

*In the opinion of Dickinson Wright PLLC, Note Counsel, under existing law, (1) the interest on the Notes is **included** in gross income for federal income tax purposes, and (2) the Notes and interest thereon are exempt from all taxation by the State of Michigan or a taxing authority in the State of Michigan, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.*

\$25,000,000
COUNTY OF OAKLAND
STATE OF MICHIGAN
GENERAL OBLIGATION LIMITED TAX NOTES, SERIES 2018
(FEDERALLY TAXABLE)

SECURITY FOR THE NOTES: The General Obligation Limited Tax Notes, Series 2018 (Federally Taxable) (the "Notes") are secured by a pledge of (1) all 2017 real property taxes that remained outstanding and uncollected on March 1, 2018 (the "Delinquent Taxes"); (2) all statutory interest on such Delinquent Taxes; (3) all property tax administration fees on such Delinquent Taxes, once the expenses of this borrowing have been paid; (4) any amounts hereafter paid to the County by taxing units within the County because of the uncollectability of such Delinquent Taxes; and (5) investment earnings on all of the foregoing. See "SECURITY FOR THE NOTES - Statutory Security" herein.

COUNTY'S OBLIGATION: The Notes are a general obligation of the County of Oakland, State of Michigan (the "County"), backed by its full faith and credit, which includes the County's limited tax obligation, within applicable constitutional and statutory limits, and its general funds. **THE COUNTY DOES NOT HAVE THE POWER TO LEVY ANY ADDITIONAL TAXES FOR THE PAYMENT OF THE NOTES IN EXCESS OF ITS CONSTITUTIONAL AND STATUTORY LIMITS.** See "SECURITY FOR THE NOTES - Limited Tax General Obligation" herein.

AUTHORITY: Sections 87c, 87d, and 87g of Act No. 206, of the Michigan Public Acts of 1893, as amended. See "PURPOSE OF BORROWING - Background" herein.

BOOK-ENTRY-ONLY: The Notes are issuable only as fully registered Notes without coupons and, when issued, will be registered in the name of Cede & Co., as Noteholder and nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Notes. Purchases of beneficial interests in the Notes will be made in book-entry only form, in the denominations of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their beneficial interest in the Notes purchased. So long as Cede & Co. is the Noteholder, as nominee of DTC, references herein to the Noteholders or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Notes. See "BOOK-ENTRY ONLY SYSTEM" herein.

PAYMENT OF NOTES: Interest on the Notes will be payable semiannually on January 1, 2019 and July 1, 2019. The Notes will be registered Notes, of the denomination of \$5,000 or in such larger denominations in increments of \$5,000 as shall be designated by the original purchaser or purchasers of the Notes. See "DESCRIPTION OF THE NOTES - General." The principal and interest shall be paid by The Huntington National Bank, Grand Rapids, Michigan (the "Paying Agent") or such other Paying Agent as the County may hereafter designate. Interest shall be paid when due to the registered owner as shown by the registration books as of the fifteenth day of the month preceding the payment date for each interest payment. Payment of principal and interest to Beneficial Owners shall be made as described in "BOOK-ENTRY ONLY SYSTEM" herein.

Dated: July 9, 2018

Principal Due: As shown below

<u>Due</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP†</u>
July 1, 2019	\$25,000,000	2.05%	2.05%	672411V69



REDEMPTION PROVISION: The Notes are not subject to redemption prior to maturity.

NOTE COUNSEL: The Notes will be offered when, as and if issued by the County subject to the approving legal opinion of Dickinson Wright PLLC, Troy, Michigan ("Note Counsel").

This cover page contains information for a quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Additional information relative to this Note issue may be obtained from the County's Municipal Advisor:



124 W. Allegan Street, Suite 2200
Lansing, MI 48933
517-371-2607

This Official Statement is dated June 28, 2018.

† CUSIP is a registered trademark of the American Bankers Association (the "ABA"). CUSIP data is provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a part of S&P Global Inc. The CUSIP numbers listed above are being provided solely for the convenience of the holders of Notes only at the time of issuance of the Notes and the County does not make any representation with respect to such CUSIP numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers are subject to being changed after the issuance of the Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Notes or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that may be applicable to all or a portion of the Notes.

No dealer, broker, salesperson or other person has been authorized by the County of Oakland (the "County") to give any information or to make any representation other than as contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the State. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the County and other sources which are believed to be reliable, including The Depository Trust Company with respect to the information contained in "BOOK-ENTRY-ONLY SYSTEM," but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the County. This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or holders of any of the Notes. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the County since the date hereof.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COUNTY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Forward-Looking Statements

This Official Statement contains disclosures which contain "forward-looking statements." Forward-looking statements include all statements that do not relate solely to historical or current fact, and can be identified by use of words like "may," "believe," "will," "expect," "project," "estimate," "anticipate," "plan," or "continue." These forward-looking statements are based on the current plans and expectations of the County and are subject to a number of known and unknown uncertainties and risks, many of which are beyond the County's control that could significantly affect current plans and expectations and the County's future financial position and results of operations. These factors include, but are not limited to, (i) changes in economic and fiscal conditions, (ii) the outcome of pending and any future litigation and (iii) federal funding levels. As a consequence, current plans, anticipated actions and future financial position and results of operations may differ from those expressed in any forward-looking statements made by or on behalf of the County. Investors are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in this Official Statement, including information incorporated by reference herein.

Information provided by the County for interim reporting periods should not be taken as being indicative of full year results for the reasons set forth above.

COUNTY OF OAKLAND
1200 North Telegraph Road
Pontiac, MI 48341
(888) 350-0900

**BOARD OF
COMMISSIONERS**

Michael J. Gingell
Chairperson

Michael Spisz
Vice-Chairperson

Tom J. Berman
David E.S. Bowman
Hugh D. Crawford
William Dwyer
Wade Fleming
Marcia Gershenson

Robert Hoffman
Janet Jackson
Adam L. Kochenderfer
Eileen T. Kowall
Christine Long
Garry R. McGillivray
Thomas F. Middleton

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

COUNTY OFFICIALS

L. Brooks Patterson
County Executive

Andrew E. Meisner
Treasurer

Jessica Cooper
Prosecuting Attorney

Lisa Brown
Clerk and Register of Deeds

Michael J. Bouchard
Sheriff

Keith Lermaniaux
Corporation Counsel

Jim Nash
Water Resource Commissioner

Note Counsel Dickinson Wright PLLC
Troy, Michigan

Municipal Advisor Robert W. Baird & Co. Incorporated
Lansing, Michigan

Paying Agent The Huntington National Bank
Grand Rapids, Michigan

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\$25,000,000
COUNTY OF OAKLAND
STATE OF MICHIGAN
GENERAL OBLIGATION LIMITED TAX NOTES, SERIES 2018
(FEDERALLY TAXABLE)

This Official Statement sets forth information concerning the County of Oakland, State of Michigan (the “County”) and the County’s anticipated issuance of General Obligation Limited Tax Notes, Series 2018 (the “Notes”). Information describing the Notes, summarized on the cover page, is part of this Official Statement.

PURPOSE OF BORROWING

Background

Act No. 206 of the Michigan Public Acts of 1893, as amended (“Act 206”), authorizes any county to establish a delinquent tax revolving fund, commonly known as a “revolving fund.” Revolving funds are used to pay the county and its constituent taxing units all delinquent and uncollected property taxes owed to the State of Michigan, the county and the constituent units. For this purpose, taxes are delinquent, and therefore reimbursable to the taxing units from the revolving fund, if they remain uncollected on March 1 of the year following their assessment. Taxing units participating in the revolving fund program primarily include the State of Michigan, the county and its constituent cities, townships, villages, school districts, intermediate school districts, community college districts, and special assessment districts (collectively, the “taxing units”).

Each county maintaining a revolving fund is responsible for its funding. In 1976, the Michigan Legislature amended Act 206 to permit counties to borrow for the purpose of providing such funding. Therefore, in addition to county general funds, funding sources may include proceeds realized from the issuance of general obligation limited tax notes. In 1978, the Legislature further amended Act 206 to permit the issuance of general obligation limited tax notes without a vote of the electorate.

Creation of Fund

The County Board of Commissioners, by resolution, has established a Delinquent Tax Revolving Fund for the delinquent and uncollected 2017 property taxes and applicable taxing unit property tax administration fees returned to the County Treasurer on March 1, 2018 (the “2017 Delinquent Taxes”). The County Treasurer will pay from the Delinquent Tax Revolving Fund all 2017 Delinquent Taxes which were or are due and payable to the County and the taxing units described above.

Taxes, Interest and Fees Payable to Fund

The County has established its 2018 General Obligation Limited Tax Note Collection Account (the “Collection Account”) in the Delinquent Tax Revolving Fund. All delinquent real property taxes collected on or after March 1, 2018, all statutory interest charges on such 2017 Delinquent Taxes and all investment earnings with respect to such collections were, and will continue to be, deposited directly into the Collection Account.

Statutory interest on the 2017 Delinquent Taxes accrues from March 1, 2018 at the rate of 1% per month until the property is forfeited, at which time the interest rate is 1.50% per month, retroactive to the date the taxes became delinquent; provided, however that such rates may be reduced in certain instances, including in connection with delinquent property tax installment payment plans described in the next paragraph. Delinquent taxpayers are also assessed property tax administration fees equal to 4% of the principal amount of the 2017 Delinquent Taxes. After payment of the borrowing expenses, these fees will be placed in the Collection Account and commingled with the foregoing 2017 Delinquent Taxes and statutory interest.

In January, 2015, amendments to Act 206 relating to the foreclosure process became effective. Among other things, the amendments allow the County Treasurer to enter into delinquent property tax installment payment plans for the principal residence of a financially distressed person as defined in Act 206. The

amendments also allow for the waiver of the additional 0.50% interest described in the preceding paragraph and the reduction of the amount of taxes, interest, penalties, and fees required to be paid to redeem a residential property, within certain limitations.

On April 12, 2016, additional amendments to Act 206 became effective to, among other things, permit the board of commissioners of a county to elect to authorize the county treasurer to issue revenue notes under Act 94, Public Acts of Michigan, 1933, as amended, to fund the prior year's delinquent taxes. The County Board of Commissioners did not elect to authorize the County Treasurer to issue such revenue notes. Therefore, the County will proceed to issue the Notes under the same legal authorization as in prior years.

Borrowing Proceeds

The Notes are being issued for the purpose of partially funding the Delinquent Tax Revolving Fund with respect to the 2017 Delinquent Taxes. Once the borrowing is completed, the proceeds will be disbursed to the State of Michigan, the County and its constituent taxing units. Such disbursements will be in respective amounts equal to the 2017 Delinquent Taxes in the approximate aggregate amount of \$63,097,392.73, exclusive of interest, fees, and penalties, returned as delinquent to the County by the taxing units.

DESCRIPTION OF THE NOTES

General

The Notes shall be in the aggregate principal amount of \$25,000,000 and shall be dated the date of delivery. The Huntington National Bank, Grand Rapids, Michigan shall act as the note registrar and paying agent for the Notes, or such successor note registrar and paying agent as may be designated pursuant to the resolution authorizing the issuance of the Notes adopted by the Board of Commissioners of the County on May 17, 2018 (the "Borrowing Resolution").

The Notes shall be issued by the County to the original purchaser or purchasers thereof in denominations of \$5,000 or any integral multiple thereof as shall be designated by the original purchaser or purchasers of the Notes.

Interest

The Notes shall bear interest payable January 1, 2019 and on the maturity date of July 1, 2019. The interest is based on a fixed rate specified on the cover of this Official Statement and is calculated based on a 30/360-day year. Interest shall be paid to the registered owner of each Note as of the applicable date of record. The date of record for the payment of principal of and interest on the Notes shall be the 15th day of the calendar month preceding the date such payment is due.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

SECURITY FOR THE NOTES

Statutory Security

The Notes are secured by a pledge of (1) the 2017 Delinquent Taxes; (2) all statutory interest on such 2017 Delinquent Taxes; (3) all property tax administration fees on such 2017 Delinquent Taxes, once the expenses of this borrowing have been paid; (4) any amounts hereafter paid to the County by taxing units within the County because of the uncollectability of such 2017 Delinquent Taxes; and (5) investment earnings on all of the foregoing. The Borrowing Resolution establishes the Collection Account, into which the County Treasurer is obligated to deposit all collections of the pledged taxes and all statutory interest thereon. Monies in this Account may be used for no purpose other than payment of the principal of and interest on the Notes

until such principal and interest are paid in full (except for certain expenses as described in the Borrowing Resolution).

The Borrowing Resolution authorizes the County Treasurer to deposit all property tax administration fees on the pledged delinquent taxes into the Collection Account. Once the expenses of borrowing have been paid, these property tax administration fees attributable to the 2017 Delinquent Taxes will be pledged as additional security for the payment of the Notes.

In order to protect the County (and the Noteholders) from loss in the event any delinquent real property taxes are not collected for any reason, Section 87b of Act 206 provides that the primary obligation to pay to the County the amount of the taxes and interest thereon shall rest with the local taxing units. Consequently, if the 2017 Delinquent Taxes are not received by the County for any reason, the County has full right of recourse against the taxing unit to recover such taxes and interest thereon. The County Treasurer must deposit any such repayments from taxing units into the Collection Account and these amounts are also pledged in the Borrowing Resolution to the repayment of principal of and interest on the Notes in full. Prior to the final maturity of the Notes, the County Treasurer will, if necessary to pay principal of and interest on the Notes, charge back to the local taxing units any 2017 Delinquent Taxes which then remain unpaid, as required by Act 206 and the Borrowing Resolution.

All of the 2017 Delinquent Taxes, together with statutory interest, property tax administration fees (net of expenses as described in the Borrowing Resolution), any repayments of uncollected 2017 Delinquent Taxes from local units, and any investment earnings on any such amounts are referred to in this Official Statement as the "Statutory Security."

Limited Tax General Obligation

The Notes are a general obligation of the County, backed by its full faith and credit, the County's limited tax obligation, within applicable constitutional and statutory limits, and its general funds. The County budget provides that if the Statutory Security is not collected in sufficient amounts to meet the payments of the principal and interest due on these Notes the County will advance from its general funds sufficient monies to pay such principal and interest. **THE COUNTY DOES NOT, HOWEVER, HAVE THE POWER TO LEVY ANY TAXES FOR THE PAYMENT OF THE NOTES OVER AND ABOVE ITS AUTHORIZED TAX RATE ESTABLISHED PURSUANT TO LAW EACH YEAR.**

HISTORICAL DELINQUENT TAX COLLECTIONS AND PROJECTED DELINQUENT TAX COLLECTIONS

The following tables provide the cumulative percentage of delinquent revolving fund tax collections (excluding interest, penalties and fees) for the first fifty months of delinquency for the tax years 2012 through 2016, inclusive, and the historical tax collection, interest, and fees available to repay the respective series of notes issued in years 2013 through 2017.

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**Cumulative Percentages of Delinquent Revolving Fund Tax Collections from Taxpayers
First Fifty Months of Delinquency**

Series of Notes	2012	2013	2014	2015	2016	2017	2018
Tax Year	2011	2012	2013	2014	2015	2016	2017
Amount of Delinquency	\$107.6M	\$89.6M	\$80.2M	\$72.5M	\$68.8M	\$66.5M	\$63.1M
MONTH	% Collected	% Collected	% Collected	% Collected	% Collected	% Collected	% Collected
MARCH (Delinquency)	6.46	6.40	6.34	6.77	8.43	9.33	8.46
APRIL	13.29	12.29	13.50	14.61	15.31	15.41	15.79
MAY	18.40	17.95	18.52	19.28	20.53	21.22	21.84
JUNE	25.82	25.81	26.56	31.05	31.41	32.94	
JULY	33.22	33.39	33.62	37.08	37.77	39.16	
AUGUST	39.10	38.39	38.86	41.74	45.05	45.37	
SEPTEMBER	44.08	45.31	45.43	48.33	49.73	49.83	
OCTOBER	48.46	49.77	51.73	52.42	53.33	54.25	
NOVEMBER	50.96	53.49	54.24	55.27	56.00	57.96	
DECEMBER	53.72	56.33	58.10	58.85	59.37	60.99	
JANUARY	56.33	58.85	60.52	61.46	62.37	63.64	
FEBRUARY (One year of collection)	62.09	63.81	66.26	68.14	69.04	69.73	
MARCH (Forfeiture)	64.68	67.69	70.01	71.91	72.69	73.09	
APRIL	65.86	69.34	71.65	73.37	73.66	74.58	
MAY	67.04	70.37	72.54	74.50	74.76	75.90	
JUNE	68.29	71.68	73.79	75.50	75.82		
JULY	69.82	72.91	74.79	76.51	76.82		
AUGUST	71.16	73.99	75.84	78.20	78.94		
SEPTEMBER	73.26	75.79	77.38	79.32	80.01		
OCTOBER	74.97	77.37	78.47	80.26	81.32		
NOVEMBER	76.57	78.50	80.22	82.01	82.90		
DECEMBER	78.22	80.60	82.13	84.00	84.47		
JANUARY	80.12	82.11	83.60	85.91	86.26		
FEBRUARY (Two years of collections)	82.23	83.98	85.61	87.70	88.44		
MARCH (Foreclosure)	84.72	86.25	88.12	90.82	91.21		
APRIL	85.53	87.21	88.71	91.23	92.17		
MAY	85.87	87.55	89.17	91.75	92.91		
JUNE	86.24	87.97	89.51	92.11			
JULY	86.65	88.34	89.92	92.51			
AUGUST (typical month for chargeback)	87.01	88.67	90.65	93.61			
SEPTEMBER (some chargebacks)	87.83	89.54	91.02	93.93			
OCTOBER	88.14	89.85	91.31	94.28			
NOVEMBER	88.32	90.13	91.61	94.59			
DECEMBER	88.71	90.44	91.92	94.89			
JANUARY	88.91	90.83	92.48	95.27			
FEBRUARY (Three years of collections)	89.17	91.21	92.94	95.80			
MARCH (Withheld)	89.59	91.88	93.84	96.28			
APRIL	89.79	92.17	94.08	96.57			
MAY	89.96	92.41	94.35	96.76			
JUNE	90.12	92.62	94.56				
JULY	90.29	92.78	94.73				
AUGUST	90.48	93.15	95.27				
SEPTEMBER	90.90	93.27	95.42				
OCTOBER	91.00	93.40	95.55				
NOVEMBER	91.10	93.52	95.66				
DECEMBER	91.23	93.62	95.75				
JANUARY	91.35	93.82	95.85				
FEBRUARY (Four years of collections)	91.60	94.02	96.04				
MARCH	91.82	94.48	96.20				
APRIL	91.90	94.60	96.26				
TO DATE	92.81	95.25	96.30				

**Series 2017 (2016 Taxes)
100% Tax Payment Fund**

	<u>Property Taxes</u>	<u>Interest on Taxes</u>	<u>Collection Fees</u>	<u>Total Receipts</u>	<u>Borrowing & Debt Payment</u>
TAXES RETURNED					
DELINQUENT	\$66,517,083				\$25,000,000
<u>2017</u>					
MARCH	\$6,207,949	\$60,975	\$244,462	\$6,513,386	
REMAINING DELINQUENT					
MARCH	\$60,309,134				
APRIL	\$4,041,612	\$75,344	\$159,276	\$4,276,232	
	\$56,267,522				
MAY	\$3,864,538	\$107,892	\$149,786	\$4,122,216	
	\$52,402,984				
JUNE	\$7,795,742	\$308,215	\$315,976	\$8,419,933	
	\$44,607,242				\$25,000,000
JULY	\$4,141,186	\$197,614	\$167,434	\$4,506,234	
	\$40,466,056				\$25,000,000
AUGUST	\$4,126,910	\$201,448	\$164,081	\$4,492,439	
	\$36,339,146				\$25,000,000
SEPTEMBER	\$2,968,560	\$204,617	\$119,709	\$3,292,886	
	\$33,370,586				\$25,000,000
OCTOBER	\$2,938,028	\$231,365	\$119,014	\$3,288,407	
	\$30,432,558				\$25,000,000
NOVEMBER	\$2,467,837	\$219,537	\$103,459	\$2,790,833	
	\$27,964,721				\$25,000,000
DECEMBER	<u>\$2,016,860</u>	<u>\$199,623</u>	<u>\$81,049</u>	<u>\$2,297,532</u>	
TOTAL UNCOLLECTED BALANCE*	\$25,947,861				
TOTAL COLLECTIONS 2017	<u>\$40,569,222</u>	<u>\$1,806,630</u>	<u>\$1,624,246</u>	<u>\$44,000,098</u>	
<u>2018</u>					
JANUARY	\$1,762,648	\$189,598	\$70,729	\$2,022,975	
	\$24,185,213				\$25,000,000
FEBRUARY	\$4,051,519	\$482,970	\$163,059	\$4,697,548	
	\$20,133,694				\$25,000,000
MARCH	<u>\$2,233,646</u>	<u>\$376,327</u>	<u>\$89,628</u>	<u>\$2,699,601</u>	
TOTAL UNCOLLECTED BALANCE*	\$17,900,048				
TOTAL COLLECTIONS 2018	<u>\$8,047,813</u>	<u>\$1,048,895</u>	<u>\$323,416</u>	<u>\$9,420,124</u>	

*Uncollected from Taxpayers

**Series 2016 (2015 Taxes)
100% Tax Payment Fund**

	<u>Property Taxes</u>	<u>Interest on Taxes</u>	<u>Collection Fees</u>	<u>Total Receipts</u>	<u>Borrowing & Debt Payment</u>
TAXES RETURNED					
DELINQUENT	\$68,797,631				\$25,000,000
<u>2016</u>					
MARCH	\$5,798,081	\$57,420	\$229,678	\$6,085,179	
REMAINING DELINQUENT					
MARCH	\$62,999,550				
APRIL	\$4,736,562	\$84,268	\$184,525	\$5,005,355	
	\$58,262,988				
MAY	\$3,590,905	\$100,705	\$141,584	\$3,833,194	\$500,000
	\$54,672,083				\$500,000
JUNE	\$7,482,555	\$296,391	\$302,857	\$8,081,804	\$24,500,000
	\$47,189,527				\$25,000,000
JULY	\$4,379,419	\$207,585	\$177,268	\$4,764,272	
	\$42,810,108				\$25,000,000
AUGUST	\$5,008,029	\$271,280	\$203,741	\$5,483,050	
	\$37,802,079				\$25,000,000
SEPTEMBER	\$3,221,585	\$220,356	\$131,087	\$3,573,027	
	\$34,580,495				\$25,000,000
OCTOBER	\$2,475,750	\$194,464	\$102,191	\$2,772,405	
	\$32,104,745				\$25,000,000
NOVEMBER	\$1,833,148	\$162,735	\$73,715	\$2,069,598	
	\$30,271,597				\$25,000,000
DECEMBER	<u>\$2,320,407</u>	<u>\$229,381</u>	<u>\$95,132</u>	<u>\$2,644,920</u>	
TOTAL UNCOLLECTED					
BALANCE*	\$27,951,190				
TOTAL COLLECTIONS 2016	<u>\$40,846,441</u>	<u>\$1,824,585</u>	<u>\$1,641,778</u>	<u>\$44,312,804</u>	
<u>2017</u>					
JANUARY	\$2,060,244	\$222,958	\$84,147	\$2,367,349	
	\$25,890,946				\$25,000,000
FEBRUARY	\$4,592,946	\$549,546	\$183,891	\$5,326,383	
	\$21,298,000				\$25,000,000
MARCH	<u>\$2,300,288</u>	<u>\$376,998</u>	<u>\$93,311</u>	<u>\$2,770,597</u>	
TOTAL UNCOLLECTED					
BALANCE*	\$18,997,712				
TOTAL COLLECTIONS 2017	<u>\$8,953,478</u>	<u>\$1,149,502</u>	<u>\$361,349</u>	<u>\$10,464,329</u>	
*Uncollected from Taxpayers					

**Series 2015 (2014 Taxes)
100% Tax Payment Fund**

	<u>Property Taxes</u>	<u>Interest on Taxes</u>	<u>Collection Fees</u>	<u>Total Receipts</u>	<u>Borrowing & Debt Payment</u>
TAXES RETURNED					
DELINQUENT	\$72,532,014				\$25,000,000
<u>2015</u>					
MARCH	\$4,911,957	\$48,690	\$194,763	\$5,155,410	
REMAINING DELINQUENT					
MARCH	\$67,620,057				
APRIL	\$5,686,358	\$96,436	\$220,071	\$6,002,865	
	\$61,933,699				
MAY	\$3,383,858	\$93,790	\$133,280	\$3,610,928	\$500,000
	\$58,549,841				\$500,000
JUNE	\$8,536,836	\$337,541	\$351,386	\$9,225,763	\$24,500,000
	\$50,013,005				\$25,000,000
JULY	\$4,375,737	\$209,538	\$176,175	\$4,761,450	
	\$45,637,268				\$25,000,000
AUGUST	\$3,378,236	\$199,434	\$148,357	\$3,726,028	
	\$42,259,032				\$25,000,000
SEPTEMBER	\$4,782,326	\$297,383	\$194,862	\$5,274,570	
	\$37,476,706				\$25,000,000
OCTOBER	\$2,962,849	\$229,990	\$106,358	\$3,299,197	
	\$34,513,857				\$25,000,000
NOVEMBER	\$2,070,275	\$182,882	\$83,020	\$2,336,177	
	\$32,443,581				\$25,000,000
DECEMBER	<u>\$2,595,290</u>	<u>\$256,957</u>	<u>\$108,019</u>	<u>\$2,960,265</u>	
TOTAL UNCOLLECTED					
BALANCE*	\$29,848,291				
TOTAL COLLECTIONS 2015	<u>\$42,683,723</u>	<u>\$1,952,641</u>	<u>\$1,716,291</u>	<u>\$46,352,654</u>	
<u>2016</u>					
JANUARY	\$1,893,186	\$204,407	\$76,915	\$2,174,507	
	\$27,955,105				\$25,000,000
FEBRUARY	\$4,846,713	\$579,880	\$195,248	\$5,621,841	
	\$23,108,392				\$25,000,000
MARCH	<u>\$2,733,809</u>	<u>\$460,723</u>	<u>\$110,019</u>	<u>\$3,304,550</u>	
TOTAL UNCOLLECTED					
BALANCE*	\$20,374,583				
TOTAL COLLECTIONS 2016	<u>\$9,473,709</u>	<u>\$1,245,009</u>	<u>\$382,181</u>	<u>\$11,100,899</u>	
*Uncollected from Taxpayers					

**Series 2014 (2013 Taxes)
100% Tax Payment Fund**

	<u>Property Taxes</u>	<u>Interest on Taxes</u>	<u>Collection Fees</u>	<u>Total Receipts</u>	<u>Borrowing & Debt Payment</u>
TAXES RETURNED					
DELINQUENT	\$80,218,202				\$25,000,000
<u>2014</u>					
MARCH	\$5,087,978	\$50,867	\$203,466	\$5,342,311	
REMAINING DELINQUENT					
MARCH	\$75,130,223				
APRIL	\$5,738,602	\$99,527	\$224,972	\$6,063,101	
	\$69,391,621				
MAY	\$4,029,703	\$109,180	\$153,005	\$4,291,888	\$500,000
	\$65,361,918				\$500,000
JUNE	\$6,450,566	\$253,966	\$261,234	\$6,965,766	\$24,500,000
	\$58,911,352				\$25,000,000
JULY	\$5,664,801	\$269,573	\$229,933	\$6,164,307	
	\$53,246,551				\$25,000,000
AUGUST	\$4,198,278	\$247,519	\$170,651	\$4,616,448	
	\$49,048,273				\$25,000,000
SEPTEMBER	\$5,272,647	\$315,613	\$214,402	\$5,802,663	(\$12,375,000)
	\$43,775,625				\$12,625,000
OCTOBER	\$5,058,169	\$393,655	\$204,004	\$5,655,828	(\$1,725,000)
	\$38,717,456				\$10,900,000
NOVEMBER	\$2,013,560	\$178,415	\$90,156	\$2,282,130	(\$2,075,000)
	\$36,703,896				\$8,825,000
DECEMBER	<u>\$3,093,961</u>	<u>\$305,873</u>	<u>\$125,110</u>	<u>\$3,524,944</u>	(\$2,500,000)
TOTAL UNCOLLECTED					
BALANCE*	\$33,609,935				\$6,325,000
TOTAL COLLECTIONS 2014	<u>\$46,608,267</u>	<u>\$2,224,187</u>	<u>\$1,876,933</u>	<u>\$50,709,387</u>	
<u>2015</u>					
JANUARY	\$1,937,775	\$209,585	\$78,146	\$2,225,506	(\$1,500,000)
	\$31,672,160				\$4,825,000
FEBRUARY	\$4,609,280	\$551,474	\$185,978	\$5,346,732	(\$3,200,000)
	\$27,062,881				\$1,625,000
MARCH	<u>\$2,825,641</u>	<u>\$456,309</u>	<u>\$113,873</u>	<u>\$3,395,823</u>	(\$1,625,000)
TOTAL UNCOLLECTED					
BALANCE*	\$24,237,240				
TOTAL COLLECTIONS 2015	<u>\$9,372,695</u>	<u>\$1,217,368</u>	<u>\$377,997</u>	<u>\$10,968,060</u>	
*Uncollected from Taxpayers					

**Series 2013 (2012 Taxes)
100% Tax Payment Fund**

	<u>Property Taxes</u>	<u>Interest on Taxes</u>	<u>Collection Fees</u>	<u>Total Receipts</u>	<u>Borrowing & Debt Payment</u>
TAXES RETURNED					
DELINQUENT	\$89,699,373				\$25,000,000
<u>2013</u>					
MARCH	\$5,742,610	\$57,383	\$229,534	\$6,029,527	
REMAINING DELINQUENT					
MARCH	\$83,956,764				\$25,000,000
APRIL	\$5,278,378	\$94,971	\$204,193	\$5,577,542	
	\$78,678,386				\$25,000,000
MAY	\$5,080,553	\$140,293	\$195,566	\$5,416,413	
	\$73,597,832				\$25,000,000
JUNE	\$7,046,815	\$277,335	\$286,699	\$7,610,849	
	\$66,551,017				\$25,000,000
JULY	\$6,798,780	\$328,581	\$282,239	\$7,409,600	
	\$59,752,237				\$25,000,000
AUGUST	\$4,491,594	\$262,119	\$185,267	\$4,938,980	
	\$55,260,643				\$25,000,000
SEPTEMBER	\$6,205,228	\$363,892	\$250,132	\$6,819,253	
	\$49,055,415				\$25,000,000
OCTOBER	\$4,000,831	\$310,087	\$162,996	\$4,473,914	
	\$45,054,584				\$25,000,000
NOVEMBER	\$3,334,857	\$294,136	\$137,584	\$3,766,577	
	\$41,719,727				\$25,000,000
DECEMBER	<u>\$2,552,443</u>	<u>\$250,971</u>	<u>\$104,244</u>	<u>\$2,907,658</u>	
TOTAL UNCOLLECTED					
BALANCE*	\$39,167,284				
TOTAL COLLECTIONS 2013	<u>\$50,532,089</u>	<u>\$2,379,769</u>	<u>\$2,038,455</u>	<u>\$54,950,313</u>	
<u>2014</u>					
JANUARY	\$2,256,393	\$242,516	\$91,177	\$2,590,086	
	\$36,910,891				\$25,000,000
FEBRUARY	\$4,450,625	\$530,742	\$179,989	\$5,161,357	
	\$32,460,266				\$25,000,000
MARCH	<u>\$3,478,339</u>	<u>\$557,658</u>	<u>\$139,689</u>	<u>\$4,175,685</u>	
TOTAL UNCOLLECTED					
BALANCE*	\$28,981,927				
TOTAL COLLECTIONS 2014	<u>\$10,185,357</u>	<u>\$1,330,916</u>	<u>\$410,854</u>	<u>\$11,927,128</u>	
*Uncollected from Taxpayers					

**Series 2012 (2011 Taxes)
100% Tax Payment Fund**

	<u>Property Taxes</u>	<u>Interest on Taxes</u>	<u>Collection Fees</u>	<u>Total Receipts</u>	<u>Borrowing & Debt Payment</u>
TAXES RETURNED					
DELINQUENT	\$107,675,895				\$25,000,000
<u>2012</u>					
MARCH	\$6,955,570	\$69,188	\$276,758	\$7,301,516	
REMAINING DELINQUENT					
MARCH	\$100,720,326				\$25,000,000
APRIL	\$7,352,934	\$128,799	\$285,047	\$7,766,779	
	\$93,367,392				\$25,000,000
MAY	\$5,498,611	\$154,548	\$216,668	\$5,869,826	
	\$87,868,781				\$25,000,000
JUNE	\$7,992,941	\$315,757	\$320,376	\$8,629,074	
	\$79,875,840				\$25,000,000
JULY	\$7,964,021	\$385,083	\$319,154	\$8,668,258	
	\$71,911,819				\$25,000,000
AUGUST	\$6,336,941	\$373,908	\$253,847	\$6,964,697	
	\$65,574,878				\$25,000,000
SEPTEMBER	\$5,358,016	\$368,665	\$215,004	\$5,941,685	
	\$60,216,862				\$25,000,000
OCTOBER	\$4,719,260	\$367,167	\$189,831	\$5,276,259	
	\$55,497,602				\$25,000,000
NOVEMBER	\$2,692,640	\$239,358	\$108,117	\$3,040,115	
	\$52,804,962				\$25,000,000
DECEMBER	<u>\$2,973,547</u>	<u>\$294,686</u>	<u>\$119,155</u>	<u>\$3,387,388</u>	
TOTAL UNCOLLECTED					
BALANCE*	\$49,831,415				
TOTAL COLLECTIONS 2012	<u>\$57,844,481</u>	<u>\$2,697,159</u>	<u>\$2,303,957</u>	<u>\$62,845,597</u>	
<u>2013</u>					
JANUARY	\$2,804,094	\$301,132	\$112,202	\$3,217,428	
	\$47,027,320				\$25,000,000
FEBRUARY	\$6,209,021	\$742,078	\$249,647	\$7,200,746	
	\$40,818,299				\$25,000,000
MARCH	<u>\$2,783,199</u>	<u>\$470,277</u>	<u>\$111,932</u>	<u>\$3,365,408</u>	
TOTAL UNCOLLECTED					
BALANCE*	\$38,035,100				
TOTAL COLLECTIONS 2013	<u>\$11,796,314</u>	<u>\$1,513,487</u>	<u>\$473,781</u>	<u>\$13,783,582</u>	
*Uncollected from Taxpayers					

ADDITIONAL NOTES AND BORROWINGS

The County may, but does not currently intend to, issue additional notes secured on a parity basis with the Notes. The total par amount of the Notes plus any additional notes shall not exceed the amount of the 2017 delinquent real property taxes. In addition, the County may issue additional bonds or notes secured by its limited general obligation, provided that the total of all its general obligations, limited and unlimited, may not at any time exceed ten percent (10%) of the state equalized valuation of all the real and personal property within the County. See "GENERAL AND ECONOMIC INFORMATION REGARDING THE COUNTY—History of State Equalized Valuation" in Appendix A herein.

NOTEHOLDERS' RISKS

Payment of the Notes is dependent primarily on the collection by the County Treasurer of the 2017 delinquent real property taxes against which the County has borrowed and which were outstanding and due and payable to the County on March 1, 2018.

The County's general funds are committed as a first budget obligation for use in meeting any shortage, with such amount as are advanced from the County's general funds to be reimbursed to the County when such delinquent taxes are ultimately collected or repaid by local units which have received amounts for such uncollectible taxes. The County is also obligated to levy a tax, if necessary, to make such payments, on all taxable property within the County, subject to constitutional and statutory limitations. While the County is obligated to make all these payments from its general fund and limited taxing authority as necessary, the other County obligations for which the County has pledged its full faith and credit are also subject to payment from the County's general funds and limited taxing authority, in the event the primary source of repayment for these other obligations is insufficient to meet the payment terms thereof. Rights and remedies of registered owners of the Notes also may be affected by bankruptcy or other creditors' rights legislations now existing or hereinafter enacted.

LITIGATION

To the knowledge of the County Treasurer, no controversy is pending against the County threatening or seeking to restrain or enjoin the issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the Notes, or any proceedings of the County taken with respect to the issuance or sale thereof, or the pledge or application of any monies or security provided for the payment of the Notes.

No material legal actions are pending or threatened against the County which are, in the opinion of the County's corporation counsel, reasonably anticipated to result in a final judgment against the County in an amount in excess of 1% of the County's general fund budget, after any budgeted surplus, which amount is not completely covered by insurance or for which the County has not set aside an adequate reserve to pay such possible judgment.

PAYING AGENT AND NOTE REGISTRATION

Principal and interest shall be payable and the Notes shall be registered and transferred as described under the heading "BOOK-ENTRY-ONLY SYSTEM" below until the book-entry only system is discontinued. The County has appointed the Paying Agent shown on the cover. In the event the book-entry only system is discontinued, the Paying Agent will also act as note registrar and transfer agent.

BOOK-ENTRY-ONLY SYSTEM

The information in this section has been furnished by The Depository Trust Company, New York, New York ("DTC"). No representation is made by the County or the Paying Agent as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. No attempt has been made by the County or the Paying Agent to determine whether DTC is or will be financially or otherwise capable of fulfilling its obligations. Neither the County nor the Paying

Agent will have any responsibility or obligation to Direct Participants, Indirect Participants (both as defined below) or the persons for which they act as nominees with respect to the Notes, or for any principal, premium, if any, or interest payment thereof.

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each maturity of the Notes, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices

to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Notes within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, interest and redemption amounts, if any, on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the County or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), Paying Agent, or County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, interest and redemption amounts, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the County or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to the County or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Note certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and the DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

TRANSFER OUTSIDE BOOK-ENTRY-ONLY SYSTEM

In the event that the book-entry-only system is discontinued, the following provisions would apply to the Notes. The Paying Agent shall keep the registration books for the Notes (the "Note Register") at its corporate trust office. Subject to the further conditions contained in the Borrowing Resolution, the Notes may be transferred or exchanged for one or more Notes in different authorized denominations upon surrender thereof at the corporate trust office of the Paying Agent by the registered owners or their duly authorized attorneys; upon surrender of any Notes to be transferred or exchanged, the Paying Agent shall record the transfer or exchange in the Note Register and shall authenticate replacement Notes in authorized denominations; during the 15 days immediately preceding the date of mailing (the "Record Date") of any notice of redemption or any time following the mailing of any notice of redemption, the Paying Agent shall not be required to effect or register a transfer or exchange of any Note which has been selected for such redemption, except the Notes properly surrendered for partial redemption may be exchanged for new Notes in authorized denominations equal in the aggregate to the unredeemed portion; the County and Paying Agent shall be entitled to treat the registered owners of the Notes, as their names appear in the Note Register as of the appropriate dates, as the owners of such Notes for all purposes under the Borrowing Resolution. No transfer or exchange made other than as described above in the Borrowing Resolution shall be valid or effective for any purposes under the Borrowing Resolution.

