102,368
Delinquent property taxes	-	530,431
Due from other governmental units	14,177,590	27,008,194
Due from component units	702,648	716,835
Accrued interest receivable	146,210	908,181
Accounts receivable	201,630	1,175,779
Contracts receivable	2,483,400	31,256,049
Special assessments receivable	1,671,948	60,507,675
Due from other funds	4,236,024	12,253,019
Advances receivable	1,043,199	1,043,199
Inventories	-	174,570
Prepayments and other assets	2,255,077	2,460,985
Total assets	<u>\$ 102,273,213</u>	<u>\$ 478,727,380</u>
<b>Liabilities</b>		
Vouchers payable	\$ 4,517,663	\$ 15,698,720
Accrued payroll	-	6,951,321
Due to other governmental units	90,182	1,198,932
Due to other funds	9,697,554	13,509,773
Advances payable	1,043,199	1,043,199
Unearned revenue	5,222,529	20,237,703
Other accrued liabilities	14,139,898	20,869,481
Total liabilities	<u>34,711,025</u>	<u>79,509,129</u>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue-property taxes	-	10,716,256
Unavailable revenue-special assessments	1,671,948	58,407,154
Unavailable revenue-grants	3,023,006	3,193,874
Unavailable revenue-contracts receivable	2,365,000	13,800,000
Unavailable revenue-other	2,537,912	2,537,912
Total deferred inflows of resources	<u>9,597,866</u>	<u>88,655,196</u>
<b>Fund balances</b>		
Nonspendable	-	306,104
Restricted	17,183,359	37,598,091
Committed	44,273,743	44,273,743
Assigned	-	230,412,909
Unassigned	(3,492,780)	(2,027,792)
Total fund balances	<u>57,964,322</u>	<u>310,563,055</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 102,273,213</u>	<u>\$ 478,727,380</u>

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

**County of Oakland**  
**Reconciliation of the Balance Sheet – Governmental Funds**  
**to the Statement of Net Position**  
**September 30, 2018**

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Total fund balances for governmental funds		\$ 310,563,055
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Land, not being depreciated	\$ 7,235,551	
Construction in progress, not being depreciated	23,130,149	
Land improvements, net of \$1,164,783 depreciation	235,358	
Buildings and improvements, net of \$124,353,184 depreciation	140,179,670	
Equipment and vehicles, net of \$26,873,843 depreciation	11,760,300	
Infrastructure, net of \$16,831,815 depreciation	<u>14,602,778</u>	
		197,143,806
Internal service funds are used by management to charge the cost of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		177,745,658
Property tax revenues in the Statement of Activities that do not provide current financial resources are deferred and not reported as revenue in the funds.		10,185,825
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.		77,938,940
Long-term bonded debt is not due and payable in the current period and therefore is not reported in the funds. Unamortized premiums, loss on refundings, and interest payable are not reported in the funds. However, these amounts are included in the Statement of Net Position. This is the net effect of these balances on the statement:		
Bonds and notes payable	(115,775,206)	
Accrued interest payable	<u>(362,657)</u>	
		(116,137,863)
Net position of governmental activities		<u>\$ 657,439,421</u>

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

**County of Oakland**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended September 30, 2018**

	<b>Major Funds</b>		
	<b>General</b>	<b>Building Authority Debt Act 31</b>	<b>Water and Sewer Debt Act 342</b>
<b>Revenues</b>			
Taxes	\$ 228,013,169	\$ -	\$ -
Special assessments	-	1,095,897	4,867,171
Federal grants	973,505	-	-
State grants	4,829,285	-	-
Other intergovernmental revenues	47,507,960	-	-
Charges for services	118,785,984	1,332	2,050
Contributions	44,479	-	-
Investment income	2,284,957	91,418	4,033
Indirect cost recovery	9,145,652	-	-
Other	516,086	-	855
Total revenues	412,101,077	1,188,647	4,874,109
<b>Expenditures</b>			
Current operations			
County Executive	94,389,462	2,000	-
Clerk/Register of Deeds	8,715,370	-	-
Treasurer	7,643,131	-	-
Justice administration	55,471,428	-	-
Law enforcement	172,990,133	-	-
Legislative	4,937,625	-	-
Water Resource Commissioner	7,040,221	-	3,529
Non-departmental	21,825,031	-	-
Total current operations	373,012,401	2,000	3,529
Capital outlay	504,176	-	-
Intergovernmental	-	-	1,834
Debt service			
Principal payments	-	3,215,000	3,345,000
Interest and fiscal charges	-	1,136,879	1,526,072
Total expenditures	373,516,577	4,353,879	4,876,435
Excess (deficiency) of revenues over (under) expenditures	38,584,500	(3,165,232)	(2,326)
Other financing sources (uses)			
Transfers in	9,638,489	3,946,546	-
Transfers out	(67,958,139)	-	-
Insurance recoveries	-	-	-
Issurance of bonds	-	-	-
Total other financing sources (uses)	(58,319,650)	3,946,546	-
Net change in fund balances	(19,735,150)	781,314	(2,326)
<b>Fund balances</b>			
October 1, 2017	264,780,087	6,758,688	16,120
September 30, 2018	\$ 245,044,937	\$ 7,540,002	\$ 13,794

(continued)

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

**County of Oakland**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**(Continued)**  
**Governmental Funds**  
**Year Ended September 30, 2018**

	<b>Non-Major Funds</b>	<b>Totals September 30, 2018</b>
<b>Revenues</b>		
Taxes	\$ -	\$ 228,013,169
Special assessments	2,165,122	8,128,190
Federal grants	30,053,903	31,027,408
State grants	23,717,428	28,546,713
Other intergovernmental revenues	12,352,892	59,860,852
Charges for services	13,061,796	131,851,162
Contributions	82,734	127,213
Investment income	422,610	2,803,018
Indirect cost recovery	-	9,145,652
Other	355,271	872,212
Total revenues	<u>82,211,756</u>	<u>500,375,589</u>
<b>Expenditures</b>		
Current operations		
County Executive	67,674,686	162,066,148
Clerk/Register of Deeds	1,946,198	10,661,568
Treasurer	-	7,643,131
Justice administration	25,142,975	80,614,403
Law enforcement	7,930,045	180,920,178
Legislative	7,004	4,944,629
Water Resource Commissioner	7,822,405	14,866,155
Non-departmental	-	21,825,031
Total current operations	<u>110,523,313</u>	<u>483,541,243</u>
Capital outlay	23,760,582	24,264,758
Intergovernmental	-	1,834
Debt service		
Principal payments	4,665,000	11,225,000
Interest and fiscal charges	986,175	3,649,126
Total expenditures	<u>139,935,070</u>	<u>522,681,961</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(57,723,314)</u>	<u>(22,306,372)</u>
Other financing sources (uses)		
Transfers in	68,452,530	82,037,565
Transfers out	(7,073,596)	(75,031,735)
Insurance recoveries	857,096	857,096
Issuance of bonds	2,589,311	2,589,311
Total other financing sources (uses)	<u>64,825,341</u>	<u>10,452,237</u>
Net change in fund balances	<u>7,102,027</u>	<u>(11,854,135)</u>
<b>Fund balances</b>		
October 1, 2017	<u>50,862,295</u>	<u>322,417,190</u>
September 30, 2018	<u>\$ 57,964,322</u>	<u>\$ 310,563,055</u>

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

# County of Oakland

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities

### Year Ended September 30, 2018

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Net change in fund balance - total governmental funds		\$ (11,854,135)
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Construction in progress	\$ 12,760,766	
Buildings and improvements	812,481	
Equipment and vehicles	1,239,597	
Infrastructure	-	
Depreciation expense	<u>(9,397,392)</u>	
		5,415,452
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.		
		97,750,230
Property tax revenues in the Statement of Activities that do not provide current financial resources are deferred and not reported as revenue in the funds.		
Prior year's deferral	(10,814,505)	
Current year deferral	<u>10,185,825</u>	
		(628,680)
Revenues from special assessments and contracts receivable reported in the Statement of Activities in previous years did not provide current financial resources in the governmental funds until the current year.		
		(821,896)
Bond proceeds provide current financial resources to governmental funds by issuing debt which increases long-term bonded debt in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Position. This is the amount proceeds exceed repayments.		
Bond proceeds	(2,589,311)	
Repayment of bond principal	11,225,000	
Accrued interest	<u>40,996</u>	
		8,676,685
Change in net position of governmental activities		<u>\$ 98,537,656</u>

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

# Proprietary Fund Financial Statements

## Major Funds

**Parks and Recreation Fund** - This fund is used to account for revenues earmarked for the operation of the County's 13 parks, including campgrounds, day-use and dog parks, five golf courses, 65 miles of trails, two waterparks, nature centers and banquet facilities, and management of the Oakland County Market. Principal revenue is from a voter-approved millage and user charges.

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

**The County Airports Fund** - This fund was established to account for operations of the County's Oakland County International, Oakland/Troy, and Oakland/Southwest airports. Revenue is primarily derived from leases, hangar rentals, landing fees, and other rental or service charges. Capital costs are financed primarily from issuance of debt or state and federal capital grants.

**Water and Sewer Trust Fund** - This fund is used to account for monies received from those County residents whose water and sewer systems are maintained for their respective city, villages, or townships by Oakland County.

**Evergreen-Farmington S.D.S. (Sewage Disposal System) Fund** - This fund was established to record the operations and maintenance of the system, which is used to move sewage to the Great Lakes Water Authority for treatment. Costs are recovered by developing rates and billing the municipalities being serviced or issuance of debt.

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

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

## Non-Major Funds

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

Internal service funds  
Enterprise funds



**County of Oakland**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2018**

	Business-Type Activities - Enterprise Funds				
	Major				
	Parks and Recreation	Delinquent Tax Revolving	County Airports	Water and Sewer Trust	Evergreen-Farmington SDS
<b>Assets</b>					
Current assets					
Pooled cash and investments	\$23,743,664	\$ 163,992,090	\$ 16,379,260	\$ 79,530,634	\$ 19,432,030
Investments, at fair value	-	-	-	-	-
Delinquent property taxes receivable	-	46,624,635	-	-	-
Due from other governmental units	31,920	785,162	600	2,672,204	8,357,477
Due from component units	-	-	-	-	84,391
Accrued interest receivable	40,425	2,084,668	117,773	308,729	154,678
Accounts receivable (net of allowance for uncollectibles where applicable)	159,489	8,917,843	270,564	28,088,686	5,460
Due from other funds	-	-	-	14,183	-
Current portion of contracts receivable	-	-	1,473,880	-	-
Current portion of advances receivable	-	12,883	-	-	-
Inventories and supplies	137,440	-	-	-	-
Prepayments and other assets	1,325	375	-	801,894	-
Total current assets	24,114,263	222,417,656	18,242,077	111,416,330	28,034,036
Noncurrent assets					
Advances receivable	-	25,766	-	-	-
Net pension assets	-	-	-	-	-
Net OPEB assets	-	-	-	-	-
Capital assets, net					
Land and other nondepreciable assets	32,032,908	-	36,715,610	23,257,957	64,048,535
Land improvements, net	-	-	6,217,593	-	467,074
Building and improvements, net	18,526,836	-	20,619,332	2,501,283	11,272,390
Equipment and vehicles, net	1,317,471	-	562,434	2,887,742	390,699
Infrastructure, net	13,814,550	-	2,244,205	38,306,516	7,890,567
Total capital assets	65,691,765	-	66,359,174	66,953,498	84,069,265
Total noncurrent assets	65,691,765	25,766	66,359,174	66,953,498	84,069,265
Total assets	89,806,028	222,443,422	84,601,251	178,369,828	112,103,301

(continued)

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

**County of Oakland**  
**Statement of Net Position (Continued)**  
**Proprietary Funds**  
**September 30, 2018**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Major</b>			<b>Totals</b>	
	<b>S.O.C.S.D.S.</b>	<b>Clinton-Oakland S.D.S.</b>	<b>Non-Major Funds</b>	<b>September 30, 2018</b>	
<b>Assets</b>					
Current assets					
Pooled cash and investments	\$ 37,813,275	\$ 10,825,576	\$ 46,826,340	\$ 398,542,869	\$ 135,792,481
Investments, at fair value					13,880,260
Delinquent property taxes	-	-	-	46,624,635	-
Due from other governmental units	6,999,459	4,792,847	1,586,632	25,226,301	55,070
Due from component units	-	-	-	84,391	14,243
Accrued interest receivable	266,352	169,130	322,252	3,464,007	1,093,408
Accounts receivable (net of allowance for uncollectibles where applicable)	33,256	-	1,383,415	38,858,713	549,024
Due from other funds	-	-	-	14,183	1,322,534
Current portion of contracts receivable	-	-	-	1,473,880	-
Current portion of advances receivable	-	-	-	12,883	-
Inventories and supplies	-	-	257,632	395,072	1,358,913
Prepayments and other assets	455,350	-	2,123,600	3,382,544	6,599,013
Total current assets	45,567,692	15,787,553	52,499,871	518,079,478	160,664,946
Noncurrent assets					
Advances receivable	-	-	-	25,766	-
Net pension asset	-	-	-	-	22,623,016
Net OPEB asset	-	-	-	-	401,913,734
Capital assets, net					
Land and other nondepreciable assets	4,435,224	15,123,019	2,802,944	178,416,197	8,601,522
Land improvements, net	-	-	-	6,684,667	
Building and improvements, net	42,208	180,005	2,396,624	55,538,678	1,752,514
Equipment and vehicles, net	137,152	279,914	5,385,887	10,961,299	18,485,936
Infrastructure, net	1,069,830	12,240,198	2,037,493	77,603,359	72,199
Total capital assets	5,684,414	27,823,136	12,622,948	329,204,200	28,912,171
Total noncurrent assets	5,684,414	27,823,136	12,622,948	329,229,966	453,448,921
Total assets	51,252,106	43,610,689	65,122,819	847,309,444	614,113,867

(continued)

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

**County of Oakland**  
**Statement of Net Position (Continued)**  
**Proprietary Funds**  
**September 30, 2018**

	<b>Business-Type Activities - Enterprise Funds</b>				
	<b>Major</b>				
	<b>Parks and Recreation</b>	<b>Delinquent Tax Revolving</b>	<b>County Airports</b>	<b>Water and Sewer Trust</b>	<b>Evergreen-Farmington SDS</b>
<b>Liabilities</b>					
Current liabilities					
Vouchers payable	\$ 295,701	\$ 268,269	\$ 415,000	\$ 2,003,137	\$ 439,470
Due to other governmental units	6,168	240,832	-	1,712,779	6,045,418
Due to other funds	-	-	-	-	-
Unearned revenue	110,771	-	1,761,435	-	-
Notes payable	-	25,000,000	-	-	-
Accrued interest payable	-	116,736	-	-	-
Current portion of bonds payable	-	-	660,000	1,071,400	725,000
Current portion of accrued compensated absences	-	-	-	-	-
Current portion of claims and judgments	-	-	-	-	-
Current portion of advances payable	-	-	-	-	-
Other accrued liabilities	506,610	39,074	501,587	4,043,428	1,181,092
Total current liabilities	919,250	25,664,911	3,338,022	8,830,744	8,390,980
Noncurrent liabilities					
Bonds payable	-	-	5,625,000	15,162,861	12,455,000
Accrued compensated absences	-	-	-	-	-
Claims and judgments	-	-	-	-	-
Advances payable	-	-	-	-	-
Total noncurrent liabilities	-	-	5,625,000	15,162,861	12,455,000
Total liabilities	919,250	25,664,911	8,963,022	23,993,605	20,845,980
<b>Deferred Inflows of Resources</b>					
Deferred inflows related to pension	-	-	-	-	-
Deferred inflows related to OPEB	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
<b>Net position</b>					
Net investment in capital assets	65,691,765	-	60,074,174	50,719,237	70,889,265
Restricted for programs	-	-	69,930	56,930,589	4,467,031
Unrestricted	23,195,013	196,778,511	15,494,125	46,726,397	15,901,025
Total net position	\$ 88,886,778	\$ 196,778,511	\$ 75,638,229	\$ 154,376,223	\$ 91,257,321

(continued)

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

**County of Oakland**  
**Statement of Net Position (Continued)**  
**Proprietary Funds**  
**September 30, 2018**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major				
	S.O.C.S.D.S.	Clinton- Oakland S.D.S.	Non-Major Funds	Totals September 30, 2018	
<b>Liabilities</b>					
Current liabilities					
Vouchers payable	\$ 94,896	\$ 248,506	\$ 248,750	\$ 4,013,729	\$ 8,657,118
Due to other governmental units	7,509,216	53,222	930,140	16,497,775	239,488
Due to other funds	1,950	-	63,830	65,780	14,183
Unearned revenue	-	-	296,329	2,168,535	2,063
Notes payable	-	-	-	25,000,000	-
Accrued interest payable	-	-	-	116,736	-
Current portion of bonds payable	-	-	-	2,456,400	24,750,000
Current portion of accrued compensated absence	-	-	-	-	1,264,656
Current portion of claims and judgments	-	-	-	-	7,177,353
Current portion of advances payable	-	-	-	-	12,883
Other accrued liabilities	652,737	59,696	869,278	7,853,502	6,056,262
Total current liabilities	8,258,799	361,424	2,408,327	58,172,457	48,174,006
Noncurrent liabilities					
Bonds payable	-	-	-	33,242,861	234,750,000
Accrued compensated absences	-	-	-	-	11,381,898
Claims and judgments	-	-	-	-	12,574,678
Advances payable	-	-	-	-	25,766
Total noncurrent liabilities	-	-	-	33,242,861	258,732,342
Total liabilities	8,258,799	361,424	2,408,327	91,415,318	306,906,348
<b>Deferred Inflows of Resources</b>					
Deferred inflows related to pension	-	-	-	-	9,273,581
Deferred inflows related to OPEB	-	-	-	-	120,188,280
Total deferred inflows of resources	-	-	-	-	129,461,861
<b>Net position</b>					
Net investment in capital assets	5,684,414	27,823,136	12,622,948	293,504,939	28,912,171
Restricted for programs	16,803,113	12,666,393	6,235,080	97,172,136	14,058,877
Unrestricted	20,505,780	2,759,736	43,856,464	365,217,051	134,774,610
Total net position	\$ 42,993,307	\$ 43,249,265	\$ 62,714,492	\$755,894,126	\$177,745,658

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

**County of Oakland**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**Year Ended September 30, 2018**

	<b>Business-Type Activities - Enterprise Funds</b>				
	<b>Major</b>				
	<b>Parks and Recreation</b>	<b>Delinquent Tax Revolving</b>	<b>County Airports</b>	<b>Water and Sewer Trust</b>	<b>Evergreen-Farmington SDS</b>
<b>Operating revenues</b>					
Charges for services	\$ 10,305,166	\$ 12,086,380	\$ 4,703,516	\$ 97,922,162	\$ 44,232,701
Other	98,279	20,344	-	267,060	57,462
Total operating revenues	10,403,445	12,106,724	4,703,516	98,189,222	44,290,163
<b>Operating expenses</b>					
Salaries	9,613,939	112,824	1,244,789	116,065	-
Fringe benefits	3,329,816	82,271	713,842	73,894	-
Fringe benefits - pension	-	-	-	-	-
Fringe benefits - OPEB	-	-	-	-	-
Contractual services	7,100,237	244,624	1,504,376	45,766,605	39,608,779
Commodities	1,636,563	-	139,732	2,023,436	60,038
Depreciation	3,541,292	-	2,194,445	2,116,228	794,725
Internal services	1,670,131	1,806	241,128	23,497,681	1,384,963
Intergovernmental	-	-	-	26,178,674	-
Total operating expenses	26,891,978	441,525	6,038,312	99,772,583	41,848,505
Operating income (loss)	(16,488,533)	11,665,199	(1,334,796)	(1,583,361)	2,441,658
<b>Nonoperating revenues (expenses)</b>					
Property taxes	12,707,412	-	-	-	-
Local community stabilization share	323,212	-	-	-	-
Contributions	660,093	-	400	50,227	598,871
Interest recovery - federal grants	-	-	92,361	-	78,347
Investment income	337,934	1,999,113	251,263	1,159,254	135,779
Interest expense	-	(533,402)	(278,069)	(419,721)	(206,277)
Premiums on bonds sold	-	-	-	-	57,144
Discount on bonds sold	-	(52,500)	-	-	(69,223)
Gain on sale of property and equipment	21,025	-	7,550	45,200	-
Total nonoperating revenues (expenses)	14,049,676	1,413,211	73,505	834,960	594,641
Income (loss) before transfers and contributions	(2,438,857)	13,078,410	(1,261,291)	(748,401)	3,036,299
<b>Transfers and contributions</b>					
Capital contributions	68,469	-	-	772,916	8,809,512
Transfers in	-	-	-	1,800	12,574
Transfers out	(61,327)	(13,662,517)	-	(573,725)	-
Total transfers and contributions	7,142	(13,662,517)	-	200,991	8,822,086
Change in net position	(2,431,715)	(584,107)	(1,261,291)	(547,410)	11,858,385
<b>Net position</b>					
October 1, 2017 (as Restated, see Note 21)	91,318,493	197,362,618	76,899,520	154,923,633	79,398,936
September 30, 2018	\$ 88,886,778	\$ 196,778,511	\$ 75,638,229	\$ 154,376,223	\$ 91,257,321

(continued)

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

**County of Oakland**  
**Statement of Revenues, Expenses, and Changes in Net Position (Continued)**  
**Proprietary Funds**  
**Year Ended September 30, 2018**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major				
	S.O.C.S.D.S.	Clinton- Oakland S.D.S.	Non-Major Funds	Totals September 30, 2018	
<b>Operating revenues</b>					
Charges for services	\$ 52,534,181	\$ 38,589,916	\$ 21,844,599	\$ 282,218,621	\$ 264,652,604
Other	5,954	-	393	449,492	671,156
Total operating revenues	52,540,135	38,589,916	21,844,992	282,668,113	265,323,760
<b>Operating expenses</b>					
Salaries	-	-	2,771,371	13,858,988	41,318,548
Fringe benefits	-	-	1,439,554	5,639,377	24,797,606
Fringe benefits - pension	-	-	-	-	(3,036,127)
Fringe benefits - OPEB	-	-	-	-	(67,512,195)
Contractual services	50,701,878	28,662,817	13,002,222	186,591,538	149,757,980
Commodities	131,035	44,589	517,700	4,553,093	8,344,103
Depreciation	41,429	860,417	5,597,137	15,145,673	6,595,461
Internal services	1,581,621	888,555	2,018,459	31,284,344	7,956,004
Intergovernmental	-	6,686,994	-	32,865,668	-
Total operating expenses	52,455,963	37,143,372	25,346,443	289,938,681	168,221,380
Operating income (loss)	84,172	1,446,544	(3,501,451)	(7,270,568)	97,102,380
<b>Nonoperating revenues (expenses)</b>					
Property taxes	-	-	-	12,707,412	-
Local community stabilization share	-	-	-	323,212	-
Contributions	101,551	356,126	77,780	1,845,048	-
Interest recovery - federal grants	-	-	-	170,708	-
Investment income	489,064	190,704	662,490	5,225,601	2,940,565
Interest expense	-	-	-	(1,437,469)	(10,133,011)
Premiums on bonds sold	-	-	-	57,144	-
Discounts on bonds sold	-	-	-	(121,723)	-
Gain on sale of property and equipment	-	-	1,408	75,183	478,887
Total nonoperating revenues (expenses)	590,615	546,830	741,678	18,845,116	(6,713,559)
Income (loss) before transfers and contributions	674,787	1,993,374	(2,759,773)	11,574,548	90,388,821
<b>Transfers and contributions</b>					
Capital contributions	-	-	-	9,650,897	2,210,805
Transfers in	-	-	2,460,761	2,475,135	5,610,811
Transfers out	-	-	(334,000)	(14,631,569)	(460,207)
Total transfers and contributions	-	-	2,126,761	(2,505,537)	7,361,409
Change in net position	674,787	1,993,374	(633,012)	9,069,011	97,750,230
<b>Net position</b>					
October 1, 2017 (as Restated, see Note 21)	42,318,520	41,255,891	63,347,504	746,825,115	79,995,428
September 30, 2018	\$ 42,993,307	\$ 43,249,265	\$ 62,714,492	\$ 755,894,126	\$ 177,745,658

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

**County of Oakland**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended September 30, 2018**

	<b>Business-Type Activities - Enterprise Funds</b>				
	<b>Major</b>				
	<b>Parks and Recreation</b>	<b>Delinquent Tax Revolving</b>	<b>County Airports</b>	<b>Water and Sewer Trust</b>	<b>Evergreen-Farmington SDS</b>
<b>Cash flows from operating activities</b>					
Cash received from users	\$ 10,602,765	\$ 13,451,285	\$ 4,741,690	\$ 98,154,154	\$ 43,634,954
Cash paid to suppliers	(14,119,893)	(328,743)	(2,194,024)	(99,796,916)	(42,672,385)
Cash paid to employees	(9,613,939)	(112,824)	(1,244,789)	(116,065)	-
Net cash provided by (used in) operating activities	(13,131,067)	13,009,718	1,302,877	(1,758,827)	962,569
<b>Cash flows from noncapital financing activities</b>					
Transfers from other funds	-	-	-	1,800	-
Transfers to other funds	(61,327)	(13,662,517)	-	(573,725)	-
Local community stabilization share	323,212	-	-	-	-
Contributions	660,093	-	400	50,227	598,871
Interest recovery - federal grants	-	-	92,361	-	78,347
Principal paid on debt	-	-	-	-	-
Interest paid on debt	-	-	-	-	-
Purchase of delinquent property taxes	-	(63,097,393)	-	-	-
Delinquent property taxes collected	-	67,020,591	-	-	-
Issuance of short-term borrowings	-	24,947,500	-	-	-
Repayments received on advances	-	12,883	-	-	-
Property taxes	12,707,412	-	-	-	-
Interest paid on short-term borrowings	-	(576,388)	-	-	-
Payments on short-term borrowings	-	(25,000,000)	-	-	-
Net cash provided by (used in) noncapital financing activities	13,629,390	(10,355,324)	92,761	(521,698)	677,218
<b>Cash flows from capital and related financing activities</b>					
Contributions for capital acquisitions	39,920	-	-	-	-
Proceeds from sale of bonds	-	-	-	1,686,013	11,352,921
Transfers from other funds	-	-	-	-	12,574
Proceeds from sale of capital assets	21,025	-	7,550	45,200	-
Acquisition of capital assets	(1,879,636)	-	(158,145)	(5,395,186)	(2,978,314)
Principal paid on debt	-	-	(650,000)	(886,000)	(3,300,000)
Interest paid on debt	-	-	(278,069)	(419,721)	(206,277)
Amount paid on advances	-	-	-	-	-
Interest paid on advances	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	(1,818,691)	-	(1,078,664)	(4,969,694)	4,880,904
<b>Cash flows from investing activities</b>					
Purchase of investments	-	-	-	-	-
Proceeds on sale of investments	-	-	-	-	-
Interest on investments	331,407	1,826,187	237,223	1,076,713	125,792
Net cash provided by investing activities	331,407	1,826,187	237,223	1,076,713	125,792
Net increase (decrease) in cash and cash equivalents	(988,961)	4,480,581	554,197	(6,173,506)	6,646,483
<b>Pooled cash and investments</b>					
October 1, 2017	24,732,625	159,511,509	15,825,063	85,704,140	12,785,547
September 30, 2018	\$ 23,743,664	\$ 163,992,090	\$ 16,379,260	\$ 79,530,634	\$ 19,432,030

(continued)

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

**County of Oakland**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**Year Ended September 30, 2018**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major			Totals September 30, 2018	
	S.O.C.S.D.S.	Clinton- Oakland S.D.S.	Non-Major Funds		
<b>Cash flows from operating activities</b>					
Cash received from users	\$ 50,393,417	\$ 37,767,264	\$ 21,806,639	\$280,552,168	\$265,818,229
Cash paid to suppliers	(53,019,691)	(36,275,051)	(17,383,302)	(265,790,005)	(188,885,540)
Cash paid to employees	-	-	(2,771,371)	(13,858,988)	(41,318,548)
Net cash provided by (used in) operating activities	(2,626,274)	1,492,213	1,651,966	903,175	35,614,141
<b>Cash flows from noncapital financing activities</b>					
Transfers from other funds	-	-	2,460,761	2,462,561	4,996,478
Transfers to other funds	-	-	(334,000)	(14,631,569)	(460,207)
Local community stabilization share	-	-	-	323,212	-
Contributions	101,551	-	82,393	1,493,535	-
Interest recovery - federal grants	-	-	-	170,708	-
Principal paid on debt	-	-	-	-	(23,870,000)
Interest paid on debt	-	-	-	-	(10,131,947)
Purchase of delinquent property taxes	-	-	-	(63,097,393)	-
Delinquent property taxes collected	-	-	-	67,020,591	-
Issuance of short-term borrowings	-	-	-	24,947,500	-
Repayments received on advances	-	-	-	12,883	-
Property taxes	-	-	-	12,707,412	-
Interest paid on short-term borrowings	-	-	-	(576,388)	-
Payments on short-term borrowings	-	-	-	(25,000,000)	-
Net cash provided by (used in) noncapital financing activities	101,551	-	2,209,154	5,833,052	(29,465,676)
<b>Cash flows from capital and related financing activities</b>					
Contributions for capital acquisitions	-	-	-	39,920	23,273
Proceeds from sale of bonds	-	-	-	13,038,934	-
Transfers from other funds	-	-	-	12,574	614,333
Proceeds from sale of capital assets	-	-	1,408	75,183	652,707
Acquisition of capital assets	(1,147,174)	(381,067)	(726,425)	(12,665,947)	(6,079,525)
Principal paid on debt	-	-	-	(4,836,000)	-
Interest paid on debt	-	-	-	(904,067)	-
Amount paid on advances	-	-	-	-	(12,883)
Interest paid on advances	-	-	-	-	(1,064)
Net cash provided by (used in) capital and related financing activities	(1,147,174)	(381,067)	(725,017)	(5,239,403)	(4,803,159)
<b>Cash flows from investing activities</b>					
Purchase of investments	-	-	-	-	(3,707,413)
Proceeds on sale of investments	-	-	-	-	2,266,137
Interest on investments	455,277	178,254	622,268	4,853,121	2,812,975
Net cash provided by investing activities	455,277	178,254	622,268	4,853,121	1,371,699
Net increase (decrease) in cash and cash equivalents	(3,216,620)	1,289,400	3,758,371	6,349,945	2,717,005
<b>Pooled cash and investments</b>					
October 1, 2017 (as Restated, see note 21)	41,029,895	9,536,176	43,067,969	392,192,924	133,075,476
September 30, 2018	\$ 37,813,275	\$ 10,825,576	\$ 46,826,340	\$398,542,869	\$135,792,481

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, 2018**

	<b>Business-Type Activities - Enterprise Funds</b>				
	<b>Major</b>				
	<b>Parks and Recreation</b>	<b>Delinquent Tax Revolving</b>	<b>County Airports</b>	<b>Water and Sewer Trust</b>	<b>Evergreen-Farmington SDS</b>
Operating (loss) income	\$ (16,488,533)	\$ 11,665,199	\$ (1,334,796)	\$ (1,583,361)	\$ 2,441,658
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities					
Depreciation expense	3,541,292	-	2,194,445	2,116,228	794,725
(Increase) decrease in due from other governmental units	1,696	319,214	-	198,107	(841,958)
(Increase) decrease in due from component units	-	-	-	-	72,209
(Increase) decrease in accounts receivable	183,241	912,611	12,873	(219,157)	114,540
(Increase) decrease in due from other funds	-	-	-	(14,018)	-
(Increase) decrease in inventories and supplies	(13,370)	-	-	-	-
(Increase) decrease in prepayments and other assets	1,530	(42)	-	(140,826)	-
(Increase) decrease in net pension asset	-	-	-	-	-
(Increase) decrease in net OPEB asset	-	-	-	-	-
(Increase) decrease in deferred outflows related to pension	-	-	-	-	-
Increase (decrease) in vouchers payable	(720,204)	190,327	372,756	(1,130,443)	(1,020,697)
Increase (decrease) in due to other governmental units	5,926	(73,536)	-	1,681,581	287,383
Increase (decrease) in due to component units	-	-	-	-	-
Increase (decrease) in due to other funds	-	-	-	(450,976)	(94,198)
Increase (decrease) in unearned revenue	14,383	-	25,301	-	-
Increase (decrease) in current portion of other long-term liabilities	-	-	-	-	-
Increase (decrease) in other accrued liabilities	342,972	(4,055)	32,298	(2,215,962)	(791,093)
Increase (decrease) in net pension liability	-	-	-	-	-
Increase (decrease) in other long-term liabilities	-	-	-	-	-
Increase (decrease) in deferred inflows related to pensions	-	-	-	-	-
Increase (decrease) in deferred inflows related to OPEB	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ (13,131,067)</u>	<u>\$ 13,009,718</u>	<u>\$ 1,302,877</u>	<u>\$ (1,758,827)</u>	<u>\$ 962,569</u>

(continued)

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

**County of Oakland**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**Year Ended September 30, 2018**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Major</b>			<b>Totals September 30, 2018</b>	
	<b>S.O.C.S.D.S.</b>	<b>Clinton- Oakland S.D.S.</b>	<b>Non-Major Funds</b>		
Operating income (loss)	\$ 84,172	\$ 1,446,544	\$ (3,501,451)	\$ (7,270,568)	\$ 97,102,380
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation expense	41,429	860,417	5,597,137	15,145,673	6,595,461
(Increase) decrease in due from other governmental units	(2,146,763)	(823,102)	(60,570)	(3,353,376)	155,213
(Increase) decrease in due from component units	-	-	-	72,209	23,132
(Increase) decrease in accounts receivable	45	450	(14,078)	990,525	602,724
(Increase) decrease in due from other funds	-	-	36,894	22,876	(286,163)
(Increase) decrease in inventories and supplies	-	-	27,078	13,708	330,914
(Increase) decrease in prepayments and other assets	20,936	-	(206,634)	(325,036)	(121,849)
(Increase) decrease in net pension asset	-	-	-	-	(125,451)
(Increase) decrease in net OPEB asset	-	-	-	-	(140,553,637)
Increase (decrease) in vouchers payable	(270,381)	195,039	18,164	(2,365,439)	(853,190)
Increase (decrease) in due to other govern- mental units	(141,116)	(55,520)	6,018	1,710,736	(126,895)
Increase (decrease) in due to component units	(127,087)	-	-	(127,087)	(567)
Increase (decrease) in due to other funds	-	(62,991)	56,317	(551,848)	(36,312)
Increase (decrease) in unearned revenue	-	-	(599)	39,085	(437)
Increase (decrease) in current portion of other long-term liabilities	-	-	-	-	2,459,322
Increase (decrease) in other accrued liabilities	(87,509)	(68,624)	(306,310)	(3,098,283)	(313,076)
Increase (decrease) in other long-term liabilities	-	-	-	-	631,806
Increase (decrease) in deferred inflows related to pensions	-	-	-	-	(2,910,676)
Increase (decrease) in deferred inflows related to OPEB	-	-	-	-	73,041,442
Net cash provided by (used in) operating activities	<u>\$ (2,626,274)</u>	<u>\$ 1,492,213</u>	<u>\$ 1,651,966</u>	<u>\$ 903,175</u>	<u>\$ 35,614,141</u>

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

**County of Oakland**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**Year Ended September 30, 2018**

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**Noncash transactions**

**Enterprise Funds**

Major funds:

Noncash and capital related financing activities included contribution of capital assets in the amount of \$28,549 and \$8,809,512 in the Parks and Recreation and Evergreen-Farmington S.D.S. funds, respectively; the recording of a portion of debt issuance in the Due from Other Governmental Units asset account in the amount of \$3,557,000 which will be financed by the City of Southfield, and forgiveness of debt in the amount of \$772,916 in the Water and Sewer Trust fund.

Noncash and non-capital related financing activities included the recording of Contracts Receivable and Unearned Revenue of \$1,473,880 in the County Airports fund, and recording of grant proceeds of \$356,126 in the Due from Other Governmental Units asset account in the Clinton-Oakland S.D.S. fund.

Nonmajor funds:

Noncash and capital related financing activities included acquisition of capital assets in the amount of \$239,949 reported in the Other Accrued Liabilities liability account, and write-off of capital assets in the amount of \$401,698 in the Radio Communications fund.

Noncash and non-capital related financing activities included recording of grant proceeds of \$29,786 in the Due from Other Governmental Units asset account in the Huron-Rouge S.D.S. fund.

**Internal Service Funds**

Noncash and capital related financing activities included contribution of capital assets in the amount of \$2,187,532, and write-off capital assets in the amount of \$309,787 in the Information Technology fund.

Noncash and non-capital related financing activities included the recording of reduction of pension expense of ( \$3,036,127) and OPEB expense of (\$67,512,195) in the Fringe Benefits fund.

## **Fiduciary Fund Financial Statements**

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

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

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

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

Pension (and other postemployment benefits) trust funds

Investment trust funds

Agency funds

**County of Oakland**  
**Statement of Net Position**  
**Fiduciary Funds**  
**September 30, 2018**

	<b>Pension (and Other Post- employment Benefits) Trust Funds</b>	<b>Investment Trust Funds</b>	<b>Agency Funds</b>
<b>Assets</b>			
Pooled cash and investments	\$ 30,327,184	\$ 417,662,539	\$ 275,581,104
Cash and cash equivalents	51,694,309	-	551,948
Investments, at fair value			
Common stock	415,248,854	-	-
Government agencies	98,294,337	-	-
Corporate bonds	166,651,877	-	-
Municipal bonds	3,697,504	-	-
Hedge funds	101,048,689	-	-
Partnerships	147,157,238	-	-
Asset-backed fixed income	26,374,558	-	-
Government bonds	86,909,171	-	-
Government mortgage-backed securities	84,773,131	-	-
Government issued commercial mortgage-backed securities	3,170,589	-	-
Non-government backed CMOs	2,014,788	-	-
Commercial mortgage-backed securities	17,886,911	-	-
Bank loans	5,688,044	-	-
Exchange traded funds	1,766,596	-	-
International common stock	612,703,645	-	-
Index linked government bonds	16,135,630	-	-
Real estate	196,541,784	-	-
Other fixed income	1,947,304	-	-
Other	392,468	-	-
Total investments	<u>1,988,403,118</u>	<u>-</u>	<u>-</u>
Receivables - interest and dividends	6,002,410	1,124,848	218,961
Receivables -other	60,710	-	-
Prepaid expenses	238,962	-	-
Total assets	<u>2,076,726,693</u>	<u>418,787,387</u>	<u>276,352,013</u>
<b>Liabilities</b>			
Vouchers payable	1,458,464	-	72,212,606
Due to other governmental units	-	-	189,195,711
Other accrued liabilities	2,692,698	-	14,943,696
Total liabilities	<u>4,151,162</u>	<u>-</u>	<u>276,352,013</u>
<b>Net position</b>			
Restricted for Pension and other Postemployment healthcare benefits, and pool participants	<u>\$ 2,072,575,531</u>	<u>\$ 418,787,387</u>	<u>\$ -</u>

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

**County of Oakland**  
**Statement of Changes in Net Position**  
**Fiduciary Funds**  
**Year Ended September 30, 2018**

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	<b>Pension (and Other Post- employment Benefits) Trust Funds</b>	<b>Investment Trust Funds</b>
<b>Additions</b>		
Contributions		
Pool participants	\$ -	\$ 703,577,869
Plan members	536,091	-
Total contributions	<u>536,091</u>	<u>703,577,869</u>
Investment income		
Interest and dividends	31,679,021	7,100,300
Net increase in fair value of investments	107,577,550	-
Total investment income	<u>139,256,571</u>	<u>7,100,300</u>
Less investment expense	5,153,682	-
Net investment income	<u>134,102,889</u>	<u>7,100,300</u>
Other revenue	3,465,534	-
Total additions	<u>138,104,514</u>	<u>710,678,169</u>
<b>Deductions</b>		
Benefits	95,090,145	-
Administrative expenses	1,030,024	-
Distribution to pool participants	-	839,247,922
Total deductions	<u>96,120,169</u>	<u>839,247,922</u>
Net increase (decrease)	41,984,345	(128,569,753)
Net position restricted for pension and other postemployment healthcare benefits, and pool participants		
October 1, 2017 (as Restated, see note 21)	2,030,591,186	547,357,140
September 30, 2018	<u>\$ 2,072,575,531</u>	<u>\$ 418,787,387</u>

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

# **Component Unit Financial Statements**

## **Component Units**

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

**Road Commission** - This component unit is responsible for the construction and maintenance of the County's system of roads and bridges, and is principally funded by the State-collected vehicle fuel and registration taxes under Michigan Public Act 51 of 1951.

