

COUNTY OF OAKLAND, STATE OF MICHIGAN

\$1,745,000

Dan Devine Drain Drainage District

Drain Bonds, Series 2017

Dated and Closed: April 20, 2017

PROCEEDINGS AND CLOSING TRANSCRIPT

Index

1. Minutes of Meeting of the Drainage Board re Declaration of Official Intent to Reimburse Project Expenditures
2. Minutes of Meeting of the Drainage Board re Approval of Special Assessment Roll and Authorization of Bonds
3. Special Assessment Roll No. 1 for the Dan Devine Drain
4. Resolution of Oakland County Board of Commissioners Pledging Full Faith and Credit and Certificate of Administrative Director
5. Qualified Status Letters
6. Request for Proposal
7. Proposal Acceptance Proceedings
8. Approving Opinion Letter
9. Nonarbitrage and Tax Compliance Certificate (with Rebate Memorandum and Certificate and Receipt of Original Purchaser attached thereto as Exhibits A and B, respectively)
10. Certificate of Chairperson of the Drainage Board
11. Certificate of County Clerk
12. Certificate and Receipt of County Treasurer
13. Debt Service Schedule
14. Closing Memorandum
15. DTC Blanket Issuer Letter of Representations

16. Specimen Bond
17. Treasury Filing including Security Report
18. IRS Form 8038-G and Affidavit of Mailing

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**MINUTES OF THE MEETING OF THE DRAINAGE BOARD
FOR THE DAN DEVINE DRAIN**

July 16, 2013

A meeting of the Drainage Board for the Dan Devine Drain was held in the office of the Oakland County Water Resources Commissioner, Public Works Building, One Public Works Drive, Waterford, Michigan at 2:00 PM on the 16th day of July, 2013.

The meeting was called to order by the Chairperson.

PRESENT: Chairperson Jim Nash, Oakland County Water Resources Commissioner

Jeff Matis, Vice Chairman of the Oakland County Board of Commissioners on behalf of Michael J. Gingell, Chairperson of the Oakland County Board of Commissioners

Thomas F. Middleton, Chairperson of the Finance Committee,
Oakland County Board of Commissioners

ABSENT: Michael J. Gingell, Chairperson of the Oakland County Board of Commissioners

Minutes of the meeting held May 21, 2013 were presented for consideration. It was moved by Middleton, supported by Matis, that the minutes be approved.

ADOPTED: Yeas - 3
Nays - 0

Chairperson Nash offered and filed proofs of publication and mailings (as attached) of the notice of hearing on a Petition to Locate, Establish and Construct an Intra-County Drain Project known as the Dan Devine Drain.

Chairperson Nash opened the hearing on the Petition (as attached) and asked the board secretary if any written objections had been received. No written objections had been received.

Chairperson Nash asked if there were any comments or objections from the public. There were none.

Chairperson Nash asked for comments from Water Resources Commissioner's Office personnel. Glenn Appel, P.E. Chief Engineer, indicated that the drain is necessary to implement improvements of an existing watercourse and detention basin to alleviate flooding concerns, prevent stream bank erosion and address sedimentation problems along the water course and in the detention basin and to facilitate proper maintenance of the drain.

An engineering report from Hubbell Roth & Clark, Inc. (as attached) was presented. After discussion, it was moved by Matis, supported by Middleton to receive and file the report.

ADOPTED: Yeas - 3
Nays - 0

It was moved by Middleton, supported by Matis, to close the hearing.

ADOPTED: Yeas - 3
Nays - 0

A motion to consider adoption of the resolution approving the petition and project and directing the issuance of a Final Order of Determination was presented. It was moved by Middleton, supported by Matis to adopt the resolution as presented.

ADOPTED: Yeas - 3
Nays - 0

Chairman Nash executed the Final Order of Determination (as attached) and presented it to the Board. It was moved by Matis, supported by Middleton to adopt the resolution to accept and file the Final Order of Determination.

ADOPTED: Yeas - 3
Nays - 0

A resolution to appoint Dickinson Wright PLLC as bond counsel was presented. It was moved by Middleton, supported by Matis, to appoint Dickinson Wright PLLC as bond counsel.

ADOPTED: Yeas - 3
Nays - 0

A resolution to appoint Hubbell Roth & Clark, Inc. as engineers was presented. J. Bryan Williams indicated that the appointment was being offered at the request of the Charter Township of Bloomfield. (See attached letter from Wayne Domine, P.E. Director, Engineering & Environmental Services Department, Bloomfield Township.) After discussion, it was moved by Middleton, supported by Matis, to appoint Hubbell Roth & Clark, Inc. as engineers.

ADOPTED: Yeas - 3
Nays - 0

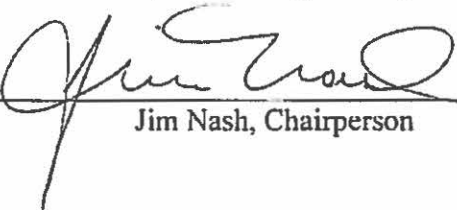
A resolution Declaring Official Intent to Reimburse Project Expenditures with Bond Proceeds was presented. After discussion, it was moved by Middleton, supported by Matis, to adopt the resolution as presented.

ADOPTED: Yeas - 3
Nays - 0

It was moved by Nash, supported by Middleton, to certify attendance and authorize pro-rata payment of \$25.00 per day to Mr. Middleton and Mr. Matis.

ADOPTED: Yeas - 3
Nays - 0

There being no further business, the meeting was adjourned.

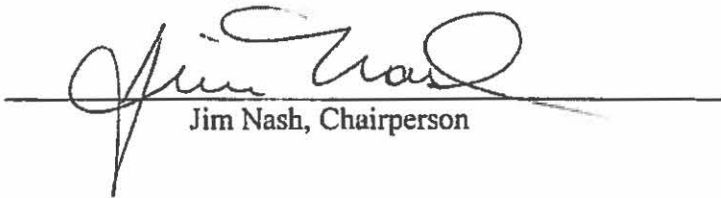


Jim Nash, Chairperson

STATE OF MICHIGAN)
) SS.
COUNTY OF OAKLAND)

I, the undersigned, do hereby certify that the foregoing is a true and complete copy of the minutes of the Dan Devine Drain Drainage District, Oakland County, Michigan, held on the 16th day of July, 2013 and that the said minutes are on file in the office of the Oakland County Water Resources Commissioner and are available to the public.

I further certify that notice of the meeting was posted at least 18 hours in advance of the meeting at the office of the Oakland County Water Resources Commissioner which is the principal office of the Dan Devine Drain Drainage District.



Jim Nash, Chairperson

July 23, 2013

**MINUTES OF THE MEETING OF THE DRAINAGE BOARD
FOR THE DAN DEVINE DRAIN**

February 28, 2017

A meeting of the Drainage Board for the Dan Devine Drain was held in the office of the Oakland County Water Resources Commissioner, Public Works Building, One Public Works Drive, Waterford, Michigan at 2:00 p.m. on the 28th day of February, 2017.

The meeting was called to order by the Chairperson.

PRESENT: Jim Nash, Oakland County Water Resources Commissioner

Michael Gingell, Chairperson of the Oakland County Board of Commissioners

Thomas F. Middleton, Chairperson of the Finance Committee,
Oakland County Board of Commissioners

Minutes of the meeting held January 24, 2017 were presented for consideration. It was moved by Middleton, supported by Gingell, that the minutes be approved.

ADOPTED: Yeas - 3
Nays - 0

Chairperson Nash asked if there were any public comments. There were none.

A resolution to direct the Chairperson to prepare a special assessment roll (as attached) in the amount of \$1,975,000 was presented. It was moved by Middleton, supported by Gingell, to authorize the Chairperson to prepare a special assessment roll in the amount of \$1,975,000.

ADOPTED: Yeas - 3
Nays - 0

The Chairperson presented to the Drainage Board Special Assessment Roll No. 1 for the Dan Devine Drain, which special assessment roll contains a statement signed by the Chairperson and the other members of the Drainage Board to the effect that it was prepared in accordance with the directions of the Drainage Board and the statutory provisions applicable thereto.

A resolution to approve the special assessment roll in the amount of \$1,975,000 (as attached) was presented. It was moved by Gingell, supported by Middleton, to approve the special assessment roll in the amount of \$1,975,000 as presented.

ADOPTED: Yeas - 3
Nays - 0

A resolution to authorize the issuance of Drain Bonds (as attached) was presented. It was moved by Middleton, supported by Gingell, to authorize the issuance of Drain Bonds.

ADOPTED: Yeas - 3
Nays - 0

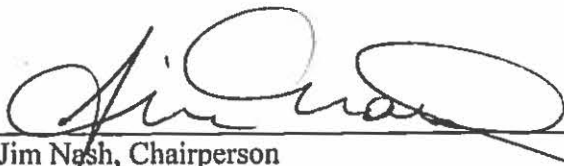
A Memorandum from Mike Walsh, P.E, dated February 28, 2017 (as attached) recommending the Board hire FK Engineering Associates for Geotechnical Instrumentation Monitoring services in accordance with the attached proposal dated January 10, 2017 for an amount not to exceed \$30,000 was presented. It was moved by Gingell, supported by Middleton, to hire FK Engineering Associates for Geotechnical Instrumentation Monitoring services for an amount not to exceed \$30,000.

ADOPTED: Yeas - 3
Nays - 0

It was moved by Nash, supported by Gingell to certify attendance and authorize pro rata payment of \$25 per day to Mr. Gingell and Mr. Middleton.

ADOPTED: Yeas - 3
Nays - 0

There being no further business, the meeting was adjourned.



Jim Nash, Chairperson

RESOLUTION DIRECTING CHAIRPERSON TO
PREPARE SPECIAL ASSESSMENT ROLL

WHEREAS, pursuant to a petition filed with the Oakland County Drain Commissioner, proceedings have been taken under the provisions of Chapter 20 of Act No. 40, Public Acts of Michigan, 1956, as amended, for the acquisition and construction of the Dan Devine Drain in the County of Oakland, State of Michigan at an estimated cost of \$1,975,000 and that amount has been assessed against the Charter Township of Bloomfield, the County of Oakland and the State of Michigan (the "Public Corporations") in accordance with the Final Order of Apportionment that has been filed in the office of the Chairperson of the Drainage Board.

THEREFORE, BE IT RESOLVED BY THE DRAINAGE BOARD FOR THE DAN DEVINE DRAIN, as follows:

1. The Chairperson is directed to prepare a special assessment roll assessing the sum of \$1,975,000 against the Public Corporations to defray the cost of the Dan Devine Drain.
2. The amount assessed against the Public Corporations shall be divided into annual installments by the Chairperson on behalf of the Drainage Board in the special assessment roll and the aggregate annual installments shall equal the annual principal maturities of the bonds issued by the Drainage District.
3. The special assessment roll shall be prepared in accordance with the provisions of Chapter 20 of Act No. 40, Public Acts of Michigan, 1956, as amended, and when the special assessment roll shall have been prepared it shall be presented to the Drainage Board for approval.

SPECIAL ASSESSMENT ROLL NO. 1 FOR THE
DAN DEVINE DRAIN PROJECT
(An Intra-County Drain in Oakland County, Michigan)

TOTAL ESTIMATED COST: \$1,976,000

TOTAL AMOUNT ASSESSED: \$1,976,000

AMOUNT ASSESSED IN INSTALLMENTS: \$1,748,448

AMOUNT TO BE PREPAID: \$226,552

<u>Public Corporations</u>	<u>Percentages</u>	<u>Amount Assessed to be Prepaid</u>	<u>Amount Assessed to be Collected in Installments</u>
Charter Township of Bloomfield	73.293%	\$ -	\$ 1,447,537
County of Oakland	15.236%	\$ -	\$ 300,911
State of Michigan	11.471%	\$ 226,552	\$ -

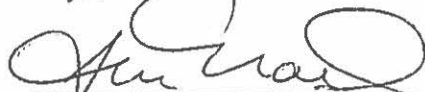
NUMBER OF ANNUAL INSTALLMENTS: 10, due March 1 of each year,
beginning 2018

INTEREST: Interest on unpaid installments to begin
on April 1, 2017, and to accrue at
a rate not to exceed an amount sufficient
to pay the interest on the bonds. Interest
is payable on September 1, 2017, and
thereafter on March 1 of each year.

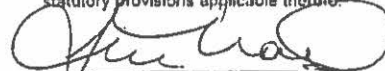
INSTALLMENTS

<u>Installment Due March 1</u>	<u>Charter Township of Bloomfield</u>	<u>County of Oakland</u>	<u>Total</u>
2018	\$ 127,036.50	\$ 26,411.50	\$ 153,448.00
2019	128,324.50	26,875.50	155,000.00
2020	132,464.00	27,536.00	160,000.00
2021	136,803.50	28,396.50	165,000.00
2022	140,743.00	29,257.00	170,000.00
2023	144,882.50	30,117.50	175,000.00
2024	153,181.50	31,838.50	185,000.00
2025	157,301.00	32,699.00	190,000.00
2026	161,440.50	33,559.50	195,000.00
2027	165,580.00	34,420.00	200,000.00
	<u>\$ 1,447,537.00</u>	<u>\$ 300,911.00</u>	<u>\$ 1,748,448.00</u>

The foregoing roll was approved by
the Drainage Board for the Dan Devine Drain
on 2/28/2017


Chairperson, Drainage Board

We hereby certify that the foregoing special
assessment roll was prepared in accordance
with the directions of the Drainage Board for
the Dan Devine Drain and the
statutory provisions applicable thereto.


Chairperson, Drainage Board

Member


Member

RESOLUTION APPROVING SPECIAL ASSESSMENT ROLL

WHEREAS, the Chairperson presented to the Drainage Board Special Assessment Roll No. 1 for the Dan Devine Drain, which special assessment roll contains a statement signed by the Chairperson and at least one other member of the Drainage Board to the effect that it was prepared in accordance with the directions of the Drainage Board and the statutory provisions applicable thereto.

THEREFORE, BE IT RESOLVED BY THE DRAINAGE BOARD FOR THE DAN DEVINE DRAIN, as follows:

1. Special Assessment Roll No. 1 for the Dan Devine Drain, upon which special assessment roll is spread assessments against the Charter Township of Bloomfield, the County of Oakland and the State of Michigan in the principal sum of \$1,975,000, is approved and ordered filed with the Chairperson.

2. The Chairperson shall execute the statement affixed to the roll setting forth the date of such approval.

3. The annual installments of the assessments against the Charter Township of Bloomfield and the County of Oakland, as set forth in the roll, shall become due each year on the date indicated in the roll, and the amount of the assessments from time to time unpaid shall bear interest, from the date set forth in the roll until paid, which is sufficient to pay the interest on the bonds to be issued by the Drainage District which interest shall be payable as set forth in the roll. The assessment in the amount of \$226,552 against the State of Michigan shall be prepaid on or before April 1, 2017.

4. Each of the Charter Township of Bloomfield and the County of Oakland may pay in advance of maturity all or any part of an annual installment by surrendering to the Drainage District bonds issued in anticipation of the special assessments of a like principal amount maturing in the same calendar year as the installment. All bonds so surrendered shall be cancelled.

5. The Chairperson of the Drainage Board, within 10 days of the date hereof, shall certify to each public corporation the amount of the total assessment against it, the amounts of the various installments, the due date of each installment and the interest upon the assessment from time to time unpaid. Also, each year as provided by law, the Chairperson shall notify each public corporation of the amount of the installment and interest next becoming due.

BOND RESOLUTION
DRAIN BONDS, SERIES 2017

WHEREAS, pursuant to a petition filed with the Oakland County Water Resources Commissioner, proceedings have been taken under the provisions of Chapter 20 of Act No. 40, Public Acts of Michigan, 1956, as amended, for the acquisition and construction of the Dan Devine Drain in the County of Oakland, State of Michigan at an estimated cost of \$1,975,000 and \$1,975,000 has been assessed against the Charter Township of Bloomfield, the County of Oakland and the State of Michigan (the "Public Corporations") in accordance with the Final Order of Apportionment that has been filed in the office of the Chairperson of the Drainage Board of the Dan Devine Drain (the "Drainage Board"); and

WHEREAS, a special assessment roll designated "Special Assessment Roll No. 1 for the Dan Devine Drain" was approved by the Drainage Board on this date and upon which special assessment roll \$1,975,000 was assessed against the Public Corporations; and

WHEREAS, the Dan Devine Drain Drainage District (the "Drainage District") proposes to sell bonds to defray part of the cost of the acquisition and construction of the Dan Devine Drain,

THEREFORE, BE IT RESOLVED BY THE DRAINAGE BOARD FOR THE DAN DEVINE DRAIN, as follows:

1. AUTHORIZATION OF BONDS - PURPOSE. Bonds of the Drainage District aggregating the principal sum of not to exceed One Million Seven Hundred Forty-Five Thousand Dollars (\$1,745,000) (the "Bonds") shall be issued and sold in one or more series pursuant to the provisions of Act 40, Public Acts of Michigan, 1956, as amended, and other applicable statutory provisions, for the purpose of defraying part of the cost of acquiring and constructing the Dan Devine Drain.

2. BOND DETAILS. The Bonds shall be designated "Drain Bonds, Series 2017"; shall be dated as of such date as shall be approved by the Chairperson; shall be issued in such aggregate principal amount as determined by the Chairperson; shall be numbered from 1 upwards; shall be fully registered; shall be in the denomination of \$5,000 each or any integral multiple thereof not exceeding the aggregate principal amount for each maturity at the option of the purchaser thereof; shall bear interest at a rate or rates not exceeding 6% per annum, to be determined upon the sale thereof payable on such dates as shall be determined by the Chairperson; and shall be serial bonds and/or term bonds and mature not later than April 1, 2027, on such dates and in such years as shall be determined by the Chairperson. If requested by the original purchaser of the Bonds and determined by the Chairperson, the Bonds may be issued in the form of a single bond with an exhibit containing the principal maturity amounts and applicable interest rates and due dates.

3. PAYMENT OF PRINCIPAL AND INTEREST. The principal of and interest on the Bonds shall be payable in lawful money of the United States. Principal shall be payable upon presentation and surrender of the Bonds to the bond registrar and paying agent as they severally

mature; provided, however, that the Chairperson may determine that such presentation and surrender of the Bonds is not required for payment. Interest shall be paid to the Registered Owner of each Bond as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which the interest payment is due. Interest shall be paid when due by check or draft drawn upon and mailed by the bond registrar and paying agent to the registered owner at the registered address or by such other means as determined by the Chairperson.

4. BOOK-ENTRY SYSTEM. Initially, if requested by the original purchaser of the Bonds and determined by the Chairperson, one fully-registered bond for each maturity, in the aggregate amount of such maturity, shall be issued in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC") for the benefit of other parties (the "Participants") in the book-entry-only transfer system of DTC. In the event the Drainage Board determines that it is in the best interest of the Drainage District not to continue the book-entry system of transfer or that the interests of the holders of the Bonds might be adversely affected if the book-entry system of transfer is continued, the Drainage Board may notify DTC and the bond registrar and paying agent, whereupon DTC will notify the Participants of the availability through DTC of bond certificates. In such event, the bond registrar and paying agent shall deliver, transfer and exchange bond certificates as requested by DTC and any Participant or "beneficial owner" in appropriate amounts in accordance with this Resolution. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the Drainage District and the bond registrar and paying agent and discharging its responsibilities with respect thereto under applicable law or the Drainage District may determine that DTC is incapable of discharging its duties and may so advise DTC. In either such event, the Drainage District shall use reasonable efforts to locate another securities depository. Under such circumstances (if there is no successor securities depository), the Drainage District and the bond registrar and paying agent shall be obligated to deliver bond certificates in accordance with the procedures established by this Resolution. In the event bond certificates are issued, the provisions of this Resolution shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the Drainage District and the bond registrar and paying agent to do so, the Drainage District and the bond registrar and paying agent shall cooperate with DTC in taking appropriate action after reasonable notice to make available one or more separate certificates evidencing the Bonds to any Participant having Bonds certified to its DTC account or to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

Notwithstanding any other provision of this Resolution to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of, interest on and redemption premium, if any, on such Bonds and all notices with respect to the Bonds shall be made and given, respectively, to DTC as provided in the Blanket Issuer Letter of Representations relating to the Bonds. The Chairperson of the Drainage Board and the County Treasurer are each authorized to sign the Blanket Issuer Letter of Representations on behalf of the Drainage District, in such form as such officer deems necessary or appropriate, in order to accomplish the issuance of the Bonds in accordance with law and this Resolution.

Notwithstanding any other provision of this section to the contrary, if the Chairperson deems it to be in the best interest of the Drainage District, the Bonds shall not initially be issued through the book-entry-only transfer system of DTC.

5. PRIOR REDEMPTION. The Bonds may be subject to redemption upon such terms and conditions, or may not be subject to redemption, as shall be determined by the Chairperson.

6. BOND REGISTRAR AND PAYING AGENT. The County Treasurer (the Treasurer of the Drainage District) shall designate, and may enter into an agreement with, a bond registrar and paying agent for the Bonds that shall be a bank or trust company located in the State of Michigan that is qualified to act in such capacity under the laws of the United States of America or the State of Michigan. The Treasurer from time to time as required may designate a similarly qualified successor bond registrar and paying agent. Notwithstanding any provision of this section to the contrary, if the County Treasurer deems it to be in the best interest of the County, the County Treasurer shall serve as bond registrar and paying agent for the Bonds.

7. EXECUTION, AUTHENTICATION AND DELIVERY OF BONDS. The Bonds shall be executed in the name of the Drainage District by the facsimile signatures of the Chairperson and at least one other member of the Drainage Board and authenticated by the manual signature of the bond registrar and paying agent or an authorized representative of the bond registrar and paying agent. After the Bonds have been executed and authenticated for delivery to the original purchaser thereof, they shall be delivered by the Treasurer to the purchaser upon receipt of the purchase price. Additional Bonds bearing the facsimile signatures of the Chairperson and at least one other member of the Drainage Board may be delivered to the bond registrar and paying agent for authentication and delivery in connection with the exchange or transfer of Bonds. The bond registrar and paying agent shall indicate on each Bond the date of its authentication.

8. EXCHANGE AND TRANSFER OF BONDS. Any Bond, upon surrender thereof to the bond registrar and paying agent with a written instrument of transfer satisfactory to the bond registrar and paying agent duly executed by the registered owner or his duly authorized attorney, at the option of the registered owner thereof, may be exchanged for Bonds of any other authorized denominations of the same aggregate principal amount and maturity date and bearing the same rate of interest as the surrendered Bond.

Each Bond shall be transferable only upon the books of the Drainage District, which shall be kept for that purpose by the bond registrar and paying agent, upon surrender of such Bond together with a written instrument of transfer satisfactory to the bond registrar and paying agent duly executed by the registered owner or his duly authorized attorney.

Upon the exchange or transfer of any Bond, the bond registrar and paying agent on behalf of the Drainage District shall cancel the surrendered bond and shall authenticate and deliver to the transferee a new Bond or Bonds of any authorized denomination of the same aggregate principal amount and maturity date and bearing the same rate of interest as the surrendered Bond. If, at the time the bond registrar and paying agent authenticates and delivers a new Bond pursuant to this section, payment of interest on the Bonds is in default, the bond registrar and paying agent shall endorse upon the new Bond the following: "Payment of interest on this Bond is in default. The last date to which interest has been paid is _____, _____."

The Drainage District and the bond registrar and paying agent may deem and treat the person in whose name any Bond shall be registered upon the books of the Drainage District as the absolute owner of such bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of the principal of and interest on such Bond and for all other purposes, and all payments made to any such registered owner, or upon his order, in accordance with the provisions of Section 3 of this Resolution shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Drainage District nor the bond registrar and paying agent shall be affected by any notice to the contrary. The Drainage District agrees to indemnify and save the bond registrar and paying agent harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence hereunder, in so treating such registered owner.

For every exchange or transfer of Bonds, the Drainage District or the bond registrar and paying agent may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

9. FORM OF BONDS. The Bonds shall be in substantially the following form with such changes thereto as approved by the Chairperson:

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF OAKLAND
DAN DEVINE DRAIN DRAINAGE DISTRICT
DRAIN BOND, SERIES 2017

INTEREST RATE MATURITY DATE DATE OF ORIGINAL ISSUE CUSIP

Registered Owner:

Principal Amount:

The Dan Devine Drain Drainage District (the "Drainage District"), County of Oakland, State of Michigan, acknowledges itself indebted to and for value received hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, upon presentation and surrender of this bond at the corporate trust office of _____, _____ Michigan, the bond registrar and paying agent, or at such successor bond registrar and paying agent as may be designated pursuant to the Resolution (as hereinafter defined), and to pay to the Registered Owner, as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which an interest payment is due, by check or draft drawn upon and mailed by the bond registrar and paying agent by first class mail postage prepaid to the Registered Owner at the registered address, interest on such Principal Amount until the Drainage District's obligation with respect to the payment of such Principal Amount is discharged, at the rate per annum specified above. Interest is payable on the first day of _____ and _____ in each year, commencing on _____, 201_. Principal and interest are payable in lawful money of the United States of America. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

This bond is one of a series of bonds aggregating the principal sum of _____ Dollars (\$ _____) issued by the Drainage District under and pursuant to and in full conformity with the Constitution and Statutes of Michigan (especially Act No. 40, Public Acts of 1956, as amended), a bond authorizing resolution adopted by the Drainage Board for the Drainage District (the "Resolution") and an order of the Chairperson of the Drainage Board for the purpose of defraying part of the cost of acquiring and constructing the Dan Devine Drain. The bonds of this series are issued in anticipation of, and the principal and interest on the bonds are payable from, special assessments assessed against the Charter Township of Bloomfield (the "Township") and the County of Oakland (the "County"), on Special Assessment Roll No. 1 for the Dan Devine Drain (an intra-county drain), which assessments are the general obligations of said public corporations. The full faith and credit of

the Township and the County have been pledged for the making of such payments. The full faith and credit of the Drainage District have been pledged for the prompt payment of the principal of and interest on this bond as the same become due and, in addition, the full faith and credit of the County have been pledged therefore. Taxes imposed by the Township for the payment of special assessments are subject to constitutional, statutory and charter tax rate limitations. Taxes imposed by the County for payment of special assessments and the bonds are subject to constitutional and statutory tax rate limitations.

This bond is transferable, as provided in the Resolution, only upon the books of the Drainage District kept for that purpose by the bond registrar and paying agent, upon the surrender of this bond together with a written instrument of transfer satisfactory to the bond registrar and paying agent duly executed by the Registered Owner or his attorney duly authorized in writing. Upon the exchange or transfer of this bond a new bond or bonds of any authorized denomination, in the same aggregate principal amount and of the same interest rate and maturity, shall be authenticated and delivered to the transferee in exchange therefore as provided in the Resolution, and upon payment of the charges, if any, therein provided. Bonds so authenticated and delivered shall be in the denomination of \$5,000 or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.

The bond registrar and paying agent shall not be required to transfer or exchange bonds or portions of bonds that have been selected for redemption.

MANDATORY PRIOR REDEMPTION

Bonds maturing in the year ____ are subject to mandatory prior redemption at par and accrued interest as follows:

Redemption Date	Principal Amount of Bonds to be Redeemed
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Bonds or portions of bonds to be redeemed by mandatory redemption shall be selected by lot.

(REPEAT IF MORE THAN ONE TERM BOND)

OPTIONAL PRIOR REDEMPTION

Bonds maturing prior to _____ 1, 20__, are not subject to redemption prior to maturity. Bonds maturing on and after _____ 1, 20__, are subject to redemption prior to maturity at the option of the County, in such order as shall be determined by the County, on any date on and after _____ 1, 20__. Bonds of a denomination greater than \$5,000 may be partially redeemed in the amount of \$5,000 or any integral multiple thereof. If less than all of the bonds maturing in any year are to be redeemed, the bonds or portions of bonds to be redeemed

shall be selected by lot. The redemption price shall be the par value of the bond or portion of the bond called to be redeemed plus interest to the date fixed for redemption and a premium as follows:

___% of the par value of each bond called for redemption on or after _____ 1, 20___,
but prior to _____ 1, 20___;

___% of the par value of each bond called for redemption on or after _____ 1, 20___,
but prior to _____ 1, 20___;

No premium if called for redemption on or after _____ 1, 20___.

Not less than thirty nor more than sixty days' notice of redemption shall be given to the registered owners of bonds called to be redeemed by mail to each registered owner at the registered address. Bonds or portions of bonds called for redemption shall not bear interest on and after the date fixed for redemption, provided funds are on hand with the bond registrar and paying agent to redeem the same.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of the bonds of this series, existed, have happened and have been performed in due time, form and manner as required by law, and that the total indebtedness of said Drainage District, including the series of bonds of which this bond is one, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Dan Devine Drain Drainage District, County of Oakland, State of Michigan, by its Drainage Board, has caused this bond to be executed in its name by the manual or facsimile signatures of the Chairperson and at least one other member of the Drainage Board. This bond shall not be valid unless the Certificate of Authentication has been manually executed by the bond registrar and paying agent or an authorized representative of the bond registrar and paying agent.

DAN DEVINE DRAIN DRAINAGE DISTRICT

By: _____

Chairperson of the Drainage Board

And: _____

Member of the Drainage Board

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within mentioned Resolution.

Bond Registrar and Paying Agent

By: _____
Authorized Representative

AUTHENTICATION DATE:

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____
(please print or type name, address and taxpayer identification number of transferee) the within
bond and all rights thereunder and hereby irrevocably constitutes and appoints

attorney to transfer the within bond on the books kept for registration thereof, with full power of
substitution in the premises.

Dated: _____

Signature Guaranteed: _____

Signature(s) must be guaranteed by an eligible guarantor institution participating in a
Securities Transfer Association recognized signature guarantee program.

END OF BOND FORM

10. SECURITY. The Bonds shall be issued in anticipation of the collection of special assessments against the Charter Township of Bloomfield and the County of Oakland on Special Assessment Roll No. 1 for the Dan Devine Drain. The full faith and credit of the Drainage District are pledged hereby for the prompt payment of the principal of and interest on the Bonds as the same shall become due. The full faith and credit of the County of Oakland will be pledged for the prompt payment of the principal of and interest on the Bonds if a resolution to that effect is approved by two-thirds of the members of the Board of Commissioners of the County of Oakland.

11. DEFEASANCE. In the event cash or direct obligations of the United States or obligations the principal of and interest on which are guaranteed by the United States, or a combination thereof, the principal of and interest on which, without reinvestment, come due at times and in amounts sufficient to pay, at maturity or irrevocable call for earlier optional redemption, the principal of, premium if any, and interest on the Bonds or any portion of the Bonds, shall have been deposited in trust, this Resolution shall be defeased with respect to such Bonds and the owners of the Bonds shall have no further rights under this Resolution except to receive payment of the principal of, premium if any, and interest on the bonds from the cash or securities deposited in trust and the interest and gains thereon and to transfer and exchange bonds as provided herein.

12. PRINCIPAL AND INTEREST FUND; CAPITALIZED INTEREST. There has been established for the Bonds a Principal and Interest Fund which shall be kept in a separate bank account. From the proceeds of the sale of the Bonds there shall be set aside in the Principal and Interest Fund (i) any accrued interest received from the purchaser of the Bonds at the time of delivery of the same, (ii) such premium, if any, received from the purchaser of the Bonds at the time of delivery of the same in such amount as determined by the Chairperson, and (iii) such amount, if any, determined by the Chairperson to pay interest on the Bonds on such date or dates determined by the Chairperson, which interest is hereby capitalized. All \$226,552 of the assessment against the State of Michigan, the first \$2,854.50 of the assessment against the Charter Township of Bloomfield and the first \$593.50 of the assessment against the County of Oakland on Special Assessment Roll No. 1 for the Dan Devine Drain shall be placed in the Construction Fund described in Section 13 hereof. All other collections (including both principal and interest) on Special Assessment Roll No. 1 for the Dan Devine Drain shall be placed in the Principal and Interest Fund and shall be used solely to pay the principal of and interest on the Bonds authorized herein and additional bonds issued in anticipation of such payments.

13. CONSTRUCTION FUND. The remainder of the proceeds of the sale of the Bonds shall be set aside in a Construction Fund and used to pay the expenses of the issuance of the Bonds and to acquire and construct the Dan Devine Drain.

14. ESTIMATES OF PERIOD OF USEFULNESS AND COST. The estimated period of usefulness of the Dan Devine Drain for which the Bonds are to be issued is determined to be twenty-five (25) years and upwards, and the estimated cost thereof in the amount of \$1,975,000 is approved and adopted.

15. APPROVAL OF DEPARTMENT OF TREASURY. The issuance and sale of the Bonds may be subject to permission being granted therefore by the Michigan Department of Treasury of the State of Michigan under Act 34, Public Acts of Michigan, 2001, as amended, and the Chairperson hereby is authorized and directed, if necessary, to make application to the Michigan Department of Treasury for permission to issue and sell the Bonds as provided by the terms of this Resolution and to do all things in connection therewith.

16. SALE, ISSUANCE, DELIVERY, TRANSFER AND EXCHANGE OF BONDS. Municipal Financial Consultants Incorporated of Detroit, Michigan is hereby appointed by the Drainage Board as financial consultant to the Drainage District for the sale and issuance of the Bonds. The Drainage Board hereby authorizes the Chairperson to determine the final principal amount of the Bonds to be sold and to determine the other bond details as described in Section 2 hereof and the terms and conditions for prior redemption, if any, as described in Section 5 hereof. In addition, in order to save the cost of publication of an official notice of sale and to provide the Drainage District with maximum flexibility in the timing and sale of the Bonds, the Drainage Board hereby determines that it will sell the Bonds at a negotiated sale after solicitation of proposals from prospective purchasers by its financial consultant. The Drainage District's financial consultant is authorized to solicit proposals from at least twenty-five prospective purchasers and to circulate a Request for Proposal at least seven days prior to the date fixed for receipt of proposals for the purchase of the Bonds. The Request for Proposal shall be in substantially the form approved by the Chairperson at the time of sale with such changes therein as are not inconsistent with this Resolution. The financial consultant is hereby designated to act for and on behalf of the Drainage District to receive proposals for the purchase of the Bonds and to take all other steps necessary in connection with the sale and delivery thereof. The Chairperson is hereby authorized to determine the low proposer on the Bonds and to award the Bonds to such low proposer. The Chairperson is hereby authorized to do all other things necessary to effectuate the sale, issuance, delivery, transfer and exchange of the Bonds in accordance with the provisions of this Resolution. If determined to be in the best interest of the Drainage District by the Chairperson, the Drainage District shall utilize the services of a placement agent to be selected by the Chairperson in connection with the sale of the Bonds. In such case, the Chairperson is authorized to enter into an agreement with the placement agent and take such other action as the Chairperson deems necessary or desirable.

17. REPLACEMENT OF BONDS. Upon receipt by the Chairperson or Treasurer of the Drainage District of proof of ownership of an unmatured Bond, of satisfactory evidence that the Bond has been lost, apparently destroyed or wrongfully taken and of security or indemnity which complies with applicable law and is satisfactory to the Chairperson or Treasurer, the Chairperson or Treasurer may authorize the bond registrar and paying agent to deliver a new executed Bond to replace the Bond lost, apparently destroyed or wrongfully taken in compliance with applicable law. In the event an outstanding matured Bond is lost, apparently destroyed or wrongfully taken, the Chairperson or Treasurer may authorize the bond registrar and paying agent to pay the Bond without presentation upon the receipt of the same documentation required for the delivery of a replacement Bond. The bond registrar and paying agent for each new Bond delivered or paid without presentation as provided above shall require the payment of expenses, including counsel fees, that may be incurred by the bond registrar and paying agent and the Drainage District in the premises. Any Bond delivered pursuant the provisions of this Section 17 in lieu of any Bond

lost, apparently destroyed or wrongfully taken shall be of the same form and tenor and be secured in the same manner as the Bond in substitution for which such Bond was delivered.

18. TAX COVENANT. The Drainage District covenants to comply with all requirements of the Code necessary to assure that the interest on the Bonds will be and will remain excludable from gross income for federal income tax purposes. The Chairperson, the County Treasurer and other appropriate County officials are authorized to do all things necessary to assure compliance with any such covenants.

19. OFFICIAL STATEMENT. The Drainage District shall cause the preparation of an official statement for the Bonds for the purpose of enabling compliance with Rule 15c2-12 issued under the Securities Exchange Act of 1934, as amended (the "Rule") and shall do all other things necessary to enable compliance with the Rule. After the award of the Bonds, the Drainage District will provide copies of a "final official statement" (as defined in paragraph (e)(3) of the Rule) on a timely basis and in reasonable quantity as requested by the successful bidder or bidders to enable such bidder or bidders to comply with paragraphs (b)(3) and (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board.

20. CONTINUING DISCLOSURE. The Chairperson is hereby authorized, if necessary, to execute and deliver in the name and on behalf of the Drainage District (i) a certificate of the Drainage District to comply with the requirements for a continuing disclosure undertaking of the Drainage District pursuant to subsection (b)(5) of the Rule and (ii) amendments to such certificate from time to time in accordance with the terms of such certificate (the certificate and any amendments thereto are collectively referred to herein as the "Continuing Disclosure Certificate"). The Drainage District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. The remedies for any failure of the Drainage District to comply with and carry out the provisions of the Continuing Disclosure Certificate shall be as set forth therein.

21. SUPPLEMENTAL ORDER. If the Bonds are issued in aggregate principal amount less than \$1,745,000, the Chairperson shall enter a supplemental order amending the special assessments and annual installments of the special assessments against the Charter Township of Bloomfield and the County of Oakland due on Special Assessment Roll No. 1 for the Dan Devine Drain to correspond to the principal due on the Bonds.

22. CONFLICTING RESOLUTIONS. All resolutions and parts of resolutions insofar as they may be in conflict herewith are hereby rescinded.

**OAKLAND COUNTY
WATER RESOURCES COMMISSIONER****MEMORANDUM**

TO: Jim Nash, Chairman
Drainage Board for the Dan Devine Drain Drainage District

FROM: Mike Walsh, P.E., Civil Engineer III (M.W.)

SUBJECT: Dan Devine Drain
Geotechnical Instrumentation (Vibration) Monitoring Consultant

DATE: February 28, 2017

Construction of the Dan Devine Drain is expected to begin at the end of April 2017. Heavy equipment such as backhoes, front-end loaders, and dump trucks will be used to construct the drain. The homes located at 831 Great Oaks Drive and 847 Great Oaks Drive are located close to the work area and within 10 to 15 feet of the drain. Because of their close proximity to the work area, a certain amount of risk exists that vibration of the ground caused by work in the area could adversely affect these homes.

In order to mitigate this risk, we are recommending that interior and exterior inspections of the homes be conducted to document the condition of the homes before and after construction and that geotechnical instrumentation (vibration) monitoring be conducted near these homes during construction. Note that a provision in the easement for vibration monitoring and a home inspection was needed in order to obtain the easement from the property owners at 847 Great Oaks Drive.

We are recommending that the home inspections, vibration monitoring, and other services including reporting be provided by FK Engineering Associates (FKE) in accordance with their attached proposal dated January 10, 2017 for a not-to-exceed amount of \$30,000. FKE has an existing blanket contract (No. 4863) with the County and has worked with this office on other projects including the 37055 Howard Road Sanitary Sewer Relocation project and the Oakland Macomb Interceptor.

If approved, vibration monitoring and other data will be reviewed daily by FKE. Should the vibration exceed safe levels, the contractor will be notified to temporarily halt construction until adjustments can be made or alternate methods of construction determined.

Requested Action: Please authorize the WRC to employ FK Engineering Associates for Geotechnical Instrumentation Monitoring Services for the Dan Devine Drain in accordance with the attached proposal and Oakland County Purchasing Contract No. 4863 for a not-to-exceed amount of \$30,000.

FK Engineering Associates

Excellence in Infrastructure and Underground Engineering



30425 Stephenson Highway
Madison Heights, MI 48071
Phone: 248-817-2946

Mr. Mike Walsh, P.E.
Oakland County WRC
One Public Works Drive, Bldg. 95 West
Waterford, MI 48328

January 10, 2017

RE: Proposal on the Dan Devine Drain
Geotechnical Instrumentation Monitoring Services
Bloomfield Township, Michigan

Dear Mr. Walsh,

In response to your November 17 request, FK Engineering (FKE) is pleased to present this proposal to perform geotechnical instrumentation monitoring services during construction efforts for the proposed improvements to the Dan Devine Drain located in Bloomfield Township, Michigan. Details regarding our proposal are presented as follows, including background information, our scope of services, and associated professional fees.

Project Background

Per our recent correspondence, FK Engineering (FKE) understands that the Office of the Oakland County Water Resources Commissioner (OCWRC) is planning improvements to the Dan Devine Drain in April, 2017. A portion of the drain improvement work will be performed adjacent to two residential homes (831 and 847 Great Oaks Drive).

Based on a drawing provided by OCWRC (HRC Drawing 05, Plan & Profile to Sta. 17+00 dated March 2014), the construction adjacent to the residence will be comprised of bank cut (excavation) operations increasing the cross-sectional area of the existing drain. Based on the drawing, it appears the both residential homes are within 10 to 15 feet from the proposed drain improvement extents.

To address concerns about potential impacts to the noted residential homes as a result of the proposed construction activities, OCWRC is seeking a proposal from FKE to provide pre and post condition survey services and geotechnical instrumentation monitoring during construction activities through this area.

Scope of Services

The following scope of work is proposed to perform the pre and post-condition survey services and geotechnical instrumentation monitoring during construction activities in the area identified in the Project Background. We have separated these services into Phases to clearly present our proposed approach.

Phase I – Pre-Construction Condition Survey

- We will perform a pre-condition survey of the two residential homes located at 831 and 847 Great Oaks Drive. This work should occur at least two weeks before construction starts in this area. The survey will include:
 - Physical observation and documentation of the exterior of the homes, noted existing defects (cracks, damage, etc.)
 - Through coordination with OCWRC, complete condition survey within the two homes, with a concentration on those rooms closest to the proposed construction area.
 - Take photographs of observed conditions.
 - Video Record the areas observed.
 - Document our findings in Summary Report. Copies of all reports, videos, etc. shall be provided to HRC, WRC, and homeowners.

Phase II – Install Geotechnical Monitoring Devices

- Based on the observations made during Phase I, we will develop a geotechnical monitoring program. The program is envisioned to consist of the following:
 - Installation of crack gauges on existing exterior masonry and/or foundation cracks at the homes. This may include crack gauges on the homes' exterior where applicable. We have assumed up to 8 crack gauges will be installed.
 - Installation and base-lining of two geo-phones to monitor vibrations throughout the construction period. We have assumed one geophone on each side (east and west) of the proposed construction area. We intend to use a Minimate Plus (or equivalent) to monitor vibration. This device includes a Geophone and overpressure microphone.
 - Development of an Instrumentation Action Level protocol for OCWRC review and approval, prior to construction activities starting in the area. This protocol will be developed to provide "alert" levels based on construction caused vibrations. Action levels will be established to provide warning that construction activities are exceeding expected vibrations levels, allowing the construction activities to be adjusted as necessary to reduce vibrations.
- Perform geotechnical monitoring services for duration of 15 construction days (expected construction schedule is 6/27/2017 to 7/14/2017). We intend to visit the site each day to observe conditions around the two homes, monitor installed cracks gauges, and download vibration monitoring data. We estimate up to 4 hours site time per visit during this period and will document our observations in Daily Field Reports.

