

## NEW ISSUE

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

**COUNTY OF OAKLAND**  
**State of Michigan**  
**\$ 25,000,000**  
**GENERAL OBLIGATION LIMITED TAX NOTES, SERIES 2013**  
**TAXABLE OBLIGATIONS**

**DATED:** May 22, 2013

**REGISTRATION:** Fully registered both as to principal and interest.

**INTEREST:** Accrued interest shall be payable on the first day of each month commencing July 1, 2013 to and including the maturity date, and said interest shall be at a variable rate, which shall be determined and redetermined monthly in accordance with the formula and procedure described herein under "DESCRIPTION OF THE NOTES - Interest".

**DENOMINATIONS:** \$1,000 or any integral multiple thereof not exceeding the aggregate principal amount of the Notes outstanding. See "DESCRIPTION OF THE NOTES - General".

**DATE OF RECORD:** The record date for the payment of interest on the Notes shall be the 15th day of the calendar month preceding the month in which an interest payment is due.

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

**SECURITY FOR THE NOTES:** The Notes issued are secured by a pledge of (1) all 2012 real property taxes that remained outstanding and uncollected on March 1, 2013 (the "Delinquent Taxes"); (2) all statutory interest on such Delinquent Taxes; (3) all property tax administration fees on such Delinquent Taxes, once the expenses of this borrowing have been paid; (4) any amounts hereafter paid to the County by taxing units within the County because of the uncollectability of such Delinquent Taxes; and (5) investment earnings on all of the foregoing. See "SECURITY FOR THE NOTES - Statutory Security".

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

**MATURITY SCHEDULE**

<u>Due</u>	<u>Amount</u>	<u>Rate*</u>
4/1/2014	\$25,000,000	0.32678%

\* Rate will vary each month as set forth herein. See "DESCRIPTION OF THE NOTES - Interest".

Information prepared in cooperation with:

**BOND COUNSEL HAS NOT REVIEWED  
 ANY OF THE STATEMENTS IN THIS OFFERING CIRCULAR.**

**ANDREW E. MEISNER, COUNTY TREASURER**  
**Oakland County, Michigan**

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

**Purchaser:**  
**FIFTH THIRD BANK**  
**Southfield, MI**

**THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.**



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NO DEALER, BROKER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED BY THE COUNTY OF OAKLAND TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN AS CONTAINED IN THIS OFFERING CIRCULAR, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COUNTY.

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

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

**OFFERING CIRCULAR  
OF THE COUNTY OF OAKLAND  
State of Michigan**

**\$25,000,000  
GENERAL OBLIGATION LIMITED TAX NOTES, SERIES 2013  
(Taxable Obligations)**

This Offering Circular sets forth information concerning the County of Oakland (the "County") and the County's anticipated issuance of General Obligation Limited Tax Notes, Series 2013 (the "Notes"). Information describing the Notes, summarized on the cover page, is part of this Offering Circular.

**PURPOSE OF THE BORROWING**

**Background**

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

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

**Creation of Fund**

The County Board of Commissioners, by resolution, has established a Delinquent Tax Revolving Fund, which has since been designated as the County's 100% Tax Payment Fund. Pursuant to this resolution, the County Treasurer has paid and will pay from the 100% Tax Payment Fund all delinquent real property taxes which were or are due and payable to the County and its constituent taxing units described above. A separate, segregated fund is established within the 100% Tax Payment Fund to account for the annual borrowings with respect to each year's delinquent taxes.

## **Taxes, Interest and Fees Payable to Fund**

Upon the establishment of the 2013 separate fund (the "2013 Revolving Fund"), all 2012 delinquent real property taxes, all statutory interest charges on such taxes and all investment earnings with respect to such collections were, and will continue to be, deposited directly into the County's 2013 Collection Account (the "Note Payment Account") established within the 2013 Revolving Fund. The total amount of 2012 delinquent real property taxes on March 1, 2013 is in excess of \$90,000,000.

