

**FINAL OFFICIAL STATEMENT DATED NOVEMBER 30, 2010**

**NEW ISSUE**

**Ratings: Standard & Poor's: AAA  
Moody's: Aaa**

*In the opinion of Dickinson Wright PLLC, Bond Counsel, under existing law, the interest on the Bonds is **included** in gross income for federal and State of Michigan income tax purposes*

**\$3,000,000**

**BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT**

**Oakland County, Michigan**

**BLOOMFIELD TOWNSHIP CSO DRAIN BONDS, SERIES 2010**

**(FEDERALLY TAXABLE RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS)**

**DATED:** DECEMBER 1, 2010

**GENERAL OBLIGATION LIMITED TAX BONDS**

**REGISTRATION:** Book entry only system

**INTEREST:** Paid from December 1, 2010 - 1st Paid April 1, 2011 - Semi-Annually Thereafter

**BOND REGISTRAR and PAYING AGENT:** Huntington National Bank, Grand Rapids, Michigan

**DENOMINATIONS:** \$5,000 or a Multiple of \$5,000, Numbered From 1 Upwards

**AUTHORITY:** Chapter 20 of Act No. 40, Public Acts of Michigan, 1956, as amended

**REDEMPTION PROVISIONS:** Maturities on April 1, 2018 or Prior - Non-callable

Maturities on April 1, 2019 or After as follows:

Bond Called for Redemption on or After April 1, 2018 shall be redeemed at Par.

**PURPOSE AND SECURITY:** See "Security for the Bonds" and "Description of the Bonds" herein

**BOOK ENTRY CUSTODIAL DEPOSITORY:** Depository Trust Company, New York, N.Y.

THE ABILITY OF THE CHARTER TOWNSHIP OF BLOOMFIELD AND THE COUNTY OF OAKLAND TO RAISE FUNDS TO PAY THEIR RESPECTIVE OBLIGATIONS TO THE DRAINAGE DISTRICT AND OF THE COUNTY OF OAKLAND TO FULFILL ITS FULL FAITH AND CREDIT PLEDGE IS SUBJECT TO CONSTITUTIONAL AND STATUTORY LIMITATIONS ON THE TAXING POWERS OF THE TOWNSHIP AND THE COUNTY.

**MATURITY SCHEDULE**

**\$765,000 Serial Bonds**

<u>Due</u> <u>Apr. 1</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Due</u> <u>Apr. 1</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Due</u> <u>Apr. 1</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>
2012	\$100,000	1.65%	1.65%	2015	\$110,000	2.85%	2.85%	2017	\$115,000	3.80%	3.80%
2013	105,000	2.00	2.00	2016	110,000	3.45	3.45	2018	120,000	4.45	4.45
2014	105,000	2.45	2.45								

**\$2,235,000 Term Bonds \***

\$1,010,000 - 5.75% Term Bonds due April 1, 2025\*\* - Yield: 5.75%

\$1,225,000 - 6.50% Term Bonds due April 1, 2031\*\* - Yield: 6.50%

\* Subject to Mandatory Redemption-See "Description of the Bonds-Serial Bonds and Term Bonds" herein.

\*\* Callable-See "Description of the Bonds-Prior Redemption" herein.

Information prepared in cooperation with:

**ANDREW E. MEISNER**  
County Treasurer

**JOHN P. McCULLOCH**  
Water Resources Commissioner  
and Chairperson  
of the Bloomfield Township CSO  
Drainage Board

**Bond Counsel:**  
**DICKINSON WRIGHT PLLC**  
Detroit, Michigan

**Underwriter:**  
**FIFTH THIRD SECURITIES, INC.**

**THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR 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.**



**MUNICIPAL FINANCIAL CONSULTANTS INCORPORATED**

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NO DEALER, BROKER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED BY THE COUNTY OF OAKLAND 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 COUNTY OR THE CHARTER TOWNSHIP OF BLOOMFIELD.

THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT HAS BEEN PREPARED FROM SOURCES WHICH ARE DEEMED TO BE RELIABLE, BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS.

THE INFORMATION AND EXPRESSIONS OF OPINION IN THIS OFFICIAL STATEMENT ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT NOR ANY SALE MADE UNDER IT SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COUNTY SINCE THE DATE OF THIS OFFICIAL STATEMENT.

**OFFICIAL STATEMENT**  
**\$3,000,000**  
**BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT**  
**OAKLAND COUNTY, MICHIGAN**  
**BLOOMFIELD TOWNSHIP CSO DRAIN BONDS, SERIES 2010**  
**(FEDERALLY TAXABLE RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS)**

The purpose of this Official Statement is to set forth information concerning the Charter Township of Bloomfield (the "Township") and the County of Oakland (the "County") in connection with the sale by the Bloomfield Township CSO Drainage District, Oakland County, Michigan (the "District") of its Bloomfield Township CSO Drain Bonds, Series 2010 (the "Bonds"). This Official Statement has been prepared in connection with the sale of the Bonds and for the information of those who initially become holders of the Bonds. Information summarized on the cover page is part of this Official Statement.

**INTRODUCTION**

The District, by adoption by its Drainage Board of a bond resolution (the "Resolution"), has authorized the issuance of the Bonds.

**DESCRIPTION OF THE BONDS**

The Bonds, aggregating the principal sum of \$3,000,000, shall be known as "Bloomfield Township CSO Drain Bonds, Series 2010" and shall be dated December 1, 2010. The Bonds shall be fully registered bonds, both as to principal and interest, in any one or more denominations of \$5,000 or a multiple of \$5,000 numbered from 1 upwards. The Bonds shall mature on April 1, 2012 and each April 1 thereafter as provided on the cover page of this Official Statement.

**Interest Payment and Interest Rate**

The Bonds shall bear interest payable April 1, 2011 and semi-annually thereafter on each October 1 and April 1, until maturity, with interest rates not exceeding 8% per annum. Interest shall be paid by check or draft mailed to the registered owner of each Bond as of the applicable date of record.

**Serial Bonds and Term Bonds**

Bonds maturing in the years 2012-2018 are designated as serial bonds.

Any bond maturing in the year 2025 is a term bond at 5.75%; and any bond maturing in the year 2031 is a term bond at 6.50%. Principal maturities designated as term bonds are subject to mandatory redemption, in part, by lot, at par and accrued interest on April 1<sup>st</sup> of the years set forth hereafter. The

amounts of the maturities that are now designated as term bonds and the amounts which must be paid as determined by mandatory redemption, by lot, are as follows:

<b>Mandatory Redemption</b>		<b>Mandatory Redemption</b>	
<b><u>Year</u></b>	<b><u>Annual Amounts</u></b>	<b><u>Year</u></b>	<b><u>Annual Amounts</u></b>
2019	\$ 125,000	2026	\$ 175,000
2020	130,000	2027	185,000
2021	135,000	2028	200,000
2022	145,000	2029	210,000
2023	150,000	2030	220,000
2024	160,000	2031	235,000
2025	165,000	<b>Total</b>	<b>\$1,225,000</b>
<b>Total</b>	<b>\$1,010,000</b>		

### **Paying Agent and Bond Registrar**

Huntington National Bank, Grand Rapids, Michigan has been selected as bond registrar and paying agent (the "Bond Registrar") for the Bonds. The Bond Registrar will keep records of the registered holders of the Bonds, serve as transfer agent for the Bonds, authenticate the original and any re-issued Bonds and will pay principal and interest to the registered holders of the Bonds as shown on the registration books of the District maintained by the Bond Registrar on the applicable date of record. The principal of each Bond will be paid when due upon presentation and surrender thereof to the Bond Registrar. The date of record shall be the 15th day of the month before such payment is due.

### **Book-Entry-Only**

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS, HOLDERS OR REGISTERED OWNERS OF THE BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

DTC 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 securities that its participants ("Participants") deposit with DTC. DTC also facilitates the transfers and pledges, in deposited securities through electronic

computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations ("Direct Participants"). DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("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, but Beneficial Owners are 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 Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The 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.

Redemption notices shall be sent to Cede & Co. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the District 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments made by or on behalf of the District to DTC or its nominee shall satisfy the District's obligations under the Bond Resolution to the extent of the payments so made.

Principal and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on a payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on such payment date. 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, the Bond Registrar, or the District subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the District or the Bond Registrar, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered. THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE DISTRICT BELIEVES TO BE RELIABLE, BUT NEITHER THE DISTRICT, BOND COUNSEL, FINANCIAL ADVISOR NOR THE UNDERWRITERS ASSUME ANY RESPONSIBILITY FOR THE ACCURACY THEREOF.

THE DISTRICT AND THE DISTRICT'S BOND COUNSEL OR FINANCIAL ADVISOR, THE UNDERWRITERS AND THE BOND REGISTRAR CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (i) PAYMENTS OF PRINCIPAL OF OR INTEREST AND PREMIUM, IF ANY, ON THE BONDS (ii) ANY DOCUMENT REPRESENTING OR CONFIRMING BENEFICIAL OWNERSHIP INTERESTS IN BONDS, OR (iii) REDEMPTION OR



OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH THE PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE DISTRICT, THE UNDERWRITERS NOR THE BOND REGISTRAR WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OF ANY OTHER PERSON WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC TO ANY PARTICIPANT, OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER OF ANY AMOUNT DUE WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS; (4) THE DELIVERY BY DTC TO ANY PARTICIPANT, OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER OF ANY NOTICE WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO BONDHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

#### Discontinuation of Book-Entry-Only System

DTC may determine to discontinue providing its service with respect to the Bonds at any time by giving notice to the District and the Bond Registrar and discharging its responsibilities with respect thereto under applicable law. Upon the giving of such notice, the Bond Registrar shall attempt to have established a securities depository/book-entry system relationship with another qualified depository. If the Bond Registrar does not or is unable to do so, the book-entry-only system shall be discontinued.

#### Transfer Outside Book-Entry-Only System

In the event the book-entry-only system is discontinued, the following provisions would apply to the Bonds. The Bond Registrar shall keep the registration books for the Bonds (the "Bond Register") at its corporate trust office. Subject to the further conditions contained in the Resolution, the Bonds may be transferred or exchanged for one or more Bonds in different authorized denominations upon surrender thereof at the corporate trust office of the Bond Registrar by the registered owners or their duly authorized attorneys; upon surrender of any Bonds to be transferred or exchanged, the Bond Registrar shall record the transfer or exchange in the Bond Register and shall authenticate replacement bonds in authorized denominations; during the 15 days immediately preceding the date of mailing ("Record Date") of any

notice of redemption or any time following the mailing of any notice of redemption, the Bond Registrar shall not be required to effect or register any transfer or exchange of any Bond which has been selected for such redemption, except the Bonds properly surrendered for partial redemption may be exchanged for new Bonds in authorized denominations equal in the aggregate to the unredeemed portion; the District and Bond Registrar shall be entitled to treat the registered owners of the Bonds, as their names appear in the Bond Register as of the appropriate dates, as the owner of such Bonds for all purposes under the Resolution. No transfer or exchange made other than as described above and in the Resolution shall be valid or effective for any purposes under the Resolution.

### **Prior Redemption**

Bonds maturing prior to April 1, 2019, shall not be subject to redemption prior to maturity. Bonds maturing on or after April 1, 2019 shall be subject to redemption prior to maturity at the option of the District, in any order, in whole or in part on any interest payment date on or after April 1, 2018. Bonds called for redemption shall be redeemed at par, plus accrued interest to the date fixed for redemption.

With respect to partial redemptions, any portion of a Bond outstanding in a denomination larger than the minimum authorized denomination may be redeemed provided such portion and the amount not being redeemed each constitutes an authorized denomination. In the event that less than the entire principal amount of a Bond is called for redemption, upon surrender of the Bond to the Bond Registrar, the Bond Registrar shall authenticate and deliver to the registered owner of the Bond a new Bond in the principal amount of the principal portion not redeemed.

Notice of redemption shall be sent to the registered holder of each Bond being redeemed by first class mail at least 30 days prior to the date fixed for redemption, which notice shall fix the date of record with respect to the redemption if different than otherwise provided in the Resolution. Any defect in such notice shall not affect the validity of the redemption proceedings. Bonds so called for redemption shall not bear interest after the date fixed for redemption provided funds are on hand with the Bond Registrar to redeem the same.

### **Transfer or Exchange of Bonds**

Any Bond shall be transferable on the bond register maintained by the Bond Registrar with respect to the Bonds upon the surrender of the Bond to the Bond Registrar together with an assignment executed by the registered owner or his or her duly authorized attorney in form satisfactory to the Bond Registrar. Upon receipt of a properly assigned Bond the Bond Registrar shall

authenticate and deliver a new Bond or Bonds in equal aggregate principal amount and like interest rate and maturity to the designated transferee or transferees.

Bonds may likewise be exchanged for one or more other Bonds with the same interest rate and maturity in authorized denominations aggregating the same principal amount as the Bond or Bonds being exchanged. Such exchange shall be effected by surrender of the Bond to be exchanged to the Bond Registrar with written instructions signed by the registered owner of the Bond or his or her attorney in form satisfactory to the Bond Registrar. Upon receipt of a Bond with proper written instructions the Bond Registrar shall authenticate and deliver a new Bond or Bonds to the registered owner of the Bond or his or her properly designated transferee or transferees or attorney.

The Bond Registrar is not required to honor any transfer or exchange of Bonds or portions thereof that have been called for redemption. Any service charge made by the Bond Registrar for any such registration, transfer or exchange shall be paid for by the District, unless otherwise agreed by the District and the Bond Registrar. The Bond Registrar may, however, require payment by a bondholder of a sum sufficient to cover any tax or other governmental charge payable in connection with any such registration, transfer or exchange.

#### **CUSIP Numbers**

CUSIP numbers will be imprinted on all Bonds of this issue at the District's expense. Neither the failure to print numbers nor any improperly printed number shall constitute cause for the purchaser to refuse to accept delivery. The purchaser shall be responsible for requesting assignment of numbers and for the payment of any charges for the assignment of numbers.

### **SECURITY FOR THE BONDS**

#### **Authorization**

The Bonds are being issued pursuant to Act No. 40, Public Acts of Michigan, 1956, as amended ("Act 40"), and resolutions of the Drainage Board for the Bloomfield Township CSO Drainage District.

#### **Primary Security**

The Bonds shall be issued in anticipation of the collection of special assessments against the Charter Township of Bloomfield and the County of Oakland on the Special Assessment Roll for the Bloomfield Township CSO Drain to be adopted by this Drainage Board prior to the sale of the bonds. The full faith and credit of the Drainage District are pledged hereby for the prompt payment of the principal of and interest on the Bonds as the same

shall become due. The Drainage District has no power to levy ad valorem taxes.

The special assessment installments and interest thereon are sufficient to pay the principal of and interest on the Bonds when due. The Charter Township of Bloomfield shall levy sufficient taxes or make other appropriations to pay each annual assessment installment and interest as the same become due unless there have been set aside moneys sufficient therefor. Taxes imposed, if any, by the Charter Township of Bloomfield are subject to constitutional and statutory tax limitations.

### **Full Faith and Credit of County**

Pursuant to a resolution adopted by its Board of Commissioners, the County of Oakland has pledged its full faith and credit as additional security for the payment of the principal of and interest on the Bonds. Taxes imposed by the County are subject to constitutional and statutory tax limitations.

### **DESCRIPTION OF THE PROJECT**

The Bloomfield Township CSO Drain Sewer Rehabilitation Project consists of pipeline rehabilitation consisting of grouting joints, relining and point and full length repair where necessary at various locations.

### **BOND RATINGS**

#### **Standard & Poor's**

The District has received a municipal bond rating of **AAA** from Standard & Poor's Ratings Services. The District furnished to such rating agency certain materials and information in addition to that provided herein. Generally, rating agencies base their ratings on such information and materials and investigations, studies and assumptions made by the rating agencies. There is no assurance that such rating will prevail for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

The definitions of a rating furnished by Standard & Poor's Ratings Services are as follows:

<b>AAA</b>	Debt rated "AAA" has the highest rating to a debt obligation. Capacity to pay interest and repay principal is extremely strong.
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- AA** Debt rated "AA" has a very strong capacity to pay interest and repay principal and differs from the higher rated issues only in small degree.
- A** Debt rated "A" has a strong capacity to pay interest and repay principal although it is somewhat more susceptible to the adverse effects of changes of circumstances and economic conditions than in debt in higher rated categories.
- BBB** Debt rated "BBB" is regarded as having an adequate capacity to pay interest and repay principal. Whereas it normally exhibits adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for debt in this category than in higher debt rated categories.
- BB-CC** Debt rated "BB", "B", "CCC or "CC" is regarded, on balance, as predominantly speculative with respect to capacity to pay interest and repay principal in accordance with the terms of the obligation. "BB" indicates the lowest degree of speculation and "CC" the highest degree of speculation. While such debt will likely have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposures to adverse conditions.
- C** This rating is reserved for income bonds on which no interest is being paid.
- D** Debt rated "D" is in default, and payment of interest and/or repayment of principal is in arrears.

Plus (+) or minus (-): The ratings "AA" to "BBB" may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

### **Moody's**

The District has received a municipal bond rating of **Aaa** from Moody's Investors Service, Incorporated (hereafter "Moody's"). The rating will be the sole view of the rating agency. There is no assurance that such rating will prevail for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

A brief definition of the ratings furnished by Moody's are as follows:

**Aaa** Bonds which are rated "Aaa" are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edge." Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

**Aa** Bonds which are rated "Aa" are judged to be of a high quality by all standards. Together with the "Aaa" group, they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in "Aaa" securities or fluctuation of protective elements may be of great amplitude or there may be other elements present which make the long-term risks appear somewhat larger than in the "Aaa" securities.

**A** Bonds which are rated "A" possess many favorable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate, but elements may be present which suggest a susceptibility to impairment some time in the future.

**Baa** Bonds which are rated "Baa" are considered as medium grade obligations; i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

General Note: Those bonds in the "Aa", "A" and "Baa" groups which Moody's believes possess the strongest investment attributes are designated by the symbols "Aa-a", "A-1" and "Baa-1."

#### **CONTINUING DISCLOSURE**

The County and the Township (individually and "Obligated Person" and collectively, "Obligated Persons") have each covenanted and will covenant for the benefit of the Bondholders and the Beneficial Owners (as hereinafter defined under this caption only) pursuant to resolutions and related Continuing Disclosure Certificates to be delivered on the date of issuance of the Bonds to the purchaser thereof (individually a "Disclosure

Certificate" and collectively, the "Disclosure Certificates"), to provide or cause to be provided: (i) each year, certain financial information and operating data relating to the respective Obligated Person for its preceding fiscal year (the "Annual Report") by not later than the date seven months after the first day of its fiscal year, commencing with the Annual Report for the fiscal year ending September 30, 2010 for the County and March 31, 2011 for the Township; provided, however, that if the audited financial statements of any Obligated Person are not available by such date, they will be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements then most recently prepared for such Obligated Person will be included in the Annual Report; and (ii) timely notices of the occurrence of certain enumerated events related to the respective Obligated Person, if material. Currently, the fiscal year of the County commences on October 1 and the fiscal year of the Township commences on April 1. "Beneficial Owner" means, under this caption only, any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including any person holding Bonds through nominees, depositories or other intermediaries).

Each Annual Report will be filed with the Municipal Securities Rulemaking Board ("MSRB") electronically through MSRB's Electronic Municipal Market Access system ("EMMA"). If any Obligated Person is unable to provide the MSRB its Annual Report by the date required, such Obligated Person shall send, in a timely manner, to the MSRB through EMMA, a notice of the failure to file the Annual Report by such date. The notices of material events will be filed by each Obligated Person with the MSRB through EMMA. These covenants have been made by each Obligated Person in order to assist the purchaser of the Bonds and registered brokers, dealers and municipal securities dealers in complying with the requirements of subsection of (b)(5) of the Rule. The information to be contained in each Annual Report, the enumerated events, the occurrence of which will require a notice, and the other terms of each Disclosure Certificate are set forth in Appendix A and Appendix B.

In the past five years, no Obligated Person has 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.

## **TAX MATTERS**

### **Tax Opinions**

In the opinion of Dickinson Wright PLLC, Bond Counsel, based on its examination of the documents described in its opinion, under existing law, the interest on the Bonds is **included** in gross income for federal and State of Michigan income tax

purposes. Bond Counsel will express no opinion regarding other federal or State of Michigan tax consequences arising with respect to the Bonds and the interest thereon

### **Certain Tax Consequences**

There are certain income tax consequences of the purchase, ownership and disposition of the Bonds. Such income tax consequences include, but are not limited to, matters related to acquisition premium, amortizable bond 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 ADVERSELY AFFECT THE MARKET PRICE OR MARKETABILITY OF THE BONDS.

### **Circular 230**

The advice set forth in the opinion of Bond Counsel and in this TAX MATTERS section (a) is not intended or written to be used, and may not be used by any person, for the purpose of avoiding federal tax penalties, and (b) was written to support the promotion or marketing of the Bonds.

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

### **MATTERS RELATED TO RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS**

The District has designated the Bonds as "Recovery Zone Economic Development Bonds" under Section 1400U-2 of the Internal Revenue Code of 1986, as amended (the "Code"), and expects to receive direct pay interest credits from the United States Treasury equal to 45% of the stated interest paid on the Bonds as provided in Code Sections 1400U-2 and 6431. So long as the District is in compliance with Section 1400U-2, such credits are expected to be paid to the District within 45 days of receipt by the IRS of IRS Form 8038-CP with respect to each interest payment date identifying the amount of interest to be paid. The District has covenanted to deposit all such credits received by the District, if any, into the Principal and Interest Fund for the Bonds.

**The Purchaser of the Bonds will be required to execute at delivery a Certificate of Purchaser in the form attached as Exhibit I to the Request for Proposal attached hereto as Exhibit F as to the re-sale of the Bonds. Failure to provide this**



**Certificate will void the sale and cause the Purchaser to forfeit its good faith deposit.**

#### **BOND HOLDERS' RISKS**

The Federal Bankruptcy Code affects the rights and obligations of municipalities and their creditors. Although State legislative authority is a condition to the filing by municipalities of cases for relief under the Bankruptcy Code, recently-enacted legislation empowers local governments, such as the District, the County or the Township, to become a debtor under the Bankruptcy Code. This authorization would be invoked if fiscal circumstances become such that an emergency financial manager were appointed for the District, the County or the Township. No assurance can be given that future circumstances or legislation will not result in the District, the County or the Township filing for relief under the Bankruptcy Code. Should the District, the County or the Township file a petition for relief under the Bankruptcy Code, the bankruptcy court could reduce the amount of or extend the time of the District's, the County's or the Township's legal obligation to pay its outstanding debts.

#### **LITIGATION**

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

#### **APPROVAL OF LEGALITY**

The approving opinion of Dickinson Wright PLLC, attorneys of Detroit, Michigan, will be furnished without expense to the purchaser of the Bonds at the delivery thereof.

#### **FINANCIAL ADVISOR**

Municipal Financial Consultants Incorporated of Grosse Pointe Farms, Michigan has served as financial advisor to the County in connection with the sale of the Bonds. The financial advisor makes no representation as to the completeness or the accuracy of the information set forth in this Official Statement.

## **RESPONSIBILITIES OF BOND COUNSEL**

Bond Counsel has reviewed the statements made in this Official Statement under the captions "DESCRIPTION OF THE BONDS" (except under the subcaption "Book-Entry-Only"), "SECURITY FOR THE BONDS", "TAX MATTERS", "MATTERS RELATED TO RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS", "APPROVAL OF LEGALITY" AND "RESPONSIBILITIES OF BOND COUNSEL", but has not been retained to review and has not reviewed any other portion of this Official Statement. Bond Counsel has not made inquiry of any official or employee of the District, the County or the Township or any other person with respect to, or otherwise made any independent verification of, the accuracy or completeness of any statement made in this Official Statement (including those that it has reviewed) and has not expressed and will not express an opinion as to the accuracy or completeness of any statement made herein.

Except as stated in the immediately preceding paragraph and to the extent necessary to render its approving opinion respecting the validity of the Bonds and the exemption of the Bonds and the interest thereon from taxation, Bond Counsel has not been retained to examine or review, and has not examined or reviewed, any financial documents, statements or other materials that have been or may be furnished in connection with the authorization, marketing or issuance of the Bonds and, therefore, will not express an opinion with respect to the accuracy or completeness of any such documents, statements or other materials.

The fees of Bond Counsel for services rendered in connection with its approving opinion are expected to be paid from Bond proceeds or other funds available to the District.

## **MISCELLANEOUS**

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

## **COUNTY OF OAKLAND, MICHIGAN**

**By /s/ ANDREW MEISNER  
COUNTY TREASURER**

**By /s/ JOHN P. McCULLOCH  
WATER RESOURCES COMMISSIONER**

## **EXHIBIT 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. From 2005 to 2010 the County's tax base grew and contracted with the economy for a modest annual decrease of 1.07%. With only 3.9% 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 sales price of a single family home was \$160,000 in 2008. Nearly 80% of the county's residential development since the start of 2007 has been single-family units, compared to just fewer than 70% for the entire Southeast Michigan region. More than 22% of new residential construction in the region is in Oakland County.

Unemployment in the County averaged 13.3 percent in 2009, below the State's average rate of 14.0 percent. Oakland County did experience some job loss due to manufacturing reorganization in 2006 but is expecting consistent job growth for the next several years due to our skilled and educated workers and a best in class economic diversification strategy, including automation ally, emerging sectors, and medical main street featuring the new William Beaumont/Oakland University Medical School.

Despite some economic challenges Oakland County remains among the most prosperous county economies in the nation, ranking number three for counties of the same size. 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 2013.

Oakland County has the highest level of personal income per capita of the major labor markets in Michigan. Oakland's per capita income was \$67,669 in 2008. Oakland County ranked tenth in per capita income in 2008 for counties with populations greater than one million.

*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 25 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.

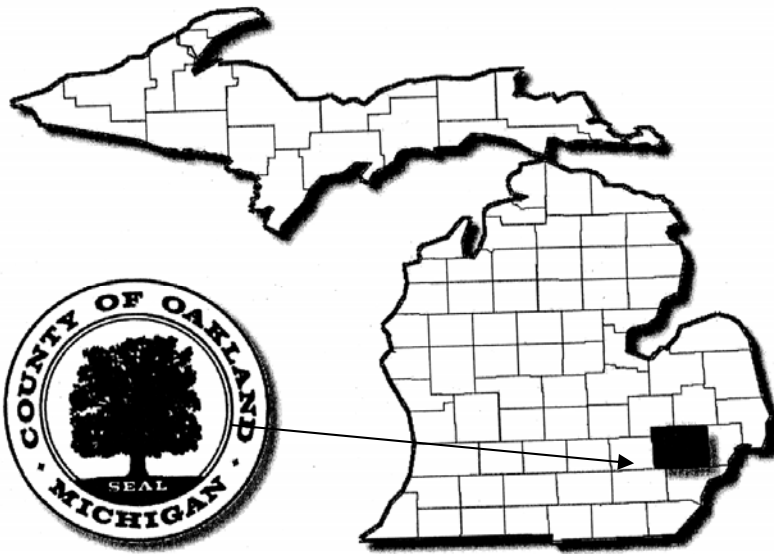
The County Executive is responsible for the overall supervision of all County departments, except those headed by other elected officials. The County Executive also has veto powers over any ordinance or resolution adopted by the Board of Commissioners including appropriating ordinances, which may be 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 5 rivers, 1,450 lakes, 900 miles of shoreline, and numerous small streams and almost 90 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 30 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 is free of toll roads.

Rail Service – CSX offers class-one industrial/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 – Oakland County continues to post strong numbers in the residential development sector, with more than 2,100 new construction permits since the start of 2007. This represents more than 22% of the total permits in the seven-county Southeast Michigan Region and is second only to Wayne County. The estimated median housing value of a single family home was \$160,000 in 2008.