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

**County of Oakland**  
**Statement of Net Position**  
**Component Units**  
**September 30, 2018**

	<b>Drainage Districts</b>	<b>Road Commission</b>	<b>Total Component Units</b>
<b>Assets</b>			
Current assets			
Pooled cash and investments	\$ 46,398,677	\$ -	\$ 46,398,677
Cash and cash equivalents	-	75,163,170	75,163,170
Receivables, net			
Special assessments	-	3,922,138	3,922,138
Due from other governmental units	5,346,825	-	5,346,825
Due from primary government	-	-	-
Accrued interest receivable	213,710	-	213,710
Accounts receivable	870,565	22,852,987	23,723,552
Inventories and supplies	-	3,417,472	3,417,472
Prepayments and other assets	147,717	3,114,450	3,262,167
Total current assets	<u>52,977,494</u>	<u>108,470,217</u>	<u>161,447,711</u>
Noncurrent assets			
Special assessments receivable	197,547,792	-	197,547,792
Capital assets, net			
Land and other nondepreciable assets	119,625,801	219,706,853	339,332,654
Land improvements, net	-	741,390	741,390
Buildings and improvements, net	59,649,012	8,830,828	68,479,840
Equipment and vehicles, net	616,892	12,581,122	13,198,014
Infrastructure, net	463,350,071	630,799,231	1,094,149,302
Total capital assets, net	<u>643,241,776</u>	<u>872,659,424</u>	<u>1,515,901,200</u>
Total noncurrent assets	<u>840,789,568</u>	<u>872,659,424</u>	<u>1,713,448,992</u>
Total assets	<u>893,767,062</u>	<u>981,129,641</u>	<u>1,874,896,703</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to pension	-	6,622,191	6,622,191
Deferred outflows related to OPEB	-	8,005,781	8,005,781
Total deferred outflows of resources	<u>-</u>	<u>14,627,972</u>	<u>14,627,972</u>
<b>Liabilities</b>			
Current liabilities			
Vouchers payable	3,998,587	11,632,158	15,630,745
Due to other governmental units	13,957,324	-	13,957,324
Due to primary government	771,833	43,636	815,469
Unearned revenue and advances	23,546,612	12,784,442	36,331,054
Current portion of long-term debt	19,313,600	-	19,313,600
Current portion of long-term liabilities	-	465,050	465,050
Other accrued liabilities	4,543,928	2,805,910	7,349,838
Total current liabilities	<u>66,131,884</u>	<u>27,731,196</u>	<u>93,863,080</u>
Bonds and notes payable	219,018,619	-	219,018,619
Accrued compensated absences	-	2,585,798	2,585,798
Claims and judgments	-	510,085	510,085
Net pension liability	-	33,601,609	33,601,609
Net OPEB obligation	-	125,643,741	125,643,741
Total liabilities	<u>285,150,503</u>	<u>190,072,429</u>	<u>475,222,932</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows related to pension	-	3,916,875	3,916,875
Deferred inflows related to OPEB	-	2,263,842	2,263,842
Total deferred inflows of resources	<u>-</u>	<u>6,180,717</u>	<u>6,180,717</u>
<b>Net position</b>			
Net investment in capital assets	404,909,557	872,659,424	1,277,568,981
Restricted for			
Public works	23,387,478	-	23,387,478
Debt service	174,931,803	-	174,931,803
Unrestricted	5,387,721	(73,154,957)	(67,767,236)
Total net position	<u>\$ 608,616,559</u>	<u>\$ 799,504,467</u>	<u>\$ 1,408,121,026</u>

The accompanying notes are an integral part of the financial statements



**County of Oakland**  
**Statement of Activities**  
**Component Units**  
**Year Ended September 30, 2018**

		Program Revenues					Total Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
	Expenses				Drainage Districts	Road Commission	
<b>Functions/Programs</b>							
Drainage Districts	\$ 110,637,160	\$ 97,613,054	\$ 946,383	\$ 16,889,664	\$ 4,811,941	\$ -	\$ 4,811,941
Road Commission	129,362,141	17,700,157	96,021,998	53,851,882	-	38,211,896	38,211,896
Total component units	<u>\$ 239,999,301</u>	<u>\$ 115,313,211</u>	<u>\$ 96,968,381</u>	<u>\$ 70,741,546</u>	<u>4,811,941</u>	<u>38,211,896</u>	<u>43,023,837</u>
<b>General Revenue</b>							
Gain (loss) on sale of capital assets					-	(1,053,475)	(1,053,475)
Unrestricted investment earnings					713,916	1,289,209	2,003,125
Change in net position					5,525,857	38,447,630	43,973,487
<b>Net position</b>							
Beginning (as Restated, see Note 21)					603,090,702	761,056,837	1,364,147,539
Ending					<u>\$ 608,616,559</u>	<u>\$ 799,504,467</u>	<u>\$ 1,408,121,026</u>

The accompanying notes are an integral part of the financial statements

# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2018

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#### 1. Summary of Significant Accounting Policies

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

##### **The Financial Reporting Entity**

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

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

##### **Blended Component Unit**

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

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

Separate financial statements for the Authority are not published.

# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2018

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#### **Discretely Presented Component Unit**

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

- ***Road Commission for Oakland County (Road Commission)*** – The Road Commission is governed by three appointees of the County Board of Commissioners who are not County Board members. The Road Commission is responsible for the construction and maintenance of the County's system of roads and bridges, and is principally funded by State-collected vehicle fuel and registration taxes under Michigan Public Act 51 of 1951. The County has budgetary control and appropriation authority over its activities; however, such has not been exercised. The Road Commission's primary activities, which are as of and for the year ended September 30, 2018, are reported discretely as a governmental fund type - Special Revenue fund. The Road Commission Retirement System, which is as of and for the year ended December 31, 2017, is not reported in the financial statements of Oakland County.
- Complete financial statements of the Road Commission, which include the Road Commission Retirement System and its separately issued statements, can be obtained from its administrative offices as follows:

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

- ***Drainage Districts*** – This component unit consists of individual districts created under Chapters 20 and 21 of Michigan Public Act 40 of 1956, for the purpose of alleviating drainage problems. This involves the construction, maintenance, and financing necessary to account for the cost of the drainage district. The individual districts, each a separate legal entity with power to assess the benefiting communities, is governed by the Drain Board for Oakland County, which consists of the Oakland County Water Resources Commissioner, the Chairman of the Oakland County Board of Commissioners, and the Chairperson of the Finance Committee of the Board of Commissioners. Assessments are made against the applicable municipalities within each district, including the Road Commission for Oakland County and the State of Michigan for road drainage. All activities of the various drainage districts are administered by the Oakland County Water Resources Commissioner. However, the drainage districts are not subject to the County's appropriation process. Because of the relationship between the component unit and the primary government, it would be misleading to exclude the Drainage Districts' Component Unit from the financial statements of Oakland County.
- The financial activities of the Drainage Districts as of and for the year ended September 30, 2018 are reported discretely as a governmental fund type. There are no separately issued financial statements of this component unit, although financial information for the specific drainage districts may be obtained from:

Oakland County Water Resources Commissioner  
#1 Public Works Drive  
Waterford, Michigan 48328

# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2018

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

GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that net position be classified for accounting and reporting purposes into the following three categories:

- **Net investment in capital assets** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction or improvement of those assets.
- **Restricted net position** results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors and the like, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** consists of net position which does not meet the definition of the two preceding categories. Unrestricted net position often is designated to indicate that management does not consider them to be available for general operations. Unrestricted net position often has constraints on resources which are imposed by management, but can be removed or modified.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide Statement of Activities reflects the degree to which direct expenses that are clearly identifiable with a given functional category (General Government, Public Safety, Justice Administration, Citizen Services, Public Works, Recreation and Leisure, and Commerce and Community Development) are offset by program revenues. Program revenue includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or category, restricted investment earnings, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular

## County of Oakland

### Notes to Basic Financial Statements

#### September 30, 2018

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

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

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

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

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

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

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

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

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

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

# **County of Oakland**

## **Notes to Basic Financial Statements**

### **September 30, 2018**

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The County reports the following major governmental funds:

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

The Building Authority Debt Act 31 Fund was established to accumulate the resources for payment of bonded debt issued for the construction of, or improvement to various facilities. This also includes debt issued as assistance in obtaining favorable lending rates for other units of government within the County.

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

The County reports the following major enterprise funds:

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

The Delinquent Tax Revolving Fund accounts for money advanced to the County and other local units of government for unpaid property taxes, and the subsequent collection of delinquencies.

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

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

The Evergreen-Farmington S.D.S. (Sewage Disposal System) Fund was established to record the operations and maintenance of the system, which is used to move sewage to the Great Lakes Water Authority for treatment. Costs are recovered by developing rates and billing the municipalities serviced.

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

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

Additionally, the County reports the following fund types:

#### **Governmental Fund Types**

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

## County of Oakland

### Notes to Basic Financial Statements

#### September 30, 2018

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

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

#### **Proprietary Fund Types**

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

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

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

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

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

#### **Fiduciary Fund Types**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Oakland County's fiduciary funds include Pension (and other post-employment benefits) Trust funds to account for retirees' retirement and medical benefits; Investment Trust funds, which report funds deposited by and invested for local units of government; and Agency funds, which account for assets held in a custodial capacity by the County for others. These funds are not reflected in the government-wide financial statements because the resources of the funds are not available to support the programs of Oakland County.

#### **Basis of Accounting**

- **Primary government** – The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets, except for certain miscellaneous receivables and special assessments, and current liabilities are included on the balance sheet. Governmental funds are used to account for all or most of the

# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2018

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

- Proprietary, Pension Trust, and Investment Trust Funds are accounted for on a flow-of-economic-resources measurement focus. All assets and liabilities are included on the Statement of Net Position with the balance classified as net position. Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration.
- The financial statements have been prepared in conformity with generally accepted accounting principles. Governmental funds use the modified accrual basis of accounting, which recognizes revenue in the accounting period in which they become susceptible to accrual, generally when they become both measurable and available. Property taxes are levied on December 1 and July 1 of each year (see Note 4) and are recognized as revenue in the fiscal year during which they are levied, and interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenues of the current period. Other revenue is considered to be available when anticipated to be collected within 60 days of the end of the fiscal period. Expenditures are recorded when the related fund liability is incurred, except debt service expenditures, which are recorded when paid.
- Proprietary, Pension Trust, and Investment Trust Funds use the accrual basis of accounting. Under this method, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred. Agency funds, which report only a Statement of Net Position, use the accrual basis of accounting.

#### **Discretely Presented Component Units**

The Road Commission uses the current financial resources measurement focus for its governmental fund-type activities. The governmental fund type is used to account for all of the Road Commission's activities, including the collection and disbursement of earmarked resources and the servicing of long-term debt. Revenues and expenditures are recorded under the modified accrual basis of accounting, and, as such, revenue is recorded when measurable and available, and earned. Project-related revenue is recognized as related costs are incurred, except for interest on long-term debt, which is recorded when paid.

The Drainage Districts use the current financial resources measurement focus for their activities. The governmental fund type is used to account for all of the Drainage Districts' activities, including the financing of the cost of construction and maintenance of Drainage Districts and servicing of long-term debt. Revenues and expenditures are recorded under the modified accrual basis of accounting, and as such, revenue is recorded when measurable and available, and earned. Project-related revenues are recognized as related costs are incurred, except for debt service expenditures, which are recorded when paid.

#### **Budgets**

Budgets and budgetary accounting are on the modified accrual basis, which is consistent with generally accepted accounting principles (GAAP basis) in that property tax revenue is recognized when made available by Board resolution. The budget was legally adopted by the Board of Commissioners prior to September 30, 2017 and presented in a separate document. Appropriation budgets were adopted for the General Fund and the following Special Revenue funds: Child Care and Social Welfare-Foster Care. Appropriations lapse at the end of the year. Project-length



# **County of Oakland**

## **Notes to Basic Financial Statements**

### **September 30, 2018**

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

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

#### **Pooled Cash and Investments**

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

Cash overdrafts occurring in funds participating in pooled cash accounts at September 30, 2018 have been reclassified as a "due to other funds," and a corresponding "due from other funds" was established in the General Fund. Similarly, negative accrued interest receivable caused by negative cash balances is also reclassified at year end as an inter-fund liability.

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

#### **Inter-fund Receivables/Payables**

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

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

#### **Inventories**

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

#### **Prepayments**

Payments made for services that will benefit periods beyond September 30, 2018 are recorded as prepayments using the consumption method.

# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2018

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#### Capital Assets

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

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

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

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

#### Compensated Absences

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

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

#### Pension

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

# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2018

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#### **Net Pension Liability/(Asset)**

The government-wide statements now include a liability/(asset) for our unfunded/overfunded legacy costs related to the County's pension plan. The net pension liability/(asset) is the difference between the total pension liability and the plan's fiduciary net position. The pension expense recognized each fiscal year is equal to the change in the net pension liability from the beginning of the year to the end of the year, adjusted for deferred recognition of the liability and investment experience. The net pension liability/(asset) is recorded on the government-wide, internal service and discretely presented component unit statements. This change does not impact the General Fund or any other governmental fund. Refer to the pension footnotes for further details.

#### **Other Postemployment Benefit Liability/(Asset)**

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

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

#### **Fund Equity**

In the fund financial statements for the governmental fund reports, the following are the components of fund balance.

- Nonspendable, includes resources that are not in spendable form (i.e. inventories).
- Restricted, amounts that are restricted to specific purposes externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through enabling legislation.
- Committed, amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolution of the County's highest level of decision-making authority. A formal resolution by the Board of Commissioners is required to establish, modify or rescind a fund balance commitment.
- Assigned, amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. These assignments are authorized by the Board of Commissioners through a formal resolution.
- Unassigned, is the residual classification of the General Fund, and the reporting of any negative fund balance of a governmental fund.

# **County of Oakland**

## **Notes to Basic Financial Statements**

### **September 30, 2018**

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When an expense is incurred for purposes for which both restricted and unrestricted net position or fund balance are available, the County's policy is to first apply restricted resources. When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the County's policy to spend funds in this order: committed, assigned, and unassigned.

#### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Road Commission component unit reports deferred outflows from contributions to the plan subsequent to the measurement date for both the pension and OPEB plans, and changes in assumptions in relation to the pension plan.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. The government has three types of deferred inflows, first one arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from five sources: property taxes, contracts, grants, special assessments and other. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second type is related to the difference between expected and actual experience related to the Retirement and OPEB plans. These amounts will be amortized over the next four years and included in net Pension and OPEB expense. The third type is related to the difference between projected and actual investment earnings of the pension plan and OPEB plan. The Road Commission component unit reports deferred inflows of resources related to both the pension and OPEB plan for the difference between expected and actual experience, and the net difference between projected and actual earnings on investments.

Property taxes levied are used to finance the expenditures of the current fiscal period (October 1, 2017 through September 30, 2018) and are reported as revenues in the financial statements. Amounts not collected within 60 days of the end of the fiscal year are considered unavailable for the current period, and are reported as deferred inflows.

#### **Use of Estimates**

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements, September 30, 2018. 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.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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**2. Legal Compliance - Budgets**

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

The Board of Commissioners is authorized to make amendments to the various budgets as deemed necessary. Current year supplemental budgetary appropriations were not material. Funds that receive an appropriation and can therefore be defined as those with an appropriated, annual, legally adopted budget are the General Fund and two Special Revenue funds: Child Care and Social Welfare-Foster Care. The budgetary comparison for the General Fund is presented in the Required Supplementary Information. The Child Care and Social Welfare Foster Care funds are presented in the Special Revenue Funds section.

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

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

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

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

**3. Deposits and Investments**

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

For the primary government, the County manages its investments in a pool format which is used by all County funds. Income, gains and losses are allocated back to County funds based on their share of the pool which is calculated on their average daily cash balance.

## **County of Oakland**

### **Notes to Basic Financial Statements**

#### **September 30, 2018**

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

The County Treasurer is permitted to offer an investment option to local units of government within the County, called the Local Government Investment Pool (LGIP). Contracted participant deposits are treated just like County funds. Income, gains and losses are allocated based upon the participant's average daily balance. The LGIP is not subject to regulatory oversight, is not registered with the SEC, and does not issue a separate report. Fair value of the position in the pool is approximately equal to the value of the pool shares. The LGIP has not provided or obtained any legally binding guarantees during the period to support the value of the shares. Investments are valued monthly.

#### **Deposits**

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

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

As of September 30, 2018, the bank balance of the County's deposits was \$826,917,644. Insured deposits were \$12,500,000, and the remaining \$814,417,644 was uninsured, uncollateralized, and held in the County's name.

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

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

At September 30, 2018, the Road Commission component unit had \$7,383,829 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. The Road Commission believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. However, only those institutions with an acceptable estimated risk level are used as depositories.

#### **Investments - Internal Investment Pool**

Investments, except those of the Retirement Systems, Superseding Retirees' Medical Benefits Trust and Deferred Compensation Plan, are administered by the Treasurer under guidelines established by Act 20 of the Michigan Public Acts of 1943, as amended and the Investment Policy as adopted by the County's Board of Commissioners. The County's Investment Policy is more restrictive than state law and allows for the following instruments:

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of Michigan financial institutions.
3. Commercial paper rated at the time of purchase at the *highest* classification established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
4. Repurchase agreements consisting of instruments in subdivision 1. The PSA Master Repurchase Agreement prototype agreement shall be employed with appropriate supplemental provisions regarding security delivery, security substitutions, and governing law. A signed repurchase agreement must be on file before entering into a repurchase transaction.
5. Bankers' acceptances of United States banks.
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, 2018, the County had the following deposit and investment types in its internal investment pool.

<b>Deposit and Investment Type</b>	<b>Market Value</b>	<b>Weighted Average Maturity (days)</b>
Certificates of Deposit (1)	\$ 645,719,699	174
Deposit Accounts (1)	181,197,944	1
Money Market Investment Pools	232,548,946	1
Negotiable Certificates of Deposit	4,946,050	476
Commercial Paper	84,406,600	100
Municipal Bonds	37,286,030	3,021
Government Agencies	502,912,693	400
Government Bonds	14,993,325	14
Total Market Value of Internal Investment Pool	\$ 1,704,011,287	
Weighted Average Maturity of Internal Investment Pool (in days)		253

(1) These items are considered deposits and not investments. They are presented here to give a clear picture of the investment pool's overall weighted average maturity.

*Credit Risk* – The County had \$14,993,325 invested in U.S. Treasuries which are rated AAA by Standard & Poor's and Aaa by Moody's. The County had \$502,912,693 invested in U.S. government securities which are rated AA+ by Standard & Poor's and Aaa by Moody's. The County had \$36,290,580 invested in AAA (S&P) and Aaa (Moody's) Municipal Bonds and \$995,450 invested in AA (S&P). State law limits investments in commercial paper to the top two ratings issued by a nationally recognized statistical rating organization (NRSRO). It is the County's policy to further limit its investments in commercial paper to only the top rating as issued by NRSROs. At September 30, 2018, the County had \$29,835,106 invested in A1+ (S&P) and P1

## County of Oakland

### Notes to Basic Financial Statements

#### September 30, 2018

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(Moody's) commercial paper and \$54,571,494 invested in A1 (S&P) and P1 (Moody's). The money market investment pool had \$232,548,946 invested with a rating of AAAm (S&P). The County's investment policy is silent on the use of rated versus unrated money market funds. In addition, there is no rating level requirement for rated money market funds.

*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, 2018, \$644,544,698 in investments, at fair value, was held in third-party safekeeping in the County's name.

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

*Concentration of Credit Risk – Investments.* On September 30, 2018, the County had investments of 5% or more, of the total portfolio, with the following U.S. agency issuers: Fannie Mae 11.35%, and Freddie Mac 11.35%. No other issuer exceeded 5% of the total portfolio.

*Interest Rate Risk* – To limit its exposure to fair value losses from rising interest rates, the County's Investment Policy states the County will not directly invest in securities that mature more than three years from date of purchase; however, securities exceeding the three-year limitation may be purchased provided maturity dates coincide with the expected use of the funds. As of September 30, 2018, the internal investment pool had a weighted average maturity of 253 days and the longest investment maturity in the portfolio was 3,104 days (8.5 years).

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

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



**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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The County has the following recurring fair value measurements as of September 30, 2018:

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

Investment Type	Total Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Commercial Paper	\$ 84,406,600	\$ -	\$ 84,406,600	\$ -
Government Agencies	492,928,093	-	492,928,093	
Government Bonds	14,993,325		14,993,325	
Municipal Bonds	37,286,030		37,286,030	
Other Fixed Income	4,946,050		4,946,050	
Short Term Bills and Notes	9,984,600	-	9,984,600	
Total Investments by Fair Value	\$ 644,544,698	\$ -	\$ 644,544,698	\$ -

**Investments measured at the**

**Net Asset Value (NAV)**

Money Market Investment Pools	232,548,946
Total Investments measured fair value	<u>\$ 877,093,644</u>

The fair value of Commercial Paper, Government Agencies and Municipal Bonds at September 30, 2018 was determined primarily based on level 2 inputs, and are valued using quoted prices for identical securities in markets that are not active. The Money Market Investment Pools is valued at published fair value per share (unit) for the fund.

**Investments – Pension Trust Funds and Superseding Trust**

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

Pension investments are made through the use of Investment Advisors which are selected and retained by the Retirement (PERS, VEBA and ST) and Deferred Compensation Boards. The advisors serve at the leisure of the Board as provided by investment agreements. At September 30, 2018, the Primary Government's Pension Trust fund had 27 investment advisors. Investments are held in street name by safekeeping agents under formal trust agreements and/or in the Retirement Systems' name.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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As of September 30, 2018, the County had the following investment types in its Retirement System and Other Postemployment Benefits Trust funds and the Superseding Trust fund:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Percentage</b>	<b>Average Duration (In Years)</b>
Common Stock	\$ 555,439,131	26.63%	N/A
International Common Stock	80,612,515	3.87%	N/A
Common Stock - Funds	424,028,456	20.33%	N/A
Exchange Traded Funds	1,766,596	0.08%	N/A
Government Bonds	81,866,342	3.93%	8.90
International Government Bonds	5,894,846	0.28%	N/A
Government Agencies	99,377,404	4.77%	3.53
Municipal Bonds	3,719,878	0.18%	10.45
Corporate Bonds	168,346,914	8.07%	6.25
Bank Loans	5,688,045	0.27%	N/A
Government Mortgage-Backed Securities	85,486,363	4.09%	5.06
Gov't Issued Commercial Mortgage-Backed	3,275,726	0.16%	6.80
Commercial Mortgage-Backed Securities	18,003,075	0.86%	4.54
Asset-Backed Securities	26,632,726	1.28%	1.16
Non-government Backed CMOs	2,014,788	0.10%	1.79
Index Linked Government Bonds	16,135,630	0.77%	18.87
Other Fixed Income	2,202,765	0.11%	3.36
Real Estate	196,541,784	9.42%	N/A
Partnerships	147,157,238	7.06%	N/A
Other Assets	392,468	0.02%	N/A
Hedge Funds	101,048,688	4.85%	N/A
Cash and Cash Equivalents	59,935,199	2.87%	0.29
<b>Total</b>	<b>\$2,085,566,577</b>	<b>100.00%</b>	

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

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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As of September 30, 2018, debt obligation investments held in the retirement system had the following ratings:

Fair Value	Percentage	Ratings	
		S&P	Moody's
\$204,289,116	31.73 %	AAA	Aaa
19,337,263	3.00	AA	Aa
89,644,810	13.92	A	A
54,593,542	8.48	BBB	Baa
14,802,164	2.30	BB	Ba
5,425,979	0.84	B	B
217,375	0.04	CCC	Caa
134,341,451	20.86	NR	NR
121,254,718	18.83	US Gov't Guaranteed	
<u>\$643,906,418</u>	<u>100.00 %</u>		

*Custodial Credit Risk* is the risk associated that in the event of the failure of the counterparty, the Retirement System would not be able to recover the value of its investments that are in the possession of another side party. The Retirement System's Statement of Investment Goals and Objectives (SIGO) requires that all investment transactions shall be conducted through a custodian that will act as the system's third party. Securities shall be held by the custodian, as designated by the Retirement Boards, and shall be evidenced by a custodial report. As of September 30, 2018, \$2,085,566,577 in investments was held in third-party safekeeping in the County's name.

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

For equities, holdings of all securities of an industry group should not exceed 25% of the portfolio at cost. ADRs should not exceed a maximum of 10% of the portfolio at cost and shall be further limited to Canadian securities and non-U.S. domiciled corporations issuing U.S. securities. As of September 30, 2018, as reported by the system's investment managers, no holdings exceed any of the Board's adopted limits.

*Interest Rate Risk* - The Board's adopted Statement of Investment Goals and Objectives (SIGO) places no limitation on the system's fixed-income managers on the length to maturity for fixed-income investments. As the schedule on page 86 indicates, the system's fixed-income investments had average durations of between .29 years and 18.87 years which is reasonable given the long-term nature of the system. Having reasonable durations will reduce the retirement system's risk exposure to rapidly adjusting interest rates.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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*Collateralized Mortgage Obligations* (CMOs) are U.S. government-issued asset-backed certificates and corporate-issued asset-backed certificates. Current CMO holdings have maturity lengths ranging from 11.21 years to 44.6 years and are backed by investments in various assets, including mortgages. As of September 30, 2018, the market value was \$20,017,863.

*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, 2018, the County's CMO portfolio had an effective duration of 4.54 years.

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

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

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

The County has the following recurring fair value measurements as of September 30, 2018:

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

	Balance at September 30, 2018	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Obsevable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>				
Equity securities:				
Common Stock	\$ 636,051,646	\$ 636,051,646	\$ -	\$ -
Exchange Traded Funds	1,766,596	1,766,596	-	-
Equity Mutual Funds	24,894,679	-	24,894,679	-
Total equity securities	662,712,921	637,818,242	24,894,679	-
Debt securities:				
Government Bonds	88,926,567	-	88,902,060	24,507
Government Agencies	53,219,736	-	53,219,736	-
State or Local Governments	2,554,499	-	2,554,499	-
Corporate Bonds	168,346,914	-	168,346,914	-
Residential Mortgage-Backed Securities	131,644,032	-	131,644,032	-
Commercial Mortgage-Backed Securities	21,278,800	-	21,278,800	-
Collateralized Mortgage Obligations	2,014,788	-	2,014,788	-
Other Asset-Backed Securities	26,632,726	-	26,632,726	-
Index Linked Government Bonds	16,135,630	-	16,135,630	-
Bank Loans	5,688,045	-	5,688,045	-
Other Debt Securities	2,202,765	-	2,202,765	-
Total debt securities	518,644,502	-	518,619,995	24,507
Total investments by fair value level	\$ 1,181,357,423	\$ 637,818,242	\$ 543,514,674	\$ 24,507
<b>Investments measured at the Net Asset Value (NAV)</b>				
International Equity	179,563,316			
Global Fixed Income	120,896,588			
Private Fixed Income	26,260,650			
Index Funds	219,570,462			
Hedged Equity Long/Short Funds	101,048,688			
Private Real Estate	5,088,215			
Real Estate	188,251,805			
Real Estate International	3,201,764			
Total investments measured at the NAV	843,881,488			
Total investments measured at fair value	\$ 2,025,238,911			

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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approaches: Equity Mutual Funds are valued using fair value per share for each fund; Fixed Income investments are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors. Debt and equity securities classified in Level 3 are based upon unobservable inputs.

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

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

At the year ended September 30, 2018, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency, if eligible</b>	<b>Redemption Notice Period</b>
International Equity	\$ 179,563,316	\$ -	Monthly	10 Days
Global Fixed Income	120,896,588	-	Daily	3 Days
Private Fixed Income	26,260,650	13,326,082	Daily	3 Days
Index Funds	219,570,462	-	Daily	3 Days
Hedged Equity Long/Short Funds	101,048,688	-	Quarterly	90 Days
Private Real Estate	5,088,215	3,680,000	-	-
Real Estate	188,251,805	18,544,132	-	-
Real Estate International	3,201,764	-	-	-
	<u>\$ 843,881,488</u>	<u>\$ 35,550,214</u>		

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

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

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

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

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

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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

**Disclosures regarding redemption only upon liquidation**

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

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

*Receivables* – In accordance with Michigan Public Act 357 of 2004, the County Operating Tax is levied on July 1 on the taxable value of real and personal property as established the preceding December 31. Taxes become a lien on the property on July 1 and are due and payable on that date through February 28 of the following year, after which unpaid taxes became delinquent and subject to penalty. Taxable value is determined by using such factors as State equalized, assessed, and capped values, along with a value change multiplier. Prior to 2004, taxes were levied on December 1 of each year; the state public act required a gradual shift over a three-year period of county property taxes from winter to summer as a substitute to county revenue sharing from the State. Equalized values for the 2018 summer levy amounted to \$71,871,358,847 with taxable values of \$57,302,006,431. The operating tax rate for the 2018 levy was 4.04 mills, with an additional 0.2368 mills voted for Parks and Recreation (winter levy only). The amount unpaid at fiscal year-end is reported as current property taxes receivable in the County's General Fund. These receivables (current and delinquent) for the County operating tax levy amounted to \$25,632,799 at September 30, 2018.

*Short-term Debt* - By agreement with various taxing authorities, the County purchases (at face value) real property taxes for all municipalities and school districts within Oakland County which are returned delinquent on March 1. To accomplish this, tax notes are sold and the proceeds of these notes are used to liquidate the amounts due the County's General Fund and other governmental agencies for purchase of their delinquent real property tax receivables. The assets of the Delinquent Tax Revolving fund (an Enterprise fund), in the amount of \$222,443,422 at September 30, 2018, are pledged as collateral for payment of the tax notes; subsequent collections on delinquent taxes receivable, plus interest, penalties and collection fees thereon, and investment earnings are used to service the debt.

The following is a summary of the short-term debt activity for the year ended September 30, 2018:

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

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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**5. Allowances for Uncollectible Receivables**

At September 30, 2018, the allowances for uncollectible receivables were as follows:

<b>General Fund</b>	<b>\$ 25,000</b>
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In addition, the Parks and Recreation fund (Enterprise) records an allowance for uncollectible taxes receivable in the amount of \$31,847 and an uncollectable accounts receivable of \$14,721 at September 30, 2018.

**6. Investment Income – Pension and Other Postemployment Trust Funds**

The following is a breakdown of the investment income for Pension and Other Postemployment Trust funds of the primary government for the year ended September 30, 2018:

	<b>Employees' Retirement</b>	<b>VEBA Trust</b>
Interest and dividends	\$ 12,496,848	\$ 19,182,173
Unrealized/Realized gain (loss) on investments	<u>39,342,445</u>	<u>68,235,105</u>
Total	<u>\$ 51,839,293</u>	<u>\$ 87,417,278</u>



**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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**7. Capital Assets**

An analysis of property and equipment as reported in the Statement of Net Position, and related accumulated depreciation, at September 30, 2018, for governmental activities follows:

	<b>Balance October 1, 2017</b>	<b>Additions</b>	<b>Disposals and Adjustments</b>	<b>Balance September 30, 2018</b>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 7,365,551	\$ -	\$ -	\$ 7,365,551
Construction in progress	16,716,664	16,160,453	(1,275,446)	31,601,671
Total capital assets not being depreciated	<u>24,082,215</u>	<u>16,160,453</u>	<u>(1,275,446)</u>	<u>38,967,222</u>
Capital assets being depreciated				
Land improvements	1,400,141	-	-	1,400,141
Buildings and improvements	267,094,661	812,481	-	267,907,142
Equipment and vehicles	138,549,448	7,072,626	(3,595,697)	142,026,377
Infrastructure	34,604,276	-	-	34,604,276
Total capital assets being depreciated	<u>441,648,526</u>	<u>7,885,107</u>	<u>(3,595,697)</u>	<u>445,937,936</u>
Less: Accumulated depreciation				
Land improvements	1,135,601	29,182	-	1,164,783
Buildings and improvements	120,008,874	5,966,084	-	125,974,958
Equipment and vehicles	105,941,063	9,260,955	(3,421,877)	111,780,141
Infrastructure	19,192,667	736,632	-	19,929,299
Total accumulated depreciation	<u>246,278,205</u>	<u>15,992,853</u>	<u>(3,421,877)</u>	<u>258,849,181</u>
Total capital assets being depreciated, net	<u>195,370,321</u>	<u>(8,107,746)</u>	<u>(173,820)</u>	<u>187,088,755</u>
Governmental activities capital assets, net	<u>\$ 219,452,536</u>	<u>\$ 8,052,707</u>	<u>\$ (1,449,266)</u>	<u>\$ 226,055,977</u>

Depreciation expense was charged to functions as follows:

Public safety	\$ 3,813,186
Justice administration	1,053,410
Citizens services	690,981
Public infrastructure	252,602
Commerce and Community Development	29,537
Unallocated depreciation	3,557,676
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>6,595,461</u>
Total depreciation expense - governmental activities	<u>\$ 15,992,853</u>

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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A summary of business-type property and equipment at September 30, 2018 follows:

	<b>Balance October 1, 2017</b>	<b>Additions</b>	<b>Disposals and Adjustments</b>	<b>Balance September 30, 2018</b>
<b>Business-type Activities</b>				
Capital assets not being depreciated				
Land	\$ 68,177,880	\$ 60,718	\$ -	\$ 68,238,598
Construction in progress	99,854,716	17,160,071	(6,849,188)	110,165,599
Other	12,000	-	-	12,000
Total capital assets not being depreciated	<u>168,044,596</u>	<u>17,220,789</u>	<u>(6,849,188)</u>	<u>178,416,197</u>
Capital assets being depreciated				
Land improvements	36,967,632	-	-	36,967,632
Buildings and improvements	101,994,269	2,119,658	-	104,113,927
Equipment and vehicles	75,211,132	3,978,835	(4,222,929)	74,967,038
Infrastructure	335,527,251	1,014,470	-	336,541,721
Total capital assets being depreciated	<u>549,700,284</u>	<u>7,112,963</u>	<u>(4,222,929)</u>	<u>552,590,318</u>
Less: Accumulated depreciation				
Land improvements	29,376,716	906,249	-	30,282,965
Buildings and improvements	45,129,041	3,446,208	-	48,575,249
Equipment and vehicles	63,759,188	4,469,480	(4,222,929)	64,005,739
Infrastructure	252,614,626	6,323,736	-	258,938,362
Total accumulated depreciation	<u>390,879,571</u>	<u>15,145,673</u>	<u>(4,222,929)</u>	<u>401,802,315</u>
Total capital assets being depreciated, net	<u>158,820,713</u>	<u>(8,032,710)</u>	<u>-</u>	<u>150,788,003</u>
Business-type activities capital assets, net	<u>\$ 326,865,309</u>	<u>\$ 9,188,079</u>	<u>\$ (6,849,188)</u>	<u>\$ 329,204,200</u>
Depreciation expense was charged to functions as follows:				
Airports		\$ 2,194,445		
Community safety support		5,524,672		
Community water and sewer		2,116,228		
Recreation and leisure		3,541,292		
Sewage disposal systems		1,769,036		
Total depreciation expense - business-type activities		<u>\$ 15,145,673</u>		

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

An analysis of property and equipment, and related accumulated depreciation where applicable, at September 30, 2018, for component units follows:

<b>Component Units</b>	<b>Balance October 1, 2017</b>	<b>Additions</b>	<b>Disposals and Adjustments</b>	<b>Balance September 30, 2018</b>
<b>Drainage Districts</b>				
Capital assets not being depreciated				
Construction in progress	\$ 112,090,892	\$ 19,842,838	\$ (12,633,893)	\$ 119,299,837
Land	325,964	-	-	325,964
Total capital assets not being depreciated	112,416,856	19,842,838	(12,633,893)	119,625,801
Capital assets being depreciated				
Buildings	57,248,656	12,621,393	-	69,870,049
Equipment	796,078	6,749	-	802,827
Infrastructure	583,190,610	12,500	-	583,203,110
Total capital assets being depreciated	641,235,344	12,640,642	-	653,875,986
Less: Accumulated depreciation				
Buildings	7,760,374	2,460,663	-	10,221,037
Equipment	120,811	65,124	-	185,935
Infrastructure	112,501,434	7,351,605	-	119,853,039
Total accumulated depreciation	120,382,619	9,877,392	-	130,260,011
Total capital assets being depreciated, net	520,852,725	2,763,250	-	523,615,975
Governmental activity capital assets, net	\$ 633,269,581	\$ 22,606,088	\$ (12,633,893)	\$ 643,241,776
<b>Road Commission</b>				
Capital assets not being depreciated				
Land and other	\$ 211,252,140	\$ 9,373,347	\$ (1,769,763)	\$ 218,855,724
Construction in progress	1,084,873	839,323	(1,073,067)	851,129
Total capital assets not being depreciated	212,337,013	10,212,670	(2,842,830)	219,706,853
Capital assets being depreciated				
Buildings and storage bins	21,386,317	1,073,067	-	22,459,384
Road equipment	58,165,562	7,931,384	(2,713,348)	63,383,598
Other equipment	6,194,572	267,035	(60,022)	6,401,585
Infrastructure	1,066,160,398	71,709,347	(22,786,130)	1,115,083,615
Brine wells and gravel pits	2,489,608	-	-	2,489,608
Total capital assets being depreciated	1,154,396,457	80,980,833	(25,559,500)	1,209,817,790
Less: Accumulated depreciation				
Buildings and storage bins	13,240,864	387,692	-	13,628,556
Road equipment	48,870,061	5,742,088	(2,713,348)	51,898,801
Other equipment	5,158,707	206,575	(60,022)	5,305,260
Infrastructure	461,962,196	45,108,318	(22,786,130)	484,284,384
Brine wells and gravel pits	1,636,000	112,218	-	1,748,218
Total accumulated depreciation	530,867,828	51,556,891	(25,559,500)	556,865,219
Total capital assets being depreciated, net	623,528,629	29,423,942	-	652,952,571
Governmental activity capital assets, net	\$ 835,865,642	\$ 39,636,612	\$ (2,842,830)	\$ 872,659,424

