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TO: CLEMIS Advisory Board
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FROM: Bob Daddow 

SUBJECT: CLEMIS Funds – Financial Statements and Schedules for
The Quarter Ended December 31, 2016

DATE: February 21, 2017

This letter of transmittal covers the following fund financial statements as of and for the quarter ended December 31, 2016 for the Radio Communications, Fire Records Management System and CLEMIS Operating Funds.

RADIO COMMUNICATIONS FUND

The following financial statements are attached as of and for the quarter ended December 31, 2016 for the Radio Communications Fund.:

- Statement of Net Position (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 Position (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 into the Fund were largely for the acquisition of individual portable and mobile radios (\$99,264). The operating transfers out of \$486,000 involved the reimbursement of the Information Technology and CLEMIS Funds for administrative and communications services.
- 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 April 1, 2016; such memorandum was used in the establishment of the July 1, 2016 to June 30, 2017 operating surcharge and is incorporated within this memorandum by reference. Within the next month, detailed analyses of the capital projects' financial status, future funding needs and available funding will be conducted in connection with the operating fee recommendations to cover the period July 1, 2017 to June 30, 2018 (required annually in accordance with the underlying state statutes).

The April 1, 2016 memorandum included a significant discussion of the status of the planned radio projects requiring capital funds and the Radio Communication Fund's ability to cover those project costs now and into the future. The conclusions in that memorandum generally remain unchanged, but will be addressed more fully in the coming capital need and funding memorandum several weeks hence.

The Board of Commissioners acted on the recommendations in the April 1, 2016 memorandum and set the FY-2017 operating surcharge beginning July 1, 2016 at \$.28 (the same rate as used in the FY-2016 period).

At present, the radio communication system has 55 towers (County owned, locally owned by governmental units within the County or leased space from private vendors), 1,861 mobile radios and 4,343 portable radios in use. Radio consoles are located in 18 public safety dispatch centers (PSAPs) throughout Oakland County. There are 15 hospital emergency rooms using the County's radio communication system and a number of private ambulance companies as well. Non-public safety units use the County's radio system for a monthly operating fee.

Comments on the status of significant planned projects and preliminary funding follow:

- **Radio Consoles:** the radio console replacement has the highest priority as the consoles are no longer being sold and the County is relying on the parts it can scavenge in the market or those that can be obtained as the PSAPs consolidate with one another. The equipment is a critical component of communications and is aging rapidly. Unfortunately, the decision relating to the consoles is entirely dependent upon the direction of the replacement of the mobiles, portables and radio frequency infrastructure (e.g. tower equipment) still pending.

Replacement is planned for late FY-2017 or early FY-2018. An estimated cost for the radio console replacements could approach \$6 million to \$8 million, depending upon the number of dispatch centers remaining in Oakland County at the time of replacement (shortly to be 18 in the County). The console cost has been reviewed by an outside consultant assisting in the evaluation of the alternatives under consideration relating to the equipment replacement noted above.

At December 31, 2016 the unreserved equity-designated for projects includes \$6.25 million set aside to address the console replacement. As discussed subsequently, given that the ESINet project is now in its deployment phase and will be completed this summer, it is unlikely that any immediate consolidation of dispatch centers will occur to mitigate the console needs.

- **Mobile / Portable Radios and Tower Equipment:** County administration was notified in 2013 that the radio communications vendor will no longer support the current version of the OpenSky mobile and portable radios and underlying infrastructure after calendar year 2017. While the County administration received notification that the current 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, other governments seek federal / state assistance and/or bring pressure on the vendor to delay the actual end-of-life date until their funding issues can be resolved.

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 of the equipment itself suggests that the actual replacement period could be delayed, from 2018 and beyond, particularly for the mobile units which have shown virtually no failure rates (absent vehicle accidents) over the past decade. While the vendor considers the equipment at that point to be 'end-of-life', the equipment is still functional and could be used for several years thereafter on the current platform, as well as the tower equipment. While the mobile units will need replacement, the replacement may be able to be delayed longer than originally anticipated.

A contractor was secured to assess the alternative radio systems available in the market today given the sizable investment facing the County in the replacement of the consoles, mobile / portable radios, tower equipment, and other related equipment. A draft of the contractor's report has been received and provides guidance as to whether the County remains with the Harris OpenSky, Motorola P25 Phase 1 (State is on Phase I) or Phase II (IP-based, TDMA, two-track system), or considers other potential radio systems on the market today.

The draft consultant's report is being reviewed, both programmatically and financially, and will be a significant component to the discussions related to the fees considered for July 1, 2017 to June 30, 2018. However, out the abundance of caution, the consultant has used list prices (County gets discounts), has not identified timing for replacement, includes mobile replacement currently which could be delayed and used a 7-year life expectancy (by the time the current equipment is replaced it will be more than a dozen years in use) and other matters, the Radio Shop and DMB are taking time to consider these matters for budget purposes and timing of replacement.

Then consultant did note, however, that the County is not on the current software version of the Harris equipment and has not been for several years. Should the County be required to upgrade the software, the complexity of doing so is substantial given the radio system must be on line 24 x 7. The upgrade may require portions of the radio system's functionality to be taken off-line during this upgrade process. A cut-over plan for that effort would have to be carefully planned and executed; such plan has yet to be developed.

The County has restricted equity relating to depreciation in the net amount of \$10,233,584 as of December 31, 2016. Additional funds of perhaps \$10.0 million to \$15.0 million over the next 3 to 4 years may be required to ensure that there are sufficient available resources to fully replace the mobile and portable radios and tower equipment beginning in FY-2018 with an anticipated completion projected circa FY-2021.

At present and discussed subsequently, the operating surcharge may be able to fund the replacement of these radios or, alternatively, bonding may be required (as outlined in the April 1, 2016 memorandum). The determination of the alternative funding course for this project will be made in connection with the financial analysis conducted in spring 2017 for the 2018 operating surcharge rate being charged starting July 1, 2017. The financial analysis of the consultant's report is pending and will be necessary to complete the fee analysis as well.