TAX MATTERS

Not Exempt from Federal Tax. In the opinion of Dickinson Wright PLLC, Note Counsel, based on its examination of the documents described in its opinion, under existing law, the interest on the Notes is included in gross income for federal income tax purposes. Note Counsel will express no opinion regarding other federal tax consequences arising with respect to the Notes and the interest thereon.

Exempt from State Tax. In addition, in the opinion of Note Counsel, based on its examination of the documents described in its opinion, under existing law, the Notes and the interest thereon are exempt from all taxation by the State of Michigan or a taxing authority in the State of Michigan, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

Certain Federal Tax Consequences. There are certain additional federal income tax consequences of the purchase, ownership and disposition of the Notes. Such federal income tax consequences include, but are not limited to, matters related to acquisition premium, amortizable note premium, gain or loss on disposition, market discount, information reporting and backup withholding.

Future Developments. NO ASSURANCE CAN BE GIVEN THAT ANY FUTURE LEGISLATION OR CLARIFICATIONS OR AMENDMENTS, IF ENACTED INTO LAW, WILL NOT CONTAIN PROPOSALS THAT COULD CAUSE THE INTEREST ON THE NOTES TO BE SUBJECT DIRECTLY OR INDIRECTLY TO STATE OF MICHIGAN INCOME TAXATION, ADVERSELY AFFECT THE MARKET PRICE OR MARKETABILITY OF THE NOTES, OR OTHERWISE PREVENT THE REGISTERED OWNERS FROM REALIZING THE FULL CURRENT BENEFIT OF THE STATUS OF THE INTEREST THEREON.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE NOTES AND THE TAX CONSEQUENCES OF THE ORIGINAL ISSUE DISCOUNT OR PREMIUM THEREON, IF ANY.

NOTE RATINGS

Moody's Investors Service, Inc., will assign, as of the date of delivery of the Notes, its underlying short-term rating of "MIG1" to this issue of Notes and S&P Global Ratings, acting through Standard & Poor's Financial Services LLC ("S&P"), will assign, as of the date of delivery of the Notes, its underlying short-term rating of "SP-1+" to the Notes.

No application was made to any other rating agency for a rating on the Notes. Any explanation of the significance of a rating may be obtained only from the rating agency furnishing the same. The County furnished to such rating agencies certain materials and information. Generally, rating agencies base their ratings on such information and materials and on investigations, studies and assumptions made by the rating agencies. There is no assurance, if given, that such ratings will prevail for any given period of time or that such will not be revised downward or withdrawn entirely by either or both of such ratings agencies if, in the judgment of either or both of them, circumstances so warrant. Any such downward revision or withdrawal of such rating or ratings may have an adverse effect on the market price of the Notes.

MUNICIPAL ADVISOR

The County has retained Robert W. Baird & Co. Incorporated, of Lansing, Michigan, as municipal financial advisor (the "Municipal Advisor") in connection with the issuance of the Notes. The Municipal Advisor, in its capacity as municipal advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Notes, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Municipal Advisor is precluded from participating in any group or syndicate which may purchase the Notes. Robert W. Baird & Co. Incorporated is registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board ("MSRB") as a municipal advisor.

Requests for information concerning the County should be addressed to Robert W. Baird & Co. Incorporated, 124 W. Allegan Street, Suite 2200, Lansing, Michigan 48933, telephone (517) 371-2607.

APPROVAL OF LEGALITY

The legality of the authorization, sale and delivery of the Notes is subject to the approval of Dickinson Wright PLLC, attorneys of Troy, Michigan ("Note Counsel"), whose unqualified approving opinion will be furnished prior to the delivery of the Notes.

RESPONSIBILITY OF NOTE COUNSEL

Note Counsel has reviewed the statements in this Official Statement within the sections entitled "Purpose of Borrowing," "Description of the Notes," "Security for the Notes," "Additional Notes and Borrowings," "Tax Matters," "Approval of Legality," "Responsibility of Note Counsel" and "Exempt from the Revised Municipal Finance Act." Note Counsel has not reviewed the accuracy of any other section or statement herein, has not made inquiry of any official of the County with respect to such, and has not and will not express an opinion as to such matters.

EXEMPT FROM THE REVISED MUNICIPAL FINANCE ACT

The Notes are issued under Public Act 206 of the Michigan Public Acts of 1893, as amended, and are specifically exempt from the Revised Municipal Finance Act.

CONTINUING DISCLOSURE

The County has covenanted and will covenant for the benefit of the holders of the Notes and the Beneficial Owners (as hereinafter defined) pursuant to the Resolution and the Continuing Disclosure Certificate to be delivered on the date of issuance of the Notes to the purchaser thereof (the "Disclosure Certificate"), to provide or cause to be provided timely notices of the occurrences of certain enumerated events, if material. "Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Notes (including any person holding Notes through nominees, depositories or other intermediaries).

The notices of material events will be filed by the County with the Municipal Securities Rulemaking Board electronically through its Electronic Municipal Market Access system. These covenants have been made by the County in order to assist the purchaser of the Notes and registered brokers, dealers and municipal securities dealers in complying with the requirements of subsection (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule"). The enumerated events, the occurrence of which will require a notice, and the other terms of the Disclosure Certificate are set forth in Appendix D, "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

A failure by the County to comply with its Disclosure Certificate will not constitute an event of default on the Notes (although beneficial owners will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Notes in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

In the past five years, the County has not failed to comply, in all material respects, with any of its previous undertakings in a written contract or agreement that it entered into pursuant to subsection (b)(5) of the Rule. The County has taken several measures to avoid any late filings in the future and will continue to comply in future years, in all material respects with all written contracts or agreements that it will enter into pursuant to subsection (b)(5) of the Rule.

OTHER MATTERS

The County has authorized the distribution of this Official Statement for use in connection with the initial sale of the Notes. The County Treasurer has reviewed the information contained within the Official Statement prepared on behalf of the County by Robert W. Baird & Co. Incorporated and said Official Statement does not contain any material misstatements of fact nor omission of any material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This Official Statement has been duly approved, executed and delivered by the County on the date as set forth on the front cover of this Official Statement.

County of Oakland
State of Michigan

By: /s/ Andrew E. Meisner
Its: Treasurer

APPENDIX A

GENERAL AND ECONOMIC INFORMATION REGARDING THE COUNTY

Introduction

Oakland County continues to be a great place to live, work, shop and establish your business. The County is a special place to live where families enjoy a quality of life that is second to none and where business grows and prospers. The County's taxable value for real and personal property has begun to rebound along with the overall economy and has grown 16.38% since 2013. With only 3.20% of taxable valuation coming from the ten largest taxpayers, the County continues to have a well-diversified tax base.

Residential developments in the County include some of the finest in the State. The median housing value of a single-family home was approximately \$246,000 in 2017. 76% of the county's residential development from 2009 to 2016 has been single-family units, compared to 63% for the entire Southeast Michigan region. More than 31% of new residential construction in the region has been in Oakland County since 2009.

The unemployment rate for Oakland County averaged 3.4% in 2017. Oakland County did experience some job loss due to manufacturing reorganization in 2006 and the national recession that followed but has experienced consistent job growth since the middle of 2010. The University of Michigan's economic forecast for Oakland County projects strong job growth through 2019 due to our skilled and educated workers and a best in class economic diversification strategy, including Automation Alley, Emerging Sectors, and Medical Main Street featuring the new William Beaumont/Oakland University Medical School.

Oakland County has been recognized as one of the most prosperous counties in the nation. In comparing Oakland County with 37 other prosperous counties of similar population throughout the nation, economists rank Oakland County ninth overall based on selected indicators of prosperity. Our goal is to ensure Oakland County and its work force continues to thrive today and tomorrow as a premier technology hub and Oakland County maintains the coveted AAA bond rating thanks to sound fiscal stewardship and a 3-year budget balanced through 2020.

Oakland County has the highest level of median household income of the major labor markets in Michigan. The estimated median household income of Oakland County residents in 2017 was \$69,850.

Source: Oakland County Department of Planning and Economic Development

The County

The County is a public corporation created under the Constitution and Statutes of the State of Michigan, and has general governmental powers and authority. Under Act 206, the Treasurer of the County is the officer responsible for the collection of delinquent real property taxes returned to the County as uncollected on March 1 of any year. In addition, the County Treasurer is responsible for the application of the borrowing proceeds and the preservation of the security related to these funds. The County uses a modified accrual basis for accounting purposes.

Form of Government

The 21 member Board of Commissioners is the governing and legislative body of the County and is elected from districts for two (2) year terms. The County Executive is the chief administrative officer of the County and is elected for a four (4) year term.

The County Executive is responsible for the overall supervision of all County departments, except those headed by other elected officials. The County Executive also has veto powers over any ordinance or resolution adopted by the Board of Commissioners including appropriating ordinances, which may be over ridden by a 2/3 vote of all members elected and serving on the County Board of Commissioners.

County Location, Transportation and Character

The County of Oakland is located in the southeast portion of Michigan's Lower Peninsula. The County covers an area of 910 square miles, which includes 30 cities, 10 villages and 21 townships. Within the county there are more than 5 rivers, 1,400 lakes, 900 miles of shoreline, and numerous small streams. There are approximately 82 private and public golf courses, including Groveland Oaks, the first park in Michigan to be environmentally certified by the Michigan Turfgrass Environmental Stewardship Program, which attracts many businesses and residents to Oakland County.

Oakland (County) International Airport is capable of accommodating jets as large as a 727 and is home base for over 800 corporate and general aviation aircraft. It is the world's sixth busiest general aviation airport and is the second busiest airport in Michigan with approximately 333,000 aircraft flying in and out each year. In 1996 the airport opened a full time U.S. customs office and expanded the airport to international commerce, tripling the amount of international flights to over 1,200 flights per year. The airport contributes over \$150 million to the County's economy each year.

Detroit Metropolitan Airport (DTW), located 18 miles south of the County, offers direct and connecting flights daily to nearly everywhere in the world. With more than 31 million passengers each year, Detroit Metropolitan Airport is one of the busiest airports in the United States. As the second-largest hub and primary Asian gateway for Delta, the world's largest airline, DTW serves as the SkyTeam Alliance's major Midwestern hub. With two new passenger terminals, 145 gates, six jet runways and two modern Federal Inspection Services facilities for international arrivals it is one of the newest, most operationally-capable and efficient airports in North America.

The Port of Detroit, located south of the County (in Wayne County), serves as Southeast Michigan's link to the Great Lakes, the St. Lawrence Seaway and the world. An international port of entry with full U.S. Customs Service and a Free Trade Zone, enhancing the area's attractiveness to foreign manufacturers. Detroit is ranked third in exports (based on dollar value) after Los Angeles and New York.

Roads and Highways - Major investments in widening and in upgrades to many Interchanges along the 87 miles of interstate freeways serving Oakland County continue to be made. Interstate 75 and I-275 link the area with the states of Ohio, Kentucky, Tennessee, Georgia and Florida; and I-94, I-96 and I-696, Major east/west freeways in the state, link east to Canada and west through Chicago. Oakland County and the surrounding area are free of toll roads.



Rail Service – CSX offers class-one industrial and commercial freight shipping from Wixom, Michigan to Detroit or Chicago. Canadian National Railway operates class-one industrial/commercial freight shipping from Birmingham, Michigan to Detroit or Windsor, Ontario. Amtrak Passenger Rail Service has stations in the Michigan cities of Birmingham, Pontiac, and Royal Oak for trains traveling to Chicago Union Station and points in between.

Residential – With nearly 20,000 new construction permits since the start of 2009, the highest total in the seven-county Southeast Michigan region, Oakland County continues to post strong numbers in residential development. The estimated median housing value of a single-family home in Oakland County was approximately \$246,000 in 2017, a 48% increase since 2010.

Commercial. Oakland County compiled 6.2 million square feet of development in 2016; industrial/research/hi-tech floor space was the top contributor in the county at 26% of the new non-residential development. The “Tri-County Commerce Center” warehouse building in Hazel Park was the largest project under construction in 2016 at 575,000 square feet.

Agriculture. Agriculture has been declining steadily due to farm property being converted into residential, commercial and industrial sites, but remains an important part of the county’s economic diversification strategy.

Retail Activity. The County is home to an extensive collection of malls and shopping centers ranging from small village malls and popular local downtown shopping districts, to multi-floor regional malls found in most major cities. From luxury retailers at Somerset Collection to value-oriented stores at Great Lake Crossing Outlets, Oakland County offers shopping to meet the needs of residents and visitors alike.

Corporate. More than 60 percent of Fortune 500 companies do business in Oakland County, increasing 14 percent from 2014 to 2016. Of the Fortune Global 500 companies, 57 percent have business locations in Oakland County.

Oakland County continues to lead all Michigan counties in the number of business incorporating and forming in the state. Of the total new incorporations that took place in Michigan in 2016, Oakland County had 26 percent. Oakland County also has the state’s largest number of business proprietorships and partnerships.

Hotels-Motels. As of 2016, Oakland County has 98 hotels and motels with 20 or more rooms, including the Townsend of Birmingham and the Royal Park Hotel in Rochester. Several new hotel/motel properties are under construction and should be available in the very near future.

Source: Oakland County Department of Planning and Economic Development

Office Buildings. More than eight million square feet of floor space has been completed in Oakland County since the start of 2007, accounting for nearly 25% of Southeast Michigan’s total nonresidential development. According to CoStar, office lease and vacancy rates in Oakland County submarkets remain competitive with the rest of metro Detroit. The Auburn Hills (4.4%), Birmingham (7.1%), and Bloomfield (4.2%) submarkets have some of the lowest vacancy rates in the region.

Industrial & Research Parks. Oakland Technology Park, located in Auburn Hills, is one of the top five research parks in the nation in size. Fiat Chrysler (FCA) US, LLC’s \$1 billion R & D headquarters and \$1.4 billion corporate world headquarters is located on 500 acres just outside the Oakland Technology Park. Electronic Data Systems, Comerica Bank, World Computer, ITT Automotive and other major firms are located in this Oakland Technology Park. Oakland County leads all Michigan counties with more than 240 business parks totaling more than 10,000 acres.

Source: SEMCOG, CoStar

Water & Sewage. All of southern Oakland County buys water from the Great Lakes Water Authority. When projects now underway are completed, the Great Lakes Water Authority will treat all of southern Oakland County's sewage (other than that of the City of Pontiac). Major drainage systems have been and are being built in the County. Following is a list of the utility suppliers and sources for Oakland County:

Electricity Suppliers:

Detroit Edison	Consumers Power
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Natural Gas Suppliers:

Consumers Energy	MichCon	Semco Energy
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Water Sources:

Great Lakes Water Authority	Lake Huron	Ground Water from Wells
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Sewer and System Types:

Great Lakes Water Authority	Community Water Treatment Facilities and Septic Fields
Separate Storm and Sanitary Community Treatment Facilities	

Education

There are 28 school districts in Oakland County, all offering preschool programs and all but one providing childcare or latchkey services. In 2018, U.S. News & World Report rated the International Academy in Bloomfield Hills number 2 in Michigan and number 30 in the nation's top U.S. high schools. Three other high schools located in Oakland County were listed in the top 10 of Michigan high schools.

In the fall of 2006 Oakland County launched a Mandarin Chinese language program in four school districts. Today, all school districts in Oakland County and 3 consortium schools offer this language program.

Thirty institutions of higher learning with a total enrollment of over 100,000 are located in the County. The largest public degree-granting institutions headquartered in Oakland County are Oakland University, Oakland Community College, M-Tech and Lawrence Technological University. Over 75% of Michigan's schools offer dual-enrollment programs which give high school students the opportunity to earn college credits. The national average of schools offering dual-enrollment is only 65%.

Oakland University. The Schools of Management and Engineering work with industrial firms in developing personnel versed in manufacturing technologies and technology development processes, and management. The university's faculty consults with many industrial firms and facilitates on the transfer of technology between the University and the business community. The new William Beaumont/Oakland University School of Medicine is a game changing development for Oakland University, Oakland County, and the practice of medicine.

Oakland Community College. Nearly 38,000 students attend this multi-campus college specializing in technical and vocational education. To lead a consortium of educational institutions in Oakland County and Southeastern Michigan to support the Emerging Sectors initiative Oakland Community College was given \$285,000 in federal appropriations in 2016.

Lawrence Technological University. One of the Midwest's leading technical schools, Lawrence's engineering, architecture, business and industrial management and associate studies graduate approximately 1,000 students yearly.

Other Educational Institutions. Central Michigan University and Michigan State University have graduate studies and programs in the County. Walsh College concentrates on business and accounting education as does Baker College.

The main campuses of the University of Michigan, Wayne State University and Michigan State University are approximately 20 to 90 miles from the County. These are major centers of research. Each university has institutes established for the purpose of providing technology research, development and transfer to the business sector for economic development. The Polymer Institute is located at the University of Detroit, less than two miles from the southern border of the County.

Source: Oakland County Department of Planning and Economic Development

Population

Oakland County's 2017 population was estimated to be over 1,250,000. Out of 83 counties in Michigan, it has the second largest population. Oakland County is also projected to have the second largest actual population gain in the metro Detroit area by 2040 with nearly 45,000 new residents.

Table 1 – Population Trends, 1960 – 2017

<u>Year</u>	<u>Population</u>	<u>Year</u>	<u>Population</u>	<u>Year</u>	<u>Population</u>
1960	650,259	2010	1,202,362	2015	1,242,304
1970	907,871	2011	1,211,103	2016	1,243,970
1980	1,011,793	2012	1,221,138	2017	1,250,836
1990	1,083,592	2013	1,232,947		
2000	1,194,156	2014	1,238,718		

Sources: U.S. Department of Commerce, Bureau of the Census Bureau

Income

Oakland County's median household income (MHI) was \$69,850 in 2017, the highest among Michigan's 83 counties. Oakland's median household income also compares favorably to the national MHI of \$55,322 and Michigan's MHI of \$50,803.

Table 2 – Median Household Income in Oakland County, 2008 – 2017

Year	Median Household Income
2017	\$69,850
2016	65,759
2015	63,454
2014	60,771
2013	57,605
2012	57,360
2011	54,110
2010	49,821
2009	48,577
2008	52,884

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Job Growth

Oakland County suffered substantial job losses each year from 2006 to 2009, registering a record loss of nearly 60,000 jobs in 2009. That year's performance reflected the national Great Recession and bankruptcy proceedings for both General Motors and Chrysler. Oakland County turned the corner to resume job growth in early 2010. The county gained nearly 25,000 jobs in both 2011 and 2012, before downshifting to just over 18,000 job additions in 2013. The average job gains from 2011 to 2013 were the most in any three-year period since the mid-1990s. Job growth in the county averaged 14,300 jobs annually from 2014 to 2016 and in 2017 had job growth of 8,772. 35.7% of the new jobs created in the county from 2010 to 2017 were in high-wage industries.

The County's economic base continues to diversify since Oakland County's Emerging Sectors Initiative was put into place. Since the inception of Emerging Sectors in 2004, more than 470 Emerging Sector companies have generated more than \$4.6 billion in investment while creating or retaining more than 81,000 jobs. The vast majority of those jobs are in the high-wage category. It is clear that Oakland County is succeeding at attracting companies from emerging sectors from around the country, and in some instances, from around the globe.

Source: Oakland County Department of Planning and Economic Development

Industrial and High Technology

Companies believe that if you are a part of the automotive industry, you must have a presence in southeast Michigan, and preferably Oakland County. Certainly research and development organizations continue to select Oakland County as one-third of all Michigan's R & D facilities are located in Oakland County. Automation Alley, founded in Oakland County and headquartered in Troy, is Southeast Michigan's leading technology business association. The organization fosters growth and economic development and is home to more than 311,000 technology workers and 7,800 technology businesses from a variety of industries, and to help communities make the transition from a manufacturing economy to a knowledge economy, Oakland County has developed the Technology Planning Toolkit. This relates global economic trends with local actionable items.

Source: Oakland County Department of Planning and Economic Development

Foreign Investment

Over 1,100 businesses representing 39 foreign parent companies doing business in Michigan are located in Oakland County. In 2016, Sixty-seven percent of all foreign owned firms in southeastern Michigan were in Oakland County.

Labor Force

The unemployment rate for Oakland County averaged 3.4% and 4.6% for the State of Michigan in 2017.

Table 3 – Unemployment History in the County, Calendar Year 2017

Month	Total Labor Force	Unemployment	Percent Unemployed
January	653,666	28,831	4.4%
February	655,296	25,367	3.4
March	657,328	22,618	3.4
April	652,182	16,635	2.6
May	659,798	17,615	2.7
June	665,157	21,432	3.2
July	671,589	25,738	3.8
August	671,467	26,779	4.0
September	671,980	24,133	3.6
October	666,101	22,464	3.4
November	665,178	20,716	3.1
December	663,281	21,080	3.2

Source: State of Michigan, Department of Technology, Management & Budget

Table 4 – Unemployment History in the County, 2008-2017 (Annual Averages)

Calendar Year	Total Work Force	Unemployment	Percent Unemployed
2017	662,752	22,784	3.4%
2016	651,937	27,097	4.2
2015	632,577	29,971	4.7
2014	630,196	40,988	6.5
2013	628,635	49,021	7.8
2012	616,205	50,751	8.2
2011	610,881	58,221	9.5
2010	621,876	73,177	11.8
2009	606,548	78,817	13.0
2008	609,423	40,300	6.6

Source: State of Michigan, Department of Technology, Management & Budget

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Table 5 – Unemployment History in the State of Michigan, 2008-2017 (Annual Averages)

Calendar Year	Total Work Force	Unemployment	Percent Unemployed
2017	4,884,000	227,000	4.6%
2016	4,840,000	241,000	5.0
2015	4,751,000	258,000	5.4
2014	4,754,000	344,000	7.2
2013	4,724,000	416,000	8.8
2012	4,673,000	426,000	9.1
2011	4,685,000	487,000	10.4
2010	4,799,000	605,000	12.6
2009	4,904,000	670,000	13.7
2008	4,922,000	392,000	8.0

Source: State of Michigan, Department of Technology, Management & Budget

Major Employers

The 25 largest employers in the County and number of employees in 2017.

Table 6 – Twenty-Five Largest Employers in the County

Employer Name	Approximate Number of Employees
Beaumont Hospitals	18,301
FCA US LLC	13,099
General Motors Co.	9,687
Ascension Michigan	5,474
U.S. Postal Service	4,195
Henry Ford Health System	4,085
Oakland County	3,451
Trinity Health	2,466
Magna International of America	2,441
Comerica Bank	2,003
Flagstar Bancorp Inc.	1,979
Lear Corporation	1,932
Rochester Community Schools	1,833
McLaren Health Care Corp.	1,831
Oakland University	1,764
Blue Cross Blue Shield of Michigan	1,496
Walled Lake Community Schools	1,410
Huron Valley Schools	1,362
Delphi Automotive	1,316
Comau, Inc.	1,300
U.S. Farathane	1,269
The Suburban Collection	1,251
Kelly Services, Inc.	1,235
Nissan North America Inc.	1,213
Detroit Medical Center	1,150
State of Michigan	1,150

Source: Oakland County Department of Planning and Economic Development

Major Corporations

Oakland County is host to major corporate headquarters and major regional division offices. Below is a listing of the top ten doing business in Oakland County.

Table 7 – Companies with Major Corporate or Regional Division Offices in Oakland County

<u>Company</u>	<u>Sales (millions)</u>
Fiat Chrysler Automobiles N.V.	\$111,018.0
Penske Automotive Group	20,118.5
Lear Corporation	18,557.6
Aptiv, PLC (formerly Delphi Automotive, PLC)	16,661.0
Autoliv, Inc	10,074.0
BORGWARNER Inc.	9,071.0
Federal-Mogul Corporation	7,434.0
IAC Group North America, Inc.	6,000.0
Kelly Services, Inc.	5,276.8
Guardian Industries Corporation	5,031.9

Source: Hoover's, Bloomberg; Most recent annual filing or estimate as of January 31, 2018

Banking

The banking needs within the County are adequately handled by:

Bank of America	Crestmark Bank	mBank
Bank of Ann Arbor	Flagstar Bank	Main Street Bank
Charter One Bank, NA	Genisys Credit Union	Mercantile Bank
Chemical Bank	Horizon Bank	Michigan First Credit Union
Chief Financial Credit Union	Huron Valley State Bank	MSU Federal Credit Union
CIBC	Independent Bank	Oxford Bank
Citizen Community Federal	JP Morgan Chase Bank	PNC Bank
Clarkston State Bank	Lakes Community Credit Union	The Huntington National Bank
Comerica Bank	Level One Bank	TCF Bank

County Budget Process

Conservative Budget Practices. The County's budgetary practices encourage favorable variances against actual operations. The County conservatively budgets for all authorized positions at full funding, regardless of whether they are filled or not. In doing so, vacancies arising from turnover, transfers or separation from County employment provide departments latitude in operating flexibility. Favorable variances are created as a financial management strategy and are relied upon to ensure that the General Fund equity (and other equities throughout the County) is maintained.

Multiple-Year Budgeting. After years of preparing and managing an operating budget for two-year periods of time, in 2009, the County expanded its budget practices to a triennial budget. The current County Executive Recommended Triennial Budget is balanced through FY 2020. On September 28, 2017, the Oakland County Board of Commissioners adopted the current FY 2018 to FY 2020 budget. The County maintains the triennial budget with periodic amendments. Each new program or action is considered for the current year and the subsequent two years on a line-item basis.

Dynamic Budgeting. The County continually monitors budget and supplementary data, including real estate trends, foreclosure data and other information which impacts County Revenue. This data is continually evaluated to determine long-term budget trends and to adjust current budgets.

Operating and Other Reserves. The General Fund balance is projected to be above the minimum operating reserve through FY 2020 based on the County's Operating Budget. The County also has a formally expressed policy of maintaining a targeted amount of at least \$200,000,000 in its delinquent tax revolving fund.

Additional information on the County's budget is available at:

<https://www.oakgov.com/Investors/Pages/default.aspx>

**Table 8 – History of State Equalized Valuation (SEV)
(Represents 50% of True Cash Value)**

Assessment	% Change				
Year	Real Property	Personal Property	Total SEV	In Total SEV	Taxable Value
2018	\$68,461,534,887	\$3,409,823,960	\$71,871,358,847	4.15%	\$57,302,006,431
2017	65,554,572,199	3,453,780,010	69,008,352,209	6.03	54,723,743,027
2016	61,675,751,998	3,409,099,116	65,084,851,114	7.04	52,786,202,473
2015	56,923,321,000	3,882,782,774	60,806,103,774	10.39	51,895,341,437
2014	51,433,104,533	3,651,502,760	55,084,607,293	7.11	50,048,650,087
2013	47,639,423,175	3,790,500,640	51,429,923,815	1.16	49,235,110,306
2012	47,131,932,645	3,707,092,321	50,839,024,966	-3.08	49,235,953,993
2011	48,766,831,153	3,686,629,190	52,453,460,343	-9.16	50,798,540,257
2010	53,979,517,024	3,765,559,483	57,745,076,507	-14.90	55,081,707,586
2009	63,909,419,815	3,949,566,334	67,858,986,149	-8.90	62,416,676,895

Source: Oakland County Equalization Department

SEV does not include any value of tax exempt property (e.g., governmental facilities, churches, public schools, etc.) or property granted tax abatements. See "Taxing Procedures" herein. In accordance with Act 409, Public Acts of 1965, as amended, and Article IX, Section 3, of the Michigan Constitution of 1963, SEV represents 50% of true cash value.

Table 9 – History and Percentage Breakdown of State Equalized Valuation by Tax Year

Type of Property	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Residential	76.5%	76.9%	76.7%	75.3%	73.7%	71.3%	69.9%	68.5%	67.6%	68.7%
Commercial	15.7	15.2	15.2	15.5	16.7	18.0	19.3	20.6	19.6	19.0
Industrial	3.0	2.8	2.8	2.7	2.9	3.1	3.4	3.7	6.0	6.3
Personal Property	4.7	5.0	5.2	6.4	6.6	7.4	7.3	7.0	6.5	5.8
Agricultural	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2
Developmental	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Oakland County Equalization Department

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Largest Taxpayers

The 10 largest taxpayers in the County and their 2018 taxable valuations are:

Table 10 – Ten Largest Taxpayers

Taxpayer	Taxable Valuation
DTE Electric and Gas	\$613,252,667
Consumers Energy	372,537,818
FCA Auburn Hills Owner LLC	172,863,430
Taubman/ Great Lakes Crossing/12 Oaks Mall	123,710,780
Enbridge	117,854,260
ITC Transmission	111,083,140
General Motors	84,142,020
Singh	81,805,520
Edward Rose/Occidental Dev	81,329,400
SL Town et al.	77,785,070
Total	\$1,836,364,105

Note: The taxable values have been compiled from a number of sources/reports and may include estimated figures.

Source: *Oakland County Equalization Department*

Property Subject to Taxation

The State Constitution limits the proportion of true cash value at which property can be uniformly assessed to 50% or less. By statute, the state Legislature has provided that the property shall be assessed at 50% of its true cash value. The state Legislature or the electorate may at some future time reduce the percentage below the present 50% of true cash value.

Responsibility for assessing local taxable property rests with the assessing officers of cities, villages, and townships. Any property owner may appeal his or her assessment to the local Board of Review and ultimately to the Michigan State Tax Tribunal.

The State Constitution also mandates a system of equalization for assessments. Although the assessors for each local unit of government are responsible for actually assessing at 50% of true cash value, the final state equalized assessment against which local property tax rates are applied is derived through several steps. County equalization is brought about by adjustments of the various local unit assessment ratios to the same levels; thereafter, the State equalizes the various counties in relation to each other.

On March 15, 1994, the electors of the State approved an amendment to the Michigan Constitution, limiting the increase in taxable value of property in any year, commencing 1995, to 5% or the rate of inflation, whichever is less, until ownership of the property is transferred at which time the assessment reverts to 50% of the true cash value of the property, as equalized. The effect of this assessment cap will be that different parcels of property will be taxed on different percentages of their cash value. The legislation implementing this constitutional amendment adds a new measure of property value for property taxes levied after 1994, known as taxable value. For the year 1995, the taxable value of property is based on the state equalized value (SEV) of that property in 1994. For each year after 1994, increases in the taxable value of property are limited by the constitutional assessment cap or the percentage change in the SEV of such property from the prior year until the transfer of ownership of the property at which time the taxable value shall be the property's SEV.

Industrial Facilities Tax

The Michigan Plant Rehabilitation and Industrial Development District Act (Act 198, Public Acts of Michigan, 1974, as amended), provides significant tax incentives to industry to renovate and expand aging plants and to build new plants in Michigan. Under the provisions of Act 198, qualifying cities, villages and townships may establish districts in which industrial firms are offered certain property tax incentives to encourage restoration

or replacement of obsolete industrial facilities and to attract new plants to the area. The issuance of any exemption certificate must be approved by the State Treasurer. Firms situated in such districts pay an Industrial Facilities Tax in lieu of property taxes on plant and equipment for a period of up to 12 years. For rehabilitated plant and equipment, the assessed value is frozen at previous levels. New plant and equipment is taxed at one-half the current millage rate. It must be emphasized, however, that ad valorem property taxes on land and inventory are not reduced in any way since both land and inventory are specifically excluded under Act 198. For abatements granted prior to January 1, 1994, new plant and equipment is taxed at one half the current millage rate, except for mills levied for local and intermediate school operating purposes or under the State Education Tax Act, plus one-half of the number of mills levied for school operating purposes in 1993. For abatements granted after 1993, new plant and equipment is taxed at one-half of the total mills levied as ad valorem taxes by all taxing units, except mills levied under the State Education Tax Act. For abatements granted after 1993, the State Treasurer may also permit abatement of one-half of the mills levied or exempt the abatement totally from mills levied under the State Education Act. Abatements under Act 198 have been granted to properties in the County with a total 2018 taxable valuation of \$232,937,656 for real and personal property.

Others

The Obsolete Properties Tax (Act 146, Public Acts of Michigan, 2000) provides partial property tax abatements to property owners on the value of improvements made to certain types of commercial and residential properties. Currently, the City of Pontiac is the only community in Oakland County to utilize this tax abatement.

The Taxation of Lessees or Users of Tax-exempt Property Act (Act 189, Public Acts of Michigan, 1953) states that if real property exempt for any reason from ad valorem property taxation is leased, loaned, or otherwise made available to and used by a private individual, association, or corporation in connection with a business conducted for profit, the lessee or user of the real property is subject to taxation in the same amount and to the same extent as though the lessee or user owned the real property. The total number of lessees or users in 2018 under Act 189 within the County was 20.

Source: Oakland County Treasurer

Personal Property Tax Revenues

In an effort to entice businesses to locate in Michigan and to encourage existing businesses to expand, the Michigan Legislature approved a series of bills in December 2012 to phase out and eventually eliminate industrial and commercial personal property tax (PPT). These bills were tie-barred together, were to be implemented in phases, and required approval by statewide vote in August 2014 to take full effect. Based on these bills passed in 2012, local units of government would have received partial but not full reimbursement from the State for reduced PPT revenue. The budget as adopted in September 2013 included a reduction in the PPT revenue based on the 2012 PPT reduction bills.

The Legislature passed a series of new PPT bills in 2014 to fix some technical problems identified with the 2012 bills and also to provide funding to eventually fully reimburse local governments for the reduction in PPT revenue. These bills also were dependent upon voter approval in August 2014. On August 5, 2014 the voters of the State of Michigan approved a ballot proposition having the effect of approving the PPT plan contained in the 2012 bills as modified by the 2014 bills.

The first phase of the PPT plan took effect on January 1, 2014, with an exemption for business owners if their personal property has a combined true cash value of less than \$80,000 (taxable value of less than \$40,000). However, eligible property owners must have filed an affidavit by February 2014 in order to claim the exemption. The triennial budget as adopted in September 2013 included the assumption that all eligible property owners filed for the required affidavit by the state-imposed February deadline and that PPT revenue will be reduced by \$1.5 million annually in FY 2014 and FY 2015. Subsequent budgets also included further additional reductions in PPT for the implementation of the second and third phases based on the legislation passed in 2012.

Based on the new legislation passed in 2014, the lost revenue from the PPT exemptions would be restored through State reimbursement beginning in FY 2016. The County has received full reimbursement of PPT losses for FY 2016 and FY 2017 with the State of Michigan reimbursing at rates of more than 100% for those years.

County Tax Rates

In August, 1978, the voters of Oakland County approved, as part of County wide fixed millage, a maximum millage of \$5.26 per \$1,000, subject to Headlee Amendment reductions. The maximum authorized operating millage for 2017, after the Headlee reduction, is 4.1457 mills. See "Tax Rate Limitation" section.

Table 11 - County Tax Rates (in mills) \$1.00/\$1,000 of Taxable Valuation

	2017	2016	2015	2014	2013	2012	2011	2010
Operating	4.0400	4.0400	4.0900	4.1900	4.1900	4.1900	4.1900	4.1900
Parks & Recreation	0.2392	0.2410	0.2415	0.2415	0.2415	0.2415	0.2415	0.2415
Huron Clinton Authority	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146
Zoo Authority	0.0990	0.0998	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
Arts Authority	0.1981	0.1996	0.2000	0.2000	0.2000	0.2000	0.0000	0.0000
Total	4.7909	4.7950	4.8461	4.9461	4.9461	4.9461	4.7461	4.7461

Source: Oakland County Treasurer

Tax Rate Limitation

Article IX, Section 6, of the Michigan Constitution of 1963 provides, in part:

"Except as otherwise provided in this Constitution, the total amount of general ad valorem taxes imposed upon real and tangible personal property for all purposes in any one year shall not exceed 15 mills on each dollar of the assessed valuation of property as finally equalized."

Section 6 further provides that by a majority vote of qualified electors of the County, the 15 mill limitation may be increased to a total of not to exceed 18 mills, and the millage of the local units involved shall then be permanently fixed within that greater millage limitation.

Act 62, Public Acts of Michigan, 1933, as amended, defines local units as counties, townships, villages, cities, school districts, community college districts, intermediate school districts, districts and other organizations or districts which may be established with the power to levy taxes, except villages and cities for which there are provisions in their charters or general law fixing maximum limits on the power to levy taxes against property.

The County voted in 1978 to fix millage rates pursuant to Section 6 of the 1963 Michigan Constitution and eliminate the Tax Allocation Board. The fixed rates are as follows (per \$1,000 of equalized valuation):

<u>Unit of Government</u>	<u>Millage Rate</u>
Any School District	9.54
County of Oakland	5.26
Any Township	1.41
Oakland County Intermediate School District	<u>0.25</u>
Total Millage Rate	16.46

In addition, Article IX, Section 6, permits the levy of millage in excess of the above for:

1. All debt service on tax supported notes issued prior to December 23, 1978 or tax supported issues which have been approved by the voters for which the issuer has pledged its full faith and credit.
2. Operating purposes for a specified period of time provided that such increased millage is approved by a majority of the qualified electors of the local unit.

County Operating Tax Collection Record

Table 12 – Collection Record of County's Tax Levy, 2008 - 2017

Year of Tax Levy	Tax Levy*	Collections to March 1 of Each Levy Year Amount**	Percent	Collections Plus Delinquent Tax Funding Percent
2017	\$216,149,261	\$211,990,334	98.08%	100.00%
2016	208,735,308	204,440,226	97.94	100.00
2015	207,429,739	202,760,984	97.75	100.00
2014	204,966,211	199,927,994	97.54	100.00
2013	201,089,193	195,528,055	97.23	100.00
2012	201,724,853	189,692,721	94.04	100.00
2011	206,524,166	198,931,022	96.32	100.00
2010	223,423,778	214,041,473	95.80	100.00
2009	253,987,318	241,943,443	95.26	100.00
2008	262,899,380	251,050,564	95.49	100.00

* Includes real and personal property taxes.