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

**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, 2017	Additions	Reductions	September 30, 2018	Amounts due within one year	Amounts due thereafter	General obligation	With governmental commitment
<b>Governmental activities</b>									
<b>Debt with limited taxing authority</b>									
Building authority - Act 31	2.00%-4.50%	\$ 39,185,000	\$ -	\$ (3,215,000)	\$ 35,970,000	\$ 3,310,000	\$ 32,660,000	\$ 24,535,000	\$ 11,435,000
Building authority refunding	2.00%-5.00%	26,735,000	-	(4,460,000)	22,275,000	4,570,000	17,705,000	19,910,000	2,365,000
Retirees Health Care Bonds	3.62%-4.52%	283,370,000	-	(23,870,000)	259,500,000	24,750,000	234,750,000	259,500,000	-
Water supply - Act 342	2.00%-4.75%	14,245,000	200,000	(755,000)	13,690,000	750,000	12,940,000	-	13,690,000
Sewage disposal - Act 342	1.70%-3.25%	10,750,000	-	(435,000)	10,315,000	435,000	9,880,000	-	10,315,000
Water and sewer refunding bonds	1.50%-2.75%	1,000,000	-	(205,000)	795,000	200,000	595,000	-	795,000
Michigan Bond Authority -									
Sewage Disposal Bonds	1.62%-2.50%	32,495,895	2,389,311	(2,155,000)	32,730,206	1,615,000	31,115,206	-	32,730,206
Total bonds - governmental activities		<u>\$ 407,780,895</u>	<u>\$ 2,589,311</u>	<u>\$ (35,095,000)</u>	<u>\$ 375,275,206</u>	<u>\$ 35,630,000</u>	<u>\$ 339,645,206</u>	<u>\$ 303,945,000</u>	<u>\$ 71,330,206</u>
<b>Business-type activities</b>									
<b>Business type activities</b>									
BA - Act 31 - County Airport	1.00%-5.90%	\$ 4,100,000	\$ -	\$ (275,000)	\$ 3,825,000	\$ 275,000	\$ 3,550,000	\$ 3,825,000	\$ -
BA refunding - County Airport	2.00%-2.25%	2,835,000	-	(375,000)	2,460,000	385,000	2,075,000	2,460,000	-
Sewage disposal - Act 34	2.50%-3.125%	3,195,000	8,300,000	(3,195,000)	8,300,000	420,000	7,880,000	8,300,000	-
Sewage disposal refunding	2.00%-3.00%	-	3,065,000	-	3,065,000	195,000	2,870,000	3,065,000	-
Michigan Bond Authority -									
Water & Sewage Disposal Bonds	2.5%-6.00%	18,127,164	913,097	(991,000)	18,049,261	1,181,400	16,867,861	18,049,261	-
Total bonds - business type		<u>28,257,164</u>	<u>12,278,097</u>	<u>(4,836,000)</u>	<u>35,699,261</u>	<u>2,456,400</u>	<u>33,242,861</u>	<u>35,699,261</u>	<u>-</u>
Total bonds - primary government		<u>\$ 436,038,059</u>	<u>\$ 14,867,408</u>	<u>\$ (39,931,000)</u>	<u>\$ 410,974,467</u>	<u>\$ 38,086,400</u>	<u>\$ 372,888,067</u>	<u>\$ 339,644,261</u>	<u>\$ 71,330,206</u>

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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**Component Units**

<b>Drainage Districts</b>	<b>Interest rate</b>	<b>October 1, 2017</b>	<b>Additions</b>	<b>Reductions</b>	<b>September 30, 2018</b>	<b>Amounts due within one year</b>	<b>Amounts due thereafter</b>	<b>General obligation</b>	<b>With governmental commitment</b>
<b>Debt with limited taxing authority</b>									
Drain bonds - Act 40	1.00%-7.00%	\$ 69,725,000	\$ -	\$ (6,230,000)	\$ 63,495,000	\$ 3,830,000	\$ 59,665,000	\$ 47,527,600	\$ 15,967,400
Drain refunding bonds	2.00%-3.00%	9,375,000	2,260,000	(1,385,000)	10,250,000	1,515,000	8,735,000	1,820,062	8,429,938
Michigan Bond Authority-Drain Bonds	1.625%-6.00%	171,064,732	6,041,487	(12,519,000)	164,587,219	13,968,600	150,618,619	18,076,473	146,510,746
Total Drainage Districts		<u>250,164,732</u>	<u>\$ 8,301,487</u>	<u>(20,134,000)</u>	<u>238,332,219</u>	<u>19,313,600</u>	<u>219,018,619</u>	<u>67,424,135</u>	<u>170,908,084</u>
Total County Debt		<u>\$686,202,791</u>	<u>\$ 23,168,895</u>	<u>\$ (60,065,000)</u>	<u>\$649,306,686</u>	<u>\$ 57,400,000</u>	<u>\$ 591,906,686</u>	<u>\$ 407,068,396</u>	<u>\$242,238,290</u>
<b>Road Commission</b>									
Compensated absences	--	\$ 2,857,000	\$ -	\$ (271,202)	\$ 2,585,798	\$ -	\$ 2,585,798	\$ -	\$ 2,585,798
Self-insured losses	--	827,480	1,040,875	(893,220)	975,135	465,050	510,085	-	975,135
Net OPEB liability *	--	127,279,010	10,977,190	(12,612,459)	125,643,741	-	125,643,741	-	125,643,741
Net pension liability	--	45,492,165	19,145,679	(31,036,235)	33,601,609	-	33,601,609	-	33,601,609
Total Road Commission		<u>\$176,455,655</u>	<u>\$ 31,163,744</u>	<u>\$ (44,813,116)</u>	<u>\$162,806,283</u>	<u>\$ 465,050</u>	<u>\$ 162,341,233</u>	<u>\$ -</u>	<u>\$162,806,283</u>
Total reporting entity		<u>\$862,658,446</u>	<u>\$ 54,332,639</u>	<u>\$(104,878,116)</u>	<u>\$812,112,969</u>	<u>\$ 57,865,050</u>	<u>\$ 754,247,919</u>	<u>\$ 407,068,396</u>	<u>\$405,044,573</u>

\* Restated as of September 30, 2017

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

The annual requirements to pay principal and interest on debt outstanding at September 30, 2018 (excluding the liabilities for compensated absences, other postemployment benefits, pension liability and uninsured losses for the Road Commission component unit) were as follows:

	<b>Bonds with limited taxing authority</b>		<b>Retirees Health Care Bonds limited taxing authority</b>		<b>Business-type Bonds limited taxing authority</b>		<b>Total primary government</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2019	\$ 10,880,000	\$ 3,330,136	\$ 24,750,000	\$ 9,251,925	\$ 2,456,400	\$ 1,027,408	\$ 38,086,400	\$ 13,609,469
2020	11,275,000	2,999,481	25,660,000	8,339,504	2,534,437	939,749	39,469,437	12,278,734
2021	11,400,000	2,658,843	26,605,000	7,393,507	2,429,900	873,399	40,434,900	10,925,749
2022	11,625,000	2,309,603	27,585,000	6,412,669	2,507,600	807,281	41,717,600	9,529,553
2023	8,970,000	1,948,226	28,605,000	5,395,629	2,570,700	737,327	40,145,700	8,081,182
2024-2028	27,130,727	7,049,117	126,295,000	10,470,964	12,092,200	2,604,444	165,517,927	20,124,525
2029-2033	23,660,000	3,476,905	-	-	10,258,024	793,959	33,918,024	4,270,864
2034-2038	10,709,479	563,592	-	-	850,000	32,000	11,559,479	595,592
2039-2043	125,000	8,075	-	-	-	-	125,000	8,075
Totals	<u>\$ 115,775,206</u>	<u>\$ 24,343,978</u>	<u>\$ 259,500,000</u>	<u>\$ 47,264,198</u>	<u>\$ 35,699,261</u>	<u>\$ 7,815,567</u>	<u>\$ 410,974,467</u>	<u>\$ 79,423,743</u>

	<b>Drainage Districts</b>		<b>Total reporting entity</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2019	\$ 19,313,600	\$ 6,347,552	\$ 57,400,000	\$ 19,957,021
2020	19,818,200	5,695,235	59,287,637	17,973,969
2021	20,320,100	5,215,714	60,755,000	16,141,463
2022	20,787,400	4,713,869	62,505,000	14,243,422
2023	19,170,787	4,217,095	59,316,487	12,298,277
2024-2028	68,849,622	15,002,564	234,367,549	35,127,089
2029-2033	59,382,510	6,225,609	93,300,534	10,496,473
2034-2038	10,690,000	339,644	22,249,479	935,236
2039-2043	-	-	125,000	8,075
Totals	<u>\$ 238,332,219</u>	<u>\$ 47,757,282</u>	<u>\$ 649,306,686</u>	<u>\$ 127,181,025</u>

## **County of Oakland**

### **Notes to Basic Financial Statements**

#### **September 30, 2018**

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The County has pledged its full faith and credit on debt totaling \$674,306,686, which includes \$25,000,000 of short-term notes for the delinquent taxes as described in Note 4. By statute, general obligation debt is limited to 10 percent of the state equalized value. As of September 30, 2018, the debt limit was \$7,187,135,885. 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, 2018, there were five issues outstanding, totaling \$35,970,000, maturing in the years 2019-2040, which represents debt originally issued in the years 2010-2015 totaling \$52,895,000.

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

In September 2013, the County issued refunding bonds in the amount of \$350,000,000, in order to refinance and redeem the 2007 Certificates of Participation debt. This enabled the County to fully fund the VEBA Trust Fund as of September 30, 2014. The County thereafter entered into a Superseding Contract with a new Superseding Trust which was created by the County, under which contract the County is now obligated to maintain the funding in the VEBA Trust in future years pursuant to the terms of that contract under a Superseding Plan which has superseded and supplanted the obligation of the County to maintain retiree health services by keeping the VEBA Trust at full funding. As of September 30, 2018, there were two issues outstanding totaling \$259,500,000 maturing in the years 2019-2027. The debt is recorded in the Fringe Benefits Fund, an Internal Service Fund of the County.

#### **Sewage Disposal, Water and Sewer, and Water Supply Bonds – Act 342**

Act 342, Michigan Public Acts of 1939 provides for a contract between the County and local municipalities which defines a schedule of annual payments to be made by the municipality to meet principal and interest obligations. Such contractual payments may be funded by revenue produced by utility or tax revenue. The County is obligated upon the default of the local municipality, and therefore, such obligation is shown as "with governmental commitment." Assessments are shown in their entirety with the corresponding deferred inflows in the Debt Service funds for each act. At September 30, 2018, there were eight issues outstanding, totaling \$24,005,000, maturing in the years 2019-2037. This represents debt originally issued in the amount of \$28,450,000 issued in the years 2010-2018.

#### **Refunding Bonds**

Michigan Public Act 202 of 1943 and Act 34 of 2001 provide for the refunding of bonds based on covenants contained in the acts. The bonds will be repaid from assessments levied against the benefiting municipalities for water and sewer debt, or leases for Building Authority debt. At September 30, 2018, there were six issues outstanding, totaling \$23,070,000, maturing in the years 2019-2025. This represents debt originally issued in the years 2010-2014 totaling \$51,385,000.

## **County of Oakland**

### **Notes to Basic Financial Statements**

#### **September 30, 2018**

---

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

In September 2007, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$2,000,000 for the Softwater Lake Capital Improvement Sewage Disposal System project. As of September 30, 2010, a final amount of \$1,935,727 was received from the State Revolving Loan fund. The amount outstanding at September 30, 2018 for this issue is \$900,727, which matures in the years 2019-2027.

In September 2014, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$36,855,000 for the Evergreen and Farmington Sewage Disposal Systems Middlebelt Transport and Storage Tunnel project. As of September 30, 2018, \$34,454,479 was drawn from the State Revolving Loan fund. The amount outstanding at September 30, 2018 for this issue is \$31,829,479, which matures in the years 2019-2036.

#### **Business Type**

Two Building Authority bond issues for the County Airport fund consist of the Airport T-Hangar Refunding in the amount outstanding as of September 30, 2018 of \$2,460,000 maturing in the years 2019-2024 and the Airport Terminal Building in the amount outstanding as of September 30, 2018 of \$3,825,000 maturing in the years 2019-2030. These represent original debt issued in the amount of \$4,585,000 in 2012 for the Airport T-Hangar and \$5,800,000 in 2010 for the Airport Terminal Building.

In March 2012, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$2,415,000 for the Evergreen-Farmington Sewage Disposal System 8 Mile Pumping Station Septage Facility (enterprise fund type). The amount outstanding for this issue at September 30, 2018 was \$1,815,000 which matures in the years 2019-2032.

In August 2012, in conjunction with the transfer of operations of the City of Pontiac water and sewer system to the County, the County's Water and Sewer Trust fund assumed the debt obligations initiated by the City of Pontiac for four Clean Water/Water Quality projects. The total authorized loan amount is \$8,220,720. In addition, in October 2014 the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for City of Pontiac Water Supply System Improvements for \$6,890,000. Further, in October 2015 the County authorized the issuance of two additional bonds from the Michigan Municipal Bond Authority Revolving Loan fund for the City of Pontiac Water Supply System; one for up to \$6,850,000 with \$1,762,500 principal forgiveness, as of September 30, 2018, \$5,835,207 was drawn and one for up to \$720,000, as of September 30, 2018, \$451,797 was drawn. Additionally, in October 2016, the County authorized the issuance of bonds for the City of Pontiac Water Supply System for \$5,165,000, with \$1,000,000 principal forgiveness, as of September 30, 2018, \$1,322,637 was drawn. The debt obligation recorded as of September 30, 2018 amounted to \$16,234,261 maturing in the years 2019 through 2035.

In February 2018, the County issued \$3,065,000 of refunding bonds for a current refunding of a general obligation limited tax bond issue 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 obligations of the refunded debt. The debt refunded amounted to \$3,035,000 of Evergreen-Farmington Sewage Disposal System bonds, Series 2010, maturing in the years 2019-2031. The refunding was undertaken to reduce the debt service payment over the next



## **County of Oakland**

### **Notes to Basic Financial Statements**

#### **September 30, 2018**

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13 years by \$195,191 and obtain an economic (present value) gain to the benefiting municipalities of \$152,975.

In September 2018, the County issued \$8,300,000 of general obligation limited tax sewage disposal bonds for the Evergreen-Farmington Sewage Disposal System Capital Improvement Bonds, Series 2018A pursuant to authorization contained in Act 34, Public Acts of Michigan of 2001. The amount outstanding as of September 30, 2018 was \$8,300,000, which matures in the years 2019-2033.

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

Act 40 provides for the creation of a Drain Board, which has the power to assess state, county, and local levels of government for principal and interest payments. Such assessments are to be funded from General Fund revenue of the respective municipality. The County portion of the assessment is identified as a general obligation. Further, the County is obligated if assessments levied against benefiting municipalities are insufficient to meet principal and interest requirements when due. Such obligations are shown as "with governmental commitment." At September 30, 2018, there were 12 issues outstanding, totaling \$63,495,000, maturing in the years 2019-2034. This represents original debt issued for \$83,170,000 in the years 2003-2017.

#### **Drain Refunding Bonds (Component Unit)**

Act 202 of 1943 and Act 34 of 2001 provide for the refunding of bonds based on covenants contained in the acts. The County initiates the refunding of various drain bonds issued under Act 40 on behalf of the drainage district's component unit. Bonds will be repaid from assessments levied against the benefiting municipalities. At September 30, 2018, there were four issues outstanding, totaling \$10,250,000, maturing in the years 2019-2031. This represents debt originally issued in the years 2013-2018 in the amount of \$13,870,000.

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

The County authorized the issuance of bonds for \$17,880,000 in October 2000 from the Michigan Municipal Bond Authority Revolving Loan fund for the George W. Kuhn Drainage District. Further, in 2001, the County authorized an additional \$82,200,000 for the George W. Kuhn Drainage District Segment II, with successive authorizations in the years 2005 through 2008 amounting to \$13,246,822. In February 2010, Oakland County, Macomb County, and their underlying municipalities under the authority of Chapter 21 of Public Act 40, Public Acts of Michigan of 1956 were permitted to issue bonds in the amount of \$26,076,000 for the Oakland-Macomb Interceptor Drainage District with successive authorizations for Segments II, III & IV in the years 2012, 2013 & 2015, respectively, amounting to \$99,160,000. In August 2012, in conjunction with the transfer of operations of the City of Pontiac waste water treatment system to the County, the County's Drainage District assumed the debt obligations initiated by the City of Pontiac for two Clean Water/Water Quality projects. The total authorized loan amount was \$13,322,810. Further, in October 2014, the County authorized an additional \$9,840,000 with \$1,000,000 principal forgiveness for the Pontiac Waste Water Treatment Drain District. In June 2017, the County authorized the issuance of bonds for up to \$31,995,000, with \$2,500,000 principal forgiveness from the Michigan Municipal Bond Authority Revolving Loan fund for the Clinton River Water Resource Recovery Facility Drainage District. At September 30, 2018, there were 14 issues outstanding, totaling \$164,587,219, maturing in the years 2019-2036.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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

In February 2018, the County issued \$2,260,000 of refunding bonds for a current refunding of general obligation limited tax refunding bond issue on behalf of the Drainage Districts' component unit, pursuant of 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 obligations of the refunded debt. Accordingly, the trust account assets and liability for the refunding bonds are not included in the Drainage Districts' component unit, or the County's financial statements. The debt refunded amounted to \$2,235,000 for the Bloomfield Township CSO Drainage District, Series 2010 maturing in the years 2019-2031. The refunding was undertaken to reduce the debt service payments over the next 13 years by \$107,817 and obtain an economic (present value) gain to the benefiting municipalities of \$79,010.

**Changes in Other Long-term Liabilities**

Long-term liabilities activity, as reported in and liquidated through the Fringe Benefit Fund and Building Liability Insurance Fund, Internal Service funds, for the fiscal year ended September 30, 2018 was as follows:

	<b>Beginning balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending balance</b>	<b>Due within one year</b>
<b>Governmental activities</b>					
Accrued compensated absences	\$ 12,570,218	\$ 1,333,358	\$ (1,257,022)	\$ 12,646,554	\$ 1,264,656
Claims and judgments			-		
Accrued unreported health costs	5,085,071	1,535,465	(1,695,024)	4,925,512	1,641,837
Accrued workers' compensation	7,069,827	2,246,508	(1,810,203)	7,506,132	1,975,435
Building and liability insurance	4,582,341	1,930,931	(1,220,438)	5,292,834	1,532,528
Governmental activity long-term liabilities	<u>\$ 29,307,457</u>	<u>\$ 7,046,262</u>	<u>\$ (5,982,687)</u>	<u>\$ 30,371,032</u>	<u>\$ 6,414,456</u>

**9. Interfund Balances**

Interfund receivables and payables at September 30, 2018 were as follows:

Due to/from other funds:

<b><u>Receivable Fund</u></b>	<b><u>Payable Fund</u></b>	
General	Nonmajor governmental	<u>\$ 8,016,995</u>
Nonmajor governmental	General	3,170,807
	Nonmajor governmental	999,437
	S.O.C.S.D.S.	1,950
	Nonmajor enterprise	63,830
	Total	<u>4,236,024</u>
Water & Sewer Trust	Internal Service	<u>14,183</u>
Internal service	General Fund	641,412
	Nonmajor governmental	681,122
	Total	<u>1,322,534</u>
	Total	<u>\$ 13,589,736</u>

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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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, 2018 were as follows:

<b>Primary Government</b>	<b>Component Unit</b>	
<b>Due from Component Unit</b>	<b>Due to Primary Government</b>	
General	Drainage Districts	\$ 13,707
	Road Commission	480
	Total	<u>14,187</u>
Nonmajor governmental	Drainage Districts	673,660
	Road Commission	28,988
	Total	<u>702,648</u>
Evergreen Farmington SDS	Drainage Districts	<u>84,391</u>
Internal Service	Drainage Districts	75
	Road Commission	14,168
	Total	<u>14,243</u>
	Total	<u>\$ 815,469</u>

Advances to/from other funds (including current and long-term portions) at September 30, 2018 were as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	
Nonmajor governmental	Nonmajor governmental	<u>\$ 1,043,199</u>
Delinquent Tax Revolving	Internal Service	<u>38,649</u>
	Total	<u>\$ 1,081,848</u>

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

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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Interfund transfers between the funds within the Primary Government recorded in the accompanying financial statements as operating transfers in/out for the year ended September 30, 2018 were as follows:

<b>Transfers In</b>	<b>Transfers Out</b>	<b>Amount</b>
General	Nonmajor governmental	\$ 731,672
	Delinquent Tax Revolving	<u>8,906,817</u>
	Total	<u>9,638,489</u>
Building Authority Act 31	General	<u>3,946,546</u>
Nonmajor governmental	General	57,110,866
	Nonmajor governmental	6,331,939
	Water & Sewer Trust	200,000
	Delinquent Tax Revolving	4,755,700
	Nonmajor enterprise	48,000
	Internal Service	<u>6,025</u>
	Total	<u>68,452,530</u>
Water & Sewer Trust	Nonmajor governmental	<u>1,800</u>
Evergreen Farmington SDS	Water & Sewer Trust	<u>12,574</u>
Nonmajor enterprise	General	<u>2,460,761</u>
Internal Service	General	4,439,966
	Nonmajor governmental	8,185
	Parks and Recreation	61,327
	Water & Sewer Trust	361,151
	Nonmajor enterprise	286,000
	Internal service	<u>454,182</u>
	Total	<u>5,610,811</u>
	Total transfers	<u>\$ 90,123,511</u>

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

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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**10. Fund Equities**

At September 30, 2018, a deficit existed in the following funds:

**Special Revenue Funds**

Lake Levels Act 146	\$ 77,667
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**Capital Projects Funds**

Lake Levels Act 146	216,381
Drain Chapter 4 Construction	685,486

In the Special Revenue fund, the negative unassigned fund balance in the Lake Levels Act 146 fund primarily reflects a timing issue for one of the projects within the fund, the Duck Lake Level project. As a result, the Duck Lake Level fund ended FY 2018 with a deficit of \$147,851. The Duck Lake Level project was initiated in the summer of 2018 to install a new augmentation well to replace the existing well that was no longer functional. The project is nearly complete, with only minor restoration issues yet to be addressed. A maintenance assessment in the amount of \$170,000 to be levied against the Duck Lake Level Special Assessment District was approved by the Oakland County Board of Commissioners and will appear on the winter tax 2018 bills. When collected, this assessment will eliminate the current deficit, cover any remaining project costs, and provide funds for routine maintenance in the coming year.

The remaining deficit in the Special Revenue Grants funds amounts to \$2,513,246. In accordance with Michigan Department of Treasury, when deferred inflows of resources minus taxes and special assessments receivable is great enough to cover the unassigned fund balance, no formal deficit elimination plan is required.

In the Capital Projects funds, the negative unassigned fund balance in the Lake Levels Act 146 fund, primarily reflects costs that are related to the Bush Lake Level project in the amount of \$51,547 and the Upper Straits Lake Level Dam Reconstruction project in the amount of \$168,198. The Bush Lake Level is construction of a new lake level control structure which has been completed and a long-term special assessment for the project commenced in FY 2011. In 2010, the Oakland County Board of Commissioners authorized a loan in the amount of \$300,000 from the County's Long Term Revolving Fund to the Bush Lake Special Assessment District to be collected in ten annual installments. The long-term receivable is now on the balance sheet to track the collection of the Long Term Special Assessment. Collection of the annual special assessment has reduced the deficit by \$35,971 from the FY 2017 deficit of \$87,518 to the FY 2018 deficit of \$51,547. The Upper Straits Lake Dam Replacement project consists of replacing an existing lake level control structure in West Bloomfield Township, Oakland County, Michigan. Design of the project is approximately 90% completed. The project will be financed by the sale of bonds or a loan. The loan will be repaid by an assessment to the Upper Straits Lake Level Special Assessment District over a likely ten year period. The Special Assessment District must be updated prior to project assessment and financing of the project. Updating the district requires approval by Oakland County Circuit Court. Therefore, the project schedule is directly affected by the Circuit Court schedule. Oakland County Corporation Counsel is in the process of obtaining the court date. It is anticipated that the project will be issued for bids and financing secured in the fall of 2019 with construction to commence during the winter of 2020. A maintenance assessment in the amount of \$146,000 will be levied in the fall of 2018. The maintenance assessment, along with funds on deposit totaling \$30,269, will be used to eliminate the current deficit of \$168,198 in the construction fund. The total estimated cost of the project is \$875,750 which will be reduced by the

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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assessment being levied this fall, leaving an estimated amount of \$715,750 to be financed by the sale of bonds or a loan.

In addition, the negative unassigned fund balance in the Drain Chapter 4 Construction Fund reflects costs that are related to the Lower Pettibone Lake Sanitary Chapter 4 Drain Construction project. A loan from the Long Term Revolving Fund was approved by the Oakland County Board of Commissioners via Miscellaneous Resolution #14136 adopted June 11, 2014 to provide up to \$1,200,000 in funding for this project. A 20 year assessment against each of the benefiting properties in the District has been approved to repay the loan with the first payment due December 2014. The construction of the sewer was completed and became operational as of January 2015 and the deficit for this specific project will be eliminated when the long-term assessment roll collection is completed.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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Nonspendable, restricted, committed, assigned, and unassigned fund balances of the primary government at September 30, 2018 were as follows:

	Nonspendable	Spendable			Unassigned
		Restricted	Committed	Assigned	
<b>Primary Government</b>					
<b>General Fund</b>					
Prepays	\$ 131,534	\$ -	\$ -	\$ -	\$ -
Inventories	174,570	-	-	-	-
Property Tax Forfeiture	-	12,860,936	-	-	-
Future operating requirements 2019 and beyond	-	-	-	119,152,547	-
Property Tax Forfeiture Activities	-	-	-	27,192,531	-
Future Technology Replacement	-	-	-	13,429,263	-
Capital Reserve	-	-	-	14,000,000	-
Headlee Rollback-State Tax Exempt	-	-	-	10,000,000	-
Catastrophic Claims	-	-	-	8,454,500	-
Unfunded Mandates	-	-	-	9,712,687	-
HR Comp/Workforce Planning	-	-	-	5,000,000	-
Emergency Salaries	-	-	-	2,000,000	-
Tri-Party Supplemental	-	-	-	4,372,189	-
Carry forwards	-	-	-	5,920,199	-
Data Privacy and Security	-	-	-	3,000,000	-
Pandemic Response	-	-	-	1,500,000	-
Local Road Improvement Match Program	-	-	-	1,523,363	-
Business Continuity Recovery	-	-	-	1,000,000	-
WRC Long-Term Revolving Fund	-	-	-	1,000,000	-
MI SCAO Interpreter Costs	-	-	-	750,000	-
High School Apprenticeship Program	-	-	-	500,000	-
Board of Commissioners Projects	-	-	-	694,204	-
Human Resources Legal	-	-	-	500,000	-
Quality of Life Initiatives	-	-	-	200,000	-
Community Partnerships	-	-	-	238,654	-
Buy Local	-	-	-	150,000	-
Department Operations	-	-	-	85,800	-
Rx Discount Card Program	-	-	-	36,972	-
Unassigned	-	-	-	-	1,464,988
Total	\$ 306,104	\$ 12,860,936	\$ -	\$ 230,412,909	\$ 1,464,988

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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	Nonspendable	Spendable			
		Restricted	Committed	Assigned	Unassigned
<b>Primary Government</b>					
<b>Special Revenue Funds</b>					
Grants (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ (2,513,246)
Specific programs	-	17,182,126	-	-	(77,667)
Total	\$ -	\$ 17,182,126	\$ -	\$ -	\$ (2,590,913)
<b>Debt Service Funds</b>					
Debt service-general obligations	\$ -	\$ 7,555,029	\$ -	\$ -	\$ -
<b>Capital Projects Funds</b>					
Loan programs	\$ -	\$ -	\$ 4,316,000	\$ -	\$ -
Work projects	-	-	39,957,743	-	(901,867)
Total	\$ -	\$ -	\$ 44,273,743	\$ -	\$ (901,867)

## 11. Employee Benefits

### Primary Government

The County provides various benefits to its employees. Expenditures in 2018 for these benefits totaled the following: medical insurance, \$41,748,668; prescription coverage, \$10,945,401; dental insurance, \$3,083,176; optical insurance, \$219,408; group life insurance, \$909,127; disability, \$3,390,259; tuition reimbursement, \$272,737; Social Security, \$17,713,332; workers' compensation, \$3,022,272; and unemployment claims, \$323,379.

## 12. Defined Benefit Pension Plan

### Plan Description

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

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

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



# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2018

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#### Plan Membership

The County PERS covers the majority of full-time employees of the County hired prior to July 1, 1994. The plans' membership consists of the following at September 30, 2017, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	2,014
Terminated plan members entitled to, but not yet receiving benefits	73
Active plan members	251
Total	<u>2,338</u>

The County established a defined contribution plan for County employees, and all new employees and eligible part-time employees hired on or after July 1, 1994 are covered by the defined contribution plan, as the County's PERS is no longer available to new employees.

#### Benefits

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

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

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

#### Funding Policy/Contributions

The County policy is to fund normal costs of the plan by contributions which are based on actuarially determined rates, expressed as percentages of annual covered payroll, and which are sufficient to accumulate assets to pay benefits when due. For fiscal year 2018, there was no annual contribution required, which was determined through actuarial valuations performed at September 30, 2016.

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, 2018 and September 30, 2017 amounted to \$301,807 and \$372,273, respectively.

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

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

---

**Investment Policy**

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the PERS Board by a majority vote of its members. It is the policy of the PERS Board to pursue an investment strategy that is in compliance with Michigan Public Act 314 of 1965 and manages risks through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Boards adopted asset allocation policy as of October 30, 2017.

<u>Asset Class</u>	<u>Target Allocation</u>
Cash Equivalents	0.0%
Domestic Equity	32.5%
International Equity	12.5%
Fixed Income	30.0%
Real Estate	10.0%
Other	15.0%
<b>Total</b>	<b>100.0%</b>

**Rate of Return**

For the year ended September 30, 2018, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.43 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net Position Restricted for Employees' Pension Benefits**

Net position restricted for employees' pension benefits include legally required reserves. Net position as of September 30, 2018 consists of the following reserves:

Annuity reserve	\$ 895,916
Pension reserve	258,502,305
Pension accumulated reserve	<u>517,653,958</u>
Total fund balance	<u>\$ 777,052,179</u>

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

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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Since the County does not issue a stand-alone report for its County PERS, following are condensed financial statements for the period as of and including September 30, 2018:

**Statement of Net Position**

Cash and investments	\$ 774,883,385
Other assets	2,696,008
Total assets	<u>777,579,393</u>
Liabilities	<u>527,214</u>
Net position	<u>\$ 777,052,179</u>

**Statement of Changes in Net Position**

Additions:	
Contributions	\$ 301,807
Investment income	49,940,066
Other revenue	276
Total additions	<u>50,242,149</u>
Deductions:	
Benefit payments	57,579,562
Other expenses	621,535
Total deductions	<u>58,201,097</u>
Change in net position	<u>(7,958,948)</u>
Net position held in trust, beginning of year	<u>785,011,127</u>
Net position held in trust, end of year	<u>\$ 777,052,179</u>

**Basis of Accounting**

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

**Method Used to Value Investments**

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

**Actuarial Methods and Assumptions**

The annual required contribution was determined as part of the actuarial valuation as of September 30, 2016, using the individual entry age cost method. Significant actuarial assumptions used include (a) 7.25 investment rate of return, (b) projected salary increases of 3.25 to 9.25 percent per year and (c) 1.5 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 3.25 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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

**Net Pension Liability**

The County has chosen to use September 30, 2018 as its measurement date for the net pension liability. The September 30, 2018 reported net pension liability was determined using a measure of the total pension liability, less the amount of the pension plan's fiduciary net position. The September 30, 2018 total pension liability was determined by an actuarial valuation performed as of September 30, 2017, which used updated procedures to roll forward the estimated liability to September 30, 2018.

The components of the net pension liability of the County at September 30, 2018 were as follows:

Total pension liability	\$ 754,429,163
Plan fiduciary net position	<u>(777,052,179)</u>
Net Pension Liability (Asset)	<u>\$ (22,623,016)</u>

Plan fiduciary net position as a percentage of the total pension liability	103.00%
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The net pension liability (asset) of (\$22,623,016) has been recorded in the Fringe Benefit Fund, an internal service fund that is used to account for the County's employee fringe benefits.

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

	Increase/(Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balances at 9/30/2017</b>	\$ 762,513,562	\$ 785,011,127	\$ (22,497,565)
<b>Changes for the year:</b>			
Service Cost	2,128,819	-	2,128,819
Interest	53,272,144	-	53,272,144
Difference between expected and actual experience	(5,905,800)	-	(5,905,800)
Assumption changes	-	-	-
Contributions - employer	-	-	-
Contributions - member	-	301,807	(301,807)
Net investment income	-	49,559,010	(49,559,010)
Benefit payments, including refunds of member contributions	(57,579,562)	(57,579,562)	-
Administrative expenses	-	(240,203)	240,203
<b>Net changes</b>	<u>(8,084,399)</u>	<u>(7,958,948)</u>	<u>(125,451)</u>
<b>Balances at 9/30/2018</b>	<u>\$ 754,429,163</u>	<u>\$ 777,052,179</u>	<u>\$ (22,623,016)</u>

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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

For the year ended September 30, 2018, the County reported a recovery of pension expense of \$3,036,127. At September 30, 2018 the County reported deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$ 9,273,581
Total	<u>\$ 9,273,581</u>

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

<b>Fiscal Year Ending September 30</b>	<b>Net Deferred Inflows of Resources</b>
2019	\$ 2,358,595
2020	(7,702,822)
2021	(4,983,208)
2022	1,053,854
Total	<u>\$ (9,273,581)</u>

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of September 30, 2017, which used updated procedures to roll forward the estimated liability to September 30, 2018. The valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	3.25 – 9.25% average, including inflation and step increases
Investment rate of return	7.25% net of pension investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table (unadjusted) projected to 2021 using a static projection based on the 2-dimensional MP-2014 improvement scales.

**Discount Rate**

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

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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**Projected Cash Flows**

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

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s). For each major asset class that is included in the pension plans target asset allocation as of September 30, 2017, these best estimates are summarized in the following table.

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	7.50%
International Equity	8.50%
Domestic Bonds	2.50%
International Bonds	3.50%
Real Estate	4.50%
Alternative Assets	5.59%

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

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

	1% Decrease 6.25%	Current Single Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability/(Asset)	\$ 50,325,454	\$ (22,623,016)	\$ (85,016,995)

The Road Commission for Oakland County Retirement System board of trustees administers the Road Commission for Oakland County Retirement System – a single-employer defined benefit pension plan that provides retirement, disability, and death benefits for all eligible general employees of the Retirement System. Benefit terms have been established by contractual agreements between the Retirement System and the various employee union representation or other actions of the Oakland County Board of Road Commissioners; amendments are subject to the same process. The Road Commission's net pension liability as of December 31, 2017 was \$33,601,609. The Road Commission has chosen to use December 31, 2017 as its measurement date for the net pension liability. The September 30, 2018 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of December 31, 2017. The December 31, 2017 total pension liability was determined by an actuarial valuation performed as of that date. For the year ended September 30, 2018, the Road Commission recognized pension

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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expense of \$10,935,444. At September 30, 2018, the Road Commission reported total deferred outflows of resources of \$6,622,191 and deferred inflows of resources of \$3,916,875.

**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, 2018 was 3,290, which includes 308 employees who elected to transfer from the PERS in 1995 through 2000 and 2,982 current employees hired since July 1, 1994.

The County's payroll for employees covered by the OPRS for the year ended September 30, 2018 was \$215,884,592, and the County's total payroll was \$254,020,405. The required contributions, which matched those actually made, were \$8,209,902 by employees and \$19,096,406 by the County, representing 3.8% and 8.8% of covered payroll, respectively.

In 2008, the County offered a voluntary defined contribution plan for part-time non-eligible employees. The plan qualifies under the Omnibus Budget Reconciliation Act of 1990 (OBRA) and IRS Section 3121 (b) (&) (F) which allows for a defined contribution plan in lieu of Social Security. With the implementation of this plan, the County contributes 1.3% and the employee contributes 6.2% of their earnings into a defined contribution plan. The employee would be immediately 100% vested in both the employer and employee contributions, but cannot access the money invested in the plan until they are separated from County employment. During fiscal year 2018, the County contributed \$234,462 to the plan.

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

# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2018

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#### 14. Postemployment Benefits

##### Plan Description

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

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

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

##### Plan Membership

The Oakland County VEBA covers the majority of full-time employees of the County hired prior to September 21, 1985 having eight or more years of service, or hired between September 20, 1985 and January 1, 1995 and had 15 years of service (for family coverage) or 8-14 years of service (for retired members only). The plans' membership consists of the following at September 30, 2017, the date of the latest actuarial valuation:

Retirees and Beneficiaries	2,492
Inactive, Nonretired Members	198
Active Members	<u>1,899</u>
Total	<u>4,589</u>

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

##### Benefits

In 2018, the County provided 2,789 retirees medical insurance and reimbursed 1,749 of them for Medicare premiums under the Trust. In 2018, the County disbursed \$37,510,583 for this purpose.

Postemployment benefits are established and may be amended by the Board of Commissioners in accordance with County policies, union contracts, and plan provisions. The plan covers the following classes of employees: General, Command Officers, and Deputies. The plan in all classes is now closed to new hires. The County has established a "Retirement Health Savings Plan" beginning January 1, 2007. For General members hired on and after 1/1/95 (5/27/95 for Command Officers and Sheriff's deputies), the portion of health care costs paid by the Trust will be based on years of service at retirement. If a member has less than 15 years of service, there is no County paid retiree health coverage. If a member has 15 years of service at retirement, 60 percent of the



## **County of Oakland**

### **Notes to Basic Financial Statements**

#### **September 30, 2018**

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health care premium will be paid by the Health Care Trust. The percent increases 4.0 percent per year of service over 15 with a 100 percent maximum coverage after 25 years of service. New employees are required to join the County's retiree health saving plan effective 1/1/06 for General Non-Union employees, 3/5/09 for Sheriff Command Officers, 1/1/10 for Sheriff Corrections Deputies, and 2/9/12 for Sheriff Road Patrol Deputies. Employees will receive a cash payment upon retirement from which they can purchase their own health insurance.

#### **Funding Policy/Contributions**

In 2013, the County contributed an additional \$236,000,000 in order to fully fund the VEBA. The County contributions are based on a 10 year open amortization of the unfunded actuarial accrued liabilities (UAL) for the over funded divisions. For fiscal year 2018, there was no annual contribution required, which was determined through actuarial valuations performed at September 30, 2016, given the VEBA was fully funded.

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

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

In the September 30, 2016 actuarial valuation, the individual entry age actuarial cost method was used to calculate the required annual contribution. The actuarial assumptions included a 7.25 percent investment rate of return (net of administrative expenses), which consists of a real rate of return of 4.0 percent per year plus a long-term rate of inflation of 3.25 percent per year and an annual healthcare cost trend rate of 9.00 percent initially, reduced by decrements to an ultimate rate of 3.25 percent after 10 years. Both rates included a 3.25 percent inflation assumption. The actuarial value of assets is equal to the reported market value of assets at the valuation date. The UAAL for the groups was amortized over a 10-year open level dollar method for the over-funded divisions. Active member payroll was assumed to increase 3.25 percent per year for the purpose of determining the level percent contributions.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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**Investment Policy**

The VEBA plan's policy in regard to the allocation of invested assets is established and may be amended by the PERS Board by a majority vote of its members. It is the policy of the PERS Board to pursue an investment strategy that is in compliance with the Michigan Public Act 314 of 1965 and manages risks through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation policy as of January 1, 2018.

<u>Asset Class</u>	<u>Target Allocation</u>
Cash Equivalents	0.0%
Domestic Equity	32.5%
International Equity	12.5%
Fixed Income	30.0%
Real Estate	10.0%
Other Assets	15.0%
<b>Total</b>	<b>100.0%</b>

**Rate of Return**

For the year ended September 30, 2018, the annual money weighted rate of return on VEBA plan investments, net of VEBA plan investment expense, was 6.5 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net OPEB Liability**

The County has chosen to use September 30, 2018 as its measurement date for the net OPEB liability. The September 30, 2018 reported net OPEB liability was determined using a measure of the total OPEB liability, less the amount of the VEBA plan's fiduciary net position. The September 30, 2018 total OPEB liability was determined by an actuarial valuation performed as of September 30, 2017, which used updated procedures to roll forward the estimated liability to September 30, 2018.

The components of the net pension liability of the County at September 30, 2018 were as follows:

Total OPEB liability	\$ 893,609,618
Plan fiduciary net position	(1,295,523,352)
Net OPEB Liability (Asset)	<u>\$ (401,913,734)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	144.98%

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

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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

	<b>Increase/(Decrease)</b>		
	<b>Total OPEB Liability</b>	<b>Plan Net Position</b>	<b>Net OPEB Liability</b>
<b>Balances at 9/30/2017</b>	\$ 984,219,962	\$ 1,245,580,059	\$ (261,360,097)
<b>Changes for the year:</b>			
Service Cost	9,742,233	-	9,742,233
Interest	70,351,546	-	70,351,546
Difference between expected and actual experience	(82,048,924)	-	(82,048,924)
Assumption changes	(51,205,346)	-	(51,205,346)
Contributions - employer	-	-	-
Contributions - member	-	234,284	(234,284)
Net investment income	-	84,162,823	(84,162,823)
Benefit payments, including refunds of member contributions	(37,449,853)	(37,684,137)	234,284
Administrative expenses	-	(234,935)	234,935
Other	-	3,465,258	(3,465,258)
<b>Net changes</b>	<b>(90,610,344)</b>	<b>49,943,293</b>	<b>(140,553,637)</b>
<b>Balances at 9/30/2018</b>	<b>\$ 893,609,618</b>	<b>\$ 1,295,523,352</b>	<b>\$ (401,913,734)</b>

The difference between actual and expected experience is the actuarial gain loss, due to VEBA claims cost growing at a slower rate than anticipated by actuarial assumptions. The change in the assumptions is the change in the medical/Rx trend rates.