Commercial – While new development has slowed across the region, there are still multiple major projects progressing in Oakland County, including the Raleigh Motion Picture Studios (Pontiac), Adams Marketplace (Rochester Hills) and a significant redevelopment to the Old Orchard Shopping Center (West Bloomfield Township).

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, 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 in two years. Of the Fortune Global 500 companies, 50 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, Oakland County had 26 percent. Oakland County also has the state's largest number of business proprietorships and partnerships.

Hotels-Motels - Oakland County has 93 hotels and motels with 20 or more rooms, including the Townsend of Birmingham and Somerset Inn of Troy. 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*

## Construction

Office Buildings – Nearly seven million square feet of floor space has been completed in Oakland County since the start of 2007, accounting for 21% of Southeast Michigan's total nonresidential development. According to real estate brokerage firm Grubb & Ellis, office lease and vacancy rates in Oakland County sub-markets remain competitive with the rest of metro Detroit. Birmingham sub-market has the lowest vacancy rates in the region at 6.4%.

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

*Source: U.S. Census Bureau and Dodge Local Construction Potentials for non-residential projects*

## Utilities

All of southern Oakland County buys water from the City of Detroit. When projects now underway are completed, the City of Detroit 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 for Oakland County:

### Electricity:

<b>Supplier</b>	<b>Detroit Edison</b>
<b>Fuel</b>	<b>90% Coal, 10% Nuclear</b>

### Natural Gas:

<b>Supplier</b>	<b>Consumers Energy</b>
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### Water:

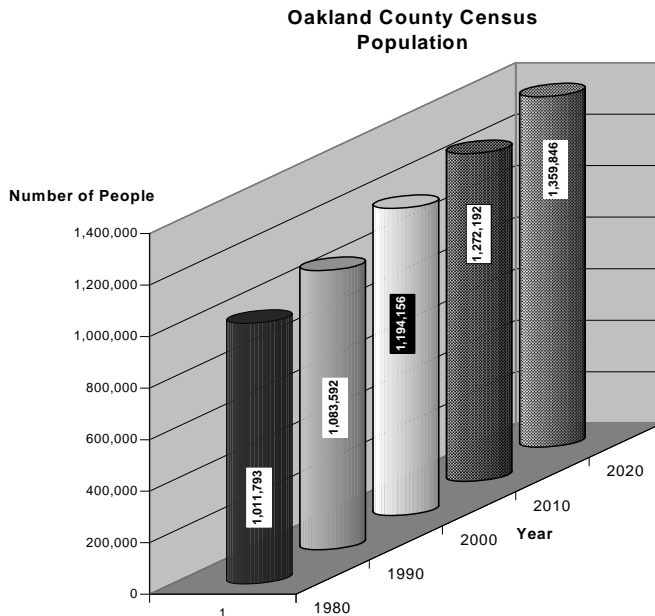
<b>Supplier</b>	<b>Detroit Water and Sewer System</b>
	<b>Community and Private Wells</b>
<b>Source</b>	<b>Lake Huron</b>
	<b>Ground Water from Wells</b>

### Sewer:

<b>Supplier</b>	<b>Detroit Water &amp; Sewer System</b>
	<b>Community Water Treatment Facilities and Septic Fields</b>
<b>System Types</b>	<b>Separate Storm and Sanitary Community Treatment Facilities</b>

## Population

Oakland County's 2009 population was estimated to be over 1,200,000. The county ranks 31<sup>st</sup> in population against all U.S. counties. Oakland County is also projected to have the largest actual population gain in the metro Detroit area with a gain of 122,280 new residents by 2035.



Source: U.S. Census and SEMCOG

## Education

There are 28 school districts in Oakland County, all offering preschool programs and all but one providing childcare or latchkey services. **Newsweek** rated the International Academy in Bloomfield Hills number 22 in the nation's top 100 U.S. high schools. Also listed as being in the top 6% of high schools in the country are 16 other public high schools from 9 different school districts.

In the fall of 2006 Oakland County launched a Mandarin Chinese language program in four school districts. Today, 19 school districts 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** - Approximately 24,000 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.

Oakland County voters approved a 10-year millage renewal for Oakland Community College, commencing in 2012. The renewal of 0.7811 mills allows Oakland Community College to continue as a leader in this region's economic recovery by providing high quality education to everyone.

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

Other Educational Institutions - Central Michigan University, Wayne State University and Michigan State University have graduate studies and programs in the County. Wayne State University opened a 100,000 square foot continuing education center in Farmington Hills in 1995. This consolidates several satellite facilities in operation throughout the County. Walsh College concentrates on business and accounting education as does Baker College.

Within an hours drive are the main campuses of the University of Michigan, Wayne State University and Michigan State University. 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.

## **Job Growth**

While Oakland County has seen an increase in unemployment in recent years, the County is projected to experience a net increase in employment between 2010 and 2011. The trade, transport and utilities sector will experience the brunt of the losses through 2012 with a projected decline of 3,056 jobs or 27.5% of the current positions. Even though Oakland County's job loss in the past year broke records, projections for the next three years show a rising trend with positive job growth as early as 2011 and a possible growth of 9,166 jobs by fourth quarter of 2012. Projected increases in scientific R&D services, medical equipment wholesalers and manufacturing, and chemical wholesalers constitute 56.8% of total job growth.

The county's economic base continues to diversify as the Emerging Sectors strategy is put into place. In the past five years, Oakland County has seen more than 15,580 jobs created or retained, 120 companies attracted or retained, produced \$23 million in property tax and five new banks establish operations in Oakland County, making it the financial center of Michigan with 30 major banks operating here. The program has resulted in more than \$1.3 billion of new investment within the county.

*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 works 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 720 businesses representing 36 foreign parent companies doing business in Michigan are located in Oakland County. Sixty-seven percent of all foreign owned firms in southeastern Michigan are in Oakland County.

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Operating	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900
Parks & Recreation	0.2415	<u>0.2415</u>	<u>0.2415</u>	<u>0.2415</u>	<u>0.2415</u>	<u>0.2415</u>	<u>0.2422</u>	<u>0.2436</u>	<u>0.2453</u>	<u>0.2352</u>	<u>0.2376</u>	<u>0.2404</u>
Huron Clinton Authority	0.2146											
Zoo Authority	<u>0.1000</u>											
Total	4.7461	4.4315	4.4315	4.4315	4.4315	4.4315	4.4322	4.4336	4.4353	4.4252	4.276	4.4304

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 millage for 2000, after the Headlee reduction, is 4.3688mills. See "Tax Rate Limitation" section.

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>Units 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>.25</u>
	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

Year of Levy	Tax Levy *	Collections to March 1 of Each Levy Year Amount**	Percent	Collections Plus Delinquent Tax Funding Percent
2009	253,987,318	241,943,443	95.26	100.00%
2008	262,899,380	251,050,564	95.49	100.00%
2007	262,814,606	251,354,868	95.64	100.00%
2006	252,400,473	241,012,251	95.49	100.00%
2005	238,685,067	227,704,056	95.40	100.00%
2004	227,583,190	214,916,156	94.43	100.00%
2003	216,173,657	204,777,737	94.73	100.00%
2002	206,294,411	194,663,962	94.36	100.00%
2001	192,549,695	181,781,363	94.41	100.00%
2000	179,455,454	170,218,781	94.85	100.00%
1999	169,119,667	160,852,822	95.11	100.00%
1998	158,822,030	150,584,994	94.18	100.00%
1997	154,608,230	146,878,133	95.00	100.00%

Prior to 1997, the County's fiscal year began on January 1<sup>st</sup> and ended on December 31<sup>st</sup>. Starting in 1997, the County's Fiscal Year started on October 1<sup>st</sup> ended on September 30<sup>th</sup>. 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 1<sup>st</sup>, 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.

\* Includes real and personal property taxes.

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

Source: Oakland County Treasurer

## County Wide Tax Collection Record

Year of Levy	Tax Levy*	Collections to March 1 of Each Levy Year Amount **	Percent	Collections Plus Delinquent Tax Funding Percent
2009	2,552,222,639	2,388,595,610	93.59	100
2008	2,608,706,372	2,451,081,244	93.96	100
2007	2,655,538,647	2,505,486,055	94.34	100
2006	2,557,038,960	2,423,216,598	94.77	100
2005	2,431,651,204	2,320,949,348	95.45	100
2004	2,328,575,713	2,211,018,004	94.95	100
2003	2,146,982,204	2,041,180,799	95.07	100
2002	2,100,018,728	1,991,919,012	94.85	100
2001	1,975,880,508	1,876,042,662	94.95	100
2000	1,791,823,624	1,706,154,873	95.22	100
1999	1,691,970,818	1,616,138,944	95.52	100
1998	1,599,405,612	1,535,919,099	96.03	100
1997	1,500,568,037	1,432,890,384	95.49	100

\* Includes real and personal property taxes.

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

Source: Oakland County Treasurer

## **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 under the State Education Act. Abatements under Act 198 have been granted to properties in the County with a total 2010 taxable valuation of \$285,294,461 for real and personal property. The total number of parcels with exemptions in 2010 under Act 198 within the County is 182.

## **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 Alternative Energy Act (Act 549, Public Acts of Michigan, 2002) provides tax incentives to businesses for the sole purpose of researching, developing, or manufacturing an alternative energy technology. The exemption from property taxes would only apply to taxes levied January 1, 2003 to December 31, 2012. Currently, the Cities of Auburn Hills,

Rochester Hills, Southfield, and Troy are the only communities in Oakland County that have established alternative energy businesses.

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 2010 under Act 189 within the County was 1008.

*Source: Oakland County Treasurer*

## **Largest Taxpayers**

The 10 largest taxpayers in the County and their July 5, 2010 taxable valuations are:

<b><u>Taxpayer</u></b>	<b><u>Taxable Valuation</u></b>
General Motors	\$593,371,870
Cerberus	\$359,978,230
Detroit Edison / DTE	\$342,542,379
Consumers Power / Energy	\$167,137,760
Taubman / 12 Oaks / Great Lakes Crossing	\$142,758,420
Frankel/Forbes/Cohn	\$128,519,190
Holtzman & Silverman	\$120,332,070
Ramco-Gershenson	\$108,118,420
BRE Southfield	\$99,513,160
International Transmission	\$91,518,170

*Source: Oakland County Equalization Department*

## **Major Employers**

The 20 largest employers in the County and their September, 2009 number of employees are:

<b><u>Employer Name</u></b>	<b><u>Approximate Number of Employees</u></b>
William Beaumont Hospital	13,694
General Motors Corp.	8,200
Chrysler Group	6,710
Trinity Health Michigan	4,823
St. John Health/Providence Hospital and Medical Centers	4,396
Electronic Data Systems Corp.	4,000
United States Postal Service	3,540
Oakland County Government	3,474
Botsford Health Care	3,060
Henry Ford Health System	2,180
Comerica Bank	2,059
Flagstar Bancorp Inc.	1,880
Rochester Community Schools	1,786
Walled Lake Consolidated Schools	1,709
Delphi Corp	1,600
Farmington Public Schools	1,579
Chase	1,540
Waterford School District	1,510
Robert Bosch LLC	1,500

*Source: Oakland County Department of Planning and Economic Development*

## Labor Force

The 2009 number of private non-farm employees totaled more than 600,000. Unemployment was at an average of 13.3 percent for 2009 for Oakland County while the State of Michigan unemployment rate was 14.0 percent.

*Source: Oakland County Department of Planning and Economic Development*

## Unemployment History

### Oakland County 2010

	<b>Total Work Force</b>	<b><u>Unemployed</u></b>	<b><u>Percent Unemployed</u></b>
January	592,652	81,816	13.8
February	597,070	81,467	13.6
March	602,770	82,766	13.7
April	606,616	80,331	13.2
May	608,915	75,528	12.4
June	608,334	79,129	13.0
July	612,770	82,952	13.5
August	616,480	80,413	13.0
September	608,921	74,195	12.2
<b>YTD Average</b>	<b>606,059</b>	<b>79,844</b>	<b>13.2</b>

### Annual Averages

	<b>Total Work Force</b>	<b><u>Unemployed</u></b>	<b><u>Percent Unemployed</u></b>
2009	595,033	79,092	13.3
2008	617,047	43,397	7.0
2007	628,839	38,336	6.1
2006	636,151	35,300	5.5
2005	641,432	36,332	5.7
2004	671,825	34,225	5.1
2003	669,875	34,525	5.2
2002	670,225	31,600	4.7
2001	688,050	26,625	3.9

*Source: Department of Labor and Economic Growth*

## State of Michigan Unemployment

<u>Yearly Average</u>	<u>Total Work Force</u>	<u>Unemployed</u>	<u>Percent Unemployed</u>
2009	4,848,000	680,000	14.0
2008	4,963,000	418,000	8.4
2007	5,020,000	360,000	7.2
2006	5,018,000	351,000	6.9
2005	5,097,000	344,000	6.7
2004	5,093,000	384,000	7.5
2003	5,085,000	365,000	7.2
2002	5,105,000	302,000	5.9
2001	5,241,000	262,000	5.0
2000	5,201,000	185,000	3.6
1999	4,942,000	194,000	3.8
1998	4,835,000	194,000	3.9
1997	4,986,000	210,000	4.2

Source: Department of Labor and Economic Growth

## Income

Per capita personal income was \$67,669 per capita income in 2008. In 2008, Oakland County ranked 10<sup>th</sup> in per capita income for counties with populations greater than one million.

## Per Capita Income

<u>Year</u>	<u>Income</u>
2008	67,669
2007	66,641
2006	53,865
2005	52,274
2004	50,991
2003	49,048
2002	47,310
2001	47,426
2000	47,079
1999	44,053
1998	42,478
1997	38,462
1996	37,099
1995	35,578

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

## County Labor Contracts

As of January 2010, Oakland County had 4,307 full and part time positions of which 1,448 are represented by 10 certified bargaining units.

	<u>Number of Positions</u>	<u>Contract Expiration Date</u>
Sheriff's Law Enforcement	320	9/30/2009
Corrections and Services	371	9/30/2010
Sheriff's Command Officers	101	9/30/2009
Children's Village Employees	122	9/30/2010
Family Court Employees	97	9/30/2010
Prosecutor's Investigators	6	9/30/2012
Oakland County Employees Union	309	9/30/2010
Public Health Nurses	100	9/30/2010
Board of Commissioners Committee Reporters	4	9/30/2010
Jail Clinic Health Nurses	18	9/30/2010
	<hr/> 1,448	

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

*Source Oakland County Personnel Department.*

## Major Corporations

Oakland County is host to Major Corporate Headquarters and Major Regional Division Offices.

Here is a listing of those doing business in Oakland County:

### Major Corporate Headquarters

IBM  
Kelly Services  
PHM Corp. (Pulte)  
Federal-Mogul Corp.  
Motorola  
Bank of America  
Thorn Apple Valley Inc.  
American Speedy Printing  
Volkswagen of America  
Ameritech Publishing Ventures  
Lear Corporation  
Stanley Door Systems  
Handleman Co.  
MLX Corp.  
Chrysler AG  
Textron Automotive Company  
Delphi Automotive  
United Auto Group

### Major Regional Division Offices

BASF Corporation  
Eaton  
Xerox  
Kodak  
K-Mart  
Borg-Warner  
Lucas Industries  
Honeywell  
DuPont Auto Products  
ITT Automotive  
Texas Instruments  
ThyssenKrupp Budd Co.  
Apple Computer  
ArvinMeritor Inc.  
Goodrich Tire

## **Revenue Sharing from the State of Michigan**

The County receives revenue sharing payments from the State of Michigan under the State Constitution and the State Revenue Sharing Act of 1971, as amended (the "Revenue Sharing Act").

The State's fiscal year begins October 1 of each year and end September 30 of the following calendar year. Before the State's 1996-97 fiscal year, the State shared revenues received from personal income tax, intangibles tax, sales tax and single business tax collections with counties, cities, townships and villages. In 1996, the State legislature began reform of both the formula for distribution of State revenue sharing and the designated sources of revenue to be shared. At that time, the State expressly designated the revenues of the sales tax as the sole source for revenue sharing.

In 2004, the Michigan Legislature approved a new proposal to replace revenue sharing by allowing counties to collect part of their millage earlier in the year thereby advancing their cash flows.

Act Nos. 356 and 357, Public Acts of Michigan, 2004 signed into law on September 30, 2004 made a number of changes. The most important change is a movement of the county fixed or allocated millage from December 1 to July 1. This movement occurs transitionally beginning in 2004 and is complete in July of 2007. In addition, a special Revenue Sharing Reserve Fund ("RSRF") was established and used to reduce the State's obligation to pay revenue sharing to counties.

The Revenue Sharing Reserve Fund can be drawn on by counties to replace the revenue sharing payments which they would have otherwise received.

The impact on revenue sharing varies widely from county to county. In Oakland County revenue sharing will resume by 2015. The reason for the difference is the fact that revenue sharing payments are not based upon the amount of money a county receives from a tax levy and the fact that some counties are on a fiscal year which ends September 30, and others are on a calendar fiscal year which ends December 31.

## **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 PROPOSAL DOES NOT APPLY TO EXTRA VOTED TAXES WHICH CONTINUE TO BE LEVIED AND COLLECTED ON DECEMBER 1.

## **Revenue Sharing Reserve Fund ("RSRF")**

During fiscal 2005, the State revised the property tax calendars for counties. In doing so, it created a substantial and permanent future cash flow hole for Michigan counties from December 1 to June 30th each year. Oakland has yet to experience this cash flow hole as its Revenue Sharing Trust Fund (RSTF), collected a full year's property tax revenue for the RSTF escrow fund over a three year period. By law, this fund is to be bled down at a pace of roughly \$22 million annually as a means to "cover" the revenue sharing payment that the State no longer makes to Oakland County.

## **Resumption of Actual Revenue Sharing Payments**

The statutory guarantee to counties to receive revenue sharing payments from the State remain in full force and effect.

However, the payments to an individual county shall be reduced by the amount the individual county is able to withdraw in money from the RSRF. Once the money in the RSRF of any individual county is depleted, the State is supposed to immediately resume its obligation to make revenue sharing payments.

**Purchasers of the Bonds offered herein should be alert to further modifications to revenue sharing payments to Michigan local government 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 Bonds resulting from changes in revenues received by the County from the State.**

## Pensions

The following data is taken from the latest actuarial report prepared by Gabriel, Roeder, Smith & Company as of September 30, 2009:

### Oakland County Employees' Retirement System Present Financial Report

	General County	Command Officers	Sheriff's Deputies	Total
A. Present Value of Future Benefit Payments				
1. For Retirees and beneficiaries				
a. Pension and death benefits	\$361,711,276	\$27,672,035	\$36,538,693	\$425,922,004
b. Reserves	None	None	None	None
c. Total	361,711,276	27,672,035	36,538,693	425,922,004
2. For inactive members	12,515,937	167,621	710,327	13,393,885
3. For present active members	199,465,542	19,272,975	63,556,304	282,294,821
4. Total	573,692,755	47,112,631	100,805,324	721,610,710
B. Valuation Assets	511,206,867	41,064,007	98,161,829	750,432,703
C. Unfunded Value of Future Benefit Payments				
1. Total: (A.4) – (B)	(37,514,112)	6,048,624	2,643,495	(28,821,993)
2. Present value of future member contributions	1,541,056	529,687	2,407,262	4,478,005
3. Present value of future required employer contributions: (1) – (2)	(39,055,168)	5,518,937	236,233	(33,299,998)
D. Present value of future pays	213,684,814	10,593,739	48,174,742	272,453,295
E. Employer normal cost:				
1. For System benefits: (C.3)/(D)	(18.28) %	52.10 %	0.49 %	(12.22) %

\* As the Retirement System cannot contribute back to the County, the County contribution rate is 0% of covered pay for all three divisions combined.

### Oakland County Retirees' Health Care Trust\* Present Financial Report

	General Union	General Non-Union	Command Officers	Deputies	Total
A. Accrued Liability					
1. For retirees and beneficiaries	\$0	\$285,144,005	\$16,688,227	\$27,788,944	\$329,621,176
2. For vested terminated members	0	48,818,880	0	2,063,143	50,882,023
3. For present active members					
a. Value of expected future benefit payments	\$48,422,381	347,743,725	25,716,895	134,953,355	556,836,356
b. Value of future normal costs	15,475,584	106,367,161	5,560,355	57,712,280	185,115,380
c. Active member liability: (a) – (b)	32,946,797	241,376,564	20,156,540	77,241,075	371,720,976
4. Total	32,946,797	575,339,449	36,844,767	107,093,162	752,224,175
B. Valuation Assets	10,738,921	187,530,365	13,777,057	53,508,444	265,554,787
C. Unfunded Accrued Liability: (A.4) – (B)	22,207,876	387,809,084	23,067,710	53,584,718	486,669,388
D. Funded Percent: (B)/(A.4)	32.6%	32.6%	37.4%	50.0%	35.3%

\*Please note that the retirees' health care benefits are fully funded on an annual basis by the Actuarial Required Contribution (ARC) made from the Oakland County Intermediate Medical Benefits Trust.



## State Equalized Valuation (represents 50% of true cash value)

<u>Assessment Year(1)</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total</u>	<u>% Change In Total</u>	<u>Taxable Value</u>
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	-8.97	62,416,676,895
2008	70,503,451,609	3,987,629,953	74,491,081,562	-3.67	64,745,976,336
2007	73,207,702,808	4,123,379,228	77,331,082,036	4.16	64,720,016,857
2006	72,291,329,373	4,148,396,210	76,439,725,583	5.56	62,133,415,235
2005	69,283,261,769	4,175,926,590	73,459,188,359	4.50	58,862,840,140
2004	65,813,024,378	4,483,972,263	70,296,996,641	4.79	55,986,490,872
2003	62,601,288,076	4,484,153,706	67,085,441,782	6.77	53,179,886,010
2002	58,197,370,454	4,632,159,968	62,829,530,422	9.33	50,688,809,599
2001	52,802,069,063	4,667,642,532	57,469,711,595	9.60	47,656,729,878
2000	47,946,109,270	4,491,256,560	52,437,365,830	7.96	44,370,573,909
1999	43,351,722,556	4,520,810,144	48,570,677,983	12.81	41,756,021,536
1998	38,968,362,590	4,088,471,704	43,056,834,294	10.61	39,011,931,708
1997	35,207,616,066	3,718,065,750	38,925,681,816	8.90	36,468,545,555

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.

(1) As of December 31st

Source: State of Michigan Tax Commission

## Breakdown of State Equalized Valuation

	<u>Tax Year</u>								
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Residential	67.6	68.7	70.90	71.90	71.90	71.10	70.30	66.40	68.52
Commercial	19.6	19.0	17.6	16.7	16.6	16.8	16.9	17.0	16.89
Industrial	6.0	6.3	6.0	5.9	5.9	5.9	6.1	6.2	6.08
Personal Property	6.5	5.8	5.4	5.3	5.4	5.7	6.4	6.7	7.37
Agricultural	0.2	0.2	0.2	0.2	0.2	0.4	0.3	0.3	0.26
Developmental	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.09</u>	<u>0.1</u>	<u>0.1</u>	<u>0.4</u>	<u>0.47</u>
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

\*All numbers shown as percentages.

Source: Oakland County Equalization Department

## County Wide Tax Delinquencies

<u>Levy Year</u>	<u>Real Property</u>	<u>Personal Property</u>
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
2006	122,129,735.43	8,898,821.42
2005	97,528,003.06	9,893,351.63
2004	91,130,490.80	21,137,280.42
2003	80,232,958.66	19,453,518.12
2002	85,137,149.74	22,962,566.46
2001	79,926,145.56	19,911,701.16
2000	69,020,110.34	16,648,640.08
1999	65,336,152.76	10,495,720.93
1998	63,486,513.46	9,491,216.62
1997	59,255,925.55	8,421,726.83

Source: 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.

<u>Year</u>	<u>Notes</u>	<u>Amount</u>
<u>Issued</u>	<u>Issued</u>	<u>Outstanding</u>
2010	50,000,000	50,000,000
2009	50,000,000	0
2008	25,000,000	0
2007	25,000,000	0
2006	25,000,000	0
2005	25,000,000	0
2004	25,000,000	0
2003	25,000,000	0
2002	25,000,000	0
2001	25,000,000	0
2000	25,000,000	0
1999	25,000,000	0
1998	25,000,000	0
1997	25,000,000	0
1996	25,000,000	0
1995	25,000,000	0
1994	60,000,000	0
1993	40,000,000	0
1992	80,000,000	0
1991	80,000,000	0
1990	50,000,000	0
1989	40,000,000	0

Source: County Treasurer

## Lease Obligations

The County leases its Law Enforcement Complex, Medical Care Facility, Information Technology and a portion of the Court House Building 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. All County Building Authority Debt is listed in the Debt Statement.

The County leases certain office 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 further bond offerings planned for 2010 including the following:

\$1,200,000 Oakland County Highland Township Well Water Supply system Bonds, Series 2010 which are scheduled to sell on December 7, 2010; and

Not to exceed \$7,000,000 Oakland County Evergreen-Farmington Sewage disposal System Bonds, Series 2010 which are scheduled to sell on December 16, 2010.