Statutory interest on unpaid 2012 taxes accrues from March 1, 2013 at the rate of 1% per month until the taxes are paid. Delinquent taxpayers are also assessed property tax administration fees equal to 4% of the principal amount of the unpaid taxes. After payment of the borrowing expenses, these fees will be placed in the Note Payment Account and commingled with the foregoing delinquent taxes and statutory interest. (Pursuant to subsection (6) of Section 44 of Act 206, those local taxing units imposing a 1% property tax administration fee shall include in the return of delinquent taxes said fee. Once returned to the County Treasurer, such property tax administration fees become "delinquent taxes" for all purposes under Act 206 except for determining the unit to which such fees must be paid. For purposes of this Offering Circular, references to the "2012 delinquent real property taxes" or similar expressions include the 1% property tax administration fees which are returned delinquent to the County Treasurer. Such fees should not be confused with the 4% property tax administration fee collected by the County Treasurer on the delinquent real property taxes. For purposes of this Offering Circular "property tax administration fees" refers to the 4% fees imposed on delinquent real property taxes and collected by the County Treasurer.)

## **Borrowing Proceeds**

The Notes are being issued for the purpose of partially funding the 2013 Revolving Fund. Once the borrowing is completed, the proceeds, together with other County funds described below, will be disbursed to the County and its constituent taxing units. Such disbursements will be in respective amounts equal to the taxes returned as delinquent to the County by the taxing unit. The County will, prior to final disbursement of the proceeds to all governmental units, deposit into the 2013 Revolving Fund from other County sources the amount necessary to fund that portion of the 2012 delinquent real property taxes not funded by the proceeds of this borrowing.

## **DESCRIPTION OF THE NOTES**

### **General**

The Notes shall be in the aggregate principal amount of \$25,000,000 and shall be dated May 22, 2013. The County Treasurer shall act as the note registrar and paying agent for the Notes, or such successor note registrar and paying agent as may be designated pursuant to the Note Resolution.

The Notes shall be issued by the County to the original purchaser thereof in denominations of \$1,000 or any integral multiple thereof as shall be designated by the original purchaser of the Notes.

### **Interest**

Accrued interest shall be due and payable in arrears on the first (1st) day of each month, or the immediately succeeding Business Day if such date is not a Business Day, commencing July 1, 2013, and continuing thereafter until the Notes are paid in full. Interest on the Notes will be payable from the date they are issued until July 1, 2013, at the per annum rate shown on the cover of this Offering Circular. Beginning on July 1, 2013, and continuing thereafter, interest on the Notes will be payable at a Variable Rate (as described below) reset monthly on the first Business Day of each month until the Notes are paid in full. The Variable Rate shall be determined on the first Business Day of each month and shall be the rate that is equal to the sum of (i) thirteen hundredths of one percent (.13%) per annum, plus (ii) the per annum rate of interest at which deposits in U.S. Dollars for a one month period are offered to prime banks in the London interbank market (the "LIBOR" rate), as published in the Wall Street Journal on the 1st Business Day of each month.

As used herein, "Business Day" means any Monday, Tuesday, Wednesday, Thursday or Friday on which Fifth Third Bank is open for business.

Interest on the Notes shall be calculated on the basis of a 360-day year and the actual number of days elapsed.

### **Transfer or Exchange**

The Note Registrar shall not be required to transfer or exchange notes or portions of notes, which have been selected for redemption.

### **Redemption**

The Notes are subject to redemption at the option of the County in whole or in part on any Interest Payment Date prior to their scheduled maturity date in the amount of \$1,000 or any integral multiple thereof at a price of par plus interest to the date fixed for redemption.

## **SECURITY FOR THE NOTES**

The Notes are being issued pursuant to the provisions of Act 206. The Notes are primarily payable from the 2012 delinquent real property taxes which were returned as uncollected to the County Treasurer on March 1, 2013, and the interest on such taxes. (See "ADDITIONAL NOTES AND BORROWINGS").