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

For the year ended September 30, 2018, the County recognized a reduction of OPEB expense of (\$67,512,195). At September 30, 2018 the County reported deferred inflows of resources related to OPEB from the following sources:

Difference between expected and actual experience	\$ 58,087,439
Net difference between projected and actual earnings on OPEB plan investments	27,748,229
Changes in assumptions related to economic and demographic factors	34,352,612
<b>Total</b>	<b>\$ 120,188,280</b>

# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2018

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

<b>Fiscal Year Ending September 30</b>	<b>Net Deferred Inflows of Resources</b>
2019	\$ (55,311,555)
2020	(54,596,721)
2021	(11,260,259)
2022	980,255
<b>Total</b>	<b>\$ (120,188,280)</b>

### Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2017, which used updated procedures to roll forward the estimated liability to September 30, 2018. The valuations used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%	
Healthcare cost trend rate	9.00%	decreasing to 3.25% in year 12
Salary increases	3.25 – 9.25%	average, including inflation and step increases
Investment rate of return	7.25%	net of pension investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table (unadjusted) projected to 2021 using a static projection based on the 2-dimensional MP-2014 improvement scales.

### Discount Rate

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

### Projected Cash Flows

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

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

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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For each major asset class that is included in the OPEB plans' target asset allocation as of September 30, 2018, these best estimates are summarized in the following table.

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	7.50%
International Equity	8.50%
Domestic Bonds	2.50%
International Bonds	3.50%
Real Estate	4.50%
Alternative Assets	5.59%

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

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

	1% Decrease 6.25%	Current Single Discount Rate 7.25%	1% Increase 8.25%
Net OPEB Liability/(Asset)	\$ (290,161,238)	\$ (401,913,734)	\$ (495,088,510)

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

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

	1 Percent Decrease (8% decreasing to 2.25%	Current Healthcare Cost Trend Rate (9.0% decreasing to 3.25%	1 Percent Increase (10.0% decreasing to 4.25%
Net OPEB Liability/(Asset)	\$ (500,134,668)	\$ (401,913,734)	\$ (287,109,997)

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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The following are condensed financial statements for the VEBA Trust as of September 30, 2018:

**Statement of Net Position**

Cash and investments	\$ 1,295,541,226
Other assets	3,606,074
Total assets	<u>1,299,147,300</u>
Liabilities	<u>3,623,948</u>
Net position	<u>\$ 1,295,523,352</u>

**Statement of Changes in Net Position**

Additions:	
Contributions	\$ 234,284
Investment income	84,162,821
Other revenue	3,465,259
Total additions	<u>87,862,364</u>
Deductions:	
Benefits	37,510,583
Other expenses	408,488
Total deductions	<u>37,919,071</u>
Change in net position	49,943,293
Net position held in trust, beginning of year	<u>1,245,580,059</u>
Net position held in trust, end of year	<u>\$ 1,295,523,352</u>

The Road Commission contributes to the Road Commission for Oakland County Retiree Health Care Trust (the "Trust"). The Trust provides for future payment of medical benefits for eligible retirees, their spouses and their dependents. The obligation to provide benefits to employees was established by negotiation with various collective bargaining units or other actions of the Oakland County Board of Road Commissioners. At December 31, 2016, the date of the most recent actuarial valuation, membership consisted of 417 inactive plan members or beneficiaries currently receiving benefits and 308 active plan members. For the year ended September 30, 2018, the Road Commission recognized OPEB expense of \$8,456,661, deferred outflows of resources of \$8,005,781, deferred inflows of resources of \$2,263,842, and payments for postemployment health benefit premiums of \$9,843,058, leaving a net OPEB liability of \$125,643,741 at September 30, 2018.

**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.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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**16. Risk Management**

The County is exposed to various risks of loss related to property, employee injuries, general liability claims, and torts, as well as medical benefits provided to employees. The County has purchased a commercial property policy for its building and contents, electronic data processing equipment, boats and motors, ATV/snowmobiles, and automobile catastrophe physical damage coverage. The policy is subject to a maximum per occurrence catastrophic loss limit of \$350,000,000. Policy limits (subject to the maximum \$350,000,000 per occurrence catastrophic loss limit) are: building and contents in the amount of \$698,115,700, electronic data processing equipment in the amount of \$43,894,889, boats and motors in the amount of \$569,000, ATV/snowmobiles in the amount of \$66,000, automobile catastrophe physical damage in the amount of \$2,000,000, flood coverage in the amount of \$50,000,000 (subject to limitations in some flood zones), earthquake coverage in the amount of \$50,000,000, boiler and machinery coverage in the amount of \$100,000,000, property insurance for helicopters' hull physical damage in the amount of \$3,139,792, and helicopters' additional equipment physical damage in the amount of \$1,354,800. Liability insurance has been purchased for: airport operations in the amount of \$50,000,000, helicopter operations in the amount of \$100,000,000, automobile fleet operations in the amount of \$5,000,000, fiduciary liability in the amount of \$25,000,000, employee dishonesty/faithful performance in the amount of \$3,000,000, travel accident in the amount of \$100,000 per person/\$500,000 aggregate, N.E.T. law enforcement liability in the amount of \$5,000,000, workers' compensation statutory coverage in excess of \$1,000,000 for each occurrence, and self-insured retention and employers' liability in the amount of \$1,000,000. In FY 2016, the County added Excess Liability with limits of \$10,000,000 over a \$3,000,000 SIR/deductible and Cyber Liability with limits of \$5,000,000. In FY 2018 the Cyber Liability limits were increased to \$15,000,000; Liquor Liability insurance in the total amount of \$5,000,000 were added for Parks & Recreation facilities at White Lake Oaks, Springfield Oaks and Lyon Oaks; and Water Resource Commission CVT Maintenance Agreement liability was added in the amount of \$10,000,000. The County is self-insured for all other risks except as noted. The Road Commission has similar risks and is uninsured for these claims within certain limits.

The County and the Road Commission estimate the liability for all of the above-mentioned claims that have been incurred through September 30, 2018, including both those claims that have been reported, as well as those that have not yet been reported, and estimates of both future payments of losses and related claim adjustment expenses. Estimated liabilities for unpaid claims are based on historical claim payments, including related legal and administrative expenses.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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

	<b>September 30</b>	
	<b>2018</b>	<b>2017</b>
<b>Primary Government</b>		
Beginning-of-period liability	\$ 16,737,239	\$ 15,972,627
Estimated claims incurred, claim adjustment expenses and changes in estimates		
Provisions for current-year events	55,808,794	54,052,651
Increase (decrease) in provisions for prior-year events	1,350,912	(1,057,953)
Total incurred claims, claim adjustment expenses and changes in estimates	57,159,706	52,994,698
Claim payments and claim adjustment expenses		
Related to current-year events	(50,914,662)	(50,174,917)
Related to prior-year events	(3,230,252)	(2,055,169)
Total claim payments and claim adjustment expenses	(54,144,914)	(52,230,086)
End-of-period liability	\$ 19,752,031	\$ 16,737,239
<b>Road Commission - Component Unit</b>		
Beginning-of-year liability	\$ 1,727,480	\$ 1,912,333
Estimated claims incurred and changes in estimates	13,800,067	12,341,151
Claim payments	(13,652,412)	(12,526,004)
End-of-year liability	\$ 1,875,135	\$ 1,727,480

**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, 2018 were \$1,079,750. The future minimum lease payments as of September 30, 2018 are as follows:

<b>Fiscal year</b>	<b>Primary government</b>
2019	\$ 1,084,441
2020	968,495
2021	817,569
2022	602,663
2023	610,650
2024-2028	2,033,816
2029-2034	1,005,068
Total	\$ 7,122,702

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, 2018 totaled \$82,678, recorded in the Facilities Maintenance & Operations fund, an internal service fund type.



# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2018

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The County has also “loaned” its AAA bond rating to assist local communities in the ability to finance local projects by pledging full faith and credit on the debt issued through the Oakland County Building Authority. Debt is to be paid from payments from the benefiting community over the life of the debt issues, with the structures being collateral. A contract, or lease, receivable with a corresponding deferred revenue is shown in the Debt Service Fund financial statements of the County. Debt and receivables are reported for a Sheriff’s Sub-station in the City of Rochester Hills for \$5.2 million in 2002 (refunded for \$2,260,000 in 2012), Community Mental Health Authority Housing Project in the amount of \$5,500,000 in 2007 (refunded for \$2,875,000 in 2014), Keego Harbor City Hall and DPW Building in the amount of \$1,120,000 in 2010, City of Oak Park in the amount of \$2,500,000 in 2012, and Community Mental Health Authority Project in the amount of \$14,500,000 in 2012. The future minimum lease payments to be received as of September 30, 2018 are as follows:

<b>Fiscal year</b>	<b>Primary government</b>
2019	\$ 1,729,385
2020	1,613,310
2021	1,393,735
2022	1,416,823
2023	1,402,085
2024 - 2028	5,849,454
2029 - 2033	2,484,107
2034 - 2038	948,562
2039 - 2043	133,075
	<u>\$ 16,970,536</u>

### 18. Commitments and Contingencies

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

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

The County has outstanding construction commitments (contracts) under the jurisdiction of the Water Resources Commissioner, and has contracts for Act 342 projects at September 30, 2018 as follows: Evergreen-Farmington S.D.S – Middlebelt Road Tunnel Project with a cost of \$5,308,985 with a remaining balance of \$10,344; Evergreen-Farmington S.D.S – North Evergreen Interceptor Quarton Rd Storage Improvement Project with a cost of \$2,757,333 and a remaining balance of \$277,102; and the Pontiac Water System Water Meter Replacements with a cost of \$1,320,918

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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with a remaining balance of \$506,041; Pontiac Sewer System – 66 Inch Steel Sewer River Crossking Rehab with a cost of \$1,374,250 with a remaining balance of \$364,650. Building Authority projects consists of a contract of \$3,056,266 for Facilities Infrastructure/Information Technology Project with a remaining balance of \$34,983. There are two outstanding contracts under the direction of the Facilities Management Department, one with a cost of \$3,764,086 for Security Enhancements for Jail CCTV, Control Consoles & Intercom Upgrades with a remaining balance of \$345,697 and one with a cost of \$1,350,342 for Children’s Village Multi Building Video Security Upgrade with a remaining balance of \$365,935 as of September 30, 2018.

There are four contracts for Information Technology projects at September 30, 2018 as follows: Imaging System Replacement with a cost of \$2,419,403 with a remaining balance of \$406,126; Network Equipment Replacement with a cost of \$5,728,879 with a remaining balance of \$1,305,613; Oblique Imagery Project with a cost of \$1,310,000 with a remaining balance of \$761,180; and the New Financial Human Capital Management Program with a cost of \$9,257,402 with a remaining balance of \$7,199,972.

The Drainage Districts’ component unit has a construction contract for Clinton River Water Resource Recovery Facility – Bio-solids Handling & Septage Receiving Facility Project with a cost of \$32,403,474 with a remaining balance of \$15,783,546; Pontiac Wastewater Treatment Facility – Aeration Tank Repair Project with a cost of \$5,782,903 with a remaining balance of \$1,372 and two contracts for construction, assessment and inspection for the Oakland Macomb Interceptor Drainage District Project with a total cost of \$86,066,678, with a remaining balance of \$3,528,269 as of September 30, 2018.

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

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

**Governmental Activities**

Governmental Funds

Due from other funds	\$ 12,253,019
Advances receivable	1,043,199
Due to other funds	(13,509,773)
Advances payable	(1,043,199)

Internal Service Funds

Due from other funds	1,322,534
Due to other funds	(14,183)
Current and long-term advances payable	(38,649)

Governmental activities, internal balances

\$ 12,948

**Business-Type Activities**

Proprietary Funds

Due from other funds	\$ 14,183
Current and long-term advances receivable	38,649
Due to other funds	(65,780)

Business-type activities, internal balances

\$ (12,948)

**20. Tax Abatements**

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

## County of Oakland

### Notes to Basic Financial Statements

#### September 30, 2018

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The IFT's were entered into based upon the Plant Rehabilitation and Industrial Development District Act, (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in building of new facilities and to promote the establishment of high tech facilities. Properties qualifying for IFT status are taxed at both 100% and 50% of the millage rate applicable to other real and personal property in the County. The abatements amounted to \$480,914 for the County General Fund and \$28,188 for the County Parks and Recreation Fund for the fiscal year.

Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties. These agreements were entered into based upon the Brownfield Redevelopment Act, PA 381 of 1996, as amended. Under this act, a municipality may create a brownfield redevelopment authority to develop and implement brownfield projects. Tax increment financing may be used as a tool for property redevelopment. The abatements amounted to \$442,130 for the County General Fund and \$25,915 for the County Parks and Recreation Fund for the year.

The County also receives reduced property tax revenue as a result of the Personal Property Tax (act 328 of 1998, as amended by PA 20 of 1999) granted by cities, villages, and townships within the County. Personal Property Tax exemptions are intended to promote purchase of new equipment. The abatements amounted to \$965,173 for the County General Fund and \$56,572 for the County Parks and Recreation Fund for the year.

Finally, various local governments within Oakland County use Payment in Lieu of Taxes (PILOT) Programs that are designed to provide tax abatements primarily for owners of low to moderate income multi-family housing units. Under this program the local governments establish ordinances and enter into agreements that allow the low to moderate multi-family housing unit property owners to make payments at lower amounts than would have been otherwise due in the normal course of property tax collection. The County has estimated the PILOT abatement impact by taking the County's Ad Valorem Tax amount less the actual PILOT payments for the year. The abatements amounted to \$335,655 for the year.

#### **21. Accounting and Reporting Change**

In fiscal year 2017 the County adopted GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Other Than Pension Plans*, the primary objective of which is to improve the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local government OPEB plans for making decisions and assessing accountability. Subsequent to September 30, 2017 it was determined that the Superseding Trust fund, which had been included as part of the OPEB Plan, should be reported in the Governmental Activities of the financial statements rather than in Fiduciary Funds. The County elected to record these changes in the Fringe Benefits Fund, an Internal Services fund, and for reporting purposes the net position of this fund was restated as of September 30, 2017.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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**Fund Financial Statements**

	Fringe Benefits Fund	Totals September 30, 2018
<b><u>Internal Service Funds</u></b>		
Net Position at September 30, 2017	\$ (7,670,877)	\$ 67,327,670
Reclassification of the Superceding Trust fund type	12,667,758	12,667,758
Net Position at September 30, 2017, as restated	<u>\$ 4,996,881</u>	<u>\$ 79,995,428</u>

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

**Statement of Activities**

	<b><u>Primary Government</u></b>		
	Governmental Activities	Business- Type Activities	Totals
Net Position at September 30, 2017	\$ 546,234,007	\$ 746,825,115	\$ 1,293,059,122
Adjustments - increases	12,667,758	-	12,667,758
Net Position at September 30, 2017, as restated	<u>\$ 558,901,765</u>	<u>\$ 746,825,115</u>	<u>\$ 1,305,726,880</u>

The following change is also reported in the Fiduciary Funds statements:

**Pension (and Other Postemployment Benefits) Trust Funds**

	OPEB Plan	Totals September 30, 2018
Net Position at September 30, 2017	\$ 1,258,247,817	\$ 2,043,258,944
Reclassification of the Superceding Trust fund type	(12,667,758)	(12,667,758)
Net Position at September 30, 2017, as restated	<u>\$ 1,245,580,059</u>	<u>\$ 2,030,591,186</u>

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2018**

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Since Internal Service funds report a Statement of Cash Flows, this reporting change necessitated a restatement of pooled cash and investments as follows:

**Fund Financial Statements**

	Fringe Benefits Fund	Totals September 30, 2018
<b><u>Internal Service Funds</u></b>		
Pooled cash and investments at September 30, 2017	\$ 84,402,753	\$ 132,870,163
Reclassification of the		
Superceding Trust fund type	205,313	205,313
Pooled cash and investments at September 30, 2017, as restated	<u>\$ 84,608,066</u>	<u>\$ 133,075,476</u>

In fiscal year 2018, The Road Commission component unit adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions*. The effect of this new accounting standard was a decrease in net position to record the net OPEB liability and deferred inflows at September 30, 2017. This change in net position is reported in the Component Units – Statement of Net Position in the County’s CAFR for September 30, 2018 as follows:

**Component Units**

	Road Commission	Total Component Units
Net Position at September 30, 2017	\$ 848,731,889	\$ 1,451,822,591
Adjustment for implementation of GASB Statement No. 75	(87,675,052)	(87,675,052)
Net Position at September 30, 2017, as restated	<u>\$ 761,056,837</u>	<u>\$ 1,364,147,539</u>

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## REQUIRED SUPPLEMENTARY INFORMATION

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**County of Oakland**  
**Primary Government – Retirement System**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Last Five Fiscal Years – Unaudited**

	Fiscal Year				
	2018	2017	2016	2015	2014
<b>Total pension liability</b>					
Service cost	\$ 2,128,819	\$ 2,483,176	\$ 2,864,098	\$ 3,705,776	\$ 4,196,269
Interest	53,272,144	53,389,706	53,131,461	50,740,081	50,492,624
Difference between expected and actual experience	(5,905,800)	(607,861)	2,639,268	2,621,256	-
Assumption changes	-	-	-	29,334,529	-
Benefit payments, including refunds of member contributions	(57,579,562)	(55,839,217)	(53,925,525)	(52,066,966)	(49,993,923)
Net change in total pension liability (asset)	(8,084,399)	(574,196)	4,709,302	34,334,676	4,694,970
<b>Total pension liability - beginning of year</b>	<u>762,513,562</u>	<u>763,087,758</u>	<u>758,378,456</u>	<u>724,043,780</u>	<u>719,348,810</u>
<b>Total pension liability - end of year (a)</b>	<u><u>754,429,163</u></u>	<u><u>762,513,562</u></u>	<u><u>763,087,758</u></u>	<u><u>758,378,456</u></u>	<u><u>724,043,780</u></u>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ -	\$ -	\$ -	\$ 4,554,832	\$ 5,770,835
Contributions - member	301,807	372,273	443,238	473,247	560,091
Net investment income	49,559,010	83,094,349	65,710,783	5,099,460	70,247,939
Benefit payments, including refunds of member contributions	(57,579,562)	(55,839,217)	(53,925,525)	(52,066,966)	(49,993,923)
Administrative expenses	(240,203)	(259,250)	(245,352)	(296,825)	(2,959,649)
Net change in plan fiduciary net position	(7,958,948)	27,368,155	11,983,144	(42,236,252)	23,625,293
<b>Plan fiduciary net position - beginning of year</b>	<u>785,011,127</u>	<u>757,642,972</u>	<u>745,659,828</u>	<u>787,896,080</u>	<u>764,270,787</u>
<b>Plan fiduciary net position - end of year (b)</b>	<u><u>777,052,179</u></u>	<u><u>785,011,127</u></u>	<u><u>757,642,972</u></u>	<u><u>745,659,828</u></u>	<u><u>787,896,080</u></u>
Net pension liability (asset) - end of year (a) - (b)	<u><u>\$ (22,623,016)</u></u>	<u><u>\$ (22,497,565)</u></u>	<u><u>\$ 5,444,786</u></u>	<u><u>\$ 12,718,628</u></u>	<u><u>\$ (63,852,300)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	103.00%	102.95%	99.29%	98.32%	108.82%
Covered payroll	\$ 16,019,655	\$ 18,631,927	\$ 21,834,812	\$ 24,707,298	\$ 29,901,825
Net pension liability (asset) as a percentage of covered payroll	(141.22%)	(120.75%)	24.94%	51.48%	(213.54%)

Covered payroll is 2016 valuation payroll (projected to the 2017-2018 year) used to determine employer contributions for the 2017-2018 fiscal year. GASB Statement No. 67 was implemented for FYE September 30, 2014 and does not require retroactive Data implementation. Data will be added as information is available until 10 years of such information is available.

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

	Fiscal Year									
	2018 *	2017 *	2016 *	2015	2014	2013	2012 *	2011 *	2010 *	2009 *
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ 4,554,832	\$ 5,770,835	\$ 5,400,095	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-	-	4,554,832	5,770,835	5,400,095	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$16,019,655	\$18,631,927	\$21,834,812	\$24,707,298	\$29,901,825	\$33,706,963	\$38,275,780	\$42,686,155	\$44,884,070	\$46,690,015
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	18.44%	19.30%	16.02%	0.00%	0.00%	0.00%	0.00%

**Notes to Schedule**

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

\* No actuarial determined contribution

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-Age Normal
Amortization method	Level Dollar
Remaining Amortization Period	10 years, open if over 100% funded
Asset valuation method	5-year smoothed market
Price Inflation	2.50%
Projected salary increases*	3.25% wage inflation
Investment rate of return*	7.25% net of investment and administrative expenses
Cost-of-living adjustments	1.5% non-compounding annually
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition.
Mortality	RP-2014 Healthy Annuitant Mortality Table (unadjusted) projected to 2021 using a static projection based on the 2-dimensional MP-2014 improvement scales.



**County of Oakland**  
**Primary Government – Retirement System**  
**Required Supplementary Information**  
**Schedule of Investment Returns**  
**Last Five Fiscal Years – Unaudited**

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

<b>Fiscal Year</b>	<b>Rate of Return</b>
2014	8.74%
2015	0.35%
2016	9.20%
2017	11.58%
2018	6.43%

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

**County of Oakland**  
**Primary Government – OPEB Plan**  
**Required Supplementary Information**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**Last Two Fiscal Years - Unaudited**

	<b>Fiscal Year</b>	
	<b>2018</b>	<b>2017</b>
<b>Total OPEB liability</b>		
Service cost	\$ 9,742,233	\$ 11,009,857
Interest on the total OPEB liability	70,351,546	67,692,444
Change in benefit terms	-	-
Difference between expected and actual experience	(82,048,924)	(6,799,845)
Change in assumptions	(51,205,346)	-
Employer-financed benefit payments	(37,449,853)	(31,732,905)
Net change in total OPEB liability	(90,610,344)	40,169,551
<b>Total OPEB liability - beginning of year</b>	<b>984,219,962</b>	<b>944,050,411</b>
<b>Total OPEB liability - end of year (a)</b>	<b>893,609,618</b>	<b>984,219,962</b>
 <b>Plan fiduciary net position</b>		
Contributions - employer	\$ -	\$ -
Contributions - member	234,284	218,517
OPEB Plan net investment income	84,162,823	134,380,948
Employer-financed benefit payments	(37,449,853)	(31,732,905)
Member-financed benefit payments	(234,284)	(218,517)
OPEB Plan administrative expenses	(234,935)	(204,215)
Other	3,465,258	3,332,028
Net change in plan fiduciary net position	49,943,293	105,775,856
<b>Plan fiduciary net position - beginning of year</b>	<b>1,245,580,059</b>	<b>1,139,804,203</b>
<b>Plan fiduciary net position - end of year (b)</b>	<b>1,295,523,352</b>	<b>1,245,580,059</b>
Net OPEB liability (asset) - end of year (a) - (b)	<b>\$ (401,913,734)</b>	<b>\$ (261,360,097)</b>
 Plan fiduciary net position as a percentage of the total OPEB liability	144.98%	126.56%
 Covered employee payroll	N/A	N/A
 Net OPEB liability (asset) as a percentage of covered employee payroll	N/A	N/A

GASB Statement No. 74 was implemented in FYE September 30, 2017 and does not require retroactive data implementation. Data will be added as information is available until 10 years of such information is available.

**County of Oakland**  
**Primary Government – OPEB Plan**  
**Required Supplementary Information**  
**Schedule of Contributions**  
**Last Ten Fiscal Years - Unaudited**

	Fiscal Year									
	2018 *	2017 *	2016 *	2015 *	2014 *	2013 *	2012 *	2011 *	2010	2009
Actuarially determined contribution	\$ -	\$ -	\$ 800,184	\$ 818,930	\$ 35,236,330	\$ 36,969,985	\$ 37,268,761	\$ 47,592,273	\$ 57,631,411	\$ 61,863,580
Contributions in relation to the actuarially determined contribuion	-	-	-	-	-	-	-	-	57,631,411	61,863,580
Contribution deficiency (excess)	\$ -	\$ -	\$ 800,184	\$ 818,930	\$ 35,236,330	\$ 36,969,985	\$ 37,268,761	\$ 47,592,273	\$ -	\$ -
Covered-employee payroll	N/A	N/A	\$141,464,508	\$144,715,626	\$146,473,723	\$154,128,944	\$162,819,440	\$173,903,452	\$175,316,170	\$ 180,539,069
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	32.87%	34.27%

**Notes to Schedule**

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

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-Age Normal
Amortization method	Level Dollar, open if over 100% funded
Remaining amortization period	10 years
Asset valuation method	5-year smoothed market
Price Inflation	2.50%
Projected salary increases*	4.50% wage inflation
Investment rate of return*	7.25% net of investment and administrative expenses
Retirement age	Age-based table of rates that are specific to the type of eligibility condition.
Mortality	The RP-2014 Healthy Annuitant Mortality Table (unadjusted) projected to 2021 using a static projection based on the 2 dimensional MP-2014 improvement scales.
Health Care Trend Rates	Medical, Prescription Drug, Medicare Part B: 9% trend, gradually decreasing to 3.25% in year 12. Dental and vision: 3.25% trend for all years
Aging factors	Based on 2013 SOA Study "Health Care Costs - From Birth to Death"

**County of Oakland  
Primary Government – OPEB Plan  
Required Supplementary Information  
Schedule of Investment Returns  
Last Two Fiscal Years – Unaudited**

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

<b>Fiscal Year</b>	<b>Rate of Return</b>
2017	12.10%
2018	6.50%

GASB Statement No. 74 was implemented for FYE September 30, 2017 and does not require retroactive data implementation. Data will be added as information is available until 10 years of such information is available.

**County of Oakland**  
**Budgetary Comparison Schedule**  
**Major Governmental Funds**  
**Year Ended September 30, 2018**

	<b>General Fund</b>			
	<b>Original Budget (Unaudited)</b>	<b>Final Amended Budget (Unaudited)</b>	<b>Actual</b>	<b>Variance with Final Amended Budget</b>
<b>Revenues</b>				
Taxes				
Current property taxes	\$ 226,448,198	\$ 227,059,671	\$ 227,686,524	\$ 626,853
Delinquent taxes - prior years	98,500	98,500	242,665	144,165
Trailer tax	80,000	80,000	83,980	3,980
Total	<u>226,626,698</u>	<u>227,238,171</u>	<u>228,013,169</u>	<u>774,998</u>
Other intergovernmental revenues				
Circuit judges' salaries	868,756	868,756	868,869	113
Probate judges' salaries	622,464	622,464	620,040	(2,424)
District judges' salaries	457,240	457,240	457,240	-
State court fund - P.A. 189	5,000,000	5,000,000	4,617,656	(382,344)
Local comm stabilization share	2,000,000	4,157,046	4,157,398	352
Revenue sharing	26,419,178	26,683,178	26,683,379	201
Convention facility/Liquor tax	9,100,000	9,841,485	9,841,485	-
Other	293,006	291,006	261,893	(29,113)
Total	<u>44,760,644</u>	<u>47,921,175</u>	<u>47,507,960</u>	<u>(413,215)</u>
Charges for services				
County Executive	265,690	265,690	289,729	24,039
Management and Budget	3,765,600	3,765,600	3,897,045	131,445
Central Services	321,950	321,950	314,274	(7,676)
Human Resources	-	-	27	27
Human Services	4,267,834	4,161,715	4,110,102	(51,613)
Public Services	1,442,200	1,627,982	1,710,892	82,910
Community and Economic Development	465,225	567,965	619,086	51,121
Clerk/Register of Deeds	13,742,300	13,742,300	18,115,028	4,372,728
Treasurer	4,802,300	4,802,300	9,993,887	5,191,587
Circuit Court	3,105,500	3,236,000	3,036,912	(199,088)
District Court	11,342,650	11,342,650	12,358,809	1,016,159
Probate Court	516,600	585,600	586,356	756
Prosecuting Attorney	295,053	295,053	288,713	(6,340)
Sheriff	58,170,727	59,258,715	58,747,693	(511,022)
Legislative	26,500	26,500	20,171	(6,329)
Water Resources Commissioner	2,497,177	2,740,177	3,361,230	621,053
Non-Departmental	716,812	1,208,468	1,336,030	127,562
Total	<u>105,744,118</u>	<u>107,948,665</u>	<u>118,785,984</u>	<u>10,837,319</u>
Investment income	1,904,700	1,904,700	2,284,957	380,257
Indirect cost recovery	8,134,737	8,134,737	9,145,652	1,010,915
Federal grants	393,892	885,989	973,505	87,516
State grants	4,812,160	4,821,324	4,829,285	7,961
Contributions	29,240	52,372	44,479	(7,893)
Other revenues	429,100	433,380	516,086	82,706
Total revenues	<u>392,835,289</u>	<u>399,340,513</u>	<u>412,101,077</u>	<u>12,760,564</u>
				(continued)

**County of Oakland**  
**Budgetary Comparison Schedule (Continued)**  
**Major Governmental Funds**  
**Year Ended September 30, 2018**

	General Fund			Variance with Final Amended Budget
	Original Budget (Unaudited)	Final Amended Budget (Unaudited)	Actual	
<b>Expenditures</b>				
County Executive				
Administration				
Personnel	\$ 6,512,158	\$ 6,512,158	\$ 6,486,610	\$ 25,548
Operating	414,576	414,576	361,636	52,940
Internal Support	970,118	1,088,715	1,086,156	2,559
Total Administration	7,896,852	8,015,449	7,934,402	81,047
Management and Budget				
Personnel	17,211,550	17,232,135	15,453,703	1,778,432
Operating	819,021	840,743	614,706	226,037
Internal Support	2,268,830	3,008,007	2,781,062	226,945
Total Management and Budget	20,299,401	21,080,885	18,849,471	2,231,414
Central Services				
Personnel	1,481,723	1,481,723	1,421,255	60,468
Operating	400,193	639,793	572,203	67,590
Internal Support	783,521	815,674	814,927	747
Total Central Services	2,665,437	2,937,190	2,808,385	128,805
Facilities Management				
Personnel	1,079,450	1,079,450	1,075,365	4,085
Operating	230,946	291,113	278,268	12,845
Internal Support	64,528	86,776	83,132	3,644
Total Facilities Management	1,374,924	1,457,339	1,436,765	20,574
Human Resources				
Personnel	2,715,782	2,736,368	2,725,470	10,898
Operating	715,407	946,097	448,529	497,568
Internal Support	659,534	861,049	754,767	106,282
Total Human Resources	4,090,723	4,543,514	3,928,766	614,748
Human Services				
Personnel	27,824,573	27,863,011	25,683,133	2,179,878
Operating	4,960,115	5,616,244	4,628,514	987,730
Internal Support	3,521,002	4,086,345	3,786,272	300,073
Total Human Services	36,305,690	37,565,600	34,097,919	3,467,681
Public Services				
Personnel	12,654,144	12,610,093	12,075,947	534,146
Operating	1,916,405	2,131,826	1,988,371	143,455
Internal Support	3,466,429	3,765,755	3,685,448	80,307
Total Public Services	18,036,978	18,507,674	17,749,766	757,908
				(continued)

**County of Oakland**  
**Budgetary Comparison Schedule (Continued)**  
**Major Governmental Funds**  
**Year Ended September 30, 2018**

	General Fund			
	Original Budget (Unaudited)	Final Amended Budget (Unaudited)	Actual	Variance with Final Amended Budget
Expenditures (continued)				
County Executive (continued)				
Community and Economic Development				
Personnel	\$ 5,640,614	\$ 5,640,614	\$ 5,201,726	\$ 438,888
Operating	1,837,731	2,178,663	1,632,856	545,807
Internal Support	908,363	1,038,126	1,016,465	21,661
Total Community and Economic Development	8,386,708	8,857,403	7,851,047	1,006,356
Total County Executive	99,056,713	102,965,054	94,656,521	8,308,533
Clerk/Register of Deeds				
Personnel	8,003,803	8,003,803	6,149,061	1,854,742
Operating	1,433,408	1,433,408	966,244	467,164
Internal Support	1,313,495	1,671,789	1,600,065	71,724
Total Clerk/Register of Deeds	10,750,706	11,109,000	8,715,370	2,393,630
Treasurer				
Personnel	3,443,735	3,443,735	3,223,564	220,171
Operating	4,512,105	4,512,105	3,376,586	1,135,519
Internal Support	777,694	1,104,411	1,047,608	56,803
Total Treasurer	8,733,534	9,060,251	7,647,758	1,412,493
Justice Administration				
Circuit Court				
Personnel	23,192,964	22,780,005	21,407,225	1,372,780
Operating	7,045,769	8,233,158	5,744,332	2,488,826
Internal Support	4,712,935	5,477,336	5,337,560	139,776
Total Circuit Court	34,951,668	36,490,499	32,489,117	4,001,382
District Court				
Personnel	13,218,171	13,218,171	12,649,068	569,103
Operating	2,623,423	2,638,763	2,502,391	136,372
Internal Support	1,626,678	1,785,165	1,709,433	75,732
Total District Court	17,468,272	17,642,099	16,860,892	781,207
Probate Court				
Personnel	4,692,639	4,692,639	4,332,501	360,138
Operating	811,424	921,424	919,373	2,051
Internal Support	918,200	975,688	869,545	106,143
Total Probate Court	6,422,263	6,589,751	6,121,419	468,332
Total Justice Administration	58,842,203	60,722,349	55,471,428	5,250,921
				(continued)

(continued)

**County of Oakland**  
**Budgetary Comparison Schedule (Continued)**  
**Major Governmental Funds**  
**Year Ended September 30, 2018**

	<b>General Fund</b>			<b>Variance with</b>
	<b>Original Budget (Unaudited)</b>	<b>Final Amended Budget (Unaudited)</b>	<b>Actual</b>	<b>Final Amended Budget</b>
<b>Expenditures (continued)</b>				
Law Enforcement				
Prosecuting Attorney				
Personnel	\$ 17,096,664	\$ 17,096,664	\$ 16,027,885	\$ 1,068,779
Operating	560,166	560,166	512,020	48,146
Internal Support	2,082,213	2,161,751	2,032,097	129,654
Total Prosecuting Attorney	19,739,043	19,818,581	18,572,002	1,246,579
Sheriff				
Personnel	120,559,056	124,621,090	124,618,030	3,060
Operating	12,164,322	12,238,661	11,167,597	1,071,064
Internal Support	18,132,485	18,988,019	18,850,640	137,379
Total Sheriff	150,855,863	155,847,770	154,636,267	1,211,503
Total Law Enforcement	170,594,906	175,666,351	173,208,269	2,458,082
Legislative				
Board of Commissioners				
Personnel	2,775,358	2,775,358	2,736,726	38,632
Operating	997,523	1,604,139	1,447,758	156,381
Internal Support	688,806	793,452	767,495	25,957
Total Legislative	4,461,687	5,172,949	4,951,979	220,970
Water Resource Commissioner				
Personnel	224,606	224,606	222,102	2,504
Operating	487,975	487,975	241,036	246,939
Internal Support	5,970,144	6,577,441	6,577,083	358
Total Water Resource Commissioner	6,682,725	7,290,022	7,040,221	249,801
Non-departmental				
Operating	21,947,953	25,382,603	19,529,687	5,852,916
Internal Support	8,712,772	3,640,731	2,295,344	1,345,387
Total non-departmental	30,660,725	29,023,334	21,825,031	7,198,303
Total expenditures	389,783,199	401,009,310	373,516,577	27,492,733
Excess of revenues (under) over expenditures	3,052,090	(1,668,797)	38,584,500	40,253,297
				(continued)



**County of Oakland**  
**Budgetary Comparison Schedule (Continued)**  
**Major Governmental Funds**  
**Year Ended September 30, 2018**

	<b>General Fund</b>			
	<b>Original Budget (Unaudited)</b>	<b>Final Amended Budget (Unaudited)</b>	<b>Actual</b>	<b>Variance with Final Amended Budget</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in				
Special Revenue Funds				
Restricted Funds	\$ 31,957	\$ 469,018	\$ 437,059	\$ (31,959)
Judicial Grants	-	9	9	-
Total special revenue funds	<u>31,957</u>	<u>469,027</u>	<u>437,068</u>	<u>(31,959)</u>
Capital Project Funds				
Project Work Orders	-	-	152,787	152,787
Major Dept. Support Projects	-	-	141,817	141,817
Total capital project funds	<u>-</u>	<u>-</u>	<u>294,604</u>	<u>294,604</u>
Enterprise Funds				
Delinquent Tax Revolving	8,600,000	8,600,000	8,906,817	306,817
Total enterprise funds	<u>8,600,000</u>	<u>8,600,000</u>	<u>8,906,817</u>	<u>306,817</u>
Total Transfers In	<u>8,631,957</u>	<u>9,069,027</u>	<u>9,638,489</u>	<u>569,462</u>
Transfers out				
Special Revenue Funds				
Child Care	(23,323,944)	(21,923,150)	(16,438,276)	5,484,874
Social Welfare Foster Care	(1,000)	(1,000)	-	1,000
Restricted Funds	-	(1,930)	(1,930)	-
Drains-Act 40 Chapters 4 & 18				
Maintenance	(56,165)	(56,165)	(50,061)	6,104
Friend of the Court Grant	(5,246,653)	(5,508,988)	(5,214,325)	294,663
Judicial Grants	-	(9)	(9)	-
Law Enforcement Grants	(1,309,113)	(1,709,856)	(1,561,589)	148,267
Multi Organizational Grants	-	(18,606)	(18,606)	-
Housing & Community Development	-	(495,018)	(495,018)	-
Total special revenue funds	<u>(29,936,875)</u>	<u>(29,714,722)</u>	<u>(23,779,814)</u>	<u>5,934,908</u>

(continued)

**County of Oakland**  
**Budgetary Comparison Schedule (Continued)**  
**Major Governmental Funds**  
**Year Ended September 30, 2018**

	General Fund			
	Original Budget (Unaudited)	Final Amended Budget (Unaudited)	Actual	Variance with Final Amended Budget
<b>Other Financing Sources (Uses) (continued)</b>				
Transfers Out (continued)				
Debt Service Funds				
Building Authority Debt Act 31	\$ (2,238,000)	\$ (3,946,046)	\$ (3,946,546)	\$ (500)
Total debt service funds	<u>(2,238,000)</u>	<u>(3,946,046)</u>	<u>(3,946,546)</u>	<u>(500)</u>
Capital Projects Funds				
Building Improvement	(5,500,000)	(5,500,000)	(5,500,000)	-
Project Work Orders	(1,388,000)	(9,030,528)	(9,095,682)	(65,154)
Major Dept Support Projects	-	(18,735,370)	(18,735,370)	-
Total capital projects funds	<u>(6,888,000)</u>	<u>(33,265,898)</u>	<u>(33,331,052)</u>	<u>(65,154)</u>
Internal Service Funds				
Information Technology	(3,620,676)	(4,153,743)	(4,153,743)	-
Motor Pool	-	(286,223)	(286,223)	-
Total internal service funds	<u>(3,620,676)</u>	<u>(4,439,966)</u>	<u>(4,439,966)</u>	<u>-</u>
Enterprise Funds				
Fire Records Management	(477,919)	(739,595)	(721,275)	18,320
CLEMIS	(1,644,186)	(1,644,186)	(1,644,186)	-
Radio Communications	(788)	(96,088)	(95,300)	788
Total enterprise funds	<u>(2,122,893)</u>	<u>(2,479,869)</u>	<u>(2,460,761)</u>	<u>19,108</u>
Total transfers out	<u>(44,806,444)</u>	<u>(73,846,501)</u>	<u>(67,958,139)</u>	<u>5,888,362</u>
Total other financing sources (uses)	<u>(36,174,487)</u>	<u>(64,777,474)</u>	<u>(58,319,650)</u>	<u>6,457,824</u>
Net change in fund balance	<u>(33,122,397)</u>	<u>(66,446,271)</u>	<u>(19,735,150)</u>	<u>46,711,121</u>
<b>Fund balance</b>				
October 1, 2017	<u>264,780,087</u>	<u>264,780,087</u>	<u>264,780,087</u>	<u>-</u>
September 30, 2018	\$ 231,657,690	\$ 198,333,816	\$ 245,044,937	\$ 46,711,121

# **County of Oakland**

## **Notes to Required Supplementary Information**

### **September 30, 2018**

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#### **Budgetary Comparisons**

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

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

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

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

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

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**County of Oakland**  
**Balance Sheet**  
**Non-Major Governmental Funds – By Fund Type**  
**September 30, 2018**

	Special Revenue	Debt Service	Capital Projects	Totals September 30, 2018
<b>Assets</b>				
Pooled cash and investments	\$ 30,257,831	\$ 10,104	\$ 45,087,552	\$ 75,355,487
Due from other governmental units	14,177,590	-	-	14,177,590
Due from component units	10	-	702,638	702,648
Accrued interest receivable	105,970	491	39,749	146,210
Accounts receivable (net of allowance for uncollectibles where applicable)	201,630	-	-	201,630
Special assessments receivable	140,624	795,000	736,324	1,671,948
Contracts receivable	-	2,365,000	118,400	2,483,400
Due from other funds	1,650,212	-	2,585,812	4,236,024
Advances	-	-	1,043,199	1,043,199
Other assets	2,255,077	-	-	2,255,077
Total assets	<u>\$ 48,788,944</u>	<u>\$ 3,170,595</u>	<u>\$ 50,313,674</u>	<u>\$ 102,273,213</u>
<b>Liabilities</b>				
Vouchers payable	\$ 2,628,247	\$ 9,362	\$ 1,880,054	\$ 4,517,663
Due to other governmental units	90,182	-	-	90,182
Due to other funds	9,330,874	-	366,680	9,697,554
Advances	119,390	-	923,809	1,043,199
Unearned revenue	5,222,529	-	-	5,222,529
Other accrued liabilities	11,104,967	-	3,034,931	14,139,898
Total liabilities	<u>28,496,189</u>	<u>9,362</u>	<u>6,205,474</u>	<u>34,711,025</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - special assessments	140,624	795,000	736,324	1,671,948
Unavailable revenue - grants	3,023,006	-	-	3,023,006
Unavailable revenue - contracts receivable	-	2,365,000	-	2,365,000
Unavailable revenue - other	2,537,912	-	-	2,537,912
Total deferred inflows of resources	<u>5,701,542</u>	<u>3,160,000</u>	<u>736,324</u>	<u>9,597,866</u>
<b>Fund Balances</b>				
Spendable:				
Restricted	17,182,126	1,233	-	17,183,359
Committed	-	-	44,273,743	44,273,743
Unassigned	(2,590,913)	-	(901,867)	(3,492,780)
Total fund balances	<u>14,591,213</u>	<u>1,233</u>	<u>43,371,876</u>	<u>57,964,322</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 48,788,944</u>	<u>\$ 3,170,595</u>	<u>\$ 50,313,674</u>	<u>\$ 102,273,213</u>

**County of Oakland**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds – By Fund Type**  
**Year Ended September 30, 2018**

	Special Revenue	Debt Service	Capital Projects	Totals September 30, 2018
<b>Revenues</b>				
Special assessments	\$ 1,147,925	\$ 893,713	\$ 123,484	\$ 2,165,122
Federal grants	30,053,903	-	-	30,053,903
State grants	23,717,428	-	-	23,717,428
Other intergovernmental revenue	12,352,892	-	-	12,352,892
Charges for services	13,032,817	750	28,229	13,061,796
Contributions	82,734	-	-	82,734
Investment income	335,700	986	85,924	422,610
Other	326,290	-	28,981	355,271
Total revenues	81,049,689	895,449	266,618	82,211,756
<b>Expenditures</b>				
Current operations				
County Executive	67,674,686	-	-	67,674,686
Clerk/Register of Deeds	1,946,198	-	-	1,946,198
Justice administration	25,142,975	-	-	25,142,975
Law enforcement	7,930,045	-	-	7,930,045
Legislative	7,004	-	-	7,004
Water Resource Commissioner	7,821,446	959	-	7,822,405
Total current operations	110,522,354	959	-	110,523,313
Capital outlay	41,901	-	23,718,681	23,760,582
Intergovernmental	-	-	-	-
Debt service				
Principal payments	-	4,665,000	-	4,665,000
Interest and fiscal charges	-	986,175	-	986,175
Total expenditures	110,564,255	5,652,134	23,718,681	139,935,070
Deficiency of revenues under expenditures	(29,514,566)	(4,756,685)	(23,452,063)	(57,723,314)
<b>Other financing sources (uses)</b>				
Transfers in	24,565,922	4,755,700	39,130,908	68,452,530
Transfers out	(997,216)	(34,989)	(6,041,391)	(7,073,596)
Insurance recoveries	857,096	-	-	857,096
Issuance of bonds	2,589,311	-	-	2,589,311
Total other financing sources (uses)	27,015,113	4,720,711	33,089,517	64,825,341
Net change in fund balances	(2,499,453)	(35,974)	9,637,454	7,102,027
<b>Fund balances</b>				
October 1, 2017	17,090,666	37,207	33,734,422	50,862,295
September 30, 2018	\$ 14,591,213	\$ 1,233	\$ 43,371,876	\$ 57,964,322

# County of Oakland

## Non-Major Special Revenue Funds

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### Special Revenue Funds

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

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

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

***The Register of Deeds Automation Fund*** - is used to account for revenues from additional fees as authorized by the State of Michigan to allow for technology improvements in Clerk/Register of Deeds offices.

