



C O U N T Y M I C H I G A N

L. BROOKS PATTERSON, OAKLAND COUNTY EXECUTIVE

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Special Projects Deputy County Executive

TO: CLEMIS Advisory Board
Finance Committee
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FROM: Bob Daddow *Daddow*
2/13/15

SUBJECT: CLEMIS Funds – Financial Statements and Schedules for
The Year Ended September 30, 2014

DATE: February 9, 2015

This letter of transmittal covers the following fund financial statements as of and for the year ended September 30, 2014 for the 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, 2014 for the Radio Communications Fund. The following financial statements are attached:

- 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.
- Operating Transfers In and Out (Exhibits A-2 and A-3) - the operating transfers in and out to the General, CLEMIS Operating and Information Technology Funds represent a cost reimbursement for the administrative and other support of the radio communications system and operations as herein explained and the Fund's cost reimbursements from other funds for services and equipment provided.

- Brief Explanations (Exhibit A-4) – a set of explanations of operating budget to actual variances included in the financial statements and schedules above.

The Radio Communications Fund has a number of planned projects as outlined in a memorandum to the Finance Committee dated March 25, 2014. This memorandum was issued in connection with the annual Board approval of the telephone operating surcharge (fee) required of State statutes. The Board of Commissioners approved the extension of the \$.20 per communication line per month, as defined, for the period July 1, 2014 to June 30, 2015. The Radio Communication operating budgets for FY-2014 and beyond are based on this \$.20 telephone operating surcharge (fee).

The County is presently in the planning phase associated with the telephone operating surcharge (fee) for the period July 1, 2015 to June 30, 2016 requiring Board of Commissioner approval prior to the mid-May 2015 due date for submission of the statutory State report on such approval.

At present, the radio communication system has 51 towers (County owned, locally owned by governmental units within the County or leased space from private vendors), 1,995 mobile radios and 4,163 portable radios in use. Radio consoles are located in 21 public safety dispatch centers (PSAPs) throughout Oakland County. There are 13 hospital emergency rooms tied to the County's radio communication system and a number of private ambulance companies as well. Some non-public safety units use the County's radio system for a monthly operating fee.

Comments on the major projects anticipated in the next half dozen years requiring funding as outlined in the March 25, 2014 memorandum (most of which will be covered by the telephone operating surcharge):

- **Radio Consoles:** because the County distributed the radio consoles located in the dispatch centers first (circa 2003 through roughly 2006), this equipment is aging rapidly. Replacement is planned for FY 2015 through FY 2016. While the County has yet to assemble an estimated cost of the replacement of this equipment based upon a formal study, the cost could approach \$4 million to \$6 million, depending upon the number of dispatch centers remaining in Oakland County at the time of replacement. The original deployment of consoles cost roughly \$5.9 million for 31 dispatch centers. There are now 21 dispatch centers. Presently, there are no active discussions in the consolidation of dispatch centers in the County.

At December 31, 2013, the unreserved equity-designated for projects includes \$3.0 million set aside to address the console replacement anticipated to be purchased and installed in FY 2015 as well as additional reserves of \$2.0 million to finish the installations in FY-2016.

- **Mobile / Portable Radios:** last year, County administration was notified that the radio communications vendor will no longer support the mobile and portable

radios at the end of calendar 2017. While the County administration has been notified that the radios will be end-of-life, history would suggest that few governmental units (unlike the County) set money aside for replacement equipment. As such, as the end-of-life date closes in, governments seek federal / state assistance and / or bring pressure on the vendor to delay the actual end-of-life date. While the County cannot be assured of a delay in the future, the County's maintenance efforts, ability to use the equipment beyond 2017 and the potential delay of the actual end-of-life date suggests that the actual replacement period would be delayed, potentially to 2018 and beyond.

At this time and assuming that a future assessment would require replacement, the aggregate original cost of the mobile and portable radios as of September 30, 2014 was \$17.36 million. The County has restricted equity relating to depreciation in the amount of \$13.0 million as of September 30, 2014, but needs to continue to set aside additional funds of \$6.5 million over the next 4 to 5 years to ensure that there are sufficient available resources to replace the mobile and portable radios beginning in FY 2018 through anticipated completion.

Based on current cash flow projections it is estimated that the equity could be underfunded by \$2.5 million to \$3.3 million in FY-2020 at the \$.20 operating surcharge (fee) level. While the projected cash in FY-2020 may be short, when adding the then accounts receivable and other liquid assets at that time (principally the amounts receivable shortly after the quarter's end from the telephone companies and State), the amount of cash and near-cash items in FY-2020 leaves a shortage of just under \$1.0 million. Since the amount and time frame are so far off and there are actions that can be taken to resolve this matter in the interim (depending upon events that cannot presently be predicted), the difference is not considered to be presently significant.

- **Computer-aided Dispatch Project:** the County's computer-aided dispatch center equipment software for CLEMIS is being re-written as the vendor-acquired software is no longer easily maintained and the software licensing to maintain this equipment is very costly. . The estimated cost of this project is \$3.5 million and will be funded out of the Radio Communications Fund with \$1,442,626 remaining to be expended in unrestricted equity-designated for projects as of September 30, 2014. Presently, the amount set aside is considered adequate to complete the project. The computer-aided dispatch software has been launched and is in several dispatch centers for testing. Full deployment is expected to begin shortly. Any unexpended equity currently reserved for this project will be reallocated to other projects when the computer-aided dispatch project is fully completed.
- **NG-911 Project Needs:** in 2009-2010, the County acquired new call-taking equipment (NG-911 Project) on behalf of the local public safety dispatch centers. Unlike older telephony-based call-taking equipment, NG-911 systems are IP-based software-driven systems and can be expected to have a shorter useful life than earlier systems before requiring a technology refresh. It is therefore

anticipated that the call-taking equipment at the 21 local PSAPs will need to be replaced in the 2016-2018 timeframe. Additionally, the County needs to prepare for the establishment of a local NG-911 ESInet (Emergency Services IP network) through either a leased commercial network or the enhancement/expansion of the present OakNET fiber, as the present 911 network provider gradually migrates away from the legacy copper-wire trunks.

Radio Communications and Information Technology staff has begun a needs analysis for call-taking equipment and an NG-911 ESInet so that costs can be quantified in 2015. Presently, the Fund has set no amounts aside for these capital needs. The project cost and funding needs will be considered in the coming months with the assessment of the operating surcharge starting on July 1, 2015.

Comments concerning the financial information follow:

- The Fund has approximately \$16.8 million in cash, investments and receivables, net of liabilities and excluding prepaid expenses and inventories at September 30, 2014 (\$18.2 million at September 30, 2013). The reduction in cash levels is attributed to the investment in the computer-aided dispatch project.
- The ending equity has been classified as 'unrestricted' in Exhibit A as of September 30, 2014. The components of the Radio Communications Fund equity are as follows:
 - Funding of depreciation: \$13,000,000 has been set aside currently in equity to be used towards future capital projects. The amount is short by between \$3.0 million to \$3.8 million for the future capital needs through FY-2020 depending upon events affecting the Fund (consolidation of dispatch centers for example) between now and then. The difference will need to be accumulated over the next half dozen years to meet future capital needs.
 - PSAP software implementation: \$3,500,000 less costs incurred of \$2,057,373 for a net remaining amount of \$1,442,627.
 - Console replacement - \$3,000,000 for equipment replacement beginning in FY-2015. Anticipating setting aside an additional \$2,000,000 for this need until the amount reaches \$5.0 million (or a better estimate is obtained).
 - Total unrestricted equity for the Radio Communications Fund is \$17,513,602 (\$17,442,626 designated for projects with the remaining amount in unrestricted equity).