- **NG-911 Project Needs (ESInet):** in FY-2010 the infrastructure equipment was nearing obsolescence and parts were becoming increasingly scarce from the vendor or other sources; such equipment was replaced with digital equipment at that time. Unlike older telephony-based call-taking equipment, new 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 (an issue of note when considering the replacement of this equipment and the assembling the funding to do so in the next half dozen years).

The County is installing a local NG-911 ESInet (Emergency Services IP network) through a leased commercial network, as the present 911 network provider gradually migrates away from the legacy copper-wire trunks installed in 1963.

The PFN network has been installed and is being reviewed and tested by the County's Information Technology network team. The first PSAP to be using the system will be the City of Southfield with a 'go-live' date of roughly February 2017. Novi, Royal Oak and Ferndale are being trained in late February with a 'go live' date in early March. Other PSAPs will follow shortly thereafter with a completion date of the summer of 2017.

As described in the April 1, 2016 memorandum, PFN has proposed the significant cost recovery from the State and Technical Surcharge pool. At this time, the actual cost of the ESInet cannot be determined until such time as that cost

recovery is approved by the Michigan Public Services Commission, in part or in whole, or denied. If approved by the State, a separate technical surcharge *outside the Board of Commissioner approval* would be required of the Michigan Public Services Commission that would fund this project, in whole or part. The County is striving to complete the project in order to submit completed cost information in the County's build-out within the State's current fiscal year.

However, given the underlying State and Technical Surcharge pool is presently fiscally stressed, to do so will require the State Legislature to increase the current \$.19 per month per device State surcharge to the maximum amount of \$.25 per month per device or consider an alternative funding source (e.g. prepaid telephone card fees which have been assessed but the State has not actively pursued in their collection of local sales points). The State Legislature did not address the increase in fees in the 'lame duck' session and closed the session without acting on this matter.

At December 31, 2016, \$2,874,961 has been restricted for the ESInet project with \$1,322,284 having been spent to date (net - \$1,552,677 available).

- **WAN Upgrade** – equipment relating to the County's Wide Area Network applicable to radio operations will be necessary and equity has been restricted of \$350,000 at December 31, 2016.

Comments concerning the financial information follow:

- The Fund has approximately \$21.0 million in cash, investments and receivables, net of liabilities and excluding prepaid expenses and inventories at December 31, 2016 (\$20.7 million at September 30, 2016).
- The ending equity has been classified as 'unrestricted – designated for projects' in the amount of \$20,386,262 as of December 31, 2016 with the following components:
 - Funding of depreciation: \$12,233,584 has been set aside currently in equity to be used towards mobile and portable radio and tower equipment replacement.
 - Console replacement - \$6,250,000 for console equipment replacement.
 - ESInet equipment and related costs - \$1,552,676 (\$2,874,961, net of expenses to date of \$1,322,284).
 - WAN upgrade - \$350,000.

The City of Southfield has requested that the County assist in acquiring its portable and mobile radios (at an estimated cost of \$800,000). Southfield did not join the radio communications system at the time offered in the early 2000s and is not presently using

the Harris radios today. Converting Southfield to the Harris radio system has some serious barriers not least of which is securing adequate, interference-free frequencies to accommodate them and replacing a fairly extensive local bi-directional radio system in many of the high-rise units within the City. The City's residents have been funding the operating surcharge since its inception. The final resolution of this matter is pending.

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 December 31, 2016:

- 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 operations.
- Brief Explanations (Exhibit B-2). This exhibit provides explanations of matters included in the financial statements noted above.

The operating transfer in from the County's General fund for the first quarter of FY-2017 was \$106,887. The operating transfer in helps covers the Fund's operating costs for FY-2016.

Comments on the FRMS financial statements follow:

- The balance sheet reflects cash, investments and similar liquid assets (excluding prepaid expenses), net of amounts owed, of roughly \$881,762.
- The originally acquired equipment is fully depreciated with the only significant capital asset with value being the construction in progress for the re-write of the fire system. During the past quarter, the FRMS Fund incurred \$55,879 in consulting costs recorded in the capital projects in progress account.

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 will maintain the same technical standards of other CLEMIS law enforcement systems 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 the first FY-2016 quarter, an additional operating transfer into the FRMS was provided by the County's General Fund in the amount of \$716,252 towards the funding of the replacement of the existing software package; such amount has been reflected as unrestricted in the balance sheet. Of this amount, \$315,849 remains available in the FRMS Fund for the re-write of the fire system. An additional amount remains in the

County's General Fund as a contingency of approximately \$200,000 should added programming be necessary.

CLEMIS OPERATING FUND

The following financial statements and schedules are attached as Exhibit C for the CLEMIS Operating Fund as of and for the quarter ended December 31, 2016:

- Statement of Net Position (Exhibit C).
- Statement of Revenues, Expenses, and Changes in Net Position (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 regional CLEMIS and OAKVideo Operations (e.g. video conferencing that operate only within the geographic boundaries of Oakland County). OAKVideo is funded by an appropriation of \$100,000 quarterly (\$400,000 annually) by the County's General Fund.
- Operating Transfers In - the schedule includes the budgeted quarterly operating transfer in from the County's General Fund as appropriated by the Board of Commissioners of \$361,046 (or \$1,444,186 annually, the same as prior years). There are quarterly transfers in of \$100,000 from the County's General Fund (\$400,000 annually, the same as prior years) for OAKVideo operations. There were no operating transfers out.
- 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 \$11.9 million in cash, investments and similar liquid assets, excluding prepaid expenses at December 31, 2016 and less current liabilities (September 30, 2016 - \$12.0 million, unchanged). The unrestricted equity is roughly equivalent to the net cash and liquid asset position.
- The computer-aided dispatch system development of \$3.5 million has largely been completed and is now actively being deployed. Development funding was paid by the Radio Communications Fund through March 2016. Any residual amounts requiring deployment, enhancements and / or bug-fixes are being covered by the CLEMIS Operating Fund.
- The Fund's equity amounts to \$17.6 million as of December 31, 2016 (at September 30, 2016 - \$17.9 million) and is composed of the equipment acquired through the COPS MORE grant and other recent equipment acquisitions net of accumulated depreciation of \$4,920,413. The December 31, 2016 equity also

includes designations for two projects: maintenance of the Jail Management System (\$171,969) and an amount of \$215,319 relating to 9-1-1 projects funded by the County's General Fund. The remaining unrestricted amount is \$12,272,985.

