

FINAL OFFICIAL STATEMENT DATED AUGUST 21, 2012

NEW ISSUE

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

In the opinion of Dickinson Wright PLLC, Bond Counsel, subject to compliance with certain covenants, under existing law, (1) the interest on the Refunding Bonds is excluded from gross income for federal income tax purposes except as described under "TAX MATTERS" herein, and (2) the Refunding Bonds and the interest thereon are exempt from all taxation by the State of Michigan or a political subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

\$1,975,000

**OAKLAND COUNTY ROCHESTER HILLS WATER SUPPLY AND
SEWAGE DISPOSAL SYSTEM REFUNDING BONDS, SERIES 2012**
County of Oakland, Michigan

DATED DATE: SEPTEMBER 1, 2012
DELIVERY DATE: SEPTEMBER 13, 2012
NOT QUALIFIED TAX-
EXEMPT OBLIGATIONS

GENERAL OBLIGATION LIMITED TAX BONDS

REGISTRATION: Book entry only system

INTEREST: Paid from September 1, 2012 - 1st Paid April 1, 2013 - 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: Act No. 34, Public Acts of Michigan, 2001, as amended

REDEMPTION PROVISIONS: The Refunding Bonds shall not be subject to optional redemption prior to maturity.

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

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

THE ABILITY OF THE CITY TO RAISE FUNDS TO PAY ITS CONTRACTUAL OBLIGATIONS TO THE COUNTY IS SUBJECT TO CONSTITUTIONAL, STATUTORY AND CHARTER LIMITATIONS ON THE TAXING POWER OF THE CITY. THE ABILITY OF THE COUNTY TO RAISE FUNDS WITH WHICH TO MEET ITS FULL FAITH AND CREDIT PLEDGE IS SUBJECT TO CONSTITUTIONAL AND STATUTORY LIMITATIONS ON THE TAXING POWER OF THE COUNTY.

MATURITY SCHEDULE

<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>
2013	\$175,000	1.50%	0.35%	2017	\$205,000	2.00%	1.25%	2020	\$220,000	2.25%	2.10%
2014	195,000	1.50	0.50	2018	205,000	2.00	1.55	2021	215,000	2.50	2.30
2015	190,000	1.50	0.70	2019	200,000	2.00	1.85	2022	160,000	2.75	2.45
2016	210,000	2.00	1.00								

Information prepared in cooperation with:

ANDREW E. MEISNER
County Treasurer

JOHN P. McCULLOCH
Water Resources Commissioner

Bond Counsel:
DICKINSON WRIGHT PLLC
Detroit, Michigan

Underwriter:
HUTCHINSON, SHOCKEY, ERLEY & CO.

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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TABLE OF CONTENTS

	<u>Page</u>
Introduction	1
Description of the Refunding Bonds	1
Security for the Refunding Bonds	8
Continuing Disclosure	8
Bond Ratings	10
Tax Matters	12
Litigation	15
Approval of Legality	15
Financial Advisor	15
Responsibilities of Bond Counsel	15
Miscellaneous	16
County General and Economic InformationExhibit A	
Introduction	1
The County	1
Form of Government	1
County Location, Transportation and Character	1
Construction	3
Utilities	3
Population	4
Education	4
Job Growth	5
Industrial and High Technology	5
Foreign Investment	5
County Tax Rates	6
Tax Rate Limitation	6
County Operating Tax Collection Record	7
County Wide Tax Collection Record	7
Property Subject to Taxation	8
Industrial Facilities Tax	8
Others	8
Largest Taxpayers	9
Major Employers	9
Labor Force	10
Unemployment History	10
State of Michigan Unemployment	11
Income	11
Per Capita Income	11
Labor County Contracts	12
Major Corporations	12
Revenue Sharing from the State of Michigan	13
Pensions	14
State Equalized Valuation	15
Breakdown of State Equalized Valuation	15
County Wide Tax Delinquencies	16

	<u>Page</u>
Debt History	16
Short-Term Financing	16
Leases Obligations	17
Future Financing	17
Banking	17
Net County Direct and Overlapping Debt - Unaudited	18
Schedule of Bond Maturities - County Credit and Limited Tax	19
Schedule of Drain Bonds Maturities - County Credit and	
Limited Tax	20
Schedule of Bond Maturities with Limited County Pledge	
-Taxable	21
Schedule of Bond Maturities with No County Pledge - Taxable	22
Schedule of Bond Maturities with No County Pledge	23
Principal and Interest Requirements	24
Statement of Legal Debt Margin	25
Financial Information Regarding the County of Oakland Exhibit B	
City of Rochester Hills General and Economic	
Information	Exhibit C
Population	1
Employment Statistics	1
Major Taxpayers	1
Employment Characteristics	1
Labor Contracts	1
City Building Permits	2
City Tax Rates & Levies	2
Tax Collection Record	2
Property Tax	2
Property Tax Reform Proposal	3
Tax Abatement	4
State Equalized Valuation	4
Taxable Valuation	5
Revenues from the State of Michigan	5
General Fund Revenues and Expenditures	5
Future Financing	5
Financial Information Regarding	
City of Rochester Hills	Exhibit D
Draft Legal Opinion	Exhibit E
County of Oakland Continuing Disclosure Certificate	Appendix A
City of Rochester Hills	
Continuing Disclosure Certificate	Appendix B

NO DEALER, BROKER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED BY THE COUNTY OF OAKLAND OR THE CITY OF ROCHESTER HILLS 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 CITY.

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 OR THE CITY SINCE THE DATE OF THIS OFFICIAL STATEMENT.

OFFICIAL STATEMENT
\$1,975,000
COUNTY OF OAKLAND, STATE OF MICHIGAN

**OAKLAND COUNTY ROCHESTER HILLS WATER SUPPLY AND
SEWAGE DISPOSAL SYSTEM REFUNDING BONDS, SERIES 2012**

The purpose of this Official Statement is to set forth information concerning the County of Oakland (the "County") and the City of Rochester Hills (the "City") for the Oakland County Rochester Hills Water Supply and Sewage Disposal System Refunding Bonds, Series 2012 (the "Refunding Bonds"). This Official Statement has been prepared in connection with the sale of the Refunding Bonds and for the information of those who initially become holders of the Refunding Bonds. Information summarized on the cover page is part of this Official Statement.

INTRODUCTION

The County, by adoption of a refunding bond resolution (the "Resolution"), has authorized the refunding of the outstanding portion of a series of the County's bonds as follows:

<u>Prior Bonds</u>	<u>Outstanding Bonds</u>	<u>Being Refunded</u>
Oakland County Rochester Hills Water Supply and Sewage Disposal System Bonds, Series 2005 Dated December 1, 2005 In the Original Amount of \$3,800,000	\$1,950,000	\$1,950,000 of bonds maturing in the Years 2013 thru 2022 at a 0% call premium (the "Refunded Bonds")

DESCRIPTION OF THE REFUNDING BONDS

The Refunding Bonds, aggregating the principal sum of \$1,975,000, shall be known as "Oakland County Rochester Hills Water Supply and Sewage Disposal System Refunding Bonds, Series 2012" and shall be dated September 1, 2012. The Refunding 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 Refunding Bonds shall mature on April 1, 2013 and each April 1 thereafter as provided on the cover page of this Official Statement.

**Not Qualified Under Section 265(b) (3)
of the Internal Revenue Code of 1986**

The Refunding Bonds have not been designated by the County as "Qualified Tax-Exempt Obligations" within the meaning of Section 265(b) (3) of the Internal Revenue Code of 1986.

Interest Payment and Interest Rate

The Refunding Bonds shall bear interest payable April 1, 2013 and semi-annually thereafter on each October 1 and April 1, until maturity at the interest rates set forth on the cover of this Official Statement. Interest shall be paid by check or draft mailed to the registered owner of each Refunding Bond as of the applicable date of record.

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 Refunding Bonds. The Bond Registrar will keep records of the registered holders of the Refunding Bonds, serve as transfer agent for the Refunding Bonds, authenticate the original and any re-issued Refunding Bonds and will pay principal and interest to the registered holders of the Refunding 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 Refunding Bonds. The Refunding 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 Refunding 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 REFUNDING BONDS AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS, HOLDERS OR REGISTERED OWNERS OF THE REFUNDING BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE REFUNDING 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 Refunding Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Refunding 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 Refunding 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 Refunding Bonds, except in the event that use of the book-entry system for the Refunding Bonds is discontinued.

To facilitate subsequent transfers, all Refunding Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Refunding 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 Refunding Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Refunding 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 Refunding 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 Refunding Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Refunding Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

Principal and interest payments on the Refunding 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 County 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 County 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 Refunding Bonds at any time by giving reasonable notice to the County 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 County 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 COUNTY BELIEVES TO BE RELIABLE, BUT NEITHER THE COUNTY, BOND

COUNSEL, FINANCIAL ADVISOR NOR THE UNDERWRITERS ASSUME ANY RESPONSIBILITY FOR THE ACCURACY THEREOF.

THE COUNTY AND THE COUNTY'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 REFUNDING BONDS (i) PAYMENTS OF PRINCIPAL OF OR INTEREST AND PREMIUM, IF ANY, ON THE REFUNDING BONDS (ii) ANY DOCUMENT REPRESENTING OR CONFIRMING BENEFICIAL OWNERSHIP INTERESTS IN REFUNDING BONDS, OR (iii) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE REFUNDING 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 COUNTY, 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 REFUNDING 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 REFUNDING 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 REFUNDING 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 Refunding Bonds at any time by giving notice to the County 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 Refunding Bonds.

The Bond Registrar shall keep the registration books for the Refunding Bonds (the "Bond Register") at its corporate trust office. Subject to the further conditions contained in the Resolution, the Refunding Bonds may be transferred or exchanged for one or more Refunding 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 Refunding 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 Refunding Bonds properly surrendered for partial redemption may be exchanged for new Refunding Bonds in authorized denominations equal in the aggregate to the unredeemed portion; the County and Bond Registrar shall be entitled to treat the registered owners of the Refunding Bonds, as their names appear in the Bond Register as of the appropriate dates, as the owner of such Refunding 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.

Plan of Refunding

The proceeds of the Refunding Bonds will be used to pay the principal of, premium, if any, and interest on the Refunded Bonds maturing in the years 2013 through 2022 on October 1, 2012 (the "Redemption Date") and to pay the costs of issuance of the Refunding Bonds.

Simultaneously with the issuance and delivery of the Refunding Bonds, sufficient amounts of the proceeds of the Refunding Bonds will be deposited in an escrow fund (the "Escrow Fund") held by Huntington National Bank, Grand Rapids, Michigan as escrow agent (the "Escrow Agent"), pursuant to an escrow agreement between the County and the Escrow Agent (the "Escrow Agreement"), and used to purchase obligations of the United States of America pledging the full faith and credit of the United States of America ("Government Obligations"). The proceeds of such Government Obligations, together with the earnings thereon and cash, if any, in the Escrow Fund shall be used to pay principal of, redemption premiums, and interest on the Refunded Bonds as stated above.

Prior Redemption

The Refunding Bonds shall not be subject to optional redemption prior to maturity.

Transfer or Exchange of Refunding Bonds

Any Refunding Bond shall be transferable on the bond register maintained by the Bond Registrar with respect to the Refunding Bonds upon the surrender of the Refunding 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 Refunding Bond the Bond Registrar shall authenticate and deliver a new Refunding Bond or Refunding Bonds in equal aggregate principal amount and like interest rate and maturity to the designated transferee or transferees.

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

Any service charge made by the Bond Registrar for any such registration, transfer or exchange shall be paid for by the County, unless otherwise agreed by the County 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 Refunding Bonds of this issue at the County'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 REFUNDING BONDS

Authorization

The Refunding Bonds are being issued pursuant to Act No. 34, Public Acts of Michigan, 2001, as amended ("Act 34") and the County's Resolution.

Primary Security

The Refunding Bonds are to be issued in anticipation of payments to be made by the City pursuant to the Oakland County Water Supply and Sewage Disposal System for Rochester Hills-Extension No. 9A Project Contract between the County and the City dated as of May 1, 2005, and a resolution adopted by the City Council of the City on July 30, 2012. The payments to be made by the City will be in installments that will equal the annual principal maturities and the semi-annual maturities of interest on the Refunding Bonds. Taxes imposed by the City are subject to constitutional, statutory and charter tax rate limitations.

Full Faith and Credit of County

Pursuant to the Resolution, the County of Oakland has pledged its full faith and credit as additional security for the payment of the principal and interest on the Refunding Bonds. In the event and to the extent that moneys required to pay the principal and interest are not paid to the County by the City, the County will advance from its general fund moneys sufficient to pay the principal and interest. Taxes imposed by the County are subject to constitutional and statutory tax rate limitations.

CONTINUING DISCLOSURE

The County and the City (individually an "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) pursuant to resolutions and related Continuing Disclosure Certificates to be delivered on the date of issuance of the Refunding 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, 2012 for the County and

December 31, 2012 for the City; 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 City commences on January 1. "Beneficial Owner" means, any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Refunding Bonds (including any person holding Refunding 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 Refunding Bonds and registered brokers, dealers and municipal securities dealers in complying with the requirements of subsection of (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (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, Forms of Continuing Disclosure Certificates.

In the past five years, the City of Rochester Hills has not failed to comply, in all material respects, with any of its previous undertakings in a written contract or agreement that it entered into pursuant to subsection (b)(5) of the Rule.

Except for the fiscal year ended September 30, 2009 for which the County filed its continuing disclosure by September 30, 2010, in the past five years, the County of Oakland has not failed to comply, in all material respects, with any of its previous undertakings in a written contract or agreement that it entered into pursuant to subsection (b)(5) of the Rule.

BOND RATINGS

Standard & Poor's

The County has received a municipal bond rating of **AAA** from Standard & Poor's Ratings Services. The County 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 Refunding Bonds.

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

- | | |
|--------------|---|
| AAA | Debt rated "AAA" has the highest rating to a debt obligation. Capacity to pay interest and repay principal is extremely strong. |
| 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 County 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 Refunding 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."

TAX MATTERS

General

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 Refunding Bonds (a) is excluded from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that certain corporations must take into account interest on the Refunding Bonds in determining adjusted current earnings for the purpose of computing such alternative minimum tax. The opinion set forth in clause (a) above is subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Code**"), that must be satisfied subsequent to the issuance of the Refunding Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Refunding Bonds to be included in gross income retroactive to the date of issuance of the Refunding Bonds. The County has covenanted to comply with all such requirements. Bond Counsel will express no opinion regarding other federal tax consequences arising with respect to the Refunding Bonds and the interest thereon.

Prospective purchasers of the Refunding Bonds should be aware that (i) interest on the Refunding Bonds is included in the effectively connected earnings and profits of certain foreign corporations for purposes of calculating the branch profits tax imposed by Section 884 of the Code, (ii) interest on the Refunding Bonds may be subject to a tax on excess net passive income of certain S corporations imposed by Section 1375 of the Code, (iii) interest on the Refunding Bonds is included in the calculation of modified adjusted gross income for purposes of determining taxability of social security or railroad retirement benefits, (iv) the receipt of interest on the Refunding Bonds by life insurance companies may affect the

federal tax liability of such companies, (v) in the case of property and casualty insurance companies, the amount of certain loss deductions otherwise allowed is reduced by a specific percentage of, among other things, interest on the Refunding Bonds, (vi) registered owners acquiring the Refunding Bonds subsequent to initial issuance will generally be required to treat market discount recognized under Section 1276 of the Code as ordinary taxable income, (vii) the receipt or accrual of interest on the Refunding Bonds may cause disallowance of the earned income credit under Section 32 of the Code, (viii) interest on the Refunding Bonds is subject to backup withholding under Section 3406 of the Code in the case of registered owners that have not reported a taxpayer identification number and are not otherwise exempt from backup withholding, and (ix) registered owners of the Refunding Bonds may not deduct interest on indebtedness incurred or continued to purchase or carry the Refunding Bonds, and financial institutions may not deduct that portion of their interest expense allocated to interest on the Refunding Bonds.

In the opinion of Dickinson Wright PLLC, Bond Counsel, based on its examination of the documents described in its opinion, under existing law, the Refunding Bonds and the interest thereon are exempt from all taxation by the State of Michigan or a political subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

Tax Treatment of Accruals on Original Issue Discount Bonds

For federal income tax purposes, the difference between the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Refunding Bonds initially sold at a discount as shown on the cover page hereof (the "**OID Bonds**") is sold and the amount payable at the stated redemption price at maturity thereof constitutes "original issue discount." Such discount is treated as interest excluded from federal gross income to the extent properly allocable to each registered owner thereof. The original issue discount accrues over the term to maturity of each such OID Bond on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) with straight line interpolations between compounding dates. The amount of original issue discount accruing during each period is added to the adjusted basis of such OID Bonds to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such OID Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of registered owners of the OID Bonds who purchase such bonds after the initial offering of a substantial amount thereof. Registered owners who do not purchase such OID Bonds in the initial offering at the initial offering and purchase prices should

consult their own tax advisors with respect to the tax consequences of ownership of such OID Bonds.

Amortizable Bond Premium

For federal income tax purposes, the difference between an original registered owner's cost basis of the Refunding Bonds initially sold at a premium as shown on the cover page hereof (the "Original Premium Bonds") and the amounts payable on the Original Premium Bonds other than stated interest constitutes an amortizable bond premium. The same applies with respect to any Refunding Bond, if a registered owner's cost basis exceeds the amounts payable thereon other than stated interest (collectively with the Original Premium Bonds held by the original registered owners, "**Premium Bonds**"). Such amortizable bond premium is not deductible from gross income, but is taken into account by certain corporations in determining adjusted current earnings for the purpose of computing the alternative minimum tax, which may also affect liability for the branch profits tax imposed by Section 884 of the Code. The amount of amortizable bond premium allocable to each taxable year is generally determined on the basis of the registered owner's yield to maturity determined by using the registered owner's basis (for purposes of determining loss on sale or exchange) of such Premium Bonds and compounding at the close of each six-month accrual period. The amount of amortizable bond premium allocable to each taxable year is deducted from the registered owner's adjusted basis of such Premium Bonds to determine taxable gain upon disposition (including sale, redemption or payment at maturity) of such Premium Bonds.

Future Developments

NO ASSURANCE CAN BE GIVEN THAT ANY FUTURE LEGISLATION OR CLARIFICATIONS OR AMENDMENTS TO THE CODE, IF ENACTED INTO LAW, WILL NOT CONTAIN PROPOSALS THAT COULD CAUSE THE INTEREST ON THE REFUNDING BONDS TO BE SUBJECT DIRECTLY OR INDIRECTLY TO FEDERAL OR STATE OF MICHIGAN INCOME TAXATION, ADVERSELY AFFECT THE MARKET PRICE OR MARKETABILITY OF THE REFUNDING BONDS, OR OTHERWISE PREVENT THE REGISTERED OWNERS FROM REALIZING THE FULL CURRENT BENEFIT OF THE STATUS OF THE INTEREST THEREON. FURTHER, NO ASSURANCE CAN BE GIVEN THAT ANY SUCH FUTURE LEGISLATION, OR ANY ACTIONS OF THE INTERNAL REVENUE SERVICE, INCLUDING, BUT NOT LIMITED TO, SELECTION OF THE REFUNDING BONDS FOR AUDIT EXAMINATION, OR THE AUDIT PROCESS OR RESULT OF ANY EXAMINATION OF THE REFUNDING BONDS OR OTHER REFUNDING BONDS THAT PRESENT SIMILAR TAX ISSUES, WILL NOT ADVERSELY AFFECT THE MARKET PRICE OF THE REFUNDING BONDS.

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

LITIGATION

To the knowledge of the County and the City, there is no controversy of any nature threatening or pending against the County or the City, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Refunding Bonds or in any way contesting or affecting the validity of the Refunding Bonds or any proceedings of the County or the City 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 Refunding 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 Refunding 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 Refunding 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 REFUNDING BONDS" (except under the subcaption "Book-Entry-Only"), "SECURITY FOR THE REFUNDING BONDS", "CONTINUING DISCLOSURE" (first two paragraphs only), "TAX MATTERS", "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 County or the City 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 Refunding Bonds and the exemption of the Refunding 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 Refunding 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 Refunding Bond proceeds.

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/ JOHN P. McCULLOCH
WATER RESOURCES COMMISSIONER**

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

las.os-oak246

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 \$187,968 in 2010. 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 10 percent in 2011, below the State's average rate of 10.3 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 2014.

Oakland County has the highest level of personal income per capita of the major labor markets in Michigan. The estimated per capita income of Oakland County residents in 2010 was \$60,392. Oakland County ranked 12th in per capita income in 2010 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.

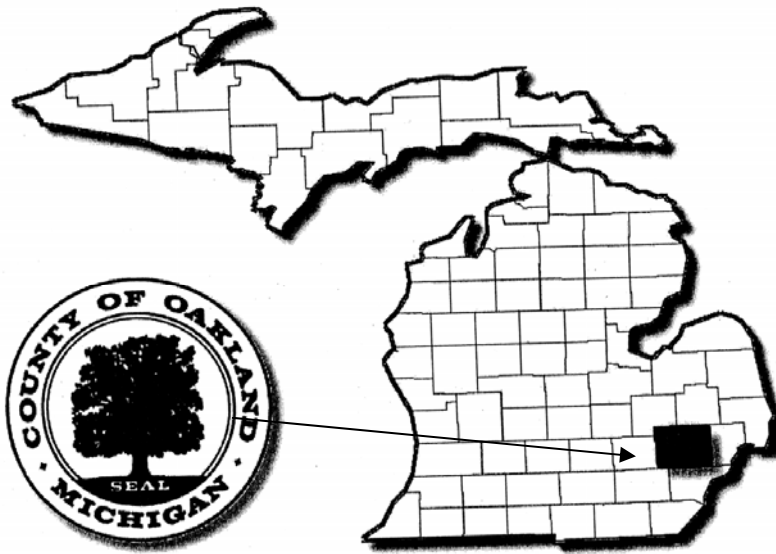
County Location, Transportation and Character

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 more than 5 rivers, 1,400 lakes, 900 miles of shoreline, and numerous small streams. There are approximately 82 private and public golf

courses, including Groveland Oaks, the first park in Michigan to be environmentally certified by the Michigan Turfgrass Environmental Stewardship Program, which attracts many businesses and residents to Oakland County.