## Banking

The banking needs of the County are adequately handled by:

Bank of America  
Bank of Auburn Hills  
Bank of Birmingham  
Bank of Michigan  
Charter One Bank, NA  
Citizen's Bank  
Citizen's First Saving Bank  
Clarkston State Bank  
Comerica Bank  
Community Central Bank  
Crestmark Bank  
Fidelity Bank  
Fifth Third Bank  
First Michigan Bank  
First Place Bank  
Flagstar Bank  
Genisys Credit Union  
Huntington Banks of Michigan-OH  
Huron Valley State Bank  
Independent Bank  
JP Morgan Chase Bank  
Lakes Community Credit Union  
Level One Bank  
Lotus Bank  
mBank  
Mercantile Bank  
Michigan Commerce Bank  
Oxford Bank  
Peoples State Bank

PNC Bank  
The Private Bank  
TCF Bank

**County of Oakland**  
**Net County Direct Debt - Unaudited**  
**10/30/10**

<u>Bonds &amp; Notes with County Credit</u>	<u>Gross</u>	<u>Municipalities Share of Funds on Hand with County Treasurer</u>	<u>Self-Supporting or Portion Paid Directly by Benefited Municipalities</u>	<u>Net</u>	<u>County Share of Funds on Hand</u>	<u>Net County Debt</u>
<u>Limited Tax-Untaxed</u>						
General Obligation Building Authority	\$67,860,000	\$268,612 (d)	13,606,388 (a)	\$53,985,000	\$828	\$53,984,172
Building Authority Refunding	18,810,000	169,030 (d)	7,690,970 (a)	10,950,000	10 (d)	10,949,990
Lake Level	270,000	0	0	270,000	215,526 (d)	54,474
Drain	6,700,000	30,137	3,420,363	3,249,500	28,382	3,221,118
Sewer Disposal Bonds	1,370,000	127,688 (d)	1,242,312 (a)	0	0	0
Sewage Disposal Bonds Refunding	2,280,000	1,207,036 (d)	1,072,964 (a)	0	0	0
Water Supply Bonds	10,315,000	31,842 (d)	10,283,158 (a)	0	0	0
Water & Sewage Disposal	2,275,000	3,969 (d)	2,271,031 (a)	0	0	0
Water & Sewage Refunding	665,000	669,262 (d)	(4,262) (a)	0	0	0
Water Supply-Refunding	775,000	0	775,000 (a)	0	0	0
Mich. Bond Auth.-Sewage Disp. Bonds	5,915,728	13,288 (d)	5,902,440 (a)	0	0	0
<b>Total</b>	<b>\$117,235,728</b>	<b>\$2,520,864</b>	<b>\$46,260,363</b>	<b>\$68,454,500</b>	<b>\$244,746</b>	<b>\$68,209,754</b>
<u>Drain District</u>						
Drain Notes	\$0	\$0	\$0	\$0	(\$71,129)	\$71,129
Drain Bonds	17,350,000	3,808,779 (d)	11,807,058 (a)	1,734,163	74,999 (d)	1,659,164
Drain Refunding	31,905,000	281,075 (d)	29,186,274 (a)	2,437,651	38,020 (d)	2,399,631
Michigan Bond Authority Drain	90,575,981	3,168,292 (d)	84,856,960 (a)	2,550,729	49,415 (d)	2,501,313
<b>Total</b>	<b>\$139,830,981</b>	<b>\$7,258,146</b>	<b>\$125,850,292</b>	<b>\$6,722,543</b>	<b>\$91,306</b>	<b>\$6,631,237</b>
<u>Limited Tax - Taxable</u>						
General Obligation Limited Taxable	\$50,000,000	\$0	\$0	\$50,000,000	\$50,000,000	\$0
<b>Total</b>	<b>\$50,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$50,000,000</b>	<b>\$50,000,000</b>	<b>\$0</b>
<u>Taxable with No County Credit</u>						
Certificates of Participation	\$502,020,000	\$0	\$0	\$0	\$502,020,000	\$0
<b>Total</b>	<b>\$502,020,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$502,020,000</b>	<b>\$0</b>
<u>Bonds and Notes with No County Credit</u>						
Michigan Transportation Fund	\$4,000,000	\$56,637	4,000,000 (c)	\$0	\$0	\$0
<b>Total</b>	<b>\$4,000,000</b>	<b>\$56,637</b>	<b>\$4,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Overlapping Debt of County**

Cities, Villages and Townships	\$890,596,328 (e)
School Districts	2,517,246,119 (e)
Community College, Intermediate School Districts and Library	74,292,074 (e)
County Issued Bonds Paid by Local Municipalities	172,110,655 (b)
Net County Overlapping Debt	\$3,654,245,176
<b>NET COUNTY DIRECT AND OVERLAPPING DEBT</b>	<b>\$3,729,086,168</b>

(a) Total County Issued Bonds Paid by Local Municipalities

(b) It is expected that a sizeable portion of these amounts will be paid from benefit charges and earnings of the various systems. (This amount is arrived by the totals indicated by "a")

(c) Self-Supporting Obligations

(d) January 31, 2007 Trial Balance

(e) Amount as of January 31, 2007

*Source: Oakland County Treasurer*

**Oakland County  
Schedule of Bonds Maturities  
County Credit and Limited Tax  
As of October 30, 2010  
Principal Only**

									M.B.A.	
Year	Building Authority	Building Authority Refunding	Sewer Disposal Bonds	Sewer Disposal Refunding	Water Supply Bonds	Water & Sewage Refunding	Water & Sewage Disposal	Water Supply Refunding	Sewer Disposal Bonds	Lake Levels
2011	4,200,000	70,000	145,000	920,000	375,000	340,000	150,000	280,000	585,000	60,000
2012	3,515,000	870,000	150,000	945,000	390,000	325,000	175,000	285,000	595,000	65,000
2013	3,650,000	1,185,000	150,000	125,000	405,000	0	175,000	210,000	610,000	65,000
2014	3,810,000	1,255,000	175,000	150,000	445,000	0	175,000	0	620,000	80,000
2015	3,975,000	1,320,000	190,000	140,000	460,000	0	175,000	0	630,000	0
2016	4,140,000	1,390,000	310,000	0	480,000	0	200,000	0	645,000	0
2017	4,305,000	1,435,000	250,000	0	500,000	0	200,000	0	655,000	0
2018	4,545,000	1,495,000	0	0	460,000	0	200,000	0	675,000	0
2019	4,710,000	1,570,000	0	0	435,000	0	200,000	0	100,000	0
2020	4,835,000	1,640,000	0	0	455,000	0	225,000	0	100,000	0
2021	4,825,000	1,730,000	0	0	475,000	0	225,000	0	100,000	0
2022	4,995,000	1,795,000	0	0	500,000	0	175,000	0	100,000	0
2023	3,480,000	590,000	0	0	520,000	0	0	0	100,000	0
2024	3,105,000	620,000	0	0	545,000	0	0	0	100,000	0
2025	1,200,000	650,000	0	0	570,000	0	0	0	100,000	0
Beyond 2025	2,850,000	1,845,000	0	0	3,870,000	0	0	0	300,728	0
	78,480,000	9,955,000	1,900,000	3,415,000	11,245,000	995,000	3,525,000	1,050,000	6,573,579	330,000

Source: Oakland County Treasurer

**Oakland County**  
**Schedule of Drain Bonds Maturities**  
**County Credit and Limited Tax**  
**As of October 30, 2010**  
**Principal Only**

Year	Drain Bonds	Drain Notes	Drain Refunding	M.B.A. Drain Bonds
2011	2,125,000	0	5,420,000	5,645,000
2012	2,110,000	0	3,875,000	6,791,000
2013	1,735,000	0	4,365,000	6,955,000
2014	995,000	0	4,000,000	6,458,881
2015	930,000	0	3,405,000	6,105,000
2016	990,000	0	2,775,000	6,255,000
2017	925,000	0	1,450,000	5,955,000
2018	790,000	0	1,010,000	6,090,000
2019	810,000	0	1,025,000	6,245,000
2020	855,000	0	1,060,000	6,400,000
2021	900,000	0	1,100,000	6,555,000
2022	925,000	0	1,135,000	6,730,000
2023	945,000	0	655,000	5,750,000
2024	865,000	0	630,000	5,882,676
2025	920,000	0	0	620,000
Beyond 2025	1,450,000	0	0	2,747,684
	18,270,000	0	31,905,000	91,185,241

Source: Oakland County Treasurer

**SCHEDULE OF BOND MATURITIES  
WITH LIMITED COUNTY PLEDGE - TAXABLE  
As of October 30, 2010  
Principal Only**

Year	Delinquent Tax Notes	Bldg. Authority	Drain	Total
2011	50,000,000	245,000	190,000	50,435,000
2012	0	250,000	225,000	475,000
2013	0	275,000	230,000	505,000
2014	0	275,000	240,000	515,000
2015	0	275,000	250,000	525,000
2016	0	275,000	260,000	535,000
2017	0	275,000	270,000	545,000
2018	0	300,000	280,000	580,000
2019	0	305,000	295,000	600,000
2020	0	305,000	310,000	615,000
2021	0	305,000	325,000	630,000
2022	0	330,000	340,000	670,000
2023	0	330,000	360,000	690,000
2024	0	360,000	380,000	740,000
2025	0	360,000	400,000	760,000
Beyond 2025	0	2,530,000	2,745,000	5,275,000
	\$50,000,000	\$6,995,000	\$7,100,000	\$64,095,000

*Source: Oakland County Treasurer*

**SCHEDULE OF BOND MATURITIES  
WITH NO COUNTY PLEDGE - TAXABLE  
As of October 30, 2010**

**Principal Only**

Year	Certificate of Participation		Total
2011	18,320,000		18,320,000
2012	19,545,000		19,545,000
2013	20,520,000		20,520,000
2014	21,500,000		21,500,000
2015	22,720,000		22,720,000
2016	23,940,000		23,940,000
2017	25,405,000		25,405,000
2018	26,875,000		26,875,000
2019	28,340,000		28,340,000
2020	29,805,000		29,805,000
2021	31,760,000		31,760,000
2022	33,465,000		33,465,000
2023	35,420,000		35,420,000
2024	37,620,000		37,620,000
2025	39,820,000		39,820,000
Beyond 2025	126,785,000		126,785,000
	<b>\$541,840,000</b>		<b>\$541,840,000</b>

*Source: Oakland County Treasurer*



**Oakland County  
Schedule of Bond Maturities  
With No County Pledge  
As of October 30, 2010**

**P r i n c i p a l O n l y**

Year	MTF Revenue Bonds		Total
2011	1,500,000		1,500,000
2012	500,000		500,000
2013	500,000		500,000
2014	500,000		500,000
2015	500,000		500,000
2016	500,000		500,000
	\$4,000,000		\$4,000,000

*Source: Oakland County Treasurer*

**OAKLAND COUNTY  
PRINCIPAL & INTEREST REQUIREMENTS  
As of October 30, 2010**

Year	Principal	Interest	Total
2010	0.00	431,956.26	431,956.26
2011	90,570,000.00	40,069,384.25	130,639,384.25
2012	40,611,000.00	38,349,929.89	78,960,929.89
2013	41,155,000.00	36,483,030.50	77,638,030.50
2014	40,678,881.00	34,555,371.75	75,234,252.75
2015-2019	211,615,000.00	138,832,757.43	350,447,757.43
2020-2024	243,037,676.00	78,465,436.39	321,503,112.39
2025-2030	144,904,152.00	14,514,882.17	159,419,034.17
	<b>\$812,571,709.00</b>	<b>\$381,702,748.64</b>	<b>\$1,194,274,457.64</b>

*Source: Oakland County Treasurer*

**Oakland County**  
**Statement of Legal Debt Margin**  
**As of October 30, 2010**

<b>Bonds and Notes with County Credit and Limited Tax</b>	
GOLT Bldg. Authority	60,940,000.00
GOLT Bldg. Authority Refunding	18,810,000.00
GOLT Lake Level	270,000.00
GOLT Sewage	1,370,000.00
GOLT Sewage Refunding	2,280,000.00
GOLT Water	10,315,000.00
GOLT Water & Sewage Refunding	665,000.00
GOLT Water & Sewer	2,275,000.00
GOLT Water Refunding	775,000.00
Michigan Bond Authority Sewage Disposal	5,915,728.00
Total	<u>103,615,728.00</u>
<b>Drain District</b>	
Drain Notes	0
Drain Bonds	17,350,000.00
Drain Refunding	31,905,000.00
Michigan Bond Authority Drain	90,575,981.00
Total	<u>139,830,981.00</u>
<b>Bonds and Notes with County Credit and Limited-Taxable</b>	
GOLT Bldg Authority	6,920,000.00
GOLT Drain	6,700,000.00
GOLT Tax Notes	50,000,000.00
Total	<u>63,620,000.00</u>
Total County Credit/Pledged Debt	<u>307,066,709.00</u>
<b>Bonds and Notes with no County Credit - Taxable</b>	
Certificates of Participation	502,020,000.00
	<u>502,020,000.00</u>
<b>Bonds and Notes with no County Credit</b>	
Motor Vehicle Highway Fund Revenue Notes	4,000,000.00
	<u>4,000,000.00</u>
Statutory Limit - 10% of Currently Approved SEV	5,774,507,650.70
Total County Credit/Pledged Debt	307,066,709.00
Available Statutory Debt Limit	<u>5,467,440,941.70</u>

Source: Oakland County Treasurer

**EXHIBIT B**  
**FINANCIAL INFORMATION REGARDING THE COUNTY OF OAKLAND**

The following sections of the audited financial statements\* of the County of Oakland for the Fiscal Year ended September 30, 2009 have been extracted from the audit:

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\*Note: 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 Exhibit B.

**County of Oakland**  
**Statement of Net Assets**  
**September 30, 2009**

	Primary Government			
	Governmental Activities	Business- Type Activities	Totals	Component Units
<b>Assets</b>				
Current assets				
Pooled cash and investments	\$ 455,995,779	\$ 291,554,434	\$ 747,550,213	\$ 23,149,976
Cash and cash equivalents	-	-	-	28,171,795
Investments	-	-	-	11,316,792
Receivables (net of allowance for uncollectibles where applicable)				
Current property taxes	31,828,453	-	31,828,453	-
Delinquent property taxes	2,454,473	115,773,596	118,228,069	-
Special assessments	-	-	-	10,801,726
Due from other governmental units	25,468,927	23,274,638	48,743,565	416,265
Due from component units	1,562,834	157,443	1,720,277	-
Accrued interest receivable	1,489,685	2,138,797	3,628,482	205,151
Accounts receivable	8,277,979	38,440,490	46,718,469	17,343,423
Contracts receivable	10,806,001	1,093,129	11,899,130	-
Internal balances - footnote 19	5,725,277	(5,725,277)	-	-
Inventories and supplies	516,387	733,441	1,249,828	3,989,000
Prepayments and other assets	11,018,406	1,525,143	12,543,549	826,941
Total current assets	<u>555,144,201</u>	<u>468,965,834</u>	<u>1,024,110,035</u>	<u>96,221,069</u>
Non-current assets				
Special assessments receivable	31,135,734	-	31,135,734	150,640,000
Contracts receivable	26,465,000	-	26,465,000	209,286
Restricted assets				
Cash and investments	358,050,757	-	358,050,757	-
Accrued interest receivable	1,344,626	-	1,344,626	-
Capital assets, net				
Land and other nondepreciable assets	13,252,123	88,974,240	102,226,363	313,742,289
Land improvements, net	182,415	6,514,288	6,696,703	273,295
Buildings and improvements, net	151,082,333	48,816,571	199,898,904	9,037,931
Equipment and vehicles, net	25,329,137	10,904,608	36,233,745	6,136,644
Infrastructure, net	15,195,027	76,365,219	91,560,246	773,134,386
Total capital assets, net	<u>205,041,035</u>	<u>231,574,926</u>	<u>436,615,961</u>	<u>1,102,324,545</u>
Total non-current assets	<u>622,037,152</u>	<u>231,574,926</u>	<u>853,612,078</u>	<u>1,253,173,831</u>
Total assets	<u>\$ 1,177,181,353</u>	<u>\$ 700,540,760</u>	<u>\$ 1,877,722,113</u>	<u>\$1,349,394,900</u>

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

**County of Oakland**  
**Statement of Net Assets (Continued)**  
**September 30, 2009**

	Primary Government			
	Governmental Activities	Business- Type Activities	Totals	Component Units
<b>Liabilities</b>				
Current liabilities				
Vouchers payable	\$ 29,968,053	\$ 4,152,340	\$ 34,120,393	\$ 10,272,802
Accrued payroll	24,353,711	-	24,353,711	-
Due to other governmental units	2,757,214	15,495,092	18,252,306	3,148,022
Due to primary government	-	-	-	1,720,277
Accrued interest payable	227,263	-	227,263	36,668
Other accrued liabilities	41,284,693	3,629,086	44,913,779	4,338,072
Accrued compensated absences	1,296,516	-	1,296,516	-
Unearned revenue	21,309,888	1,674,061	22,983,949	11,597,301
Claims and judgments	5,333,872	-	5,333,872	-
Bonds and notes payable	28,380,000	50,000,000	78,380,000	14,395,000
Total current liabilities	154,911,210	74,950,579	229,861,789	45,508,142
Non-current liabilities				
Accrued compensated absences	11,668,645	-	11,668,645	3,083,032
Claims and judgments	16,444,920	-	16,444,920	2,100,000
Other postemployment benefits	-	-	-	6,424,140
Unearned revenue	-	-	-	3,158,920
Bonds and notes payable	609,063,579	-	609,063,579	138,586,080
Total noncurrent liabilities	637,177,144	-	637,177,144	153,352,172
Total liabilities	792,088,354	74,950,579	867,038,933	198,860,314
<b>Net assets</b>				
Investment in capital assets, net of related debt	150,871,035	231,574,926	382,445,961	949,343,465
Restricted for				
Capital projects	7,063,814	-	7,063,814	9,891,105
Debt service	350,723	-	350,723	148,449,112
Airports	-	58,454	58,454	-
Community water and sewer	-	13,191,590	13,191,590	-
Unrestricted	226,807,427	380,765,211	607,572,638	42,850,904
Total net assets	\$ 385,092,999	\$ 625,590,181	\$ 1,010,683,180	\$1,150,534,586

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

**County of Oakland**  
**Statement of Activities**  
**Year Ended September 30, 2009**

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and Contributions	Grants and Contributions
<b>Functions/Programs</b>				
<b>Primary government</b>				
Governmental activities				
General government, administrative	\$ 65,190,329	\$ 16,229,781	\$ 911,378	\$ -
Public safety	187,538,293	46,860,800	23,627,427	3,061,210
Justice administration	88,190,975	29,137,859	344,724	-
Citizen services	87,111,105	8,210,126	20,900,530	-
Public works	21,098,772	3,056,376	68,125	1,905,878
Recreation and leisure	2,537,737	613,819	3,700	-
Commerce and community development	59,391,426	13,352,180	36,598,640	-
Unallocated depreciation	1,959,201	-	-	-
Interest on debt	40,013,064	-	-	-
Total governmental activities	<u>553,030,902</u>	<u>117,460,941</u>	<u>82,454,524</u>	<u>4,967,088</u>
Business-type activities				
Airports	6,454,806	4,088,960	-	1,217,057
Community safety support	11,812,058	11,562,650	-	4,089,196
Community tax financing	2,233,942	28,753,074	-	-
Community water and sewer	43,447,751	45,494,838	-	-
Jail commissary	648,125	648,781	-	-
Recreation and leisure	20,215,453	7,712,091	52,752	-
Sewage disposal systems	102,123,883	93,560,303	16,208	-
Total business-type activities	<u>186,936,018</u>	<u>191,820,697</u>	<u>68,960</u>	<u>5,306,253</u>
Total primary government	<u>\$ 739,966,920</u>	<u>\$ 309,281,638</u>	<u>\$ 82,523,484</u>	<u>\$ 10,273,341</u>
<b>Component units</b>				
Drainage districts	\$ 16,656,357	\$ 4,025,300	\$ 72,396	\$ 12,655,881
Road commission	97,995,650	18,672,910	58,073,149	26,861,709
Total component units	<u>\$ 114,652,007</u>	<u>\$ 22,698,210</u>	<u>\$ 58,145,545</u>	<u>\$ 39,517,590</u>
General revenues				
Taxes				
Property taxes				
State-shared revenue (unrestricted)				
Unrestricted investment earnings				
Gain on sale of capital assets				
Other revenues				
Transfers in (out)				
Total general revenues and transfers				
Change in net assets				
<b>Net assets</b>				
Beginning				
Ending				

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

**County of Oakland**  
**Statement of Activities (Continued)**  
**Year Ended September 30, 2009**

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government		Totals	Component Units
Governmental Activities	Business Type Activities		
\$ (48,049,170)	\$ -	\$ (48,049,170)	\$ -
(113,988,856)	-	(113,988,856)	-
(58,708,392)	-	(58,708,392)	-
(58,000,449)	-	(58,000,449)	-
(16,068,393)	-	(16,068,393)	-
(1,920,218)	-	(1,920,218)	-
(9,440,606)	-	(9,440,606)	-
(1,959,201)	-	(1,959,201)	-
(40,013,064)	-	(40,013,064)	-
(348,148,349)	-	(348,148,349)	-
-	(1,148,789)	(1,148,789)	-
-	3,839,788	3,839,788	-
-	26,519,132	26,519,132	-
-	2,047,087	2,047,087	-
-	656	656	-
-	(12,450,610)	(12,450,610)	-
-	(8,547,372)	(8,547,372)	-
-	10,259,892	10,259,892	-
(348,148,349)	10,259,892	(337,888,457)	-
-	-	-	97,220
-	-	-	5,612,118
-	-	-	5,709,338
243,995,434	15,128,620	259,124,054	-
9,902,653	-	9,902,653	-
8,257,985	7,977,096	16,235,081	1,523,703
91,828	-	91,828	-
5,859,798	-	5,859,798	-
22,982,426	(22,982,426)	-	-
291,090,124	123,290	291,213,414	1,523,703
(57,058,225)	10,383,182	(46,675,043)	7,233,041
442,151,224	615,206,999	1,057,358,223	1,143,301,545
\$ 385,092,999	\$ 625,590,181	\$ 1,010,683,180	\$ 1,150,534,586

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.

**Public Health** - This fund is used to account for revenue reserved for the purpose of providing health protection, maintenance, and improvement for the residents of Oakland County.

**Revenue-Sharing Reserve Fund** - This fund was created in 2005 under State of Michigan Public Act 357 of 2004 to serve as a substitute to county revenue-sharing payments. This fund provides a funding mechanism to shift county property tax levies from winter to summer over a three-year period.

**Interim Retiree Medical Benefits Trust Fund** - This fund was created in 2007 under the authority of Act 139 of Michigan Public Acts of 1973 to account for money placed in trust from Certificates of Participation sold to fund future estimated accrued actuarial liabilities of County retiree medical benefits.

**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 (currently nine issues). 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 (currently nine issues).

## 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, 2009**

	Major Funds			
	General	Public Health	Revenue Sharing Reserve	Interim Retiree Medical Benefits Trust
<b>Assets</b>				
Current assets				
Pooled cash and investments	\$ 117,512,617	\$ 2,940,726	\$ 130,825,132	\$ 174,728
Investments, at fair value	-	-	-	357,876,029
Receivables (net of allowance for uncollectibles where applicable)				
Current property taxes	31,828,453	-	-	-
Delinquent property taxes	2,454,473	-	-	-
Due from other governmental units	6,176,495	128,041	-	-
Due from component units	27,340	-	-	-
Accrued interest receivable	229,602	-	245,167	1,344,626
Accounts receivable	7,345,029	39,010	-	5,092
Contracts receivable	10,789,334	-	-	-
Due from other funds	15,852,088	39,473	-	-
Prepayments and other assets	117,868	400	-	-
Total current assets	<u>192,333,299</u>	<u>3,147,650</u>	<u>131,070,299</u>	<u>359,400,475</u>
Advances	-	-	-	-
Special assessments receivable	-	-	-	-
Contracts receivable	-	-	-	-
Total assets	<u>\$ 192,333,299</u>	<u>\$ 3,147,650</u>	<u>\$ 131,070,299</u>	<u>\$ 359,400,475</u>
<b>Liabilities and Fund Balances</b>				
Current liabilities				
Vouchers payable	\$ 5,516,743	\$ 271,870	\$ -	\$ 23,747
Accrued payroll	24,353,711	-	-	-
Due to other governmental units	1,566,083	99,260	-	-
Due to other funds	6,898,718	2,766,809	-	-
Deferred revenue	13,002,861	-	-	-
Deferred revenue - property taxes	21,650,470	-	-	-
Other accrued liabilities	13,078,060	8,807	-	343,678
Total current liabilities	<u>86,066,646</u>	<u>3,146,746</u>	<u>-</u>	<u>367,425</u>
Deferred revenue	-	-	-	-
Advances	-	-	-	-
Total liabilities	<u>86,066,646</u>	<u>3,146,746</u>	<u>-</u>	<u>367,425</u>
Fund balances				
Reserved				
Long-term receivables	-	-	-	-
Prepayments	117,868	-	-	-
Programs	266,350	-	-	359,033,050
Debt service	-	-	-	-
Unreserved, designated for, reported in:				
General fund	105,531,347	-	-	-
Special revenue funds	-	904	131,070,299	-
Capital projects funds	-	-	-	-
Unreserved, undesignated reported in:				
General fund	351,088	-	-	-
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balances	<u>106,266,653</u>	<u>904</u>	<u>131,070,299</u>	<u>359,033,050</u>
Total liabilities and fund balances	<u>\$ 192,333,299</u>	<u>\$ 3,147,650</u>	<u>\$ 131,070,299</u>	<u>\$ 359,400,475</u>

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

**County of Oakland  
Balance Sheet (Continued)  
Governmental Funds  
September 30, 2009**

	<b>Major Funds</b>			<b>Totals</b>
	<b>Building Authority Debt Act 31</b>	<b>Water and Sewer Debt Act 342</b>	<b>Non-Major Funds</b>	<b>September 30, 2009</b>
<b>Assets</b>				
Current assets				
Pooled cash and investments	\$ 3,178	\$ 699,564	\$ 84,831,218	\$ 336,987,163
Investments, at fair value	-	-	-	357,876,029
Receivables (net of allowance for uncollectibles where applicable)				
Current property taxes	-	-	-	31,828,453
Delinquent property taxes	-	-	-	2,454,473
Due from other governmental units	271,390	2,709	18,813,852	25,392,487
Due from component units	-	-	1,511,115	1,538,455
Accrued interest receivable	2,944	1,701	319,930	2,143,970
Accounts receivable	-	-	563,325	7,952,456
Contracts receivable	-	-	16,667	10,806,001
Due from other funds	-	-	3,187,442	19,079,003
Prepayments and other assets	-	-	6,384,766	6,503,034
Total current assets	<u>277,512</u>	<u>703,974</u>	<u>115,628,315</u>	<u>802,561,524</u>
Advances	-	-	50,123	50,123
Special assessments receivable	-	22,445,000	8,690,734	31,135,734
Contracts receivable	18,505,000	-	7,960,000	26,465,000
Total assets	<u>\$ 18,782,512</u>	<u>\$ 23,148,974</u>	<u>\$ 132,329,172</u>	<u>\$ 860,212,381</u>
<b>Liabilities and Fund Balances</b>				
Current liabilities				
Vouchers payable	\$ 1,100	\$ 553,500	\$ 5,384,068	\$ 11,751,028
Accrued payroll	-	-	-	24,353,711
Due to other governmental units	-	-	551,529	2,216,872
Due to other funds	-	-	12,785,287	22,450,814
Deferred revenue	271,390	-	5,579,789	18,854,040
Deferred revenue - property taxes	-	-	-	21,650,470
Other accrued liabilities	-	125,320	17,118,375	30,674,240
Total current liabilities	<u>272,490</u>	<u>678,820</u>	<u>41,419,048</u>	<u>131,951,175</u>
Deferred revenue	18,505,000	22,445,000	16,600,734	57,550,734
Advances payable	-	-	50,123	50,123
Total liabilities	<u>18,777,490</u>	<u>23,123,820</u>	<u>58,069,905</u>	<u>189,552,032</u>
Fund balances				
Reserved				
Long-term receivables	-	-	100,123	100,123
Prepayments	-	-	-	117,868
Programs	-	-	5,786,041	365,085,441
Debt service	5,022	25,154	320,547	350,723
Unreserved, designated for, reported in:				
General fund	-	-	-	105,531,347
Special revenue funds	-	-	48,566,740	179,637,943
Capital projects funds	-	-	7,063,814	7,063,814
Unreserved, undesignated reported in:				
General fund	-	-	-	351,088
Special revenue funds	-	-	(96,051)	(96,051)
Capital projects funds	-	-	12,518,053	12,518,053
Total fund balances	<u>5,022</u>	<u>25,154</u>	<u>74,259,267</u>	<u>670,660,349</u>
Total liabilities and fund balances	<u>\$ 18,782,512</u>	<u>\$ 23,148,974</u>	<u>\$ 132,329,172</u>	<u>\$ 860,212,381</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 Assets**  
**September 30, 2009**

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Total fund balances for governmental funds		\$ 670,660,349
Amounts reported for governmental activities in the Statement of Net Assets 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	1,915,984	
Land improvements, net of \$948,867 depreciation	182,415	
Buildings and improvements, net of \$78,421,440 depreciation	149,765,450	
Equipment and vehicles, net of \$11,516,230 depreciation	8,171,057	
Infrastructure, net of \$10,324,385 depreciation	14,989,419	
		182,259,876
Other long-term assets are not available to pay for current period expenditures and therefore are not reported in the funds.		
Capital lease receivable		6,000,000
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 Assets.		87,096,885
Real property tax revenues in the Statement of Activities that do not provide current financial resources are deferred and not reported as revenues in the funds.		19,195,997
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.		57,550,734
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 Assets. This is the net effect of these balances on the statement.		
Bonds and notes payable	(637,443,579)	
Accrued interest payable	(227,263)	
		(637,670,842)
Net assets of governmental activities		\$ 385,092,999