- 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 (most of which would be substantially depreciated through December 31, 2016). The aggregate balance of fixed assets in this Fund is \$42.1 million, with \$37.2 million of accumulated depreciation against the cost, or roughly 88.4% fully depreciated (generally meaning that this equipment is nearing end of life).

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.

**Radio Communications Fund
Statement of Net Position
December 31, 2016**

EXHIBIT A

ASSETS

Current assets:

Cash and cash equivalents	\$ 19,843,477.11
Accrued interest on investment	114,086.66
Due from other governments	22,082.28
Accounts receivable	1,357,778.68
Inventories	301,887.05
Prepaid items	181,772.01
Total current assets	<u>21,821,083.79</u>

Non-current assets:

Capital projects in progress	1,681,482.23
Tower rights	8,585,770.20
Equipment	27,708,260.04
Structures	12,831,806.50
Less accumulated depreciation	<u>(34,294,433.25)</u>
Total capital assets (net of accumulated depreciation)	<u>16,512,885.72</u>
Total assets	<u>38,333,969.51</u>

LIABILITIES

Current liabilities:

Vouchers payable	52,067.33
Due to municipalities	9,917.86
Accounts payable	83,377.71
Unearned revenue	231,550.90
Total current liabilities	<u>376,913.80</u>
Total liabilities	<u>376,913.80</u>

NET POSITION

Net Investment in capital assets	16,512,885.72
Unrestricted-designated for projects	20,386,261.80
Unrestricted	1,057,908.19
Total net position	<u>\$ 37,957,055.71</u>

County of Oakland
Radio Communications Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the Three Months Ended December 31, 2016

	2017			Year to Date		Favorable (Unfavorable) Variance
	Amended Budget	Percent of Revenue	Allotment	Actual	Percent of Revenue	
Operating revenues:						
E 911 Surcharge - Radio system	\$ 6,600,000.00	88.76%	\$ 1,650,000.00	\$ 1,633,460.71	85.32%	\$ (16,539.29)
Antenna site management	300,000.00	4.03%	75,000.00	77,183.64	4.03%	2,183.64
Leased equipment	230,788.00	3.10%	57,697.00	61,654.50	3.22%	3,957.50
Parts and accessories	220,000.00	2.96%	55,000.00	72,311.78	3.78%	17,311.78
Outside agencies	65,000.00	0.87%	16,250.00	16,960.52	0.89%	710.52
Productive labor	20,000.00	0.27%	5,000.00	7,669.94	0.40%	2,669.94
Prior year's adjustments	-	0.00%	-	40,133.71	2.10%	40,133.71
Refund of prior year's expenditure	-	0.00%	-	5,192.29	0.27%	5,192.29
Total operating revenue:	7,435,788.00	100.00%	1,858,947.00	1,914,567.09	100.00%	55,620.09
Operating expenses:						
Salaries	673,142.00	9.05%	168,285.50	146,793.00	7.67%	21,492.50
Fringe benefits	387,813.00	5.22%	96,953.25	74,553.77	3.89%	22,399.48
Contractual services:						
Adjustment of prior year's revenue	-	0.00%	-	34,469.90	1.80%	(34,469.90)
Communications	400,000.00	5.38%	100,000.00	119,254.11	6.23%	(19,254.11)
Contracted services	-	0.00%	-	900.00	0.05%	(900.00)
Electrical service	100,000.00	1.34%	25,000.00	15,555.46	0.81%	9,444.54
Equipment maintenance	325,000.00	4.37%	81,250.00	44,723.47	2.34%	36,526.53
Freight and express	8,500.00	0.11%	2,125.00	739.80	0.04%	1,385.20
Indirect costs	204,000.00	2.74%	51,000.00	55,137.75	2.88%	(4,137.75)
Laundry and cleaning	700.00	0.01%	175.00	133.95	0.01%	41.05
Membership, dues	1,000.00	0.01%	250.00	-	0.00%	250.00
Personal mileage	3,500.00	0.05%	875.00	1,023.75	0.05%	(148.75)
Printing	500.00	0.01%	125.00	-	0.00%	125.00
Professional services	650,000.00	8.74%	162,500.00	3,413.64	0.18%	159,086.36
Rebillable services	500.00	0.01%	125.00	589.90	0.03%	(464.90)
Software rental lease purchase	30,000.00	0.40%	7,500.00	-	0.00%	7,500.00
Software support maintenance	1,348,588.00	18.14%	337,147.00	33,468.00	1.75%	303,679.00
Special projects	40,000.00	0.54%	10,000.00	-	0.00%	10,000.00
Tower charges	477,831.00	6.43%	119,457.75	103,851.02	5.42%	15,606.73
Training	75,000.00	1.01%	18,750.00	-	0.00%	18,750.00
Travel and conference	22,500.00	0.30%	5,625.00	200.00	0.01%	5,425.00
Workshops and meeting	100.00	0.00%	25.00	-	0.00%	25.00
Total contractual services	3,687,719.00	49.59%	921,929.75	413,460.75	21.60%	508,469.00
Commodities:						
Dry goods and clothing	1,900.00	0.03%	475.00	959.00	0.05%	(484.00)
Expendable equipment	100,788.00	1.38%	25,197.00	808.90	0.04%	24,388.10
Metered postage	126.00	0.00%	31.50	-	0.00%	31.50
Office supplies	5,000.00	0.07%	1,250.00	474.05	0.02%	775.95
Parts and accessories	200,000.00	2.69%	50,000.00	60,547.55	3.16%	(10,547.55)
Shop supplies	12,000.00	0.16%	3,000.00	3,823.20	0.20%	(823.20)
Small tools	5,000.00	0.07%	1,250.00	632.51	0.03%	617.49
Total commodities	324,814.00	4.37%	81,203.50	67,245.21	3.51%	13,958.29
Depreciation:						
Equipment, structures and tower rights	7,182,376.00	96.59%	1,795,594.00	1,465,743.87	76.56%	329,850.13
Internal services:						
Building space cost allocation	34,377.00	0.46%	8,594.25	8,594.25	0.45%	-
Info Tech CLEMIS	900,000.00	12.10%	225,000.00	70,434.00	3.68%	154,566.00
Info Tech Development	-	0.00%	-	166.50	0.01%	(166.50)
Info Tech Operations	220,938.00	2.97%	55,234.50	82,893.86	4.33%	(27,659.36)
Info Tech Managed Print Services	1,206.00	0.02%	301.50	279.41	0.01%	22.09
Insurance Fund	17,496.00	0.24%	4,374.00	-	0.00%	4,374.00
Maintenance Department Charges	35,000.00	0.47%	8,750.00	2,682.83	0.14%	6,067.17
Motor Pool fuel charges	10,000.00	0.13%	2,500.00	1,459.58	0.08%	1,040.42
Motor Pool	37,500.00	0.50%	9,375.00	8,938.84	0.47%	436.16
Telephone Communications	30,515.00	0.41%	7,628.75	6,998.45	0.37%	630.30
Total internal services	1,287,032.00	17.31%	321,758.00	182,447.72	9.53%	139,310.28
Total operating expense	13,542,896.00	182.13%	3,385,724.00	2,350,244.32	122.76%	1,035,479.68
Operating income (loss)	(6,107,108.00)	-82.13%	(1,526,777.00)	(435,677.23)	-22.76%	1,091,099.77