The County received a letter, along with instructions, to perform an audit of the 9-1-1 operations in accordance with State statutes. This is the first such time a request was made by the State. The requirements outlined in the letter was determined to be impossible to complete and the County, along with other local units, has been working

with the Michigan State Police to address the proper requirements of an audit of the 9-1-1 operations relying on telephone charges (e.g. operating surcharges) in the future. The State has yet to complete the revised audit instructions and no Fund audit is expected in the near future.

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 quarter ended September 30, 2014:

- 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.
- Brief Explanations (Exhibit B-2). This exhibit provides explanations of matters included in the financial statements noted above.
- The operating transfer in of \$419,273 was provided by the County's General Fund to cover the full year's operating costs.

Comments on the FRMS financial statements follow:

- The balance sheet reflects cash, investments and similar liquid assets (including prepaid expenses), net of amounts owed, of roughly \$398,809 and equal to the unrestricted equity amount. The liquid asset balance is relatively unchanged during the quarter.
- The originally acquired equipment is fully depreciated with only a nominal amount remaining in net book value. In prior years, operations bore the cost of new computers at fire halls that should last for several more years. No funding provision has been provided in the Fund operations to capture funds sufficient to replace the computers in several years.

The Fire Records Management Committee approved a feasibility study and estimate of costs for the replacement of the FRMS computer system acquired from a vendor many years ago. The system replacement would be consistent with the systems presently being developed for CLEMIS law enforcement services in order to provide seamless data integration. FRMS received Homeland Security Grant Program monies to cover costs of both the feasibility study and the development phase of a Fire Records Management software application.

In addition to the attached operations, the County's Information Technology Fund incurs additional costs related to the operations of the T-1 lines connecting the technology facility with the fire halls / departments.

Recently, FRMS has been engaged in reviewing additional functionality that will be included either in the current operating functions or in a future re-write of the FRMS software. Nominal program costs can be funded out of the current equity, but a re-write of the FRMS system would require a specific project scope of work and funding source (potentially grants and / or the County's General Fund). The scope of work and other sizing is being considered at this time as is the funding sources that may address the fire community's needs.

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, 2014:

- 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). The Financial Report segregates the revenues and costs between the CLEMIS operations that are regional in nature ("CLEMIS Operations") and OakVideo Operations (e.g. video conferencing) that are solely within the geographic Oakland County boundaries and are funded by an appropriation of \$400,000 annually paid quarterly from the General Fund.

Early in FY-2013, the County issued debt for a number of capital projects, \$2 million of which related to the replacement of OakVideo equipment and the initiation of the re-write of the underlying software. As of September 30, 2014 the majority of OAKVideo hardware has been replaced and the software re-write is partially completed with a planned implementation date of December 31, 2014. CLEMIS incurred costs related to that program (referenced as 'Capital Contributions') of \$728,553 during the year ended September 30, 2014, including \$73,259 incurred during the 4th quarter of the year. It's anticipated that an additional \$725,000 is needed from the bond proceeds to complete the project.

- Operating Transfers In to the Fund (Exhibit C-3). The schedule includes four quarterly operating transfers in from the County's General Fund as appropriated by the Board of Commissioners totaling \$1,444,186 (\$361,046 quarterly, the same as prior years). In addition, operating transfers in the amount of \$200,000 from the Radio Communications Fund occurred (\$50,000 quarterly) to cover administration of the radio communications system. There is also \$400,000 transferred in from the County's General Fund (\$100,000 quarterly) for OakVideo operations, the same as prior years (see above comments).
- 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 Fund has approximately \$11.1 million in cash, investments and similar liquid assets, net of liabilities and excluding prepaid expenses at September 30, 2014 (\$9.1 million at September 30, 2013). The unrestricted equity is roughly equivalent to the net cash and liquid asset position.
- The computer-aided dispatch system development is underway; funding will be covered through the Radio Communications Fund, estimated at \$3.5 million. \$2,057,373 of that \$3.5 million has been expended through September 30, 2014 leaving \$1,442,627 in designated equity in the Radio Communications Fund.
- The Fund's equity amounts to \$20.3 million as of September 30, 2014 (\$18.1 million as of September 30, 2013) and is composed of the equipment acquired through the COPS MORE grant (\$8.4 million) and other investments in the records management and related systems. The September 30, 2014 equity also includes designations for two projects: maintenance of the Jail Management System (\$233,199) and Sheriff's Office Forensic Lab (\$312,669) funded by the County's General Fund. The remaining unrestricted amount is \$11,401,757 at September 30, 2014 and is much improved over unrestricted equity levels for the past several years.
- 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. The aggregate balance of fixed assets in this Fund is \$46.3 million, with \$37.9 million fully depreciated, or roughly 81.9% fully depreciated (generally meaning that this equipment is nearing end of life and will require replacement sometime in the future).

Several years ago, 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. This policy should mitigate the need to acquire equipment directly from the CLEMIS Operating Fund.

Should there be any questions concerning this report, please do not hesitate to ask.

**County of Oakland
Radio Communications Fund
Statement of Net Assets
September 30, 2014**

EXHIBIT A

ASSETS

Current assets:

Cash and cash equivalents	\$ 15,784,623.35
Accrued interest on investment	100,086.50
Due from other governments	19,506.67
Accounts receivable	1,165,320.16
Inventories	506,756.20
Prepaid items	234,776.23
Total current assets	<u>17,811,069.11</u>

Noncurrent assets:

Capital projects in progress	1,355,282.97
Tower rights	8,585,770.20
Equipment	26,340,523.30
Structures	12,953,932.08
Less accumulated depreciation	<u>(21,129,782.57)</u>
Total capital assets (net of accumulated depreciation)	<u>28,105,725.98</u>
Total assets	<u>45,916,795.09</u>

LIABILITIES

Current liabilities:

Vouchers payable	59,237.77
Accounts payable	104,456.92
Due to municipalities	133,771.95
Total current liabilities	<u>297,466.64</u>
Total liabilities	<u>297,466.64</u>

NET ASSETS

Invested in capital assets, net of related debt	28,105,725.98
Unrestricted-designated for projects	17,442,626.52
Unrestricted	70,975.95
Total net assets	<u>\$ 45,619,328.45</u>

EXHIBIT A-1

County of Oakland
Radio Communications Fund
Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended September 30, 2014