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

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



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

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

Oakland County and the surrounding area 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 2,000 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 Adams Marketplace (Rochester Hills), the new Oakland University William Beaumont School of Medicine, 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, 57 percent have business locations in Oakland County.

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

Hotels-Motels - Oakland County has 96 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 1.7%.

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:

Supplier	Detroit Edison
Supplier	Consumers Power

Natural Gas:

Supplier	Consumers Energy
Supplier	MichCon
Supplier	Semco Energy

Water:

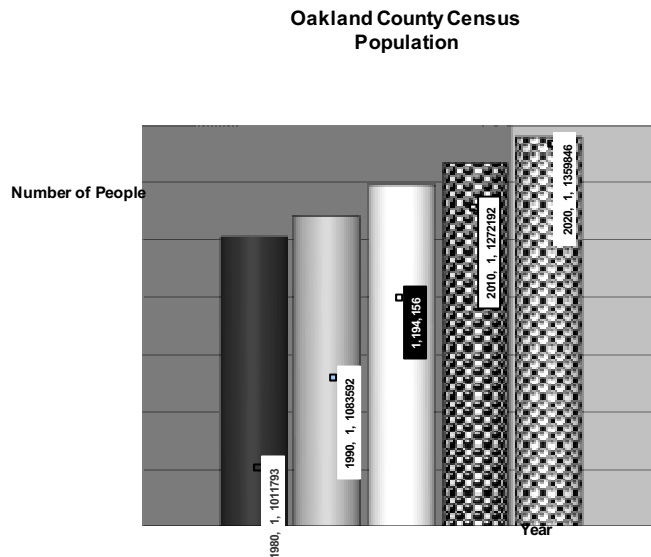
Supplier	Detroit Water and Sewer System
	Community and Private Wells
Source	Lake Huron
	Ground Water from Wells

Sewer:

Supplier	Detroit Water & Sewer System
	Community Water Treatment Facilities and Septic Fields
System Types	Separate Storm and Sanitary Community Treatment Facilities

Population

Oakland County's 2010 Census population was estimated to be over 1,202,326. The county ranks 32nd in population of 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 25 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, 9 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.

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>2011</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>	<u>2001</u>
Operating	4.19	4.19	4.19	4.19	4.19	4.19	4.19	4.19	4.19	4.19	4.19
Parks & Recreation	<u>0.2415</u>	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>
Huron Clinton Authority	0.2146	0.2146									
Zoo Authority	<u>0.1000</u>	<u>0.1000</u>									
Total	4.7461	4.7461	4.4315	4.4315	4.4315	4.4315	4.4315	4.4322	4.4336	4.4353	4.4252

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		Collections to March 1 of		Collections Plus
<u>Levy</u>	<u>Tax Levy *</u>	Each Levy Year		Delinquent Tax
		<u>Amount**</u>	<u>Percent</u>	<u>Funding Percent</u>
2011	206,524,166	198,931,022	96.32	100.00%
2010	223,423,778	214,041,473	95.80	100.00%
2009	253,987,318	241,943,443	95.26	100.00%
2008	262,899,380	251,050,564	95.49	100.00%
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%

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

* 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		Collections to		Collections Plus
<u>Levy</u>	<u>Tax Levy*</u>	March 1 of Each		Delinquent Tax Funding
		<u>Levy Year</u>		<u>Percent</u>
		<u>Amount **</u>	<u>Percent</u>	
2011	2,196,145,824	2,081,982,974	94.80	100
2010	2,317,084,920	2,179,375,143	94.06	100
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

* 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 June 20, 2011 taxable valuations are:

<u>Taxpayer</u>	<u>Taxable Valuation</u>
Detroit Edison	\$469,175,850
Chrysler	\$283,153,120
General Motors	\$266,707,770
Consumers Power/Energy	\$231,068,350
Taubman	\$132,464,880
Frankel/Forbes/Cohn	\$130,576,260
International Transmission	\$104,660,090
Ramco-Gershenson	\$97,080,140
Comcast	\$82,965,900
Holtzman & Silverman	\$81,263,360

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

Source: Oakland County Equalization Department

Major Employers

The 25 largest employers in the County and number of employees in 2009:

<u>Employer Name</u>	<u>Approximate Number of Employees</u>
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
EDS Corp	4,000
Blue Cross Blue Shield of Michigan/Blue Care Network	3,959
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
Huron Valley Schools	1,452
Oakland University	1,376
Kelly Services Inc.	1,325
Lear Corp.	1,300

Source: Oakland County Department of Planning and Economic Development

Labor Force

The 2011 number of private non-farm employees totaled more than 575,000. Unemployment was at an average of 10.0 percent for 2011 for Oakland County while the State of Michigan unemployment rate was 10.3 percent.

Source: Michigan Department of Technology, Management & Budget

Unemployment History

Oakland County 2011			
	Total Work Force	<u>Unemployed</u>	<u>Percent Unemployed</u>
January	579,474	51,988	9.0
February	581,794	49,704	8.5
March	581,142	47,252	8.1
April	471,310	42,330	7.4
May	582,954	49,856	8.6
June			
July			
August			
September			
YTD	579,335	62,233	8.3
Average			

Annual Averages			
	Total Work Force	<u>Unemployed</u>	<u>Percent Unemployed</u>
2011	587,775	58,772	10.0
2010	600,695	72,437	12.1
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: Michigan Department of Technology, Management & Budget

State of Michigan Unemployment

	<u>Yearly Average</u>	<u>Total Work Force</u>	<u>Unemployed</u>	<u>Percent Unemployed</u>
2011		4,658,000	480,000	10.3
2010		4,790,000	597,000	12.5
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

Source: Michigan Department of Technology, Management & Budget

Income

Per capita personal income was \$60,392 in 2010. In 2010, Oakland County ranked 12th in per capita income for counties with populations greater than one million.

Per Capita Income

2010	60,392
2009	50,334
2008	53,650
2007	53,474
2006	52,308
2005	51,076
2004	49,775
2003	48,937
2002	47,697
2001	49,986
2000	46,679
1999	32,453

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

County Labor Contracts

As of January 2012, Oakland County had 3,562 full and part time positions of which 1,466 are represented by 9 certified bargaining units.

	<u>Number of Positions</u>	<u>Contract Expiration Date</u>
Sheriff's Law Enforcement	393	9/30/2012
Corrections and Services	335	9/30/2010
Sheriff's Command Officers	105	9/30/2012
Children's Village Employees	129	9/30/2013
Family Court Employees	85	9/30/2013
Prosecutor's Investigators	6	9/30/2013
Oakland County Employees Union	303	9/30/2013
Public Health Nurses	92	9/30/2013
Jail Clinic Health Nurses	18	9/30/2013
	<hr/> 1,466	

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 Goodrich Tire
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.

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, 2011:

Oakland County Employees' Retirement System Present Financial Report

	General County	Command Officers	Road Deputies	Corrections Deputies	Total
A. Present Value of Future Benefit Payments					
1. For Retirees and beneficiaries					
a. Pension and death benefits	\$393,362,930	\$34,149,386	\$29,775,560	\$24,008,595	\$481,296,471
b. Reserves	None	None	None	None	None
c. Total	393,362,930	34,149,386	29,775,560	24,008,595	481,296,471
2. For inactive members	10,788,471	193,661	0	327,490	11,309,622
3. For present active members	169,623,111	15,382,681	35,343,838	28,344,265	248,693,895
4. Total	573,774,512	49,725,728	65,119,398	52,680,350	741,299,988
B. Valuation Assets	586,900,508	40,868,663	55,236,390	44,685,185	727,690,746
C. Unfunded Value of Future Benefit Payments					
1. Total: (A.4) – (B)	(13,125,996)	8,857,065	9,883,008	7,995,165	13,609,242
2. Present value of future member contributions	1,141,934	377,411	1,138,687	825,018	3,483,050
3. Present value of future required employer contributions: (1) – (2)	(14,267,930)	8,479,654	8,744,321	7,170,147	10,126,192
D. Present value of future pays	159,227,733	7,548,225	22,773,754	16,500,364	206,050,076
E. Employer normal cost:					
1. For System benefits: (C.3)/(D)	-8.96%	112.34%	38.40%	43.45%	
<i>* As the Retirement System cannot contribute back to the County, the County contribution rate is 0% of covered pay for all three divisions combined.</i>					

Oakland County Retirees' Health Care Trust* Present Financial Report

	General Union	Command Officers	Road Deputies	Corrections Deputies	Total
A. Accrued Liability					
1. For retirees and beneficiaries	\$335,202,680	\$23,478,436	\$28,908,261	\$21,433,397	\$409,022,774
2. For vested terminated members	40,760,613	605,994	0	2,992,711	44,659,318
3. For present active members					
a. Value of expected future benefit Payments	\$314,950,872	27,346,671	78,217,687	67,054,997	487,570,227
b. Value of future normal costs	75,068,286	4,497,087	23,853,831	23,251,243	126,670,447
c. Active member liability: (a) – (b)	239,882,586	22,849,584	54,363,856	43,803,754	360,899,780
4. Total	615,845,879	47,234,014	83,272,117	68,229,862	814,581,872
B. Valuation Assets	419,429,558	26,651,522	64,546,949	52,887,203	563,515,232
C. Unfunded Accrued Liability: (A.4) – (B)	196,416,321	20,582,492	18,725,168	15,342,659	251,066,640
D. Funded Percent: (B)/(A.4)	68.11%	56.42%	77.51%	77.51%	69.18%

*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 (IRMBT). As reported in the Oakland County CAFR as of September 30, 2011, the IRMBT had net assets stated at market value of \$291.0 million resulting in an excess of assets over accrued liability of \$39.9 million.

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>
2012	47,131,932,645	3,707,092,321	50,839,024,966	-3.08	49,235,933,993
2011	48,766,831,153	3,686,629,190	52,453,460,343	-9.16	50,798,540,257
2010	53,979,517,024	3,765,559,483	57,745,076,507	-14.90	55,081,707,586
2009	63,909,419,815	3,949,566,334	67,858,986,149	-8.97	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

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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Residential	70.3	68.5	67.6	68.7	70.90	71.90	71.90	71.10	70.30
Commercial	18.8	20.6	19.6	19.0	17.6	16.7	16.6	16.8	16.9
Industrial	3.4	3.7	6.0	6.3	6.0	5.9	5.9	5.9	6.1
Personal Property	7.5	7.0	6.5	5.8	5.4	5.3	5.4	5.7	6.4
Agricultural	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.4	0.3
Developmental	<u>0.0</u>	<u>0.00</u>	<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>
	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>
2011	107,675,895.41	6,032,598.54
2010	130,215,501.20	7,271,064.88
2009	155,464,907.26	7,809,985.47
2008	149,883,620.70	7,387,710.43
2007	138,097,525.69	9,102,775.59
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

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 Issued</u>	<u>Notes Issued</u>	<u>Amount Outstanding</u>
2012	25,000,000	25,000,000
2011	50,000,000	0
2010	50,000,000	0
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

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 and computer equipment and facilities. Total lease expense and future minimum annual payments are not significant.

Future Financing

The County will be moving ahead with its projects and has bond offerings planned for 2012 including the sale of the following issues:

\$52,710,000 City of Pontiac Wastewater Treatment Facility Drainage District, Drain Bonds, Series 2012A (Taxable)
Sale Date: August 14, 2012

\$5,000,000 City of Pontiac Wastewater Treatment Facility Drainage District, Drain Bonds, Series 2012B (Tax-Exempt)
Sale Date: August 14, 2012

\$2,020,000 Oakland County Rochester Hills Water Supply and Sewage Disposal System Refunding Bonds, Series 2012
Sale date: August 21, 2012.

\$19,325,000 Oakland County Building Authority, Building Authority Bonds, Series 2012A
Sale Date: September 12, 2012

\$14,500,000 Oakland County Building Authority, Building Authority Bonds, Series 2012
Sale Date: September 12, 2012

Banking

The banking needs of the County are adequately handled by:

Bank of America
Bank of Birmingham
Bank of Michigan
Charter One Bank, NA
Citizen's Bank
Clarkston State Bank
Comerica Bank
Crestmark Bank
Fidelity Bank
Fifth Third Bank
First Place Bank
Flagstar Bank
Genisys Credit Union
Huron Valley State Bank
Independent Bank
JP Morgan Chase Bank
Lakes Community Credit Union
Level One Bank
Lotus Bank
mBank
Mercantile Bank
Michigan First Credit Union

Oxford Bank
PNC Bank
Talmer Bank and Trust
The Huntington National Bank
The Private Bank
TCF Bank

County of Oakland
Net County Direct Debt - Unaudited
05/31/12

<u>Bonds & 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	\$34,875,000	\$677,715 (d)	15,027,285 (a)	\$19,170,000	(\$410) (d)	\$19,170,410
Building Authority Refunding	47,225,000	0 (d)	0 (a)	47,225,000	218,182 (d)	47,006,818
Lake Level	145,000	0	0	145,000	139,375 (d)	5,625
Drain	9,185,000	69,725	5,391,872	3,723,403	45,101 (d)	3,678,303
Sewer Disposal Bonds	5,100,000	5,377 (d)	1,169,623 (a)	3,925,000	52,083 (d)	3,872,917
Sewage Disposal Bonds Refunding	1,360,000	25,135 (d)	1,334,865 (a)	0	0	0
Water Supply Bonds	11,020,000	10,993 (d)	11,009,007 (a)	0	0	0
Water & Sewage Disposal	1,950,000	41,660 (d)	1,908,340 (a)	0	0	0
Water & Sewage Refunding	325,000	32,196 (d)	292,804 (a)	0	0	0
Water Supply-Refunding	495,000	32,196	462,804 (a)	0	0	0
Mich. Bond Auth.-Sewage Disp. Bonds	4,830,727	4,574 (d)	4,826,153 (a)	0	0	0
Total	\$116,510,727	\$899,572	\$41,422,752	\$74,188,403	\$454,330	\$73,734,073
<u>Drain District</u>						
Drain Bonds	13,000,000	371,493 (d)	11,144,170 (a)	1,484,337	12,583 (d)	1,471,754
Drain Refunding	25,310,000	29,231 (d)	23,423,690 (a)	1,857,079	2,829 (d)	1,854,250
Michigan Bond Authority Drain	103,049,090	4,280,629 (d)	85,107,695 (a)	13,660,765	3,910,110 (d)	9,750,655
Total	\$141,359,090	\$4,681,353	\$119,675,556	\$17,002,182	\$3,925,522	\$13,076,660
<u>Limited Tax - Taxable</u>						
General Obligation Limited Taxable	\$25,000,000	\$0	\$0	\$25,000,000	\$25,000,000	\$0
Total	\$25,000,000	\$0	\$0	\$25,000,000	\$25,000,000	\$0
<u>Taxable with No County Credit</u>						
Certificates of Participation	\$464,155,000	\$0	\$0	\$0	\$464,155,000	\$0
Total	\$464,155,000	\$0	\$0	\$0	\$464,155,000	\$0
<u>Bonds and Notes with No County Credit</u>						
Michigan Transportation Fund	\$2,500,000	(\$57,537)	2,500,000 [c]	\$0	\$0	\$0
Total	\$2,500,000	(\$57,537)	\$2,500,000	\$0	\$0	\$0

Overlapping Debt of County

Cities, Villages and Townships	\$856,566,663 (e)
School Districts	2,267,545,638 (e)
Community College, Intermediate School Districts and Library	67,040,161 (e)
County Issued Bonds Paid by Local Municipalities	161,098,308 (b)
Net County Overlapping Debt	\$3,352,250,770
NET COUNTY DIRECT AND OVERLAPPING DEBT	\$3,439,061,502

(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) May 31, 2012 Trial Balance

(e) Amount as of September 30, 2012

Source: Oakland County Treasurer

Schedule of Bonds Maturities
County Credit and Limited Tax
As of May 31, 2012
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
2012	960,000	820,000	100,000	945,000	360,000	325,000	0	285,000	95,000	0
2013	1,645,000	1,185,000	150,000	125,000	450,000	0	175,000	210,000	610,000	65,000
2014	1,755,000	1,255,000	175,000	150,000	495,000	0	175,000	0	620,000	80,000
2015	1,795,000	1,320,000	190,000	140,000	510,000	0	175,000	0	630,000	0
2016	1,890,000	1,390,000	310,000	0	530,000	0	200,000	0	645,000	0
2017	1,955,000	1,435,000	250,000	0	550,000	0	200,000	0	655,000	0
2018	2,075,000	1,495,000	0	0	515,000	0	200,000	0	675,000	0
2019	2,140,000	1,570,000	0	0	490,000	0	200,000	0	100,000	0
2020	2,140,000	1,640,000	0	0	510,000	0	225,000	0	100,000	0
2021	2,010,000	1,730,000	0	0	535,000	0	225,000	0	100,000	0
2022	2,105,000	1,795,000	0	0	560,000	0	175,000	0	100,000	0
2023	2,195,000	590,000	0	0	585,000	0	0	0	100,000	0
2024	1,760,000	620,000	0	0	610,000	0	0	0	100,000	0
2025	1,070,000	650,000	0	0	635,000	0	0	0	100,000	0
Beyond 2025	3,350,000	1,845,000	0	0	4,320,000	0	0	0	300,727	0
	28,845,000	19,340,000	1,175,000	1,360,000	11,655,000	325,000	1,950,000	495,000	4,930,727	145,000

Source: Oakland County Treasurer

Oakland County
Schedule of Drain Bonds Maturities
County Credit and Limited Tax
As of May 31, 2012
Principal Only

Year	Drain Bonds	Drain Notes	Drain Refunding	M.B.A. Drain Bonds
2012	195,000	0	2,700,000	510,000
2013	1,610,000	0	4,365,000	6,955,000
2014	970,000	0	4,000,000	8,135,000
2015	930,000	0	3,405,000	7,978,996
2016	990,000	0	2,775,000	7,380,000
2017	925,000	0	1,450,000	7,110,000
2018	790,000	0	1,010,000	7,270,000
2019	810,000	0	1,025,000	7,455,000
2020	855,000	0	1,060,000	7,645,000
2021	900,000	0	1,100,000	7,830,000
2022	925,000	0	1,135,000	8,035,000
2023	945,000	0	655,000	7,090,000
2024	865,000	0	630,000	7,257,676
2025	920,000	0	0	2,030,000
Beyond 2025	1,450,000	0	0	12,394,418
	14,080,000	0	25,310,000	105,076,090

Source: Oakland County Treasurer

**SCHEDULE OF BOND MATURITIES
WITH LIMITED COUNTY PLEDGE - TAXABLE
As of May 31, 2012
Principal Only**

Year	Delinquent Tax Notes	Bldg. Authority	Bldg. Authority Refunding	Drain	Sew age
2012	0	250,000	2,025,000	0	0
2013	25,000,000	275,000	2,105,000	335,000	140,000
2014	0	275,000	2,130,000	345,000	140,000
2015	0	275,000	2,225,000	360,000	145,000
2016	0	275,000	2,260,000	370,000	150,000
2017	0	275,000	2,335,000	385,000	155,000
2018	0	300,000	2,425,000	400,000	160,000
2019	0	305,000	2,490,000	420,000	170,000
2020	0	305,000	2,575,000	440,000	175,000
2021	0	305,000	2,655,000	460,000	185,000
2022	0	330,000	2,685,000	485,000	190,000
2023	0	330,000	1,265,000	510,000	205,000
2024	0	360,000	1,310,000	540,000	215,000
2025	0	360,000	0	565,000	225,000
Beyond 2025	0	2,815,000	0	4,135,000	1,895,000
	\$25,000,000	\$7,035,000	\$28,485,000	\$9,750,000	\$4,150,000

Source: Oakland County Treasurer

**SCHEDULE OF BOND MATURITIES
WITH NO COUNTY PLEDGE - TAXABLE
As of May 31, 2011
Principal Only**

Year	Certificate of Participation		Total
2012	0		0
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
	\$503,975,000		\$503,975,000

Source: Oakland County Treasurer

Oakland County
Schedule of Bond Maturities
With No County Pledge
As of May 31, 2012
Principal Only

Year	MTF Revenue Bonds		Total
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
	<u>\$2,500,000</u>		<u>\$2,500,000</u>

Source: Oakland County Treasurer

**OAKLAND COUNTY
PRINCIPAL & INTEREST REQUIREMENTS
As of May 31, 2012**

Year	Principal	Interest	Total
2012	10,070,000.00	18,798,597.51	28,868,597.51
2013	66,420,000.00	36,520,207.08	102,940,207.08
2014	42,700,000.00	34,590,321.72	77,290,321.72
2015	43,298,996.00	32,615,948.59	75,914,944.59
2016-2019	176,395,000.00	109,190,919.90	285,585,919.90
2020-2024	250,872,676.00	81,137,693.68	332,010,369.68
2025-2030	156,864,873.00	16,307,722.33	173,172,595.33
2031-2040	2,425,272.00	280,512.50	2,180,512.50
	\$749,046,817.00	\$329,441,923.31	\$1,078,488,740.31

Source: Oakland County Treasurer

Oakland County
Statement of Legal Debt Margin
As of May 31, 2012

Bonds and Notes with County Credit and Limited Tax	
GOLT Bldg. Authority	27,775,000.00
GOLT Bldg. Authority Refunding	18,690,000.00
GOLT Lake Level	145,000.00
GOLT Sewage	1,175,000.00
GOLT Sewage Refunding	1,360,000.00
GOLT Water	11,020,000.00
GOLT Water & Sewage Refunding	325,000.00
GOLT Water & Sewer	1,950,000.00
GOLT Water Refunding	495,000.00
Michigan Bond Authority Sewage Disposal	4,830,727.00
Total	<u>67,765,727.00</u>
Drain District	
Drain Bonds	13,000,000.00
Drain Refunding	25,310,000.00
Michigan Bond Authority Drain	103,046,090.00
Total	<u>141,356,090.00</u>
Bonds and Notes with County Credit and Limited-Taxable	
GOLT Bldg Authority	6,675,000.00
GOLT Bldg Authority Refunding	28,485,000.00
GOLT Drain	9,185,000.00
GOLT Sewage	3,925,000.00
GOLT Tax Notes	25,000,000.00
Total	<u>73,270,000.00</u>
Total County Credit/Pledged Debt	<u>282,391,817.00</u>
Bonds and Notes with no County Credit - Taxable	
Certificates of Participation	464,155,000.00
	<u>464,155,000.00</u>
Bonds and Notes with no County Credit	
Motor Vehicle Highway Fund Revenue Notes	2,500,000.00
	<u>2,500,000.00</u>
Statutory Limit - 10% of Currently Approved SEV	5,245,346,034.30
Total County Credit/Pledged Debt	282,391,817.00
Available Statutory Debt Limit	<u>4,962,954,217.30</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, 2011 have been extracted from the audit:

	<u>Page</u>
Statement of Net Assets	50-51
Statement of Activities	52-53
Balance Sheet - Governmental Funds	54-55
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	56
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	57-58
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	59
Statement of Net Assets - Proprietary Funds	60-61
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	62-63
Statement of Cash Flows - Proprietary Funds	64-68
Statement of Fiduciary Net Assets - Fiduciary Funds	69
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	70
Statement of Net Assets - Component Units	71
Statement of Activities - Component Units	72
Notes to Basic Financial Statements	73-116

*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, 2011

	Primary Government			Component Units
	Governmental Activities	Business- Type Activities	Totals	
Assets				
Current assets				
Pooled cash and investments	\$ 436,360,356	\$ 275,388,115	\$ 711,748,471	\$ 17,337,372
Cash and cash equivalents	-	-	-	35,738,275
Receivables (net of allowance for uncollectibles where applicable)				
Current property taxes	19,037,022	-	19,037,022	-
Delinquent property taxes	944,011	116,146,306	117,090,317	-
Special assessments	-	-	-	6,269,272
Due from other governmental units	18,139,256	45,863,963	64,003,219	6,440,638
Due from primary government	-	-	-	1,928,459
Due from component units	559,598	1,833,028	2,392,626	-
Accrued interest receivable	1,926,776	2,541,848	4,468,624	109,836
Accounts receivable	1,748,371	48,196,845	49,945,216	17,132,493
Contracts receivable	10,835,103	1,102,990	11,938,093	-
Internal balances - footnote 19	9,684,214	(9,684,214)	-	-
Inventories and supplies	527,483	319,462	846,945	4,242,545
Prepayments and other assets	10,300,726	1,415,889	11,716,615	1,727,982
Total current assets	510,062,916	483,124,232	993,187,148	90,926,872
Non-current assets				
Special assessments receivable	24,081,026	-	24,081,026	159,857,822
Contracts receivable	24,756,667	-	24,756,667	-
OPEB asset	327,796,313	-	327,796,313	-
Capital assets, net				
Land and other nondepreciable assets	20,200,172	82,443,139	102,643,311	213,566,798
Land improvements, net	139,167	4,913,285	5,052,452	164,077
Buildings and improvements, net	141,818,875	45,390,608	187,209,483	8,447,005
Equipment and vehicles, net	18,685,582	41,052,506	59,738,088	2,496,844
Infrastructure, net	14,086,921	78,258,398	92,345,319	917,629,606
Total capital assets, net	194,930,717	252,057,936	446,988,653	1,142,304,330
Total non-current assets	571,564,723	252,057,936	823,622,659	1,302,162,152
Total assets	\$ 1,081,627,639	\$ 735,182,168	\$ 1,816,809,807	\$ 1,393,089,024

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

County of Oakland
Statement of Net Assets (Continued)
September 30, 2011

	Primary Government			
	Governmental Activities	Business- Type Activities	Totals	Component Units
Liabilities				
Current liabilities				
Vouchers payable	\$ 10,665,616	\$ 3,903,665	\$ 14,569,281	\$ 4,981,888
Accrued payroll	2,684,193	-	2,684,193	-
Due to other governmental units	2,751,684	19,362,149	22,113,833	15,254,623
Due to component units	-	1,928,459	1,928,459	-
Due to primary government	-	-	-	2,392,626
Accrued interest payable	159,300	-	159,300	35,375
Other accrued liabilities	27,969,878	4,030,007	31,999,885	4,032,349
Accrued compensated absences	1,244,748	-	1,244,748	-
Unearned revenue	21,130,740	1,500,930	22,631,670	6,927,302
Claims and judgments	3,969,723	-	3,969,723	-
Bonds and notes payable	27,185,000	50,135,000	77,320,000	14,634,700
Total current liabilities	97,760,882	80,860,210	178,621,092	48,258,863
Non-current liabilities				
Accrued compensated absences	11,202,733	-	11,202,733	2,847,660
Claims and judgments	14,560,082	-	14,560,082	1,563,327
Other postemployment benefits	-	-	-	11,906,254
Unearned revenue	-	-	-	2,653,914
Bonds and notes payable	560,185,727	3,925,000	564,110,727	146,252,908
Total noncurrent liabilities	585,948,542	3,925,000	589,873,542	165,224,063
Total liabilities	683,709,424	84,785,210	768,494,634	213,482,926
Net assets				
Investment in capital assets, net of related debt	150,330,717	247,997,936	398,328,653	982,600,422
Restricted for				
Special Revenue	96,519,375	-	96,519,375	5,471,362
Capital projects	1,576,714	-	1,576,714	-
Debt service	269,981	-	269,981	157,699,378
Airports	-	21,065	21,065	-
Community water and sewer	-	77,803,946	77,803,946	-
Unrestricted	149,221,428	324,574,011	473,795,439	33,834,936
Total net assets	\$ 397,918,215	\$ 650,396,958	\$ 1,048,315,173	\$ 1,179,606,098

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

County of Oakland
Statement of Activities
Year Ended September 30, 2011

			Program Revenue	
			Operating	Capital
	Expenses	Charges for	Grants and	Grants and
		Services	Contributions	Contributions
Functions/Programs				
Primary government				
Governmental activities				
General government, administrative	\$ 23,837,450	\$ 27,107,546	\$ 1,019,348	\$ -
Public safety	179,410,207	50,912,265	21,723,458	1,869,849
Justice administration	88,133,060	31,017,405	675,133	-
Citizen services	82,216,590	6,682,817	21,940,379	-
Public works	26,348,460	3,988,963	836,666	1,992,056
Recreation and leisure	1,447,612	91,273	7,700	-
Commerce and community development	63,004,162	12,231,135	41,374,879	-
Unallocated depreciation	1,976,521	-	-	-
Interest on debt	3,598,227	-	-	-
Total governmental activities	<u>469,972,289</u>	<u>132,031,404</u>	<u>87,577,563</u>	<u>3,861,905</u>
Business-type activities				
Airports	5,957,174	4,510,925	-	3,510,611
Community safety support	16,303,359	12,266,838	-	6,710,663
Community tax financing	1,746,776	27,731,753	-	-
Community water and sewer	48,504,467	50,721,103	300,000	-
Recreation and leisure	20,061,315	8,029,370	31,579	1,506,000
Sewage disposal systems	111,655,907	110,808,669	-	136,314
Total business-type activities	<u>204,228,998</u>	<u>214,068,658</u>	<u>331,579</u>	<u>11,863,588</u>
Total primary government	<u>\$ 674,201,287</u>	<u>\$ 346,100,062</u>	<u>\$ 87,909,142</u>	<u>\$ 15,725,493</u>
Component units				
Drainage districts	\$ 68,865,400	\$ 59,093,468	\$ 81,833	\$ 29,898,191
Road commission	97,176,828	17,171,835	57,730,376	31,469,161
Total component units	<u>\$ 166,042,228</u>	<u>\$ 76,265,303</u>	<u>\$ 57,812,209</u>	<u>\$ 61,367,352</u>
General revenue				
Taxes				
Property taxes				
State-shared revenue (unrestricted)				
Unrestricted investment earnings				
Gain on sale of capital assets				
Other revenue				
Transfers in (out)				
Total general revenue and transfers				
Change in net assets				
Net assets				
Beginning (as restated, see Note 20)				
Ending				

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

County of Oakland
Statement of Activities (Continued)
Year Ended September 30, 2011

Net (Expenses) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business- Type Activities	Totals	Component Units
\$ 4,289,444	\$ -	\$ 4,289,444	\$ -
(104,904,635)	-	(104,904,635)	-
(56,440,522)	-	(56,440,522)	-
(53,593,394)	-	(53,593,394)	-
(19,530,775)	-	(19,530,775)	-
(1,348,639)	-	(1,348,639)	-
(9,398,148)	-	(9,398,148)	-
(1,976,521)	-	(1,976,521)	-
(3,598,227)	-	(3,598,227)	-
(246,501,417)	-	(246,501,417)	-
-	2,064,362	2,064,362	-
-	2,674,142	2,674,142	-
-	25,984,977	25,984,977	-
-	2,516,636	2,516,636	-
-	(10,494,366)	(10,494,366)	-
-	(710,924)	(710,924)	-
-	22,034,827	22,034,827	-
(246,501,417)	22,034,827	(224,466,590)	-
-	-	-	20,208,092
-	-	-	9,194,544
-	-	-	29,402,636
208,006,331	12,696,436	220,702,767	-
8,976,908	-	8,976,908	-
4,865,609	3,015,229	7,880,838	1,008,723
331,629	-	331,629	-
3,514,883	-	3,514,883	-
34,901,063	(34,901,063)	-	-
260,596,423	(19,189,398)	241,407,025	1,008,723
14,095,006	2,845,429	16,940,435	30,411,359
383,823,209	647,551,529	1,031,374,738	1,149,194,739
\$ 397,918,215	\$ 650,396,958	\$ 1,048,315,173	\$ 1,179,606,098

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.

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 provided a funding mechanism to shift county property tax levies from winter to summer over a three-year period.

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 seven 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, 2011

	Major Funds		
	General	Revenue Sharing Reserve	Building Authority Debt Act 31
Assets			
Current assets			
Pooled cash and investments	\$ 206,351,120	\$ 83,346,726	\$ 1,638
Receivables (net of allowance for uncollectibles where applicable)			
Current property taxes	19,037,022	-	-
Delinquent property taxes	944,011	-	-
Due from other governmental units	7,130,015	-	-
Due from component units	7,505	-	-
Accrued interest receivable	746,558	257,714	4,039
Accounts receivable	249,107	-	-
Contracts receivable	10,818,436	-	-
Due from other funds	10,562,495	-	-
Inventories	144,927	-	-
Prepayments and other assets	147,771	-	-
Total current assets	<u>256,138,967</u>	<u>83,604,440</u>	<u>5,677</u>
Advances receivable	-	-	-
Special assessments receivable	-	-	-
Contracts receivable	-	-	16,930,000
Total assets	<u>\$ 256,138,967</u>	<u>\$ 83,604,440</u>	<u>\$ 16,935,677</u>
Liabilities and Fund Balances			
Current liabilities			
Vouchers payable	\$ 4,699,048	\$ -	\$ -
Accrued payroll	2,684,193	-	-
Due to other governmental units	1,820,282	-	-
Due to other funds	4,016,762	-	-
Deferred revenue	12,933,995	-	-
Deferred revenue - property taxes	15,374,151	-	-
Other accrued liabilities	13,448,652	-	-
Total current liabilities	<u>54,977,083</u>	<u>-</u>	<u>-</u>
Deferred revenue	-	-	16,930,000
Advances payable	-	-	-
Total liabilities	<u>54,977,083</u>	<u>-</u>	<u>16,930,000</u>
Fund balances			
Nonspendable	292,698	-	-
Restricted	5,287,071	83,604,440	5,677
Committed	-	-	-
Assigned	194,082,115	-	-
Unassigned	1,500,000	-	-
Total fund balances (as restated, see Note 20)	<u>201,161,884</u>	<u>83,604,440</u>	<u>5,677</u>
Total liabilities and fund balances	<u>\$ 256,138,967</u>	<u>\$ 83,604,440</u>	<u>\$ 16,935,677</u>

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

County of Oakland
Balance Sheet (Continued)
Governmental Funds
September 30, 2011

	Major Funds		Totals
	Water and Sewer Debt Act 342	Non-Major Funds	September 30, 2011
Assets			
Current assets			
Pooled cash and investments	\$ 164,161	\$ 39,031,534	\$ 328,895,179
Receivables (net of allowance for uncollectibles where applicable)			
Current property taxes	-	-	19,037,022
Delinquent property taxes	-	-	944,011
Due from other governmental units	-	10,864,241	17,994,256
Due from component units	-	521,101	528,606
Accrued interest receivable	3,827	151,258	1,163,396
Accounts receivable	-	1,219,158	1,468,265
Contracts receivable	-	16,667	10,835,103
Due from other funds	-	4,657,646	15,220,141
Inventories	-	-	144,927
Prepayments and other assets	-	4,796,684	4,944,455
Total current assets	<u>167,988</u>	<u>61,258,289</u>	<u>401,175,361</u>
Advances receivable	-	428,458	428,458
Special assessments receivable	19,915,727	4,165,299	24,081,026
Contracts receivable	-	7,826,667	24,756,667
Total assets	<u>\$ 20,083,715</u>	<u>\$ 73,678,713</u>	<u>\$ 450,441,512</u>
Liabilities and Fund Balances			
Current liabilities			
Vouchers payable	\$ -	\$ 2,500,488	\$ 7,199,536
Accrued payroll	-	-	2,684,193
Due to other governmental units	-	437,765	2,258,047
Due to other funds	-	11,203,077	15,219,839
Deferred revenue	-	7,252,609	20,186,604
Deferred revenue - property taxes	-	-	15,374,151
Other accrued liabilities	140,336	8,971,785	22,560,773
Total current liabilities	<u>140,336</u>	<u>30,365,724</u>	<u>85,483,143</u>
Deferred revenue	19,915,727	11,975,299	48,821,026
Advances payable	-	428,458	428,458
Total liabilities	<u>20,056,063</u>	<u>42,769,481</u>	<u>134,732,627</u>
Fund balances			
Nonspendable	-	445,125	737,823
Restricted	27,652	14,283,176	103,208,016
Committed	-	16,530,640	16,530,640
Assigned	-	17,254	194,099,369
Unassigned	-	(366,963)	1,133,037
Total fund balances	<u>27,652</u>	<u>30,909,232</u>	<u>315,708,885</u>
Total liabilities and fund balances	<u>\$ 20,083,715</u>	<u>\$ 73,678,713</u>	<u>\$ 450,441,512</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, 2011

Total fund balances for governmental funds		\$ 315,708,885
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	9,144,366	
Land improvements, net of \$992,115 depreciation	139,167	
Buildings and improvements, net of \$89,045,344 depreciation	140,579,091	
Equipment and vehicles, net of \$13,778,136 depreciation	7,587,737	
Infrastructure, net of \$11,799,785 depreciation	<u>13,913,562</u>	
		178,599,474
Other long-term assets are not available to pay for current period expenditures and therefore are not reported in the funds.		
Capital lease receivable		10,485,000
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.		89,607,404
Other post-employment benefits assets do not represent financial resources and are not reported in the funds.		327,796,313
Real property tax revenues in the Statement of Activities that do not provide current financial resources are deferred and not reported as revenue in the funds.		14,430,140
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.		48,821,026
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	(587,370,727)	
Accrued interest payable	<u>(159,300)</u>	
		(587,530,027)
Net assets of governmental activities		<u>\$ 397,918,215</u>

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

County of Oakland
Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2011

	Major Funds		
	General	Revenue Sharing Reserve	Building Authority Debt Act 31
Revenue			
Taxes	\$ 209,290,437	\$ -	\$ -
Special assessments	-	-	2,707,887
Federal grants	348,828	-	-
State grants	5,071,679	-	-
Other intergovernmental revenues	11,278,845	-	-
Charges for services	89,183,420	-	1,257
Contributions	347,627	-	-
Investment income	3,598,799	-	2,599
Indirect cost recovery	8,770,800	-	-
Other	1,023,137	-	-
Total revenue	328,913,572	-	2,711,743
Expenditures			
Current operations			
County executive	87,190,555	-	208,180
Clerk/register of deeds	9,691,689	-	-
Treasurer	8,003,249	-	-
Justice administration	53,054,248	-	-
Law enforcement	139,981,071	-	-
Legislative	4,223,183	-	-
Water resource commissioner	5,301,485	-	-
Non-departmental	16,628,569	-	-
Total current operations	324,074,049	-	208,180
Capital outlay	367,870	-	-
Intergovernmental	-	-	-
Debt service			
Principal payments	-	-	5,420,000
Interest and fiscal charges	-	-	3,180,013
Total expenditures	324,441,919	-	8,808,193
Excess (deficiency) of revenue over (under) expenditures	4,471,653	-	(6,096,450)
Other financing sources (uses)			
Transfers in	57,260,076	-	5,957,813
Transfers out	(30,532,090)	(24,217,303)	(152)
Issuance of bonds	-	-	-
Issuance of refunding bonds	-	-	28,485,000
Premiums on bonds sold	-	-	1,488,907
Discounts on bonds sold	-	-	-
Payment to bond escrow agent	-	-	(29,840,000)
Total other financing sources (uses)	26,727,986	(24,217,303)	6,091,568
Net change in fund balances	31,199,639	(24,217,303)	(4,882)
Fund balances			
October 1, 2010 (as restated, see Note 20)	169,962,245	107,821,743	10,559
September 30, 2011	\$ 201,161,884	\$ 83,604,440	\$ 5,677

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

County of Oakland
Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
Year Ended September 30, 2011

	Major Funds Water and Sewer Debt Act 342	Non-Major Funds	Totals September 30, 2011
Revenue			
Taxes	\$ -	\$ -	\$ 209,290,437
Special assessments	1,984,561	3,223,407	7,915,855
Federal grants	-	61,084,299	61,433,127
State grants	-	23,802,641	28,874,320
Other intergovernmental revenues	-	11,511,203	22,790,048
Charges for services	2,150	10,741,083	99,927,910
Contributions	-	96,239	443,866
Investment income	4,822	218,130	3,824,350
Indirect cost recovery	-	-	8,770,800
Other	-	44,685	1,067,822
Total revenue	1,991,533	110,721,687	444,338,535
Expenditures			
Current operations			
County executive	-	93,970,646	181,369,381
Clerk/register of deeds	-	951,391	10,643,080
Treasurer	-	-	8,003,249
Justice administration	-	25,650,549	78,704,797
Law enforcement	-	6,940,245	146,921,316
Legislative	-	-	4,223,183
Water resource commissioner	-	3,786,938	9,088,423
Non-departmental	-	46,025	16,674,594
Total current operations	-	131,345,794	455,628,023
Capital outlay	3,411	12,754,452	13,125,733
Intergovernmental	-	3,035	3,035
Debt service			
Principal payments	1,245,000	1,870,000	8,535,000
Interest and fiscal charges	741,411	996,264	4,917,688
Total expenditures	1,989,822	146,969,545	482,209,479
Excess (deficiency) of revenue over (under) expenditures	1,711	(36,247,858)	(37,870,944)
Other financing sources (uses)			
Transfers in	-	28,363,519	91,581,408
Transfers out	-	(4,152,889)	(58,902,434)
Issuance of bonds	-	1,200,000	1,200,000
Issuance of refunding bonds	-	-	28,485,000
Premiums on bonds sold	-	-	1,488,907
Discounts on bonds sold	-	(17,993)	(17,993)
Payments to bond escrow agent	-	-	(29,840,000)
Total other financing sources (uses)	-	25,392,637	33,994,888
Net change in fund balances	1,711	(10,855,221)	(3,876,056)
Fund balances			
October 1, 2010 (as restated, see Note 20)	25,941	41,764,453	319,584,941
September 30, 2011	\$ 27,652	\$ 30,909,232	\$ 315,708,885

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

County of Oakland

Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities Year Ended September 30, 2011

Net change in fund balance - total governmental funds		\$ (3,876,056)
Governmental funds report capital outlay as expenditures.		
However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
This is the amount by which capital outlays exceeded depreciation in the current period.		
Construction in progress	\$ 3,552,698	
Buildings and improvements	1,125,424	
Equipment and vehicles	783,687	
Depreciation expense	<u>(6,863,385)</u>	
		(1,401,576)
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.		(500,000)
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.		7,306,564
Amortization of Other Post-Employment Benefits asset is not reported in the governmental funds		(9,849,398)
Real property tax revenues in the Statement of Activities that do not provide current financial resources are deferred and not reported as revenue in the funds.		
Prior year's deferral	(15,714,246)	
Current year deferral	<u>14,430,140</u>	
		(1,284,106)
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.		(3,356,984)
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	(29,685,000)	
Repayment of bond principal	56,695,000	
Accrued interest	<u>46,562</u>	
		27,056,562
Change in net assets of governmental activities		<u>\$ 14,095,006</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 revenue is 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.

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

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.

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

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.