County of Oakland
Radio Communications Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the Three Months Ended December 31, 2016

	2017			Year to Date		Favorable (Unfavorable) Variance
	Amended Budget	Percent of Revenue	Allotment	Actual	Percent of Revenue	
Non-operating revenues (expenses):						
Planned use of fund balance	6,247,508.00	84.02%	1,561,877.00	-	0.00%	(1,561,877.00)
Income from investments	180,000.00	2.42%	45,000.00	52,903.07	2.76%	7,903.07
Transfer to municipalities	50,000.00	0.67%	12,500.00	-	0.00%	12,500.00
Total non-operating revenues (expenses)	6,477,508.00	87.11%	1,619,377.00	52,903.07	2.76%	(1,566,473.93)
Income (loss) before transfer	370,400.00	4.98%	92,600.00	(382,774.16)	-19.99%	(475,374.16)
Transfers in	15,600.00	0.21%	3,900.00	15,600.00	0.81%	11,700.00
Transfers out	(286,000.00)	-3.85%	(71,500.00)	(71,500.00)	-3.73%	-
Change in net position	\$ 100,000.00	1.34%	\$ 25,000.00	(438,674.16)	-22.91%	\$ (463,674.16)
Net Position - beginning				38,395,729.87		
Net Position - ending				<u>\$ 37,957,055.71</u>		

EXHIBIT A-2**RADIO COMMUNICATIONS - FUND 53600**
Operating Transfers In - Fiscal Year 2017

Description	Amount
Transfer from the General Fund, Sheriff's Dept. to Radio Communications Fund per Res. 16-264 for Sheriff's contract with Lyon Township	7,800.00
Transfer from the General Fund, Sheriff's Dept. to Radio Communications Fund per Res. 16-339 for Sheriff's contract with Commerce Township	7,800.00

Total	\$	15,600.00
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RADIO COMMUNICATIONS - FUND 53600 Operating Transfers Out - Fiscal Year 2017

Description	Amount
Budgeted Operating Transfer from Radio fund to Info Tech fund for 1st quarter FY 2017 OakNet operation costs.	\$ 59,000.00
Budgeted Operating Transfer from Radio Communications fund to Info Tech fund for 1st quarter FY 2017 Help Desk support	12,500.00
Total	\$ 71,500.00

RADIO COMMUNICATIONS FUND 53600
Fiscal Year 2017 – 1st Quarter
Brief Explanation of “Actuals”

Following are some comments regarding Radio Communications fund's 1st quarter Fiscal Year 2017 financial statements.

STATEMENT OF NET POSITION

- 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 \$1,285,000 for accrued E-911 operational surcharge revenue which is paid to the County quarterly. The remaining balance is prepaid rent and rent due from antenna site co-locators, amounts due from non-governmental external users for leased equipment and anticipated amounts due for rebanding efforts.
- Inventories are parts and accessories used to maintain customer equipment and the radio system; including equipment purchased 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 advanced maintenance contract payments.
- 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 1st quarter expenses and prior year's over-payment 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 as set forth in the Board of Commissioners Resolution 98-291.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Revenues:

- The Board of Commissioners Resolution 16-091 maintained the E-911 surcharge rate of \$0.28 for the period covering July 1, 2016 through June 30, 2017. The revenue reported for this quarter is based upon current estimated surcharge filings.
- Antenna site management revenue is for telecommunications companies that have contracted with Oakland County to place equipment on county-owned towers.
- The favorable variance for Parts and Accessories indicates higher than anticipated radio equipment repair requests.
- Productive labor revenue is higher than anticipated due to increased demand for service and reimbursement from CLEMIS for work performed by Radio technical staff on CLEMIS work orders.
- Prior year's adjustment is related to transactions that should have been recorded in FY 2016.

RADIO COMMUNICATIONS FUND 53600
Fiscal Year 2017 – 1st Quarter
Brief Explanation of “Actuals”

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

- Refund of a prior year's expenditure is for communications expense credits received that relate to FY 2016.

Expenses:

- Salary and Fringe Benefit variances are favorable due to lower than anticipated overtime, on-call hours and un-filled positions.
- Adjustment of prior year's revenue is to adjust the anticipated rebanding revenue previously recognized.
- Communications cost is unfavorable due to higher than anticipated cell tower connectivity costs.
- Contracted services are for leased space at the Oakland County International Airport.
- Equipment maintenance is lower than expected due to the timing of services.
- Indirect cost expense is based on the County's Indirect Cost allocation. It includes Human Resources, Payroll, Treasurer, Accounting, and Budgeting and Administrative services.
- Professional services expense is under budget due to the timing of the ESInet project.
- Rebillable services are payments for parts and labor to be invoiced upon work completion.
- Software rental, lease purchase and software support maintenance is favorable due to the timing of the ESInet project.
- Special projects expense is favorable due to the timing of projects. The budget for this line item is for costs associated with tower maintenance such as painting.
- Tower charges represent payments for tower rental agreements.
- Overall commodities are under budget due to the timing of purchases.
- Internal service expense is favorable (overall) based on actual usage that falls below expectations.