	2014			Year to Date		Favorable (Unfavorable)
	Amended Budget	Percent of Revenue	Allotment	Actual	Percent of Revenue	Variance
Operating revenues:						
E 911 Surcharge - Radio system	\$ 5,500,000.00	87.57%	\$ 5,500,000.00	\$ 5,223,247.79	86.04%	\$ (276,752.21)
Antenna site management	325,000.00	5.17%	325,000.00	291,306.00	4.80%	(33,694.00)
Leased equipment	230,000.00	3.66%	230,000.00	220,263.18	3.63%	(9,736.82)
Parts and accessories	150,000.00	2.39%	150,000.00	232,420.58	3.83%	82,420.58
Outside agencies	70,000.00	1.11%	70,000.00	64,592.16	1.06%	(5,407.84)
Productive labor	6,000.00	0.10%	6,000.00	11,748.00	0.19%	5,748.00
Miscellaneous	-	0.00%	-	50.00	0.00%	50.00
Rebidding	-	0.00%	-	550.00	0.01%	550.00
Adjustment prior year's revenue	-	0.00%	-	10,593.75	0.17%	10,593.75
Refund prior year's expenditure	-	0.00%	-	16,046.10	0.26%	16,046.10
Total operating revenue:	6,281,000.00	100.00%	6,281,000.00	6,070,817.56	100.00%	(210,182.44)
Operating expenses:						
Salaries	634,088.00	10.10%	634,088.00	533,813.55	8.79%	100,274.45
Fringe benefits	390,868.00	6.22%	390,868.00	355,726.34	5.86%	35,141.66
Contractual services:						
Adjustment of prior year's expense	-	0.00%	-	450,158.19	7.42%	(450,158.19)
Adjustment of prior year's revenue	-	0.00%	-	511,293.86	8.42%	(511,293.86)
Communications	225,000.00	3.58%	225,000.00	250,689.05	4.13%	(25,689.05)
Contracted services	-	0.00%	-	3,600.00	0.06%	(3,600.00)
Electrical service	100,000.00	1.59%	100,000.00	74,567.21	1.23%	25,432.79
Equipment maintenance	300,000.00	4.78%	300,000.00	354,935.07	5.85%	(54,935.07)
Freight and express	8,500.00	0.14%	8,500.00	3,740.58	0.06%	4,759.42
Indirect costs	196,000.00	3.12%	196,000.00	173,271.00	2.85%	22,729.00
Laundry and cleaning	700.00	0.01%	700.00	492.10	0.01%	207.90
Maintenance contract	275,000.00	4.38%	275,000.00	-	0.00%	275,000.00
Membership, dues	1,000.00	0.02%	1,000.00	-	0.00%	1,000.00
Personal mileage	3,500.00	0.06%	3,500.00	2,169.23	0.04%	1,330.77
Printing	500.00	0.01%	500.00	297.96	0.00%	202.04
Professional services	1,200,000.00	19.11%	1,200,000.00	496,661.35	8.18%	703,338.65
Rebillable services	500.00	0.01%	500.00	-	0.00%	500.00
Software rental lease purchase	700.00	0.01%	700.00	195,092.00	3.21%	(194,392.00)
Software support maintenance	-	0.00%	-	118.00	0.00%	(118.00)
Special projects	40,000.00	0.64%	40,000.00	285.00	0.00%	39,715.00
Tower charges	390,000.00	6.21%	390,000.00	393,612.03	6.48%	(3,612.03)
Travel and conference	22,500.00	0.36%	22,500.00	-	0.00%	22,500.00
Workshops and meeting	100.00	0.00%	100.00	-	0.00%	100.00
Total contractual services	2,764,000.00	44.01%	2,764,000.00	2,910,982.63	47.95%	(146,982.63)
Commodities:						
Dry goods and clothing	1,900.00	0.03%	1,900.00	-	0.00%	1,900.00
Expendable equipment expense	50,000.00	0.80%	50,000.00	344,168.20	5.67%	(294,168.20)
Metered postage	126.00	0.00%	126.00	0.79	0.00%	125.21
Office supplies	5,000.00	0.08%	5,000.00	2,807.11	0.05%	2,192.89
Parts and accessories	200,000.00	3.18%	200,000.00	254,932.57	4.20%	(54,932.57)
Shop supplies	12,000.00	0.19%	12,000.00	15,613.52	0.26%	(3,613.52)
Small tools	5,000.00	0.08%	5,000.00	3,297.53	0.05%	1,702.47
Total commodities	274,026.00	4.36%	274,026.00	620,819.72	10.23%	(346,793.72)
Depreciation:						
Equipment, structures and tower rights	3,912,925.00	62.30%	3,912,925.00	5,721,191.38	94.24%	(1,808,266.38)
Total depreciation	3,912,925.00	62.30%	3,912,925.00	5,721,191.38	94.24%	(1,808,266.38)
Internal services:						
Building space allocation	28,133.00	0.45%	28,133.00	28,133.04	0.46%	(0.04)
Convenience copier	384.00	0.01%	384.00	21.64	0.00%	362.36
Info Tech - CLEMIS	1,201,000.00	19.12%	1,201,000.00	1,035,964.07	17.06%	165,035.93
Info Tech - development	-	0.00%	-	18,063.00	0.30%	(18,063.00)
Info Tech - operations	214,032.00	3.41%	214,032.00	223,276.00	3.68%	(9,244.00)
Info Tech - managed print services	-	0.00%	-	753.78	0.01%	(753.78)
Insurance fund	13,910.00	0.22%	13,910.00	15,572.59	0.26%	(1,662.59)
Maintenance department charges	35,000.00	0.56%	35,000.00	22,430.28	0.37%	12,569.72
Motor pool fuel charges	6,331.00	0.10%	6,331.00	10,743.08	0.18%	(4,412.08)

County of Oakland
Radio Communications Fund
Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended September 30, 2014

	2014			Year to Date		Favorable (Unfavorable) Variance
	Amended Budget	Percent of Revenue	Allotment	Actual	Percent of Revenue	
Motor pool	18,201.00	0.29%	18,201.00	32,306.28	0.53%	(14,105.28)
Telephone communications	27,574.00	0.44%	27,574.00	31,088.92	0.51%	(3,514.92)
Total internal services	1,544,565.00	24.59%	1,544,565.00	1,418,352.68	23.36%	126,212.32
Total operating expense	9,520,472.00	151.58%	9,520,472.00	11,560,886.30	190.43%	(2,040,414.30)
Operating income (loss)	(3,239,472.00)	-51.58%	(3,239,472.00)	(5,490,068.74)	-90.43%	(2,250,596.74)
Nonoperating revenues (expenses):						
Planned use of fund balance	3,491,572.00	55.59%	3,491,572.00	-	0.00%	(3,491,572.00)
Income from investments	180,000.00	2.87%	180,000.00	260,679.01	4.29%	80,679.01
Total nonoperating revenues (expenses)	3,671,572.00	58.46%	3,671,572.00	260,679.01	4.29%	(3,410,892.99)
Income (loss) before transfer	432,100.00	6.88%	432,100.00	(5,229,389.73)	-86.14%	(5,661,489.73)
Transfers in	53,900.00	0.86%	53,900.00	52,790.36	0.87%	(1,109.64)
Transfer to Municipalities	-	0.00%	-	(50,000.00)	-0.82%	(50,000.00)
Transfers out	(486,000.00)	-7.74%	(486,000.00)	(486,000.00)	-8.01%	-
Change in net assets	\$ -	0.00%	\$ -	(5,712,599.37)	-94.10%	\$ (5,712,599.37)
Total net assets - beginning				51,331,927.82		
Total net assets - ending				<u>\$ 45,619,328.45</u>		

RADIO COMMUNICATIONS - FUND 53600 Operating Transfers In - Fiscal Year 2014
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Description	Amount
Transfer from General fund, Sheriff's Dept. to Radio Communications fund per Res. 13-224 for an Amendment to Sheriff's contract with Orion Township.	\$ 4,500.00
Transfer from General fund to Radio Communications fund per Res. 13-321 for an Amendment to the Sheriff's contract with the Charter Township of Commerce.	4,500.00
Transfer from General fund to Radio Communications fund per Res. 13-315 for agreement with the City of Auburn Hills to join the Oakland County Narcotics Enforcement Team (NET).	4,500.00
Transfer from General fund to Radio Communications fund per Res. 13-319 for an Amendment to the Sheriff's contract with the Parks & Recreation Commission.	4,500.00
Transfer from General fund to Radio Communications fund per Res. 14-017 for the acquisition of radios for the Sheriff's replacement of the prisoner transportation bus.	11,000.00
Transfer from Competitive Grant for expenditures regarding Holly Dispatch Consolidation per Res. 13-312.	5,490.00
Transfer from Sheriff Office General Fund Contingency per Res. 14-054 to cover the cost of two (2) Prep Portable Hand Held Radios for the Charter Township of Commerce and Parks & Recreation (MR #13319 & MR #13321)	7,000.00
Transfer from Sheriff Restricted Funds Law Enforcement Enhancement per Res. 14-054 to cover the cost of one (1) Prep Portable Hand Held Radio for the Narcotics Enforcement Team (NET)	3,500.00
Transfer from General fund to Radio Communications fund per Res. 14-137 for an Amendment to the Sheriff's contract with the Charter Township of Oakland.	7,800.00
Total	<u>\$ 52,790.00</u>