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, 2011

	Business-Type Activities - Enterprise Funds				
	Major				
	Parks and Recreation	Delinquent Tax Revolving	County Airports	Water and Sewer Trust	Evergreen- Farmington SDS
Assets					
Current assets					
Pooled cash and investments	\$ 28,973,537	\$ 108,320,081	\$ 15,628,923	\$ 29,071,812	\$ 15,751,784
Delinquent property taxes receivable	-	116,146,306	-	-	-
Due from other governmental units	945,000	19,964,175	-	1,519,306	6,734,814
Due from component units	-	-	-	-	329,528
Accrued interest receivable	25,228	1,549,378	97,085	121,812	143,074
Accounts receivable (net of allowance for uncollectibles where applicable)	295,546	23,854,267	430,839	22,314,909	-
Due from other funds	-	-	-	234,825	1,664,750
Current portion of contracts receivable	-	-	1,102,990	-	-
Current portion of advances receivable	-	12,883	-	-	-
Inventories and supplies	36,560	-	-	156,833	-
Prepayments and other assets	3,918	-	-	423	-
Total current assets	30,279,789	269,847,090	17,259,837	53,419,920	24,623,950
Noncurrent assets					
Advances receivable	-	115,947	-	-	-
Capital assets, net					
Land and other nondepreciable assets	31,319,270	-	41,607,418	-	4,323,026
Land improvements, net	-	-	4,913,285	-	-
Building and improvements, net	17,649,265	-	16,289,696	-	11,069,457
Equipment and vehicles, net	745,493	-	572,416	-	7,329
Infrastructure, net	18,626,281	-	1,858,920	26,575,991	4,339,490
Total noncurrent assets	68,340,309	115,947	65,241,735	26,575,991	19,739,302
Total assets	98,620,098	269,963,037	82,501,572	79,995,911	44,363,252
Liabilities					
Current liabilities					
Vouchers payable	280,615	894,683	216,254	2,153,293	91,997
Due to other governmental units	-	334,587	-	882,714	6,800,143
Due to component units	-	-	-	-	-
Due to other funds	-	-	-	1,899,575	-
Deferred revenue	15,738	-	1,341,478	-	-
Capital lease obligation - current portion	-	-	515,000	-	-
Notes payable	-	50,000,000	-	-	-
Current portion of bonds payable	-	-	-	-	135,000
Current portion of long-term liabilities	-	-	-	-	-
Current portion of advances payable	-	-	-	-	-
Other accrued liabilities	134,782	46,346	469,584	2,110,557	499,137
Total current liabilities	431,135	51,275,616	2,542,316	7,046,139	7,526,277
Noncurrent liabilities					
Capital lease obligations	-	-	9,970,000	-	-
Bonds payable	-	-	-	-	3,925,000
Other long-term liabilities	-	-	-	-	-
Advances payable	-	-	-	-	-
Total noncurrent liabilities	-	-	9,970,000	-	3,925,000
Total liabilities	431,135	51,275,616	12,512,316	7,046,139	11,451,277
Net assets					
Invested in capital assets, net of related debt	68,340,309	-	65,241,735	26,575,991	15,679,302
Restricted for programs	-	-	22,221	35,932,973	12,399,486
Unrestricted	29,848,654	218,687,421	4,725,300	10,440,808	4,833,187
Total net assets	\$ 98,188,963	\$ 218,687,421	\$ 69,989,256	\$ 72,949,772	\$ 32,911,975

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

County of Oakland
Statement of Net Assets (Continued)
Proprietary Funds
September 30, 2011

	Business-Type Activities - Enterprise Funds			
	Major			
			Totals	Governmental
		Non-Major	September 30,	Activities -
	S.O.C.S.D.S.	Funds	2011	Internal
				Service
				Funds
Assets				
Current assets				
Pooled cash and investments	\$ 26,702,937	\$ 50,939,041	\$ 275,388,115	\$ 107,465,177
Delinquent property taxes	-	-	116,146,306	
Due from other governmental units	6,401,917	10,298,751	45,863,963	145,000
Due from component units	-	1,503,500	1,833,028	30,992
Accrued interest receivable	192,658	412,613	2,541,848	763,380
Accounts receivable (net of allowance for uncollectibles where applicable)	60,799	1,240,485	-	
Due from other funds	-	540	1,900,115	1,139
Current portion of contracts receivable	-	-	1,102,990	-
Current portion of advances receivable	176,928	-	189,811	-
Inventories and supplies	-	126,069	319,462	382,556
Prepayments and other assets	692,145	719,403	1,415,889	5,356,271
Total current assets	34,227,384	65,240,402	494,898,372	114,424,621
Noncurrent assets				
Advances receivable	496,387	-	612,334	-
Capital assets, net				
Land and other nondepreciable assets	977,442	4,215,983	82,443,139	3,820,255
Land improvements, net	-	-	4,913,285	-
Building and improvements, net	-	382,190	45,390,608	1,239,783
Equipment and vehicles, net	80,768	39,646,500	41,052,506	11,097,846
Infrastructure, net	5,250,421	21,607,295	78,258,398	173,359
Total noncurrent assets	6,805,018	65,851,968	252,670,270	16,331,243
Total assets	41,032,402	131,092,370	747,568,642	130,755,864
Liabilities				
Current liabilities				
Vouchers payable	97,311	169,512	3,903,665	3,466,080
Due to other governmental units	9,534,619	1,810,086	19,362,149	493,637
Due to component units	16	1,928,443	1,928,459	-
Due to other funds	1,899	-	1,901,474	82
Deferred revenue	-	143,714	1,500,930	125
Capital lease obligation - current portion	-	-	515,000	
Notes payable	-	-	50,000,000	-
Current portion of bonds payable	-	-	135,000	-
Current portion of long-term liabilities	-	-	-	5,214,471
Current portion of advances payable	-	-	-	189,811
Other accrued liabilities	99,157	670,444	4,030,007	5,409,105
Total current liabilities	9,733,002	4,722,199	83,276,684	14,773,311
Noncurrent liabilities				
Capital lease obligations	-	-	9,970,000	-
Bonds payable	-	-	3,925,000	-
Other long-term liabilities	-	-	-	25,762,815
Advances payable	-	-	-	612,334
Total noncurrent liabilities	-	-	13,895,000	26,375,149
Total liabilities	9,733,002	4,722,199	97,171,684	41,148,460
Net assets				
Invested in capital assets, net of related debt	6,308,631	65,851,968	247,997,936	16,331,243
Restricted for programs	8,858,357	20,611,974	77,825,011	-
Unrestricted	16,132,412	39,906,229	324,574,011	73,276,161
Total net assets	\$ 31,299,400	\$ 126,370,171	\$ 650,396,958	\$ 89,607,404

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

County of Oakland
Statement of Revenue, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year Ended September 30, 2011

	Business-Type Activities - Enterprise Funds				
	Major				
	Parks and Recreation	Delinquent Tax Revolving	County Airports	Water and Sewer Trust	Evergreen-Farmington SDS
Operating revenue					
Charges for services	\$ 7,990,396	\$ 26,374,487	\$ 4,401,685	\$ 50,645,022	\$ 33,038,749
Other	34,681	462,386	110,562	76,081	18,894
Total operating revenue	8,025,077	26,836,873	4,512,247	50,721,103	33,057,643
Operating expenses					
Salaries	7,481,895	58,880	1,101,490	6,955,230	477,296
Fringe benefits	2,660,206	43,344	672,388	3,677,034	446,658
Contractual services	4,700,164	286,193	1,547,935	30,506,726	32,958,710
Commodities	669,138	-	80,656	2,547,347	182,634
Depreciation	2,862,726	-	1,873,558	599,669	852,876
Internal services	1,687,186	-	200,169	2,946,184	389,417
Intergovernmental	-	-	-	1,272,277	-
Total operating expenses	20,061,315	388,417	5,476,196	48,504,467	35,307,591
Operating income (loss)	(12,036,238)	26,448,456	(963,949)	2,216,636	(2,249,948)
Nonoperating revenue (expenses)					
Property taxes	12,696,436	-	-	-	-
Contributions	31,579	-	-	300,000	-
Interest recovery - federal grants	-	-	119,784	-	78,414
Interest revenue	361,967	1,386,121	73,835	341,970	87,607
Interest expense and paying agent fees	-	(405,685)	(480,978)	-	(193,400)
Bonds maturing	-	-	-	-	-
Gain (loss) on sale of property and equipment	4,293	-	(1,322)	-	-
Total nonoperating revenue	13,094,275	980,436	(288,681)	641,970	(27,379)
Income (loss) before transfers and contributions	1,058,037	27,428,892	(1,252,630)	2,858,606	(2,277,327)
Transfers and contributions					
Capital contributions	1,506,000	-	3,390,827	-	-
Transfers in	142	-	-	-	-
Transfers out	-	(33,769,841)	-	-	-
Total transfers and contributions	1,506,142	(33,769,841)	3,390,827	-	-
Change in net assets	2,564,179	(6,340,949)	2,138,197	2,858,606	(2,277,327)
Net assets					
October 1, 2010	95,624,784	225,028,370	67,851,059	70,091,166	35,189,302
September 30, 2011	\$ 98,188,963	\$ 218,687,421	\$ 69,989,256	\$ 72,949,772	\$ 32,911,975

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

County of Oakland
Statement of Revenue, Expenses, and Changes in Fund Net Assets (Continued)
Proprietary Funds
Year Ended September 30, 2011

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Major		Totals	
	S.O.C.S.D.S.	Non-Major Funds	September 30, 2011	
Operating revenue				
Charges for services	\$ 44,742,494	\$ 45,726,555	\$ 212,919,388	\$ 205,335,192
Other	36,766	144,418	883,788	2,447,061
Total operating revenue	44,779,260	45,870,973	213,803,176	207,782,253
Operating expenses				
Salaries	621,828	2,767,395	19,464,014	17,703,904
Fringe benefits	310,520	1,639,082	9,449,232	11,100,050
Contractual services	40,445,180	35,885,603	146,330,511	107,645,672
Commodities	275,047	934,041	4,688,863	6,546,524
Depreciation	1,335,652	7,216,705	14,741,186	7,560,403
Internal services	205,192	1,774,704	7,202,852	5,417,138
Intergovernmental	-	-	1,272,277	-
Total operating expenses	43,193,419	50,217,530	203,148,935	155,973,691
Operating income (loss)	1,585,841	(4,346,557)	10,654,241	51,808,562
Nonoperating revenue (expenses)				
Property taxes	-	-	12,696,436	-
Contributions	-	-	331,579	-
Interest recovery - federal grants	-	-	198,198	-
Interest revenue	303,650	460,079	3,015,229	1,041,259
Interest expense and paying agent fees	-	-	(1,080,063)	(30,396,443)
Bonds maturing	-	-	-	(18,320,000)
Gain (loss) on sale of property and equipment	-	262,511	265,482	331,629
Total nonoperating revenue	303,650	722,590	15,426,861	(47,343,555)
Income (loss) before transfers and contributions	1,889,491	(3,623,967)	26,081,102	4,465,007
Transfers and contributions				
Capital contributions	57,900	6,710,663	11,665,390	688,155
Transfers in	-	2,470,636	2,470,778	7,441,556
Transfers out	-	(3,602,000)	(37,371,841)	(5,288,154)
Total transfers and contributions	57,900	5,579,299	(23,235,673)	2,841,557
Change in net assets	1,947,391	1,955,332	2,845,429	7,306,564
Net assets				
October 1, 2010	29,352,009	124,414,839	647,551,529	82,300,840
September 30, 2011	\$ 31,299,400	\$ 126,370,171	\$ 650,396,958	\$ 89,607,404

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

County of Oakland
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2011

	Business-Type Activities - Enterprise Funds				
	Major				
	Parks and Recreation	Delinquent Tax Revolving	County Airports	Water and Sewer Trust	Evergreen-Farmington SDS
Cash flows from operating activities					
Cash received from users	\$ 6,859,370	\$ 12,990,453	\$ 4,588,624	\$ 47,027,044	\$ 31,421,835
Cash paid to suppliers	(9,761,740)	(329,537)	(2,245,858)	(38,914,979)	(32,836,313)
Cash paid to employees	(7,481,895)	(58,880)	(1,101,490)	(6,955,230)	(477,296)
Net cash provided by (used in) operating activities	(10,384,265)	12,602,036	1,241,276	1,156,835	(1,891,774)
Cash flows from noncapital financing activities					
Transfers from other funds	142	-	-	-	-
Transfers to other funds	-	(33,769,841)	-	-	-
Contributions	31,579	-	-	300,000	-
Principal paid on debt	-	-	-	-	-
Interest paid on debt	-	-	-	-	-
Purchase of delinquent property taxes	-	(130,215,501)	-	-	-
Delinquent property taxes collected	-	142,267,961	-	-	-
Issuance of short-term borrowings	-	50,000,000	-	-	-
Repayments received on advances	-	12,883	-	-	-
Property taxes	12,696,436	-	-	-	-
Interest paid on short-term borrowings	-	(421,242)	-	-	-
Payments on short-term borrowings	-	(50,000,000)	-	-	-
Net cash provided by (used in) noncapital financing activities	12,728,157	(22,125,740)	-	300,000	-
Cash flows from capital and related financing activities					
Contributions for capital acquisitions	1,506,000	-	-	-	-
Proceeds from sale of bonds	-	-	-	-	4,060,000
Transfers from other funds	-	-	-	-	-
Interest recovery - federal grants	-	-	119,784	-	78,414
Proceeds from sale of capital assets	4,293	-	-	-	-
Acquisition of capital assets	(681,109)	-	(661,176)	-	(4,295,345)
Interest paid on debt	-	-	-	-	(193,400)
Payments on capital lease obligation	-	-	(500,000)	-	-
Interest and fees paid on capital lease obligation	-	-	(480,978)	-	-
Amount paid on advances	-	-	-	-	-
Interest paid on advances	-	-	-	-	-
Net cash used in capital and related financing activities	829,184	-	(1,522,370)	-	(350,331)
Cash flows from investing activities					
Interest on investments	351,118	1,136,634	72,970	341,106	81,509
Net cash provided by investing activities	351,118	1,136,634	72,970	341,106	81,509
Net increase (decrease) in cash and cash equivalents	3,524,194	(8,387,070)	(208,124)	1,797,941	(2,160,596)
Pooled cash and investments					
October 1, 2010	25,449,343	116,707,151	15,837,047	27,273,871	17,912,380
September 30, 2011	\$ 28,973,537	\$ 108,320,081	\$ 15,628,923	\$ 29,071,812	\$ 15,751,784

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, 2011

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Major		Totals	
	S.O.C.S.D.S.	Non-Major Funds	September 30, 2011	
Cash flows from operating activities				
Cash received from users	\$ 44,312,198	\$ 42,944,025	\$ 190,143,549	\$ 207,935,444
Cash paid to suppliers	(38,857,268)	(43,117,709)	(166,063,404)	(134,846,097)
Cash paid to employees	(621,828)	(2,767,395)	(19,464,014)	(17,703,904)
Net cash provided by (used in) operating activities	4,833,102	(2,941,079)	4,616,131	55,385,443
Cash flows from noncapital financing activities				
Transfers from other funds	-	2,470,636	2,470,778	5,516,857
Transfers to other funds	-	(3,602,000)	(37,371,841)	(3,508,760)
Contributions	-	-	331,579	-
Principal paid on debt	-	-	-	(18,320,000)
Interest paid on debt	-	-	-	(30,379,588)
Purchase of delinquent property taxes	-	-	(130,215,501)	-
Delinquent property taxes collected	-	-	142,267,961	-
Issuance of short-term borrowings	-	-	50,000,000	-
Repayments received on advances	176,928	-	189,811	-
Property taxes	-	-	12,696,436	-
Interest paid on short-term borrowings	-	-	(421,242)	-
Payments on short-term borrowings	-	-	(50,000,000)	-
Net cash provided by (used in) noncapital financing activities	176,928	(1,131,364)	(10,052,019)	(46,691,491)
Cash flows from capital and related financing activities				
Contributions for capital acquisitions	57,900	177,788	1,741,688	-
Proceeds from sale of bonds	-	-	4,060,000	-
Transfers from other funds	-	-	-	213,992
Interest recovery - federal grants	-	-	198,198	-
Proceeds from sale of capital assets	-	262,511	266,804	883,064
Acquisition of capital assets	(358,549)	(13,597,949)	(19,594,128)	(2,879,141)
Interest paid on debt	-	-	(193,400)	-
Payments on capital lease obligation	-	-	(500,000)	-
Interest and fees paid on capital lease obligation	-	-	(480,978)	-
Amount paid on advances	-	-	-	(189,811)
Interest paid on advances	-	-	-	(16,855)
Net cash used in capital and related financing activities	(300,649)	(13,157,650)	(14,501,816)	(1,988,751)
Cash flows from investing activities				
Interest on investments	324,915	427,438	2,735,690	976,682
Net cash provided by investing activities	324,915	427,438	2,735,690	976,682
Net increase (decrease) in cash and cash equivalents	5,034,296	(16,802,655)	(17,202,014)	7,681,883
Pooled cash and investments				
October 1, 2010	21,668,641	67,741,696	292,590,129	99,783,294
September 30, 2011	\$ 26,702,937	\$ 50,939,041	\$ 275,388,115	\$ 107,465,177

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, 2011

	Business-Type Activities - Enterprise Funds				
	Major				
	Parks and Recreation	Delinquent Tax Revolving	County Airports	Water and Sewer Trust	Evergreen- Farmington SDS
Operating (loss) income	\$ (12,036,238)	\$ 26,448,456	\$ (963,949)	\$ 2,216,636	\$ (2,249,948)
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities					
Depreciation expense	2,862,726	-	1,873,558	599,669	852,876
(Increase) decrease in due from other governmental units	(945,000)	(13,055,379)	248	(995,613)	(718,954)
(Increase) decrease in due from component units	-	-	-	-	(211,698)
(Increase) decrease in accounts receivable	8,086	(635,600)	169,253	(2,819,894)	-
(Increase) decrease in due from other funds	-	-	-	121,448	(705,156)
(Increase) decrease in inventories and supplies	6,443	-	-	(3,500)	-
(Increase) decrease in prepayments and other assets	(2,827)	-	93,453	(423)	-
Increase (decrease) in vouchers payable	(14,494)	(78,690)	182,810	21,697	(50,902)
Increase (decrease) in due to other govern- mental units	-	(68,914)	-	196,398	1,445,479
Increase (decrease) in due to component units	-	-	-	-	-
Increase (decrease) in due to other funds	-	-	-	583,708	-
Increase (decrease) in deferred revenue	(228,793)	-	(93,124)	-	-
Increase (decrease) in current portion of other long-term liabilities	-	-	-	-	-
Increase (decrease) in other accrued liabilities	(34,168)	(7,837)	(20,973)	1,236,709	(253,471)
Increase (decrease) in other long-term liabilities	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ (10,384,265)</u>	<u>\$ 12,602,036</u>	<u>\$ 1,241,276</u>	<u>\$ 1,156,835</u>	<u>\$ (1,891,774)</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, 2011

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Major			
	S.O.C.S.D.S.	Non-Major Funds	Totals September 30, 2011	
Operating income (loss)	\$ 1,585,841	\$ (4,346,557)	\$ 10,654,241	\$ 51,808,562
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	1,335,652	7,216,705	14,741,186	7,560,403
(Increase) decrease in due from other governmental units	(411,687)	(1,314,180)	(17,440,565)	(3,369)
(Increase) decrease in due from component units	-	(1,503,500)	(1,715,198)	1,273
(Increase) decrease in accounts receivable	(55,375)	(113,267)	(3,446,797)	156,061
(Increase) decrease in due from other funds	-	(539)	(584,247)	(899)
(Increase) decrease in inventories and supplies	-	500,259	503,202	128,106
(Increase) decrease in prepayments and other assets	21,855	(93,836)	18,222	(706,430)
Increase (decrease) in vouchers payable	62,093	(1,961,658)	(1,839,144)	-
Increase (decrease) in due to other govern- mental units	2,286,682	(2,968,321)	891,324	1,445,650
Increase (decrease) in due to component units	16	1,928,443	1,928,459	(27,207)
Increase (decrease) in due to other funds	-	(2,615)	581,093	(297,067)
Increase (decrease) in deferred revenue	-	4,538	(317,379)	125
Increase (decrease) in current portion of other long-term liabilities	-	-	-	682,365
Increase (decrease) in other accrued liabilities	8,025	(286,551)	641,734	(1,722,454)
Increase (decrease) in other long-term liabilities	-	-	-	(3,639,676)
Net cash provided by (used in) operating activities	\$ 4,833,102	\$ (2,941,079)	\$ 4,616,131	\$ 55,385,443

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, 2011

Noncash transactions

Enterprise Funds

Major funds:

Noncash and capital related financing activities included contribution of capital assets in the amount of \$3,390,827 in the County Airports fund.

Noncash and non-capital related financing activities included interest expense of \$27,979 reported in the Vouchers Payable liability in the Delinquent Tax Revolving Fund, and recording of Contracts Receivable and Deferred Revenue of \$1,102,990 in the County Airports fund.

Nonmajor funds:

Noncash and capital related financing activities included contribution of capital assets of \$2,699,884 and \$3,832,991 in the CLEMIS and Radio Communications funds, respectively, and purchase of capital assets in the amount of \$332,075 in Other accrued liabilities account in the Radio Communications fund.

Internal Service Funds

Non-cash capital and related financing activities included contribution of capital assets of \$688,155 and purchase of capital assets in the amount of \$156,257 included in the Other accrued liabilities account in the Information Technology fund; the transfer of \$1,710,707 of capital assets (net of \$4,278,346 accumulated depreciation) from the Office Equipment fund to the Information Technology fund; and the transfer of \$68,687 of capital assets (net of \$327,873 of accumulated depreciation) from the Mailing, Copier and Printing fund to the general government.

