

Financial Statements and Schedules – FY2011 4th Quarter
(Year Ended September 30, 2011)

DATE: December 5, 2011

This letter of transmittal covers the following fund financial statements as of and for the year ended September 30, 2011 – Radio Communications, Fire Records Management System, and CLEMIS Operating Funds.

RADIO COMMUNICATIONS FUND

This letter of transmittal covers the financial statements as of and for the year ended September 30, 2011 for the Radio Communications Fund. Attached are the following schedules described as:

- Statement of Net Assets (Exhibit A). This statement provides the assets, liabilities and net assets (e.g., equity) of the Radio Communications Fund.
- Statement of Revenues, Expenses, and Changes in Net Assets (Exhibit A-1). This statement compares the adopted budget to actual operating results.
- Financial Report (Exhibit A-2). This Exhibit segregates the operations between the ‘old’ County radio communications system (equipment sold during FY-2011 for \$262,291 through a competitive bid), the construction of the ‘new’ radio communications system and costs of the NG-911 project incurred by the County. The ‘old’ radio system had assets of approximately \$1,350,000 remaining after the system was shut-down; such remaining assets were transferred to the County’s General Fund during the fourth quarter of FY-2011. The principal revenue and costs associated with the ‘old’ radio system arose from General Fund support.

The NG-911 project (“911 IP System” column) had \$795,451 in equity remaining at June 30, 2011 (largely unchanged from the prior quarter). Only five dispatch centers remain to be outfitted with the new equipment; such cost is estimated at roughly \$75,000. The Radio Oversight Committee designated the \$75,000 for these five communities; such amount is now included in the ‘unrestricted’ equity – see subsequent discussions. All amounts remaining in this equity column was formally collapsed into the ‘new’ radio system and will no longer be tracked.

- OakWIN Site Augmentation Status as of December 5, 2011 (Exhibit A-3) – as discussed in the past memoranda, this exhibit reflects the status of the radio coverage (tower) enhancement program underway. Five sites have been totally completed with a number of sites nearing completion. This effort will assist in filling radio coverage ‘holes’ that have been expressed as concerns by the radio communication system users.
- Operating Transfers Out (Exhibit A-4) - the operating transfer out to the General, CLEMIS Operating, and Information Technology Funds represent a cost reimbursement

for the administrative and other support of the radio communications project and operations as herein explained.

- Brief Explanations (Exhibit A-5) – represents a set of explanations of various matters including in the financial statements and schedules above.

Comments on some recent events surrounding the Radio Communications Fund:

- The radio communications system is fully operational with roughly 5,500 portable and mobile radios on-line, as well as dispatch stations having been deployed in the dispatch centers.
- At present, the County is actively evaluating the coverage map with Exhibit A-3 reflecting the projects underway in ‘filling radio communications holes’ where appropriate. The coverage map will require additional investments should ‘holes’ be discovered; such amount has been made available as part of the overall project budget and is on-going. The County is working closely with the local units of government in enhancing this system.
- The County was notified in February 2009 that the re-banding effort should be completed no later than June 30, 2009. The County requested an extension. The resolution of the application is pending. However, the County has been working consistently over the past several years or so to address the re-banding issue.

The County received notification that the FCC believes that three of the frequencies in the northern sections of the County will interfere with Canada (“Canadian prime” frequencies). Despite having been operational for over six years and with no complaints to date from Canadian users, the FCC is insisting on the County reducing the power to these frequencies. Should this occur, the coverage in the northern sections will be reduced resulting in added costs to improve the then reduced coverage. The County has objected to this matter and is pursuing it through the appropriate FCC channels. Meetings in Washington DC were held in May 2011. Discussions are on-going.

The County has been given a choice to accept additional Canadian prime frequencies in the re-banding process that could, given the proximity to other active frequencies, create conflicts. The County is now formally appealing this decision with the FCC. A similar problem exists with a county in New York and both Oakland and the New York County are working on the resolution of this matter.

Comments concerning the financial information follow:

- The Fund has approximately \$14.5 million in cash, investments, and receivables, net of liabilities and excluding prepaid expenses / inventories at September 30, 2011 (down from \$31.1 million as of June 30, 2010 with the declines arising from the payment to Harris for the portable and mobile radios now deployed).

- The equipment related to the old radio system was sold (via a competitive request for proposal) after year end at a price of roughly \$262,291. Several dozen additional radios were discovered at a police department have since been sold to a local used radio vendor for \$2,000 subsequent to the above sale.
- The County has completed the final punch list with Harris and such amounts have been recorded as part of the County's annual closing process relating to the accounting records. The accounting records for Harris and Oakland County were reconciled with one another and any differences satisfactorily resolved. Effective with the FY-2012, the Radio Communications Fund is solely (with the below exceptions cited herein) fully operational with no outstanding issues remaining on implementation.

The remaining issues:

- The radio coverage enhancement is on-going.
- A 'bug' remained outstanding for some time involving the tear down of calls and dispatchers ability to 'see' calls of a common talk group under use to avoid activation of the calls for a second incident. Harris had expended a fair amount of effort in trying to solve this issue for not only Oakland County but other Harris customers as well. Testing and potential additional software programming may be necessary.

Harris offered two solutions – 1) Harris continues to retain responsibility of the needed upgrades and offers the County spare parts at a discounted price of \$475,000 (prices at retail for the parts - \$1,879,000); or, the County assumes responsibility (and risk) related to the software upgrade and takes the spare part inventory at no charge. The two options were discussed at some length internally.

Over the years, the implementation of some software upgrades did not occur as planned, creating a fair amount of radio communication issues and discord among the users. The acceptance of the responsibility for this upgrade (particularly since future upgrades may be dependent upon the successful implementation of this upgrade under consideration) places the County's system at risk for the inability to secure additional upgrades. After much consideration, the County chose Option 1 noted above to minimize the future risk relating to this upgrade.

- The ending equity has been classified as 'unrestricted' in Exhibit A. However, the components of the equity follow:
 - Designated for 911 IP – 5 remaining communities (\$75,000).
 - Funding of depreciation (\$5,400,000 in accumulated depreciation).
 - PSAP software implementation (\$3,500,000).
 - Total designated = \$8,975,000.
 - Undesignated = \$5,937,629.68.
 - Total equity unrestricted = \$14,912,629.68.

In April 2010, the Radio Oversight Committee moved that the operating surcharge would be increased to \$.23 per line as defined (after some lengthy discussions) up from \$.18 per line for the year from July 1, 2010 to June 30, 2011. In turn, the Board of Commissioners approved the increase; such increase is expected to generate approximately \$1,025,000 in additional revenues. After much discussion, the revenues would benefit the CLEMIS Operating Fund by absorbing costs that have been traditionally borne by that Fund or the County's General Fund as follows:

- Software maintenance and support costs - \$292,000.
- Hardware maintenance - \$65,000.
- Wireless fees for mobile data computers and LEIN fees - \$494,000.
- Reimbursement of General Fund for OAKNet costs paid by the County's General Fund with the General Fund then restoring the operating support back to the 2007 levels of \$1,444,000 (from the currently adopted budget levels of \$1,208,000) - \$236,000, or \$59,000 per quarter.
- Total benefit to the CLEMIS Operating Fund - \$1,087,000. Note – the slight difference in the amount of costs and anticipated revenues will be resolved when the third quarterly report is submitted to adjust the budget sometime in August (and the parity plan is completed).

The above additional revenue generated by the nickel movement from \$.18 to \$.23 per telephone line will substantially mitigate cash flow and working capital losses and otherwise anticipated deficit in the CLEMIS Operating Fund circa FY-2011. In connection with the extension of the \$.23 per line in the spring of 2011, a task force has been established comprised of Commissioners, administration and local police department personnel to discuss this matter.

During FY-2012, the County will begin amending the 9-1-1 radio communications plan on file with the local units of government and State for changes that have occurred since it was originally adopted over 10 years ago. Because of the public hearing process and other lengthy efforts, this process may take between 12 to 18 months to finalize.

In the early winter months, the County will begin reviewing the future cash flow needs of the Radio Communications Fund to assess the need for the telephone operating surcharge amount of \$.23 per telephone line, as defined. The Board of Commissioners will need to approve the surcharge for the period July 1, 2012 through June 30, 2013 no later than mid-May 2012.

FIRE RECORDS MANAGEMENT SYSTEM

Attached are the following schedules described as Exhibit B relating to the Fire Records Management System Fund as of and for the year ended September 30, 2011:

- Statement of Net Assets (Exhibit B).
- Statement of Revenues, Expenses and Changes in Net Assets (Exhibit B-1). This Fund statement provides a budget to actual comparison for the operations.

- Operating Transfers-In (Exhibit B-2). This schedule represents the detail of the operating transfers in from the County's General Fund.
- Brief Explanations (Exhibit B-3) - represents explanations of various matters included in the financial statements noted above.