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, 2009**

	<b>Major Funds</b>			
	<b>General</b>	<b>Public Health</b>	<b>Revenue Sharing Reserve</b>	<b>Interim Retiree Medical Benefits Trust</b>
<b>Revenues</b>				
Taxes	\$ 244,919,383	\$ -	\$ -	\$ -
Special assessments		-	-	-
Federal grants	171,203	13,178	-	-
State grants	46,885	4,962,912	-	-
Other intergovernmental revenues	12,383,213	-	-	-
Charges for services	77,203,226	2,781,121	-	167,196
Contributions	99,000	500	-	-
Investment income	3,299,452	-	1,389,327	(7,425,304)
Indirect cost recovery	9,315,137	-	-	-
Other	5,544,078	529	-	-
Total revenues	<u>352,981,577</u>	<u>7,758,240</u>	<u>1,389,327</u>	<u>(7,258,108)</u>
<b>Expenditures</b>				
Current operations				
County executive	60,301,854	31,701,458	-	-
Clerk/register of deeds	10,955,846	-	-	-
Treasurer	4,183,707	-	-	-
Justice administration	57,915,845	-	-	-
Law enforcement	146,137,551	-	-	-
Legislative	5,222,130	-	-	-
Water resource commissioner	5,406,411	-	-	-
Non-departmental	16,954,034	-	-	63,112,352
Total current operations	<u>307,077,378</u>	<u>31,701,458</u>	<u>-</u>	<u>63,112,352</u>
Capital outlay	183,746	-	-	-
Intergovernmental	-	-	-	-
Debt service				
Principal payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>307,261,124</u>	<u>31,701,458</u>	<u>-</u>	<u>63,112,352</u>
Excess (deficiency) of revenues over (under) expenditures	<u>45,720,453</u>	<u>(23,943,218)</u>	<u>1,389,327</u>	<u>(70,370,460)</u>
Other financing sources (uses)				
Transfers in	43,331,381	23,942,876	-	-
Transfers out	(67,112,543)	-	(23,740,126)	-
Issuance of bonds	-	-	-	-
Issuance of refunding bonds	-	-	-	-
Premiums on bonds sold	-	-	-	-
Payment to bond escrow agent	-	-	-	-
Total other financing sources (uses)	<u>(23,781,162)</u>	<u>23,942,876</u>	<u>(23,740,126)</u>	<u>-</u>
Net change in fund balances	<u>21,939,291</u>	<u>(342)</u>	<u>(22,350,799)</u>	<u>(70,370,460)</u>
<b>Fund balances</b>				
October 1, 2008	<u>84,327,362</u>	<u>1,246</u>	<u>153,421,098</u>	<u>429,403,510</u>
September 30, 2009	<u>\$ 106,266,653</u>	<u>\$ 904</u>	<u>\$ 131,070,299</u>	<u>\$ 359,033,050</u>

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, 2009**

	<b>Major Funds</b>			<b>Totals</b>
	<b>Building Authority Debt Act 31</b>	<b>Water and Sewer Debt Act 342</b>	<b>Non-Major Funds</b>	<b>September 30, 2009</b>
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ 244,919,383
Special assessments	2,787,001	2,952,752	5,663,073	11,402,826
Federal grants	-	-	58,044,502	58,228,883
State grants	-	-	23,598,120	28,607,917
Other intergovernmental revenues	-	-	2,221,970	14,605,183
Charges for services	550	2,350	25,041,030	105,195,473
Contributions	-	-	158,486	257,986
Investment income	5,750	11,442	1,058,153	(1,661,180)
Indirect cost recovery	-	-	-	9,315,137
Other	-	-	315,191	5,859,798
Total revenues	2,793,301	2,966,544	116,100,525	476,731,406
<b>Expenditures</b>				
Current operations				
County executive	-	-	91,550,440	183,553,752
Clerk/register of deeds	-	-	1,158,235	12,114,081
Treasurer	-	-	3,695,654	7,879,361
Justice administration	-	-	26,878,773	84,794,618
Law enforcement	-	-	6,166,189	152,303,740
Legislative	-	-	-	5,222,130
Water resource commissioner	-	-	3,940,403	9,346,814
Non-departmental	-	-	617,385	80,683,771
Total current operations	-	-	134,007,079	535,898,267
Capital outlay	-	-	9,538,196	9,721,942
Intergovernmental	-	10,284	124,554	134,838
Debt service				
Principal payments	4,455,000	2,060,000	5,440,000	11,955,000
Interest and fiscal charges	3,687,154	896,265	941,154	5,524,573
Total expenditures	8,142,154	2,966,549	150,050,983	563,234,620
Excess (deficiency) of revenues over (under) expenditures	(5,348,853)	(5)	(33,950,458)	(86,503,214)
Other financing sources (uses)				
Transfers in	5,351,451	-	47,289,188	119,914,896
Transfers out	-	-	(8,454,982)	(99,307,651)
Issuance of bonds	-	-	174,208	174,208
Issuance of refunding bonds	-	-	2,710,000	2,710,000
Premiums on bonds sold	-	-	38,144	38,144
Payments to bond escrow agent	-	-	(2,699,858)	(2,699,858)
Total other financing sources (uses)	5,351,451	-	39,056,700	20,829,739
Net change in fund balances	2,598	(5)	5,106,242	(65,673,475)
<b>Fund balances</b>				
October 1, 2008	2,424	25,159	69,153,025	736,333,824
September 30, 2009	\$ 5,022	\$ 25,154	\$ 74,259,267	\$ 670,660,349

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, 2009

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Net change in fund balance - total governmental funds		\$ (65,673,475)
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	\$ 1,373,188	
Equipment and vehicles	48,523	
Depreciation expense	<u>(7,532,483)</u>	(6,110,772)
The net effect of the transfer of capital assets from Internal Service fund-type to the general government is to increase net assets.		2,506,810
The net effect of the transfer of capital assets from Enterprise fund-type to the general government is to increase net assets.		42,157
Payment received on capital lease from a business-type fund provides current financial resources and therefore revenue to governmental funds. The payment received reduces a capital lease receivable in the Statement of Net Assets.		(805,000)
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.		(7,594,512)
Real property tax revenues in the Statement of Activities that do not provide current financial resources are deferred and not reported as revenues in the funds.		
Prior year's deferral	(20,119,946)	
Current year deferral	<u>19,195,997</u>	(923,949)
Revenue 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.		(6,898,428)
Bond proceeds provide current financial resources to governmental funds by issuing debt which increases long-term bonded debt in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Assets. This is the amount proceeds exceed repayments.		
Bond proceeds	(2,884,208)	
Repayment of bond principal	31,265,000	
Accrued interest	<u>18,152</u>	28,398,944
Change in net assets of governmental activities		<u>\$ (57,058,225)</u>

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

# **Proprietary Fund Financial Statements**

## **Major Funds**

**Parks and Recreation** - This fund is used to account for revenue earmarked for the operation of the County parks (currently 13). Principal revenues are from a voter-approved millage and user charges.

**Delinquent Tax Revolving** - 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.

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

**Water and Sewer Trust** - 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. There are currently 22 municipal water systems, and 16 municipal sewer systems that are operated under these contractual arrangements.

## **Non-Major Funds**

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

Internal Service funds

Enterprise funds



**County of Oakland**  
**Statement of Net Assets**  
**Proprietary Funds**  
**September 30, 2009**

	Business-Type Activities - Enterprise Funds			
	Major			
	Parks and Recreation	Delinquent Tax Revolving	S.O.C.S.D.S.	Water and Sewer Trust
<b>Assets</b>				
Current assets				
Pooled cash and investments	\$ 26,029,046	\$ 141,205,433	\$ 13,281,294	\$ 21,889,493
Delinquent property taxes	-	115,773,596	-	-
Due from other governmental units	47,463	2,282,564	5,024,297	1,233,859
Due from component units	-	-	-	-
Accrued interest receivable	26,136	1,324,102	106,885	125,416
Accounts receivable (net of allowance for uncollectibles where applicable)	368,292	20,025,725	7,138	16,532,933
Due from other funds	21,875	-	-	-
Current portion of contracts receivable	-	-	-	-
Current portion of advances receivable	-	12,883	-	-
Inventories and supplies	46,967	-	-	100,700
Prepayments and other assets	3,611	-	748,000	-
Total current assets	26,543,390	280,624,303	19,167,614	39,882,401
Noncurrent assets				
Advances	-	141,713	-	-
Capital assets, net				
Land and other nondepreciable assets	29,058,906	-	613,529	-
Land improvements, net	-	-	-	-
Building and improvements, net	18,856,369	-	42,355	-
Equipment and vehicles, net	1,059,054	-	125,958	-
Infrastructure, net	19,827,458	-	7,851,799	27,775,328
Total noncurrent assets	68,801,787	141,713	8,633,641	27,775,328
Total assets	95,345,177	280,766,016	27,801,255	67,657,729
<b>Liabilities</b>				
Current liabilities				
Vouchers payable	323,390	994,686	6,384	2,307,606
Due to other governmental units	-	370,648	5,626,704	532,115
Due to other funds	-	-	1,899	-
Deferred revenue	191,935	-	-	-
Capital lease obligation - current portion	550,000	-	-	-
Notes payable	-	50,000,000	-	-
Current portion of compensated absences	-	-	-	-
Current portion of claims and judgments	-	-	-	-
Current portion of advances payable	-	-	-	-
Other accrued liabilities	44,497	49,052	101,462	1,939,467
Total current liabilities	1,109,822	51,414,386	5,736,449	4,779,188
Noncurrent liabilities				
Capital lease obligations	-	-	-	-
Accrued compensated absences	-	-	-	-
Claims and judgments	-	-	-	-
Advances	-	-	-	-
Total noncurrent liabilities	-	-	-	-
Total liabilities	1,109,822	51,414,386	5,736,449	4,779,188
<b>Net assets</b>				
Invested in capital assets	68,801,787	-	8,633,641	27,775,328
Restricted for programs	-	-	-	13,191,590
Unrestricted	25,433,568	229,351,630	13,431,165	21,911,623
Total net assets	\$ 94,235,355	\$ 229,351,630	\$ 22,064,806	\$ 62,878,541

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

**County of Oakland**  
**Statement of Net Assets (Continued)**  
**Proprietary Funds**  
**September 30, 2009**

	<b>Business-Type Activities - Enterprise Funds</b>		<b>Governmental Activities - Internal Service Funds</b>
	<b>Non-Major Funds</b>	<b>Totals September 30, 2009</b>	
<b>Assets</b>			
Current assets			
Pooled cash and investments	\$ 89,149,168	\$ 291,554,434	\$ 119,183,344
Delinquent property taxes	-	115,773,596	-
Due from other governmental units	14,686,455	23,274,638	76,440
Due from component units	157,443	157,443	24,379
Accrued interest receivable	556,258	2,138,797	690,341
Accounts receivable (net of allowance for uncollectibles where applicable)	1,506,402	38,440,490	325,523
Due from other funds	102,766	124,641	4,468,305
Current portion of contracts receivable	1,093,129	1,093,129	-
Current portion of advances receivable	-	12,883	-
Inventories and supplies	585,774	733,441	516,387
Prepayments and other assets	773,532	1,525,143	4,515,372
Total current assets	<u>108,610,927</u>	<u>474,828,635</u>	<u>129,800,091</u>
Noncurrent assets			
Advances	-	141,713	-
Capital assets, net			
Land and other nondepreciable assets	59,301,805	88,974,240	4,100,588
Land improvements, net	6,514,288	6,514,288	-
Building and improvements, net	29,917,847	48,816,571	1,316,883
Equipment and vehicles, net	9,719,596	10,904,608	17,158,080
Infrastructure, net	20,910,634	76,365,219	205,608
Total noncurrent assets	<u>126,364,170</u>	<u>231,716,639</u>	<u>22,781,159</u>
Total assets	<u>234,975,097</u>	<u>706,545,274</u>	<u>152,581,250</u>
<b>Liabilities</b>			
Current liabilities			
Vouchers payable	520,274	4,152,340	18,217,025
Due to other governmental units	8,965,625	15,495,092	540,342
Due to other funds	2,615	4,514	1,216,621
Deferred revenue	1,482,126	1,674,061	1,375
Capital lease obligation - current portion	265,000	815,000	-
Notes payable	-	50,000,000	-
Current portion of compensated absences	-	-	1,296,516
Current portion of claims and judgments	-	-	5,333,872
Current portion of advances payable	-	-	12,883
Other accrued liabilities	1,494,608	3,629,086	10,610,453
Total current liabilities	<u>12,730,248</u>	<u>75,770,093</u>	<u>37,229,087</u>
Noncurrent liabilities			
Capital lease obligations	5,185,000	5,185,000	-
Accrued compensated absences	-	-	11,668,645
Claims and judgments	-	-	16,444,920
Advances	-	-	141,713
Total noncurrent liabilities	<u>5,185,000</u>	<u>5,185,000</u>	<u>28,255,278</u>
Total liabilities	<u>17,915,248</u>	<u>80,955,093</u>	<u>65,484,365</u>
<b>Net assets</b>			
Invested in capital assets	126,364,170	231,574,926	22,781,159
Restricted for programs	58,454	13,250,044	-
Unrestricted	90,637,225	380,765,211	64,315,726
Total net assets	<u>\$ 217,059,849</u>	<u>\$ 625,590,181</u>	<u>\$ 87,096,885</u>

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

**County of Oakland**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**Year Ended September 30, 2009**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Major</b>			
	<b>Parks and Recreation</b>	<b>Delinquent Tax Revolving</b>	<b>S.O.C.S.D.S.</b>	<b>Water and Sewer Trust</b>
<b>Operating revenues</b>				
Charges for services	\$ 7,662,720	\$ 28,653,668	\$ 33,971,834	\$ 45,482,682
Other	16,797	99,406	17,621	12,156
Total operating revenues	<u>7,679,517</u>	<u>28,753,074</u>	<u>33,989,455</u>	<u>45,494,838</u>
<b>Operating expenses</b>				
Salaries	7,757,645	56,843	574,145	7,160,624
Fringe benefits	2,473,902	37,064	262,074	3,340,230
Contractual services	5,071,236	257,431	36,551,096	26,516,005
Commodities	643,893	-	172,514	2,191,359
Depreciation	2,875,504	-	1,360,745	599,668
Internal services	1,359,585	808,854	197,425	2,839,756
Intergovernmental	-	-	-	800,109
Total operating expenses	<u>20,181,765</u>	<u>1,160,192</u>	<u>39,117,999</u>	<u>43,447,751</u>
Operating income (loss)	<u>(12,502,248)</u>	<u>27,592,882</u>	<u>(5,128,544)</u>	<u>2,047,087</u>
<b>Nonoperating revenues (expenses)</b>				
Property taxes	15,128,620	-	-	-
Contributions	52,752	-	-	-
Interest revenue	648,214	4,114,645	400,735	597,816
Interest expense and paying agent fees	(33,688)	(1,073,750)	-	-
Bonds maturing	-	-	-	-
Gain (loss) on sale of property and equipment	32,574	-	-	-
Total nonoperating revenues	<u>15,828,472</u>	<u>3,040,895</u>	<u>400,735</u>	<u>597,816</u>
Income (loss) before transfers and contributions	<u>3,326,224</u>	<u>30,633,777</u>	<u>(4,727,809)</u>	<u>2,644,903</u>
Transfers and contributions				
Capital contributions	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(10,734)	(24,872,713)	-	(30,000)
Total transfers and contributions	<u>(10,734)</u>	<u>(24,872,713)</u>	<u>-</u>	<u>(30,000)</u>
Change in net assets	<u>3,315,490</u>	<u>5,761,064</u>	<u>(4,727,809)</u>	<u>2,614,903</u>
<b>Net assets</b>				
October 1, 2008	<u>90,919,865</u>	<u>223,590,566</u>	<u>26,792,615</u>	<u>60,263,638</u>
September 30, 2009	<u>\$ 94,235,355</u>	<u>\$ 229,351,630</u>	<u>\$ 22,064,806</u>	<u>\$ 62,878,541</u>

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

**County of Oakland**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets (Continued)**  
**Proprietary Funds**  
**Year Ended September 30, 2009**

	<b>Business-Type Activities - Enterprise Funds</b>		<b>Governmental Activities - Internal Service Funds</b>
	<b>Non-Major Funds</b>	<b>Totals September 30, 2009</b>	
<b>Operating revenues</b>			
Charges for services	\$ 75,804,455	\$ 191,575,359	\$ 201,745,601
Other	124,913	270,893	54,340
Total operating revenues	<u>75,929,368</u>	<u>191,846,252</u>	<u>201,799,941</u>
<b>Operating expenses</b>			
Salaries	4,546,186	20,095,443	20,920,335
Fringe benefits	2,316,080	8,429,350	11,144,220
Contractual services	64,918,714	133,314,482	112,850,412
Commodities	1,635,227	4,642,993	5,669,807
Depreciation	5,697,399	10,533,316	6,463,826
Internal services	2,576,470	7,782,090	5,967,797
Intergovernmental	-	800,109	-
Total operating expenses	<u>81,690,076</u>	<u>185,597,783</u>	<u>163,016,397</u>
Operating income (loss)	<u>(5,760,708)</u>	<u>6,248,469</u>	<u>38,783,544</u>
<b>Nonoperating revenues (expenses)</b>			
Property taxes	-	15,128,620	-
Contributions	-	52,752	-
Interest revenue	2,215,686	7,977,096	2,493,861
Interest expense and paying agent fees	(230,797)	(1,338,235)	(32,506,785)
Bonds maturing	-	-	(16,610,000)
Gain (loss) on sale of property and equipment	(41,921)	(9,347)	91,828
Total nonoperating revenues	<u>1,942,968</u>	<u>21,810,886</u>	<u>(46,531,096)</u>
Income (loss) before transfers and contributions	<u>(3,817,740)</u>	<u>28,059,355</u>	<u>(7,747,552)</u>
Transfers and contributions			
Capital contributions	5,306,253	5,306,253	326,826
Transfers in	2,561,367	2,561,367	4,330,656
Transfers out	(630,346)	(25,543,793)	(4,504,442)
Total transfers and contributions	<u>7,237,274</u>	<u>(17,676,173)</u>	<u>153,040</u>
Change in net assets	<u>3,419,534</u>	<u>10,383,182</u>	<u>(7,594,512)</u>
<b>Net assets</b>			
October 1, 2008	<u>213,640,315</u>	<u>615,206,999</u>	<u>94,691,397</u>
September 30, 2009	<u>\$ 217,059,849</u>	<u>\$ 625,590,181</u>	<u>\$ 87,096,885</u>

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

**County of Oakland**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended September 30, 2009**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Major</b>			
	<b>Parks and Recreation</b>	<b>Delinquent Tax Revolving</b>	<b>S.O.C.S.D.S.</b>	<b>Water and Sewer Trust</b>
<b>Cash flows from operating activities</b>				
Cash received from users	\$ 9,130,348	\$ 21,470,781	\$ 32,661,305	\$ 46,579,400
Cash paid to suppliers	(9,421,349)	(1,103,349)	(38,215,863)	(36,908,286)
Cash paid to employees	(7,757,645)	(56,843)	(574,145)	(7,160,624)
Net cash provided by (used in) operating activities	(8,048,646)	20,310,589	(6,128,703)	2,510,490
<b>Cash flows from noncapital financing activities</b>				
Transfers from other funds	-	-	-	-
Transfers to other funds	(10,734)	(24,872,713)	-	(30,000)
Contributions	52,752	-	-	-
Principal paid on debt	-	-	-	-
Interest paid on debt	-	-	-	-
Purchase of delinquent property taxes	-	(149,741,827)	-	-
Delinquent property taxes collected	-	131,184,766	-	-
Issuance of short-term borrowings	-	50,000,000	-	-
Repayments received on advances	-	850,383	-	-
Property taxes	15,128,620	-	-	-
Interest paid on short-term borrowings	-	(323,750)	-	-
Payments on short-term borrowings	-	(25,000,000)	-	-
Net cash provided by (used in) noncapital financing activities	15,170,638	(17,903,141)	-	(30,000)
<b>Cash flows from capital and related financing activities</b>				
Transfers from other funds	-	-	-	-
Proceeds from sale of capital assets	58,252	-	-	-
Acquisition of capital assets	(4,491,649)	-	(34,725)	-
Payments on capital lease obligation	(550,000)	-	-	-
Interest and fees paid on capital lease obligation	(33,688)	-	-	-
Amount paid on advances	-	-	-	-
Interest paid on advances	-	-	-	-
Net cash used in capital and related financing activities	(5,017,085)	-	(34,725)	-
<b>Cash flows from investing activities</b>				
Interest on investments	705,523	4,482,245	489,687	631,116
Net cash provided by investing activities	705,523	4,482,245	489,687	631,116
Net increase (decrease) in cash and cash equivalents	2,810,430	6,889,693	(5,673,741)	3,111,606
<b>Pooled cash and investments</b>				
October 1, 2008	23,218,616	134,315,740	18,955,035	18,777,887
September 30, 2009	\$ 26,029,046	\$ 141,205,433	\$ 13,281,294	\$ 21,889,493

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, 2009**

	<b>Business-Type Activities Enterprise Funds</b>		<b>Governmental Activities - Internal Service Funds</b>
	<b>Non-Major Funds</b>	<b>Totals September 30, 2009</b>	
<b>Cash flows from operating activities</b>			
Cash received from users	\$ 76,521,395	\$ 186,363,229	\$ 203,393,503
Cash paid to suppliers	(73,071,481)	(158,720,328)	(133,777,843)
Cash paid to employees	(4,546,186)	(20,095,443)	(20,979,690)
Net cash provided by (used in) operating activities	(1,096,272)	7,547,458	48,635,970
<b>Cash flows from noncapital financing activities</b>			
Transfers from other funds	2,211,367	2,211,367	2,413,586
Transfers to other funds	(588,188)	(25,501,635)	(1,997,632)
Contributions	-	52,752	-
Principal paid on debt	-	-	(16,610,000)
Interest paid on debt	-	-	(32,482,888)
Purchase of delinquent property taxes	-	(149,741,827)	-
Delinquent property taxes collected	-	131,184,766	-
Issuance of short-term borrowings	-	50,000,000	-
Repayments received on advances	-	850,383	-
Property taxes	-	15,128,620	-
Interest paid on short-term borrowings	-	(323,750)	-
Payments on short-term borrowings	-	(25,000,000)	-
Net cash provided by (used in) noncapital financing activities	1,623,179	(1,139,324)	(48,676,934)
<b>Cash flows from capital and related financing activities</b>			
Transfers from other funds	350,000	350,000	1,917,070
Proceeds from sale of capital assets	234	58,486	530,843
Acquisition of capital assets	(889,235)	(5,415,609)	(2,793,961)
Payments on capital lease obligation	(255,000)	(805,000)	-
Interest and fees paid on capital lease obligation	(230,797)	(264,485)	-
Amount paid on advances and equipment contracts	-	-	(850,383)
Interest paid on advances and equipment contracts	-	-	(23,897)
Net cash used in capital and related financing activities	(1,024,798)	(6,076,608)	(1,220,328)
<b>Cash flows from investing activities</b>			
Interest on investments	2,387,027	8,695,598	2,646,258
Net cash provided by investing activities	2,387,027	8,695,598	2,646,258
Net increase (decrease) in cash and cash equivalents	1,889,136	9,027,124	1,384,966
<b>Pooled cash and investments</b>			
October 1, 2008	87,260,032	282,527,310	117,798,378
September 30, 2009	\$ 89,149,168	\$ 291,554,434	\$ 119,183,344

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, 2009**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Major</b>			
	<b>Parks and Recreation</b>	<b>Delinquent Tax Revolving</b>	<b>S.O.C.S.D.S.</b>	<b>Water and Sewer Trust</b>
Operating income (loss)	\$ (12,502,248)	\$ 27,592,882	\$ (5,128,544)	\$ 2,047,087
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	2,875,504	-	1,360,745	599,668
(Increase) decrease in due from other governmental units	1,263,840	1,061,505	(1,326,985)	129,504
(Increase) decrease in due from component units	-	-	-	-
(Increase) decrease in accounts receivable	19,281	(8,471,910)	(1,165)	488,122
(Increase) decrease in due from other funds	(21,875)	-	-	466,936
(Increase) decrease in contracts receivable	-	-	-	-
(Increase) decrease in inventories and supplies	(4,885)	-	-	11,196
(Increase) decrease in prepayments and other assets	80,774	-	34,000	3,385
Increase (decrease) in vouchers payable	98,555	105,279	(45,200)	(333,100)
Increase (decrease) in accrued payroll	-	-	-	-
Increase (decrease) in due to other governmental units	-	44,519	(1,022,267)	(187,916)
Increase (decrease) in due to other funds	-	-	-	(472,842)
Increase (decrease) in deferred revenue	189,585	-	-	-
Increase (decrease) in current portion of compensated absences	-	-	-	-
Increase (decrease) in current portion of claims and judgments	-	-	-	-
Increase (decrease) in other accrued liabilities	(47,177)	(21,686)	713	(241,550)
Increase (decrease) in accrued compensated absences	-	-	-	-
Increase (decrease) in claims and judgments	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ (8,048,646)</u>	<u>\$ 20,310,589</u>	<u>\$ (6,128,703)</u>	<u>\$ 2,510,490</u>

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

**County of Oakland**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**Year Ended September 30, 2009**

	<b>Business-Type Activities - Enterprise Funds</b>		<b>Governmental Activities - Internal Service Funds</b>
	<b>Non-Major Funds</b>	<b>Totals September 30, 2009</b>	
Operating income (loss)	\$ (5,760,708)	\$ 6,248,469	\$ 38,783,544
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation expense	5,697,399	10,533,316	6,463,826
(Increase) decrease in due from other governmental units	618,050	1,745,914	(17,326)
(Increase) decrease in due from component units	(23,960)	(23,960)	(8,288)
(Increase) decrease in accounts receivable	(462,837)	(8,428,509)	(22,198)
(Increase) decrease in due from other funds	263,771	708,832	1,641,499
(Increase) decrease in contracts receivable	126,248	126,248	-
(Increase) decrease in inventories and supplies	87,676	93,987	(67,535)
(Increase) decrease in prepayments and other assets	(106,451)	11,708	1,209,670
Increase (decrease) in vouchers payable	60,128	(114,338)	(1,561,823)
Increase (decrease) in accrued payroll	-	-	(59,355)
Increase (decrease) in due to other govern- mental units	(1,300,472)	(2,466,136)	240,173
Increase (decrease) in due to other funds	(196,674)	(669,516)	(3,128,310)
Increase (decrease) in deferred revenue	70,755	260,340	(125)
Increase (decrease) in current portion of compensated absences	-	-	54,071
Increase (decrease) in current portion of claims and judgments	-	-	1,761,193
Increase (decrease) in other accrued liabilities	(169,197)	(478,897)	3,493,652
Increase (decrease) in accrued compensated absences	-	-	486,642
Increase (decrease) in claims and judgments	-	-	(633,340)
Net cash provided by (used in) operating activities	<u>\$ (1,096,272)</u>	<u>\$ 7,547,458</u>	<u>\$ 48,635,970</u>

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



**County of Oakland**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**Year Ended September 30, 2009**

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**Noncash transactions**

**Enterprise Funds**

Major funds:

Noncash and capital related financing activities included write-off of \$7,381 (net of accumulated depreciation of \$11,980) in the Parks and Recreation fund.

Noncash and non-capital related financing activities included interest expense of \$750,000 included in Vouchers Payable liability in the Delinquent Tax Revolving fund.

Nonmajor funds:

Noncash and capital related financing activities included contribution of capital assets of \$4,089,196 and \$1,217,057 in the CLEMIS and County Airports funds, respectively; write-off of \$16,960 and \$38,804 of capital assets in the Radio Communications and County Airports funds, respectively; \$42,158 of capital assets contributed to the general government in the Jail Inmate Commissary fund.

Noncash and non-capital related financing activities included recording of Contracts Receivable and Deferred Revenue of \$12,938 and \$1,080,191 in the CLEMIS and County Airports funds, respectively.