January 10, 2017

- We will prepare and distribute two weekly geotechnical instrumentation monitoring reports during this period to summarize our findings and document appropriate Action Level activities.

Phase III – Post-Construction Condition Survey

- We will repeat the services outlined in Phase I and compare post-construction conditions to prepare a record for OCWRC use.
- We will prepare a Final Report that will summarize the work completed, instrumentation installed, monitoring performed and final findings and observations.

Professional Fees

For the pre- and post-construction surveys and the instrument installation and monitoring activities and reporting as discussed herein, our **Cost Plus estimate is \$30,000**. These costs are broken down per Phase as follows:

Phase I –	\$5,000
Phase II –	\$17,000
Phase III –	\$8,000 (includes Final Report)

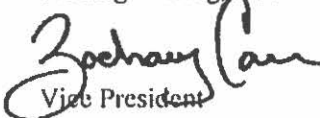
All work under this proposal and any additional required services will be performed in accordance with the rate schedule in our rates as established by our existing OCWRC Contract No. 004863.

Terms and conditions for performance of our services will be in accordance with Oakland County Purchasing Contract No. 004863.

We appreciate this opportunity to submit this proposal for your consideration. We understand that the proposed scope of services as discussed in this proposal will be performed under our Contract with OCWRC's (Contract No. 004863).

Sincerely,

FK Engineering, Inc.


Vice President


President

ZFC/FJK

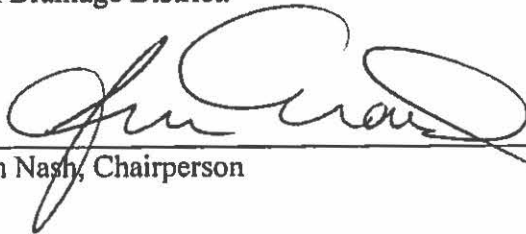
cc: Mr. Steve Korth – Contract No. 004863 Administrator

C:\Users\FKE HP\Desktop\Devine Drain Geotech Monitoring Proposal_FKE_1-10-2017.docx

STATE OF MICHIGAN)
)SS.
COUNTY OF OAKLAND)

I, the undersigned, do hereby certify that the foregoing is a true and complete copy of the minutes of the Dan Devine Drain, Oakland County, Michigan, held on the 28th day of February, 2017, and that the minutes are on file in the office of the Oakland County Water Resources Commissioner and are available to the public.

I further certify that the notice of the meeting was posted at least 18 hours in advance of the meeting at the office of the Oakland County Water Resources Commissioner which is the principal office of the Dan Devine Drain Drainage District.



Jim Nash, Chairperson

Dated: March 13, 2017

SPECIAL ASSESSMENT ROLL NO. 1 FOR THE
DAN DEVINE DRAIN PROJECT
(An Intra-County Drain in Oakland County, Michigan)

TOTAL ESTIMATED COST: \$1,975,000

TOTAL AMOUNT ASSESSED: \$1,975,000

AMOUNT ASSESSED IN INSTALLMENTS: \$1,748,448

AMOUNT TO BE PREPAID: \$226,552

<u>Public Corporations</u>	<u>Percentages</u>	<u>Amount Assessed to be Prepaid</u>	<u>Amount Assessed to be Collected in Installments</u>
Charter Township of Bloomfield	73.293%	\$ -	\$ 1,447,537
County of Oakland	15.236%	\$ -	\$ 300,911
State of Michigan	11.471%	\$ 226,552	\$ -

NUMBER OF ANNUAL INSTALLMENTS: 10, due March 1 of each year,
beginning 2018

INTEREST: Interest on unpaid installments to begin
on April 1, 2017, and to accrue at
a rate not to exceed an amount sufficient
to pay the interest on the bonds. Interest
is payable on September 1, 2017, and
thereafter on March 1 of each year.


INSTALLMENTS:

<u>Installment Due March 1</u>	<u>Charter Township of Bloomfield</u>	<u>County of Oakland</u>	<u>Total</u>
2018	\$ 127,036.50	\$ 26,411.50	\$ 153,448.00
2019	128,324.50	26,675.50	155,000.00
2020	132,464.00	27,536.00	160,000.00
2021	136,603.50	28,396.50	165,000.00
2022	140,743.00	29,257.00	170,000.00
2023	144,882.50	30,117.50	175,000.00
2024	153,181.50	31,838.50	185,000.00
2025	157,301.00	32,699.00	190,000.00
2026	161,440.50	33,559.50	195,000.00
2027	165,580.00	34,420.00	200,000.00
	<u>\$ 1,447,537.00</u>	<u>\$ 300,911.00</u>	<u>\$ 1,748,448.00</u>


The foregoing roll was approved by
the Drainage Board for the Dan Devine Drain
on 2/28/2017


Chairperson, Drainage Board

We hereby certify that the foregoing special
assessment roll was prepared in accordance
with the directions of the Drainage Board for
for the Dan Devine Drain and the
statutory provisions applicable thereto.


Chairperson, Drainage Board


Member


Member

MISCELLANEOUS RESOLUTION #17040

February 15, 2017

BY: Planning and Building Committee, Philip J. Weipert, Chairperson

IN RE: WATER RESOURCES COMMISSIONER – DAN DEVINE DRAIN DRAINAGE DISTRICT DRAIN BONDS - FULL FAITH AND CREDIT RESOLUTION

To the Oakland County Board of Commissioners

Chairperson, Ladies and Gentlemen

WHEREAS, pursuant to Chapter 20 of Act 40 of the Public Acts of 1956, as amended, MCL 280.461 et seq. (the "Drain Code"), and as a matter of public health, the Dan Devine Drain Drainage District was established and the cost of the construction, operation and maintenance of the Dan Devine Drain (the "Drain") was apportioned against the State of Michigan, the County of Oakland (the "County"), and the Charter Township of Bloomfield (the "Public Corporations"); and

WHEREAS, there exists a public health necessity to plan, design and construct the Drain; and

WHEREAS, it is proposed that the cost of the improvements with respect to the Drain be financed in whole or in part by the issuance of bonds; and

WHEREAS, the Drainage Board for the Dan Devine Drain Drainage District proposes that the Dan Devine Drain Drainage District issue its Drain Bonds, Series 2017 (the "Bonds") in the aggregate principal amount of not to exceed \$1,975,000 to defray all or part of the cost of the acquisition and construction of improvements to the Drain; and

WHEREAS, the Bonds will be dated as of such date, will bear interest at such rates not to exceed 6% per annum, will be in the aggregate principal amount, will mature in such years and principal amounts, and will be subject to redemption prior to maturity as shall be determined by the Drainage Board at the time of sale; and

WHEREAS the Drainage Board deems it advisable and necessary to obtain from this Board a resolution pledging the full faith and credit of the County for the payment of the principal of and interest on the Bonds; and

WHEREAS it is in the best interest of the County that the Bonds be sold in order to achieve debt service savings for the Public Corporations.

NOW THEREFORE BE IT RESOLVED:


1. Pursuant to the authorization provided in Section 474 of the Drain Code, the Board of Commissioners of the County hereby pledges irrevocably the full faith and credit of the County for the prompt payment of the principal of and interest on the Bonds and agrees that, in the event the Charter Township of Bloomfield, the County, or the State of Michigan shall fail or neglect to account to the County Treasurer for the amount of any special assessment installment and interest when due, the amount thereof shall be advanced immediately from County funds, and the County Treasurer is directed to make such advancement to the extent necessary.
2. In the event that, pursuant to the pledge of full faith and credit, the County advances out of County funds all or any part of an installment and interest, it shall be the duty of the County Treasurer, for and on behalf of the County, to take all actions and proceedings and pursue all remedies permitted or authorized by law for the reimbursement of such sums so paid.
3. The County Treasurer or the financial consultant, Municipal Financial Consultants Incorporated, is authorized, if necessary, to make application to the Department of Treasury for permission to issue and sell the Bonds.
4. The County Treasurer is authorized, if necessary, to approve the circulation of a preliminary and final official statement for the Bonds, to cause the preparation of those portions of the preliminary and final official statement that pertain to the County, and to do all other things necessary for compliance with Rule 15c2-12 issued under the Securities Exchange Act of 1934, as amended (the "Rule"). The County Treasurer is authorized to execute and deliver such certificates and to do all other things that are necessary to effectuate the sale and delivery of the Bonds.
5. The County Treasurer is authorized, if necessary, to execute and deliver in the name and on behalf of the County (i) a certificate of the County to comply with the requirements for a continuing disclosure undertaking of the County pursuant to subsection (b)(5) of the Rule and (ii) amendments to such certificate from time to time in accordance with the terms of such certificate (the certificate and any amendments thereto are collectively referred to herein as the "Continuing Disclosure Certificate"). The County hereby covenants and agrees that it will comply with and

PLANNING & BUILDING COMMITTEE VOTE:

Motion carried unanimously on a roll call vote.

carry out all of the provisions of the Continuing Disclosure Certificate. The remedies for any failure of the County to comply with and carry out the provisions of the Continuing Disclosure Certificate shall be as set forth therein.


Chairperson, on behalf of the Planning and Building Committee, I move adoption of the foregoing resolution.



Commissioner Philip Weipert, District #8
Chairperson, Planning & Building Committee

**OAKLAND COUNTY
WATER RESOURCES COMMISSIONER****MEMORANDUM**

TO: Philip J. Weipert, Chairperson, Planning and Building Committee

FROM:  Sidney Lockhart, P.E., Water Resources Commissioner Special Projects Manager

SUBJECT: Resolution Authorizing the County Pledge its Full Faith and Credit for Bonds Associated with the Dan Devine Drain

DATE: February 7, 2017

Enclosed is a resolution requesting that the Board pledges the full faith and credit of Oakland County for the payment of principal and interest on the Dan Devine Drain Bonds in the amount of \$1,975,000.

In order to resolve flooding problems, the Charter Township of Bloomfield submitted a petition to the Oakland County Water Resources Commissioner's office to construct a county drain in the area shown on the attached map.

The Dan Devine Drain incorporates an existing agricultural drain and another water course flowing through the Eastways Farm, Foxhall, and North Bloomfield Hills Subdivisions. The project is necessary to reduce flooding on adjacent properties and includes clean-out, stream-bank stabilization, clearing, and repair of selected reinforced concrete pipes at Severn Lane and Downderry Court. Site restoration and dredging the detention pond at the drain's terminus at the Township's southern border also will be included in the project.

The Dan Devine Drain was established pursuant to Chapter 20 of Act 40 of the Public Acts of 1956, as amended, MCL 280.461 *et seq.* to protect and promote the public health. The cost of construction, operation and maintenance of the Dan Devine Drain was apportioned on April 28, 2015 by the Drainage Board for the Dan Devine Drain Drainage District as follows:

15.236% County of Oakland
11.471% State of Michigan
73.293% Charter Township of Bloomfield.

Bids were received on December 16, 2016. The project is anticipated to be awarded to the low bidder, Inland Lakes Landscaping Corp. from Pontiac, Michigan.

State law requires a 2/3 majority vote by the Board of Commissioners for adoption of the proposed resolution.

It is our intention to have this matter on the Finance Committee's March 9, 2017 agenda and on the Board of Commissioners' March 15, 2017 agenda.



WRC
WATER RESOURCES COMMISSIONER
 Jim Nash

One Public Works Drive
 Building 95 West
 Waterford, Michigan
 48328-1907

Disclaimer:

The information displayed in this map is compiled from recorded deeds, plats, tax maps, surveys and other public records. Although this information is intended to accurately reflect public information, it is not a legally recorded map or survey and is not intended to be used as one. Users should consult primary/original information sources where appropriate.

DAN DEVINE DRAIN PROJECT

Legend

- ▽ Lower Drain Terminus
- WRC Closed Pipe
- WRC Open Channel
- Dan Devine Drain District Boundary

Resolution #17040

February 15, 2017

The Chairperson referred the resolution to the Finance Committee. There were no objections.

FISCAL NOTE (MISC. #17040)

March 15, 2017

BY: Commissioner Thomas Middleton, Chairperson, Finance Committee

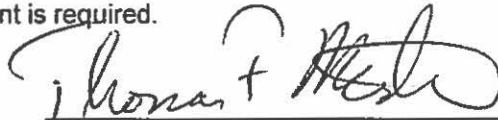
IN RE: WATER RESOURCES COMMISSIONER – DAN DEVINE DRAIN DRAINAGE DISTRICT
DRAIN BONDS – FULL FAITH AND CREDIT RESOLUTION

To The Oakland County Board of Commissioners

Chairperson, Ladies and Gentlemen:

Pursuant to Rule XII-C of this Board, the Finance Committee has reviewed the above-referenced resolution and finds:

1. The Drainage Board for the Dan Devine Drain Drainage District is requesting that the Board of Commissioners pledge the full faith and credit of the County of Oakland for the payment of principal and interest on the Dan Devine Drain Drainage District Drain Bonds, Series 2017, pursuant to the authorization provided in Section 474 of the Drain Code.
2. The bond issue is not to exceed \$1,975,000 and is to be used to defray all or part of the cost of the acquisition and construction of improvements to the drain.
3. The Bonds shall be secured primarily by the full faith and credit pledged by the Dan Devine Drain Drainage District and the Oakland County Board of Commissioners will pledge the full faith and credit of the County as secondary obligors for the payment of principal and interest on the Bonds.
4. The bond issue shall bear an interest rate not to exceed 6% per annum, will be in aggregate principal amounts, will mature in such years and principal amounts and will be callable prior to maturity as determined necessary by the Drainage Board at the time of sale.
5. The statutory limit for County debt is \$6,508,485,111 (10% of State Equalized Value). As of February 15, 2017, the total pledged debt is \$743,601,515 or approximately 1.14251% of the S.E.V.
6. The project cost of \$1,975,000 will be apportioned to the following Public Corporations as follows with \$1,447,537 or 73.293% to the Charter Township of Bloomfield, \$226,552 or 11.471% to the State of Michigan and \$300,911 or 15.236% to the County of Oakland.
7. The Public Corporations will pay for the bonds through a Special Assessment Roll for the Dan Devine Drain.
8. The Oakland County portion of the debt service payments will be included in the Non-Departmental current drain assessments account.
9. No budget amendment is required.



Commissioner Thomas Middleton, District #4
Chairperson, Finance Committee

FINANCE COMMITTEE VOTE:

Motion carried unanimously on a roll call vote with Crawford absent.

Resolution #17040

March 15, 2017

Moved by Fleming supported by Bowman the resolutions (with fiscal notes attached) on the Consent Agenda be adopted (with accompanying reports being accepted).

AYES: Crawford, Dwyer, Fleming, Gershenson, Gingell, Hoffman, Jackson, Kochenderfer, Kowall, Long, McGillivray, Middleton, Quarles, Spisz, Taub, Tietz, Weipert, Woodward, Zack, Bowman. (20)

NAYS: None. (0)

A sufficient majority having voted in favor, the resolutions (with fiscal notes attached) on the Consent Agenda were adopted (with accompanying reports being accepted).

 3/17/2017

**I HEREBY APPROVE THIS RESOLUTION
CHIEF DEPUTY COUNTY EXECUTIVE
ACTING PURSUANT TO MCL 45.559A (7)**

STATE OF MICHIGAN)
COUNTY OF OAKLAND)

I, Lisa Brown, Clerk of the County of Oakland, do hereby certify that the foregoing resolution is a true and accurate copy of a resolution adopted by the Oakland County Board of Commissioners on March 15, 2017, with the original record thereof now remaining in my office.

In Testimony Whereof, I have hereunto set my hand and affixed the seal of the County of Oakland at Pontiac, Michigan this 15th day of March, 2017.



Lisa Brown, Oakland County


CERTIFICATE OF ADMINISTRATIVE DIRECTOR

I, the undersigned, Chris Ward, hereby certify as follows:

1. I am the duly qualified and acting Administrative Director of the Board of Commissioners of the County of Oakland, Michigan.

2. The notice attached hereto was posted at least 18 hours in advance of the meeting of the Board of Commissioners of the County of Oakland held on March 15, 2017, in those places where notices of meetings of the Board of Commissioners are normally posted.

IN WITNESS WHEREOF, I have hereunto affixed my official signature this 8 day of March, 2017.


Chris Ward, Administrative Director
Oakland County Board of Commissioners

NOTICE OF REGULAR MEETING

BOARD OF COMMISSIONERS OF THE COUNTY OF OAKLAND

MARCH 15, 2017

Please take notice that the next regular meeting of the Board of Commissioners of the County of Oakland will be held on Wednesday, March 15, 2017, at 7 p.m. at the Oakland County Courthouse Auditorium located at 1200 North Telegraph Road, Pontiac, Michigan.

The agenda for the meeting will include consideration by the Board of Commissioners of a resolution authorizing the limited tax full faith and credit pledge of the County of Oakland to the Dan Devine Drain Drainage District Drain Bonds, Series 2017 in the principal amount of not to exceed \$1,975,000, which bonds are expected to be issued by the Dan Devine Drain Drainage District to finance the cost of acquiring and constructing the Dan Devine Drain.

This notice is given pursuant to Section 308 of Act 34, Public Acts of Michigan, 2001, as amended.

Chris Ward, Administrative Director
Oakland County Board of Commissioners



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

NICK A. KHOURI
STATE TREASURER

March 31, 2017

APPROVAL

Municipality Code: 637134

Fiscal Year Ended: 9/2016

Dear Chief Administrative Officer:

Thank you for submitting a Qualifying Statement for Dan Devine Drain Drainage District to the Michigan Department of Treasury on March 30, 2017. Based upon the information provided in the Qualifying Statement, we have determined that Dan Devine Drain Drainage District is in material compliance with the criteria identified in Section 303(3) of Public Act 34 of 2001.

Dan Devine Drain Drainage District is now authorized to issue municipal securities under this Act without further approval from the Department. This authorization will remain in effect for six months plus 30 business days after the end of your next fiscal year, or when the Department has made a new determination, whichever occurs first.

Within 15 business days of completing the issuance of any municipal security the municipality shall file with the Department a Security Report and all documents required in Section 319 of Public Act 34 of 2001. The Security Report can be found on our website, Michigan.gov/Treasury, by clicking on Local Government Services, Municipal Finance, Municipal Finance Forms, and 3892. The Security Report and accompanying documents may be emailed to Treas_MunicipalFinance@Michigan.gov or mailed to the address below. If emailing, the subject line must read the same as the file name of the attached documents.

If you have any questions, contact the Division at 517-373-3227.

Sincerely,

A handwritten signature in cursive script, reading "Suzanne Schafer".

Suzanne Schafer, Administrator
Local Fiscal Accountability Division



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

NICK A. KHOURI
STATE TREASURER

March 30, 2017

APPROVAL

Municipality Code: 630000

Fiscal Year Ended: 9/2016

Dear Chief Administrative Officer:

Thank you for submitting a Qualifying Statement for Oakland County to the Michigan Department of Treasury on March 29, 2017. Based upon the information provided in the Qualifying Statement, we have determined that Oakland County is in material compliance with the criteria identified in Section 303(3) of Public Act 34 of 2001.

Oakland County is now authorized to issue municipal securities under this Act without further approval from the Department. This authorization will remain in effect for six months plus 30 business days after the end of your next fiscal year, or when the Department has made a new determination, whichever occurs first.

Within 15 business days of completing the issuance of any municipal security the municipality shall file with the Department a Security Report and all documents required in Section 319 of Public Act 34 of 2001. The Security Report can be found on our website, Michigan.gov/Treasury, by clicking on Local Government Services, Municipal Finance, Municipal Finance Forms, and 3892. The Security Report and accompanying documents may be emailed to Treas_MunicipalFinance@Michigan.gov or mailed to the address below. If emailing, the subject line must read the same as the file name of the attached documents.

If you have any questions, contact the Division at 517-373-3227.

Sincerely,

A handwritten signature in cursive script, appearing to read "Suzanne Schafer".

Suzanne Schafer, Administrator
Local Fiscal Accountability Division

M E M O R A N D U M

TO: Prospective Proposers on the following Bond Sale:

\$1,745,000 County of Oakland, State of Michigan
Dan Devine Drain Drainage District, Drain Bonds,
Series 2017

Proposal Due Date: April 4, 2017 at 11:00 a.m. EDST

FROM: Meredith A. Shanle, President
Municipal Financial Consultants Incorporated

DATE: March 23, 2017

Enclosed herewith please find the following in connection
with the captioned bond issue:

1. An Optional Proposal Form;
2. The Request for Proposal;
3. General and Economic Information Regarding the County
of Oakland and the Charter Township of Bloomfield;
4. County of Oakland Comprehensive Annual Financial
Report for the fiscal year ending September 30, 2015.

In addition, if you have any questions or require further
information, including copies of the County's past audited
financial statements, please give me a call at 313-408-5990 or
email me at merediths@mfcic.com.

las.m-os-oskdr46

OPTIONAL PROPOSAL FORM

\$1,745,000
COUNTY OF OAKLAND, STATE OF MICHIGAN
DAN DEVINE DRAIN DRAINAGE DISTRICT,
DRAIN BONDS, SERIES 2017

Mr. Jim Nash
Oakland County Water Resources Commissioner
and Chairperson, Dan Devine Drain Drainage District
Municipal Advisory Council of Michigan
Buhl Building
535 Griswold, Suite 1850
Detroit, Michigan 48226

April 4, 2017

Dear Mr. Nash:

With respect to the Request for Proposal (the "RFP") for the above-described bonds (the "Bonds"), please be advised as follows:

1. As described in the RFP, we will pay you par, less a discount of \$ _____, or plus a premium of \$ _____, for the Bonds maturing as follows:

April 1, 2018 _____ %	April 1, 2023 _____ %
April 1, 2019 _____ %	April 1, 2024 _____ %
April 1, 2020 _____ %	April 1, 2025 _____ %
April 1, 2021 _____ %	April 1, 2026 _____ %
April 1, 2022 _____ %	April 1, 2027 _____ %

(Note: Bonds maturing in any year shall bear interest at a rate that is not less than the rate borne by the bonds maturing in any preceding year.)

2. This proposal is for all of the Bonds.

3. This proposal is subject to the opinion of Dickinson Wright PLLC as to the legality of the Bonds.

By submitting its proposal, the proposer is not an "Iran-Linked Business" within the meaning of the Iran Economic Sanctions Act, Act 517 of the Public Acts of Michigan, 2012.

Respectfully submitted,

(List other account member, if any)

Signature: _____
Authorized Representative

Name (Print): _____

ACCEPTANCE CLAUSE

Subject to the terms and conditions set forth in the RFP, the foregoing proposal is hereby accepted by the Dan Devine Drain Drainage District this 5th day of April, 2017.

DAN DEVINE DRAIN DRAINAGE DISTRICT

By: _____
Jim Nash, Chairperson

The following is a computation of the interest cost on the above proposal. This computation is not to be considered as a part of the proposal and is subject to verification.

Gross Interest Cost \$ _____
(+)Discount(-)Premium \$ _____
Interest Cost \$ _____
True Interest Rate _____ %

REQUEST FOR PROPOSAL
\$1,745,000
OAKLAND COUNTY, MICHIGAN
DAN DEVINE DRAIN DRAINAGE DISTRICT
DRAIN BONDS, SERIES 2017

SEALED OR ELECTRONIC PROPOSALS: Written proposals for the purchase of the Bonds described herein (the "Bonds") will be received, on behalf of the Dan Devine Drain Drainage District, County of Oakland, State of Michigan (the "District"), at the offices of the Municipal Advisory Council of Michigan, Buhl Building, 535 Griswold Avenue, Suite 1850, Detroit, Michigan 48226, or at the office of Municipal Financial Consultants Incorporated, 500 Woodward Ave., Suite 3500, Office #3559, Detroit, Michigan, 48226, phone: 313-408-5990, e-mail: merediths@mfc.com on April 4, 2017 until 11:00 a.m., Eastern Daylight Savings Time, at which time and place said proposals will be publicly read.

The Bonds will be awarded or all proposals will be rejected by the Oakland County Water Resources Commissioner within twenty-four hours of the sale.

BOND DETAILS: The Bonds will be dated the date of delivery and will be fully registered bonds in any one or more denominations of \$5,000 or a multiple of \$5,000, numbered from 1 upwards and will bear interest from their date payable on October 1, 2017 and semi-annually thereafter until maturity. The Bonds will mature on the 1st day of April in each year as follows:

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>YEAR</u>	<u>PRINCIPAL</u>
2018	\$150,000	2023	\$175,000
2019	155,000	2024	185,000
2020	160,000	2025	190,000
2021	165,000	2026	195,000
2022	170,000	2027	200,000

PRIOR REDEMPTION: The Bonds shall not be subject to redemption prior to maturity.

INTEREST RATE AND PROPOSING DETAILS: The Bonds shall bear interest at a rate or rates not exceeding 5% per annum, to be fixed by the proposals therefor, expressed in multiples of 1/8 or 1/100 of 1%, or both. The interest on any one bond shall be at one rate only. All bonds maturing in any one year must carry the same interest rate. THE INTEREST RATE BORNE BY BONDS MATURING IN ANY YEAR SHALL NOT BE AT A RATE LOWER THAN THE RATE BORNE BY BONDS MATURING IN ANY PRECEDING YEAR. No proposal for the purchase of less than all of the Bonds, at a price less than 99% or more than 100.5% of their par value or at an interest rate or rates that will result in a net interest cost exceeding 5%, will be considered.

SINGLE BOND OPTION: If requested by the initial purchaser, the Bonds may be issued in the form of a single Bond with an exhibit containing the principal maturity amounts and applicable interest rates and due dates.

BOOK-ENTRY-ONLY: At the option of the original purchaser of the Bonds, the Bonds may be issued in book-entry-only form as one fully-registered bond per maturity and may be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC may act as securities depository for the Bonds. Purchase of the Bonds may be made in book-entry-only form, in the denomination of \$5,000 or any multiple thereof. In such case, purchasers would not receive certificates representing their interest in Bonds purchased.

BOND REGISTRAR, PAYING AGENT AND DATE OF RECORD: The initial purchaser of the Bonds may select a paying agent and bond registrar for the Bonds so long as such selection is acceptable to the District. In the alternative, if the original purchaser does not wish to select a paying agent and bond registrar (the "Bond Registrar") for the Bonds, The Huntington National Bank, Grand Rapids, Michigan will serve as paying agent and bond registrar for the Bonds. The Bond Registrar will keep records of the registered holders of the Bonds, serve as transfer agent for the Bonds, authenticate the original and any re-issued Bonds and pay interest to the registered holders of the Bonds as shown on the registration books of the District kept by the Bond Registrar on the applicable date of record. The date of record for each interest payment shall be the 15th day of the month before such payment is due. If DTC, or its nominee CEDE & Co., is the registered owner of the Bonds, payments will be made directly to such registered owner. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners of the Bonds is the responsibility of DTC participants and indirect participants. The District may from time to time as required designate a successor bond registrar and paying agent.

PURPOSE AND SECURITY: The Bonds are being issued pursuant to the provisions of Act No. 34 of Public Acts of Michigan of 2001, as amended ("Act 34") and Act 40, of Public Acts of Michigan of 1956, as amended ("Act 40"), for the purpose of defraying part of the cost of acquiring and constructing the Dan Devine Drain. The Bonds are to be issued in anticipation of, and are primarily payable from, the collection of the several installments of special assessments against the Charter Township of Bloomfield and the County of Oakland (the "County") on the Special Assessment Roll for the Dan Devine Drain. The special assessment installments and interest thereon are sufficient to pay the principal of and interest on the Bonds when due. The tax levying officials of the public corporations assessed shall levy sufficient taxes to pay assessment installments and interest as the same become due unless there have been set aside moneys sufficient therefor. Taxes imposed by the Charter Township of Bloomfield are subject to applicable constitutional, statutory and charter limitations and taxes imposed by the County are subject to applicable constitutional and statutory tax limitations.

FULL FAITH AND CREDIT OF COUNTY: Pursuant to a resolution adopted by its Board of Commissioners, the County has pledged its limited tax full faith and credit as additional security for the payment of principal of and interest on the Bonds. The ability of the County to raise funds with which to meet such pledge is subject to applicable statutory and constitutional tax limitations.

AWARD OF THE BONDS – TRUE INTEREST COST: The Bonds will be awarded to the proposer whose proposal produces the lowest true interest cost determined in the following

manner: the lowest true interest cost will be the single interest rate (compounded on October 1, 2017 and semi-annually thereafter) necessary to discount the debt service payments from their respective payment dates to the date of delivery in an amount equal to the price proposed. April 20, 2017 is the anticipated date of delivery of the Bonds.

LEGAL OPINION: Proposals shall be conditioned upon the approving opinion of Dickinson Wright PLLC, attorneys of Detroit, Michigan, the original of which opinion will be furnished without expense to the purchaser of the Bonds at the delivery thereof. The fees of Dickinson Wright PLLC for services rendered in connection with such approving opinion are expected to be paid from bond proceeds. Except to the extent necessary to issue its approving opinion as to the validity of the Bonds, Dickinson Wright PLLC has made no inquiry as to any financial information, statements or material contained in any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds and, accordingly, will not express any opinion with respect to the accuracy or completeness of any such financial information, statements or materials.

TAX MATTERS: In the opinion of Bond Counsel, subject, however to certain qualifications described herein, under existing law, 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 alternative minimum tax imposed on individuals and corporations; such opinion will 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 will be subject to the condition that the District 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 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 included in gross income retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements. The opinion will express no opinion regarding other federal tax consequences arising with respect to the Bonds. In the further opinion of Bond Counsel, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan, except estate taxes and taxes on gains realized from the sale, payment or other disposition of the Bonds.

NOT "QUALIFIED TAX EXEMPT OBLIGATIONS": The Bonds have not been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

CERTIFICATE OF PURCHASER: The purchaser will be required as a condition of delivery of the Bonds, to certify, in form and substance satisfactory to bond counsel, the "issue price" of the Bonds within the meaning of Section 1273 of the Code, which, unless the Bonds are purchased for the purchaser's account and not with a view to distribution or resale, will include a representation that (i) the purchaser made a bona fide public offering to members of the general public of all Bonds and all maturities at initial offering prices and yields indicated in the information furnished in connection with the successful proposal and (ii) at least the first 10 percent of each maturity of the Bonds has been sold, or was reasonably expected at the time of pricing of the Bonds to be sold, to the public at an initial offering price not exceeding the price

for such maturity, or the price corresponding to the yield for such maturity, indicated in the information furnished in connection with the successful proposal. If the purchaser is purchasing the Bonds for its own account and not with a view to distribution or resale, it will be required to sign a "sophisticated investor" certificate as a condition of delivery of the Bonds. The form of an acceptable certificate will be provided by bond counsel.

DELIVERY OF BONDS: The District will furnish Bonds ready for execution at its expense. Bonds will be delivered without expense to the purchaser. The usual closing documents, including a certificate that no litigation is pending affecting the issuance of the Bonds, will be delivered at the time of delivery of the Bonds. April 20, 2017 is the anticipated date of delivery of the Bonds. However, proposers are expected to hold their proposals for no less than 30 days to allow for closing.

CUSIP NUMBERS: At the option of the initial purchaser of the Bonds, CUSIP identification numbers may be printed on the Bonds, but neither the failure to print such numbers nor any improperly printed number shall constitute cause for the purchaser to refuse to accept delivery of or to pay for the Bonds. All expenses for printing CUSIP numbers on the Bonds shall be paid for by the District, except that the CUSIP Service Bureau charge for the assignment of such numbers shall be the responsibility of and shall be paid for by the purchaser.

PROPOSER CERTIFICATION: NOT "IRAN-LINKED BUSINESS": By submitting a proposal, the proposer shall be deemed to have certified that it is not an "Iran-Linked Business" as defined in Act No. 517, Public Acts of Michigan, 2012; MCL 129.311 et seq.

NO OFFICIAL STATEMENT, CONTINUING DISCLOSURE OR RATING: There will not be an official statement or continuing disclosure undertaking, and a rating will not be requested, in connection with the offer or sale of the Bonds.

FURTHER INFORMATION: Additional information may be obtained from Meredith A. Shanle, Municipal Financial Consultants Incorporated, 500 Woodward Ave., Suite 3500, Office #3559, Detroit, Michigan 48226, telephone (313) 408-5990.

THE RIGHT IS RESERVED TO REJECT ANY OR ALL PROPOSALS.

ENVELOPES: Envelopes containing the proposals should be plainly marked "Dan Devine Drain Drainage District, Drain Bonds, Series 2017."

JIM NASH
Oakland County Water Resources Commissioner &
Chairperson, Drainage Board for the
Dan Devine Drain Drainage District

Las.rfp-oakdr46

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. The County's taxable value for real and personal property has begun to rebound along with the overall economy and has grown 2.16% since 2011. 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 \$197,596 in 2015. 82% of the county's residential development since the start of 2009 has been single-family units, compared to 67% for the entire Southeast Michigan region. More than 30% of new residential construction in the region has been in Oakland County since 2009.

The unemployment rate for Oakland County averaged 5.0% in 2015. 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 Alley, Emerging Sectors, and Medical Main Street featuring the new William Beaumont/Oakland University Medical School.

Oakland County has been recognized as one of the most prosperous counties in the nation. In comparing Oakland County with 35 other prosperous counties of similar population throughout the nation, economists rank Oakland County eleventh overall based on selected indicators of prosperity. Our goal is to ensure Oakland County and its work force continues to thrive today and tomorrow as a premier technology hub and Oakland County maintains the coveted AAA bond rating thanks to sound fiscal stewardship and a 3-year budget balanced through 2019.

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 2016 was \$63,454.

Source: Oakland County Department of Planning and Economic Development

The County

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

Form of Government

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

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

County Budget Process

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

Multiple-Year Budgeting. After years of preparing and managing an operating budget for two-year periods of time, in 2009, the County expanded its budget practices to a triennial budget. The current County Executive Recommended Triennial Budget is balanced through FY 2018. On September 17, 2015, the Oakland County Board of Commissioners adopted the current FY-2016 to FY-2018 budget. The County maintains the triennial budget with periodic amendments. Each new program or action is considered for the current year and the subsequent two years on a line-item basis.

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

Operating and Other Reserves. The General Fund balance is projected to be above the minimum operating reserve through FY2020 based on the Executive's Recommended Budget. The County also has a formally expressed policy of maintaining at least \$200,000,000 in its delinquent tax revolving fund.

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

<http://www.oakgov.com/exec/Pages/budget/default.aspx>.

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 – With more than 13,000 new construction permits since the start of 2009, the highest total in the seven-county Southeast Michigan region, Oakland County continues to post strong numbers in residential development. The estimated median housing value of a single family home in Oakland County was \$192,800 in 2014, a 16% increase since 2010.

Commercial – While new development has slowed across the region, there are still multiple major projects progressing in Oakland County, including the Children's Hospital of Michigan (Troy), new student housing at Oakland University, and redevelopment to the stalled Bloomfield Park project has begun (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 Outlets, Oakland County offers shopping to meet the needs of residents and visitors alike.

Corporate - More than 60 percent of Fortune 500 companies do business in Oakland County, increasing 14 percent 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 98 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 – More than eight million square feet of floor space has been completed in Oakland County since the start of 2007, accounting for nearly 25% of Southeast Michigan's total nonresidential development. According to 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 5.0%.

Industrial & Research Parks - Oakland Technology Park, located in Auburn Hills, is one of the top five research parks in the nation in size. Fiat Chrysler (FCA) US, LLC's \$1 billion R & D headquarters and \$1.4 billion corporate world headquarters is located on 500 acres just outside the 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 Great Lakes Water Authority. When projects now underway are completed, the Great Lakes Water Authority will treat all of southern Oakland County's sewage (other than that of the City of Pontiac). Major drainage systems have been and are being built in the County. Following is a list of the Utility Suppliers for Oakland County:

Electricity:

Supplier	Detroit Edison
Supplier	Consumers Power

Natural Gas:

Supplier	Consumers Energy
Supplier	MichCon
Supplier	Semco Energy

Water:

Supplier	Great Lakes Water Authority
Source	Lake Huron
	Ground Water from Wells

Sewer:

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

Population

Oakland County's 2015 population was estimated to be over 1,240,000. Out of 83 counties in Michigan, it has the second largest population. Oakland County is also projected to have the second largest actual population gain in the metro Detroit area by 2040 with nearly 45,000 new residents.

Table 1 – Population Trends, 1960 – 2015

<u>Year</u>	<u>Population</u>	<u>Year</u>	<u>Population</u>
1960	650,259	2011	1,211,211
1970	907,871	2012	1,221,391
1980	1,011,793	2013	1,232,713
1990	1,083,592	2014	1,239,897
2000	1,194,156	2015	1,242,304
2010	1,202,635		

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

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 8 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 9 other public high schools from 8 different school districts.

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

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

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

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

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; Wayne State University consolidated several satellite facilities in operation throughout the County. Walsh College concentrates on business and accounting education as does Baker College.

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

Source: Oakland County Department of Planning and Economic Development

Job Growth

The Oakland County economy is now in its eighth year of recovery since the recession's low point at the end of 2009. In 2011 during the initial phase of economic recovery, Oakland County experienced our second best year of job growth since 1994. The 24,412 new jobs created in the County during that turn-around year constituted almost one-third of all new jobs created in Michigan in 2011. The job growth continued in 2012 with 24,865 new jobs added in that year, once again more than double the initial projections. After the initial recovery burst in 2011-2012 when almost 50,000 new jobs were added, job growth continues at a moderate pace with an estimated 18,146 jobs added in 2013 and 12,808 in 2014. Since 2009, the cumulative job growth in Oakland County through 2013 was 13%, which outpaced both the state's growth of 8% and the nation's growth of 6%.

The county's economic base continues to diversify since Oakland County's Emerging Sectors Initiative was put into place. Since the inception of Emerging Sectors in 2004, more than 380 Emerging Sector companies have generated nearly \$3.5 billion in investment while creating or retaining nearly 60,000 jobs. The vast majority of those jobs are in the high-wage category. It is clear that Oakland County is succeeding at attracting companies from emerging sectors from around the country, and in some instances, from around the globe.

Source: Oakland County Department of Planning and Economic Development

Industrial and High Technology

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

Source: Oakland County Department of Planning and Economic Development

Foreign Investment

Over 1,000 businesses representing 38 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 August, 1978, the voters of Oakland County approved, as part of County wide fixed millage, a maximum millage of \$5.26 per \$1,000, subject to Headlee Amendment reductions. The maximum authorized operating millage for 2016, after the Headlee reduction, is 4.1868 mills. See "Tax Rate Limitation" section.

Table 2 - County Tax Rates (in mills) \$1.00/\$1,000 of Taxable Valuation

	2016	2015	2014	2013	2012	2011	2010	2009
Operating	4.0400	4.0900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900
Parks & Recreation	0.2392	0.2410	0.2415	0.2415	0.2415	0.2415	0.2415	0.2415
Huron Clinton Authority	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146
Zoo Authority	0.0990	0.0998	0.1000	0.1000	0.1000	0.1000	0.1000	0.0000
Arts Authority	0.1981	0.1996	0.2000	0.2000	0.2000	0.0000	0.0000	0.0000
Total	4.7909	4.8450	4.9461	4.9461	4.7461	4.7461	4.6461	4.6461

Source: Oakland County Treasurer

Tax Rate Limitation

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

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

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

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

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

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

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

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

County Operating Tax Collection Record

Table 3 – Collection Record of County's Tax Levy, 2007 - 2016

<u>Year of Tax Levy</u>	<u>Tax Levy*</u>	<u>Collections to March 1 of Each Levy Year Amount**</u>	<u>Percent</u>	<u>Collections Plus Delinquent Tax Funding Percent</u>
2016	\$212,935,729	N/A	N/A	100.00%
2015	207,429,739	202,760,984	97.55%	100.00
2014	204,966,211	199,927,994	97.54	100.00
2013	201,089,193	195,528,055	97.23	100.00
2012	201,724,853	189,692,721	94.04	100.00
2011	206,524,166	198,931,022	96.32	100.00
2010	223,423,778	214,041,473	95.80	100.00
2009	253,987,318	241,943,443	95.26	100.00
2008	262,899,380	251,050,564	95.49	100.00
2007	262,814,606	251,354,868	95.64	100.00

* Includes real and personal property taxes. 2016 total estimated taxes.

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

Source: Oakland County Treasurer

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

leased land, DNR-PILT, or tax abated property taxes. Delinquent personal property taxes are negligible, and therefore, 100% Tax Collections are reported above.

Table 4 – Collection Record of County Wide Tax Levy, 2007 - 2016

Year of Tax Levy	Tax Levy*	Collections to March 1 of Each Levy Year Amount**	Percent	Collections Plus Delinquent Tax Funding Percent
2016	\$2,205,744,290	N/A	N/A	100.00%
2015	2,286,212,705	2,212,322,514	96.77%	100.00
2014	2,217,628,392	2,140,231,078	96.51	100.00
2013	2,170,304,164	2,083,958,031	96.02	100.00
2012	2,155,447,277	2,059,602,174	95.55	100.00
2011	2,196,145,824	2,081,982,974	94.80	100.00
2010	2,317,084,920	2,179,375,143	94.06	100.00
2009	2,552,222,639	2,388,595,610	93.59	100.00
2008	2,608,706,372	2,451,081,244	93.96	100.00
2007	2,655,538,647	2,505,486,055	94.34	100.00

* Includes real and personal property taxes. 2016 total estimated 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 or exempt the abatement totally from mills levied under the State Education Act. Abatements under Act 198 have been granted to properties in the County with a total 2014 taxable valuation of \$233,252,110 for real and personal property. The total number of parcels with exemptions in 2014 under Act 198 within the County was 223.

Others

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

The Taxation of Lessees or Users of Tax-exempt Property Act (Act 189, Public Acts of Michigan, 1953) states that if real property exempt for any reason from ad valorem property taxation is leased, loaned, or otherwise made available to and used by a private individual, association, or corporation in connection with a business conducted for profit, the lessee or user of the real property is subject to taxation in the same amount and to the same extent as though the lessee or user owned the real property. The total number of lessees or users in 2014 under Act 189 within the County was 31.

Source: Oakland County Treasurer

Largest Taxpayers

The 10 largest taxpayers in the County and their May 11, 2016 taxable valuations are:

Table 5 – Ten Largest Taxpayers

Taxpayer	Taxable Valuation
DTE	\$555,571,295
Consumers Energy	300,826,979
FCA Auburn Hills Owner LLC	164,630,200
Enbridge	121,746,620
SP III West Bloomfield LLC	111,168,900
Frankel Forbes Cohen	86,905,570
ITC Transmission	84,114,201
SL Town Etal	76,509,990
Taubman	75,742,270
General Motors	<u>69,642,320</u>
Total	\$1,646,858,345\$

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 2016.