Comments on the FRMS financial statements follow:

- The balance sheet reflects cash, investments and similar liquid assets (including prepaid expenses), net of amounts owed (zero at June 30, 2011) of roughly \$473,000 and equal to the equity amount. The balance is relatively unchanged during the year.
- The originally-acquired equipment is now fully depreciated. In prior years, operations bore the cost of new computers at fire halls that should last for several more years. In addition, since there is no depreciation being incurred, no funding provision has been provided in the Fund operations to capture funds sufficient to replace the computers in several years.
- The County's General Fund contributed \$426,450 for the FY-2011 for the County's share of operating expenses.
- The Brief Explanations reference the explanations of the fluctuations in the accounts with some level of detail and are not repeated herein.

In addition to the attached operations, the County's Information Technology Fund incurs roughly \$188,000 in costs related to the operations of the T-1 lines connecting the technology facility with the fire halls / departments. The County has initiated a review the level of communication traffic between the locations in order to assess the current benefits to the County and community. The study should be available later in the fourth quarter of FY-2011.

CLEMIS OPERATING FUND

The following financial statements and schedules are attached as Exhibit C for the CLEMIS Operating Fund as of and for the year ended September 30, 2011:

- Statement of Net Assets (Exhibit C).
- Statement of Revenues, Expenses, and Changes in Net Assets (Exhibit C-1). This statement provides a budget to actual comparison for operations.
- Financial Report (Exhibit C-2). This report segregates the general CLEMIS operations from those of the mobile data computers' and now OakVideo operations. Effective October 1, 2011, this report includes a column for the OakVideo operations as a separate cost center as well with \$400,000 in annual operating subsidies from the General Fund and three positions in that cost center, along with other operating costs.

The “deficit” in the OakVideo Operations component of the Fund operation of \$15,000 as of September 30, 2011 arises because the depreciation on video conferencing equipment, which represents \$161,700, was not fully funded. Because this is a component of the Fund, the ‘deficit’ is truly not separable from the overall Fund.

As part of the recent operating discussions, the OakVideo operations will require a long-term capital plan to be produced; such plan has been initiated. At present, there is no funding available for the complete replacement of aging video equipment. However, unexpended bond proceeds for the construction of the jail management system in the amount of roughly \$150,000 have been reallocated to the OakVideo project in order to mitigate the acquisition of more costly decentralized cameras and locally-based equipment; portions of this equipment have been acquired and recently deployed.

- Operating Transfers-Into the Fund (Exhibit C-3). The schedule includes the normal operating transfer in from the County’s General Fund as appropriated by the Board of Commissioners at the \$1,444,000 level (four quarterly distributions of \$361,046.5). In addition, operating transfers in from the Radio Communications Fund occurred (\$200,000; four quarterly distributions of \$50,000) to cover administration of the implementation of the new radio system for the quarter. Finally, there is the \$400,000 for OakVideo operations (four quarterly distributions).
- Brief Explanations (Exhibit C-4) – represents explanations of various matters included in the financial statements noted above.

Comments on the CLEMIS Operating Fund financial statements follow:

- The cash, investment and similar liquid assets (excluding prepaid expenses) held by the Fund, net of liabilities, is \$5,291,000 as of September 30, 2011 (up from \$4,680,000 as of June 30, 2011). The cash position is a significant improvement over the past several years’ cash position. The unrestricted equity is roughly equivalent to the net cash position.

The improved cash position arises from the movement of some costs into the Radio Communications Fund (as previously cited), restructuring of operations and holding positions vacant wherever possible, and an improved membership in the third of three increases effective July 1, 2011.

- During the spring / summer of 2011, the Board of Commissioners set up a task force that targeted the parity issue. A cost report was prepared that allocated revenues and costs to programs within the CLEMIS Operating Fund and to the members inside Oakland County and those outside Oakland County. The cost report reflected that Oakland County overwhelmingly supported the operations of CLEMIS (relative to the non-County members) and there was little contributed towards the capital program by non-County members.

After much deliberations and discussions, the July 2011 CLEMIS Advisory Board (and the Board of Commissioners parity task force) set forth the following as a partial solution to this matter:

- The CLEMIS membership dues would be increased by 5% per year for each member within Oakland County (and Livonia) and 8% for non-Oakland County members for the next four years starting July 1, 2012.
- The members entering CLEMIS after October 1, 2011 would pay an additional 25% surcharge (above the already 10% surcharge) for the non-County members.
- The CLEMIS Advisory Board called on the County's commissioners to assist in securing other financial support for CLEMIS from those commissioners in other counties and other local unit public officials.
- The non-membership dues would be continued to be reviewed by CLEMIS staff with a recommendation to be provided along product lines in the fall of 2011.

While these matters will not close the larger gap that exists in the operations, it is a start towards the support of CLEMIS by the non-County membership.

Related to the non-County membership gap, a resolution is presently flowing through the Board of Commissioners involving a grant award of \$100,000 from Washtenaw County to assist in the development of the records management system.

- OakVideo / CLEMIS – the capital needs of CLEMIS and OakVideo need to be quantified and funded. The OakVideo system equipment is aging rapidly and there is much more effective equipment on the market today (however, the acquisition of central equipment from unexpended bond proceeds could extend the useful life of the equipment in the courts and police departments).
- With the exception of the Huron Clinton Metropark Authority and several users not previously on the County's older version of the records management system (e.g. University of Michigan, Warren, and New Haven), nearly 100 local law enforcement agencies are now fully deployed in the revised records management system. While costs are still being incurred in the enhancement of this core product, it has proven to be a successful launch.
- The equity amounts to \$15.0 million as of September 30, 2011 and is largely composed of the equipment acquired through the COPS MORE grant and investments in the records management system (\$9.3 million). The equity also includes \$387,000 applicable to operating transfers from the County's General Fund for projects relating to various projects in progress at September 30, 2011. The remaining unrestricted amount is \$5,323,000 at September 30, 2011 and is much improved over the past several years unrestricted equity levels.

- As has been the case for some time, the CLEMIS Operating Fund has not been funding depreciation and the Fund has no resources for the replacement of the COPS MORE equipment at the time of its disposal. Some equipment (such as the mobile data computers) is now rapidly aging in the field. The aggregate balance of total fixed assets in this Fund is \$41.3 million, with \$32.0 million fully depreciated – or roughly, 77% fully depreciated (generally meaning that this equipment is nearing end of life and will require replacement). The CLEMIS Advisory Board instructed the law enforcement members to begin setting aside funds in their local operating budgets for the replacement costs related to the mobile data computers in police vehicles which will mitigate the concerns applicable to the replacement of much of this equipment in the short term, if at all.

The Board's parity task force has one more task yet to accomplish – the update of the 1997 scope of work, governance, funding issues and related operations and capital programs for CLEMIS. This original document, which was approved by both the Board of Commissioners and the CLEMIS Advisory Board, is woefully outdated as to technology, the size and complexity of CLEMIS, never conceived of the COPS MORE grant program and other matters requiring current attention. The document is expected to be produced in time for the CLEMIS Advisory Board's January 2012 meeting.

During the quarter, the County was notified that the Department of Justice (grantor agency from the federal government) is reviewing the previous UASI (Homeland Security) grants used in connection with the build out of the records management system and related improvements. Three grant awards (two formally approved by the State) of \$517,000 have been used to construct and now begin deploying the records management system to be used in the next decade for CLEMIS. The federal government is now challenging the applicability of the grant relative to the scope of work. The County believes that it will prevail and the funds will not ultimately be disallowed by the federal government.

EXHIBIT A

**County of Oakland
Radio Communications Fund
Statement of Net Assets
September 30, 2011**

ASSETS

Current assets:

Cash and cash equivalents	\$ 14,081,986.05
Accrued interest on investment	127,782.07
Due from other governments	12,736.31
Accounts receivable	1,112,452.22
Inventories	126,069.22
Prepaid items	279,557.21
Total current assets	<u>15,740,583.08</u>

Noncurrent assets:

Tower rights	8,585,770.20
Equipment	39,099,740.81
Less accumulated depreciation	<u>(5,409,898.28)</u>
Total capital assets (net of accumulated depreciation)	<u>42,275,612.73</u>
Total assets	<u>58,016,195.81</u>

LIABILITIES

Current liabilities:

Vouchers payable	116,228.60
Accounts payable	575,726.38
Due to Municipalities	<u>135,998.42</u>
Total current liabilities	<u>827,953.40</u>
Total liabilities	<u>827,953.40</u>

NET ASSETS

Invested in capital assets, net of related debt	42,275,612.73
Unrestricted	<u>14,912,629.68</u>
Total net assets	<u>\$ 57,188,242.41</u>

County of Oakland
Radio Communication Fund
Statement of Revenues, Expenses, and Changes in Net Assets
For the Twelve Months Ended September 30, 2011