### **Primary Security**

All of the 2012 delinquent real property taxes, together with interest on such taxes, have been pledged by the County in the Note Resolution solely for the prompt payment of the principal of and interest on the Notes when due. The total amount of 2012 real property taxes that were returned delinquent to the County on March 1, 2013 is \$90,000,000. The Note Resolution establishes the Oakland County 2013 Collection Account (the "Note Payment Account"), into which the County Treasurer is obligated to deposit all collections of the pledged taxes and all statutory interest thereon.

The Note Resolution authorizes the County Treasurer to deposit all property tax administration fees on the pledged delinquent taxes into the Note Payment Account. Once the expenses of borrowing have been paid, these property tax administration fees will be pledged as additional security for the payment of the Notes. The borrowing expenses are expected to be less than 20% of the property tax administration fees.

In order to protect the County (and the Noteholders) from loss in the event any delinquent real property taxes are not collected for any reason, Section 87b of Act 206 provides that the primary obligation to pay to the county the amount of the taxes and interest thereon shall rest with the local taxing units. Consequently, if the delinquent taxes which are due and payable to the County are not received by the County for any reason, the County has full right of recourse against the taxing unit to recover such taxes and interest thereon. The County Treasurer must deposit any such repayments from local units into the Note Payment Account and these amounts are also pledged in the Note Resolution to the repayment of principal of and interest on the Notes in full. Prior to the final maturity of the Notes the County Treasurer will, if necessary to pay principal of and interest on the Notes, charge back to the local taxing units any 2012 delinquent taxes which then remain unpaid, as required by Act 206 and the Note Resolution.

All of the 2012 delinquent real property taxes, together with statutory interest, property tax administration fees, any repayments of uncollected 2012 delinquent real property taxes from local units, and any investment earnings on any such amounts are referred to in this Offering Circular as the "Primary Security".



## **Limited Tax General Obligation**

The Notes are a general obligation of the County, backed by its full faith and credit, the County's tax obligation, within applicable constitutional and statutory limits, and its general funds. The County budget provides that if the Primary Security is not collected in sufficient amounts to meet the payment of the principal and interest due on these notes, the County will advance from its general funds sufficient monies to pay such principal and interest. THE COUNTY DOES NOT, HOWEVER, HAVE THE POWER TO LEVY ANY TAXES FOR THE PAYMENT OF THE NOTES OVER AND ABOVE ITS AUTHORIZED TAX RATE ESTABLISHED PURSUANT TO LAW EACH YEAR. See information on the current levy under "GENERAL AND ECONOMIC INFORMATION--County Tax Rates and Levies" below. Future rates may be different.

## **NOTE RATING**

The County has not applied for a rating for the Notes from any rating agency.

## **TAX MATTERS**

### **Tax Opinions**

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

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

### **Certain Federal Tax Consequences**

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

## **Future Developments**

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

## **Circular 230**

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

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

## **EXEMPT FROM THE REVISED MUNICIPAL FINANCE ACT**

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

## **ADDITIONAL NOTES AND BORROWINGS**

The County may, but does not currently intend to, issue additional notes secured *pari passu* with the Notes. The total par amount of the Notes plus any additional notes shall not exceed the amount of the 2012 delinquent real property taxes.

In addition, the County may issue additional bonds or notes secured by its limited general obligation, provided that the total of all its general obligations, limited and unlimited, may not at any time exceed ten percent (10%) of the state equalized valuation of all the real and personal property within the County.

See "GENERAL AND ECONOMIC INFORMATION--State Equalized Valuation" and "GENERAL AND ECONOMIC INFORMATION--Future Financings" below.

## **NOTEHOLDERS' RISKS**

Payment of the Notes is dependent primarily on the collection by the County Treasurer of the 2012 delinquent real property taxes against which the County has borrowed an which

were outstanding and due and payable to the County of March 1, 2013.