Table 6 – Twenty-Five Largest Employers in the County

Employer Name	Approximate Number of Employees
Beaumont Hospitals	17,896
FCA US LLC	12,564
General Motors Co.	9,242
Ascension Michigan	4,408
U.S. Postal Service	4,195
Oakland County	3,432
Henry Ford Health System	3,405
Trinity Health	3,098
Magna International of America	2,199
Comerica Bank	2,163
Flagstar Bancorp Inc.	1,915
Lear Corporation	1,834
Oakland University	1,815
McLaren Health Care Corp.	1,802
Rochester Community Schools	1,785
Walled Lake Community Schools	1,461
Kelly Services, Inc.	1,312
Comau, Inc.	1,300
Delphi Automotive	1,295
Farmington Public Schools	1,288
Huron Valley Schools	1,287
Detroit Medical Center	1,255
The Suburban Collection	1,210
Faurecia North America	1,169
Blue Cross Blue Shield of Michigan	1,161

Source: Oakland County Department of Planning and Economic Development

Labor Force

The unemployment rate for Oakland County averaged 5.0% and 5.4% for the State of Michigan in 2015.

Table 7 – Unemployment History in the County – Calendar Year 2016

Month	Total Labor Force	Unemployment	Percent Unemployed
January	630,445	28,291	4.5%
February	634,243	26,519	4.2
March	641,620	27,900	4.3
April	634,947	22,457	3.5
May	646,099	24,984	3.9
June	649,766	30,411	4.7
July	655,160	31,294	4.8
August	654,700	30,868	4.7
September	654,888	27,857	4.3
October	652,193	27,411	4.2
November	650,782	26,412	4.1
December	649,472	23,955	3.7

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

Table 8 – Unemployment History in the County, 2007-2015 (Annual Averages)

Year	Total Work Force	Unemployment	Percent Unemployed
2015	625,346	31,385	5.0%
2014	624,893	41,362	6.6
2013	623,368	48,936	6.6
2012	613,987	50,485	8.2
2011	610,881	58,221	9.5
2010	621,876	73,177	11.8
2009	606,548	78,817	13.0
2008	609,423	40,300	6.6
2007	625,693	36,277	5.8
2015	625,346	31,385	5.0%

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

Table 9 – Unemployment History in the State of Michigan, 2007-2016 (Annual Averages)

Year	Total Work Force	Unemployment	Percent Unemployed
2016	4,837,000	238,000	4.9%
2015	4,751,000	258,000	5.4
2014	4,754,000	346,000	7.3
2013	4,730,000	418,000	8.8
2012	4,672,000	426,000	9.1
2011	4,685,000	487,000	10.4
2010	4,799,000	605,000	12.6
2009	4,904,000	670,000	13.7
2008	4,921,000	392,000	8.0
2007	5,011,000	352,000	7.0

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

Income

Oakland County's per capita income (PCI) was \$63,454 in 2015, the highest among Michigan's 83 counties. Oakland's PCI also compares favorably to the national average and state average of \$42,812.

Table 10 - Per Capita Personal Income in Oakland County, 2004-2014

Year	Per Capita Income
2015	63,454
2014	60,771
2013	57,605
2012	57,483
2011	54,060
2010	50,390
2009	49,837
2008	54,224
2007	53,782
2006	52,527
2005	51,533
2004	49,584

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

County Labor Contracts

As of February 2016, Oakland County had 5,066 full and part time positions of which 1,554 are represented by 8 certified bargaining units.

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

Table 11 – Oakland County Employees Represented by Bargaining Unit

<u>County Employee Group</u>	<u>Number of Positions</u>	<u>Contract Expiration Date</u>
Sheriff's Law Enforcement	417	9/30/2018
Corrections and Services	337	9/30/2018
Sheriff's Command Officers	115	9/30/2018
Children's Village Employees	135	9/30/2018
Family Court Employees	87	9/30/2016
Prosecutor's Investigators	9	9/30/2018
Oakland County Employees Union	364	9/30/2018
Public Health Nurses	<u>90</u>	9/30/2018
	1,554	

Source: Oakland County Human Resources Department.

Major Corporations

Oakland County is host to Major Corporate Headquarters and Major Regional Division Offices. Below is a listing of the top ten doing business in Oakland County:

Table 12 – Companies With Major Corporate or Regional Division Offices in Oakland County

<u>Company</u>	<u>Sales (millions)</u>
FCA US LLC	\$86,057.0
Penske automotive Group	19,484.9
Lear Corporation	18,211.4
Delphi Automotive, PLC	17,023.0
IAC Group North America Inc.	9,743.6
BORGWARNER Inc.	8,023.2
Federal-Mogul Corporation	7,419.0
TK Holdings Inc.	6,963.4
Guardian Industries Corporation	5,600.0
Kelly Services, Inc.	5,518.2

Source: Hoover's; as of Dec. 6, 2016

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.

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. This allows counties to collect part of their millage earlier in the year thereby advancing their cash flows.

The RSRF could be drawn on by counties to replace the revenue sharing payments which they would have otherwise received from the State. Once money in the RSRF was depleted, revenue sharing payments to the counties resumed. In Oakland County, revenue sharing distributions from the State resumed in 2015.

Tax Collection and Levy Date for County Fixed or Allocated Millage

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

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.

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

As of September 30, 2016, the actuarial value of assets was used to determine both the funded status and the required employer contribution. The resulting System funded percent is 102.3%.

The following data is taken from the latest actuarial report prepared by Gabriel, Roeder, Smith & Company as of September 30, 2016:

Table 13 – Oakland County Employees Retirement System – Present Financial Report

	General Union	Command Officers	Road Deputies	Corrections Deputies	Total
A. Accrued Liability					
1. For retirees and beneficiaries	\$475,902,136	\$41,598,557	\$47,017,620	\$51,792,720	\$616,311,033
2. For vested /terminated members	6,803,134	299,101	140,125	298,351	7,540,711
3. For present active members					
a. Value of expected future benefit payments	98,362,293	13,621,106	23,732,108	12,447,974	148,163,481
b. Value of future normal costs	6,867,863	640,172	1,300,264	685,938	9,494,237
c. Active member liability: (a) – (b)	91,494,430	12,980,934	22,431,844	11,762,036	138,669,244
4. Total	574,199,700	54,878,592	69,589,589	63,853,107	762,520,988
B. Valuation Assets	587,762,534	55,761,963	71,407,869	64,752,869	779,685,235
C. Unfunded Accrued Liability: (A.4) – (B)	(13,562,834)	(883,371)	(1,818,280)	(899,762)	(17,164,247)

Other Post-Employment Benefits (OPEB)

As of September 30, 2015, valuation assets represent over 124% of accrued liabilities, while prior year the funded percent was 121%.

The following data is taken from the latest actuarial report prepared by Gabriel, Roeder, Smith & Company as of September 30, 2015:

Table 14 – 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	\$375,309,370	\$27,502,525	\$42,219,144	\$36,671,241	\$481,702,280
2. For vested terminated members	50,239,100	920,330	3,055,975	3,613,297	57,828,702
3. For present active members					
a. Value of expected future benefit payments	294,404,697	30,579,258	81,556,258	49,692,439	456,232,652
b. Value of future normal costs	57,256,900	4,270,789	22,821,907	13,105,548	97,455,144
c. Active member liability: (a) – (b)	237,147,797	26,308,469	58,734,351	36,586,891	358,777,508
4. Total	662,696,267	54,731,324	104,009,470	76,871,429	898,308,490
B. Valuation Assets	817,857,080	59,472,552	138,574,476	102,423,259	1,118,327,367
C. Unfunded Accrued Liability: (A.4) – (B)	(155,160,813)	(4,741,228)	(34,565,006)	(25,551,830)	(220,018,877)

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

**Table 15 – History of State Equalized Valuation (SEV)
(Represents 50% of true cash value)**

Assessment Year	Real Property	Personal Property	Total	% Change In Total	Taxable Value
2016	\$61,675,751,998	\$3,409,099,116	\$65,084,851,114	7.04%	\$52,706,863,613
2015	56,923,321,000	3,882,782,774	60,806,103,774	10.39	51,895,341,437
2014	51,433,104,533	3,651,502,760	55,084,607,293	7.11	50,048,650,087
2013	47,639,423,175	3,790,500,640	51,429,923,815	1.17	49,235,110,306
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

Source: Oakland County Equalization Department

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

Table 16 – History and Percentage Breakdown of State Equalized Valuation by Tax Year

Type of Property	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Residential	76.7%	75.3%	73.7%	71.3%	69.9%	68.5%	67.6%	68.7%	70.9%	71.9%
Commercial	15.2	15.5	16.7	18.0	19.3	20.6	19.6	19.0	17.6	16.7
Industrial	2.8	2.7	2.9	3.1	3.4	3.7	6.0	6.3	6.0	5.9
Personal Property	5.2	6.4	6.6	7.4	7.3	7.0	6.5	5.8	5.4	5.3
Agricultural	0.1	.1	.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Developmental	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.09
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Oakland County Equalization Department

Personal Property Tax Revenues

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

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

The first phase of the PPT plan took effect on January 1, 2014, with an exemption for business owners if their personal property has a combined true cash value of less than \$80,000 (taxable value of less than \$40,000). However, eligible property owners must have filed an affidavit by February 2014 in order to claim the exemption. The triennial budget

as adopted in September 2013 included the assumption that all eligible property owners filed for the required affidavit by the state-imposed February deadline and that PPT revenue will be reduced by \$1.5 million annually in FY 2014 and FY 2015. The previously adopted budget also included further additional reductions in PPT for the subsequent implementation of the second and third phases based on the legislation passed in 2012, with the exemption amounts budgeted at \$2.8 million in FY 2016 and increasing to \$4.5 million in FY 2017.

Based on the new legislation passed in 2014, the lost revenue from the PPT exemptions would be restored through State reimbursement beginning in FY 2016 which is reflected in this recommended budget as positive adjustments in the amounts of \$2.8 million in FY 2016 and \$4.5 million in FY 2017 and beyond.

Table 17 – History of County Wide Tax Delinquencies

Levy Year	Real Property	Personal Property
2016*	\$ 65,979,676.55	\$5,015,960.06
2015	68,796,395.48	4,791,215.74
2014	72,532,013.95	4,669,385.41
2013	80,215,223.23	6,132,887.66
2012	89,699,373.20	5,702,067.01
2011	107,675,895.41	6,032,598.54
2010	130,215,501.20	7,271,064.88
2009	155,464,907.26	7,809,985.47
2008	149,883,620.70	7,387,710.43
2007	138,097,525.69	9,102,775.59

*Preliminary

Source: Oakland County Treasurer

Debt-History

The County of Oakland has no record of default.

Short-Term Financing

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

Table 18 – History of Oakland County Delinquent Tax Anticipation Notes

Year Issued	Notes Issued	Amount Outstanding
2016	\$25,000,000	\$25,000,000
2015	25,000,000	0
2014	25,000,000	0
2013	25,000,000	0
2012	25,000,000	0
2011	50,000,000	0
2010	50,000,000	0
2009	50,000,000	0
2008	25,000,000	0
2007	25,000,000	0

Source: Oakland County Treasurer

Lease Obligations

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

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

Future Financing

The County will be moving ahead with its projects and has bond offerings planned for 2016.

Banking

The banking needs of the County are adequately handled by:

Bank of America	Flagstar Bank	Mercantile Bank
Bank of Birmingham	Genisys Credit Union	Michigan First Credit Union
Charter One Bank, NA	Huron Valley State Bank	Oxford Bank
Chemical Bank	Independent Bank	PNC Bank
Chief Financial Credit Union	JP Morgan Chase Bank	Talmer Bank and Trust
Citizens Community Federal	Lakes Community Credit Union	The Huntington National Bank
Clarkston State Bank	Level One Bank	The Private Bank
Comerica Bank	mBank	TCF Bank
Crestmark Bank	Main Street Bank	Wolverine Bank

Table 19 –Oakland County Net Direct Debt as of 02/28/2017 - Unaudited

	<u>Gross</u>	<u>Self-Supporting or Portion Paid Directly by Benefited Municipalities</u>	<u>Net</u>
<u>Limited Tax</u>			
Building Authority	\$ 43,560,000	\$ 3,120,000	\$ 40,440,000
Building Authority Refunding	33,980,000	-	33,980,000
Retirees Health Care Bonds	306,390,000	-	306,390,000
Sewer Disposal Bonds	6,900,000	3,550,000	3,350,000
Water Supply Bonds	14,985,000	14,985,000	-
Water & Sewage Refunding	1,205,000	1,205,000	-
Mich. Bond Auth.-Sewage Disp. Bonds	30,832,033	2,230,727	28,601,306
General Obligation Limited Tax Notes	25,000,000	25,000,000	-
Total	<u>\$462,852,033</u>	<u>\$50,090,727</u>	<u>\$412,761,306</u>
<u>Drain District</u>			
Drain Bonds	\$ 71,255,000	\$ 63,845,918	\$ 7,409,082
Drain Refunding	11,205,000	9,388,630	1,816,370
Michigan Bond Authority Drain	198,044,482	109,130,483	88,913,999
Total	<u>\$280,504,482</u>	<u>\$182,365,031</u>	<u>98,139,451</u>

Table 20 – Oakland County Overlapping Debt as of 09/30/2016

Cities, Villages and Townships	\$1,092,468,456
School Districts	2,324,969,193
Community College, Intermediate School Districts and Library	49,579,079
County Issued Debt Paid by Local Municipalities	207,455,758
Net County Overlapping Debt	3,467,016,728
NET COUNTY DIRECT AND OVERLAPPING DEBT	3,977,917,485

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

Source: Oakland County Treasurer and Municipal Advisory Council of Michigan

**Table 21 – Oakland County Schedule of Bond Maturities
County Credit and Limited Tax
Principal Only as of 02/28/2017**

<u>Year</u>	<u>Building Authority</u>	<u>Building Authority Refunding</u>	<u>Water Supply Bonds</u>	<u>Water & Sewage Refunding</u>	<u>MBA Sewer Disposal Bonds</u>
2017	2,575,000	2,075,000	790,000	205,000	2,205,000
2018	2,655,000	2,410,000	745,000	205,000	2,260,000
2019	2,705,000	2,465,000	730,000	200,000	1,725,000
2020	2,780,000	2,460,000	740,000	220,000	1,770,000
2021	2,885,000	2,345,000	775,000	215,000	1,805,000
2022	2,960,000	2,430,000	785,000	160,000	1,850,000
2023	815,000	1,200,000	800,000	-	1,895,000
2024	820,000	755,000	835,000	-	1,940,000
2025	870,000	100,000	845,000	-	1,985,000
Beyond 2025	<u>4,320,000</u>	<u>0</u>	<u>7,940,000</u>	<u>-</u>	<u>13,397,033</u>
	<u>\$23,385,000</u>	<u>\$16,240,000</u>	<u>\$14,985,000</u>	<u>1,205,000</u>	<u>\$30,832,033</u>

Source: Oakland County Treasurer

**Table 22 – Oakland County Schedule of Drain Bond Maturities
County Credit and Limited Tax
Principal Only as of 02/28/2017**

<u>Year</u>	<u>Drain Bonds</u>	<u>Drain Refunding</u>	<u>M.B.A. Drain Bonds</u>
2017	3,425,000	1,830,000	13,067,500
2018	3,695,000	1,385,000	13,375,000
2019	3,800,000	1,370,000	13,860,000
2020	3,940,000	1,395,000	14,097,084
2021	4,055,000	1,440,000	14,365,000
2022	4,145,000	1,460,000	14,705,000
2023	3,820,000	960,000	13,920,000
2024	3,945,000	930,000	14,121,172
2025	4,085,000	435,000	8,925,000
Beyond 2025	<u>36,345,000</u>	<u>0</u>	<u>77,608,726</u>
	<u>\$71,255,000</u>	<u>\$11,205,000</u>	<u>\$198,044,482</u>

Source: Oakland County Treasurer

**Table 23 – Oakland County Schedule of Bond Maturities
with Limited County Pledge - Taxable
Principal Only as of 02/28/2017**

<u>Year</u>	<u>Bldg. Authority</u>	<u>Bldg. Authority Refunding</u>	<u>Retirees Health Care Bonds</u>	<u>Sewage</u>	<u>Tax Notes</u>
2017	890,000	2,335,000	23,020,000	305,000	25,000,000
2018	925,000	2,425,000	23,870,000	315,000	0
2019	945,000	2,490,000	24,750,000	325,000	0
2020	960,000	2,575,000	25,660,000	335,000	0
2021	970,000	2,655,000	26,605,000	350,000	0
2022	1,010,000	2,685,000	27,585,000	355,000	0
2023	1,030,000	1,265,000	28,605,000	375,000	0
2024	1,075,000	1,310,000	29,660,000	390,000	0
2025	1,100,000	0	30,750,000	405,000	0
Beyond 2025	<u>11,270,000</u>	<u>0</u>	<u>65,885,000</u>	<u>3,745,000</u>	<u>0</u>
	<u>\$20,175,000</u>	<u>\$17,740,000</u>	<u>\$306,390,000</u>	<u>\$6,900,000</u>	<u>\$25,000,000</u>

Source: Oakland County Treasurer

**Table 26 – Oakland County Schedule of Principal and Interest Requirements
as of 02/28/2017**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017-2019	187,352,500.00	61,173,271.37	248,525,771.37
2020-2024	285,993,256.00	67,714,553.39	353,707,809.39
2025-2030	209,552,758.00	27,456,269.42	237,009,027.42
2031-2040	<u>60,458,001.00</u>	<u>4,028,615.83</u>	<u>64,486,616.83</u>
	743,356,515.00	160,372,710.01	903,729,225.01

Source: Oakland County Treasurer

**Table 26 – Oakland County Statement of Legal Debt Margin
as of 02/28/2017**

<u>Bonds and Notes with County Credit and Limited Tax</u>	
GOLT Bldg. Authority	\$ 23,385,000.00
GOLT Bldg. Authority Refunding	16,240,000.00
GOLT Water	14,985,000.00
GOLT Water & Sewage Refunding	1,205,000.00
Michigan Bond Authority Sewage Disposal	30,832,033.00
Total	<u>\$ 86,647,033.00</u>
<u>Drain Bonds</u>	
Drain Bonds	\$ 71,255,000.00
Drain Refunding	11,205,000.00
Michigan Bond Authority Drain	198,044,482.00
Total	<u>\$ 280,504,482.00</u>
<u>Bonds and Notes with County Credit and Limited-Taxable</u>	
GOLT Bldg Authority	\$ 20,175,000.00
GOLT Bldg Authority Refunding	17,740,000.00
GOLT Retirees Health Care Bonds	306,390,000.00
GOLT Sewage	6,900,000.00
GOLT Tax Notes	25,000,000.00
Total	<u>\$ 376,205,000.00</u>
Total All County Debt	<u>\$ 743,356,515.00</u>
Statutory Limit - 10% of Currently Approved SEV	\$6,508,485,111.40
Total County Credit/Pledged Debt	743,356,515.00
Available Statutory Debt Limit	<u>\$5,765,128,596.40</u>

Source: Oakland County Treasurer

APPENDIX A

CHARTER TOWNSHIP OF BLOOMFIELD
GENERAL DESCRIPTION AND STATISTICAL INFORMATION

CHARTER TOWNSHIP OF BLOOMFIELD

LOCATION AND DESCRIPTION

The Charter Township of Bloomfield encompasses approximately 25 square miles in the southeastern portion of Oakland County, approximately 14 miles northwest of downtown Detroit.

FORM OF GOVERNMENT

The Township is governed by a Board of Trustees which is composed of seven members who are elected for four year terms. The Board is composed of a Supervisor, a Clerk, a Treasurer and four Trustees. The Supervisor is the chief executive and administrative officer of the Township. The Board is vested with all legislative powers except those otherwise provided by law.

POPULATION

2010 U.S. Census	41,070
2000 U.S. Census	43,023
1990 U.S. Census	42,473

FISCAL YEAR

April 1 to March 31

PROPERTY VALUATIONS

Article IX, Section 3, of the Michigan Constitution provides that the proportion of true cash value at which property shall be assessed shall not exceed 50% of true cash value. The Michigan Legislature by statute has provided that property shall be assessed at 50% of its true cash value, except as described below. The Michigan Legislature or the electorate may at some future time reduce the percentage below 50% of true cash value.

On March 15, 1994, the electors of the State approved an amendment to the Michigan Constitution permitting the Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing this constitutional amendment added a new measure of property value known as "Taxable Value." Since 1995, taxable property has two valuations -- State equalized valuation ("SEV") and Taxable Value. Property taxes are levied on Taxable Value. Generally, Taxable Value of property is the lesser of (a) the Taxable Value of the property in the immediately preceding year minus any losses, multiplied by the lesser of 1.05 or the inflation rate, plus additions, or (b) the property's current SEV. Under certain circumstances, therefore, the Taxable Value of property may be different from the same property's SEV. When property is sold or transferred, Taxable Value is adjusted to the SEV, which under existing law is 50% of the current true cash value. The Taxable Value of new construction is equal to current SEV. Taxable Value and SEV of existing property are also adjusted annually for additions and losses.

On March 15, 1994, the electors of the State of Michigan also voted to amend the State Constitution to increase the state sales tax from 4% to 6% and to place a yearly cap on property value assessment increases. The State now levies a property tax to finance education, and a higher real estate transfer tax is imposed on the sale of real property.

REAL PROPERTY TAX ASSESSMENTS

Responsibility for assessing taxable real property rests with the local assessing officer of each township and city. Any property owner may appeal the assessment to the local assessor, the local Board of Review and ultimately to the Michigan Tax Tribunal.

The Michigan Constitution also mandates a system of equalization for assessments. Although the assessors for each local unit of government within a county are responsible for actually assessing at 50% of true cash value, adjusted for Taxable Value purposes, the final SEV and Taxable Value are arrived at through several steps. Assessments are established initially by the municipal assessor. Municipal assessments are then equalized to the 50% levels as determined by the County's Department of Equalization. Thereafter, the State equalizes the various counties in relation to each other. SEV is important, aside from its use in determining Taxable Value for the purpose of levying ad valorem property taxes, because of its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits.

Real property that is exempt from property taxes, e.g., churches, government property, public schools, is not included in the SEV and Taxable Value data in this Official Statement. Property granted tax abatements under the Michigan Plant Rehabilitation and Industrial Development District Act, Act 198, Public Acts of Michigan, 1974, as amended ("Act 198") are recorded on separate tax rolls while subject to tax abatement. The valuation of tax abated property is based upon SEV but is not included in either the SEV or Taxable Value data in this Official Statement except as noted.

APPEAL OF PROPERTY ASSESSMENTS

Property taxpayers may appeal their assessments to the Michigan Tax Tribunal. Unless otherwise ordered by the Tax Tribunal, before the Tax Tribunal renders a decision on an assessment appeal, the taxpayer must have paid the tax bill. The Township has several tax appeals pending before the Tax Tribunal (including personal property appeals, none of which are expected to have a significant impact on the Township's State Equalized Valuation, Taxable Value or the resulting taxes.

INDUSTRIAL FACILITIES TAX

Act 198 provides significant property tax incentives to industry to renovate and expand aging industrial facilities and to build new industrial facilities 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 industrial facilities.

Property owners situated in such districts pay an Industrial Facilities Tax ("IFT") in lieu of ad valorem property taxes on plant and equipment for a period of up to 12 years. For rehabilitated plant and equipment, the IFT is determined by calculating the product of the taxable value of the replacement facility in the year before the effective date of the abatement certificate multiplied by the total mills levied by all taxing units in the current year. For abatements granted prior to January 1, 1994, new plant and equipment is taxed at one-half the total mills levied by all taxing units, except for mills levied for local school district operating purposes or under the State Education Tax Act, plus one-half of the number of mills levied for local school district operating purposes in 1993. For new facility 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, plus the number of mills levied under the State Education Tax Act. For new facility abatements granted after 1993, the State Treasurer may permit abatement of all, none or one-half of the mills levied under the State Education Tax Act. 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.

The Township does not currently have any outstanding IFT certificates.

HISTORY OF PROPERTY VALUATIONS

<u>Year</u>	<u>State Equalized Valuation</u>	<u>Taxable Value</u>
2016	\$4,497,242,280	\$3,470,928,740
2015	4,144,531,220	3,364,207,610
2014	3,724,060,750	3,245,848,860
2013	3,399,266,390	3,167,371,380
2012	3,254,592,251	3,096,798,011
2011	3,226,628,090	3,155,385,640
2010	3,485,076,600	3,404,549,680
2009	4,115,224,310	3,878,712,490
2008	4,492,380,886	3,948,259,831
2007	4,696,964,620	3,934,123,580

Source: Oakland County Equalization Department

MICHIGAN PROPERTY TAX REFORM

On March 28 and April 1, 2014, Governor Snyder signed into law a package of bills amending and replacing legislation enacted in 2012 to reform personal property tax in Michigan. Commercial and industrial personal property of each owner with a combined true cash value in a local taxing unit of less than \$80,000 is exempt from ad valorem taxes beginning in 2014. All eligible manufacturing personal property purchased or put into service beginning in 2013 and used more than 50% of the time in industrial processing or direct integrated support becomes exempt beginning in 2016. The legislation extends

certain personal property tax exemptions and tax abatements for technology parks, industrial facilities and enterprise zones that were to expire after 2012, until the newly enacted personal property tax exemptions take effect. Pursuant to voter approval in August 2014, the 2014 legislation also includes a formula to reimburse local governments for lost personal property tax revenue. To provide the reimbursement, the legislation reduces the state use tax and creates a Local Community Stabilization Authority which will levy a local use tax component and distribute that revenue to qualifying local units. The final impact of this legislation cannot be determined at this time.

The ultimate nature, extent and impact of any other future amendments to Michigan's property tax laws on the Township's finances cannot be predicted. Purchasers of the Bonds should consult with their legal counsel and financial advisors as to the consequences of any such legislation on the market price or marketability of the Bonds, the security therefor and the operations of the Township.

An analysis of State Equalized Valuation is as follows:

	BY CLASS		
	2016	2015	2014
Real Property	\$4,415,066,190	\$4,067,802,760	\$3,647,071,980
Personal Property	82,176,090	76,728,460	76,988,770
TOTAL	\$4,497,242,280	\$4,144,531,220	\$3,724,060,750

	BY USE		
	2016	2015	2014
Residential	4,110,658,760	3,781,762,430	3,369,996,450
Commercial	302,019,840	283,685,400	274,758,690
Industrial	2,387,590	2,354,930	2,316,840
Personal Property	82,176,090	76,728,460	76,988,770
TOTAL	\$4,497,242,280	\$4,144,531,220	\$3,724,060,750

Source: Oakland County Equalization Department

An analysis of Taxable Value is as follows:

	BY CLASS		
	2016	2015	2014
Real Property	\$3,388,752,650	\$3,287,478,750	\$3,168,860,090
Personal Property	82,176,090	76,728,860	76,988,770
TOTAL	\$3,470,928,740	\$3,364,207,610	\$3,245,848,860

	BY USE		
	2016	2015	2014
Residential	3,139,476,690	3,041,571,240	2,924,402,200
Commercial	247,260,390	243,897,910	242,479,890
Industrial	2,015,570	2,009,600	1,978,000
Personal Property	82,176,090	76,728,860	76,988,770
TOTAL	\$3,470,928,740	\$3,364,207,610	\$3,245,848,860

Source: Oakland County Equalization Department

MAJOR TAXPAYERS

According to Township officials the 2016 Taxable Value of each of the Township's major taxpayers is as follows:

<u>Name of Taxpayer</u>	<u>2016 Taxable Value</u>	<u>% of Total Taxable Value</u>
DTE Energy	\$ 18,845,210	0.54%
Consumers Energy Company	8,093,240	0.23%
Oakland Hills Country Club	7,313,530	0.21%
New Bloomfield Plaza, Inc.	7,133,330	0.21%
Tel - Square Realty LLC *	6,304,550	0.18%
Costco Wholesale Corporation	6,201,160	0.18%
AT&T Mobility, LLC	6,012,060	0.17%
Cole La Bloomfield Hills MI, LLC	5,917,700	0.17%
Health Care REIT, Inc.	5,871,750	0.17%
LTF Lease Company, LLC *	5,627,990	0.16%
Total	<u>\$ 77,320,520</u>	<u>2.23%</u>

* This taxpayer is appealing its property valuations. See "APPEAL OF PROPERTY ASSESSMENTS", herein.

TAX RATES*
(Per \$1,000 of Taxable Value)

	2016		2015		2014	
	Principal	Non Principal	Principal	Non Principal	Principal	Non Principal
	<u>Residence</u>	<u>Residence</u>	<u>Residence</u>	<u>Residence</u>	<u>Residence</u>	<u>Residence</u>
Charter Township of Bloomfield						
- Operating	0.9751	0.9751	0.9873	0.9873	0.9939	0.9939
- Voted ⁽¹⁾	1.2744	1.2744	1.2903	1.2903	1.2989	1.2989
- Roads ⁽²⁾	0.7027	0.7027	0.7115	0.7115	0.7163	0.7163
- Public Safety ⁽³⁾	6.1075	6.1075	6.1838	6.1838	6.2250	6.2250
- Safety Path ⁽⁴⁾	0.4747	0.4747	0.4807	0.4807	0.4839	0.4839
- Senior Service ⁽⁶⁾	0.2392	0.2392	0.2422	0.2422	0.2439	0.2439
- Library operating	1.4301	1.4301	1.4480	1.4480	1.9987	1.9987
- Library operating (voted) ⁽⁷⁾	0.5307	0.5307	0.5374	0.5374	-	-
- Library debt ⁽⁵⁾	0.4800	0.4800	0.5000	0.5000	0.5100	0.5100
- Drains	0.3300	0.3300	0.3900	0.3900	0.3900	0.3900
- Capital Imp. debt ⁽¹⁾	0.4600	0.4600	0.4800	0.4800	0.4800	0.4800
County of Oakland	4.2792	4.2792	4.3310	4.3310	4.4315	4.4315
Bloomfield Hills School District						
- Local	-	18.0000	-	18.0000	-	18.0000
- Supplemental	7.8484	-	7.7260	-	8.1563	-
- Sinking Fund	0.7239	0.7239	0.7326	0.7326	0.7388	0.7388
- Debt	0.9500	0.9500	0.9500	0.9500	0.9586	0.9586
State Education Tax (SET)	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000
Oakland County Intermediate School District	3.3398	3.3398	3.3633	3.3633	3.3690	3.3690
Oakland County Community College	1.5707	1.5707	1.5819	1.5819	1.5844	1.5844
Huron-Clinton Metro Authority	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146
S.M.A. R.T.	0.9941	0.9941	0.9998	0.9998	1.0000	1.0000
Art Institute Authority	0.1981	0.1981	0.1996	0.1996	0.2000	0.2000
Zoo Authority	0.0990	0.0990	0.0998	0.0998	0.1000	0.1000
Total All Jurisdictions	<u>39.2222</u>	<u>49.3738</u>	<u>39.4498</u>	<u>49.7238</u>	<u>40.0938</u>	<u>49.9375</u>

⁽¹⁾ Voted millage expires 2019

⁽²⁾ Voted millage expires 2016

⁽³⁾ Includes voted millages expiring 2016, 2022, 2023 and 2025

⁽⁴⁾ Voted millage expires 2018

⁽⁵⁾ Voted millage expires 2032

⁽⁶⁾ Voted millage expires 2023

⁽⁷⁾ Voted millage expires 2023

* Principal residence includes qualified agricultural property, qualified forest property and industrial personal property, which is excluded from taxes levied for school operating purposes. Moreover, commercial personal property is exempt from a portion of taxes levied for school operating purposes. Non Principal Residence is property not included in the above definition.

Source: Charter Township of Bloomfield

TAX RATE LIMITATIONS ⁽¹⁾

The Township is authorized pursuant to Act 359, Public Acts of Michigan, 1947, as amended (the "Charter Township Act") to levy the following tax rates:

<u>Purpose</u>	Maximum	Maximum	<u>Expiration</u>
	<u>Millage</u>	<u>Millage</u>	
	<u>Authorized</u>	<u>To Be Levied ⁽²⁾</u>	<u>Date of Millage</u>
General Operating	1.4100	0.9751	In Perpetuity

⁽¹⁾ The Michigan Constitution places certain restrictions on new taxes and tax increases and limits taxes for the payment of principal and interest on bonds or other evidences of indebtedness outstanding on or after December 23, 1978, unless such obligations are approved by the electors of the issuing public corporation.

⁽²⁾ See "PROPERTY VALUATIONS" and "CONSTITUTIONAL MILLAGE ROLL-BACK" herein

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

1. All debt service on tax supported bonds 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 said increase is approved by a majority of the qualified electors of the local unit.
3. Payment of valid judgments levied in accordance with State law.

CONSTITUTIONAL MILLAGE ROLL-BACK

Article IX, Section 31 of the Michigan Constitution requires that if the total value of existing taxable property in a local taxing unit, exclusive of new construction and improvements, increases faster than the U.S. Consumer Price Index from one year to the next, the maximum authorized tax rate for that local taxing unit must be permanently reduced through a Millage Reduction Fraction unless reversed by a vote of the electorate of the local taxing unit.

TAX LEVIES AND COLLECTIONS

<u>Year</u>	<u>Tax Levy</u>	<u>Collections to March 1</u>	
		<u>of Following Year</u>	
		<u>To Be Collected</u>	
2016	\$47,161,000 *		
2015	46,460,678	\$45,100,720	97.07%
2014	43,301,571	41,726,468	96.36%
2013	42,329,811	40,828,439	96.45%
2012	41,264,728	39,754,293	96.34%
2011	41,694,060	40,098,808	96.17%
2010	44,116,202	42,167,507	95.58%
2009	44,505,638	42,147,621	94.70%
2008	45,382,069	42,433,483	93.50%
2007	44,913,928	42,327,344	94.24%

* Estimate

Source: Charter Township of Bloomfield

The Township's taxes are due and payable and a lien created upon the assessed property on July 1, each year. Taxes remaining unpaid on the following March 1st are turned over to the County Treasurer for collection.

The General Property Tax Act was amended by Act 123 of Public Acts of Michigan of 1999 ("Act 123") which made extensive revisions to the procedures for collection of delinquent real property taxes. In general, for real property taxes levied after December 31, 1998, all property returned for delinquent taxes is subject to forfeiture, foreclosure and sale for the delinquent taxes in lieu of the tax lien sale held heretofore by the County Treasurer on the second Monday in May (which followed by twenty six (26) months the return of the delinquent taxes). Act 123 has the effect of shortening the process for collection of delinquent real property taxes from approximately six years (including statutory redemption periods) to approximately four years. Act 123 will not affect the obligation or authority of the Township to levy any taxes necessary for payment of debt service on general obligation limited tax bonds of the Township, including the Bonds offered herein.

Oakland County has established a Delinquent Tax Revolving Fund which pays all real property taxes and special assessments returned delinquent to the County Treasurer as of March 1st of each year. Said fund pays all local units, school districts, villages, townships and the County general fund for the full amount of taxes and special assessments levied against real property. If feasible, it is anticipated that the County will continue to reimburse the Township for any uncollected taxes and special assessments, but there is no assurance that this will be the case since the County is not obligated to continue this fund in future years. Uncollected personal property taxes must be collected by the local treasurer and are negligible.

REVENUES FROM THE STATE OF MICHIGAN

The Township 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 payments are composed of two components – a constitutional distribution and a statutory distribution.

The constitutional distribution is mandated by the State Constitution and distributed on a per capita basis to townships, cities and villages. The amount of the constitutionally mandated revenue sharing component distributed to the Township can vary depending on the population of the Township and the receipt of sales tax revenues by the State.

The statutory distribution is authorized by legislative action and distribution is subject to annual State appropriation by the State Legislature. Statutory distributions may be reduced or delayed by Executive Order during any State fiscal year in which the Governor, with the approval of the State Legislature's appropriations committees, determines that actual revenues will be less than the revenue estimates on which appropriations were based.

On June 29, 2016, Governor Snyder signed into law the budget for fiscal year 2017. The budget includes a constitutional revenue sharing distribution to cities, villages and townships of approximately \$757.9 million. The budget continues the incentive-based revenue sharing program known as the City, Village, and Township Revenue Sharing (or "CVTRS") program begun in fiscal year 2015, similar to the Economic Vitality Incentive Program ("EVIP") that from fiscal year 2012 through fiscal year 2014 distributed revenue sharing to municipalities that complied with certain "best practices" such as increasing transparency. Under the fiscal year 2017 budget, approximately \$243 million, the same amount appropriated in fiscal year 2016, has been appropriated for revenue sharing to cities, villages and townships that meet requirements for accountability and transparency, including making a citizen's guide to its finances, a performance dashboard, a debt service report and a two-year budget projection available for public viewing. The fiscal year 2017 budget reinstates \$5.8 million, previously included in the fiscal year 2015 budget but eliminated in 2016, for distribution to cities, villages and townships as a one-time payment based on population. The fiscal year 2017 budget also maintains funding for the revenue sharing grant program for financially distressed communities at the fiscal year 2016 level of \$5 million. Any portion of the CVTRS payment that the Township would be eligible to receive would be subject to certain benchmarks that the Township would need to meet, and there can be no assurance of what amount, if any, the Township would receive under the CVTRS program. The Township received revenue sharing payments of \$3,217,480 * based on the State of Michigan fiscal year ended September 30, 2016, and anticipates meeting the requirements to receive \$3,165,624 * in revenue sharing payments for the State's fiscal year ending September 30, 2017 according to the Township's budget for fiscal year ending March 31, 2017.

Purchasers of the Bonds should be alerted to further modifications to revenue sharing payments to Michigan local governmental units, to potential consequent impact on the Township'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 Township from the State.

* Estimate

The following table sets forth the annual revenue sharing payments and other moneys received by the Township for the State of Michigan fiscal years ended September 30, 2012 through September 30, 2016.

State Fiscal Year Ended September 30,	Constitutional Payments	Statutory Payments	EVIP/CVTRS Payments	Total
2016 *	\$ 3,108,785	\$ -	\$ 108,695	\$3,217,480
2015	3,129,255	-	108,695	3,237,950
2014	3,080,866	-	6,273	3,087,139
2013	3,010,271	-	2,992	3,013,263
2012	2,949,213	-	4,965	2,954,178

* Estimate

Source: <https://treas-secure.state.mi.us/apps/findevshareinfo.asp>

LABOR AGREEMENTS

The Township has three employee bargaining units which have negotiated comprehensive salary, wage, fringe benefit and working conditions contracts with the Township. The duration of these agreements are as follows:

Employee Group	Number of Employees	Expiration Date of Contract
Firefighters	57	March 31, 2017
Police Employees (Command Officers)	16	March 31, 2017
Police Employees (Patrolmen)	48	March 31, 2017

Source: Charter Township of Bloomfield Financial Statements and Supplementary Information for fiscal year ended March 31, 2016.

RETIREMENT PLAN

DEFINED BENEFIT PLAN *

The Township of Bloomfield Retirement Income Plan is a single-employer defined benefit plan. It is the responsibility of the Township pension employees' retirement system (PERS) to function as the investment and administrative agent for the Township with respect to the pension plan.

Based on state statutes, all full-time employees must be allowed to participate in the pension plan. However, as a defined contribution plan was created and effective April 1, 2005, new hires are no longer allowed to participate in the defined benefit plan. Under the provision of the Township's pension plan, pension benefits vest after eight years of full-time employment, except for the Township's police officers who vest after ten years of service. The plan pays upon retirement a benefit (depending on department) of 2.1 to 3.0% of final yearly earnings multiplied by years of credited service. Maximum benefits vary by department and tenure and range from 80% to 90% of final earnings. Retirement ages also vary by department and range from age 50 to age 62. Employees are also eligible for early retirement at reduced benefits. Retirement plan benefits for some departments are negotiated as part of collective bargaining agreements and may vary pursuant to these agreements.

Membership in the Plan consisted of the following at January 1, 2016, the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	262
Terminated and inactive plan members entitled to but not yet receiving benefits	14
Active plan members	181
Total	457

The obligation to contribute to and maintain the Plan for the Township's employees was established by Board resolution.

Under provisions of the Plan, Library and Bloomfield Village Police Department employees contribute 5% of their gross earnings to the Plan. All other employees contribute between 1% and 3.5% of their gross earnings to the Plan. In addition, the Township must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements as mandated by the Plan.

Total contributions to the Plan for the plan year beginning January 1, 2015, amounted to \$302,355 of which 100% were made by the Township employees on covered payroll of \$13,118,137 for the 2015 calendar year.

The Township's employer contributions for its fiscal year ending March 31, 2016, were \$0 due to the plan being fully funded. The pension contributions represent funding for normal cost and an additional contribution.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
1/1/2011	\$119,693,077	\$148,403,066	\$28,709,989	81%	\$15,522,940	185.0%
1/1/2012	123,455,000	152,669,000	29,214,000	81%	15,338,979	190.5%
1/1/2013	127,620,304	157,732,226	30,111,922	81%	14,862,788	202.6%
1/1/2014	218,093,625	215,164,942	(2,928,683)	101%	14,159,863	-20.7%
1/1/2015	223,169,053	203,271,702	(19,897,351)	110%	13,711,213	-145.1%
1/1/2016	205,807,266	208,236,229	2,428,963	99%	13,118,137	18.5%

* See Note 9 contained in the Township's Audited Financial Statements, fiscal year ended March 31, 2016 for further information.

DEFINED CONTRIBUTION PLAN **

The Charter Township of Bloomfield 401(a) Plan is a defined contribution pension plan established by the Township to provide benefits at retirement for eligible employees. The plan was effective April 1, 2005 for new Township hires and effective on or after April 2, 2011 for Bloomfield Township Library eligible employees. At March 31, 2016 there were 90 plan members. A stand-alone financial report of the plan has not been issued.

The Township may make discretionary contributions of not more than 10% of the total compensation for all active participants for all plan members except bargained employees. Township contributions for bargained employees will be made in accordance with the collective bargaining agreement. Contributions are made bi-weekly. For the year ended March 31, 2016, contributions in the amount of \$642,595 were made to the plan by the Township. In addition, discretionary contributions in the amount of \$93,695 were made to the plan by Township employees.

** See Note 10 contained in the Township's Audited Financial Statements, fiscal year ended March 31, 2016 for further information.

OTHER POST EMPLOYMENT BENEFITS ***

In addition to the pension benefits described above the Township provides contributory and noncontributory medical, dental, vision and basic life insurance coverage for eligible retirees and their spouses. The benefits are paid to four groups of employees who are eligible for different retiree benefits based on their date of hire. Additionally, benefits for bargaining employees are specified by union contract while the Board of Trustees establishes those for non-bargaining employees. Bargaining and non-bargaining employees who retire at or after age 50 with at least 15 years of service are eligible for medical, dental and vision coverage. Bargaining and non-bargaining employees who retire at the appropriate attained age with at least 15 years of service are eligible for life insurance coverage in the amount of \$6,000-\$8,000 depending on their bargaining/non-bargaining status.