RADIO COMMUNICATIONS - FUND 53600 Operating Transfers Out - Fiscal Year 2014

Description	Amount
Budgeted Operating Transfer from Radio fund to Info Tech fund for 1st quarter FY 2014 OakNet operation costs regarding the extension of the E911 surcharge approved on Res. 10-076	\$ 59,000.00
Budgeted Operating Transfer from Radio Communications fund to CLEMIS fund for 1st quarter FY 2014 administrative support	50,000.00
Budgeted Operating Transfer from Radio Communications fund to Info Tech fund for 1st quarter FY 2014 Help Desk support	12,500.00
Budgeted Operating Transfer from Radio fund to Info Tech fund for 2nd quarter FY 2014 OakNet operation costs as approved on Resolution 10-076	59,000.00
Budgeted Operating Transfer from Radio Communications fund to CLEMIS fund for 2nd quarter FY 2014 administrative support	50,000.00
Budgeted Operating Transfer from Radio Communications fund to Info Tech fund for 2nd quarter FY 2014 Help Desk support	12,500.00
Budgeted Operating Transfer from Radio fund to Info Tech fund for 3rd quarter FY 2014 OakNet operation costs as approved on on Resolution 10-076	59,000.00
Budgeted Operating Transfer from Radio Communications fund to CLEMIS fund for 3rd quarter FY 2014 administrative support	50,000.00
Budgeted Operating Transfer from Radio Communications fund to Info Tech fund for 3rd quarter FY 2014 Help Desk support	12,500.00
Budgeted Operating Transfer from Radio fund to Info Tech fund for 4th quarter FY 2014 OakNet operation costs as approved on Resolution 10-076	59,000.00
Budgeted Operating Transfer from Radio Communications fund to CLEMIS fund for 4th quarter FY 2014 administrative support	50,000.00
Budgeted Operating Transfer from Radio Communications fund to Info Tech fund for 4th quarter FY 2014 Help Desk support	12,500.00
Total	\$ 486,000.00

RADIO COMMUNICATIONS FUND 53600**Fiscal Year 2014 – 4th Quarter*****Brief Explanation of “Actuals”***

Following are some comments regarding Radio Communications fund's 4th quarter Fiscal Year 2014 financial statements.

STATEMENT OF NET ASSETS

- Radio Communications fund reports all monetary assets as Cash. Available cash is invested and managed by the Treasurer as a pool. The Treasurer's Office allocates interest earned to the participating funds on a monthly basis.
- Due from other governments is the amount due from municipalities for leased equipment.
- Accounts receivable includes \$1,310,000 for accrued E-911 operational surcharge revenue which is paid to the County quarterly. It also includes prepayments of approximately \$385,000. The remaining balance is rent due from antenna site co-locators and amounts due from non-governmental external users for leased equipment.
- Inventories are parts and accessories used to maintain customer equipment and the radio system; including equipment purchased from Harris Corporation for the completion of the radio system.
- Prepaid items are rent paid in advance per the lease agreements for co-location of radio system equipment and maintenance contracts paid in advance.
- Effective FY 2002, the Radio Communications fund was classified as an Enterprise Fund with a capitalization threshold for equipment of \$5,000. The 821 MHz radio system was fully operational on July 1, 2010 and all related asset expenditures for equipment and radio tower structures were originally capitalized with a ten-year life. The useful-lives for all portable and mobile radios were updated in Fiscal Year 2014 to end in 2017, when this equipment will no longer be supported.
- Tower rights are the County's rights to co-locate equipment on towers constructed by the Radio fund on land owned by various municipalities. Ownership of the towers was transferred to the municipalities upon completion of construction in 2010 in exchange for ongoing rights to place radio equipment on those towers.
- Vouchers payable and Accounts payable are accrued fourth quarter expenses and prior year's over-payments by E911 surcharge filers.
- Due to municipalities is the City of Novi's share of lease payments for co-locators on Novi's antenna site.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**Revenues:**

- The Board of Commissioners Resolution 14-071 maintained the E-911 surcharge rate of \$0.20 for the period covering July 1, 2014 through June 30, 2015. The revenue reported for this quarter is based upon the prior three quarter's filings at the same rate.

RADIO COMMUNICATIONS FUND 53600
Fiscal Year 2014 – 4th Quarter
Brief Explanation of “Actuals”

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

- Antenna site management revenue, which is for telecommunications companies that have contracted with Oakland County to place equipment on county-owned towers, is slightly unfavorable. A portion of this unfavorable variance is for one company that was not billed in Fiscal Year 2014. Oakland County's Corporation Counsel is working with this organization to resolve any pending contract issues.
- Parts and accessories and Productive labor revenues are both favorable due to increasing orders for replacement of damaged equipment by participating agencies.
- Outside agency revenue is unfavorable due to fewer than anticipated non-public safety users of the new system within Oakland County departments and outside agencies.
- The prior year's revenue adjustment is for an E911 settlement agreement accepted with AT&T Corporation.
- Refund of prior year's expenditure is a result of billing adjustments. Per Resolution 98-291, fifteen percent of all cash receipts for equipment located on Novi towers is payable to the City of Novi. The expense recognized in prior years for payments due to Novi was corrected. The liability to Novi was reduced by the same amount.

Expenses:

- Salary variance is favorable due to lower than anticipated overtime, on-call payroll and for unfilled positions.
- Fringe benefit variance is favorable because budgeted amounts are based on average fringe benefit cost.
- Adjustment of prior year's expense is for 54% of the prior year's allowable CLEMIS fund expenses not previously recognized.
- Adjustment of prior year's revenue is for an accrual accounting error and prior year's billing adjustments.
- Communications cost is unfavorable due to additional connectivity costs for several cell tower sites.
- Contracted services are for leased space at the Oakland County International Airport.
- Equipment repairs and maintenance expense is unfavorable due to higher than anticipated maintenance costs of the radio system. This amount offsets the favorable Maintenance contract expense.
- Indirect cost expense is based on the County's Indirect Cost allocation. It includes Human Resources, Payroll, Treasurer, Accounting, and Budgeting and Administrative services.
- Maintenance contract expense is favorable due to the elimination of the Advanced Wireless Telecom contract for Open Sky maintenance and support. Maintenance for this equipment is now done in-house.
- Professional services expense is favorable due to the timing of costs relating to the CAD Upgrade project. All expenses related to the CAD project are recognized in Radio fund, while CLEMIS fund capitalizes those costs and receives contributed capital.

RADIO COMMUNICATIONS FUND 53600

Fiscal Year 2014 – 4th Quarter

Brief Explanation of “Actuals”

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

- Software rental, lease purchase is unfavorable due to the purchase of a mapping tool, an upgrade to a device for the CAD system and additional software for the CAD Upgrade project.
- Special projects expense is favorable due to timing of projects.
- Travel and conference expense is favorable due to timing of expenditures and cost-cutting.
- Dry goods and clothing is favorable due to cost-cutting measures.
- Expendable equipment is unfavorable due to the purchase of equipment required for the CAD Upgrade project; which accounts for approximately \$305,000 of this line item's expenses.
- Parts and accessories expense is unfavorable due to additional parts needed to relocate Radio hardware.
- Depreciation is unfavorable due to the reduction of useful-lives for all portable and mobile radios.
- Internal service expense is favorable (overall) based on reduced actual usage. The increased expenses for Motor Pool are for a revision of the Motor Pool rates and an increase in Radio fund's use of Motor Pool vehicles.