** Reflects only real property delinquency and assumes 100% collection of personal property taxes.

Source: Oakland County Treasurer

Prior to 1997, the County's fiscal year began on January 1st and ended on December 31st. Starting in 1997, the County's Fiscal Year started on October 1st ended on September 30th. Taxes are due December 1, and become delinquent the following March 1. The County has issued General Obligation Limited Tax Notes and established a 100% Tax Payment Fund at the County level, and after March 1st, the County pays, from the 100% Tax Payment Fund, all delinquent real property taxes from all municipalities in the County. The fund does not cover personal, buildings on leased land, DNR-PILT, or tax abated property taxes. Delinquent personal property taxes are negligible, and therefore, 100% Tax Collections are reported above.

Table 13 – Collection Record of County Wide Tax Levy, 2008 - 2017

Year of Tax Levy	Tax Levy*	Collections to March 1 of Each Levy Year Amount**	Percent	Collections Plus Delinquent Tax Funding Percent
2017	\$2,398,966,968	\$2,331,012,420	97.17%	100.00%
2016	2,328,096,528	2,256,640,187	96.93	100.00
2015	2,286,212,705	2,212,322,514	96.77	100.00
2014	2,217,628,392	2,140,231,078	96.51	100.00
2013	2,170,304,164	2,083,958,031	96.02	100.00
2012	2,155,447,277	2,059,602,174	95.55	100.00
2011	2,196,145,824	2,081,982,974	94.80	100.00
2010	2,317,084,920	2,179,375,143	94.06	100.00
2009	2,552,222,639	2,388,595,610	93.59	100.00
2008	2,608,706,372	2,451,081,244	93.96	100.00

* Includes real and personal property taxes.

** Reflects only real property delinquency and assumes 100% collection of personal property taxes.

Source: Oakland County Treasurer

Table 14 – History of County Wide Tax Delinquencies

Levy Year	Real Property	Personal Property
2017	\$63,097,392.73	\$7,857,155.30
2016	66,517,083.17	4,813,003.09
2015	68,796,395.48	4,791,215.74
2014	72,532,013.95	4,669,385.41
2013	80,215,223.23	6,132,887.66
2012	89,699,373.20	5,702,067.01
2011	107,675,895.41	6,032,598.54
2010	130,215,501.20	7,271,064.88
2009	155,464,907.26	7,809,985.47
2008	149,883,620.70	7,387,710.43
2007	138,097,525.69	9,102,775.59

Source: Oakland County Treasurer

Tax Collection and Levy Date for County Fixed or Allocated Millage

The money which is generated by a cash flow shift which will accelerate the collection of county fixed or allocated millage. All counties collect a base tax (which is, of course, reduced by Headlee rollbacks and limited by Proposal A caps) which is either fixed by a vote of the county voters or allocated to the county by a tax allocation board. In addition, counties have a right to vote extra millages for various purposes for up to 20 years. THIS DOES NOT APPLY TO EXTRA VOTED TAXES WHICH CONTINUE TO BE LEVIED AND COLLECTED ON DECEMBER 1.

Revenue Sharing from the State of Michigan

The County receives revenue sharing payments from the State of Michigan under the State revenue Sharing Act of 1971, as amended (the “Revenue Sharing Act”), on a per capita basis. The County’s revenue sharing distribution is subject to annual legislative appropriation and may be reduced or delayed by Executive Order during any State fiscal year in which the Governor, with the approval of the State Legislature’s appropriation committees, determines that actual revenues will be less than the revenue estimates on which appropriations were based.

The State’s ability to make revenue sharing payments to the County in the amounts and at the times specified in the Revenue Sharing Act is subject to the State’s overall financial condition and its ability to finance any temporary cash flow deficiencies. Act 357, Public Acts of Michigan, 2004 (“Act 357”) amended the General Property Tax Act to temporarily eliminate statutory revenue sharing payments to counties by creating a reserve fund, against which counties could draw in lieu of annual revenue sharing payments, paid for by the permanent advancement of the counties’ property tax levy from December to July each year, beginning in 2005. Under Act 357, a county would resume receiving state revenue sharing payments in the first year in which the county’s property tax revenue reserve was less than the amount the county would have otherwise received in state revenue sharing payments. The County resumed receiving the revenue sharing payments in 2015.

Under the fiscal year 2018 budget, signed into law on July 14, 2017 by Governor Snyder, a portion of county revenue sharing payment distributions are made pursuant to the Revenue Sharing Act and a portion are distributed through an incentive based program called the county incentive program (“CIP”). For fiscal year 2018, the county revenue sharing program has an appropriation of \$220 million, an increase over the fiscal year 2017 amount of \$217.2 million, with \$176.9 million being distributed pursuant to the Revenue Sharing Act and \$43.1 million being distributed through the CIP. The CIP provides eligible counties distributions for

complying with “best practices” to increase transparency. Eligible counties are those that would be eligible to resume receiving state revenue sharing payments under Act 357.

Under the fiscal year 2018 CIP, an eligible county can receive CIP payments if it meets requirements for accountability and transparency, including making a citizen’s guide to its finances, a performance dashboard, a debt service report and a two-year budget projection available for public viewing. However, there can be no assurance of what amount, if any, the County would receive under CIP. The County anticipates meeting the requirements to receive fiscal year 2018 CIP payments.

Purchasers of the Notes should be alert to further modifications to revenue sharing payments to Michigan local governmental units, to the potential consequent impact upon the County’s general fund condition, and to the potential impact upon the market price or marketability of the Notes resulting from changes in revenues received by the County from the State.

The following table sets forth the amounts of annual revenue sharing payments from the State for the County’s fiscal years ended September 30, 2013 through September 30, 2017 and the estimated revenue sharing payments for the County’s fiscal years ending September 30, 2018 and 2019.

Table 15 – Revenue Sharing From the State of Michigan

County of Oakland Fiscal Year End September 30 th	Revenue Sharing Payments
2019	\$26,421,794*
2018	26,683,371*
2017	26,419,185
2016	26,163,877
2015	24,831,356
2014	---

*Projected

County Labor Contracts

As of May 2018, Oakland County has 3,494 full time eligible positions of which 1,683 are represented by 8 certified bargaining units.

There are no current labor problems which might have a material effect upon Oakland County.

Table 16 – Oakland County Employees Represented by Bargaining Unit

County Employee Group	Number of Positions	Contract Expiration Date
Sheriff’s Law Enforcement	432	9/30/2018
Corrections and Services	443	9/30/2018
Sheriff’s Command Officers	117	9/30/2018
Children’s Village Employees	144	9/30/2018
Family Court Employees	89	9/30/2018
Prosecutor’s Investigators	8	9/30/2018
Oakland County Employees Union	363	9/30/2018
Public Health Nurses	87	9/30/2018
	<u>1,683</u>	

Source: Oakland County Human Resources Department.

Pensions

As of September 30, 2017, the actuarial value of assets was used to determine both the funded status and the required employer contribution. The resulting System funded percent is 102.6%.

The following data is taken from the latest actuarial report prepared by Gabriel, Roeder, Smith & Company as of September 30, 2017. Additional information can be found on the County's website at:

<https://www.oakgov.com/investors/Pages/default.aspx>

Table 17 – Oakland County Employees Retirement System – Present Financial Report

	General Union	Command Officers	Road Deputies	Corrections Deputies	Total
A. Accrued Liability					
1. For retirees and beneficiaries	\$480,161,582	\$44,053,564	\$50,532,909	\$53,233,482	\$627,981,537
2. For vested /terminated members	6,017,553	322,454	150,802	321,245	6,812,054
3. For present active members					
a. Value of expected future benefit payments	86,458,736	10,672,639	21,005,917	11,843,724	129,981,016
b. Value of future normal costs	5,722,492	466,659	1,012,605	565,862	7,767,618
c. Active member liability: (a) – (b)	80,736,244	10,205,980	19,993,312	11,277,862	122,213,398
4. Total	566,915,379	54,581,998	70,677,023	64,832,589	757,006,989
B. Valuation Assets	582,234,873	55,919,965	72,578,803	65,623,573	776,357,214
C. Unfunded Accrued Liability: (A.4) – (B)	(15,319,494)	(1,337,967)	(1,901,780)	(790,984)	(19,350,225)
D. Funding Ratio: (B) / (A.4)	102.7%	102.5%	102.7%	101.2%	102.6%

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Other Post-Employment Benefits (OPEB)

The plan's funding percent based on the actuarial value of plan assets is 142% as of September 30, 2017, while prior year the funded percent was 123%.

The following data is taken from the latest actuarial report prepared by Gabriel, Roeder, Smith & Company as of September 30, 2017. Additional information can be found on the County's website at:

<https://www.oakgov.com/investors/Pages/default.aspx>

Table 18 – Oakland County Retirees' Health Care Trust* – Present Financial Report

	General Members	Command Officers	Road Deputies	Corrections Deputies	Total
A. Accrued Liability					
1. For retirees and beneficiaries	\$382,378,061	\$30,320,324	\$45,354,300	\$41,881,855	\$499,934,540
2. For vested and terminated members	45,785,760	908,379	3,482,925	2,276,024	52,453,088
3. For present active members					
a. Value of expected future benefit payments	241,879,045	27,781,073	64,984,025	37,044,346	371,688,489
b. Value of future normal costs	35,844,144	4,041,096	14,506,071	7,755,933	62,147,244
c. Active member liability: (a) – (b)	206,034,901	23,739,977	50,477,954	29,288,413	309,541,245
4. Total	634,198,722	54,968,680	99,315,179	73,446,292	861,928,873
B. Valuation Assets	888,057,911	69,348,196	151,566,648	113,118,262	1,222,091,017
C. Unfunded Accrued Liability: (A.4) – (B)	(253,859,189)	(14,379,516)	(52,251,469)	(39,671,970)	(360,162,144)

* The State of Michigan adopted Public Act 329, effective October 9, 2012, which authorized local units of government to issue taxable general obligation bonds to fund OPEB obligations. This created the opportunity for the County to take advantage of lower bond interest rates and to refinance the 2007 COPS debt. On September 27, 2013, Oakland County initiated a private placement of \$350 million in bonded debt to refinance the outstanding long-term OPEB COP's debt of \$422.1 million which were subsequently called on April 1, 2014. The remaining amount of \$72.1 million needed to call the debt came from surplus assets in the Interim trust fund set up to keep the VEBA Trust fully funded.

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Table 19 –Oakland County Net Direct Debt as of 4/30/2018 - Unaudited

	<u>Gross</u>	Self-Supporting or Portion Paid Directly by Benefited <u>Municipalities</u>	<u>Net</u>
<u>Limited Tax</u>			
Building Authority	\$40,095,000	\$3,020,000	\$37,075,000
Building Authority Refunding	29,300,000	-	29,300,000
Retirees Health Care Bonds	259,500,000	-	259,500,000
Sewer Disposal Bonds	10,560,000	10,560,000	-
Sewage Refunding	3,065,000	-	3,065,000
Water Supply Bonds	14,195,000	14,195,000	-
Water & Sewage Refunding	795,000	795,000	-
MFA Sewage Disp. Bonds	51,165,976	1,000,727	50,165,249
GOLT Tax Notes, Series 2017	25,000,000	25,000,000	-
Total Limited Tax	<u>\$433,675,976</u>	<u>\$54,570,727</u>	<u>\$379,105,249</u>
<u>Drain Districts</u>			
Drain Bonds	\$66,110,000	\$59,573,567	\$6,536,433
Drain Refunding	10,250,000	8,429,983	1,820,017
MFA Drain	164,852,679	94,590,286	70,262,393
Total Drain Districts	<u>\$241,212,679</u>	<u>\$162,593,836</u>	<u>\$78,618,843</u>
Total Limited Tax and Drain Districts	<u>\$674,888,655</u>	<u>\$217,164,563</u>	<u>\$457,724,092</u>

Table 20 – Oakland County Overlapping Debt as of 04/30/2018

Cities, Villages and Townships	\$1,132,578,949
School Districts	2,316,384,381
Community College, Intermediate School Districts and Library	46,868,926
Net County Overlapping Debt	<u>3,495,832,256</u>
Net County Direct Debt	<u>457,724,092</u>
Net County Direct and Overlapping Debt	<u>\$3,953,666,348*</u>
County Issued Debt Paid by Local Municipalities	\$192,054,563

**Short Term Notes not included in Net County Direct and Overlapping Debt*

Overlapping Debt: Property in the County is currently taxed for a proportionate share of outstanding debt. Obligations of overlapping governmental entities including school districts, cities, villages and townships within the County.

Source: Oakland County Treasurer and Municipal Advisory Council of Michigan

**Table 21 – Oakland County Schedule of Bond Maturities
County Limited Tax General Obligation – Tax Exempt
Principal Only as of 4/30/2018**

<u>Fiscal Year</u>	<u>Building Authority</u>	<u>Building Authority Refunding</u>	<u>Water Supply Bonds</u>	<u>Sewage Bonds</u>	<u>Water & Sewage Refunding Bonds</u>	<u>MFA Sewer Disposal Bonds</u>
2018	\$ 25,000	\$ 4,565,000	\$ -	\$ -	\$ -	\$ -
2019	3,310,000	4,955,000	700,000	435,000	195,000	2,565,000
2020	3,375,000	5,035,000	730,000	620,000	200,000	2,630,000
2021	3,465,000	5,000,000	740,000	635,000	205,000	2,700,000
2022	3,580,000	5,115,000	775,000	650,000	210,000	2,750,000
2023	3,670,000	2,465,000	785,000	660,000	220,000	2,825,000
2024	1,550,000	2,065,000	800,000	675,000	220,000	2,895,000
2025	1,570,000	100,000	835,000	700,000	230,000	2,965,000
Beyond 2025	15,450,000	-	8,785,000	6,185,000	1,585,000	31,835,976
Total	<u>\$35,995,000</u>	<u>\$ 29,300,000</u>	<u>\$ 14,150,000</u>	<u>\$10,560,000</u>	<u>\$ 3,065,000</u>	<u>\$ 51,165,976</u>

Source: Oakland County Treasurer

**Table 22 – Oakland County Schedule of Drain Bond Maturities
County Limited Tax General Obligation – Drain Districts
Principal Only as of 4/30/2018**

<u>Fiscal Year</u>	<u>Drain Bonds</u>	<u>Drain Refunding</u>	<u>MFA Drain Bonds</u>
2018	\$ 110,000	\$ -	\$ -
2019	1,305,000	1,515,000	12,740,000
2020	1,360,000	1,540,000	13,910,654
2021	1,395,000	1,590,000	13,345,000
2022	1,380,000	1,620,000	13,675,000
2023	985,000	1,120,000	12,850,000
2024	1,030,000	1,100,000	13,147,676
2025	1,060,000	605,000	8,055,000
Beyond 2025	5,070,000	1,160,000	77,129,349
Total	<u>\$ 13,695,000</u>	<u>\$ 10,250,000</u>	<u>\$ 164,852,679</u>

Source: Oakland County Treasurer

**Table 23 – Oakland County Schedule of Bond Maturities
County Limited Tax General Obligation – Taxable
Principal Only as of 4/30/2018**

<u>Fiscal Year</u>	<u>Building Authority</u>	<u>Building Authority Refunding</u>	<u>Retiree Healthcare Bonds</u>	<u>Drain Bonds</u>	<u>GOLT Tax Notes, Series 2017</u>
2018	\$ -	\$ -	\$ -	\$ 2,125,000	\$ 25,000,000
2019	275,000	-	24,750,000	2,520,000	-
2020	275,000	-	25,660,000	2,600,000	-
2021	275,000	-	26,605,000	2,685,000	-
2022	275,000	-	27,585,000	2,775,000	-
2023	300,000	-	28,605,000	2,850,000	-
2024	300,000	-	29,660,000	2,930,000	-
2025	325,000	-	30,750,000	3,040,000	-
Beyond 2025	2,075,000	-	65,885,000	30,890,000	-
Total	<u>\$ 4,100,000</u>	<u>\$ -</u>	<u>\$259,500,000</u>	<u>\$ 52,415,000</u>	<u>\$ 25,000,000</u>

Excluding the Notes described herein.

Source: Oakland County Treasurer

**Table 24 – Oakland County Schedule of Principal and Interest Requirements
as of 4/30/2018**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018-2019	\$ 100,070,654	\$ 31,531,887	\$ 130,602,541
2020-2024	289,647,676	69,338,764	358,986,440
2025-2030	214,177,758	29,120,525	243,298,283
2031-2040	70,992,567	4,971,868	75,964,435
Total	<u>\$ 674,888,655</u>	<u>\$ 134,963,044</u>	<u>\$ 808,851,699</u>

Source: Oakland County Treasurer

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**Table 25 – Oakland County Statement of County Pledged Obligations
as of 4/30/2018**

Bonds with County Limited Tax General Obligation Pledge – Tax Exempt	
GOLT Building Authority	\$ 35,995,000
GOLT Building Authority Refunding	29,300,000
GOLT Water	14,195,000
GOLT Water & Sewage Refunding	795,000
GOLT Sewage	10,560,000
GOLT Sewage Refunding	3,065,000
Michigan Bond Authority Sewage Disposal	51,165,976
Total	<u>\$ 145,075,976</u>
Drain Bonds with County Limited Tax General Obligation Pledge – Tax Exempt	
Drain Bonds	\$ 13,695,000
Drain Refunding	10,250,000
Michigan Bond Authority Drain	164,852,679
Total	<u>\$ 188,797,679</u>
Bonds with County Limited Tax General Obligation Pledge – Taxable	
GOLT Building Authority	\$ 4,100,000
GOLT Retirees Health Care Bonds	259,500,000
Drain Bonds	52,415,000
GOLT Tax Notes, Series 2017	25,000,000
Total	<u>\$ 341,015,000</u>
Total County Debt	<u>\$ 674,888,655</u>

Table 26 – Legal Debt Margin as of 4/30/2018

2018 State Equalized Value (SEV)	\$71,871,358,847
Statutory Limit - 10% of 2018 SEV	7,187,135,885
 Total Bonded Debt Outstanding	 <u>674,888,655</u>
Available Statutory Debt Limit	<u>\$ 6,512,247,230</u>
<i>Excluding the Notes described herein.</i>	

Source: Oakland County Treasurer

Debt-History

The County of Oakland has no record of default.

Short-Term Financing

The County has issued short-term notes in order to establish the 100% Delinquent Tax Payment Fund. Notes issued in each of the years below have been in a face amount less than the actual real property tax delinquency. The County has pledged its full faith and credit and limited taxing power to the payment of principal and interest on notes issued since 1979. The County does not issue short-term obligations for cash flow purposes.

**Table 27 – History of Oakland County Delinquent Tax Anticipation Notes
as of 6/2/2018**

Year Issued	Notes Issued	Amount Outstanding
2018	\$ 0	\$0
2017	25,000,000	0
2016	25,000,000	0
2015	25,000,000	0
2014	25,000,000	0
2013	25,000,000	0
2012	25,000,000	0
2011	50,000,000	0
2010	50,000,000	0
2009	50,000,000	0

Excluding the Notes described herein.

Source: Oakland County Treasurer

Lease Obligations

The County leases a portion of its Law Enforcement Complex, Rochester Hills 52-3 District Court, Executive Office Building, Airport T-Hangars, Airport Terminal Building, Animal Control Building and various Facility Infrastructure and Information Technology Capital Projects from the Oakland County Building Authority. Since ownership of the property will ultimately transfer to the County from the Building Authority, the leases have been capitalized. There are also a number of sub-leases between the County and various governmental entities with the debt being funded from payments from the benefiting community over the life of the debt issues, with the structures being collateral. Current sub-leases are in place with the City of Rochester Hills, City of Keego Harbor, and City of Oak Park. All County Building Authority Debt is listed in the Debt Statement.

The County leases certain office and computer equipment and facilities. Total lease expense and future minimum annual payments are not significant.

Future Financing

The County will be moving ahead with its projects and has bond offerings planned for 2018.

APPENDIX B

FINANCIAL INFORMATION REGARDING THE COUNTY

A portion of the County's comprehensive annual financial report (CAFR) for the fiscal year ending September 30, 2017 have been included in this Appendix. The County's auditors have not been asked to consent to the use of the audited financial statements provided herein and have not conducted any subsequent review of such audited financial statements or the information presented in this Appendix. The County's entire comprehensive annual financial report for the fiscal year ending September 30, 2017 and prior fiscal years are located on the County's website (<https://www.oakgov.com/mgtbud/budgets-reports/Pages/annual-financial.aspx>).

<u>Section of CAFR for fiscal year ending September 30, 2017</u>	<u>CAFR Page</u>
Report of Independent Auditors	21-23
Statement of Net Position Government-wide Financial Statements	45-46
Statement of Activities Government-wide Financial Statements	47-48
Balance Sheet – Governmental Funds	49-50
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	51
Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds	52-53
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Independent Auditor's Report

To the Board of Commissioners
Oakland County, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oakland County, Michigan (the "County") as of and for the year ended September 30, 2017 and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oakland County, Michigan as of September 30, 2017 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Commissioners
Oakland County, Michigan

Emphasis of Matter

As described in Notes 14 and 21 to the financial statements, in 2017, the County adopted the new accounting guidance of Governmental Accounting Standards Board Statement No. 74, *Financial Reporting For Postemployment Benefit Plans Other Than Pension Plans*, and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 74 and Statement No. 75 established accounting and financial reporting standards for postemployment benefits plans other than pensions provided to the employees of governmental employers. Adopting GASB Statement No. 74 and Statement No. 75 resulted in the recognition of a net other postemployment benefit asset and significant changes to the other postemployment benefit plan-related note disclosures and required supplemental information schedules. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

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

Other Information

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

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


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



To the Board of Commissioners
Oakland County, Michigan

Other Reporting Required by Government Auditing Standards

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



March 22, 2018

B-2

County of Oakland Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of Oakland County's (the County) financial performance, providing an overview of the activities for the fiscal year ended September 30, 2017. This analysis should be read in conjunction with the Transmittal Letter, beginning on page 1 of this report, and with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Government-wide:

- In total, Oakland County's financial position increased by \$61.8 million or 5.0 percent during fiscal year 2017, increasing from \$1,231.2 million to \$1,293.0 million, which reflects a \$38.4 million adjustment and restatement for the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75. The restatement is further detailed later in this analysis and in Note 21.
- Governmental activities net position increased by approximately \$57.7 million, increasing from \$488.5 million to \$546.2 million and includes a \$38.4 million adjustment for the implementation of GASB Statement No. 75.
- Business-type activity net position increased \$4.1 million from \$742.7 million to \$746.8 million.

Fund Level:

- At the close of the fiscal year, the County's governmental funds reported combined ending fund balance of \$322.4 million, a decrease of \$8.1 million from the fiscal year 2016 governmental funds combined ending fund balance, primarily reflecting a decrease of bond issuance proceeds compared to fiscal year 2016 activity.
- The General Fund balance increased by \$9.5 million from \$255.2 million at the end of fiscal year 2016 to \$264.7 million at the end of fiscal year 2017. The overall increase is primarily attributed to the decrease of one-time transfers out for capital-related projects during fiscal year 2017.
- At the close of the fiscal year, the County's proprietary funds reported a combined ending net position of \$814.2 million, consisting of \$746.8 million for the Enterprise Funds (a \$4.1 million increase from fiscal year 2016) and \$67.3 million for the Internal Service Funds (a \$42.6 million increase from fiscal year 2016). This overall increase is primarily due to the implementation of GASB 75. See Note 21 for the restatement related to GASB 75.

Capital and Long-term Debt Activities:

- The County's capital assets experienced a net increase of \$15.5 million during fiscal year 2017, primarily for increases in buildings and improvements and construction in progress activities.
- The County reported approximately \$17.9 million in new general government debt and business-type debt during fiscal year 2017, which supported debt for Sewage Disposal Act 342 system improvement projects and Michigan Bond Authority debt for multiple water and sewer projects.
- The County's primary government bond and note obligations decreased by \$35.5 million during fiscal year 2017, which reflects \$8.1 million in payments related to Building Authority debt, \$23.0 million in payments related to Retirees Health Care bonds, and \$4.4 million in payments related to Water and Sewer debt.
- The County is \$6.2 billion below its authorized debt limit.

County of Oakland Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

The Statement of Activities presents information showing how the County's net position changed during fiscal year 2017. All changes in net position are reported based on the period for which the underlying events occur, regardless of the timing of related cash flows. Therefore, revenue and expenses are reported in these statements for some items that will only result in cash flows in future financial periods, such as uncollected taxes and earned but unused employee annual leave.

Both statements report the following activities:

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

County of Oakland Management's Discussion and Analysis

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

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

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

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

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

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

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

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

County of Oakland Management's Discussion and Analysis

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Supplementary Information

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

County of Oakland Management's Discussion and Analysis

Special Note:

Implementation of GASB Statement Number 74, Statement Number 75 and Statement Number 77

The fiscal year 2017 Comprehensive Annual Financial Report reflects the implementation of Governmental Accounting Standards Board Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plan*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and Statement No. 77, *Tax Abatement Disclosures*.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

As previously stated, Oakland County's overall financial position improved during fiscal year 2017. As reflected on the table below, the County's combined net position increased by \$61.8 million over the course of fiscal year 2017 operations. In particular, the net position of the governmental activities increased by approximately \$57.7 million (11.8 percent) primarily reflecting the implementation of GASB No. 75. The business-type activities increased \$4.1 million in net position (0.6 percent) which reflects capital asset contributions primarily related to Evergreen Farmington Sewage Disposal System (EFSDS) projects and accounts for the conveyance of Oakland Township Water Supply System infrastructure and related assets.

Oakland County's Net Position (in millions of dollars)					
	Governmental Activities		Business-type Activities		Total Primary Government
	2017	2016	2017	2016	2017 2016
Current Assets	\$ 591.1	\$ 546.2	\$ 507.5	\$ 496.3	\$ 1,098.6 \$ 1,042.5
Capital Assets	219.4	204.8	326.9	326.0	546.3 530.8
Other Long-term Assets	347.7	217.2	-	-	347.7 217.2
Total Assets	1,158.2	968.2	834.4	822.3	1,992.6 1,790.5
Deferred Outflows of Resources					
Related to Pension	-	19.3	-	-	- 19.3
Current Liabilities	156.7	115.8	61.1	54.3	217.8 170.1
Other Liabilities	396.0	421.6	26.5	25.3	422.5 446.9
Total Liabilities	552.7	537.4	87.6	79.6	640.3 617.0
Deferred Inflows of Resources					
Related to Pension	12.2	-	-	-	12.2 -
Related to OPEB	47.1	-	-	-	47.1 -
Total Deferred Inflows of Resources	59.3	-	-	-	59.3 -
Net Position:					
GASB 75 adjustment	-	38.4	-	-	- 38.4
Net Investment in Capital Assets	168.5	147.7	298.6	299.3	467.1 447.0
Restricted	41.0	36.0	96.5	98.3	137.5 134.3
Unrestricted	336.7	266.4	351.7	345.1	688.4 611.5
Total Net Position	\$ 546.2	\$ 488.5	\$ 746.8	\$ 742.7	\$ 1,293.0 \$ 1,231.2

County of Oakland Management's Discussion and Analysis

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

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

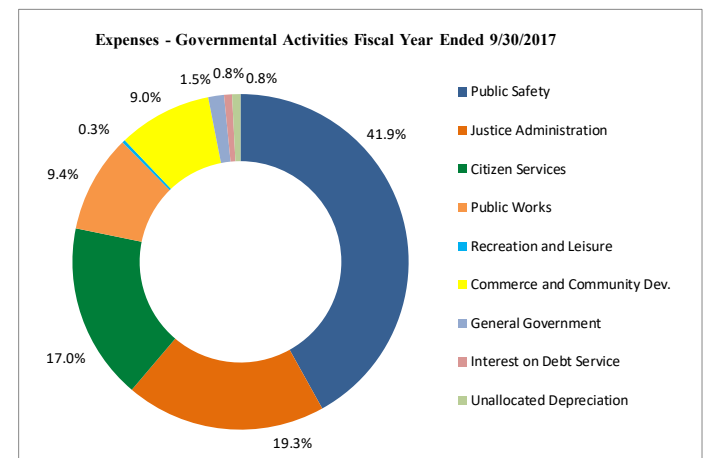
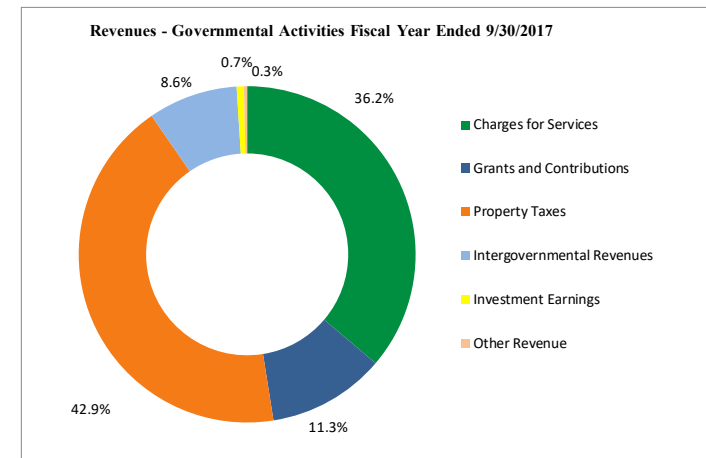
	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues						
Charges for Services	\$ 186.3	\$ 181.9	\$ 275.9	\$ 271.0	\$ 462.2	\$ 452.9
Grants and Contributions						
Operating	55.7	56.6	1.7	2.4	57.4	59.0
Capital	2.3	1.5	15.9	29.4	18.2	30.9
General Revenues						
Property Taxes	221.2	210.2	12.4	12.2	233.6	222.4
Intergovernmental Revenue	44.2	42.8	0.3	-	44.5	42.8
Investment Earnings	3.4	3.9	4.4	3.6	7.8	7.5
Other Revenue	1.8	3.8	-	-	1.8	3.8
Gain on Sale of Assets	0.4	0.4	-	-	0.4	0.4
Total Revenues	515.3	501.1	310.6	318.6	825.9	819.7
Expenses						
Public Safety	198.2	186.4	19.6	20.8	217.8	207.2
Justice Administration	91.2	88.2	-	-	91.2	88.2
Citizen Services	80.4	77.5	6.6	6.6	87.0	84.1
Public Works	44.5	53.6	223.8	214.5	268.3	268.1
Recreation and Leisure	1.4	1.3	25.1	23.5	26.5	24.8
Commerce and Community Dev.	42.6	42.6	-	-	42.6	42.6
General Government	7.2	37.0	0.9	0.9	8.1	37.9
Interest on Debt Service	3.6	3.2	-	-	3.6	3.2
Unallocated Depreciation	3.8	3.5	-	-	3.8	3.5
Total Expenses	472.9	493.3	276.0	266.3	748.9	759.6
Revenues Over Expenditures	42.4	7.8	34.6	52.3	77.0	60.1
Special item - Transfer of water system	-	-	(15.2)	-	(15.2)	-
Transfers - Ongoing	15.3	17.8	(15.3)	(17.8)	-	-
Increase in Net Position	57.7	25.6	4.1	34.5	61.8	60.1
Net Position - Beginning	488.5	424.5	742.7	708.2	1,231.2	1,132.7
Net Position - Ending	546.2	450.1	746.8	742.7	1,293.0	1,192.8
GASB 75 adjustment	-	38.4	-	-	-	38.4
Adjusted Net Position - Ending	\$ 546.2	\$ 488.5	\$ 746.8	\$ 742.7	\$ 1,293.0	\$ 1,231.2

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

County of Oakland Management's Discussion and Analysis

Governmental Activities:

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



County of Oakland Management's Discussion and Analysis

In total, fiscal year 2017 governmental activity revenue collections increased by \$14.2 million (2.8 percent) from fiscal year 2016. Of this amount, property tax revenue increased by \$11.0 million, charges for services increased by \$4.4 million, and intergovernmental revenue increased by \$1.4 million. These increases were partially offset by declines of \$2.0 million in the other revenue category, investment earnings of \$500,000, and grants and contributions of \$100,000 from the fiscal year 2016 amounts.

Property taxes generated \$221.2 million in revenue, remaining the largest source of support for governmental activities, comprising 42.9 percent of all governmental activity revenue. Governmental activities have decreased their dependency on property taxes; the fiscal year 2017 percentage is far below fiscal year 2008, when property taxes represented 60.6 percent of governmental activity revenue. However, this reduced reliance on property tax revenue is due to reduced property values when compared to 2008 rather than substantial increases from other revenue sources.

Property tax revenue increased by approximately \$11.0 million from the amount realized during fiscal year 2016. This overall increase is primarily due to increasing property taxable values over the past year as well as the timing of tax collections. The County's operating millage rate of 4.04 mills is one of the lowest county general operating millage rates in the state. For more details regarding actual property tax collections, please see the statistical section appearing in the last section of this document.

Charges for services, which reflects revenue generated by county operations charging specific benefiting parties for services performed, as well as recognition of other revenues generated by specific programs, is the second largest source of governmental activity revenue, generating \$186.3 million or 36.2 percent of the total. There are a wide variety of activities charged under this category, including service rendered to individuals, such as fees for marriage licenses, passports, and access to county records, as well as services rendered to other governmental units including contracted law enforcement and dispatch services, and the housing of state wards in the County's juvenile facility.

The \$186.3 million collected in fiscal year 2017 represents a \$4.4 million increase (2.4 percent) from the previous fiscal year. The primary reason for the change is due to increased land sale activity which accounted for \$4.5 million.

The third largest source of support for governmental activities is the \$58.0 million received in operating and capital grants and contributions during fiscal year 2017, which is 11.3 percent of the total revenue for governmental activities. This amount represents a \$100,000 net decrease (0.2 percent) from fiscal year 2016 and reflects minor activity variances from the prior year. Included in this total change is a \$900,000 decrease in operating grants and a \$800,000 increase in capital contributions and grants in comparison to fiscal year 2016.

Oakland County governmental activities also recorded \$44.2 million in intergovernmental revenue during fiscal year 2017, a \$1.4 million increase over the \$42.8 million received in fiscal year 2016. The increase is primarily related to revenue from the State for personal property tax loss reimbursements. Intergovernmental revenue is "shared" revenue by the state and federal government and is not tied to contractual obligations such as grant agreements. However, in the case of the convention facility liquor tax revenue, one-half of the revenues distributed by the State under the authority of the State Convention Facility Development Act, P.A. 106 of 1985, must be earmarked for substance abuse prevention and treatment programs.

County of Oakland Management's Discussion and Analysis

Governmental activities generated \$3.4 million in investment earnings during fiscal year 2017; this amount reflects a decrease of \$500,000 (12.8 percent) from the amount earned in fiscal year 2016. While an overall decrease from the prior year, the County's investment pool rates continue to outperform U.S. Treasury rates.

Governmental activity fiscal year expenses decreased \$20.4 million from the fiscal year 2016 expense level, a 4.1 percent decrease from the previous fiscal year.

Public Safety continued to be the largest governmental activity, expensing \$198.2 million of the \$472.9 million total governmental activities amount (41.9 percent). Public Safety, which encompasses law enforcement, crime prevention, incarceration, emergency management, and technical support, experienced a \$11.8 million increase (6.3 percent) in comparison to the previous fiscal year. This increase can be attributed to a 3.0 percent general salary increase and related fringe benefits, fluctuations in contractual services and equipment maintenance, and entity-wide statement adjustments for capital outlay and internal service fund lookback allocations.

Closely linked to Public Safety, Justice Administration is the second largest expense category accounting for \$91.2 million, or 19.3 percent, of the total governmental activity expenses. The Justice Administration activity, which centers on the operations of the 6th Judicial Circuit Court, 52nd District Court, as well as the Prosecuting Attorney, County Clerk functions which support the courts, and the Reimbursement Unit of the Fiscal Services Division, experienced a \$3.0 million increase (3.4 percent) from the previous fiscal year which primarily reflects the general salary increase previously noted and increases in various operating costs for defense attorney expenses, deputy supplies, technology development services, and insurance charges.

Citizen Services, which include all public health activities, public services such as Veterans' Services, and the care of children who have been declared wards of the Oakland County Family Court, is the third largest governmental activity with \$80.4 million in expenses, or 17.0 percent, of the total governmental activities. Expenses increased by \$2.9 million from the fiscal year 2016 level (3.7 percent). The majority of the increase is due to a 3.0 percent general salary increase, fluctuation of staffing levels, and Home Investment Partnership grant activity.

The Public Works activity, which includes the operating systems that form the infrastructure of basic county functions, expensed \$44.5 million in fiscal year 2017, or 9.4 percent of the total governmental activities expenses. This level of expense is a net decrease of \$9.1 million or 17.0 percent from fiscal year 2016. This reflects the fluctuation of activity for Act 342 water and sewer projects.

Commerce and Community Development, which reflects all efforts to promote and sustain a strong economic business climate and vibrant communities, experienced \$42.6 million in expenses, or 9.0 percent, of the total governmental activities. There was no change from prior fiscal year activity.

The General Government activity, which is comprised of the administration and financial management of County business, expensed \$7.2 million in fiscal year 2017, or 1.5 percent of the total governmental activities expenses. The level of expenses in fiscal year 2017 decreased by approximately \$29.8 million from the fiscal year 2016 level. This is largely due to a \$28.6 million decrease related to pension expense and retiree healthcare expense as the result of GASB No. 68 and GASB No. 75; both the pension and VEBA plans have a funding surplus.

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As stated previously, the result of fiscal year 2017 governmental activity was an overall increase of \$57.7 million in net position, to \$546.2 million. Of the total \$546.2 million in governmental activities net position, \$168.5 million is invested in capital assets; \$41.0 million is reported as restricted, meaning these assets are legally committed for a specific purpose through statute or by another authority outside the County government; and \$336.7 million is reported as unrestricted.

Business-type Activities:

Net position in business-type activities is reported at \$746.8 million for fiscal year 2017, an increase of \$4.1 million (0.6 percent) over the amount reported at the end of fiscal year 2016. Of the total net position, \$298.6 million is for the net investment in capital assets, \$96.5 million is restricted, and \$351.7 million is reported as unrestricted. It is important to note that although reported as unrestricted, many of these assets have been reserved through Board of Commissioners resolutions to be spent on specific activities.