***The Oakland Enhancement Fund*** - is used to account for revenues received from various sources for the purpose of coordinating economic development within the County.

***The Restricted Funds Fund*** - is used to account for donations made for various specific purposes or other amounts held for disbursement at a future date. This includes:

- Donations made to, and their disbursements from, Oakland County Children's Village to benefit youths.
- Blind/Handicapped Library Gift accounts for donations made to the Blind/Handicapped Library.
- Oakland County Sheriff's Department Seized Funds is used to account for monies relinquished to the Sheriff's Department as a result of investigation by the department and their disbursement pending trial.
- Prosecutor Citizens Reward program is used to account for monies received from public donations and awarded to citizens for their special assistance on major cases initiated by the Prosecutor's Office.
- Probate Court Trust is used to account for individual donations made to the court and their subsequent disbursement to assist youths.
- Donations for programs such as: the Medical Examiner Library and FSC, Animal Population Control and Education, Arts, Culture, and Film.

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

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

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

## County of Oakland

### Non-Major Special Revenue Funds

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***The Drains Act 40 Chapters 4 & 18 Maintenance Fund*** - is used to record expenditures for the operations and maintenance of drainage districts created under Chapters 4 and 18 of Public Act 40 of 1956. Revenue is provided from special assessments against the benefiting properties within the district.

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

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

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

- Community Corrections, which utilizes State funds to increase utilization of community-based sanctions and services for nonviolent offenders.
- Juvenile Accountability Block Grant, which utilizes federal and County funds to develop programs to promote greater accountability in the juvenile justice system.
- Byrne Formula Justice Assistance Grants (JAG) replaces the Local Law Enforcement Block Grant (LLEBG) programs. JAG provides federal funds to support a broad range of activities to prevent and control crime, and to improve the criminal justice system.

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

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

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

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

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

- Clerk/Register of Deeds Survey/Remonumentation, which utilizes state funds to locate, verify, replace, or reposition corners within the County, per Public Act 345 of 1990.
- Tornado Siren, which utilizes County and municipal funds in the procurement and installation of tornado siren units used in the tornado warning system.
- Great Lakes Water Authority, a cost reimbursement agreement for due diligence examination of business issues related to the research, creation, and implementation of the Authority.
- Grants for programs such as Domestic Preparedness Equipment, Homeland Security grants, MI Financial Empowerment, Holly Dispatch Consolidation, AAA Safety, DTE Energy Tree Planting, Friend of the Court Access and Visitation, Two Seven Oh, and MEDC Region 10.



## **County of Oakland**

### **Non-Major Special Revenue Funds**

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

***The Oakland Brownfield Initiative Fund*** - is used to account for grant revenues and administration/management costs incurred in assisting the redevelopment of tax-reverted properties through Brownfield Cleanup Revolving Loan Fund programs. The Brownfield Consortium Assessment program consists of Oakland County plus cities to perform environmental investigations on parcels throughout the County with special focus on the cities comprised in this Consortium.

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

**County of Oakland**  
**Combining Balance Sheet**  
**Non-Major Special Revenue Funds**  
**September 30, 2018**

	Child Care	Register of Deeds Automation	Oakland Enhancement	Restricted Funds	Waste Resource Management
<b>Assets</b>					
Pooled cash and investments	\$ -	\$ 6,277,266	\$ 66,845	\$ 2,873,644	\$ 1,620,654
Due from other governmental units	6,476,687	-	-	-	-
Due from component units	-	10	-	-	-
Accrued interest receivable	-	24,316	726	5,870	924
Accounts receivable (net of allowance for uncollectibles where applicable)	-	-	16,302	28,959	-
Special assessments receivable	-	-	-	-	-
Due from other funds	-	184,831	-	63,830	-
Other assets	105	-	-	-	-
Total assets	<u>\$ 6,476,792</u>	<u>\$ 6,486,423</u>	<u>\$ 83,873</u>	<u>\$ 2,972,303</u>	<u>\$ 1,621,578</u>
<b>Liabilities</b>					
Vouchers payable	\$ 707,860	\$ -	\$ -	\$ -	\$ -
Due to other governmental units	-	40	-	-	-
Due to other funds	2,685,067	-	-	-	-
Advances payable	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Other accrued liabilities	534,649	64,186	-	-	768,976
Total liabilities	<u>3,927,576</u>	<u>64,226</u>	<u>-</u>	<u>-</u>	<u>768,976</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - special assessments	-	-	-	-	-
Unavailable revenue - grants	-	-	-	-	-
Unavailable revenue - other	2,537,912	-	-	-	-
Total deferred inflows of resources	<u>2,537,912</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances (deficits)</b>					
Restricted	11,304	6,422,197	83,873	2,972,303	852,602
Unassigned	-	-	-	-	-
Total fund balances (deficits)	<u>11,304</u>	<u>6,422,197</u>	<u>83,873</u>	<u>2,972,303</u>	<u>852,602</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 6,476,792</u>	<u>\$ 6,486,423</u>	<u>\$ 83,873</u>	<u>\$ 2,972,303</u>	<u>\$ 1,621,578</u>

(continued)

**County of Oakland**  
**Combining Balance Sheet (Continued)**  
**Non-Major Special Revenue Funds**  
**September 30, 2018**

	<b>Water &amp; Sewer Act 342</b>	<b>Lake Levels Act 146</b>	<b>Drains-Act 40 Maintenance Chapters 4 &amp; 18</b>	<b>Lake Improvements Act 345</b>	<b>Friend of the Court</b>
<b>Assets</b>					
Pooled cash and investments	\$ 6,940,862	\$ 174,812	\$ 2,255,727	\$ 1,009	\$ -
Due from other governmental units	-	28,165	167,184	-	1,592,249
Due from component units	-	-	-	-	-
Accrued interest receivable	21,254	28	33,293	-	-
Accounts receivable (net of allowance for uncollectibles where applicable)	-	247	8,247	-	31,027
Special assessments receivable	-	-	140,624	-	-
Due from other funds	-	-	-	-	1,331,336
Other assets	-	-	-	-	3,440
Total assets	<u>\$ 6,962,116</u>	<u>\$ 203,252</u>	<u>\$ 2,605,075</u>	<u>\$ 1,009</u>	<u>\$ 2,958,052</u>
<b>Liabilities</b>					
Vouchers payable	\$ 347,601	\$ 108,762	\$ 294	\$ -	\$ 18,086
Due to other governmental units	-	-	270	-	1,050
Due to other funds	665,122	151,643	499,347	-	2,934,328
Advances payable	-	-	119,390	-	-
Unearned revenue	-	-	-	-	-
Other accrued liabilities	4,614,257	20,514	1,582,967	-	4,588
Total liabilities	<u>5,626,980</u>	<u>280,919</u>	<u>2,202,268</u>	<u>-</u>	<u>2,958,052</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - special assessments	-	-	140,624	-	-
Unavailable revenue - grants	-	-	-	-	1,592,250
Unavailable revenue - other	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>140,624</u>	<u>-</u>	<u>1,592,250</u>
<b>Fund Balances (deficits)</b>					
Restricted	1,335,136	-	262,183	1,009	-
Unassigned	-	(77,667)	-	-	(1,592,250)
Total fund balances (deficits)	<u>1,335,136</u>	<u>(77,667)</u>	<u>262,183</u>	<u>1,009</u>	<u>(1,592,250)</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 6,962,116</u>	<u>\$ 203,252</u>	<u>\$ 2,605,075</u>	<u>\$ 1,009</u>	<u>\$ 2,958,052</u> (continued)

**County of Oakland**  
**Combining Balance Sheet (Continued)**  
**Non-Major Special Revenue Funds**  
**September 30, 2018**

	Multi- Organizational Grants	Workforce Development Grants	Law Enforcement Grants	Housing and Community Development	Human Service Grants
<b>Assets</b>					
Pooled cash and investments	\$ -	\$ 22,637	\$ -	\$ 4,875,433	\$ 3,345,539
Due from other governmental units	309,677	1,175,615	1,040,558	2,409,517	166,824
Due from component units	-	-	-	-	-
Accrued interest receivable	-	-	-	17,181	-
Accounts receivable (net of allowance for uncollectibles where applicable)	-	-	-	-	107,898
Special assessments receivable	-	-	-	-	-
Due from other funds	-	500	69,085	630	-
Other assets	-	2,242,687	8,845	-	-
Total assets	<u>\$ 309,677</u>	<u>\$ 3,441,439</u>	<u>\$ 1,118,488</u>	<u>\$ 7,302,761</u>	<u>\$ 3,620,261</u>
<b>Liabilities</b>					
Vouchers payable	17,362	\$ 1,187,611	\$ 60,821	\$ 5,830	\$ 164,137
Due to other governmental units	-	-	-	7,248	-
Due to other funds	292,315	500	941,598	-	417,277
Advances payable	-	-	-	-	-
Unearned revenue	-	-	-	5,222,529	-
Other accrued liabilities	-	2,253,328	101,377	1,099,000	8,211
Total liabilities	<u>309,677</u>	<u>3,441,439</u>	<u>1,103,796</u>	<u>6,334,607</u>	<u>589,625</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - special assessments	-	-	-	-	-
Unavailable revenue - grants	-	-	484,646	317,201	166,823
Unavailable revenue - other	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>484,646</u>	<u>317,201</u>	<u>166,823</u>
<b>Fund Balances (deficits)</b>					
Restricted	-	-	-	650,953	2,863,813
Unassigned	-	-	(469,954)	-	-
Total fund balances (deficits)	<u>-</u>	<u>-</u>	<u>(469,954)</u>	<u>650,953</u>	<u>2,863,813</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 309,677</u>	<u>\$ 3,441,439</u>	<u>\$ 1,118,488</u>	<u>\$ 7,302,761</u>	<u>\$ 3,620,261</u>

(continued)

**County of Oakland**  
**Combining Balance Sheet (Continued)**  
**Non-Major Special Revenue Funds**  
**September 30, 2018**

	<b>Other Grants</b>	<b>Judicial Grants</b>	<b>Oakland Brownfield Initiative</b>	<b>Concealed Pistol Licensing</b>	<b>Totals September 30, 2018</b>
<b>Assets</b>					
Current assets					
Pooled cash and investments	\$ -	\$ -	\$ 635,881	\$ 1,167,522	\$ 30,257,831
Due from other governmental units	633,947	165,167	12,000	-	14,177,590
Due from component units	-	-	-	-	10
Accrued interest receivable	-	-	-	2,378	105,970
Accounts receivable (net of allowance for uncollectibles where applicable)	8,950	-	-	-	201,630
Special assessments receivable	-	-	-	-	140,624
Due from other funds	-	-	-	-	1,650,212
Other assets	-	-	-	-	2,255,077
Total assets	<u>\$ 642,897</u>	<u>\$ 165,167</u>	<u>\$ 647,881</u>	<u>\$ 1,169,900</u>	<u>\$ 48,788,944</u>
<b>Liabilities</b>					
Vouchers payable	\$ 2,030	\$ 3,399	\$ 3,750	\$ 704	2,628,247
Due to other governmental units	-	-	-	81,574	90,182
Due to other funds	595,328	148,349	-	-	9,330,874
Advances payable	-	-	-	-	119,390
Unearned revenue	-	-	-	-	5,222,529
Other accrued liabilities	44,967	2,947	5,000	-	11,104,967
Total liabilities	<u>642,325</u>	<u>154,695</u>	<u>8,750</u>	<u>82,278</u>	<u>28,496,189</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - special assessments	-	-	-	-	140,624
Unavailable revenue - grants	296,919	165,167	-	-	3,023,006
Unavailable revenue - other	-	-	-	-	2,537,912
Total deferred inflows of resources	<u>296,919</u>	<u>165,167</u>	<u>-</u>	<u>-</u>	<u>5,701,542</u>
<b>Fund Balances (deficits)</b>					
Restricted	-	-	639,131	1,087,622	17,182,126
Unassigned	(296,347)	(154,695)	-	-	(2,590,913)
Total fund balances (deficits)	<u>(296,347)</u>	<u>(154,695)</u>	<u>639,131</u>	<u>1,087,622</u>	<u>14,591,213</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 642,897</u>	<u>\$ 165,167</u>	<u>\$ 647,881</u>	<u>\$ 1,169,900</u>	<u>\$ 48,788,944</u>

**County of Oakland**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**  
**Year Ended September 30, 2018**

	Child Care	Register of Deeds Automation	Oakland Enhance ment	Restricted Funds	Waste Resource Manage ment
<b>Revenues</b>					
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	375,766	-	-	-	-
State grants	15,044,623	-	-	-	-
Other intergovernmental revenue	-	-	-	-	-
Charges for services	5,654,598	1,024,579	507,581	1,487,937	120,479
Contributions	-	-	-	73,594	-
Investment income	-	105,186	1,520	35,326	15,792
Other	25,108	-	-	-	-
Total revenues	21,100,095	1,129,765	509,101	1,596,857	136,271
<b>Expenditures</b>					
Salaries	12,750,248	235,003	298,361	-	-
Fringe benefits	7,446,344	149,481	178,674	-	-
Contractual services	13,659,468	882,463	28,886	2,500	970
Commodities	665,152	-	-	-	-
Capital outlay	-	-	-	-	-
Internal services	3,013,924	178,128	956	-	-
Total expenditures	37,535,136	1,445,075	506,877	2,500	970
Excess (deficiency) of revenues over (under) expenditures	(16,435,041)	(315,310)	2,224	1,594,357	135,301
<b>Other financing sources (uses)</b>					
Transfers in	16,439,345	6,020	-	18,516	-
Transfers out	-	-	-	(997,207)	-
Insurance recoveries	-	-	-	-	-
Issuance of bonds	-	-	-	-	-
Total other financing sources (uses)	16,439,345	6,020	-	(978,691)	-
Net change in fund balances	4,304	(309,290)	2,224	615,666	135,301
<b>Fund balances (deficit)</b>					
October 1, 2017	7,000	6,731,487	81,649	2,356,637	717,301
September 30, 2018	\$ 11,304	\$ 6,422,197	\$ 83,873	\$ 2,972,303	\$ 852,602

(continued)

**County of Oakland**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Non-Major Special Revenue Funds**  
**Year Ended September 30, 2018**

	<b>Water &amp; Sewer Act 342</b>	<b>Lake Levels Act 146</b>	<b>Drains-Act 40 Maintenance Chapters 4 &amp; 18</b>	<b>Lake Improvements Act 345</b>	<b>Friend of the Court</b>
<b>Revenues</b>					
Special assessments	\$ -	\$ 403,210	\$ 744,715	\$ -	\$ -
Federal grants	-	-	-	-	-
State grants	-	-	-	-	-
Other intergovernmental revenue	-	-	-	-	10,814,650
Charges for services	-	500	66,078	-	1,392,473
Contributions	-	-	-	-	-
Investment income	119,123	3,243	39,750	-	-
Other	-	-	114,206	-	775
Total revenues	<u>119,123</u>	<u>406,953</u>	<u>964,749</u>	<u>-</u>	<u>12,207,898</u>
<b>Expenditures</b>					
Salaries	-	-	-	-	9,177,195
Fringe benefits	-	-	-	-	5,501,374
Contractual services	5,009,179	276,420	518,558	-	1,182,437
Commodities	225,840	5,247	18,431	-	79,811
Capital outlay	-	-	-	-	-
Internal services	635,063	340,589	792,120	-	1,564,428
Total expenditures	<u>5,870,082</u>	<u>622,256</u>	<u>1,329,109</u>	<u>-</u>	<u>17,505,245</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,750,959)</u>	<u>(215,303)</u>	<u>(364,360)</u>	<u>-</u>	<u>(5,297,347)</u>
<b>Other financing sources (uses)</b>					
Transfers in	200,000	38,227	50,061	-	5,214,325
Transfers out	-	-	-	-	-
Insurance recoveries	857,096	-	-	-	-
Issuance of bonds	2,589,311	-	-	-	-
Total other financing sources (uses)	<u>3,646,407</u>	<u>38,227</u>	<u>50,061</u>	<u>-</u>	<u>5,214,325</u>
Net change in fund balances	<u>(2,104,552)</u>	<u>(177,076)</u>	<u>(314,299)</u>	<u>-</u>	<u>(83,022)</u>
<b>Fund balances (deficit)</b>					
October 1, 2017	<u>3,439,688</u>	<u>99,409</u>	<u>576,482</u>	<u>1,009</u>	<u>(1,509,228)</u>
September 30, 2018	<u>\$ 1,335,136</u>	<u>\$ (77,667)</u>	<u>\$ 262,183</u>	<u>\$ 1,009</u>	<u>\$ (1,592,250)</u>

(continued)

**County of Oakland**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Non-Major Special Revenue Funds**  
**Year Ended September 30, 2018**

	<b>Multi- Organizational Grants</b>	<b>Workforce Development Grants</b>	<b>Law Enforcement Grants</b>	<b>Housing and Community Development</b>	<b>Human Service Grants</b>
<b>Revenues</b>					
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	26,394	14,184,609	210,912	8,749,600	5,313,044
State grants	1,753,088	2,576,907	2,017,711	36,772	1,734,528
Other intergovernmental revenue	-	-	1,538,242	-	-
Charges for services	-	-	1,294	2,164,691	700
Contributions	-	-	-	-	9,140
Investment income	-	-	-	-	24
Other	-	-	1,350	35,140	147,220
Total revenues	<u>1,779,482</u>	<u>16,761,516</u>	<u>3,769,509</u>	<u>10,986,203</u>	<u>7,204,656</u>
<b>Expenditures</b>					
Salaries	897,960	457,635	2,597,411	1,390,305	2,925,267
Fringe benefits	525,746	217,264	1,544,093	812,130	1,703,178
Contractual services	187,299	16,002,519	902,778	9,455,867	1,968,074
Commodities	-	6,698	706,222	41,328	329,539
Capital outlay	-	-	-	-	11,279
Internal services	18,418	77,400	304,459	149,987	474,958
Total expenditures	<u>1,629,423</u>	<u>16,761,516</u>	<u>6,054,963</u>	<u>11,849,617</u>	<u>7,412,295</u>
Excess (deficiency) of revenues over (under) expenditures	<u>150,059</u>	<u>-</u>	<u>(2,285,454)</u>	<u>(863,414)</u>	<u>(207,639)</u>
<b>Other financing sources (uses)</b>					
Transfers in	18,606	-	2,085,795	495,018	-
Transfers out	-	-	-	-	-
Insurance recoveries	-	-	-	-	-
Issuance of bonds	-	-	-	-	-
Total other financing sources (uses)	<u>18,606</u>	<u>-</u>	<u>2,085,795</u>	<u>495,018</u>	<u>-</u>
Net change in fund balances	<u>168,665</u>	<u>-</u>	<u>(199,659)</u>	<u>(368,396)</u>	<u>(207,639)</u>
<b>Fund balances (deficit)</b>					
October 1, 2017	<u>(168,665)</u>	<u>-</u>	<u>(270,295)</u>	<u>1,019,349</u>	<u>3,071,452</u>
September 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (469,954)</u>	<u>\$ 650,953</u>	<u>\$ 2,863,813</u>

(continued)



**County of Oakland**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Non-Major Special Revenue Funds**  
**Year Ended September 30, 2018**

	Other Grants	Judicial Grants	Oakland Brownfield Initiative	Concealed Pistol Licensing	Totals September 30, 2018
<b>Revenues</b>					
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ 1,147,925
Federal grants	953,462	-	240,116	-	30,053,903
State grants	133,926	419,873	-	-	23,717,428
Other intergovernmental revenue	-	-	-	-	12,352,892
Charges for services	-	-	84,619	527,288	13,032,817
Contributions	-	-	-	-	82,734
Investment income	-	-	-	15,736	335,700
Other	2,491	-	-	-	326,290
Total revenues	1,089,879	419,873	324,735	543,024	81,049,689
<b>Expenditures</b>					
Salaries	173,316	244,367	-	80,405	31,227,473
Fringe benefits	108,683	132,925	-	63,881	18,383,773
Contractual services	551,237	131,330	240,116	5,054	51,005,155
Commodities	193,659	25,517	-	27,313	2,324,757
Capital outlay	30,622	-	-	-	41,901
Internal services	1,400	-	-	29,366	7,581,196
Total expenditures	1,058,917	534,139	240,116	206,019	110,564,255
Excess (deficiency) of revenues over (under) expenditures	30,962	(114,266)	84,619	337,005	(29,514,566)
<b>Other financing sources (uses)</b>					
Transfers in	-	9	-	-	24,565,922
Transfers out	-	(9)	-	-	(997,216)
Insurance recoveries	-	-	-	-	857,096
Issuance of bonds	-	-	-	-	2,589,311
Total other financing sources (uses)	-	-	-	-	27,015,113
Net change in fund balances	30,962	(114,266)	84,619	337,005	(2,499,453)
<b>Fund balances (deficit)</b>					
October 1, 2017	(327,309)	(40,429)	554,512	750,617	17,090,666
September 30, 2018	\$ (296,347)	\$ (154,695)	\$ 639,131	\$ 1,087,622	\$ 14,591,213

# County of Oakland

## Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Non-Major Special Revenue Funds Year Ended September 30, 2018

	Child Care		
	Final Amended Budget (Unaudited)	Actual	Variance with Final Amended Budget
<b>Revenues</b>			
Federal grants	\$ 300,000	\$ 375,766	\$ 75,766
State grants	15,925,182	15,044,623	(880,559)
Charges for services	4,492,397	5,654,598	1,162,201
Other	-	25,108	25,108
Total revenues	20,717,579	21,100,095	382,516
<b>Expenditures</b>			
Current operations			
County Executive			
Human Services			
Personnel	18,224,919	18,222,053	2,866
Operating	10,000,297	7,850,114	2,150,183
Internal Support	3,149,554	3,006,858	142,696
Total Human Services	31,374,770	29,079,025	2,295,745
Total County Executive	31,374,770	29,079,025	2,295,745
Justice administration			
Circuit Court			
Personnel	1,975,940	1,974,539	1,401
Operating	9,290,098	6,474,506	2,815,592
Internal Support	8,171	7,066	1,105
Total Circuit Court	11,274,209	8,456,111	2,818,098
Total Justice administration	11,274,209	8,456,111	2,818,098
Total expenditures	42,648,979	37,535,136	5,113,843
Deficiency of revenues under expenditures	(21,931,400)	(16,435,041)	5,496,359
<b>Other financing sources (uses)</b>			
Transfers in	21,924,400	16,439,345	(5,485,055)
Total other financing sources (uses)	21,924,400	16,439,345	(5,485,055)
Net change in fund balance	(7,000)	4,304	11,304
<b>Fund balance</b>			
October 1, 2017	7,000	7,000	-
September 30, 2018	\$ -	\$ 11,304	\$ 11,304

**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, 2018**

	<b>Social Welfare Foster Care</b>		
	<b>Final Amended Budget (Unaudited)</b>	<b>Actual</b>	<b>Variance with Final Amended Budget</b>
<b>Revenues</b>			
State grants	\$ 1,000	\$ -	\$ (1,000)
Total revenues	1,000	-	(1,000)
<b>Expenditures</b>			
Current operations			
County Executive			
Human Services			
Operating	2,000	-	2,000
Deficiency of revenues under expenditures	(1,000)	-	1,000
<b>Other financing sources</b>			
Transfers in	1,000	-	(1,000)
Net change in fund balance	-	-	-
<b>Fund balance</b>			
October 1, 2017	-	-	-
September 30, 2018	\$ -	\$ -	\$ -

## **County of Oakland**

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

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#### **Debt Service Funds**

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

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

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

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

**County of Oakland**  
**Combining Balance Sheet**  
**Non-Major Debt Service Funds**  
**September 30, 2018**

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	<b>Building Authority Debt Refunding</b>	<b>Lake Level Debt Act 146</b>	<b>Water and Sewer Debt Refunding</b>	<b>Totals September 30, 2018</b>
<b>Assets</b>				
Pooled cash and investments	\$ 382	\$ -	\$ 9,722	\$ 10,104
Accrued interest receivable	348	-	143	491
Special assessments receivable	-	-	795,000	795,000
Contracts receivable	2,365,000	-	-	2,365,000
Total assets	<u>\$ 2,365,730</u>	<u>\$ -</u>	<u>\$ 804,865</u>	<u>\$ 3,170,595</u>
<b>Liabilities</b>				
Vouchers payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,362</u>	<u>\$ 9,362</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>9,362</u>	<u>9,362</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - special assessments	-	-	795,000	795,000
Unavailable revenue - contracts	2,365,000	-	-	2,365,000
Total deferred inflows of resources	<u>2,365,000</u>	<u>-</u>	<u>795,000</u>	<u>3,160,000</u>
<b>Fund Balances - restricted for debt service</b>	<u>730</u>	<u>-</u>	<u>503</u>	<u>1,233</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,365,730</u>	<u>\$ -</u>	<u>\$ 804,865</u>	<u>\$ 3,170,595</u>

**County of Oakland**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Debt Service Funds**  
**Year Ended September 30, 2018**

	<b>Building Authority Debt Refunding</b>	<b>Lake Level Debt Act 146</b>	<b>Water and Sewer Debt Refunding</b>	<b>Totals September 30, 2018</b>
<b>Revenues</b>				
Special assessments	\$ 667,938	\$ -	\$ 225,775	\$ 893,713
Charges for services	750	-	-	750
Investment income	624	41	321	986
Total revenues	<u>669,312</u>	<u>41</u>	<u>226,096</u>	<u>895,449</u>
<b>Expenditures</b>				
Principal payments	4,460,000	-	205,000	4,665,000
Interest	963,250	-	20,775	984,025
Paying agent fees	1,650	-	500	2,150
Contractual services	-	959	-	959
Intergovernmental	-	-	-	-
Total expenditures	<u>5,424,900</u>	<u>959</u>	<u>226,275</u>	<u>5,652,134</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,755,588)</u>	<u>(918)</u>	<u>(179)</u>	<u>(4,756,685)</u>
<b>Other financing sources (uses)</b>				
Transfers in	4,755,700	-	-	4,755,700
Transfers out	-	(34,989)	-	(34,989)
Total other financing sources (uses)	<u>4,755,700</u>	<u>(34,989)</u>	<u>-</u>	<u>4,720,711</u>
Net change in fund balances	112	(35,907)	(179)	(35,974)
<b>Fund balances</b>				
October 1, 2017	<u>618</u>	<u>35,907</u>	<u>682</u>	<u>37,207</u>
September 30, 2018	<u>\$ 730</u>	<u>\$ -</u>	<u>\$ 503</u>	<u>\$ 1,233</u>

## County of Oakland

### Non-Major Capital Projects Funds

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#### **Capital Projects Funds**

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

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

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

***The Facilities Management Infrastructure and IT Projects Fund*** - was established to account for the costs of various capital improvements of County infrastructure administered by Facilities Management and capital improvement projects for Information Technology.

***The Animal Control and Pet Adoption Center Construction Fund*** - was established to account for the costs of construction of a new facility for the Animal Control division and the related pet adoption center. Construction is financed by the issuance of general obligation bonds.

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

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

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

***The Chapter 4 Drain Construction Fund*** - is used to account for the costs of construction of drains under Chapter 4 of Public Act 40 of 1956 (Drain Code). Revenue is provided from special assessments against the benefiting properties within the district.

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

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

**County of Oakland  
Combining Balance Sheet  
Non-Major Capital Projects Funds  
September 30, 2018**

	<b>Building Improvement</b>	<b>Project Work Orders</b>	<b>Facilities Infrastructure &amp; IT Projects</b>	<b>Animal Control and Pet Adoption Center</b>	<b>Major Dept. Support Projects</b>
<b>Assets</b>					
Pooled cash and investments	\$ 7,401,822	\$ 15,177,474	\$ 1,624,264	\$ 683,082	\$ 18,332,450
Accrued interest receivable	-	-	13,297	25,547	-
Special assessments receivable	-	-	-	-	-
Contracts receivable	-	-	-	-	-
Due from component units	-	-	28,978	-	-
Due from other funds	-	1,769,756	-	-	-
Advances	-	-	-	-	-
Total assets	<u>\$ 7,401,822</u>	<u>\$ 16,947,230</u>	<u>\$ 1,666,539</u>	<u>\$ 708,629</u>	<u>\$ 18,332,450</u>
<b>Liabilities</b>					
Vouchers payable	\$ -	\$ 502,997	\$ 1,277,322	\$ -	\$ 99,735
Due to other funds	-	61,748	-	-	141,816
Advances	-	-	-	-	-
Other accrued liabilities	-	2,938,547	-	-	86,384
Total liabilities	<u>-</u>	<u>3,503,292</u>	<u>1,277,322</u>	<u>-</u>	<u>327,935</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - special assessments	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances (deficits)</b>					
Committed	7,401,822	13,443,938	389,217	708,629	18,004,515
Unassigned	-	-	-	-	-
Total fund balances (deficits)	<u>7,401,822</u>	<u>13,443,938</u>	<u>389,217</u>	<u>708,629</u>	<u>18,004,515</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 7,401,822</u>	<u>\$ 16,947,230</u>	<u>\$ 1,666,539</u>	<u>\$ 708,629</u>	<u>\$ 18,332,450</u>

(continued)



**County of Oakland**  
**Combining Balance Sheet (Continued)**  
**Non-Major Capital Project Funds**  
**September 30, 2018**

	<b>Lake Levels Act 146</b>	<b>Lake Improvements Act 345</b>	<b>Drain Chapter 4 Construction</b>	<b>Drain Commissioner Revolving</b>	<b>Long-term Revolving</b>	<b>Totals September 30, 2018</b>
<b>Assets</b>						
Pooled cash and investments	\$ 20,317	\$ 9,622	\$ 173,836	\$ 335,284	\$ 1,329,401	\$ 45,087,552
Accrued interest receivable	227	-	678	-	-	39,749
Special assessments receivable	34,098	-	702,226	-	-	736,324
Contracts receivable	-	-	-	-	118,400	118,400
Due from component units	-	-	-	673,660	-	702,638
Due from other funds	-	-	-	816,056	-	2,585,812
Advances	-	-	-	-	1,043,199	1,043,199
Total assets	<u>\$ 54,642</u>	<u>\$ 9,622</u>	<u>\$ 876,740</u>	<u>\$ 1,825,000</u>	<u>\$ 2,491,000</u>	<u>\$ 50,313,674</u>
<b>Liabilities</b>						
Vouchers payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,880,054
Due to other funds	163,116	-	-	-	-	366,680
Advances	63,809	-	860,000	-	-	923,809
Other accrued liabilities	10,000	-	-	-	-	3,034,931
Total liabilities	<u>236,925</u>	<u>-</u>	<u>860,000</u>	<u>-</u>	<u>-</u>	<u>6,205,474</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue - special assessments	34,098	-	702,226	-	-	736,324
Total deferred inflows of resources	<u>34,098</u>	<u>-</u>	<u>702,226</u>	<u>-</u>	<u>-</u>	<u>736,324</u>
<b>Fund Balances (deficits)</b>						
Committed	-	9,622	-	1,825,000	2,491,000	44,273,743
Unassigned	(216,381)	-	(685,486)	-	-	(901,867)
Total fund balances (deficits)	<u>(216,381)</u>	<u>9,622</u>	<u>(685,486)</u>	<u>1,825,000</u>	<u>2,491,000</u>	<u>43,371,876</u>
Total liabilities, deferred inflows from resources, and fund balances (deficits)	<u>\$ 54,642</u>	<u>\$ 9,622</u>	<u>\$ 876,740</u>	<u>\$ 1,825,000</u>	<u>\$ 2,491,000</u>	<u>\$ 50,313,674</u>

**County of Oakland**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Capital Project Funds**  
**Year Ended September 30, 2018**

	<b>Building Improvement</b>	<b>Project Work Orders</b>	<b>Facilities Infrastructure &amp; IT Projects</b>	<b>Animal Control and Pet Adoption Center</b>	<b>Major Dept. Support Projects</b>
<b>Revenues</b>					
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Investment income	-	-	61,947	19,238	-
Other	-	-	28,978	-	-
Total revenues	-	-	90,925	19,238	-
<b>Expenditures</b>					
Capital outlay	-	14,320,543	5,375,223	79,281	3,866,836
Total expenditures	-	14,320,543	5,375,223	79,281	3,866,836
Excess (deficiency) of revenues over (under) expenditures	-	(14,320,543)	(5,284,298)	(60,043)	(3,866,836)
<b>Other financing sources (uses)</b>					
Transfers in	5,590,798	14,804,740	-	-	18,735,370
Transfers out	(5,636,746)	(259,590)	-	-	(141,817)
Total other financing sources (uses)	(45,948)	14,545,150	-	-	18,593,553
Net change in fund balances	(45,948)	224,607	(5,284,298)	(60,043)	14,726,717
<b>Fund balances (deficit)</b>					
October 1, 2017	7,447,770	13,219,331	5,673,515	768,672	3,277,798
September 30, 2018	\$ 7,401,822	\$ 13,443,938	\$ 389,217	\$ 708,629	\$ 18,004,515

(continued)

**County of Oakland**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Non-Major Capital Project Funds**  
**Year Ended September 30, 2018**

	<b>Lake Levels Act 146</b>	<b>Lake Improvements Act 345</b>	<b>Drain Chapter 4 Construction</b>	<b>Drain Commissioner Revolving</b>	<b>Long-term Revolving</b>	<b>Totals September 30, 2018</b>
<b>Revenues</b>						
Special assessments	\$ 33,166	\$ -	\$ 90,318	\$ -	\$ -	\$ 123,484
Charges for services	2,764	-	25,465	-	-	28,229
Investment income	1,185	11	3,543	-	-	85,924
Other	3	-	-	-	-	28,981
Total revenues	37,118	11	119,326	-	-	266,618
<b>Expenditures</b>						
Capital outlay	47,246	76	29,476	-	-	23,718,681
Total expenditures	47,246	76	29,476	-	-	23,718,681
Excess (deficiency) of revenues over (under) expenditures	(10,128)	(65)	89,850	-	-	(23,452,063)
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	39,130,908
Transfers out	(3,238)	-	-	-	-	(6,041,391)
Total other financing sources (uses)	(3,238)	-	-	-	-	33,089,517
Net change in fund balances	(13,366)	(65)	89,850	-	-	9,637,454
<b>Fund balances (deficit)</b>						
October 1, 2017	(203,015)	9,687	(775,336)	1,825,000	2,491,000	33,734,422
September 30, 2018	\$ (216,381)	\$ 9,622	\$ (685,486)	\$ 1,825,000	\$ 2,491,000	\$ 43,371,876

# County of Oakland

## Internal Service Funds

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### **Internal Service Funds**

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

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

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

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

***The Motor Pool Fund*** - accumulates the costs of purchasing, servicing, and operating County-owned vehicles. The fund recovers these costs by developing rates and billing user departments.