For this plan, contribution requirements of the plan members and the Township are established and may be amended by union contract for bargaining employees and for non-bargaining employees by the Board of Trustees. The Township's annual other postemployment benefit (OPEB) cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The Township's annual OPEB cost for the year ended March 31, 2016 and the related information for the plan are as follows:

	Primary Government	Component Unit
Contribution rates:		
Township – Actuarially determined	0.0%	0.0%
Plan members	N/A	N/A
Annual required contribution (recommended)	\$13,238,120	\$ 531,108
Interest on net OPEB obligation	1,527,510	71,675
Adjustment to annual required contribution	(2,186,161)	(103,517)
Annual OPEB cost	12,579,469	499,266
Contributions made	(9,910,643)	(170,377)
Increase in net OPEB obligation	2,668,826	328,889
Net OPEB obligation - Beginning of year	37,842,447	1,791,887
Net OPEB obligation - End of year	<u>\$40,511,273</u>	<u>\$ 2,120,776</u>

The Township's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation, for the plan is as follows:

	Year End	Annual OPEB Cost	Percentage of OPEB Cost to Obligation	Net OPEB Obligation
	3/31/2016	\$13,078,735	30.7%	\$42,632,049
Primary Government		\$12,579,469	31.1%	\$40,511,273
Component Unit		\$ 499,266	23.5%	\$ 2,120,776

	Year End	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net Obligation
Primary Government	3/31/2013	\$ 7,803,892	\$ 2,826,942	36.2%	\$22,031,398
Primary Government	3/31/2014	\$11,529,765	\$ 3,705,253	32.1%	\$29,855,910
Primary Government	3/31/2015	\$11,801,608	\$ 3,815,071	32.3%	\$37,842,447
Primary Government	3/31/2016	\$12,579,469	\$ 9,910,643	78.8%	\$40,511,273
Component Unit	3/31/2013	\$ 353,412	\$ 149,405	42.3%	\$ 1,065,980
Component Unit	3/31/2014	\$ 503,682	\$ 142,429	28.3%	\$ 1,427,233
Component Unit	3/31/2015	\$ 517,090	\$ 152,436	29.5%	\$ 1,791,887
Component Unit	3/31/2016	\$ 499,266	\$ 170,377	34.1%	\$ 2,120,776

In addition to the premiums paid of \$3,815,071, the Township also made a \$500,000 contribution directly to the Retiree Health Care fund after the actuarial valuation date. The funded status of the plan as of July 1, 2015, was as follows:

Actuarial accrued liability	\$157,390,635
Actuarial value of plan assets	5,437,023
Unfunded actuarial accrued liability	<u>(\$151,953,612)</u>
Township	<u>\$146,695,932</u>
Component Unit	<u>\$5,257,680</u>
Funded ratio	3.45%
Covered payroll	\$15,279,000
Unfunded actuarial accrued liability	994.5%

*** See Note 12 contained in the Township's Audited Financial Statements, fiscal year ended March 31, 2016 for further information.

Source: Charter Township of Bloomfield Financial Statements and Supplementary Information for fiscal year ended March 31, 2016.

GENERAL FUND-FUND BALANCE

The Township's General Fund fund balance for the last five fiscal years is as follows:

<u>Fiscal Year Ended March 31.</u>	<u>Fund Balance</u>
2016	\$12,504,251
2015	11,838,362
2014	11,640,178
2013	11,498,694
2012	10,968,077

Source: Charter Township of Bloomfield Financial Statements and Supplementary Information

DEBT STATEMENT

As of January 3, 2017

DIRECT DEBT

General Obligation

11/01/2007	Capital Improvements, UT	\$1,400,000	
03/01/2008	Capital Improvements, Water Series 2008A, LT	480,000	
03/01/2008	Capital Improvements, Sewer Series 2008B, LT	400,000	
04/27/2011	Capital Improvements, Water/Sewer, LT	2,550,000	
08/09/2012	Library, UT Refunding	12,355,000	
04/23/2013	Capital Improvements, Water, LT	2,950,000	
09/04/2013	Street Improvements (SA) LT	560,000	
11/07/2013	Pension Obligation (LT)	69,415,000	
08/14/2014	Street Improvements (SA), LT, 2014	3,205,000	
12/18/2014	Refunding Bonds, Series 2014 (LT)	2,800,000	
09/15/2015	Street Improvements (SA), LT, 2015	1,220,000	
08/17/2016	Street Improvements (SA), LT, 2016	605,000	
01/03/2017	Refunding Bonds, Series 2017A, LT	3,110,000	
12/28/2016	Refunding Bonds, Series 2016B, LT	2,710,000	
12/28/2016	Refunding Bonds, Series 2016, UT	<u>18,835,000</u>	\$122,395,000

Share of County Issued Bonds

Drain	<u>\$6,263,508</u>
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NET DIRECT DEBT

\$128,858,508

OVERLAPPING DEBT

6.66%	Avondale School District	\$ 118,491,600	\$ 7,891,541
21.28%	Birmingham School District	205,135,000	43,652,728
63.20%	Bloomfield Hills School District	54,450,000	34,412,400
10.15%	Pontiac School District	33,789,135	3,429,597
6.57%	Oakland County @ Large	395,418,387	25,978,988
6.60%	Oakland Intermediate School District	46,680,000	3,080,880
6.62%	Oakland Community College	<u>1,605,000</u>	<u>106,251</u>

TOTAL OVERLAPPING DEBT

\$ 118,552,385

NET DIRECT AND OVERLAPPING DEBT

\$ 247,410,893

DEBT RATIOS:

Per Capita 2016 State Equalized Valuation	\$109,501.88
Per Capita 2016 True Cash Value	\$219,003.76
Per Capita Net Direct Debt	\$3,137.53
Per Capita Combined Net Direct and Overlapping Debt	\$6,024.13
Percent of Net Direct Debt of 2016 State Equalized Valuation	2.87%
Percent of Net Direct and Overlapping Debt of 2016 State Equalized Valuation	5.50%
Percent of Net Direct Debt of 2016 True Cash Value	1.43%
Percent of Net Direct and Overlapping Debt of 2016 True Cash Value	2.75%

Source: Municipal Advisory Council of Michigan

SCHEDULE OF BOND MATURITIES

As of January 3, 2017

Year	General Obligation Bonds	Share of County Issued Drain Bonds
2016	\$0	\$0
2017	7,175,000	588,053
2018	7,160,000	296,985
2019	7,480,000	303,594
2020	7,690,000	315,204
2021	7,710,000	326,813
2022	7,885,000	337,259
2023	8,195,000	346,095
2024	8,545,000	361,540
2025	7,265,000	373,149
2026	7,625,000	314,260
2027	7,740,000	326,932
2028	7,145,000	343,440
2029	7,605,000	356,112
2030	7,725,000	373,784
2031	7,655,000	390,292
2032	7,995,000	215,000
2033	0	225,000
2034	0	230,000
2035	0	240,000
	<u>\$122,595,000</u>	<u>\$6,263,508</u>

DEBT HISTORY: There is no record of default.

FUTURE BONDING: The Township anticipates the issuance of two general obligation limited tax bond issues through Oakland County for water and sewer improvements in the approximate amounts of \$698,000 and \$3,400,000, respectively. Additionally, the Township anticipates the issuance of approximately \$995,000 in drain bonds through the County. The Township anticipates the aforementioned bonds will be issued during the 2017 calendar year.

STATEMENT OF LEGAL DEBT MARGIN

As of January 3, 2017

2016 State Equalized Valuation		\$4,497,242,280
Debt Limited 10% of State Equalized Valuation (1)		449,724,228
Amount of Outstanding Debt	\$128,858,508	
Less: (2-a) Special Assessment Bonds	5,590,000	
(2-d) Share of County Issued Bonds	<u>6,263,508</u>	<u>117,005,000</u>
LEGAL DEBT MARGIN		<u>\$332,719,228</u>

(1) Act 359, Public Acts of Michigan, 1947, as amended (the "Charter Township Act"), provides that the net indebtedness of the Township shall not exceed 10% of all assessed real and personal property in the Township.

(2) Bonds which are not included in the computation of legal debt margin according to the Charter Township Act are:

- (a) Special Assessment Bonds;
- (b) Revenue Bonds;
- (c) Bonds issued, or contract or assessment obligations incurred, to comply with an order of the former water resources commission, the department of environmental quality, or a court of competent jurisdiction;
- (d) Bonds issued, or contract or assessment obligations incurred, for water supply, sewage, drainage or refuse disposal projects necessary to protect the public health by abating pollution;
- (e) Bonds issued, or contract or assessment obligations incurred, for the construction, improvement or replacement of a combined sewer overflow abatement facility; and

MAJOR EMPLOYERS

Major employers in the Township are as follows:

<u>Employer</u>	<u>Product/Service</u>	<u>Approximate Number of Employees</u>
Bloomfield Hills Schools	Education	1,119
Bloomfield Township	Government	420
Oakland Hills Country Club	Private Golf Club	250
Kroger	Grocery	220
Costco Warehouse	Retail	213
Birmingham Country Club	Private Golf Club	200
Penske Automotive Group/Honda of Bloomfield	Automotive Dealership	195
Heartland Health Care Center-Georgian Bloomfield	Assisted Living	160
Sunrise Senior Living *	Assisted Living	160
Macquarie Equipment Finance LLC	Technology Equipment Leasing	145
Golling Chrysler	Automotive Dealership	134
Hubbell, Roth & Clark	Civil Engineers	133
Research Data Analysis	Marketing Research	125
Detroit Edison	Utility	123
Wabeek Country Club	Private Golf Club	120
Bloomfield Post Office	Mail Service	116
Lowe's Home Improvement Store	Home Improvement Store Warehouse	110
Target	Retail	103
LA Fitness	Fitness	50

* Two locations.

Source: Charter Township of Bloomfield

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LABOR CHARACTERISTICS

The U.S. Census 2010 -2014 American Community Survey 5-Year Estimates lists the labor force characteristics for the Township, for employed persons 16 years and over, as follows:

<u>By Occupation</u>	<u>Number of Employees</u>
Management, business, science, and arts occupations	12,049
Service occupations	1,772
Sales and office occupations	4,259
Natural resources, construction, and maintenance occupations	446
Production, transportation, and material moving occupations	677
Total	19,203

<u>By Industry</u>	
Agriculture, forestry, fishing and hunting, and mining	43
Construction	537
Manufacturing	2,788
Wholesale trade	639
Retail trade	1,574
Transportation and warehousing, and utilities information	211
Information	340
Finance, insurance, real estate, and rental and leasing	1,955
Professional, scientific, management, administrative, and waste management service	3,478
Educational, health and social services	5,512
Arts, entertainment, recreation, accommodation and food services	1,175
Other services (except professional administration)	564
Public administration	387
Total	19,203

UNEMPLOYMENT DATA

According to the Michigan Department of Career Development, Employment Security Agency, Office of Labor Market Information, the unemployment statistics for the State of Michigan and the Township during the current year and the last three calendar years are as follows:

Charter Township of Bloomfield

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
January	3.1%	4.0%	5.0%	6.0%
February	2.9%	3.5%	5.1%	5.6%
March	3.0%	3.5%	5.1%	5.4%
April	2.4%	3.0%	4.2%	4.8%
May	2.7%	3.8%	4.8%	5.5%
June	3.2%	3.8%	5.0%	6.1%
July	3.3%	4.2%	5.5%	6.4%
August	3.3%	3.6%	4.9%	5.9%
September	2.9%	3.2%	4.4%	5.4%
October	2.9%	3.4%	4.3%	5.5%
November		2.8%	3.7%	4.8%
December		2.9%	3.4%	4.6%
Annual Average		3.5%	4.6%	5.5%

State of Michigan

	2016	2015	2014	2013
January	5.1%	6.7%	8.4%	10.1%
February	5.0%	6.1%	8.5%	9.4%
March	5.1%	5.9%	8.4%	9.0%
April	4.3%	5.1%	6.9%	8.1%
May	4.5%	5.9%	7.6%	8.8%
June	4.9%	5.8%	7.6%	9.6%
July	5.4%	6.4%	8.5%	10.2%
August	4.9%	5.2%	7.3%	8.9%
September	4.4%	4.6%	6.6%	8.3%
October	4.6%	4.7%	6.3%	8.4%
November		4.2%	5.7%	7.6%
December		4.5%	5.6%	7.6%
Annual Average		5.4%	7.3%	8.8%

Source: <http://milmi.org/cgi/dataanalysis/labForceReport.asp?menuchoice=LABFORCE>

BUILDING PERMITS

The number of building permits issued in the Township during the last three calendar years is as follows:

	2016 *		2015		2014	
	Number of Permits	Estimated Value	Number of Permits	Estimated Value	Number of Permits	Estimated Value
Residential	935	\$77,354,850	845	\$76,176,600	1,078	\$78,528,316
Commercial/Industrial/Demolition	104	25,447,347	86	26,634,308	78	11,291,252
Total	1,039	\$102,802,197	931	\$102,810,908	1,156	\$89,819,568

* As of November 16, 2016

Source: Charter Township of Bloomfield.

RESIDENTIAL CHARACTERISTICS

There are 17,799 housing units located within the Township according to the US Census 2010 Profile of General Population and Housing Characteristics, of which 87.3% are owner-occupied. A breakdown of the dwelling units according to the U.S. Census 2010-2014 American Community Survey 5-Year Estimates is as follows:

Single Family	85.9%
Multi Family	14.1%
Mobile Home	0.0%

According to the U.S. Census 2010 - 2014 American Community Survey 5-Year Estimates, the median value of an owner-occupied residence in the Township is \$338,300.

INCOME CHARACTERISTICS

There were 16,446 households in the Township, according to the U.S. Census 2010 - 2014 American Community Survey 5-Year Estimates of economic characteristics, which had a median household income of \$108,235. A breakdown of the income for the Township's households is as follows:

<u>Income of Household</u>	<u>Number of Households</u>
Less than \$10,000	499
\$10,000 to \$14,999	326
\$15,000 to \$24,999	722
\$25,000 to \$34,999	943
\$35,000 to \$49,999	1,259
\$50,000 to \$74,999	2,006
\$75,000 to \$99,999	1,701
\$100,000 to \$149,999	3,041
\$150,000 or more	5,949

The per capita income for the Township according to the U.S. Census 2010 - 2014 American Community Survey 5-Year Estimates was \$63,030.

AGE STATISTICS

Age groups for the Township's residents, according to the U.S. Census, are as follows:

	<u>1990 US Census Percentage</u>	<u>2000 US Census Percentage</u>	<u>2010 US Census Percentage</u>
Under 5 Years	5%	5%	4%
5 to 19 Years	17%	21%	20%
20 to 24 Years	7%	3%	3%
25 to 44 Years	27%	22%	17%
45 to 65 Years	31%	32%	34%
Over 65 Years	13%	18%	22%

EDUCATIONAL CHARACTERISTICS

The primary and secondary educational needs of the residents of the Township are adequately handled by the Avondale, Birmingham, Bloomfield Hills and Pontiac public school districts which serve the Township. Higher educational opportunities are available at the following institutions, which are located within driving distance of the Township's residents:

College for Creative Studies
 Eastern Michigan University
 Lawrence Technological University
 Madonna University
 Oakland Community College
 Oakland University
 University of Michigan - Dearborn
 University of Detroit/Mercy
 Walsh College
 Wayne State University

According to the U.S. Census 2010 -2014 American Community Survey 5-Year Estimates, the educational characteristics for the Township are as follows:

<u>Years of School Completed</u>	<u>Persons 25 and Over</u>
Less than 9th grade	1.1%
9th to 12th grade no diploma	1.6%
High School graduate	9.5%
Some college, no degree	13.2%
Associate degree	5.1%
Bachelor degree	34.8%
Graduate or professional degree	34.7%

UTILITIES

The Township operates its own water distribution system and purchases water from the City of Detroit. The Township also operates its own sewage collection and transmission system and purchases sewage treatment through the County of Oakland pursuant to a contract with the City of Detroit. Consumers Energy provides natural gas and DTE Energy provides electricity for the Township.

TRANSPORTATION

The Township is traversed in the north-south direction by Woodward Avenue, which connects with U.S. 24 and I-75 in the northern Township limits.

BANKING

The banking needs of the Township's residents can be adequately served by the following, all of which have branches located in the Township:

Bank of America
Bank of Birmingham
Comerica Bank
Fidelity Bank
JPMorgan Chase Bank, N.A.

Source: Charter Township of Bloomfield.

Independent Auditor's Report

To the Board of Commissioners
Oakland County, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oakland County (the "County") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

To the Board of Commissioners
Oakland County, Michigan

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oakland County as of September 30, 2015 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 20 to the basic financial statements, the 2014 basic financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

As discussed in Note 20 to the basic financial statements, in 2015, the County adopted the new accounting guidance of GASB No. 68, *Accounting and Financial Reporting for Pensions*, which established accounting and financial reporting standards for defined benefit pension plans provided to the employees of governmental employers through pension plans. Adopting GASB Statement No. 68 resulted in a net pension liability and significant changes to the defined benefit pension plan related note disclosures. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

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

Other Information

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

To the Board of Commissioners
Oakland County, Michigan

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

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

Other Reporting Required by *Government Auditing Standards*

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

Plante & Moran, PLLC

March 21, 2016

County of Oakland
Statement of Net Position
September 30, 2015

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Totals	
Assets				
Current assets				
Pooled cash and investments	\$ 428,842,162	\$ 332,099,494	\$ 760,941,656	\$ 38,102,559
Cash and cash equivalents	-	-	-	55,910,954
Receivables (net of allowance for uncollectibles where applicable)				
Current property taxes	16,433,046	-	16,433,046	-
Delinquent property taxes	615,058	64,349,651	64,964,709	-
Special assessments	-	-	-	5,362,018
Due from other governmental units	25,437,883	25,198,326	50,636,209	9,795,759
Due from primary government	-	-	-	116,940
Due from component units	644,904	75,575	720,479	-
Accrued interest receivable	739,932	2,138,427	2,878,359	95,840
Accounts receivable	2,826,665	45,059,100	47,885,765	18,904,164
Contracts receivable	12,953,010	1,282,121	14,235,131	-
Internal balances - note 19	(5,153,900)	5,153,900	-	-
Inventories and supplies	1,492,390	418,993	1,911,383	4,648,821
Prepayments and other assets	9,714,698	2,424,415	12,139,113	3,817,207
Total current assets	494,545,848	478,200,002	972,745,850	136,754,262
Noncurrent assets				
Special assessments receivable	58,146,004	-	58,146,004	210,278,991
Contracts receivable	17,550,000	-	17,550,000	-
OPEB asset	163,092,632	-	163,092,632	-
Capital assets, net				
Land and other nondepreciable assets	22,266,619	121,118,357	143,384,976	361,448,049
Land improvements, net	159,910	9,128,044	9,287,954	1,078,684
Buildings and improvements, net	141,344,957	60,324,916	201,669,873	60,993,215
Equipment and vehicles, net	26,887,760	19,521,316	46,409,076	7,384,313
Infrastructure, net	12,837,648	95,900,694	108,738,342	978,942,776
Total capital assets, net	203,496,894	305,993,327	509,490,221	1,409,847,037
Total noncurrent assets	442,285,530	305,993,327	748,278,857	1,620,126,028
Total assets	936,831,378	784,193,329	1,721,024,707	1,756,880,290
Deferred Outflows of Resources				
Deferred outflows related to pension	40,245,669	-	40,245,669	17,222,616
Total deferred outflows of resources	\$ 40,245,669	\$ -	\$ 40,245,669	\$ 17,222,616

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

County of Oakland
Statement of Net Position (Continued)
September 30, 2015

	Primary Government			Component Units
	Governmental Activities	Business- Type Activities	Totals	
Liabilities				
Current liabilities				
Vouchers payable	\$ 15,301,679	\$ 5,715,968	\$ 21,017,647	\$ 13,819,963
Accrued payroll	4,763,306	-	4,763,306	-
Due to other governmental units	2,090,449	14,960,954	17,051,403	13,083,203
Due to primary government	-	-	-	720,479
Due to component units	495	116,445	116,940	-
Accrued interest payable	294,771	-	294,771	38,462
Other accrued liabilities	21,208,056	7,064,811	28,272,867	10,137,534
Accrued compensated absences	1,250,552	-	1,250,552	-
Unearned revenue	47,558,467	1,866,397	49,424,864	25,007,961
Claims and judgments	4,405,765	-	4,405,765	572,340
Bonds and notes payable	30,660,000	26,480,200	57,140,200	19,314,800
Total current liabilities	127,533,540	56,204,775	183,738,315	82,694,742
Noncurrent liabilities				
Accrued compensated absences	11,254,965	-	11,254,965	3,018,250
Claims and judgments	14,667,837	-	14,667,837	673,860
Net pension liability	12,718,628	-	12,718,628	26,527,162
Other postemployment benefits	-	-	-	23,527,919
Bonds and notes payable	386,428,202	19,780,412	406,208,614	245,751,674
Total noncurrent liabilities	425,069,632	19,780,412	444,850,044	299,498,865
Total liabilities	552,603,172	75,985,187	628,588,359	382,193,607
Net Position				
Net investment in capital assets	156,456,894	284,732,715	441,189,609	1,144,780,563
Restricted for				
Property tax forfeiture	15,190,786	-	15,190,786	-
General Government	1,297,407	-	1,297,407	-
Public safety	6,111,317	-	6,111,317	-
Citizens services	1,866,475	-	1,866,475	-
Public works	4,329,337	-	4,329,337	10,571,582
Justice Administration	1,624,078	-	1,624,078	-
Commerce and community development	8,273,176	-	8,273,176	-
Debt service	899,136	-	899,136	196,028,896
Airports	-	700	700	-
Community water and sewer	-	89,643,164	89,643,164	-
Unrestricted	228,425,269	333,831,563	562,256,832	40,528,258
Total net position	\$ 424,473,875	\$ 708,208,142	\$ 1,132,682,017	\$ 1,391,909,299

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

County of Oakland
Statement of Activities
Year Ended September 30, 2015

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
<u>Functions/Programs</u>					
Primary government					
Governmental activities					
General government, administrative	\$ 69,539,633	\$ 24,225,570	\$ 4,448,510	\$ -	\$ (40,865,553)
Public safety	186,050,353	64,625,234	17,630,677	163,231	(103,631,211)
Justice administration	86,238,778	31,830,801	741,357	-	(53,666,620)
Citizen services	83,738,255	8,414,435	14,728,273	-	(60,595,547)
Public works	38,300,439	12,855,569	362,098	5,761,319	(19,321,453)
Recreation and leisure	1,322,395	14,686	-	-	(1,307,709)
Commerce and community development	44,364,348	17,646,879	22,065,499	-	(4,651,970)
Unallocated depreciation	3,164,143	-	-	-	(3,164,143)
Interest on debt	3,273,505	-	-	-	(3,273,505)
Total governmental activities	515,991,849	159,613,174	59,976,414	5,924,550	(290,477,711)
Business-type activities					
Airports	7,023,922	4,421,496	287,991	485,207	(1,829,228)
Community safety support	21,312,944	12,833,963	-	761,013	(7,717,968)
Community tax financing	1,230,707	16,657,070	-	-	15,426,363
Community water and sewer	81,572,797	80,058,849	807,591	1,294,332	587,975
Recreation and leisure	23,741,356	9,978,385	69,032	308,000	(13,385,939)
Sewage disposal systems	129,927,356	137,441,935	518,864	8,219,302	16,252,745
Total business-type activities	264,809,082	261,391,698	1,683,478	11,067,854	9,333,948
Total primary government	\$ 780,800,931	\$ 421,004,872	\$ 61,659,892	\$ 16,992,404	\$ (281,143,763)
Component units					
Drainage districts	\$ 94,953,221	\$ 86,988,736	\$ 782,103	\$ 58,354,011	\$ 51,171,629
Road commission	111,085,883	17,668,474	65,173,330	56,459,414	28,215,335
Total component units	\$ 206,039,104	\$ 104,657,210	\$ 65,955,433	\$ 114,813,425	\$ 79,386,964

continued...

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

County of Oakland
Statement of Activities (Continued)
Year Ended September 30, 2015

	Primary Government			
	Governmental Activities	Business- Type Activities	Totals	Component Units
<u>Changes in net position</u>				
Net (expense) revenue	<u>\$ (290,477,711)</u>	<u>\$ 9,333,948</u>	<u>\$ (281,143,763)</u>	<u>\$ 79,386,964</u>
General revenues				
Taxes				
Property taxes	204,218,641	11,832,814	216,051,455	-
State-shared revenue (unrestricted)	39,238,141	-	39,238,141	-
Unrestricted investment earnings	3,589,453	2,914,365	6,503,818	1,109,874
Gain on sale of capital assets	135,786	-	135,786	-
Other revenues	5,623,075	-	5,623,075	-
Transfers in (out)	<u>17,940,753</u>	<u>(17,940,753)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>270,745,849</u>	<u>(3,193,574)</u>	<u>267,552,275</u>	<u>1,109,874</u>
Change in net position	<u>(19,731,862)</u>	<u>6,140,374</u>	<u>(13,591,488)</u>	<u>80,496,838</u>
<u>Net position</u>				
Beginning (as restated, see note 20)	<u>444,205,737</u>	<u>702,067,768</u>	<u>1,146,273,505</u>	<u>1,311,412,461</u>
Ending	<u>\$ 424,473,875</u>	<u>\$ 708,208,142</u>	<u>\$ 1,132,682,017</u>	<u>\$ 1,391,909,299</u>
				concluded

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

Governmental Fund Financial Statements

Major Funds

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

Building Authority Debt Act 31 Fund - This fund was established to accumulate the resources for the payment of bonded debt issued for the construction of, or improvement to various facilities (currently four 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 eight 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, 2015**

	Major Funds		
	General	Building Authority Debt Act 31	Water and Sewer Debt Act 342
Assets			
Pooled cash and investments	\$ 257,903,628	\$ 109,349	\$ 767,364
Receivables (net of allowance for uncollectibles where applicable)			
Current property taxes	16,433,046	-	-
Delinquent property taxes	615,058	-	-
Due from other governmental units	8,727,955	-	-
Due from component units	144,771	-	-
Accrued interest receivable	96,596	-	288
Accounts receivable	525,577	729,051	-
Contracts receivable	12,913,610	13,505,000	-
Special assessments receivable	-	-	55,550,727
Due from other funds	4,454,639	-	-
Advances receivable	-	-	-
Inventories	141,377	-	-
Prepayments and other assets	349,122	-	-
Total assets	\$ 302,305,379	\$ 14,343,400	\$ 56,318,379
Liabilities			
Vouchers payable	\$ 8,763,067	\$ -	\$ 743,675
Accrued payroll	4,763,306	-	-
Due to other governmental units	332,331	-	-
Due to other funds	16,857	912	-
Advances payable	-	-	-
Unearned revenue	11,436,921	-	33,197,525
Other accrued liabilities	5,758,617	-	7,340
Total liabilities	\$ 31,071,099	\$ 912	\$ 33,948,540
Deferred Inflows of Resources			
Unavailable revenue-property taxes	10,773,845	-	-
Unavailable revenue-special assessments	-	-	22,353,202
Unavailable revenue-grants	105,053	-	-
Unavailable revenue-contracts receivable	-	13,505,000	-
Unavailable revenue-other	150,989	-	-
Total deferred inflows of resources	\$ 11,029,887	\$ 13,505,000	\$ 22,353,202
Fund Balances			
Nonspendable	490,499	-	-
Restricted	15,190,786	837,488	16,637
Committed	-	-	-
Assigned	242,777,177	-	-
Unassigned	1,745,931	-	-
Total fund balances	\$ 260,204,393	\$ 837,488	\$ 16,637
Total liabilities, deferred inflows of resources, and fund balances	\$ 302,305,379	\$ 14,343,400	\$ 56,318,379

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

**County of Oakland
Balance Sheet (Continued)
Governmental Funds
September 30, 2015**

	Non-Major Funds	Totals September 30, 2015
Assets		
Pooled cash and investments	\$ 54,412,003	\$ 313,192,344
Receivables (net of allowance for uncollectibles where applicable)		
Current property taxes	-	16,433,046
Delinquent property taxes	-	615,058
Due from other governmental units	16,173,609	24,901,564
Due from component units	473,534	618,305
Accrued interest receivable	31,339	128,223
Accounts receivable	649,458	1,904,086
Contracts receivable	4,084,400	30,503,010
Special assessments receivable	2,595,277	58,146,004
Due from other funds	1,013,822	5,468,461
Advances receivable	1,611,207	1,611,207
Inventories	-	141,377
Prepayments and other assets	2,704,232	3,053,354
Total assets	<u>\$ 83,748,881</u>	<u>\$ 456,716,039</u>
Liabilities		
Vouchers payable	\$ 3,221,779	\$ 12,728,521
Accrued payroll	-	4,763,306
Due to other governmental units	1,477,892	1,810,223
Due to other funds	10,447,141	10,464,910
Advances payable	1,611,207	1,611,207
Unearned revenue	2,215,078	46,849,524
Other accrued liabilities	9,934,777	15,700,734
Total liabilities	<u>28,907,874</u>	<u>93,928,425</u>
Deferred Inflows of Resources		
Unavailable revenue-property taxes	-	10,773,845
Unavailable revenue-special assessments	2,595,277	24,948,479
Unavailable revenue-grants	3,330,726	3,435,779
Unavailable revenue-contracts receivable	4,045,000	17,550,000
Unavailable revenue-other	1,519,862	1,670,851
Total deferred inflows of resources	<u>11,490,865</u>	<u>58,378,954</u>
Fund balances		
Nonspendable	1,176,207	1,666,706
Restricted	18,440,171	34,485,082
Committed	27,813,859	27,813,859
Assigned	-	242,777,177
Unassigned	(4,080,095)	(2,334,164)
Total fund balances	<u>43,350,142</u>	<u>304,408,660</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 83,748,881</u>	<u>\$ 456,716,039</u>

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

County of Oakland
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
September 30, 2015

Total fund balances for governmental funds		\$ 304,408,660
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Land, not being depreciated	\$ 7,235,551	
Construction in progress, not being depreciated	5,462,091	
Land improvements, net of \$1,090,723 depreciation	159,910	
Buildings and improvements, net of \$107,238,482 depreciation	139,947,950	
Equipment and vehicles, net of \$18,885,024 depreciation	13,152,795	
Infrastructure, net of \$14,778,710 depreciation	<u>12,723,028</u>	
		178,681,325
Internal service funds are used by management to charge the cost of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		137,910,335
Other post-employment benefits assets do not represent financial resources and are not reported in the funds.		163,092,632
Property tax revenues in the Statement of Activities that do not provide current financial resources are deferred and not reported as revenue in the funds.		10,158,787
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.		47,605,109
Long-term bonded debt is not due and payable in the current period and therefore is not reported in the funds. Unamortized premiums, loss on refundings, and interest payable are not reported in the funds. However, these amounts are included in the Statement of Net Position. This is the net effect of these balances on the statement:		
Bonds and notes payable	(417,088,202)	
Accrued interest payable	<u>(294,771)</u>	
		<u>(417,382,973)</u>
Net position of governmental activities		<u>\$ 424,473,875</u>

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

County of Oakland
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2015

	Major Funds		
	General	Building Authority Debt Act 31	Water and Sewer Debt Act 342
Revenues			
Taxes	\$ 206,368,131	\$ -	\$ -
Special assessments	-	1,097,029	10,280,376
Federal grants	359,400	-	-
State grants	4,583,253	-	-
Other intergovernmental revenues	41,448,728	-	-
Charges for services	108,783,651	3,080	1,888
Contributions	135,744	-	-
Investment income	2,276,803	98	1,741
Indirect cost recovery	7,946,958	-	-
Other	183,233	-	-
Total revenues	<u>372,085,901</u>	<u>1,100,207</u>	<u>10,284,005</u>
Expenditures			
Current operations			
County Executive	85,114,190	15,674	-
Clerk/Register of Deeds	8,788,748	-	-
Treasurer	8,881,564	-	-
Justice administration	50,712,524	-	-
Law enforcement	152,534,888	-	-
Legislative	3,864,960	-	-
Water Resource Commissioner	5,354,127	-	2,853
Non-departmental	29,905,627	-	-
Total current operations	<u>345,156,628</u>	<u>15,674</u>	<u>2,853</u>
Capital outlay	116,739	-	-
Intergovernmental	-	-	13,592
Debt service			
Principal payments	-	5,655,000	9,675,000
Interest and fiscal charges	-	1,247,966	607,900
Total expenditures	<u>345,273,367</u>	<u>6,918,640</u>	<u>10,299,345</u>
Excess (deficiency) of revenues over (under) expenditures	<u>26,812,534</u>	<u>(5,818,433)</u>	<u>(15,340)</u>
Other financing sources (uses)			
Transfers in	23,968,311	5,760,891	-
Transfers out	(44,783,048)	(250)	-
Insurance recoveries	222,022	-	-
Issuance of bonds	-	-	-
Total other financing sources (uses)	<u>(20,592,715)</u>	<u>5,760,641</u>	<u>-</u>
Net change in fund balances	<u>6,219,819</u>	<u>(57,792)</u>	<u>(15,340)</u>
Fund balances			
October 1, 2014	<u>253,984,574</u>	<u>895,280</u>	<u>31,977</u>
September 30, 2015	<u>\$ 260,204,393</u>	<u>\$ 837,488</u>	<u>\$ 16,637</u>

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

County of Oakland
Statement of Revenues, Expenditures, and Changes in Fund Balances
(Continued)
Governmental Funds
Year Ended September 30, 2015

	Non-Major Funds	Totals September 30, 2015
Revenues		
Taxes	\$ -	\$ 206,368,131
Special assessments	8,051,749	19,429,154
Federal grants	31,776,107	32,135,507
State grants	23,270,222	27,853,475
Other intergovernmental revenues	11,675,776	53,124,504
Charges for services	12,204,002	120,992,621
Contributions	140,407	276,151
Investment income	302,142	2,580,784
Indirect cost recovery	-	7,946,958
Other	836,434	1,019,667
Total revenues	<u>88,256,839</u>	<u>471,726,952</u>
Expenditures		
Current operations		
County Executive	67,810,965	152,940,829
Clerk/Register of Deeds	1,899,662	10,688,410
Treasurer	16,142	8,897,706
Justice administration	24,914,655	75,627,179
Law enforcement	6,819,363	159,354,251
Legislative	-	3,864,960
Water Resource Commissioner	9,391,665	14,748,645
Non-departmental	-	29,905,627
Total current operations	<u>110,852,452</u>	<u>456,027,607</u>
Capital outlay	16,277,979	16,394,718
Intergovernmental	-	13,592
Debt service		
Principal payments	4,400,000	19,730,000
Interest and fiscal charges	1,445,811	3,301,677
Total expenditures	<u>132,976,242</u>	<u>495,467,594</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(44,719,403)</u>	<u>(23,740,642)</u>
Other financing sources (uses)		
Transfers in	38,049,031	67,778,233
Transfers out	(15,083,248)	(59,866,546)
Insurance recoveries	-	222,022
Issuance of bonds	2,331,098	2,331,098
Total other financing sources (uses)	<u>25,296,881</u>	<u>10,464,807</u>
Net change in fund balances	<u>(19,422,522)</u>	<u>(13,275,835)</u>
Fund balances		
October 1, 2014	<u>62,772,664</u>	<u>317,684,495</u>
September 30, 2015	<u>\$ 43,350,142</u>	<u>\$ 304,408,660</u>

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

County of Oakland

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities Year Ended September 30, 2015

Net change in fund balance - total governmental funds		\$ (13,275,835)
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	\$ (16,320,669)	
Buildings and improvements	16,461,101	
Equipment and vehicles	7,410,827	
Infrastructure	292,425	
Depreciation expense	<u>(8,533,887)</u>	
		(690,203)
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.		(24,697,753)
Amortization of Other Post-Employment Benefits asset is not reported in the governmental funds.		(5,605,849)
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	(12,308,277)	
Current year deferral	<u>10,158,787</u>	
		(2,149,490)
Revenues from special assessments and contracts receivable reported in the Statement of Activities in previous years did not provide current financial resources in the governmental funds until the current year.		(12,152,152)
Bond proceeds provide current financial resources to governmental funds by issuing debt which increases long-term bonded debt in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Position. This is the amount that proceeds exceed repayments.		
Bond proceeds	(2,331,098)	
Repayment of bond principal	41,140,000	
Accrued interest	<u>30,518</u>	
		38,839,420
Change in net position of governmental activities		<u>\$ (19,731,862)</u>

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

Proprietary Fund Financial Statements

Major Funds

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

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

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

Water and Sewer Trust Fund - This fund is used to account for monies received from those County residents whose water and sewer systems are maintained for their respective city, villages, or townships by Oakland County. There are currently 22 municipal water systems and 17 municipal sewer systems that are operated under these contractual arrangements.

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 or issuance of debt.