During fiscal year 2017, business-type activities generated \$310.6 million in revenue; this is a decrease of \$8.0 million (2.5 percent) from the previous fiscal year. The overall change reflects a net \$13.5 million decrease of capital asset contributions primarily related to the Evergreen Farmington Sewage Disposal System (EFSDS). This is partially offset by an overall net increase of \$4.9 million for Charges for Services revenue. Included in the net \$4.9 million is an increase of \$7.5 million related to rate and usage fluctuations in the various water and sewer funds and a reduction in revenue of \$2.3 million in the Delinquent Tax Revolving Fund as there are fewer delinquent properties.

Business-type activity recorded expenses of \$276.0 million, an increase of \$9.7 million from fiscal year 2016 (3.6 percent). This overall increase is primarily for Public Works activity due to general operating expense fluctuations in the various sewage disposal systems and water and sewer retail systems; this is partially offset by the revenue increases for these systems that are noted above.

Business-type activity also recognized a Special Item transaction in fiscal year 2017. Miscellaneous Resolution #17020 authorized the conveyance of Oakland County's interest in the Oakland Township Water Supply System. This noncash transaction removed the net book value of infrastructure and related assets in the amount of approximately \$15.2 million. The system is now owned by the Charter Township of Oakland, but Oakland County continues to operate and maintain the system under a contractual agreement.

FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR FUNDS

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

Governmental Funds

Three (3) governmental funds are designated as major funds of the County; the *General Fund*, the *Building Authority Debt Act 31 Fund*, and the *Water and Sewer Debt Act 342 Fund*. As the County completed fiscal year 2017, the governmental funds reported *combined* fund balances of \$322.4 million with the fund balances of the General Fund, the Building Authority Debt Act 31 and the Water and Sewer Debt Act 342, representing 84.2 percent of the combined governmental funds balance.

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The fiscal year ending combined fund balance of \$322.4 million represents a decrease of \$8.1 million from the combined fund balance reported at the end of fiscal year 2016. The overall decrease in the combined governmental fund balances includes a \$9.5 million increase to the General Fund balance, reflecting the decrease of one-time transfers out for capital-related projects during fiscal year 2017. The Building Authority Debt Act 31 decreased by approximately \$1.0 million which reflects the partial utilization of the \$7.0 million transfer in fiscal year 2016 from the General Fund to the Animal Control and Pet Adoption Center debt service fund to cover the first seven (7) years of debt service. The Water and Sewer Debt Act 342 remained relatively unchanged. The non-major governmental funds decreased by \$16.6 million and primarily represents a decrease in bond issuance proceeds of \$25.8 million and a decrease of \$6.3 million for transfers in activity in comparison to the prior year. This is partially offset by an increase in capital outlay activity for the Animal Control and Pet Adoption project of \$13.0 million.

General Fund

The General Fund is the principal operating fund of the County. Unless otherwise required by statute, contractual agreement or policy, all County revenues and expenditures are recorded in the General Fund. As of September 30, 2017 the General Fund reported a fund balance of \$264.7 million. This amount reflects an increase of \$9.5 million (3.7 percent) from the fund balance of \$255.2 million reported as of September 30, 2016.

The overall \$9.5 million increase in the General Fund balance is a result of General Fund revenues exceeding General Fund expenditures by \$38.5 million. In addition, the General Fund received \$13.3 million in transfers from other funds, while transferring \$42.2 million to other funds, rendering a net "transfer-out" of \$28.9 million.

General Fund revenues were recorded at \$397.6 million for fiscal year 2017. This amount is an increase of \$10.5 million (2.7 percent) from the \$387.1 million received in fiscal year 2016. The majority of the increase reflects higher charges for services revenue due to increased land sale activity, improved taxable values and tax collections, and additional intergovernmental revenue for the Local Community Stabilization Share revenue from the State for reimbursement of personal property tax losses.

General Fund expenditures were \$359.1 million, an increase of \$12.5 million from the fiscal year 2016 level (3.6 percent). The overall change primarily reflects increased operational activity for law enforcement and justice administration expenditures as well as the 3.0 percent general salary increase previously noted.

The General Fund received \$13.3 million in transfers from other funds; this is a decrease of \$1.3 million (8.9 percent) from the amounts transferred during fiscal year 2016. This decrease primarily reflects a reduction of \$2.2 million related to transfers from the Delinquent Tax Revolving Fund and is partially offset by a \$900,000 increase related to transfer activity from restricted and project work order funds.

The General Fund transferred \$42.2 million to other funds during fiscal year 2017. This amount is \$17.9 million less (29.8 percent) than the fiscal year 2016 transfers. The net decrease reflects a one-time transfer of \$7.0 million for the Animal Control and Pet Adoption Center facility debt in fiscal year 2016 that did not reoccur in fiscal year 2017, a \$8.4 million reduction in transfers to the Project Work Order Fund due to the timing of various capital and maintenance projects, a reduction of \$3.5 million to the Major Department Support Projects Fund for the Imaging System Replacement Project that occurred in fiscal year 2016, and a \$700,000 reduction in transfers to the Fire Records Management Fund for a one-time project that occurred in fiscal year 2016. This is partially offset by a transfer out of \$1.5 million to the

County of Oakland Management's Discussion and Analysis

Building and Liability Fund for sewer project settlement as well as modest operational requirements related to the Child Care Fund, internal services funds and various grants.

Of the total \$264.7 million General Fund balance, all but \$3.0 million is Nonspendable, Restricted, or Assigned for specific purposes. The total fiscal year 2017 General Fund balance represents 65.9 percent of the fiscal year 2017 General Fund operations. However, it should be noted that \$128.1 million from the General Fund balance has been assigned for "Budget Transition" to support future operations. This assignment was developed through the acceleration of budget reductions planned for use in future fiscal years. When this assignment is removed, the remaining fund balance represents 34.0 percent of the fiscal year 2017 General Fund operations. The General Fund balance of \$264.7 million represents 82.1 percent of the combined fund balances of the governmental funds.

General Fund Budgetary Highlights

Oakland County's budget is a dynamic document. Although adopted on September 22, 2016 (prior to the start of the fiscal year), the budget is frequently amended during the course of the fiscal year to reflect changing operational demands.

The General Fund revenue budget was increased by \$5.4 million (1.4 percent) during the fiscal year 2017 from \$379.4 million to \$384.8 million. The revenue budget was amended in a number of areas. Most significant was the additional revenue from the State of Michigan for Convention Facility Liquor Tax of \$1.4 million and Local Community Stabilization Share personal property tax loss reimbursements of \$960,720. Other material amendments included over \$1.1 million for Sheriff Law Enforcement Services contracts, Reimbursement General of \$645,000 in the Water Resources Commissioner Office for charges to special revenue and proprietary funds, and Commission Public Telephone monies of almost \$620,000. Also, there were revenue amendments for various departments including the County Executive, Central Services, Health, Economic Development, Clerk/Register of Deeds and Probate Court to reflect operational activity.

Actual General Fund revenue totaled \$397.6 million, \$12.8 million more than the amended budget. Although variances naturally occur in every revenue line item, the most significant reason for this variance is reflected in the Charges for Services category which was favorable by \$12.6 million primarily related to the sale of foreclosed property, favorable Mortgage and Land Transfer Tax revenue, and Court Fines and Costs revenue.

The General Fund expenditure budget increased \$4.6 million (1.2 percent) from \$379.1 million to \$383.7 million during fiscal year 2017. Changes included \$3.7 million in operating appropriations from fiscal year 2016 that were carried forward for specific projects which were not yet completed. Most notably, the funds carried forward included \$965,903 for Tri-Party Road Improvement Program projects, which is a collaborative effort between Oakland County, the Road Commission of Oakland County (RCOC), and the individual cities, townships, and villages (CVT's) located within the county, in which each one contributes a one-third share of the program to the RCOC once projects have been identified; \$777,191 for Circuit Court Defense Attorney Fees; \$252,778 to continue Circuit Court's State Judicial Technology Improvement and Online Judges project and the use of mediation funds for equipment and furniture; \$586,866 for Juvenile Resentencing pending a Supreme Court appeal on Juvenile Resentencing cases; \$191,585 in the Sheriff's Office primarily for a helicopter engine overhaul project; \$191,081 for various Economic Development activities; \$165,800 for Human Resources Legal and Professional Services; \$120,932 for Local Road Improvement Program projects in cities and villages; \$105,494 for Miscellaneous Capital Outlay for furniture replacement; \$97,088 for Board of Commissioner Special

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Projects for Gun Safety, Youth Enrichment Scholarship program, and School Bullying Prevention; \$86,015 for Health Equipment and Lab Supplies; and \$81,500 in the Treasurer's Office for the demolition of tax reverted properties.

There were additional appropriations made during fiscal year 2017 including \$2.3 million for overtime costs in the Sheriff's Office primarily related to jail operational staffing requirements; new Tri-Party Road Improvement Program projects in the amount of \$1.6 million; \$715,700 in new Local Road Improvement program projects; \$694,400 million for distribution to the County's designated Substance Abuse Coordinating Agency, Oakland County Community Health Network (OCHN); \$661,500 for equipment maintenance primarily related to Sheriff helicopter repairs; and \$111,500 for relocation costs associated with the 2016 Presidential Election recount. These increases were partially offset by reductions of \$5.4 million for a one-time rate adjustment from the Fringe Benefit Fund.

Finally, the General Appropriations Act requires that appropriations accumulate at the following three summary levels of expenditures: Personnel Expenditures, Operating Expenditures, and Internal Support Expenditures. Due to unfavorable personnel variances related to overtime and hospitalization, operating costs including defense attorney fees, guardian ad litem fees, medical services – guardianship, transportation service and internal service fund charges, the end of fiscal year 2017 resulted in several departments reflecting actual expenses in excess of total budgeted appropriations at the summary category level. Therefore, amendments totaling \$2.6 million were made to cover the shortage in Personnel Expenditures, Operating Expenditures and Internal Support Expenditures and were fully offset by revenue amendments and expenditure reductions within other departmental categories.

The General Fund expenditures for fiscal year 2017 were \$24.5 million below budget. This favorable variance from the budget reflects continued conscious efforts on behalf of the County's elected officials to limit expenditures wherever and whenever possible.

Of the total variance, \$9.1 million is attributed to salary and fringe benefits savings as all authorized employee positions are budgeted. The favorability is the result of vacancies, employee turnover, and filling some authorized positions with part-time non-benefit employees or filling those positions at a lower classification than budgeted.

In addition, \$6.8 million savings in the Non-Departmental budget mainly reflects that fewer adjustments were necessary to transfer funds to operating departments due to the conscious efforts of the departments to work within the constraints of their original budgets. Total savings also include unspent funds for Tri-Party Road Improvement Projects, Local Road Improvement Projects, Grant Match, Juvenile Resentencing and Capital Outlay, which were carried forward into the fiscal year 2018 budget to complete the projects.

Further, there is \$2.5 million in savings for the Circuit Court related to favorable Defense Attorney Fees, Attorney Fees Mediators, and Juror Fees and Mileage due to less activity. The Sheriff's Office reflects favorable variances of \$1.1 million including favorability of over \$213,000 for Other Expendable Equipment due to less than anticipated usage and almost \$144,900 in favorable Fees Civil Service expense due to the continuing decline in the number of home foreclosures (this line item is offset by corresponding unfavorable Civil Action Service Fee revenue). The remaining Sheriff favorability is in

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Prisoner Housing Outside of County, Equipment Maintenance, Uniforms, Miscellaneous Capital Outlay, Evidence Fund – NET, Deputy Supplies, Gasoline Charges, Office Supplies, and several smaller line item variances. Additionally there is \$688,200 for favorability in Human Resources reflecting Legal Services, Professional Services, Recruitment Expense and Examination Materials; nearly \$649,550 in the Department of Human Services for Professional Services, Contracted Services, Personal Mileage and Software Support Maintenance; almost \$620,400 favorability in the Clerk / Register of Deeds office due to lower use of Professional Services and Court Transcripts, Fees Per Diems and Printing; almost \$527,000 favorability in Economic Development and Community Affairs related to Professional Services, Workshops and Meetings, Printing, Business Recruitment, Membership Dues, Travel and Conference and Software Support Maintenance; nearly \$466,500 in the Treasurer's Office related to Title Search and Fees Civil Service due to less than anticipated use; \$260,500 Management and Budget for Professional Services, Personal Mileage, Printing, Office Supplies, Metered Postage and Membership Dues; nearly \$227,800 favorability in Water Resources Commissioner related to Contracted Services, Legal Services, Professional Services and Education Programs; \$185,300 in the District Courts for Software Support Maintenance, Juror Fees and Mileage, Travel and Conference, Electrical Service, Medical Exams, Printing and Visiting Judges; and \$122,700 for the Board of Commissioners related to Special Projects, Workshops and Meetings, Professional Services – Annual Audit, Personal Mileage, Legal Services, and Computer Research Services.

The adopted budget also included other financing sources and uses for General Fund operations, essentially the net result of the General Fund receiving resources from other funds less the amount of General Fund resources provided to (or transferred to) other funds. The adopted budget assumed that the General Fund would transfer \$32.9 million more in resources to other funds (financing uses) than it would take in from these funds (financing sources). The financing uses budget was increased during fiscal year 2017 by \$3.9 million from \$45.0 million to \$48.9 million. Major amendments included \$1.5 million to the Building Liability Fund for a water main extension project appropriation; \$1.4 million to the Project Work Order Fund primarily for building security enhancement projects and maintenance projects; \$241,600 for the Sheriff's Office Auto Theft Prevention Grant match; \$204,000 to the Child Care Fund; \$134,000 for the Sheriff's Office and Prosecuting Attorney Narcotics Enforcement Team (NET) Grant match; \$131,100 for Information Technology projects; nearly \$127,000 to the Motor Pool Fund for vehicle acquisitions related to Sheriff's Office law enforcement service contract amendments with local municipalities; and several other smaller amendments related to transfers for various grants and projects.

Actual financing uses from the General Fund were \$6.7 million less than budgeted. This variance largely reflects actual operational requirements for the Child Care Fund (\$5.8 million), the Friend of the Court Grant Fund (\$582,500), the Prosecuting Attorney Cooperative Reimbursement Grant Fund (\$137,850), the Sheriff's Office Auto Theft Prevention Grant Fund (\$110,150) and the Sheriff's Office and Prosecuting Attorney Narcotics Enforcement Team (NET) Grant Fund (\$22,200).

The Building Authority Debt Act 31 Fund

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

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During fiscal year 2017 the *Building Authority Debt Act 31 Fund* balance decreased by approximately \$1.0 million to report a total fund balance of approximately \$6.7 million. This decrease is related to the partial utilization of the \$7.0 million transferred in fiscal year 2016 to cover the initial seven (7) years of debt service on the Animal Control and Pet Adoption facility previously noted. The remaining activity reflects ongoing activity to support annual debt service payments.

The remaining governmental fund classified as major, the *Water and Sewer Debt Act 342 Fund*, experienced a decrease in fund balance of \$4,464, to report a total fund balance of \$16,120.

Enterprise Funds

There are seven (7) *enterprise funds* that are classified as major: the *Parks and Recreation Fund*, the *Delinquent Tax Revolving Fund*, the *County Airports Fund*, the *Water and Sewer Trust Fund*, the *Evergreen-Farmington Sewage Disposal System (EFSDS) Fund*, the *Southeast Oakland County Sewage Disposal System (SOCSDS) Fund*, and the *Clinton Oakland Sewage Disposal System (COSDS) Fund*. As of September 30, 2017 the Enterprise Funds had combined net position of \$746.8 million, an increase of \$4.1 million from the combined net position reported at the end of fiscal year 2016. The seven major enterprise funds alone reported net positions of \$683.5 million (91.5 percent of the total combined Enterprise net position). The net position of these seven major Enterprise funds increased overall by \$7.1 million during fiscal year 2017.

Two of the seven major Enterprise Funds experienced an increase in net position. The *Evergreen-Farmington Sewage Disposal System Fund (EFSDS)* increased in net position by \$15.8 million (24.8 percent) to \$79.4 million. The increase in net position is attributed largely to capital asset contributions from Act 342 projects of \$14.6 million as well as fluctuating operating activity over the prior year.

The *Clinton Oakland Sewage Disposal System Fund (COSDS)* ended fiscal year 2017 with a net position of \$41.2 million, \$1.3 million (3.3 percent) more than the net position recorded at the end of fiscal year 2016. The increase in net position is primarily for fluctuating operating activity over the prior year.

The *Parks and Recreation Fund* net position decreased \$1.9 million (2.0 percent) during fiscal year 2017 to a total of \$91.3 million in net position. This decrease resulted from operating expenses outpacing charges for services and property tax revenue.

The *Delinquent Tax Revolving Fund (DTRF)* ended fiscal year 2017 with a net position of \$197.4 million, \$2.8 million (1.4 percent) less than the net position recorded at the end of fiscal year 2017. This decrease is the result of reduced charges for services revenue as the amount of delinquencies declined, reduced interest revenue, and reflects an operational transfer to the General Fund of \$9.0 million in fiscal year 2016. As noted in the *Transmittal Letter*, future operational transfers to the General Fund have been reduced to \$6.0 million per year to ensure that the DTRF is able to meet all funding commitments. The fiscal year 2017 net position of \$197.4 million is still more than sufficient to meet fund obligations.

The *County Airports Fund* recorded a net position of \$76.9 million as of September 30, 2017. This reflects a reduction of approximately \$626,000 (0.8 percent) in net position from fiscal year 2016. The primary reason is due to fluctuating operating activity over the prior year.

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The *Water and Sewer Trust Fund* realized a \$4.2 million loss (2.6 percent) in fiscal year 2017 to report a net position of \$154.9 million. This overall reduction is mainly attributed to the conveyance of Oakland County's interest in the Oakland Township Water Supply System previously noted. This noncash transaction removed the net book value of infrastructure and related assets in the amount of approximately \$15.2 million. This is partially offset by fluctuations in operating activity for the various water and sewer systems.

The *Southeast Oakland County Sewage Disposal System Fund (SOCSDS)* experienced an \$545,000 decrease (1.3 percent) in net position to \$42.3 million. The decrease is primarily due to minor fluctuating operating activity over the prior year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - At the end of fiscal year 2017, the County had invested \$546.3 million, net of accumulated depreciation, in a broad range of capital assets (see table below). This amount of net capital assets reflects an increase of \$15.5 million from the fiscal year 2016. This can be attributed to a \$14.6 million increase in governmental activities and a \$900,000 increase to business-type activities.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 7.4	\$ 7.4	\$ 68.2	\$ 68.2	\$ 75.6	\$ 75.6
Land Improvements	0.2	0.2	7.6	7.7	7.8	7.9
Buildings and Improvements	147.1	135.7	56.9	57.5	204.0	193.2
Equipment and Vehicles	32.6	24.4	11.5	16.6	44.1	41.0
Infrastructure	15.4	12.2	82.9	92.0	98.3	104.2
Subtotal	202.7	179.9	227.1	242.0	429.8	421.9
Construction in Progress	16.7	24.9	99.8	84.0	116.5	108.9
Total Capital Assets	\$ 219.4	\$ 204.8	\$ 326.9	\$ 326.0	\$ 546.3	\$ 530.8

Net capital assets for the governmental activities increased by \$14.6 million in fiscal year 2017. This change includes increases of \$11.4 million in buildings and improvements, \$8.2 million in equipment and vehicles, and \$3.2 million in Infrastructure. The increase was offset by reductions of \$8.2 million in construction in progress. In terms of gross numbers, the County's governmental activities had additions to capital assets of \$30.4 million, \$3.6 million in disposals of capital assets, and a \$12.2 million increase in net accumulated depreciation.

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Of the \$30.4 million in additions to capital assets during fiscal year 2017, \$25.7 million reflects additions to construction in progress. Major governmental activity incurred for construction in progress includes the following:

- \$13.0 million on the Animal Control and Pet Adoption Center building construction
- \$5.1 million for various building security and fire system enhancements
- \$4.1 million for technology software and hardware projects consisting of:
 - Watchguard in car video cameras and mobile data computers of \$1.7 million used primarily in the Sheriff's Office patrol vehicles
 - Imaging system project of \$1.4 million
 - Servers and network equipment of \$354,000
 - Tax assessment and management software of \$313,000
 - Pictometry Software for viewing GIS data of \$296,000
- \$900,000 on service center road and parking lot replacements and improvements
- \$731,000 for the replacement of the kitchen floor located in the Sheriff's Office Jail complex
- \$700,000 for upgrades to the Supervisory Control and Data Acquisition (SCADA) program used by the Water Resource Commissioner's office which allows for monitoring of systems and the development of a comprehensive asset management plan to watch, evaluate, and assist in the maintenance of infrastructure assets
- \$302,000 for renovations and improvement to the county complex steam tunnel system
- \$210,000 for the roof replacement at the jail complex
- \$156,000 for radio coverage enhancements

The remaining \$4.7 million reflects additions primarily to equipment and vehicles. Among these additions is \$3.2 million in replacement vehicles and \$153,000 for six (6) additional fleet vehicles for the Sheriff's Office and various other departments. Other equipment purchases included \$670,000 for various grounds and building maintenance equipment, \$248,096 for improvements to six (6) Circuit Court courtroom audio video systems, \$184,000 for various equipment used in jail and law enforcement operations, \$83,000 for technology upgrades to network and voicemail equipment, and \$55,000 for Health lab equipment.

The County disposed of \$3.6 million in equipment and vehicles during fiscal year 2017. Disposals primarily included vehicles which were replaced by the new purchases discussed above, as well as computer and maintenance equipment that was sold at auction.

Net capital assets for the business-type activities increased \$900,000 during fiscal year 2017. This change is comprised of a \$15.8 million net increase for construction in progress. The increase was offset by net decreases of \$9.1 million in infrastructure, \$5.1 million in equipment and vehicles, \$600,000 in building and improvements, and \$100,000 in land improvements. In terms of gross numbers, the County's business-type activities had additions to capital assets of \$34.2 million, \$39.6 million in disposals of capital assets, and a \$6.3 million net decrease in accumulated depreciation.

Major business-type capital asset additions during fiscal year 2017 included the following:

- \$21.2 million in the Evergreen Farmington Sewage Disposal System Fund for various projects directed to improve the system and reduce sanitary sewer overflows, including \$12.4 million on the Middlebelt Tunnel sewer project and \$5.7 million on the Telegraph/Franklin Sewer Replacement

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- \$4.9 million for Pontiac Water system infrastructure improvements intended to increase water pressure, decrease the frequency of water main breaks, as well as meter system replacement
- \$1.5 million for the Walled Lake Novi Wastewater Treatment Facility for Safety and Facility improvements
- \$1.4 million in projects for the Parks and Recreation Fund consisting of a variety of park improvements, including building projects for ADA improvements, roofing projects, paths, boardwalks, docks, campgrounds, upgrades to utility meters for compliance with emergency management policies, a mobile stage, and grounds maintenance equipment replacement
- \$1.4 million for the Oakland County Airports Fund related to runway and taxiway rehabilitation at the Oakland International and Oakland Troy airports
- \$1.1 million in the Radio Communications Fund related to upgrading existing infrastructure and 911 call taking system
- \$676,000 in the Clinton Oakland Sewage Disposal System Fund for projects primarily reflecting costs for the stabilization of the Clinton River streambank near the location of the interceptor, and the construction of the Perry Street pump station and force main which links the Clinton Oakland Sewage Disposal System and the Pontiac Wastewater Treatment Facility
- \$91,000 in the Courts and Law Enforcement Management Information System (CLEMIS) Fund primarily for optimization of the Computer Aided Dispatch (CAD) system

Disposals included removal of outdated software that was fully depreciated and equipment sold in the County auction all having an original cost of \$17.8 million with a remaining book value of \$400,000. Additionally, the Oakland Township Water Supply System (OTWSS) was transferred to Charter Township of Oakland. The original cost of OTWSS was \$21.8 million with accumulated depreciation at the time of the transfer of \$6.6 million. The above additions were further offset by \$17.7 million in depreciation expense.

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

Long-term Debt - As of September 30, 2017, the Primary Government had \$461.0 million in bonds and notes outstanding. Of this amount, \$436.0 million are bonds with limited taxing authority, and \$25.0 million are notes with limited taxing authority. This represents a \$17.6 million decrease from September 30, 2016 in the limited tax authority bonds and no change in the limited taxing authority notes. In addition, the County uses its full faith and credit (as a secondary obligor), to back \$250.2 million of Drainage District component unit debt. The Drainage District component unit debt experienced an overall decrease of \$14.5 million in fiscal year 2017. As detailed in Note 8 to the financial statements, this is the result of approximately \$17.8 million in debt reductions and \$3.2 million in new debt issues.

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Outstanding Debt as of September 30, 2017 (in millions of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Bonds - Limited Tax Authority	\$407.8	\$426.8	\$ 28.2	\$ 26.8	\$ 436.0	\$ 453.6
Total Bonds	\$407.8	\$426.8	\$ 28.2	\$ 26.8	\$ 436.0	\$ 453.6
Notes - Limited Tax Authority	\$ -	\$ -	\$ 25.0	\$ 25.0	\$ 25.0	\$ 25.0
Total Outstanding Debt	\$407.8	\$426.8	\$ 53.2	\$ 51.8	\$ 461.0	\$ 478.6

	Drainage Districts Component Unit		Total County Commitment	
	2017	2016	2017	2016
Bonds - Limited Tax Authority	\$250.2	\$264.7	\$ 686.2	\$ 718.3
Total Bonds	\$250.2	\$264.7	\$ 686.2	\$ 718.3
Notes - Limited Tax Authority	\$ -	\$ -	\$ 25.0	\$ 25.0
Total Outstanding Debt	\$250.2	\$264.7	\$ 711.2	\$ 743.3
Debt Limit (10% of SEV)			\$ 6,900.8	\$ 6,508.5
Available Statutory Debt Limit			\$ 6,189.6	\$ 5,765.2

Oakland County issued approximately \$17.9 million in general government and business-type activity debt in fiscal year 2017. Of this total, \$7.4 million represents Michigan Bond Authority – Sewage Disposal debt draws for the Evergreen Farmington Sewage Disposal System Middlebelt Transport and Tunnel project. In addition, \$7.3 million of general government debt for Sewage Disposal Act 342 bonds includes \$4.8 million for Bloomfield Township's costs for the North Evergreen Interceptor Project that incorporates the Amy Pump Station and Quarton Road Storage System improvements under the Evergreen Farmington Sewage Disposal System, \$1.5 million that was issued for the Village of Franklin Sanitary Sewage Collection and Disposal System for technology enhancements to the existing alarm systems, and \$1.0 million for the issuance of a second series of bonds for the Evergreen Farmington Sewage Disposal System Middlebelt Transport and Tunnel project. Finally, \$3.2 million reflects the County's use of State Revolving Fund loans for business-type activity related to Pontiac Water Supply System capital improvements.

The Drainage Districts component unit issued \$3.2 million in new debt during fiscal year 2017. Of this amount, \$2.6 million reflects new drain bonds for the Dan Devine Drainage District and the Heron Drain Drainage District projects. The remaining \$600,000 includes draws of State Revolving Fund loans for the Oakland Macomb Interceptor Drainage District construction project. The Oakland Macomb Interceptor Drainage District is a Chapter 21 Drainage District under Act 40 of the Public Acts of 1956, as amended.

County of Oakland Management's Discussion and Analysis

Chapter 21 Drainage Districts are Inter-County Drains that involve more than one (1) county. The Oakland Macomb Interceptor Drainage District involves Oakland County (48.5%) and Macomb County (51.5%) with each county pledging its full faith and credit, as a secondary obligor, for their respective communities. These bonds are paid by assessments levied against the benefiting municipalities.

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

During fiscal year 2017, \$35.5 million in outstanding general government debt was paid, primarily reflecting the retirement of Retirees Health Care bonds of \$23.0 million, the retirement of various water and sewer bonds/refunding bonds of \$4.4 million, and retirement of Building Authority bonds/refunding bonds of \$8.1 million.

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

Bond Ratings

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

Limitations on Debt

State statute limits the County's debt obligations to 10 percent of the current state equalized value (SEV). The County's SEV as of September 30, 2017 was \$69.0 billion.

County of Oakland Management's Discussion and Analysis

ECONOMIC OUTLOOK

Oakland County's economy is continuing to improve. As is detailed in the *Transmittal Letter* preceding this *Management's Discussion and Analysis*, the County's unemployment rate has fallen to 3.5 percent (2017 average) and employment is projected to grow by approximately 44,300 new jobs over the next three years.

The improvement in the economic outlook should positively impact the County's fiscal stability; this is already being evidenced through revised estimates of the value of property located within the County's borders. The current budgeted projections assume an increase in state taxable value of property within Oakland County borders of 5.0 percent for December 2017; an additional 5.0 percent increase for December 2018; and an additional 4.5 percent increase by December 2019. Market value of property is projected to be even higher. Every 1.0 percent increase in taxable value adds approximately \$2.2 million to the County's revenue.

The initiatives taken by the County's Elected Officials and Administration have resulted in structural reductions of county expenses as well as generating additional fund balance in excess of the 20 percent of annual operating expenditures targeted fund balance level. The *planned* draw down of excess equity provides additional time to achieve structural balance while maintaining target fund balance levels. On September 28, 2017, the Oakland County Board of Commissioners adopted a balanced budget for fiscal years 2018, 2019, and 2020 (through September 30, 2020). That document also includes official estimates for fiscal years 2021 and 2022.

CONTACTING THE COUNTY'S DEPARTMENT OF MANAGEMENT AND BUDGET

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

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**Basic
Financial Statements**

**County of Oakland
Statement of Net Position
September 30, 2017**

	Primary Government			
	Governmental Activities	Business- Type Activities	Totals	Component Units
Assets				
Current assets				
Pooled cash and investments	\$ 469,317,435	\$ 392,192,924	\$ 861,510,359	\$ 50,325,502
Cash and cash equivalents	-	-	-	67,799,056
Receivables (net of allowance for uncollectibles where applicable)				
Current property taxes	20,244,803	-	20,244,803	-
Delinquent property taxes	595,413	50,547,833	51,143,246	-
Special assessments	-	-	-	5,727,905
Due from other governmental units	20,644,920	17,964,412	38,609,332	5,697,926
Due from primary government	-	-	-	567
Due from component units	941,033	156,600	1,097,633	-
Accrued interest receivable	1,758,473	3,091,527	4,850,000	159,838
Accounts receivable	2,428,263	39,849,238	42,277,501	16,361,150
Contracts receivable	64,427,592	1,294,265	65,721,857	-
Internal balances - footnote 19	656,124	(656,124)	-	-
Inventories and supplies	1,821,771	408,780	2,230,551	4,676,522
Prepayments and other assets	8,300,260	2,655,810	10,956,070	2,157,323
Total current assets	591,136,087	507,505,265	1,098,641,352	152,905,789
Noncurrent assets				
Special assessments receivable	63,832,839	-	63,832,839	212,044,379
Pension asset	22,497,565	-	22,497,565	-
OPEB asset	261,360,097	-	261,360,097	-
Capital assets, net				
Land and other nondepreciable assets	24,082,215	168,044,596	192,126,811	324,753,869
Land improvements, net	264,540	7,590,916	7,855,456	853,608
Buildings and improvements, net	147,085,787	56,865,228	203,951,015	57,633,735
Equipment and vehicles, net	32,608,385	11,451,944	44,060,329	11,006,633
Infrastructure, net	15,411,609	82,912,625	98,324,234	1,074,887,378
Total capital assets, net	219,452,536	326,865,309	546,317,845	1,469,135,223
Total noncurrent assets	567,143,037	326,865,309	894,008,346	1,681,179,602
Total assets	1,158,279,124	834,370,574	1,992,649,698	1,834,085,391
Deferred Outflows of Resources				
Deferred outflows related to pension	-	-	-	22,885,945
Total deferred outflows of resources	-	-	-	22,885,945

(continued)

**County of Oakland
Statement of Net Position (Continued)
September 30, 2017**

	Primary Government			
	Governmental Activities	Business- Type Activities	Totals	Component Units
Liabilities				
Current liabilities				
Vouchers payable	\$ 25,554,762	\$ 6,379,168	\$ 31,933,930	\$ 10,326,404
Accrued payroll	6,429,450	-	6,429,450	-
Due to other governmental units	900,412	14,787,039	15,687,451	13,365,156
Due to primary government	-	-	-	1,097,633
Due to component units	567	-	567	-
Accrued interest payable	403,653	159,722	563,375	-
Other accrued liabilities	27,912,031	11,012,531	38,924,562	6,322,735
Accrued compensated absences	1,257,022	-	1,257,022	-
Unearned revenue	54,424,795	1,949,835	56,374,630	38,229,125
Claims and judgments	4,725,665	-	4,725,665	409,050
Bonds and notes payable	35,080,000	26,801,000	61,881,000	17,899,000
Total current liabilities	156,688,357	61,089,295	217,777,652	87,649,103
Noncurrent liabilities				
Accrued compensated absences	11,313,196	-	11,313,196	2,857,000
Claims and judgments	12,011,574	-	12,011,574	418,430
Net pension liability	-	-	-	45,492,165
Net OPEB obligation	-	-	-	33,613,147
Bonds and notes payable	372,700,895	26,456,164	399,157,059	232,265,732
Total noncurrent liabilities	396,025,665	26,456,164	422,481,829	314,646,474
Total liabilities	552,714,022	87,545,459	640,259,481	402,295,577
Deferred Inflows of Resources				
Deferred Inflows related to pension	12,184,257	-	12,184,257	2,853,168
Deferred Inflows related to OPEB	47,146,838	-	47,146,838	-
Total deferred inflows of resources	59,331,095	-	59,331,095	2,853,168
Net Position				
Net investment in capital assets	168,617,536	298,608,145	467,225,681	1,218,970,491
Restricted for				
Property tax forfeiture	10,401,084	-	10,401,084	-
Public safety	8,041,607	-	8,041,607	-
Citizens services	1,935,079	-	1,935,079	-
Public works	4,016,170	-	4,016,170	19,736,345
Justice Administration	1,561,198	-	1,561,198	-
Commerce and community development	8,185,367	-	8,185,367	-
Debt service	6,812,015	-	6,812,015	183,297,678
Airports	-	17,900	17,900	-
Community water and sewer	-	96,481,121	96,481,121	-
Unrestricted	336,663,951	351,717,949	688,381,900	29,818,077
Total net position	\$ 546,234,007	\$ 746,825,115	\$ 1,293,059,122	\$ 1,451,822,591

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

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

**County of Oakland
Statement of Activities
Year Ended September 30, 2017**

	Expenses	Program Revenues			Net Revenue (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs					
Primary government					
Governmental activities					
General government, administrative	\$ 7,210,199	\$ 28,420,204	\$ 614,012	\$ 161,669	\$ 21,985,686
Public safety	198,159,722	65,792,333	18,934,764	-	(113,432,625)
Justice administration	91,193,006	31,447,605	854,996	-	(58,890,405)
Citizen services	80,436,567	9,315,993	15,028,275	-	(56,092,299)
Public works	44,539,179	30,265,391	400,203	2,158,419	(11,715,166)
Recreation and leisure	1,368,297	16,046	7,004	-	(1,345,247)
Commerce and community development	42,558,106	21,023,719	19,855,509	-	(1,678,878)
Unallocated depreciation	3,825,781	-	-	-	(3,825,781)
Interest on debt	3,568,860	-	-	-	(3,568,860)
Total governmental activities	472,859,717	186,281,291	55,694,763	2,320,088	(228,563,575)
Business-type activities					
Airports	6,587,495	4,671,073	96,254	995,851	(824,317)
Community safety support	19,648,350	13,775,015	-	-	(5,873,335)
Community tax financing	970,801	13,613,000	-	-	12,642,199
Community water and sewer	85,734,595	95,595,194	339,060	227,084	10,426,743
Recreation and leisure	25,050,628	10,022,384	80,928	82,700	(14,864,616)
Sewage disposal systems	138,073,377	138,190,001	1,197,809	14,654,105	15,968,538
Total business-type activities	276,065,246	275,866,667	1,714,051	15,959,740	17,475,212
Total primary government	\$ 748,924,963	\$ 462,147,958	\$ 57,408,814	\$ 18,279,828	\$ (211,088,363)
Component units					
Drainage districts	\$ 107,840,196	\$ 90,639,289	\$ 816,115	\$ 25,507,568	\$ 9,122,776
Road commission	128,272,170	16,209,360	85,597,721	39,192,171	12,727,082
Total component units	\$ 236,112,366	\$ 106,848,649	\$ 86,413,836	\$ 64,699,739	\$ 21,849,858
(continued)					

(continued)

**County of Oakland
Statement of Activities (Continued)
Year Ended September 30, 2017**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Totals	
Changes in net position				
Net (expense) revenue	\$ (228,563,575)	\$ 17,475,212	\$ (211,088,363)	\$ 21,849,858
General revenues				
Taxes				
Property taxes	221,228,539	12,393,806	233,622,345	-
State-shared revenue (unrestricted)	44,185,407	271,123	44,456,530	-
Unrestricted investment earnings	3,417,064	4,440,196	7,857,260	1,210,784
Gain on sale of capital assets	407,829	-	407,829	-
Other revenues	1,808,840	-	1,808,840	-
Special item - Transfer of water system to Oakland Township	-	(15,195,838)	(15,195,838)	-
Transfers in (out)	15,250,989	(15,250,989)	-	-
Total general revenues and transfers	286,298,668	(13,341,702)	272,956,966	1,210,784
Change in net position	57,735,093	4,133,510	61,868,603	23,060,642
Net position				
Beginning (as restated, see Note 21)	488,498,914	742,691,605	1,231,190,519	1,428,761,949
Ending	\$ 546,234,007	\$ 746,825,115	\$ 1,293,059,122	\$ 1,451,822,591