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, 2011

	Pension (and Other Post- employment Benefits) Trust Funds	Investment Trust Funds	Agency Funds
Assets			
Pooled cash and investments	\$ 11,481,239	\$ 233,734,959	\$ 234,571,445
Cash and cash equivalents	-	-	868,967
Investments, at fair value			
Common stock	465,237,349	-	-
Preferred stock	78,077	-	-
Government securities	156,003,207	-	-
Corporate bonds	139,299,610	-	-
Municipal bonds	4,194,114	-	-
Commingled	256,010,536	-	-
Limited partnerships	227,219,466	-	-
Asset-backed fixed income	7,465,464	-	-
CMO/REMIC investments	6,059,998	-	-
Mortgage-backed securities	54,197,510	-	-
Commercial mortgage-backed securities	30,446,765	-	-
Money market funds	33,403,277	-	-
International common stock	59,068,588	-	-
Equity REIT	15,471,685	-	-
Other	24,649,948	-	-
Total investments	<u>1,478,805,594</u>	<u>-</u>	<u>-</u>
Receivables - interest and dividends	4,563,778	220,793	197,426
Receivables - other	22,876	-	-
Prepaid expenses	154,466	-	-
Total assets	<u>1,495,027,953</u>	<u>233,955,752</u>	<u>235,637,838</u>
Liabilities			
Vouchers payable	629,304	-	-
Due to other governmental units	-	-	225,633,670
Other accrued liabilities	1,261,598	-	10,004,168
Total liabilities	<u>1,890,902</u>	<u>-</u>	<u>235,637,838</u>
Net assets			
Held in Trust for Pension and other Postemployment healthcare benefits, and pool participants	<u>\$ 1,493,137,051</u>	<u>\$ 233,955,752</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, 2011

	Pension (and Other Post- employment Benefits) Trust Funds	Investment Trust Funds
Additions		
Contributions		
Employer	\$ 47,592,273	\$ -
Pool participants	-	770,996,947
Plan members	863,187	-
Total contributions	48,455,460	770,996,947
Investment income	19,514,529	2,526,625
Other revenue	2,180,376	-
Total additions	70,150,365	773,523,572
Deductions		
Benefits	68,351,277	-
Contribution - Retirees healthcare	47,592,273	-
Administrative expenses	3,723,731	-
Distribution to pool participants	-	719,508,740
Total deductions	119,667,281	719,508,740
Net increase	(49,516,916)	54,014,832
Net assets held in trust for pension and other postemployment healthcare benefits, and pool participants		
October 1, 2010 (as restated, see Note 20)	1,542,653,967	179,940,920
September 30, 2011	\$ 1,493,137,051	\$ 233,955,752

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, 2011

	Drainage Districts	Road Commission	Total Component Units
Assets			
Current assets			
Pooled cash and investments	\$ 17,337,372	\$ -	\$ 17,337,372
Cash and cash equivalents	-	35,738,275	35,738,275
Receivables (net of allowance for uncollectibles where applicable)			
Special assessments	-	6,269,272	6,269,272
Due from primary government	1,928,459	-	1,928,459
Due from other governmental units	6,440,638	-	6,440,638
Accrued interest receivable	109,836	-	109,836
Accounts receivable	8,265	17,124,228	17,132,493
Inventories and supplies	-	4,242,545	4,242,545
Prepayments and other assets	-	1,727,982	1,727,982
Total current assets	<u>25,824,570</u>	<u>65,102,302</u>	<u>90,926,872</u>
Capital assets, net			
Land and other nondepreciable assets	44,567,972	168,998,826	213,566,798
Land improvements, net	-	164,077	164,077
Buildings and improvements, net	-	8,447,005	8,447,005
Equipment and vehicles, net	-	2,496,844	2,496,844
Infrastructure, net	400,938,450	516,691,156	917,629,606
Total capital assets, net	<u>445,506,422</u>	<u>696,797,908</u>	<u>1,142,304,330</u>
Noncurrent assets			
Special assessments receivable	<u>159,857,822</u>	<u>-</u>	<u>159,857,822</u>
Total assets	<u>631,188,814</u>	<u>761,900,210</u>	<u>1,393,089,024</u>
Liabilities			
Current liabilities			
Vouchers payable	66,105	4,915,783	4,981,888
Due to other governmental units	15,254,623	-	15,254,623
Due to primary government	2,361,729	30,897	2,392,626
Deferred revenue and advances	-	6,927,302	6,927,302
Accrued interest payable	18,709	16,666	35,375
Current portion of long-term debt	12,951,000	1,683,700	14,634,700
Other accrued liabilities	1,720,292	2,312,057	4,032,349
Total current liabilities	<u>32,372,458</u>	<u>15,886,405</u>	<u>48,258,863</u>
Deferred revenue	<u>2,653,914</u>	<u>-</u>	<u>2,653,914</u>
Bonds and notes payable	144,252,908	2,000,000	146,252,908
Accrued compensated absences	-	2,847,660	2,847,660
Claims and judgments	-	1,563,327	1,563,327
Other postemployment benefits	-	11,906,254	11,906,254
Total liabilities	<u>179,279,280</u>	<u>34,203,646</u>	<u>213,482,926</u>
Net assets			
Invested in capital assets, net of related debt	288,302,514	694,297,908	982,600,422
Restricted for			
Special revenue	5,471,362	-	5,471,362
Debt service	157,699,378	-	157,699,378
Unrestricted	<u>436,280</u>	<u>33,398,656</u>	<u>33,834,936</u>
Total net assets	<u>\$ 451,909,534</u>	<u>\$ 727,696,564</u>	<u>\$ 1,179,606,098</u>

The accompanying notes are an integral part of the financial statements

County of Oakland
Statement of Activities
Component Units
Year Ended September 30, 2011

	Program Revenue					Total Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Drainage Districts	Road Commission
Functions/Programs						
Drainage Districts	\$ 68,865,400	\$ 59,093,468	\$ 81,833	\$ 29,898,191	\$ 20,208,092	\$ -
Road Commission	97,176,828	17,171,835	57,730,376	31,469,161	-	9,194,544
Total component units	\$ 166,042,228	\$ 76,265,303	\$ 57,812,209	\$ 61,367,352	20,208,092	9,194,544
General Revenue						
Unrestricted investment earnings					235,107	773,616
Change in net assets					20,443,199	9,968,160
Net assets						
Beginning					431,466,335	717,728,404
Ending					\$ 451,909,534	\$ 727,696,564
						\$ 1,179,606,098

The accompanying notes are an integral part of the financial statements

County of Oakland

Notes to Basic Financial Statements

September 30, 2011

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, 2011

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, 2011, 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, 2009, 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 179 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, 2011 are reported discretely as a governmental fund type. There are no separately issued financial statements of this component unit, although financial information for the specific drainage districts may be obtained from:

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

County of Oakland

Notes to Basic Financial Statements

September 30, 2011

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

GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that net 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 revenue. Program revenue includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or category, restricted investment earnings, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular 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 revenue are reported instead as general revenue, which are used to cover the net cost of the various functional categories of the County.

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

County of Oakland

Notes to Basic Financial Statements

September 30, 2011

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 revenue 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, 2011

The County reports the following major governmental funds:

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

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

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

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

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

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, 2011

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

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue 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. Revenue and expenses not meeting this definition are reported as non-operating revenue 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, 2011

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 revenue 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 revenue in the fiscal year during which they are levied, and interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenue 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 revenue is considered to be available when anticipated to be collected within 60 days of the end of the fiscal period. Expenditures are recorded when the related fund liability is incurred, except debt service expenditures, which are recorded when paid.
- Proprietary, Pension Trust and Investment Trust Funds use the accrual basis of accounting. Under this method, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred. Agency funds, which report only a statement of 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. Revenue 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, 2011

The Drainage Districts use the current financial resources measurement focus for their activities. The governmental fund type is used to account for all of the Drainage Districts' activities, including the financing of the cost of construction and maintenance of Drainage Districts and servicing of long-term debt. Revenue 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, 2010 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, 2011 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, 2011.

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, 2011

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, 2011 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:

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

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

County of Oakland

Notes to Basic Financial Statements

September 30, 2011

Compensated Absences

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

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

Pension 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

Implementation of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in 2011 resulted in new fund balance classifications for the County. The former classifications of reserved, designated and unreserved were replaced by new classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The new classifications are:

- Nonspendable, includes amounts that cannot be spent.
- Restricted, amounts that are restricted to specific purposes by externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through enabling legislation.
- Committed, amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the County’s highest level of decision-making authority.
- Assigned, amounts that are constrained by the County’s intent to be used for specific purposes, but are neither restricted nor committed. These assignments are authorized by the Board of Commissioners.
- Unassigned, is the residual classification of the General Fund, and the reporting of any negative fund balance of a governmental fund.

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

County of Oakland

Notes to Basic Financial Statements

September 30, 2011

Deferred Revenue

Deferred revenue is reported on the County's combined balance sheet. Amounts are classified as deferred when they are not considered to be available to liquidate liabilities of the current period.

Property taxes levied are used to finance the expenditures of the current fiscal period (October 1, 2010 through September 30, 2011) and are reported as revenue 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, 2011. These estimates and assumptions also affect the reported amounts of revenue 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 that 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: Revenue Sharing Reserve, Child Care, and Social Welfare-Foster Care. The budgetary comparison for the General Fund and Revenue Sharing Reserve fund (major special revenue fund) 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, 2011

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 "Unassigned Fund Balance."

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

	Appropriation	Expenditures	Excess Expenditures
Special Revenue Funds			
Child Care			
County Executive			
Human Services			
Internal support	\$ 2,849,862	\$ 2,872,982	\$ 23,120

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 2012.

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, 2011

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, 2011, the bank balance of the County's deposits was \$1,032,514,319. Insured deposits were \$77,281,000, and the remaining \$955,233,319 was uninsured, uncollateralized, and held in the County's name.

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

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

At September 30, 2011, the Road Commission component unit had \$120,054 of bank deposits (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.

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

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, 2011, the County had the following deposit and investment types in its internal investment pool.

Deposit and Investment Type	Market Value	Weighted Average Maturity (days)
Certificates of Deposit (1)	\$ 535,495,900	232
Commercial Paper	9,947,500	226
Deposit Accounts (1)	497,018,419	1
Money Market Investment Pools	1,008,895	1
MI Government Coupon	43,508,756	5,020
U.S. Agencies	107,617,889	913
Total Market Value of Internal Investment Pool	\$ 1,194,597,359	
Weighted Average Maturity of Internal Investment Pool (in days)		336

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

County of Oakland

Notes to Basic Financial Statements

September 30, 2011

Credit Risk – The County has \$107,617,889 invested in U.S. government securities which are rated AA+ by Standard & Poor's and Aaa by Moody's. The County had \$41,483,133 in Municipal bonds rated Aaa by Moody's, AA+ by Standard and Poor's; \$303,369 rated AA and \$1,722,254 rated BBB+ by Standard and Poor's. State law limits investments in commercial paper to the top two ratings issued by a nationally recognized statistical rating organization (NRSRO). It is the County's policy to further limit its investments in commercial paper to only the top rating as issued by NRSROs. As of September 30, 2011, the County had \$9,947,500 invested in A-1 (Standard & Poor's), P-1 (Moody's) commercial paper. Two of the money market investment pools used by the County, with a fair value of \$1,003,375 at September 30, 2011, carry an AAA (Standard & Poor's) rating. One other money market investment pool used by the County, with a fair value of \$5,520 at September 30, 2011, 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, 2011, \$161,074,145 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, 2011, the County had investments of 5% or more of the total portfolio with the following U.S. agency issuer: Freddie Mac 5.9%. No other issuer exceeded 5% of the total portfolio.

Interest Rate Risk – To limit its exposure to fair value losses from rising interest rates, the County's Investment Policy states the County will not directly invest in securities that mature more than three years from date of purchase; however, securities exceeding the three-year limitation may be purchased provided maturity dates coincide with the expected use of the funds. As of September 30, 2011, the internal investment pool had a weighted average maturity of 336 days and the longest investment maturity in the portfolio was 5,661 days (15.7 years).

Investments – Pension 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.

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

Pension investments are made through the use of Investment Advisors which are selected and retained by the Retirement and Deferred Compensation Board (PERS, VEBA and IRMB). The advisors serve at the leisure of the Board as provided by investment agreements. At September 30, 2011, the Primary Government's Pension Trust fund had 23 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, 2011, the County had the following investment types in its Retirement System:

Investment Type	Fair Value	Percentage	Average Duration (In Years)
Government Bonds	\$ 155,903,725	10.44 %	14.83
Asset-Backed Fixed Income	7,465,463	0.50	8.96
Commercial Mortgage-Backed Securities	30,446,765	2.04	3.62
Mortgage-Backed Securities	54,330,917	3.64	4.54
Municipal Bonds	4,194,114	0.28	N/A
Corporate Bonds	140,169,522	9.39	8.84
CMO/REMIC Investments	6,059,998	0.41	1.78
Common Stock	466,545,756	31.26	N/A
Equity ADR	2,209,713	0.15	N/A
Equity REIT	15,471,685	1.04	N/A
Exchange Traded Funds	351,772	0.02	N/A
International Common Stock	49,658,914	3.33	N/A
International Government Bonds	5,560,303	0.37	N/A
International GDR	600,758	0.04	N/A
Investment Companies-Mutual Funds	18,340,484	1.23	N/A
Money Market Funds	36,900,868	2.47	0.08
Short Term Investments	10,946,370	0.73	N/A
Real Estate	3,307	0.00	N/A
Investment Companies-Commingled Funds	256,010,536	17.15	N/A
Limited Partnership	227,219,466	15.22	N/A
Alternative Investments	4,196,287	0.28	N/A
Preferred Stock	78,077	0.01	N/A
Total	\$ 1,492,664,800	100.0 %	

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

Credit Risk. The Board's adopted Statement of Investment Goals and Objectives (SIGO) states that no non-convertible bonds and convertible securities are authorized for purchase. In addition, no more than 10% of the total value of the portfolio, at the time of purchase, may be held in non-investment grade bonds as rated by Moody's and/or Standard & Poor's. Ninety percent of the total value of the portfolio must have a quality rating of A or better by Moody's and Standard & Poor's. For any security held in the portfolio that drops below investment grade as rated by Moody's or Standard & Poor's, the investment manager is to advise the board of that fact along with a buy/hold recommendation. The Board shall then instruct the investment manager as to which action should be taken. As of September 30, 2011, debt obligation investments held in the retirement system had the following ratings:

Fair Value	Percentage	Ratings	
		Moody's	S&P
\$16,320,701	4.04 %	Aaa	AAA
219,748,810	54.38	Aa1	AA+
6,362,557	1.57	Aa2	AA
8,415,826	2.08	Aa3	AA-
14,048,018	3.48	A1	A+
35,156,960	8.70	A2	A
25,686,594	6.35	A3	A-
8,704,590	2.15	Baa1	BBB+
11,931,981	2.95	Baa2	BBB
17,160,263	4.25	Baa3	BBB-
1,447,237	0.36	Ba1	BB+
8,349,685	2.07	Ba2	BB
6,337,051	1.57	Ba	BB-
5,329,719	1.32	B2	B+
455,700	0.11	Ba3	B
1,596,975	0.39	B1	B-
17,078,141	4.23	NR	NR
<u>\$404,130,808</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, 2011, \$1,495,476,884 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, 2011

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, 2011, as reported by the system's investment managers, no holdings exceed any of the Board's adopted limits.

Interest Rate Risk - The Board's adopted Statement of Investment Goals and Objectives (SIGO) places no limitation on the system's fixed income managers on the length to maturity for fixed income investments. As the schedule on page 86 indicates, the system's fixed income investments had average durations of between .08 years and 14.83 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 impose restrictions capping the loans at the current levels during the year ended September 30, 2011 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, 2011, 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, 2011 were \$71,549,362 and \$69,712,379, respectively, or 102.6% 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 8.4 years to 26.8 years and are backed by investments in various assets, including mortgages. As of September 30, 2011, the market value was \$3,311,792.

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, 2011, the County's CMO portfolio had effective duration ranges of 1.1 years and 2.5 years.

Variable Rate Coupon Notes and Bonds - Included in the County's Retirement System investment portfolio are Variable Rate coupon instruments with a market value of \$23,662,296 as of September 30, 2011. Such investments include U.S. government-issued securities and corporate-issued securities. The variable rate securities have maturities through the year 2037 and are backed by investments in various assets, including mortgages.

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

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, 2011, 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. Property Taxes – Receivables and Short-term Debt

Receivables - 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 2011 summer levy amounted to \$52,453,460,343 with taxable values of \$50,798,540,257. The operating tax rate for the 2011 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 \$19,981,033 at September 30, 2011.

Short-term Debt - By agreement with various taxing authorities, the County purchases (at face value) real property taxes for all municipalities and school districts within Oakland County which are returned delinquent on March 1. To accomplish this, tax notes are sold and the proceeds of these notes are used to liquidate the amounts due the County's General Fund and other governmental agencies for purchase of their delinquent real property tax receivables. The assets of the Delinquent Tax Revolving fund (an Enterprise fund), including receivables in the amount of \$269,963,037 at September 30, 2011, are pledged as collateral for payment of the tax notes; subsequent collections on delinquent taxes receivable, plus interest, penalties and collection fees thereon, and investment earnings are used to service the debt. The following is a summary of the short-term debt activity for the year ended September 30, 2011:

Beginning balance	Additions	Reductions	Ending balance	Due within one year
\$ 50,000,000	\$ 50,000,000	\$ (50,000,000)	\$ 50,000,000	\$ 50,000,000

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

5. Allowances for Uncollectible Receivables

At September 30, 2011, the allowances for uncollectible receivables were as follows:

General Fund	\$ 200,000
Internal Service funds	
Information Technology	1,779
Enterprise funds	
CLEMIS	32,426
Radio Communications	100,319
	<u>\$ 132,745</u>

In addition, the Parks and Recreation fund (Enterprise) records an allowance for uncollectable taxes receivable in the amount of \$56,330 at September 30, 2011.

6. Investment Income – Pension Trust Funds

The following is a breakdown of the investment income for Pension Trust funds of the primary government for the year ended September 30, 2011:

	Employees' Retirement	VEBA Trust	IRMB Trust
Interest and dividends	\$ 12,405,080	\$ 7,652,655	\$ 4,375,740
Unrealized/Realized gain (loss) on investments	<u>2,040,113</u>	<u>(4,620,553)</u>	<u>(2,338,506)</u>
Total	<u>\$ 14,445,193</u>	<u>\$ 3,032,102</u>	<u>\$ 2,037,234</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

7. Capital Assets

An analysis of property and equipment as reported in the Statement of Net Assets, and related accumulated depreciation, at September 30, 2011, for governmental activities follows:

	Balance October 1, 2010	Additions	Disposals	Balance September 30, 2011
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 7,365,551	\$ -	\$ -	\$ 7,365,551
Construction in progress	8,242,141	5,914,935	(1,322,455)	12,834,621
Total capital assets not being depreciated	<u>15,607,692</u>	<u>5,914,935</u>	<u>(1,322,455)</u>	<u>20,200,172</u>
Capital assets being depreciated				
Land improvements	1,131,282	-	-	1,131,282
Buildings and improvements	230,991,128	1,125,424	-	232,116,552
Equipment and vehicles	101,473,093	3,398,771	(4,369,468)	100,502,396
Infrastructure	28,883,030	-	-	28,883,030
Total capital assets being depreciated	<u>362,478,533</u>	<u>4,524,195</u>	<u>(4,369,468)</u>	<u>362,633,260</u>
Less: Accumulated depreciation				
Land improvements	970,491	21,624	-	992,115
Buildings and improvements	85,081,390	5,216,287	-	90,297,677
Equipment and vehicles	77,207,971	8,426,877	(3,818,034)	81,816,814
Infrastructure	14,037,108	759,001	-	14,796,109
Total accumulated depreciation	<u>177,296,960</u>	<u>14,423,789</u>	<u>(3,818,034)</u>	<u>187,902,715</u>
Total capital assets being depreciated, net	<u>185,181,573</u>	<u>(9,899,594)</u>	<u>(551,434)</u>	<u>174,730,545</u>
Governmental activities capital assets, net	<u>\$ 200,789,265</u>	<u>\$ (3,984,659)</u>	<u>\$ (1,873,889)</u>	<u>\$ 194,930,717</u>
Depreciation expense was charged to functions as follows:				
Public safety		\$ 2,740,840		
Justice administration		1,129,914		
Citizens services		377,344		
Public infrastructure		607,579		
Commerce and Community Development		29,535		
Unallocated depreciation		1,978,174		
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		<u>7,560,403</u>		
Total depreciation expense - governmental activities		<u>\$ 14,423,789</u>		

Mailing, Copier & Printing, an internal service fund, was closed and the assets (\$68,687) were transferred to general government.