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

Clinton-Oakland S.D.S. (Sewage Disposal System) Fund - This fund was established to record the operations and maintenance of the system, which is used to move sewage to the 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 Position
Proprietary Funds
September 30, 2015

	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	\$22,739,842	\$147,559,628	\$ 15,946,887	\$ 52,077,607	\$ 13,036,820
Delinquent property taxes receivable	-	64,349,651	-	-	-
Due from other governmental units	92,973	1,214,888	600	4,443,779	4,653,496
Due from component units	-	-	-	-	75,575
Accrued interest receivable	22,474	1,480,565	61,546	30,517	110,504
Accounts receivable (net of allowance for uncollectibles where applicable)	289,629	13,664,415	340,538	29,186,917	-
Due from other funds	3,493	-	-	5,000,000	-
Current portion of contracts receivable	-	-	1,282,121	-	-
Current portion of advances receivable	-	12,883	-	-	-
Inventories and supplies	55,307	-	-	-	-
Prepayments and other assets	19,321	-	-	616,737	-
Total current assets	<u>23,223,039</u>	<u>228,282,030</u>	<u>17,631,692</u>	<u>91,355,557</u>	<u>17,876,395</u>
Noncurrent assets					
Advances receivable	-	64,415	-	-	-
Capital assets, net					
Land and other nondepreciable assets	33,640,347	-	36,424,974	10,330,049	15,201,333
Land improvements, net	-	-	8,598,413	10,337	519,294
Building and improvements, net	19,981,529	-	23,050,763	1,082,774	9,741,700
Equipment and vehicles, net	1,476,160	-	827,527	1,919,782	292,376
Infrastructure, net	16,794,522	-	2,518,655	57,059,992	3,767,623
Total noncurrent assets	<u>71,892,558</u>	<u>64,415</u>	<u>71,420,332</u>	<u>70,402,934</u>	<u>29,522,326</u>
Total assets	<u>95,115,597</u>	<u>228,346,445</u>	<u>89,052,024</u>	<u>161,758,491</u>	<u>47,398,721</u>
Deferred Outflows of Resources					
Deferred outflows related to pension	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

County of Oakland
Statement of Net Position (Continued)
Proprietary Funds
September 30, 2015

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major			Totals	
	S.O.C.S.D.S.	Clinton-Oakland S.D.S.	Non-Major Funds	September 30, 2015	
Assets					
Current assets					
Pooled cash and investments	\$ 37,472,149	\$ 6,667,773	\$ 36,598,788	\$ 332,099,494	\$ 115,649,818
Delinquent property taxes	-	-	-	64,349,651	-
Due from other governmental units	6,948,288	5,739,703	2,104,599	25,198,326	536,319
Due from component units	-	-	-	75,575	26,599
Accrued interest receivable	127,800	129,580	175,441	2,138,427	611,709
Accounts receivable (net of allowance for uncollectibles where applicable)	119,698	-	1,457,903	45,059,100	922,579
Due from other funds	-	-	78,524	5,082,017	308
Current portion of contracts receivable	-	-	-	1,282,121	-
Current portion of advances receivable	-	-	-	12,883	-
Inventories and supplies	-	-	363,686	418,993	1,351,013
Prepayments and other assets	556,459	-	1,231,898	2,424,415	6,661,344
Total current assets	45,224,394	12,537,056	42,010,839	478,141,002	125,759,689
Noncurrent assets					
Advances receivable	-	-	-	64,415	-
Capital assets, net					
Land and other nondepreciable assets	3,164,020	18,190,841	4,166,793	121,118,357	9,568,977
Land improvements, net	-	-	-	9,128,044	-
Building and improvements, net	-	224,088	6,244,062	60,324,916	1,397,007
Equipment and vehicles, net	181,103	32,721	14,791,647	19,521,316	13,734,965
Infrastructure, net	964,822	10,257,156	4,537,924	95,900,694	114,620
Total noncurrent assets	4,309,945	28,704,806	29,740,426	306,057,742	24,815,569
Total assets	49,534,339	41,241,862	71,751,265	784,198,744	150,575,258
Deferred Outflows of Resources					
Deferred outflows related to pension	-	-	-	-	40,245,669
Total deferred outflows of resources	-	-	-	-	40,245,669

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

County of Oakland
Statement of Net Position (Continued)
Proprietary Funds
September 30, 2015

	Business-Type Activities - Enterprise Funds				
	Major				
	Parks and Recreation	Delinquent Tax Revolving	County Airports	Water and Sewer Trust	Evergreen-Farmington SDS
Liabilities					
Current liabilities					
Vouchers payable	\$ 449,421	\$ 191,760	\$ 392,972	\$ 3,469,879	\$ 187,567
Due to other governmental units	-	290,647	-	1,064,286	5,191,522
Due to component units	-	-	-	116,445	-
Due to other funds	-	-	-	-	1,960
Unearned revenue	51,604	-	1,536,105	-	-
Notes payable	-	25,000,000	-	-	-
Current portion of bonds payable	-	-	610,000	620,200	250,000
Current portion of accrued compensated absence	-	-	-	-	-
Current portion of claims and judgments	-	-	-	-	-
Current portion of advances payable	-	-	-	-	-
Other accrued liabilities	398,566	43,168	495,913	3,772,027	484,877
Total current liabilities	899,591	25,525,575	3,034,990	9,042,837	6,115,926
Noncurrent liabilities					
Bonds payable	-	-	7,550,000	6,855,412	5,375,000
Net pension liability	-	-	-	-	-
Accrued compensated absences	-	-	-	-	-
Claims and judgments	-	-	-	-	-
Advances payable	-	-	-	-	-
Total noncurrent liabilities	-	-	7,550,000	6,855,412	5,375,000
Total liabilities	899,591	25,525,575	10,584,990	15,898,249	11,490,926
Net position					
Net investment in capital assets	71,892,558	-	63,260,332	62,927,322	23,897,326
Restricted for programs	-	-	700	51,442,040	9,260,456
Unrestricted	22,323,448	202,820,870	15,206,002	31,490,880	2,750,013
Total net position	\$94,216,006	\$ 202,820,870	\$ 78,467,034	\$ 145,860,242	\$ 35,907,795

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

County of Oakland
Statement of Net Position (Continued)
Proprietary Funds
September 30, 2015

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major			Totals	
	S.O.C.S.D.S.	Clinton-Oakland S.D.S.	Non-Major Funds	September 30, 2015	
Liabilities					
Current liabilities					
Vouchers payable	\$ 87,325	\$ 595,255	\$ 341,789	\$ 5,715,968	\$ 2,573,158
Due to other governmental units	7,182,917	182,015	1,049,567	14,960,954	280,226
Due to component units	-	-	-	116,445	495
Due to other funds	1,899	-	1,556	5,415	80,461
Unearned revenue	-	-	278,688	1,866,397	93,885
Notes payable	-	-	-	25,000,000	-
Current portion of bonds payable	-	-	-	1,480,200	-
Current portion of accrued compensated absence	-	-	-	-	1,250,552
Current portion of claims and judgments	-	-	-	-	4,405,765
Current portion of advances payable	-	-	-	-	12,883
Other accrued liabilities	249,697	1,109,087	511,476	7,064,811	5,507,322
Total current liabilities	7,521,838	1,886,357	2,183,076	56,210,190	14,204,747
Noncurrent liabilities					
Bonds payable	-	-	-	19,780,412	-
Net pension liability	-	-	-	-	12,718,628
Accrued compensated absences	-	-	-	-	11,254,965
Claims and judgments	-	-	-	-	14,667,837
Advances payable	-	-	-	-	64,415
Total noncurrent liabilities	-	-	-	19,780,412	38,705,845
Total liabilities	7,521,838	1,886,357	2,183,076	75,990,602	52,910,592
Net position					
Net investment in capital assets	4,309,945	28,704,806	29,740,426	284,732,715	24,815,569
Restricted for programs	14,536,679	8,496,214	5,907,775	89,643,864	-
Unrestricted	23,165,877	2,154,485	33,919,988	333,831,563	113,094,766
Total net position	\$ 42,012,501	\$ 39,355,505	\$ 69,568,189	\$ 708,208,142	\$ 137,910,335

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

County of Oakland
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended September 30, 2015

	Business-Type Activities - Enterprise Funds				
	Major				
	Parks and Recreation	Delinquent Tax Revolving	County Airports	Water and Sewer Trust	Evergreen-Farmington SDS
Operating revenues					
Charges for services	\$ 9,893,635	\$ 15,770,957	\$ 4,416,272	\$ 81,321,792	\$ 40,419,719
Other	52,063	347,080	5,224	299,063	96,827
Total operating revenues	9,945,698	16,118,037	4,421,496	81,620,855	40,516,546
Operating expenses					
Salaries	8,508,876	103,551	1,106,766	92,235	-
Fringe benefits	2,971,568	72,521	653,695	65,517	-
Fringe benefits - pension	-	-	-	-	-
Contractual services	6,402,409	262,762	1,865,825	41,404,657	36,494,069
Commodities	993,912	-	114,884	1,909,120	58,258
Depreciation	3,331,106	-	2,718,781	2,822,614	680,989
Internal services	1,533,485	-	237,840	20,685,252	1,208,906
Intergovernmental	-	-	-	14,418,339	-
Total operating expenses	23,741,356	438,834	6,697,791	81,397,734	38,442,222
Operating income (loss)	(13,795,658)	15,679,203	(2,276,295)	223,121	2,074,324
Nonoperating revenues (expenses)					
Property taxes	11,832,814	-	-	-	-
Contributions	69,032	-	287,991	807,591	-
Interest recovery - federal grants	-	-	102,749	-	91,394
Interest revenue	157,136	1,360,886	141,752	496,641	85,129
Interest expense	-	(47,312)	(326,131)	(175,063)	(274,933)
Bonds maturing	-	-	-	-	-
Gain on sale of property and equipment	32,687	-	-	(1,562,006)	-
Total nonoperating revenues (expenses)	12,091,669	1,313,574	206,361	(432,837)	(98,410)
Income (loss) before transfers and contributions	(1,703,989)	16,992,777	(2,069,934)	(209,716)	1,975,914
Transfers and contributions					
Capital contributions	308,000	-	382,458	1,294,332	7,449,977
Transfers in	-	-	-	1,809,253	-
Transfers out	(208,852)	(19,634,498)	-	(1,477,287)	(254,182)
Total transfers and contributions	99,148	(19,634,498)	382,458	1,626,298	7,195,795
Change in net position	(1,604,841)	(2,641,721)	(1,687,476)	1,416,582	9,171,709
Net position					
October 1, 2014 (as restated, see Note 20)	95,820,847	205,462,591	80,154,510	144,443,660	26,736,086
September 30, 2015	\$ 94,216,006	\$ 202,820,870	\$ 78,467,034	\$ 145,860,242	\$ 35,907,795

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

County of Oakland
Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Proprietary Funds
Year Ended September 30, 2015

	Business-Type Activities - Enterprise Funds			Totals September 30, 2015	Governmental Activities - Internal Service Funds
	Major	Clinton- S.O.C.S.D.S. Oakland S.D.S.	Non-Major Funds		
Operating revenues					
Charges for services	\$ 49,672,262	\$ 37,302,500	\$ 19,453,091	\$ 258,250,228	\$ 230,272,228
Other	3,751,015	8,345	111,020	4,670,637	4,603,408
Total operating revenues	53,423,277	37,310,845	19,564,111	262,920,865	234,875,636
Operating expenses					
Salaries	-	-	2,351,208	12,162,636	33,453,817
Fringe benefits	-	-	1,307,904	5,071,205	20,348,239
Fringe benefits - pension	-	-	-	-	36,325,259
Contractual services	46,287,025	35,364,639	12,977,657	181,059,043	135,304,060
Commodities	129,272	46,647	575,022	3,827,115	6,342,449
Depreciation	797,558	759,605	8,704,853	19,815,506	5,155,383
Internal services	1,151,169	739,490	2,025,657	27,581,799	6,128,280
Intergovernmental	-	-	50,000	14,468,339	-
Total operating expenses	48,365,024	36,910,381	27,992,301	263,985,643	243,057,487
Operating income (loss)	5,058,253	400,464	(8,428,190)	(1,064,778)	(8,181,851)
Nonoperating revenues (expenses)					
Property taxes	-	-	-	11,832,814	-
Contributions	518,864	-	-	1,683,478	326,031
Interest recovery - federal grants	-	-	-	194,143	-
Interest revenue	245,620	107,984	319,217	2,914,365	1,008,669
Interest expense	-	-	-	(823,439)	(12,590,825)
Bonds maturing	-	-	-	-	(21,410,000)
Gain on sale of property and equipment	-	-	152	(1,529,167)	359,838
Total nonoperating revenues (expenses)	764,484	107,984	319,369	14,272,194	(32,306,287)
Income (loss) before transfers and contributions	5,822,737	508,448	(8,108,821)	13,207,416	(40,488,138)
Transfers and contributions					
Capital contributions	677,931	-	761,013	10,873,711	5,761,319
Transfers in	-	-	2,577,778	4,387,031	10,367,503
Transfers out	(33,877)	(229,034)	(490,054)	(22,327,784)	(338,437)
Total transfers and contributions	644,054	(229,034)	2,848,737	(7,067,042)	15,790,385
Change in net position	6,466,791	279,414	(5,260,084)	6,140,374	(24,697,753)
Net position					
October 1, 2014 (as restated, see Note 20)	35,545,710	39,076,091	74,828,273	702,067,768	162,608,088
September 30, 2015	\$ 42,012,501	\$ 39,355,505	\$ 69,568,189	\$ 708,208,142	\$ 137,910,335

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

County of Oakland
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2015

	Business-Type Activities - Enterprise Funds				
	Major				
	Parks and Recreation	Delinquent Tax Revolving	County Airports	Water and Sewer Trust	Evergreen-Farmington SDS
Cash flows from operating activities					
Cash received from users	\$ 9,809,801	\$ 20,923,156	\$ 4,441,063	\$ 78,272,164	\$ 45,091,428
Cash paid to suppliers	(12,284,519)	(335,283)	(2,871,598)	(77,537,149)	(37,391,436)
Cash paid to employees	(8,508,876)	(103,551)	(1,106,766)	(92,235)	-
Net cash provided by (used in) operating activities	(10,983,594)	20,484,322	462,699	642,780	7,699,992
Cash flows from noncapital financing activities					
Transfers from other funds	-	-	-	1,809,253	-
Transfers to other funds	(208,852)	(19,634,498)	-	(1,477,287)	(254,182)
Contributions	69,032	-	287,991	297,040	-
Principal paid on debt	-	-	-	-	-
Interest paid on debt	-	-	-	-	-
Purchase of delinquent property taxes	-	(72,532,014)	-	-	-
Delinquent property taxes collected	-	81,140,950	-	-	-
Issuance of short-term borrowings	-	25,000,000	-	-	-
Advances issued	-	-	-	-	-
Repayments received on advances	-	12,883	-	-	-
Property taxes	11,832,814	-	-	-	-
Interest paid on short-term borrowings	-	(44,273)	-	-	-
Payments on short-term borrowings	-	(15,000,000)	-	-	-
Net cash provided by (used in) noncapital financing activities	11,692,994	(1,056,952)	287,991	629,006	(254,182)
Cash flows from capital and related financing activities					
Contributions for capital acquisitions	308,000	-	-	457,416	-
Proceeds from sale of bonds	-	-	-	609,192	-
Transfers from other funds	-	-	-	-	-
Interest recovery - federal grants	-	-	102,749	-	91,394
Proceeds from sale of capital assets	32,687	-	-	116,445	-
Acquisition of capital assets	(5,253,493)	-	(5,689)	(8,702,865)	(1,005,763)
Principal paid on debt	-	-	(600,000)	(352,500)	(245,000)
Interest paid on debt	-	-	(326,131)	(175,063)	(274,933)
Amount paid on advances	-	-	-	-	-
Interest paid on advances	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	(4,912,806)	-	(829,071)	(8,047,375)	(1,434,302)
Cash flows from investing activities					
Interest on investments	162,130	1,384,230	144,590	506,721	85,418
Net cash provided by investing activities	162,130	1,384,230	144,590	506,721	85,418
Net increase (decrease) in cash and cash equivalents	(4,041,276)	20,811,600	66,209	(6,268,868)	6,096,926
Pooled cash and investments					
October 1, 2014	26,781,118	126,748,028	15,880,678	58,346,475	6,939,894
September 30, 2015	\$ 22,739,842	\$ 147,559,628	\$ 15,946,887	\$ 52,077,607	\$ 13,036,820

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, 2015

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major			Totals September 30, 2015	
	S.O.C.S.D.S.	Clinton- Oakland S.D.S.	Non-Major Funds		
Cash flows from operating activities					
Cash received from users	\$ 52,073,410	\$ 36,732,973	\$ 18,797,732	\$ 266,141,727	\$ 234,075,966
Cash paid to suppliers	(47,545,184)	(36,770,548)	(16,544,954)	(231,280,671)	(171,045,212)
Cash paid to employees	-	-	(2,351,208)	(12,162,636)	(33,453,817)
Net cash provided by (used in) operating activities	4,528,226	(37,575)	(98,430)	22,698,420	29,576,937
Cash flows from noncapital financing activities					
Transfers from other funds	-	-	2,577,778	4,387,031	8,629,563
Transfers to other funds	(33,877)	(229,034)	(490,054)	(22,327,784)	(338,437)
Contributions	518,864	-	-	1,172,927	307,281
Principal paid on debt	-	-	-	-	(21,410,000)
Interest paid on debt	-	-	-	-	(12,588,479)
Purchase of delinquent property taxes	-	-	-	(72,532,014)	-
Delinquent property taxes collected	-	-	-	81,140,950	-
Issuance of short-term borrowings	-	-	-	25,000,000	-
Advances issued	-	-	-	-	-
Repayments received on advances	142,531	-	-	155,414	-
Property taxes	-	-	-	11,832,814	-
Interest paid on short-term borrowings	-	-	-	(44,273)	-
Payments on short-term borrowings	-	-	-	(15,000,000)	-
Net cash provided by (used in) noncapital financing activities	627,518	(229,034)	2,087,724	13,785,065	(25,400,072)
Cash flows from capital and related financing activities					
Contributions for capital acquisitions	677,931	-	-	1,443,347	243,750
Proceeds from sale of bonds	-	-	-	609,192	-
Transfers from other funds	-	-	-	-	1,737,940
Interest recovery - federal grants	-	-	-	194,143	-
Proceeds from sale of capital assets	-	-	152	149,284	627,541
Acquisition of capital assets	(1,618,723)	(9,115,339)	(586,124)	(26,287,996)	(5,780,462)
Principal paid on debt	-	-	-	(1,197,500)	-
Interest paid on debt	-	-	-	(776,127)	-
Amount paid on advances	-	-	-	-	(155,414)
Interest paid on advances	-	-	-	-	(2,346)
Net cash provided by (used in) capital and related financing activities	(940,792)	(9,115,339)	(585,972)	(25,865,657)	(3,328,991)
Cash flows from investing activities					
Interest on investments	250,857	109,153	325,180	2,968,279	1,016,998
Net cash provided by investing activities	250,857	109,153	325,180	2,968,279	1,016,998
Net increase (decrease) in cash and cash equivalents	4,465,809	(9,272,795)	1,728,502	13,586,107	1,864,872
Pooled cash and investments					
October 1, 2014	33,006,340	15,940,568	34,870,286	318,513,387	113,784,946
September 30, 2015	\$ 37,472,149	\$ 6,667,773	\$ 36,598,788	\$ 332,099,494	\$ 115,649,818

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, 2015

	Business-Type Activities - Enterprise Funds				
	Major				
	Parks and Recreation	Delinquent Tax Revolving	County Airports	Water and Sewer Trust	Evergreen- Farmington SDS
Operating (loss) income	\$ (13,795,658)	\$15,679,203	\$ (2,276,295)	\$ 223,121	\$ 2,074,324
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities					
Depreciation expense	3,331,106	-	2,718,781	2,822,614	680,989
(Increase) decrease in due from other governmental units	84,154	3,666,293	-	129,555	3,222,061
(Increase) decrease in due from component units	-	-	-	-	78,409
(Increase) decrease in accounts receivable	9,668	1,121,800	9,322	(3,589,571)	-
(Increase) decrease in due from other funds	(3,493)	-	-	114,572	1,274,412
(Increase) decrease in inventories and supplies	(11,300)	-	-	-	-
(Increase) decrease in prepayments and other assets	(3,169)	-	-	(611,868)	-
(Increase) decrease in deferred outflows related to pension	-	-	-	-	-
Increase (decrease) in vouchers payable	(71,432)	(11,571)	(12,294)	1,340,871	(43,066)
Increase (decrease) in due to other govern- mental units	-	38,195	-	593,170	23,725
Increase (decrease) in due to component units	-	-	-	-	-
Increase (decrease) in due to other funds	-	-	-	-	1,960
Increase (decrease) in unearned revenue	(226,226)	-	10,245	(3,247)	-
Increase (decrease) in current portion of other long-term liabilities	-	-	-	-	-
Increase (decrease) in other accrued liabilities	(297,244)	(9,598)	12,940	(376,437)	387,178
Increase (decrease) in net pension liability	-	-	-	-	-
Increase (decrease) in other long-term liabilities	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ (10,983,594)</u>	<u>\$20,484,322</u>	<u>\$ 462,699</u>	<u>\$ 642,780</u>	<u>\$ 7,699,992</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, 2015

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major			Totals	
	S.O.C.S.D.S.	Clinton-Oakland S.D.S.	Non-Major Funds	September 30, 2015	
Operating income (loss)	\$ 5,058,253	\$ 400,464	\$ (8,428,190)	\$ (1,064,778)	\$ (8,181,851)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation expense	797,558	759,605	8,704,853	19,815,506	5,155,383
(Increase) decrease in due from other governmental units	(1,295,316)	(965,872)	(684,387)	4,156,488	(482,411)
(Increase) decrease in due from component units	-	388,000	59	466,468	3,492
(Increase) decrease in accounts receivable	(54,551)	-	(159,040)	(2,662,372)	(544,505)
(Increase) decrease in due from other funds	-	-	61,406	1,446,897	222,131
(Increase) decrease in inventories and supplies	-	-	143,070	131,770	(308,371)
(Increase) decrease in prepayments and other assets	34,310	-	(137,157)	(717,884)	(1,025,148)
(Increase) decrease in deferred outflows related to pension	-	-	-	-	(40,245,669)
Increase (decrease) in vouchers payable	3,322	(810,900)	237,513	632,443	(735,260)
Increase (decrease) in due to other governmental units	121,130	(162,574)	(13,442)	600,204	(1,013)
Increase (decrease) in due to component units	-	-	-	-	495
Increase (decrease) in due to other funds	1	-	1,555	3,516	(131,786)
Increase (decrease) in unearned revenue	-	-	15,583	(203,645)	1,623
Increase (decrease) in current portion of other long-term liabilities	-	-	-	-	1,111,817
Increase (decrease) in other accrued liabilities	(136,481)	353,702	159,747	93,807	925,191
Increase (decrease) in net pension liability	-	-	-	-	76,570,928
Increase (decrease) in other long-term liabilities	-	-	-	-	(2,758,109)
Net cash provided by (used in) operating activities	\$ 4,528,226	\$ (37,575)	\$ (98,430)	\$ 22,698,420	\$ 29,576,937

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, 2015

Noncash transactions

Enterprise Funds

Major funds:

Noncash and capital related financing activities included contribution of capital assets in the amount of \$382,548 and \$7,449,977 in the County Airports and Evergreen-Farmington S.D.S. fund, respectively, and acquisition of capital assets of \$724,475 reported in the Other Accrued liabilities liability account in the Clinton-Oakland S.D.S. fund.

In the Water and Sewer Trust fund, the following: acquisition of capital assets of \$414,915 reported in the Other Accrued liabilities liability account; write-off of capital assets of \$1,273,374; Capital asset contributions of \$836,916 included in Due from Other Governmental Units asset account; proceeds from sale of capital assets belonging to Drainage Districts Component Unit of \$116,445 reported in the Due to Component Units liability account; principal (\$552,500) and interest (\$299,140) for the restatement of debt for the Drainage Districts Component Unit reported in Intergovernmental Expenses, and debt adjustment increase for \$85,179 from reversal of prior year's debt forgiveness.

Noncash and non-capital related financing activities included interest expense of \$8,313 reported in the Vouchers Payable liability in the Delinquent Tax Revolving fund; recording of Contracts Receivable and Unearned Revenue of \$1,282,121 in the County Airports fund, and Contributions in the amount of \$510,551 reported in Due from Other Governmental Units asset account in the Water and Sewer Trust fund.

Nonmajor funds:

Noncash and capital related financing activities included contribution of capital assets in the amount of \$166,952 and \$594,061 in the Fire Records Management and CLEMIS funds, respectively.

Internal Service Funds

Noncash and capital related financing activities included contribution of capital assets in the amount of \$5,536,319 and acquisition of capital assets in the amount of \$42,735 reported in the Other Accrued Liabilities liability account in the Information Technology fund.

Noncash and non-capital related financing activities included recording of pension expense in the amount of \$36,325,259 in the Fringe Benefits fund.

Fiduciary Fund Financial Statements

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

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

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

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

Pension (and other postemployment benefits) trust funds

Investment trust funds

Agency funds

County of Oakland
Statement of Net Position
Fiduciary Funds
September 30, 2015

	Pension (and Other Post- employment Benefits) Trust Funds	Investment Trust Funds	Agency Funds
Assets			
Pooled cash and investments	\$ 27,169,589	\$ 500,425,222	\$ 236,907,377
Cash and cash equivalents	-	-	732,076
Investments, at fair value			
Common stock	843,544,809	-	-
Preferred stock	81,991	-	-
Government securities	141,833,088	-	-
Corporate bonds	215,345,465	-	-
Municipal bonds	2,585,553	-	-
Hedge funds	91,409,533	-	-
Limited partnerships	113,056,188	-	-
Asset-backed fixed income	17,894,077	-	-
Government bonds	24,615,466	-	-
Government mortgage-backed securities	59,960,543	-	-
Government issued commercial mortgage-backed securities	1,108,168	-	-
Non-government backed CMOs	2,393,816	-	-
Commercial mortgage-backed securities	26,340,326	-	-
Bank loans	4,872,095	-	-
Exchange traded funds	1,395,831	-	-
International common stock	66,740,809	-	-
Index linked government bonds	21,140,690	-	-
Real estate	156,932,205	-	-
Other fixed income	6,614,664	-	-
Other	628,922	-	-
Total investments	<u>1,798,494,239</u>	<u>-</u>	<u>-</u>
Receivables - interest and dividends	4,844,601	-	171,295
Receivables - other	29,298	-	-
Prepaid expenses	214,906	-	-
Total assets	<u>1,830,752,633</u>	<u>500,425,222</u>	<u>237,810,748</u>
Liabilities			
Vouchers payable	1,025,335	-	407,603
Due to other governmental units	-	-	222,300,060
Other accrued liabilities	2,386,574	-	15,103,085
Total liabilities	<u>3,411,909</u>	<u>-</u>	<u>237,810,748</u>
Net position			
Held in Trust for Pension and Other Postemployment healthcare benefits, and pool participants	<u>\$ 1,827,340,724</u>	<u>\$ 500,425,222</u>	<u>\$ -</u>

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

County of Oakland
Statement of Changes in Net Position
Fiduciary Funds
Year Ended September 30, 2015

	Pension (and Other Post- employment Benefits) Trust Funds	Investment Trust Funds
Additions		
Contributions		
Pool participants	\$ -	\$ 863,051,594
Employer	4,554,832	-
Plan members	584,619	-
Total contributions	5,139,451	863,051,594
Investment income	13,573,094	3,830,655
Other revenue	2,387,199	-
Total additions	21,099,744	866,882,249
Deductions		
Benefits	82,183,259	-
Administrative expenses	6,067,392	-
Distribution to pool participants	-	772,978,999
Total deductions	88,250,651	772,978,999
Net increase (decrease)	(67,150,907)	93,903,250
Net position held in trust for pension and other postemployment healthcare benefits, and pool participants		
October 1, 2014	1,894,491,631	406,521,972
September 30, 2015	<u>\$ 1,827,340,724</u>	<u>\$ 500,425,222</u>

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

Component Unit Financial Statements

Component Units

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

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

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

**County of Oakland
Statement of Net Position
Component Units
September 30, 2015**

	Drainage Districts	Road Commission	Total Component Units
Assets			
Current assets			
Pooled cash and investments	\$ 38,102,559	\$ -	\$ 38,102,559
Cash and cash equivalents	-	55,910,954	55,910,954
Receivables, net			
Special assessments	-	5,362,018	5,362,018
Due from other governmental units	9,795,759	-	9,795,759
Due from primary government	116,445	495	116,940
Accrued interest receivable	95,840	-	95,840
Accounts receivable	41,265	18,862,899	18,904,164
Inventories and supplies	-	4,648,821	4,648,821
Prepayments and other assets	124,290	3,692,917	3,817,207
Total current assets	<u>48,276,158</u>	<u>88,478,104</u>	<u>136,754,262</u>
Noncurrent assets			
Special assessments receivable	210,278,991	-	210,278,991
Capital assets, net			
Land and other nondepreciable assets	164,753,430	196,694,619	361,448,049
Land improvements, net	-	1,078,684	1,078,684
Buildings and improvements, net	52,740,325	8,252,890	60,993,215
Equipment and vehicles, net	335,019	7,049,294	7,384,313
Infrastructure, net	395,652,128	583,290,648	978,942,776
Total capital assets, net	<u>613,480,902</u>	<u>796,366,135</u>	<u>1,409,847,037</u>
Total noncurrent assets	<u>823,759,893</u>	<u>796,366,135</u>	<u>1,620,126,028</u>
Total assets	<u>872,036,051</u>	<u>884,844,239</u>	<u>1,756,880,290</u>
Deferred Outflows of Resources			
Deferred outflows related to pension	-	17,222,616	17,222,616
Liabilities			
Current liabilities			
Vouchers payable	3,045,949	10,774,014	13,819,963
Due to other governmental units	13,083,203	-	13,083,203
Due to primary government	692,227	28,252	720,479
Unearned revenue and advances	15,145,232	9,862,729	25,007,961
Accrued interest payable	35,129	3,333	38,462
Current portion of long-term debt	18,814,800	500,000	19,314,800
Current portion of long-term liabilities	-	572,340	572,340
Other accrued liabilities	6,465,970	3,671,564	10,137,534
Total current liabilities	<u>57,282,510</u>	<u>25,412,232</u>	<u>82,694,742</u>
Bonds and notes payable	245,751,674	-	245,751,674
Accrued compensated absences	-	3,018,250	3,018,250
Claims and judgments	-	673,860	673,860
Net pension liability	-	26,527,162	26,527,162
Other postemployment benefits	-	23,527,919	23,527,919
Total liabilities	<u>303,034,184</u>	<u>79,159,423</u>	<u>382,193,607</u>
Net position			
Net investment in capital assets	348,914,428	795,866,135	1,144,780,563
Restricted for			
Public works	10,571,582	-	10,571,582
Debt service	196,028,896	-	196,028,896
Unrestricted	13,486,961	27,041,297	40,528,258
Total net position	<u>\$ 569,001,867</u>	<u>\$ 822,907,432</u>	<u>\$ 1,391,909,299</u>

The accompanying notes are an integral part of the financial statements

**County of Oakland
Statement of Activities
Component Units
Year Ended September 30, 2015**

	Program Revenues				Drainage Districts	Road Commission	Total Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Functions/Programs							
Drainage Districts	\$ 94,953,221	\$ 86,988,736	\$ 782,103	\$ 58,354,011	\$ 51,171,629	\$ -	\$ 51,171,629
Road Commission	111,085,883	17,668,474	65,173,330	56,459,414	-	28,215,335	28,215,335
Total component units	<u>\$ 206,039,104</u>	<u>\$ 104,657,210</u>	<u>\$ 65,955,433</u>	<u>\$ 114,813,425</u>	<u>51,171,629</u>	<u>28,215,335</u>	<u>79,386,964</u>
General Revenue							
Unrestricted investment earnings					333,292	776,582	1,109,874
Change in net position					51,504,921	28,991,917	80,496,838
Net position							
Beginning (as restated, see Note 20)					517,496,946	793,915,515	1,311,412,461
Ending					<u>\$ 569,001,867</u>	<u>\$ 822,907,432</u>	<u>\$ 1,391,909,299</u>

The accompanying notes are an integral part of the financial statements

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

1. Summary of Significant Accounting Policies

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

The Financial Reporting Entity

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

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

Blended Component Unit

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

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

Separate financial statements for the Authority are not published.

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

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, 2015, 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, 2015, is not reported in the financial statements of Oakland County.
- Complete financial statements of the Road Commission, which include the Road Commission Retirement System and its separately issued statements, can be obtained from its administrative offices as follows:

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

- ***Drainage Districts*** – This component unit consists of 182 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 Water Resources Commissioner, the Chairman of the Oakland County Board of Commissioners, and the Chairperson of the Finance Committee of the Board of Commissioners. Assessments are made against the applicable municipalities within each district, including the Road Commission for Oakland County and the State of Michigan for road drainage. All activities of the various drainage districts are administered by the Oakland County Water Resources Commissioner. However, the drainage districts are not subject to the County's appropriation process. Because of the relationship between the component unit and the primary government, it would be misleading to exclude the Drainage Districts' Component Unit from the financial statements of Oakland County.
- The financial activities of the Drainage Districts as of and for the year ended September 30, 2015 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, 2015

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

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

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

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

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

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

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

County of Oakland

Notes to Basic Financial Statements

September 30, 2015

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

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

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

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

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

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

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

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

Basis of Presentation – Fund Accounting

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

The County reports the following major governmental funds:

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

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

The Water and Sewer 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 individual municipalities.

The Evergreen-Farmington S.D.S. (Sewage Disposal System) Fund was established to record the operations and maintenance of the system, which is used to move sewage to the 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.

The Clinton-Oakland S.D.S. 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.

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, 2015

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

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

Proprietary Fund Types

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

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

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

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

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

Fiduciary Fund Types

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

Basis of Accounting

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

County of Oakland

Notes to Basic Financial Statements

September 30, 2015

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 Position with the balance classified as net position. Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration.
- The financial statements have been prepared in conformity with generally accepted accounting principles. Governmental funds use the modified accrual basis of accounting, which recognizes revenue in the accounting period in which 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 revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenues of the current period. Other revenue is considered to be available when anticipated to be collected within 60 days of the end of the fiscal period. Expenditures are recorded when the related fund liability is incurred, except debt service expenditures, which are recorded when paid.
- Proprietary, Pension Trust, and Investment Trust Funds use the accrual basis of accounting. Under this method, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred. Agency funds, which report only a Statement of Net Position, use the accrual basis of accounting.

Discretely Presented Component Units

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

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

Budgets

Budgets and budgetary accounting are on the modified accrual basis, which is consistent with generally accepted accounting principles (GAAP basis) in that property tax revenue is recognized when made available by Board resolution. The budget was legally adopted by the Board of Commissioners prior to September 30, 2014 and presented in a separate document. Appropriation budgets were adopted for the General Fund and the following Special Revenue funds: Child Care and Social Welfare-Foster Care. Appropriations lapse at the end of the year. Project-length

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

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 assigned within fund balance. In the succeeding year, the encumbrances are re-appropriated by the Board of Commissioners to cover the unliquidated encumbrances included in fund equity.

Pooled Cash and Investments

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

Cash overdrafts occurring in funds participating in pooled cash accounts at September 30, 2015 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, 2015.

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

Inter-fund Receivables/Payables

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

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

Inventories

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

Prepayments

Payments made for services that will benefit periods beyond September 30, 2015 are recorded as prepayments using the consumption method.

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

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.

Compensated Absences

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

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

Pension

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

Other Postemployment Benefit Costs

The County offers 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, 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.

Net Pension Liability

Beginning in fiscal year 2015, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires governments that provide defined benefit pensions to recognize the net pension liability and the pension expense on their financial statements. As a result, the government-wide statements now include a liability for our unfunded legacy costs related to the County's pension plan. The net pension liability is the difference between the total pension liability and the plan's fiduciary net position. The pension expense recognized each fiscal year is equal to the change in the net pension liability from the beginning of the year to the end of the year, adjusted for deferred recognition of the liability and investment experience. The net pension liability is recorded on the government-wide, internal service and discretely presented component unit statements. This change does not impact the General Fund or any other governmental fund. Refer to the pension notes for further details.

Fund Equity

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

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

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The County has only one item that qualifies for reporting in that category. Accordingly, the item, deferred outflows related to pensions, is reported as deferred outflows in the government-wide, internal service and component unit statements of net position. This amount is the result of a difference between what the plan expected to earn from the plan investments and what it actually earned. This amount will be amortized over the next four years and included in pension expense.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from five sources: property taxes, contracts, grants, special assessments and other. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Property taxes levied are used to finance the expenditures of the current fiscal period (October 1, 2014 through September 30, 2015) and are reported as revenues in the financial statements. Amounts not collected within 60 days of the end of the fiscal year are considered unavailable for the current period, and are reported as deferred inflows.

Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements, September 30, 2015. These estimates and assumptions also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. Legal Compliance - Budgets

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

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

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 no expenditures in excess of appropriations which are presented at the legal level of control.

3. Deposits and Investments

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

For the primary government, the County manages its investments in a pool format which is used by all County funds. 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.

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.

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

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, 2015, the bank balance of the County's deposits was \$1,075,951,200. Insured deposits were \$4,750,000, and the remaining \$1,071,201,200 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, 2015, the Road Commission component unit had \$4,134,332 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. The Road Commission believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. However, only those institutions with an acceptable estimated risk level are used as depositories.

Investments - Internal Investment Pool

Investments, except those of the Retirement Systems, Superseding 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 two standard rating services and that matures not more than 270 days after the date of purchase.
4. Repurchase agreements consisting of instruments in subdivision 1. The PSA Master Repurchase Agreement prototype agreement shall be employed with appropriate supplemental provisions regarding security delivery, security substitutions, and governing law. A signed repurchase agreement must be on file before entering into a repurchase transaction.
5. Bankers' acceptances of United States banks.

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

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 one 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, 2015, 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)	\$ 701,693,406	224
Deposit Accounts (1)	374,257,794	1
Money Market Investment Pools	600,804	1
MI Government Coupon	38,409,800	4,200
U.S. Agencies	409,860,065	1,075
Total Market Value of Internal Investment Pool	\$ 1,524,821,869	
Weighted Average Maturity of Internal Investment Pool (in days)		487

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

Credit Risk – The County had \$409,860,065 invested in U.S. government securities which are rated AA+ by Standard & Poor's and Aaa by Moody's. The County had \$38,409,800 in Municipal bonds rated Aaa by Moody's and AAA by Standard & Poor's. State law limits investments in commercial paper to the top two ratings issued by a nationally recognized statistical rating organization (NRSRO). It is the County's policy to further limit its investments in commercial paper to only the top rating as issued by NRSROs. The County held no commercial paper as of September 30, 2015. 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, 2015, \$448,269,865 in investments, at fair value, was held in third-party safekeeping in the County's name.

The County also invests in money market funds that have their securities safe kept with a third party selected by the counterparty. However, the pool's securities are held in trust for the participants of the fund and are not available to the counterparty if the counterparty should happen

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

to fail. We believe this arrangement satisfies the County's investment policy safe-keeping requirement.

Concentration of Credit Risk – Investments. On September 30, 2015, the County had investments of 5% or more, of the total portfolio, with the following U.S. agency issuers: Fannie Mae 6.97%, and Freddie Mac 12.11%. 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, 2015, the internal investment pool had a weighted average maturity of 487 days and the longest investment maturity in the portfolio was 4,200 days (11.5 years).

Investments – Pension Trust Funds

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

Pension investments are made through the use of Investment Advisors which are selected and retained by the Retirement and Deferred Compensation Board (PERS, VEBA and SMBT). The advisors serve at the leisure of the Board as provided by investment agreements. At September 30, 2015, the Primary Government's Pension Trust fund had 22 investment advisors. Investments are held in street name by safekeeping agents under formal trust agreements and/or in the Retirement Systems' name.

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

As of September 30, 2015, the County had the following investment types in its Retirement System and other postemployment benefits trust funds:

Investment Type	Fair Value	Percentage	Average Duration (In Years)
Common Stock	\$ 844,087,596	46.10%	N/A
Corporate Bonds	217,798,793	11.90%	5.68
Real Estate	156,943,144	8.57%	N/A
Partnerships	113,056,188	6.18%	N/A
Hedge Funds	91,409,533	4.99%	N/A
Government Agencies	142,702,197	7.79%	2.59
Government Bonds	20,588,516	1.12%	10.01
International Common Stock	66,808,549	3.65%	N/A
Government Mortgage-Backed Securities	60,120,866	3.28%	3.22
Cash and Cash Equivalents	27,735,883	1.52%	N/A
Commercial Mortgage-Backed Securities	26,345,680	1.44%	3.13
Asset-Backed Securities	17,906,485	0.98%	1.25
Index Linked Government Bonds	21,159,908	1.16%	13.12
Municipal Bonds	2,622,705	0.14%	N/A
International Government Bonds	4,248,720	0.23%	N/A
International Government Agencies	205,517	0.01%	N/A
Other Fixed Income	6,644,414	0.36%	3.56
Bank Loans	4,882,800	0.27%	N/A
Non-government Backed CMOs	2,401,637	0.13%	2.41
Gov't Issued Commercial Mortgage-Backed	1,176,747	0.06%	2.98
Exchange Traded Funds	1,401,920	0.08%	N/A
Other Assets	628,922	0.03%	N/A
Preferred Stock	81,991	0.01%	N/A
Total	\$1,830,958,711	100.00%	

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

As of September 30, 2015, debt obligation investments held in the retirement system had the following ratings:

Fair Value	Percentage	Ratings	
		S&P	Moody's
\$63,705,284	10.01 %	AAA	Aaa
179,035,998	28.12	AA	Aa
88,081,951	13.83	A	A
64,654,993	10.16	BBB	Baa
31,523,541	4.95	BB	Ba
6,441,534	1.01	B	B
102,675	0.02	CCC	CCC
82,550	0.01	C	Ca
203,038,976	31.89	NR	NR
<u>\$636,667,502</u>	<u>100.00 %</u>		

Custodial Credit Risk is the risk associated that in the event of the failure of the counterparty, the Retirement System would not be able to recover the value of its investments that are in the possession of another side party. The Retirement System's Statement of Investment Goals and Objectives (SIGO) requires that all investment transactions shall be conducted through a custodian that will act as the system's third party. Securities shall be held by the custodian, as designated by the Retirement Boards, and shall be evidenced by a custodial report. As of September 30, 2015, \$1,830,857,781 in investments was held in third-party safekeeping in the County's name.

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

For equities, holdings of all securities of an industry group should not exceed 25% of the portfolio at cost. ADRs should not exceed a maximum of 10% of the portfolio at cost and shall be further limited to Canadian securities and non-U.S. domiciled corporations issuing U.S. securities. As of September 30, 2015, as reported by the system's investment managers, no holdings exceed any of the Board's adopted limits.

Interest Rate Risk - The Board's adopted Statement of Investment Goals and Objectives (SIGO) places no limitation on the system's fixed-income managers on the length to maturity for fixed-income investments. As the schedule on page 87 indicates, the system's fixed-income investments had average durations of between 1.2 years and 13.1 years which is reasonable given the long-term nature of the system. Having reasonable durations will reduce the retirement system's risk exposure to rapidly adjusting interest rates.

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

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 7.3 years to 46.4 years and are backed by investments in various assets, including mortgages. As of September 30, 2015, the market value was \$3,742,318.

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, 2015, the County's CMO portfolio had an effective duration of 1.82 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 \$15,582,961 as of September 30, 2015. Such investments include U.S. government-issued securities and corporate-issued securities. The variable rate securities have maturities through the year 2044 and are backed by investments in various assets, including mortgages.

Interest Rate Risk – Variable Rate Coupon Notes and Bonds. The market value of these investments may be influenced by, among other factors, changes in interest rates which affect their marketability. At September 30, 2015, 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 2015 summer levy amounted to \$60,806,103,774 with taxable values of \$51,895,341,437. The operating tax rate for the 2015 levy was 4.09 mills, with an additional 0.2410 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 \$17,084,104 at September 30, 2015.

Short-term Debt - By agreement with various taxing authorities, the County purchases (at face value) real property taxes for all municipalities and school districts within Oakland County which are returned delinquent on March 1. To accomplish this, tax notes are sold and the proceeds of these notes are used to liquidate the amounts due the County's General Fund and other governmental agencies for purchase of their delinquent real property tax receivables. The assets of the Delinquent Tax Revolving fund (an Enterprise fund), in the amount of \$228,346,445 at September 30, 2015, 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.

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

The following is a summary of the short-term debt activity for the year ended September 30, 2015:

Beginning balance	Additions	Reductions	Ending balance	Due within one year
\$ 12,625,000	\$ 25,000,000	\$(12,625,000)	\$ 25,000,000	\$ 25,000,000

5. Allowances for Uncollectible Receivables

At September 30, 2015, the allowances for uncollectible receivables were as follows:

General Fund	\$ 25,000
Capital Projects	
Drains-Act 40 Maintenance Chapters 4 & 18	6,972
Enterprise Funds	
Water & Sewer Trust	215,310
Total	<u>\$ 247,282</u>

In addition, the Parks and Recreation fund (Enterprise) records an allowance for uncollectible taxes receivable in the amount of \$36,301 at September 30, 2015.

6. Investment Income – Pension and Other Postemployment Trust Funds

The following is a breakdown of the investment income for Pension and Other Postemployment Trust funds of the primary government for the year ended September 30, 2015:

	Employees' Retirement	VEBA Trust	Superseding Trust
Interest and dividends	\$ 12,833,745	\$ 17,332,682	\$ 125,702
Unrealized/Realized loss on investments	<u>(5,471,303)</u>	<u>(10,703,873)</u>	<u>(543,859)</u>
Total	<u>\$ 7,362,442</u>	<u>\$ 6,628,809</u>	<u>\$ (418,157)</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

7. Capital Assets

An analysis of property and equipment as reported in the Statement of Net Position, and related accumulated depreciation, at September 30, 2015, for governmental activities follows:

	Balance October 1, 2014	Additions	Disposals and Adjustments	Balance September 30, 2015
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 7,365,551	\$ -	\$ -	\$ 7,365,551
Construction in progress	25,770,129	15,254,238	(26,123,299)	14,901,068
Total capital assets not being depreciated	33,135,680	15,254,238	(26,123,299)	22,266,619
Capital assets being depreciated				
Land improvements	1,250,633	-	-	1,250,633
Buildings and improvements	236,327,098	16,561,454	(2,884,335)	250,004,217
Equipment and vehicles	111,495,875	12,595,796	(2,609,195)	121,482,476
Infrastructure	30,388,996	292,425	-	30,681,421
Total capital assets being depreciated	379,462,602	29,449,675	(5,493,530)	403,418,747
Less: Accumulated depreciation				
Land improvements	1,066,497	24,226	-	1,090,723
Buildings and improvements	105,834,160	5,609,082	(2,783,982)	108,659,260
Equipment and vehicles	90,373,398	7,285,749	(3,064,431)	94,594,716
Infrastructure	17,073,560	770,213	-	17,843,773
Total accumulated depreciation	214,347,615	13,689,270	(5,848,413)	222,188,472
Total capital assets being depreciated, net	165,114,987	15,760,405	354,883	181,230,275
Governmental activities capital assets, net	\$ 198,250,667	\$ 31,014,643	\$ (25,768,416)	\$ 203,496,894
Depreciation expense was charged to functions as follows:				
Public safety		\$ 3,057,326		
Justice administration		1,102,458		
Citizens services		639,555		
Public infrastructure		540,870		
Commerce and Community Development		29,535		
Unallocated depreciation		3,164,143		
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		5,155,383		
Total depreciation expense - governmental activities		\$ 13,689,270		

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

A summary of business-type property and equipment at September 30, 2015 follows:

	Balance October 1, 2014	Additions	Disposals and Adjustments	Balance September 30, 2015
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 68,158,860	\$ -	\$ -	\$ 68,158,860
Construction in progress	38,208,179 #	33,575,452	(18,836,134)	52,947,497
Other	12,000	-	-	12,000
Total capital assets not being depreciated	106,379,039	33,575,452	(18,836,134)	121,118,357
Capital assets being depreciated				
Land improvements	35,229,023	594,601	-	35,823,624
Buildings and improvements	94,777,226	4,039,601	-	98,816,827
Equipment and vehicles	93,407,687	2,518,927	(6,032,896)	89,893,718
Infrastructure	327,974,620	12,940,432	-	340,915,052
Total capital assets being depreciated	551,388,556	20,093,561	(6,032,896)	565,449,221
Less: Accumulated depreciation				
Land improvements	25,283,496	1,412,084	-	26,695,580
Buildings and improvements	35,209,524	3,282,387	-	38,491,911
Equipment and vehicles	68,537,385	7,579,041	(5,744,024)	70,372,402
Infrastructure	237,472,364	7,541,994	-	245,014,358
Total accumulated depreciation	366,502,769	19,815,506	(5,744,024)	380,574,251
Total capital assets being depreciated, net	184,885,787	278,055	(288,872)	184,874,970
Business-type activities capital assets, net	\$ 291,264,826	\$ 33,853,507	\$ (19,125,006)	\$ 305,993,327
Depreciation expense was charged to functions as follows:				
Airports		\$ 2,718,781		
Community safety support		8,638,636		
Community water and sewer		2,822,614		
Recreation and leisure		3,331,106		
Sewage disposal systems		2,304,369		
Total depreciation expense - business-type activities		\$ 19,815,506		

Beginning balance adjusted per restatement. See note #20.