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

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

***The Fringe Benefits Fund*** - is used to account for the County's employee fringe benefits. Monies are accumulated in this fund as a result of payroll allocations made on a departmental and/or bargaining unit basis. This fund also accumulates and disburses monies related to workers' compensation and unemployment compensation claims, and performs as the debt service fund for the County's Retiree Healthcare Refunding debt including the reporting of keeping the VEBA Trust at full funding through assets of the Superseding Trust Fund. Due to the nature of the fund serving as the mechanism for employee benefits, the entire Net Pension and Net OPEB liability/(asset) is also recorded in the Fringe Benefit fund.

**County of Oakland**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**September 30, 2018**

	<b>Facilities Maintenance and Operations</b>	<b>Information Technology</b>	<b>Drain Equipment</b>	<b>Motor Pool</b>
<b>Assets</b>				
Current assets				
Pooled cash and investments	\$ 10,706,813	\$ 4,350,470	\$ 11,836,546	\$ 4,545,633
Investments, at fair value	-	-	-	-
Due from other governmental units	-	14,612	145	38,645
Due from component units	-	12,442	1,801	-
Accrued interest receivable	46,527	64,109	25,766	14,348
Accounts receivable (net of allowance for uncollectibles where applicable)	264,700	30,072	222,561	28,475
Due from other funds	16,000	641,412	-	-
Inventories and supplies	224,278	19,412	849,877	265,346
Prepayments and other assets	-	3,487,088	79,999	3,445
Total current assets	<u>11,258,318</u>	<u>8,619,617</u>	<u>13,016,695</u>	<u>4,895,892</u>
Noncurrent assets				
Net pension asset	-	-	-	-
Net OPEB asset	-	-	-	-
Capital assets, at cost				
Land	-	-	130,000	-
Buildings and improvements	525,283	-	2,424,145	424,860
Equipment and vehicles	1,971,100	68,885,304	8,262,411	19,371,239
Infrastructure	3,169,683	-	-	-
Construction in progress	-	3,543,313	4,928,208	-
	<u>5,666,066</u>	<u>72,428,617</u>	<u>15,744,764</u>	<u>19,796,099</u>
Less: Accumulated depreciation	<u>5,053,419</u>	<u>59,002,212</u>	<u>6,468,047</u>	<u>14,242,899</u>
Capital assets, net	<u>612,647</u>	<u>13,426,405</u>	<u>9,276,717</u>	<u>5,553,200</u>
Total noncurrent assets	<u>612,647</u>	<u>13,426,405</u>	<u>9,276,717</u>	<u>5,553,200</u>
Total assets	<u>11,870,965</u>	<u>22,046,022</u>	<u>22,293,412</u>	<u>10,449,092</u>

(continued)

**County of Oakland**  
**Combining Statement of Net Position (Continued)**  
**Internal Service Funds**  
**September 30, 2018**

	<b>Telephone Communications</b>	<b>Building and Liability Insurance</b>	<b>Fringe Benefits</b>	<b>Totals September 30, 2018</b>
<b>Assets</b>				
Current assets				
Pooled cash and investments	\$ 4,437,958	\$ 8,114,338	\$ 91,800,723	\$ 135,792,481
Investments, at fair value			13,880,260	13,880,260
Due from other governmental units	343	-	1,325	55,070
Due from component units	-	-	-	14,243
Accrued interest receivable	17,835	158,230	766,593	1,093,408
Accounts receivable (net of allowance for uncollectibles where applicable)	506	-	2,710	549,024
Due from other funds	-	665,122	-	1,322,534
Inventories and supplies	-	-	-	1,358,913
Prepayments and other assets	21,259	1,321,282	1,685,940	6,599,013
Total current assets	4,477,901	10,258,972	108,137,551	160,664,946
Noncurrent assets				
Net pension asset	-	-	22,623,016	22,623,016
Net OPEB asset	-	-	401,913,734	401,913,734
Capital assets, at cost				
Land	-	-	-	130,000
Buildings and improvements	-	-	-	3,374,288
Equipment and vehicles	4,902,181	-	-	103,392,235
Infrastructure	-	-	-	3,169,683
Construction in progress	-	-	-	8,471,521
	4,902,181	-	-	118,537,727
Less: Accumulated depreciation	4,858,979	-	-	89,625,556
Capital assets, net	43,202	-	-	28,912,171
Total noncurrent assets	43,202	-	424,536,750	453,448,921
Total assets	\$ 4,521,103	\$ 10,258,972	\$ 532,674,301	\$ 614,113,867

(continued)

**County of Oakland**  
**Combining Statement of Net Position (Continued)**  
**Internal Service Funds**  
**September 30, 2018**

	<b>Facilities Maintenance and Operations</b>	<b>Information Technology</b>	<b>Drain Equipment</b>	<b>Motor Pool</b>
<b>Liabilities</b>				
Current liabilities				
Vouchers payable	\$ 564,998	\$ 912,848	\$ 333,812	\$ 3,298
Due to other governmental units	-	-	-	-
Due to component units	-	-	-	-
Due to other funds	-	-	14,183	-
Unearned revenue	-	2,063	-	-
Current portion of bonds payable	-	-	-	-
Current portion of compensated absences	-	-	-	-
Current portion of claims and judgments	-	-	-	-
Current portion of advances payable	-	-	12,883	-
Other accrued liabilities	294,423	614,275	275,397	18,836
Total current liabilities	859,421	1,529,186	636,275	22,134
Noncurrent liabilities				
Bonds payable	-	-	-	-
Accrued compensated absences	-	-	-	-
Claims and judgments	-	-	-	-
Advances payable	-	-	25,766	-
Total noncurrent liabilities	-	-	25,766	-
Total liabilities	859,421	1,529,186	662,041	22,134
<b>Deferred Inflows of Resources</b>				
Deferred inflows related to pension	-	-	-	-
Deferred inflows related to OPEB	-	-	-	-
Total deferred inflows of resources	-	-	-	-
<b>Net Position</b>				
Net investment in capital assets	612,647	13,426,405	9,276,717	5,553,200
Restricted for Superseding Trust - OPEB	-	-	-	-
Unrestricted	10,398,897	7,090,431	12,354,654	4,873,758
Total net position	\$ 11,011,544	\$ 20,516,836	\$ 21,631,371	\$ 10,426,958

(continued)

**County of Oakland**  
**Combining Statement of Net Position (Continued)**  
**Internal Service Funds**  
**September 30, 2018**

	Telephone Communications	Building and Liability Insurance	Fringe Benefits	Totals September 30, 2018
<b>Liabilities</b>				
Current liabilities				
Vouchers payable	\$ 37,842	\$ 88,248	\$ 6,716,072	\$ 8,657,118
Due to other governmental units	-	-	239,488	239,488
Due to component units	-	-	-	-
Due to other funds	-	-	-	14,183
Unearned revenue	-	-	-	2,063
Current portion of bonds payable	-	-	24,750,000	24,750,000
Current portion of compensated absences	-	-	1,264,656	1,264,656
Current portion of claims and judgments	-	1,532,528	5,644,825	7,177,353
Current portion of advances payable	-	-	-	12,883
Other accrued liabilities	97,895	48,966	4,706,470	6,056,262
Total current liabilities	135,737	1,669,742	43,321,511	48,174,006
Noncurrent liabilities				
Bonds payable	-	-	234,750,000	234,750,000
Accrued compensated absences	-	-	11,381,898	11,381,898
Claims and judgments	-	3,760,306	8,814,372	12,574,678
Advances payable	-	-	-	25,766
Total noncurrent liabilities	-	3,760,306	254,946,270	258,732,342
Total liabilities	135,737	5,430,048	298,267,781	306,906,348
<b>Deferred Inflows of Resources</b>				
Deferred inflows related to pension	-	-	9,273,581	9,273,581
Deferred inflows related to OPEB	-	-	120,188,280	120,188,280
Total deferred inflows of resources	-	-	129,461,861	129,461,861
<b>Net Position</b>				
Net investment in capital assets	43,202	-	-	28,912,171
Restricted for Superseding Trust - OPEB	-	-	14,058,877	14,058,877
Unrestricted	4,342,164	4,828,924	90,885,782	134,774,610
Total net position	\$ 4,385,366	\$ 4,828,924	\$ 104,944,659	\$ 177,745,658



**County of Oakland**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**Year Ended September 30, 2018**

	<b>Facilities Maintenance and Operations</b>	<b>Information Technology</b>	<b>Drain Equipment</b>	<b>Motor Pool</b>
<b>Operating revenues</b>				
Charges for services	\$ 26,566,914	\$ 27,519,140	\$ 41,529,690	\$ 8,872,889
Other	16,965	22,685	5,989	3,321
Total operating revenues	<u>26,583,879</u>	<u>27,541,825</u>	<u>41,535,679</u>	<u>8,876,210</u>
<b>Operating expenses</b>				
Salaries	8,481,371	10,495,628	19,234,144	885,051
Fringe benefits	5,462,342	5,571,994	12,046,959	532,183
Fringe benefits - pension	-	-	-	-
Fringe benefits - OPEB	-	-	-	-
Contractual services	9,349,634	17,357,286	707,619	1,603,211
Commodities	1,934,468	1,302,777	1,635,366	3,091,286
Depreciation	132,707	2,969,181	466,405	3,014,524
Internal services	1,356,536	955,058	4,271,779	242,327
Total operating expenses	<u>26,717,058</u>	<u>38,651,924</u>	<u>38,362,272</u>	<u>9,368,582</u>
Operating income (loss)	<u>(133,179)</u>	<u>(11,110,099)</u>	<u>3,173,407</u>	<u>(492,372)</u>
<b>Nonoperating revenues (expenses)</b>				
Contributions	-	-	-	-
Investment income	167,072	65,366	153,279	39,479
Interest expense	-	-	(1,064)	-
Gain on sale of property and equipment	45,887	2,107	20,900	409,993
Net nonoperating revenues (expenses)	<u>212,959</u>	<u>67,473</u>	<u>173,115</u>	<u>449,472</u>
Income (loss) before transfers and contributions	<u>79,780</u>	<u>(11,042,626)</u>	<u>3,346,522</u>	<u>(42,900)</u>
Capital contributions	-	2,187,532	-	23,273
Transfers in	8,185	4,692,111	296,182	614,333
Transfers out	(73,224)	-	(386,983)	-
Change in net position	<u>14,741</u>	<u>(4,162,983)</u>	<u>3,255,721</u>	<u>594,706</u>
<b>Net position</b>				
October 1, 2017 (as restated, see Note 21)	<u>10,996,803</u>	<u>24,679,819</u>	<u>18,375,650</u>	<u>9,832,252</u>
September 30, 2018	<u>\$ 11,011,544</u>	<u>\$ 20,516,836</u>	<u>\$ 21,631,371</u>	<u>\$ 10,426,958</u>

(continued)

**County of Oakland**  
**Combining Statement of Revenues, Expenses and Changes in Net Position (Continued)**  
**Internal Service Funds**  
**Year Ended September 30, 2018**

	Telephone Communications	Building and Liability Insurance	Fringe Benefits	Totals September 30, 2018
<b>Operating revenues</b>				
Charges for services	\$ 2,829,109	\$ 3,263,493	\$ 154,071,369	\$ 264,652,604
Other	-	607,124	15,072	671,156
Total operating revenues	<u>2,829,109</u>	<u>3,870,617</u>	<u>154,086,441</u>	<u>265,323,760</u>
<b>Operating expenses</b>				
Salaries	243,499	475,025	1,503,830	41,318,548
Fringe benefits	144,082	212,954	827,092	24,797,606
Fringe benefits - pension	-	-	(3,036,127)	(3,036,127)
Fringe benefits - OPEB	-	-	(67,512,195)	(67,512,195)
Contractual services	1,920,828	4,836,749	113,982,653	149,757,980
Commodities	139,118	205,551	35,537	8,344,103
Depreciation	12,644	-	-	6,595,461
Internal services	518,880	95,172	516,252	7,956,004
Total operating expenses	<u>2,979,051</u>	<u>5,825,451</u>	<u>46,317,042</u>	<u>168,221,380</u>
Operating income (loss)	<u>(149,942)</u>	<u>(1,954,834)</u>	<u>107,769,399</u>	<u>97,102,380</u>
<b>Nonoperating revenues (expenses)</b>				
Contributions	-	-	-	-
Investment income	65,681	139,362	2,310,326	2,940,565
Interest expense	-	-	(10,131,947)	(10,133,011)
Gain on sale of property and equipment	-	-	-	478,887
Net nonoperating revenues (expenses)	<u>65,681</u>	<u>139,362</u>	<u>(7,821,621)</u>	<u>(6,713,559)</u>
Income (loss) before transfers and contributions	<u>(84,261)</u>	<u>(1,815,472)</u>	<u>99,947,778</u>	<u>90,388,821</u>
Capital contributions	-	-	-	2,210,805
Transfers in	-	-	-	5,610,811
Transfers out	-	-	-	(460,207)
Change in net position	<u>(84,261)</u>	<u>(1,815,472)</u>	<u>99,947,778</u>	<u>97,750,230</u>
<b>Net position</b>				
October 1, 2017 (as restated, see Note 21)	4,469,627	6,644,396	4,996,881	79,995,428
September 30, 2018	<u>\$ 4,385,366</u>	<u>\$ 4,828,924</u>	<u>\$ 104,944,659</u>	<u>\$ 177,745,658</u>

**County of Oakland**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**Year Ended September 30, 2018**

	<b>Facilities Maintenance and Operations</b>	<b>Information Technology</b>	<b>Drain Equipment</b>	<b>Motor Pool</b>
<b>Cash flows from operating activities</b>				
Cash received from users	\$ 26,631,736	\$ 26,913,250	\$ 42,295,288	\$ 9,035,450
Cash paid to suppliers	(17,883,295)	(26,222,546)	(18,842,864)	(5,723,664)
Cash paid to employees	(8,481,371)	(10,495,628)	(19,234,144)	(885,051)
Net cash provided by (used in) operating activities	<u>267,070</u>	<u>(9,804,924)</u>	<u>4,218,280</u>	<u>2,426,735</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers from other funds	8,185	4,692,111	296,182	-
Transfers to other funds	(73,224)	-	(386,983)	-
Contributions	-	-	-	-
Principal paid on debt	-	-	-	-
Interest paid on debt	-	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>(65,039)</u>	<u>4,692,111</u>	<u>(90,801)</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>				
Transfers from other funds	-	-	-	614,333
Contributions for capital acquisitions	-	-	-	23,273
Proceeds from sale of capital assets	46,961	2,107	20,900	582,739
Acquisition of capital assets	(344,184)	(1,125,317)	(1,815,237)	(2,794,787)
Amount paid on advances	-	-	(12,883)	-
Interest paid on advances	-	-	(1,064)	-
Net cash provided by (used in) capital and related financing activities	<u>(297,223)</u>	<u>(1,123,210)</u>	<u>(1,808,284)</u>	<u>(1,574,442)</u>
<b>Cash flows from investing activities</b>				
Purchase of investments	-	-	-	-
Proceeds on sale of investments	-	-	-	-
Interest on investments	158,451	62,608	144,280	37,452
Net cash provided by investing activities	<u>158,451</u>	<u>62,608</u>	<u>144,280</u>	<u>37,452</u>
Net increase (decrease) in cash and cash equivalents	63,259	(6,173,415)	2,463,475	889,745
<b>Pooled cash and investments</b>				
October 1, 2017 (as restated, see Note 21)	10,643,554	10,523,885	9,373,071	3,655,888
September 30, 2018	<u>\$ 10,706,813</u>	<u>\$ 4,350,470</u>	<u>\$ 11,836,546</u>	<u>\$ 4,545,633</u>

(continued)

**County of Oakland**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**Year Ended September 30, 2018**

	<b>Telephone Communications</b>	<b>Building and Liability Insurance</b>	<b>Fringe Benefits</b>	<b>Totals September 30, 2018</b>
<b>Cash flows from operating activities</b>				
Cash received from users	\$ 2,829,530	\$ 3,448,555	\$ 154,664,420	\$ 265,818,229
Cash paid to suppliers	(2,635,450)	(4,837,021)	(112,740,700)	(188,885,540)
Cash paid to employees	(243,499)	(475,025)	(1,503,830)	(41,318,548)
Net cash provided by (used in) operating activities	(49,419)	(1,863,491)	40,419,890	35,614,141
<b>Cash flows from noncapital financing activities</b>				
Transfers from other funds	-	-	-	4,996,478
Transfers to other funds	-	-	-	(460,207)
Contributions	-	-	-	-
Principal paid on debt	-	-	(23,870,000)	(23,870,000)
Interest paid on debt	-	-	(10,131,947)	(10,131,947)
Net cash provided by (used in) noncapital financing activities	-	-	(34,001,947)	(29,465,676)
<b>Cash flows from capital and related financing activities</b>				
Transfers from other funds	-	-	-	614,333
Contributions for capital acquisitions	-	-	-	23,273
Proceeds from sale of capital assets	-	-	-	652,707
Acquisition of capital assets	-	-	-	(6,079,525)
Amount paid on advances	-	-	-	(12,883)
Interest paid on advances	-	-	-	(1,064)
Net cash provided by (used in) capital and related financing activities	-	-	-	(4,803,159)
<b>Cash flows from investing activities</b>				
Purchase of investments	-	-	(3,707,413)	(3,707,413)
Proceeds on sale of investments	-	-	2,266,137	2,266,137
Interest on investments	62,173	132,021	2,215,990	2,812,975
Net cash provided by investing activities	62,173	132,021	774,714	1,371,699
Net increase (decrease) in cash and cash equivalents	12,754	(1,731,470)	7,192,657	2,717,005
<b>Pooled cash and investments</b>				
October 1, 2017 (as restated, see Note 21)	4,425,204	9,845,808	84,608,066	133,075,476
September 30, 2018	\$ 4,437,958	\$ 8,114,338	\$ 91,800,723	\$ 135,792,481

(continued)

**County of Oakland**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**Year Ended September 30, 2018**

	<b>Facilities Maintenance and Operations</b>	<b>Information Technology</b>	<b>Drain Equipment</b>	<b>Motor Pool</b>
Operating income (loss)	\$ (133,179)	\$ (11,110,099)	\$ 3,173,407	\$ (492,372)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	132,707	2,969,181	466,405	3,014,524
(Increase) decrease in due from other governmental units	1,026	665	180,902	(27,189)
(Increase) decrease in due from component units	22,941	46	145	-
(Increase) decrease in accounts receivable	39,890	12,563	659	(28,475)
(Increase) decrease in due from other funds	(16,000)	(641,412)	577,903	214,904
(Increase) decrease in inventories and supplies	211,006	4,054	111,631	4,223
(Increase) decrease in prepayments and other assets	-	135,533	(79,999)	947
(Increase) decrease in net pension asset	-	-	-	-
(Increase) decrease in net OPEB asset	-	-	-	-
(Increase) decrease in deferred outflows related to pension	-	-	-	-
Increase (decrease) in vouchers payable	205,449	(990,845)	154,643	(236,295)
Increase (decrease) in due to other governmental units	-	(84,914)	-	-
Increase (decrease) in due to component units	-	(567)	-	-
Increase (decrease) in due to other funds	-	(504)	(35,808)	-
Increase (decrease) in unearned revenue	-	(437)	-	-
Increase (decrease) in current portion of compensated absences	-	-	-	-
Increase (decrease) in current portion of claims and judgments	-	-	-	-
Increase (decrease) increase in other accrued liabilities	(196,770)	(98,188)	(331,608)	(23,532)
Increase (decrease) increase in net pension liability	-	-	-	-
Increase (decrease) in accrued compensated absences	-	-	-	-
Increase (decrease) in claims and judgments	-	-	-	-
Increase (decrease) in deferred inflows related to pensions	-	-	-	-
Increase (decrease) in deferred inflows related to OPEB	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 267,070</u>	<u>\$ (9,804,924)</u>	<u>\$ 4,218,280</u>	<u>\$ 2,426,735</u> (continued)

**County of Oakland**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**Year Ended September 30, 2018**

	<b>Telephone Communications</b>	<b>Building and Liability Insurance</b>	<b>Fringe Benefits</b>	<b>Totals September 30, 2018</b>
Operating (loss) income	\$ (149,942)	\$ (1,954,834)	\$ 107,769,399	\$ 97,102,380
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	12,644	-	-	6,595,461
(Increase) decrease in due from other governmental units	(1)	-	(190)	155,213
(Increase) decrease in due from component units	-	-	-	23,132
(Increase) decrease in accounts receivable	(82)	-	578,169	602,724
(Increase) decrease in due from other funds	504	(422,062)	-	(286,163)
(Increase) decrease in inventories and supplies	-	-	-	330,914
(Increase) decrease in prepayments and other assets	26,543	(168,187)	(36,686)	(121,849)
(Increase) decrease in net pension asset	-	-	(125,451)	(125,451)
(Increase) decrease in net OPEB asset	-	-	(140,553,637)	(140,553,637)
Increase (decrease) in vouchers payable	(31,096)	61,059	(16,105)	(853,190)
Increase (decrease) in due to other governmental units	-	-	(41,981)	(126,895)
Increase (decrease) in due to component units	-	-	-	(567)
Increase (decrease) in due to other funds	-	-	-	(36,312)
Increase (decrease) in unearned revenue	-	-	-	(437)
Increase (decrease) in current portion of compensated absences	-	-	7,634	7,634
Increase (decrease) in current portion of claims and judgments	-	312,090	2,139,598	2,451,688
Increase (decrease) in other accrued liabilities	92,011	(89,960)	334,971	(313,076)
Increase (decrease) in accrued compensated absences	-	-	68,702	68,702
Increase (decrease) in claims and judgments	-	398,403	164,701	563,104
Increase (decrease) in deferred inflows related to pensions	-	-	(2,910,676)	(2,910,676)
Increase (decrease) in deferred inflows related to OPEB	-	-	73,041,442	73,041,442
Net cash provided by (used in) operating activities	<u>\$ (49,419)</u>	<u>\$ (1,863,491)</u>	<u>\$ 40,419,890</u>	<u>\$ 35,614,141</u>

(continued)

**County of Oakland**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**Year Ended September 30, 2018**

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**Noncash transactions:**

Non-cash and capital related financing activities included contribution of capital assets in the amount of \$2,187,532 and write-off of capital assets in the amount of \$309,787 in the Information Technology fund.

Non-cash and non-capital related financing activities included recording a reduction of pension expense of (\$3,036,127) and a reduction of OPEB expense of (\$67,512,195) in the Fringe Benefits fund.

**County of Oakland**  
**Combining Schedule of Net Position**  
**Fringe Benefits Internal Service Fund**  
**September 30, 2018**

	<b>Fringe Benefits</b>	<b>Superseding Trust</b>	<b>Totals September 30, 2018</b>
<b>Assets</b>			
Current assets:			
Pooled cash and investments	\$ 91,655,421	145,302	91,800,723
Investments, at fair value	-	13,880,260	13,880,260
Due from other governmental units	1,325	-	1,325
Accrued interest receivable	728,575	38,018	766,593
Accounts receivable (net of allowance for uncollectibles where applicable)	2,710	-	2,710
Prepayments and other assets	1,685,940	-	1,685,940
Total current assets	<u>94,073,971</u>	<u>14,063,580</u>	<u>108,137,551</u>
Noncurrent assets:			
Net pension asset	22,623,016	-	22,623,016
Net OPEB asset	401,913,734	-	401,913,734
Total noncurrent assets	<u>424,536,750</u>	<u>-</u>	<u>424,536,750</u>
Total assets	<u>\$ 518,610,721</u>	<u>14,063,580</u>	<u>532,674,301</u>
<b>Liabilities</b>			
Current liabilities:			
Vouchers payable	\$ 6,713,696	2,376	6,716,072
Due to other governmental units	239,488	-	239,488
Current portion of bonds payable	24,750,000	-	24,750,000
Current portion of compensated absences	1,264,656	-	1,264,656
Current portion of claims and judgments	5,644,825	-	5,644,825
Other accrued liabilities	4,704,143	2,327	4,706,470
Total current liabilities	<u>43,316,808</u>	<u>4,703</u>	<u>43,321,511</u>
Noncurrent liabilities:			
Bonds payable	234,750,000	-	234,750,000
Accrued compensated absences	11,381,898	-	11,381,898
Claims and judgments	8,814,372	-	8,814,372
Total noncurrent liabilities	<u>254,946,270</u>	<u>-</u>	<u>254,946,270</u>
Total liabilities	<u>298,263,078</u>	<u>4,703</u>	<u>298,267,781</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows related to pension	9,273,581	-	9,273,581
Deferred inflows related to OPEB	120,188,280	-	120,188,280
Total deferred inflows of resources	<u>129,461,861</u>	<u>-</u>	<u>129,461,861</u>
<b>Net Position</b>			
Restricted for programs	-	14,058,877	14,058,877
Unrestricted	90,885,782	-	90,885,782
Total net position	<u>\$ 90,885,782</u>	<u>14,058,877</u>	<u>104,944,659</u>



**County of Oakland**  
**Combining Schedule of Changes in Net Position**  
**Fringe Benefits Internal Service Fund**  
**Year Ended September 30, 2018**

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	<b>Fringe Benefits</b>	<b>Superseding Trust</b>	<b>Totals September 30, 2018</b>
<b>Operating revenues</b>			
Charges for services	\$ 154,071,369	-	154,071,369
Other	15,072	-	15,072
Total operating revenues	<u>154,086,441</u>	<u>-</u>	<u>154,086,441</u>
<b>Operating expenses</b>			
Salaries	1,503,830	-	1,503,830
Fringe benefits	827,092	-	827,092
Fringe benefits-pension	(3,036,127)	-	(3,036,127)
Fringe benefits-OPEB	(67,512,195)	-	(67,512,195)
Contractual services	113,962,544	20,109	113,982,653
Commodities	35,537	-	35,537
Internal services	516,252	-	516,252
Total operating expenses	<u>46,296,933</u>	<u>20,109</u>	<u>46,317,042</u>
Operating income (loss)	<u>107,789,508</u>	<u>(20,109)</u>	<u>107,769,399</u>
<b>Nonoperating revenues (expenses)</b>			
Investment income	899,098	1,411,228	2,310,326
Interest expense	<u>(10,131,947)</u>	<u>-</u>	<u>(10,131,947)</u>
Net nonoperating revenues (expenses)	<u>(9,232,849)</u>	<u>1,411,228</u>	<u>(7,821,621)</u>
Change in net assets	98,556,659	1,391,119	99,947,778
<b>Net position</b>			
October 1, 2017 (as Restated)	<u>(7,670,877)</u>	<u>12,667,758</u>	<u>4,996,881</u>
September 30, 2018	<u>\$ 90,885,782</u>	<u>14,058,877</u>	<u>104,944,659</u>

## County of Oakland

### Non-Major Enterprise Funds

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#### **Enterprise Funds**

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

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

***The Fire Records Management Fund*** - was established to accumulate revenues and costs associated with providing a centralized Fire Records Management System (FRMS). The system will aid in uniform reporting and data sharing for participating local fire departments.

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

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

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

**County of Oakland**  
**Combining Statement of Net Position**  
**Non-Major Enterprise Funds**  
**September 30, 2018**

	<b>Delinquent Personal Property Tax Administration</b>	<b>Fire Records Management</b>	<b>CLEMIS</b>	<b>Radio Communications</b>	<b>Huron- Rouge S.D.S.</b>	<b>Totals September 30, 2018</b>
<b>Assets</b>						
Current assets						
Pooled cash and investments	\$ 574,726	\$ 816,264	\$ 11,553,024	\$ 25,933,105	\$ 7,949,221	\$ 46,826,340
Due from other governmental units	-	77,295	902,236	21,130	585,971	1,586,632
Accrued interest receivable	59,682	3,481	50,782	171,992	36,315	322,252
Accounts receivable (net of allowances for uncollectibles where applicable)	-	2,894	157,466	1,223,055	-	1,383,415
Due from other funds	-	-	-	-	-	-
Inventories and supplies	-	-	-	257,632	-	257,632
Prepayments and other assets	-	19,816	678,670	1,425,114	-	2,123,600
Total current assets	634,408	919,750	13,342,178	29,032,028	8,571,507	52,499,871
Noncurrent assets						
Capital assets, at cost						
Land	-	-	-	-	19,749	19,749
Buildings and improvements	-	-	-	12,944,791	348,504	13,293,295
Equipment and vehicles	-	534,338	21,953,461	27,942,479	-	50,430,278
Infrastructure	-	-	-	8,585,770	3,274,693	11,860,463
Construction in progress	-	979,935	544,920	1,258,340	-	2,783,195
	-	1,514,273	22,498,381	50,731,380	3,642,946	78,386,980
Less: Accumulated depreciation	-	534,338	19,551,143	42,640,871	3,037,680	65,764,032
Capital assets, net	-	979,935	2,947,238	8,090,509	605,266	12,622,948
Total assets	634,408	1,899,685	16,289,416	37,122,537	9,176,773	65,122,819
<b>Liabilities</b>						
Current liabilities						
Vouchers payable	2,693	-	211,198	27,563	7,296	248,750
Due to other governmental units	-	-	406,811	5,339	517,990	930,140
Due to other funds	-	-	-	63,830	-	63,830
Unearned revenue	-	-	296,329	-	-	296,329
Other accrued liabilities	-	24,878	195,408	618,476	30,516	869,278
Total liabilities	2,693	24,878	1,109,746	715,208	555,802	2,408,327
<b>Net Position</b>						
Net investment in capital assets	-	979,935	2,947,238	8,090,509	605,266	12,622,948
Restricted for programs	-	-	-	-	6,235,080	6,235,080
Unrestricted	631,715	894,872	12,232,432	28,316,820	1,780,625	43,856,464
Total net position	\$ 631,715	\$ 1,874,807	\$ 15,179,670	\$ 36,407,329	\$ 8,620,971	\$ 62,714,492

**County of Oakland**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Non-Major Enterprise Funds**  
**Year Ended September 30, 2018**

	<b>Delinquent Personal Property Tax Administration</b>	<b>Fire Records Management</b>	<b>CLEMIS</b>	<b>Radio Communications</b>	<b>Huron- Rouge S.D.S.</b>	<b>Totals September 30, 2018</b>
<b>Operating revenues</b>						
Charges for services	\$ 616,671	\$ 266,043	\$ 6,161,068	\$ 8,172,125	\$ 6,628,692	\$ 21,844,599
Other	-	-	-	393	-	393
Total operating revenues	<u>616,671</u>	<u>266,043</u>	<u>6,161,068</u>	<u>8,172,518</u>	<u>6,628,692</u>	<u>21,844,992</u>
<b>Operating expenses</b>						
Salaries	155,290	111,223	1,805,249	699,609	-	2,771,371
Fringe benefits	61,518	63,750	951,042	363,244	-	1,439,554
Contractual services	149,316	197,620	4,505,250	1,525,540	6,624,496	13,002,222
Commodities	4,261	-	129,591	382,798	1,050	517,700
Depreciation	-	-	1,576,233	3,948,439	72,465	5,597,137
Internal services	25,665	186,546	782,701	885,929	137,618	2,018,459
Total operating expenses	<u>396,050</u>	<u>559,139</u>	<u>9,750,066</u>	<u>7,805,559</u>	<u>6,835,629</u>	<u>25,346,443</u>
Operating income (loss)	<u>220,621</u>	<u>(293,096)</u>	<u>(3,588,998)</u>	<u>366,959</u>	<u>(206,937)</u>	<u>(3,501,451)</u>
<b>Nonoperating revenues (expenses)</b>						
Contributions	-	-	-	-	77,780	77,780
Investment income	7,178	8,809	179,959	345,068	121,476	662,490
Gain (loss) on sale of property and equipment	-	-	1,408	-	-	1,408
Total nonoperating revenues (expenses)	<u>7,178</u>	<u>8,809</u>	<u>181,367</u>	<u>345,068</u>	<u>199,256</u>	<u>741,678</u>
Income (loss) before contributions and transfers	<u>227,799</u>	<u>(284,287)</u>	<u>(3,407,631)</u>	<u>712,027</u>	<u>(7,681)</u>	<u>(2,759,773)</u>
Transfers in	-	721,275	1,644,186	95,300	-	2,460,761
Transfers out	-	-	-	(334,000)	-	(334,000)
Change in net position	<u>227,799</u>	<u>436,988</u>	<u>(1,763,445)</u>	<u>473,327</u>	<u>(7,681)</u>	<u>(633,012)</u>
<b>Net position</b>						
October 1, 2017	403,916	1,437,819	16,943,115	35,934,002	8,628,652	63,347,504
September 30, 2018	<u>\$ 631,715</u>	<u>\$ 1,874,807</u>	<u>\$ 15,179,670</u>	<u>\$ 36,407,329</u>	<u>\$ 8,620,971</u>	<u>\$ 62,714,492</u>

**County of Oakland**  
**Combining Statement of Cash Flows**  
**Non-Major Enterprise Funds**  
**Year Ended September 30, 2018**

	<b>Delinquent Personal Property Tax Administration</b>	<b>Fire Records Management</b>	<b>CLEMIS</b>	<b>Radio Communications</b>	<b>Huron- Rouge S.D.S.</b>	<b>Totals September 30, 2018</b>
<b>Cash flows from operating activities</b>						
Cash received from users	\$ 616,671	\$ 277,028	\$ 6,126,827	\$ 8,161,831	\$ 6,624,282	\$ 21,806,639
Cash paid to suppliers	(239,392)	(482,466)	(6,105,084)	(3,743,221)	(6,813,139)	(17,383,302)
Cash paid to employees	(155,290)	(111,223)	(1,805,249)	(699,609)	-	(2,771,371)
Net cash provided by (used in) operating activities	221,989	(316,661)	(1,783,506)	3,719,001	(188,857)	1,651,966
<b>Cash flows from noncapital financing activities</b>						
Transfers from other funds	-	721,275	1,644,186	95,300	-	2,460,761
Transfers to other funds	-	-	-	(334,000)	-	(334,000)
Contributions	-	-	-	-	82,393	82,393
Net cash provided by (used in) noncapital financing activities	-	721,275	1,644,186	(238,700)	82,393	2,209,154
<b>Cash flows from capital and related financing activities</b>						
Transfers from other funds	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	1,408	-	-	1,408
Acquisition of capital assets	-	(304,032)	(350,479)	(71,914)	-	(726,425)
Net cash provided by (used in) capital and related financing activities	-	(304,032)	(349,071)	(71,914)	-	(725,017)
<b>Cash flows from investing activities</b>						
Interest on investments	6,674	8,386	169,455	322,889	114,864	622,268
Net cash provided by investing activities	6,674	8,386	169,455	322,889	114,864	622,268
Net increase (decrease) in cash and cash equivalents	228,663	108,968	(318,936)	3,731,276	8,400	3,758,371
<b>Pooled cash and investments</b>						
October 1, 2017	346,063	707,296	11,871,960	22,201,829	7,940,821	43,067,969
September 30, 2018	\$ 574,726	\$ 816,264	\$ 11,553,024	\$ 25,933,105	\$ 7,949,221	\$ 46,826,340

(continued)

**County of Oakland**  
**Combining Statement of Cash Flows (Continued)**  
**Non-Major Enterprise Funds**  
**Year Ended September 30, 2018**

	<b>Delinquent Personal Property Tax Administration</b>	<b>Fire Records Management</b>	<b>CLEMIS</b>	<b>Radio Communications</b>	<b>Huron- Rouge S.D.S.</b>	<b>Totals September 30, 2018</b>
Operating income (loss)	\$ 220,621	\$ (293,096)	\$ (3,588,998)	\$ 366,959	\$ (206,937)	\$ (3,501,451)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation expense	-	-	1,576,233	3,948,439	72,465	5,597,137
(Increase) decrease in due from other governmental units	-	(22,109)	(27,804)	(6,247)	(4,410)	(60,570)
(Increase) decrease in accounts receivable	-	-	(6,039)	(8,039)	-	(14,078)
(Increase) decrease in due from other funds	-	33,094	201	3,599	-	36,894
(Increase) decrease in inventories and supplies	-	-	-	27,078	-	27,078
(Increase) decrease in prepayments and other assets	-	4,460	172,744	(383,838)	-	(206,634)
Increase (decrease) in vouchers payable	1,368	(21,225)	91,400	(50,246)	(3,133)	18,164
Increase (decrease) in due to other governmental units	-	-	15,780	(9,762)	-	6,018
Increase (decrease) in due to other funds	-	-	-	63,830	(7,513)	56,317
Increase (decrease) in unearned revenue	-	-	(599)	-	-	(599)
Increase (decrease) in other accrued liabilities	-	(17,785)	(16,424)	(232,772)	(39,329)	(306,310)
Net cash provided by (used in) operating activities	<u>\$ 221,989</u>	<u>\$ (316,661)</u>	<u>\$ (1,783,506)</u>	<u>\$ 3,719,001</u>	<u>\$ (188,857)</u>	<u>\$ 1,651,966</u>

**Noncash transactions**

Noncash and capital related financing activities included acquisition of capital assets in the amount of \$239,949 reported in the Other Accrued Liabilities liability account and write-off of capital assets in the amount of \$401,698 in the Radio Communications fund.

Noncash and non-capital related financing activities included recording of grant proceeds of \$29,786 in the Due from Other Governmental Units asset account in the Huron-Rouge S.D.S. fund.

**County of Oakland**  
**Pension (and Other Postemployment Benefits) Trust Funds**  
**September 30, 2018**

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**Pension Trust Funds**

Employee Pension Trust funds accept payments made by the County, invests fund resources, and calculates and pays pensions and retirees healthcare to beneficiaries.