**Internal Service Funds**

Noncash capital and related financing included write-off of \$31,967 of fully depreciated capital assets and \$326,826 of capital assets contributed in the Information Technology fund; transfer of \$2,506,810 of capital assets to the general government in the Sheriff Aviation fund.

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

## **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 trustee capacity. Disbursements from these funds are contingent upon the trust 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 Fiduciary Net Assets**  
**Fiduciary Funds**  
**September 30, 2009**

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	<b>Pension (and Other Post- employment Benefits) Trust Funds</b>	<b>Investment Trust Funds</b>	<b>Agency Funds</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 13,549,028	\$ 71,644,972	\$ 280,353,831
Pooled cash and investments	-	-	1,239,482
Investments, at fair value			
Common stock	415,049,247	-	-
Government securities	85,190,062	-	-
Corporate bonds	159,459,660	-	-
Municipal bonds	2,113,862	-	-
Commingled	179,301,710	-	-
Limited partnerships	55,195,447	-	-
Asset-backed fixed income	18,295,104	-	-
CMO/REMIC investments	13,001,425	-	-
Mortgage-backed securities	25,274,374	-	-
Short-term investments	229,566	-	-
Commercial mortgage-backed securities	36,292,058	-	-
Money market funds	36,303,847	-	-
International common stock	28,951,785	-	-
Equity REIT	8,826,675	-	-
Other	15,542,335	-	-
Total investments	<u>1,079,027,157</u>	<u>-</u>	<u>-</u>
Receivables - interest and dividends	3,872,907	143,261	220,584
Receivables - other	34,005	-	-
Prepaid expenses	115,985	-	-
Total assets	<u>1,096,599,082</u>	<u>71,788,233</u>	<u>281,813,897</u>
<b>Liabilities</b>			
Vouchers payable	618,229	-	140,709
Due to other governmental units	1,229,552	-	269,152,812
Other accrued liabilities	-	-	12,520,376
Total liabilities	<u>1,847,781</u>	<u>-</u>	<u>281,813,897</u>
<b>Net assets</b>			
Held in Trust for Pension and other Postemployment healthcare benefits, and pool participants	<u>\$ 1,094,751,301</u>	<u>\$ 71,788,233</u>	<u>\$ -</u>

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

**County of Oakland**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**Year Ended September 30, 2009**

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	<b>Pension (and Other Post- employment Benefits) Trust Funds</b>	<b>Investment Trust Funds</b>
<b>Additions</b>		
Contributions		
Employer	\$ 61,863,580	\$ -
Pool participants	-	53,054,915
Plan members	1,119,025	-
Total contributions	62,982,605	53,054,915
Investment income	20,959,594	1,246,403
Other revenue	2,214,578	-
Total additions	86,156,777	54,301,318
<b>Deductions</b>		
Benefits	59,664,428	-
Administrative expenses	2,429,040	-
Distribution to pool participants	-	13,794,853
Total deductions	62,093,468	13,794,853
Net increase	24,063,309	40,506,465
Net assets held in trust for pension and other postemployment healthcare benefits, and pool participants		
October 1, 2008	1,070,687,992	31,281,768
September 30, 2009	\$ 1,094,751,301	\$ 71,788,233

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 Assets**  
**Component Units**  
**September 30, 2009**

	<b>Drainage Districts</b>	<b>Road Commission</b>	<b>Total Component Units</b>
<b>Assets</b>			
Current assets			
Pooled cash and investments	\$ 23,149,976	\$ -	\$ 23,149,976
Cash and cash equivalents	-	28,171,795	28,171,795
Investments	-	11,316,792	11,316,792
Receivables (net of allowance for uncollectibles where applicable)			
Special assessments	-	10,801,726	10,801,726
Due from other governmental units	416,265	-	416,265
Accrued interest receivable	183,465	21,686	205,151
Accounts receivable	8,265	17,335,158	17,343,423
Inventories and supplies	-	3,989,000	3,989,000
Prepayments and other assets	-	826,941	826,941
Total current assets	<u>23,757,971</u>	<u>72,463,098</u>	<u>96,221,069</u>
Capital assets, net			
Land and other nondepreciable assets	148,256,403	165,485,886	313,742,289
Land improvements, net	-	273,295	273,295
Buildings and improvements, net	-	9,037,931	9,037,931
Equipment and vehicles, net	-	6,136,644	6,136,644
Infrastructure, net	<u>275,761,104</u>	<u>497,373,282</u>	<u>773,134,386</u>
Total capital assets, net	<u>424,017,507</u>	<u>678,307,038</u>	<u>1,102,324,545</u>
Noncurrent assets			
Contracts receivable	209,286	-	209,286
Special assessments receivable	<u>150,640,000</u>	<u>-</u>	<u>150,640,000</u>
Total assets	<u>598,624,764</u>	<u>750,770,136</u>	<u>1,349,394,900</u>
<b>Liabilities</b>			
Current liabilities			
Vouchers payable	3,100,985	7,171,817	10,272,802
Due to other governmental units	3,148,022	-	3,148,022
Due to primary government	1,700,630	19,647	1,720,277
Deferred revenue and advances	-	11,597,301	11,597,301
Accrued interest payable	-	36,668	36,668
Current portion of long-term debt	12,895,000	1,500,000	14,395,000
Other accrued liabilities	<u>817,084</u>	<u>3,520,988</u>	<u>4,338,072</u>
Total current liabilities	<u>21,661,721</u>	<u>23,846,421</u>	<u>45,508,142</u>
Deferred revenue	3,158,920	-	3,158,920
Bonds and notes payable	134,586,080	4,000,000	138,586,080
Accrued compensated absences	-	3,083,032	3,083,032
Claims and judgments	-	2,100,000	2,100,000
Other postemployment benefits	-	6,424,140	6,424,140
Total liabilities	<u>159,406,721</u>	<u>39,453,593</u>	<u>198,860,314</u>
<b>Net assets</b>			
Invested in capital assets, net of related debt	276,536,427	672,807,038	949,343,465
Restricted for			
Capital projects	9,891,105	-	9,891,105
Debt service	148,449,112	-	148,449,112
Unrestricted	<u>4,341,399</u>	<u>38,509,505</u>	<u>42,850,904</u>
Total net assets	<u>\$ 439,218,043</u>	<u>\$ 711,316,543</u>	<u>\$ 1,150,534,586</u>

The accompanying notes are an integral part of the financial statements

**County of Oakland**  
**Statement of Activities**  
**Component Units**  
**Year Ended September 30, 2009**

		Program Revenues					
		Charges for	Operating	Capital			
	Expenses	Services	Grants and	Grants and	Drainage	Road	Total
			Contributions	Contributions	Districts	Commission	Component
							Units
<b>Functions/Programs</b>							
Drainage Districts	\$ 16,656,357	\$ 4,025,300	\$ 72,396	\$ 12,655,881	\$ 97,220	\$ -	\$ 97,220
Road Commission	97,995,650	18,672,910	58,073,149	26,861,709	-	5,612,118	5,612,118
Total component units	<u>\$ 114,652,007</u>	<u>\$ 22,698,210</u>	<u>\$ 58,145,545</u>	<u>\$ 39,517,590</u>	<u>97,220</u>	<u>5,612,118</u>	<u>5,709,338</u>
<b>General Revenues</b>							
Unrestricted investment earnings					791,167	732,536	1,523,703
Change in net assets					888,387	6,344,654	7,233,041
<b>Net assets</b>							
Beginning					438,329,656	704,971,889	1,143,301,545
Ending					<u>\$ 439,218,043</u>	<u>\$ 711,316,543</u>	<u>\$ 1,150,534,586</u>

The accompanying notes are an integral part of the financial statements

# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2009

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#### 1. Summary of Significant Accounting Policies

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

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

As defined by generally accepted accounting principles established by 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, 2009

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

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

- **Road Commission for Oakland County (Road Commission)** – The Road Commission is governed by three appointees of the County Board of Commissioners who are not County Board members. The Road Commission is responsible for the construction and maintenance of the County's system of roads and bridges, and is principally funded by State-collected vehicle fuel and registration taxes under Michigan Public Act 51 of 1951. The County has budgetary control and appropriation authority over its activities; however, such has not been exercised. The Road Commission's primary activities, which are as of and for the year ended September 30, 2009, 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, 2007, is not reported in the financial statements of Oakland County.
- Complete financial statements of the Road Commission, which includes 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 approximately 200 individual districts created under Chapters 20 and 21 of Michigan Public Act 40 of 1956, for the purpose of alleviating drainage problems. This involves the construction, maintenance, and financing necessary to account for the cost of the drainage district. The individual districts, each a separate legal entity with power to assess the benefiting communities, is governed by the Drain Board for Oakland County, which consists of the Oakland County Drain 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 Drain 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, 2009 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 Drain Commissioner  
#1 Public Works Drive  
Waterford, Michigan 48328

# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2009

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#### **Basic (Government-Wide) and Fund Financial Statements – GASB Statement #34**

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

- **Invested in capital assets, net of related debt** 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 assets** result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors and the like, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net assets** consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets often are designated to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have 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 Assets, 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 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 revenues include 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 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.

During fiscal year 2009, the Interim Retiree Medical Benefit Trust fund had losses of \$7,425,304 in restricted investment earnings which have been included in the General Government charges for services on the Statement of Activities.

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).

## County of Oakland

### Notes to Basic Financial Statements

#### September 30, 2009

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

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

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

# **County of Oakland**

## **Notes to Basic Financial Statements**

### **September 30, 2009**

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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. Revenues are primarily derived from property taxes, state and federal distributions, and charges for services.

The Public Health Fund accounts for revenues reserved for the provision of health protection, maintenance, and improvement for the residents of Oakland County.

The Revenue Sharing Reserve Fund accounts for the State mandated transfers of equal amounts for a three-year period of the property tax shift from a winter levy to a summer levy to replace county revenue-sharing payments. These transfers from the General Fund will amount to the property tax levy for fiscal year 2004.

The Interim Retirees' Medical Benefits Trust Fund accounts for monies received from the sale of trust certificates for the purpose of funding future estimated accrued actuarial liabilities of medical benefits of Oakland County retirees.

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 Refunding 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 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 City of Detroit for treatment. Costs are recovered by developing rates and billing the municipalities being served.

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

Additionally, the County reports the following fund types:

#### **Governmental Fund Types**

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

## **County of Oakland**

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

#### **September 30, 2009**

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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, a medical care facility, four sewage disposal systems, parks and others.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

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 revenues rather than as program revenues.

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

#### **Fiduciary Fund Types**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Oakland County's fiduciary funds include Pension (and other post-employment benefits) Trust funds to account for retirees' retirement and medical benefits; Investment Trust funds, which report funds deposited by and invested for local units of government; and Agency funds, which account for assets held in trust 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.

# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2009

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#### **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.
- 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 Assets with the balance classified as net assets. 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 revenues in the accounting period in which they become susceptible to accrual, generally when they become both measurable and available. Property taxes are levied on December 1 and July 1 of each year (see Note 4) and are recognized as revenues 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 revenue of the current period. Other revenues are 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, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Agency funds, which report only a statement of fiduciary net assets, 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.

## **County of Oakland**

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

#### **September 30, 2009**

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The Drainage Districts use the current financial resources measurement focus for its 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 revenue is 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, 2008 and presented in a separate document. Appropriation budgets were adopted for the General Fund and the following Special Revenue funds: Public Health, 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.

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 designated 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 Interim Retiree Medical Benefits 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, 2009 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.

The County's investments are stated at fair value, which is determined by using quoted market rates, if the investment is traded on a recognized stock exchange. There are no derivative instruments or products in the County's non-pension investment portfolio at September 30, 2009.

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.

# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2009

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#### **Inter-fund Receivables/Payable**

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 a reservation of fund balance.

#### **Inventories**

Inventories in proprietary funds, except for the Facilities Maintenance and Operations fund, an Internal Service fund, are stated at cost or market using the first-in, first-out method. Inventories in the Facilities Maintenance and Operations fund are stated at cost or market using the average-cost basis.

#### **Prepayments**

Payments made for services that will benefit periods beyond September 30, 2009 are recorded as prepayments.

#### **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 estimated fair market 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:

<b>Class</b>	<b>Years</b>
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.



# **County of Oakland**

## **Notes to Basic Financial Statements**

### **September 30, 2009**

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

#### **Pension and Other Postemployment Benefit Costs**

The County offers both pension and retiree healthcare benefits to retirees. The County receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, pension and OPEB costs are recognized as contributions are made. For the government-wide statements, the County reports the full accrual cost equal to the current year required contribution, adjusted for interest and “adjustment to the ARC” on the beginning of year balance, if any.

#### **Fund Equity**

Reserves represent portions of fund equity not available for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

#### **Deferred Revenue**

Deferred revenue is reported on the County’s combined balance sheet. Amounts are classified as deferred when they do not meet the availability criteria, such as grants received before the expenditures are incurred.

Property taxes levied are used to finance the expenditures of the current fiscal period (October 1, 2008 through September 30, 2009) 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 revenue.

#### **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, 2009. 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.

## **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 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: Public Health, Revenue Sharing Reserve, Interim Retirees’ Medical Benefits Trust, Child Care, and Social Welfare-Foster Care. The budgetary comparison for the General Fund, the Public Health, Interim Retirees’ Medical Benefits Trust, and Revenue Sharing Reserve funds (major special revenue funds) are presented in the Required Supplementary Information. The Child Care and Social Welfare Foster Care funds are presented in the Special Revenue Funds section.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2009**

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

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

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

During the year, the County incurred expenditures over certain appropriations which are presented at the legal level of control as follows:

	<b>Appropriation</b>	<b>Expenditures</b>	<b>Excess Expenditures</b>
<b>General Fund</b>			
Justice administration			
District Court			
Operating expenditures	\$ 1,991,345	\$ 2,409,601	\$ 418,256
<b>Special Revenue Funds</b>			
Interim Retirees' Medical Benefits Trust			
Non-departmental			
Operating expenditures	61,863,580	63,112,352	1,248,772

These excess expenditures were closed against other appropriation balances in accordance with the County's policy and approved by a Board of Commissioners' resolution in fiscal year 2010.

### **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. Share value is maintained at \$1, with interest rates floating daily. Investment income is allocated back to County funds based on their share of the pool which is calculated on their average daily cash balance.

## County of Oakland

### Notes to Basic Financial Statements

#### September 30, 2009

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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, 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 and receive a share of earnings based on their average daily cash balance. The LGIP is not subject to regulatory oversight, is not registered with the SEC and does not issue a separate report. The LGIP is managed as a 2(a)7 fund with its net asset value maintained at \$1. Fair value of the position in the pool is the same as 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, 2009, the bank balance of the County's deposits was \$495,534,134. Insured deposits were \$321,193,142, and the remaining \$174,340,992 was uninsured, uncollateralized, and held in the County's name.

The Drainage District's component units cash, deposit 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, 2009, the Road Commission component unit had \$4,672,952 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The book balance for these deposits has been reported on the Statement of Net Assets as cash and cash equivalents of \$28,171,795 and investments of \$6,100,000.

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**Investments - Internal Investment Pool**

Investments, except those of the Retirement Systems, Interim Retiree 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.
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 2 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, 2009, the County had the following deposit and investment types in its internal investment pool.

<b>Deposit and Investment Type</b>	<b>Market Value</b>	<b>Weighted Average Maturity (days)</b>
Certificates of Deposit (1)	\$ 244,012,000	326
Deposit Accounts (1)	251,578,866	1
Money Market Investment Pools	235,897,527	1
MI Government Coupon	33,483,781	6,016
U.S. Agencies	364,792,095	785
 Total Market Value of Internal Investment Pool	 \$ 1,129,764,269	
 Weighted Average Maturity of Internal Investment Pool (in days)		 456

**County of Oakland**  
**Notes to Basic Financial Statements**  
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- (1) These items are non-negotiable and therefore 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 has \$364,792,095 invested in U.S. government securities which are rated AAA by Standard & Poor's and Aaa by Moody's. State law limits investments in commercial paper to the top two ratings issued by a nationally recognized statistical rating organization (NRSROs). It is the County's policy to further limit its investments in commercial paper to only the top rating as issued by NRSROs. As of September 30, 2009, the County had no investments in commercial paper. Three of the money market investment pools used by the County, with a fair value of \$82,904,005 at September 30, 2009, carry an AAA (Standard & Poor's) and an Aaa (Moody's) rating. One other money market investment pool used by the County, with a fair value of \$152,993,522 at September 30, 2009, is not rated. 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 unrated money market funds.

*Custodial Credit Risk – Investments* is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments that are in the possession of another side party. The County's Investment Policy requires that all investment transactions (including collateral for repurchase agreements) be conducted on a delivery-versus-payment (DVP) basis. Securities shall be held by a third-party custodian, as designated by the County Treasurer, and shall be evidenced by a safekeeping receipt. As of September 30, 2009, \$398,275,876 in investments, at par 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* - The County's investment policy allows for no more than 15% be invested with any single financial institution. On September 30, 2009, the County had investments of 5% or more of the total portfolio with the following U.S. Agency issuers: Fannie Mae 6.90%, Federal Home Loan Bank 12.10%, and Freddie Mac 7.48%. No other issuer of investments exceeded 5%.

*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, 2009, the internal investment pool had a weighted average maturity of 456 days and the longest investment maturity in the portfolio was 6,742 days (18.7 years).

**County of Oakland**  
**Notes to Basic Financial Statements**  
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**Investments – Pension Trust and Intermediate Retiree Medical Benefits Trust Funds**

The Pension Trust Funds and the Intermediate 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 various Retirement Boards (PERS, VEBA and IRMB). The advisors serve at the leisure of the various boards as provided by investment agreements. At September 30, 2009, the Primary Government's Pension Trust fund had 18 investment advisors. Investments are held in street name by safekeeping agents under formal trust agreements and/or in the Retirement Systems' name.

As of September 30, 2009, the County had the following investment types in its Retirement System:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Percentage</b>	<b>Average Duration (In Years)</b>
Government Bonds	\$ 115,017,728	8.19 %	7.07613
Asset-Backed Fixed Income	25,139,073	1.79	1.06286
Commercial Mortgage-Backed Securities	48,683,210	3.46	4.31311
Mortgage-Backed Securities	34,611,527	2.46	1.61532
Municipal Bonds	2,999,984	0.21	7.45333
Corporate Bonds	218,239,345	15.53	5.36229
CMO/REMIC Investments	16,115,781	1.15	2.49441
Common Stock	548,667,141	39.05	N/A
Equity ADR	2,258,100	0.16	N/A
Equity REIT	11,740,357	0.84	N/A
Investment Companies-SPDR	930,130	0.07	N/A
International Common Stock	39,607,186	2.82	N/A
Investment Companies - Commingled Funds	236,360,211	16.82	N/A
Investment Companies-Mutual Funds	13,438,186	0.96	N/A
Money Market Funds	15,373,255	1.09	0.08782
Short-Term Investments	5,413,904	0.39	0.24178
Real Estate	3,506	0.00	N/A
Alternative Investments	3,073,796	0.22	N/A
Limited Partnership	67,452,786	4.80	N/A
<b>Total</b>	<b>\$ 1,405,125,206</b>	<b>100.0 %</b>	

**County of Oakland**  
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*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. If any security held in the portfolio 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 then shall instruct the investment manager as to which action should be taken. As of September 30, 2009, debt obligation investments held in the retirement system had the following ratings:

Fair Value	Percentage	Ratings	
		Moody's	S&P
\$294,653,863	59.75 %	Aaa	AAA
6,575,575	1.33	Aa1	AA+
13,831,712	2.80	Aa2	AA
21,033,730	4.27	Aa3	AA-
27,670,581	5.61	A1	A+
74,269,725	15.06	A2	A
16,571,953	3.36	A3	A-
15,865,740	3.22	Baa1	BBB+
15,521,555	3.15	Baa2	BBB
1,827,775	0.37	Baa3	BBB-
1,112,016	0.23	Ba1	BB+
1,806,262	0.37	Ba2	BB
756,153	0.15	Ba3	B
140,546	0.03	B1	B-
1,349,476	0.27	Caa1	CCC
159,525	0.03	Ca2	CC
<u>\$493,146,187</u>	<u>100.00 %</u>		

*Custodial Credit Risk* is the risk associated with 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, 2009, \$1,403,702,408 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.

## County of Oakland

### Notes to Basic Financial Statements

#### September 30, 2009

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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, 2009, 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 87 indicates, the system's fixed income investments had average durations of between .088 years and 7.45 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.

*Security Lending Transactions* Under the provisions of State statutes, the Oakland County Employees' Retirement System lends U.S. government securities, corporate bonds, and common stock to brokers and/or dealers in exchange for collateral that will be returned for the same securities in the future. The County's custodial bank (agent) manages the securities lending program and receives cash and cash equivalent securities as collateral. The custodial bank does not have the ability to pledge or sell collateral securities unless the borrower defaults. Borrowers are required to deliver collateral for each loan equal to but not less than 102 percent of the market value of the loaned securities.

The County did not impose any restrictions during the year ended September 30, 2009 on the amount of loans that the agent made on its behalf. There were also no failures by any borrowers to return loaned securities or pay distribution thereon. Furthermore, there were no losses during the period resulting from a default of the borrowers or the custodial banks.

The County and the borrower maintain the right to terminate all securities lending transactions on demand. Because the loans can be terminated at will, their duration does not generally match the duration of the investments. On September 30, 2009, the County had no credit risk exposure to borrowers. The collateral held and the market value of securities on loan for the County as of September 30, 2009 were \$131,482,384 and \$128,390,794, respectively, or 102.4% collateral to market value coverage.

*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 .27 years to 39.1 years and are backed by investments in various assets, including mortgages. As of September 30, 2009, the market value was \$32,432,211.

*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, 2009, the Retirement System's investment in CMOs included investment in the Interest Only (IO) Class. Prepayments on the CMO related mortgages, especially those with relatively high interest rates, could reduce the yields on the Interest Only Class and could even result in the failure of investors in that Class to recover their investments. As prepayments increase in falling interest rate environments, IOs have a negative duration, which means their price typically rises when interest rates rise. At September 30, 2009, the County's CMO portfolio had effective duration ranges of -3.3 years and 3.5 years.



# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2009

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*Variable Rate Coupon Notes and Bonds* In the County's Retirement System investment portfolio are Variable Rate coupon instruments with a market value of \$29,654,281 as of September 30, 2009. Such investments include U.S. government-issued securities and corporate-issued securities. The variable rate securities have maturities through the year 2049 and are backed by investments in various assets, including mortgages.

*Interest Rate Risk – Variable Rate Coupon Notes and Bonds* The market value of these investments may be influenced by, among other factors, changes in interest rates which affect their marketability. At September 30, 2009, the Retirement System was holding variable rate instruments that are reset against the LIBOR (London Interbank Offering Rate) with a plus factor. The coupons had short reset points ranging from twice a year, quarterly and monthly. The shorter the reset point, the less sensitive the investment is to interest rate changes.

#### **4. Receivables – Property Taxes**

Prior to 2004, taxes were levied on December 1 on the taxable value of real and personal property as established the preceding December 31. Taxes became a lien on the property on December 1 and were due and payable on that date through February 28 of the following year, after which unpaid taxes became delinquent and subject to penalty. Michigan Public Act 357 of 2004 required a gradual shift over a three-year period, of county property tax levies from winter to summer as a substitute to county revenue sharing from the State. The entire County Operating Tax is levied on July 1 each year beginning in 2007; however, the date for delinquencies did not change with the shift in levy dates. Taxable value is determined by using such factors as State equalized, assessed, and capped values, along with a value change multiplier. Equalized values for the 2009 summer levy amounted to \$67,858,986,149 with taxable values of \$62,416,676,895. The operating tax rate for the 2009 levy was 4.19 mills, with an additional 0.2415 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 \$34,282,926 at September 30, 2009.