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

#### **LITIGATION**

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

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

#### **APPROVAL OF LEGALITY**

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

#### **FINANCIAL ADVISOR**

Municipal Financial Consultants Incorporated of Grosse Pointe Farms, Michigan has served as financial advisor to the County in connection with the issuance of the Notes. The

financial advisor makes no representation as to the completeness or the accuracy of the information set forth in this Offering Circular.

#### **RESPONSIBILITIES OF NOTE COUNSEL**

Note Counsel has reviewed the statements in this Official Statement made under the captions entitled "PURPOSE OF THE BORROWING", "DESCRIPTION OF THE NOTES", "SECURITY FOR THE NOTES", "TAX MATTERS," "EXEMPT FROM THE REVISED MUNICIPAL FINANCE ACT," "ADDITIONAL NOTES AND BORROWINGS," "NOTEHOLDERS' RISKS," "APPROVAL OF LEGALITY" and "RESPONSIBILITIES OF NOTE COUNSEL". Note Counsel has not reviewed the accuracy of any other section or statement herein, has not made inquiry of any official of the County with respect to such, and has not and will not express an opinion as to such matters.

#### **COUNTY OF OAKLAND**

Andrew E. Meisner, Treasurer

las/GOLTN/gos-oak2013-final

## **EXHIBIT A**

### **GENERAL AND ECONOMIC INFORMATION REGARDING THE COUNTY**

#### **Introduction**

Oakland County continues to be a great place to live, work, shop and establish your business. The County is a special place to live where families enjoy a quality of life that is second to none and where business grows and prospers. From 2005 to 2010 the County's tax base grew and contracted with the economy for a modest annual decrease of 1.07%. With only 3.9% of taxable valuation coming from the ten largest taxpayers, the County continues to have a well-diversified tax base.

Residential developments in the County include some of the finest in the State. The median sales price of a single family home was \$109,438 in 2011. Nearly 80% of the county's residential development since the start of 2007 has been single-family units, compared to just fewer than 70% for the entire Southeast Michigan region. More than 22% of new residential construction in the region is in Oakland County.

Unemployment in the County averaged 8.7 percent in 2012, below the State's average rate of 18.9 percent. Oakland County did experience some job loss due to manufacturing reorganization in 2006 but is expecting consistent job growth for the next several years due to our skilled and educated workers and a best in class economic diversification strategy, including Automation Ally, Emerging Sectors, and Medical Main Street featuring the new William Beaumont/Oakland University Medical School.

Despite some economic challenges Oakland County remains among the most prosperous county economies in the nation, ranking number three for counties of the same size. Our goal is to ensure Oakland County and its work force continues to thrive today and tomorrow as a premier technology hub and Oakland County maintains the coveted AAA bond rating thanks to sound fiscal stewardship and a 3-year budget balanced through 2014.

Oakland County has the highest level of personal income per capita of the major labor markets in Michigan. The estimated per capita income of Oakland County residents in 2010 was \$60,392. Oakland County ranked 12th in per capita income in 2010 for counties with populations greater than one million.