Non-Operating Revenues and Expenses:

- Income from investments represents the portion of income from cash managed and allocated by the Treasurer's Office.
- Transfers to municipalities are for anticipated PSAP cessation settlement payments.
- Transfers In includes: \$7,800 approved on Resolution 16-264 for the Sheriff's contract with Lyon Township and \$7,800 approved on Resolution 16-339 for the Sheriff's contract with Commerce Township.
- Transfers Out includes \$12,500 for Help Desk support and \$59,000 for OakNet operation costs; both provided by Information Technology.

County of Oakland
Fire Records Management Fund
Statement of Net Assets
December 31, 2016

EXHIBIT B

ASSETS

Current assets:

Cash and cash equivalents	\$ 862,970.12
Due from other governments	51,351.37
Accrued interest on investment	1,619.80
Accounts receivable	242.90
Prepaid expense	83,265.29
Total current assets	<u>999,449.48</u>

Noncurrent assets:

Capital projects in progress	400,403.26
Equipment	125,141.90
Computer software	409,195.95
Less accumulated depreciation	(534,337.85)
Total capital assets (net of accumulated depreciation)	<u>400,403.26</u>
Total assets	<u>1,399,852.74</u>

LIABILITIES

Current liabilities:

Vouchers payable	18,027.50
Accounts payable	16,395.00
Total current liabilities	<u>34,422.50</u>

NET ASSETS

Invested in capital assets, net of related debt	400,403.26
Unrestricted	965,026.98
Total net assets	<u>\$ 1,365,430.24</u>

County of Oakland
Fire Records Management Fund
Statement of Revenues, Expenses, and Changes in Net Assets
For the Three Months Ended December 31, 2016

EXHIBIT B-1

	2017			Year to Date		Favorable (Unfavorable) Variance
	Amended Budget	Percent of Revenue	Allotment	Actual	Percent of Revenue	
Operating revenues:						
Outside agencies	\$ 153,914.00	71.70%	\$ 38,478.50	35,629.06	69.20%	\$ (2,849.44)
Participation fees - non-Oakland agencies	37,504.00	17.47%	9,376.00	12,133.81	23.56%	2,757.81
Outside agencies-rebilled charges	23,247.00	10.83%	5,811.75	3,724.69	7.24%	(2,087.06)
Total operating revenues	214,665.00	100.00%	53,666.25	51,487.56	100.00%	(2,178.69)
Operating expenses:						
Salaries	282,997.00	131.84%	70,749.25	66,488.25	129.14%	4,261.00
Fringe benefits	166,293.00	77.47%	41,573.25	38,974.91	75.69%	2,598.34
Contractual services:						
Communications	29,000.00	13.51%	7,250.00	681.63	1.33%	6,568.37
Equipment repairs and maintenance	1,000.00	0.46%	250.00	0.00	0.00%	250.00
Indirect costs	82,000.00	38.19%	20,500.00	20,416.25	39.66%	83.75
Personal mileage	1,000.00	0.46%	250.00	0.00	0.00%	250.00
Software rental lease purchase	0.00	0.00%	0.00	497.05	0.96%	(497.05)
Software support/maintenance	84,112.00	39.18%	21,028.00	19,949.50	38.75%	1,078.50
Travel and conference	4,000.00	1.86%	1,000.00	0.00	0.00%	1,000.00
Total contractual services	201,112.00	93.66%	50,278.00	41,544.43	80.70%	8,733.57
Commodities:						
Expendable equipment	7,000.00	3.26%	1,750.00	0.00	0.00%	1,750.00
Total commodities	7,000.00	3.26%	1,750.00	0.00	0.00%	1,750.00
Depreciation:						
Equipment	13,333.00	6.21%	3,333.25	0.00	0.00%	3,333.25
Total depreciation	13,333.00	6.21%	3,333.25	0.00	0.00%	3,333.25
Internal services:						
Info Tech-development	0.00	0.00%	0.00	4,694.69	9.12%	(4,694.69)
Info Tech-operations	47,645.00	22.19%	11,911.25	13,190.00	25.61%	(1,278.75)
Insurance fund	656.00	0.31%	164.00	0.00	0.00%	164.00
Telephone communications	314.00	0.15%	78.50	153.93	0.30%	(75.43)
Total internal services	48,615.00	22.65%	12,153.75	18,038.62	35.03%	(5,884.87)
Total operating expenses	719,350.00	335.09%	179,837.50	165,046.21	320.56%	14,791.29
Operating income (loss)	(504,685.00)	-235.09%	(126,171.25)	(113,558.65)	-220.56%	12,612.60
Nonoperating revenues (expenses):						
Planned use of balance	39,943.00	18.60%	9,985.75	0.00	0.00%	(9,985.75)
Income from investments	3,000.00	1.39%	3,000.00	2,227.47	4.33%	(772.53)
Total nonoperating revenues (expenses)	42,943.00	19.99%	12,985.75	2,227.47	4.33%	(10,758.28)
Income (loss) before transfers	(461,742.00)	-215.10%	(113,185.50)	(111,331.18)	-216.23%	1,854.32
Transfers in	461,742.00	215.10%	115,435.50	106,887.18	207.60%	(8,548.32)
Transfers out	0.00	0.00%	0.00	0.00	0.00%	0.00
Change in net assets	\$ 0.00	0.00%	\$ 2,250.00	(4,444.00)	-8.63%	\$ (6,694.00)
Total net assets - beginning				1,369,874.24		
Total net assets - ending				<u>\$ 1,365,430.24</u>		

FIRE RECORDS MANAGEMENT FUND 53100

Fiscal Year 2017 – 1st Quarter

Brief Explanation of “Actuals”

EXHIBIT B-2

Following are some comments regarding Fire Records Management Fund's 1st quarter FY 2017 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.
- 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. Capital projects in progress is the effort to date on the new FRMS system being written on the CLEMIS CAD platform. All capitalized equipment and software 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 31 Oakland County agencies for participation during the 1st quarter of FY 2017.
- Participation fees - non-Oakland agencies is the amount billed to municipalities and agencies outside of Oakland County. The fund billed six non-Oakland County users during the 1st quarter of FY 2017.
- 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 2017 budget per Fiscal Services management.
- Income from investments is unfavorable due to decrease in cash balance anticipated for availability of investments during the 1st quarter.
- Transfers in includes an amount budgeted and received from the General fund quarterly for operating support for Oakland County agencies. Additionally, a transfer in for the amount of \$716,252 was received to assist with the FRMS rewrite project.