The Treasurer purchases, at face amount, real property tax receivables for all municipalities and school districts within Oakland County that are delinquent on March 1, with transactions recorded in the Delinquent Tax Revolving fund (Enterprise fund type). These receivables (\$115,773,596 at September 30, 2009) are pledged for the repayment of notes, the proceeds of which were used to liquidate the amounts of delinquent real property taxes due to the County and other governmental agencies. Subsequent collections of delinquent taxes, which include interest, penalties, fees, and investment earnings, amounting to \$32,768,313 in 2009, are used to service the notes payable.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2009**

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**5. Allowances for Uncollectible Receivables**

At September 30, 2009, the allowances for uncollectible receivables were as follows:

<b>General Fund</b>	\$ 200,000
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**6. Investment Income – Pension Trust Funds**

The following is a breakdown of the investment income for Pension Trust funds, and the Interim Retirees' Medical Benefits Trust fund of the primary government for the year ended September 30, 2009:

	<b>Employees' Retirement</b>	<b>VEBA Trust</b>	<b>IRMB Trust</b>
Interest and dividends	\$ 17,979,977	\$ 11,606,291	\$ 11,017,187
Unrealized/ Realized gain (loss) on investments (net)	(10,127,937)	1,501,263	(18,442,491)
Total	<u>\$ 7,852,040</u>	<u>\$ 13,107,554</u>	<u>\$ (7,425,304)</u>

**County of Oakland**  
**Notes to Basic Financial Statements**  
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**7. Capital Assets**

An analysis of property and equipment as reported in the Statement of Net Assets, and related accumulated depreciation, at September 30, 2009, for governmental activities follows:

	Balance October 1, 2008	Additions	Disposals	Balance September 30, 2009
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 7,365,551	\$ -	\$ -	\$ 7,365,551
Construction in progress	23,537,166	1,960,409	(19,611,003)	5,886,572
Total capital assets not being depreciated	<u>30,902,717</u>	<u>1,960,409</u>	<u>(19,611,003)</u>	<u>13,252,123</u>
Capital assets being depreciated				
Land improvements	1,131,282	-	-	1,131,282
Buildings and improvements	212,214,722	18,464,285	-	230,679,007
Equipment and vehicles	101,078,414	3,412,253	(2,408,615)	102,082,052
Infrastructure	28,120,943	362,544	-	28,483,487
Total capital assets being depreciated	<u>342,545,361</u>	<u>22,239,082</u>	<u>(2,408,615)</u>	<u>362,375,828</u>
Less: Accumulated depreciation				
Land improvements	927,243	21,624	-	948,867
Buildings and improvements	74,247,644	5,349,030	-	79,596,674
Equipment and vehicles	70,840,700	7,881,815	(1,969,600)	76,752,915
Infrastructure	12,540,787	747,673	-	13,288,460
Total accumulated depreciation	<u>158,556,374</u>	<u>14,000,142</u>	<u>(1,969,600)</u>	<u>170,586,916</u>
Total capital assets being depreciated, net	<u>183,988,987</u>	<u>8,238,940</u>	<u>(439,015)</u>	<u>191,788,912</u>
Governmental activities capital assets, net	<u>\$ 214,891,704</u>	<u>\$ 10,199,349</u>	<u>\$ (20,050,018)</u>	<u>\$ 205,041,035</u>
Depreciation expense was charged to functions as follows:				
Public safety		\$ 3,422,991		
Justice administration		1,140,251		
Citizens services		353,968		
Public infrastructure		628,729		
Commerce and Community Development		27,343		
Unallocated depreciation		1,959,201		
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		<u>6,463,826</u>		
Total depreciation expense - governmental activities		<u>\$ 13,996,309</u>		

The variance in depreciation expense (\$3,833) compared to additions to accumulated depreciation is a result of the transfer of accumulated depreciation from the Jail Commissary, enterprise fund to the general government. Sheriff Aviation, an internal service fund, was also closed and the assets (\$2,506,810) were transferred to general government.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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A summary of business-type property and equipment at September 30, 2009 follows:

	Balance October 1, 2008	Additions	Disposals	Balance September 30, 2009
<b>Business-type Activities</b>				
Capital assets not being depreciated				
Land	\$ 54,991,153	\$ 575,731	\$ -	\$ 55,566,884
Construction in progress	29,942,988	7,792,171	(4,339,803)	33,395,356
Other	12,000	-	-	12,000
Total capital assets not being depreciated	84,946,141	8,367,902	(4,339,803)	88,974,240
Capital assets being depreciated				
Land improvements	23,895,684	-	-	23,895,684
Buildings and improvements	68,128,013	294,166	(65,351)	68,356,828
Equipment and vehicles	51,971,742	6,318,491	(496,738)	57,793,495
Infrastructure	229,598,608	81,107	(56,934)	229,622,781
Total capital assets being depreciated	373,594,047	6,693,764	(619,023)	379,668,788
Less: Accumulated depreciation				
Land improvements	16,321,317	1,060,079	-	17,381,396
Buildings and improvements	17,919,458	1,636,611	(15,812)	19,540,257
Equipment and vehicles	44,552,930	2,772,242	(436,285)	46,888,887
Infrastructure	148,250,112	5,064,384	(56,934)	153,257,562
Total accumulated depreciation	227,043,817	10,533,316	(509,031)	237,068,102
Total capital assets being depreciated, net	146,550,230	(3,839,552)	(109,992)	142,600,686
Business-type activities capital assets, net	<u>\$ 231,496,371</u>	<u>\$ 4,528,350</u>	<u>\$ (4,449,795)</u>	<u>\$ 231,574,926</u>
Depreciation expense was charged to functions as follows:				
Airports		\$ 2,070,922		
Community safety support		1,956,706		
Community water and sewer		599,668		
Recreation and leisure		2,875,504		
Sewage disposal systems		3,030,516		
Total depreciation expense - business-type activities		<u>\$ 10,533,316</u>		

Disposals included the transfer of capital assets of \$42,157 (net of accumulated depreciation from Jail Commissary, enterprise fund) to the general government.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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An analysis of property and equipment, and related accumulated depreciation where applicable, at September 30, 2009, for component units follows:

	Balance October 1, 2008	Additions	Disposals	Balance September 30, 2009
<b>Component Units</b>				
<b>Drainage Districts</b>				
Capital assets not being depreciated				
Construction in progress	\$ 144,426,679	\$ 7,925,658	\$ (4,095,934)	\$ 148,256,403
Capital assets being depreciated				
Infrastructure	344,880,809	1,574,484	-	346,455,293
Less: Accumulated depreciation				
Infrastructure	67,217,275	3,476,914	-	70,694,189
Total capital assets being depreciated, net	277,663,534	(1,902,430)	-	275,761,104
Governmental activity capital assets, net	\$ 422,090,213	\$ 6,023,228	\$ (4,095,934)	\$ 424,017,507
<b>Road Commission</b>				
Capital assets not being depreciated				
Land and other	\$ 155,981,664	\$ 9,246,818	\$ -	\$ 165,228,482
Construction in progress	328,845	100,743	(172,184)	257,404
Total capital assets not being depreciated	156,310,509	9,347,561	(172,184)	165,485,886
Capital assets being depreciated				
Buildings and storage bins	17,899,380	582,363	-	18,481,743
Road equipment	51,906,885	440,289	(4,940,802)	47,406,372
Other equipment	5,739,444	40,923	(223,680)	5,556,687
Infrastructure	858,708,662	37,132,217	-	895,840,879
Brine wells and gravel pits	1,389,028	-	-	1,389,028
Total capital assets being depreciated	935,643,399	38,195,792	(5,164,482)	968,674,709
Less: Accumulated depreciation				
Buildings and storage bins	9,011,705	432,107	-	9,443,812
Road equipment	43,741,463	3,382,865	(4,937,890)	42,186,438
Other equipment	4,466,301	397,356	(223,680)	4,639,977
Infrastructure	364,872,735	33,594,862	-	398,467,597
Brine wells and gravel pits	1,061,124	54,609	-	1,115,733
Total accumulated depreciation	423,153,328	37,861,799	(5,161,570)	455,853,557
Total capital assets being depreciated, net	512,490,071	333,993	(2,912)	512,821,152
Governmental activity capital assets, net	\$ 668,800,580	\$ 9,681,554	\$ (175,096)	\$ 678,307,038

**County of Oakland**  
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**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**

	<b>Interest rate</b>	<b>October 1, 2008</b>	<b>Additions</b>	<b>Reductions</b>	<b>September 30, 2009</b>	<b>Amounts due within one year</b>	<b>Amounts due thereafter</b>	<b>General obligation</b>	<b>With governmental commitment</b>
<b>Debt with limited taxing authority</b>									
Building authority - Act 31	2.50%-5.60%	\$ 81,735,000	\$ -	\$ (4,455,000)	\$ 77,280,000	\$ 4,590,000	\$ 72,690,000	\$ 58,775,000	\$ 18,505,000
Building authority refunding	4.37%-4.75%	10,710,000	-	(1,405,000)	9,305,000	1,445,000	7,860,000	1,395,000	7,910,000
Certificates of Participation - Taxable	6.00%-6.25%	536,220,000	-	(16,610,000)	519,610,000	17,590,000	502,020,000	519,610,000	-
Lake levels - Act 451	2.25%-3.40%	385,000	-	(55,000)	330,000	60,000	270,000	-	330,000
Sewage disposal - Act 342	3.50%-8.50%	2,960,000	-	(1,000,000)	1,960,000	505,000	1,455,000	-	1,960,000
Water and sewer - Act 342	4.00%-4.50%	3,400,000	-	(150,000)	3,250,000	150,000	3,100,000	-	3,250,000
Water supply - Act 342	4.40%-7.00%	11,015,000	-	(340,000)	10,675,000	360,000	10,315,000	-	10,675,000
Water and sewer refunding bonds	2.00%-3.50%	1,615,000	-	(315,000)	1,300,000	305,000	995,000	-	1,300,000
Water supply refunding bonds	4.40%-4.70%	1,570,000	-	(255,000)	1,315,000	265,000	1,050,000	-	1,315,000
Sewage disposal refunding bonds	3.00%-5.20%	9,345,000	2,710,000	(6,110,000)	5,945,000	2,530,000	3,415,000	-	5,945,000
Michigan Bond Authority - Sewage Disposal Bonds	2.25%	6,869,371	174,208	(570,000)	6,473,579	580,000	5,893,579	-	6,473,579
Total bonds - governmental activities		<u>\$ 665,824,371</u>	<u>\$ 2,884,208</u>	<u>\$ (31,265,000)</u>	<u>\$ 637,443,579</u>	<u>\$ 28,380,000</u>	<u>\$ 609,063,579</u>	<u>\$ 579,780,000</u>	<u>\$ 57,663,579</u>
<b>Tax notes - limited taxing authority - business-type activities</b>									
	1.625%	<u>\$ 25,000,000</u>	<u>\$ 50,000,000</u>	<u>\$ (25,000,000)</u>	<u>\$ 50,000,000</u>	<u>\$ 50,000,000</u>	<u>\$ -</u>	<u>\$ 50,000,000</u>	<u>\$ -</u>
<b>Component units</b>									
<b>Drainage Districts</b>									
<b>Debt with limited taxing authority</b>									
Drain bonds - Act 40	3.60%-8.00%	\$ 20,690,000	\$ -	\$ (2,170,000)	\$ 18,520,000	\$ 1,995,000	\$ 16,525,000	\$ 1,407,316	\$ 17,112,684
Drain refunding bonds	3.75%-6.70%	42,075,000	9,855,000	(14,525,000)	37,405,000	5,350,000	32,055,000	2,001,936	35,403,064
Michigan Bond Authority - Drain Bonds	2.00%-2.50%	90,023,234	6,667,846	(5,135,000)	91,556,080	5,550,000	86,006,080	451,409	91,104,671
Total Drainage Districts		<u>\$ 152,788,234</u>	<u>\$ 16,522,846</u>	<u>\$ (21,830,000)</u>	<u>\$ 147,481,080</u>	<u>\$ 12,895,000</u>	<u>\$ 134,586,080</u>	<u>\$ 3,860,661</u>	<u>\$ 143,620,419</u>
Total County Debt		<u>\$ 843,612,605</u>	<u>\$ 69,407,054</u>	<u>\$ (78,095,000)</u>	<u>\$ 834,924,659</u>	<u>\$ 91,275,000</u>	<u>\$ 743,649,659</u>	<u>\$ 633,640,661</u>	<u>\$ 201,283,998</u>

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2009**

**Component Units (Continued)**

<b>Road Commission</b>	<b>Interest rate</b>	<b>October 1, 2008</b>	<b>Additions</b>	<b>Reductions</b>	<b>September 30, 2009</b>	<b>Amounts due within one year</b>	<b>Amounts due thereafter</b>	<b>General obligation</b>	<b>With governmental commitment</b>
Compensated absences	--	\$ 3,295,222	\$ -	\$ (212,190)	\$ 3,083,032	\$ -	\$ 3,083,032	\$ -	\$ 3,083,032
Self-insured losses	--	1,900,000	200,000	-	2,100,000	-	2,100,000	-	2,100,000
Other postemployment benefits	--	2,260,219	4,163,921	-	6,424,140	-	6,424,140	-	6,424,140
Michigan Transportation Fund revenue notes	3.75%-4.75%	7,975,000	-	(2,475,000)	5,500,000	1,500,000	4,000,000	-	5,500,000
Total Road Commission		<u>\$ 15,430,441</u>	<u>\$ 4,363,921</u>	<u>\$ (2,687,190)</u>	<u>\$ 17,107,172</u>	<u>\$ 1,500,000</u>	<u>\$ 15,607,172</u>	<u>\$ -</u>	<u>\$ 17,107,172</u>
Total reporting entity		<u>\$ 859,043,046</u>	<u>\$ 73,770,975</u>	<u>\$ (80,782,190)</u>	<u>\$ 852,031,831</u>	<u>\$ 92,775,000</u>	<u>\$ 759,256,831</u>	<u>\$ 633,640,661</u>	<u>\$ 218,391,170</u>

The annual requirements to pay principal and interest on debt outstanding at September 30, 2009 (excluding the liabilities for compensated absences, other postemployment benefits and uninsured losses for the Road Commission component unit) were:

	<b>Bonds with limited taxing authority</b>		<b>Certificates of Participation limited taxing authority</b>		<b>Notes with limited taxing authority</b>		<b>Total primary government</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2010	\$ 10,790,000	\$ 5,001,604	\$ 17,590,000	\$ 31,456,888	\$ 50,000,000	\$ 750,000	\$ 78,380,000	\$ 37,208,492
2011	7,305,000	4,575,848	18,320,000	30,379,587	-	-	25,625,000	34,955,435
2012	7,330,000	4,320,633	19,545,000	29,243,638	-	-	26,875,000	33,564,271
2013	7,875,000	4,051,041	20,520,000	28,041,687	-	-	28,395,000	32,092,728
2014	6,960,000	3,768,360	21,500,000	26,781,088	-	-	28,460,000	30,549,448
2015-2019	36,460,000	14,366,228	127,280,000	112,403,512	-	-	163,740,000	126,769,740
2020-2024	32,055,000	6,165,317	168,070,000	67,086,875	-	-	200,125,000	73,252,192
2025-2029	8,338,579	1,006,774	126,785,000	12,191,406	-	-	135,123,579	13,198,180
2030-2033	720,000	32,400	-	-	-	-	720,000	32,400
Totals	<u>\$ 117,833,579</u>	<u>\$ 43,288,205</u>	<u>\$ 519,610,000</u>	<u>\$ 337,584,681</u>	<u>\$ 50,000,000</u>	<u>\$ 750,000</u>	<u>\$ 687,443,579</u>	<u>\$ 381,622,886</u>

	<b>Drainage Districts</b>		<b>Road Commission</b>		<b>Total reporting entity</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2010	\$ 12,895,000	\$ 4,305,009	\$ 1,500,000	\$ 220,000	\$ 92,775,000	\$ 41,733,501
2011	13,205,000	3,867,306	1,500,000	160,000	40,330,000	38,982,741
2012	11,755,000	3,453,354	500,000	100,000	39,130,000	37,117,625
2013	12,030,000	3,104,193	500,000	80,000	40,925,000	35,276,921
2014	11,070,000	2,743,765	500,000	60,000	40,030,000	33,353,213
2015-2019	44,815,000	9,172,500	1,000,000	60,000	209,555,000	136,002,240
2020-2024	39,450,408	3,117,320	-	-	239,575,408	76,369,512
2025-2029	2,260,672	168,438	-	-	137,384,251	13,366,618
2030-2033	-	-	-	-	720,000	32,400
Totals	<u>\$ 147,481,080</u>	<u>\$ 29,931,885</u>	<u>\$ 5,500,000</u>	<u>\$ 680,000</u>	<u>\$ 840,424,659</u>	<u>\$ 412,234,771</u>

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2009**

**Component Units (Continued)**

<b>Road Commission</b>	<b>Interest rate</b>	<b>October 1, 2008</b>	<b>Additions</b>	<b>Reductions</b>	<b>September 30, 2009</b>	<b>Amounts due within one year</b>	<b>Amounts due thereafter</b>	<b>General obligation</b>	<b>With governmental commitment</b>
Compensated absences	--	\$ 3,295,222	\$ -	\$ (212,190)	\$ 3,083,032	\$ -	\$ 3,083,032	\$ -	\$ 3,083,032
Self-insured losses	--	1,900,000	200,000	-	2,100,000	-	2,100,000	-	2,100,000
Other postemployment benefits	--	2,260,219	4,163,921	-	6,424,140	-	6,424,140	-	6,424,140
Michigan Transportation Fund revenue notes	3.75%-4.75%	7,975,000	-	(2,475,000)	5,500,000	1,500,000	4,000,000	-	5,500,000
Total Road Commission		<u>\$ 15,430,441</u>	<u>\$ 4,363,921</u>	<u>\$ (2,687,190)</u>	<u>\$ 17,107,172</u>	<u>\$ 1,500,000</u>	<u>\$ 15,607,172</u>	<u>\$ -</u>	<u>\$ 17,107,172</u>
Total reporting entity		<u>\$ 859,043,046</u>	<u>\$ 73,770,975</u>	<u>\$ (80,782,190)</u>	<u>\$ 852,031,831</u>	<u>\$ 92,775,000</u>	<u>\$ 759,256,831</u>	<u>\$ 633,640,661</u>	<u>\$ 218,391,170</u>

The annual requirements to pay principal and interest on debt outstanding at September 30, 2009 (excluding the liabilities for compensated absences, other postemployment benefits and uninsured losses for the Road Commission component unit) were:

	<b>Bonds with limited taxing authority</b>		<b>Certificates of Participation limited taxing authority</b>		<b>Notes with limited taxing authority</b>		<b>Total primary government</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2010	\$ 10,790,000	\$ 5,001,604	\$ 17,590,000	\$ 31,456,888	\$ 50,000,000	\$ 750,000	\$ 78,380,000	\$ 37,208,492
2011	7,305,000	4,575,848	18,320,000	30,379,587	-	-	25,625,000	34,955,435
2012	7,330,000	4,320,633	19,545,000	29,243,638	-	-	26,875,000	33,564,271
2013	7,875,000	4,051,041	20,520,000	28,041,687	-	-	28,395,000	32,092,728
2014	6,960,000	3,768,360	21,500,000	26,781,088	-	-	28,460,000	30,549,448
2015-2019	36,460,000	14,366,228	127,280,000	112,403,512	-	-	163,740,000	126,769,740
2020-2024	32,055,000	6,165,317	168,070,000	67,086,875	-	-	200,125,000	73,252,192
2025-2029	8,338,579	1,006,774	126,785,000	12,191,406	-	-	135,123,579	13,198,180
2030-2033	720,000	32,400	-	-	-	-	720,000	32,400
Totals	<u>\$ 117,833,579</u>	<u>\$ 43,288,205</u>	<u>\$ 519,610,000</u>	<u>\$ 337,584,681</u>	<u>\$ 50,000,000</u>	<u>\$ 750,000</u>	<u>\$ 687,443,579</u>	<u>\$ 381,622,886</u>

	<b>Drainage Districts</b>		<b>Road Commission</b>		<b>Total reporting entity</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2010	\$ 12,895,000	\$ 4,305,009	\$ 1,500,000	\$ 220,000	\$ 92,775,000	\$ 41,733,501
2011	13,205,000	3,867,306	1,500,000	160,000	40,330,000	38,982,741
2012	11,755,000	3,453,354	500,000	100,000	39,130,000	37,117,625
2013	12,030,000	3,104,193	500,000	80,000	40,925,000	35,276,921
2014	11,070,000	2,743,765	500,000	60,000	40,030,000	33,353,213
2015-2019	44,815,000	9,172,500	1,000,000	60,000	209,555,000	136,002,240
2020-2024	39,450,408	3,117,320	-	-	239,575,408	76,369,512
2025-2029	2,260,672	168,438	-	-	137,384,251	13,366,618
2030-2033	-	-	-	-	720,000	32,400
Totals	<u>\$ 147,481,080</u>	<u>\$ 29,931,885</u>	<u>\$ 5,500,000</u>	<u>\$ 680,000</u>	<u>\$ 840,424,659</u>	<u>\$ 412,234,771</u>



# **County of Oakland**

## **Notes to Basic Financial Statements**

### **September 30, 2009**

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The County has pledged its full faith and credit on debt totaling \$834,924,659. By statute, general obligation debt is limited to 10 percent of the state equalized value. As of September 30, 2009, the debt limit was \$6,785,898,615. 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, 2009, there were nine issues outstanding, totaling \$77,280,000, maturing in the years 2010-2027, which represents debt originally issued in the years 1999-2007 totaling \$103,260,000.

#### **Taxable Certificates of Participation**

Represents debt issued in the form of trust certificates to fund future retiree health care costs reported in the VEBA Trust fund. Debt was issued under the authority of Public Act 139, Michigan Public Acts of 1973, in the amount of \$556,985,000, maturing in the years 2008 through 2027, and funds were placed in trust in the Intermediate Retirees' Medical Benefits Trust fund, a special revenue fund. The annual actuarially determined amount will be transferred from the trust to the VEBA Trust Fund. At September 30, 2009, there remained debt outstanding in the amount of \$519,610,000, maturing in the years 2010-2027.

#### **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 revenues produced by utility or tax revenues. 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 revenue in the Debt Service funds for each act. At September 30, 2009, there were seven issues outstanding, totaling \$15,885,000, maturing in the years 2010-2030. This represents debt originally issued in the amount of \$22,110,000 issued in the years 1991-2005.

#### **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, 2009, there were nine issues outstanding, totaling \$17,865,000, maturing in the years 2010-2027. This represents debt originally issued in the years 1998-2009 totaling \$51,825,000.

#### **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, 2009 was \$4,730,000, which matures in the years 2010-2018.

# **County of Oakland**

## **Notes to Basic Financial Statements**

### **September 30, 2009**

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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. Through September 30, 2009, the County received \$1,913,579 from the State Revolving Loan fund. The amount outstanding at September 30, 2009 for this issue is \$1,743,579, which matures in the years 2010-2027.

#### **Lake Levels – Act 146**

Act 451 of Michigan Public Acts of 1994 permits the issuance of debt for providing lake level control. Bonds are to be repaid through special assessments levied against benefiting property owners. In October 2004, the County authorized the issuance of bonds in the amount of \$575,000 for the Watkins Lake Level. The amount outstanding at September 30, 2009 was \$330,000, which matures in the years 2010-2014.

#### **Tax Notes – Section 87B of Act 206**

By agreement with various taxing authorities, the County purchases (at face value) real property taxes which are returned delinquent each March 1. The assets of the Delinquent Tax Revolving fund (an Enterprise fund), including receivables in the amount of \$280,766,016 at September 30, 2009, are pledged as collateral for payment of the tax notes. The proceeds of these notes were used to liquidate the amounts due the County's General Fund and other governmental agencies for purchase of their delinquent real property tax receivables and to provide an amount for note repayment. The amount outstanding at September 30, 2009 was \$50,000,000. Subsequent collections on delinquent taxes receivable, plus interest penalties and collection fees thereon, and investment earnings are used to service the debt.

#### **Drain Bonds and Notes – 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 revenues 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, 2009, there were seventeen issues outstanding, totaling \$18,520,000, maturing in the years 2010-2028. This represents original debt issued for \$37,970,000 in the years 1993-2008.

#### **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, 2009, there were seventeen issues outstanding, totaling \$37,405,000, maturing in the years 2010-2024. This represents debt originally issued in the years 1997-2009 in the amount of \$57,150,000.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2009**

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

The County authorized issuance of bonds in the amount of \$9,365,000 in 1994 to the Michigan Municipal Bond Authority Revolving Loan fund for the Combined Sewer Overflow Project. In October 2000, the County additionally authorized the issuance of bonds for up to \$17,880,000 for the George W. Kuhn Drainage District, with the entire amount from the State Revolving Loan Fund being received by 2005. 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 \$14,240,000. Through September 30, 2009, the drainage district received \$93,281,080 from the State Revolving Loan Fund for Segment II. At September 30, 2009, there were ten issues outstanding, totaling \$91,556,080, maturing in the years 2010-2028.

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

In June 2006, the County advance refunded a portion of a general obligation limited tax bond issue with surplus construction funds transferred to the debt service fund. These funds were placed in trust for the purpose of generating resources for the repayment of the refunded debt. Accordingly, the trust account assets and liability for the refunded bonds are not included in the County's financial statements. At September 30, 2009, there is an in-substance defeasance of \$820,000 of Building Authority Bonds Series 2002A (Rochester Hills - Sheriff Substation), maturing in the years 2020 through 2022 inclusively.

In August 2009, the County issued \$4,720,000 of refunding bonds for a current refunding of a general obligation limited tax refunding bond issue on behalf of the Drainage Districts' component unit, pursuant to authorization contained in Act 34, Public Acts of Michigan of 2001. General obligation limited tax refunding drain bonds were issued for the payment of future debt service obligations of the refunded debt. Accordingly, the trust account assets and liability for the refunding bonds are not included in the Drainage Districts' component unit, or the County's financial statements. The debt refunded amounted to \$4,715,000 for the Bloomfield Village CSO Drainage District Refunding Bonds, Series 2001B maturing in the years 2010 through 2016 inclusively. The refunding was undertaken to reduce the debt service payments over the next seven years by \$405,571 and obtain an economic (present value) gain to the benefiting municipalities of \$370,813.

In August 2009, the County issued \$5,135,000 of refunding bonds for a current refunding of a general obligation limited tax refunding bond issue on behalf of the Drainage Districts' component unit, pursuant to authorization contained in Act 34, Public Acts of Michigan of 2001. General obligation limited tax refunding drain bonds were issued for the payment of future debt service payment of the refunded debt. Accordingly, the trust account assets and liability for the refunding bonds are not included in the Drainage Districts' component unit, or the County's financial statements. The debt refunded amounted to \$5,125,000 for the Birmingham CSO Drainage District Refunding Bonds Series 2001 maturing in the years 2010 through 2016 inclusively. The refunding was undertaken to reduce the debt service payments over the next eight years by \$420,973 and obtain an economic (present value) gain to the benefiting municipalities of \$384,153.

In September 2009, the County issued \$2,710,000 of refunding bonds for a current refunding of a general obligation limited tax refunding bond issue, pursuant to authorization contained in Act 34, Public Acts of Michigan of 2001. General obligation limited tax refunding sewage disposal bonds were issued for the payment of future debt service obligations of the refunded debt. The debt refunded amounted to \$2,700,000 for the City of Orchard Lake Village Refunding Bonds, Series 1999, maturing in the years 2010 through 2012 inclusively. The refunding was undertaken to reduce the debt service payments over the next three years by \$148,245 and to obtain an economic (present value) gain for the City of Orchard Lake Village of \$145,245.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2009**

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**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, 2009, was as follows:

	<b>Beginning balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending balance</b>	<b>Due within one year</b>
<b>Governmental activities</b>					
Accrued compensated absences	\$ 12,424,448	\$ 540,713	\$ -	\$ 12,965,161	\$ 1,296,516
Claims and judgments					
Accrued unreported health costs	2,732,000	-	(170,000)	2,562,000	854,000
Accrued workers' compensation	12,758,106	-	(739,865)	12,018,241	1,750,000
Building and liability insurance	5,160,833	2,037,718	-	7,198,551	2,729,872
Governmental activity long-term liabilities	<u>\$ 33,075,387</u>	<u>\$ 2,578,431</u>	<u>\$ (909,865)</u>	<u>\$ 34,743,953</u>	<u>\$ 6,630,388</u>

**9. Interfund Balances**

Interfund receivables and payables at September 30, 2009 were:

Due to/from other funds:

<b><u>Receivable Fund</u></b>	<b><u>Payable Fund</u></b>	
General Fund	Public Health	\$ 2,766,809
	Nonmajor governmental	12,312,904
	Nonmajor enterprise	2,615
	Internal service	769,760
	Total	<u>15,852,088</u>
Public Health	Nonmajor governmental	27,178
	Internal service	12,295
	Total	<u>39,473</u>
Nonmajor governmental	General	2,439,960
	Nonmajor governmental	419,445
	S.O.C.S.D.S.	1,899
	Internal service	326,138
	Total	<u>3,187,442</u>
Parks and Recreation	General	<u>21,875</u>
Nonmajor enterprise	General	4,950
	Nonmajor governmental	21,440
	Internal service	76,376
	Total	<u>102,766</u>
Internal service	General	4,431,933
	Nonmajor governmental	4,320
	Internal service	32,052
	Total	<u>4,468,305</u>
	Total	<u>\$ 23,671,949</u>

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2009**

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

Receivables and payables between funds of the Primary Government and the Component Units at September 30, 2009 were:

<b>Primary Government</b>	<b>Component Unit</b>	
<b>Due from Component Unit</b>	<b>Due to Primary Government</b>	
General Fund	Drainage Districts	<u>\$ 27,340</u>
Nonmajor governmental	Drainage Districts	<u>1,511,115</u>
Nonmajor enterprise	Drainage Districts	<u>157,443</u>
Internal Service	Drainage Districts	4,732
	Road Commission	<u>19,647</u>
		<u>24,379</u>
	Total	<u>\$ 1,720,277</u>

Advances to/from other funds (including current and long-term portions) at September 30, 2009 were:

<b>Receivable Fund</b>	<b>Payable Fund</b>	
Nonmajor governmental	Nonmajor governmental	<u>\$ 50,123</u>
Delinquent Tax Revolving	Internal Service	<u>154,596</u>
	Total	<u>\$ 204,719</u>

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2009**

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Interfund transfers between the funds within the Primary Government recorded in the accompanying financial statements as operating transfers in/out for the year ended September 30, 2009 were:

<b>Transfers In</b>	<b>Transfers Out</b>	<b>Amount</b>
General Fund	Revenue Sharing Reserve	\$ 23,740,126
	Nonmajor governmental	450,464
	Delinquent Tax Revolving	17,673,120
	Nonmajor enterprise	281,382
	Internal service	1,186,289
		<u>43,331,381</u>
Public Health	General Fund	<u>23,942,876</u>
Building Authority Act 31	Delinquent Tax Revolving	<u>5,351,451</u>
Nonmajor governmental	General Fund	40,735,827
	Nonmajor governmental	5,594,477
	Parks and Recreation	10,734
	Water and Sewer Trust	30,000
	Nonmajor enterprise	106,807
	Internal Service	811,343
		<u>47,289,188</u>
Nonmajor enterprise	General Fund	2,361,367
	Nonmajor enterprise	200,000
		<u>2,561,367</u>
Internal Service	General Fund	72,473
	Nonmajor governmental	2,410,041
	Delinquent Tax Revolving	1,848,142
		<u>4,330,656</u>
*General government	Nonmajor enterprise	42,157
	Internal service	<u>2,506,810</u>
	Total transfers	<u>\$ 129,355,886</u>

\*Transfers of capital assets from Jail Inmate Commissary fund, enterprise fund and from Sheriff Aviation fund, internal service fund to general government

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**  
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**10. Fund Equities**

At September 30, 2009, a deficit existed in the following funds:

**Special Revenue Funds**

Lake Levels Act 146	\$ 89,797
Pollution Control Grants	6,254

**Capital Projects Fund**

Lake Levels Act 146	109,018
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**Internal Service Funds**

Drain Equipment	965,946
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In the Special Revenue funds, the Lake Levels Act 146 fund consists of 30 separate lake level funds. Annually, lake level funds are reviewed and assessments authorized. Assessments are determined in July and are placed on December tax bills. The assessments are meant to cover any individual fund deficits identified at that time, and also to cover the anticipated operating costs for the following year. Due to unexpected costs in FY 2009, there are several individual lake level funds with deficit balances; however, the majority of the overall net negative unreserved fund balance is due to a \$74,397 deficit in the Oxford Multi Lake Level fund. The Oxford Multi Lake Level Fund deficit is related to a large maintenance project being funded through a five-year special assessment which began in 2009. Negative unreserved fund balances in the various other lake level funds will be reviewed and eliminated in future years' assessments.