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

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

Governmental Fund Financial Statements

Major Funds

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

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

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

Non-Major Funds

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

Special revenue funds
Debt service funds
Capital projects funds

County of Oakland Balance Sheet Governmental Funds September 30, 2017

	Major Funds		
	General	Building Authority Debt Act 31	Water and Sewer Debt Act 342
Assets			
Pooled cash and investments	\$ 253,985,406	\$ 6,011,264	\$ 219,631
Receivables (net of allowance for uncollectibles where applicable)			
Current property taxes	20,244,803	-	-
Delinquent property taxes	595,413	-	-
Due from other governmental units	9,729,655	-	-
Due from component units	20,359	-	-
Accrued interest receivable	683,084	12,607	314
Accounts receivable	338,692	734,817	-
Contracts receivable	49,209,392	12,135,000	-
Special assessments receivable	-	-	61,980,727
Due from other funds	10,260,063	-	-
Advances receivable	-	-	-
Inventories	131,944	-	-
Prepayments and other assets	221,180	-	-
Total assets	<u>\$ 345,419,991</u>	<u>\$ 18,893,688</u>	<u>\$ 62,200,672</u>
Liabilities			
Vouchers payable	\$ 10,181,134	\$ -	\$ 202,588
Accrued payroll	6,429,450	-	-
Due to other governmental units	415,922	-	-
Due to other funds	1,021,481	-	-
Advances payable	-	-	-
Unearned revenue	45,154,961	-	4,489,832
Other accrued liabilities	5,964,176	-	1,237
Total liabilities	<u>69,167,124</u>	<u>-</u>	<u>4,693,657</u>
Deferred Inflows of Resources			
Unavailable revenue-property taxes	11,409,918	-	-
Unavailable revenue-special assessments	-	-	57,490,895
Unavailable revenue-grants	62,862	-	-
Unavailable revenue-contracts receivable	-	12,135,000	-
Unavailable revenue-other	-	-	-
Total deferred inflows of resources	<u>11,472,780</u>	<u>12,135,000</u>	<u>57,490,895</u>
Fund Balances			
Nonspendable	353,124	-	-
Restricted	10,401,084	6,758,688	16,120
Committed	-	-	-
Assigned	251,021,647	-	-
Unassigned	3,004,232	-	-
Total fund balances	<u>264,780,087</u>	<u>6,758,688</u>	<u>16,120</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 345,419,991</u>	<u>\$ 18,893,688</u>	<u>\$ 62,200,672</u>

(continued)

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

**County of Oakland
Balance Sheet (Continued)
Governmental Funds
September 30, 2017**

	Non-Major Funds	Totals September 30, 2017
Assets		
Pooled cash and investments	\$ 76,230,971	\$ 336,447,272
Receivables (net of allowance for uncollectibles where applicable)		
Current property taxes	-	20,244,803
Delinquent property taxes	-	595,413
Due from other governmental units	10,704,982	20,434,637
Due from component units	883,299	903,658
Accrued interest receivable	124,551	820,556
Accounts receivable	203,006	1,276,515
Contracts receivable	3,083,200	64,427,592
Special assessments receivable	1,852,112	63,832,839
Due from other funds	1,651,914	11,911,977
Advances receivable	1,032,021	1,032,021
Inventories	-	131,944
Prepayments and other assets	1,911,703	2,132,883
Total assets	<u>\$ 97,677,759</u>	<u>\$ 524,192,110</u>
Liabilities		
Vouchers payable	\$ 5,660,732	\$ 16,044,454
Accrued payroll	-	6,429,450
Due to other governmental units	118,107	534,029
Due to other funds	11,168,716	12,190,197
Advances payable	1,032,021	1,032,021
Unearned revenue	4,182,089	53,826,882
Other accrued liabilities	15,581,720	21,547,133
Total liabilities	<u>37,743,385</u>	<u>111,604,166</u>
Deferred Inflows of Resources		
Unavailable revenue-property taxes	-	11,409,918
Unavailable revenue-special assessments	1,852,112	59,343,007
Unavailable revenue-grants	2,910,500	2,973,362
Unavailable revenue-contracts receivable	2,950,000	15,085,000
Unavailable revenue-other	1,359,467	1,359,467
Total deferred inflows of resources	<u>9,072,079</u>	<u>90,170,754</u>
Fund balances		
Nonspendable	1,150,421	1,503,545
Restricted	19,443,799	36,619,691
Committed	33,562,352	33,562,352
Assigned	-	251,021,647
Unassigned	(3,294,277)	(290,045)
Total fund balances	<u>50,862,295</u>	<u>322,417,190</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 97,677,759</u>	<u>\$ 524,192,110</u>

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

**County of Oakland
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
September 30, 2017**

Total fund balances for governmental funds	\$ 322,417,190
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Land, not being depreciated	\$ 7,235,551
Construction in progress, not being depreciated	10,369,383
Land improvements, net of \$1,135,601 depreciation	264,540
Buildings and improvements, net of \$118,448,688 depreciation	145,271,685
Equipment and vehicles, net of \$24,145,210 depreciation	13,261,537
Infrastructure, net of \$16,108,935 depreciation	<u>15,325,658</u>
	191,728,354
Internal service funds are used by management to charge the cost of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	67,327,670
Property tax revenues in the Statement of Activities that do not provide current financial resources are deferred and not reported as revenue in the funds.	10,814,505
Long-term receivables such as special assessments and contracts receivable are expected to be collected over several years and are deferred in the governmental funds and are not available to pay for current year expenditures.	78,760,836
Long-term bonded debt is not due and payable in the current period and therefore is not reported in the funds. Unamortized premiums, loss on refundings, and interest payable are not reported in the funds. However, these amounts are included in the Statement of Net Position. This is the net effect of these balances on the statement:	
Bonds and notes payable	(124,410,895)
Accrued interest payable	<u>(403,653)</u>
	<u>(124,814,548)</u>
Net position of governmental activities	<u>\$ 546,234,007</u>

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

County of Oakland
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2017

	Major Funds		
	General	Building Authority Debt Act 31	Water and Sewer Debt Act 342
Revenues			
Taxes	\$ 216,562,738	\$ -	\$ -
Special assessments	-	1,086,129	4,295,377
Federal grants	786,217	-	-
State grants	4,851,589	-	-
Other intergovernmental revenues	46,362,094	-	-
Charges for services	118,479,071	925	1,500
Contributions	47,158	-	-
Investment income	1,763,738	75,106	2,786
Indirect cost recovery	8,216,061	-	-
Other	579,465	-	-
Total revenues	397,648,131	1,162,160	4,299,663
Expenditures			
Current operations			
County Executive	90,383,793	1,000	-
Clerk/Register of Deeds	9,022,140	-	-
Treasurer	8,103,102	-	-
Justice administration	53,633,162	-	-
Law enforcement	164,679,877	-	-
Legislative	4,172,103	-	-
Water Resource Commissioner	6,376,179	-	-
Non-departmental	21,568,122	-	-
Total current operations	357,938,478	1,000	-
Capital outlay	1,206,153	-	-
Intergovernmental	-	-	6,000
Debt service			
Principal payments	-	3,150,000	3,040,000
Interest and fiscal charges	-	1,224,804	1,258,127
Total expenditures	359,144,631	4,375,804	4,304,127
Excess (deficiency) of revenues over (under) expenditures	38,503,500	(3,213,644)	(4,464)
Other financing sources (uses)			
Transfers in	13,266,297	2,244,500	-
Transfers out	(42,231,178)	-	-
Insurance recoveries	-	-	-
Issuance of bonds	-	-	-
Premiums on bonds sold	-	-	-
Total other financing sources (uses)	(28,964,881)	2,244,500	-
Net change in fund balances	9,538,619	(969,144)	(4,464)
Fund balances			
October 1, 2016	255,241,468	7,727,832	20,584
September 30, 2017	\$ 264,780,087	\$ 6,758,688	\$ 16,120

(continued)

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

County of Oakland
Statement of Revenues, Expenditures, and Changes in Fund Balances
(Continued)
Governmental Funds
Year Ended September 30, 2017

	Non-Major Funds	Totals September 30, 2017
Revenues		
Taxes	\$ -	\$ 216,562,738
Special assessments	4,638,551	10,020,057
Federal grants	27,736,187	28,522,404
State grants	21,957,339	26,808,928
Other intergovernmental revenues	12,183,868	58,545,962
Charges for services	12,710,276	131,191,772
Contributions	102,283	149,441
Investment income	388,773	2,230,403
Indirect cost recovery	-	8,216,061
Other	816,428	1,395,893
Total revenues	80,533,705	483,643,659
Expenditures		
Current operations		
County Executive	64,024,701	154,409,494
Clerk/Register of Deeds	1,862,101	10,884,241
Treasurer	-	8,103,102
Justice administration	23,876,303	77,509,465
Law enforcement	7,780,786	172,460,663
Legislative	-	4,172,103
Water Resource Commissioner	18,044,254	24,420,433
Non-departmental	-	21,568,122
Total current operations	115,588,145	473,527,623
Capital outlay	26,875,904	28,082,057
Intergovernmental	6,500	12,500
Debt service		
Principal payments	4,495,000	10,685,000
Interest and fiscal charges	1,143,700	3,626,631
Total expenditures	148,109,249	515,933,811
Excess (deficiency) of revenues over (under) expenditures	(67,575,544)	(32,290,152)
Other financing sources (uses)		
Transfers in	45,340,134	60,850,931
Transfers out	(9,906,641)	(52,137,819)
Insurance recoveries	765,010	765,010
Issuance of bonds	14,732,205	14,732,205
Premiums on bonds sold	18,510	18,510
Total other financing sources (uses)	50,949,218	24,228,837
Net change in fund balances	(16,626,326)	(8,061,315)
Fund balances		
October 1, 2016	67,488,621	330,478,505
September 30, 2017	\$ 50,862,295	\$ 322,417,190

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

County of Oakland
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances – Governmental Funds to the Statement of Activities
Year Ended September 30, 2017

Net change in fund balance - total governmental funds		\$ (8,061,315)	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.			
Construction in progress	\$ (3,006,437)		
Buildings and improvements	16,443,177		
Equipment and vehicles	4,197,443		
Infrastructure	3,922,855		
Depreciation expense	<u>(9,144,738)</u>		
		12,412,300	
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.			
		42,578,724	
Property tax revenues in the Statement of Activities that do not provide current financial resources are deferred and not reported as revenue in the funds.			
Prior year's deferral	(6,148,704)		
Current year deferral	<u>10,814,505</u>		
		4,665,801	
Revenues from special assessments and contracts receivable reported in the Statement of Activities in previous years did not provide current financial resources in the governmental funds until the current year.			
		10,146,972	
Bond proceeds provide current financial resources to governmental funds by issuing debt which increases long-term bonded debt in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Position. This is the amount proceeds exceed repayments.			
Bond proceeds	(14,732,205)		
Repayment of bond principal	10,685,000		
Accrued interest	<u>39,816</u>		
		<u>(4,007,389)</u>	
Change in net position of governmental activities		<u>\$ 57,735,093</u>	

Proprietary Fund Financial Statements

Major Funds

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

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

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

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

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

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

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

Non-Major Funds

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

Internal service funds
Enterprise funds

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

**County of Oakland
Statement of Net Position
Proprietary Funds
September 30, 2017**

	Business-Type Activities - Enterprise Funds				
	Major				
	Parks and Recreation	Delinquent Tax Revolving	County Airports	Water and Sewer Trust	Evergreen-Farmington SDS
Assets					
Current assets					
Pooled cash and investments	\$ 24,732,625	\$ 159,511,509	\$ 15,825,063	\$ 85,704,140	\$ 12,785,547
Delinquent property taxes receivable	-	50,547,833	-	-	-
Due from other governmental units	33,616	1,104,376	600	2,870,311	3,958,519
Due from component units	-	-	-	-	156,600
Accrued interest receivable	33,898	1,911,742	103,733	226,188	144,691
Accounts receivable (net of allowance for uncollectibles where applicable)	342,730	9,830,454	283,437	27,869,529	120,000
Due from other funds	-	-	-	165	-
Current portion of contracts receivable	-	-	1,294,265	-	-
Current portion of advances receivable	-	12,883	-	-	-
Inventories and supplies	124,070	-	-	-	-
Prepayments and other assets	2,855	333	-	661,068	-
Total current assets	25,269,794	222,919,130	17,507,098	117,331,401	17,165,357
Noncurrent assets					
Advances receivable	-	38,649	-	-	-
Net pension asset	-	-	-	-	-
Net OPEB asset	-	-	-	-	-
Capital assets, net					
Land and other nondepreciable assets	31,864,600	-	36,715,610	19,790,238	55,848,390
Land improvements, net	-	-	7,104,958	1,477	484,481
Building and improvements, net	18,888,588	-	21,406,919	981,269	11,650,364
Equipment and vehicles, net	1,337,847	-	562,230	3,173,878	421,211
Infrastructure, net	15,233,837	-	2,605,757	39,727,678	8,228,718
Total capital assets	67,324,872	-	68,395,474	63,674,540	76,633,164
Total noncurrent assets	67,324,872	38,649	68,395,474	63,674,540	76,633,164
Total assets	92,594,666	222,957,779	85,902,572	181,005,941	93,798,521

(continued)

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

**County of Oakland
Statement of Net Position (Continued)
Proprietary Funds
September 30, 2017**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major				
	S.O.C.S.D.S.	Clinton-Oakland S.D.S.	Non-Major Funds	Totals September 30, 2017	
Assets					
Current assets					
Pooled cash and investments	\$ 41,029,895	\$ 9,536,176	\$ 43,067,969	\$ 392,192,924	\$ 132,870,163
Delinquent property taxes	-	-	-	50,547,833	-
Due from other governmental units	4,852,696	3,613,619	1,530,675	17,964,412	210,283
Due from component units	-	-	-	156,600	37,375
Accrued interest receivable	232,565	156,680	282,030	3,091,527	937,917
Accounts receivable (net of allowance for uncollectibles where applicable)	33,301	450	1,369,337	39,849,238	1,151,748
Due from other funds	-	-	36,894	37,059	1,036,371
Current portion of contracts receivable	-	-	-	1,294,265	-
Current portion of advances receivable	-	-	-	12,883	-
Inventories and supplies	-	-	284,710	408,780	1,689,827
Prepayments and other assets	476,286	-	1,515,268	2,655,810	6,167,377
Total current assets	46,624,743	13,306,925	48,086,883	508,211,331	144,101,061
Noncurrent assets					
Advances receivable	-	-	-	38,649	-
Net pension asset	-	-	-	-	22,497,565
Net OPEB asset	-	-	-	-	261,360,097
Capital assets, net					
Land and other nondepreciable assets	3,288,050	14,767,766	5,769,942	168,044,596	6,477,281
Land improvements, net	-	-	-	7,590,916	-
Building and improvements, net	45,441	194,699	3,697,948	56,865,228	1,814,102
Equipment and vehicles, net	153,251	276,878	5,526,649	11,451,944	19,346,848
Infrastructure, net	1,091,927	13,063,143	2,961,565	82,912,625	85,951
Total capital assets	4,578,669	28,302,486	17,956,104	326,865,309	27,724,182
Total noncurrent assets	4,578,669	28,302,486	17,956,104	326,903,958	311,581,844
Total assets	51,203,412	41,609,411	66,042,987	835,115,289	455,682,905

(continued)

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

County of Oakland
Statement of Net Position (Continued)
Proprietary Funds
Year Ended September 30, 2017

	Business-Type Activities - Enterprise Funds				
	Major				
	Parks and Recreation	Delinquent Tax Revolving	County Airports	Water and Sewer Trust	Evergreen-Farmington SDS
Liabilities					
Current liabilities					
Vouchers payable	\$ 1,015,905	\$ 77,942	\$ 42,244	\$ 3,133,580	\$ 1,460,167
Due to other governmental units	242	314,368	-	31,198	5,758,035
Due to component unit	-	-	-	-	-
Due to other funds	-	-	-	450,976	94,198
Unearned revenue	96,388	-	1,556,519	-	-
Notes payable	-	25,000,000	-	-	-
Accrued interest payable	-	159,722	-	-	-
Current portion of bonds payable	-	-	650,000	886,000	265,000
Current portion of accrued compensated absences	-	-	-	-	-
Current portion of claims and judgments	-	-	-	-	-
Current portion of advances payable	-	-	-	-	-
Other accrued liabilities	163,638	43,129	469,289	6,259,390	1,972,185
Total current liabilities	1,276,173	25,595,161	2,718,052	10,761,144	9,549,585
Noncurrent liabilities					
Bonds payable	-	-	6,285,000	15,321,164	4,850,000
Accrued compensated absences	-	-	-	-	-
Claims and judgments	-	-	-	-	-
Advances payable	-	-	-	-	-
Total noncurrent liabilities	-	-	6,285,000	15,321,164	4,850,000
Total liabilities	1,276,173	25,595,161	9,003,052	26,082,308	14,399,585
Deferred Inflows of Resources					
Deferred inflows related to pension	-	-	-	-	-
Deferred inflows related to OPEB	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Net position					
Net investment in capital assets	67,324,872	-	61,460,474	47,467,376	71,518,164
Restricted for programs	-	-	17,900	58,154,746	5,003,582
Unrestricted	23,993,621	197,362,618	15,421,146	49,301,511	2,877,190
Total net position	\$ 91,318,493	\$ 197,362,618	\$ 76,899,520	\$ 154,923,633	\$ 79,398,936

(continued)

County of Oakland
Statement of Net Position (Continued)
Proprietary Funds
Year Ended September 30, 2017

	Business-Type Activities - Enterprise Funds				
	Major				Governmental Activities - Internal Service Funds
	S.O.C.S.D.S.	Clinton-Oakland S.D.S.	Non-Major Funds	Totals September 30, 2017	
Liabilities					
Current liabilities					
Vouchers payable	\$ 365,277	\$ 53,467	\$ 230,586	\$ 6,379,168	\$ 9,510,308
Due to other governmental units	7,650,332	108,742	924,122	14,787,039	366,383
Due to component unit	-	-	-	-	567
Due to other funds	129,037	62,991	7,513	744,715	50,495
Unearned revenue	-	-	296,928	1,949,835	2,500
Notes payable	-	-	-	25,000,000	-
Accrued interest payable	-	-	-	159,722	-
Current portion of bonds payable	-	-	-	1,801,000	23,870,000
Current portion of accrued compensated absences	-	-	-	-	1,257,022
Current portion of claims and judgments	-	-	-	-	4,725,665
Current portion of advances payable	-	-	-	-	12,883
Other accrued liabilities	740,246	128,320	1,236,334	11,012,531	6,364,898
Total current liabilities	8,884,892	353,520	2,695,483	61,834,010	46,160,721
Noncurrent liabilities					
Bonds payable	-	-	-	26,456,164	259,500,000
Accrued compensated absences	-	-	-	-	11,313,196
Claims and judgments	-	-	-	-	12,011,574
Advances payable	-	-	-	-	38,649
Total noncurrent liabilities	-	-	-	26,456,164	282,863,419
Total liabilities	8,884,892	353,520	2,695,483	88,290,174	329,024,140
Deferred Inflows of Resources					
Deferred inflows related to pension	-	-	-	-	12,184,257
Deferred inflows related to OPEB	-	-	-	-	47,146,838
Total deferred inflows of resources	-	-	-	-	59,331,095
Net position					
Net investment in capital assets	4,578,669	28,302,486	17,956,104	298,608,145	27,724,182
Restricted for programs	16,552,663	10,643,950	6,126,180	96,499,021	-
Unrestricted	21,187,188	2,309,455	39,265,220	351,717,949	39,603,488
Total net position	\$ 42,318,520	\$ 41,255,891	\$ 63,347,504	\$ 746,825,115	\$ 67,327,670

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

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

County of Oakland
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended September 30, 2017

	Business-Type Activities - Enterprise Funds				
	Major				
	Parks and Recreation	Delinquent Tax Revolving	County Airports	Water and Sewer Trust	Evergreen-Farmington SDS
Operating revenues					
Charges for services	\$ 9,957,748	\$ 13,086,297	\$ 4,668,996	\$ 94,798,816	\$ 41,635,644
Other	41,948	741	2,077	947,295	537,630
Total operating revenues	9,999,696	13,087,038	4,671,073	95,746,111	42,173,274
Operating expenses					
Salaries	9,025,079	105,886	1,151,685	109,622	-
Fringe benefits	3,044,442	73,402	657,016	70,396	-
Fringe benefits - pension	-	-	-	-	-
Fringe benefits - OPEB	-	-	-	-	-
Contractual services	6,313,586	273,096	1,546,869	43,542,952	39,187,310
Commodities	1,607,558	-	121,327	2,065,417	39,521
Depreciation	3,636,023	-	2,603,048	2,195,901	1,016,854
Internal services	1,423,940	1,907	212,181	22,568,755	1,627,933
Intergovernmental	-	-	-	14,817,954	-
Total operating expenses	25,050,628	454,291	6,292,126	85,370,997	41,871,618
Operating income (loss)	(15,050,932)	12,632,747	(1,621,053)	10,375,114	301,656
Nonoperating revenues (expenses)					
Property taxes	12,393,806	-	-	-	-
Local community stabilization share	271,123	-	-	-	-
Contributions	80,928	-	-	339,060	851,617
Interest recovery - federal grants	-	-	96,254	-	86,640
Interest revenue	314,362	1,479,370	198,032	986,839	165,552
Interest expense	-	(225,648)	(295,369)	(363,598)	(257,429)
Premiums on bonds sold	-	248,750	-	-	-
Gain on sale of property and equipment	22,688	-	-	(150,917)	-
Total nonoperating revenues (expenses)	13,082,907	1,502,472	(1,083)	811,384	846,380
Income (loss) before transfers and contributions	(1,968,025)	14,135,219	(1,622,136)	11,186,498	1,148,036
Transfers and contributions					
Capital contributions	82,700	-	995,851	227,084	14,648,106
Transfers in	-	-	-	-	-
Transfers out	-	(16,964,594)	-	(367,539)	-
Total transfers and contributions	82,700	(16,964,594)	995,851	(140,455)	14,648,106
Special item					
Transfer of water system to Oakland Township	-	-	-	(15,195,838)	-
Change in net position	(1,885,325)	(2,829,375)	(626,285)	(4,149,795)	15,796,142
Net position					
October 1, 2016 (as Restated, see Note 21)	93,203,818	200,191,993	77,525,805	159,073,428	63,602,794
September 30, 2017	\$ 91,318,493	\$ 197,362,618	\$ 76,899,520	\$ 154,923,633	\$ 79,398,936

(continued)

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

County of Oakland
Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Proprietary Funds
Year Ended September 30, 2017

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major				
	S.O.C.S.D.S.	Clinton- Oakland S.D.S.	Non-Major Funds	Totals September 30, 2017	
Operating revenues					
Charges for services	\$ 51,266,602	\$ 37,807,175	\$ 20,796,091	\$ 274,017,369	\$ 249,910,012
Other	805	64	446,540	1,977,100	412,947
Total operating revenues	51,267,407	37,807,239	21,242,631	275,994,469	250,322,959
Operating expenses					
Salaries	-	-	2,621,673	13,013,945	39,095,786
Fringe benefits	-	-	1,309,648	5,154,904	23,013,865
Fringe benefits - pension	-	-	-	-	3,547,700
Fringe benefits - OPEB	-	-	-	-	(18,459,467)
Contractual services	50,195,309	34,816,491	13,294,632	189,170,245	140,222,932
Commodities	155,719	28,277	571,971	4,589,790	6,511,766
Depreciation	235,086	817,583	7,162,219	17,666,714	6,328,883
Internal services	1,837,796	930,133	1,857,005	30,459,650	7,209,869
Intergovernmental	-	-	50,000	14,867,954	-
Total operating expenses	52,423,910	36,592,484	26,867,148	274,923,202	207,471,334
Operating income (loss)	(1,156,503)	1,214,755	(5,624,517)	1,071,267	42,851,625
Nonoperating revenues (expenses)					
Property taxes	-	-	-	12,393,806	-
Local community stabilization share	-	-	-	271,123	-
Contributions	225,153	-	34,399	1,531,157	335,029
Interest recovery - federal grants	-	-	-	182,894	-
Interest revenue	380,284	131,372	535,635	4,191,446	1,186,661
Interest expense	-	-	-	(1,142,044)	(10,981,211)
Premiums on bonds sold	-	-	-	248,750	-
Gain on sale of property and equipment	-	-	427	(127,802)	490,324
Total nonoperating revenues (expenses)	605,437	131,372	570,461	17,549,330	(8,969,197)
Income (loss) before transfers and contributions	(551,066)	1,346,127	(5,054,056)	18,620,597	33,882,428
Transfers and contributions					
Capital contributions	5,999	-	-	15,959,740	2,158,419
Transfers in	-	-	2,367,144	2,367,144	7,417,710
Transfers out	-	-	(286,000)	(17,618,133)	(879,833)
Total transfers and contributions	5,999	-	2,081,144	708,751	8,696,296
Special item					
Transfer of water system to Oakland Township	-	-	-	(15,195,838)	-
Change in net position	(545,067)	1,346,127	(2,972,912)	4,133,510	42,578,724
Net position					
October 1, 2016 (as Restated, see Note 21)	42,863,587	39,909,764	66,320,416	742,691,605	24,748,946
September 30, 2017	\$ 42,318,520	\$ 41,255,891	\$ 63,347,504	\$ 746,825,115	\$ 67,327,670

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

**County of Oakland
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2017**

	Business-Type Activities - Enterprise Funds				
	Major				
	Parks and Recreation	Delinquent Tax Revolving	County Airports	Water and Sewer Trust	Evergreen-Farmington SDS
Cash flows from operating activities					
Cash received from users	\$ 9,748,989	\$ 15,444,908	\$ 4,695,559	\$ 102,124,048	\$ 40,987,034
Cash paid to suppliers	(11,806,715)	(348,405)	(2,577,267)	(80,748,238)	(37,841,125)
Cash paid to employees	(9,025,079)	(105,886)	(1,151,685)	(109,622)	-
Net cash provided by (used in) operating activities	(11,082,805)	14,990,617	966,607	21,266,188	3,145,909
Cash flows from noncapital financing activities					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	(16,964,594)	-	(367,539)	-
Local community stabilization share	271,123	-	-	-	-
Contributions	80,928	-	-	339,060	851,617
Interest recovery - federal grants	-	-	96,254	-	86,640
Principal paid on debt	-	-	-	-	-
Interest paid on debt	-	-	-	-	-
Purchase of delinquent property taxes	-	(66,517,083)	-	-	-
Delinquent property taxes collected	-	71,671,512	-	-	-
Issuance of short-term borrowings	-	25,000,000	-	-	-
Repayments received on advances	-	12,883	-	-	-
Premiums on bonds sold	-	248,750	-	-	-
Property taxes	12,393,806	-	-	-	-
Interest paid on short-term borrowings	-	(98,519)	-	-	-
Payments on short-term borrowings	-	(25,000,000)	-	-	-
Net cash provided by (used in) noncapital financing activities	12,745,857	(11,647,051)	96,254	(28,479)	938,257
Cash flows from capital and related financing activities					
Contributions for capital acquisitions	82,700	-	-	-	-
Proceeds from sale of bonds	-	-	-	3,452,495	-
Transfers from other funds	-	-	-	-	-
Proceeds from sale of capital assets	26,790	-	-	11,151	-
Acquisition of capital assets	(1,385,199)	-	(402,855)	(6,818,724)	(6,604,360)
Principal paid on debt	-	-	(615,000)	(900,600)	(260,000)
Interest paid on debt	-	-	(295,369)	(363,598)	(257,429)
Amount paid on advances	-	-	-	-	-
Interest paid on advances	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	(1,275,709)	-	(1,313,224)	(4,619,276)	(7,121,789)
Cash flows from investing activities					
Interest on investments	298,458	1,156,232	167,357	832,762	139,165
Net cash provided by investing activities	298,458	1,156,232	167,357	832,762	139,165
Net increase (decrease) in cash and cash equivalents	685,801	4,499,798	(83,006)	17,451,195	(2,898,458)
Pooled cash and investments					
October 1, 2016	24,046,824	155,011,711	15,908,069	68,252,945	15,684,005
September 30, 2017	\$ 24,732,625	\$ 159,511,509	\$ 15,825,063	\$ 85,704,140	\$ 12,785,547

(continued)

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

**County of Oakland
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended September 30, 2017**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major				
	S.O.C.S.D.S.	Clinton-Oakland S.D.S.	Non-Major Funds	Totals September 30, 2017	
Cash flows from operating activities					
Cash received from users	\$ 51,520,401	\$ 37,343,509	\$ 21,238,514	\$ 283,102,962	\$ 250,343,718
Cash paid to suppliers	(51,284,004)	(35,767,782)	(17,128,766)	(237,502,302)	(168,965,238)
Cash paid to employees	-	-	(2,621,673)	(13,013,945)	(39,095,786)
Net cash provided by (used in) operating activities	236,397	1,575,727	1,488,075	32,586,715	42,282,694
Cash flows from noncapital financing activities					
Transfers from other funds	-	-	2,304,829	2,304,829	5,134,881
Transfers to other funds	-	-	(286,000)	(17,618,133)	(879,833)
Local community stabilization share	-	-	-	271,123	-
Contributions	225,153	-	-	1,496,758	335,029
Interest recovery - federal grants	-	-	-	182,894	-
Principal paid on debt	-	-	-	-	(23,020,000)
Interest paid on debt	-	-	-	-	(10,980,656)
Purchase of delinquent property taxes	-	-	-	(66,517,083)	-
Delinquent property taxes collected	-	-	-	71,671,512	-
Issuance of short-term borrowings	-	-	-	25,000,000	-
Repayments received on advances	-	-	-	12,883	-
Premiums on bonds sold	-	-	-	248,750	-
Property taxes	-	-	-	12,393,806	-
Interest paid on short-term borrowings	-	-	-	(98,519)	-
Payments on short-term borrowings	-	-	-	(25,000,000)	-
Net cash provided by (used in) noncapital financing activities	225,153	-	2,018,829	4,348,820	(29,410,579)
Cash flows from capital and related financing activities					
Contributions for capital acquisitions	5,999	-	-	88,699	74,500
Proceeds from sale of bonds	-	-	-	3,452,495	-
Transfers from other funds	-	-	62,315	62,315	2,284,102
Proceeds from sale of capital assets	-	-	427	38,368	672,598
Acquisition of capital assets	(708,915)	(675,620)	(1,863,107)	(18,458,780)	(6,687,710)
Principal paid on debt	-	-	-	(1,775,600)	-
Interest paid on debt	-	-	-	(916,396)	-
Amount paid on advances	-	-	-	-	(12,883)
Interest paid on advances	-	-	-	-	(555)
Net cash provided by (used in) capital and related financing activities	(702,916)	(675,620)	(1,800,365)	(17,508,899)	(3,669,948)
Cash flows from investing activities					
Interest on investments	303,156	110,819	457,744	3,465,693	955,404
Net cash provided by investing activities	303,156	110,819	457,744	3,465,693	955,404
Net increase (decrease) in cash and cash equivalents	61,790	1,010,926	2,164,283	22,892,329	10,157,571
Pooled cash and investments					
October 1, 2016	40,968,105	8,525,250	40,903,686	369,300,595	122,712,592
September 30, 2017	\$ 41,029,895	\$ 9,536,176	\$ 43,067,969	\$ 392,192,924	\$ 132,870,163

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

County of Oakland
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended September 30, 2017

	Business-Type Activities - Enterprise Funds				
	Major				
	Parks and Recreation	Delinquent Tax Revolving	County Airports	Water and Sewer Trust	Evergreen-Farmington SDS
Operating (loss) income	\$ (15,050,932)	\$ 12,632,747	\$ (1,621,053)	\$ 10,375,114	\$ 301,656
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities					
Depreciation expense	3,636,023	-	2,603,048	2,195,901	1,016,854
(Increase) decrease in due from other governmental units	(1,616)	568,998	-	4,246,886	(971,817)
(Increase) decrease in due from component units	-	-	-	-	(94,423)
(Increase) decrease in accounts receivable	(221,391)	1,790,397	14,627	2,136,373	(120,000)
(Increase) decrease in due from other funds	-	-	-	(5,322)	-
(Increase) decrease in inventories and supplies	(62,862)	-	-	-	-
(Increase) decrease in prepayments and other assets	(2,072)	-	-	(4,140)	-
(Increase) decrease in net pension asset	-	-	-	-	-
(Increase) decrease in net OPEB asset	-	-	-	-	-
(Increase) decrease in deferred outflows related to pension	-	-	-	-	-
Increase (decrease) in vouchers payable	751,405	(141,333)	(41,628)	176,018	1,027,526
Increase (decrease) in due to other governmental units	242	137,345	-	(261,116)	121,606
Increase (decrease) in due to component units	-	-	-	-	-
Increase (decrease) in due to other funds	-	-	-	449,078	91,875
Increase (decrease) in unearned revenue	(27,700)	-	9,859	-	-
Increase (decrease) in current portion of other long-term liabilities	-	-	-	-	-
Increase (decrease) in other accrued liabilities	(103,902)	2,463	1,754	1,957,396	1,772,632
Increase (decrease) in net pension liability	-	-	-	-	-
Increase (decrease) in other long-term liabilities	-	-	-	-	-
Increase (decrease) in deferred inflows related to pensions	-	-	-	-	-
Increase (decrease) in deferred inflows related to OPEB	-	-	-	-	-
Net cash provided by (used in) operating activities	\$ (11,082,805)	\$ 14,990,617	\$ 966,607	\$ 21,266,188	\$ 3,145,909

(continued)

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

County of Oakland
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended September 30, 2017

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major				
	S.O.C.S.D.S.	Clinton-Oakland S.D.S.	Non-Major Funds	Totals September 30, 2017	
Operating income (loss)	\$ (1,156,503)	\$ 1,214,755	\$ (5,624,517)	\$ 1,071,267	\$ 42,851,625
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation expense	235,086	817,583	7,162,219	17,666,714	6,328,883
(Increase) decrease in due from other governmental units	128,399	(463,280)	61,969	3,569,539	603,922
(Increase) decrease in due from component units	-	-	-	(94,423)	3,656
(Increase) decrease in accounts receivable	124,595	(450)	55,270	3,779,421	506,649
(Increase) decrease in due from other funds	-	-	(36,894)	(42,216)	(1,021,552)
(Increase) decrease in inventories and supplies	-	-	17,177	(45,685)	(612,913)
(Increase) decrease in prepayments and other assets	46,460	-	(623,848)	(583,600)	312,003
(Increase) decrease in net pension asset	-	-	-	-	(22,497,565)
(Increase) decrease in net OPEB asset	-	-	-	-	(65,606,305)
(Increase) decrease in deferred outflows related to pension	-	-	-	-	19,305,794
Increase (decrease) in vouchers payable	267,057	(8,713)	(23,260)	2,007,072	7,054,435
Increase (decrease) in due to other governmental units	15,189	(126,564)	104,209	(9,089)	125,269
Increase (decrease) in due to component units	-	-	-	-	567
Increase (decrease) in due to other funds	124,003	61,437	7,328	733,721	49,011
Increase (decrease) in unearned revenue	-	-	(84,462)	(102,303)	(71,916)
Increase (decrease) in current portion of other long-term liabilities	-	-	-	-	323,590
Increase (decrease) in other accrued liabilities	452,111	80,959	472,884	4,636,297	479,357
Increase (decrease) in net pension liability	-	-	-	-	(5,444,786)
Increase (decrease) in other long-term liabilities	-	-	-	-	261,875
Increase (decrease) in deferred inflows related to pensions	-	-	-	-	12,184,257
Increase (decrease) in deferred inflows related to OPEB	-	-	-	-	47,146,838
Net cash provided by (used in) operating activities	\$ 236,397	\$ 1,575,727	\$ 1,488,075	\$ 32,586,715	\$ 42,282,694

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

**County of Oakland
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended September 30, 2017**

Noncash transactions

Enterprise Funds

Major funds:

Noncash and capital-related financing activities included contribution of capital assets in the amount of \$995,851 and \$14,648,106 in the County Airports and Evergreen-Farmington S.D.S. funds, respectively; the transfer of \$15,195,838 of capital assets (\$21,776,074 less accumulated depreciation of \$6,580,236) to Oakland Township (Special item), disposal of \$402,357 of capital assets (\$719,694 less accumulated depreciation of \$317,337) and forgiveness of debt in the amount of \$227,084 in the Water and Sewer Trust fund.

Noncash and non-capital related financing activities included recording of Contracts Receivable and Unearned Revenue of \$1,294,265 in the County Airports fund.

Nonmajor funds:

Noncash and non-capital related financing activities included recording of grant proceeds of \$34,399 in the Due from Other Governmental Units asset account in the Huron-Rouge S.D.S. fund.

Internal Service Funds

Noncash and capital-related financing activities included contribution of capital assets in the amount of \$2,083,919 in the Information Technology fund.

Noncash and non-capital related financing activities included the recording of pension expense of \$3,547,700 and reduction of OPEB expense of (\$18,459,467) in the Fringe Benefits fund.