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

#### **The County**

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

#### **Form of Government**

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

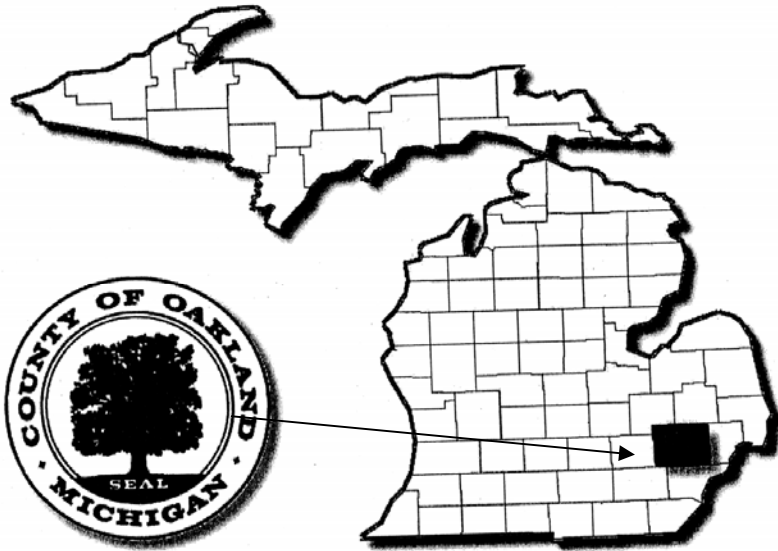
The County Executive is responsible for the overall supervision of all County departments, except those headed by other elected officials. The County Executive also has veto powers over any ordinance or resolution adopted by the Board of Commissioners including appropriating ordinances, which may be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

#### **County Location, Transportation and Character**

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

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

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



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

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

Oakland County and the surrounding area is free of toll roads.

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

Residential – Oakland County continues to post strong numbers in the residential development sector, with more than 2,000 new construction permits since the start of 2008. This represents more than 25% of the total permits in the seven-county Southeast Michigan Region and is second only to Wayne County. The estimated median housing value of a single family home was \$109,438 in 2011.

Commercial – While new development has slowed across the region, there are still multiple major projects progressing in Oakland County, including the Adams Marketplace (Rochester Hills), the new Oakland University William Beaumont School of Medicine, and a significant redevelopment to the Old Orchard Shopping Center (West Bloomfield Township).

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

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

Corporate - More than 60 percent of Fortune 500 companies do business in Oakland County, increasing 14 percent in two years. Of the Fortune Global 500 companies, 57 percent have business locations in Oakland County.

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

Hotels-Motels - Oakland County has 96 hotels and motels with 20 or more rooms, including the Townsend of Birmingham and Somerset Inn of Troy. Several new hotel/motel properties are under construction and should be available in the very near future.

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

## **Construction**

Office Buildings – Nearly seven million square feet of floor space has been completed in Oakland County since the start of 2007, accounting for 21% of Southeast Michigan's total nonresidential development. According to real estate brokerage firm Grubb & Ellis, office lease and vacancy rates in Oakland County sub-markets remain competitive with the rest of metro Detroit. Birmingham sub-market has the lowest vacancy rates in the region at 1.7%.

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

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

## **Utilities**

All of southern Oakland County buys water from the City of Detroit. When projects now underway are completed, the City of Detroit will treat all of southern Oakland County's sewage (other than that of the City of Pontiac). Major drainage systems have been and are being built in the County. Following is a list of the Utility Suppliers for Oakland County:

### **Electricity:**

<b>Supplier</b>	<b>Detroit Edison</b>
<b>Supplier</b>	<b>Consumers Power</b>

### **Natural Gas:**

<b>Supplier</b>	<b>Consumers Energy</b>
<b>Supplier</b>	<b>MichCon</b>
<b>Supplier</b>	<b>Semco Energy</b>

### **Water:**

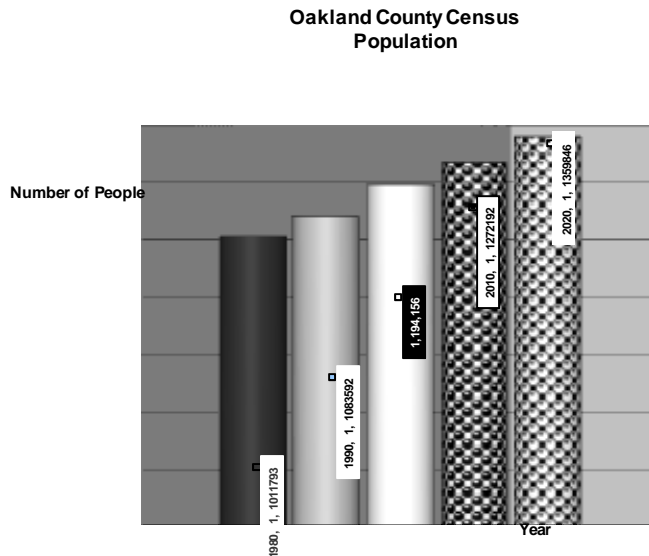
<b>Supplier</b>	<b>Detroit Water and Sewer System</b>
	<b>Community and Private Wells</b>
<b>Source</b>	<b>Lake Huron</b>
	<b>Ground Water from Wells</b>