Operating Revenues and Expenses:

- Planned use of fund balance represents the amount that is an offset to total revenue to balance Radio fund's fiscal year 2014 budget per Fiscal Services management.
- Income from investments represents the portion of income from cash managed and allocated by the Treasurer's Office to Radio fund.
- Transfers in includes: \$4,500 from the General fund per Resolution 13-224 for costs relating to an Amendment to the Sheriff's contract with Orion Township, \$4,500 from the General fund per Resolution 13-321 for an Amendment to the Sheriff's contract with the Charter Township of Commerce, \$4,500 from the General fund per Resolution 13-315 for an agreement with the City of Auburn Hills, \$4,500 from the General fund per Resolution 13-319 for an Amendment to the Sheriff's contract with the Parks & Recreation Commission, \$11,000 from the General fund per Resolution 14-017 to replace radios on the prisoner transportation bus, \$5,490 from a Competitive Grant for expenditures regarding Holly Dispatch Consolidation per Resolution 13-312, \$7,000 from the Sheriff Office General Fund Contingency per Resolution 14-054, \$3,500 from the Sheriff Restricted Funds Law Enforcement Enhancement per Resolution 14-054 and \$7,800 from the General fund per Resolution 14-137 for an Amendment to the Sheriff's contract with the Charter Township of Oakland.
- Transfer to municipalities is for a PSAP Termination Settlement with the Village of Holly.
- Transfers out includes \$200,000 for administrative support provided by the CLEMIS fund, \$50,00 for Help Desk support provided by the Information Technology fund and \$236,000 to the Information Technology fund for OakNet operation costs as approved on Resolution 10-076.

EXHIBIT B

**County of Oakland
Fire Records Management Fund
Statement of Net Assets
September 30, 2014**

ASSETS

Current assets:

Cash and cash equivalents	\$ 330,954.56
Due from other governments	44,799.63
Accrued interest on investment	1,131.03
Accounts receivable	2,780.25
Prepaid expense	19,143.66
Total current assets	<u>398,809.13</u>

Noncurrent assets:

Equipment	125,141.91
Computer software	409,195.95
Less accumulated depreciation	<u>(532,487.61)</u>
Total capital assets (net of accumulated depreciation)	<u>1,850.25</u>
Total assets	<u>400,659.38</u>

LIABILITIES

Current liabilities:

Vouchers payable	0.00
Due to other funds	<u>0.00</u>
Total current liabilities	<u>0.00</u>

NET ASSETS

Invested in capital assets, net of related debt	1,850.25
Unrestricted	<u>398,809.13</u>
Total net assets	<u><u>\$ 400,659.38</u></u>

County of Oakland
Fire Records Management Fund
Statement of Revenues, Expenses, and Changes in Net Assets
For the Twelve Months Ended September 30, 2014

EXHIBIT B-1

	2014			Year to Date		Favorable (Unfavorable) Variance
	Amended Budget	Percent of Revenue	Allotment	Actual	Percent of Revenue	
Operating revenues:						
Outside agencies	\$ 137,715.00	74.50%	\$ 137,715.00	139,757.50	70.91%	\$ 2,042.50
Participation fees - non-Oakland agencies	30,024.00	16.24%	30,024.00	26,613.00	13.51%	(3,411.00)
Outside agencies-rebilled charges	17,133.00	9.26%	17,133.00	30,694.58	15.58%	13,561.58
Gain of Sale of Equipment	0.00	0.00%	0.00	0.00	0.00%	-
Total operating revenues	184,872.00	100.00%	184,872.00	197,065.08	100.00%	12,193.08
Operating expenses:						
Salaries	259,527.00	140.38%	259,527.00	244,724.70	124.18%	14,802.30
Fringe benefits	182,855.00	98.91%	182,855.00	167,624.69	85.06%	15,230.31
Contractual services:						
Communications	29,000.00	15.68%	29,000.00	10,793.17	5.48%	18,206.83
Equipment repairs and maintenance	1,000.00	0.55%	1,000.00	0.00	0.00%	1,000.00
Indirect costs	50,000.00	27.04%	50,000.00	100,675.00	51.09%	(50,675.00)
Personal mileage	1,000.00	0.55%	1,000.00	0.00	0.00%	1,000.00
Software rental lease purchase	0.00	0.00%	0.00	346.06	0.18%	(346.06)
Software support/maintenance	81,840.00	44.26%	81,840.00	77,644.23	39.40%	4,195.77
Travel and conference	4,000.00	2.16%	4,000.00	0.00	0.00%	4,000.00
Workshops and meeting	-	0.00%	-	0.00	0.00%	-
Total contractual services	166,840.00	90.24%	166,840.00	189,458.46	96.15%	(22,618.46)
Commodities:						
Expendable equipment	7,000.00	3.79%	7,000.00	0.00	0.00%	7,000.00
Depreciation:						
Equipment	0.00	0.00%	0.00	3,700.50	1.88%	(3,700.50)
Total depreciation	0.00	0.00%	0.00	3,700.50	1.88%	(3,700.50)
Internal services:						
Info Tech-CLEMIS	400.00	0.22%	400.00	0.00	0.00%	400.00
Info Tech-development	0.00	0.00%	0.00	4,420.98	2.24%	(4,420.98)
Info Tech-operations	50,156.00	27.13%	50,156.00	54,114.83	27.46%	(3,958.83)
Insurance fund	207.00	0.11%	207.00	206.88	0.10%	0.12
Telephone communications	504.00	0.27%	504.00	643.34	0.33%	(139.34)
Total internal services	51,267.00	27.73%	51,267.00	59,386.03	30.13%	(8,119.03)
Total operating expenses	667,489.00	3.61	667,489.00	664,894.38	3.37	2,594.62
Operating income (loss)	(482,617.00)	-261.05%	(482,617.00)	(467,829.30)	-237.40%	14,787.70
Nonoperating revenues (expenses):						
Planned use of balance	66,472.00	35.96%	66,472.00	0.00	0.00%	(66,472.00)
Income from investments	3,000.00	1.62%	2,000.00	4,279.00	2.17%	2,279.00
Total nonoperating revenues (expenses)	69,472.00	37.58%	68,472.00	4,279.00	2.17%	(64,193.00)
Income (loss) before transfers	(413,145.00)	-223.47%	(414,145.00)	(463,550.30)	-235.23%	(49,405.30)
Transfers in	413,145.00	223.47%	413,145.00	419,272.50	212.76%	6,127.50
Transfers out	0.00	0.00%	0.00	0.00	0.00%	0.00
Change in net assets	\$ 0.00	0.00%	\$ (1,000.00)	(44,277.80)	-22.47%	\$ (43,277.80)
Total net assets - beginning				444,937.18		
Total net assets - ending				\$ 400,659.38		

FIRE RECORDS MANAGEMENT FUND 53100
Fiscal Year 2014 – 4th Quarter
Brief Explanation of “Actuals”

Following are some comments regarding Fire Records Management Fund's 4th quarter FY 2014 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 were current at September 30, 2014.
- 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.
- Noncurrent assets are the servers and software packages. All capital equipment and software except two servers purchased in FY 2012 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 FY 2014.
- Participation fees - non-Oakland agencies is the amount billed to municipalities and agencies outside of Oakland County. The fund billed four non-Oakland County users during the 4th quarter of FY 2014.
- 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).
- Planned use of balance represents the amount use to offset total revenue in order to balance Fire Records Management fund's FY 2014 budget per Fiscal Services management.
- Income from investments is unfavorable due to a higher cash balance than anticipated.
- Transfers in is the amount budgeted and received from the General fund for operating support for Oakland County agencies.