	2011			Year to Date		Favorable (Unfavorable) Variance
	Amended Budget	Percent of Revenue	Allotment	Actual	Percent of Revenue	
Operating revenues:						
E-911 surcharge - Radio system	\$ 5,725,000.00	87.38%	\$ 5,725,000.00	\$ 5,855,133.59	87.78%	\$ 130,133.59
Antenna site management	270,000.00	4.12%	270,000.00	316,028.76	4.74%	46,028.76
Leased equipment	256,096.00	3.91%	256,096.00	242,517.10	3.64%	(13,578.90)
Outside agencies	266,277.00	4.06%	266,277.00	63,848.40	0.96%	(202,428.60)
Parts and accessories	25,000.00	0.38%	25,000.00	61,339.92	0.92%	36,339.92
Productive labor	10,000.00	0.15%	10,000.00	310.50	0.00%	(9,689.50)
Sale of equipment	0.00	0.00%	0.00	4,033.88	0.06%	4,033.88
Adjustment of prior years revenue	0.00	0.00%	0.00	127,159.04	1.90%	127,159.04
Total operating revenues	6,552,373.00	100.00%	6,552,373.00	6,670,371.19	100.00%	117,998.19
Operating expenses:						
Salaries	620,907.00	9.48%	620,907.00	470,429.53	7.05%	150,477.47
Fringe benefits	369,812.00	5.64%	369,812.00	288,245.32	4.32%	81,566.68
Contractual services:						
Auction expense	0.00	0.00%	0.00	14.14	0.00%	(14.14)
Communications	744,000.00	11.35%	744,000.00	676,332.33	10.14%	67,667.67
Contracted services	0.00	0.00%	0.00	1,565.84	0.02%	(1,565.84)
Electrical service	100,000.00	1.53%	100,000.00	65,205.88	0.98%	34,794.12
Equipment repairs and maintenance	240,000.00	3.66%	240,000.00	368,779.08	5.53%	(128,779.08)
Freight and express	4,200.00	0.06%	4,200.00	3,829.11	0.06%	370.89
Indirect costs	196,000.00	2.99%	196,000.00	115,900.00	1.74%	80,100.00
Laundry and cleaning	1,000.00	0.02%	1,000.00	188.76	0.00%	811.24
Maintenance contract	678,000.00	10.35%	678,000.00	445,782.29	6.68%	232,217.71
Memberships, dues	750.00	0.01%	750.00	352.00	0.01%	398.00
Personal mileage	750.00	0.01%	750.00	1,295.21	0.02%	(545.21)
Printing	1,937.00	0.03%	1,937.00	718.00	0.01%	1,219.00
Professional services	100,000.00	1.53%	100,000.00	105,041.63	1.57%	(5,041.63)
Rebillable services	1,000.00	0.02%	1,000.00	0.00	0.00%	1,000.00
Refund of prior years revenue	0.00	0.00%	0.00	678.50	0.01%	(678.50)
Software rental lease purchase	0.00	0.00%	0.00	601.00	0.01%	(601.00)
Software support, maintenance	292,000.00	4.46%	292,000.00	153,698.98	2.30%	138,301.02
Special projects	40,000.00	0.61%	40,000.00	0.00	0.00%	40,000.00
Tower charges	250,000.00	3.82%	250,000.00	281,453.94	4.22%	(31,453.94)
Training related	0.00	0.00%	0.00	12,650.00	0.19%	(12,650.00)
Travel and conference	15,000.00	0.23%	15,000.00	1,233.30	0.02%	13,766.70
Uncollectable accounts receivable	0.00	0.00%	0.00	100,319.13	1.50%	(100,319.13)
Workshops and meetings	100.00	0.00%	100.00	0.00	0.00%	100.00
Total contractual services	2,664,737.00	40.68%	2,664,737.00	2,335,638.12	35.01%	329,097.88
Commodities:						
Dry goods and clothing	900.00	0.01%	900.00	0.00	0.00%	900.00
Expendable equipment expense	20,131.00	0.31%	20,131.00	142,366.03	2.13%	(122,235.03)
Disposal of inventory	0.00	0.00%	0.00	594,259.03	8.91%	(594,259.03)
Metered postage	138.00	0.00%	138.00	0.00	0.00%	138.00
Office supplies	5,000.00	0.08%	5,000.00	4,878.91	0.07%	121.09
Parts and accessories	125,000.00	1.91%	125,000.00	63,973.07	0.96%	61,026.93
Shop supplies	12,000.00	0.18%	12,000.00	10,879.09	0.16%	1,120.91
Small tools	10,000.00	0.15%	10,000.00	5,277.87	0.08%	4,722.13
Total commodities	173,169.00	2.64%	173,169.00	821,634.00	12.31%	(648,465.00)
Depreciation:						
Equipment	4,000,000.00	61.04%	4,000,000.00	3,519,621.75	52.77%	480,378.25
Tower rights	0.00	0.00%	0.00	858,577.04	12.87%	(858,577.04)
Total depreciation	4,000,000.00	61.04%	4,000,000.00	4,378,198.79	65.64%	(378,198.79)
Internal services:						
Building space allocation	22,825.00	0.35%	22,825.00	22,824.96	0.34%	0.04
Convenience copier	222.00	0.00%	222.00	336.23	0.01%	(114.23)
Info Tech - CLEMIS	350,000.00	5.34%	350,000.00	382,807.81	5.74%	(32,807.81)
Info Tech - operations	375,708.00	5.73%	375,708.00	219,085.08	3.28%	156,622.92
Insurance fund	20,172.00	0.31%	20,172.00	8,354.25	0.13%	11,817.75
Mail room	0.00	0.00%	0.00	0.47	0.00%	(0.47)
Maintenance department charges	35,000.00	0.53%	35,000.00	16,734.67	0.25%	18,265.33
Motor pool fuel charges	8,400.00	0.13%	8,400.00	7,216.76	0.11%	1,183.24
Motor pool	30,108.00	0.46%	30,108.00	24,304.93	0.36%	5,803.07
Telephone communications	35,141.00	0.54%	35,141.00	29,783.89	0.45%	5,357.01
Total internal services	877,576.00	13.39%	877,576.00	711,449.15	10.67%	166,126.85
Total operating expenses	8,796,201.00	132.87%	8,708,201.00	9,085,595.91	135.00%	(289,394.91)
Operating income (loss)	(2,153,828.00)	-32.87%	(2,153,828.00)	(2,335,224.72)	-35.00%	(181,396.72)
Nonoperating revenues (expenses):						
Planned use of fund balance	3,839,828.00	58.60%	3,839,828.00	0.00	0.00%	(3,839,828.00)
Income from investments	150,000.00	2.29%	150,000.00	27,568.51	0.41%	(122,431.49)
Gain on sale of equipment	0.00	0.00%	0.00	262,291.00	3.93%	262,291.00
Capital asset contributions	0.00	0.00%	0.00	3,832,991.00	57.46%	3,832,991.00
Total nonoperating revenues (expenses)	3,989,828.00	60.89%	3,989,828.00	4,122,850.51	61.80%	133,022.51
Income (loss) before transfers	1,836,000.00	28.02%	1,836,000.00	1,787,625.79	26.80%	(48,374.21)
Transfers in	0.00	0.00%	0.00	0.00	0.00%	0.00
Transfers out	(1,836,000.00)	-28.02%	(1,836,000.00)	(1,836,000.00)	-27.52%	0.00
Change in net assets	\$0.00	0.00%	\$0.00	(48,374.21)	-0.72%	\$ (48,374.21)
Total net assets - beginning				57,236,616.62		
Total net assets - ending				\$ 57,188,242.41		

COUNTY OF OAKLAND
RADIO COMMUNICATIONS FUND
FINANCIAL REPORT AS OF SEPTEMBER 30, 2011

EXHIBIT A-2

STATEMENT OF NET ASSETS

ASSETS	
Current Assets:	
Cash - Operating	\$14,081,986.05
Accrued Interest on Investment	127,782.07
Accounts Receivable	1,112,452.22
Due from Municipalities	12,736.31
Inventories at Cost	126,069.22
Prepaid Expenses	279,557.21
Total Current Assets	15,740,583.08
Noncurrent Assets:	
Property and Equipment at Cost:	
Tower Rights	8,585,770.20
Equipment	39,099,740.81
Accumulated Depreciation	(5,409,898.28)
Property and Equipment - Net	42,275,612.73
Total Assets	\$58,016,195.81
LIABILITIES	
Current Liabilities:	
Vouchers Payable	\$116,228.60
Accounts Payable	575,726.38
Other Liabilities	135,998.42
Total Current Liabilities	827,953.40
NET ASSETS	
Invested in Capital Assets	42,275,612.73
Unrestricted	14,912,629.68
Total Net Assets	\$57,188,242.41