### **Sewer:**

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

## Population

Oakland County's 2010 Census population was estimated to be over 1,202,326. The county ranks 32nd in population of all U.S. counties. Oakland County is also projected to have the largest actual population gain in the metro Detroit area with a gain of 122,280 new residents by 2035.



Source: U.S. Census and SEMCOG

## Education

There are 28 school districts in Oakland County, all offering preschool programs and all but one providing childcare or latchkey services. **Newsweek** rated the International Academy in Bloomfield Hills number 25 in the nation's top 100 U.S. high schools. Also listed as being in the top 6% of high schools in the country are 16 other public high schools from 9 different school districts.

In the fall of 2006 Oakland County launched a Mandarin Chinese language program in four school districts. Today, 9 school districts and 3 consortium schools offer this language program.

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

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

**Oakland Community College** - Approximately 24,000 students attend this multi-campus college specializing in technical and vocational education. To lead a consortium of educational institutions in Oakland County and Southeastern Michigan to support the Emerging Sectors initiative Oakland Community College was given \$285,000 in federal appropriations.

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



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

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

## **Job Growth**

While Oakland County has seen an increase in unemployment in recent years, the County is projected to experience a net increase in employment between through 2014. The trade, transport and utilities sector will experience the brunt of the losses through 2012 with a projected decline of 3,056 jobs or 27.5% of the current positions. Even though Oakland County's job loss in the past year broke records, projections for the next three years show a rising trend with positive job growth as early as 2011 and a possible growth of 9,166 jobs by fourth quarter of 2012. Projected increases in scientific R&D services, medical equipment wholesalers and manufacturing, and chemical wholesalers constitute 56.8% of total job growth.

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

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

## **Industrial and High Technology**

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

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

## **Foreign Investment**

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

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Operating	4.19	4.19	4.19	4.19	4.19	4.19	4.19	4.19	4.19	4.19	4.19
Parks & Recreation	<u>0.2415</u>	<u>0.2415</u>	0.2415	<u>0.2415</u>	<u>0.2415</u>	<u>0.2415</u>	<u>0.2415</u>	<u>0.2415</u>	<u>0.2422</u>	<u>0.2436</u>	<u>0.2453</u>
Huron Clinton Authority	0.2146	0.2146	0.2146								
Zoo Authority	<u>0.1000</u>	<u>0.1000</u>	<u>0.1000</u>								
Total	4.7461	4.7461	4.7461	4.4315	4.4315	4.4315	4.4315	4.4315	4.4322	4.4336	4.4353

In August, 1978, the voters of Oakland County approved, as part of County wide fixed millage, a maximum millage of \$5.26 per \$1,000, subject to Headlee Amendment reductions. The maximum authorized millage for 2000, after the Headlee reduction, is 4.3688mills. See "Tax Rate Limitation" section.