FIRE RECORDS MANAGEMENT FUND 53100
Fiscal Year 2017 – 1st 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, and a currently vacant position.
- 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 since there have been no server maintenance incidents in the past year.
- 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 no on-site service calls through the 1st quarter.
- 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 favorable due to FRMS projects still in the implementation phase rather than operational as projected at the time of the budget process .
- Internal service expense is unfavorable overall based on actual usage that falls above expectations.

County of Oakland
CLEMIS Fund
Statement of Net Position
December 31, 2016

EXHIBIT C

ASSETS

Current assets:

Cash and cash equivalents	\$ 11,765,179.61
Due from other governments	813,767.79
Accounts receivable	230,920.77
Accrued interest on investment	20,115.11
Prepaid items	787,457.64
Total current assets	<u>13,617,440.92</u>

Non-current assets:

Equipment	12,806,483.33
Equipment - COPS MORE	19,775,063.27
Equipment - OAKVIDEO	6,388,751.84
Capital projects in progress	3,142,069.35
Less accumulated depreciation	<u>(37,191,953.99)</u>
Total capital assets (net of accumulated depreciation)	<u>4,920,413.80</u>
Total assets	<u>18,537,854.72</u>

LIABILITIES

Current liabilities:

Vouchers payable	162,933.41
Due to municipalities	329,764.00
Accounts payable	193,239.44
Unearned revenue	<u>271,230.18</u>
Total current liabilities	<u>957,167.03</u>

NET POSITION

Net Investment in capital assets	4,920,413.80
Unrestricted - designated for projects	387,288.13
Unrestricted	<u>12,272,985.76</u>
Total net position	<u><u>\$ 17,580,687.69</u></u>

County of Oakland
CLEMIS Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the Three Months Ended December 31, 2016

EXHIBIT C-1

	2017			Year to Date		Favorable (Unfavorable) Variance
	Amended Budget	Percent of Revenue	Allotment	Actual	Percent of Revenue	
Operating revenues:						
In-car terminals - all other	\$ 1,587,494.00	25.33%	\$ 396,873.50	\$ 398,856.00	26.96%	\$ 1,982.50
Service fees	900,000.00	14.36%	225,000.00	70,434.00	4.76%	(154,566.00)
Access fees - non-Oakland	732,315.00	11.69%	183,078.75	199,920.92	13.51%	16,842.17
CLEMIS Crash	600,000.00	9.57%	150,000.00	169,634.50	11.47%	19,634.50
Sheriff contracted services	409,306.00	6.53%	102,326.50	102,011.49	6.90%	(315.01)
Rebilled charges	400,000.00	6.38%	100,000.00	82,624.79	5.58%	(17,375.21)
Access fees-police depts/other in Oakland County	321,456.00	5.13%	80,364.00	79,312.25	5.36%	(1,051.75)
Maintenance contracts - MugShot	309,900.00	4.94%	77,475.00	78,500.00	5.31%	1,025.00
Reimbursement general	300,000.00	4.79%	75,000.00	36,314.75	2.45%	(38,685.25)
Maintenance contracts - LiveScan	273,590.00	4.37%	68,397.50	69,574.12	4.70%	1,176.62
In-car terminals - OC Sheriff	231,816.00	3.70%	57,954.00	57,708.50	3.90%	(245.50)
CLEMIS Citation	180,000.00	2.87%	45,000.00	46,288.22	3.13%	1,288.22
Crime Mapping	8,000.00	0.13%	2,000.00	3,027.53	0.20%	1,027.53
CLEMIS Parking	7,000.00	0.11%	1,750.00	1,889.81	0.13%	139.81
Parts and accessories	6,000.00	0.10%	1,500.00	-	0.00%	(1,500.00)
Productive labor	200.00	0.00%	50.00	-	0.00%	(50.00)
Prior year's revenue	-	0.00%	-	83,323.00	5.63%	83,323.00
Total operating revenue:	6,267,077.00	100.00%	1,566,769.25	1,479,419.88	100.00%	(87,349.37)
Operating expenses:						
Salaries	2,081,291.00	33.21%	520,322.75	388,792.67	26.28%	131,530.08
Fringe benefits	1,153,248.00	18.40%	288,312.00	201,410.44	13.61%	86,901.56
Contractual services:						
Bank charges	300,000.00	4.79%	75,000.00	82,388.17	5.57%	(7,388.17)
Communications	900,000.00	14.36%	225,000.00	187,790.99	12.69%	37,209.01
Equipment, repairs and maintenance	300,000.00	4.79%	75,000.00	119,108.79	8.05%	(44,108.79)
Freight and express	250.00	0.00%	62.50	-	0.00%	62.50
Indirect costs	315,690.00	5.04%	78,922.50	80,650.50	5.45%	(1,728.00)
Membership, dues and publications	2,000.00	0.03%	500.00	928.97	0.06%	(428.97)
Personal mileage	2,500.00	0.04%	625.00	403.32	0.03%	221.68
Printing	3,000.00	0.05%	750.00	-	0.00%	750.00
Professional services	552,868.00	8.82%	138,217.00	364,208.02	24.62%	(225,991.02)
Rebillable services	450,000.00	7.18%	112,500.00	83,335.84	5.63%	29,164.16
Software rental lease purchase	250,000.00	3.99%	62,500.00	7,073.15	0.48%	55,426.85
Software support/maintenance	1,250,000.00	19.95%	312,500.00	283,835.65	19.19%	28,664.35
Training	-	0.00%	-	4,400.00	0.30%	(4,400.00)
Travel and conference	10,000.00	0.16%	2,500.00	2,353.67	0.16%	146.33
Workshops and meetings	1,250.00	0.02%	312.50	-	0.00%	312.50
Total contractual services	4,337,558.00	69.21%	1,084,389.50	1,216,477.07	82.23%	(132,087.57)
Commodities:						
Dry goods and clothing	1,200.00	0.02%	300.00	-	0.00%	300.00
Expendable equipment	22,000.00	0.35%	5,500.00	-	0.00%	5,500.00
Metered postage	287.00	0.00%	71.75	41.13	0.00%	30.62
Office supplies	1,000.00	0.02%	250.00	1,290.71	0.09%	(1,040.71)
Parts and accessories	25,000.00	0.40%	6,250.00	1,973.30	0.13%	4,276.70
Printing supplies	500.00	0.01%	125.00	-	0.00%	125.00
Total commodities	49,987.00	0.80%	12,496.75	3,305.14	0.22%	9,191.61
Depreciation:	2,563,467.00	40.90%	640,866.75	352,598.15	23.83%	288,268.60
Internal services:						
Building space cost allocation	54,516.00	0.87%	13,629.00	13,629.00	0.92%	-
Info Tech - development	417,934.00	6.67%	104,483.50	57,452.61	3.88%	47,030.89
Info Tech - operations	218,106.00	3.48%	54,526.50	52,396.30	3.54%	2,130.20
Info Tech - managed print services	-	0.00%	-	2.04	0.00%	(2.04)
Insurance fund	4,322.00	0.07%	1,080.50	-	0.00%	1,080.50
Motor Pool fuel charges	2,400.00	0.04%	600.00	512.74	0.03%	87.26
Motor Pool	15,200.00	0.24%	3,800.00	3,645.56	0.25%	154.44
Radio Communications	16,712.00	0.27%	4,178.00	-	0.00%	4,178.00
Telephone Communications	31,140.00	0.50%	7,785.00	6,191.57	0.42%	1,593.43
Total internal services	760,330.00	12.13%	190,082.50	133,829.82	9.05%	56,252.68
Total operating expense	10,945,881.00	174.66%	2,736,470.25	2,296,413.29	155.22%	440,056.96
Operating income (loss)	(4,678,804.00)	-74.66%	(1,169,701.00)	(816,993.41)	-55.22%	352,707.59