STATEMENT OF OPERATIONS

	Total Operations	806 MHz System	821 MHz System	911 IP System
Operating Revenues:				
E-911 Surcharge	\$5,855,133.59	\$0.00	\$5,855,133.59	\$0.00
Antenna Site Management	316,028.76	0.00	316,028.76	0.00
Leased Equipment	242,517.10	0.00	242,517.10	0.00
Outside Agencies	63,848.40	0.00	63,848.40	0.00
Parts & Accessories	61,339.92	0.00	61,339.92	0.00
Productive Labor	310.50	0.00	310.50	0.00
Sale of Equipment	4,033.88	0.00	4,033.88	0.00
Adjustment of Prior Years Revenue	127,159.04	0.00	127,159.04	0.00
Income from Investments	27,568.51	0.00	26,345.45	1,223.06
Gain on Sale of Equipment	262,291.00	262,291.00	0.00	0.00
Capital Asset Contributions	3,832,991.00	0.00	3,832,991.00	0.00
TOTAL REVENUES	10,793,221.70	262,291.00	10,529,707.64	1,223.06
Operating Expenses:				
Salaries	470,429.53	0.00	470,429.53	0.00
Fringe Benefits	288,245.32	0.00	288,245.32	0.00
Auction Expense	14.14	0.00	14.14	0.00
Communications	676,332.33	0.00	676,332.33	0.00
Contracted Services	1,565.84	0.00	1,565.84	0.00
Electrical Service	65,205.88	0.00	65,205.88	0.00
Equipment Repairs & Maintenance	368,779.08	0.00	368,779.08	0.00
Freight & Express	3,829.11	0.00	3,829.11	0.00
Indirect Costs	115,900.00	0.00	115,900.00	0.00
Laundry & Cleaning	188.76	0.00	188.76	0.00
Maintenance Contract	445,782.29	0.00	445,782.29	0.00
Membership Dues	352.00	0.00	352.00	0.00
Personal Mileage	1,295.21	0.00	1,295.21	0.00
Printing	718.00	0.00	718.00	0.00
Professional Services	105,041.63	0.00	105,041.63	0.00
Refund Prior Years Revenue	678.50	0.00	678.50	0.00
Software Rental Lease Purchase	601.00	0.00	601.00	0.00
Software Support & Maintenance	153,698.98	0.00	153,698.98	0.00
Tower Charges	281,453.94	0.00	281,453.94	0.00
Training Related	12,650.00	0.00	12,650.00	0.00
Travel and Conference	1,233.30	0.00	1,233.30	0.00
Uncollectable Accounts Receivable	100,319.13	0.00	100,319.13	0.00
Expendable Equipment	142,366.03	0.00	44,819.48	97,546.55
Disposal of Inventory	594,259.03	0.00	594,259.03	0.00
Office Supplies	4,878.91	0.00	4,878.91	0.00
Parts & Accessories	63,973.07	0.00	63,973.07	0.00
Shop Supplies	10,879.09	0.00	10,879.09	0.00
Small Tools	5,277.87	0.00	5,277.87	0.00
Depreciation	4,378,198.79	0.00	4,378,198.79	0.00
Bldg. Space Cost Allocation	22,824.96	0.00	22,824.96	0.00
Convenience Copier	336.23	0.00	336.23	0.00
Info Tech - CLEMIS	382,807.81	0.00	382,807.81	0.00
Info Tech - Operations	219,085.08	0.00	219,085.08	0.00
Insurance Fund	8,354.25	0.00	8,354.25	0.00
Mail Room	0.47	0.00	0.47	0.00
Maintenance Dept charges	16,734.67	0.00	16,734.67	0.00
Motor Pool fuel charges	7,216.76	0.00	7,216.76	0.00
Motor Pool	24,304.93	0.00	24,304.93	0.00
Telephone Communications	29,783.99	0.00	29,783.99	0.00
Operating Transfers Out	1,836,000.00	1,350,000.00	486,000.00	0.00
TOTAL EXPENSES	10,841,595.91	1,350,000.00	9,394,049.36	97,546.55
NET INCOME (LOSS)	(48,374.21)	(1,087,709.00)	1,135,658.28	(96,323.49)
NET ASSETS, SEPTEMBER 30, 2010	57,236,616.62	1,081,395.97	55,263,768.13	891,452.52
CONSOLIDATION OF PREVIOUSLY DESIGNATED FUND BALANCES	0.00	6,313.03	788,816.00	(795,129.03)
NET ASSETS, SEPTEMBER 30, 2011	\$57,188,242.41	\$0.00	\$57,188,242.41	\$0.00

EXHIBIT A-3

OakWin Site Augmentation Status as of:

December 5, 2011

Site	Last Action Date	Region 21 Approval (Steve)	License Approval (Steve)	CVT Approval (Pat)	Site Acquired (Pat)	Lease to Corp Counsel (Pat)	BOC Action (Pat)	Lease Approved (Pat)	Equipment Ordered (Steve)	Equipment Received (Steve)	Antenna Permit (Steve)	Construction Permit (Steve)	Antenna Install (Steve)	DTE Electric Install (Steve)	H-Frame Const (Steve)	Network Connectivity (Jon)	Construction Completed (Steve)	Notify Risk Mgmt (Steve)	Site Completed (Steve)
Addison Oaks	11/15/2011	C	S		C	C	C	C	C	C	C	C	C	C	C	S	C	C	
Birmingham	Complete	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	
Cass Lake Rd.	Complete	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	
Hallwood	Complete	C	C		C	C	C	C	C	C	C	C	C	C	C	C	C	C	
Hazel Park	11/10/2011	C	S		C	C	C	C	C	C	C	C	C	C	C	C	C	C	
Knollwood	Complete	C	C		C	C	C	C	C	C	C	C	C	C	C	C	C	C	
Stoney Creek	12/2/2011	C	S	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	
Stoneycroft	None				C	C	C	C	C	C	C	C	S	S		S	C	C	
Walled Lake	11/28/2011	C	C		C	C	C	C	C	C	C	C	C	S	C	S	C	C	
Weller Truck	Complete	C	C		C	C	C	C	C	C	C	C	C	C	C	C	C	C	
GM Milford	10/7/2011	C	S		S	S	C	C	C	C	C	C	C	C	C	C	C	C	
Western Novi	None																		
Napier Rd.	11/10/2011	S			S	S			C	C									

Legend: ☐ Not Started ☒ Complete ☒ Started ☒ Not Applicable

Note: Last Action Date is the latest date that a task has been started or completed for a site.

Notes from:

- 12/5/2011
- **Addison Oaks: STUCK ON: Freq 7/5**
Freq license applied for (7/5). Electric on 11/15. Network circuits installed, Networking to test after power is available 11/22. Harris will need to config. 11/28
 - **Hazel Park: STUCK ON: Freq 6/14 Construction 9/23**
Freq license applied for (7/5). MCE started construction, requires 200' hand dig 11/8. T1 & ISDN waiting on path (10/27). Edison electric to be installed 11/30.
 - **Stoney Creek: STUCK ON: Freq 7/5**
Freq license applied for (7/5). MCE construction started 11/28, path completed. T1/ISDN installed/tested waiting on config (10/11)
 - **Stoneycroft: STUCK ON: Site location**
American Tower to present to City Council, not scheduled yet. Steve to check PD tower and area for other possible sites (10/25).
 - **Walled Lake: STUCK ON: DTE 11/22**
Network to test after power installed 11/22. Waiting on Harris config after power installed 11/22. Edison electric to be installed 11/30 - not done yet 12/5.
 - **GM Milford: STUCK ON: Lease 9/23**
Working on lease 9/23. Risk mgrs discussing language. Contract proceeding slowly; costs for fiber very high. Looking at alternatives.
 - **Napier Rd.: STUCK ON: Lease 11/11**
Networking is available (11/11). American Tower lease amendment to Corp Counsel 11/11.

RADIO COMMUNICATIONS - FUND 53600 Operating Transfers Out - Fiscal Year 2011

Description	Amount
Budgeted Operating Transfer from Radio Communications fund to CLEMIS fund for 1st quarter FY 2011 administrative support	\$50,000.00
Budgeted Operating Transfer from Radio fund to Info Tech fund for 1st quarter FY 2011 OakNet operational costs regarding the extension of the E911 surcharge approved on Res. 10-076	59,000.00
Budgeted Operating Transfer from Radio Communications fund to Info Tech fund for 1st quarter FY 2011 help desk support	12,500.00
Budgeted Operating Transfer from Radio Communications fund to CLEMIS fund for 2nd quarter FY 2011 administrative support	50,000.00
Budgeted Operating Transfer from Radio fund to Info Tech fund for 2nd quarter FY 2011 OakNet operational costs regarding the extension of the E911 surcharge approved on Res. 10-076	59,000.00
Budgeted Operating Transfer from Radio Communications fund to Info Tech fund for 2nd quarter FY 2011 help desk support	12,500.00
Budgeted Operating Transfer from Radio Communications fund to CLEMIS fund for 3rd quarter FY 2011 administrative support	50,000.00
Budgeted Operating Transfer from Radio fund to Info Tech fund for 3rd quarter FY 2011 OakNet operational costs regarding the extension of the E911 surcharge approved on Res. 10-076	59,000.00
Budgeted Operating Transfer from Radio Communications fund to Info Tech fund for 3rd quarter FY 2011 help desk support	12,500.00
Operating Transfer from Radio Communications fund to General fund per Res. 11-206 for assistance with implementation of new radio system	1,350,000.00
Budgeted Operating Transfer from Radio Communications fund to CLEMIS fund for 4th quarter FY 2011 administrative support	50,000.00
Budgeted Operating Transfer from Radio fund to Info Tech fund for 4th quarter FY 2011 OakNet operational costs regarding the extension of the E911 surcharge approved on Res. 10-076	59,000.00
Budgeted Operating Transfer from Radio Communications fund to Info Tech fund for 4th quarter FY 2011 help desk support	12,500.00
Total	\$1,836,000.00

RADIO COMMUNICATIONS FUND 53600
Fiscal Year 2011 - 4th Quarter
Brief Explanation of "Actuals"

Following are some comments regarding Radio Communications Fund's 4th quarter financial statements.