Fiduciary Fund Financial Statements

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

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

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

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

Pension (and other postemployment benefits) trust funds
Investment trust funds
Agency funds

**County of Oakland
Statement of Net Position
Fiduciary Funds
September 30, 2017**

	Pension (and Other Post- employment Benefits) Trust Funds	Investment Trust Funds	Agency Funds
Assets			
Pooled cash and investments	\$ 43,985,097	\$546,662,273	\$298,125,809
Cash and cash equivalents	-	-	690,021
Investments, at fair value			
Common stock	399,082,022	-	-
Government agencies	55,302,467	-	-
Corporate bonds	182,417,060	-	-
Municipal bonds	4,392,612	-	-
Hedge funds	96,098,461	-	-
Limited partnerships	124,250,441	-	-
Asset-backed fixed income	28,068,597	-	-
Government bonds	83,692,934	-	-
Government mortgage-backed securities	89,343,358	-	-
Government-issued commercial mortgage-backed securities	4,009,338	-	-
Non-government backed CMOs	1,159,418	-	-
Commercial mortgage-backed securities	20,222,862	-	-
Bank loans	5,655,537	-	-
International common stock	652,449,890	-	-
Index-linked government bonds	44,639,887	-	-
Real estate	201,763,603	-	-
Other fixed income	4,882,097	-	-
Other	408,997	-	-
Total investments	<u>1,997,839,581</u>	<u>-</u>	<u>-</u>
Receivables - interest and dividends	4,170,040	694,867	203,290
Receivables - other	436,583	-	40,384
Prepaid expenses	206,527	-	-
Total assets	<u>2,046,637,828</u>	<u>547,357,140</u>	<u>299,059,504</u>
Liabilities			
Vouchers payable	1,025,284	-	65,517,414
Due to other governmental units	-	-	217,958,056
Other accrued liabilities	<u>2,353,600</u>	<u>-</u>	<u>15,584,034</u>
Total liabilities	<u>3,378,884</u>	<u>-</u>	<u>299,059,504</u>
Net position			
Restricted for Pension and other Postemployment healthcare benefits, and pool participants	<u>\$ 2,043,258,944</u>	<u>\$547,357,140</u>	<u>\$ -</u>

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

**County of Oakland
Statement of Changes in Net Position
Fiduciary Funds
Year Ended September 30, 2017**

	Pension (and Other Post- employment Benefits) Trust Funds	Investment Trust Funds
Additions		
Contributions		
Pool participants	\$ -	\$ 803,032,443
Plan members	<u>590,790</u>	<u>-</u>
Total contributions	<u>590,790</u>	<u>803,032,443</u>
Investment income	223,492,172	4,883,808
Other revenue	<u>3,917,583</u>	<u>-</u>
Total additions	<u>228,000,545</u>	<u>807,916,251</u>
Deductions		
Benefits	87,579,060	-
Administrative expenses	5,965,946	-
Distribution to pool participants	<u>-</u>	<u>778,796,690</u>
Total deductions	<u>93,545,006</u>	<u>778,796,690</u>
Net increase	<u>134,455,539</u>	<u>29,119,561</u>
Net position restricted for pension and other postemployment healthcare benefits, and pool participants		
October 1, 2016	<u>1,908,803,405</u>	<u>518,237,579</u>
September 30, 2017	<u>\$ 2,043,258,944</u>	<u>\$ 547,357,140</u>

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

Component Unit Financial Statements

Component Units

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

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

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

County of Oakland Statement of Net Position Component Units September 30, 2017

	Drainage Districts	Road Commission	Total Component Units
Assets			
Current assets			
Pooled cash and investments	\$ 50,325,502	\$ -	\$ 50,325,502
Cash and cash equivalents	-	67,799,056	67,799,056
Receivables, net			
Special assessments	-	5,727,905	5,727,905
Due from other governmental units	5,697,926	-	5,697,926
Due from primary government	-	567	567
Accrued interest receivable	159,838	-	159,838
Accounts receivable	113,348	16,247,802	16,361,150
Inventories and supplies	-	4,676,522	4,676,522
Prepayments and other assets	-	2,157,323	2,157,323
Total current assets	<u>56,296,614</u>	<u>96,609,175</u>	<u>152,905,789</u>
Noncurrent assets			
Special assessments receivable	212,044,379	-	212,044,379
Capital assets, net			
Land and other nondepreciable assets	112,416,856	212,337,013	324,753,869
Land improvements, net	-	853,608	853,608
Buildings and improvements, net	49,488,282	8,145,453	57,633,735
Equipment and vehicles, net	675,267	10,331,366	11,006,633
Infrastructure, net	470,689,176	604,198,202	1,074,887,378
Total capital assets, net	<u>633,269,581</u>	<u>835,865,642</u>	<u>1,469,135,223</u>
Total noncurrent assets	<u>845,312,960</u>	<u>835,865,642</u>	<u>1,681,179,602</u>
Total assets	<u>901,610,574</u>	<u>932,474,817</u>	<u>1,834,085,391</u>
Deferred Outflows of Resources			
Deferred outflows related to pension	-	22,885,945	22,885,945
Liabilities			
Current liabilities			
Vouchers payable	1,563,239	8,763,165	10,326,404
Due to other governmental units	13,365,156	-	13,365,156
Due to primary government	1,059,494	38,139	1,097,633
Unearned revenue and advances	29,495,000	8,734,125	38,229,125
Current portion of long-term debt	17,899,000	-	17,899,000
Current portion of long-term liabilities	-	409,050	409,050
Other accrued liabilities	2,872,251	3,450,484	6,322,735
Total current liabilities	<u>66,254,140</u>	<u>21,394,963</u>	<u>87,649,103</u>
Bonds and notes payable	232,265,732	-	232,265,732
Accrued compensated absences	-	2,857,000	2,857,000
Claims and judgments	-	418,430	418,430
Net pension liability	-	45,492,165	45,492,165
Net OPEB obligation	-	33,613,147	33,613,147
Total liabilities	<u>298,519,872</u>	<u>103,775,705</u>	<u>402,295,577</u>
Deferred Inflows of Resources			
Deferred inflows related to pension	-	2,853,168	2,853,168
Net position			
Net investment in capital assets	383,104,849	835,865,642	1,218,970,491
Restricted for			
Public works	19,736,345	-	19,736,345
Debt service	183,297,678	-	183,297,678
Unrestricted	16,951,830	12,866,247	29,818,077
Total net position	<u>\$ 603,090,702</u>	<u>\$ 848,731,889</u>	<u>\$ 1,451,822,591</u>

The accompanying notes are an integral part of the financial statements

**County of Oakland
Statement of Activities
Component Units
Year Ended September 30, 2017**

	Program Revenues				Drainage Districts	Road Commission	Total Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Functions/Programs							
Drainage Districts	\$ 107,840,196	\$ 90,639,289	\$ 816,115	\$ 25,507,568	\$ 9,122,776	\$ -	\$ 9,122,776
Road Commission	128,272,170	16,209,360	85,597,721	39,192,171	-	12,727,082	12,727,082
Total component units	<u>\$ 236,112,366</u>	<u>\$ 106,848,649</u>	<u>\$ 86,413,836</u>	<u>\$ 64,699,739</u>	<u>9,122,776</u>	<u>12,727,082</u>	<u>21,849,858</u>
General Revenue							
Unrestricted investment earnings					449,177	761,607	1,210,784
Change in net position					9,571,953	13,488,689	23,060,642
Net position							
Beginning					593,518,749	835,243,200	1,428,761,949
Ending					<u>\$ 603,090,702</u>	<u>\$ 848,731,889</u>	<u>\$ 1,451,822,591</u>

The accompanying notes are an integral part of the financial statements

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County of Oakland
Notes to Basic Financial Statements
September 30, 2017

1. Summary of Significant Accounting Policies

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

The Financial Reporting Entity

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

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

Blended Component Unit

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

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

Separate financial statements for the Authority are not published.

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

Discretely Presented Component Unit

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

- **Road Commission for Oakland County (Road Commission)** – The Road Commission is governed by three appointees of the County Board of Commissioners who are not County Board members. The Road Commission is responsible for the construction and maintenance of the County's system of roads and bridges, and is principally funded by State-collected vehicle fuel and registration taxes under Michigan Public Act 51 of 1951. The County has budgetary control and appropriation authority over its activities; however, such has not been exercised. The Road Commission's primary activities, which are as of and for the year ended September 30, 2017, are reported discretely as a governmental fund type - Special Revenue fund. The Road Commission Retirement System, which is as of and for the year ended December 31, 2016, is not reported in the financial statements of Oakland County.

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

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

- **Drainage Districts** – This component unit consists of individual districts created under Chapters 20 and 21 of Michigan Public Act 40 of 1956, for the purpose of alleviating drainage problems. This involves the construction, maintenance, and financing necessary to account for the cost of the drainage district. The individual districts, each a separate legal entity with power to assess the benefiting communities, are governed by the Drain Board for Oakland County, which consists of the Oakland County Water Resources Commissioner, the Chairman of the Oakland County Board of Commissioners, and the Chairperson of the Finance Committee of the Board of Commissioners. Assessments are made against the applicable municipalities within each district, including the Road Commission for Oakland County and the State of Michigan for road drainage. All activities of the various drainage districts are administered by the Oakland County Water Resources Commissioner. However, the drainage districts are not subject to the County's appropriation process. Because of the relationship between the component unit and the primary government, it would be misleading to exclude the Drainage Districts' Component Unit from the financial statements of Oakland County.
- The financial activities of the Drainage Districts as of and for the year ended September 30, 2017 are reported discretely as a governmental fund type. There are no separately issued financial statements of this component unit, although financial information for the specific drainage districts may be obtained from:

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

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

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

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

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

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

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

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

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

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

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

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

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

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

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

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

Basis of Presentation – Fund Accounting

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

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The County reports the following major governmental funds:

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

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

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

The County reports the following major enterprise funds:

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

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

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

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

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

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

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

Additionally, the County reports the following fund types:

Governmental Fund Types

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

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

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

Proprietary Fund Types

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

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

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

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

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

Fiduciary Fund Types

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

Basis of Accounting

- **Primary government** - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets, except for certain miscellaneous receivables and special assessments, and current liabilities are included on the balance sheet. Governmental funds are used to account for all or most of the County's general activities, including the collection and disbursement of earmarked resources and the servicing of long-term debt.

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

Discretely Presented Component Units

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

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

Budgets

Budgets and budgetary accounting are on the modified accrual basis, which is consistent with generally accepted accounting principles (GAAP basis) in that property tax revenue is recognized when made available by Board resolution. The budget was legally adopted by the Board of Commissioners prior to September 30, 2016 and presented in a separate document. Appropriation budgets were adopted for the General Fund and the following Special Revenue funds: Child Care and Social Welfare-Foster Care. Appropriations lapse at the end of the year. Project-length financial plans are budgeted for the remainder of the Special Revenue funds and for all Debt Service and Capital Projects funds. Budget and actual comparisons for such funds are not reported in the financial statements because annual budgets are not prepared.

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

Pooled Cash and Investments

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

Cash overdrafts occurring in funds participating in pooled cash accounts at September 30, 2017 have been reclassified as a "due to other funds," and a corresponding "due from other funds" was established in the General Fund. Similarly, negative accrued interest receivable caused by negative cash balances is also reclassified at year end as an inter-fund liability.

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

Inter-fund Receivables/Payables

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

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

Inventories

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

Prepayments

Payments made for services that will benefit periods beyond September 30, 2017 are recorded as prepayments using the consumption method.

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Capital Assets

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

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

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

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

Compensated Absences

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

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

Pension

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

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Other Postemployment Benefit Liability/(Asset)

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

In June 2015, the GASB issued two new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pension (OPEB). GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Plans other than Pension Plans*, addresses reporting by OPEB plans, whereas GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans are now required to include in the financial statement more extensive footnote disclosures and required supplemental information related to the measurement of the OPEB liabilities for which assets have been accumulated. The County has implemented both of these statements this year.

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

Net Pension Liability/(Asset)

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

Fund Equity

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

- Nonspendable, includes amounts that cannot be spent.
- Restricted, amounts that are restricted to specific purposes externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through enabling legislation.
- Committed, amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolution of the County's highest level of decision-making authority. A formal resolution by the Board of Commissioners is required to establish, modify or rescind a fund balance commitment.

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- Assigned, amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. These assignments are authorized by the Board of Commissioners through a formal resolution.
- Unassigned, is the residual classification of the General Fund, and the reporting of any negative fund balance of a governmental fund.

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

Deferred Outflows/Inflows of Resources

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

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

Property taxes levied are used to finance the expenditures of the current fiscal period (October 1, 2016 through September 30, 2017) and are reported as revenues in the financial statements. Amounts not collected within 60 days of the end of the fiscal year are considered unavailable for the current period, and are reported as deferred inflows.

Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements, September 30, 2017. These estimates and assumptions also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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2. Legal Compliance - Budgets

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

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

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

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

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

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

3. Deposits and Investments

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

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

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

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

Deposits

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

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

As of September 30, 2017, the bank balance of the County's deposits was \$990,722,377. Insured deposits were \$4,500,000, and the remaining \$986,222,377 was uninsured, uncollateralized, and held in the County's name.

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

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

At September 30, 2017, the Road Commission component unit had \$14,520,957 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. The Road Commission believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. However, only those institutions with an acceptable estimated risk level are used as depositories.

Investments - Internal Investment Pool

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

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

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

As of September 30, 2017, the County had the following deposit and investment types in its internal investment pool.

Deposit and Investment Type	Market Value	Weighted Average Maturity (days)
Certificates of Deposit (1)	\$ 906,819,525	196
Deposit Accounts (1)	83,902,852	1
Money Market Investment Pools	279,835,076	1
Negotiable CD	5,004,100	841
Commercial Paper	92,826,862	49
MI Government Coupon	39,797,030	3,386
U.S. Agencies	426,473,295	693
Total Market Value of Internal Investment Pool	\$ 1,834,658,740	
Weighted Average Maturity of Internal Investment Pool (in days)		329

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

Credit Risk – The County had \$426,473,295 invested in U.S. government securities which are rated AA+ by Standard & Poor's and Aaa by Moody's. The County had \$39,797,030 in Municipal bonds rated Aaa by Moody's and AAA by Standard & Poor's. State law limits investments in commercial paper to the top two ratings issued by a nationally recognized statistical rating organization (NRSRO). It is the County's policy to further limit its investments in commercial paper to only the top rating as issued by NRSROs. At September 30, 2017, the County had \$32,955,635 invested in A1+ (S&P) and P1 (Moody's) commercial paper and \$59,871,227 invested in A1 (S&P) and P1 (Moody's). The money market investment pool had \$279,835,076 invested with a rating of AAAm (S&P). The County's investment policy is silent on the use of rated versus unrated money market funds. In addition, there is no rating level requirement for rated money market funds.

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Custodial Credit Risk – Investments is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments that are in the possession of another side party. The County's investment policy requires that all investment transactions (including collateral for repurchase agreements) be conducted on a delivery-versus-payment (DVP) basis. Securities shall be held by a third-party custodian, as designated by the County Treasurer, and shall be evidenced by a safekeeping receipt. As of September 30, 2017, \$564,101,287 in investments, at fair value, was held in third-party safekeeping in the County's name.

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

Concentration of Credit Risk – Investments. On September 30, 2017, the County had investments of 5% or more, of the total portfolio, with the following U.S. agency issuers: Fannie Mae 10.25%, and Freddie Mac 11.09%. No other issuer exceeded 5% of the total portfolio.

Interest Rate Risk – To limit its exposure to fair value losses from rising interest rates, the County's Investment Policy states the County will not directly invest in securities that mature more than three years from date of purchase; however, securities exceeding the three-year limitation may be purchased provided maturity dates coincide with the expected use of the funds. As of September 30, 2017, the internal investment pool had a weighted average maturity of 329 days and the longest investment maturity in the portfolio was 3,386 days (9.3 years).

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

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

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The County has the following recurring fair value measurements as of September 30, 2017:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Investment Type	Total Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Commercial Paper	\$ 92,826,862	\$ -	\$ 92,826,862	\$ -
Government Agencies	426,473,295	-	426,473,295	-
Municipal Bonds	39,797,030	-	39,797,030	-
Total Investments by Fair Value	\$ 559,097,187	\$ -	\$ 559,097,187	\$ -
Investments measured at the Net Asset Value (NAV)				
Money Market Investment Pools	279,835,076			
Total Investments measured fair value	<u>\$ 838,932,263</u>			

The fair value of Commercial Paper, Government Agencies and Municipal Bonds at September 30, 2017 was determined primarily based on Level 2 inputs, and they are valued using quoted prices for identical securities in markets that are not active. Money Market Investment Pools are valued at published fair value per share (unit) for the fund.

Investments – Pension Trust Funds

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

Pension investments are made through the use of Investment Advisors which are selected and retained by the Retirement (PERS, VEBA and SMBT) and Deferred Compensation Boards. The advisors serve at the leisure of the Board as provided by investment agreements. At September 30, 2017, the Primary Government's Pension Trust fund had 27 investment advisors. Investments are held in street name by safekeeping agents under formal trust agreements and/or in the Retirement Systems' name.

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As of September 30, 2017, the County had the following investment types in its Retirement System and other postemployment benefits trust funds:

Investment Type	Fair Value	Percentage	Average Duration (In Years)
Common Stock	\$ 573,244,138	28.13%	N/A
International Common Stock	79,205,753	3.89%	N/A
Common Stock - Funds	396,733,425	19.47%	N/A
Exchange Traded Funds	2,348,597	0.11%	N/A
Government Bonds	78,583,489	3.86%	7.19
International Government Bonds	5,109,446	0.25%	N/A
Government Agencies	55,302,466	2.71%	3.35
Municipal Bonds	4,392,612	0.21%	10.28
Corporate Bonds	182,417,060	8.95%	6.32
Bank Loans	5,655,536	0.28%	N/A
Government Mortgage-Backed Securities	89,343,358	4.38%	3.66
Gov't Issued Commercial Mortgage-Backed	4,009,338	0.20%	5.64
Commercial Mortgage-Backed Securities	20,222,861	0.99%	3.82
Asset-Backed Securities	28,068,596	1.38%	1.36
Non-government Backed CMOs	1,159,418	0.06%	1.52
Index Linked Government Bonds	44,639,887	2.19%	13.07
Other Fixed Income	4,882,097	0.24%	2.95
Real Estate	201,763,604	9.90%	N/A
Partnerships	124,250,441	6.10%	N/A
Other Assets	408,997	0.02%	N/A
Hedge Funds	96,098,460	4.71%	N/A
Cash and Cash Equivalents	40,263,222	1.97%	0.27
Total	\$2,038,102,801	100.00%	

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

County of Oakland
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As of September 30, 2017, debt obligation investments held in the retirement system had the following ratings:

Fair Value	Percentage	Ratings	
		S&P	Moody's
\$182,982,592	27.58 %	AAA	Aaa
21,477,642	3.24	AA	Aa
92,575,469	13.95	A	A
58,197,831	8.77	BBB	Baa
13,631,643	2.05	BB	Ba
10,320,513	1.56	B	B
505,988	0.08	CCC	Caa
175,676,622	26.48	NR	NR
108,108,390	16.29	US Gov't Guaranteed	
\$663,476,690	100.00 %		

Custodial Credit Risk is the risk associated that in the event of the failure of the counterparty, the Retirement System would not be able to recover the value of its investments that are in the possession of another side party. The Retirement System's Statement of Investment Goals and Objectives (SIGO) requires that all investment transactions shall be conducted through a custodian that will act as the system's third party. Securities shall be held by the custodian, as designated by the Retirement Boards, and shall be evidenced by a custodial report. As of September 30, 2017, \$2,038,103,801 in investments was held in third-party safekeeping in the County's name.

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

For equities, holdings of all securities of an industry group should not exceed 25% of the portfolio at cost. ADRs should not exceed a maximum of 10% of the portfolio at cost and shall be further limited to Canadian securities and non-U.S. domiciled corporations issuing U.S. securities. As of September 30, 2017, as reported by the system's investment managers, no holdings exceed any of the Board's adopted limits.

Interest Rate Risk - The Board's adopted Statement of Investment Goals and Objectives (SIGO) places no limitation on the system's fixed-income managers on the length to maturity for fixed-income investments. As the schedule on page 86 indicates, the system's fixed-income investments had average durations of between .27 years and 13.07 years, which is reasonable given the long-term nature of the system. Having reasonable durations will reduce the retirement system's risk exposure to rapidly adjusting interest rates.

County of Oakland
Notes to Basic Financial Statements
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Collateralized Mortgage Obligations (CMOs) are U.S. government-issued asset-backed certificates and corporate-issued asset-backed certificates. Current CMO holdings have maturity lengths ranging from .29 years to 45.6 years and are backed by investments in various assets, including mortgages. As of September 30, 2017, the market value was \$21,382,279.

Interest Rate Risk - Collateralized Mortgage Obligations. The market value of such investments can be affected by, among other factors, changes in interest rates, including the effect of prepayments, marketability, and default rates on assets underlying the securities. At September 30, 2017, the County's CMO portfolio had an effective duration of 3.82 years.

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

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

County of Oakland
Notes to Basic Financial Statements
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The County has the following recurring fair value measurements as of September 30, 2017:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

	Fair Value Measurement Using			
	Balance at September 30, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Equity securities:				
Common Stock	\$ 652,449,890	\$ 652,449,890	\$ -	\$ -
Exchange Traded Funds	2,348,597	2,348,597	-	-
Equity Mutual Funds	25,973,552	-	25,973,552	-
Total equity securities	680,772,039	654,798,487	25,973,552	-
Debt securities:				
Government Bonds	85,360,003	-	85,360,003	-
Government Agencies	25,265,850	-	25,265,850	-
State or Local Governments	2,725,544	-	2,725,544	-
Corporate Bonds	182,417,060	-	182,417,060	-
Residential Mortgage-Backed Securities	119,379,974	-	119,379,974	-
Commercial Mortgage-Backed Securities	24,232,200	-	24,232,200	-
Collateralized Mortgage Obligations	1,159,418	-	1,159,418	-
Other Asset-Backed Securities	28,068,596	-	28,068,596	-
Index Linked Government Bonds	44,639,887	-	44,639,887	-
Bank Loans	5,655,537	-	5,655,537	-
Other Debt Securities	4,882,097	-	4,882,097	-
Total debt securities	523,786,166	-	523,786,166	-
Total investments by fair value level	\$ 1,204,558,205	\$ 654,798,487	\$ 549,759,718	\$ -
Investments measured at the Net Asset Value (NAV)				
International Equity	157,425,032			
Global Fixed Income	124,250,441			
Index Funds	211,390,426			
Hedged Equity Long/Short Funds	96,098,460			
Private Real Estate	12,012,793			
Real Estate	180,747,416			
Real Estate International	9,003,395			
Total investments measured at the NAV	790,927,963			
Total investments measured at fair value	\$ 1,995,486,168			
Investment derivative instruments				
Forward Foreign Currency Exchange	\$ 21,872	\$ -	\$ 21,872	\$ -

County of Oakland
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Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches: Equity Mutual Funds are valued using fair value per share for each fund; Fixed Income investments are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors. Debt and equity securities classified in Level 3 are based upon unobservable inputs. Derivative instruments classified in Level 2 are valued using a market approach that considers benchmarks.

Investments in Entities that Calculate Net Asset Value per Share

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

At the year ended September 30, 2017, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if eligible	Redemption Notice Period
International Equity	\$157,425,032	\$ -	Monthly	10 Days
Global Fixed Income	124,250,441	-	Daily	3 Days
Index Funds	211,390,426	-	Daily	3 Days
Hedged Equity Long/Short Funds	96,098,460	-	Quarterly	90 Days
Private Real Estate	12,012,793	70,398,074	-	-
Real Estate	180,747,416	303,897	-	-
Real Estate International	9,003,395	-	-	-
	<u>\$790,927,963</u>	<u>\$ 70,701,971</u>		

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

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

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

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

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

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

Disclosures Regarding Redemption Only Upon Liquidation

The investments in the Private Real Estate, Real Estate and Real Estate International can never be redeemed with the funds. Distributions from each fund will be received only as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next 1 to 10 years.

4. Property Taxes – Receivables and Short-term Debt

Receivables – In accordance with Michigan Public Act 357 of 2004, the County Operating Tax is levied on July 1 on the taxable value of real and personal property as established the preceding December 31. Taxes become a lien on the property on July 1 and are due and payable on that date through February 28 of the following year, after which unpaid taxes became delinquent and subject to penalty. Taxable value is determined by using such factors as State equalized, assessed, and capped values, along with a value change multiplier. Prior to 2004, taxes were levied on December 1 of each year; the state public act required a gradual shift over a three-year period of county property taxes from winter to summer as a substitute to county revenue sharing from the State. Equalized values for the 2017 summer levy amounted to \$69,008,352,209, with taxable values of \$54,723,743,027. The operating tax rate for the 2017 levy was 4.04 mills, with an additional 0.2392 mills voted for Parks and Recreation (winter levy only). The amount unpaid at fiscal year-end is reported as current property taxes receivable in the County's General Fund. These receivables (current and delinquent) for the County operating tax levy amounted to \$20,840,216 at September 30, 2017.

Short-term Debt - By agreement with various taxing authorities, the County purchases (at face value) real property taxes for all municipalities and school districts within Oakland County which are returned delinquent on March 1. To accomplish this, tax notes are sold and the proceeds of these notes are used to liquidate the amounts due the County's General Fund and other governmental agencies for purchase of their delinquent real property tax receivables. The assets of the Delinquent Tax Revolving fund (an Enterprise fund), in the amount of \$222,957,779 at September 30, 2017, are pledged as collateral for payment of the tax notes; subsequent collections on delinquent taxes receivable, plus interest, penalties and collection fees thereon, and investment earnings are used to service the debt.

The following is a summary of the short-term debt activity for the year ended September 30, 2017:

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

5. Allowances for Uncollectible Receivables

At September 30, 2017, the allowances for uncollectible receivables were as follows:

General Fund \$ 25,000

In addition, the Parks and Recreation fund (Enterprise) records an allowance for uncollectible taxes receivable in the amount of \$35,976 at September 30, 2017.

6. Investment Income – Pension and Other Postemployment Trust Funds

The following is a breakdown of the investment income for Pension and other Postemployment Trust funds of the primary government for the year ended September 30, 2017:

	Employees' Retirement	VEBA Trust	Superseding Trust
Interest and dividends	\$ 11,788,671	\$ 17,200,107	\$ 127,008
Unrealized/Realized gain (loss) on investments	<u>72,938,680</u>	<u>120,237,346</u>	<u>1,200,360</u>
Total	<u>\$ 84,727,351</u>	<u>\$ 137,437,453</u>	<u>\$ 1,327,368</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

7. Capital Assets

An analysis of property and equipment as reported in the Statement of Net Position, and related accumulated depreciation, at September 30, 2017, for governmental activities follows:

	Balance October 1, 2016	Additions	Disposals and Adjustments	Balance September 30, 2017
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 7,365,551	\$ -	\$ -	\$ 7,365,551
Construction in progress	<u>24,957,399</u>	<u>25,748,043</u>	<u>(33,988,778)</u>	<u>16,716,664</u>
Total capital assets not being depreciated	<u>32,322,950</u>	<u>25,748,043</u>	<u>(33,988,778)</u>	<u>24,082,215</u>
Capital assets being depreciated				
Land improvements	1,296,690	103,451	-	1,400,141
Buildings and improvements	250,198,432	16,896,229	-	267,094,661
Equipment and vehicles	124,386,006	17,729,361	(3,565,919)	138,549,448
Infrastructure	<u>30,681,421</u>	<u>3,922,855</u>	<u>-</u>	<u>34,604,276</u>
Total capital assets being depreciated	<u>406,562,549</u>	<u>38,651,896</u>	<u>(3,565,919)</u>	<u>441,648,526</u>
Less: Accumulated depreciation				
Land improvements	1,111,870	23,731	-	1,135,601
Buildings and improvements	114,497,116	5,511,758	-	120,008,874
Equipment and vehicles	99,973,627	9,268,587	(3,301,151)	105,941,063
Infrastructure	<u>18,523,122</u>	<u>669,545</u>	<u>-</u>	<u>19,192,667</u>
Total accumulated depreciation	<u>234,105,735</u>	<u>15,473,621</u>	<u>(3,301,151)</u>	<u>246,278,205</u>
Total capital assets being depreciated, net	<u>172,456,814</u>	<u>23,178,275</u>	<u>(264,768)</u>	<u>195,370,321</u>
Governmental activities capital assets, net	<u>\$ 204,779,764</u>	<u>\$ 48,926,318</u>	<u>\$ (34,253,546)</u>	<u>\$ 219,452,536</u>

Depreciation expense was charged to functions as follows:

Public safety	\$ 3,283,860
Justice administration	1,055,219
Citizens services	680,777
Public infrastructure	269,566
Commerce and Community Development	29,535
Unallocated depreciation	3,825,781
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>6,328,883</u>
Total depreciation expense - governmental activities	<u>\$ 15,473,621</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

A summary of business-type property and equipment at September 30, 2017 follows:

	Balance October 1, 2016	Additions	Disposals and Adjustments	Balance September 30, 2017
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 68,158,860	\$ 19,020	\$ -	\$ 68,177,880
Construction in progress	84,097,529	33,685,831	(17,928,644)	99,854,716
Other	12,000	-	-	12,000
Total capital assets not being depreciated	152,268,389	33,704,851	(17,928,644)	168,044,596
Capital assets being depreciated				
Land improvements	35,823,624	1,144,008	-	36,967,632
Buildings and improvements	99,223,240	2,780,910	(9,881)	101,994,269
Equipment and vehicles	91,458,598	1,443,781	(17,691,247)	75,211,132
Infrastructure	344,445,066	12,957,832	(21,875,647)	335,527,251
Total capital assets being depreciated	570,950,528	18,326,531	(39,576,775)	549,700,284
Less: Accumulated depreciation				
Land improvements	28,075,933	1,300,783	-	29,376,716
Buildings and improvements	41,767,009	3,364,049	(2,017)	45,129,041
Equipment and vehicles	74,904,010	6,002,691	(17,147,513)	63,759,188
Infrastructure	252,440,382	6,999,191	(6,824,947)	252,614,626
Total accumulated depreciation	397,187,334	17,666,714	(23,974,477)	390,879,571
Total capital assets being depreciated, net	173,763,194	659,817	(15,602,298)	158,820,713
Business-type activities capital assets, net	\$ 326,031,583	\$ 34,364,668	\$ (33,530,942)	\$ 326,865,309
Depreciation expense was charged to functions as follows:				
Airports		\$ 2,603,048		
Community safety support		7,042,895		
Community water and sewer		2,195,901		
Recreation and leisure		3,636,023		
Sewage disposal systems		2,188,847		
Total depreciation expense - business-type activities		\$ 17,666,714		

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

An analysis of property and equipment, and related accumulated depreciation where applicable, at September 30, 2017, for component units follows:

	Balance October 1, 2016	Additions	Disposals and Adjustments	Balance September 30, 2017
Component Units				
Drainage Districts				
Capital assets not being depreciated				
Construction in progress	\$ 189,848,291	\$ 13,150,180	\$ (90,907,579)	\$ 112,090,892
Land	325,964	-	-	325,964
Total capital assets not being depreciated	190,174,255	13,150,180	(90,907,579)	112,416,856
Capital assets being depreciated				
Buildings	57,248,656	-	-	57,248,656
Equipment	373,557	422,521	-	796,078
Infrastructure	499,491,689	83,698,921	-	583,190,610
Total capital assets being depreciated	557,113,902	84,121,442	-	641,235,344
Less: Accumulated depreciation				
Buildings	6,233,743	1,526,631	-	7,760,374
Equipment	69,355	51,456	-	120,811
Infrastructure	105,201,985	7,299,449	-	112,501,434
Total accumulated depreciation	111,505,083	8,877,536	-	120,382,619
Total capital assets being depreciated, net	445,608,819	75,243,906	-	520,852,725
Governmental activity capital assets, net	\$ 635,783,074	\$ 88,394,086	\$ (90,907,579)	\$ 633,269,581
Road Commission				
Capital assets not being depreciated				
Land and other	\$ 205,514,233	\$ 5,737,907	\$ -	\$ 211,252,140
Construction in progress	31,012	1,053,861	-	1,084,873
Total capital assets not being depreciated	205,545,245	6,791,768	-	212,337,013
Capital assets being depreciated				
Buildings and storage bins	21,331,484	54,833	-	21,386,317
Road equipment	55,125,606	3,821,670	(781,714)	58,165,562
Other equipment	6,067,916	126,656	-	6,194,572
Infrastructure	1,029,513,618	53,876,010	(17,229,230)	1,066,160,398
Brine wells and gravel pits	2,489,608	-	-	2,489,608
Total capital assets being depreciated	1,114,528,232	57,879,169	(18,010,944)	1,154,396,457
Less: Accumulated depreciation				
Buildings and storage bins	12,675,589	565,275	-	13,240,864
Road equipment	45,651,943	3,999,832	(781,714)	48,870,061
Other equipment	4,996,729	161,978	-	5,158,707
Infrastructure	435,447,867	43,743,559	(17,229,230)	461,962,196
Brine wells and gravel pits	1,523,462	112,538	-	1,636,000
Total accumulated depreciation	500,295,590	48,583,182	(18,010,944)	530,867,828
Total capital assets being depreciated, net	614,232,642	9,295,987	-	623,528,629
Governmental activity capital assets, net	\$ 819,777,887	\$ 16,087,755	\$ -	\$ 835,865,642

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

8. Long-term Debt

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

Primary Government

	Interest rate	October 1, 2016	Additions	Reductions	September 30, 2017	Amounts due within one year	Amounts due thereafter	General obligation	With governmental commitment
Governmental activities									
Debt with limited taxing authority									
Building authority - Act 31	2.00%-4.75%	\$ 42,335,000	\$ -	\$ (3,150,000)	\$ 39,185,000	\$ 3,215,000	\$ 35,970,000	\$ 27,050,000	\$ 12,135,000
Building authority refunding	2.00%-5.00%	31,025,000	-	(4,290,000)	26,735,000	4,460,000	22,275,000	23,785,000	2,950,000
Retirees Health Care Bonds	3.62%-4.52%	306,390,000	-	(23,020,000)	283,370,000	23,870,000	259,500,000	283,370,000	-
Water supply - Act 342	2.00%-5.50%	15,035,000	-	(790,000)	14,245,000	740,000	13,505,000	-	14,245,000
Sewage disposal - Act 342	1.70%-3.75%	3,550,000	7,350,000	(150,000)	10,750,000	435,000	10,315,000	-	10,750,000
Water and sewer refunding bonds	1.50%-2.75%	1,205,000	-	(205,000)	1,000,000	205,000	795,000	-	1,000,000
Michigan Bond Authority -									
Sewage Disposal Bonds	1.62%-2.50%	27,213,690	7,382,205	(2,100,000)	32,495,895	2,155,000	30,340,895	-	32,495,895
Total bonds - governmental activities		\$ 426,753,690	\$ 14,732,205	\$ (33,705,000)	\$ 407,780,895	\$ 35,080,000	\$ 372,700,895	\$ 334,205,000	\$ 73,575,895
Business-type activities									
Business-type activities									
BA - Act 31 - County Airport	1.00%-5.90%	\$ 4,350,000	\$ -	\$ (250,000)	\$ 4,100,000	\$ 275,000	\$ 3,825,000	\$ 4,100,000	\$ -
BA refunding - County Airport	2.00%-2.25%	3,200,000	-	(365,000)	2,835,000	375,000	2,460,000	2,835,000	-
Sewage disposal - Act 34	1.75%-6.75%	3,350,000	-	(155,000)	3,195,000	160,000	3,035,000	3,195,000	-
Michigan Bond Authority -									
Water & Sewage Disposal Bonds	2.50%	15,907,354	3,225,410	(1,005,600)	18,127,164	991,000	17,136,164	18,127,164	-
Total bonds - business-type		26,807,354	3,225,410	(1,775,600)	28,257,164	1,801,000	26,456,164	28,257,164	-
Total bonds - primary government		\$ 453,561,044	\$ 17,957,615	\$ (35,480,600)	\$ 436,038,059	\$ 36,881,000	\$ 399,157,059	\$ 362,462,164	\$ 73,575,895

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

Component Units

	Interest rate	October 1, 2016	Additions	Reductions	September 30, 2017	Amounts due within one year	Amounts due thereafter	General obligation	With governmental commitment
Drainage Districts									
Debt with limited taxing authority									
Drain bonds - Act 40	1.00%-7.00%	\$ 70,880,000	\$ 2,585,000	\$ (3,740,000)	\$ 69,725,000	\$ 3,995,000	\$ 65,730,000	\$ 50,617,662	\$ 19,107,338
Drain refunding bonds	2.00%-2.25%	11,205,000	-	(1,830,000)	9,375,000	1,385,000	7,990,000	1,465,355	7,909,645
Michigan Bond Authority-Drain Bonds	1.15%-4.15%	182,701,488	597,644	(12,234,400)	171,064,732	12,519,000	158,545,732	19,122,327	151,942,405
Total Drainage Districts		264,786,488	3,182,644	(17,804,400)	250,164,732	17,899,000	232,265,732	71,205,344	178,959,388
Total County Debt		\$ 718,347,532	\$ 21,140,259	\$ (53,285,000)	\$ 686,202,791	\$ 54,780,000	\$ 631,422,791	\$ 433,667,508	\$ 252,535,283
Road Commission									
Compensated absences	--	\$ 3,078,900	\$ -	\$ (221,900)	\$ 2,857,000	\$ -	\$ 2,857,000	\$ -	\$ 2,857,000
Self-insured losses	--	1,012,333	754,462	(939,315)	827,480	409,050	418,430	-	827,480
Other postemployment benefits	--	28,201,451	5,411,696	-	33,613,147	-	33,613,147	-	33,613,147
Net pension liability	--	42,947,521	2,544,644	-	45,492,165	-	45,492,165	-	45,492,165
Total Road Commission		\$ 75,240,205	\$ 8,710,802	\$ (1,161,215)	\$ 82,789,792	\$ 409,050	\$ 82,380,742	\$ -	\$ 82,789,792
Total reporting entity		\$ 793,587,737	\$ 29,851,061	\$ (54,446,215)	\$ 768,992,583	\$ 55,189,050	\$ 713,803,533	\$ 433,667,508	\$ 335,325,075

County of Oakland
Notes to Basic Financial Statements
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The annual requirements to pay principal and interest on debt outstanding at September 30, 2017 (excluding the liabilities for compensated absences, other postemployment benefits, pension liability and uninsured losses for the Road Commission component unit) were as follows:

	Bonds with limited taxing authority		Retirees Health Care Bonds limited taxing authority		Business-type Bonds limited taxing authority		Total primary government	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 11,210,000	\$ 3,580,419	\$ 23,870,000	\$ 10,131,947	\$ 1,801,000	\$ 918,794	\$ 36,881,000	\$ 14,631,160
2019	10,860,000	3,249,052	24,750,000	9,251,925	1,851,400	866,339	37,461,400	13,367,316
2020	11,255,000	2,919,065	25,660,000	8,339,504	1,891,800	811,304	38,806,800	12,069,873
2021	11,380,000	2,579,095	26,605,000	7,393,507	1,939,900	754,456	39,924,900	10,727,058
2022	11,605,000	2,230,523	27,585,000	6,412,669	2,002,600	693,410	41,192,600	9,336,602
2023-2027	30,975,727	7,498,387	154,900,000	15,866,593	9,498,745	2,469,852	195,374,472	25,834,832
2028-2032	24,370,000	3,787,897	-	-	8,011,719	773,933	32,381,719	4,561,830
2033-2037	12,575,168	767,713	-	-	1,260,000	63,500	13,835,168	831,213
2038-2042	180,000	15,725	-	-	-	-	180,000	15,725
Totals	\$ 124,410,895	\$ 26,627,876	\$ 283,370,000	\$ 57,396,145	\$ 28,257,164	\$ 7,351,588	\$ 436,038,059	\$ 91,375,609

	Drainage Districts		Total reporting entity	
	Principal	Interest	Principal	Interest
2018	\$ 17,899,000	\$ 6,497,578	\$ 54,780,000	\$ 21,128,738
2019	18,143,600	6,076,518	55,605,000	19,443,834
2020	18,623,200	5,640,673	57,430,000	17,710,546
2021	19,095,100	5,185,983	59,020,000	15,913,041
2022	19,532,400	4,710,238	60,725,000	14,046,840
2023-2027	74,049,322	17,078,119	269,423,794	42,912,951
2028-2032	61,717,110	7,999,175	94,098,829	12,561,005
2033-2037	21,105,000	935,150	34,940,168	1,766,363
2038-2042	-	-	180,000	15,725
Totals	\$ 250,164,732	\$ 54,123,434	\$ 686,202,791	\$ 145,499,043

County of Oakland
Notes to Basic Financial Statements
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The County has pledged its full faith and credit on debt totaling \$711,202,791, which includes \$25,000,000 of short-term notes for the delinquent taxes as described in Note 4. By statute, general obligation debt is limited to 10 percent of the state equalized value. As of September 30, 2017, the debt limit was \$6,900,835,220. The County is obligated if payments received on assessments or contracts levied against benefiting municipalities are insufficient to meet principal and interest requirements of this debt when due, and is shown in the preceding table as debt "with governmental commitment."