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

An analysis of property and equipment, and related accumulated depreciation where applicable, at September 30, 2015, for component units follows:

Component Units	Balance October 1, 2014	Additions	Disposals and Adjustments	Balance September 30, 2015
Drainage Districts				
Capital assets not being depreciated				
Construction in progress	\$ 117,174,658	\$ 47,321,337	\$ (68,529)	\$ 164,427,466
Land	325,964	-	-	325,964
Total capital assets not being depreciated	117,500,622	47,321,337	(68,529)	164,753,430
Capital assets being depreciated				
Buildings	57,248,656	-	-	57,248,656
Equipment	71,063	302,494	-	373,557
Infrastructure	495,110,960 #	68,529	-	495,179,489
Total capital assets being depreciated	552,430,679	371,023	-	552,801,702
Less: Accumulated depreciation				
Buildings	2,981,700	1,526,631	-	4,508,331
Equipment	11,436	27,102	-	38,538
Infrastructure	94,484,966	5,042,395	-	99,527,361
Total accumulated depreciation	97,478,102	6,596,128	-	104,074,230
Total capital assets being depreciated, net	454,952,577	(6,225,105)	-	448,727,472
Governmental activity capital assets, net	\$ 572,453,199	\$ 41,096,232	\$ (68,529)	\$ 613,480,902
Road Commission				
Capital assets not being depreciated				
Land and other	\$ 190,542,674	\$ 5,562,069	\$ -	\$ 196,104,743
Construction in progress	1,400,610	408,245	(1,218,979)	589,876
Total capital assets not being depreciated	191,943,284	5,970,314	(1,218,979)	196,694,619
Capital assets being depreciated				
Buildings and storage bins	20,192,210	190,999	(2,913)	20,380,296
Road equipment	52,426,179	3,843,925	(2,256,557)	54,013,547
Other equipment	5,073,986	175,549	(3,140)	5,246,395
Infrastructure	948,292,692	65,016,781	(17,525,419)	995,784,054
Brine wells and gravel pits	1,461,628	1,027,980	-	2,489,608
Total capital assets being depreciated	1,027,446,695	70,255,234	(19,788,029)	1,077,913,900
Less: Accumulated depreciation				
Buildings and storage bins	11,549,785	577,621	-	12,127,406
Road equipment	47,286,461	2,298,919	(2,255,591)	47,329,789
Other equipment	4,790,925	93,074	(3,140)	4,880,859
Infrastructure	389,763,992	40,254,833	(17,525,419)	412,493,406
Brine wells and gravel pits	1,391,522	19,402	-	1,410,924
Total accumulated depreciation	454,782,685	43,243,849	(19,784,150)	478,242,384
Total capital assets being depreciated, net	572,664,010	27,011,385	(3,879)	599,671,516
Governmental activity capital assets, net	\$ 764,607,294	\$ 32,981,699	\$ (1,222,858)	\$ 796,366,135

Beginning balance adjusted per restatement. See note #20.

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

8. Long-term Debt

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

Primary Government

	Interest rate	October 1, 2014	Additions	Reductions	September 30, 2015	Amounts due within one year	Amounts due thereafter	General obligation	With governmental commitment
Governmental activities									
Debt with limited taxing authority									
Building authority - Act 31	2.00%-4.75%	\$ 35,035,000	\$ -	\$ (5,655,000)	\$ 29,380,000	\$ 2,495,000	\$ 26,885,000	\$ 15,875,000	\$ 13,505,000
Building authority refunding	2.00%-5.00%	39,270,000	-	(4,060,000)	35,210,000	4,185,000	31,025,000	31,165,000	4,045,000
Retirees Health Care Bonds	3.62%-4.52%	350,000,000	-	(21,410,000)	328,590,000	22,200,000	306,390,000	328,590,000	-
Water supply - Act 342	2.00%-6.00%	24,865,000	-	(9,045,000)	15,820,000	785,000	15,035,000	-	15,820,000
Water and sewer refunding bonds	1.50%-2.75%	1,605,000	-	(190,000)	1,415,000	210,000	1,205,000	-	1,415,000
Sewer disposal refunding bonds	2.25%-3.60%	290,000	-	(150,000)	140,000	140,000	-	-	140,000
Michigan Bond Authority - Sewerage Disposal Bonds	1.62%-2.50%	4,832,104	2,331,098	(630,000)	6,533,202	645,000	5,888,202	-	6,533,202
Total bonds - governmental activities		<u>\$455,897,104</u>	<u>\$2,331,098</u>	<u>\$(41,140,000)</u>	<u>\$417,088,202</u>	<u>\$30,660,000</u>	<u>\$386,428,202</u>	<u>\$375,630,000</u>	<u>\$41,458,202</u>
Business-type activities									
Business-type activities									
BA - Act 31 - County Airport	1.00%-5.90%	\$ 4,850,000	\$ -	\$ (250,000)	\$ 4,600,000	\$ 250,000	\$ 4,350,000	\$ 4,600,000	\$ -
BA refunding - County Airport	2.00%-2.25%	3,910,000	-	(350,000)	3,560,000	360,000	3,200,000	3,560,000	-
Sewerage disposal - Act 342	1.75%-6.75%	3,645,000	-	(145,000)	3,500,000	150,000	3,350,000	3,500,000	-
Michigan Bond Authority - Water & Sewerage Disposal Bonds	2.50%	# 9,358,741	694,371	(452,500)	9,600,612	720,200	8,880,412	9,600,612	-
Total bonds - business type		<u>21,763,741</u>	<u>694,371</u>	<u>(1,197,500)</u>	<u>21,260,612</u>	<u>1,480,200</u>	<u>19,780,412</u>	<u>21,260,612</u>	<u>-</u>
Total bonds - primary government		<u>\$477,660,845</u>	<u>\$3,025,469</u>	<u>\$(42,337,500)</u>	<u>\$438,348,814</u>	<u>\$32,140,200</u>	<u>\$406,208,614</u>	<u>\$396,890,612</u>	<u>\$41,458,202</u>

Beginning balance adjusted per restatement See note #20

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

Component Units

Drainage Districts	Interest rate	October 1, 2014	Additions	Reductions	September 30, 2015	Amounts due within one year	Amounts due thereafter	General obligation	With governmental commitment
Debt with limited taxing authority									
Drain bonds - Act 40	1.15%-7.00%	\$ 71,170,000	\$ 7,235,000	\$ (3,860,000)	\$ 74,545,000	\$ 3,665,000	\$ 70,880,000	\$ 55,223,576	\$ 19,321,424
Drain refunding bonds	1.00%-4.75%	18,275,000	-	(3,860,000)	14,415,000	3,075,000	11,340,000	2,255,189	12,159,811
Michigan Bond Authority-Drain Bonds	1.15%-4.15% #	158,200,298	28,863,676	(11,457,500)	175,606,474	12,074,800	163,531,674	17,258,346	158,348,128
Total Drainage Districts		247,645,298	36,098,676	(19,177,500)	264,566,474	18,814,800	245,751,674	74,737,111	189,829,363
Total County Debt		\$ 725,306,143	\$ 39,124,145	\$ (61,515,000)	\$ 702,915,288	\$ 50,955,000	\$ 651,960,288	\$ 471,627,723	\$ 231,287,565
Road Commission									
Compensated absences	--	\$ 2,811,150	\$ 207,100	\$ -	\$ 3,018,250	\$ -	\$ 3,018,250	\$ -	\$ 3,018,250
Self-insured losses	--	1,954,800	345,830	(1,054,430)	1,246,200	572,340	673,860	-	1,246,200
Other postemployment benefits	--	16,463,767	7,064,152	-	23,527,919	-	23,527,919	-	23,527,919
Net pension liability	--	9,168,707	17,358,455	-	26,527,162	-	26,527,162	-	26,527,162
Michigan Transportation Fund revenue notes	4.00%	1,000,000	-	(500,000)	500,000	500,000	-	-	500,000
Total Road Commission		31,398,424	24,975,537	(1,554,430)	54,819,531	1,072,340	53,747,191	-	54,819,531
Total reporting entity		\$ 756,704,567	\$ 64,099,682	\$ (63,069,430)	\$ 757,734,819	\$ 52,027,340	\$ 705,707,479	\$ 471,627,723	\$ 286,107,096

Beginning balance adjusted per restatement See note #20

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

The annual requirements to pay principal and interest on debt outstanding at September 30, 2015 (excluding the liabilities for compensated absences, other postemployment benefits, pension liability and uninsured losses for the Road Commission component unit) were as follows:

	Bonds with limited taxing authority		Retirees Health Care Bonds limited taxing authority		Business-type Bonds limited taxing authority		Total primary government	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 8,460,000	\$ 2,722,962	\$ 22,200,000	\$ 11,799,138	\$ 1,480,200	\$ 743,438	\$ 32,140,200	\$ 15,265,538
2017	9,935,000	2,458,929	23,020,000	10,980,656	1,510,600	709,779	34,465,600	14,149,364
2018	10,160,000	2,153,506	23,870,000	10,131,947	1,345,192	673,443	35,375,192	12,958,896
2019	9,017,475	1,848,494	24,750,000	9,251,925	1,321,400	634,050	35,088,875	11,734,469
2020	8,435,000	1,578,207	25,660,000	8,339,504	1,351,800	592,328	35,446,800	10,510,039
2021-2025	28,390,000	4,146,349	143,205,000	26,790,450	6,940,800	2,246,500	178,535,800	33,183,299
2026-2030	9,400,727	1,598,370	65,885,000	2,882,319	6,149,485	936,520	81,435,212	5,417,209
2031-2035	4,115,000	447,431	-	-	1,161,135	23,308	5,276,135	470,739
2036-2040	585,000	51,550	-	-	-	-	585,000	51,550
Totals	\$ 88,498,202	\$ 17,005,798	\$ 328,590,000	\$ 80,175,939	\$ 21,260,612	\$ 6,559,366	\$ 438,348,814	\$ 103,741,103

	Drainage Districts		Road Commission		Total reporting entity	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 18,814,800	\$ 7,043,922	\$ 500,000	\$ 20,000	\$ 51,455,000	\$ 22,329,460
2017	17,344,400	6,567,251	-	-	51,810,000	20,716,615
2018	17,284,000	6,133,424	-	-	52,659,192	19,092,320
2019	17,538,600	5,701,463	-	-	52,627,475	17,435,932
2020	18,023,200	5,253,981	-	-	53,470,000	15,764,020
2021-2025	84,701,876	19,166,649	-	-	263,237,676	52,349,948
2026-2030	58,795,320	9,275,968	-	-	140,230,532	14,693,177
2031-2035	32,064,278	1,798,636	-	-	37,340,413	2,269,375
2036-2040	-	-	-	-	585,000	51,550
Totals	\$ 264,566,474	\$ 60,941,294	\$ 500,000	\$ 20,000	\$ 703,415,288	\$ 164,702,397

County of Oakland

Notes to Basic Financial Statements

September 30, 2015

The County has pledged its full faith and credit on debt totaling \$727,915,288, which includes \$25,000,000 of short-term notes for the delinquent taxes as described in Note 4. By statute, general obligation debt is limited to 10 percent of the state equalized value. As of September 30, 2015, the debt limit was \$6,080,610,377. 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, 2015, there were four issues outstanding, totaling \$29,380,000, maturing in the years 2016-2040, which represents debt originally issued in the years 2010-2012 totaling \$37,445,000. Subsequent to September 30, 2015, in November 2015, the County authorized the issuance of building authority bonds for a new Animal Control Facility in the amount of \$15,450,000.

Retirees Health Care Bonds

In 2007, Taxable Certificates of Participation ("COPS") were issued by the 2007 Oakland County Retiree Medical Benefits Funding Trust (the "Issuing Trust") which COPS were secured by and to be repaid from contract payments made pursuant to a contract entered into by the County of Oakland (the "County") under the authority of Michigan Public Act No. 139 of 1973 in the amount of \$556,985,000 maturing in the years 2008 through 2027, and funds were placed in trust in the 2007 Oakland County Intermediate Retiree Medical Benefits Trust ("IRMBT"). The COPS, which represent a debt instrument issued in the form of trust certificates, were used to fund current and future retiree healthcare costs reported in the VEBA Trust Fund.

In September 2013, the County issued refunding bonds in the amount of \$350,000,000, the proceeds of which have enabled the County to fully fund the VEBA Trust Fund as of September 30, 2014. The County thereafter entered into a Superseding Contract with a new, Superseding Trust which was created by the County, under which contract the County is now obligated to maintain the funding in the VEBA Trust in future years pursuant to the terms of that contract under a Superseding Plan which has superseded and supplanted the obligation of the County to maintain retiree health services by keeping the VEBA Trust at full funding. This action freed up remaining assets in the IRMBT which became "Surplus Intermediate Trust Assets" which the County directed to be paid to the Funding Trust for the purpose of redeeming the outstanding callable COPS in the amount of \$422,135,000 on April 1, 2014. As of September 30, 2015, there were two issues outstanding totaling \$328,590,000 maturing in the years 2016-2027.

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

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

Act 342, Michigan Public Acts of 1939 provides for a contract between the County and local municipalities which defines a schedule of annual payments to be made by the municipality to meet principal and interest obligations. Such contractual payments may be funded by revenue produced by utility or tax revenue. The County is obligated upon the default of the local municipality, and therefore, such obligation is shown as "with governmental commitment." Assessments are shown in their entirety with the corresponding deferred inflows in the Debt Service funds for each act. At September 30, 2015, there were five issues outstanding, totaling \$15,820,000, maturing in the years 2016-2034. This represents debt originally issued in the amount of \$18,100,000 issued in the years 1997-2014.

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, 2015, there were seven issues outstanding, totaling \$36,765,000, maturing in the years 2016-2025. This represents debt originally issued in the years 2005-2014 totaling \$52,525,000.

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, 2015 was \$1,685,000, which matures in the years 2016-2018.

In September 2007, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$2,000,000 for the Softwater Lake Capital Improvement Sewage Disposal System project. As of September 30, 2010, a final amount of \$1,935,727 was received from the State Revolving Loan fund. The amount outstanding at September 30, 2015 for this issue is \$1,190,727, which matures in the years 2016-2027.

In September 2014, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$36,855,000 for the Evergreen and Farmington Sewage Disposal Systems Middlebelt Transport and Storage Tunnel project. As of September 30, 2015, \$3,657,475 was drawn from the State Revolving Loan fund. The amount outstanding at September 30, 2015 for this issue is \$3,657,475, which matures in the years 2016-2019.

Business Type

In December 2010, the County issued \$4,060,000 of sewage disposal bonds for the Evergreen-Farmington Sewage Disposal System (enterprise fund type). The bonds are federally taxable recovery zone economic development bonds, issued under the authority of Act 34, Public Acts of Michigan, 2001. The amount outstanding for this issue at September 30, 2015 was \$3,500,000, which matures in the years 2016-2031.

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

Two Building Authority bond issues for the County Airport fund consist of the Airport T-Hangar Refunding in the amount outstanding as of September 30, 2015 of \$3,560,000 maturing in the years 2016-2024 and the Airport Terminal Building in the amount outstanding as of September 30, 2015 of \$4,600,000 maturing in the years 2016-2030. These represent original debt issued in the amount of \$4,585,000 in 2012 for the Airport T-Hangar and \$5,800,000 in 2010 for the Airport Terminal Building.

In March 2012, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$2,415,000 for the Evergreen-Farmington Sewage Disposal System 8 Mile Pumping Station Septage Facility (enterprise fund type); the entire amount was received as of the end of fiscal year 2014. The amount outstanding for this issue at September 30, 2015 was \$2,125,000, which matures in the years 2016-2032.

In August 2012, in conjunction with the transfer of operations of the City of Pontiac water and sewer system to the County, the County's Water and Sewer Trust fund assumed the debt obligations initiated by the City of Pontiac for five Clean Water/Water Quality projects. The total authorized loan amount is \$8,845,300; as of September 30, 2015, the amount outstanding was \$6,866,420. In addition, in October 2014, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for City of Pontiac Water Supply System Improvements for up to \$6,890,000; as of September 30, 2015, \$609,192 was drawn from the State Revolving Loan fund. Further, in October 2015, the County authorized the issuance of two additional bonds from the Michigan Municipal Bond Authority Revolving Loan fund for the City of Pontiac Water Supply System for one up to \$6,850,000 with \$1,762,500 principal forgiveness and one up to \$720,000. The debt obligation recorded as of September 30, 2015 amounted to \$7,475,612, maturing in the years 2016 through 2032.

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, 2015, there were 14 issues outstanding, totaling \$74,545,000, maturing in the years 2016-2034. This represents original debt issued for \$86,895,000 in the years 1994-2014.

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, 2015, there were nine issues outstanding, totaling \$14,415,000, maturing in the years 2016-2025. This represents debt originally issued in the years 2001-2013 in the amount of \$36,180,000.

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

Michigan Bond Authority Drain Bonds (Component Unit)

The County authorized issuance of bonds in the amount of \$9,365,000 in 1994 from 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. As of September 30, 2014, the drainage district had received the entire amount 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 with successive authorizations for Segments II, III and IV in the years 2012, 2013 and 2015, respectively, amounting to \$99,160,000. Through September 30, 2015, the drainage district received \$110,090,768 from the State Revolving Loan Fund for the Oakland-Macomb Interceptor Drain District Segments I, II, III and IV. In August 2012, in conjunction with the transfer of operations of the City of Pontiac waste water treatment system to the County, the County's Drainage District assumed the debt obligations initiated by the City of Pontiac for two Clean Water/Water Quality projects. The total authorized loan amount is \$13,689,700; as of September 30, 2015, the amount outstanding was \$11,502,110. In addition, in October 2014, the County authorized issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for the Pontiac Waste Water Treatment Drain District for up to \$9,840,000 with \$1,000,000 principal forgiveness. At September 30, 2015, there were 15 issues outstanding, totaling \$175,606,474, maturing in the years 2016-2033.

Advance and Current Refunding of General Obligation Limited Tax Bonds

In October 2014, bonds were called as result of resources provided by the Township of Oxford in the form of prepaid assessment rolls. Debt amounting to \$8,345,000 for the Oxford Township Water Supply System, Series 2005 was eliminated and the corresponding special assessment receivable is not included in the County's financial statements.

In March 2015, bonds were called as a result of resources provided by the Community Mental Health Authority in the form of prepaid contracts. Debt amounting to \$3,210,000 for the Community Mental Health Authority, Series 2012 was eliminated and the corresponding receivable is not included in the County's financial statements. This defeasance resulted in the elimination of debt for fiscal years 2029 through 2032 and a net savings to the Community Mental Health Authority of \$1,343,734 in interest for fiscal years 2016 through 2032.

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, 2015 was as follows:

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities					
Accrued compensated absences	\$ 12,315,350	\$ 1,421,702	\$ (1,231,535)	\$ 12,505,517	\$ 1,250,552
Claims and judgments					
Accrued unreported health costs	3,125,090	2,436,606	(1,041,696)	4,520,000	1,506,667
Accrued workers' compensation	12,007,421	1,770,000	(3,777,421)	10,000,000	1,720,203
Building and liability insurance	5,777,550	501,269	(1,725,217)	4,553,602	1,178,895
Net pension liability	-	12,718,628	-	12,718,628	-
Governmental activity long-term liabilities	\$ 33,225,411	\$ 18,848,205	\$ (7,775,869)	\$ 44,297,747	\$ 5,656,317

9. Interfund Balances

Interfund receivables and payables at September 30, 2015 were as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General	Building Authority Debt Act 31	\$ 912
	Nonmajor governmental	4,453,727
	Total	4,454,639
Nonmajor governmental	General	16,549
	Evergreen Farmington S.D.S.	1,960
	Nonmajor governmental	993,414
	S.O.C.S.D.S.	1,899
	Total	1,013,822
Water & Sewer Trust	Nonmajor governmental	5,000,000
Parks & Recreation	Internal service	3,493
Nonmajor enterprise	Nonmajor enterprise	1,556
	Internal service	76,968
	Total	78,524
Internal service	General	308
	Total	\$ 10,550,786

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, 2015

Receivables and payables between funds of the Primary Government and the Component Units at September 30, 2015 were as follows:

Primary Government	Component Unit	
Due from Component Unit	Due to Primary Government	
General	Drainage Districts	\$ 143,068
	Road Commission	1,703
	Total	<u>144,771</u>
Nonmajor governmental	Drainage Districts	473,509
	Road Commission	25
	Total	<u>473,534</u>
Evergreen Farmington SDS	Drainage Districts	<u>75,575</u>
Internal Service	Drainage Districts	75
	Road Commission	<u>26,524</u>
	Total	<u>26,599</u>
	Total	<u>\$ 720,479</u>
Component Unit	Primary Government	
Due from Primary Government	Due to Component Unit	
Drainage Districts	Water & Sewer Trust	<u>\$ 116,445</u>
Road Commission	Internal Service	<u>495</u>
	Total	<u>\$ 116,940</u>

Advances to/from other funds (including current and long-term portions) at September 30, 2015 were as follows:

Receivable Fund	Payable Fund	
Nonmajor governmental	Nonmajor governmental	<u>\$ 1,611,207</u>
Delinquent Tax Revolving	Internal Service	<u>77,298</u>
	Total	<u>\$ 1,688,505</u>

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

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, 2015 were as follows:

Transfers In	Transfers Out	Amount
General	Nonmajor governmental	\$ 9,135,463
	Delinquent Tax Revolving	<u>14,832,848</u>
	Total	<u>23,968,311</u>
Building Authority Act 31	General	2,278,125
	Building Authority Act 31	250
	Nonmajor governmental	<u>3,482,516</u>
	Total	<u>5,760,891</u>
Nonmajor governmental	General	30,689,951
	Nonmajor governmental	2,371,133
	Delinquent Tax Revolving	4,801,650
	Internal Service	<u>186,297</u>
	Total	<u>38,049,031</u>
Water & Sewer Trust	Evergreen Farmington S.D.S.	213,232
	S.O.C.S.D.S.	8,121
	Clinton Oakland S.D.S.	195,063
	Water & Sewer Trust	1,392,167
	Nonmajor enterprise	<u>670</u>
	Total	<u>1,809,253</u>
Nonmajor enterprise	General	2,350,697
	Nonmajor governmental	27,081
	Nonmajor enterprise	<u>200,000</u>
	Total	<u>2,577,778</u>
Internal Service	General	9,464,275
	Nonmajor governmental	67,055
	Parks & Recreation	208,852
	SOCSDS	25,756
	Evergreen Farmington SDS	40,950
	Water & Sewer Trust	85,120
	Clinton Oakland SDS	33,971
	Nonmajor enterprise	289,384
	Internal service	<u>152,140</u>
	Total	<u>10,367,503</u>
	Total transfers	<u>\$ 82,532,767</u>

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

10. Fund Equities

At September 30, 2015, a deficit existed in the following funds:

Capital Projects Funds

Lake Levels Act 146	\$ 162,619
Drain Chapter 4 Construction	863,079

In the Capital Projects fund, the negative unassigned fund balance in the Lake Levels Act 146 primarily reflects costs that are related to the Bush Lake Level project in the amount of \$126,869 and the Upper Straits Lake Level Dam Reconstruction project in the amount of \$41,978. The Bush Lake Level is construction of a new lake level control structure which has been completed and a long-term special assessment for the project commenced in FY 2011. In 2010, the Oakland County Board of Commissioners authorized a loan in the amount of \$300,000 from the County's Long Term Revolving Fund to the Bush Lake Special Assessment District to be collected in 10-annual installments. The long-term receivable is now on the balance sheet to track the collection of the Long Term Special Assessment. Collection of the annual special assessment has reduced the deficit by \$28,005 from the FY 2014 deficit of \$154,875 to the FY 2015 deficit of \$126,870. The Upper Straits Lake Dam Replacement project consists of replacing an existing lake level control structure in West Bloomfield Township, Oakland County, Michigan and is currently in the design phase. When the design phase is 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, prior to requesting the loan. Updating the district requires Circuit Court action and therefore, the project schedule is directly affected by the Court schedule. There have been some delays on the project and related court proceedings due to critical infrastructure improvements needed for other systems under the responsibility of the Oakland County Water Resources Commission's office. Delays in receiving the court judgment on the district update will impact the timing of receiving loan money and approval of the special assessment.

In the Capital Projects fund, the negative unassigned fund balance in the Drain Chapter 4 Construction Fund reflects costs that are related to the Lower Pettibone Lake Sanitary Chapter 4 Drain Construction project in the amount of \$863,079. A loan from the Long Term Revolving Fund was approved by the Oakland County Board of Commissioners via Miscellaneous Resolution #14136 adopted June 11, 2014 to provide up to \$1,200,000 in funding for this project. A 20-year assessment against each of the benefiting properties in the District has been approved to repay the loan with the first payment due in December 2014. The Construction of the sewer was completed and became operational as of January 2015 and the deficit for this specific project will be eliminated when the long-term assessment roll collection is completed.

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

Nonspendable, restricted, committed, assigned, and unassigned fund balances of the primary government at September 30, 2015 were as follows:

	Nonspendable	Spendable			Unassigned
		Restricted	Committed	Assigned	
Primary Government					
General Fund					
Prepays	\$ 349,122	\$ -	\$ -	\$ -	\$ -
Inventories	141,377	-	-	-	-
Property Tax Forfeiture	-	15,190,786	-	-	-
Future operating requirements 2016 and beyond	-	-	-	126,023,058	-
Future Technology Replacement	-	-	-	18,500,000	-
Financial System Updates	-	-	-	10,000,000	-
Homeland Security Enhancements	-	-	-	8,904,249	-
Property Tax Forfeiture Activities	-	-	-	8,806,624	-
Animal Control Debt Serv Y1-Y7	-	-	-	7,000,000	-
HR Comp/Workforce Planning	-	-	-	5,600,000	-
Health Care Impact	-	-	-	5,000,000	-
Capital Reserve	-	-	-	5,000,000	-
Emergency Salaries	-	-	-	5,000,000	-
Future Headlee Rollback	-	-	-	5,000,000	-
Catastrophic Claims	-	-	-	5,000,000	-
Unfunded Mandates	-	-	-	5,000,000	-
Tri-Party Supplemental	-	-	-	3,909,236	-
Operational Improvements	-	-	-	3,000,000	-
DB Pension Contribution	-	-	-	3,000,000	-
Data Privacy and Security	-	-	-	3,000,000	-
Carry forwards	-	-	-	2,333,884	-
Pandemic Response	-	-	-	2,200,000	-
Building Security Cameras and Consoles	-	-	-	2,042,986	-
Business Continuity	-	-	-	1,000,000	-
WRC Long-Term Revolving Fund	-	-	-	1,000,000	-
Sheriff Aviation	-	-	-	877,055	-
MI SCAO Interpreter Costs	-	-	-	750,000	-
Federal Regulatory Changes	-	-	-	750,000	-
Board of Commissioners Projects	-	-	-	635,000	-
Jail Alternative Prg Startup	-	-	-	600,000	-
Tax Tribunal Appeals Consultants	-	-	-	500,000	-
New Grant Match Opportunities	-	-	-	500,000	-
Human Resources Legal	-	-	-	500,000	-
Quality of Life Initiatives	-	-	-	480,000	-
Community Partnerships	-	-	-	238,654	-
Microloan	-	-	-	200,000	-
Buy Local	-	-	-	150,000	-
Department Operations	-	-	-	129,105	-
Jail Commissary	-	-	-	123,539	-
Rx Discount Card Program	-	-	-	23,787	-
Unassigned	-	-	-	-	1,745,931
Total	\$ 490,499	\$ 15,190,786	\$ -	\$ 242,777,177	\$ 1,745,931

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

	Nonspendable	Spendable			Unassigned
		Restricted	Committed	Assigned	
Primary Government					
Special Revenue Funds					
Grants (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ (3,054,397)
Specific programs	-	18,395,160	-	-	-
Total	\$ -	\$ 18,395,160	\$ -	\$ -	\$ (3,054,397)
Debt Service Funds					
Debt service-general obligations	\$ -	\$ 899,136	\$ -	\$ -	\$ -
Capital Projects Funds					
Long-term receivables	\$ 1,176,207	\$ -	\$ -	\$ -	\$ -
Work projects	-	-	27,813,859	-	(1,025,698)
Total	\$ 1,176,207	\$ -	\$ 27,813,859	\$ -	\$ (1,025,698)

11. Employee Benefits

Primary Government

The County provides various benefits to its employees. Expenditures in 2015 for these benefits totaled the following: medical insurance, \$37,787,014; dental insurance, \$3,061,895; optical insurance, \$274,310; disability, \$2,718,860; tuition reimbursement, \$265,172; Social Security, \$15,401,174; workers' compensation, \$1,720,203; and unemployment claims, \$333,309.

12. Defined Benefit Pension Plan

Plan Description

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

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

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

Plan Membership

The County PERS covers the majority of full-time employees of the County hired prior to July 1, 1994. The plan's membership consists of the following at September 30, 2015, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	1,975
Terminated plan members entitled to, but not yet receiving benefits	113
Active plan members	<u>403</u>
Total	<u>2,491</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.

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.

Funding Policy/Contributions

The County policy is to fund normal costs of the plan by contributions which are based on actuarially determined rates, expressed as percentages of annual covered payroll, and which are sufficient to accumulate assets to pay benefits when due. For fiscal year 2015, the annual contribution was \$4,554,832 which was determined through actuarial valuations performed at September 30, 2013.

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, 2015 and September 30, 2014 amounted to \$473,247 and \$560,091, respectively.

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

Investment Policy

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

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

Rate of Return

For the year ended September 30, 2015, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense, was .35 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Fund Balance Reserved for Employees' Pension Benefits

Fund balances reserved for employees' pension benefits include legally required reserves. Fund balance as of September 30, 2015 consists of the following reserves:

Annuity reserve	\$ 5,382,036
Pension reserve	186,097,015
Pension accumulated reserve	<u>554,180,778</u>
Total fund balance	<u>\$ 745,659,829</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, 2015

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, 2015:

Statement of Net Position

Cash and investments	\$ 744,017,654
Other assets	<u>2,213,903</u>
Total assets	<u>746,231,557</u>
Liabilities	<u>571,728</u>
Net position	<u>\$ 745,659,829</u>

Statement of Changes in Net Position

Additions:	
Contributions	\$ 5,028,079
Investment income	7,362,442
Other revenue	<u>149,367</u>
Total additions	<u>12,539,888</u>
Deductions:	
Benefit payments	52,066,966
Other expenses	<u>2,709,173</u>
Total deductions	<u>54,776,139</u>
Change in net position	(42,236,251)
Net position held in trust, beginning of year	<u>787,896,080</u>
Net position held in trust, end of year	<u>\$ 745,659,829</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.

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

Actuarial Methods and Assumptions

The annual required contribution was determined as part of the actuarial valuation as of September 30, 2013, using the aggregate actuarial cost method. Significant actuarial assumptions used include (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 4.5 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 accrual 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.

Net Pension Liability

The County has chosen to use September 30, 2015 as its measurement date for the net pension liability. The September 30, 2015 reported net pension liability was determined using a measure of the total pension liability and the pension plan net position as of September 30, 2015. The September 30, 2015 total pension liability was determined by an actuarial valuation performed as of September 30, 2014, which used updated procedures to roll forward the estimated liability to September 30, 2015.

The components of the net pension liability of the County at September 30, 2015 were as follows:

Total pension liability	\$ 758,378,456
Plan fiduciary net position	<u>(745,659,828)</u>
Net Pension Liability/(Asset)	<u>\$ 12,718,628</u>
Plan fiduciary net position as a percentage of the total pension liability	98.32%

The net pension liability of \$12,718,628 has been recorded in the Fringe Benefit Fund, an internal service fund that is used to account for the County's employee fringe benefits.

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

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

	Increase/(Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balances at 9/30/2014	\$ 724,043,780	\$ 787,896,080	\$ (63,852,300)
Changes for the year:			
Service cost	3,705,776	-	3,705,776
Interest	50,740,081	-	50,740,081
Difference between expected and actual experience	2,621,256	-	2,621,256
Assumption changes	29,334,529	-	29,334,529
Contributions - employer	-	4,554,832	(4,554,832)
Contributions - member	-	473,247	(473,247)
Net investment income	-	5,099,460	(5,099,460)
Benefit payments, including refunds of member contributions	(52,066,966)	(52,066,966)	-
Administrative expenses	-	(296,825)	296,825
Net changes	34,334,676	(42,236,252)	76,570,928
Balances at 9/30/2015	\$ 758,378,456	\$ 745,659,828	\$ 12,718,628

Assumptions changes. For the calculation of net pension liability as of September 30, 2015, the mortality table used was updated to the RP-2014 Health Annuitant Mortality Table, projected to 2021 using a static projection based on the 2 dimensional MP-2014 improvement scales. The wage inflation percentage was also updated to 3.25 percent. Additionally, the actuarial cost method was changed to the individual entry age method.

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

For the year ended September 30, 2015, the County recognized pension expense of \$36,325,259. At September 30, 2015 the County reported deferred outflows of resources related to pensions from the follow sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 40,245,669
Total	\$ 40,245,669

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

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

Fiscal Year Ending September 30	Net Deferred Outflows of Resources
2016	\$ 10,061,417
2017	10,061,417
2018	10,061,417
2019	10,061,418
Total	<u>\$ 40,245,669</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of September 30, 2014, which used update procedures to roll forward the estimated liability to September 30, 2015. The valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.25 – 9.25% average, including inflation and step increases
Investment rate of return	7.25% net of pension investment expense, including inflation

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

Discount Rate

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

Projected Cash Flows

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

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s). For each major asset class that is included in the pension plan's target asset allocation as of September 30, 2014, these best estimates are summarized in the following table.

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

Asset Class	Long-Term Expected Real Rate of Return
Core Bonds	2.80%
Core Plus	3.07%
Global Bonds	2.63%
U.S. Large Cap Equity	7.80%
U.S. Mid Cap Equity	8.47%
U.S. Small Cap Equity	9.09%
International Developed Equity	8.79%
Emerging Market Equity	10.14%
Long/Short Equity	7.64%
Core Real Estate	5.51%
Opportunistic Real Estate	8.80%

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

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

	1% Decrease 6.25%	Current Single Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability/(Asset)	\$ 89,410,684	\$ 12,718,628	\$ (53,561,279)

The Road Commission for Oakland County Retirement System board of trustees administers the Road Commission for Oakland County Retirement System – a single-employer defined benefit pension plan that provides retirement, disability, and death benefits for all eligible general employees of the Retirement System. Benefit terms have been established by contractual agreements between the Retirement System and the various employee union representation or other actions of the Oakland County Board of Road Commissioners; amendments are subject to the same process. The Road Commission's net pension liability as of December 31, 2014 was \$26,527,162. The Road Commission has chosen to use December 31, 2014 as its measurement date for the net pension liability. The September 30, 2015 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of December 31, 2014. The December 31, 2014 total pension liability was determined by an actuarial valuation performed as of that date. For the year ended September 30, 2015, the Road Commission recognized pension expense of \$8,211,535. At September 30, 2015, the Road Commission reported total deferred outflows of resources of \$17,222,616.

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

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, 2015 was 3,009, which includes 408 employees who elected to transfer from the PERS in 1995 through 2000 and 2,601 current employees hired since July 1, 1994.

The County's payroll for employees covered by the OPRS for the year ended September 30, 2015 was \$176,486,083, and the County's total payroll was \$220,272,993. The required contributions, which matched those actually made, were \$6,678,314 by employees and \$15,875,209 by the County, representing 3.8% and 9.0% 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 2015, the County contributed \$198,063 to the plan.

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

14. Postemployment Benefits

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

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 2015, the County provided 2,263 retirees medical insurance and reimbursed them for Medicare premiums under the Trust. In 2015, the County disbursed \$30,116,293 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, 2014, the date of the most recent actuarial valuation, membership in the OPEB consisted of 2,324 retirees and beneficiaries currently receiving benefits, 2,322 active employees, and 234 terminated employees entitled to benefits but not yet receiving them.

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

	Fiscal year ended September 30		
	2015	2014	2013
Annual OPEB cost (ARC)	\$ 5,605,849	\$ 29,545,126	\$ 28,359,365
Percentage of ARC contributed	0%	0%	0%
Net OPEB asset	\$163,092,632	\$168,698,481	\$198,243,607

In 2013, the County contributed an additional \$236,000,000 in order to fully fund the VEBA. In 2015, the annual required contribution (ARC) as determined by the actuary was \$818,930 and there were no County contributions, given the VEBA was fully funded.

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

The funding progress of the plan as of September 30, 2014, the most recent actuarial valuation report, is as follows:

Retirees and beneficiaries	\$ 463,768,854
Vested terminated employees who will be eligible when they collect retirement (age 60 in most cases) and their beneficiaries	58,886,930
Active employees and beneficiaries	<u>362,848,645</u>
Actuarial accrued liability	885,504,429
Actuarial value of assets	<u>1,076,904,047</u>
Unfunded AAL (Overfunded AAL)	<u>\$ (191,399,618)</u>
Funded ratio	121.6%
Annual covered payroll	\$ 146,473,723
Overfunded AAL as a percentage of payroll	130.7%
Actuarial Required Contribution (ARC)	\$ 818,930
Adjustment to the ARC	9,629,938
Interest on net OPEB asset	<u>(4,843,019)</u>
Annual OPEB cost	5,605,849
Contributions	-
Decrease in net OPEB asset	<u>5,605,849</u>
OPEB asset - Beginning of year	<u>168,698,481</u>
OPEB asset - End of year	<u>\$ 163,092,632</u>

The County contributions are based on a 10-year open amortization of the unfunded actuarial accrued liabilities (UAL) for the overfunded divisions and a 20-year closed amortization of the UAL for the underfunded division (Command Officers). In addition, the County reports an other post-employment benefits asset for the funding provided by the previous sale of certificates of participation. The remaining amortization period of this asset as of September 30, 2015 was 21 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.

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.

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

In the September 30, 2014 actuarial valuation, the date of the most recent actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 7.5 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. The UAAL for the groups was amortized over a 10-year open level dollar method for the overfunded divisions and a 20-year closed level dollar method for the underfunded division (Command Officers). Active member payroll was assumed to increase 4.5 percent per year for the purpose of determining the level percent contributions.

The following are condensed financial statements as of and including September 30, 2015 (the OPEB Plan includes the VEBA and Superseding Trusts):

Statement of Net Position

Cash and investments	\$ 1,081,646,174
Other assets	2,874,902
Total assets	<u>1,084,521,076</u>
Liabilities	<u>2,840,181</u>
Net position	<u>\$ 1,081,680,895</u>

Statement of Changes in Net Position

Additions:	
Contributions	\$ 111,372
Investment income	6,210,652
Other revenue	2,237,832
Total additions	<u>8,559,856</u>
Deductions:	
Benefits	30,116,293
Other expenses	3,358,219
Total deductions	<u>33,474,512</u>
Change in net position	(24,914,656)
Net position held in trust, beginning of year	<u>1,106,595,551</u>
Net position held in trust, end of year	<u>\$ 1,081,680,895</u>

The Road Commission contributes to the Road Commission for Oakland County Retiree Health Care Trust (the "Trust"). The Trust provides for future payment of medical benefits for eligible retirees, their spouses and their dependents. The obligation to provide benefits to employees was established by negotiation with various collective bargaining units or other actions of the Oakland County Board of Road Commissioners. At December 31, 2014, the date of the most recent actuarial valuation, membership consisted of 706 retirees and beneficiaries currently receiving benefits, 280 vested active employees, and 62 nonvested active employees. For the year ended September 30, 2015, the Road Commission's adjusted annual required contribution to the Trust was \$12,851,553 with interest of \$740,870 on the prior year net OPEB obligation. The Road Commission contributed \$500,000 to the Trust during the year and paid \$6,028,271 directly toward

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

insurance premiums and medical costs for retirees during fiscal year 2015, leaving a net OPEB obligation of \$23,527,919 at September 30, 2015.

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 \$632,246,617, electronic data processing equipment in the amount of \$42,301,397, boats and motors in the amount of \$569,000, ATV/snowmobiles in the amount of \$66,000, automobile catastrophe physical damage in the amount of \$2,000,000, flood coverage in the amount of \$50,000,000 (subject to limitations in some flood zones), earthquake coverage in the amount of \$50,000,000, boiler and machinery coverage in the amount of \$100,000,000, property insurance for 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 dishonesty/faithful performance in the amount of \$3,000,000, travel accident in the amount of \$100,000 per person/\$500,000 aggregate, N.E.T. law enforcement liability in the amount of \$5,000,000, workers' compensation statutory coverage in excess of \$1,000,000 for each occurrence, and self-insured retention and employers' liability in the amount of \$1,000,000. 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, 2015, including both those claims that have been reported, as well as those that have not yet been reported, and estimates of both future payments of losses and related claim adjustment expenses. Estimated liabilities for unpaid claims are based on historical claim payments, including related legal and administrative expenses.

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

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	
	2015	2014
Primary Government		
Beginning-of-period liability	<u>\$ 20,910,061</u>	<u>\$ 20,654,795</u>
Estimated claims incurred, claim adjustment expenses and changes in estimates		
Provisions for current-year events	48,513,809	48,485,558
Decrease in provisions for prior-year events	<u>831,066</u>	<u>(882,472)</u>
Total incurred claims, claim adjustment expenses and changes in estimates	49,344,875	47,603,086
Claim payments and claim adjustment expenses		
Related to current-year events	(44,219,801)	(45,340,199)
Related to prior-year events	<u>(6,961,533)</u>	<u>(2,007,621)</u>
Total claim payments and claim adjustment expenses	<u>(51,181,334)</u>	<u>(47,347,820)</u>
End-of-period liability	<u>\$ 19,073,602</u>	<u>\$ 20,910,061</u>
Road Commission - Component Unit		
Beginning-of-year liability	\$ 2,854,800	\$ 3,346,033
Estimated claims incurred and changes in estimates	11,524,812	11,977,100
Claim payments	<u>(12,233,412)</u>	<u>(12,468,333)</u>
End-of-year liability	<u>\$ 2,146,200</u>	<u>\$ 2,854,800</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, 2015 were \$992,830. The future minimum lease payments as of September 30, 2015 are as follows:

Fiscal year	Primary government
2016	\$ 801,716
2017	640,564
2018	538,888
2019	482,323
2020	372,000
2021-2025	<u>992,000</u>
Total	<u>\$ 3,827,491</u>

Additionally, the County leases portions of certain buildings to various governmental agencies. The amount received from these leases for the fiscal year ended September 30, 2015 totaled \$106,708, 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 of Oakland
Notes to Basic Financial Statements
September 30, 2015

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, Community Mental Health Authority Housing Project in the amount of \$5,500,000 in 2007, Keego Harbor City Hall and DPW Building in the amount of \$1,120,000 in 2010, City of Oak Park in the amount of \$2,500,000 in 2012, and Community Mental Health Authority Project in the amount of \$14,500,000 in 2012. The future minimum lease payments to be received as of September 30, 2015 are as follows:

Fiscal year	Primary government
2016	\$ 1,751,485
2017	1,734,022
2018	1,744,773
2019	1,729,385
2020	1,613,310
2021 - 2025	6,802,288
2026 - 2030	5,078,041
2031 - 2035	1,110,962
2036 - 2040	636,550
	<u>\$ 22,200,816</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 revenues is subject to the acceptance of project costs by the granting agency, usually after a compliance audit. To the extent that costs are disallowed by the granting agency, the County, the Drainage Districts, and Road Commission resources would be required to reimburse the grant funds. Management believes that disallowed costs, if any, would be immaterial.