STATEMENT OF NET ASSETS

- Radio Communications reports all monetary assets as Cash. Available cash is invested and managed by the Treasurer as a pool. Participating funds receive interest earnings based on their percentage of the invested daily cash balance each month.
- Accrued interest on investment is interest earned by the fund on its cash balance in the Treasurer's pool of investments; interest is paid when investments mature.
- Due from other governments is the amount due from municipalities for leased equipment.
- Accounts receivable includes \$844,177.99 for accrued E-911 operational surcharge revenue, which is now paid to the County quarterly instead of monthly. The balance is rent due from antenna site co-locators.
- Prepaid items are rent paid in advance per the lease agreements for co-location of radio system equipment at two buildings, twelve antenna tower sites and six cell tower sites for coverage enhancements, and maintenance contracts paid in advance.
- Effective FY 2002, the Radio Communications Fund is classified as an Enterprise Fund with a capitalization threshold for Equipment of \$5,000. The 821 MHz radio system was fully operational at July 1, 2010 and all related asset expenditures have been capitalized with a ten year life.
- Tower rights are the County's rights to co-locate equipment on thirteen towers constructed by the Radio fund on land owned by various municipalities. Ownership of the towers was transferred to the municipalities on completion of construction in 2010 in exchange for ongoing rights to place radio equipment on those towers.
- Vouchers payable and Accounts payable are accrued 4th quarter expenses and overpayments by E911 remitters.
- Due to Municipalities is the amount due to the City of Novi for its share of antenna tower lease payments.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Revenues:

- E-911 surcharge revenue is favorable due to increased volume of users. The surcharge rate is \$0.23 per line or device effective July 1, 2010 per BOC Res. 10-076.
- Antenna site management revenue is favorable due to additional equipment placed on several towers by a co-locator.
- Leased equipment revenue and Outside agency revenue are unfavorable due to fewer than anticipated non-public safety users of the new system within Oakland County departments and outside agencies.
- Parts and accessories revenue is favorable due to increasing orders for replacement of damaged equipment by participating agencies.
- Labor revenue is unfavorable due to warranty coverage for repair of users' equipment.

RADIO COMMUNICATIONS FUND 53600
Fiscal Year 2011 - 4th Quarter
Brief Explanation of "Actuals"

- Sale of equipment is the amount received at County auctions for unusable equipment from the legacy system.
- Adjustment of prior years revenue is the result of reconciliation of previously billed radio tower rent.

Expenses:

- Salary variance is favorable due to lower than anticipated overtime, on-call payroll and unfilled positions.
- Fringe benefit variance is favorable because budgeted amounts are based on average fringe benefit cost.
- Communications cost is favorable due to decreased telephone rates for connectivity to radio tower sites.
- Contracted services is the expense of storing components of the 800 MHz legacy system pending sale of that system.
- Electrical service is favorable due to lower utility demand at tower sites.
- Equipment repairs and maintenance expense is unfavorable due to maintenance cost of CAD equipment.
- Indirect cost expense is based on the County's Indirect Cost allocation. It includes Human Resources, Payroll, Treasurer, Accounting, Budgeting and Administrative services. The final allocation was established after adoption of the current budget.
- Maintenance contract expense is favorable due to assumption of existing maintenance contract cost by PSAP agencies following deployment of NG911 PSAP equipment.
- Printing expense is favorable due to completion of training for the new radio system.
- Professional services expense is unfavorable due to continuing efforts at coverage enhancements through the use of cell tower sites.
- Rebillable services is favorable due to discontinuance of equipment engraving.
- Software support and maintenance is favorable due to assumption of maintenance of the new system by Radio staff.
- Special projects expense is favorable due to revisions in the schedule of major projects such as tower painting.
- Tower charges are unfavorable due to the addition of several leased cell tower sites for coverage enhancements.
- Training related expense is the cost of staff training for the new system, which is not a capitalized expense.
- Travel and conference expense is favorable due to cost-cutting efforts.
- Uncollectable accounts receivable is the allowance resulting from tower rental customers going out of business with no recourse for collection.
- Expendable equipment expense is unfavorable due to purchase of NG911 PSAP equipment funded by E-911 surcharge.
- Disposal of inventory is unfavorable due to the reduced value of the parts inventory sold with the legacy system.

RADIO COMMUNICATIONS FUND 53600
Fiscal Year 2011 - 4th Quarter
Brief Explanation of “Actuals”

- Parts and accessories expense is favorable due to warranty coverage.
- Shop supplies and small tool expenses are favorable due to cost-cutting efforts.
- Depreciation is unfavorable due to amortization expense of the County's tower rights.
- Info Tech-CLEMIS charges are for staff support of CAD for the legacy system.
- Info Tech operations charges are favorable due to decreased usage.
- Insurance fund charges are favorable due to reduced premiums for coverage of tower sites.
- Maintenance department charges include necessary HVAC, generator and security system services performed by FM&O; budgeted amounts are based on prior year usage which was higher than normal due to implementation of the new system.
- Motor pool and motor pool fuel charges are favorable due to cost-cutting efforts.
- Telephone communications is favorable due to lower rates.

Nonoperating Revenue:

- Planned use of fund balance represents the amount that is an offset to total expenses to balance Radio's FY 2011 budget per Fiscal Services management.
- Income from investment revenue is unfavorable due to decreased cash balance available for investment. All of Radio Fund's available cash, including cash received for the E-911 operational surcharge, is invested in a pool managed by the Treasurer's office.

Nonoperating Expenses:

- Gain on sale of equipment is the amount received for sale of the legacy system equipment which was fully depreciated.
- Capital asset contribution is radio test lab equipment provided to the County by Harris Corp.
- Transfers Out includes the amounts budgeted for administrative and operating support provided by CLEMIS and Information Technology funds and for General fund support for implementation of the new radio system.

EXHIBIT B

**County of Oakland
Fire Records Management Fund
Statement of Net Assets
September 30, 2011**

ASSETS

Current assets:

Cash and cash equivalents	\$ 396,380.89
Due from other governments	52,889.32
Accrued interest on investment	1,733.62
Accounts receivable	2,780.25
Prepaid expense	20,622.66
Total current assets	<u>474,406.74</u>

Noncurrent assets:

Equipment	124,793.08
Computer software	409,195.95
Less accumulated depreciation	<u>(533,989.03)</u>
Total capital assets (net of accumulated depreciation)	0.00
Total assets	<u>474,406.74</u>

LIABILITIES

Current liabilities:

Vouchers payable	1233.16
Due to other funds	0.00
Total current liabilities	<u>1,233.16</u>

NET ASSETS

Invested in capital assets, net of related debt	0.00
Unrestricted	473,173.58
Total net assets	<u>\$ 473,173.58</u>

County of Oakland
Fire Records Management Fund
Statement of Revenues, Expenses, and Changes in Net Assets
For the Twelve Months Ended September 30, 2011

EXHIBIT B-1

	2011			Year to Date		Favorable (Unfavorable) Variance
	Amended Budget	Percent of Revenue	Allotment	Actual	Percent of Revenue	
Operating revenues:						
Outside agencies	\$ 143,395.00	71.70%	\$ 143,395.00	147,227.50	74.37%	\$ 3,832.50
Participation fees - non-Oakland agencies	14,007.00	7.00%	14,007.00	15,232.50	7.69%	1,225.50
Outside agencies-rebilled charges	42,600.00	21.30%	42,600.00	35,527.84	17.94%	(7,072.16)
Total operating revenues	200,002.00	100.00%	200,002.00	197,987.84	100.00%	(2,014.16)
Operating expenses:						
Salaries	236,136.00	118.07%	236,136.00	222,948.56	112.61%	13,187.44
Fringe benefits	149,928.00	74.96%	149,928.00	157,344.84	79.47%	(7,416.84)
Contractual services:						
Communications	42,600.00	21.30%	42,600.00	29,134.08	14.72%	13,465.92
Equipment repairs and maintenance	5,000.00	2.50%	5,000.00	0.00	0.00%	5,000.00
Indirect costs	45,917.00	22.96%	45,917.00	54,900.00	27.73%	(8,983.00)
Personal mileage	1,750.00	0.88%	1,750.00	583.62	0.29%	1,166.38
Software support/maintenance	70,000.00	35.00%	70,000.00	77,558.00	39.17%	(7,558.00)
Travel and conference	5,000.00	2.50%	5,000.00	0.00	0.00%	5,000.00
Workshops and meeting	0.00	0.00%	0.00	7.97	0.00%	(7.97)
Total contractual services	170,267.00	85.14%	170,267.00	162,183.67	81.91%	8,083.33
Commodities:						
Expendable equipment	11,790.00	5.89%	11,790.00	0.00	0.00%	11,790.00
Office supplies	0.00	0.00%	0.00	4.43	0.00%	(4.43)
Total commodities	11,790.00	5.89%	11,790.00	4.43	0.00%	11,785.57
Depreciation:						
Equipment	3,226.00	1.61%	3,226.00	0.00	0.00%	3,226.00
Total depreciation	3,226.00	1.61%	3,226.00	0.00	0.00%	3,226.00
Internal services:						
Info Tech-CLEMIS	0.00	0.00%	0.00	413.19	0.21%	(413.19)
Info Tech-development	0.00	0.00%	0.00	2,766.68	1.40%	(2,766.68)
Info Tech-operations	56,000.00	28.00%	56,000.00	53,532.22	27.04%	2,467.78
Insurance fund	206.00	0.10%	206.00	206.88	0.10%	(0.88)
Telephone communications	1,000.00	0.50%	1,000.00	586.19	0.30%	413.81
Total internal services	57,206.00	28.60%	57,206.00	57,505.16	29.05%	(299.16)
Total operating expenses	628,553.00	314.27%	628,553.00	599,986.66	303.04%	28,566.34
Operating income (loss)	(428,551.00)	-214.27%	(428,551.00)	(401,998.82)	-203.04%	26,552.18
Nonoperating revenues (expenses):						
Budgeted equity adjustment	(3,634.00)	-1.82%	(3,634.00)	0.00	0.00%	3,634.00
Income from investments	2,000.00	0.99%	2,000.00	3,617.93	1.83%	1,617.93
Total nonoperating revenues (expenses)	(1,634.00)	-0.83%	(1,634.00)	3,617.93	1.83%	5,251.93
Income (loss) before transfers	(430,185.00)	-215.10%	(430,185.00)	(398,380.89)	-201.21%	31,804.11
Transfers in	430,185.00	215.10%	430,185.00	426,450.00	215.39%	(3,735.00)
Transfers out	0.00	0.00%	0.00	0.00	0.00%	0.00
Change in net assets	\$ 0.00	0.00%	\$ 0.00	28,069.11	14.18%	\$ 28,069.11
Total net assets - beginning				445,104.47		
Total net assets - ending				<u>\$ 473,173.58</u>		