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

A summary of business-type property and equipment at September 30, 2011 follows:

	Balance October 1, 2010	Additions	Disposals	Balance September 30, 2011
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 58,274,934	\$ 6,637,487	\$ -	\$ 64,912,421
Construction in progress	14,958,205	8,842,957	(6,282,444)	17,518,718
Other	12,000	-	-	12,000
Total capital assets not being depreciated	<u>73,245,139</u>	<u>15,480,444</u>	<u>(6,282,444)</u>	<u>82,443,139</u>
Capital assets being depreciated				
Land improvements	23,894,042	404,793	-	24,298,835
Buildings and improvements	67,586,409	54,143	(5,717)	67,634,835
Equipment and vehicles	90,102,528	8,176,620	(11,063,085)	87,216,063
Infrastructure	240,338,764	2,416,598	-	242,755,362
Total capital assets being depreciated	<u>421,921,743</u>	<u>11,052,154</u>	<u>(11,068,802)</u>	<u>421,905,095</u>
Less: Accumulated depreciation				
Land improvements	18,392,935	992,615	-	19,385,550
Buildings and improvements	20,660,543	1,588,079	(4,395)	22,244,227
Equipment and vehicles	51,174,430	6,052,212	(11,063,085)	46,163,557
Infrastructure	158,388,684	6,108,280	-	164,496,964
Total accumulated depreciation	<u>248,616,592</u>	<u>14,741,186</u>	<u>(11,067,480)</u>	<u>252,290,298</u>
Total capital assets being depreciated, net	<u>173,305,151</u>	<u>(3,689,032)</u>	<u>(1,322)</u>	<u>169,614,797</u>
Business-type activities capital assets, net	<u>\$ 246,550,290</u>	<u>\$ 11,791,412</u>	<u>\$ (6,283,766)</u>	<u>\$ 252,057,936</u>
Depreciation expense was charged to functions as follows:				
Airports		\$ 1,873,558		
Community safety support		6,399,810		
Community water and sewer		599,669		
Recreation and leisure		2,862,726		
Sewage disposal systems		3,005,423		
Total depreciation expense - business-type activities		<u>\$ 14,741,186</u>		

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

An analysis of property and equipment, and related accumulated depreciation where applicable, at September 30, 2011, for component units follows:

	Balance October 1, 2010	Additions	Disposals	Balance September 30, 2011
Component Units				
Drainage Districts				
Capital assets not being depreciated				
Construction in progress	\$ 18,255,240	\$ 28,834,389	\$ (2,521,657)	\$ 44,567,972
Capital assets being depreciated				
Infrastructure	478,025,875	2,521,657	-	480,547,532
Less: Accumulated depreciation				
Infrastructure	74,644,427	4,964,655	-	79,609,082
Total capital assets being depreciated, net	403,381,448	(2,442,998)	-	400,938,450
Governmental activity capital assets, net	\$ 421,636,688	\$ 26,391,391	\$ (2,521,657)	\$ 445,506,422
Road Commission				
Capital assets not being depreciated				
Land and other	\$ 167,793,008	\$ 2,752,292	\$ (2,171,764)	\$ 168,373,536
Construction in progress	148,928	476,362	-	625,290
Total capital assets not being depreciated	167,941,936	3,228,654	(2,171,764)	168,998,826
Capital assets being depreciated				
Buildings and storage bins	18,698,353	-	-	18,698,353
Road equipment	47,483,302	620,400	(313,837)	47,789,865
Other equipment	5,358,377	10,259	(184,283)	5,184,353
Infrastructure	939,255,180	45,770,400	(137,420,990)	847,604,590
Brine wells and gravel pits	1,389,028	-	-	1,389,028
Total capital assets being depreciated	1,012,184,240	46,401,059	(137,919,110)	920,666,189
Less: Accumulated depreciation				
Buildings and storage bins	9,792,323	459,025	-	10,251,348
Road equipment	44,517,648	1,565,571	(313,837)	45,769,382
Other equipment	4,698,330	193,945	(184,283)	4,707,992
Infrastructure	432,701,421	35,633,003	(137,420,990)	330,913,434
Brine wells and gravel pits	1,170,342	54,609	-	1,224,951
Total accumulated depreciation	492,880,064	37,906,153	(137,919,110)	392,867,107
Total capital assets being depreciated, net	519,304,176	8,494,906	-	527,799,082
Governmental activity capital assets, net	\$ 687,246,112	\$ 11,723,560	\$ (2,171,764)	\$ 696,797,908

County of Oakland

Notes to Basic Financial Statements

September 30, 2011

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									
Governmental activities									
	Interest rate	October 1, 2010	Additions	Reductions	September 30, 2011	Amounts due within one year	Amounts due thereafter	General obligation	With governmental commitment
Debt with limited taxing authority									
Building authority - Act 31	1.00%-5.90%	\$ 67,860,000	\$ -	\$ (35,260,000)	\$ 32,600,000	\$ 1,790,000	\$ 30,810,000	\$ 15,670,000	\$ 16,930,000
Building authority refunding	2.00%-5.00%	18,810,000	28,485,000	(70,000)	47,225,000	2,895,000	44,330,000	39,415,000	7,810,000
Certificates of Participation - Taxable	6.00%-6.25%	502,020,000	-	(18,320,000)	483,700,000	19,545,000	464,155,000	483,700,000	-
Lake levels - Act 451	2.25%-3.40%	270,000	-	(60,000)	210,000	65,000	145,000	210,000	-
Sewage disposal - Act 342	1.75%-6.75%	1,455,000	-	(135,000)	1,320,000	145,000	1,175,000	-	1,320,000
Water and sewer - Act 342	4.00%-4.50%	2,275,000	-	(150,000)	2,125,000	175,000	1,950,000	-	2,125,000
Water supply - Act 342	2.00%-6.00%	10,315,000	1,200,000	(375,000)	11,140,000	435,000	10,705,000	-	11,140,000
Water and sewer refunding bonds	2.00%-3.50%	995,000	-	(330,000)	665,000	340,000	325,000	-	665,000
Water supply refunding bonds	1.50%-3.75%	1,050,000	-	(275,000)	775,000	280,000	495,000	-	775,000
Sewage disposal refunding bonds	2.00%-3.60%	3,415,000	-	(1,135,000)	2,280,000	920,000	1,360,000	-	2,280,000
Michigan Bond Authority - Sewage Disposal Bonds	1.62%-2.25%	5,915,727	-	(585,000)	5,330,727	595,000	4,735,727	-	5,330,727
Total bonds - governmental activities		\$ 614,380,727	\$ 29,685,000	\$ (56,695,000)	\$ 587,370,727	\$ 27,185,000	\$ 560,185,727	\$ 538,995,000	\$ 48,375,727
Business-type activities									
Debt - Taxable									
Sewage disposal - Act 342	1.75%-5.80%	\$ -	\$ 4,060,000	\$ -	\$ 4,060,000	\$ 135,000	\$ 3,925,000	\$ -	\$ 4,060,000
Component units									
Drainage Districts									
Debt with limited taxing authority									
Drain bonds - Act 40	1.15%-7.00%	\$ 24,155,000	\$ 3,000,000	\$ (2,585,000)	\$ 24,570,000	\$ 2,305,000	\$ 22,265,000	\$ 2,218,229	\$ 22,351,771
Drain refunding bonds	1.00%-5.00%	32,055,000	-	(5,425,000)	26,630,000	3,855,000	22,775,000	2,079,414	24,550,586
Michigan Bond Authority - Drain Bonds	1.15%-4.15%	89,402,955	22,245,953	(5,645,000)	106,003,908	6,791,000	99,212,908	353,082	105,650,826
Total Drainage Districts		\$ 145,612,955	\$ 25,245,953	\$ (13,655,000)	\$ 157,203,908	\$ 12,951,000	\$ 144,252,908	\$ 4,650,725	\$ 152,553,183
Total County Debt		\$ 759,993,682	\$ 58,990,953	\$ (70,350,000)	\$ 748,634,635	\$ 40,271,000	\$ 708,363,635	\$ 543,645,725	\$ 204,988,910

County of Oakland

Notes to Basic Financial Statements

September 30, 2011

Component Units (Continued)

Road Commission	Interest rate	October 1, 2010	Additions	Reductions	September 30, 2011	Amounts due within one year	Amounts due thereafter	General obligation	With governmental commitment
Compensated absences	--	\$ 3,014,092	\$ -	\$ (166,432)	\$ 2,847,660	\$ -	\$ 2,847,660	\$ -	\$ 2,847,660
Self-insured losses	--	3,328,109	-	(581,082)	2,747,027	1,183,700	1,563,327	-	2,747,027
Other postemployment benefits	--	9,369,459	2,536,795	-	11,906,254	-	11,906,254	-	11,906,254
Michigan Transportation Fund revenue notes	4.00%	4,000,000	-	(1,500,000)	2,500,000	500,000	2,000,000	-	2,500,000
Total Road Commission		\$ 19,711,660	\$ 2,536,795	\$ (2,247,514)	\$ 20,000,941	\$ 1,683,700	\$ 18,317,241	\$ -	\$ 20,000,941
Total reporting entity		\$ 779,705,342	\$ 61,527,748	\$ (72,597,514)	\$ 768,635,576	\$ 41,954,700	\$ 726,680,876	\$ 543,645,725	\$ 224,989,851

County of Oakland

Notes to Basic Financial Statements

September 30, 2011

The annual requirements to pay principal and interest on debt outstanding at September 30, 2011 (excluding the liabilities for compensated absences, other postemployment benefits, and uninsured losses for the Road Commission component unit) were as follows:

	Bonds with limited taxing authority		Certificates of Participation limited taxing authority		Business-type Bonds limited taxing authority		Total primary government	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 7,640,000	\$ 4,140,722	\$ 19,545,000	\$ 29,243,638	\$ 135,000	\$ 230,299	\$ 27,320,000	\$ 33,614,659
2013	8,145,000	3,906,367	20,520,000	28,041,687	140,000	227,437	28,805,000	32,175,491
2014	7,200,000	3,638,724	21,500,000	26,781,088	140,000	223,658	28,840,000	30,643,470
2015	7,190,000	3,376,439	22,720,000	25,454,487	145,000	219,093	30,055,000	29,050,019
2016	7,445,000	3,108,041	23,940,000	24,054,687	150,000	213,440	31,535,000	27,376,168
2017-2021	37,530,000	11,044,019	142,185,000	95,964,494	845,000	951,161	180,560,000	107,959,674
2022-2026	22,720,000	3,924,417	188,585,000	44,811,094	1,075,000	665,113	212,380,000	49,400,624
2027-2031	5,325,727	723,156	44,705,000	1,397,031	1,430,000	252,112	51,460,727	2,372,299
2032-2036	240,000	81,175	-	-	-	-	240,000	81,175
2037-2040	235,000	25,712	-	-	-	-	235,000	25,712
Totals	\$ 103,670,727	\$ 33,968,772	\$ 483,700,000	\$ 275,748,206	\$ 4,060,000	\$ 2,982,313	\$ 591,430,727	\$ 312,699,291

	Drainage Districts		Road Commission		Total reporting entity	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 12,951,000	\$ 4,486,962	\$ 500,000	\$ 100,000	\$ 40,771,000	\$ 38,201,621
2013	13,265,000	4,150,278	500,000	80,000	42,570,000	36,405,769
2014	12,440,000	3,758,776	500,000	60,000	41,780,000	34,462,246
2015	12,050,000	3,396,420	500,000	40,000	42,605,000	32,486,439
2016	11,505,000	3,036,343	500,000	20,000	43,540,000	30,432,511
2017-2021	49,485,000	10,543,466	-	-	230,045,000	118,503,140
2022-2026	35,431,822	3,539,904	-	-	247,811,822	52,940,528
2027-2031	10,076,086	550,303	-	-	61,536,813	2,922,602
2032-2036	-	-	-	-	240,000	81,175
2037-2040	-	-	-	-	235,000	25,712
Totals	\$ 157,203,908	\$ 33,462,452	\$ 2,500,000	\$ 300,000	\$ 751,134,635	\$ 346,461,743

County of Oakland

Notes to Basic Financial Statements

September 30, 2011

The County has pledged its full faith and credit on debt totaling \$798,634,635, which includes \$50,000,000 of short-term notes for the delinquent taxes as described in Note 4. By statute, general obligation debt is limited to 10 percent of the state equalized value. As of September 30, 2011, the debt limit was \$5,245,346,034. 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, 2011, there were seven issues outstanding, totaling \$32,600,000, maturing in the years 2012-2040, which represents debt originally issued in the years 2002-2010 totaling \$105,080,000.

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 pension trust fund. The annual actuarially determined amount will be transferred from the trust to the VEBA Trust Fund. At September 30, 2011, there remained debt outstanding in the amount of \$483,700,000, maturing in the years 2012-2027.

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 revenue produced by utility or tax revenue. The County is obligated upon the default of the local municipality, and therefore, such obligation is shown as "with governmental commitment." Assessments are shown in their entirety with the corresponding deferred revenue in the Debt Service funds for each act. At September 30, 2011, there were eight issues outstanding, totaling \$14,585,000, maturing in the years 2012-2031. This represents debt originally issued in the amount of \$19,225,000 issued in the years 1995-2010.

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, 2011, there were eight issues outstanding, totaling \$50,945,000, maturing in the years 2012-2027. This represents debt originally issued in the years 2006-2011 totaling \$57,025,000.

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, 2011 was \$3,760,000, which matures in the years 2012-2018.

County of Oakland

Notes to Basic Financial Statements

September 30, 2011

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, 2011, the County received \$1,935,727 from the State Revolving Loan fund. The amount outstanding at September 30, 2011 for this issue is \$1,570,727, which matures in the years 2012-2027.

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, 2011 was \$210,000, which matures in the years 2012-2014.

Sewage Disposal Bonds – Act 34

In December 2010, the County issued \$4,060,000 of sewage disposal bonds for the Evergreen-Farmington Sewage Disposal System (enterprise fund-type). The bonds are federally taxable recovery zone economic development bonds, issued under the authority of Act 34, Public Acts of Michigan, 2001. The amount outstanding for this issue at September 30, 2011 was \$4,060,000, which matures in the years 2012-2031.

Drain Bonds – Act 40 (Component Unit)

Act 40 provides for the creation of a Drain Board, which has the power to assess state, county, and local levels of government for principal and interest payments. Such assessments are to be funded from General Fund revenue of the respective municipality. The County portion of the assessment is identified as a general obligation. Further, the County is obligated if assessments levied against benefiting municipalities are insufficient to meet principal and interest requirements when due. Such obligations are shown as "with governmental commitment." At September 30, 2011, there were 19 issues outstanding, totaling \$24,570,000, maturing in the years 2012-2031. This represents original debt issued for \$47,100,000 in the years 1993-2010.

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, 2011, there were 12 issues outstanding, totaling \$26,630,000, maturing in the years 2012-2024. This represents debt originally issued in the years 2001-2009 in the amount of \$42,050,000.

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, 2011, the drainage district received \$95,341,101 from the State Revolving Loan Fund for Segment II. In February 2010, Oakland County, Macomb County, and their underlying municipalities under the authority of Chapter 21 of Public Act 40, Public Acts of Michigan of 1956 were permitted to issue bonds in the amount of \$26,076,000 for the Oakland-Macomb Interceptor Drainage District. As of September 30, 2011, \$23,442,086 of the authorized amount had been received. At September 30, 2011, there were 11 issues outstanding, totaling \$106,003,908, maturing in the years 2012-2030.

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

Advance Refunding of General Obligation Limited Tax Bonds

In December 2010, 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, 2011, there is an in-substance defeasance of \$975,000 of Building Authority Bonds Series 2007 (CMHA), maturing in the years 2025 through 2027 inclusively. The advance refunding was undertaken to reduce the debt service payments over the next 17 years by \$1,661,812, and to obtain an economic (present value) gain of \$556,541.

In January 2011, the County advance refunded a portion of a general obligation limited tax bond issue on behalf of the Drainage Districts component unit with surplus construction funds with a transfer 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 refunding bonds are not included in the Drainage District component unit, or the County's financial statements. The debt refunded amounted to \$400,000 for the Tribute Drainage District, Series 2005 bonds, maturing in the years 2011 through 2014 inclusively. The advance refunding was undertaken to reduce the debt service payments over the next 15 years by \$540,404 and cause an economic (present value) loss to the benefiting municipalities of \$(3,713).

In September 2011, the County issued \$13,990,000 of refunding bonds for a current refunding of a general obligation limited tax bond issue pursuant to authorization contained in Act 34, Public Acts of Michigan of 2001. General obligation limited tax refunding bonds were issued for the payment of future debt service payment of the refunded debt. The debt refunded amounted to \$15,025,000 of Building Authority Bonds, Series 2001, maturing in the years 2012 through 2022. The refunding was undertaken to reduce the debt service payment over the next 11 years by \$2,489,656 and to obtain an economic (present value) gain of \$2,164,144.

In September 2011, the County issued \$14,495,000 of refunding bonds for a current refunding of a general obligation limited tax bond issue pursuant to authorization contained in Act 34, Public Acts of Michigan of 2001. General obligation limited tax refunding bonds were issued for the payment of future debt service payment of the refunded debt. The debt refunded amounted to \$14,815,000 of Building Authority Bonds, Series 2004A, maturing in the years 2012 through 2024. The refunding was undertaken to reduce the debt service payment over the next 13 years by \$1,888,981 and to obtain an economic (present value) gain of \$1,597,227.

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, 2011, was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities					
Accrued compensated absences	\$ 13,048,829	\$ 703,535	\$ (1,304,883)	\$ 12,447,481	\$ 1,244,748
Claims and judgments					
Accrued unreported health costs	2,142,000	697,000	(714,000)	2,125,000	708,333
Accrued workers' compensation	12,061,450	1,330,274	(1,300,000)	12,091,724	2,200,000
Building and liability insurance	6,682,318	-	(2,369,237)	4,313,081	1,061,390
Governmental activity long-term liabilities	<u>\$ 33,934,597</u>	<u>\$ 2,730,809</u>	<u>\$ (5,688,120)</u>	<u>\$ 30,977,286</u>	<u>\$ 5,214,471</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

9. Interfund Balances

Interfund receivables and payables at September 30, 2011 were as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General	Nonmajor governmental	<u>\$ 10,562,495</u>
Nonmajor governmental	General	4,016,222
	Nonmajor governmental	639,525
	S.O.C.S.D.S.	1,899
	Total	<u>4,657,646</u>
Water & Sewer Trust	Water & Sewer Trust	<u>234,825</u>
Evergreen Farmington SDS	Water & Sewer Trust	<u>1,664,750</u>
Nonmajor enterprise	General	<u>540</u>
Internal service	Nonmajor governmental	1,057
	Internal service	82
	Total	<u>1,139</u>
	Total	<u>\$ 17,121,395</u>

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

Receivables and payables between funds of the Primary Government and the Component Units at September 30, 2011 were as follows:

Primary Government	Component Unit	
Due from Component Unit	Due to Primary Government	
General	Drainage Districts	\$ 6,227
	Road Commission	<u>1,278</u>
	Total	<u>7,505</u>
Nonmajor governmental	Drainage Districts	<u>521,101</u>
Evergreen Farmington SDS	Drainage Districts	329,528
Nonmajor enterprise	Drainage Districts	<u>1,503,500</u>
Internal Service	Drainage Districts	1,373
	Road Commission	<u>29,619</u>
	Total	<u>30,992</u>
	Total	<u>\$ 2,392,626</u>
Component Unit	Primary Government	
Due from Primary Government	Due to Component Unit	
Drainage Districts	S.O.C.S.D.S.	\$ 16
	Nonmajor enterprise	<u>1,928,443</u>
	Total	<u>\$ 1,928,459</u>

Advances to/from other funds (including current and long-term portions) at September 30, 2011 were as follows:

Receivable Fund	Payable Fund	
Nonmajor governmental	Nonmajor governmental	<u>\$ 428,458</u>
Delinquent Tax Revolving	Internal Service	<u>128,830</u>
S.O.C.S.D.S.	Internal Service	<u>673,315</u>
	Total	<u>\$ 1,230,603</u>

The County has certain “internal” leases when a lease is executed between the County and the Oakland County Building Authority, a blended component unit for purposes of providing funds to service debt issued to finance capital assets in the Enterprise Funds. This amount is reported as a capital lease payable in the respective enterprise fund, with the bond proceeds recorded in a capital project fund and debt service transactions reported in a debt service fund. The lease payable amount corresponds directly to the debt service schedules, and the enterprise fund reports a capital asset of construction in progress. The receivable for the lease is recorded in the reconciliation of governmental funds to the statement of net assets. As of September 30, 2011, there are two leases in the County Airports fund amounting to \$10,485,000, maturing in the years 2012 through 2030.

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

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, 2011 were as follows:

Transfers In	Transfers Out	Amount
General	Revenue Sharing Reserve	\$ 24,217,303
	Nonmajor governmental	472,299
	Delinquent Tax Revolving	28,443,809
	Nonmajor enterprise	3,116,000
	Internal Service	1,010,665
	Total	57,260,076
Building Authority Act 31	Nonmajor governmental	1,174,381
	Delinquent Tax Revolving	4,783,432
	Total	5,957,813
Nonmajor governmental	General	24,424,538
	Nonmajor governmental	2,496,208
	Building Authority Debt Act 31	10
	Delinquent Tax Revolving	542,600
	Internal Service	900,163
	Total	28,363,519
Parks & Recreation	Building Authority Debt Act 31	142
Nonmajor enterprise	General	2,270,636
	Nonmajor enterprise	200,000
	Total	2,470,636
Internal Service	General	3,836,916
	Nonmajor governmental	10,001
	Nonmajor enterprise	286,000
	Internal Service	3,308,639
	Total	7,441,556
*General government	Internal Service	68,687
	Total transfers	\$ 101,562,429

*Transfers of capital assets from Mailing, Copier, and Printing, Internal Service fund to the 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
Notes to Basic Financial Statements
September 30, 2011

10. Fund Equities

At September 30, 2011, a deficit existed in the following funds:

Special Revenue Fund

Lake Levels Act 146	\$ 62,454
Pollution Control Grants	669

Capital Projects Fund

Lake Levels Act 146	294,364
Drain Chapter 4 Construction	9,476

In the Special Revenue fund, 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. The majority of the overall net negative unreserved fund balance is due to a remaining \$41,190 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 is being assessed through 2014. Negative unreserved fund balances will be reviewed and eliminated in future years' assessments.

The negative unassigned fund balance in the Pollution Control Grants fund reflects the fact that this grant fund operates on a reimbursement basis; e.g. the County pays the original expenditures 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 unassigned fund balance will be eliminated. Should the reimbursement not be sufficient to cover expenditures, the County has match funds budgeted which will be transferred to cover any remaining deficit.

In the Capital Projects fund, the negative unassigned fund balance in the Lake Levels Act 146 Fund primarily reflects costs that are related to the Bush Lake Level project in the amount of \$263,228 and the Upper Straights Lake Level Dam Reconstruction project in the amount of \$36,745. Litigation pertaining to the Bush Lake Level project has concluded and the project is moving forward. A 10-year assessment has been approved to cover the costs of this project beginning in fiscal year 2011. The project for Upper Straights Lake Level is in the design phase and will be funded through a special assessment that will be determined once an estimate of construction costs has been calculated. The project consists of replacing an existing lake level control structure in West Bloomfield Township, Oakland County, Michigan. The existing structure will be moved and replaced with a new one. The design is approximately 80% complete and when completed, the estimated project cost will be determined. It is planned that the project will be financed with a loan from the Oakland County Board of Commissioner's Long Term Revolving Fund. The loan will be repaid by an assessment to the Upper Straits Lake Level Special Assessment District over a proposed 10-year period. The Special Assessment District must be updated, which requires Circuit Court action, prior to requesting the loan. The project schedule is directly affected by the Court schedule and any delays in receiving the court judgment on the district update will be reflected in the timing of receiving loan money and approval of the special assessment.

The deficit fund balance in the Drain Chapter 4 Construction fund reflects costs that are related to the Lower Pettibone Lake Sanitary Chapter 4 Drain Construction project in the amount of \$9,476. A loan from the Long Term Revolving Fund was approved by Oakland County Board of Commissioners to provide advance funding for this project. A five-year assessment has been approved to repay the loan.