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

*The OPEB (Other Postemployment Benefits) Trust Plan is funded through:*

*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 Net Position**  
**Pension (and Other Postemployment Benefits) Trust Funds**  
**September 30, 2018**

	<b>Oakland County Employees' Retirement</b>	<b>VEBA Trust</b>	<b>Totals September 30, 2018</b>
<b>Assets</b>			
Pooled cash and investments	\$ 18,705,569	\$ 11,621,615	\$ 30,327,184
Cash and cash equivalents	20,376,111	31,318,198	51,694,309
	<u>39,081,680</u>	<u>42,939,813</u>	<u>82,021,493</u>
Investments, at fair value:			
Common stock	147,803,107	267,445,747	415,248,854
Government agencies	36,066,953	62,227,384	98,294,337
Corporate bonds	65,316,055	101,335,822	166,651,877
Municipal bonds	1,530,449	2,167,055	3,697,504
Hedge funds	44,996,050	56,052,639	101,048,689
Partnerships	51,316,082	95,841,156	147,157,238
Asset-backed fixed income	9,475,912	16,898,646	26,374,558
Government bonds	32,129,633	54,779,538	86,909,171
Government mortgage-backed securities	33,444,346	51,328,785	84,773,131
Government issued commercial mortgage backed	1,349,986	1,820,603	3,170,589
Non-Government backed CMOs	861,096	1,153,692	2,014,788
Commercial mortgage-backed securities	7,886,952	9,999,959	17,886,911
Bank loans	2,596,741	3,091,303	5,688,044
Exchange traded funds	602,135	1,164,461	1,766,596
International common stock	201,055,494	411,648,151	612,703,645
Index linked government bonds	6,963,289	9,172,341	16,135,630
Real estate	91,041,305	105,500,479	196,541,784
Other fixed income	973,652	973,652	1,947,304
Other	392,468	-	392,468
Total investments	<u>735,801,705</u>	<u>1,252,601,413</u>	<u>1,988,403,118</u>
Receivables - interest and dividends	2,666,112	3,336,298	6,002,410
Receivables - other	23,746	36,964	60,710
Prepaid expenses	6,150	232,812	238,962
Total assets	<u>777,579,393</u>	<u>1,299,147,300</u>	<u>2,076,726,693</u>
<b>Liabilities</b>			
Vouchers payable	187,771	1,270,693	1,458,464
Other accrued liabilities	339,443	2,353,255	2,692,698
Total liabilities	<u>527,214</u>	<u>3,623,948</u>	<u>4,151,162</u>
<b>Net position</b>			
Restricted for employees' pension and other postemployment healthcare benefits	<u>\$ 777,052,179</u>	<u>\$ 1,295,523,352</u>	<u>\$ 2,072,575,531</u>



**County of Oakland**  
**Combining Statement of Changes in Net Position**  
**Pension (and Other Postemployment Benefits) Trust Funds**  
**Year Ended September 30, 2018**

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	<b>Oakland County Employees' Retirement</b>	<b>VEBA Trust</b>	<b>Totals September 30, 2018</b>
<b>Additions</b>			
Contributions			
Plan members	\$ 301,807	\$ 234,284	\$ 536,091
Investment income			
Interest and dividends	12,496,848	19,182,173	31,679,021
Net increase in fair value of investments	39,342,445	68,235,105	107,577,550
Total investment income	51,839,293	87,417,278	139,256,571
Less investment expense	1,899,227	3,254,455	5,153,682
Net investment income	49,940,066	84,162,823	134,102,889
Other revenue	276	3,465,258	3,465,534
Total additions	50,242,149	87,862,365	138,104,514
<b>Deductions</b>			
Benefits	57,579,562	37,684,137	95,263,699
Administrative expenses	621,535	234,935	856,470
Total deductions	58,201,097	37,919,072	96,120,169
Net increase (decrease)	(7,958,948)	49,943,293	41,984,345
<b>Net position restricted for employees' pension and other postemployment healthcare benefits</b>			
October 1, 2017 (as Restated, see Note 21)	785,011,127	1,245,580,059	2,030,591,186
September 30, 2018	\$ 777,052,179	\$ 1,295,523,352	\$ 2,072,575,531

## County of Oakland Investment Trust Funds

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### **Investment Trust Funds**

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

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

**County of Oakland**  
**Statement of Net Position**  
**Investment Trust Funds**  
**September 30, 2018**

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	<b>Local Government Investment Pool</b>
<b>Assets</b>	
Pooled cash and investments	\$ 417,662,539
Receivables - interest and dividends	<u>1,124,848</u>
 Total assets	 <u>\$ 418,787,387</u>
 <b>Net position</b>	
Held in trust for investment pool participants	 <u>\$ 418,787,387</u>

**County of Oakland**  
**Statement of Changes in Net Position**  
**Investment Trust Funds**  
**Year Ended September 30, 2018**

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	<b>Local Government Investment Pool</b>
<b>Additions</b>	
Contributions from pool participants	\$ 703,577,869
Investment income	<u>7,100,300</u>
Total additions	<u>710,678,169</u>
<b>Deductions</b>	
Distribution to pool participants	<u>839,247,922</u>
Net increase (decrease)	(128,569,753)
<b>Net position held in trust for pool participants</b>	
October 1, 2017	<u>547,357,140</u>
September 30, 2018	<u>\$ 418,787,387</u>

# County of Oakland

## Agency Funds

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### Agency Funds

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

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

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

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

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

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

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

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

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

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

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

***The District Court Trust Account*** - is used to account for appearance bonds and other trust monies in the four divisions of the County's District Court system.

***The Jail Inmate Trust Account*** - is used to hold monies collected from and for inmates of the Oakland County Jail. Checks are written to cover bond payments, commissary purchases of other personal needs, and to return account balances upon inmate release or transfer to another facility. Individual accounts are tracked in the Jail Management System (JAMS).

**County of Oakland**  
**Combining Statement of Net Position**  
**Agency Funds**  
**September 30, 2018**

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	<b>District Court Investments</b>	<b>Undistributed Taxes</b>	<b>Register of Deeds Trust</b>	<b>Sheriff NET Forfeiture</b>	<b>Circuit Court Trust</b>	<b>Escheats Trust</b>	<b>Legatee Trust</b>
<b>Assets</b>							
Pooled cash and investments	\$ 150,000	\$ 261,152,012	\$ 181,790	\$ 958,084	\$ 3,379,242	\$ 101,153	\$ 1,300,211
Cash and cash equivalents	-	-	-	-	-	-	-
Accrued interest receivable	1,257	-	-	24,666	119,767	-	4,809
Total assets	<u>\$ 151,257</u>	<u>\$ 261,152,012</u>	<u>\$ 181,790</u>	<u>\$ 982,750</u>	<u>\$ 3,499,009</u>	<u>\$ 101,153</u>	<u>\$ 1,305,020</u>
<b>Liabilities</b>							
Vouchers payable	\$ -	\$ 72,057,454	\$ -	\$ -	\$ 132,223	\$ -	\$ -
Due to other governmental units	-	189,094,558	-	-	-	101,153	-
Other accrued liabilities	151,257	-	181,790	982,750	3,366,786	-	1,305,020
Total liabilities	<u>\$ 151,257</u>	<u>\$ 261,152,012</u>	<u>\$ 181,790</u>	<u>\$ 982,750</u>	<u>\$ 3,499,009</u>	<u>\$ 101,153</u>	<u>\$ 1,305,020</u>
							(continued)

**County of Oakland**  
**Combining Statement of Net Position (Continued)**  
**Agency Funds**  
**September 30, 2018**

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	<b>Special Trust</b>	<b>Contractor's Retainage</b>	<b>Public Library Trust</b>	<b>District Court Trust Accounts</b>	<b>Jail Inmate Trust Account</b>	<b>Totals September 30, 2018</b>
<b>Assets</b>						
Pooled cash and investments	\$ 4,054,219	\$ 3,535,594	\$ 768,799	\$ -	\$ -	\$ 275,581,104
Cash and cash equivalents	-	-	-	303,893	248,055	551,948
Accrued interest receivable	26,833	34,539	7,090	-	-	218,961
Total assets	<u>\$ 4,081,052</u>	<u>\$ 3,570,133</u>	<u>\$ 775,889</u>	<u>\$ 303,893</u>	<u>\$ 248,055</u>	<u>\$ 276,352,013</u>
<b>Liabilities</b>						
Vouchers payable	\$ -	\$ 22,929	\$ -	\$ -	\$ -	72,212,606
Due to other governmental units	-	-	-	-	-	189,195,711
Other accrued liabilities	4,081,052	3,547,204	775,889	303,893	248,055	14,943,696
Total liabilities	<u>\$ 4,081,052</u>	<u>\$ 3,570,133</u>	<u>\$ 775,889</u>	<u>\$ 303,893</u>	<u>\$ 248,055</u>	<u>\$ 276,352,013</u>

**County of Oakland**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**Year Ended September 30, 2018**

	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018
<b>District Court Investments</b>				
Assets				
Pooled cash and investments	\$ 150,000	\$ 2,281	\$ 2,281	\$ 150,000
Accrued interest receivable	1,098	375	216	1,257
Total	<u>\$ 151,098</u>	<u>\$ 2,656</u>	<u>\$ 2,497</u>	<u>\$ 151,257</u>
Liabilities				
Other accrued liabilities	<u>\$ 151,098</u>	<u>\$ 2,657</u>	<u>\$ 2,498</u>	<u>\$ 151,257</u>
<b>Undistributed Taxes</b>				
Assets				
Pooled cash and investments	<u>\$ 283,436,172</u>	<u>\$ 884,324,960</u>	<u>\$ 906,609,120</u>	<u>\$ 261,152,012</u>
Liabilities				
Vouchers payable	\$ 65,517,414	\$ 632,061,063	\$ 625,521,023	\$ 72,057,454
Due to other governmental units	217,918,758	906,611,115	935,435,315	189,094,558
Total	<u>\$ 283,436,172</u>	<u>\$ 1,538,672,178</u>	<u>\$ 1,560,956,338</u>	<u>\$ 261,152,012</u>
<b>Register of Deeds Trust</b>				
Assets				
Pooled cash and investments	<u>\$ 143,886</u>	<u>\$ 4,208,169</u>	<u>\$ 4,170,265</u>	<u>\$ 181,790</u>
Liabilities				
Vouchers payable	\$ -	\$ 4,170,265	\$ 4,170,265	\$ -
Other accrued liabilities	143,886	4,310,351	4,272,447	181,790
Total	<u>\$ 143,886</u>	<u>\$ 8,480,616</u>	<u>\$ 8,442,712</u>	<u>\$ 181,790</u>
<b>Sheriff NET Forfeiture</b>				
Assets				
Pooled cash and investments	\$ 1,357,119	\$ 801,721	\$ 1,200,756	\$ 958,084
Accrued interest receivable	24,792	1,378	1,504	24,666
Accounts receivable	40,384	-	40,384	-
Total	<u>\$ 1,422,295</u>	<u>\$ 803,099</u>	<u>\$ 1,242,644</u>	<u>\$ 982,750</u>
Liabilities				
Vouchers payable	\$ -	\$ 697,596	\$ 697,596	\$ -
Other accrued liabilities	1,422,295	765,298	1,204,843	982,750
Total	<u>\$ 1,422,295</u>	<u>\$ 1,462,894</u>	<u>\$ 1,902,439</u>	<u>\$ 982,750</u>

(continued)



**County of Oakland**  
**Combining Statement of Changes in Assets and Liabilities (Continued)**  
**Agency Funds**  
**Year Ended September 30, 2018**

	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018
<b>Circuit Court Trust</b>				
Assets				
Pooled cash and investments	\$ 4,336,776	\$ 10,793,756	\$ 11,751,290	\$ 3,379,242
Accrued interest receivable	112,851	15,784	8,868	119,767
Total	<u>\$ 4,449,627</u>	<u>\$ 10,809,540</u>	<u>\$ 11,760,158</u>	<u>\$ 3,499,009</u>
Liabilities				
Vouchers payable	\$ -	\$ 11,130,419	\$ 10,998,196	\$ 132,223
Other accrued liabilities	4,449,627	10,776,990	11,859,831	3,366,786
Total	<u>\$ 4,449,627</u>	<u>\$ 21,907,409</u>	<u>\$ 22,858,027</u>	<u>\$ 3,499,009</u>
<b>Escheats Trust</b>				
Assets				
Pooled cash and investments	\$ 39,298	\$ 157,675	\$ 95,820	\$ 101,153
Liabilities				
Vouchers payable	\$ -	\$ 94,671	\$ 94,671	\$ -
Due to other governmental units	39,298	157,675	95,820	101,153
Total	<u>\$ 39,298</u>	<u>\$ 252,346</u>	<u>\$ 190,491</u>	<u>\$ 101,153</u>
<b>Legatee Trust</b>				
Assets				
Pooled cash and investments	\$ 973,386	\$ 443,903	\$ 117,078	\$ 1,300,211
Accrued interest receivable	3,928	2,451	1,570	4,809
Total	<u>\$ 977,314</u>	<u>\$ 446,354</u>	<u>\$ 118,648</u>	<u>\$ 1,305,020</u>
Liabilities				
Vouchers payable	\$ -	\$ 62,663	\$ 62,663	\$ -
Other accrued liabilities	977,314	446,494	118,788	1,305,020
Total	<u>\$ 977,314</u>	<u>\$ 509,157</u>	<u>\$ 181,451</u>	<u>\$ 1,305,020</u>
<b>Special Trust</b>				
Assets				
Pooled cash and investments	\$ 3,395,754	\$ 4,661,700	\$ 4,003,235	\$ 4,054,219
Accrued interest receivable	22,945	9,819	5,931	26,833
Total	<u>\$ 3,418,699</u>	<u>\$ 4,671,519</u>	<u>\$ 4,009,166</u>	<u>\$ 4,081,052</u>
Liabilities				
Vouchers payable	\$ -	\$ 2,854,661	\$ 2,854,661	\$ -
Other accrued liabilities	3,418,699	4,674,019	4,011,666	4,081,052
Total	<u>\$ 3,418,699</u>	<u>\$ 7,528,680</u>	<u>\$ 6,866,327</u>	<u>\$ 4,081,052</u>

(continued)

**County of Oakland**  
**Combining Statement of Changes in Assets and Liabilities (Continued)**  
**Agency Funds**  
**Year Ended September 30, 2018**

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	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018
<b>Contractor's Retainage</b>				
Assets				
Pooled cash and investments	\$ 3,624,802	\$ 2,862,004	\$ 2,951,212	\$ 3,535,594
Accrued interest receivable	32,369	8,030	5,860	34,539
Total	<u>\$ 3,657,171</u>	<u>\$ 2,870,034</u>	<u>\$ 2,957,072</u>	<u>\$ 3,570,133</u>
Liabilities				
Vouchers payable	\$ -	\$ 2,628,439	\$ 2,605,510	\$ 22,929
Other accrued liabilities	3,657,171	2,870,034	2,980,001	3,547,204
Total	<u>\$ 3,657,171</u>	<u>\$ 5,498,473</u>	<u>\$ 5,585,511</u>	<u>\$ 3,570,133</u>
<b>Public Library Trust</b>				
Assets				
Pooled cash and investments	\$ 668,616	\$ 2,658,463	\$ 2,558,280	\$ 768,799
Accrued interest receivable	5,307	3,821	2,038	7,090
Total	<u>\$ 673,923</u>	<u>\$ 2,662,284</u>	<u>\$ 2,560,318</u>	<u>\$ 775,889</u>
Liabilities				
Vouchers payable	\$ -	\$ 2,514,264	\$ 2,514,264	\$ -
Other accrued liabilities	673,923	2,679,470	2,577,504	775,889
Total	<u>\$ 673,923</u>	<u>\$ 5,193,734</u>	<u>\$ 5,091,768</u>	<u>\$ 775,889</u>
<b>District Court Trust Accounts</b>				
Assets				
Cash and cash equivalents	<u>\$ 389,111</u>	<u>\$ 2,952,914</u>	<u>\$ 3,038,132</u>	<u>\$ 303,893</u>
Liabilities				
Other accrued liabilities	<u>\$ 389,111</u>	<u>\$ 2,952,914</u>	<u>\$ 3,038,132</u>	<u>\$ 303,893</u>
<b>Jail Inmate Trust Account</b>				
Assets				
Cash and cash equivalents	<u>\$ 300,910</u>	<u>\$ 2,509,641</u>	<u>\$ 2,562,496</u>	<u>\$ 248,055</u>
Liabilities				
Other accrued liabilities	<u>\$ 300,910</u>	<u>\$ 2,509,641</u>	<u>\$ 2,562,496</u>	<u>\$ 248,055</u>

(continued)

**County of Oakland**  
**Combining Statement of Changes in Assets and Liabilities (Continued)**  
**Agency Funds**  
**Year Ended September 30, 2018**

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	<b>Balance October 1, 2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance September 30, 2018</b>
<b>Total All Agency Funds</b>				
Assets				
Pooled cash and investments	\$ 298,125,809	\$ 910,914,632	\$ 933,459,337	\$ 275,581,104
Cash and cash equivalents	690,021	5,462,555	5,600,628	551,948
Accrued interest receivable	203,290	41,658	25,987	218,961
Accounts receivable	40,384	-	40,384	-
Total	<u>\$ 299,059,504</u>	<u>\$ 916,418,845</u>	<u>\$ 939,126,336</u>	<u>\$ 276,352,013</u>
Liabilities				
Vouchers payable	\$ 65,517,414	\$ 656,214,041	\$ 649,518,849	\$ 72,212,606
Due to other governmental units	217,958,056	906,768,790	935,531,135	189,195,711
Other accrued liabilities	15,584,034	31,987,868	32,628,206	14,943,696
Total	<u>\$ 299,059,504</u>	<u>\$ 1,594,970,699</u>	<u>\$ 1,617,678,190</u>	<u>\$ 276,352,013</u>

## **County of Oakland**

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

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#### **Drainage Districts**

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

**County of Oakland**  
**Combining Balance Sheet**  
**Governmental Funds – Component Unit – Drainage Districts**  
**September 30, 2018**

	<b>Drainage Districts</b>			<b>Totals</b>
	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>September 30, 2018</b>
<b>Assets</b>				
Current assets				
Pooled cash and investments	\$ 33,522,051	\$ 1,599,875	\$ 11,276,751	\$ 46,398,677
Receivables (net of allowance for uncollectibles where applicable)				
Accounts receivable	870,565	-	-	870,565
Special assessments receivable	970	197,546,822	-	197,547,792
Due from other governmental units	5,220,233	67,368	59,224	5,346,825
Accrued interest receivable	142,193	31,638	39,879	213,710
Other assets	-	1,050	146,667	147,717
Total assets	<u>39,756,012</u>	<u>199,246,753</u>	<u>11,522,521</u>	<u>250,525,286</u>
<b>Liabilities</b>				
Vouchers payable	\$ 734,253	\$ 815,011	\$ 2,449,323	\$ 3,998,587
Due to other governmental units	13,920,913	36,411	-	13,957,324
Due to other funds	-	-	-	-
Due to primary government	666,263	-	105,570	771,833
Unearned revenue	93,099	23,453,513	-	23,546,612
Other accrued liabilities	954,006	10,015	3,579,907	4,543,928
Total liabilities	<u>16,368,534</u>	<u>24,314,950</u>	<u>6,134,800</u>	<u>46,818,284</u>
<b>Deferred Inflow of Resources</b>				
Unavailable revenue - special assessments	970	174,093,309	-	174,094,279
Unavailable revenue - grants	-	-	-	-
Total deferred inflows of resources	<u>970</u>	<u>174,093,309</u>	<u>-</u>	<u>174,094,279</u>
<b>Fund Balances</b>				
Restricted	23,386,508	838,494	-	24,225,002
Committed	-	-	5,387,721	5,387,721
Total fund balances	<u>23,386,508</u>	<u>838,494</u>	<u>5,387,721</u>	<u>29,612,723</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 39,756,012</u>	<u>\$ 199,246,753</u>	<u>\$ 11,522,521</u>	<u>\$ 250,525,286</u>

**County of Oakland**  
**Reconciliation of the Balance Sheet – Governmental Funds to the**  
**Statement of Net Position**  
**Component Unit – Drainage Districts**  
**September 30, 2018**

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Total fund balances of governmental funds \$ 29,612,723

Amounts reported for governmental activities in the Statement of Net Position are different because

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Land and other nondepreciable assets	\$ 119,625,801
Buildings, net of \$10,221,037 depreciation	59,649,012
Equipment, net of \$185,935 depreciation	616,892
Infrastructure, net of \$119,853,039 depreciation	<u>463,350,071</u>

643,241,776

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

174,094,279

Long-term bonded debt is not due and payable in the current period and therefore is not reported in the funds. Unamortized premiums, loss on refundings, and interest payable are not reported in the funds. However, these amounts are included in the Statement of Net Position. This is the net effect of these balances on the statement.

Bonds and notes payable	<u>(238,332,219)</u>
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Net position of governmental activities	<u>\$ 608,616,559</u>
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**County of Oakland**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds – Component Unit – Drainage Districts**  
**Year Ended September 30, 2018**

	<b>Drainage Districts</b>			<b>Totals</b>
	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>September 30, 2018</b>
<b>Revenues</b>				
Special assessments	\$ 13,162,262	\$ 24,408,874	\$ -	\$ 37,571,136
Federal grants	-	-	792,057	792,057
State grants	607,594	-	338,789	946,383
Charges for services	78,482,585	5,239	-	78,487,824
Investment income	433,237	43,799	236,880	713,916
Other	65,063	518	147,387	212,968
Total revenues	92,750,741	24,458,430	1,515,113	118,724,284
<b>Expenditures</b>				
Salaries	254	-	71	325
Contractual services	88,676,131	72,866	18,663,567	107,412,564
Commodities	707,319	-	87,388	794,707
Principal payments	-	20,134,000	-	20,134,000
Interest	-	6,509,874	-	6,509,874
Paying agent fees	-	5,425	-	5,425
Intergovernmental	256,262	145,908	-	402,170
Internal services	5,028,220	-	499,764	5,527,984
Total expenditures	94,668,186	26,868,073	19,250,790	140,787,049
Excess (deficiency) of revenues over (under) expenditures	(1,917,445)	(2,409,643)	(17,735,677)	(22,062,765)
<b>Other financing sources (uses)</b>				
Transfers in	12,484,663	-	266,792	12,751,455
Transfers out	(12,614,744)	-	(136,711)	(12,751,455)
Insurance recovery	5,750,000	-	-	5,750,000
Issuance of bonds	-	-	6,041,487	6,041,487
Issuance of refunding bonds	-	2,260,000	-	2,260,000
Federal grant interest recovery	-	168,587	-	168,587
Premiums on bonds sold	-	43,694	-	43,694
Total other financing sources (uses)	5,619,919	2,472,281	6,171,568	14,263,768
Net change in fund balances	3,702,474	62,638	(11,564,109)	(7,798,997)
<b>Fund balances</b>				
October 1, 2017	19,684,034	775,856	16,951,830	37,411,720
September 30, 2018	\$ 23,386,508	\$ 838,494	\$ 5,387,721	\$ 29,612,723

## 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, 2018

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Net change in fund balance - total governmental funds \$ (7,798,997)

Governmental funds report capital outlay as an expenditure. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Construction in progress	\$ 7,208,945	
Building	12,621,393	
Equipment	6,749	
Infrastructure	12,500	
Depreciation expense	<u>(9,877,392)</u>	
		9,972,195

Revenue from special assessments reported in the Statement of Activities in previous years that provided current financial resources in the governmental funds (20,134,000)

Current year special assessments will be reported in the Statement of Activities because they did not provide current year financial resources in the governmental funds 11,654,146

Bond proceeds provide current financial resources to governmental funds by issuing debt which increases long-term bonded debt in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Position. This is the amount that proceeds exceed repayments

Bond proceeds	(8,301,487)	
Repayment of debt	<u>20,134,000</u>	
		<u>11,832,513</u>
Change in net position of governmental activities		<u>\$ 5,525,857</u>



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### **III. STATISTICAL SECTION – UNAUDITED**

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County of Oakland  
Statistical Section

**Statistical Section**

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

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

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

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

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

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

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

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

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

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

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

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

	Fiscal Year									
	2018	2017	2016 (2)	2015	2014	2013	2012	2011 (1)	2010	2009
Governmental activities:										
Net invested in capital assets	\$ 181,610,977	\$ 168,617,536	\$ 147,744,764	\$ 156,456,894	\$ 145,910,667	\$ 137,512,571	\$ 148,709,168	\$ 150,330,717	\$ 151,764,265	\$ 150,871,035
Restricted	43,329,877	40,952,520	35,931,987	39,591,712	53,896,914	72,467,130	92,918,321	98,366,070	6,480,807	7,414,537
Unrestricted	432,498,567	336,663,951	304,822,163	228,425,269	180,545,856	191,318,485	157,152,392	149,221,428	230,165,706	226,807,427
Total governmental activities net position	<u>\$ 657,439,421</u>	<u>\$ 546,234,007</u>	<u>\$ 488,498,914</u>	<u>\$ 424,473,875</u>	<u>\$ 380,353,437</u>	<u>\$ 401,298,186</u>	<u>\$ 398,779,881</u>	<u>\$ 397,918,215</u>	<u>\$ 388,410,778</u>	<u>\$ 385,092,999</u>
Business-type activities:										
Net invested in capital assets	\$ 293,504,939	\$ 298,608,145	\$ 299,224,229	\$ 284,732,715	\$ 268,982,184	\$ 264,682,840	\$ 289,004,302	\$ 247,997,936	\$ 246,550,290	\$ 231,574,926
Restricted	97,172,136	96,499,021	98,337,169	89,643,864	78,286,471	73,813,076	77,418,640	77,825,011	15,802,201	13,250,044
Unrestricted	365,217,051	351,717,949	345,130,207	333,831,563	354,280,212	367,673,527	337,479,877	324,574,011	380,611,469	380,765,211
Total business-type activities net position	<u>\$ 755,894,126</u>	<u>\$ 746,825,115</u>	<u>\$ 742,691,605</u>	<u>\$ 708,208,142</u>	<u>\$ 701,548,867</u>	<u>\$ 706,169,443</u>	<u>\$ 703,902,819</u>	<u>\$ 650,396,958</u>	<u>\$ 642,963,960</u>	<u>\$ 625,590,181</u>
Primary government:										
Net invested in capital assets	\$ 475,115,916	\$ 467,225,681	\$ 446,968,993	\$ 441,189,609	\$ 414,892,851	\$ 402,195,411	\$ 437,713,470	\$ 398,328,653	\$ 398,314,555	\$ 382,445,961
Restricted	140,502,013	137,451,541	134,269,156	129,235,576	132,183,385	146,280,206	170,336,961	176,161,081	22,283,008	20,664,581
Unrestricted	797,715,618	688,381,900	649,952,370	562,256,832	534,826,068	558,992,012	494,632,269	473,795,439	610,777,175	607,572,638
Total primary government net position	<u>\$ 1,413,333,547</u>	<u>\$ 1,293,059,122</u>	<u>\$ 1,231,190,519</u>	<u>\$ 1,132,682,017</u>	<u>\$ 1,081,902,304</u>	<u>\$ 1,107,467,629</u>	<u>\$ 1,102,682,700</u>	<u>\$ 1,048,285,173</u>	<u>\$ 1,031,374,738</u>	<u>\$ 1,010,683,180</u>

- (1) Implementation of GASB Statement No. 54 resulted in reclassification of several funds. The Delinquent Personal Property Tax Administration fund was reclassified from Special Revenue (Governmental) fund type to Enterprise (Business) fund type, and the Interim Retirees Medical Benefits Trust fund was reclassified from Special Revenue (Governmental) to Pension Trust fund type, no longer reported on entity-wide statements.
- (2) Implementation of GASB Statement No. 75 resulted in restatement of Net Position as of September 30, 2016.

# County of Oakland

## Changes in Net Position – Unaudited Table 2

### Last Ten Fiscal Years

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011 (1)	2010	2009
<b>Expenses</b>										
Governmental activities:										
General government, administrative	\$ 35,548,340	\$ 7,210,199	\$ 36,922,795	\$ 69,539,633	\$ 23,850,091	\$ 24,802,464	\$ 24,883,201	\$ 36,769,153	\$ 64,661,974	\$ 65,190,329
Public safety	169,208,509	198,159,722	186,368,098	186,050,353	201,580,810	195,275,037	203,647,570	169,055,162	173,410,126	187,538,293
Justice administration	78,025,038	91,193,006	88,190,032	86,238,778	93,496,165	90,873,460	91,355,151	82,995,986	85,663,267	88,190,975
Citizen services	73,510,309	80,436,567	77,513,361	83,738,255	87,214,484	82,502,384	83,141,703	78,697,492	84,616,509	87,111,105
Public works	27,336,927	44,539,179	53,585,849	38,300,439	42,267,177	29,008,606	29,173,892	23,972,731	21,638,989	21,098,772
Recreation and leisure	1,294,311	1,368,297	1,346,384	1,322,395	1,448,875	1,551,035	1,747,878	1,393,680	1,717,720	2,537,737
Commerce and community development	40,532,530	42,558,106	42,667,769	44,364,348	48,411,360	48,895,303	53,775,460	61,663,939	67,785,938	59,391,426
Unallocated depreciation	3,557,676	3,825,781	3,527,266	3,164,143	2,083,460	1,911,473	1,912,755	1,976,521	1,990,978	1,959,201
Interest on debt	3,609,194	3,568,860	3,222,007	3,273,505	3,244,225	2,626,856	4,041,393	13,447,625	35,876,728	40,013,064
Total governmental activities expenses	432,622,834	472,859,717	493,343,561	515,991,849	503,596,647	477,446,618	493,679,003	469,972,289	537,362,229	553,030,902
Business-type activities:										
Airports	6,316,381	6,587,495	6,630,136	7,023,922	6,910,625	6,653,186	9,016,461	5,957,174	5,819,585	6,224,009
Community safety support	18,114,764	19,648,350	20,772,663	21,312,944	21,277,821	17,084,677	17,370,233	16,303,359	14,469,036	11,812,058
Community tax financing	1,423,477	970,801	988,159	1,230,707	1,278,589	1,399,607	1,615,467	1,746,776	1,446,745	2,233,942
Community water and sewer	100,192,304	85,734,595	82,330,145	81,572,797	77,684,287	77,371,824	53,137,399	48,504,467	41,891,865	43,447,751
Jail commissary	-	-	-	-	-	-	-	-	-	648,125
Recreation and leisure	26,891,978	25,050,628	23,460,676	23,741,356	22,860,691	21,181,725	20,108,609	20,061,315	21,635,614	20,446,250
Sewage disposal systems	138,558,969	138,073,377	132,107,791	129,927,356	128,252,681	126,797,005	121,129,202	111,655,907	93,373,475	102,123,883
Total business-type activities expenses	291,497,873	276,065,246	266,289,570	264,809,082	258,264,694	250,488,024	222,377,371	204,228,998	178,636,320	186,936,018
Total primary government expenses	\$ 724,120,707	\$ 748,924,963	\$ 759,633,131	\$ 780,800,931	\$ 761,861,341	\$ 727,934,642	\$ 716,056,374	\$ 674,201,287	\$ 715,998,549	\$ 739,966,920
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government, administrative	\$ 27,513,139	\$ 28,420,204	\$ 23,078,190	\$ 24,225,570	\$ 25,879,090	\$ 28,230,087	\$ 24,431,514	\$ 27,107,546	\$ 26,766,446	\$ 17,820,281
Public safety	69,089,611	65,792,333	64,274,890	64,625,234	63,007,666	60,741,916	60,028,240	50,912,265	64,847,767	49,231,699
Justice administration	31,538,861	31,447,605	32,064,235	31,830,801	31,711,482	31,730,104	31,950,808	31,017,405	38,414,451	30,403,131
Citizen services	9,710,756	9,315,993	9,488,715	8,414,435	7,310,429	6,448,453	5,829,293	6,682,817	12,948,266	8,906,620
Public works	16,873,895	30,265,391	34,566,771	12,855,569	19,090,066	22,030,824	16,293,669	3,988,963	13,972,441	4,075,870
Recreation and leisure	14,527	16,046	15,468	14,686	39,934	38,154	79,342	91,273	178,753	703,665
Commerce and community development	20,968,785	21,023,719	18,361,879	17,646,879	17,158,997	18,967,967	14,240,342	12,231,135	15,254,871	13,744,979
Operating grants and contributions:										
General government, administrative	722,999	614,012	600,500	4,448,510	786,094	812,900	1,972,545	1,019,348	1,785,795	911,378
Public safety	21,820,828	18,934,764	18,302,689	17,630,677	17,770,136	23,147,123	28,147,900	21,723,458	22,185,332	23,627,427
Justice administration	571,023	854,996	680,004	741,357	508,391	456,013	662,382	675,133	629,776	344,724
Citizen services	16,820,290	15,028,275	15,731,575	14,728,273	23,545,171	21,776,402	20,364,604	21,940,379	22,734,748	20,900,530
Public works	1,000	400,203	1,069,022	362,098	261,174	930,304	2,635,398	836,666	1,483,907	68,125
Recreation and leisure	-	7,004	8,000	-	14,965	72,414	254,812	7,700	11,500	3,700
Commerce and community development	20,652,246	19,855,509	20,163,033	22,065,499	23,443,405	24,638,978	30,484,781	41,374,879	46,056,662	36,598,640
Capital grants and contributions:										
General government, administrative	23,273	161,669	-	-	-	-	-	-	-	-
Public safety	45,046	-	282,049	163,231	193,234	965,065	618,415	1,869,849	259,795	3,061,210
Justice administration	-	-	39,190	-	-	-	-	-	-	-
Public works	2,187,532	2,158,419	1,207,474	5,761,319	3,557,413	-	1,961,591	1,992,056	493,320	1,905,878
Total governmental activities program revenues	238,553,811	244,296,142	239,933,684	225,514,138	234,277,647	240,986,704	239,955,636	223,470,872	268,023,830	212,307,857

(Continued)

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011 (1)	2010	2009
<b>Program Revenues (Continued)</b>										
Business-type activities:										
Charges for services:										
Airports	\$ 4,711,066	\$ 4,671,073	\$ 4,624,215	\$ 4,421,496	\$ 4,294,902	\$ 4,381,999	\$ 4,502,884	\$ 4,510,925	\$ 3,747,657	\$ 4,088,960
Community safety support	14,601,037	13,775,015	14,293,818	12,833,963	13,085,553	11,417,222	13,242,926	12,266,838	11,486,639	11,562,650
Community tax financing	12,723,395	13,613,000	15,872,925	16,657,070	18,306,142	21,845,093	21,965,251	27,731,753	26,195,224	56,665,158
Community water and sewer	98,234,422	95,595,194	92,591,784	80,058,849	80,597,277	80,223,019	59,090,782	50,721,103	48,741,135	45,494,838
Jail commissary	-	-	-	-	-	-	-	-	-	648,781
Recreation and leisure	10,424,470	10,022,384	9,981,419	9,978,385	8,525,094	8,430,978	8,751,064	8,029,370	7,931,012	7,712,091
Sewage disposal systems	142,048,906	138,190,001	133,611,778	137,441,935	126,670,775	121,781,246	118,951,504	110,808,669	107,752,414	65,648,219
Operating grants and contributions:										
Airports	92,761	96,254	-	287,991	-	-	-	-	59,892	-
Community water and sewer	50,227	339,060	1,398,631	807,591	48,319	-	13,301,375	-	-	-
Recreation and leisure	660,093	80,928	77,079	69,032	92,689	96,241	25,385	31,579	42,723	52,752
Sewage disposal systems	1,212,675	1,197,809	727,072	518,864	-	21,783	-	300,000	22,389	16,208
Capital grants and contributions:										
Airports	-	995,851	915,522	485,207	1,252,591	778,548	17,054,233	3,510,611	1,988,314	1,217,057
Community safety support	-	-	77,563	761,013	2,255,765	2,189,506	786,768	6,710,663	1,076,608	4,089,196
Community water and sewer	772,916	227,084	1,057,973	1,294,332	1,206,737	-	-	-	-	-
Recreation and leisure	68,469	82,700	-	308,000	-	288,141	38,796	1,506,000	-	-
Sewage disposal systems	8,809,512	14,654,105	27,520,966	8,219,302	93,399	1,476,762	103,635	136,314	78,531	-
Total business-type activities program revenues	294,409,949	293,540,458	302,750,745	274,143,030	256,429,243	252,930,538	257,814,603	226,263,825	209,122,538	197,195,910
Total primary government program revenues	\$ 532,963,760	\$ 537,836,600	\$ 542,684,429	\$ 499,657,168	\$ 490,706,890	\$ 493,917,242	\$ 497,770,239	\$ 449,734,697	\$ 477,146,368	\$ 409,503,767
<b>Net (Expenses)/Revenues</b>										
Governmental activities	\$ (194,069,023)	\$ (228,563,575)	\$ (253,409,877)	\$ (290,477,711)	\$ (269,319,000)	\$ (236,459,914)	\$ (253,723,367)	\$ (246,501,417)	\$ (269,338,399)	\$ (340,723,045)
Business-type activities	2,912,076	17,475,212	36,461,175	9,333,948	(1,835,451)	2,442,514	35,437,232	22,034,827	30,486,218	10,259,892
Total primary government net expenses	\$ (191,156,947)	\$ (211,088,363)	\$ (216,948,702)	\$ (281,143,763)	\$ (271,154,451)	\$ (234,017,400)	\$ (218,286,135)	\$ (224,466,590)	\$ (238,852,181)	\$ (330,463,153)
<b>General Revenue and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 227,384,489	\$ 221,228,539	\$ 210,219,877	\$ 204,218,641	\$ 206,256,326	\$ 199,808,014	\$ 200,634,390	\$ 208,006,331	\$ 217,789,968	\$ 243,995,434
State-shared revenue (unrestricted)	45,299,918	44,185,407	42,849,430	39,238,141	14,066,100	12,789,988	11,128,237	8,976,908	9,104,897	9,902,653
Unrestricted investment earnings	5,743,583	3,417,064	3,894,824	3,589,453	4,917,507	2,553,617	2,955,907	4,865,609	7,243,074	832,681
Gain on sale of capital assets	478,887	407,829	435,178	135,786	205,284	270,885	213,451	331,629	-	91,828
Other revenues	1,543,368	1,808,840	3,765,977	5,623,075	3,397,021	3,752,043	6,513,306	3,514,883	4,045,007	5,859,798
Transfers in (out)	12,156,434	15,250,989	17,841,687	17,940,753	19,532,013	19,803,672	33,139,742	34,901,063	34,473,232	22,982,426
Total governmental activities	292,606,679	286,298,668	279,006,973	270,745,849	248,374,251	238,978,219	254,585,033	260,596,423	272,656,178	283,664,820

(Continued)

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011 (1)	2010	2009
<b>General Revenues and Other Changes in Net Position (Continued)</b>										
Business-type activities:										
Property taxes	\$ 12,707,412	\$ 12,393,806	\$ 12,246,824	\$ 11,832,814	\$ 11,567,251	\$ 11,398,103	\$ 11,664,549	\$ 12,696,436	\$ 14,506,403	\$ 15,128,620
State-shared revenue (unrestricted)	323,212	271,123	-	-	-	-	-	-	-	-
Unrestricted investment earnings	5,282,745	4,440,196	3,617,151	2,914,365	5,179,637	1,758,041	2,050,923	3,015,229	6,854,390	7,977,096
Special items	-	(15,195,838)	-	-	-	6,471,638	37,492,899	-	-	-
Transfers in (out)	(12,156,434)	(15,250,989)	(17,841,687)	(17,940,753)	(19,532,013)	(19,803,672)	(33,139,742)	(34,901,063)	(34,473,232)	(22,982,426)
Total business-type activities	6,156,935	(13,341,702)	(1,977,712)	(3,193,574)	(2,785,125)	(175,890)	18,068,629	(19,189,398)	(13,112,439)	123,290
Total primary government	<u>\$ 298,763,614</u>	<u>\$ 272,956,966</u>	<u>\$ 277,029,261</u>	<u>\$ 267,552,275</u>	<u>\$ 245,589,126</u>	<u>\$ 238,802,329</u>	<u>\$ 272,653,662</u>	<u>\$ 241,407,025</u>	<u>\$ 259,543,739</u>	<u>\$ 283,788,110</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 98,537,656	\$ 57,735,093	\$ 25,597,096	\$ (19,731,862)	\$ (20,944,749)	\$ 2,518,305	\$ 861,666	\$ 14,095,006	\$ 3,317,779	\$ (57,058,225)
Business-type activities	9,069,011	4,133,510	34,483,463	6,140,374	(4,620,576)	2,266,624	53,505,861	2,845,429	17,373,779	10,383,182
Total primary government	<u>\$ 107,606,667</u>	<u>\$ 61,868,603</u>	<u>\$ 60,080,559</u>	<u>\$ (13,591,488)</u>	<u>\$ (25,565,325)</u>	<u>\$ 4,784,929</u>	<u>\$ 54,367,527</u>	<u>\$ 16,940,435</u>	<u>\$ 20,691,558</u>	<u>\$ (46,675,043)</u>