The negative unreserved fund balances in the Pollution Control Grant fund reflects the fact that this grant fund operates on a reimbursement basis; e.g., the County pays the original expenses and is reimbursed by the grantor agency after submission of the proper support documentation. Typically, reimbursement for year-end expenditures lags by two to three months. Once reimbursement is obtained, the negative unreserved fund balance will be eliminated. Should the reimbursement not be sufficient to cover the expenditures, the County has match funds budgeted which will be transferred to cover any remaining deficit.

The negative unreserved fund balance in the Lake Levels Act 146 Fund (Capital Projects fund type) primarily reflects costs that are related to the Bush Lake Level project. Costs-to-date include preliminary design costs as well as litigation costs associated with an on-going legal action that has not been resolved to date. The litigation is expected to be settled within the next year. The design phase has been completed and once the permits are received from the MDEQ, the project will move to the next phase where a total project cost analysis will be prepared and funding will be determined. If the project does not move forward, a special assessment will be issued to cover the preliminary design costs as well as the costs for litigation.

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The negative unrestricted net assets balance in the Drain Equipment Fund (Internal Service fund type) is primarily due to a change over the past several years to replace Drain Equipment owned vehicles with leased vehicles from the Motor Pool Fund. The replacement of Drain Equipment owned vehicles requires a transfer from the Drain Equipment Fund to the Motor Pool Fund at the time of purchase and the number of owned vehicle replacements has been fairly significant over the past several years. The Drain Equipment Fund was able to make a significant improvement in FY 2009, realizing a positive change of net assets of \$850,662 as compared to the \$137,171 increase in the prior year. The \$850,662 positive change in net assets is more than the \$323,789 projection provided to the State of Michigan with the FY 2008 deficit elimination plan detail. The Drain Equipment vehicle rates, as well as other equipment rates, were increased for FY 2009 and will continue to escalate in order to cover annual operations and future replacement. It is anticipated the negative unrestricted net assets will be eliminated by the end of FY 2011 based on the continued rate adjustments, and the decrease in the number of Drain Equipment owned vehicles requiring one-time transfers to the Motor Pool Fund for replacement.

Reserved, designated, and undesignated fund balances and net assets at September 30, 2009, including the Road Commission and Drainage Districts component units, were as follows:

	<b>Reserved</b>	<b>Unreserved</b>	
		<b>Designated</b>	<b>Undesignated</b>
<b>Primary Government</b>			
<b>General Fund</b>			
Encumbrances	\$ -	\$ 227,277	\$ -
Prepays	117,868	-	-
Future operating requirements	-	83,288,836	-
Capital outlay	-	10,186,292	-
Other programs	266,350	11,828,942	-
Uncommitted	-	-	351,088
	<u>\$ 384,218</u>	<u>\$ 105,531,347</u>	<u>\$ 351,088</u>
<b>Special Revenue Funds</b>			
Encumbrances	\$ -	\$ 7,401	\$ -
Specific programs	359,033,050	179,630,542	(96,051)
	<u>\$ 359,033,050</u>	<u>\$ 179,637,943</u>	<u>\$ (96,051)</u>
<b>Debt Service Funds</b>			
Debt service - general obligations	\$ 350,723	\$ -	\$ -
<b>Capital Projects Funds</b>			
Long-term receivables	\$ 100,123	\$ -	\$ -
Work projects	5,786,041	7,063,814	-
Uncommitted	-	-	12,518,053
	<u>\$ 5,886,164</u>	<u>\$ 7,063,814</u>	<u>\$ 12,518,053</u>



**County of Oakland**  
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Component Units	Reserved	Unreserved	
		Designated	Undesignated
<b>Road Commission</b>			
Governmental Fund			
Construction and maintenance	\$ 13,099,561	\$ 12,010,579	\$ -
Subsequent year's budget	-	3,736,249	-
Long-term portion of provision for uninsured losses	-	2,100,000	-
Compensated absences	-	3,083,032	-
Postemployment benefits	-	1,215,940	-
	<u>\$ 13,099,561</u>	<u>\$ 22,145,800</u>	<u>\$ -</u>
<b>Drainage Districts</b>			
Governmental Fund			
Construction and maintenance	\$ 14,232,504	\$ -	\$ -
Debt Service	968,032	-	-
	<u>\$ 15,200,536</u>	<u>\$ -</u>	<u>\$ -</u>

**11. Employee Benefits**

**Primary Government**

The County provides various benefits to its employees. Expenditures in 2009 for these benefits totaled the following: medical insurance, \$25,525,354; dental insurance, \$3,086,648; optical insurance, \$272,112; annual and sick leave, \$1,495,679; disability, \$2,308,011; tuition reimbursement, \$250,654; Social Security, \$15,015,054; workers' compensation, \$1,577,100; and unemployment claims, \$681,972.

**Road Commission**

The Road Commission provides medical, dental, and optical insurance to its employees. Expenditures in 2009 for these benefits approximated \$11,857,495. Workers' compensation expense in 2009 approximated \$1,142,492.

**12. Defined Benefit Pension Plan**

**Plan Description**

The County has a single-employer defined benefit pension plan, covering substantially all full-time employees. The plan provides retirement, disability, and death benefits to plan members and their beneficiaries.

**County of Oakland**  
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Since the County does not issue a stand-alone report for its County PERS, following are condensed financial statements for the period as of and including September 30, 2009:

**Statement of Net Assets**

Cash and investments	\$ 660,260,356
Other assets	2,388,766
Total assets	<u>662,649,122</u>
Liabilities	<u>725,659</u>
Net assets	<u>\$ 661,923,463</u>

**Statement of Changes in Net Assets**

Additions:	
Contributions	\$ 1,007,374
Investment income	7,852,040
Other revenue	921,887
Total additions	<u>9,781,301</u>
Deductions:	
Benefit payments	37,720,427
Other expenses	2,429,040
Total deductions	<u>40,149,467</u>
Change in net assets	(30,368,166)
Net assets held in trust, beginning of year	<u>692,291,629</u>
Net assets held in trust, end of year	<u>\$ 661,923,463</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.

**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. The current year and prior-period rates for the County plan were 0.0 percent and 0.0 percent, respectively, of annual covered payroll, which was determined through actuarial valuation performed at September 30, 2007 and September 30, 2006, respectively. There were no contributions from County funds for the years 2000 through 2009.

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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, 2009 and September 30, 2008 amounted to \$1,007,374 and \$940,823, 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.

**Benefits**

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

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

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

**Classes of Employees**

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, 2008, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	1,773
Terminated plan members entitled to, but not yet receiving benefits	198
Active plan members	<u>759</u>
Total	<u>2,730</u>

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

**County of Oakland**  
**Notes to Basic Financial Statements**  
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**Annual Pension Cost**

The Oakland County Employees' Retirement System is considered 100% funded since fiscal year 2001; the annual contribution is \$0 and 0% since that period.

**Funded Status and Funding Progress**

	Actuarial Valuation as of September 30,		
	2008	2007	2006
Actuarial value of assets	\$ 791,541,576	\$ 799,307,403	\$ 746,695,624
Actuarial Accrued Liability (entry age)	675,166,642	652,118,082	668,999,513
Unfunded AAL	<u>\$ (116,374,934)</u>	<u>\$ (147,189,321)</u>	<u>\$ (77,696,111)</u>
Funded ratio	117.2%	122.6%	111.6%
Covered payroll	\$ 46,690,015	\$ 55,704,389	\$ 57,453,054
UAAL as percentage of covered payroll	0.0%	0.0%	0.0%

Required supplementary information, which includes a Schedule of Employer Contributions, significant actuarial assumptions, and a Schedule of Funding Progress for the County, is presented immediately following the notes to the financial statements.

**Actuarial Methods and Assumptions**

The annual required contribution was determined as part of the actuarial valuation as of September 30, 2007, using the aggregate actuarial cost method. Significant actuarial assumptions used include (a) a 7.25 investment rate of return, (b) projected salary increases of 4.5 to 10.5 percent per year and (c) 1.5 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.50 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a three-year period.

**Fund Balance Reserved for Employees' Pension Benefits**

Fund balances reserved for employees' pension benefits include legally required reserves. Fund balance as of September 30, 2009 consists of the following reserves:

Annuity reserve	\$ 8,531,060
Pension reserve	274,029,924
Pension accumulated reserve	<u>379,362,479</u>
Total fund balance	<u>\$ 661,923,463</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.

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**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, 2009 was 2,717, which includes 595 employees who elected to transfer from the PERS in 1995 through 2000 and 2,122 current employees hired since July 1, 1994.

The County's payroll for employees covered by the OPRS for the year ended September 30, 2009 was \$153,801,567, and the County's total payroll was \$220,151,963. The required contributions, which matched those actually made, were \$5,921,399 by employees and \$13,937,481 by the County, representing 3.9% and 9.1% 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 2009, the County contributed \$191,206 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.

**14. Postemployment Benefits**

Oakland County provides medical care benefit insurance coverage to retired employees or survivors of deceased employees who were hired on or before September 20, 1985, or hired on or after September 21, 1985 and had 15 years of service (for family coverage) or 8 to 14 years of service (for retired members only). This single-employer defined benefit plan is administered through the Oakland County VEBA Trust (the Trust).

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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).

In 2009, the County provided 1,938 retirees medical insurance and reimbursed them for Medicare premiums under the Trust. In 2009, the County disbursed \$21,944,001 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 general class is now closed to new hires. The County has established a "Retirement Health Savings Plan" beginning January 1, 2007, whereby the general class of employees hired on or after this date will no longer receive a defined health insurance benefit, but will receive a cash payment upon retirement from which they can purchase their own health insurance. At September 30, 2008, the date of the most recent actuarial valuation, membership in the OPEB consisted of 2,149 retirees and beneficiaries currently receiving benefits, 3,234 active employees and 296 terminated employees entitled to benefits but not yet receiving them.

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current and two preceding years were as follows:

	Fiscal year ended September 30,		
	2009	2008	2007
Annual OPEB cost (ARC)	\$ 61,863,580	\$ 60,200,684	\$ 54,780,659
Percentage of ARC contributed	100%	100%	100%
Net OPEB obligation	\$ -	\$ -	\$ -

In 2009, the County contributed \$61,863,580 and experienced a gain of \$13,107,554 in interest income, with retirees contributing \$111,651 toward the cost of hospitalization riders. Employer contributions in 2009 for the County OPEB as determined through actuarial valuations performed at September 30, 2007 were: General \$50,101,657, Command Officers \$2,424,927, and Deputies \$9,336,996. This is expressed in percentages of covered payroll as 26.44%, 19.02%, respectively, for the last two classes. The General division is expressed only in dollars due to a change to the level dollar amortization method used to finance the unfunded accrued liability. Employees are not required to contribute to the plan.

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The funding progress of the plan as of September 30, 2008, the most recent actuarial valuation report, is as follows:

Retirees and beneficiaries	\$ 429,252,521
Vested terminated employees who will be eligible when they collect retirement (age 60 in most cases) and their beneficiaries	57,539,887
Active employees and beneficiaries	<u>401,789,994</u>
Actuarial accrued liability	888,582,402
Actuarial value of assets	<u>411,280,137</u>
Unfunded AAL (UAAL)	<u>\$ 477,302,265</u>
Funded ratio	46.3%
Annual covered payroll	\$ 186,274,882
UAAL as a percentage of covered payroll	256.2%

Unfunded actuarial accrued liabilities are being amortized as a fixed percentage of payroll over a period of 27 years.

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 future employment, 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. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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, 2008 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses), which consists of a real rate of return of 2.25 percent per year plus a long-term rate of inflation of 5.25 percent per year and an annual healthcare cost trend rate of 10.0 percent initially, reduced by decrements to an ultimate rate of 5.25 percent after 10 years. Both rates included a 5.25 percent inflation assumption. The actuarial value of assets was determined using the average of the market value at the valuation date with adjusted market values from the two prior years. Prior year market values are adjusted by adding contributions and regular investment income and subtracting benefits, refunds and expenses for the intervening years. The UAAL for the General group was amortized using a level dollar payment method. All other groups were amortized by level (principal and interest combined) percent-of-payroll contributions. Active member payroll was assumed to increase 5.25 percent per year for the purpose of determining the level percent contributions. The remaining amortization period at September 30, 2009 was 27 years.

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Since the County does not issue stand-alone financial reports for the VEBA Trust, following are condensed financial statements as of and including September 30, 2009:

Statement of Net Assets

Cash and investments	\$ 432,315,829
Other assets	1,634,131
Total assets	<u>433,949,960</u>
Liabilities	<u>1,122,122</u>
Net assets	<u>\$ 432,827,838</u>

Statement of Changes in Net Assets

Additions:	
Contributions	\$ 61,975,231
Investment income	13,107,554
Other revenue	1,292,691
Total additions	<u>76,375,476</u>
Deductions:	
Benefits	<u>21,944,001</u>
Change in net assets	54,431,475
Net assets held in trust, beginning of year	<u>378,396,363</u>
Net assets held in trust, end of year	<u>\$ 432,827,838</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, 2008, the date of the most recent actuarial valuation, membership consisted of 583 retirees and beneficiaries currently receiving benefits, 353 vested active employees, and 171 nonvested active employees. For the year ended September 30, 2009, the Road Commission's annual required contribution to the Trust was \$10,066,823. The Road Commission contributed \$999,441 to the Trust during the year and paid \$5,149,311 directly toward insurance premiums and medical costs for retirees during fiscal year 2008, leaving a net OPEB obligation of \$6,424,140 at September 30, 2009.

**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 \$300,000,000. Policy limits (subject to the maximum \$300,000,000 per occurrence catastrophic loss limit) are: building and contents in the amount of \$510,322,241, electronic data processing equipment in the amount of \$35,879,178, boats and motors in the amount of \$503,000, 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, earthquake coverage in the amount of \$50,000,000, boiler and machinery coverage in the amount of \$100,000,000, property insurance for helicopter hull physical damage in the amount of \$2,825,920 and helicopter additional equipment physical damage in the amount of \$1,218,000. 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 bonds 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 \$500,000 each occurrence, self-insured retention and employers' liability in the amount of \$1,000,000. 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. General liability claims are covered \$1,000,000 per occurrence and \$4,000,000 in aggregate with a maximum coverage of \$20,000,000. Workers' compensation claims are covered with \$500,000 per occurrence with no aggregate coverage.

The County and the Road Commission estimate the liability for all the above-mentioned claims that have been incurred through September 30, 2009, 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. Neither the County nor the Road Commission has experienced settlements in excess of insurance coverage during the past three years.

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

	<b>September 30,</b>	
	<b>2009</b>	<b>2008</b>
<b>Primary Government</b>		
Beginning-of-period liability	\$ 20,650,939	\$ 23,167,038
Estimated claims incurred, claim adjustment expenses and changes in estimates		
Provisions for current-year events	36,031,765	40,303,839
Increase (decrease) in provisions for prior-year events	1,230,792	(1,992,486)
Total incurred claims, claim adjustment expenses and changes in estimates	37,262,557	38,311,353
Claim payments and claim adjustment expenses		
Related to current-year events	(34,431,637)	(37,942,828)
Related to prior-year events	(6,276,004)	(2,884,624)
Total claim payments and claim adjustment expenses	(40,707,641)	(40,827,452)
End-of-period liability	\$ 17,205,855	\$ 20,650,939
<b>Road Commission - Component Unit</b>		
Beginning-of-year liability	\$ 3,650,000	\$ 3,510,000
Estimated claims incurred and changes in estimates	13,441,055	11,651,410
Claim payments	(12,891,055)	(11,511,410)
End-of-year liability	\$ 4,200,000	\$ 3,650,000

**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, 2009 were \$1,114,090. The future minimum lease payments as of September 30, 2009 are as follows:

<b>Fiscal year</b>	<b>Primary government</b>
2010	\$ 786,089
2011	438,241
2012	321,309
2013	157,604
2014	157,604
2015 - 2019	740,703
	<u>\$ 2,601,550</u>

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, 2009 amounted to \$122,200, recorded in the Facilities Maintenance & Operations fund, an internal service fund type.

**County of Oakland**  
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The County has also “loaned” its AAA bond rating to assist local communities in the ability to finance local projects by pledging full faith and credit on the debt issued through the Oakland County Building Authority. Debt is to be paid from payments from the benefiting community over the life of the debt issues, with the structures being collateral. A contract, or lease, receivable with a corresponding deferred revenue is shown in the Debt Service Fund financial statements of the County. Debt and receivables are reported for a Sheriff’s Sub-station in the City of Rochester Hills for \$5.2 million in 2002, Pontiac Phoenix Center and Phoenix Plaza Amphitheatre Refunding bonds in the City of Pontiac in the amount of \$11.5 million and \$8.16 million, respectively, in 2006, and Community Mental Health Authority Housing Project in the amount of \$5,500,000 in 2007. The future minimum lease payments to be received as of September 30, 2009 are as follows:

<b>Fiscal year</b>	<b>Primary government</b>
2010	\$ 2,099,913
2011	2,111,338
2012	2,095,900
2013	2,413,837
2014	2,452,030
2015 - 2019	12,177,573
2020 - 2024	10,711,100
2025 - 2027	7,201,350
	<u>\$ 41,263,041</u>

**18. Commitments and Contingencies**

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

The County, the Drainage Districts, and the Road Commission received funds from various federal and state units to finance specific activities. The final determination of revenue 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, 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) at September 30, 2009 as follows: Work Release/Jail Management/Video Conferencing with a cost of \$2,420,000 for the Jail Management System portion with a remaining balance of \$482,135; radio tower project of \$35,309,141 with a balance of \$17,319,620; and a commitment for purchase of multiple group homes for the Community Mental Health Authority Housing Project in the amount of \$5,500,000 with a remaining balance of \$1,180,000.

The Drainage Districts’ component unit has a construction contract for the George W. Kuhn Drainage District project with a total cost of \$6,424,833, with a remaining balance of \$697,791 and a construction contract for the Oakland Macomb Interceptor Drainage District Project with a total cost of \$4,421,099, with a remaining balance of \$3,295,922 as of September 30, 2009.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2009**

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

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

**Governmental Activities**

Governmental Funds

Due from other funds	\$ 19,079,003
Long-term advances receivable	50,123
Due to other funds	(22,450,814)
Current and long-term advances payable	(50,123)

Internal Service Funds

Due from other funds	4,468,305
Due to other funds	(1,216,621)
Current and long-term advances payable	(154,596)

Capital lease receivable for Parks and Recreation,  
not reported in funds

550,000

Capital lease receivable for County Airports,  
not reported in funds

5,450,000

Governmental activities, internal balances

\$ 5,725,277

**Business-Type Activities**

Proprietary Funds

Due from other funds	\$ 124,641
Current and long-term advances receivable	154,596
Due to other funds	(4,514)
Current and long-term capital lease payable	(6,000,000)

Business-type activities, internal balances

\$ (5,725,277)

**20. Restricted Assets**

Cash and investments in the amount of \$358,050,757 and accrued interest on the investments of \$1,344,626 recorded in the Interim Retirees' Medical Benefits Trust Fund have been restricted on the County's entity-wide Statement of Net Assets. The amounts are a result of proceeds from the sale of the Trust Certificates of Participation, and are to be used exclusively for payment of the annual required contribution (ARC) to the VEBA Trust, a fiduciary fund, which accounts for post-employment benefits for retirees

**EXHIBIT C**  
**CHARTER TOWNSHIP OF BLOOMFIELD**  
**GENERAL AND ECONOMIC INFORMATION**

**POPULATION**

2009 Estimate - 41,037	1990 U.S. Census - 42,473
2000 U.S. Census - 43,023	1980 U.S. Census - 42,876

**EMPLOYMENT STATISTICS** (provided by MCDC)

	<u>Aug.</u> <u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Work force	19,594	19,178	19,685	20,251	20,465	20,660
Unemployment	1,958	1,900	1,046	929	887	889
% Unemployed	10.0%	9.9%	5.3%	4.6%	4.3%	4.3%

**MAJOR TAXPAYERS**

<u>10 Largest Taxpayers</u>	<u>2010 Taxable</u> <u>Valuation</u>
Detroit Edison Company	\$14,380,760
Target Corporation	\$12,249,650
Costco Wholesale	\$ 9,705,970
AT&T Mobility LLC	\$ 8,569,050
Schostak Brothers & Co.	\$ 7,139,900
Oakland Hills Country Club	\$ 6,674,850
Metsun Two Bloomfield South	\$ 6,273,950
Lowe's Home Center	\$ 6,269,280
Tel-Square Realty LLC	\$ 5,903,310
Turtle Lake Development	\$ 5,895,060
TOTAL (represents 2.44% of 2010 TV)	<u>\$83,061,780</u>

**EMPLOYMENT CHARACTERISTICS**

<u>10 Largest Employers</u>	<u>Product/Service</u>	<u>Number</u> <u>Employed</u>
Bloomfield Hills Schools	Education/Admin.	1,152
Bloomfield Township	Government	392
Oakland Hills Country Club	Private Golf Club	250
Kroger	Grocery	214
Costco Warehouse	General Merchandise	204
Penske Automotive Group	Automotive	202
Hubbell, Roth & Clark	Civil Engineering	170
Hearthland Health Care Center	Assisted Living	163
Macquarie Equipment Finance	Technology Equip. Leasing	140
Bloomfield Post Office	Mail Services	140

## LABOR CONTRACTS

<u>Employee Group</u>	<u>Number of Positions</u>	<u>Expiration Date of Contract</u>
Firefighters	57	March 31, 2010
Police Employees (Command Officers)	13	March 31, 2010
Police Employees (Patrolmen)	53	March 31, 2010
General Township Employees	177	
Library Township Employees	116	
TOTAL	416	

## PENSION FUND

<u>Year Ending March 31</u>	<u>Paid to Pension Fund</u>
2010	\$5,894,595
2009	\$5,228,482
2008	\$4,738,081
2007	\$4,538,477
2006	\$4,005,320
2005	\$3,830,704
2004	\$3,381,768

## TOWNSHIP TAX RATES & LEVIES (Year ending March 31)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Operating	2.2947	.9947	.9947	.9961	1.0085	1.0188
Voted Safety Path	.4839	.4839	.4839	.4846	.4906	.4957
Voted Public Safety	6.2293	6.2293	6.2293	6.2382	6.3154	6.3800
Voted Roads	.7169	.7169	.7169	.7180	.7269	.7344
Voted Senior Service	.2439	.2439	.2439	.2443	.2474	.2500
Voted Library	1.4590	1.4590	1.4590	1.4611	1.4793	1.4944
Voted Library - Debt	.4200	.3800	.3800	.3100	.4850	.4900
Voted Drains	.2800	.2500	.2500	.1800	.2600	.0900
Voted Capital Imp.	<u>.4600</u>	<u>.3635</u>	<u>.3635</u>	<u>.0000</u>	<u>.0000</u>	<u>.0000</u>
TOTAL TOWNSHIP LEVY	12.5877	11.1212	11.1212	10.6323	11.0131	10.9533

## TAX COLLECTION RECORD

The Township taxes are due and payable and a lien created upon the assessed property on December 1st each year. Taxes remaining unpaid on the following March 1st are turned over to the County Treasurer for collection. The County pays the Township 100% of the uncollected taxes by May 15th of each year.

Uncollected personal property taxes are ineligible.

**Fiscal Year - April 1/March 31  
Collected**

<u>Year</u>	<u>Tax Levy</u>	<u>Amount</u>	<u>% Collected</u>	<u>%</u>
2009	\$44,505,638	\$42,147,621	94.70%	100%
2008	\$45,381,317	\$42,433,483	93.50%	100%
2007	\$44,913,172	\$42,280,976	94.14%	100%
2006	\$40,792,677	\$38,620,631	94.68%	100%
2005	\$40,024,380	\$38,180,932	95.39%	100%
2004	\$38,696,250	\$36,679,664	94.79%	100%

**PROPERTY SUBJECT TO TAXATION**

The laws governing the taxation of real and personal property in the State of Michigan has been established by The General Property Tax Act, being Public Act 206 of 1893, as amended. Section 211.1 states: "That all property, real and personal, within the jurisdiction of the state, not expressly exempted, shall be 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 50% of true cash value.

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

On March 15, 1994, the electors of the State approved an amendment to the Michigan Constitution permitting the Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing this constitutional amendment added a new measure of property value known as "Taxable Value." Beginning in 1995, taxable property will have two valuations - State equalized valuation ("SEV") and Taxable Value. Property taxes will be levied on Taxable Value. Generally, Taxable Value of property is the lesser of (a) the Taxable Value of the property in the immediate preceding year, adjusted for losses, multiplied by the lesser of the net percentage change in the property's SEV, or the inflation rate, or 5%, plus additions, or (b) the property's current SEV. Under certain circumstances, therefore Taxable Value of property may be different from the same property's SEV.

This constitutional amendment and the implementing legislation base the Taxable Value of existing property for the year 1995 on the SEV of that property in 1994 and for the years 1996 and thereafter on the Taxable Value of the property in the preceding year. Beginning with the taxes levied in 1995, an

increase, if any, in Taxable Value of the property is limited to the lesser of the percentage net change in SEV from the preceding year to the current year, 5% or the inflation rate. When property is sold or transferred, Taxable Value is adjusted to the SEV, which under existing law is 50% of the current true cash value. The Taxable Value of new construction is equal to current SEV. Taxable Value and SEV of existing property are also adjusted annually for additions and losses.

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, adjusted for Taxable Value purposes, the final SEV and Taxable Value are arrived at through several steps. Assessments are established initially by the municipal assessor. Municipal assessments are then equalized to the 50% levels as determined by the County's Department of Equalization. Thereafter, the State equalizes the various counties in relation to each other. SEV is important aside from its use in determining Taxable Value for the purpose of levying ad valorem property taxes, because of its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits.