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

Nonspendable, Restricted, Committed, Assigned, and Unassigned fund balances of the primary government at September 30, 2011 were as follows:

	Spendable				
	Nonspendable	Restricted	Committed	Assigned	Unassigned
Primary Government					
General Fund					
Prepays	\$ 147,771	\$ -	\$ -	\$ -	\$ -
Inventories	144,927	-	-	-	-
Property Tax Forfeiture	-	3,540,509	-	-	-
Substance Abuse	-	1,746,562	-	-	-
VEBA 2015	-	-	-	10,000,000	-
Capital Reserve	-	-	-	9,000,000	-
Homeland Security Enhancements	-	-	-	6,000,000	-
Technology Replacement/Hardware	-	-	-	5,000,000	-
Federal Health Care Impact	-	-	-	5,000,000	-
Anticipated State/Federal Shortfall	-	-	-	4,000,000	-
Personal Property Tax Reduction	-	-	-	4,000,000	-
Tax/Assessment System Upgrade	-	-	-	3,500,000	-
Operational Improvements	-	-	-	3,000,000	-
Peoplesoft Upgrade	-	-	-	3,000,000	-
RCOC Tri-Party	-	-	-	2,876,802	-
Property Forfeiture Activities	-	-	-	2,842,173	-
Tax Tribunal Appeals	-	-	-	2,000,000	-
Pandemic Response	-	-	-	1,500,000	-
Data Privacy and Security	-	-	-	1,500,000	-
Sheriff Aviation	-	-	-	1,186,292	-
Jail Alternative Program Start Up	-	-	-	600,000	-
Criminal Justice Coord. Start Up	-	-	-	500,000	-
New Grant Opportunities	-	-	-	500,000	-
HR Legal	-	-	-	500,000	-
Fuel/Mileage Increase	-	-	-	480,000	-
Emergency Salaries	-	-	-	320,000	-
HR Comp/Workforce Planning	-	-	-	300,000	-
Quality of Life Initiatives	-	-	-	300,000	-
Business Continuity	-	-	-	300,000	-
Encumbrances	-	-	-	271,426	-
Community Partnerships	-	-	-	238,654	-
Board of Commissioners Projects	-	-	-	230,000	-
Microloan	-	-	-	200,000	-
Jail Commissary	-	-	-	123,539	-
Future operating requirements:					
2012	-	-	-	17,508,009	-
2013	-	-	-	39,083,224	-
2014	-	-	-	45,816,531	-
2015 and Beyond	-	-	-	16,976,472	-
Carryforwards	-	-	-	5,428,993	-
Unassigned	-	-	-	-	1,500,000
	\$ 292,698	\$ 5,287,071	\$ -	\$ 194,082,115	\$ 1,500,000

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

	Nonspendable	Spendable			
		Restricted	Committed	Assigned	Unassigned
Special Revenue Funds					
Encumbrances	\$ -	\$ -	\$ -	\$ 17,254	\$ -
Specific programs	-	96,519,375	-	-	(63,123)
	<u>\$ -</u>	<u>\$ 96,519,375</u>	<u>\$ -</u>	<u>\$ 17,254</u>	<u>\$ (63,123)</u>
Debt Service Funds					
Debt service - general obligations	\$ -	\$ 269,981	\$ -	\$ -	\$ -
Capital Projects Funds					
Long-term receivables	\$ 445,125	\$ -	\$ -	\$ -	\$ -
Work projects	-	1,131,589	16,530,640	-	(303,840)
	<u>\$ 445,125</u>	<u>\$ 1,131,589</u>	<u>\$ 16,530,640</u>	<u>\$ -</u>	<u>\$ (303,840)</u>

11. Employee Benefits

Primary Government

The County provides various benefits to its employees. Expenditures in 2011 for these benefits totaled the following: medical insurance, \$28,758,181; dental insurance, \$2,970,262; optical insurance, \$267,421; annual and sick leave, \$712,834; disability, \$2,253,766; tuition reimbursement, \$192,642; Social Security, \$14,263,965; workers' compensation, \$1,476,943; and unemployment claims, \$720,139.

Road Commission

The Road Commission provides medical, dental, and optical insurance to its employees. Expenditures in 2011 for these benefits totaled \$11,143,756, and workers' compensation expense in 2011 totaled \$1,193,863.

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
Notes to Basic Financial Statements
September 30, 2011

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, 2011:

Statement of Net Assets

Cash and investments	\$ 655,457,958
Other assets	2,442,127
Total assets	<u>657,900,085</u>
Liabilities	<u>496,536</u>
Net assets	<u>\$ 657,403,549</u>

Statement of Changes in Net Assets

Additions:	
Contributions	\$ 764,764
Investment income	14,445,193
Other revenue	478,275
Total additions	<u>15,688,232</u>
Deductions:	
Benefit payments	42,549,529
Other expenses	2,632,889
Total deductions	<u>45,182,418</u>
Change in net assets	(29,494,186)
Net assets held in trust, beginning of year	<u>686,897,735</u>
Net assets held in trust, end of year	<u>\$ 657,403,549</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 valuations performed at September 30, 2009 and September 30, 2008, respectively. There were no contributions from County funds for the years 2000 through 2011.

County of Oakland

Notes to Basic Financial Statements

September 30, 2011

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, 2011 and September 30, 2010 amounted to \$764,764 and \$974,449, 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, 2010, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	1,815
Terminated plan members entitled to, but not yet receiving benefits	172
Active plan members	<u>678</u>
Total	<u>2,665</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.

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.

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

Funded Status and Funding Progress

	Actuarial Valuation as of September 30		
	2010	2009	2008
Actuarial value of assets	\$ 745,094,735	\$ 750,432,703	\$ 791,541,576
Actuarial accrued liability (entry age)	692,409,285	683,077,469	675,166,642
Overfunded AAL	<u>\$ (52,685,450)</u>	<u>\$ (67,355,234)</u>	<u>\$ (116,374,934)</u>
Funded ratio	107.6%	109.9%	117.2%
Covered payroll	\$ 42,686,155	\$ 44,884,070	\$ 46,690,015
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, 2009, 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 five-year period.

The aggregate actuarial cost method does not produce an actuarial accrued liability. The entry age actuarial cost method is used to develop the actuarial liability and the associated values shown above in compliance with GASB Statement No. 50. In addition, the aggregate method does not formally recognize an amortization period for the overfunded AAL.

Fund Balance Reserved for Employees' Pension Benefits

Fund balances reserved for employees' pension benefits include legally required reserves. Fund balance as of September 30, 2011 consists of the following reserves:

Annuity reserve	\$ 8,531,060
Pension reserve	170,677,502
Pension accumulated reserve	<u>478,194,987</u>
Total fund balance	<u>\$ 657,403,549</u>

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

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, 2011 was 2,640, which includes 536 employees who elected to transfer from the PERS in 1995 through 2000 and 2,104 current employees hired since July 1, 1994.

The County's payroll for employees covered by the OPRS for the year ended September 30, 2011 was \$148,420,733, and the County's total payroll was \$205,812,064. The required contributions, which matched those actually made, were \$5,912,839 by employees and \$13,547,935 by the County, representing 4.0% 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 2011, the County contributed \$190,180 to the plan.

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

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).

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 2011, the County provided 2,064 retirees medical insurance and reimbursed them for Medicare premiums under the Trust. In 2011, the County disbursed \$25,801,748 for this purpose.

Postemployment benefits are established and may be amended by the Board of Commissioners in accordance with County policies, union contracts, and plan provisions. The plan covers the following classes of employees: General, Command Officers, and Deputies. The plan in 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, 2010, the date of the most recent actuarial valuation, membership in the OPEB consisted of 2,067 retirees and beneficiaries currently receiving benefits, 2,961 active employees, and 280 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		
	2011	2010	2009
Annual OPEB cost (ARC)	\$ 47,592,273	\$ 57,631,411	\$ 61,863,580
Percentage of ARC contributed	100%	100%	100%
Net OPEB obligation	\$ -	\$ -	\$ -

In 2011, the County contributed \$47,592,273 and experienced a gain of \$3,032,102 in interest income, with retirees contributing \$98,423 toward the cost of hospitalization riders. Employer contributions in 2011 for the County OPEB as determined through actuarial valuations performed at September 30, 2009 were: General \$36,588,539, Command Officers \$2,226,294, and Deputies \$8,777,440. This is expressed in percentages of covered payroll as 23.89% and 19.62%, respectively, for the last two classes. The General division is expressed only in dollars due to a change in the level dollar amortization method used to finance the unfunded accrued liability. Employees are not required to contribute to the plan.

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

The funding progress of the plan as of September 30, 2010, the most recent actuarial valuation report, is as follows:

Retirees and beneficiaries	\$ 393,094,609
Vested terminated employees who will be eligible when they collect retirement (age 60 in most cases) and their beneficiaries	49,434,794
Active employees and beneficiaries	<u>351,565,415</u>
Actuarial accrued liability	<u>794,094,818</u>
Actuarial value of assets	<u>516,741,704</u>
Unfunded AAL (UAAL)	<u>\$ 277,353,114</u>
Funded ratio	65.1%
Annual covered payroll	\$ 175,316,170
UAAL as a percentage of covered payroll	158.2%

Unfunded actuarial accrued liabilities are being amortized as a fixed percentage of payroll over a closed period of 25 years. In addition, the County reports an other post-employment benefits asset for the funding provided by the sale of certificates of participation. The remaining amortization period of this asset at September 30, 2011 was 25 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, 2010 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 3.00 percent per year plus a long-term rate of inflation of 4.5 percent per year and an annual healthcare cost trend rate of 9.0 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after 10 years. Both rates included a 4.5 percent inflation assumption. The actuarial value of assets is equal to the reported market value of assets at the valuation date with investment gains and losses spread over three years (with 33% recognition in each year). 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 4.5 percent per year for the purpose of determining the level percent contributions. The remaining amortization period at September 30, 2011 was 25 years.

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

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, 2011 (including the related funding source Interm Retirees Medical Benefits Trust:

	VEBA Trust	IRMB Trust
Statement of Net Assets		
Cash and investments	\$ 544,387,292	\$ 290,441,583
Other assets	<u>1,497,230</u>	<u>801,763</u>
Total assets	<u>545,884,522</u>	<u>291,243,346</u>
Liabilities	<u>1,170,312</u>	<u>224,054</u>
Net assets	<u>\$ 544,714,210</u>	<u>\$ 291,019,292</u>

Statement of Changes in Net Assets		
Additions:		
Contributions	\$ 47,690,696	\$ -
Investment income	3,032,102	2,037,234
Other revenue	<u>1,682,639</u>	<u>19,462</u>
Total additions	<u>52,405,437</u>	<u>2,056,696</u>
Deductions:		
Benefits	25,801,748	-
Contributions - Retirees healthcare	-	47,592,273
Other expenses	<u>-</u>	<u>1,090,842</u>
Total deductions	<u>25,801,748</u>	<u>48,683,115</u>
Change in net assets	26,603,689	(46,626,419)
Net assets held in trust, beginning of year	<u>518,110,521</u>	<u>337,645,711</u>
Net assets held in trust, end of year	<u>\$ 544,714,210</u>	<u>\$ 291,019,292</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

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, 2010, the date of the most recent actuarial valuation, membership consisted of 632 retirees and beneficiaries currently receiving benefits, 320 vested active employees, and 139 nonvested active employees. For the year ended September 30, 2011, the Road Commission's annual required contribution to the Trust was \$8,818,212, with interest of \$702,709 on the prior year net OPED obligation. The Road Commission contributed \$1,000,000 to the Trust during the year and paid \$5,492,651 directly toward insurance premiums and medical costs for retirees during fiscal year 2011, leaving a net OPEB obligation of \$11,906,254 at September 30, 2011.

15. Deferred Compensation Plan

In fiscal year 1998, both the County and the Road Commission adopted GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. During fiscal year 1999, as required by the statement, the County and the Road Commission each placed all Deferred Compensation Plan assets with a trustee, relinquishing all fiduciary accountability for the assets. Accordingly, the related assets and liabilities of the plan are not reported in the County and Road Commission financial statements.

16. Risk Management

The County is exposed to various risks of loss related to property, employee injuries, general liability claims, and torts, as well as medical benefits provided to employees. The County has purchased a commercial property policy for its building and contents, electronic data processing equipment, boats and motors, ATV/snowmobiles and automobile catastrophe physical damage coverage. The policy is subject to a maximum per occurrence catastrophic loss limit of \$350,000,000. Policy limits (subject to the maximum \$350,000,000 per occurrence catastrophic loss limit) are: building and contents in the amount of \$549,166,916, electronic data processing equipment in the amount of \$34,050,207, 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 (subject to limitations in some flood zones), earthquake coverage in the amount of \$50,000,000, boiler and machinery coverage in the amount of \$100,000,000, property insurance for helicopter hull physical damage in the amount of \$2,854,184, 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 dishonestly/faithful performance in the amount of \$3,000,000, travel accident in the amount of \$100,000 per person/\$500,000 aggregate, N.E.T. law enforcement liability in the amount of \$5,000,000, workers' compensation statutory coverage in excess of \$500,000 for each occurrence, and 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.

The County and the Road Commission estimate the liability for all the above-mentioned claims that have been incurred through September 30, 2011, 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.

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

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.

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

	September 30	
	2011	2010
Primary Government		
Beginning-of-period liability	\$ 20,885,768	\$ 21,778,792
Estimated claims incurred, claim adjustment expenses and changes in estimates		
Provisions for current-year events	38,022,796	37,840,599
Decrease in provisions for prior-year events	<u>(4,155,086)</u>	<u>(1,216,268)</u>
Total incurred claims, claim adjustment expenses and changes in estimates	33,867,710	36,624,331
Claim payments and claim adjustment expenses		
Related to current-year events	(34,778,406)	(35,747,376)
Related to prior-year events	<u>(1,445,267)</u>	<u>(1,769,979)</u>
Total claim payments and claim adjustment expenses	<u>(36,223,673)</u>	<u>(37,517,355)</u>
End-of-period liability	<u>\$ 18,529,805</u>	<u>\$ 20,885,768</u>
Road Commission - Component Unit		
Beginning-of-year liability	\$ 4,228,109	\$ 4,200,000
Estimated claims incurred and changes in estimates	12,244,718	12,928,005
Claim payments	<u>(12,825,800)</u>	<u>(12,899,896)</u>
End-of-year liability	<u>\$ 3,647,027</u>	<u>\$ 4,228,109</u>

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, 2011 were \$963,882. The future minimum lease payments as of September 30, 2011 are as follows:

Fiscal year	Primary government
2012	\$ 947,604
2013	931,704
2014	915,504
2015	590,834
2016	311,989
2017 - 2021	425,495
	<u>\$ 4,123,130</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

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, 2011 totaled \$323,155, recorded in the Facilities Maintenance & Operations fund, an internal service fund type.

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, Community Mental Health Authority Housing Project in the amount of \$5,500,000 in 2007, and Keego Harbor City Hall and DPW Building in the amount of \$1,120,000 in 2010. The future minimum lease payments to be received as of September 30, 2011 are as follows:

Fiscal year	Primary government
2012	\$ 2,118,963
2013	2,436,400
2014	2,474,093
2015	2,452,859
2016	2,459,220
2017 - 2021	11,836,339
2022 - 2026	9,982,013
2027 - 2031	866,237
2032 - 2036	321,175
2037 - 2040	260,712
	<u>\$ 35,208,011</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, the County, the Drainage Districts, and Road Commission resources would be required to reimburse the grant funds. Management believes that disallowed costs, if any, would be immaterial.

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

The County has outstanding construction commitments (contracts) at September 30, 2011 as follows: Work Release/Jail Management/Video Conferencing with a cost of \$2,795,000 for the Jail Management System portion with a remaining balance of \$337,200; Oakland County International Airport Terminal project with a contract of \$7,472,919 with a remaining balance of \$1,955,686; and radio tower project of \$37,546,778 with a balance of \$268,214.

The Drainage Districts' component unit has a construction contract for Bloomfield Township CSO project with a total cost of \$1,718,760, with a remaining balance of \$906,254 and contracts for the Oakland Macomb Interceptor Drainage District Project with a total cost of \$41,792,690, with a remaining balance of \$735,027 as of September 30, 2011.

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	\$ 15,220,141
Long-term advances receivable	428,458
Due to other funds	(15,219,839)
Current and long-term advances payable	(428,458)

Internal Service Funds

Due from other funds	1,139
Due to other funds	(82)
Current and long-term advances payable	(802,145)

Capital lease receivable for County Airports,
not reported in funds

10,485,000

Governmental activities, internal balances

\$ 9,684,214

Business-Type Activities

Proprietary Funds

Due from other funds	\$ 1,900,115
Current and long-term advances receivable	802,145
Due to other funds	(1,901,474)
Current and long-term capital lease payable	(10,485,000)

Business-type activities, internal balances

\$ (9,684,214)

County of Oakland
Notes to Basic Financial Statements
September 30, 2011

20. Accounting and Reporting Change

In fiscal year 2011, the County adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied by clarifying the existing governmental fund-type definitions. Following a review of the County's funds, and in order to conform to the classifications of the funds to the appropriate fund types under these new definitions, several changes were made including restating of fund balances as of September 30, 2010. As a result, four Special Revenue funds were closed into the General Fund, and a portion of one fund was closed into the General fund as follows:

	Fund Balances		
	Previously Reported September 30, 2010	Reclassifications	As Restated September 30, 2010
General Fund	\$ 149,005,981	\$ 20,956,264	\$ 169,962,245
Special Revenue Funds			
Public Health (Major)	1,406	(1,406)	-
Oakland Enhancement	355,369	(238,653)	116,716
Property Tax Forfeiture	4,083,158	(4,083,158)	-
CCIRF	15,245,552	(15,245,552)	-
Jail Population Management	1,387,495	(1,387,495)	-
	<u>\$ 170,078,961</u>	<u>\$ -</u>	<u>\$ 170,078,961</u>

Additionally, one major Special Revenue fund, the Interim Retirees Medical Benefits Trust fund, was reclassified to a Pension Trust fund. The resulted in a reduction of fund balance in the Special Revenue funds and an increase in net assets in the Pension Trust funds in the amount of \$337,645,711 as of September 30, 2010.

Also, one Special Revenue fund, the Delinquent Personal Tax Administration fund, was reclassified to an Enterprise fund. This reduced fund balance in the Special Revenue funds, and increased net assets in the Enterprise funds in the amount of \$4,587,569 as of September 30, 2010. This change is also reflected in the entity-wide Statement of Net Assets, reducing Governmental Activities and increasing Business-type Activities by \$4,587,569 as of September 30, 2010.

**EXHIBIT C
CITY OF ROCHESTER HILLS
GENERAL AND ECONOMIC INFORMATION**

LOCATION AND CHARACTER

The City of Rochester Hills is located in the northeastern portion of the County of Oakland and has an area of 32.2 square miles. Growth during the 1980's has converted the rolling farm land into a busy suburban center. The City Charter was adopted May 22, 1984, and became effective November 20, 1984. Prior to the City Charter's adoption, the City was known as Avon Township.

POPULATION

2010 U.S. Census - 70,995	1990 U.S. Census - 61,766
2000 U.S. Census - 68,825	1980 U.S. Census - 40,779

EMPLOYMENT STATISTICS (provided by MCDL)

	<u>MAY</u> <u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Work force	32,829	32,871	33,008	33,425	34,777	35,613	35,975
Unemployment	1,640	1,933	2,439	2,566	1,422	1,252	1,196
% Unemployed	5.0%	5.9%	7.4%	7.7%	4.1%	3.5%	3.3%

MAJOR TAXPAYERS

<u>10 Largest Taxpayers</u>	<u>2012</u> <u>Taxable Valuation</u>
Detroit Edison	\$ 25,883,050
Singh Cider Mill Village	\$ 24,023,280
Vorh Associates LLC	\$ 20,897,560
New Plan	\$ 18,404,630
Good Will Co Inc	\$ 13,844,280
Stuart Frankel	\$ 13,230,530
Winchester Center LLC	\$ 13,175,540
Associate Estates Realty	\$ 11,054,460
1185 River Oaks North LLC	\$ 10,657,730
Consumers Energy	\$ 9,828,180
TOTAL (represents 5.4% of 2012 TV)	\$160,999,240

EMPLOYMENT CHARACTERISTICS

<u>10 Largest Employers</u>	<u>Product/Service</u>	<u>Number Employed</u>
Crittenton Hospital	Medical Services	1,668
Rochester Community Schools	School District/Education	1,500
Oakland University	University/Education	1,416
FANUC Robotics	Industrial Robot Automation	650
Webasto Roof Systems	Automotive Roofs	413
Henry Ford Health Systems	Medical Services	350
Lear Corporation	Automotive Supplier	342
Wright & Filippis	Medical Equipment/Supplies	280
3 Dimensional Services	Prototyping Services	250
Hi-Tech Mold and Engineering	Automotive Services	206

LABOR CONTRACTS

<u>Employee Group</u>	<u>Number of Positions</u>	<u>Expiration Date of Contract</u>
AFSCME Local 2491 (full time Non-Supervisory employees	112	12/31/2013
AFSCME Local 1917 (full time Supervisory employees	9	12/31/2013
International Association of Firefighters (full-time Fire Personnel) Local 3472	30	12/31/2010 In negotiation
Non-Affiliated full-time Emp. Michigan Association of Fire Fighters (Paid-on-Call Fire Personnel)	52	
	74	12/31/2014

CITY BUILDING PERMITS

	<u>NO. OF PERMITS</u>	<u>TOTAL VALUE</u>
2011 TOTAL	524	\$ 113,090,350
2010 TOTAL	502	\$ 63,610,325
2009 TOTAL	426	\$ 48,545,250
2008 TOTAL	459	\$ 73,550,900
2007 TOTAL	621	\$ 89,856,530

CITY TAX RATES & LEVIES

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund (charter)	3.7242	3.7545	3.7298	3.8226	3.7220
Green Space (Voted)	0.2972	0.2972	0.2972	0.2972	0.2972
Fire Fund (Charter)	1.8000	1.8000	1.8000	1.8000	1.8000
Special Police I (Voted)	0.7823	0.7823	0.7823	0.7823	0.7823
Special Police II (Voted)	0.4260	0.4260	0.4260	0.4260	0.4260
Pathway (Voted)	0.1858	0.1858	0.1858	0.1858	.1858
R.A.R.A. (Voted)	0.1950	0.1950	0.1950	0.1950	0.1950
Older Persons Oper, (Voted)	0.0891	0.0891	0.2403	0.2403	0.2403
Older Person Trans (Voted)	0.2403	0.2403	0.0891	0.0891	0.0891
Library Operating	0.7823	0.7823	0.7823	0.7823	0.7823
Total	<u>8.8767</u>	<u>8.5525</u>	<u>8.5278</u>	<u>8.6206</u>	<u>8.5200</u>

Debt

Chapter 20 Drain	0.6018	0.5857	0.5454	0.5612	0.6055
GORB, Series 2002	0.0000	0.0000	0.0000	0.2244	0.3292
GORB Series 1998	0.0000	0.3545	0.4395	0.0997	0.0501
OPC Bldg (UTGORB), Ser 2001	0.0000	0.2133	0.1933	0.2001	0.2012
OPC Bldg (UTGORB), ser 2010	0.2275	0.0000	0.0000	0.0000	0.0000
Total Debt	<u>0.8293</u>	<u>1.1535</u>	<u>1.1782</u>	<u>1.0854</u>	<u>1.1860</u>

TOTAL MILLAGES	9.7060	9.7060	9.7060	9.7060	9.7060
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TAX COLLECTION RECORD

The City taxes are due and payable and a lien created upon the assessed property on December 31 each year. Taxes remaining unpaid on the following March 1st are turned over to the County Treasurer for collection. The County pays the City 100% of the uncollected taxes by May 15th of each year.