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

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011 (1)	2010	2009
General Fund (I):										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 379,793	\$ 384,218
Unreserved:										
Designated	-	-	-	-	-	-	-	-	148,109,832	105,531,347
Unassigned	-	-	-	-	-	-	-	-	516,356	351,088
Nonspendable	306,104	353,124	534,766	490,499	221,975	258,647	1,100,141	292,698		
Restricted	12,860,936	10,401,084	5,884,980	15,190,786	28,453,511	20,201,133	11,555,148	5,287,071		
Assigned	230,412,909	251,021,647	245,859,255	242,777,177	222,979,095	221,222,041	209,683,648	194,082,115		
Unassigned	1,464,988	3,004,232	2,962,467	1,745,931	2,329,993	1,091,218	1,090,503	1,500,000		
<b>Total General Fund</b>	<b>\$ 245,044,937</b>	<b>\$ 264,780,087</b>	<b>\$ 255,241,468</b>	<b>\$ 260,204,393</b>	<b>\$ 253,984,574</b>	<b>\$ 242,773,039</b>	<b>\$ 223,429,440</b>	<b>\$ 201,161,884</b>	<b>\$ 149,005,981</b>	<b>\$ 106,266,653</b>
All Other Governmental Funds (I):										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 347,622,280	\$ 365,269,937
Unreserved:										
Designated:										
Special Revenue Funds	-	-	-	-	-	-	-	-	147,349,425	179,637,943
Capital Projects Funds	-	-	-	-	-	-	-	-	6,175,010	7,063,814
Unassigned:										
Special Revenue Funds	-	-	-	-	-	-	-	-	(91,342)	(96,051)
Capital Projects Funds	-	-	-	-	-	-	-	-	11,756,867	12,518,053
Nonspendable	-	1,150,421	1,102,916	1,176,207	991,206	441,135	547,459	445,125		
Restricted	24,737,155	26,218,607	25,721,135	19,294,296	25,443,403	514,18,485	81,363,173	97,920,945		
Committed	44,273,743	33,562,352	51,423,615	27,813,859	39,973,683	46,332,071	18,432,389	16,530,640		
Assigned	-	-	-	-	-	-	7,732	17,254		
Unassigned	(3,492,780)	(3,294,277)	(3,010,629)	(4,080,095)	(2,708,371)	(606,542)	(462,247)	(366,963)		
<b>Total all other governmental funds</b>	<b>\$ 65,518,118</b>	<b>\$ 57,637,103</b>	<b>\$ 75,237,037</b>	<b>\$ 44,204,267</b>	<b>\$ 63,699,921</b>	<b>\$ 97,585,149</b>	<b>\$ 99,888,506</b>	<b>\$ 114,547,001</b>	<b>\$ 512,812,240</b>	<b>\$ 564,393,696</b>

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

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011 (2)	2010	2009
<b>Revenues</b>										
Property taxes	\$ 228,013,169	\$ 216,562,738	\$ 214,229,960	\$ 206,368,131	\$ 207,034,582	\$ 200,842,221	\$ 200,943,790	\$ 209,290,437	\$ 221,271,719	\$ 244,919,383
Special assessments	8,128,190	10,020,057	5,384,564	19,429,154	5,712,490	24,639,181	8,873,964	7,915,855	10,420,745	11,402,826
Federal grants	31,027,408	28,522,404	29,637,348	32,135,507	37,110,198	43,875,848	58,364,646	61,433,127	64,410,483	58,228,883
State grants	28,546,713	26,808,928	26,846,548	27,853,475	28,778,014	28,716,151	27,523,160	28,874,320	30,803,568	28,607,917
Other intergovernmental revenue	59,860,852	58,545,962	56,868,569	53,124,504	26,659,052	26,724,815	25,341,493	22,790,048	12,857,979	14,605,183
Charges for services	13,185,116	13,119,172	123,644,292	120,992,621	117,882,404	12,147,370	112,904,076	99,927,910	108,984,759	105,195,473
Contributions	127,213	149,441	221,578	276,151	373,184	207,200	718,965	443,866	400,252	257,986
Investment income	2,803,018	2,230,403	2,772,483	2,580,784	3,604,765	1,862,818	2,223,477	3,824,350	42,828,295	(1,661,180)
Indirect cost recovery	9,145,652	8,216,061	7,846,289	7,946,958	8,415,107	7,610,932	8,275,669	8,770,800	9,141,132	9,315,137
Other	872,212	1,395,893	930,308	1,019,667	2,498,909	3,637,920	6,364,199	1,067,822	4,045,007	5,859,798
<b>Total revenues</b>	<b>500,375,589</b>	<b>483,643,659</b>	<b>468,381,939</b>	<b>471,726,952</b>	<b>438,068,705</b>	<b>459,264,456</b>	<b>451,533,439</b>	<b>444,338,535</b>	<b>505,164,119</b>	<b>476,731,406</b>
<b>Expenditures</b>										
County Executive	162,066,148	154,409,494	150,905,047	152,940,829	177,990,015	177,867,738	174,957,912	181,369,381	188,031,969	183,553,752
Clerk/Register of Deeds	10,661,568	10,884,241	10,844,437	10,688,410	11,478,209	11,504,787	12,078,679	10,643,080	11,423,907	12,114,081
Treasurer	7,643,131	8,103,102	8,286,497	8,897,706	8,715,059	8,371,074	8,322,889	8,003,249	8,480,363	7,879,361
Justice administration	80,614,403	77,509,465	75,811,521	75,627,179	76,112,761	74,360,297	78,443,609	78,704,797	81,915,294	84,794,618
Law enforcement	180,920,178	172,460,663	164,741,810	159,354,251	159,070,684	154,364,056	160,228,557	146,921,316	148,473,341	152,303,740
Legislative	4,944,629	4,172,103	3,960,835	3,864,960	3,955,467	4,073,210	4,478,413	4,223,183	4,549,812	5,222,130
Water resource commissioner	14,866,155	24,420,433	35,142,209	14,748,645	15,737,892	12,362,273	10,755,550	9,088,423	11,131,024	9,346,814
Non-departmental	21,825,031	21,568,122	21,079,507	29,905,627	18,528,670	18,778,041	17,164,651	16,674,594	74,017,143	80,683,771
Capital outlay	24,264,758	28,082,057	13,469,248	16,394,718	1,668,488	3,154,872	8,124,757	13,125,733	9,440,401	9,721,942
Intergovernmental	1,834	12,500	4,508	13,592	24,718	107,184	14,363	3,035	1,598,530	134,838
Debt service:										
Principal payments	11,225,000	10,685,000	8,610,000	19,730,000	11,215,000	24,095,000	22,275,000	8,535,000	11,655,000	11,955,000
Interest and fiscal charges	3,649,126	3,626,631	3,070,416	3,301,677	3,406,901	4,096,185	4,176,896	4,917,688	5,194,504	5,524,573
<b>Total expenditures</b>	<b>522,681,961</b>	<b>515,933,811</b>	<b>495,926,035</b>	<b>495,467,594</b>	<b>487,903,864</b>	<b>493,134,717</b>	<b>501,021,276</b>	<b>482,209,479</b>	<b>555,911,288</b>	<b>563,234,620</b>
Excess of revenues over (under) expenditures	(22,306,372)	(32,290,152)	(27,544,096)	(23,740,642)	(49,835,159)	(33,870,261)	(49,487,837)	(37,870,944)	(50,747,169)	(86,503,214)

(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									
	2018	2017	2016	2015	2014	2013	2012	2011 (2)	2010	2009
<b>Other Financing Sources (Uses)</b>										
Transfers in	\$ 82,037,565	\$ 60,850,931	\$ 75,470,868	\$ 67,778,233	\$ 88,060,822	\$ 79,499,398	\$ 93,460,173	\$ 91,581,408	\$ 128,102,839	\$ 119,914,896
Transfers out	(75,031,735)	(52,137,819)	(62,329,852)	(59,866,546)	(75,126,053)	(64,468,826)	(59,410,852)	(58,902,434)	(93,179,568)	(99,307,651)
Insurance recoveries	857,096	765,010	-	222,022	183,718	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-	(348,800,000)	-	(29,840,000)	(12,488,453)	(2,699,858)
Issuance of bonds	2,589,311	14,732,205	40,475,488	2,331,098	10,126,377	33,825,000	9,300,000	1,200,000	6,942,148	174,208
Issuance of refunding bonds	-	-	-	-	2,875,000	350,000,000	13,620,000	28,485,000	10,990,000	2,710,000
Premiums on bonds sold	-	18,510	20,870	-	206,732	1,702,443	203,846	1,488,907	1,592,775	38,144
Discount on bonds sold	-	-	(23,433)	-	(12,642)	-	(76,269)	(17,993)	(54,700)	-
Total other financing sources (uses)	10,452,237	24,228,837	53,613,941	10,464,807	26,313,954	51,758,015	57,096,898	33,994,888	41,905,041	20,829,739
Net change in fund balances	\$ (11,854,135)	\$ (8,061,315)	\$ 26,069,845	\$ (13,275,835)	\$ (23,521,205)	\$ 17,887,754	\$ 7,609,061	\$ (3,876,056)	\$ (8,842,128)	\$ (65,673,475)
Debt service as a percentage of noncapital expenditures (1)	2.93%	2.89%	2.40%	4.72%	3.05%	5.73%	5.30%	2.82%	3.06%	3.11%

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

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

# County of Oakland

## Assessed, Equalized, and Taxable Value of Property – Unaudited Table 5

### Last Ten Fiscal Years

Fiscal Year	Real Property (1)							
	Residential Property		Commercial Property		Industrial Property		Other Property (2)	
	Assessed and Equalized Value	Taxable Value	Assessed and Equalized Value	Taxable Value	Assessed and Equalized Value	Taxable Value	Assessed and Equalized Value	Taxable Value
2009	\$ 46,636,936,943	\$ 43,627,806,247	\$ 12,859,969,592	\$ 10,914,474,991	\$ 4,288,377,580	\$ 3,873,912,827	\$ 124,135,700	\$ 55,225,170
2010	39,060,923,207	37,857,819,565	11,340,401,927	10,147,353,481	3,478,234,330	3,262,351,447	99,957,560	50,773,520
2011	35,954,354,243	35,166,132,285	10,795,035,520	10,054,370,362	1,928,636,700	1,842,489,880	88,804,690	50,723,170
2012	35,547,089,465	34,593,300,582	9,790,228,900	9,237,144,077	1,713,799,360	1,651,432,130	80,814,920	48,663,123
2013	36,689,706,285	35,101,766,037	9,272,424,780	8,747,850,059	1,607,003,900	1,555,458,630	70,288,210	44,390,050
2014	40,589,040,038	36,222,002,217	9,183,062,325	8,592,084,460	1,596,788,260	1,543,801,500	64,213,910	40,619,450
2015	45,768,414,870	37,726,099,014	9,416,529,950	8,668,179,912	1,670,792,580	1,575,950,217	67,583,600	42,908,710
2016	49,933,653,218	38,997,799,934	9,867,734,909	8,731,176,989	1,806,943,546	1,606,675,259	67,420,325	42,597,045
2017	53,043,295,649	40,609,322,089	10,486,445,800	8,957,063,497	1,954,501,320	1,661,231,821	70,329,430	44,178,330
2018	54,971,706,209	42,722,004,594	11,275,983,448	9,373,464,567	2,141,831,950	1,751,303,050	72,013,280	46,014,710

Fiscal Year	Personal Property		Total Property		Total Direct Tax Rate (3)
	Assessed and Equalized Value	Taxable Value	Assessed and Equalized Value	Taxable Value	
2009	\$ 3,949,566,334	\$ 3,945,257,660	\$ 67,858,986,149	\$ 62,416,676,895	4.4315
2010	3,765,559,483	3,763,409,573	57,745,076,507	55,081,707,586	4.4315
2011	3,686,629,190	3,684,824,560	52,453,460,343	50,798,540,257	4.4315
2012	3,707,092,321	3,705,414,081	50,839,024,966	49,235,953,993	4.4315
2013	3,790,500,640	3,785,645,530	51,429,923,815	49,235,110,306	4.4315
2014	3,651,502,760	3,650,142,460	55,084,607,293	50,048,650,087	4.4315
2015	3,882,782,774	3,882,203,584	60,806,103,774	51,895,341,437	4.3315
2016	3,409,099,116	3,407,953,246	65,084,851,114	52,786,202,473	4.2810
2017	3,453,780,010	3,451,947,290	69,008,352,209	54,723,743,027	4.2792
2018	3,409,823,960	3,409,219,510	71,871,358,847	57,302,006,431	4.2768

#### Notes:

- (1) The County assesses property annually. Assessed value is approximately 50% of actual cash value (estimated market value). Values are equalized by adding or deducting from the assessed value of each class of property in all assessing jurisdictions in order to bring each unit to a common level of valuation. Taxable value is a result of a ballot proposal passed by the electorate in the state of Michigan in 1994. Taxable value increases are limited to (following adjustments for additions or losses) the rate of inflation or 5%, whichever is less. The taxable value limit does not apply to a property in the year following a transfer of ownership (sale).
- (2) Includes Agricultural and Developmental property
- (3) Per \$1,000 of taxable value. Includes County Operating and Oakland County Parks and Recreation.

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

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

	Year Taxes Are Payable									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>County direct rates</b>										
County operating	4.0400	4.0400	4.0400	4.0900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900
Parks and Recreation	0.2368	0.2392	0.2410	0.2415	0.2415	0.2415	0.2415	0.2415	0.2415	0.2415
Total rate	4.2768	4.2792	4.2810	4.3315	4.4315	4.4315	4.4315	4.4315	4.4315	4.4315
<b>Overlapping rates</b>										
Huron-Clinton Metro Authority (a)	0.2140	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146
Intermediate school districts (5)										
Median rate	3.2813	3.3079	3.3398	3.3633	3.3690	3.3690	3.3690	3.3690	3.3690	3.3690
Low range	2.8798	2.8915	2.9115	2.9295	2.9295	2.9295	2.9295	2.9295	2.9295	2.9295
High range	5.4643	5.4643	5.4643	5.5341	5.5341	5.5341	5.5341	5.5341	5.5341	5.5341
Community colleges (3)										
Median rate	1.7662	1.7766	1.7880	1.7967	1.7967	1.7967	1.7967	1.7967	1.7967	1.7967
Low range	1.5431	1.5555	1.5707	1.5819	1.5844	1.5844	1.5844	1.5844	1.5844	1.5844
High range	2.8047	2.8096	2.8096	2.8596	2.8596	2.8596	2.8596	2.8596	2.6796	2.6796
Cities (31)										
Median rate	17.1311	17.2076	16.8995	17.5854	17.5856	16.7929	16.0541	16.1905	15.5898	14.8121
Low range	8.3229	7.8270	7.8332	7.8600	7.8600	7.3600	8.8200	9.7060	9.0500	8.3000
High range	39.0343	39.2861	39.1859	39.2669	38.1191	37.4634	30.4298	29.1461	25.3589	25.2763
Villages (10)										
Median rate	15.1381	15.3816	15.4412	15.6106	15.9168	15.2286	14.4597	14.6508	14.1182	14.1182
Low range	10.0000	9.9863	7.8250	8.8020	9.5000	8.8900	8.8900	8.5900	7.9900	7.3525
High range	19.3535	18.4043	18.4744	18.4701	18.5025	17.9756	20.0210	18.3610	18.1386	17.8196
Townships (21)										
Median rate	8.0064	8.0907	8.1787	7.6106	7.9168	7.2786	7.2685	6.7444	6.7444	6.5876
Low range	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.5000
High range	14.6784	14.6799	14.6987	14.6712	15.1064	13.8002	13.8002	13.8002	13.1777	11.7112
School districts (35) (b)										
Homestead:										
Median rate	14.9991	15.0000	15.3000	15.4086	14.3880	13.9513	13.9513	13.7550	13.6410	13.4161
Low range	9.2700	8.8700	8.8700	6.0000	9.8700	9.8700	9.0500	8.2500	8.1800	7.8500
High range	26.6868	26.1868	26.2618	26.2068	26.8868	26.8868	26.4868	26.4868	25.8868	25.8868
Non-Homestead:										
Median rate	30.9693	30.2450	31.0000	31.0000	31.0000	31.0000	30.7000	30.5400	30.4000	29.5200
Low range	25.6165	25.6665	25.6739	24.0000	25.6974	26.4420	26.4420	26.1800	14.4500	25.8000
High range	40.9516	40.5603	40.8512	41.0000	37.4500	35.3610	34.8500	34.8500	34.5000	33.3410
DDAs (9) (c)										
Median rate	1.8525	1.7142	1.8046	1.8787	1.8978	1.8978	1.8978	1.8008	1.7470	1.7470
Low range	1.3072	1.3326	1.3549	1.3794	1.3794	1.3794	1.3794	1.3794	1.3000	1.3000
High range	1.9685	1.9514	1.9516	1.9732	1.9734	1.9734	1.9734	1.9734	1.9734	1.9734
Public Transportation Authority (d)	0.9863	0.9941	0.9998	1.0000	1.0000	0.5900	0.5900	0.5900	0.5900	0.5900
Zoological Authority	0.0980	0.0990	0.0998	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
Art Institute Authority (e)	0.1961	0.1981	0.1996	0.2000	0.2000	0.2000	0.2000	-	-	-

**Notes**

The County's maximum allowable operating millage levy for 2018 was 4.1125.

- (a) Tax rate is recommended by this parks authority, and is approved by the Oakland County Board of Commissioners. The rate is included in the "County Combined Rate" on tax statements, but is not recorded as revenue on the County's financial statements.
- (b) Includes State of Michigan levy of 6.0000 mills for State Education Tax.
- (c) Downtown Development Authorities rates began in tax year 1999 with 7 districts. Consists of 9 districts as of tax year 2009.
- (d) Special voted tax, levied in 18 cities, 3 villages, and 3 townships only. Included in CVT rates above.
- (e) Art Institute Authority added FY 2012

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

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

Taxpayer	Fiscal Year 2018			Fiscal Year 2009		
	Taxable Valuation*	Rank	Percentage County Taxable Valuation	Taxable Valuation*	Rank	Percentage County Taxable Valuation
Detroit Edison Company/DTE	\$ 613,252,667	1	1.07%	\$ 438,376,120	2	0.70%
Consumers Energy	372,537,818	2	0.65%	188,745,980	4	0.30%
FCA Auburn Hills Owner LLC (formerly Chrysler)	172,863,430	3	0.30%	427,281,130	3	0.68%
Taubman/Great Lakes/12 Oaks Mall	123,710,780	4	0.22%	147,766,930	6	0.24%
Enbridge Energy	117,854,260	5	0.21%	-	-	-
International Transmission (ITC)	111,083,140	6	0.19%	103,685,600	10	0.17%
General Motors	84,142,020	7	0.15%	693,019,000	1	1.11%
SighCidermill Village	81,805,520	8	0.14%	-	-	-
Edward Rose/Occidental Dev	81,329,400	9	0.14%	-	-	-
SL Town Etal	77,785,070	10	0.14%	109,390,720	9	0.18%
Oakland Management	65,858,000	11	0.11%	-	-	-
Comcast	58,050,400	12	0.10%	60,048,280	16	0.10%
Redwood-ERC Novi LLC	57,076,220	13	0.10%	57,167,690	17	0.09%
Frankel/Forbes/Cohn	54,119,590	14	0.09%	155,863,920	5	0.25%
Ramco Lion Venture	50,496,800	15	0.09%	117,522,270	8	0.19%
Kroger	49,551,290	16	0.09%	49,564,870	20	0.08%
VHS Huron Valley-Sinai Hospital	36,795,130	17	0.06%	-	-	-
Southfield Galleria	35,279,170	18	0.06%	-	-	-
Troy Apts IV	29,512,510	19	0.05%	-	-	-
Troy Office Center	28,310,750	20	0.05%	-	-	-
Total	<u>\$ 2,301,413,965</u>		<u>4.02%</u>	<u>\$ 2,548,432,510</u>		<u>4.09%</u>

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

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

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

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Fiscal Year	Collected within the Fiscal Year of the Levy		Percentage of Levy	Collections in Subsequent Years	Total Collections to Date	
	Tax Levy (1)	Amount			Amount	Percentage of Levy
2009	\$253,987,318	\$219,099,614	86.26 %	\$ 34,882,160	\$253,981,774	100.00 %
2010	223,423,779	198,172,603	88.70 %	25,248,010	223,420,613	100.00 %
2011	206,524,166	187,107,837	90.60 %	19,410,503	206,518,340	100.00 %
2012	200,442,426	179,242,176	89.42 %	21,184,883	200,427,059	99.99 %
2013	201,089,193	179,700,449	89.36 %	21,277,879	200,978,328	99.94 %
2014	204,966,211	181,910,042	88.75 %	22,932,166	204,842,208	99.94 %
2015	207,429,739	186,742,691	90.03 %	20,442,125	207,184,816	99.88 %
2016	208,735,308	186,750,930	89.47 %	21,090,616	207,841,546	99.57 %
2017	216,149,261	196,045,294	90.70 %	17,879,266	213,924,560	98.97 %
2018	226,351,676	201,249,308	88.91 %	-	201,249,308	88.91 %

Source: Oakland County Treasurer

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

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

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	Governmental Activities Debt (1)								
		Percentage of Taxable Property Values (a)		Per Capita (b)	Special Assessment Bonds (c)	Business-Type Activities Bonds	Total Primary Government	Percentage of Personal Income (b)	Per Capita (b)
Year	General Obligation Bonds								
2009	\$ 579,780,000	0.93 %	\$ 482.79	\$ 57,663,579	\$ -	\$ 637,443,579	10.97 %	\$ 530.81	
2010	562,030,000	1.02 %	467.20	52,350,727	-	614,380,727	10.29 %	510.72	
2011	538,995,000	1.06 %	444.96	48,375,727	4,060,000	591,430,727	9.04 %	488.24	
2012	515,605,000	1.05 %	422.14	52,865,727	19,589,279	588,060,006	8.35 %	481.46	
2013	428,985,000	0.87 %	348.07	46,625,727	34,705,962	510,316,689	7.18 %	414.06	
2014	402,340,000	0.80 %	324.66	53,557,104	33,818,351	489,715,455	6.49 %	395.17	
2015	375,630,000	0.72 %	302.68	41,458,202	21,260,612	438,348,814	5.45 %	353.22	
2016	363,425,000	0.69 %	291.73	63,328,690	26,807,354	453,561,044	5.47 %	364.08	
2017	334,205,000	0.61 %	267.19	73,575,895	28,257,164	436,038,059	5.05 %	348.60	
2018	303,945,000	0.53 %	242.99	71,330,206	35,699,261	410,974,467	4.76 %	328.56	

**Notes:**

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

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

## County of Oakland

### Net County Direct and Overlapping Debt – Unaudited Table 10

September 30, 2018

	Net Amount Outstanding
<b>Direct debt</b>	
Building Authority bonds	\$ 44,445,000
Retirees Health Care bonds	259,500,000
Total direct debt	<u>303,945,000</u>
<b>Overlapping debt</b>	
Cities	793,686,082
Townships	409,276,671
Villages	33,564,788
School districts	2,227,772,877
Intermediate school districts	43,849,071
Community colleges	1,935,024
Libraries	448,380
Water & sewer special assessment debt	71,330,206
Net overlapping debt	<u>3,581,863,099</u>
<b>Net direct and overlapping debt</b>	<u><u>\$3,885,808,099</u></u>

#### Overlapping Debt:

Property in the County is currently taxed for a proportionate share of outstanding debt obligations of overlapping governmental entities including school districts, cities, villages and townships within the County. The table above shows the County's outstanding tax supported overlapping debt as of FY end.

Source: Oakland County Treasurer and Municipal Advisory Council of Michigan

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

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<b>Year</b>	<b>State Equalized Valuation</b>	<b>Debt Limit 10% of SEV</b>	<b>Amount of Debt Applicable to Limit</b>	<b>Legal Debt Margin</b>	<b>Debt Applicable to Limit as a Percentage of Debt Limit</b>
2009	\$ 67,858,986,149	\$ 6,785,898,615	\$ 834,924,659	\$ 5,950,973,956	12.30%
2010	57,745,076,507	5,774,507,651	809,993,682	4,964,513,969	14.03%
2011	52,453,460,343	5,245,346,034	798,634,635	4,446,711,399	15.23%
2012	50,839,024,966	5,083,902,496	823,206,612	4,260,695,884	16.19%
2013	51,429,923,815	5,142,992,382	1,168,123,578	3,974,868,804	22.71%
2014	55,084,607,293	5,508,460,729	737,931,143	4,770,529,586	13.40%
2015	60,806,103,774	6,080,610,377	727,915,288	5,352,695,089	11.97%
2016	65,084,851,114	6,508,485,111	743,347,532	5,765,137,579	11.42%
2017	69,008,352,209	6,900,835,221	711,202,791	6,189,632,430	10.31%
2018	71,871,358,847	7,187,135,885	674,306,686	6,512,829,199	9.38%

**Sources:**

Equalized Valuations = Oakland County Department of Management & Budget, Equalization Division

Debt = See Notes to Financial Statements, Notes No. 4 & 8



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

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<b>Year</b>	<b>Population</b>	<b>Personal Income</b> (thousands of dollars)	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2009	1,200,890	\$ 58,106,529	\$ 48,386	13.00 %
2010	1,202,968	59,689,134	49,618	11.80 %
2011	1,211,346	65,436,740	54,020	9.50 %
2012	1,221,410	70,416,035	57,651	8.20 %
2013	1,232,456	71,094,848	57,686	7.80 %
2014	1,239,248	75,511,473	60,933	6.50 %
2015	1,240,999	80,399,850	64,786	4.70 %
2016	1,245,762	82,853,137	66,508	4.20 %
2017	1,250,836	86,271,021	68,971	3.40 %
2018	1,250,836 (a)	86,271,021 (a)	68,971 (a)	3.30 %

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

**Sources:**

Population and Personal Income = Michigan Bureau of Economic Analysis

Unemployment Rate = Michigan Department of Technology, Management & Budget

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

Employer	Fiscal Year 2018			Fiscal Year 2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Beaumont Health System	17,896	1	2.79%	13,694	1	2.65%
FCA US LLC (formerly Chrysler)	12,564	2	1.96%	6,710	3	1.30%
General Motors Corporation	9,242	3	1.44%	8,200	2	1.59%
Ascension Michigan (formerly St John Providence Hospital)	4,408	4	0.69%	4,396	5	0.85%
U.S. Postal Service	4,195	5	0.65%	3,540	8	0.69%
Oakland County Government	3,432	6	0.53%	3,474	9	0.67%
Henry Ford Health System	3,405	7	0.53%	n/a	n/a	n/a
Trinity Health (formerly St. Joseph Mercy)	3,098	8	0.48%	4,823	4	0.93%
Magna International of America Inc.	2,199	9	0.34%	n/a	n/a	n/a
Comerica Bank	2,163	10	0.34%	n/a	n/a	n/a
Electronic Data Systems (EDS)	n/a	n/a	n/a	4,000	6	0.77%
Blue Cross Blue Shield of Michigan	n/a	n/a	n/a	3,959	7	0.77%
Botsford Health Care	n/a	n/a	n/a	3,060	10	0.59%
	<u>62,602</u>		<u>9.76%</u>	<u>55,856</u>		<u>10.81%</u>

**Source**

Oakland County Department of Planning & Economic Development

# County of Oakland

## County Employees by Function/Program – Unaudited Table 14

### Last Ten Fiscal Years

Functions/Programs	Employees as of September 30 (1)									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General government										
County Executive Administration	62	62	60	60	60	47	47	47	50	52
Management & Budget	188	188	188	188	189	204	203	205	205	203
Central Services	61	61	61	60	59	59	58	66	68	68
Human Resources	50	49	48	48	46	46	47	49	50	50
Board of Commissioners	31	30	30	30	30	34	34	34	34	34
Clerk/Register of Deeds	112	112	112	112	112	112	116	118	118	121
County Treasurer	46	46	46	47	47	46	46	44	44	48
Public Safety										
Sheriff	1,205	1,200	1,169	1,117	1,107	1,088	1,119	1,024	1,054	1,117
Community Corrections	60	60	59	59	59	60	58	59	60	60
Animal Control	37	37	38	37	36	36	33	26	26	26
Justice Administration										
Circuit Court	420	417	415	412	410	410	409	431	442	471
District Court	189	189	190	188	186	188	185	184	186	197
Probate Court	53	53	52	51	49	49	49	54	57	59
Prosecuting Attorney	169	169	169	170	171	170	172	175	177	185
Medical Examiner	26	26	26	26	26	26	26	26	26	26
Citizens Services										
Administration	2	2	2	2	2	2	2	2	5	5
Health	347	357	365	366	369	370	373	378	378	387
Homeland Security	11	11	11	11	12	12	16	13	13	13
Children's Village	211	206	203	201	192	192	189	185	185	178
Veterans' Services	16	16	16	16	16	16	16	16	16	16
MSU Extension-Oakland County	13	13	13	13	15	15	15	15	15	15
Public Works										
Water Resources Commissioner	378	376	370	314	266	263	263	264	264	266
Facilities Management	199	197	194	190	189	187	188	189	193	196
Information Technology	173	173	166	160	159	161	161	164	164	167
Recreation and Leisure										
Library Board	6	6	6	7	7	7	10	10	12	17
Parks and Recreation	484	440	441	425	421	378	379	376	376	376
Commerce and Community Development										
Administration	14	14	14	12	12	12	12	12	12	12
Planning and Economic Development Services	49	48	48	49	48	46	46	47	48	49
Community and Home Improvement	22	22	22	22	22	23	23	23	22	22
Workforce Development	9	9	9	9	9	9	9	9	9	9
Totals	<u>4,643</u>	<u>4,589</u>	<u>4,543</u>	<u>4,402</u>	<u>4,326</u>	<u>4,268</u>	<u>4,304</u>	<u>4,245</u>	<u>4,309</u>	<u>4,445</u>

(1) Employee count reflects authorized, budgeted positions

#### Source

Oakland County Human Resources Department

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

Functions/Programs	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Law Enforcement										
Dispatched Calls	389,998	375,492	333,680	292,131	286,235	272,066	197,767	168,685	145,090	125,987
Arrests	13,404	13,200	13,727	11,355	11,943	11,525	12,126	10,999	8,906	8,513
Inmate bookings	17,351	18,124	18,236	18,789	19,317	19,913	19,796	19,889	19,608	21,866
Judicial										
Circuit Court civil/criminal cases disposed	11,319	10,889	11,132	10,981	11,742	12,442	13,147	14,212	15,752	15,927
District Court cases filed	124,569	118,358	119,077	122,934	119,347	118,307	119,643	123,860	134,077	145,465
Citizen Services										
Veteran benefits claims filed	4,645	5,114	5,544	5,697	5,461	6,202	6,805	6,848	7,220	6,870
Deeds/Mortgages	92,210	101,409	107,252	101,807	90,969	119,116	109,403	86,034	84,048	85,478
Jobs retained and created	10,108	33,804	19,053	10,057	11,332	8,866	9,269	8,365	14,522	4,187
Immunizations	55,105	45,951	51,086	59,156	54,600	61,141	62,309	80,741	143,839	102,893
Community Development										
BFC/EDC Loans	20	20	13	26	34	40	28	26	21	16
Applications for home improvement	440	560	519	393	533	500	387	384	276	601
Single family homes rehabilitated	244	207	183	206	198	183	163	165	186	276
Parks and Recreation										
Participants-Parks/County Market	1,317,042	1,285,490	999,654	913,524	1,147,845	1,358,617	1,221,658	942,019	843,600	775,683
Participants-Golf Courses	140,452	147,388	160,895	164,067	104,492	95,531	130,281	116,804	126,727	148,747
Participants-Recreation Facilities	577,786	500,395	456,053	492,530	485,981	437,407	411,068	390,106	370,355	291,917
Participants-Banquet Facilities	67,515	71,488	75,449	89,888	87,436	90,915	125,008	109,420	125,592	147,365
Airports										
Takeoffs and landings	130,762	131,294	125,132	126,070	111,672	117,981	128,766	119,347	119,581	144,678
Public Works										
Water and sewer customers	118,415	120,989	119,630	78,432	79,312	78,096	77,280	76,784	76,435	76,413
Water main breaks	165	114	133	156	123	128	79	85	90	104
Water permits issued	596	849	734	884	921	902	626	337	220	164

**Source**

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

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

Functions/Programs	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Justice and Law Enforcement										
Correction facilities capacities	1,664	1,508	1,653	1,653	1,653	1,653	1,653	1,666	1,594	1,750
Substations	13	13	13	13	13	13	14	14	12	12
Parks and Recreation										
Number of county parks	13	13	13	13	13	13	14	13	13	13
Park acreage	6,743	6,743	6,743	6,756	6,756	6,756	6,643	6,643	6,456	6,398
Airport										
Number of runways	5	5	5	5	5	5	5	5	5	5
Number of T-Hangars	646	646	646	646	646	650	738	738	738	738
Facilities										
Buildings	41	40	40	40	40	40	40	40	40	40
County facilities square footage	1,922,091	1,885,019	1,891,804	1,888,888	1,890,262	1,936,042	1,913,681	1,881,125	1,881,130	1,877,780
Public Works										
Combined Sewer Overflow Retention										
Treatment Facilities	4	4	4	4	4	4	4	4	4	4
Water mains (miles)	364.52	362.93	441.61	439.71	515.79	160.63	136.41	133.03	132.99	123.60
Water storage capacity (millions of gallons)	16.50	17.50	15.07	15.07	15.07	3.07	3.07	3.07	3.07	3.07
Sewers (miles)	144.48	144.35	144.93	138.34	138.41	138.42	138.29	137.32	137.22	137.22
Permitted Sewer treatment capacity (millions of gallons)	15,566.91	15,566.91	15,566.91	15,579.69	15,579.69	15,567.62	15,594.90	15,594.90	15,594.90	15,594.90

**Sources**

Various County departments

**County of Oakland**  
**Building Authority Data – Unaudited Table 17**  
**September 30, 2018**

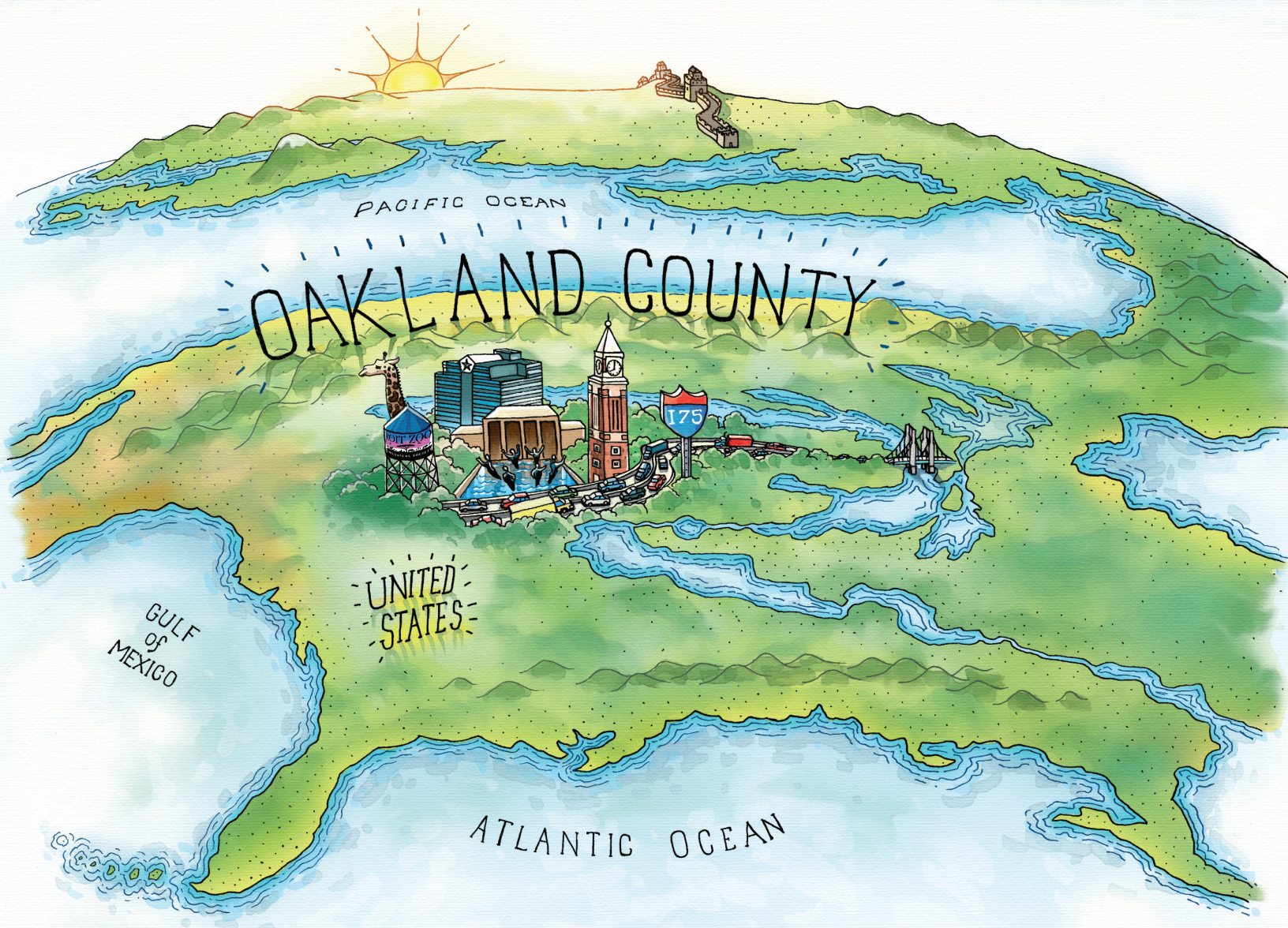
	City of Oak Park Project	Facilities Infrastructure & IT Projects	CMHA Building Renovation	Animal Control & Pet Adoption Center Debt	City of Keego Harbor Debt	CMHA Housing Proj Refunding
Cash	\$ 117,379	\$ 5	\$ -	\$ 6,654,807	\$ -	\$ 26
Lease receivable	2,070,000	-	8,440,000	-	925,000	1,860,000
Other assets	-	-	752,723	17,451	-	331
Deferred inflows - contracts	2,070,000	-	8,440,000	-	925,000	1,860,000
Other liabilities	468	-	1,590	-	305	-
Current year activity:						
Transfers in	-	2,238,500	-	1,708,046	-	-
Leases and other income	154,950	-	879,568	90,668	63,460	337,607
Debt service:						
Principal	75,000	1,900,000	600,000	615,000	25,000	270,000
Interest	75,685	337,500	262,200	420,656	38,438	67,050
Fiscal charges	300	500	500	500	600	500
Contractual services	-	500	500	1,000	-	-
Principal and interest requirements:						
2019	153,747	2,229,750	868,825	1,033,256	67,687	324,025
2020	151,748	2,220,500	850,075	1,035,606	66,788	340,700
2021	149,747	2,209,750	855,950	1,037,656	65,887	322,150
2022	152,685	2,222,125	861,075	1,034,457	64,688	338,375
2023	150,347	2,207,625	865,450	1,032,606	63,487	322,800
Thereafter	2,187,837	-	5,695,175	13,401,185	1,099,788	432,400
	<u>\$ 2,946,111</u>	<u>\$ 11,089,750</u>	<u>\$ 9,996,550</u>	<u>\$ 18,574,766</u>	<u>\$ 1,428,325</u>	<u>\$ 2,080,450</u>

(continued)

**County of Oakland**  
**Building Authority Data – Unaudited Table 17 (Continued)**  
**September 30, 2018**

	<b>52/3 District Court Bldg. Refunding</b>	<b>Work Release JailMgt/Video Refunding</b>	<b>Office Bldg. Renovation Refunding</b>	<b>Sheriff Substation Refunding</b>	<b>Totals</b>
Cash	\$ 5	\$ 5	\$ 5	\$ 341	\$ 6,772,573
Lease receivable	-	-	-	505,000	13,800,000
Other assets	-	-	-	17	770,522
Deferred inflows - contracts	-	-	-	505,000	13,800,000
Other liabilities	-	-	-	-	2,363
Current year activity:					
Transfers in	1,301,800	1,587,500	1,866,400	-	8,702,246
Leases and other income	-	-	-	331,706	1,857,959
Debt service:					
Principal	1,020,000	1,310,000	1,545,000	315,000	7,675,000
Interest	281,500	277,200	321,100	16,400	2,097,729
Fiscal charges	300	300	300	250	4,050
Contractual services	-	-	-	-	2,000
Principal and interest requirements:					
2019	1,300,500	1,569,800	1,864,050	315,100	9,726,740
2020	1,297,000	1,546,000	1,890,900	204,000	9,603,317
2021	1,311,000	1,566,000	1,865,800	-	9,383,940
2022	1,291,500	1,508,000	1,860,250	-	9,333,155
2023	-	-	1,837,056	-	6,479,371
Thereafter	-	-	1,355,850	-	24,172,235
	<u>\$ 5,200,000</u>	<u>\$ 6,189,800</u>	<u>\$ 10,673,906</u>	<u>\$ 519,100</u>	<u>\$ 68,698,758</u>





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