#### **STATE EQUALIZED VALUATION**

##### **(50% of True Value)**

2010	-	\$3,485,076,600
2009	-	\$4,115,224,310
2008	-	\$4,492,380,886
2007	-	\$4,696,964,620
2006	-	\$4,499,786,770
2005	-	\$4,358,891,740
2004	-	\$4,159,870,180
2003	-	\$4,005,952,600
2002	-	\$3,816,576,370
2001	-	\$3,515,424,250
2000	-	\$3,235,169,350

#### **TAXABLE VALUATION**

2010	-	\$3,404,549,680
2009	-	\$3,878,712,490
2008	-	\$3,948,259,831
2007	-	\$3,934,123,580
2006	-	\$3,732,884,300
2005	-	\$3,531,875,030
2004	-	\$3,380,624,306
2003	-	\$3,236,501,438
2002	-	\$3,115,293,208
2001	-	\$2,952,304,218
2000	-	\$2,757,447,205

Per Capita TV (09) \$82,962



**2010 Breakdown by Use**

Residential	89.18%
Commercial	8.01
Industrial	0.58
Personal Property	2.23%
TOTAL	<u>100.00%</u>

**2010 Breakdown by Class**

Real	97.77%
Personal	2.23%
TOTAL	<u>100.00%</u>

**GENERAL FUND REVENUES AND EXPENDITURES**

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues & Transfers In	\$11,931,195	\$11,986,805	\$12,207,763
Expenses & Transfers Out	<u>11,597,071</u>	<u>10,922,007</u>	<u>10,324,250</u>
Revenues Over(Under)			
Expense	\$ 334,124	\$ 1,064,798	\$ 1,883,513
Beginning Balance	\$ 7,822,356	\$ 6,757,558	\$ 4,874,045
Ending Balance	\$ 8,156,480	\$ 7,822,356	\$ 6,757,558

**REVENUES FROM THE STATE OF MICHIGAN****Revenue Sharing**

The Township receives revenue sharing payments from the State under the State Constitution and the State Revenue Sharing Act of 1971, as amended. The State Legislature may change or eliminate revenue sharing at any time. The table appearing below show's State revenue sharing distributions received by the Township during the Township's past five fiscal years.

<u>Fiscal Year Ended</u>	<u>Revenue Sharing Payments</u>
March 31, 2010	\$2,796,196
March 31, 2009	\$3,242,313
March 31, 2008	\$3,313,596
March 31, 2007	\$3,297,849
March 31, 2006	\$3,331,176
March 31, 2005	\$3,360,326

Source: Charter Township of Bloomfield

**FUTURE FINANCING**

The Township does not anticipate the issuance of any additional notes or bonds within the next three months.

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CHARTER TOWNSHIP OF BLOOMFIELD  
DEBT STATEMENT - NOVEMBER 9, 2010  
(Including this Offering)

-----  
DIRECT DEBT OF TOWNSHIP:

Library/Building Bonds of the Township (UT)	\$ 43,625,000
Township Sewer Bonds	3,900,000
Township Water Bonds	8,750,000
County Issued Drain Bonds	9,890,462
	-----
Net Township Direct Debt	\$ 66,165,462
	=====
Per Capita Township Net Direct Debt	\$ 1,612
Percent Township Net Direct Debt to 2010 TV	1.94%

OVERLAPPING DEBT OF TOWNSHIP:

School District		
6.45% Avondale	113,598,998	\$ 7,327,135
20.73% Birmingham	214,100,000	44,382,930
61.68% Bloomfield Hills	11,735,000	7,238,148
8.44% Pontiac	25,809,000	2,178,280
County		
6.12% Oakland	93,752,812	5,737,672
Intermediate School District		
6.13% Oakland I/S/D	64,735,000	3,968,256
Community College		
6.15% Oakland Community College	6,005,000	369,308
		-----
Net Overlapping Debt		\$ 71,201,728
		-----
Net Township and Overlapping Debt		\$ 137,367,190
		=====
Per Capita Township Net Direct and Overlapping Debt		\$ 3,347
Percent Net Direct and Overlapping Debt to 2010 TV		4.03%

Source: Charter Township of Bloomfield and  
Municipal Advisory Council of Michigan

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CHARTER TOWNSHIP OF BLOOMFIELD  
 BONDS WITH TOWNSHIP CREDIT PLEDGED  
 (as of November 9, 2010)  
 (Including this Offering)

Year	County Issued Drain Bonds	UT Library/ Building Bonds	Sewer Bonds	Water Bonds	Total
2011	\$ 1,038,770	\$ 1,450,000	\$ 100,000	\$ 225,000	\$ 2,813,770
2012	1,189,745	1,500,000	100,000	225,000	3,014,745
2013	1,230,880	1,550,000	100,000	300,000	3,180,880
2014	1,076,524	1,600,000	100,000	400,000	3,176,524
2015	1,109,641	1,750,000	100,000	400,000	3,359,641
2016	956,376	1,800,000	200,000	400,000	3,356,376
2017	464,825	1,975,000	200,000	400,000	3,039,825
2018	169,921	2,050,000	200,000	500,000	2,919,921
2019	177,694	2,200,000	200,000	600,000	3,177,694
2020	185,468	2,275,000	200,000	600,000	3,260,468
2021	193,241	2,450,000	300,000	600,000	3,543,241
2022	206,015	2,525,000	300,000	600,000	3,631,015
2023	211,015	2,725,000	300,000	600,000	3,836,015
2024	223,788	2,775,000	300,000	700,000	3,998,788
2025	231,561	1,500,000	400,000	800,000	2,931,561
2026	175,000	1,500,000	400,000	900,000	2,975,000
2027	185,000	1,500,000	400,000	500,000	2,585,000
2028	200,000	1,500,000			1,700,000
2029	210,000	2,000,000			2,210,000
2030	220,000	2,000,000			2,220,000
2031	235,000	2,500,000			2,735,000
2032		2,500,000			2,500,000
Total	\$ 9,890,462	\$ 43,625,000	\$ 3,900,000	\$ 8,750,000	\$ 66,165,462

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EXHIBIT D

FINANCIAL INFORMATION REGARDING:

THE CHARTER TOWNSHIP OF BLOOMFIELD

WILL BE PROVIDED UPON REQUEST FROM:

MEREDITH A. SHANLE AT:  
MUNICIPAL FINANCIAL CONSULTANTS INCORPORATED  
(313) 884-9824

\_\_\_\_\_, 2010

**EXHIBIT E**

Bloomfield Township CSO Drainage District  
Oakland County, Michigan

We have acted as bond counsel to the Bloomfield Township CSO Drainage District, Oakland County, Michigan (the "Drainage District") in connection with the issuance by the Drainage District of its \$3,000,000 Bloomfield Township CSO Drain Bonds, Series 2010, dated December 1, 2010 (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon certified proceedings and other certificates 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 Bonds are valid and legally binding obligations of the Drainage District payable from the collection of the several installments of special assessments against the Charter Township of Bloomfield and the County of Oakland on the Special Assessment Roll for the Bloomfield Township CSO Drain.
2. The full faith and credit of the Drainage District and the County of Oakland have been pledged for the payment of the principal of and interest on the Bonds when due.
3. The tax levying officials of the public corporations assessed are obligated to levy sufficient taxes to pay assessment installments and interest as the same become due, unless there have been set aside moneys sufficient therefor. In addition, by reason of its pledge of full faith and credit as recited in the Bonds, the County of Oakland is authorized and obligated to levy ad valorem taxes upon all taxable property within its limits in amounts sufficient to provide funds to advance to the Drainage District in the event the Charter Township of Bloomfield or the County of Oakland shall fail or neglect to pay any special assessment installment and interest when due. Taxes levied by the Charter Township of Bloomfield and the County of Oakland are subject to constitutional and statutory tax limitations.
4. The interest on the Bonds is included in gross income for federal and State of Michigan income tax purposes.

Bloomfield Township CSO Drainage District

\_\_\_\_\_, 2010

Page 2

The advice set forth in this opinion (a) is not intended or written to be used, and may not be used by any person, for the purpose of avoiding federal tax penalties, and (b) was written to support the promotion or marketing of the Bonds. Investors should seek advice based on their particular circumstances from an independent tax advisor.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the official statement relating to the Bonds.

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.

It is understood that the rights of the holders of the Bonds 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.

Respectfully submitted,

BLOOMFIELD 9007-388 1085572

C o u n s e l o r s   A t   L a w

DETROIT   NASHVILLE   WASHINGTON, D.C.   TORONTO   PHOENIX   LAS VEGAS  
BLOOMFIELD HILLS   ANN ARBOR   LANSING   GRAND RAPIDS

**APPENDIX A**  
**CONTINUING DISCLOSURE CERTIFICATE**

**COUNTY OF OAKLAND**

**\$3,000,000**

**BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT**  
**BLOOMFIELD TOWNSHIP CSO DRAIN BONDS, SERIES 2010**

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the County of Oakland, Michigan (the "County") in connection with the issuance by the Bloomfield Township CSO Drainage District (the "Issuer") of its Bloomfield Township CSO Drain Bonds, Series 2010 (the "Bonds"). The County covenants and agrees as follows:

**Section 1. Purpose of the Disclosure Certificate.**

(a) This Disclosure Certificate is being executed and delivered by the County for the benefit of the Bondholders 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 Bonds 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 County and the Bondholders and Beneficial Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the County shall be for the benefit of the Bondholders and Beneficial Owners of any and all of the Bonds.

**Section 2. Definitions.** The following capitalized terms shall have the following meanings:

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended.

"Annual Report" shall mean any Annual Report of the County provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including any person holding Bonds through nominees, depositories or other intermediaries).

"Bondholder" shall mean the registered owner of any Bonds.

"Dissemination Agent" shall mean the County or any successor Dissemination Agent appointed in writing by the County and which has filed with the County 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>.

"GAAP" shall mean generally accepted accounting principles, as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Governmental Accounting Standards Board and in effect from time to time.

"Listed Events" shall mean any of the events listed in Section 5(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

"Official Statement" shall mean the final Official Statement for the Bonds dated \_\_\_\_\_, 2010.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the primary offering of the Bonds.

"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. Provision of Annual Reports.**

(a) Each year, the County shall provide, or shall cause the Dissemination Agent to provide, not later than the date seven months after the end of the County's fiscal year, commencing with the County's Annual Report for its fiscal year ending September 30, 2010, to the MSRB an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 business days (or such lesser number of days as is acceptable to the Dissemination Agent) prior to said date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). Currently, the County's fiscal year commences on October 1. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by specific reference other information as provided in Section 4 of this Disclosure Certificate; provided, however, that if the audited financial statements of the County are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements then most recently prepared for the County shall be



included in the Annual Report.

(b) If the County is unable to provide to the MSRB an Annual Report of the County by the date required in subsection (a), the County shall file a notice, in a timely fashion, with the MSRB, in substantially the form attached as Exhibit A.

(c) If the County's fiscal year changes, the County shall file written notice of such change with the MSRB, in substantially the form attached as Exhibit B.

(d) Whenever any Annual Report or portion thereof is filed as described above, it shall be attached to a cover sheet in substantially the form attached as Exhibit C.

(e) If the Dissemination Agent is other than the County, the Dissemination Agent shall file a report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

(f) In connection with providing the Annual Report, the Dissemination Agent (if other than the County) is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the Annual Report for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

**Section 4. Content of Annual Reports.** The County's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the County for its fiscal year immediately preceding the due date of the Annual Report.

(b) An update of the financial information and operating data relating to the County of the same nature as that contained in the following tables in the Official Statement: "County Tax Rates," "County Operating Tax Collection Record," "County Wide Tax Collection Record," "Largest Taxpayers," "County Labor Contracts," "Revenue Sharing from the State of Michigan," "Pensions," "State Equalized Valuation," "County Wide Tax Delinquencies," "Short Term Financing," "Net County Direct and Overlapping Debt – Unaudited," "Schedule of Bond Maturities County Credit and Limited Tax," "Schedule of Drain Bond Maturities – County Credit and Limited Tax," "Schedule of Bond Maturities with Limited County Pledge-Taxable," "Schedule of Bond Maturities with No County Pledge - Taxable," "Schedule of Bond Maturities with No County Pledge," "Principal and Interest Requirements," and "Statement of Legal Debt Margin."

The County's financial statements shall be audited and prepared in accordance with GAAP with such changes as may be required from time to time in accordance with State law.

Any or all of the items listed above may be included by specific reference to other documents available to the public on the MSRB's Internet Web site or filed with the SEC. The County shall clearly identify each such other document so included by reference.

**Section 5. Reporting of Significant Events.**

(a) The County covenants to provide, or cause to be provided, notice of the occurrence of any of the following events with respect to the Bonds 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 County obtains knowledge of the occurrence of a Listed Event described in subsection (a)(2), (7), (8), (10), (14) or (15), the County shall as soon as possible determine if such Listed Event would be material under applicable federal securities laws. The County covenants that its determination of materiality will be made in conformance with federal securities laws.

(c) If the County 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 County shall 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 D. In connection with providing a notice of the occurrence of a Listed Event described in subsection (a)(9), the County shall include in the notice explicit disclosure as to whether the Bonds 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 County), 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 County acknowledges that the "rating changes" referred to in subsection (a)(11) above may include, without limitation, any change in any rating on the Bonds or other indebtedness for which the County is liable.

(f) The County 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 Bonds, the County does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

#### **Section 6. 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 7. Termination of Reporting Obligation.**

(a) The County's obligations under this Disclosure Certificate shall terminate upon the legal defeasance or the prior redemption or payment in full of all of the Bonds. If the County's obligation to pay a portion of the principal of and interest on the Bonds 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 County, and the County shall have no further responsibility hereunder.

(b) This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the County (i) receives an opinion of Securities Counsel, addressed to the County, 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 Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Bonds, as shall be specified in such opinion, and (ii) files notice to such effect with the MSRB.

**Section 8. Dissemination Agent.** The County, 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 County) shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate.

**Section 9. 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), (b), (c), 4 or 5(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 County, or type of business conducted by the County;

(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 Bonds, 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 Bondholders.

(b) In the event of any amendment to, or waiver of a provision of, this Disclosure Certificate, the County shall describe such amendment or waiver in the next Annual Report and shall include an explanation of the reason for such amendment or waiver. In particular, if the amendment results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Disclosure Certificate, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

(c) If the Amendment results in a change to the accounting principles to be followed in preparing financial statements as set forth in Section 4 of this Disclosure Certificate, the Annual Report for the year in which the change is made shall include a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in accounting principles shall be filed by the County or the Dissemination Agent (if other than the County) at the written direction of the County with the MSRB.

**Section 10. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the County 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 Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that

which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 11. Failure to Comply.** In the event of a failure of the County or the Dissemination Agent (if other than the County) to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the County or the Dissemination Agent (if other than the County) 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 Bonds. Notwithstanding the foregoing, if the alleged failure of the County to comply with this Disclosure Certificate is the inadequacy of the information disclosed pursuant hereto, then the Bondholders and the Beneficial Owners (on whose behalf a Bondholder has not acted with respect to this alleged failure) of not less than a majority of the aggregate principal amount of the then outstanding Bonds must take the actions described above before the County shall be compelled to perform with respect to the adequacy of such information disclosed pursuant to this Disclosure Certificate.

**Section 12. Duties of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

**Section 13. Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriter, the Bondholders and the Beneficial Owners, and shall create no rights in any other person or entity.

**Section 14. Transmission of Information and Notices.** Unless otherwise required by law or this Disclosure Certificate, and, in the sole determination of the County or the Dissemination Agent, as applicable, subject to technical and economic feasibility, the County 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 15. Additional Disclosure Obligations.** The County 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 County, 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 County under such laws.

**Section 16. 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, MICHIGAN**

By: \_\_\_\_\_

Its: Treasurer

Dated: \_\_\_\_\_, 2010

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**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Obligated Person: County of Oakland, Michigan

Name of Bond Issue: Bloomfield Township CSO Drain Bonds, Series 2010

Date of Bonds: December 1, 2010

**NOTICE IS HEREBY GIVEN** that the County of Oakland has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of its Continuing Disclosure Certificate with respect to the Bonds. County of Oakland anticipates that the Annual Report will be filed by \_\_\_\_\_.

COUNTY OF OAKLAND, MICHIGAN

By: \_\_\_\_\_

Its \_\_\_\_\_

Dated: \_\_\_\_\_

**EXHIBIT B**

**NOTICE OF CHANGE IN COUNTY'S FISCAL YEAR**

Name of Obligated Person: County of Oakland, Michigan

Name of Bond Issue: Bloomfield Township CSO Drain Bonds, Series 2010

Date of Bonds: December 1, 2010

**NOTICE IS HEREBY GIVEN** that the County of Oakland's fiscal year has changed. Previously, the County of Oakland's fiscal year ended on \_\_\_\_\_. It now ends on \_\_\_\_\_.

COUNTY OF OAKLAND, MICHIGAN

By: \_\_\_\_\_

Its \_\_\_\_\_

Dated: \_\_\_\_\_



## EXHIBIT C

### ANNUAL REPORT COVER SHEET

This cover sheet and the attached Annual Report or portion thereof 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)(A) and (B).

Issuer's Name: \_\_\_\_\_

Issuer's Six-Digit CUSIP Number(s): \_\_\_\_\_

or Nine-Digit CUSIP Number(s) to which the attached Annual Report relates: \_\_\_\_\_

Number of pages of the attached Annual Report or portion thereof: \_\_\_\_\_

Name of Bond Issue to which the attached Annual Report relates: \_\_\_\_\_

Date of such Bonds: \_\_\_\_\_

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: \_\_\_\_\_

## EXHIBIT D

### 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.**

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BLOOMFIELD 9007-388 1085575

**APPENDIX B**  
**CONTINUING DISCLOSURE CERTIFICATE**

**CHARTER TOWNSHIP OF BLOOMFIELD**

**\$3,000,000**

**BLOOMFIELD TOWNSHIP CSO DRAINAGE DISTRICT**  
**BLOOMFIELD TOWNSHIP CSO DRAIN BONDS, SERIES 2010**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Charter Township of Bloomfield, Michigan (the “Township”) in connection with the issuance by the Bloomfield Township CSO Drainage District (the “Issuer”) of its Bloomfield Township CSO Drain Bonds, Series 2010 (the “Bonds”). The Township covenants and agrees as follows:

**Section 1. Purpose of the Disclosure Certificate.**

(a) This Disclosure Certificate is being executed and delivered by the Township for the benefit of the Bondholders 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 Bonds 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 Township and the Bondholders and Beneficial Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Township shall be for the benefit of the Bondholders and Beneficial Owners of any and all of the Bonds.

**Section 2. Definitions.** The following capitalized terms shall have the following meanings:

“1934 Act” shall mean the Securities Exchange Act of 1934, as amended.

“Annual Report” shall mean any Annual Report of the Township provided by the Township pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including any person holding Bonds through nominees, depositories or other intermediaries).

“Bondholder” shall mean the registered owner of any Bonds.

“Dissemination Agent” shall mean the Township or any successor Dissemination Agent appointed in writing by the Township and which has filed with the Township 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>.

“GAAP” shall mean generally accepted accounting principles, as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Governmental Accounting Standards Board and in effect from time to time.

“Listed Events” shall mean any of the events listed in Section 5(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

“Official Statement” shall mean the final Official Statement for the Bonds dated \_\_\_\_\_, 2010.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the primary offering of the Bonds.

“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. Provision of Annual Reports.**

(a) Each year, the Township shall provide, or shall cause the Dissemination Agent to provide, not later than the date seven months after the end of the Township’s fiscal year, commencing with the Township’s Annual Report for its fiscal year ending March 31, 2011, to the MSRB an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 business days (or such lesser number of days as is acceptable to the Dissemination Agent) prior to said date, the Township shall provide the Annual Report to the Dissemination Agent (if other than the Township). Currently, the Township’s fiscal year commences on April 1. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by specific reference other information as provided in Section 4 of this Disclosure Certificate; provided, however, that if the audited financial statements of the Township are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a

format similar to the audited financial statements then most recently prepared for the Township shall be included in the Annual Report.

(b) If the Township is unable to provide to the MSRB an Annual Report of the Township by the date required in subsection (a), the Township shall file a notice, in a timely fashion, with the MSRB, in substantially the form attached as Exhibit A.

(c) If the Township's fiscal year changes, the Township shall file written notice of such change with the MSRB, in substantially the form attached as Exhibit B.

(d) Whenever any Annual Report or portion thereof is filed as described above, it shall be attached to a cover sheet in substantially the form attached as Exhibit C.

(e) If the Dissemination Agent is other than the Township, the Dissemination Agent shall file a report with the Township certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

(f) In connection with providing the Annual Report, the Dissemination Agent (if other than the Township) is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the Annual Report for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

**Section 4. Content of Annual Reports.** The Township's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Township for its fiscal year immediately preceding the due date of the Annual Report.

(b) An update of the financial information and operating data relating to the Township of the same nature as that contained in the following tables in the Official Statement:

- (1) Population;
- (2) 10 Largest Taxpayers;
- (3) Township Tax Rates & Levies;
- (4) Tax Collection Record;
- (5) State Equalized Valuation;
- (6) Taxable Valuation;
- (7) General Fund Revenues and Expenditures;
- (8) Revenues from the State of Michigan;
- (9) Debt Statement; and

(10) Charter Township of Bloomfield Credit Pledged.

The Township's financial statements shall be audited and prepared in accordance with GAAP with such changes as may be required from time to time in accordance with State law.

Any or all of the items listed above may be included by specific reference to other documents available to the public on the MSRB's Internet Web site or filed with the SEC. The Township shall clearly identify each such other document so included by reference.

**Section 5. Reporting of Significant Events.**

(a) The Township covenants to provide, or cause to be provided, notice of the occurrence of any of the following events with respect to the Bonds 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 Township obtains knowledge of the occurrence of a Listed Event described in subsection (a)(2), (7), (8), (10), (14) or (15), the Township shall as soon as possible determine if such Listed Event would be material under applicable federal securities laws. The Township covenants that its determination of materiality will be made in conformance with federal securities laws.

(c) If the Township 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 Township shall 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 D. In connection with providing a notice of the occurrence of a Listed Event described in subsection (a)(9), the Township shall include in the notice explicit disclosure as to whether the Bonds 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 Township), 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 Township acknowledges that the “rating changes” referred to in subsection (a)(11) above may include, without limitation, any change in any rating on the Bonds or other indebtedness for which the Township is liable.

(f) The Township 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 Bonds, the Township does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

## **Section 6. 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 7. Termination of Reporting Obligation.**

(a) The Township’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance or the prior redemption or payment in full of all of the Bonds. If the

Township's obligation to pay a portion of the principal of and interest on the Bonds 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 Township, and the Township shall have no further responsibility hereunder.

(b) This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Township (i) receives an opinion of Securities Counsel, addressed to the Township, 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 Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Bonds, as shall be specified in such opinion, and (ii) files notice to such effect with the MSRB.

**Section 8. Dissemination Agent.** The Township, 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 Township) shall not be responsible in any manner for the content of any notice or report prepared by the Township pursuant to this Disclosure Certificate.

**Section 9. 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), (b), (c), 4 or 5(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 Township, or type of business conducted by the Township;

(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 Bonds, 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 Bondholders.

(b) In the event of any amendment to, or waiver of a provision of, this Disclosure Certificate, the Township shall describe such amendment or waiver in the next Annual Report and shall include an explanation of the reason for such amendment or waiver. In particular, if the amendment results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Disclosure Certificate, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.



(c) If the Amendment results in a change to the accounting principles to be followed in preparing financial statements as set forth in Section 4 of this Disclosure Certificate, the Annual Report for the year in which the change is made shall include a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in accounting principles shall be filed by the Township or the Dissemination Agent (if other than the Township) at the written direction of the Township with the MSRB.

**Section 10. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the Township 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 Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Township chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Township shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 11. Failure to Comply.** In the event of a failure of the Township or the Dissemination Agent (if other than the Township) to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the Township or the Dissemination Agent (if other than the Township) 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 Bonds. Notwithstanding the foregoing, if the alleged failure of the Township to comply with this Disclosure Certificate is the inadequacy of the information disclosed pursuant hereto, then the Bondholders and the Beneficial Owners (on whose behalf a Bondholder has not acted with respect to this alleged failure) of not less than a majority of the aggregate principal amount of the then outstanding Bonds must take the actions described above before the Township shall be compelled to perform with respect to the adequacy of such information disclosed pursuant to this Disclosure Certificate.

**Section 12. Duties of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

**Section 13. Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the Township, the Dissemination Agent, the Participating Underwriter, the Bondholders and the Beneficial Owners, and shall create no rights in any other person or entity.

**Section 14. Transmission of Information and Notices.** Unless otherwise required by law or this Disclosure Certificate, and, in the sole determination of the Township or the Dissemination Agent, as applicable, subject to technical and economic feasibility, the Township 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 15. Additional Disclosure Obligations.** The Township 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 Township, 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 Township under such laws.

**Section 16. 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.

#### **CHARTER TOWNSHIP OF BLOOMFIELD**

By: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: \_\_\_\_\_, 2010

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Obligated Person: Charter Township of Bloomfield, Oakland County, Michigan

Name of Bond Issue: Bloomfield Township CSO Drain Bonds, Series 2010

Date of Bonds: December 1, 2010

**NOTICE IS HEREBY GIVEN** that the Charter Township of Bloomfield has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of its Continuing Disclosure Certificate with respect to the Bonds. The Charter Township of Bloomfield anticipates that the Annual Report will be filed by \_\_\_\_\_.

CHARTER TOWNSHIP OF BLOOMFIELD

By: \_\_\_\_\_

Its \_\_\_\_\_

Dated: \_\_\_\_\_

las.os.cd-oakdr20a

**EXHIBIT B**

**NOTICE OF CHANGE IN TOWNSHIP'S FISCAL YEAR**

Name of Obligated Person: Charter Township of Bloomfield, Oakland County, Michigan

Name of Bond Issue: Bloomfield Township CSO Drain Bonds, Series 2010

Date of Bonds: December 1, 2010

**NOTICE IS HEREBY GIVEN** that the Charter Township of Bloomfield's fiscal year has changed. Previously, the Charter Township of Bloomfield's fiscal year ended on \_\_\_\_\_. It now ends on \_\_\_\_\_.

CHARTER TOWNSHIP OF BLOOMFIELD

By: \_\_\_\_\_

Its \_\_\_\_\_

Dated: \_\_\_\_\_

## EXHIBIT C

### ANNUAL REPORT COVER SHEET

This cover sheet and the attached Annual Report or portion thereof 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)(A) and (B).

Issuer's Name: \_\_\_\_\_

Issuer's Six-Digit CUSIP Number(s): \_\_\_\_\_

or Nine-Digit CUSIP Number(s) to which the attached Annual Report relates: \_\_\_\_\_

Number of pages of the attached Annual Report or portion thereof: \_\_\_\_\_

Name of Bond Issue to which the attached Annual Report relates: \_\_\_\_\_

Date of such Bonds: \_\_\_\_\_

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: \_\_\_\_\_

## EXHIBIT D

### 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.**

BLOOMFIELD 9007-388 1085577

# COUNTY OF OAKLAND

## COUNTY OFFICIALS

L. BROOKS PATTERSON, *County Executive*  
ANDREW E. MEISNER, *County Treasurer*  
RUTH A. JOHNSON, *Clerk and Register of Deeds*  
JESSICA COOPER, *Prosecuting Attorney*  
MICHAEL J. BOUCHARD, *Sheriff*  
JOHN P. McCULLOCH, *Water Resources Commissioner*  
JUDITH K. CUNNINGHAM, *Corporation Counsel*

## BOARD OF COMMISSIONERS

BILL BULLARD, JR., <i>Chairperson</i>	
MICHAEL J. GINGELL, <i>Vice Chairperson</i>	
TIM BURNS	CHRISTINE LONG
KIM CAPELLO	GARY MCGILLIVRAY
ERIC COLEMAN	THOMAS F. MIDDLETON
DAVID COULTER	JIM NASH
SUE ANN DOUGLAS	DAVID W. POTTS
MARCIA GERSHENSON	JIM RUNESTAD
ROBERT GOSSELIN	STEVEN SCHWARTZ
TIM GREIMEL	JOHN A. SCOTT
MATTIE MCKINNEY HATCHETT	SHELLEY TAUB
JANET JACKSON	DAVID WOODWARD
BRADFORD C. JACOBSEN	HELAINÉ ZACK

## BLOOMFIELD TOWNSHIP CSO DRAINAGE BOARD

JOHN P. McCULLOCH, *Chairperson*  
BILL BULLARD JR.  
THOMAS F. MIDDLETON