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

Building Authority – Act 31

Act 31, Michigan Public Acts of 1948, provides for an authority to issue bonds to build and equip various public buildings, which are then leased to the County. Proceeds from these leases are used to repay the bonds. The collection of lease payments and retirement of debt is reflected in the respective Debt Service fund. At September 30, 2017, there were five issues outstanding, totaling \$39,185,000, maturing in the years 2018-2040, which represents debt originally issued in the years 2010-2015 totaling \$52,895,000.

Retirees Health Care Bonds

In September 2013, the County issued refunding bonds in the amount of \$350,000,000 in order to refinance and redeem the 2007 Certificates of Participation debt. This enabled the County to fully fund the VEBA Trust Fund as of September 30, 2014. The County thereafter entered into a Superseding Contract with a new, Superseding Trust which was created by the County, under which contract the County is now obligated to maintain the funding in the VEBA Trust in future years pursuant to the terms of that contract under a Superseding Plan which has superseded and supplanted the obligation of the County to maintain retiree health services by keeping the VEBA Trust at full funding. As of September 30, 2017, there were two issues outstanding totaling \$283,370,000 maturing in the years 2018-2027. The debt is recorded in the Fringe Benefits Fund, an Internal Service Fund of the County.

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

Act 342, Michigan Public Acts of 1939 provides for a contract between the County and local municipalities which defines a schedule of annual payments to be made by the municipality to meet principal and interest obligations. Such contractual payments may be funded by revenue produced by utility or tax revenue. The County is obligated upon the default of the local municipality, and therefore, such obligation is shown as "with governmental commitment." Assessments are shown in their entirety with the corresponding deferred inflows in the Debt Service funds for each act. At September 30, 2017, there were eight issues outstanding, totaling \$24,995,000, maturing in the years 2018-2037. This represents debt originally issued in the amount of \$28,250,000 issued in the years 1999-2017.

Refunding Bonds

Michigan Public Act 202 of 1943 and Act 34 of 2001 provide for the refunding of bonds based on covenants contained in the acts. The bonds will be repaid from assessments levied against the benefiting municipalities for water and sewer debt, or leases for Building Authority debt. At September 30, 2017, there were six issues outstanding, totaling \$27,735,000, maturing in the years 2018-2025. This represents debt originally issued in the years 2010-2014 totaling \$51,385,000.

County of Oakland
Notes to Basic Financial Statements
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Michigan Bond Authority Sewage Disposal Bonds

In October 1996, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$9,350,000 for the White Lake Township Sewage Disposal System project; the entire amount was received as of the end of fiscal year 1999. The amount outstanding for this issue at September 30, 2017 was \$575,000, which matures in the year 2018.

In September 2007, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$2,000,000 for the Softwater Lake Capital Improvement Sewage Disposal System project. As of September 30, 2010, a final amount of \$1,935,727 was received from the State Revolving Loan fund. The amount outstanding at September 30, 2017 for this issue is \$1,000,727, which matures in the years 2018-2027.

In September 2014, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$36,855,000 for the Evergreen and Farmington Sewage Disposal Systems Middlebelt Transport and Storage Tunnel project. As of September 30, 2017, \$32,365,168 was drawn from the State Revolving Loan fund. The amount outstanding at September 30, 2017 for this issue is \$30,920,168, which matures in the years 2018-2035.

Business Type

In December 2010, the County issued \$4,060,000 of sewage disposal bonds for the Evergreen-Farmington Sewage Disposal System (enterprise fund type). The bonds are federally taxable recovery zone economic development bonds, issued under the authority of Act 34, Public Acts of Michigan, 2001. The amount outstanding for this issue at September 30, 2017 was \$3,195,000, which matures in the years 2018-2031.

Two Building Authority bond issues for the County Airport fund consist of the Airport T-Hangar Refunding in the amount outstanding as of September 30, 2017 of \$2,835,000 maturing in the years 2018-2024 and the Airport Terminal Building in the amount outstanding as of September 30, 2017 of \$4,100,000 maturing in the years 2018-2030. These represent original debt issued in the amount of \$4,585,000 in 2012 for the Airport T-Hangar and \$5,800,000 in 2010 for the Airport Terminal Building.

In March 2012, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$2,415,000 for the Evergreen-Farmington Sewage Disposal System 8 Mile Pumping Station Septage Facility (enterprise fund type). The amount outstanding for this issue at September 30, 2017 was \$1,920,000 which matures in the years 2018-2032.

In August 2012, in conjunction with the transfer of operations of the City of Pontiac water and sewer system to the County, the County's Water and Sewer Trust fund assumed the debt obligations initiated by the City of Pontiac for four Clean Water/Water Quality projects. The total authorized loan amount is \$8,220,720. In addition, in October 2014 the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for City of Pontiac Water Supply System Improvements for \$6,890,000. Further, in October 2015 the County authorized the issuance of two additional bonds from the Michigan Municipal Bond Authority Revolving Loan fund for the City of Pontiac Water Supply System: one for up to \$6,850,000 with \$1,762,500 principal forgiveness, as of September 30, 2017, \$5,452,799 was drawn, and one for up to \$720,000, as of September 30, 2017, \$281,245 was drawn. Additionally, in October 2016, the County authorized the issuance of bonds for the City of Pontiac Water Supply System for \$5,165,000, with \$1,000,000 principal forgiveness. The debt obligation recorded as of September 30, 2017 amounted to \$16,207,164 maturing in the years 2018 through 2035.

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Drain Bonds – Act 40 (Component Unit)

Act 40 provides for the creation of a Drain Board, which has the power to assess state, county, and local levels of government for principal and interest payments. Such assessments are to be funded from General Fund revenue of the respective municipality. The County portion of the assessment is identified as a general obligation. Further, the County is obligated if assessments levied against benefiting municipalities are insufficient to meet principal and interest requirements when due. Such obligations are shown as "with governmental commitment." At September 30, 2017, there were 14 issues outstanding, totaling \$69,725,000, maturing in the years 2018-2034. This represents original debt issued for \$88,065,000 in the years 1997-2017.

Drain Refunding Bonds (Component Unit)

Act 202 of 1943 and Act 34 of 2001 provide for the refunding of bonds based on covenants contained in the acts. The County initiates the refunding of various drain bonds issued under Act 40 on behalf of the drainage district's component unit. Bonds will be repaid from assessments levied against the benefiting municipalities. At September 30, 2017, there were three issues outstanding, totaling \$9,375,000, maturing in the years 2018-2025. This represents debt originally issued in the years 2013-2016 in the amount of \$11,610,000.

Michigan Bond Authority Drain Bonds (Component Unit)

The County authorized the issuance of bonds for \$17,880,000 in October 2000 from the Michigan Municipal Bond Authority Revolving Loan fund for the George W. Kuhn Drainage District. Further, in 2001, the County authorized an additional \$82,200,000 for the George W. Kuhn Drainage District Segment II, with successive authorizations in the years 2005 through 2008 amounting to \$13,246,822. In February 2010, Oakland County, Macomb County, and their underlying municipalities under the authority of Chapter 21 of Public Act 40, Public Acts of Michigan of 1956 were permitted to issue bonds in the amount of \$26,076,000 for the Oakland-Macomb Interceptor Drainage District with successive authorizations for Segments II, III & IV in the years 2012, 2013 & 2015, respectively, amounting to \$99,160,000. In August 2012, in conjunction with the transfer of operations of the City of Pontiac waste water treatment system to the County, the County's Drainage District assumed the debt obligations initiated by the City of Pontiac for two Clean Water/Water Quality projects. The total authorized loan amount was \$13,322,810. Further, in October 2014, the County authorized an additional \$9,840,000 with \$1,000,000 principal forgiveness for the Pontiac Waste Water Treatment Drain District. In June 2017, the County authorized the issuance of bonds for up to \$31,995,000, with \$2,500,000 principal forgiveness from the Michigan Municipal Bond Authority Revolving Loan fund for the Clinton River Water Resource Recovery Facility Drainage District. At September 30, 2017, there were 14 issues outstanding, totaling \$171,064,732, maturing in the years 2018-2036.

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

Changes in Other Long-term Liabilities

Long-term liabilities activity, as reported in and liquidated through the Fringe Benefit Fund and Building Liability Insurance Fund, Internal Service funds, for the fiscal year ended September 30, 2017 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities					
Accrued compensated absences	\$ 12,749,365	\$ 1,095,790	\$ (1,274,937)	\$ 12,570,218	\$ 1,257,022
Claims and judgments			-		
Accrued unreported health costs	4,097,391	2,353,477	(1,365,797)	5,085,071	1,695,024
Accrued workers' compensation	7,226,415	1,608,496	(1,765,084)	7,069,827	1,810,203
Building and liability insurance	4,648,821	1,186,799	(1,253,279)	4,582,341	1,220,438
Net pension liability	5,444,786	-	(5,444,786)	-	-
Governmental activity long-term liabilities	<u>\$ 34,166,778</u>	<u>\$ 6,244,562</u>	<u>\$ (11,103,883)</u>	<u>\$ 29,307,457</u>	<u>\$ 5,982,687</u>

9. Interfund Balances

Interfund receivables and payables at September 30, 2017 were as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General	Nonmajor governmental	\$ 10,260,063
Nonmajor governmental	General	988,387
	Nonmajor governmental	661,629
	S.O.C.S.D.S.	1,898
	Total	<u>1,651,914</u>
Water and Sewer Trust	Nonmajor governmental	<u>165</u>
Nonmajor enterprise	General	33,094
	Nonmajor governmental	3,800
	Total	<u>36,894</u>
Internal service	Nonmajor governmental	243,059
	Water and Sewer Trust	450,976
	Evergreen Farmington S.D.S.	94,198
	S.O.C.S.D.S.	127,139
	Clinton Oakland S.D.S.	62,991
	Nonmajor enterprise	7,513
	Internal service	<u>50,495</u>
	Total	<u>1,036,371</u>
	Total	<u>\$ 12,985,407</u>

These balances result from the time difference between the dates that services are provided or transfers are authorized, transactions are recorded in the accounting system, and payments between funds are made.

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

Receivables and payables between funds of the Primary Government and the Component Units at September 30, 2017 were as follows:

Primary Government	Component Unit	
Due from Component Unit	Due to Primary Government	
General	Drainage Districts	\$ 19,520
	Road Commission	839
	Total	<u>20,359</u>
Nonmajor governmental	Drainage Districts	<u>883,299</u>
Evergreen Farmington SDS	Drainage Districts	<u>156,600</u>
Internal Service	Drainage Districts	75
	Road Commission	<u>37,300</u>
	Total	<u>37,375</u>
	Total	<u>\$ 1,097,633</u>
Component Unit	Primary Government	
Due from Primary Government	Due to Component Unit	
Road Commission	Internal service	<u>\$ 567</u>

Advances to/from other funds (including current and long-term portions) at September 30, 2017 were as follows:

Receivable Fund	Payable Fund	
Nonmajor governmental	Nonmajor governmental	<u>\$ 1,032,021</u>
Delinquent Tax Revolving	Internal Service	<u>51,532</u>
	Total	<u>\$ 1,083,553</u>

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

Interfund transfers between the funds within the Primary Government recorded in the accompanying financial statements as operating transfers in/out for the year ended September 30, 2017 were as follows:

Transfers In	Transfers Out	Amount
General	Nonmajor governmental	\$ 1,072,703
	Delinquent Tax Revolving	<u>12,193,594</u>
	Total	<u>13,266,297</u>
Building Authority Act 31	General	<u>2,244,500</u>
Nonmajor governmental	General	32,207,292
	Nonmajor governmental	7,649,763
	Delinquent Tax Revolving	4,771,000
	Internal service	<u>712,079</u>
	Total	<u>45,340,134</u>
Nonmajor enterprise	General	2,354,382
	Nonmajor governmental	<u>12,762</u>
	Total	<u>2,367,144</u>
Internal Service	General	5,425,004
	Nonmajor governmental	1,171,413
	Water and Sewer Trust	367,539
	Nonmajor enterprise	286,000
	Internal service	<u>167,754</u>
	Total	<u>7,417,710</u>
	Total transfers	<u>\$ 70,635,785</u>

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

10. Fund Equities

At September 30, 2017, a deficit existed in the following funds:

Capital Projects Funds

Lake Levels Act 146	\$ 203,015
Drain Chapter 4 Construction	775,336

In the Capital Projects funds, the negative unassigned fund balance in the Lake Levels Act 146 fund primarily reflects costs that are related to the Bush Lake Level project in the amount of \$87,518 and the Upper Straits Lake Level Dam Reconstruction project in the amount of \$122,076. The Bush Lake Level is construction of a new lake level control structure which has been completed and a long-term special assessment for the project commenced in FY 2011. In 2010, the Oakland County Board of Commissioners authorized a loan in the amount of \$300,000 from the County's Long Term Revolving Fund to the Bush Lake Special Assessment District to be collected in ten annual installments. The long-term receivable is now on the balance sheet to track the collection of the Long Term Special Assessment. Collection of the annual special assessment has reduced the deficit by \$18,947 from the FY 2016 deficit of \$106,465 to the FY 2017 deficit of \$87,518. The Upper Straits Lake Dam Replacement project consists of replacing an existing lake level control structure in West Bloomfield Township, Oakland County, Michigan. The project is still in the design phase. The total estimated project cost of \$725,000 will be financed by the sale of bonds or a loan. The loan will be repaid by an assessment to the Upper Straits Lake Level Special Assessment District over a likely 10-year period. The Special Assessment District must be updated prior to project assessment and financing of the project. Updating the district requires approval by Oakland County Circuit Court. It is anticipated that the project will be issued for bids and financing secured in the fall of 2018 with construction to commence during the winter of 2018. There have been some delays on the project and related court proceedings due to critical infrastructure improvements needed for other systems under the responsibility of the Oakland County Water Resources Commission's office.

In addition, the negative unassigned fund balance in the Drain Chapter 4 Construction Fund reflects costs that are related to the Lower Pettibone Lake Sanitary Chapter 4 Drain Construction project in the amount of \$775,336. A loan from the Long Term Revolving Fund was approved by the Oakland County Board of Commissioners via Miscellaneous Resolution #14136 adopted June 11, 2014 to provide up to \$1,200,000 in funding for this project. A 20-year assessment against each of the benefiting properties in the District has been approved to repay the loan with the first payment due in December 2014. The construction of the sewer was completed and became operational as of January 2015 and the deficit for this specific project will be eliminated when the long-term assessment roll collection is completed.

Special Revenue Funds \$ 2,315,926

In accordance with Michigan Department of Treasury, when deferred inflows of resources minus taxes and special assessments receivable is great enough to cover the unassigned fund balance, no formal deficit elimination plan is required.

Internal Service Fund (Fringe Benefit) \$ 7,670,877

In accordance with Michigan Department of Treasury, when current assets are greater than current liabilities, no formal deficit elimination plan is required.

County of Oakland
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September 30, 2017

Nonspendable, restricted, committed, assigned, and unassigned fund balances of the primary government at September 30, 2017 were as follows:

	Nonspendable	Spendable			
		Restricted	Committed	Assigned	Unassigned
Primary Government					
General Fund					
Prepays	\$ 221,180	\$ -	\$ -	\$ -	\$ -
Inventories	131,944	-	-	-	-
Property Tax Forfeiture	-	10,401,084	-	-	-
Future operating requirements 2018 and beyond	-	-	-	128,094,735	-
Property Tax Forfeiture Activities	-	-	-	23,783,803	-
Future Technology Replacement	-	-	-	11,000,000	-
Capital Reserve	-	-	-	14,000,000	-
Financial-HR System Updates	-	-	-	10,000,000	-
Headlee Rollback-State Tax Exempt	-	-	-	10,000,000	-
Catastrophic Claims	-	-	-	8,454,500	-
Unfunded Mandates	-	-	-	11,500,000	-
HR Comp/Workforce Planning	-	-	-	5,000,000	-
Emergency Salaries	-	-	-	2,000,000	-
Tri-Party Supplemental	-	-	-	4,470,159	-
Carryforwards	-	-	-	4,847,541	-
Data Privacy and Security	-	-	-	3,000,000	-
Homeland Security Enhancements	-	-	-	4,400,000	-
Pandemic Response	-	-	-	1,500,000	-
Local Road Improvement Match Program	-	-	-	3,317,006	-
Business Continuity Recovery	-	-	-	1,000,000	-
WRC Long-Term Revolving Fund	-	-	-	1,000,000	-
MI SCAO Interpreter Costs	-	-	-	750,000	-
Senior Services	-	-	-	600,000	-
High School Apprenticeship Program	-	-	-	500,000	-
Building Security Cameras and Consoles	-	-	-	292,766	-
Board of Commissioners Projects	-	-	-	140,204	-
Sheriff Aviation	-	-	-	65,805	-
Human Resources Legal	-	-	-	500,000	-
Quality of Life Initiatives	-	-	-	200,000	-
Community Partnerships	-	-	-	238,654	-
Buy Local	-	-	-	150,000	-
Department Operations	-	-	-	185,145	-
Rx Discount Card Program	-	-	-	31,329	-
Unassigned	-	-	-	-	3,004,232
Total	\$ 353,124	\$ 10,401,084	\$ -	\$ 251,021,647	\$ 3,004,232

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

	Nonspendable	Spendable			Unassigned
		Restricted	Committed	Assigned	
Primary Government					
Special Revenue Funds					
Grants (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ (2,315,926)
Specific programs	-	19,406,592	-	-	-
Total	\$ -	\$ 19,406,592	\$ -	\$ -	\$ (2,315,926)
Debt Service Funds					
Debt service-general obligations	\$ -	\$ 6,812,015	\$ -	\$ -	\$ -
Capital Projects Funds					
Long-term receivables	\$ 1,150,421	\$ -	\$ -	\$ -	\$ -
Work projects	-	-	33,562,352	-	(978,351)
Total	\$ 1,150,421	\$ -	\$ 33,562,352	\$ -	\$ (978,351)

11. Employee Benefits

Primary Government

The County provides various benefits to its employees. Expenditures in 2017 for these benefits totaled the following: medical insurance, \$42,903,608; prescription coverage, \$10,364,770; dental insurance, \$3,096,995; optical insurance, \$269,909; group life insurance, \$871,195; disability, \$3,164,139; tuition reimbursement, \$320,460; Social Security, \$16,798,978; workers' compensation, \$1,356,309; and unemployment claims, \$361,267.

12. Defined Benefit Pension Plan

Plan Description

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

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

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

Plan Membership

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

Retirees and beneficiaries receiving benefits	2,007
Terminated plan members entitled to, but not yet receiving benefits	88
Active plan members	300
Total	2,395

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

Benefits

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

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

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

Funding Policy/Contributions

The County policy is to fund normal costs of the plan by contributions which are based on actuarially determined rates, expressed as percentages of annual covered payroll, and which are sufficient to accumulate assets to pay benefits when due. For fiscal year 2017, there was no annual contribution required, which was determined through actuarial valuations performed at September 30, 2015.

Sheriff's deputies contribute at a rate of 3 percent of their annual pay for the first 14 years of service and 5 percent thereafter. Command officers contribute 5 percent. General County Option A members who have elected improved benefits contribute 1 percent of their pay after 14 years of service. Contributions received from these employees for the years ended September 30, 2017 and September 30, 2016 amounted to \$372,273 and \$443,238, respectively.

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

County of Oakland
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Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the PERS Board by a majority vote of its members. It is the policy of the PERS Board to pursue an investment strategy that is in compliance with Michigan Public Act 314 of 1965 and manages risks through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation policy as of July 1, 2012.

<u>Asset Class</u>	<u>Target Allocation</u>
Cash Equivalents	0.0%
U.S. Equity	40.0%
Non U.S. Equity	10.0%
Hedged Equity	5.0%
Fixed Income	40.0%
Real Estate	5.0%
Total	100.0%

Rate of Return

For the year ended September 30, 2017, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.58 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Fund Balance Reserved for Employees' Pension Benefits

Fund balances reserved for employees' pension benefits include legally required reserves. Fund balance as of September 30, 2017 consists of the following reserves:

Annuity reserve	\$ 3,313,035
Pension reserve	217,557,521
Pension accumulated reserve	<u>564,140,571</u>
Total fund balance	<u>\$ 785,011,127</u>

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

Since the County does not issue a stand-alone report for its County PERS, following are condensed financial statements for the period as of and including September 30, 2017:

Statement of Net Position

Cash and investments	\$ 783,633,276
Other assets	<u>1,891,006</u>
Total assets	<u>785,524,282</u>
Liabilities	<u>513,155</u>
Net position	<u>\$ 785,011,127</u>

Statement of Changes in Net Position

Additions:	
Contributions	\$ 372,273
Investment income	84,727,351
Other revenue	<u>584,526</u>
Total additions	<u>85,684,150</u>
Deductions:	
Benefit payments	55,839,217
Other expenses	<u>2,476,778</u>
Total deductions	<u>58,315,995</u>
Change in net position	<u>27,368,155</u>
Net position held in trust, beginning of year	<u>757,642,972</u>
Net position held in trust, end of year	<u>\$ 785,011,127</u>

Basis of Accounting

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

Method Used to Value Investments

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

Actuarial Methods and Assumptions

The annual required contribution was determined as part of the actuarial valuation as of September 30, 2015, using the individual entry age cost method. Significant actuarial assumptions used include (a) 7.25 investment rate of return, (b) projected salary increases of 3.25 to 9.25 percent per year and (c) 1.5 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 3.25 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period.

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

Net Pension Liability

The County has chosen to use September 30, 2017 as its measurement date for the net pension liability. The September 30, 2017 reported net pension liability was determined using a measure of the total pension liability, less the amount of the pension plan's fiduciary net position. The September 30, 2017 total pension liability was determined by an actuarial valuation performed as of September 30, 2016, which used updated procedures to roll forward the estimated liability to September 30, 2017.

The components of the net pension liability of the County at September 30, 2017 were as follows:

Total pension liability	\$ 762,513,562
Plan fiduciary net position	<u>(785,011,127)</u>
Net Pension Liability (Asset)	<u>\$ (22,497,565)</u>

Plan fiduciary net position as a percentage of the total pension liability	102.95%
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The net pension liability (asset) of (\$22,497,565) has been recorded in the Fringe Benefit Fund, an internal service fund that is used to account for the County's employee fringe benefits.

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

	Increase/(Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balances at 9/30/2016	\$ 763,087,758	\$ 757,642,972	\$ 5,444,786
Changes for the year:			
Service Cost	2,483,176	-	2,483,176
Interest	53,389,706	-	53,389,706
Difference between expected and actual experience	(607,861)	-	(607,861)
Assumption changes	-	-	-
Contributions - employer	-	-	-
Contributions - member	-	372,273	(372,273)
Net investment income	-	83,094,349	(83,094,349)
Benefit payments, including refunds of member contributions	(55,839,217)	(55,839,217)	-
Administrative expenses	-	(259,250)	259,250
Net changes	<u>(574,196)</u>	<u>27,368,155</u>	<u>(27,942,351)</u>
Balances at 9/30/2017	<u>\$ 762,513,562</u>	<u>\$ 785,011,127</u>	<u>\$ (22,497,565)</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

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

For the year ended September 30, 2017, the County recognized pension expense of \$3,547,700. At September 30, 2017 the County reported deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,921,175
Net difference between projected and actual earnings on pension plan investments	<u>42,225,663</u>
Total	<u>\$ 47,146,838</u>

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

Fiscal Year Ending September 30	Net Deferred Inflows of Resources
2018	\$ 1,304,741
2019	1,304,741
2020	(8,756,676)
2021	<u>(6,037,063)</u>
Total	<u>\$ (12,184,257)</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of September 30, 2016, which used update procedures to roll forward the estimated liability to September 30, 2017. The valuation used the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Discount Rate

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

Projected Cash Flows

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s). For each major asset class that is included in the pension plan's target asset allocation as of September 30, 2016, these best estimates are summarized in the following table.

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	7.50%
International Equity	8.50%
Domestic Bonds	2.50%
International Bonds	3.50%
Real Estate	4.50%
Alternative Assets	6.29%

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

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

	1% Decrease 6.25%	Current Single Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability/(Asset)	\$ 52,420,809	\$ (22,497,565)	\$ (86,487,960)

The Road Commission for Oakland County Retirement System board of trustees administers the Road Commission for Oakland County Retirement System – a single-employer defined benefit pension plan that provides retirement, disability, and death benefits for all eligible general employees of the Retirement System. Benefit terms have been established by contractual agreements between the Retirement System and the various employee union representation or other actions of the Oakland County Board of Road Commissioners; amendments are subject to the same process. The Road Commission's net pension liability as of December 31, 2016 was \$45,492,165. The Road Commission has chosen to use December 31, 2016 as its measurement date for the net pension liability. The September 30, 2017 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of December 31, 2016. The December 31, 2016 total pension liability was determined by an actuarial valuation performed as of that date. For the year ended September 30, 2017, the Road Commission recognized pension expense of \$14,087,870. At September 30, 2017, the Road Commission reported total deferred outflows of resources of \$22,885,945 and deferred inflows of resources of \$2,853,168.

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

13. Defined Contribution Plans

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

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

Total membership in the OPRS as of September 30, 2017 was 3,220, which includes 336 employees who elected to transfer from the PERS in 1995 through 2000 and 2,884 current employees hired since July 1, 1994.

The County's payroll for employees covered by the OPRS for the year ended September 30, 2017 was \$200,858,053, and the County's total payroll was \$241,349,440. The required contributions, which matched those actually made, were \$7,556,051 by employees and \$17,851,539 by the County, representing 3.8% and 8.9% of covered payroll, respectively.

In 2008, the County offered a voluntary defined contribution plan for part-time non-eligible employees. The plan qualifies under the Omnibus Budget Reconciliation Act of 1990 (OBRA) and IRS Section 3121 (b) (&) (F) which allows for a defined contribution plan in lieu of Social Security. With the implementation of this plan, the County contributes 1.3% and the employee contributes 6.2% of their earnings into a defined contribution plan. The employee would be immediately 100% vested in both the employer and employee contributions, but cannot access the money invested in the plan until they are separated from County employment. During fiscal year 2017, the County contributed \$224,288 to the plan.

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

14. Postemployment Benefits

Plan Description

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

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

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

Plan Membership

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

Retirees and Beneficiaries	2,448
Inactive, Nonretired Members	194
Active Members	<u>2,050</u>
Total	<u>4,692</u>

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

Benefits

In 2017, the County provided 2,784 retirees medical insurance and reimbursed 1,731 of them for Medicare premiums under the Trust. In 2017, the County disbursed \$31,739,843 for this purpose.

Postemployment benefits are established and may be amended by the Board of Commissioners in accordance with County policies, union contracts, and plan provisions. The plan covers the following classes of employees: General, Command Officers, and Deputies. The plan in all classes is now closed to new hires. The County has established a "Retirement Health Savings Plan" beginning January 1, 2007. For General members hired on and after 1/1/95 (5/27/95 for Command Officers and Sheriff's deputies), the portion of healthcare costs paid by the Trust will be based on years of service at retirement. If a member has less than 15 years of service, there is no County paid retiree health coverage. If a member has 15 years of service at retirement, 60 percent of the healthcare premium will be paid by the Health Care Trust. The percent increases 4.0 percent per year of service over 15 with a 100 percent maximum coverage after 25 years of service.

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

New employees are required to join the County's retiree health saving plan effective 1/1/06 for General Non-Union employees, 3/5/09 for Sheriff Command Officers, 1/1/10 for Sheriff Corrections Deputies, and 2/9/12 for Sheriff Road Patrol Deputies. Employees will receive a cash payment upon retirement from which they can purchase their own health insurance. At September 30, 2016, the date of the most recent actuarial valuation, membership in the OPEB plan consisted of 2,448 retirees and beneficiaries currently receiving benefits, 2,050 active employees, and 226 terminated employees entitled to benefits but not yet receiving them.

Funding Policy/Contributions

In 2013, the County contributed an additional \$236,000,000 in order to fully fund the VEBA. For fiscal year 2017, there was no annual contribution required, which was determined through actuarial valuations performed at September 30, 2015, given the VEBA was fully funded.

The County contributions are based on a 10-year open amortization of the unfunded actuarial accrued liabilities (UAL) for the over funded divisions. In addition, the County reports an other postemployment benefits asset for the funding provided by the previous sale of certificates of participation. This OPEB asset has been replaced with the implementation of GASB 75 and a new OPEB asset has been recorded.

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

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

In the September 30, 2016 actuarial valuation, the date of the most recent actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 7.25 percent investment rate of return (net of administrative expenses), which consists of a real rate of return of 4.0 percent per year plus a long-term rate of inflation of 3.25 percent per year and an annual healthcare cost trend rate of 9.0 percent initially, reduced by decrements to an ultimate rate of 3.25 percent after 10 years. Both rates included a 3.25 percent inflation assumption. The actuarial value of assets is equal to the reported market value of assets at the valuation date. The UAAL for the groups was amortized over a 10-year open level dollar method for the overfunded divisions. Active member payroll was assumed to increase 3.25 percent per year for the purpose of determining the level percent contributions.

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

Investment Policy

The VEBA plan's policy in regard to the allocation of invested assets is established and may be amended by the PERS Board by a majority vote of its members. It is the policy of the PERS Board to pursue an investment strategy that is in compliance with the Michigan Public Act 314 of 1965 and manages risks through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation policy as of July 1, 2012.

Asset Class	Target Allocation
Cash Equivalents	0.0%
U.S. Equity	40.0%
Non U.S. Equity	10.0%
Hedged Equity	5.0%
Fixed Income	40.0%
Real Estate	5.0%
Total	100.0%

Rate of Return

For the year ended September 30, 2017, the annual money-weighted rate of return on VEBA plan investments, net of VEBA plan investment expense, was 12.1 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability

The County has chosen to use September 30, 2017 as its measurement date for the net OPEB liability. The September 30, 2017 reported net OPEB liability was determined using a measure of the total OPEB liability, less the amount of the VEBA plan's fiduciary net position. The September 30, 2017 total OPEB liability was determined by an actuarial valuation performed as of September 30, 2016, which used updated procedures to roll forward the estimated liability to September 30, 2017.

The components of the net pension liability of the County at September 30, 2017 were as follows:

Total OPEB liability	\$ 984,219,962
Plan fiduciary net position	<u>(1,245,580,059)</u>
Net OPEB Liability (Asset)	<u>\$ (261,360,097)</u>

Plan fiduciary net position as a percentage of the total OPEB liability	126.56%
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The net OPEB Liability has been recorded in the Fringe Benefit Fund, an internal service fund that is used to account for the County's employee fringe benefits.

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

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

	Increase/(Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balances at 9/30/2016	\$ 944,050,411	\$ 1,139,804,203	\$(195,753,792)
Changes for the year:			
Service Cost	11,009,857	-	11,009,857
Interest	67,692,444	-	67,692,444
Difference between expected and actual experience	(6,799,845)	-	(6,799,845)
Assumption changes	-	-	-
Contributions - employer	-	-	-
Contributions - member	-	218,517	(218,517)
Net investment income	-	134,380,948	(134,380,948)
Benefit payments, including refunds of member contributions	(31,732,905)	(31,951,422)	218,517
Administrative expenses	-	(204,215)	204,215
Other	-	3,332,028	(3,332,028)
Net changes	<u>40,169,551</u>	<u>105,775,856</u>	<u>(65,606,305)</u>
Balances at 9/30/2017	<u>\$ 984,219,962</u>	<u>\$ 1,245,580,059</u>	<u>\$(261,360,097)</u>

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

For the year ended September 30, 2017, the County recognized a reduction of OPEB expense of (\$18,459,467). At September 30, 2017 the County reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,921,175
Net difference between projected and actual earnings on pension plan investments	<u>42,225,663</u>
Total	<u>\$ 47,146,838</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

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

Fiscal Year Ending September 30	Net Deferred Inflows of Resources
2018	\$ (12,435,086)
2019	(12,435,085)
2020	(11,720,251)
2021	(10,556,416)
Total	<u>\$ (47,146,838)</u>

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2016, which used updated procedures to roll forward the estimated liability to September 30, 2017. The valuations used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%	
Healthcare cost trend rate	9.00%	decreasing to 3.25% in 2028
Salary increases	3.25 – 9.25%	average, including inflation and step increases
Investment rate of return	7.25%	net of pension investment expense, including inflation

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

Discount Rate

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

Projected Cash Flows

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

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

For each major asset class that is included in the OPEB plan's target asset allocation as of September 30, 2016, these best estimates are summarized in the following table.

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	7.50%
International Equity	8.50%
Domestic Bonds	2.50%
International Bonds	3.50%
Real Estate	4.50%
Alternative Assets	6.29%

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

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

	1% Decrease 6.25%	Current Single Discount Rate 7.25%	1% Increase 8.25%
Net OPEB Liability/(Asset)	\$ (133,851,526)	\$ (261,360,097)	\$ (367,386,321)

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

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

	1 Percent Decrease (8% decreasing to 2.25%	Current Healthcare Cost Trend Rate (9.0% decreasing to 3.25%	1 Percent Increase (10.0% decreasing to 4.25%
Net OPEB Liability/(Asset)	\$ (372,213,599)	\$ (261,360,097)	\$ (131,608,064)

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

The following are condensed financial statements as of and including September 30, 2017 (the OPEB Plan includes the VEBA and Superseding Trusts):

Statement of Net Position

Cash and investments	\$ 1,258,191,402
Other assets	2,922,144
Total assets	<u>1,261,113,546</u>
Liabilities	2,865,729
Net position	<u>\$ 1,258,247,817</u>

Statement of Changes in Net Position

Additions:	
Contributions	\$ 218,517
Investment income	138,764,821
Other revenue	3,333,057
Total additions	<u>142,316,395</u>
Deductions:	
Benefits	31,739,843
Other expenses	3,489,168
Total deductions	<u>35,229,011</u>
Change in net position	107,087,384
Net position held in trust, beginning of year	<u>1,151,160,433</u>
Net position held in trust, end of year	<u>\$ 1,258,247,817</u>

The Road Commission contributes to the Road Commission for Oakland County Retiree Health Care Trust (the "Trust"). The Trust provides for future payment of medical benefits for eligible retirees, their spouses and their dependents. The obligation to provide benefits to employees was established by negotiation with various collective bargaining units or other actions of the Oakland County Board of Road Commissioners. At December 31, 2014, the date of the most recent actuarial valuation, membership consisted of 706 retirees and beneficiaries currently receiving benefits, 280 vested active employees, and 62 nonvested active employees. For the year ended September 30, 2017, the Road Commission's adjusted annual required contribution to the Trust was \$12,763,832 with interest of \$1,269,065 on the prior year net OPEB obligation. The Road Commission contributed \$1,837,405 to the Trust during the year and paid \$6,783,796 directly toward insurance premiums and medical costs for retirees during fiscal year 2017, leaving a net OPEB obligation of \$33,613,147 at September 30, 2017.

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

15. Deferred Compensation Plan

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

16. Risk Management

The County is exposed to various risks of loss related to property, employee injuries, general liability claims, and torts, as well as medical benefits provided to employees. The County has purchased a commercial property policy for its building and contents, electronic data processing equipment, boats and motors, ATV/snowmobiles, and automobile catastrophe physical damage coverage. The policy is subject to a maximum per occurrence catastrophic loss limit of \$350,000,000. Policy limits (subject to the maximum \$350,000,000 per occurrence catastrophic loss limit) are: building and contents in the amount of \$694,001,249, electronic data processing equipment in the amount of \$46,956,338, boats and motors in the amount of \$569,000, ATV/snowmobiles in the amount of \$66,000, automobile catastrophe physical damage in the amount of \$2,000,000, flood coverage in the amount of \$50,000,000 (subject to limitations in some flood zones), earthquake coverage in the amount of \$50,000,000, boiler and machinery coverage in the amount of \$100,000,000, property insurance for helicopters' hull physical damage in the amount of \$3,139,792, and helicopters' additional equipment physical damage in the amount of \$1,354,800. Liability insurance has been purchased for: airport operations in the amount of \$50,000,000, helicopter operations in the amount of \$100,000,000, automobile fleet operations in the amount of \$5,000,000, fiduciary liability in the amount of \$25,000,000, employee dishonesty/faithful performance in the amount of \$3,000,000, travel accident in the amount of \$100,000 per person/\$500,000 aggregate, N.E.T. law enforcement liability in the amount of \$5,000,000, workers' compensation statutory coverage in excess of \$1,000,000 for each occurrence, and self-insured retention and employers' liability in the amount of \$1,000,000. In FY 2016, the County added Excess Liability with limits of \$10,000,000 over a \$3,000,000 SIR/deductible and Cyber Liability with limits of \$5,000,000. The County is uninsured for all other risks except as noted. The Road Commission has similar risks and is uninsured for these claims within certain limits.

The County and the Road Commission estimate the liability for all of the above-mentioned claims that have been incurred through September 30, 2017, including both those claims that have been reported, as well as those that have not yet been reported, and estimates of both future payments of losses and related claim adjustment expenses. Estimated liabilities for unpaid claims are based on historical claim payments, including related legal and administrative expenses.