FIRE RECORDS MANAGEMENT FUND 53100
Fiscal Year 2014 – 4th Quarter
Brief Explanation of “Actuals”

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

Expenses:

- Salary variance is favorable due to lower than anticipated on-call payroll.
- Fringe benefit variance is favorable 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 rental/lease purchase is unfavorable due to one-time software license purchases for member agencies, offset by revenue from rebilled charges.
- Software support is favorable due to a decrease in the 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 unfavorable due to equipment that became operational subsequent to the budget projection.
- Info Tech CLEMIS includes amounts that were billed by CLEMIS technicians to service FRMS customers; IT development and operations, Insurance and Telephone communications charges are based on actual usage.

**County of Oakland
CLEMIS Fund
Statement of Net Assets
September 30, 2014**

EXHIBIT C

ASSETS

Current assets:

Cash and cash equivalents	\$ 10,993,082.80
Due from other governments	840,163.26
Accounts receivable	130,762.46
Due from other funds	139,930.00
Accrued interest on investment	11,228.38
Prepaid items	840,820.74
Total current assets	<u>12,955,987.64</u>

Noncurrent assets:

Equipment	11,749,311.05
Equipment - 911	2,554,100.14
Equipment - COPS MORE	23,238,481.21
Equipment - OAKVIDEO	6,472,847.77
Capital projects in progress	2,293,964.70
Less accumulated depreciation	<u>(37,935,231.51)</u>
Total capital assets (net of accumulated depreciation)	<u>8,373,473.36</u>
Total assets	<u>21,329,461.00</u>

LIABILITIES

Current liabilities:

Vouchers payable	43,231.72
Due to municipalities	454,753.00
Due to other funds	0.94
Accounts payable	247,271.96
Deferred income	263,105.39
Total current liabilities	<u>1,008,363.01</u>

NET ASSETS

Invested in capital assets, net of related debt	8,373,473.36
Unrestricted - designated for projects	545,867.63
Unrestricted	11,401,757.00
Total net assets	<u><u>\$ 20,321,097.99</u></u>

County of Oakland
CLEMIS Fund
Statement of Revenues, Expenses, and Changes in Net Assets
September 30, 2014

EXHIBIT C-1

	2014			Year to Date		
	Amended Budget	Percent of Revenue	Allotment	Actual	Percent of Revenue	Favorable (Unfavorable) Variance
Operating revenues:						
In-Car terminals - all other	\$ 1,624,590.00	27.51%	\$ 1,624,590.00	\$ 1,574,540.98	23.10%	\$ (50,049.02)
Service fees	1,201,000.00	20.34%	1,201,000.00	1,018,869.07	14.94%	(182,130.93)
Access fees - non-Oakland	631,117.00	10.69%	631,117.00	695,133.50	10.20%	64,016.50
CLEMIS Crash	425,000.00	7.20%	425,000.00	563,111.00	8.26%	138,111.00
Reimbursement general	350,000.00	5.93%	350,000.00	487,254.90	7.15%	137,254.90
Sheriff contracted services	339,537.00	5.75%	339,537.00	370,871.05	5.44%	31,334.05
Access fees-police depts/other in Oakland County	308,169.00	5.22%	308,169.00	296,553.31	4.35%	(11,615.69)
Maintenance contracts - Mugshot Capture Station	308,000.00	5.22%	308,000.00	299,978.10	4.40%	(8,021.90)
Maintenance contracts - LiveScan	266,883.00	4.52%	266,883.00	261,748.94	3.84%	(5,134.06)
In-car terminals - OC Sheriff	219,612.00	3.72%	219,612.00	231,503.75	3.40%	11,891.75
Rebilled charges	125,000.00	2.12%	125,000.00	178,830.24	2.62%	53,830.24
CLEMIS Citation	100,000.00	1.69%	100,000.00	158,608.26	2.33%	58,608.26
Crime Mapping	5,400.00	0.09%	5,400.00	8,279.32	0.12%	2,879.32
Parts and accessories	1,500.00	0.03%	1,500.00	5,971.88	0.09%	4,471.88
Productive labor	200.00	0.00%	200.00	-	0.00%	(200.00)
CLEMIS Parking	-	0.00%	-	6,455.28	0.09%	6,455.28
Miscellaneous	-	0.00%	-	1,087.15	0.02%	1,087.15
Prior year's revenue	-	0.00%	-	590,088.19	8.66%	590,088.19
Refund prior year's expenditure	-	0.00%	-	68,720.59	1.01%	68,720.59
Sale of equipment	-	0.00%	-	3.00	0.00%	3.00
Total operating revenue:	5,906,008.00	100.00%	5,906,008.00	6,817,608.51	100.00%	911,600.51
Operating expenses:						
Salaries	1,672,767.00	28.32%	1,672,767.00	1,239,043.65	18.17%	433,723.35
Fringe benefits	1,103,182.00	18.68%	1,103,182.00	780,094.44	11.44%	323,087.56
Contractual services:						
Bank charges	8,000.00	0.14%	8,000.00	161,754.17	2.37%	(153,754.17)
Communications	1,000,000.00	16.93%	1,000,000.00	833,252.58	12.22%	166,747.42
Equipment repairs and maintenance	380,000.00	6.43%	380,000.00	108,098.80	1.59%	271,901.20
Freight and express	250.00	0.00%	250.00	606.04	0.01%	(356.04)
Garbage and rubbish disposal	-	0.00%	-	179.78	0.00%	(179.78)
Indirect costs	240,000.00	4.06%	240,000.00	278,029.00	4.08%	(38,029.00)
Membership, dues	750.00	0.01%	750.00	1,116.00	0.02%	(366.00)
Personal mileage	2,500.00	0.04%	2,500.00	2,156.77	0.03%	343.23
Printing	3,000.00	0.05%	3,000.00	1,064.04	0.02%	1,935.96
Professional services	650,000.00	11.01%	650,000.00	1,077,414.44	15.80%	(427,414.44)
Rebillable services	130,000.00	2.20%	130,000.00	324,549.84	4.76%	(194,549.84)
Software rental lease purchase	-	0.00%	-	121,602.72	1.78%	(121,602.72)
Software support/maintenance	650,000.00	11.01%	650,000.00	1,084,221.88	15.90%	(434,221.88)
Travel and conference	6,000.00	0.10%	6,000.00	8,873.16	0.13%	(2,873.16)
Workshops and meeting	1,250.00	0.02%	1,250.00	2,516.23	0.04%	(1,266.23)
Total contractual services	3,071,750.00	52.01%	3,071,750.00	4,005,435.45	58.75%	(933,685.45)
Commodities:						
Dry goods and clothing	1,200.00	0.02%	1,200.00	637.53	0.01%	562.47
Expendable equipment	20,000.00	0.34%	20,000.00	35,443.02	0.52%	(15,443.02)
Forensic Lab enhancement	-	0.00%	-	5,480.00	0.08%	(5,480.00)
Metered postage	287.00	0.00%	287.00	148.22	0.00%	138.78
Office supplies	1,000.00	0.02%	1,000.00	1,746.93	0.03%	(746.93)
Parts and accessories	5,000.00	0.08%	5,000.00	20,174.70	0.30%	(15,174.70)
Printing supplies	500.00	0.01%	500.00	-	0.00%	500.00
Special event supplies	-	0.00%	-	1,016.00	0.01%	(1,016.00)
Total commodities	27,987.00	0.47%	27,987.00	64,646.40	0.95%	(36,659.40)
Depreciation:	1,699,868.00	28.78%	1,699,868.00	2,381,081.21	34.93%	(681,213.21)
Internal services						
Bldg space cost allocation	133,741.00	2.26%	133,741.00	133,740.96	1.96%	0.04
Info Tech - development	417,934.00	7.08%	417,934.00	142,657.13	2.09%	275,276.87
Info Tech - operations	201,436.00	3.41%	201,436.00	203,612.35	2.99%	(2,176.35)
Info Tech - managed print services	-	0.00%	-	8.19	0.00%	(8.19)
Motor pool fuel charges	1,759.00	0.03%	1,759.00	2,162.41	0.03%	(403.41)
Motor pool	10,351.00	0.18%	10,351.00	15,139.01	0.22%	(4,788.01)
Radio communications	600.00	0.01%	600.00	11,961.13	0.18%	(11,361.13)
Telephone communications	18,668.00	0.32%	18,668.00	22,456.96	0.33%	(3,788.96)
Total internal services	784,489.00	13.28%	784,489.00	531,738.14	7.80%	252,750.86
Total operating expense	8,360,043.00	141.55%	8,360,043.00	9,002,039.29	132.04%	(641,996.29)
Operating income (loss)	(2,454,035.00)	-41.55%	(2,454,035.00)	(2,184,430.78)	-32.04%	269,604.22