<p align="center">FIRE RECORDS MANAGEMENT - FUND 53100 Operating Transfers In - Fiscal Year 2011</p>

Description	Amount
Budgeted Operating Transfer from General fund to Fire Records Management fund for 1st quarter FY 2011 operating support	\$106,612.50
Budgeted Operating Transfer from General fund to Fire Records Management fund for 2nd quarter FY 2011 operating support	106,612.50
Budgeted Operating Transfer from General fund to Fire Records Management fund for 3rd quarter FY 2011 operating support	106,612.50
Budgeted Operating Transfer from General fund to Fire Records Management fund for 4th quarter FY 2011 operating support	106,612.50
Total	<u><u>\$426,450.00</u></u>

FIRE RECORDS MANAGEMENT FUND 53100
Fiscal Year 2011 – 4th Quarter
Brief Explanation of “Actuals”

Following are some comments regarding Fire Records Management Fund's 4th quarter financial statements.

STATEMENT OF NET ASSETS

- Fire Records Management Fund reports all monetary assets as Cash. Available cash is invested and managed by the Treasurer as a pool. Participating funds receive interest earnings based on their percentage of the invested daily cash balance each month.
- Due from other governments is the amount due from member agencies for quarterly participation and communication costs. All members except the Cities of Auburn Hills and Rochester were current at September 30, 2011.
- Accrued interest on investment is interest earned by the fund on its cash balance in the Treasurer's pool of investments; interest is paid when investments mature.
- Prepaid expense is the amount paid in advance for contracted software support and licenses.
- Vouchers payable are accrued 4th quarter expenses.
- Noncurrent assets are the servers and software package. All of the original server equipment, software, and replacement server equipment are fully depreciated. Fire Records Management fund has a fixed asset capitalization threshold of \$5,000 as an Enterprise fund.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Revenues:

- Outside agencies revenue is the amount billed to Oakland County agencies. Billing starts when a fire department is operational. The fund billed (30) Oakland County agencies for participation during the 4th quarter of fiscal year 2011.
- Participation fees - non-Oakland agencies is the amount billed to municipalities and agencies outside of Oakland County. The fund billed three non-Oakland County users during the 4th quarter of fiscal year 2011.
- Outside agencies - rebilled charges are the amounts billed to member agencies for their portion of the County's communication cost for data lines, software license, and software maintenance costs (see below).
- Income from Investments is favorable due to a higher cash balance than anticipated.
- Transfers In is the amount budgeted and received from the County General Fund for operating support for Oakland County agencies.

FIRE RECORDS MANAGEMENT FUND 53100
Fiscal Year 2011 – 4th Quarter
Brief Explanation of “Actuals”

Expenses:

- Salary variance is favorable due to lower than anticipated on-call payroll.
- Fringe benefit variance is unfavorable because budgeted amounts are based on average fringe benefit cost.
- Communications cost is offset by revenue from rebilled charges to member agencies for their portion of data line expenses (see above). Communication cost is favorable due to a decrease in connectivity rates.
- Equipment repairs and maintenance is favorable due to a decrease in the number of server maintenance incidents.
- Indirect cost expense is based on the County’s Indirect Cost allocation. It includes Human Resources, Payroll, Treasurer, Accounting, Budgeting and Administrative services. The final allocation was established after adoption of the current budget.
- Personal mileage is favorable due to decreased on-site service calls at member agencies.
- Software support is unfavorable due to increase in maintenance contract rate.
- Travel and conference expense is favorable due to cost-cutting efforts.
- Expendable equipment expense is favorable due to the timing of equipment purchases made by tech support for maintaining the system.
- Depreciation expense is favorable because all software and equipment are fully depreciated.
- Info Tech CLEMIS includes amounts that were billed by CLEMIS technicians to service FRMS customers; IT development & operations, Insurance, and Telephone communications charges are based on actual usage.
- Budgeted equity adjustment represents the amount used to offset total revenue in order to balance Fire Records Management fund's FY 2011 budget per Fiscal Services management.

County of Oakland
CLEMIS Fund
Statement of Net Assets
September 30, 2011

EXHIBIT C

ASSETS

Current assets:

Cash and cash equivalents	\$ 4,720,785.86
Due from other governments	930,962.31
Due from other funds	540.00
Accounts receivable	124,852.66
Accrued interest on investment	24,765.24
Prepaid items	419,223.40
Total current assets	<u>6,221,129.47</u>

Noncurrent assets:

Equipment	4,163,087.59
Equipment - 911	2,554,100.14
Equipment - COPS MORE	23,923,858.13
Equipment - OAKVIDEO	6,478,421.38
Capital projects in progress	4,170,508.57
Less accumulated depreciation	(32,021,386.36)
Total capital assets (net of accumulated depreciation)	<u>9,268,589.45</u>
Total assets	<u>15,489,718.92</u>

LIABILITIES

Current liabilities:

Vouchers payable	8,470.89
Due to municipalities	282,004.00
Accounts payable	76,894.37
Deferred income	143,714.20
Total current liabilities	<u>511,083.46</u>

NET ASSETS

Invested in capital assets, net of related debt	9,268,589.45
Unrestricted - designated for projects	386,935.86
Unrestricted	5,323,110.15
Total net assets	<u>\$ 14,978,635.46</u>

County of Oakland
CLEMIS Fund
Statement of Revenues, Expenses, and Changes in Net Assets
For the Twelve Months Ended September 30, 2011