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

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

	September 30	
	2017	2016
Primary Government		
Beginning-of-period liability	\$ 15,972,627	\$ 19,073,602
Estimated claims incurred, claim adjustment expenses and changes in estimates		
Provisions for current-year events	54,052,651	42,405,776
Decrease in provisions for prior-year events	<u>(1,057,953)</u>	<u>(2,017,018)</u>
Total incurred claims, claim adjustment expenses and changes in estimates	52,994,698	40,388,758
Claim payments and claim adjustment expenses		
Related to current-year events	(50,174,917)	(41,635,925)
Related to prior-year events	<u>(2,055,169)</u>	<u>(1,853,808)</u>
Total claim payments and claim adjustment expenses	<u>(52,230,086)</u>	<u>(43,489,733)</u>
End-of-period liability	\$ 16,737,239	\$ 15,972,627
Road Commission - Component Unit		
Beginning-of-year liability	\$ 1,912,333	\$ 2,146,200
Estimated claims incurred and changes in estimates	12,341,151	12,149,943
Claim payments	<u>(12,526,004)</u>	<u>(12,383,810)</u>
End-of-year liability	\$ 1,727,480	\$ 1,912,333

17. Leases

The County (primary government) leases certain office facilities and other equipment under non-cancelable operating leases. Total costs for such leases for the County for the year ended September 30, 2017 were \$1,015,758. The future minimum lease payments as of September 30, 2017 are as follows:

Fiscal year	Primary government
2018	\$ 1,005,865
2019	965,907
2020	756,111
2021	608,908
2022	399,375
2023-2027	<u>1,424,738</u>
Total	\$ 5,160,904

Additionally, the County leases portions of certain buildings to various governmental agencies. The amount received from these leases for the fiscal year ended September 30, 2017 totaled \$87,555 recorded in the Facilities Maintenance & Operations fund, an internal service fund type.

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

The County has also “loaned” its AAA bond rating to assist local communities in the ability to finance local projects by pledging full faith and credit on the debt issued through the Oakland County Building Authority. Debt is to be paid from payments from the benefiting community over the life of the debt issues, with the structures being collateral. A contract, or lease, receivable with a corresponding deferred revenue is shown in the Debt Service Fund financial statements of the County. Debt and receivables are reported for a Sheriff’s Sub-station in the City of Rochester Hills for \$5.2 million in 2002 (refunded for \$2,260,000 in 2012), Community Mental Health Authority Housing Project in the amount of \$5,500,000 in 2007 (refunded for \$2,875,000 in 2014), Keego Harbor City Hall and DPW Building in the amount of \$1,120,000 in 2010, City of Oak Park in the amount of \$2,500,000 in 2012, and Community Mental Health Authority Project in the amount of \$14,500,000 in 2012. The future minimum lease payments to be received as of September 30, 2017 are as follows:

Fiscal year	Primary government
2018	\$ 1,744,772
2019	1,729,385
2020	1,613,310
2021	1,393,735
2022	1,416,823
2023 - 2027	6,151,707
2028 - 2032	3,362,189
2033 - 2037	1,107,663
2038 - 2042	<u>195,725</u>
	\$ 18,715,309

18. Commitments and Contingencies

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

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

The County has outstanding construction commitments (contracts) under the jurisdiction of the Water Resources Commissioner, and has contracts for Act 342 projects at September 30, 2017 as follows: Walled Lake Novi Waste Water Treatment Plant – Headworks & Security Improvements Project with a cost of \$1,970,000, with a balance of \$748,416; Evergreen-Farmington S.D.S – Middlebelt Road Tunnel Project with a cost of \$34,023,018, with a remaining balance of \$2,665,224; Evergreen-Farmington S.D.S. – North Evergreen Interceptor Stonycroft Relief Sewer

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

Project with a cost of \$1,301,254, with a remaining balance of \$11,178; Evergreen-Farmington S.D.S. – North Evergreen Interceptor Wattles Road Linear Storage Project with a cost of \$4,326,424 and remaining balance of \$2,147; Evergreen-Farmington S.D.S – North Evergreen Interceptor Quarton Rd Storage Improvement Project with a cost of \$2,695,395 and a remaining balance of \$2,441,757; and the Pontiac Water System Water Main and Meter Replacements and Improvements Projects with a cost of \$8,044,185, with a remaining balance of \$1,662,333. Building Authority Projects has two contracts, one with a cost of \$13,429,604 for construction of the Animal Control and Pet Adoption Center with a remaining balance of \$2,851,272, and one with a cost of \$2,337,000 for Facilities Infrastructure/Information Technology Project with a remaining balance of \$2,031,198. There are two outstanding contracts under the direction of the Facilities Management Department, one with a cost of \$3,465,486 for Security Enhancements for Jail CCTV, Control Consoles & Intercom Upgrades with a remaining balance of \$313,135, and one with a cost of \$1,186,525 for Children's Village Multi Building Video Security Upgrade with a remaining balance of \$1,011,105 as of September 30, 2017.

There are four contracts for Information Technology with a cost of \$11,062,903 with a remaining balance of \$2,827,597 and one for Parks & Recreation with a cost of \$1,110,241 with a remaining balance of \$1,020,252 as of September 30, 2017.

The Drainage Districts' component unit has a construction contract for Clinton River Water Resource Recovery Facility – Bio-solids Handling & Septage Receiving Facility Project with a cost of \$32,370,771 with a remaining balance of \$31,633,129 and two construction contracts for the Oakland Macomb Interceptor Drainage District Project with a total cost of \$73,011,614, with a remaining balance of \$136,364, as of September 30, 2017.

19. Statement of Net Position – Reconciliation of Internal Balances

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

Governmental Activities

Governmental Funds	
Due from other funds	\$ 11,911,977
Advances receivable	1,032,021
Due to other funds	(12,190,197)
Advances payable	(1,032,021)
Internal Service Funds	
Due from other funds	1,036,371
Due to other funds	(50,495)
Current and long-term advances payable	(51,532)
Governmental activities, internal balances	<u>\$ 656,124</u>

Business-Type Activities

Proprietary Funds	
Due from other funds	\$ 37,059
Current and long-term advances receivable	51,532
Due to other funds	(744,715)
Business-type activities, internal balances	<u>\$ (656,124)</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

20. Tax Abatements

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement requires governments to disclose in their financial statements information related to tax abatement agreements. Therefore, contained in this note is the information resulting from the implementation of this statement.

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

The IFTs were entered into based upon the Plant Rehabilitation and Industrial Development District Act, (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFTs provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in building of new facilities and to promote the establishment of high-tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the County. The abatements amounted to \$442,501 for the County General Fund and \$26,200 for the County Parks and Recreation Fund for the fiscal year.

Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties. These agreements were entered into based upon the Brownfield Redevelopment Act, PA 381 of 1996, as amended. Under this act, a municipality may create a Brownfield redevelopment authority to develop and implement Brownfield projects. Tax increment financing may be used as a tool for property redevelopment. The abatements amounted to \$277,282 for the County General Fund and \$16,417 for the County Parks and Recreation Fund for the year.

The County also receives reduced property tax revenue as a result of the New Personal Property Tax (Act 328 of 1998, as amended by PA 20 of 1999) granted by cities, villages, and townships with the County. New Personal Property Tax exemptions are intended to promote purchase of new equipment. The abatements amounted to \$1,156,066 for the County General Fund and \$68,448 for the County Parks and Recreation Fund for the year.

Finally, various local governments within Oakland County use Payment in Lieu of Taxes (PILOT) Programs that are designed to provide tax abatements primarily for owners of low- to moderate-income multi-family housing units. Under this program the local governments establish ordinances and enter into agreements that allow the low- to moderate-income multi-family housing unit property owners to make payments at lower amounts than would have been otherwise due in the normal course of property tax collection. The County has estimated the PILOT abatement impact by taking the County's Ad Valorem Tax amount less the actual PILOT payments for the year. The abatements amounted to \$325,268 for the year.

County of Oakland
Notes to Basic Financial Statements
September 30, 2017

21. Accounting and Reporting Change

In fiscal year 2017 the County adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the primary objective of which is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pension (OPEB). The County elected to record these changes in the Fringe Benefits Fund, an Internal Services fund, and for reporting purposes the net position of this fund was restated as of September 30, 2016.

Also, beginning in fiscal year 2017, the County has elected to record the debt for the Retirees Healthcare Bonds in the Fringe Benefits fund, causing a restatement as of September 30, 2016.

Fund Financial Statements

	Fringe Benefits Fund	Totals September 30, 2017
<u>Internal Service Funds</u>		
Net Position at September 30, 2016	\$ 63,961,378	\$ 135,385,154
Adjustment for implementation of GASB Statement No. 75	195,753,792	195,753,792
Adjustment for Retirees healthcare bonds	(306,390,000)	(306,390,000)
Net Position at September 30, 2016, as restated	<u>\$ (46,674,830)</u>	<u>\$ 24,748,946</u>

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

In addition, the OPEB asset of \$157,325,849 reported in the Governmental Activities Statement of Net Position at September 30, 2016 was removed. As a result of the preceding changes, the Government-wide Statement of Activities is restated as follows:

Statement of Activities

	<u>Primary Government</u>		
	Governmental Activities	Business- Type Activities	Totals
Net Position at September 30, 2016	\$ 450,070,971	\$ 742,691,605	\$ 1,192,762,576
Adjustments - decreases	(157,325,849)	-	(157,325,849)
Adjustments - increases	195,753,792	-	195,753,792
Net Position at September 30, 2016, as restated	<u>\$ 488,498,914</u>	<u>\$ 742,691,605</u>	<u>\$ 1,231,190,519</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

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

Covered payroll is 2015 valuation payroll (projected to the 2016-2017 year) used to determine employer contributions for the 2016-2017 fiscal year.
GASB Statement No. 67 was implemented for FYE September 30, 2014 and does not require retroactive Data implementation. Data will be added as information is available until 10 years of such information is available.

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

	Fiscal Year									
	2017 *	2016 *	2015	2014	2013	2012 *	2011 *	2010 *	2009 *	2008 *
Actuarially determined contribution	\$ -	\$ -	\$ 4,554,832	\$ 5,770,835	\$ 5,400,095	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-	4,554,832	5,770,835	5,400,095	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 18,631,927	\$ 21,834,812	\$ 24,707,298	\$ 29,901,825	\$ 33,706,963	\$ 38,275,780	\$ 42,686,155	\$ 44,884,070	\$ 46,690,015	\$ 55,704,389
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	18.44%	19.30%	16.02%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to Schedule

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

* No actuarial determined contribution

Methods and assumptions used to determine contribution rates:

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

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

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

Fiscal Year	Rate of Return
2014	8.74%
2015	0.35%
2016	9.20%
2017	11.58%

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

County of Oakland
Primary Government – OPEB Plan
Required Supplementary Information
Schedule of Changes in Net OPEB Liability and Related Ratios
Current Fiscal Year – Unaudited

	2017
Total OPEB liability	
Service cost	\$ 11,009,857
Interest on the total OPEB liability	67,692,444
Change in benefit terms	-
Difference between expected and actual experience	(6,799,845)
Change in assumptions	-
Employer-financed benefit payments	(31,732,905)
Net change in total OPEB liability	40,169,551
Total OPEB liability - beginning of year	944,050,411
Total OPEB liability - end of year (a)	\$ 984,219,962
Plan fiduciary net position	
Contributions - employer	\$ -
Contributions - member	218,517
OPEB Plan net investment income	134,380,948
Employer-financed benefit payments	(31,732,905)
Member-financed benefit payments	(218,517)
OPEB Plan administrative expenses	(204,215)
Other	3,332,028
Net change in plan fiduciary net position	105,775,856
Plan fiduciary net position - beginning of year	1,139,804,203
Plan fiduciary net position - end of year (b)	1,245,580,059
Net OPEB liability (asset) - end of year (a) - (b)	\$ (261,360,097)
 Plan fiduciary net position as a percentage of the total OPEB liability	 126.56%
 Covered employee payroll	 N/A
 Net OPEB liability (asset) as a percentage of covered employee payroll	 N/A

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

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

	Fiscal Year									
	2017 *	2016 *	2015 *	2014 *	2013 *	2012 *	2011 *	2010	2009	2008
Actuarially determined contribution	\$ -	\$ 800,184	\$ 818,930	\$ 35,236,330	\$ 36,969,985	\$ 37,268,761	\$ 47,592,273	\$ 57,631,411	\$ 61,863,580	\$ 60,200,684
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	-	57,631,411	61,863,580	60,200,684
Contribution deficiency (excess)	\$ -	\$ 800,184	\$ 818,930	\$ 35,236,330	\$ 36,969,985	\$ 37,268,761	\$ 47,592,273	\$ -	\$ -	\$ -
Covered-employee payroll	N/A	\$ 141,464,508	\$ 144,715,626	\$ 146,473,723	\$ 154,128,944	\$ 162,819,440	\$ 173,903,452	\$ 175,316,170	\$ 180,539,069	\$ 186,274,882
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	32.87%	34.27%	32.32%

Notes to Schedule

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

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-Age Normal
Amortization method	Level Dollar
Remaining amortization period	10 years, open if over 100% funded
Asset valuation method	5-year smoothed market
Price inflation	2.50%
Projected salary increases*	4.50% wage inflation
Investment rate of return*	7.50% net of investment and administrative expenses
Retirement age	Age-based table of rates that are specific to the type of eligibility condition.
Mortality	The 1994 Group Annuity Mortality Table with ages adjusted for men and set back one year for women
Health Care Trend Rates	Medical, Prescription Drug, Medicare Part B: 9% trend, gradually decreasing to 4.5% in year 10. Dental and vision: 4.5% trend for all years
Aging factors	Based on an internal GRS study using several pricing manuals from National Health Care Consultant groups and Health Care Consultant groups and incorporating analysis and data from a SOA survey regarding aging practices used in healthcare valuations.

**County of Oakland
Primary Government – OPEB Plan
Required Supplementary Information
Schedule of Investment Returns
Current Fiscal Year – Unaudited**

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

Fiscal Year	Rate of Return
2017	12.10%

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

**County of Oakland
Budgetary Comparison Schedule
Major Governmental Fund
Year Ended September 30, 2017**

	General Fund			Variance with Final Amended Budget
	Original Budget (Unaudited)	Final Amended Budget (Unaudited)	Actual	
Revenues				
Taxes				
Current property taxes	\$ 216,096,588	\$ 216,145,382	\$ 216,248,718	\$ 103,336
Delinquent taxes - prior years	98,500	98,500	216,100	117,600
Trailer tax	80,000	80,000	97,920	17,920
Total	<u>216,275,088</u>	<u>216,323,882</u>	<u>216,562,738</u>	<u>238,856</u>
Other intergovernmental revenues				
Circuit judges' salaries	868,756	868,756	869,544	788
Probate judges' salaries	603,424	603,424	602,652	(772)
District judges' salaries	457,240	457,240	456,790	(450)
State court fund - P.A. 189	5,000,000	5,000,000	4,418,504	(581,496)
Local comm stabilization share	2,400,000	3,360,720	3,534,579	173,859
Revenue sharing	26,163,819	26,419,185	26,419,185	-
Convention facility/Liquor tax	8,424,340	9,813,138	9,813,138	-
Other	287,975	292,990	247,702	(45,288)
Total	<u>44,205,554</u>	<u>46,815,453</u>	<u>46,362,094</u>	<u>(453,359)</u>
Charges for services				
County Executive	230,000	236,536	289,087	52,551
Management and Budget	3,765,600	3,765,600	3,910,193	144,593
Central Services	316,780	325,780	343,736	17,956
Human Resources	475	475	-	(475)
Human Services	4,281,399	4,287,399	4,221,898	(65,501)
Public Services	1,463,200	1,463,200	1,478,267	15,067
Community and Economic Development	477,318	479,818	384,718	(95,100)
Clerk/Register of Deeds	13,603,000	13,682,000	18,483,963	4,801,963
Treasurer	5,032,300	5,032,300	12,508,437	7,476,137
Circuit Court	3,086,000	3,086,000	3,032,981	(53,019)
District Court	11,668,081	11,668,081	12,185,771	517,690
Probate Court	507,600	587,800	588,367	567
Prosecuting Attorney	294,800	290,000	359,876	69,876
Sheriff	56,054,323	56,966,680	56,318,570	(648,110)
Legislative	26,500	26,500	33,944	7,444
Water Resources Commissioner	1,953,732	2,598,732	2,948,899	350,167
Non-Departmental	716,812	1,336,662	1,390,364	53,702
Total	<u>103,477,920</u>	<u>105,833,563</u>	<u>118,479,071</u>	<u>12,645,508</u>
Investment income	1,904,900	1,904,900	1,763,738	(141,162)
Indirect cost recovery	8,000,000	8,046,170	8,216,061	169,891
Federal grants	402,685	596,472	786,217	189,745
State grants	4,749,523	4,791,805	4,851,589	59,784
Contributions	29,240	84,187	47,158	(37,029)
Other revenues	<u>429,100</u>	<u>438,400</u>	<u>579,465</u>	<u>141,065</u>
Total revenues	<u>379,474,010</u>	<u>384,834,832</u>	<u>397,648,131</u>	<u>12,813,299</u>

(continued)

County of Oakland
Budgetary Comparison Schedule (Continued)
Major Governmental Fund
Year Ended September 30, 2017

	General Fund			Variance with
	Original Budget (Unaudited)	Final Amended Budget (Unaudited)	Actual	Final Amended Budget
Expenditures				
County Executive				
Administration				
Personnel	\$ 6,158,166	\$ 6,063,275	\$ 5,959,962	\$ 103,313
Operating	414,576	445,526	395,336	50,190
Internal Support	1,019,450	1,106,801	1,096,728	10,073
Total Administration	7,592,192	7,615,602	7,452,026	163,576
Management and Budget				
Personnel	16,812,358	16,451,661	14,672,916	1,778,745
Operating	824,021	826,818	566,299	260,519
Internal Support	2,186,735	3,074,598	2,946,880	127,718
Total Management and Budget	19,823,114	20,353,077	18,186,095	2,166,982
Central Services				
Personnel	1,448,529	1,418,227	1,363,154	55,073
Operating	375,993	404,993	347,806	57,187
Internal Support	770,104	825,492	824,778	714
Total Central Services	2,594,626	2,648,712	2,535,738	112,974
Facilities Management				
Personnel	1,037,306	1,031,476	1,031,442	34
Operating	174,446	181,413	164,019	17,394
Internal Support	70,514	70,727	62,939	7,788
Total Facilities Management	1,282,266	1,283,616	1,258,400	25,216
Human Resources				
Personnel	2,811,424	2,749,784	2,692,012	57,772
Operating	742,211	1,108,011	419,853	688,158
Internal Support	848,833	1,122,850	1,082,822	40,028
Total Human Resources	4,402,468	4,980,645	4,194,687	785,958
Human Services				
Personnel	26,625,510	26,073,568	24,310,480	1,763,088
Operating	4,915,736	4,968,319	4,318,779	649,540
Internal Support	3,412,333	4,071,626	3,928,840	142,786
Total Human Services	34,953,579	35,113,513	32,558,099	2,555,414
Public Services				
Personnel	12,382,405	12,129,714	11,385,033	744,681
Operating	1,859,405	1,976,713	1,974,492	2,221
Internal Support	3,262,219	3,587,396	3,533,322	54,074
Total Public Services	17,504,029	17,693,823	16,892,847	800,976

(continued)

County of Oakland
Budgetary Comparison Schedule (Continued)
Major Governmental Fund
Year Ended September 30, 2017

	General Fund			Variance with
	Original Budget (Unaudited)	Final Amended Budget (Unaudited)	Actual	Final Amended Budget
Expenditures (continued)				
County Executive (continued)				
Community and Economic Development				
Personnel	\$ 5,425,314	\$ 5,308,425	\$ 4,963,985	\$ 344,440
Operating	1,818,575	1,951,135	1,424,240	526,895
Internal Support	897,922	1,005,895	1,001,171	4,724
Total Community and Economic Development	8,141,811	8,265,455	7,389,396	876,059
Total County Executive	96,294,085	97,954,443	90,467,288	7,487,155
Clerk/Register of Deeds				
Personnel	7,830,777	7,677,131	6,273,834	1,403,297
Operating	1,435,508	1,696,977	1,076,620	620,357
Internal Support	1,347,338	1,812,029	1,761,686	50,343
Total Clerk/Register of Deeds	10,613,623	11,186,137	9,112,140	2,073,997
Treasurer				
Personnel	3,372,686	3,301,521	3,029,402	272,119
Operating	4,512,105	4,512,105	4,045,638	466,467
Internal Support	780,029	1,117,648	1,042,448	75,200
Total Treasurer	8,664,820	8,931,274	8,117,488	813,786
Justice Administration				
Circuit Court				
Personnel	22,451,923	21,376,270	20,444,071	932,199
Operating	7,062,871	8,233,868	5,719,211	2,514,657
Internal Support	4,857,530	5,469,299	5,113,649	355,650
Total Circuit Court	34,372,324	35,079,437	31,276,931	3,802,506
District Court				
Personnel	12,913,477	12,655,134	12,153,297	501,837
Operating	2,616,680	2,643,012	2,457,739	185,273
Internal Support	1,564,649	1,756,153	1,729,919	26,234
Total District Court	17,094,806	17,054,299	16,340,955	713,344
Probate Court				
Personnel	4,652,329	4,553,574	4,191,936	361,638
Operating	811,424	919,251	918,151	1,100
Internal Support	917,504	962,039	918,347	43,692
Total Probate Court	6,381,257	6,434,864	6,028,434	406,430
Total Justice Administration	57,848,387	58,568,600	53,646,320	4,922,280

(continued)

County of Oakland
Budgetary Comparison Schedule (Continued)
Major Governmental Fund
Year Ended September 30, 2017

	General Fund			Variance with
	Original Budget (Unaudited)	Final Amended Budget (Unaudited)	Actual	Final Amended Budget
Expenditures (continued)				
Law Enforcement				
Prosecuting Attorney				
Personnel	\$ 16,621,452	\$ 16,240,980	\$ 15,601,560	\$ 639,420
Operating	560,166	560,166	538,141	22,025
Internal Support	1,865,301	1,956,316	1,908,192	48,124
Total Prosecuting Attorney	19,046,919	18,757,462	18,047,893	709,569
Sheriff				
Personnel	115,858,293	116,418,817	116,414,433	4,384
Operating	12,884,996	14,485,204	13,383,487	1,101,717
Internal Support	17,417,804	18,011,782	17,833,514	178,268
Total Sheriff	146,161,093	148,915,803	147,631,434	1,284,369
Total Law Enforcement	165,208,012	167,673,265	165,679,327	1,993,938
Legislative				
Board of Commissioners				
Personnel	2,680,943	2,629,461	2,526,219	103,242
Operating	854,586	1,018,932	896,241	122,691
Internal Support	704,356	760,612	755,307	5,305
Total Legislative	4,239,885	4,409,005	4,177,767	231,238
Water Resource Commissioner				
Personnel	218,414	213,224	212,927	297
Operating	532,975	532,975	305,204	227,771
Internal Support	4,881,378	5,860,895	5,858,048	2,847
Total Water Resource Commissioner	5,632,767	6,607,094	6,376,179	230,915
Non-departmental				
Operating	22,191,311	25,062,388	19,133,703	5,928,685
Internal Support	8,430,833	3,278,310	2,434,419	843,891
Total non-departmental	30,622,144	28,340,698	21,568,122	6,772,576
Total expenditures	379,123,723	383,670,516	359,144,631	24,525,885
Excess of revenues (under) over expenditures	350,287	1,164,316	38,503,500	37,339,184 (continued)

County of Oakland
Budgetary Comparison Schedule (Continued)
Major Governmental Fund
Year Ended September 30, 2017

	General Fund			Variance with
	Original Budget (Unaudited)	Final Amended Budget (Unaudited)	Actual	Final Amended Budget
Other Financing Sources (Uses)				
Transfers in				
Special Revenue Funds				
Restricted Funds	\$ 73,720	\$ 936,801	\$ 860,556	\$ (76,245)
Total special revenue funds	73,720	936,801	860,556	(76,245)
Capital Project Funds				
Project Work Orders	-	212,147	212,147	-
Total capital project funds	-	212,147	212,147	-
Internal Service Funds				
Facilities Maintenance and Operations	41,589	-	-	-
Total internal service funds	41,589	-	-	-
Enterprise Funds				
Delinquent Tax Revolving	12,048,178	12,048,178	12,193,594	145,416
Total enterprise funds	12,048,178	12,048,178	12,193,594	145,416
Total Transfers In	12,163,487	13,197,126	13,266,297	69,171
Transfers out				
Special Revenue Funds				
Child Care	(23,442,791)	(23,646,955)	(17,839,540)	5,807,415
Social Welfare Foster Care	(1,000)	(1,000)	-	1,000
Restricted Funds	-	(17,629)	(17,629)	-
Drains-Act 40 Chapters 4 & 18				
Maintenance	(56,165)	(56,165)	(50,789)	5,376
Friend of the Court Grant	(5,246,653)	(5,246,653)	(4,664,170)	582,483
Judicial Grants	-	(18,940)	(8,500)	10,440
Law Enforcement Grants	(1,309,113)	(1,684,718)	(1,414,528)	270,190
Human Service Grants	-	(16,995)	(16,994)	1
Total special revenue funds	(30,055,722)	(30,689,055)	(24,012,150)	6,676,905 (continued)

County of Oakland
Budgetary Comparison Schedule (Continued)
Major Governmental Fund
Year Ended September 30, 2017

	General Fund			
	Original Budget (Unaudited)	Final Amended Budget (Unaudited)	Actual	Variance with Final Amended Budget
Other Financing Sources (Uses) (continued)				
Transfers Out (continued)				
Debt Service Funds				
Building Authority Debt Act 31	\$ (2,244,250)	\$ (2,244,250)	\$ (2,244,500)	\$ (250)
Total debt service funds	<u>(2,244,250)</u>	<u>(2,244,250)</u>	<u>(2,244,500)</u>	<u>(250)</u>
Capital Projects Funds				
Building Improvement	(5,500,000)	(5,500,000)	(5,500,000)	-
Project Work Orders	<u>(1,320,000)</u>	<u>(2,695,142)</u>	<u>(2,695,142)</u>	-
Total capital projects funds	<u>(6,820,000)</u>	<u>(8,195,142)</u>	<u>(8,195,142)</u>	-
Internal Service Funds				
Information Technology	(3,620,676)	(3,751,751)	(3,751,751)	-
Facilities Maintenance and Operations	-	-	(917)	(917)
Motor Pool	-	(126,836)	(126,836)	-
Building Liability Insurance	-	<u>(1,545,500)</u>	<u>(1,545,500)</u>	-
Total internal service funds	<u>(3,620,676)</u>	<u>(5,424,087)</u>	<u>(5,425,004)</u>	<u>(917)</u>
Enterprise Funds				
Fire Records Management	(461,742)	(461,742)	(460,643)	1,099
CLEMIS	<u>(1,844,186)</u>	<u>(1,844,186)</u>	<u>(1,844,186)</u>	-
Radio Communications	-	<u>(49,553)</u>	<u>(49,553)</u>	-
Total enterprise funds	<u>(2,305,928)</u>	<u>(2,355,481)</u>	<u>(2,354,382)</u>	<u>1,099</u>
Total transfers out	<u>(45,046,576)</u>	<u>(48,908,015)</u>	<u>(42,231,178)</u>	<u>6,676,837</u>
Total other financing sources (uses)	<u>(32,883,089)</u>	<u>(35,710,889)</u>	<u>(28,964,881)</u>	<u>6,746,008</u>
Net change in fund balance	<u>(32,532,802)</u>	<u>(34,546,573)</u>	<u>9,538,619</u>	<u>44,085,192</u>
Fund balance				
October 1, 2016	<u>255,241,468</u>	<u>255,241,468</u>	<u>255,241,468</u>	-
September 30, 2017	<u>\$ 222,708,666</u>	<u>\$ 220,694,895</u>	<u>\$ 264,780,087</u>	<u>\$ 44,085,192</u>

County of Oakland
Note to Required Supplementary Information
September 30, 2017

Budgetary Comparisons

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

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

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

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

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APPENDIX C



2600 WEST BIG BEAVER ROAD, SUITE 300
TROY, MI 48084-3312
TELEPHONE: (248) 433-7200
FACSIMILE: (844) 670-6009
<http://www.dickinsonwright.com>

PAUL M. WYZGOSKI
PWyzgoski@dickinsonwright.com
(248) 433-7255

_____, 2018

Andrew E. Meisner, Treasurer
County of Oakland
1200 N. Telegraph Road
Pontiac, MI 48341

Dear Mr. Meisner:

We have acted as note counsel to the County of Oakland, State of Michigan (the "County") in connection with the issuance by the County of its "General Obligation Limited Tax Notes, Series 2018" dated the date hereof, in the aggregate principal amount of \$25,000,000 (the "Notes"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

The Notes have been issued under and pursuant to Act 206, Public Acts of Michigan, 1893, as amended, for the purpose of funding in part the County delinquent tax revolving fund for the tax year 2017.

As to questions of fact material to our opinion we have relied upon certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Notes are the valid and legally binding obligations of the County, primarily payable from the following sources: (1) the collections of the 2017 delinquent real property taxes that were returned to the County as delinquent and were uncollected as of March 1, 2018, and against which the County has borrowed, together with all interest thereon; (2) all of the County property tax administration fees on such delinquent taxes once the expenses of borrowing have been paid; (3) any amounts that are received by the County from the County, the State of Michigan and any taxing units within the County because of the uncollectibility of such 2017 delinquent taxes; and (4) all interest earnings of the foregoing.

2. The full faith and credit of the County have been pledged for the payment of the principal of and interest on the Notes when due. The County, however, does not have the power to levy any tax for the payment of the Notes in excess of its constitutional and statutory limits.

3. The interest on the Notes is included in gross income for federal income tax purposes.

4. The Notes and the interest thereon are exempt from all taxation by the State of Michigan or a taxing authority in the State of Michigan, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

It is understood that the rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement also may be subject to the exercise of judicial discretion in appropriate cases.

Andrew E. Meisner, Treasurer
_____, 2018
Page 2

We express no opinion herein regarding the accuracy, adequacy, or completeness of the official statement relating to the Notes.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX D

CONTINUING DISCLOSURE CERTIFICATE

\$25,000,000
County of Oakland
General Obligation Limited Tax Notes, Series 2018

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the County of Oakland (the "Issuer") in connection with the issuance by the Issuer of its \$25,000,000 General Obligation Limited Tax Notes, Series 2018 (the "Notes"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate.

(a) This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Noteholders and the Beneficial Owners and in order to assist the Participating Underwriter in complying with subsection (b)(5) of the Rule.

(b) In consideration of the purchase and acceptance of any and all of the Notes by those who shall hold the same or shall own beneficial ownership interests therein from time to time, this Disclosure Certificate shall be deemed to be and shall constitute a contract between the Issuer and the Noteholders and Beneficial Owners from time to time of the Notes, and the covenants and agreements herein set forth to be performed on behalf of the Issuer shall be for the benefit of the Noteholders and Beneficial Owners of any and all of the Notes.

SECTION 2. Definitions.

The following capitalized terms shall have the following meanings:

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Notes (including any person holding Notes through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean the Issuer or any successor Dissemination Agent appointed in writing by the Issuer and which has filed with the Issuer a written acceptance of such appointment.

"EMMA" shall mean the Electronic Municipal Market Access system of the MSRB. As of the date of this Disclosure Certificate, the EMMA Internet Web site address is <http://www.emma.msrb.org>.

"Listed Events" shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the 1934 Act. As of the date of this Disclosure Certificate, the address and telephone and telecopy numbers of the MSRB are as follows:

Municipal Securities Rulemaking Board
1900 Duke Street, Suite 600
Alexandria, Virginia 22314
Tel: (703) 797-6600
Fax: (703) 797-6700

"Noteholder" shall mean the registered owner of any Notes.

"Official Statement" shall mean the final Official Statement for the Notes dated _____, 2018.

"Participating Underwriter" shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with the primary offering of the Notes.

"Rule" shall mean Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time, together with all interpretive guidances or other official interpretations or explanations thereof that are promulgated by the SEC.

"SEC" shall mean the United States Securities and Exchange Commission.

"Securities Counsel" shall mean legal counsel expert in federal securities law.

"State" shall mean the State of Michigan.

SECTION 3. Reporting of Significant Events.

(a) The Issuer covenants to provide, or cause to be provided, notice of the occurrence of any of the following events with respect to the Notes in a timely manner not in excess of ten (10) business days after the occurrence of the event and in accordance with the Rule:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Tender offers;
- (13) Bankruptcy, insolvency, receivership or similar event of the obligated person;

- (14) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (15) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in subsection (a)(2), (7), (8), (10), (14) or (15), the Issuer shall as soon as possible determine if such Listed Event would be material under applicable federal securities laws. The Issuer covenants that its determination of materiality will be made in conformance with federal securities laws.

(c) If the Issuer determines that (i) a Listed Event described in subsection (a)(1), (3), (4), (5), (6), (9), (11), (12) or (13) has occurred or (ii) the occurrence of a Listed Event described in subsection (a)(2), (7), (8), (10), (14) or (15) would be material under applicable federal securities laws, the Issuer shall promptly cause a notice of such occurrence to be filed with the MSRB within ten (10) business days of the occurrence of the Listed Event, together with a cover sheet in substantially the form attached as Exhibit A. In connection with providing a notice of the occurrence of a Listed Event described in subsection (a)(9), the Issuer shall include in the notice explicit disclosure as to whether the Notes have been escrowed to maturity or escrowed to call, as well as appropriate disclosure of the timing of maturity or call.

(d) In connection with providing a notice of the occurrence of a Listed Event, the Dissemination Agent (if other than the Issuer), solely in its capacity as such, is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the notice for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

(e) The Issuer acknowledges that the "rating changes" referred to in subsection (a)(11) above may include, without limitation, any change in any rating on the Notes or other indebtedness for which the Issuer is liable.

(f) The Issuer acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Notes, the Issuer does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

SECTION 4. Termination of Reporting Obligation.

(a) The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance or the prior redemption or payment in full of all of the Notes. If the Issuer's obligation to pay a portion of the principal of and interest on the Notes is assumed in full by some other entity, such entity shall be responsible for compliance with this Disclosure Certificate in the same manner as if it were the Issuer, and the Issuer shall have no further responsibility hereunder.

(b) This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer (i) receives an opinion of Securities Counsel, addressed to the Issuer, to the effect that those portions of the Rule, which require such provisions of this Disclosure Certificate, do not or no longer apply to the Notes, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Notes, as shall be specified in such opinion, and (ii) files notice to such effect with the MSRB.

SECTION 5. Mandatory Electronic Filing with EMMA.

All filings with the MSRB under this Disclosure Certificate shall be made by electronically transmitting such filings through the EMMA Dataport at <http://www.emma.msrb.org> as provided by the amendments to the Rule adopted by the SEC in Securities Exchange Act Release No. 59062 on December 5, 2008.

SECTION 6. Dissemination Agent.

The Issuer, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Except as otherwise provided in this Disclosure Certificate, the Dissemination Agent (if other than the Issuer) shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate.

SECTION 7. Amendment; Waiver.

(a) Notwithstanding any other provision of this Disclosure Certificate, this Disclosure Certificate may be amended, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(i) if the amendment or waiver relates to the provisions of Section 3(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the Issuer, or type of business conducted by the Issuer;

(ii) this Disclosure Certificate, as so amended or taking into account such waiver, would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) the amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Noteholders.

SECTION 8. Additional Information.

Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 9. Failure to Comply.

In the event of a failure of the Issuer or the Dissemination Agent (if other than the Issuer) to comply with any provision of this Disclosure Certificate, any Noteholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the Issuer or the Dissemination Agent (if other than the Issuer) under this Disclosure Certificate, but no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and any failure to comply with the obligations under this Disclosure Certificate shall not constitute a default with respect to the Notes. Notwithstanding the foregoing, if the alleged failure of the Issuer to comply with this Disclosure Certificate is the inadequacy of the information disclosed pursuant hereto, then the Noteholders and the Beneficial Owners (on whose behalf a Noteholder has not acted with respect to this alleged failure) of not less than a majority of the aggregate principal amount of the then outstanding Notes must take the

actions described above before the Issuer shall be compelled to perform with respect to the adequacy of such information disclosed pursuant to this Disclosure Certificate.

SECTION 10. Duties of Dissemination Agent.

The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

SECTION 11. Beneficiaries.

This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter, the Noteholders and the Beneficial Owners, and shall create no rights in any other person or entity.

SECTION 12. Transmission of Information and Notices.

Unless otherwise required by law or this Disclosure Certificate, and, in the sole determination of the Issuer or the Dissemination Agent, as applicable, subject to technical and economic feasibility, the Issuer or the Dissemination Agent, as applicable, shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of such information and notices.

SECTION 13. Additional Disclosure Obligations.

The Issuer acknowledges and understands that other State and federal laws, including, without limitation, the Securities Act of 1933, as amended, and Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act, may apply to the Issuer, and that under some circumstances, compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

SECTION 14. Governing Law.

This Disclosure Certificate shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Disclosure Certificate shall be instituted in a court of competent jurisdiction in the State. Notwithstanding the foregoing, to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

COUNTY OF OAKLAND

By: _____
ANDREW E. MEISNER
Its: Treasurer

Dated: _____, 2018

EXHIBIT A

EVENT NOTICE COVER SHEET

This cover sheet and the attached Event Notice should be filed electronically with the Municipal Securities Rulemaking Board through the EMMA Dataport at <http://www.emma.msrb.org> pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name: _____

Issuer's Six-Digit CUSIP Number(s): _____

or Nine-Digit CUSIP Number(s) to which the attached Event Notice relates: _____

Number of pages of the attached Event Notice: _____

Description of the attached Event Notice (Check One):

1. ☐ Principal and interest payment delinquencies
2. ☐ Non-Payment related defaults
3. ☐ Unscheduled draws on debt service reserves reflecting financial difficulties
4. ☐ Unscheduled draws on credit enhancements reflecting financial difficulties
5. ☐ Substitution of credit or liquidity providers, or their failure to perform
6. ☐ Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. ☐ Modifications to rights of securities holders
8. ☐ Bond calls
9. ☐ Defeasances
10. ☐ Release, substitution, or sale of property securing repayment of the securities
11. ☐ Rating changes
12. ☐ Tender offers
13. ☐ Bankruptcy, insolvency, receivership or similar event of an obligated person
14. ☐ The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms
15. ☐ Appointment of a successor or additional trustee, or the change of name of a trustee
16. ☐ Failure to provide annual financial information as required
17. ☐ Other material event notice (specify) _____

I hereby represent that I am authorized by the Issuer or its agent to distribute this information publicly:

Signature: _____

Name: _____ Title: _____

Employer: _____

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: _____

Please format the Event Notice attached to this cover sheet in 10 point type or larger. Contact the MSRB at (202) 223-9503 with questions regarding this form or the dissemination of this notice.

Troy 9487-17 2088734v1