Uncollected personal property taxes are ineligible.

Fiscal Year - January 1/December 31

<u>Year</u>	<u>Tax Levy</u>	<u>Collected Amount</u>	<u>% Collected</u>	<u>%</u>
2011	\$30,923,844	\$29,965,392	96.9%	100
2010	\$34,842,029	\$33,466,594	96.0%	100
2009	\$36,290,684	\$34,712,620	95.7%	100
2008	\$36,122,159	\$34,486,540	95.5%	100
2007	\$34,941,567	\$33,496,756	95.9%	100

PROPERTY TAX

On December 1, 2011 the City levied 3.7465 mills for general operating purposes (General Fund) for Fiscal Year 2012 which started on January 1st.

In addition, the electorate of the City may authorize the issuance of general obligation bonds which pledge the full faith and credit and unlimited taxing power of the City.

In November, 1978, the electorate of the State of Michigan passed an amendment to the State Constitution (the "Amendment") which placed certain limitations on the increase of taxes by the State and any political subdivisions from currently authorized levels of taxation. The amendment and the enabling legislation, Act 35, Public Acts of Michigan, 1979, may have the effect of reducing the maximum authorized tax rate which may be levied by a local taxing unit. Under the Amendment's millage reduction provisions, should the value of taxable property, exclusive of new construction, increase at a percentage greater than the percentage increase in the Consumer Price Index (the "CPI"), then the maximum authorized tax rate would be reduced by a factor which would result in the same maximum potential tax revenues to the local taxing unit as if the valuation of taxable property (less new construction) had grown only at the CPI instead of the higher actual growth rate. Thus, should taxable property values rise faster than consumer prices, the maximum authorized tax rate would be reduced accordingly.

The Amendment does not limit taxes for the payment of principal of and interest on bonds or other evidences of indebtedness outstanding at the time the Amendment became effective or which have been approved by the electors of the State or such political subdivisions.

PROPERTY TAX REFORM PROPOSAL

Legislation has been introduced in the State legislature which, if enacted in its present form, would exempt up to \$25,000 of taxable value of personal property from collection. The final forms and thus the ultimate impact of this legislation, if enacted, on the City's finances cannot be determined at this time.

In addition, the State Department of Treasury approved revisions to the State's personal property tax tables which became effective in the year 2000 and which may reduce overall personal property tax revenues in some jurisdictions. The State Tax Tribunal has informally indicated that it may allow the new multipliers to be applied retroactively in pending personal property tax appeals. In anticipation of the new multipliers, many personal property taxpayers filed appeals of their existing tax assessments. The financial impact of the change in multipliers and any appeals, if successful, on the City's operating revenues and revenues available for debt service is unknown.

The ultimate nature, extent and impact of the legislation or administrative action and of other tax and revenue measures which are still under consideration cannot currently be predicted. No assurance can be given that any future legislation or administrative action, if enacted or implemented, will not adversely affect the market price or marketability of the Bonds, or otherwise prevent bondholders from realizing the full current benefit of an investment therein. Purchasers of the Bonds offered herein should be alert to the potential

effect of such measures upon the Bonds, the security therefor and the operations of the City.

TAX ABATEMENT

The SEV does not include valuation of certain facilities which are exempt under Act 198, Michigan Public Acts, 1974, as amended ("Act 198"), or Act 255, Michigan Public Acts, 1978, as amended ("Act 255"). These Acts are designed to provide a stimulus in the form of significant tax incentives to commercial enterprises and industry to renovate and expand aging facilities and to build new facilities in Michigan. Under the provisions of the Acts, certain local governmental units (cities, villages or townships) may offer commercial and industrial firms certain property tax incentives to encourage restoration or replacement of obsolete facilities and to attract new plants to the area. Act 255 relating to commercial facilities abatements expired on December 31, 1985.

A commercial or industrial facilities exemption certificate entitles the facility to an exemption from ad valorem real and personal property taxes for a period of up to 12 years. In lieu of the property tax, the owner of the facility will pay a specific tax known as the commercial facilities tax or the industrial facility tax. Either tax for an obsolete facility which is being restored or replaced is determined in exactly the same manner as the ad valorem property tax would be, except that the SEV of the property remains at the value assessed on the obsolete facility prior to the improvements, even though the restoration or replacement substantially increase the true cash value of the facility. For a new facility being built, the applicable tax is also determined as the ad valorem property tax would be, but only half the total millage rate for ad valorem taxes is applied. The amount of the resulting tax thus is equal to 50% of the property tax which otherwise would be payable. Procedures for abatement, if any, for commercial facilities after the expiration of Act 255, is presently uncertain.

The City currently has \$3,290,830 taxable value in Act 198 or Act 255 tax abatements.

STATE EQUALIZED VALUATION

(50% of True Value)

2012	-	\$3,014,328,696
2011	-	\$3,020,846,313
2010	-	\$3,238,195,190
2009	-	\$3,728,995,735
2008	-	\$4,042,390,520
2007	-	\$4,175,522,010
2006	-	\$4,184,283,990
2005	-	\$4,012,356,450
2004	-	\$3,827,411,860
2003	-	\$3,642,048,760
2002	-	\$3,410,174,490

TAXABLE VALUATION

2012 - \$2,972,809,776
 2011 - \$2,993,315,163
 2010 - \$3,194,661,270
 2009 - \$3,600,917,135
 2008 - \$3,742,654,190
 2007 - \$3,727,386,610
 2006 - \$3,401,975,910
 2005 - \$3,401,975,910
 2004 - \$3,230,824,070
 2003 - \$3,064,862,240
 2002 - \$2,910,321,490

Per Capita TV (11) \$42,162

2011 TV Breakdown by Use

Residential	74.60%
Commercial	14.84
Industrial	4.66
Personal Property	5.90
TOTAL	100.00%

2011 TV Breakdown by Class

Real	94.10%
Personal	5.90
TOTAL	100.00%

GENERAL FUND REVENUES AND EXPENDITURES

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Revenues & Transfers In	\$24,966,427	\$26,117,179	\$26,052,589	\$27,139,989
Expenses & Transfers Out	<u>19,348,585</u>	<u>22,094,547</u>	<u>26,329,470</u>	<u>25,595,839</u>
Revenues Over (Under)				
Expense	\$ 5,617,842	\$ 4,022,632	\$ (276,881)	\$ 1,544,150
Beginning Balance	\$19,175,688	\$15,153,056	\$15,429,937	\$18,768,456
Ending Balance	\$24,793,530	\$19,175,688	\$15,153,056	\$17,179,097

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

The City 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 shows State revenue sharing distributions received by the City during the City's past five fiscal years.

<u>Fiscal Year Ended</u>	<u>Revenue Sharing Payments</u>
December 31, 2007	\$5,298,510
December 31, 2008	\$5,292,542
December 31, 2009	\$4,661,073
December 31, 2010	\$4,420,538
December 31, 2011	\$5,031,743

Source: City of Rochester Hills

FUTURE FINANCING

At this time the Legislative body is not considering any issuance of bonds.

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CITY OF ROCHESTER HILLS
DEBT STATEMENT - AUGUST 10, 2012
(Including This Issue)

DIRECT DEBT OF CITY:

General Obligation Bonds	\$ 8,545,000
Special Assessment Bonds	\$ 500,000
Authority Bonds	6,130,000
MTF Bonds	975,000

Total	\$ 16,150,000
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Less MTF Bonds	975,000
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Net Direct Debt	\$ 15,175,000
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SHARE OF COUNTY ISSUED BONDS

Water & Sewage Disposal Bonds	\$ 1,975,000
Oakland-Macomb Drain Bonds	\$ 4,053,725
Oakland County Drain Bonds	3,432,637

Total	\$ 9,461,362
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Total Net Direct Debt	\$ 24,636,362
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Per Capita City Total Net Direct Debt	\$347.02
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Percent Total Net Direct Debt to 2012 TV	0.83%
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OVERLAPPING DEBT OF CITY:

School District

48.42%	Avondale	\$105,873,363	\$51,263,882
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60.02%	Rochester	149,510,000	89,735,902
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County

5.88%	Oakland	95,018,060	5,587,062
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Intermediate School District

5.89%	Oakland I/S/D	61,705,000	3,634,425
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Community College

5.91%	Oakland Community College	4,435,000	262,109
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Net Overlapping Debt	\$150,483,379
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Net City and Overlapping Debt	\$175,119,741
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Per Capita City Total Net Direct and Overlapping Debt	\$2,466.65
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Percent Total Net Direct and Overlapping Debt to 2012 TV	5.89%
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Source: City of Rochester Hills and
Municipal Advisory Council of Michigan

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CITY OF ROCHESTER HILLS BONDS WITH CITY CREDIT PLEDGED
(as of August 10, 2012)
(Including This Issue)

Year	GO Bonds	Share of Oakland County Drain Bonds	Share of Oakland-Macomb Drain Bonds	Share of County Water & Sewage Disposal Bonds	SA Bonds	Authority Bonds	MTF Bonds	Total
2013	\$ 1,045,000	\$ 1,132,637	\$ 164,891	\$ 175,000	\$ 100,000	\$ 535,000	\$ 225,000	\$ 3,377,528
2014	1,115,000	255,000	169,417	195,000	125,000	525,000	250,000	2,634,417
2015	1,195,000	150,000	173,944	190,000	125,000	615,000	250,000	2,698,944
2016	1,245,000	155,000	179,117	210,000	150,000	615,000	250,000	2,804,117
2017	1,155,000	165,000	184,290	205,000		705,000		2,414,290
2018	680,000	170,000	188,816	205,000		695,000		1,938,816
2019	700,000	175,000	194,635	200,000		785,000		2,054,635
2020	700,000	185,000	201,102	220,000		780,000		2,086,102
2021	710,000	190,000	206,922	215,000		875,000		2,196,922
2022		200,000	212,741	160,000				572,741
2023		210,000	219,854					429,854
2024		220,000	226,967					446,967
2025		225,000	234,080					459,080
2026			241,193					241,193
2027			248,952					248,952
2028			256,713					256,713
2029			265,118					265,118
2030			273,525					273,525
2031			211,448					211,448
Total	\$ 8,545,000	\$ 3,432,637	\$ 4,053,725	\$ 1,975,000	\$ 500,000	\$ 6,130,000	\$ 975,000	\$ 25,611,362

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EXHIBIT D

THE
FINANCIAL INFORMATION REGARDING
THE CITY OF ROCHESTER HILLS
WILL BE PROVIDED UPON REQUEST TO:

MEREDITH SHANLE
MUNICIPAL FINANCIAL CONSULTANTS INCORPORATED
313-884-9824

EXHIBIT E

[SEE ATTACHED FORM OF LEGAL OPINION]

September 13, 2012

Oakland County Water Resources Commissioner
County of Oakland, State of Michigan

We have acted as bond counsel to the County of Oakland, State of Michigan (the "County") in connection with the issuance by the County of \$1,975,000 Oakland County Rochester Hills Water Supply and Sewage Disposal System Refunding Bonds, Series 2012, dated September 1, 2012 (the "Bonds"). We have examined the law and such certified proceedings and other papers, including executed copies of the contract dated as of May 1, 2005 (the "Contract"), between the County and the City of Rochester Hills (the "City") 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 County payable in the first instance from moneys to be paid to the County by the City pursuant to the Contract.
2. The Contract is valid and binding on the parties thereto, and the full faith and credit of the City have been pledged for the prompt payment of its obligations to the County pursuant to the Contract. Taxes imposed by the City for the payment of its obligations are subject to constitutional, statutory and charter limitations.
3. As additional security, the full faith and credit of the County have been pledged for the payment of the principal of and interest on the Bonds when due. Taxes imposed by the County for the payment of such principal and interest are subject to constitutional and statutory limitations.
4. The Bonds and the interest thereon are exempt from all taxation by the State of Michigan or a political subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition of the Bonds.
5. The interest on the Bonds (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal

Oakland County Water Resources Commissioner
September 21, 2012
Page 2

alternative minimum tax imposed on individuals and corporations; we note, however, that certain corporations must take into account interest on the Bonds in determining adjusted current earnings for the purpose of computing such alternative minimum tax. The opinion set forth in clause (a) above is subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The County has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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.

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.

Respectfully submitted,

BLOOMFIELD 9007-397 1212558v1

APPENDIX A

CONTINUING DISCLOSURE CERTIFICATE

COUNTY OF OAKLAND, STATE OF MICHIGAN

\$1,975,000

OAKLAND COUNTY ROCHESTER HILLS WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM REFUNDING BONDS, SERIES 2012

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the County of Oakland, Michigan (the "Issuer") in connection with the issuance of its Oakland County Rochester Hills Water Supply and Sewage Disposal System Refunding Bonds, Series 2012 (the "Bonds"). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate.

(a) This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the 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 Issuer 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 Issuer 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 Issuer provided by the Issuer 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 Issuer or any successor Dissemination Agent appointed in writing by the Issuer and which has filed with the Issuer a written acceptance of such appointment.

"EMMA" shall mean the Electronic Municipal Market Access system of the MSRB. As of

the date of this Disclosure Certificate, the EMMA Internet Web site address is <http://www.emma.msrb.org>.

"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 August 21, 2012.

"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 Issuer shall provide, or shall cause the Dissemination Agent to provide, not later than the date nine months after the end of the Issuer's fiscal year, commencing with the Issuer's Annual Report for its fiscal year ending September 30, 2012, 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 Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). Currently, the Issuer'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 Issuer 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 Issuer shall be included in the Annual Report.

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

(c) If the Issuer's fiscal year changes, the Issuer 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 Issuer, the Dissemination Agent shall file a report with the Issuer 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 Issuer) 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 Issuer's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Issuer 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 Issuer of the same nature as that contained in the following sections in Exhibit A to 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 Issuer'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 Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The Issuer covenants to provide, or cause to be provided, notice of the occurrence of

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

(c) If the Issuer determines that (i) a Listed Event described in subsection (a)(1), (3), (4), (5), (6), (9), (11), (12) or (13) has occurred or (ii) the occurrence of a Listed Event described in subsection (a)(2), (7), (8), (10), (14) or (15) would be material under applicable federal securities laws, the Issuer shall 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 Issuer 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 Issuer), solely in its capacity as such, is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the notice for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

(e) The Issuer acknowledges that the "rating changes" referred to in subsection (a)(11) above may include, without limitation, any change in any rating on the Bonds or other indebtedness for which the Issuer is liable.

(f) The Issuer acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Bonds, the Issuer does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

Section 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 Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance or the prior redemption or payment in full of all of the Bonds. If the Issuer'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 Issuer, and the Issuer shall have no further responsibility hereunder.

(b) This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer (i) receives an opinion of Securities Counsel, addressed to the Issuer, to the effect that those portions of the Rule, which require such provisions of this Disclosure Certificate, do not or no longer apply to the 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 Issuer, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure

Certificate and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Except as otherwise provided in this Disclosure Certificate, the Dissemination Agent (if other than the Issuer) shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate.

Section 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 Issuer, or type of business conducted by the Issuer;

(ii) this Disclosure Certificate, as so amended or taking into account such waiver, would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the 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 Issuer 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 Issuer or the Dissemination Agent (if other than the Issuer) at the written direction of the Issuer with the MSRB.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in

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

Section 11. Failure to Comply. In the event of a failure of the Issuer or the Dissemination Agent (if other than the Issuer) to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the Issuer or the Dissemination Agent (if other than the Issuer) under this Disclosure Certificate, but no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and any failure to comply with the obligations under this Disclosure Certificate shall not constitute a default with respect to the Bonds. Notwithstanding the foregoing, if the alleged failure of the Issuer to comply with this Disclosure Certificate is the inadequacy of the information disclosed pursuant hereto, then the 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 Issuer 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 Issuer, 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 Issuer or the Dissemination Agent, as applicable, subject to technical and economic feasibility, the Issuer or the Dissemination Agent, as applicable, shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of such information and notices.

Section 15. Additional Disclosure Obligations. The Issuer acknowledges and understands that other State and federal laws, including, without limitation, the Securities Act of 1933, as amended, and Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act, may apply to the Issuer, and that under some circumstances, compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

Section 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: _____

ANDREW E. MEISNER

Its: Treasurer

Dated: September 13, 2012

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: County of Oakland, Michigan

Name of Bond Issue: Oakland County Rochester Hills Water Supply and Sewage Disposal
System Refunding Bonds, Series 2012

Date of Bonds: September 1, 2012

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. The 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 ISSUER'S FISCAL YEAR

Name of Issuer: County of Oakland, Michigan

Name of Bond Issue: Oakland County Rochester Hills Water Supply and Sewage Disposal
System Refunding Bonds, Series 2012

Date of Bonds: September 1, 2012

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: County of Oakland, Michigan

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.

APPENDIX B

CONTINUING DISCLOSURE CERTIFICATE

CITY OF ROCHESTER HILLS

\$1,975,000

OAKLAND COUNTY ROCHESTER HILLS WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM REFUNDING BONDS, SERIES 2012

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Rochester Hills, Michigan (the "City") in connection with the issuance by the County of Oakland, Michigan (the "Issuer") of its Oakland County Rochester Hills Water Supply and Sewage Disposal System Refunding Bonds, Series 2012 (the "Bonds"). The City covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate.

(a) This Disclosure Certificate is being executed and delivered by the City 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 City 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 City 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 City provided by the City 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 City or any successor Dissemination Agent appointed in writing by the City and which has filed with the City 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 August 21, 2012.

"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 City shall provide, or shall cause the Dissemination Agent to provide, not later than the date seven months after the end of the City's fiscal year, commencing with the City's Annual Report for its fiscal year ending December 31, 2012, 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 City shall provide the Annual Report to the Dissemination Agent (if other than the City). Currently, the City's fiscal year commences on January 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 City 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 City shall be included in the Annual Report.

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

(c) If the City's fiscal year changes, the City 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 City, the Dissemination Agent shall file a report with the City 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 City) 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 City's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the City 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 City of the same nature as that contained in the following sections in Exhibit C to the Official Statement:

- (1) Population;
- (2) Major Taxpayers;
- (3) Labor Contracts;
- (4) City Tax Rates & Levies;
- (5) Tax Collection Record;
- (6) State Equalized Valuation;
- (7) Taxable Valuation;
- (8) General Fund Revenues and Expenditures; and
- (9) Revenues from the State of Michigan.

The City'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 City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The City 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 City obtains knowledge of the occurrence of a Listed Event described in subsection (a)(2), (7), (8), (10), (14) or (15), the City shall as soon as possible determine if such Listed Event would be material under applicable federal securities laws. The City covenants that its determination of materiality will be made in conformance with federal securities laws.

(c) If the City 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 City 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 City 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 City), 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 City 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 City is liable.

(f) The City 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 City 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 City'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 City'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 City, and the City shall have no further responsibility hereunder.

(b) This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the City (i) receives an opinion of Securities Counsel, addressed to the City, 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 City, 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 City) shall not be responsible in any manner for the content of any notice or report prepared by the City 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 City, or type of business conducted by the City;

(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 City 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 City or the Dissemination Agent (if other than the City) at the written direction of the City with the MSRB.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City 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 City 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 City 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 City or the Dissemination Agent (if other than the City) 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 City or the Dissemination Agent (if other than the City) 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 City 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 City 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 City, 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 City or the Dissemination Agent, as applicable, subject to technical and economic feasibility, the City 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 City 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 City, 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 City 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.

CITY OF ROCHESTER HILLS

By: _____

KEITH SAWDON

Its: Director of Finance

Dated: September 13, 2012

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Person: City of Rochester Hills, Michigan

Name of Bond Issue: Oakland County Rochester Hills Water Supply and Sewage Disposal
System Refunding Bonds, Series 2012

Date of Bonds: September 1, 2012

NOTICE IS HEREBY GIVEN that the City of Rochester Hills 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 City of Rochester Hills anticipates that the Annual Report will be filed by _____.

CITY OF ROCHESTER HILLS

By: _____

Its _____

Dated: _____

EXHIBIT B

NOTICE OF CHANGE IN CITY'S FISCAL YEAR

Name of Obligated Person: City of Rochester Hills, Michigan

Name of Bond Issue: Oakland County Rochester Hills Water Supply and Sewage Disposal
System Refunding Bonds, Series 2012

Date of Bonds: September 1, 2012

NOTICE IS HEREBY GIVEN that the City of Rochester Hills's fiscal year has changed.
Previously, the City of Rochester Hills's fiscal year ended on _____. It now ends on _____
_____.

CITY OF ROCHESTER HILLS

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.

COUNTY OF OAKLAND

COUNTY OFFICIALS

L. BROOKS PATTERSON, *County Executive*
ANDREW E. MEISNER, *County Treasurer*
BILL BULLARD, Jr., *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

MICHAEL J. GINGELL, *Chairperson*
JEFF MATIS, *Vice Chairperson*

MIKE BOSNIC	THOMAS F. MIDDLETON
CRAIG COVEY	JIM NASH
KATHY CRAWFORD	BETH NUCCIO
WILLIAM DWYER	DAVID W. POTTS
MARCIA GERSHENSON	NANCY QUARLES
ROBERT GOSSELIN	JIM RUNESTAD
MATTIE MCKINNEY HATCHETT	JOHN A. SCOTT
JANET JACKSON	SHELLEY GOODMAN TAUB
CHRISTINE LONG	PHILIP WEIPERT
GARY MCGILLIVRAY	DAVID WOODWARD
ROBERT HOFFMAN	HELAINE ZACK