County of Oakland
CLEMIS Fund
Statement of Revenues, Expenses, and Changes in Net Assets
September 30, 2014

	2014			Year to Date		Favorable (Unfavorable)
	Amended Budget	Percent of Revenue	Allotment	Actual	Percent of Revenue	Variance
Non-operating revenues (expenses):						
Planned use of fund balance	374,849.00	6.35%	374,849.00	-	0.00%	(374,849.00)
Income from investments	35,000.00	0.59%	35,000.00	145,483.59	2.13%	110,483.59
Capital contributions	-	0.00%	-	2,255,765.36	33.09%	2,255,765.36
Gain on exchange of assets	-	0.00%	-	61.97	0.00%	61.97
Total nonoperating revenues (expenses)	409,849.00	6.94%	409,849.00	2,401,310.92	35.22%	1,991,461.92
Income (loss) before transfer	(2,044,186.00)	-34.61%	(2,044,186.00)	216,880.14	3.18%	2,261,066.14
Transfers in	2,044,186.00	34.61%	2,044,186.00	2,044,186.00	29.98%	-
Transfers out	-	0.00%	-	-	0.00%	-
Change in net assets	\$ -	0.00%	\$ -	2,261,066.14	33.17%	\$ 2,261,066.14
Total net assets - beginning				18,060,031.85		
Total net assets - ending				<u>\$20,321,097.99</u>		

STATEMENT OF NET ASSETS

ASSETS

Current Assets:	
Cash - Operating	\$ 10,993,082.80
Accrued Interest on Investments	11,228.38
Accounts Receivable	130,762.46
Due from other governments	840,163.26
Due from other funds	139,930.00
Prepaid Expenses	840,820.74
Total Current Assets	12,955,987.64
Noncurrent Assets:	
Property and Equipment at Cost:	
Equipment	11,717,759.50
Equipment - 911	2,554,100.14
Equipment - COPS MORE	23,264,459.15
Equipment - Oak VIDEO	6,478,421.38
Capital Projects in Progress	2,293,964.70
Accumulated Depreciation	(37,935,231.51)
Property and Equipment - Net	8,373,473.36
TOTAL ASSETS	21,329,461.00

LIABILITIES

Current Liabilities:	
Vouchers Payable	43,231.72
Due to other funds	0.94
Due to municipalities	454,753.00
Accounts Payable	247,271.96
Deferred Income	263,105.39
Total Current Liabilities	1,008,363.01

NET ASSETS

Invested in Capital Assets	8,373,473.36
Unrestricted-designated for projects	545,867.63
Unrestricted	11,401,757.00
Total Net Assets	\$ 20,321,097.99

STATEMENT OF OPERATIONS

	Total Operations	CLEMIS Operations	Oak/Video Operations
Operating Revenues:			
Access fees-Police Depts/Other in Oakland	\$ 296,553.31	\$ 296,553.31	\$ -
Access fees-Non-Oakland County Users	695,133.50	695,133.50	-
In Car Terminals-All Other	1,574,540.98	1,574,540.98	-
In Car Terminals-OC Sheriff	231,503.75	231,503.75	-
Maintenance Contracts - Mugshot Capture Station	299,978.10	299,978.10	-
Maintenance Contracts - LiveScan	261,748.94	261,748.94	-
Service Fees	1,018,869.07	1,018,869.07	-
Sheriff Contracted Services	370,871.05	370,871.05	-
CLEMIS Citation	158,608.26	158,608.26	-
CLEMIS Crash	563,111.00	563,111.00	-
CLEMIS Parking	6,455.28	6,455.28	-
Parts and accessories	5,971.88	5,971.88	-
Miscellaneous	1,087.15	1,087.15	-
Rebilled Charges	178,830.24	178,830.24	-
Reimb General	487,254.90	487,254.90	-
Crime Mapping	8,279.32	8,279.32	-
Gain on Sale of Equipment	64.97	3.00	61.97
Refund prior year expenditure	68,720.59	68,720.59	-
Prior year's revenue	590,088.19	590,088.19	-
Income from Investments	145,483.59	136,619.72	8,863.87
Capital Contributions	2,255,765.36	1,527,212.64	728,552.72
Operating Transfers In	2,044,186.00	1,644,186.00	400,000.00
TOTAL REVENUES	11,263,105.43	10,125,626.87	1,137,478.56
Operating Expenses:			
Salaries	1,239,043.65	1,094,394.25	144,649.40
Fringe Benefits	780,094.44	691,690.47	88,403.97
Auction Expense	-	-	-
Bank Charges	161,754.17	161,754.17	-
Communications	833,252.58	833,252.58	-
Equipment Repairs & Maintenance	108,098.80	33,837.73	74,261.07
Forensic Lab Enhancement	5,480.00	5,480.00	-
Freight & Express	606.04	582.40	23.64
Garbage and rubbish disposal	179.78	179.78	-
Indirect Costs	278,029.00	278,029.00	-
Membership Dues & Publications	1,116.00	1,116.00	-
Personal Mileage	2,156.77	75.00	2,081.77
Printing	1,064.04	1,064.04	-
Professional Services	1,077,414.44	945,504.50	131,909.94
Rebillable Services	324,549.84	324,549.84	-
Software Rental Lease Purchase	121,602.72	121,602.72	-
Software Support/Maintenance	1,084,221.88	1,084,221.88	-
Travel and Conference	8,873.16	8,873.16	-
Workshops and Meetings	2,516.23	2,501.55	14.68
Dry Goods and Clothing	637.53	637.53	-
Expendable Equipment	35,443.02	35,443.02	-
Metered Postage	148.22	148.22	-
Office Supplies	1,746.93	1,746.93	-
Parts & Accessories	20,174.70	19,214.37	960.33
Depreciation	2,381,081.21	2,059,241.10	321,840.11
Bldg. Space Cost Allocation	133,740.96	133,740.96	-
Special Event Supplies	1,016.00	1,016.00	-
Info. Tech. - Development	142,657.13	142,657.13	-
Info. Tech. - Operations	203,612.35	203,612.35	-
Info. Tech - Managed Print Services	8.19	8.19	-
Motor Pool	15,139.01	15,139.01	-
Motor Pool Fuel Charges	2,162.41	2,162.41	-
Radio Communications	11,961.13	11,961.13	-
Telephone Communications	22,456.96	22,456.96	-
TOTAL EXPENSES	9,002,039.29	8,237,894.38	764,144.91
NET INCOME (LOSS)	2,261,066.14	1,887,732.49	373,333.65
NET ASSETS, OCTOBER 1, 2013	18,060,031.85	17,195,263.71	864,768.14
NET ASSETS, SEPTEMBER 30, 2014	\$ 20,321,097.99	\$ 19,082,996.20	\$ 1,238,101.79