	2011			Year to Date		
	Amended Budget	Percent of Revenue	Allotment	Actual	Percent of Revenue	Favorable (Unfavorable) Variance
Operating revenues:						
In-car terminals - All Other	\$ 1,832,068.00	35.78%	\$ 1,832,068.00	\$ 1,636,373.86	31.86%	\$ (195,694.14)
Access fees - NonOakland Users	640,000.00	12.50%	640,000.00	608,553.00	11.85%	(31,447.00)
Sheriff contracted services	659,788.00	12.89%	659,788.00	693,872.80	13.51%	34,084.80
CLEMIS Crash	500,000.00	9.77%	500,000.00	590,126.50	11.49%	90,126.50
Access fees - Police Depts/Other in Oakland	318,302.00	6.22%	318,302.00	312,508.00	6.08%	(5,794.00)
Maintenance contracts - Mugshot Capture Stn	280,000.00	5.47%	280,000.00	307,000.00	5.98%	27,000.00
CLEMIS Citation	200,000.00	3.91%	200,000.00	95,381.82	1.86%	(104,618.18)
Reimb General	229,000.00	4.47%	229,000.00	307,644.50	5.99%	78,644.50
In car terminals - OC Sheriff	169,677.00	3.31%	169,677.00	192,411.50	3.75%	22,734.50
Maintenance contracts - LiveScan	140,000.00	2.73%	140,000.00	265,047.00	5.16%	125,047.00
Rebilled Charges	150,000.00	2.93%	150,000.00	119,903.31	2.33%	(30,096.69)
Parts and accessories	500.00	0.01%	500.00	6,056.48	0.12%	5,556.48
Productive labor	500.00	0.01%	500.00	1,088.75	0.02%	588.75
Total operating revenues	5,119,835.00	100.00%	5,119,835.00	5,135,967.52	100.00%	16,132.52
Operating expenses:						
Salaries	1,635,876.00	31.95%	1,635,876.00	1,344,254.59	26.17%	291,621.41
Fringe benefits	950,958.00	18.57%	950,958.00	813,586.80	15.84%	137,371.20
Contractual services:						
Adj Prior Years Revenue	0.00	0.00%	0.00	87,437.01	1.70%	(87,437.01)
Bank charges	5,000.00	0.10%	5,000.00	59,344.29	1.16%	(54,344.29)
Communications	506,000.00	9.88%	506,000.00	363,332.83	7.07%	142,667.17
Equipment repairs and maintenance	225,000.00	4.39%	225,000.00	279,463.39	5.44%	(54,463.39)
Freight and express	0.00	0.00%	0.00	383.09	0.01%	(383.09)
Indirect costs	240,000.00	4.69%	240,000.00	263,909.00	5.14%	(23,909.00)
Membership dues	750.00	0.01%	750.00	432.00	0.01%	318.00
Periodicals books publ sub	0.00	0.00%	0.00	315.11	0.01%	(315.11)
Personal mileage	1,500.00	0.03%	1,500.00	2,505.62	0.05%	(1,005.62)
Printing	20,000.00	0.39%	20,000.00	473.25	0.01%	19,526.75
Professional services	676,933.00	13.22%	676,933.00	286,589.59	5.58%	390,343.41
Rebillable Services	150,000.00	2.93%	150,000.00	116,901.11	2.28%	33,098.89
Software rental lease purchase	0.00	0.00%	0.00	100,218.29	1.95%	(100,218.29)
Software support/maintenance	730,000.00	14.26%	730,000.00	233,091.90	4.54%	496,908.10
Travel and conference	8,000.00	0.16%	8,000.00	325.69	0.01%	7,674.31
Uncollectable accts receivable	0.00	0.00%	0.00	32,426.00	0.63%	(32,426.00)
Workshops and meetings	1,000.00	0.02%	1,000.00	158.32	0.00%	841.68
Total contractual services	2,564,183.00	50.08%	2,564,183.00	1,827,306.49	35.59%	736,876.51
Commodities:						
Dry goods and clothing	750.00	0.01%	750.00	0.00	0.00%	750.00
Expendable equipment	0.00	0.00%	0.00	4,435.13	0.09%	(4,435.13)
Metered postage	281.00	0.01%	281.00	35.49	0.00%	245.51
Office supplies	1,000.00	0.02%	1,000.00	1,658.19	0.03%	(658.19)
Parts and accessories	5,000.00	0.10%	5,000.00	4,800.61	0.09%	199.39
Total commodities	7,031.00	0.14%	7,031.00	10,929.42	0.21%	(3,898.42)
Depreciation:	1,156,146.00	22.58%	1,156,146.00	2,021,611.14	39.36%	(865,465.14)
Internal services:						
Building space cost allocation	162,528.00	3.17%	162,528.00	162,528.00	3.16%	0.00
Info tech-development	418,206.00	8.17%	418,206.00	281,643.53	5.48%	136,562.47
Info tech-operations	259,807.00	5.07%	259,807.00	201,436.00	3.92%	58,371.00
Motor pool	12,000.00	0.23%	12,000.00	11,798.98	0.23%	201.02
Motor pool fuel charges	2,500.00	0.05%	2,500.00	1,917.13	0.04%	582.87
Mail room	34.00	0.00%	34.00	33.60	0.00%	0.40
Radio Communications	0.00	0.00%	0.00	308.23	0.01%	(308.23)
Telephone communications	24,644.00	0.48%	24,644.00	20,422.57	0.40%	4,221.43
Total internal services	879,719.00	17.17%	879,719.00	680,088.04	13.24%	199,630.96
Total operating expenses	7,193,913.00	140.49%	7,193,913.00	6,697,776.48	130.41%	496,136.52
Operating income (loss)	(2,074,078.00)	-40.49%	(2,074,078.00)	(1,561,808.96)	-30.41%	512,269.04

County of Oakland
CLEMIS Fund
Statement of Revenues, Expenses, and Changes in Net Assets
For the Twelve Months Ended September 30, 2011

	2011			Year to Date		Favorable (Unfavorable) Variance
	Amended Budget	Percent of Revenue	Allotment	Actual	Percent of Revenue	
Nonoperating revenues (expenses):						
Budgeted equity adjustments	(862,896.00)	-16.86%	(862,896.00)	0.00	0.00%	862,896.00
Income from investments	15,000.00	0.30%	15,000.00	29,296.09	0.57%	14,296.09
Capital contributions	800,000.00	15.63%	800,000.00	2,877,671.84	56.03%	2,077,671.84
Gain on sale of equipment	0.00	0.00%	0.00	220.07	0.00%	220.07
Total nonoperating revenues (expenses)	(47,896.00)	-0.93%	(47,896.00)	2,907,188.00	56.60%	2,955,084.00
Income (loss) before transfers	(2,121,974.00)	-41.42%	(2,121,974.00)	1,345,379.04	26.19%	3,467,353.04
Transfers in	2,044,186.00	39.93%	2,044,186.00	2,044,186.00	39.80%	0.00
Change in net assets	\$ (77,788.00)	-1.49%	\$ (77,788.00)	3,389,565.04	65.99%	\$ 3,467,353.04
Total net assets - beginning				11,589,070.42		
Total net assets - ending				<u>\$ 14,978,635.46</u>		

COUNTY OF OAKLAND
CLEMIS FUND
FINANCIAL REPORT AS OF SEPTEMBER 30, 2011

EXHIBIT C-2

STATEMENT OF NET ASSETS

ASSETS

Current Assets:	
Cash - Operating	\$4,720,785.86
Accrued Interest on Investments	24,765.24
Accounts Receivable	124,852.66
Due from Municipalities	930,962.31
Due from Other Funds	540.00
Prepaid Expenses	419,223.40
Total Current Assets	<u>6,221,129.47</u>
Noncurrent Assets:	
Property and Equipment at Cost:	
Equipment	4,163,087.59
Equipment - 911	2,554,100.14
Equipment - COPS MORE	23,923,858.13
Equipment - Oak VIDEO	6,478,421.38
Capital Projects in Progress	4,170,508.57
Accumulated Depreciation	(32,021,386.36)
Property and Equipment - Net	<u>9,268,589.45</u>
TOTAL ASSETS	<u>\$15,489,718.92</u>

LIABILITIES

Current Liabilities:	
Vouchers Payable	8,470.89
Due to municipalities	282,004.00
Accounts Payable	76,894.37
Deferred Income	143,714.20
Total Current Liabilities	<u>511,083.46</u>

NET ASSETS

Invested in Capital Assets	9,268,589.45
Unrestricted-designated for projects	386,935.86
Unrestricted	<u>5,323,110.15</u>
Total Net Assets	<u>\$14,978,635.46</u>

STATEMENT OF OPERATIONS

	Total Operations	CLEMIS Operations	MDC Operations	OakVideo Operations
Operating Revenues:				
Access fees-Police Depts/Other in Oakland	312,508.00	\$312,508.00	\$0.00	\$0.00
Access fees-NonOakland Users	608,553.00	608,553.00	0.00	0.00
In Car Terminals-All Other	1,636,373.86	0.00	1,636,373.86	0.00
In Car Terminals-OC Sheriff	192,411.50	0.00	192,411.50	0.00
Maintenance Contracts	572,047.00	572,047.00	0.00	0.00
Sheriff Contracted Services	693,872.80	693,872.80	0.00	0.00
CLEMIS Citation	95,381.82	95,381.82	0.00	0.00
CLEMIS Crash	590,126.50	590,126.50	0.00	0.00
Parts and Accessories	6,056.48	2,368.29	3,688.19	0.00
Productive Labor	1,088.75	1,088.75	0.00	0.00
Rebilled Charges	119,903.31	11,856.12	108,047.19	0.00
Reimb General	307,644.50	307,644.50	0.00	0.00
Income from Investments	29,296.09	6,051.70	23,273.69	(29.30)
Gain on Sale of Equipment	220.07	0.00	0.00	220.07
Capital Asset Contributions	2,877,671.84	2,877,671.84	0.00	0.00
Operating Transfers In	2,044,186.00	1,644,186.00	0.00	400,000.00
TOTAL REVENUES	<u>10,087,341.52</u>	<u>7,723,356.32</u>	<u>1,963,794.43</u>	<u>400,190.77</u>
Operating Expenses:				
Salaries	1,344,254.59	1,226,721.35	0.00	117,533.24
Fringe Benefits	813,586.80	741,947.77	0.00	71,639.03
Bank Charges	59,344.29	59,344.29	0.00	0.00
Communications	363,332.83	109,889.89	253,442.94	0.00
Equipment Repairs & Maintenance	279,463.39	279,463.39	0.00	0.00
Freight & Express	383.09	261.92	63.81	57.36
Indirect Costs	263,909.00	263,909.00	0.00	0.00
Membership Dues & Publications	432.00	432.00	0.00	0.00
Periodicals Books Publ Sub	315.11	315.11	0.00	0.00
Personal Mileage	2,505.62	2,505.62	0.00	0.00
Printing	473.25	473.25	0.00	0.00
Professional Services	286,589.59	257,917.99	7,525.60	21,146.00
Rebillable Services	116,901.11	626.00	116,275.11	0.00
Software Rental Lease Purchase	100,218.29	100,218.29	0.00	0.00
Software Support/Maintenance	233,091.90	232,091.90	1,000.00	0.00
Travel and Conference	325.69	325.69	0.00	0.00
Uncollectable Accts Receivable	32,426.00	32,426.00	0.00	0.00
Workshops and Meeting	158.32	112.97	0.00	45.35
Adjustment Prior Years Revenue	87,437.01	87,437.01	0.00	0.00
Expendable Equipment Expense	4,435.13	3,969.62	0.00	465.51
Metered Postage	35.49	35.49	0.00	0.00
Office Supplies	1,658.19	1,658.19	0.00	0.00
Parts & Accessories	4,800.61	3,455.50	1,264.82	80.29
Depreciation	2,021,611.14	1,859,882.25	0.00	161,728.89
Bldg. Space Cost Allocation	162,528.00	162,528.00	0.00	0.00
Info. Tech. - Development	281,643.53	281,643.53	0.00	0.00
Info. Tech. - Operations	201,436.00	201,436.00	0.00	0.00
Radio Communications	308.23	308.23	0.00	0.00
Motor Pool	11,798.98	11,798.98	0.00	0.00
Motor Pool Fuel Charges	1,917.13	1,917.13	0.00	0.00
Mail Room	33.60	33.60	0.00	0.00
Telephone Communications	20,422.57	20,422.57	0.00	0.00
TOTAL EXPENSES	<u>6,697,776.48</u>	<u>5,945,508.53</u>	<u>379,572.28</u>	<u>372,695.67</u>
NET INCOME (LOSS)	3,389,565.04	1,777,847.79	1,584,222.15	27,495.10
NET ASSETS, OCTOBER 1, 2010	<u>11,589,070.42</u>	<u>1,316,345.95</u>	<u>10,315,268.38</u>	<u>(42,543.91)</u>
NET ASSETS, SEPTEMBER 30, 2011	<u>\$14,978,635.46</u>	<u>\$3,094,193.74</u>	<u>\$11,899,490.53</u>	<u>(\$15,048.81)</u>