County of Oakland
CLEMIS Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the Three Months Ended December 31, 2016

	2017			Year to Date		Favorable (Unfavorable) Variance
	Amended Budget	Percent of Revenue	Allotment	Actual	Percent of Revenue	
Non-operating revenues (expenses):						
Planned use of fund balance	2,799,618.00	44.67%	699,904.50	-	0.00%	(699,904.50)
Income from investments	35,000.00	0.56%	8,750.00	31,677.57	2.14%	22,927.57
Total non-operating revenues (expenses)	2,834,618.00	45.23%	708,654.50	31,677.57	2.14%	(676,976.93)
Income (loss) before transfer	(1,844,186.00)	-29.43%	(461,046.50)	(785,315.84)	-53.08%	(324,269.34)
Transfers in	1,844,186.00	29.43%	461,046.50	461,046.50	31.16%	-
Transfers out	-	0.00%	-	-	0.00%	-
Change in net position	\$ -	0.00%	\$ -	(324,269.34)	-21.92%	\$ (324,269.34)
Net Position - beginning				17,904,957.03		
Net Position - ending				<u>\$17,580,687.69</u>		

COUNTY OF OAKLAND
CLEMIS FUND
FINANCIAL REPORT AS OF DECEMBER 31, 2016

EXHIBIT C-2

STATEMENT OF NET POSITION

ASSETS

Current Assets:	
Cash - Operating	\$ 11,765,179.61
Accrued Interest on Investments	20,115.11
Accounts Receivable	230,920.77
Due from other governments	813,767.79
Due from other funds	-
Prepaid Expenses	787,457.64
Total Current Assets	<u>13,617,440.92</u>
Non-current Assets:	
Property and Equipment at Cost:	
Equipment	12,806,483.33
Equipment - 911	-
Equipment - COPS MORE	19,775,063.27
Equipment - Oak VIDEO	6,388,751.84
Capital Projects in Progress	3,142,069.35
Accumulated Depreciation	(37,191,953.99)
Property and Equipment - Net	<u>4,920,413.80</u>
TOTAL ASSETS	<u>18,537,854.72</u>

LIABILITIES

Current Liabilities:	
Vouchers Payable	162,933.41
Due to other funds	-
Due to municipalities	329,764.00
Accounts Payable	193,239.44
Unearned Income	271,230.18
Total Current Liabilities	<u>957,167.03</u>

NET POSITION

Invested in Capital Assets	4,920,413.80
Unrestricted-designated for projects	387,288.13
Unrestricted	<u>12,272,985.76</u>
Total Net Position	<u>\$ 17,590,687.69</u>