<p align="center">CLEMIS - FUND 53500 Operating Transfers In - Fiscal Year 2014</p>
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Description	Amount
Budgeted Operating Transfer from General fund to CLEMIS fund for 1st quarter FY 2014 operating support	\$ 361,046.50
Budgeted Operating Transfer from General fund to CLEMIS fund for 1st quarter FY 2014 OakVideo operating support	100,000.00
Budgeted Operating Transfer from Radio Communications fund to CLEMIS fund for 1st quarter FY 2014 administrative support	50,000.00
Budgeted Operating Transfer from General fund to CLEMIS fund for 2nd quarter FY 2014 operating support	361,046.50
Budgeted Operating Transfer from General fund to CLEMIS fund for 2nd quarter FY 2014 OakVideo operating support	100,000.00
Budgeted Operating Transfer from Radio Communications fund to CLEMIS fund for 2nd quarter FY 2014 administrative support	50,000.00
Budgeted Operating Transfer from General fund to CLEMIS fund for 3rd quarter FY 2014 operating support	361,046.50
Budgeted Operating Transfer from General fund to CLEMIS fund for 3rd quarter FY 2014 OakVideo operating support	100,000.00
Budgeted Operating Transfer from Radio Communications fund to CLEMIS fund for 3rd quarter FY 2014 administrative support	50,000.00
Budgeted Operating Transfer from General fund to CLEMIS fund for 4th quarter FY 2014 operating support	361,046.50
Budgeted Operating Transfer from General fund to CLEMIS fund for 4th quarter FY 2014 OakVideo operating support	100,000.00
Budgeted Operating Transfer from Radio Communications fund to CLEMIS fund for 4th quarter FY 2014 administrative support	50,000.00
Total	\$ 2,044,186.00

CLEMIS FUND 53500
Fiscal Year 2014 – 4th Quarter
Brief Explanation of “Actuals”

EXHIBIT C-4

Following are some comments regarding CLEMIS fund’s 4th quarter FY 2014 financial statements.

STATEMENT OF NET ASSETS

- CLEMIS fund reports all monetary assets as Cash. Available cash is invested, managed and distributed by the Treasurer’s Office.
- Due from Other Governments and Accounts Receivable include CLEMIS member fees and Crash charges through September 2014.
- Prepaid items are amounts paid in advance for contracted hardware and software support.
- Capital Projects in Progress are the amounts expended through September 2014 for Radio Fund’s CAD Upgrade project, the Mugshot Upgrade project, CLEAR project and SAN Implementation.
- Vouchers Payable and Accounts Payable include expenses accrued through September 2014.
- Due to Municipalities is the amount of revenue sharing for Citation and Crash through September 2014 that will be distributed to participating CLEMIS agencies.
- Deferred Income includes amounts billed in advance for LiveScan Maintenance, Mugshot Investigative Software Maintenance and LeadsOnline.
- Unrestricted – Designated for Projects is the balance of funds received for future expenditures pertaining to E911 (\$215,319.86), the Jail Management System (\$233,198.95) and Forensic Lab (\$97,348.82).

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Revenues:

- In-Car Terminals–All Other revenue is unfavorable due to an actual MDC count which is lower than the projected count used for budgeting.
- Service Fees revenue includes the amounts charged to Radio fund for MDC/CAD/911 support costs for Oakland County agencies.
- Access Fees non-Oakland user’s revenue is favorable due to an actual FTE count which is higher than the projected count used for budgeting.
- Reimbursement General is favorable because billings are higher than budgeted for CLEMIS billable staff supporting Sheriff Projects through September 2014.
- Sheriff Contracted Services revenue is based on the actual FTE count for the OCSD and other OC Non-Emergency Departments that utilize CLEMIS services.
- Access Fees revenue for Police Departments and other agencies in Oakland County are unfavorable due to an actual FTE count which is lower than the budget projection.
- Maintenance Contracts revenue for both Mugshot and Livescan is unfavorable due to a decrease in the volume of agency owned equipment out of warranty that was not included in the budget projection.
- In-Car Terminals–OC Sheriff revenue is favorable due to an actual MDC count which is slightly higher than the projected count used for budgeting.
- Rebilled Charges are favorable due in large part to LeadsOnline, which accounts for approximately \$58,000 of this revenue line item. CLEMIS began billing for this product in the second quarter of the current fiscal year. Also included are amounts billed to Tier 2.5 and 3.0 agencies for connectivity costs, which are offset by the Rebillable services expense.

CLEMIS FUND 53500
Fiscal Year 2014 – 4th Quarter
Brief Explanation of “Actuals”

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

- CLEMIS Citation revenue is favorable due to increased usage by Oakland and non-Oakland agencies.
- Crime Mapping is an application used to keep citizens informed of crimes in their communities and to assist with law enforcement.
- CLEMIS Parking is an application used by member agencies to issue parking citations via hand-held devices.
- Prior Year’s revenue is for 54% of the prior year’s allowable expenses reimbursed by the Radio Fund (not previously recognized) and unreported Crash credit card revenue.
- Refund of Prior Year’s expenditure includes a credit for a prior year’s over-charged services and a reimbursement of funds previously paid by CLEMIS for grant-funded allowable expenses.

Expenses:

- Salaries and Fringe Benefits are favorable due to vacancies and underfilled positions.
- Bank Charges are unfavorable due to PayPal service costs which are greater than budgeted. The service allows on-line processing and payment of CLEMIS Citation and Crash transactions.
- Communications expense was reduced by approximately \$111,000. This amount was added to the Rebillable services line item, as CLEMIS rebills for connectivity costs.
- Equipment Repairs & Maintenance expense is favorable due to actual maintenance costs being lower than the budget projection.
- 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.
- Printing expense is favorable due to cost-cutting efforts.
- Professional Services expense is unfavorable because contracted service costs for the development of CLEMIS enhancement projects are no longer offset by grant funding. Approximately \$132,000 of this overage will be reimbursed by the Building Authority fund for OakVideo development costs and will appear as Contributed Capital. Development costs for other CLEMIS projects are expensed as incurred.
- Rebillable Services expense is unfavorable as the budget projection does not include the expense for LeadsOnline. This amount offsets Rebilled Charges revenue.
- Software Rental Lease Purchase is unfavorable due to expenses beyond budget projections. A portion of this expense (\$17,250) is for TalonPoint software and support, which is used to connect to the Michigan Law Enforcement Information Network (LEIN). Funds previously held in the unrestricted reserve for the Jail Management System were utilized for the TalonPoint purchase.
- Software Support and Maintenance is unfavorable due to a change in accounting procedure and low budget expectations.
- Expendable Equipment is unfavorable due to higher than anticipated actual costs.
- Forensic Lab Enhancement is for software installed in the Forensic Lab; funds previously received and held in the unrestricted reserve for Forensic Lab were utilized.
- Parts and Accessories cost is unfavorable due to higher than anticipated non-billable parts purchased.
- Depreciation expense is unfavorable due to additional equipment not included in the original budget projection.

CLEMIS FUND 53500
Fiscal Year 2014 – 4th Quarter
Brief Explanation of “Actuals”

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

- Internal service charges are favorable, as actual usage was less than budget projections.

Non-Operating Revenues and Expenses:

- Planned use of fund balance represents the amount that is an offset to total revenue to balance CLEMIS fund's FY 2014 budget per Fiscal Services management.
- Income from Investments is the income allocated and distributed by the Treasurer's Office.
- Capital Contributions revenue is the amount of contributions from Radio fund for the CAD Upgrade Project and from the General fund approved by Building Authority for the OakVideo Replacement Project.
- Transfers in includes: \$200,000 from the Radio fund for CLEMIS administrative support of the radio system, \$1,444,186 from the General fund for FY 2014 operational support and \$400,000 from the General fund for OakVideo operational support.