<p align="center">CLEMIS - FUND 53500 Operating Transfers In - Fiscal Year 2011</p>
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Description	Amount
Budgeted Operating Transfer from General fund to CLEMIS fund for 1st quarter FY 2011 operating support	\$361,046.50
Budgeted Operating Transfer from Radio Communications fund to CLEMIS fund for 1st quarter FY 2011 administrative support	50,000.00
Budgeted Operating Transfer from General fund to CLEMIS fund for 1st quarter FY 2011 OakVideo operating support	100,000.00
Budgeted Operating Transfer from General fund to CLEMIS fund for 2nd quarter FY 2011 operating support	361,046.50
Budgeted Operating Transfer from Radio Communications fund to CLEMIS fund for 2nd quarter FY 2011 administrative support	50,000.00
Budgeted Operating Transfer from General fund to CLEMIS fund for 2nd quarter FY 2011 OakVideo operating support	100,000.00
Budgeted Operating Transfer from General fund to CLEMIS fund for 3rd quarter FY 2011 operating support	361,046.50
Budgeted Operating Transfer from General fund to CLEMIS fund for 3rd quarter FY 2011 OakVideo operating support	100,000.00
Budgeted Operating Transfer from Radio Communications fund to CLEMIS fund for 3rd quarter FY 2011 administrative support	50,000.00
Budgeted Operating Transfer from Radio Communications fund to CLEMIS fund for 4th quarter FY 2011 administrative support	50,000.00
Budgeted Operating Transfer from General fund to CLEMIS fund for 4th quarter FY 2011 operating support	361,046.50
Budgeted Operating Transfer from General fund to CLEMIS fund for 4th quarter FY 2011 OakVideo operating support	100,000.00
Total	<u>\$2,044,186.00</u>

CLEMIS FUND 53500
Fiscal Year 2011 – 4th Qtr
Brief Explanation of “Actuals”

EXHIBIT C-4

Below are some comments for the CLEMIS Fund 4th quarter financial statements.

STATEMENT OF NET ASSETS

- CLEMIS Fund reports all monetary assets as Cash. Available cash is invested and managed by the Treasurer as a pool. Participating funds receive interest earnings based on their percentage of the invested daily cash balance each month.
- Accrued interest on investment is interest earned by the fund on its cash balance in the Treasurer's pool of investments; interest is paid when investments mature.
- Accounts Receivables includes Jul-Sep 2011 CLEMIS fees & CLEMIS Crash for Sept 2011 which total is net of Allowance for Uncollectable Accounts Receivable.
- Prepaid items are the amount paid in advance for contracted hardware/software support.
- Capital Projects in Progress reflects the recognition of project mgmt services related to the NETRMS upgrade but not operational as of 9-30-11.
- Due to Municipalities is the amount of revenue sharing for both Citation and Crash thru 9-30-11 that will be allocated to participating CLEMIS agencies.
- Deferred income includes the amounts billed in advance for LiveScan Maint & Mugshot Investigative Software Maint for the period of Oct-Dec 2011.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Revenue:

- In Car Terminals-All Other unfavorable due to actual MDC count less than amount used for budget projection.
- Access fees-NonOakland unfavorable as actual FTE count is lower than budget projection.
- Sheriff Contracted Services is based on actual FTE count for the OCSD and other OC Non-Emergency Depts that utilize CLEMIS services.
- CLEMIS Crash is favorable due to continuing to implement additional agencies participating in Crash program.
- Access fees-Police Depts/Other in Oakland unfavorable due to actual FTE count slightly lower than budget projection.
- Maintenance Contracts – Mugshot & Livescan favorable due to additional agencies equipment coming off warranty that were not included at the time of the budget projection.
- CLEMIS Citation unfavorable due to less than anticipated agencies participating in Citation program.
- Reimb General includes the actual amount for CLEMIS staff supporting Sheriff projects such as the Jail Mgmt system through 9-30-11.
- In Car Terminals – OC Sheriff favorable due to actual MDC count higher than budget projection.
- Rebilled Charges primarily includes the amount that is rebilled to Tier 2.5 and 3.0 agencies for connectivity costs. This amount is offset by rebillable services expense.
- Parts & Accessories favorable due to out of warranty equipment repairs provided by CLEMIS technical support.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (Cont'd)

CLEMIS FUND 53500
Fiscal Year 2011 – 4th Qtr
Brief Explanation of “Actuals”

- Productive Labor includes CLEMIS technical support provided beyond the normal scope of services
- Income from Investments is favorable due to higher cash balance than projected.
- Capital Contributions favorable due to timing of utilizing COPS Tech Grant contributions for AFIS/IBIS project and UASI grant contributions for the new records management system.
- Gain on Sale of Equipment includes the sale of (2) OakVideo cameras thru on-line bid process.
- Transfers In includes \$200,000 from Radio for CLEMIS Admin support of new radio system; \$1,444,186 from General Fund for operational support through 9-30-11; \$400,000 from General Fund for OakVideo operational support.

Expenses:

- Salaries and Fringe Benefits are favorable due to vacancies and the underfill of positions.
- Adjustment of Prior Years Revenue includes the adjustment given to Livingston County for equipment that was billed in FY2009 and returned to CLEMIS in FY 2011.
- Bank Charges unfavorable due to increased costs for PayPal services as part of E-Commerce which allows CLEMIS Citation transactions to be processed on-line.
- Communications line item is favorable due to actual connectivity costs less than anticipated. AT&T charges were transferred to Radio Communications fund supporting the purpose of the E911 surcharge.
- Equipment Repairs & Maintenance expense is unfavorable primarily due to incurring costs of Live Scan equipment after expiration of warranty. This majority of maintenance cost is offset by rebilling maintenance fees to the participating agencies.
- Indirect Costs unfavorable due to increase in actual rate higher than anticipated at the time of budget process.
- Printing is favorable due to decrease in printing as CLEMIS training documents are offered on-line through secured CLEMIS website.
- Professional Services is favorable due to contractual services working on the development of CLEMIS enhancements which have been subsidized by grant funds.
- Rebillable Services is favorable based on actual connectivity costs to Tier 2.5 and 3.0 agencies. This amount is offset by Rebillable Charges revenue line item.
- Software Rental Lease Purchase is unfavorable due to miscellaneous software purchases required by CLEMIS tech support.
- Software Support & Maint is favorable primarily due to the timing of incurring maintenance costs and maintenance costs transferred to Radio Communications fund supporting the purpose of the E911 surcharge.
- Travel and Conference favorable due to cost reduction efforts in staff attending conferences.
- Uncollectable Accounts Receivable includes the fraudulent purchases related to CLEMIS Crash reports purchased through E-Commerce website and write-off for CLEMIS Crash customer that is no longer in business.
- Expendable Equipment unfavorable primarily due to the purchase of the equipment costs related to Mugshot and CAD operations.
- Office Supplies is based on actual usage.
- Depreciation expense is unfavorable primarily due to IBIS equipment that became operational which was subsequent to the budget projection.
- Info Tech Development & Operations, Motor Pool, Print Shop and Telephone Communications charges are based on actual usage.
- Budgeted Equity Adjustment represents the amount that is an offset to total revenue to balance CLEMIS fund's FY 2011 budget per Fiscal Services management.