STATEMENT OF OPERATIONS

Operating Revenues:	Total Operations	CLEMIS Operations	Oak/Video Operations
Access fees-Police Depts/Other in Oakland	\$ 79,312.25	\$ 79,312.25	\$ -
Access fees-Non-Oakland County Users	199,920.92	199,920.92	-
In Car Terminals-All Other	398,856.00	398,856.00	-
In Car Terminals-OC Sheriff	57,708.50	57,708.50	-
Maintenance Contracts - MugsShot Capture Station	78,500.00	78,500.00	-
Maintenance Contracts - LiveScan	69,574.12	69,574.12	-
Service Fees	70,434.00	70,434.00	-
Sheriff Contracted Services	102,011.49	102,011.49	-
CLEMIS Citation	46,288.22	46,288.22	-
CLEMIS Crash	169,634.50	169,634.50	-
CLEMIS Parking	1,889.81	1,889.81	-
Parts and accessories	-	-	-
Rebilled Charges	82,624.79	82,624.79	-
Reimb General	36,314.75	36,314.75	-
Crime Mapping	3,027.53	3,027.53	-
Gain on Sale/Exchange of Equipment	-	-	-
Prior Year's Revenue	83,323.00	83,323.00	-
Seminars/Conferences	-	-	-
Income from Investments	31,677.57	30,271.85	1,405.72
Capital Contributions	-	-	-
Operating Transfers In	461,046.50	361,046.50	100,000.00
TOTAL REVENUES	<u>1,972,143.95</u>	<u>1,870,738.23</u>	<u>101,405.72</u>
Operating Expenses:			
Salaries	388,792.67	360,442.39	28,350.28
Fringe Benefits	201,410.44	171,341.48	30,068.96
Adjustment of Prior Year's Expense	-	-	-
Bank Charges	82,388.17	82,388.17	-
Communications	187,790.99	187,790.99	-
Equipment Repairs & Maintenance	119,108.79	116,703.62	2,405.17
Forensic Lab Enhancement	-	-	-
Freight & Express	-	-	-
Garbage and rubbish disposal	-	-	-
Indirect Costs	80,650.50	80,650.50	-
Membership Dues & Publications	928.97	928.97	-
Personal Mileage	403.32	237.00	166.32
Training	4,400.00	4,400.00	-
Professional Services	364,208.02	364,208.02	-
Rebillable Services	83,335.84	83,335.84	-
Software Rental Lease Purchase	7,073.15	7,073.15	-
Software Support/Maintenance	283,835.65	283,835.65	-
Travel and Conference	2,353.67	2,353.67	-
Workshops and Meetings	-	-	-
Miscellaneous	-	-	-
Expendable Equipment	-	-	-
Metered Postage	41.13	41.13	-
Office Supplies	1,290.71	1,290.71	-
Parts & Accessories	1,973.30	1,973.30	-
Depreciation	352,598.15	277,603.80	74,994.35
Bldg. Space Cost Allocation	13,629.00	13,629.00	-
Special Event Supplies	-	-	-
Info. Tech. - Development	57,452.61	57,452.61	-
Info. Tech. - Operations	52,396.30	52,396.30	-
Info. Tech - Managed Print Services	2.04	2.04	-
Motor Pool	3,645.56	3,645.56	-
Motor Fuel Charges	512.74	512.74	-
Radio Communications	-	-	-
Telephone Communications	6,191.57	6,191.57	-
TOTAL EXPENSES	<u>2,296,413.29</u>	<u>2,160,428.21</u>	<u>135,985.08</u>
NET INCOME (LOSS)	(324,269.34)	(289,689.98)	(34,579.36)
NET ASSETS, OCTOBER 1, 2016	17,904,957.03	\$ 17,090,218.26	\$ 814,738.77
NET ASSETS, DECEMBER 31, 2016	<u>\$ 17,590,687.69</u>	<u>\$ 16,800,528.28</u>	<u>\$ 780,159.41</u>

EXHIBIT C-3

CLEMIS - FUND 53500 Operating Transfers In - Fiscal Year 2017
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Description	Amount
Budgeted Operating Transfer from General fund to CLEMIS fund for 1st quarter FY 2017 operating support.	\$ 361,046.50
Budgeted Operating Transfer from General fund to CLEMIS fund for 1st quarter FY 2017 OakVideo operating support.	100,000.00
Total	\$ 461,046.50

CLEMIS FUND 53500
Fiscal Year 2017 – 1st Quarter
Brief Explanation of “Actuals”

EXHIBIT C-4

Listed below are some comments regarding CLEMIS fund’s 1st quarter FY 2017 financial statements.

STATEMENT OF NET POSITION

- 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 December 2016.
- Prepaid items are amounts paid in advance for contracted hardware and software support.
- Capital projects in progress are the amounts expended through December 2016 for the CAD Upgrade project, OakVideo Upgrade project, SAN Project, Crash software rewrite project and the Mugshot Upgrade project.
- Vouchers payable and Accounts payable include expenses accrued through December 2016.
- Due to municipalities is the amount of revenue sharing for Citation and Crash through December 2016 that will be distributed to participating CLEMIS agencies.
- Unearned revenue 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 the E911 system (\$215,319.86) and Jail Management System (\$171,968.27).

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Revenues:

- In-car terminals—all other revenue is user MDC participation fees based upon the user’s actual MDC count multiplied by a per unit rate.
- Lower than anticipated Service fees revenue for amounts charged to Radio fund for MDC/CAD/911 support costs for Oakland County agencies.
- Access fees non-Oakland (user’s) revenue is for membership usage fees based upon the user’s actual FTE count. A positive variance indicates an actual FTE count greater than that used for budgeting.
- CLEMIS Crash revenue is generated from the online purchase of accident/crash reports.
- Sheriff contracted services revenue is based on the actual FTE count for the OCSD and other OC non-emergency departments that utilize CLEMIS services.
- Rebilled charges are for the rebilling of LeadsOnline and connectivity costs billed to Tier 2.5 and 3.0 agencies. This revenue source is offset by the Rebillable services expense.
- Reimbursement general is unfavorable because billings were lower than anticipated for CLEMIS billable staff supporting Sheriff Projects and Radio fund through December 2016.
- In-car terminals–OC Sheriff Revenue is the Oakland County Sheriff’s Office MDC participation fee based upon an actual MDC count.
- CLEMIS Citation revenue is generated from the electronic citation system.
- CLEMIS Parking is an application used by member agencies to issue parking citations via hand-held devices.
- Prior year’s revenue is an adjustment related to transactions that should have been recorded in FY 2016.

Expenses:

- Salaries and Fringe benefits are favorable due to unfilled positions.

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Brief Explanation of “Actuals”

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

- 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 is favorable. This line item was reduced by \$22,638.95 which was reclassified to the rebillable service expense account; as this cost is rebilled to the participating members.
- Indirect costs expense is based on the County’s indirect cost allocation. It includes Human Resources, Payroll, Treasurer, Accounting, Budgeting, and Administrative services.
- Professional services expense is unfavorable due to contractors continuing to work on various CLEMIS projects; these costs are offset by favorability in salaries and fringe benefits.
- Rebillable services expense offsets Rebilled charges revenue.
- Software rental lease purchase and Software support maintenance expenses combined are favorable due to the timing of software purchases.
- Depreciation expense is favorable due to the timing of capital projects not yet finalized into service.
- Internal service charges are favorable, as actual usage was less than budget projections.

Non-Operating Revenues and Expenses:

- Income from Investments is the income allocated and distributed by the Treasurer’s Office.
- Transfers in includes: \$361,046.50 from the General fund for operational support and \$100,000 from the General fund for OakVideo operational support.