The County has outstanding construction commitments (contracts) under the jurisdiction of the Water Resources Commissioner, and has contracts for Act 342 projects at September 30, 2015 as follows: Farmington Hills Water System Project with a total cost of \$5,195,396 with a remaining balance of \$360,212; contracts with a cost of \$14,434,627 for the Clinton Oakland Sewage Disposal System with a remaining balance of \$261,425; Walled Lake-Novı Wastewater Treatment Plant with a cost of \$1,298,000 with a balance of \$454,952; Evergreen-Farmington S.D.S – Middlebelt Road Tunnel Project contract with a cost of \$28,179,499 with a remaining balance of \$25,298,492 and the Pontiac Water System Water Main Replacement and Improvements contracts with a cost of \$4,693,085 with a remaining balance of \$1,257,710. Building Authority Projects

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

have contracts with a cost of \$2,704,964 for the Facilities Infrastructure/Information Technology Project with a remaining balance of \$51,603.

The Drainage Districts' component unit has construction contracts for the Bloomfield Township CSO project with a total cost of \$2,720,377 and a remaining balance of \$399,109; the Pontiac Waste Water Treatment Facility Pump Station Phase II Project has a cost of \$7,936,820 with a remaining balance of \$2,844,726; and contracts for the Oakland Macomb Interceptor Drainage District Project with a total cost of \$102,246,259, with a remaining balance of \$19,729,018 as of September 30, 2015.

19. Statement of Net Position – Reconciliation of Internal Balances

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

Governmental Activities

Governmental Funds

Due from other funds	\$ 5,468,461
Advances receivable	1,611,207
Due to other funds	(10,464,910)
Advances payable	(1,611,207)

Internal Service Funds

Due from other funds	308
Due to other funds	(80,461)
Current and long-term advances payable	(77,298)

Governmental activities, internal balances

\$ (5,153,900)

Business-Type Activities

Proprietary Funds

Due from other funds	\$ 5,082,017
Current and long-term advances receivable	77,298
Due to other funds	(5,415)

Business-type activities, internal balances

\$ 5,153,900

20. Accounting and Reporting Change

In fiscal year 2015, the County adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the primary objective of which is to improve accounting and financial reporting by state and local governments for pensions. The County elected to record these changes in the Fringe Benefits Fund, an Internal Services fund, and for reporting purposes the net position of this fund was restated as of September 30, 2014.

Fund Financial Statements

	Fringe Benefits Fund	Totals September 30, 2015
<u>Internal Service Funds</u>		
Net Position at September 30, 2014	\$ 33,493,389	\$ 98,755,788
Adjustment for implementation of GASB Statement No. 68	63,852,300	63,852,300
Net Position at September 30, 2014, as restated	<u>\$ 97,345,689</u>	<u>\$ 162,608,088</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

This restatement is also reported in the Proprietary Funds Statement of Changes in Net Position - Governmental Activities – Internal Service funds.

The Road Commission Component Unit likewise reports a restatement of Net Position due to the implementation of GASB Statement No. 68 as follows:

	Road Commission	Total Component Units
Net Position at September 30, 2014	\$ 801,955,292	\$ 1,319,971,139
Adjustment for implementation of GASB Statement No. 68	(8,039,777)	(8,039,777)
Net Position at September 30, 2014, as restated	<u>\$ 793,915,515</u>	<u>\$ 1,311,931,362</u>

In addition, based on an independent engineering study, it was determined that a portion of assets and related debt for the City of Pontiac Wastewater Treatment Plant, as previously reported in the County's Water & Sewer Trust Fund (Enterprise fund) and the Drainage Districts component unit needed to be reallocated at a ratio of 54.0% to Pontiac sewer and 46% to the Chapter 20 Drainage District. As a result, the Net Position of the Water & Sewer Trust fund (major fund) and the Drainage Districts Component Unit was restated as of September 30, 2014 as follows:

Proprietary Funds

Business -Type Activities - Enterprise Funds

	Water and Sewer Trust	Totals September 30, 2015
Net Position at September 30, 2014	\$ 143,924,759	\$ 701,548,867
Restatement of Debt	12,054,610	12,054,610
Restatement of Capital Assets	(11,535,709)	(11,535,709)
Net Position at September 30, 2014, as restated	<u>\$ 144,443,660</u>	<u>\$ 702,067,768</u>

Component Units

	Drainage Districts	Total Component Units
Net Position at September 30, 2014	\$ 518,015,847	\$ 1,319,971,139
Restatement of Debt	(12,054,610)	(12,054,610)
Restatement of Capital Assets	<u>11,535,709</u>	<u>11,535,709</u>
Net Position at September 30, 2014, as restated	<u>\$ 517,496,946</u>	<u>\$ 1,319,452,238</u>

As a result of the preceding changes, the Government-wide Statement of Activities is restated as follows:

County of Oakland
Notes to Basic Financial Statements
September 30, 2015

Statement of Activities

	Primary Government			
	Governmental Activities	Business- Type Activities	Totals	Component Units
Net Position at September 30, 2014	\$ 380,353,437	\$ 701,548,867	\$ 1,081,902,304	\$ 1,319,971,139
Adjustments	63,852,300	518,901	64,371,201	(8,558,678)
Net Position at September 30, 2014, as restated	<u>\$ 444,205,737</u>	<u>\$ 702,067,768</u>	<u>\$ 1,146,273,505</u>	<u>\$ 1,311,412,461</u>

PROPOSAL ACCEPTANCE PROCEEDINGS

DAN DEVINE DRAIN DRAINAGE DISTRICT DRAIN BONDS, SERIES 2017

At 11 a.m., Eastern Daylight Time, on the 4th day of April, 2017, at the office of (i) the Municipal Advisory Council of Michigan, Buhl Building, 535 Griswold, Suite 1850, Detroit, Michigan, or (ii) Municipal Financial Consultants Incorporated, 500 Woodward Avenue, Suite 3500, Room #3559, Detroit, Michigan, proposals were received for the purchase of the Drain Bonds, Series 2017 (the "Bonds") to be issued by the Dan Devine Drain Drainage District (the "Drainage District") as set forth in the Request for Proposal for the Bonds. A summary of proposals received is attached to these proceedings.

Municipal Financial Consultants Incorporated ("MFCI"), the County's financial consultant, solicited such proposals from at least twenty-five prospective purchasers and circulated the Request for Proposal at least seven days prior to the date hereof.

On the date hereof, following consideration of the proposals received and a report prepared by MFCI, the following order was entered by the Chairperson of the Drainage Board for the Dan Devine Drain:

IT IS HEREBY ORDERED:

1. The fixing of April 4, 2017 as the date of sale of the Bonds and the form of the Request for Proposal for the Bonds are ratified and confirmed. The actions taken by MFCI in connection with the distribution of the Request for Proposal are ratified and confirmed.
2. The proposal of CFC Capital, Inc. to purchase the Bonds at par and bearing interest per annum as set forth in Section 3 hereof (same being the bid that produces the lowest

true interest cost to the Drainage District after adding discount or deducting premium) is accepted.

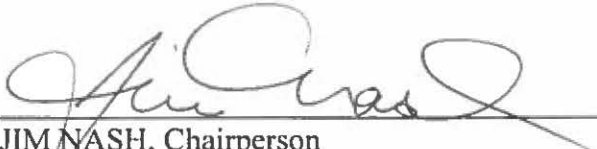
3. The Bonds shall be issued in the aggregate principal amount of \$1,745,000, shall be dated the date of delivery, shall mature on April 1 of each year and shall bear interest, payable on October 1, 2017, and semiannually thereafter, as follows:

<u>MATURITY DATE</u> <u>APRIL 1</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>
2018	\$150,000	1.00%
2019	155,000	1.30%
2020	160,000	1.55%
2021	165,000	1.80%
2022	170,000	2.00%
2023	175,000	2.15%
2024	185,000	2.30%
2025	190,000	2.40%
2026	195,000	2.50%
2027	200,000	2.60%

4. The Bonds are not subject to redemption prior to maturity.

5. In accordance with the designation of the County Treasurer, The Huntington National Bank, Grand Rapids, Michigan, is approved as the bond registrar and paying agent for the Bonds.

6. All orders and parts of orders insofar as they conflict with the provisions of this order are hereby rescinded.



JIM NASH, Chairperson
Drainage Board for the Dan Devine Drain

Dated: April 4, 2017

BLOOMFIELD 9007-423 1793820v1



REPORT OF PROPOSALS, RECOMMENDED BOND AWARD

TO THE
COUNTY OF OAKLAND

DAN DEVINE DRAIN DRAINAGE DISTRICT, DRAIN BONDS, SERIES 2017

DATED: APRIL 4, 2017

PREPARED BY:

MEREDITH A. SHANLE, PRESIDENT

MUNICIPAL FINANCIAL CONSULTANTS INCORPORATED
500 WOODWARD AVE., SUITE 3500, ROOM #3559
DETROIT, MI 48226
(313) 884-1550



REPORT OF PROPOSALS

APRIL 4, 2017



\$1,745,000
COUNTY OF OAKLAND
DAN DEVINE DRAIN DRAINAGE DISTRICT, DRAIN BONDS, SERIES 2017

Sale Date:	April 4, 2017	Premium:	\$ 8,725
Time:	11:00 a.m., EDST	Discount:	\$17,450
Dated:	April 1, 2017	Maximum Interest:	5%

Maturities - Due April 1

<u>YEAR</u>	<u>AMOUNT</u>	<u>YEAR</u>	<u>AMOUNT</u>
2018	\$150,000	2023	\$175,000
2019	155,000	2024	185,000
2020	160,000	2025	190,000
2021	165,000	2026	195,000
2022	170,000	2027	200,000

Proposer: CFC Capital, Inc.

2018	1.00%	2023	2.15%
2019	1.30%	2024	2.30%
2020	1.55%	2025	2.40%
2021	1.80%	2026	2.50%
2022	2.00%	2027	2.60%

True Int Rate: 2.242954%

BOND COUNSEL
DICKINSON WRIGHT PLLC
DETROIT, MICHIGAN

April 20, 2017

Dan Devine Drain Drainage District
Oakland County, Michigan

We have acted as bond counsel to the Dan Devine Drain Drainage District, Oakland County, Michigan (the "Drainage District") in connection with the issuance by the Drainage District of its \$1,745,000 Drain Bonds, Series 2017, dated the date hereof (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon certified proceedings and other certificates of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and legally binding obligations of the Drainage District payable from the collection of the several installments of special assessments against the Charter Township of Bloomfield (the "Township") and the County of Oakland (the "County") on Special Assessment Roll No. 1 for the Dan Devine Drain.
2. The full faith and credit of the Drainage District and the County have been pledged for the payment of the principal of and interest on the Bonds when due.
3. The tax levying officials of the Township and the County are obligated to levy sufficient taxes to pay assessment installments and interest as the same become due, unless there have been set aside moneys sufficient therefor. In addition, by reason of its pledge of full faith and credit as recited in the Bonds, the County is authorized and obligated to levy ad valorem taxes upon all taxable property within its limits in amounts sufficient to provide funds to advance to the Drainage District in the event the Township or the County shall fail or neglect to pay any special assessment installment and interest when due. Taxes levied by the Township are subject to constitutional, statutory and charter limitations and taxes levied by the County are subject to constitutional and statutory tax 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.

Dan Devine Drain Drainage District
April 20, 2017
Page 2

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 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 Drainage District 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 Drainage District has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

It is understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement also may be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,



Troy 9007-423 1796176v1

NONARBITRAGE AND TAX COMPLIANCE CERTIFICATE

DAN DEVINE DRAIN DRAINAGE DISTRICT
County of Oakland, State of Michigan

\$1,745,000
Drain Bonds, Series 2017

Pursuant to Section 1.148-2(b)(2) of the Treasury Regulations on Income Tax, the undersigned hereby certifies with respect to the Drain Bonds, Series 2017, in the aggregate principal amount of \$1,745,000 (the "Bonds"), issued and delivered by the Dan Devine Drain Drainage District, Oakland County, Michigan (the "Issuer"), pursuant to the bond resolution (the "Bond Resolution") adopted February 28, 2017, by the Drainage Board for the Dan Devine Drain, and an order of the Chairperson of the Drainage Board for the Dan Devine Drain, dated April 4, 2017 (the "Sale Order"), that, on the date hereof, the following exist or are reasonably expected to occur:

1. Due Inquiry. The undersigned is the Chairperson of the Drainage Board for the Dan Devine Drain and has made due inquiry with respect to and is fully informed as to the matters set forth in this Certificate.

2. Issue Date. The Bonds are being issued and delivered to the original purchaser thereof on the date hereof (the "Issue Date").

3. Purpose. The Bonds are authorized and issued for the purpose of providing funds to be used (i) to defray part of the cost of acquiring and constructing the Dan Devine Drain in the County of Oakland, Michigan (the "Project"), and (ii) to pay the costs of issuing the Bonds.

4. Amount of Proceeds.

(a) The Issuer expects to receive from the original purchaser of the Bonds the sum of \$1,745,000, representing the aggregate principal amount of the Bonds.

(b) The amount to be received by the Issuer from the original purchaser of the Bonds and the investment earnings thereon will not exceed the amount required for the purposes described in paragraph 3 above.

5. Use of Proceeds. The \$1,745,000 amount to be received from the original purchaser of the Bonds will be deposited in the Construction Fund for disposition as described in paragraph 6 of this Certificate.

6. Construction Fund.

(a) The \$1,745,000, proceeds of the sale of the Bonds deposited in the Construction Fund as described in paragraph 5 above and the investment proceeds thereof will be used to pay the costs of the Project and the costs of issuing the Bonds. The investment earnings with respect to investments in the Construction Fund that are allocable to proceeds of the sale of

the Bonds and investment proceeds thereof will be deposited upon receipt in the Construction Fund and reinvested until used to pay the foregoing costs. Until expended, the sale and investment proceeds of the Bonds in the Construction Fund will be invested without restriction as to yield, subject, however, to the applicable requirements of the memorandum attached hereto as Exhibit A relating to the rebating of certain excess investment earnings to the United States (the "Rebate Memorandum"); provided, however, that any sale or investment proceeds of the Bonds remaining in the Construction Fund after the third anniversary of the Issue Date (or with respect to investment proceeds only, the first anniversary of the date of receipt, if later) will be invested at a yield (computed with regard to any yield reduction payments to the United States pursuant to Treas. Reg. §1.148-5(c)) not exceeding the yield on the Bonds by more than 0.125 percentage points

(b) Within 6 months of the Issue Date, the Issuer will incur a substantial binding obligation to a third party to expend at least 5 percent of the net sale proceeds of the Bonds on costs of the Project.

(c) Construction of the Project will commence on or about April 24, 2017, and the Project and the allocation of the net sale proceeds of the Bonds to expenditures for costs of the Project will proceed with due diligence to completion, which is expected on or about May 30, 2018.

(d) At least 85 percent of the net sale proceeds of the Bonds will be allocated to expenditures for costs of the Project within three years of the Issue Date.

7. Principal and Interest Fund. Special assessments payments made by the Charter Township of Bloomfield and the County of Oakland to the Issuer on Special Assessment Roll No. 1 for the Dan Devine Drain will be immediately deposited upon receipt by the Issuer in the Principal and Interest Fund and, except to the extent not depleted each year and exceeding a reasonable carryover amount as described below increased by the unused minor portion described in paragraph 10 of this Certificate, will be invested without restriction as to yield and expended within 13 months of the date of deposit to pay principal of and interest on the Bonds; provided, however, that any amounts deposited to the Principal and Interest Fund to pay principal of the Bonds other than at maturity or to pay redemption premiums on the Bonds will be expended within 30 days of the date of such deposit to pay principal of or redemption premiums on the Bonds or will be invested at a yield (determined without regard to yield reduction payments to the United States pursuant to Treas. Reg. §1.148-5(c)) not exceeding the yield on the Bonds by more than 0.001 percentage points. Investment earnings on amounts in the Principal and Interest Fund will be redeposited thereto and used within 13 months of the date of receipt to pay principal of or interest on the Bonds. The Principal and Interest Fund will be primarily used to achieve a proper matching of revenues with principal and interest payments on the Bonds in each bond year, and will be depleted each year except for a reasonable carryover amount not exceeding the greater of (i) the earnings on the Principal and Interest Fund for the immediately preceding bond year or (ii) one-twelfth of the principal and interest payments on the Bonds for the immediately preceding bond year; provided, however, that the Issuer has scheduled the principal and interest payments on the Bonds in such a way as to provide a reasonable assurance that the special assessment payments, including any prepayments, and the investment earnings on amounts in the Principal and Interest Fund will provide sufficient cash

flow to pay the principal of and interest on the Bonds as they come due, with the result that the carryover amount in certain bond years may exceed the greater of the amounts described in clauses (i) and (ii) above. Such excess amounts in the Principal and Interest Fund, if any, to the extent exceeding the unused minor portion described in paragraph 10 of this Certificate, will be invested at a yield (determined without regard to yield reduction payments to the United States pursuant to Treas. Reg. §1.148-5(c)) not exceeding the yield on the Bonds by more than 0.001 percentage points.

8. Yield on the Bonds. The yield on the Bonds is calculated in the manner provided in Treas. Reg. §1.148-4(b) and in reliance on the certificate of CFC Capital, Inc. in the form of the attached Exhibit B. The yield on the Bonds, so calculated, as of the Issue Date, is 2.2429543% per annum.

9. Replacement Proceeds.

(a) No funds or accounts other than the Construction Fund and the Principal and Interest Fund will be pledged directly or indirectly to pay the principal of or interest on the Bonds such that there is a reasonable assurance that amounts deposited therein will be available to pay principal of or interest on the Bonds, even if the Issuer encounters financial difficulties.

(b) The Bonds have a weighted average maturity of 5.718 years, which does not exceed 120 percent of the average reasonably expected economic life of the Project, which is not less than 25 years.

(c) The proceeds of the Bonds will not replace any funds of the Issuer invested at a yield materially higher than the yield on the Bonds, since no funds of the Issuer have been designated for the purposes for which the Bonds are issued such that those amounts would have been used for that governmental purpose if the proceeds of the Bonds were not used or to be used for that governmental purpose.

10. Minor Portion. At no time after the Issue Date and prior to the final payment of the Bonds will the Issuer or the County of Oakland have on hand in the Construction Fund or in the Principal and Interest Fund, or otherwise, an aggregate amount in excess of \$87,250 invested at a yield materially higher than the yield on the Bonds and comprised of:

(a) Any proceeds of the sale of the Bonds and investment proceeds thereof in the Construction Fund that are not expended within 3 years of the Issue Date (or with respect to investment earnings only, within one year of the date of receipt, if later) to pay costs of the Project and costs of issuing the Bonds (yield computed with regard to yield reduction payments to the United States pursuant to Treas. Reg. §1.148-5(c));

(b) any amount in the Principal and Interest Fund not expended to pay the principal of or interest on the Bonds within 13 months of the date of receipt, and any amount in the Principal and Interest Fund longer than 30 days that is not expected to be expended to pay the principal of or interest on the Bonds within 13 months of the date of receipt (yield determined without regard to yield reduction payments to the United States pursuant to Treas. Reg. §1.148-5(c)).

11. Rebate of Arbitrage Earnings; Election under 2-Year Spending Exception.

(a) The Rebate Memorandum attached hereto as Exhibit A sets forth the procedures for rebating arbitrage earnings on the Bonds to the United States. The Issuer agrees to cause such procedures to be followed and such payments to be made on a timely basis pursuant to its covenant in Section 18 of the Bond Resolution.

(b) The Issuer hereby elects, pursuant to Treas. Reg. §1.148-7(f)(2), to apply the provisions of Treas. Reg. §1.148-7(e) through (m) based on actual facts and not on reasonable expectations as of the Issue Date.

12. Additional Tax Compliance Representations.

(a) No Federally Guaranteed Bonds. The payment of principal or interest with respect to the Bonds is not guaranteed in whole or in part by the United States or any agency or instrumentality thereof. The Bonds are not issued as part of an issue 5 percent or more of the proceeds of which is to be used in making loans the payment of principal or interest with respect to which is to be guaranteed in whole or in part by the United States or any agency or instrumentality thereof, or invested directly or indirectly in federally insured deposits or accounts, other than those proceeds invested during applicable temporary periods or as investments in bona fide debt service funds or investments in permissible reserves or in obligations issued by the United States Treasury. The payment of principal of or interest on the Bonds is not otherwise indirectly guaranteed in whole or in part by the United States or any agency or instrumentality thereof within the meaning of Section 149(b) of the Code.

(b) No Private Activity Bonds. No more than 10 percent of the proceeds of the Bonds will be used directly or indirectly in a trade or business carried on by any person other than a governmental unit (a "private business use"). No more than 5 percent of the proceeds of the Bonds will be used for any private business use that is not related to governmental purposes of the Issuer or that, although related to governmental purposes of the Issuer, exceeds the amount of Bond proceeds used for governmental purposes of the Issuer other than a related private business use. No more than 5 percent of the proceeds of the Bonds will be used directly or indirectly to make or finance loans to persons other than governmental units or loans for purposes other than enabling a borrower to finance any governmental tax or assessment of general application for a specific essential governmental function such as the Project.

(c) Reimbursement Allocations.

(1) Except for preliminary expenditures for architectural, engineering, soil testing, bond issuance, and similar costs (not including land acquisition costs, site preparation costs or similar costs incident to the commencement of the acquisition, construction) that were incurred prior to the commencement of construction or rehabilitation of the Project and do not exceed 20 percent of the aggregate issue price of the Bonds, no proceeds of the Bonds will be allocated to the reimbursement of an expenditure for costs of the Project paid more than 60 days prior to July 16, 2013, on which date the Issuer formally declared its official intent to finance the Project. Except for preliminary expenditures described in the

preceding sentence, no proceeds of the Bond will be allocated to the reimbursement of any expenditure paid more than 3 years prior to the date of such reimbursement allocation.

(2) Within one year after the Issue Date, funds corresponding to the proceeds of the Bonds for which a reimbursement allocation is made will not be used in a manner that results in the creation of replacement proceeds of the Bonds or another issue. For this purpose, replacement proceeds are created if amounts are so allocated to an issue or to the governmental purpose of an issue such that those amounts would have been used for that governmental purpose if the proceeds of the issue were not used or to be used for that governmental purpose.

(d) No Hedge Bonds. The Issuer reasonably expects that at least 85 percent of the spendable proceeds of the Bonds will be used to carry out the governmental purpose of the Bonds within the 3-year period beginning on the Issue Date. No more than 50 percent of the proceeds of the Bonds will be invested in nonpurpose investments having a substantially guaranteed yield for 4 years or more.

(e) Information Reporting. The IRS Form 8038-G with respect to the Bonds is true, accurate and complete.

(f) Change of Use. Any change of use of the Project will conform with the requirements of Treasury Regulation § 1.141-12 and the Rebate Memorandum.

13. Matters Relating to Certificate.

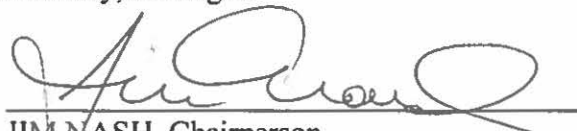
(a) To the best of the knowledge and belief of the undersigned, the expectations of the Issuer as set forth in this Certificate are reasonable.

(b) It is intended that this Certificate meet the requirements of Section 148 of the Code and Sections 1.148-0 through -11 of the Treasury Regulations on Income Tax, and the terms used herein shall be construed consistently therewith. Paragraph 12 addresses additional matters under the Code in furtherance of the Issuer's tax compliance covenant in the Bond Resolution.

(c) Capitalized terms used in this Certificate have the meanings specified in this Certificate or in the Bond Resolution.

DAN DEVINE DRAIN DRAINAGE DISTRICT
Oakland County, Michigan

By:


JIM NASH, Chairperson
Drainage Board for the Dan Devine Drain

Dated: April 20, 2017

BLOOMFIELD 9007-423 1796185v1

EXHIBIT A

MEMORANDUM

TO: Dan Devine Drain Drainage District, Oakland County, Michigan (the "Issuer")

FROM: Dickinson Wright PLLC ("Bond Counsel")

RE: \$1,745,000 Drain Bonds, Series 2017 (the "Bonds")

DATE: April 20, 2017

This Memorandum specifies procedures designed to comply with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended (the "Code"), relating to the rebating of arbitrage earnings to the United States so as to establish and maintain the exclusion of the interest on the Bonds from gross income for purposes of federal income taxation. Compliance with these procedures by the Issuer is mandated by the Issuer's tax covenants in Section 18 of the Bond Resolution. All terms and references from the Issuer's Nonarbitrage and Tax Compliance Certificate dated as of even date herewith relating to the Bonds are hereby incorporated by reference.

1. Rebate Requirements.

An amount equal to the sum of the excess of the aggregate amount earned from the Issue Date on all nonpurpose investments to which gross proceeds of the Bonds are allocated as described herein over the amount that would have been earned if the yield on such nonpurpose investments had been equal to the yield on the Bonds, plus any income attributable to such excess, must be calculated as described in Section 4 of this Memorandum, and must be paid to the United States as described in Section 4 hereof by the Issuer. Nonpurpose investments for this purpose include investments of gross proceeds of the Bonds in the Construction Fund and the Principal and Interest Fund. For purposes of this Memorandum, all amounts in the Construction Fund and the Principal and Interest Fund are treated as gross proceeds of the bonds.

2. Exceptions to Rebate Requirements.

(a) Bona Fide Debt Service Fund. Earnings from the investment of amounts in the Principal and Interest Fund are not subject to the rebate requirements of Section 1 of this Memorandum, unless such amounts set aside in the Principal and Interest Fund do not satisfy the requirements of paragraph 7 of the Nonarbitrage and Tax Compliance Certificate in that Bond Year.

7

(b) Spending Exceptions.

(1) 6-Month Exception. The rebate requirements of Section 1 will be considered to have been satisfied with respect to the gross proceeds of the Bonds if all gross proceeds of the Bonds are allocated to expenditures for the governmental purposes of the Bonds within the 6-month period beginning on the Issue Date. The 6-month period is extended for an additional 6 months if all gross proceeds are expended within the initial 6-month period except for a failure to spend an amount not exceeding 5 percent of the proceeds of the Bonds. Solely for purposes of determining whether all gross proceeds are allocated to expenditures within the initial 6-month period (as extended, if applicable), the gross proceeds do not include (i) amounts in the Principal and Interest Fund that qualify for the exception described in subparagraph (a) above, and (ii) subsequently arising gross proceeds described in Section 3 of this Memorandum that arise more than 6 months after the Issue Date. The rebate requirements of Section 1 apply to the amounts described in the foregoing clauses (i) and (ii), notwithstanding the 6-month spending exception (subject, however, to the other exceptions described in this Section 2).

(2) 18-Month Exception. The rebate requirements of Section 1 will be considered to have been satisfied with respect to the gross proceeds of the Bonds if all gross proceeds of the Bonds are allocated to expenditures for the governmental purposes of the Bonds in accordance with the following schedule measured from the Issue Date:

- (i) At least 15 percent within 6 months;
- (ii) At least 60 percent within 12 months; and
- (iii) 100 percent within 18 months, except that a reasonable retainage (not to exceed 5 percent of the net sale proceeds of the Bonds) may be allocated to such expenditures within 30 months.

Solely for purposes of determining whether all gross proceeds of the Bonds are allocated to expenditures in accordance with the foregoing schedule, the gross proceeds do not include (i) amounts in the Principal and Interest Fund that qualify for the exception described in subparagraph (a) above and (ii) subsequently arising gross proceeds of the Bonds described in Section 3 of this Memorandum that arise more than 18 months after the Issue Date. The rebate requirements apply to the amounts described in the foregoing clauses (i) and (ii), notwithstanding the 18-month spending exception (subject, however, to the other exceptions described in this Section 2).

(3) 2-Year Exception. The rebate requirements of Section 1 will be considered to have been satisfied with respect the available construction proceeds of the Bonds, if (i) at least 75 percent of the available construction proceeds of the Bonds is used for construction expenditures with respect to property that is to be owned by a state or local governmental unit or 501(c)(3) organization, and (ii) at least 10 percent of the available construction proceeds of the Bonds is spent for the governmental purpose of the Bonds within 6 months of the Issue Date, at least 45 percent within 12 months of the Issue Date, at least 75

percent within 18 months of the Issue Date, 100 percent of the available construction proceeds of the Bonds, excluding a reasonable retainage not exceeding 5 percent of the available construction proceeds of the Bonds, within 24 months of the Issue Date, and 100 percent of the available construction proceeds of the Bonds, including all retainages, within 36 months of the Issue Date. Payment of interest on the Bonds allocable to Bonds is treated for this purpose as an expenditure for the governmental purpose of the Bonds, and the payment of interest on the Bonds allocable to the Bonds that accrues before the date construction is substantially completed is treated as a construction expenditure, except to the extent properly allocable on a ratable basis to costs of acquiring or equipping, as opposed to constructing or renovating, the Project. The available construction proceeds of the Bonds include investment earnings (the actual investment earnings based on the election in paragraph 10(b) of the Nonarbitrage and Tax Compliance Certificate) with respect to investments in the Construction Fund. The rules with respect to the 2-year exception are set forth in Treas. Reg. §1.148-7(e). The rebate requirements apply to all gross proceeds of the Bonds as described in Section 1 of this Memorandum other than the available construction proceeds of the Bonds, notwithstanding the 2-year spending exception (subject, however, to the other exceptions described in this Section 2); provided, however, that the rebate requirements do not apply to the portion of the proceeds of the Bonds in the Construction Fund that is used to pay issuance costs if that portion is expended within 24 months of the Issue Date.

(4) Effect of Prepayments. In determining whether gross proceeds have been properly allocated to expenditures, a prepayment is treated as an investment, and not as an expenditure, if a principal purpose for prepaying is to receive an investment return from the time the prepayment is made until the time payment otherwise would be made. However, a prepayment is treated as an expenditure, and not as an investment, if (i) prepayments on substantially the same terms are made by a substantial percentage of persons who are similarly situated to the Issuer but who are not beneficiaries of tax-exempt financing, (ii) the prepayment is made within 90 days of the reasonably expected date of delivery of all of the property or services for which the prepayment is made, or (iii) the prepayment meets certain special rules that are applicable only to State and local government natural gas and electric utilities.

(5) Spending Exceptions Not Mandatory. The 6-month, 18-month and 2-year spending exceptions are not mandatory. For example, in computing the rebate requirements with respect to any investments allocable to subsequently arising gross proceeds described in Section 3 of this Memorandum, you may include investments allocable to gross proceeds of the Bonds in the Construction Fund, even if a spending exception applies.

(6) Accounting for Expenditures; 18-Month Rule. For purposes of the spending exceptions, and for purposes of determining the dates of receipts on nonpurpose investments for the purposes described in Section 4(c)(2) of this Memorandum, you may use any reasonable accounting method for allocating funds from different sources to expenditures for the cost of the Project and costs of issuing the Bonds, including any of the following methods, if consistently applied: a specific tracing method; a gross proceeds spent first method; a first-in, first-out method; or a ratable allocation method. However, an allocation of gross proceeds of the Bonds to an expenditure must involve a current outlay of cash occurring not later than 5 banking days after the date as of which the allocation of gross proceeds to the expenditure is made. You must account for the allocation of proceeds to expenditures not later than 18 months after the

later of the date the expenditure is paid or the date the Project is placed in service. This allocation must be made in any event by the date 60 days after the First Required Payment Date (as defined in Section 4(a) of this Memorandum). If you do not maintain books and records sufficient to establish that a particular allocation method was used, you will be deemed to have used a specific tracing method. For example, if you requisition the Construction Fund periodically for reimbursement of the cost of the Project and costs of issuing the Bonds that you have paid since the last requisition, you may treat Bond proceeds as having been expended either on the date on which you paid a contractor (simultaneously "deallocating" a corresponding amount in the Construction Fund from Bond proceeds) or on the date of the reimbursement. However, unless you establish within the 18-month period accounting records indicating that Bond proceeds were allocated to expenditures on the date of each contractor payment, the Bond proceeds will probably not be deemed to have been expended until the requisition date, which is a specific tracing method.

3. Subsequently Arising Gross Proceeds. While it may not be anticipated that amounts other than the amounts described in Section 1 hereof will be deemed gross proceeds of the Bonds, if any amounts do become gross proceeds of the Bonds in the future (for example, upon a receipt of sale or insurance proceeds upon the sale or destruction of the Project and deposit of those proceeds in the Principal and Interest Fund such that the conditions of the exception described in 2(a) of this Memorandum will not be met), the excess of the actual aggregate amount earned on such resulting gross proceeds over the amount that would have been earned if the resulting proceeds of the Bonds had been invested at a yield equal to the yield on the Bonds, plus any income attributable to such excess, must also be rebated to the United States.

4. Rebate Procedures.

(a) Computation Dates.

The procedures for satisfying the statutory rebate requirements under Section 148(f) of the Code described in Section 1 above are set forth in final regulations at Treas. Reg. §§1.148-0 through -11 published in the Federal Register on June 18, 1993, as amended (the "Arbitrage Regulations"). In order to satisfy the minimum procedural requirements of the Arbitrage Regulations, you must compute the amount required to be paid to the United States as of the last day of each fifth Bond Year and as of the date on which the Bonds are finally retired, i.e., assuming that the Bonds remain outstanding to maturity, as of September 30, 2021, September 30, 2026, and April 1, 2027 (each a "Computation Date").¹ The period between two

¹ A "Bond Year" is any consistently applied annual period designated by you. The first and last Bond Years may be short periods. This Memorandum assumes that you will choose to designate a Bond Year coinciding with the Issuer's fiscal year. You may also make more frequent provisional computations, e.g., as of the last day of each Bond Year, beginning September 30, 2017, and treat the date of each such computation as an additional "Computation Date." Annual computations are generally advisable and may be required by accounting standards relating to disclosure of contingent liabilities.

successive Computation Dates (or between the Issue Date and the first Computation Date) is referred to in this Memorandum as a “Computation Period”).

Under the Code and the Arbitrage Regulations, the first rebate installment payment must be made for a Computation Date that is not later than 5 years after the Issue Date (the “First Required Payment Date”). Subsequent rebate installment payments must be made for respective Computation Dates each of which is not later than 5 years after the previous Computation Date for which an installment payment was made (subsequent “Required Payment Dates”). In this case, the First Required Payment Date is September 30, 2021, and the subsequent Required Payment Dates, assuming that the Bonds remain outstanding to maturity, are September 30, 2026, and April 1, 2027². Each rebate payment must be made no later than 60 days after the Required Payment Date to which it relates, and, if made within that 60-day period, is treated as made on that Required Payment Date.

(b) Yield on the Bonds.

The yield on the Bonds is 2.2429543% per annum, based on semiannual compounding and a 360-day year composed of twelve 30-day months, as shown in paragraph 9 of the Nonarbitrage and Tax Compliance Certificate. That yield applies for all purposes of this Memorandum and may not be recomputed to take into account any subsequent events, including, without limitation, any early redemption or any after-acquired credit enhancement. An exception exists only in the case of a transfer, waiver, modification, or similar transaction with respect to any right that is part of the terms of a bond of the Bonds or is otherwise associated with a bond of the Bonds (e.g., a redemption right), in a transaction that is separate and apart from the original sale of the Bonds. Notwithstanding the foregoing, an interest rate swap or other hedge transaction could cause the Bonds to be treated as a variable yield issue, which would require a redetermination of the yield as of each Computation Date.

(c) Payments and Receipts on Nonpurpose Investments.

You should establish a bookkeeping system for recording all payments and receipts on nonpurpose investments of amounts treated as gross proceeds of the Bonds as described above. The following special rules apply with respect to payments and receipts on nonpurpose investments:

(1) Payments. The following payments are taken into account in the rebate computation: (i) amounts actually or constructively paid to acquire a nonpurpose investment (or treated as paid to a commingled fund); (ii) for a nonpurpose investment that is first allocated to the Bonds on a date after it is actually acquired (e.g., an investment that

² You may also treat an earlier Computation Date as the First Required Payment Date. For example, you may treat September 30, 2017 as the first Required Payment Date, in which case the remaining Required Payment Dates, assuming that the Bonds remain outstanding to maturity, would be September 30, 2022, and April 1, 2027.

becomes allocated to the Bonds on the Issue Date), or that becomes subject to the rebate requirement with respect to the Bonds on a date after it is actually acquired (same example), the fair market value of the investment on that date; (iii) for a nonpurpose investment that was allocated to the Bonds at the end of the preceding Computation Period, an amount equal to the value of that investment at the beginning of the Computation Period; (iv) on the last day of each Bond Year during which there are amounts allocated to the Bonds that are subject to the rebate requirement, and on the final maturity date (including a date on which all of the Bonds are redeemed prior to maturity), a computation credit of \$1,000³; and (v) any yield reduction payments on nonpurpose investments made pursuant to Treas. Reg. §1.148-5(c).⁴

(2) Receipts. The following receipts are taken into account in the rebate computation: (i) amounts actually or constructively received from a nonpurpose investment (including amounts treated as received from a commingled fund), such as earnings and return of principal; (ii) for an investment that ceases to be allocated to the Bonds before its disposition or redemption date (e.g., in the case of a partial refunding of the Bonds) or that ceases to be subject to the rebate requirement on a date earlier than its disposition or redemption date (e.g., an investment transferred to the Principal and Interest Fund), the fair market value of that nonpurpose investment on that date; and (iii) for a nonpurpose investment that is held at the end of a Computation Period, the value of that investment at the end of that Computation Period.

(3) Value of Investments. The value of an investment (including a payment or receipt on the investment) on a date must be determined using one of the following valuation methods:

(i) Outstanding Principal Amount. A “plain par investment” may be valued at its outstanding stated principal amount, plus any accrued unpaid interest. A “plain par investment” is defined with particularity in the Arbitrage Regulations and generally includes any conventional investment not issued with an original issue discount or premium exceeding 2 percent or acquired with a market discount or premium exceeding 2 percent.

(ii) Present Value. A fixed rate investment may be valued at its present value. Yield-restricted investments must be valued at their present value.

(iii) Fair Market Value. Except for yield-restricted investments, any investment may be valued at its fair market value, as more particularly

³ Under proposed regulations issued September 26, 2007, the \$1,000 computation credit would increase to \$1,400, further increased by a cost of living adjustment. Issuers may currently apply this proposed change to bond years ending after September 26, 2007.

⁴ Treas. Reg. §1.148-5(c) permits certain yield restriction requirements with respect to gross proceeds of a bond issue to be satisfied by making periodic yield reduction payments, similar to rebate payments, to the United States. Yield reduction payments have the effect of reducing the amount of rebatable arbitrage, as described here.

described in Section 5 of this Memorandum (certain other exceptions apply that are not expected to be applicable to the Bonds).

(4) Qualified Administrative Costs. Qualified administrative costs are taken into account in determining payments and receipts on nonpurpose investments (i.e., as increasing payments or decreasing receipts). Qualified administrative costs are reasonable, direct administrative costs, other than carrying costs, such as separately stated brokerage or selling commissions, but not legal and accounting fees, record keeping, custody, and similar costs. General overhead costs and similar indirect costs such as employee salaries and office expenses are not qualified administrative costs (except in the case of investments in regulated investment companies, which may pass through such indirect costs). Costs associated with computing the rebate amount also are not qualified administrative costs. In general, administrative costs are not reasonable unless they are comparable to administrative costs that would be charged for the same investment or a reasonably comparable investment if acquired with a source of funds other than gross proceeds of tax-exempt bonds. A broker's commission or similar fee with respect to a guaranteed investment contract or investments purchased for a yield restricted defeasance escrow is reasonable to the extent that (i) the amount of the fee that the Issuer treats as a qualified administrative cost does not exceed the lesser of (A) \$30,000 and (B) 0.2% of the computation base or, if more, \$3,000, and (ii) for the Bonds, the Issuer does not treat as qualified administrative costs more than \$85,000 in brokers' commissions or similar fees with respect to all guaranteed investment contracts and investments for yield restricted defeasance escrows purchased with gross proceeds of the Bonds. The "computational base" is (i) for a guaranteed investment contract, the amount of gross proceeds the Issuer reasonably expects, as of the date the contract is acquired, to be deposited in the guaranteed investment contract over the term of the contract, and (ii) for investments (other than guaranteed investment contracts) to be deposited in a yield restricted defeasance escrow, the amount of gross proceeds initially invested in those investments. Certain cost of living adjustments described in Treas. Reg. §1.148-5(e)(2)(iii)(B)(3) apply to the foregoing dollar amounts.

(d) Computation of Rebate Amount.

The rebate amount with respect to the Bonds as of each Computation Date is equal to the excess of the future value, as of that date, of all receipts on nonpurpose investments over the future value, as of that date, of all payments on nonpurpose investments. The future value is determined using the economic accrual method (i.e., compounding interest at the end of each compounding period) and equals the value of the payment or receipt when it is paid or received (or treated as paid or received), plus interest assumed to be earned and compounded over the period at a rate equal to the yield on the Bonds, compounding semiannually and calculating interest consistently with the Bonds.

(e) Payments to the United States.

(1) Amount of Payments. The amount required to be paid to the United States within 60 days after the First Required Payment Date is equal to 90 percent of the rebate amount as of the First Required Payment Date. The amount required to be paid to the United States within 60 days after each succeeding Required Payment Date, except the final

Required Payment Date, is equal to the amount that, when added to the future value (determined as described in (d) above, as of that Required Payment Date, of previous rebate payments made for the Bonds (treating such payments as made on the respective Required Payment Dates to which they relate, if the payments were timely), is equal to 90 percent of the rebate amount as of that Required Payment Date. The amount required to be paid to the United States within 60 days after the final Required Payment Date is equal to the amount that, when added to the future value, as of the final Required Payment Date, of previous rebate payments made for the Bonds, is equal to 100 percent of the rebate amount as of the final Required Payment Date. There is no provision for rounding of payments.

(2) Where and How to Make Payments. Each payment to the United States should be filed with the Internal Revenue Service Center, Ogden, Utah 84201, accompanied by Form 8038-T.

5. Fair Market Value.

(a) In General. The fair market value of an investment is the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's-length transaction. Fair market value generally is determined on the date on which a contract to purchase or sell the nonpurpose investment becomes binding (i.e., the trade date rather than the settlement date). Except as provided below for certificates of deposit and guaranteed investment contracts, an investment that is not of a type that is traded on an established securities market is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value.

(b) Certificates of Deposit. The purchase price of a certificate of deposit that has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal is treated as its fair market value on the purchase date if the yield on the certificate of deposit is not less than (i) the yield on reasonably comparable direct obligations of the United States and (ii) the highest yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

(c) Guaranteed Investment Contracts and Investments Purchased for Yield Restricted Defeasance Escrows. The purchase price of a guaranteed investment contract (which includes any nonpurpose investment that has specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, and also includes any agreement to supply investments on two or more future dates, e.g., a forward supply contract) and the purchase price of an investment purchased for a yield restricted defeasance escrow is treated as its fair market value of the investment if all of the following requirements are satisfied:

(1) The Issuer makes a bona fide solicitation for the purchase of the investment. A bona fide solicitation is a solicitation that satisfies all of the following requirements:

(i) The bid specifications are in writing and are timely forwarded to potential providers.

(ii) The bid specifications include all material terms of the bid. A term is material if it may directly or indirectly affect the yield or the cost of the investment.

(iii) The bid specifications include a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other formal or informal agreement that the potential provider has with the issuer or any other person (whether or not in connection with the bond issue), and that the bid is not being submitted solely as a courtesy to the Issuer or any other person for purposes of satisfying the requirements of paragraph (2)(i) or (ii) below.

(iv) The terms of the bid specifications are commercially reasonable. A term is commercially reasonable if there is a legitimate business purpose for the term other than to increase the purchase price or reduce the yield of the investment. For example, for solicitations of investments for a yield restricted defeasance escrow, the hold firm period must be no longer than the issuer reasonably requires.

(v) For purchases of guaranteed investment contracts only, the terms of the solicitation take into account the Issuer's reasonably expected deposit and drawdown schedule for the amounts to be invested.

(vi) All potential providers have an equal opportunity to bid. For example, no potential provider is given the opportunity to review other bids (i.e., a last look) before providing a bid.

(vii) At least three reasonably competitive providers are solicited for bids. A reasonably competitive provider is a provider that has an established industry reputation as a competitive provider of the type of investments being purchased.

(2) The bids received by the Issuer meet all of the following requirements:

(i) The Issuer receives at least three bids from providers that the Issuer solicited under a bona fide solicitation meeting the requirements of paragraph (1) above and that do not have a material financial interest in the Bonds. The lead underwriter is deemed to have a material financial interest in the Bonds until 15 days after the Issue Date. In addition, any entity acting as a financial advisor with respect to the purchase of the investment at the time the bid specifications are forwarded to potential providers has a material financial interest in the Bonds. A provider that is a related party to a provider that has a material financial interest in the Bonds is deemed to have a material financial interest in the Bonds.

(ii) At least one of the three bids described in subparagraph (i) above is from a reasonably competitive provider, within the meaning of paragraph (1)(vii) above.

(iii) If the Issuer uses an agent to conduct the bidding process, the agent did not bid to provide the investment.

(3) The winning bid meets the following requirements:

(i) Guaranteed Investment Contracts. If the investment is a guaranteed investment contract, the winning bid is the highest yielding bona fide bid (determined net of any broker's fees).

(ii) Other Investments. If the investment is not a guaranteed investment contract, the following requirements are met:

(A) The winning bid is the lowest cost bona fide bid (including any broker's fees). The lowest cost bid is either the lowest cost bid for the portfolio or, if the Issuer compares the bids on an investment-by-investment basis, the aggregate cost of a portfolio comprised of the lowest cost bid for each investment. Any payment received by the Issuer from a provider at the time a guaranteed investment contract is purchased (e.g., an escrow float contract) for a yield restricted defeasance escrow under a bidding procedure meeting the requirements of this subsection (c) is taken into account in determining the lowest cost bid.

(B) The lowest cost bona fide bid (including any broker's fees) is not greater than the cost of the most efficient portfolio comprised exclusively of State and Local Government Series Securities from the United States Department of the Treasury, Bureau of Public Debt. The cost of the most efficient portfolio of State and Local Government Series Securities is to be determined at the time that bids are required to be submitted pursuant to the terms of the bid specifications.

(C) If State and Local Government Series Securities from the United States Department of the Treasury, Bureau of Public Debt are not available for purchase on the day that bids are required to be submitted pursuant to terms of the bid specifications because sales of those securities have been suspended, the cost comparison under (B) above is not required.

(4) The provider of the investments or the obligor on the guaranteed investment contract certifies the administrative costs that it pays (or expects to pay, if any) to third parties in connection with supplying the investment.

(5) The Issuer retains the following records with the bond documents until three years after the last outstanding Bond is redeemed:

(i) For purchases of guaranteed investment contracts, a copy of the contract, and for purchases of investments other than guaranteed investment contracts, the purchase agreement or confirmation.

(ii) The receipt or other record of the amount actually paid by the Issuer for the investments, including a record of any administrative costs paid by the Issuer, and the certification under paragraph (4) above.

(iii) For each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results.

(iv) The bid solicitation form and, if the terms of the purchase agreement or the guaranteed investment contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation. For example, if the Issuer purchases a portfolio of investments for a yield restricted defeasance escrow and, in order to satisfy the yield restriction requirements of Section 148 of the Code, an investment in the winning bid is replaced with an investment with a lower yield, the Issuer must retain a record of the substitution and how the price of the substitute investment was determined. If the Issuer replaces an investment in the winning bid portfolio with another investment, the purchase price of the new investment is not covered by the safe harbor unless the investment is bid under a bidding procedure meeting the requirements of this subsection (c).

(v) For purchases of investments other than guaranteed investment contracts, the cost of the most efficient portfolio of State and Local Government Series Securities, determined at the time that the bids were required to be submitted pursuant to the terms of the bid specifications.

6. Modification of Requirements. None of the requirements of this Memorandum need be observed if the Issuer receives an opinion or opinions of nationally recognized bond counsel, in form and substance reasonably satisfactory to the Issuer, that the failure to observe the procedures set forth in this Memorandum will not cause the Bonds to become arbitrage bonds under Section 148 of the Code or otherwise adversely affect the exclusion of interest on the Bonds from the gross income of the owners thereof for purposes of federal income taxation. Conversely, it may become necessary in the future to follow additional or modified procedures described in the writing by nationally recognized bond counsel in order to ensure that the interest on the Bonds will not be included in gross income for purposes of federal income taxation.

Please call us from time to time if you have questions relating to arbitrage rebate rules and procedures.

EXHIBIT B

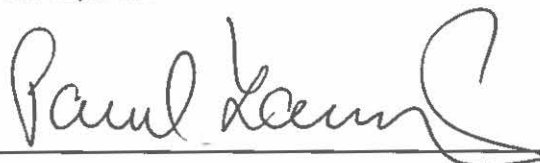
CERTIFICATE AND RECEIPT OF ORIGINAL PURCHASER

The undersigned is the original purchaser of the Dan Devine Drain Drainage District, Oakland County, Michigan (the "Drainage District") Drain Bonds, Series 2017, in the principal amount of \$1,745,000 (the "Bonds"). In connection with the issuance of the Bonds, the undersigned hereby certifies that it is purchasing the Bonds for its loan portfolio and has no present intention of reoffering or selling the Bonds to any person, firm or corporation. The undersigned is not acting in the capacity of broker, dealer, municipal securities underwriter, or financial advisor in connection with its purchase of the Bonds.

The undersigned has experience in the municipal bond and note market, has knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the Bonds. The undersigned has had ample opportunity to request the information from the Drainage District and the County of Oakland relating to the Drainage District, the County of Oakland and the Bonds that the undersigned deems necessary in forming its decision to purchase the Bonds.

The undersigned hereby acknowledges receipt of the Bonds, in the principal amount of \$1,745,000, from the Drainage District on the date hereof.

CFC CAPITAL, INC.


By: 
Its: President

Dated: April 20, 2017

CERTIFICATE OF CHAIRPERSON OF THE DRAINAGE BOARD

I hereby certify that:

1. I am the duly elected Water Resources Commissioner of the County of Oakland in the State of Michigan and that I am the Chairperson of the Drainage Board for the Dan Devine Drain.
2. The Dan Devine Drain Drainage District has been established as an intra county drainage district pursuant to the provisions of Chapter 20 of Act No. 40, Public Acts of Michigan, 1956, as amended.
3. The foregoing is a complete and correct transcript of all the proceedings and records of the Drainage Board for the Dan Devine Drain and the Board of Commissioners of the County of Oakland, the originals or certified copies of which are on file in my office, relating to the issuance and sale by the Dan Devine Drain Drainage District of its Drain Bonds, Series 2017, dated April 20, 2017 in the principal amount of \$1,745,000.
4. Said proceedings have not been rescinded, amended or modified in any manner whatsoever, except as set forth in said transcript, and that the time for reconsideration of such proceedings or filing notice thereof has expired.
5. The facsimile signatures of Jim Nash and Michael J. Gingell appearing on the Bonds are those of the Chairperson and Member of the Drainage Board for the Dan Devine Drain.


JIM NASH, Oakland County Water
Resources Commissioner and Chairperson of the
Drainage Board for the Dan Devine Drain

Dated: April 20, 2017

CERTIFICATE OF COUNTY CLERK

LISA BROWN hereby certifies that:

1. I am the duly elected County Clerk of the County of Oakland in the State of Michigan.

2. Miscellaneous Resolution #17040 adopted by the Board of Commissioners of the County of Oakland (the "Board") on March 15, 2017, the original of which is on file in my office, relating to the issuance and sale by the Dan Devine Drain Drainage District (the "District") of its \$1,745,000 Drain Bonds, Series 2017, dated April 20, 2017 (the "Bonds"), has not been rescinded, amended or modified in any manner.

3. At the time of the adoption of the proceedings described in paragraph 2 hereof, the persons named therein as being members of the Board were the duly qualified and acting members of the Board.

4. To my knowledge, no litigation of any nature is now pending, or to my knowledge threatened, seeking to restrain or enjoin the issuance and delivery by the District of the Bonds or the imposition and collection of the special assessments by the District for payment of the principal of and interest on the Bonds, the imposition of taxes by the County of Oakland for the payment of the principal of and interest on the Bonds, or in any manner questioning the proceedings and authority under which the Bonds are issued, or the validity of the Bonds.

5. To my knowledge, neither the corporate existence or boundaries of the District or the County of Oakland nor the title of the present officers of the District or the County Oakland to their respective offices is being contested and that no authority or proceedings for the issuance of the Bonds has been annulled, repealed, revoked, rescinded or amended.



LISA BROWN, Clerk
County of Oakland, State of Michigan

Dated: April 20, 2017

CERTIFICATE AND RECEIPT OF COUNTY TREASURER

I hereby certify that:

1. I am the Treasurer of the County of Oakland, Michigan (the "County").
2. The current valuation of all the taxable property in the County as equalized by the State of Michigan is \$65,084,851,114.
3. The taxable value of all taxable property in the County is \$52,706,863,613.
4. The County has pledged its full faith and credit for the payment of contractual obligations to the Oakland County Building Authority and bonds and notes issued by the County and by drainage districts, which contractual obligations, bonds and notes are now outstanding in an aggregate amount not exceeding \$746,651,515.
5. The Huntington National Bank, Grand Rapids, Michigan, is designated bond registrar and paying agent for the Drain Bonds, Series 2017, dated April 20, 2017 (the "Bonds").
6. The Bonds were delivered to CFC Capital, Inc., the purchaser thereof, on this date, that the Bonds have been paid for in full by the purchaser in accordance with the terms of sale and that the said purchaser has fully complied with its contract for the purchase of the Bonds.



ANDREW E. MEISNER, Treasurer
County of Oakland

Dated: April 20, 2017



\$1,745,000
Dan Devine Drain Drainage District,
Drain Bonds, Series 2017

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total Debt Service	Annual Total
10/01/17			\$15,660.60	\$15,660.60	\$15,660.60
04/01/18	\$150,000.00	1.00%	17,508.75	167,508.75	
10/01/18			16,758.75	16,758.75	184,267.50
04/01/19	155,000.00	1.30%	16,758.75	171,758.75	
10/01/19			15,751.25	15,751.25	187,510.00
04/01/20	160,000.00	1.55%	15,751.25	175,751.25	
10/01/20			14,511.25	14,511.25	190,262.50
04/01/21	165,000.00	1.80%	14,511.25	179,511.25	
10/01/21			13,026.25	13,026.25	192,537.50
04/01/22	170,000.00	2.00%	13,026.25	183,026.25	
10/01/22			11,326.25	11,326.25	194,352.50
04/01/23	175,000.00	2.15%	11,326.25	186,326.25	
10/01/23			9,445.00	9,445.00	195,771.25
04/01/24	185,000.00	2.30%	9,445.00	194,445.00	
10/01/24			7,317.50	7,317.50	201,762.50
04/01/25	190,000.00	2.40%	7,317.50	197,317.50	
10/01/25			5,037.50	5,037.50	202,355.00
04/01/26	195,000.00	2.50%	5,037.50	200,037.50	
10/01/26			2,600.00	2,600.00	202,637.50
04/01/27	200,000.00	2.60%	2,600.00	202,600.00	202,600.00
	<u>\$1,745,000.00</u>		<u>\$224,716.85</u>	<u>\$1,969,716.85</u>	<u>\$1,969,716.85</u>

Dated Date:	04/20/17	Principal:	\$1,745,000.00
Closing Date:	04/20/17	Accrued Interest:	0.00
Arbitrage Yield:	2.22088%	Credit Enhancement:	0.00
		Orig Issue Prem/(Disc):	0.00
			<u>\$1,745,000.00</u>

CLOSING MEMORANDUM

To: Jim Nash, Oakland County Water Resources Commissioner, 248-858-0958
Andrew Meisner, Oakland County Treasurer, 248-858-0624
Natalie Neph, Oakland County Treasurer's Office, 248-858-7097
Holly Conforti, Oakland County Fiscal Services, 248-858-0821
Paul Wyzgoski, Dickinson Wright PLLC, 248-433-7255
Diana Murphy, Dickinson Wright PLLC, 248-433-7213
Ellen Campbell, The Huntington National Bank, 616-235-5941
Patrick O'Donnell, The Huntington National Bank, 616-771-6210
Kyle Fahrner, Chemical Bank, 989-839-5237
Pavel Konecny, Chemical Bank, 989-839-5258

From: Meredith Shanle, MFCI 313-884-1550 or 313-408-5990

Date: April 20, 2017

Re: \$1,745,000 Dan Devine Drain Drainage District, Drain Bonds, Series 2017

On Thursday, April 20, 2017 at approximately 10:00 a.m., Eastern Daylight Savings Time, CFC CAPITAL, INC. (Chemical Bank) will wire transfer Federal Reserve Funds in the amount of \$1,745,000 to the following wire instructions:

Bank: PNC BANK
ABA#: 041000124
Acct #: 4255065437
Credit: OC Treasurer Wire Transfer Account

The \$1,745,000 is comprised of the following:

Par Amount of the Bond	<u>\$1,745,000.00</u>
Amount Due at Closing	<u>\$1,745,000.00</u>

Upon confirmation of receipt of proceeds, Dickinson Wright PLLC, bond counsel, will authorize The Huntington National Bank and CFC Capital, Inc. to release the bonds through the Depository Trust Company.

The Depository Trust Company

A subsidiary of the Depository Trust & Clearing Corporation

BLANKET ISSUER LETTER OF REPRESENTATIONS

(To be completed by Issuer and Co-Issuer(s), if applicable)

Dan Devine Drain Drainage District, Oakland County, Michigan

(Name of Issuer and Co-Issuer(s), if applicable)

April 20, 2017

(Date)

The Depository Trust Company
570 Washington Blvd, 4th FL
Jersey City, NJ 07310
Attention: Underwriting Department

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request to be made eligible for deposit by The Depository Trust Company ("DTC").

Issuer is: **(Note: Issuer shall represent one and cross out the other.)**

~~[incorporated in]~~ [formed under the laws of] the State of Michigan

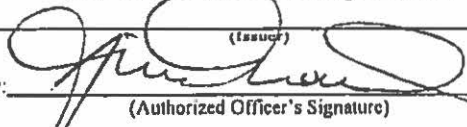
To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Very truly yours,

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Dan Devine Drain Drainage District

By:  (Authorized Officer's Signature)

Jim Nash

(Print Name)

Building #95 West, One Public Works Drive

(Street Address)

Waterford, Michigan USA 48328-1907

(City)

(State)

(Country)

(Zip Code)

248-858-0958

(Phone Number)

nashj@oakgov.com

(E-mail Address)

DTCC

BLOR 06-2013

SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC--bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

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

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

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

SCHEDULE A
(To Blanket Issuer Letter of Representations)

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities 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.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

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

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

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

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Drainage District or its agent for registration of transfer, exchange, or payment, and any Bond is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

R-1

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF OAKLAND
DAN DEVINE DRAIN DRAINAGE DISTRICT
DRAIN BOND, SERIES 2017

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>CUSIP</u>
1.00%	April 1, 2018	April 20, 2017	235770 AA2

Registered Owner: CEDE & CO.

Principal Amount: *****\$150,000*****

SPECIMEN

The Dan Devine Drain Drainage District (the "Drainage District"), County of Oakland, State of Michigan, acknowledges itself indebted to and for value received hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, upon presentation and surrender of this bond at the corporate trust office of The Huntington National Bank, Grand Rapids, Michigan, the bond registrar and paying agent, or at such successor bond registrar and paying agent as may be designated pursuant to the Resolution (as hereinafter defined), and to pay to the Registered Owner, as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which an interest payment is due, by check or draft drawn upon and mailed by the bond registrar and paying agent by first class mail postage prepaid to the Registered Owner at the registered address, interest on such Principal Amount until the Drainage District's obligation with respect to the payment of such Principal Amount is discharged, at the rate per annum specified above. Interest is payable on the first day of April and October in each year, commencing on October 1, 2017. Principal and interest are payable in lawful money of the United States of America. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Drainage District or its agent for registration of transfer, exchange, or payment, and any Bond is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

R-2

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF OAKLAND
DAN DEVINE DRAIN DRAINAGE DISTRICT
DRAIN BOND, SERIES 2017

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>CUSIP</u>
1.30%	April 1, 2019	April 20, 2017	235770 AB0

Registered Owner: CEDE & CO.

Principal Amount: *****\$155,000*****

SPECIMEN

The Dan Devine Drain Drainage District (the "Drainage District"), County of Oakland, State of Michigan, acknowledges itself indebted to and for value received hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, upon presentation and surrender of this bond at the corporate trust office of The Huntington National Bank, Grand Rapids, Michigan, the bond registrar and paying agent, or at such successor bond registrar and paying agent as may be designated pursuant to the Resolution (as hereinafter defined), and to pay to the Registered Owner, as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which an interest payment is due, by check or draft drawn upon and mailed by the bond registrar and paying agent by first class mail postage prepaid to the Registered Owner at the registered address, interest on such Principal Amount until the Drainage District's obligation with respect to the payment of such Principal Amount is discharged, at the rate per annum specified above. Interest is payable on the first day of April and October in each year, commencing on October 1, 2017. Principal and interest are payable in lawful money of the United States of America. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Drainage District or its agent for registration of transfer, exchange, or payment, and any Bond is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

R-3

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF OAKLAND
DAN DEVINE DRAIN DRAINAGE DISTRICT
DRAIN BOND, SERIES 2017

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>CUSIP</u>
1.55%	April 1, 2020	April 20, 2017	235770 AC8

Registered Owner: CEDE & CO.

Principal Amount:

*****\$160,000*****

SPECIMEN

The Dan Devine Drain Drainage District (the "Drainage District"), County of Oakland, State of Michigan, acknowledges itself indebted to and for value received hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, upon presentation and surrender of this bond at the corporate trust office of The Huntington National Bank, Grand Rapids, Michigan, the bond registrar and paying agent, or at such successor bond registrar and paying agent as may be designated pursuant to the Resolution (as hereinafter defined), and to pay to the Registered Owner, as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which an interest payment is due, by check or draft drawn upon and mailed by the bond registrar and paying agent by first class mail postage prepaid to the Registered Owner at the registered address, interest on such Principal Amount until the Drainage District's obligation with respect to the payment of such Principal Amount is discharged, at the rate per annum specified above. Interest is payable on the first day of April and October in each year, commencing on October 1, 2017. Principal and interest are payable in lawful money of the United States of America. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Drainage District or its agent for registration of transfer, exchange, or payment, and any Bond is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

R-4

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF OAKLAND
DAN DEVINE DRAIN DRAINAGE DISTRICT
DRAIN BOND, SERIES 2017

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>CUSIP</u>
1.80%	April 1, 2021	April 20, 2017	235770 AD6

Registered Owner: CEDE & CO.

Principal Amount: *****\$165,000*****
SPECIMEN

The Dan Devine Drain Drainage District (the "Drainage District"), County of Oakland, State of Michigan, acknowledges itself indebted to and for value received hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, upon presentation and surrender of this bond at the corporate trust office of The Huntington National Bank, Grand Rapids, Michigan, the bond registrar and paying agent, or at such successor bond registrar and paying agent as may be designated pursuant to the Resolution (as hereinafter defined), and to pay to the Registered Owner, as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which an interest payment is due, by check or draft drawn upon and mailed by the bond registrar and paying agent by first class mail postage prepaid to the Registered Owner at the registered address, interest on such Principal Amount until the Drainage District's obligation with respect to the payment of such Principal Amount is discharged, at the rate per annum specified above. Interest is payable on the first day of April and October in each year, commencing on October 1, 2017. Principal and interest are payable in lawful money of the United States of America. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Drainage District or its agent for registration of transfer, exchange, or payment, and any Bond is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

R-5

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF OAKLAND
DAN DEVINE DRAIN DRAINAGE DISTRICT
DRAIN BOND, SERIES 2017

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>CUSIP</u>
2.00%	April 1, 2022	April 20, 2017	235770 AE4

Registered Owner: CEDE & CO.

Principal Amount: *****\$170,000*****

SPECIMEN

The Dan Devine Drain Drainage District (the "Drainage District"), County of Oakland, State of Michigan, acknowledges itself indebted to and for value received hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, upon presentation and surrender of this bond at the corporate trust office of The Huntington National Bank, Grand Rapids, Michigan, the bond registrar and paying agent, or at such successor bond registrar and paying agent as may be designated pursuant to the Resolution (as hereinafter defined), and to pay to the Registered Owner, as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which an interest payment is due, by check or draft drawn upon and mailed by the bond registrar and paying agent by first class mail postage prepaid to the Registered Owner at the registered address, interest on such Principal Amount until the Drainage District's obligation with respect to the payment of such Principal Amount is discharged, at the rate per annum specified above. Interest is payable on the first day of April and October in each year, commencing on October 1, 2017. Principal and interest are payable in lawful money of the United States of America. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

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R-6

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF OAKLAND
DAN DEVINE DRAIN DRAINAGE DISTRICT
DRAIN BOND, SERIES 2017

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>CUSIP</u>
2.15%	April 1, 2023	April 20, 2017	235770 AF1

Registered Owner: CEDE & CO.

Principal Amount:

*****\$175,000*****

SPECIMEN

The Dan Devine Drain Drainage District (the "Drainage District"), County of Oakland, State of Michigan, acknowledges itself indebted to and for value received hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, upon presentation and surrender of this bond at the corporate trust office of The Huntington National Bank, Grand Rapids, Michigan, the bond registrar and paying agent, or at such successor bond registrar and paying agent as may be designated pursuant to the Resolution (as hereinafter defined), and to pay to the Registered Owner, as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which an interest payment is due, by check or draft drawn upon and mailed by the bond registrar and paying agent by first class mail postage prepaid to the Registered Owner at the registered address, interest on such Principal Amount until the Drainage District's obligation with respect to the payment of such Principal Amount is discharged, at the rate per annum specified above. Interest is payable on the first day of April and October in each year, commencing on October 1, 2017. Principal and interest are payable in lawful money of the United States of America. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

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R-7

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF OAKLAND
DAN DEVINE DRAIN DRAINAGE DISTRICT
DRAIN BOND, SERIES 2017

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>CUSIP</u>
2.30%	April 1, 2024	April 20, 2017	235770 AG9

Registered Owner: CEDE & CO.

Principal Amount: *****\$185,000*****

SPECIMEN

The Dan Devine Drain Drainage District (the "Drainage District"), County of Oakland, State of Michigan, acknowledges itself indebted to and for value received hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, upon presentation and surrender of this bond at the corporate trust office of The Huntington National Bank, Grand Rapids, Michigan, the bond registrar and paying agent, or at such successor bond registrar and paying agent as may be designated pursuant to the Resolution (as hereinafter defined), and to pay to the Registered Owner, as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which an interest payment is due, by check or draft drawn upon and mailed by the bond registrar and paying agent by first class mail postage prepaid to the Registered Owner at the registered address, interest on such Principal Amount until the Drainage District's obligation with respect to the payment of such Principal Amount is discharged, at the rate per annum specified above. Interest is payable on the first day of April and October in each year, commencing on October 1, 2017. Principal and interest are payable in lawful money of the United States of America. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

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R-8

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF OAKLAND
DAN DEVINE DRAIN DRAINAGE DISTRICT
DRAIN BOND, SERIES 2017

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>CUSIP</u>
2.40%	April 1, 2025	April 20, 2017	235770 AH7

Registered Owner: CEDE & CO.

Principal Amount: *****\$190,000*****

SPECIMEN

The Dan Devine Drain Drainage District (the "Drainage District"), County of Oakland, State of Michigan, acknowledges itself indebted to and for value received hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, upon presentation and surrender of this bond at the corporate trust office of The Huntington National Bank, Grand Rapids, Michigan, the bond registrar and paying agent, or at such successor bond registrar and paying agent as may be designated pursuant to the Resolution (as hereinafter defined), and to pay to the Registered Owner, as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which an interest payment is due, by check or draft drawn upon and mailed by the bond registrar and paying agent by first class mail postage prepaid to the Registered Owner at the registered address, interest on such Principal Amount until the Drainage District's obligation with respect to the payment of such Principal Amount is discharged, at the rate per annum specified above. Interest is payable on the first day of April and October in each year, commencing on October 1, 2017. Principal and interest are payable in lawful money of the United States of America. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

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R-9

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF OAKLAND
DAN DEVINE DRAIN DRAINAGE DISTRICT
DRAIN BOND, SERIES 2017

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>CUSIP</u>
2.50%	April 1, 2026	April 20, 2017	235770 AJ3

Registered Owner: CEDE & CO.

Principal Amount:

*****\$195,000*****

SPECIMEN

The Dan Devine Drain Drainage District (the "Drainage District"), County of Oakland, State of Michigan, acknowledges itself indebted to and for value received hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, upon presentation and surrender of this bond at the corporate trust office of The Huntington National Bank, Grand Rapids, Michigan, the bond registrar and paying agent, or at such successor bond registrar and paying agent as may be designated pursuant to the Resolution (as hereinafter defined), and to pay to the Registered Owner, as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which an interest payment is due, by check or draft drawn upon and mailed by the bond registrar and paying agent by first class mail postage prepaid to the Registered Owner at the registered address, interest on such Principal Amount until the Drainage District's obligation with respect to the payment of such Principal Amount is discharged, at the rate per annum specified above. Interest is payable on the first day of April and October in each year, commencing on October 1, 2017. Principal and interest are payable in lawful money of the United States of America. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Drainage District or its agent for registration of transfer, exchange, or payment, and any Bond is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

R-10

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF OAKLAND
DAN DEVINE DRAIN DRAINAGE DISTRICT
DRAIN BOND, SERIES 2017

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>CUSIP</u>
2.60%	April 1, 2027	April 20, 2017	235770 AK0

Registered Owner: CEDE & CO.

Principal Amount:

*****\$200,000*****

SPECIMEN

The Dan Devine Drain Drainage District (the "Drainage District"), County of Oakland, State of Michigan, acknowledges itself indebted to and for value received hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, upon presentation and surrender of this bond at the corporate trust office of The Huntington National Bank, Grand Rapids, Michigan, the bond registrar and paying agent, or at such successor bond registrar and paying agent as may be designated pursuant to the Resolution (as hereinafter defined), and to pay to the Registered Owner, as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which an interest payment is due, by check or draft drawn upon and mailed by the bond registrar and paying agent by first class mail postage prepaid to the Registered Owner at the registered address, interest on such Principal Amount until the Drainage District's obligation with respect to the payment of such Principal Amount is discharged, at the rate per annum specified above. Interest is payable on the first day of April and October in each year, commencing on October 1, 2017. Principal and interest are payable in lawful money of the United States of America. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

This bond is one of a series of bonds aggregating the principal sum of One Million Seven Hundred Forty-Five Thousand Dollars (\$1,745,000) issued by the Drainage District under and pursuant to and in full conformity with the Constitution and Statutes of Michigan (especially Act No. 40, Public Acts of 1956, as amended), a bond authorizing resolution adopted by the Drainage Board for the Drainage District (the "Resolution") and an order of the Chairperson of the Drainage Board for the purpose of defraying part of the cost of acquiring and constructing the Dan Devine Drain. The bonds of this series are issued in anticipation of, and the principal and interest on the bonds are payable from, special assessments assessed against the Charter Township of Bloomfield (the "Township") and the County of Oakland (the "County"), on Special Assessment Roll No. 1 for the Dan Devine Drain (an intra-county drain), which assessments are the general obligations of said public corporations. The full faith and credit of the Township and the County have been pledged for the making of such payments. The full faith and credit of the Drainage District have been pledged for the prompt payment of the principal of and interest on this bond as the same become due and, in addition, the full faith and credit of the County have been pledged therefore. Taxes imposed by the Township for the payment of special assessments are subject to constitutional, statutory and charter tax rate limitations. Taxes imposed by the County for payment of special assessments and the bonds are subject to constitutional and statutory tax rate limitations.

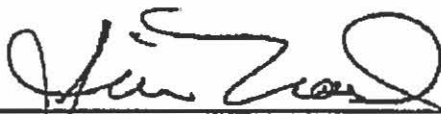
This bond is transferable, as provided in the Resolution, only upon the books of the Drainage District kept for that purpose by the bond registrar and paying agent, upon the surrender of this bond together with a written instrument of transfer satisfactory to the bond registrar and paying agent duly executed by the Registered Owner or his attorney duly authorized in writing. Upon the exchange or transfer of this bond a new bond or bonds of any authorized denomination, in the same aggregate principal amount and of the same interest rate and maturity, shall be authenticated and delivered to the transferee in exchange therefore as provided in the Resolution, and upon payment of the charges, if any, therein provided. Bonds so authenticated and delivered shall be in the denomination of \$5,000 or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.

This bond is not subject to redemption prior to maturity.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of the bonds of this series, existed, have happened and have been performed in due time, form and manner as required by law, and that the total indebtedness of said Drainage District, including the series of bonds of which this bond is one, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Dan Devine Drain Drainage District, County of Oakland, State of Michigan, by its Drainage Board, has caused this bond to be executed in its name by the manual or facsimile signatures of the Chairperson and at least one other member of the Drainage Board. This bond shall not be valid unless the Certificate of Authentication has been manually executed by the bond registrar and paying agent or an authorized representative of the bond registrar and paying agent.

DAN DEVINE DRAIN DRAINAGE DISTRICT

By: 
Chairperson of the Drainage Board

And: 
Member of the Drainage Board

SPECIMEN

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within mentioned Resolution.

THE HUNTINGTON NATIONAL BANK
Bond Registrar and Paying Agent

By: _____
Authorized Representative

AUTHENTICATION DATE: April 20, 2017

SPECIMEN

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____
(please print or type name, address and taxpayer identification number of transferee) the within
bond and all rights thereunder and hereby irrevocably constitutes and appoints

attorney to transfer the within bond on the books kept for registration thereof, with full power of
substitution in the premises.

Dated: _____

Signature Guaranteed: _____

Signature(s) must be guaranteed by an eligible guarantor institution participating in a
Securities Transfer Association recognized signature guarantee program.

SPECIMEN



2600 WEST BIG BEAVER ROAD, SUITE 300
TROY, MI 48064-3312
TELEPHONE: (248) 433-7200
FACSIMILE: (844) 670-6009
<http://www.dickinsonwright.com>

PAUL M. WYZGOSKI
PWyzgoski@dickinsonwright.com
(248) 433-7255

April 20, 2017

Via First Class Mail

Mr. Harlan Goodrich
Michigan Department of Treasury
Local Audit and Finance Division
430 West Allegan Street, 1st Floor
Lansing, Michigan 48922

Re: \$1,745,000 Dan Devine Drain Drainage District Drain Bonds,
Series 2017

Dear Mr. Goodrich:

Please be advised that the referenced bonds were delivered to CFC Capital, Inc. (the "Purchaser") on April 20, 2017. Enclosed for filing pursuant to Section 319(1) of Act No. 34, Public Acts of Michigan, 2001, as amended, please find a completed Security Report and a check made payable to the State of Michigan in the amount of \$349, along with the following documents:

1. Minutes of Meeting re Bond Resolution;
2. Proposal Acceptance Proceedings;
3. Bond Counsel Opinion Letter; and
4. Specimen Bond.

There was no notice of sale published or official statement prepared for this transaction. The bonds were sold pursuant to a request for proposal, and the Purchaser purchased the bonds for its own investment portfolio and did not require an official statement.

Please call if you have any questions or need any further information.

Very truly yours,

Paul M. Wyzgoski

PMW/dml
Enclosures

Troy 9007-423 1806901v1

OFFICE USE ONLY	
Debt Type	Debt Kind

Security Report

Issued under Authority of Public Act 34 of 2001.

INSTRUCTIONS. File this report within 15 business days of completing issuance of any municipal securities. Mail this form to Local Audit and Finance Division, Michigan Department of Treasury, P.O. Box 30728, Lansing, MI 48909-8228. Direct questions to (517) 373-0660 or e-mail to TREAS_LAFD@michigan.gov.

ISSUE INFORMATION

Issuer Name Dan Devine Drain Drainage District, Oakland County, Michigan		Name of Issue Drain Bonds, Series 2017	
Amount of Issue \$1,745,000	Dated Date of Issue April 20, 2017	Legal Authority (Public Act) Chapter 20 of Act 40 PA of 1956	
Purpose To defray the cost of acquiring the Dan Devine Drain			
Full Faith and Credit Pledge <input checked="" type="checkbox"/> Limited Tax <input type="checkbox"/> Unlimited Tax <input type="checkbox"/> None		First Call Date N/A	Net Interest Rate 2.25%
Check All That Apply <input type="checkbox"/> Voted <input type="checkbox"/> School Bond Fund Qualified <input type="checkbox"/> Special Education Funded <input type="checkbox"/> Vocational Education Funded			

PARTICIPANT INFORMATION

Include all Municipalities that are responsible for repayment of security.

Name	% Participation	% Revenue	% Taxes
Charter Township of West Bloomfield	73.293%	0.00%	73.293%
County of Oakland	15.236%	0.00%	15.236%
County of Oakland – full faith and credit pledge	100.00%	0.00%	100.00%

MATURITY SCHEDULE

Date	Principal	Interest Rate
04/01/18	\$150,000	1.00%
04/01/19	155,000	1.30%
04/01/20	160,000	1.55%
04/01/21	165,000	1.80%
04/01/22	170,000	2.00%
04/01/23	175,000	2.15%
04/01/24	185,000	2.30%
04/01/25	190,000	2.40%
04/01/26	195,000	2.50%
04/01/27	200,000	2.60%

Date	Principal	Interest Rate

DICKINSON WRIGHT PLLC

JPMorgan Chase Bank, N.A.
Detroit, MI
9-32/720

B 356330

COUNSELORS AT LAW
2600 WEST BIG BEAVER ROAD • SUITE 300 • TROY, MI 48084

356330

PAY THREE HUNDRED FORTY-NINE AND 00/100 Dollars

DATE 04/17/2017

AMOUNT

TO THE
ORDER
OF

STATE OF MICHIGAN
MICHIGAN DEPARTMENT OF TREASURY
430 WEST ALLEGAN STREET, FIRST FLOOR
LANSING, MI 48922

\$ 349.00

VOID AFTER 180 DAYS
COUNTERSIGNATURE REQUIRED OVER \$500.00

U.S.A.

Gene M Morris

MC

⑈ 3 56 330 ⑈ ⑆ 072000326 ⑆

38852⑈

THIS CHECK IS IN PAYMENT OF THE FOLLOWING ITEMS:

DETACH BEFORE DEPOSITING

DATE	DESCRIPTION	ACCOUNT NO.	NET AMOUNT
4202017	04/20/2017 009007-00423, 0431, 11, Pick up Paul M. Wyzgoski	2500010000	349.00

B 356330

DICKINSON WRIGHT PLLC

TROY, MICHIGAN 48084

349.00

7016 1970 0000 4846 1631

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee

\$

Extra Services & Fees (check box, add fee as appropriate)

- ☐ Return Receipt (hardcopy) \$ _____
☐ Return Receipt (electronic) \$ _____
☐ Certified Mail Restricted Delivery \$ _____
☐ Adult Signature Required \$ _____
☐ Adult Signature Restricted Delivery \$ _____

Postage

\$

Total Postage and Fees

\$

Sent To

Street and Apt. No., or PO Box No.

City, State, ZIP+4®

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions

Postmark
Here

PMW

IRS

OGDEN, UT 84201

AFFIDAVIT OF MAILING

STATE OF MICHIGAN)
) ss
COUNTY OF OAKLAND)

DONNA M. LEFEVER, being first duly sworn, says that she enclosed in an envelope a copy of the IRS FORM 8038-G for:

**Re: \$1,745,000 County of Oakland Dan Devine Drain Drainage District Drain Bonds,
Series 2017**

a copy of which IRS Form 8038-G is attached, sealed the envelope, and addressed the envelope to INTERNAL REVENUE SERVICE CENTER, OGDEN, UTAH 84201, and caused the same to be deposited in a mail receptacle maintained by a United States post office located in Troy, Michigan 48084-3312 on the 20th day of April, 2017.

Affiant further states that she caused to be placed such amount of postage on the envelope as is required by the postal regulations to permit passage of the envelope by certified mail, return receipt requested, article no. 7016 1970 0000 4846 1631.

Affiant further states that the following return address was on the envelope:

Paul M. Wyzgoski, Esq.
Dickinson Wright PLLC
2600 West Big Beaver Rd., Ste. 300
Troy, MI 48084-3312


DONNA M. LEFEVER

Subscribed and sworn to before me
on the 20th day of April, 2017


NOTARY PUBLIC, Oakland County, Michigan
My Commission Expires: 10/28/2019
Acting in Oakland County

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)

► See separate instructions.

Caution: If the issue price is under \$100,000, use Form 8038-GC.

OMB No. 1545-0720

Part I Reporting Authority

If Amended Return, check here ☐

1 Issuer's name Dan Devine Drain Drainage District, County of Oakland, Michigan		2 Issuer's employer identification number (EIN) 38-6004876
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a
4 Number and street (or P.O. box if mail is not delivered to street address) One Public Works Drive, Building 95 West	Room/suite	5 Report number (For IRS Use Only) 3
6 City, town, or post office, state, and ZIP code Waterford, MI 48328-1907		7 Date of issue 04/20/2017
8 Name of issue Drain Bonds, Series 2017		9 CUSIP number 235770 AK0
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Jim Nash, Chairperson of Drainage Board		10b Telephone number of officer or other employee shown on 10a 248-858-0958

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11 Education	11		
12 Health and hospital	12		
13 Transportation	13		
14 Public safety	14		
15 Environment (including sewage bonds)	15	1,745,000	00
16 Housing	16		
17 Utilities	17		
18 Other. Describe ►	18		
19 If obligations are TANs or RANs, check only box 19a <input type="checkbox"/>			
If obligations are BANs, check only box 19b <input type="checkbox"/>			
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>			

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	04/01/2027	\$ 1,745,000	\$ 1,745,000	5.718 years	2.2429 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22 Proceeds used for accrued interest	22	-0-	
23 Issue price of entire issue (enter amount from line 21, column (b))	23	1,745,000	00
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	28,175	00
25 Proceeds used for credit enhancement	25	-0-	
26 Proceeds allocated to reasonably required reserve or replacement fund	26	-0-	
27 Proceeds used to currently refund prior issues	27	-0-	
28 Proceeds used to advance refund prior issues	28	-0-	
29 Total (add lines 24 through 28)	29	28,175	00
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	1,716,825	00

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31 Enter the remaining weighted average maturity of the bonds to be currently refunded	years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	years
33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	
34 Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	

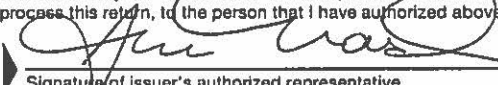
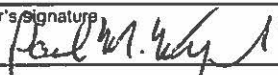
For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 63773S

Form **8038-G** (Rev. 9-2011)

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	-0-
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a	-0-
b	Enter the final maturity date of the GIC ▶ _____		
c	Enter the name of the GIC provider ▶ _____		
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37	-0-
38a	If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the following information:		
b	Enter the date of the master pool obligation ▶ _____		
c	Enter the EIN of the issuer of the master pool obligation ▶ _____		
d	Enter the name of the issuer of the master pool obligation ▶ _____		
39	If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box		<input type="checkbox"/>
40	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box		<input type="checkbox"/>
41a	If the issuer has identified a hedge, check here <input type="checkbox"/> and enter the following information:		
b	Name of hedge provider ▶ _____		
c	Type of hedge ▶ _____		
d	Term of hedge ▶ _____		
42	If the issuer has superintegrated the hedge, check box		<input type="checkbox"/>
43	If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box		<input type="checkbox"/>
44	If the issuer has established written procedures to monitor the requirements of section 148, check box		<input checked="" type="checkbox"/>
45a	If some portion of the proceeds was used to reimburse expenditures, check here <input checked="" type="checkbox"/> and enter the amount of reimbursement ▶ \$317,058.03		
b	Enter the date the official intent was adopted ▶ July 16, 2013		

Signature and Consent	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.				
	 Signature of issuer's authorized representative		Date 4/20/17 Type or print name and title Jim Nash, Chairperson of Drainage Board		
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Paul M. Wyzgoski		4/20/17		P01353819
	Firm's name ▶ Dickinson Wright PLLC	Firm's EIN ▶ 38-1364333		Phone no. 248-433-7255	
	Firm's address ▶ 2600 West Big Beaver Road, Suite 300, Troy, Michigan				