*Source: Oakland County Treasurer*

**Tax Rate Limitation**

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

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

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

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

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

<u>Units of Government</u>	<u>Millage Rate</u>
Any School District	9.54
County of Oakland	5.26
Any Township	1.41
Oakland County Intermediate School District	<u>.25</u>
	16.46

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

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

## County Operating Tax Collection Record

Year of <u>Levy</u>	<u>Tax Levy *</u>	Collections to March 1 of Each Levy Year <u>Amount**</u>	<u>Percent</u>	Collections Plus Delinquent Tax <u>Funding Percent</u>
2011	206,524,166	198,931,022	96.32	100.00%
2010	223,423,778	214,041,473	95.80	100.00%
2009	253,987,318	241,943,443	95.26	100.00%
2008	262,899,380	251,050,564	95.49	100.00%
2007	262,814,606	251,354,868	95.64	100.00%
2006	252,400,473	241,012,251	95.49	100.00%
2005	238,685,067	227,704,056	95.40	100.00%
2004	227,583,190	214,916,156	94.43	100.00%
2003	216,173,657	204,777,737	94.73	100.00%
2002	206,294,411	194,663,962	94.36	100.00%
2001	192,549,695	181,781,363	94.41	100.00%
2000	179,455,454	170,218,781	94.85	100.00%
1999	169,119,667	160,852,822	95.11	100.00%

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

\* Includes real and personal property taxes.

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

Source: Oakland County Treasurer

## County Wide Tax Collection Record

Year of <u>Levy</u>	<u>Tax Levy*</u>	Collections to March 1 of Each Levy Year <u>Amount **</u>	<u>Percent</u>	Collections Plus Delinquent Tax Funding <u>Percent</u>
2011	2,196,145,824	2,081,982,974	94.80	100
2010	2,317,084,920	2,179,375,143	94.06	100
2009	2,552,222,639	2,388,595,610	93.59	100
2008	2,608,706,372	2,451,081,244	93.96	100
2007	2,655,538,647	2,505,486,055	94.34	100
2006	2,557,038,960	2,423,216,598	94.77	100
2005	2,431,651,204	2,320,949,348	95.45	100
2004	2,328,575,713	2,211,018,004	94.95	100
2003	2,146,982,204	2,041,180,799	95.07	100
2002	2,100,018,728	1,991,919,012	94.85	100
2001	1,975,880,508	1,876,042,662	94.95	100
2000	1,791,823,624	1,706,154,873	95.22	100
1999	1,691,970,818	1,616,138,944	95.52	100

\* Includes real and personal property taxes.

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

Source: Oakland County Treasurer

## **Property Subject to Taxation**

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

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

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

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

## **Industrial Facilities Tax**

The Michigan Plant Rehabilitation and Industrial Development District Act (Act 198, Public Acts of Michigan, 1974, as amended), provides significant tax incentives to industry to renovate and expand aging plants and to build new plants in Michigan. Under the provisions of Act 198, qualifying cities, villages and townships may establish districts in which industrial firms are offered certain property tax incentives to encourage restoration or replacement of obsolete industrial facilities and to attract new plants to the area. The issuance of any exemption certificate must be approved by the State Treasurer. Firms situated in such districts pay an Industrial Facilities Tax in lieu of property taxes on plant and equipment for a period of up to 12 years. For rehabilitated plant and equipment, the assessed value is frozen at previous levels. New plant and equipment is taxed at one-half the current millage rate. It must be emphasized, however, that ad valorem property taxes on land and inventory are not reduced in any way since both land and inventory are specifically excluded under Act 198. For abatements granted prior to January 1, 1994, new plant and equipment is taxed at one half the current millage rate, except for mills levied for local and intermediate school operating purposes or under the State Education Tax Act, plus one-half of the number of mills levied for school operating purposes in 1993. For abatements granted after 1993, new plant and equipment is taxed at one-half of the total mills levied as ad valorem taxes by all taxing units, except mills levied under the State Education Tax Act. For abatements granted after 1993, the State Treasurer may also permit abatement of one-half of the mills levied under the State Education Act. Abatements under Act 198 have been granted to properties in the County with a total 2010 taxable valuation of \$285,294,461 for real and personal property. The total number of parcels with exemptions in 2010 under Act 198 within the County is 182.

## **Others**

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

The Alternative Energy Act (Act 549, Public Acts of Michigan, 2002) provides tax incentives to businesses for the sole purpose of researching, developing, or manufacturing an alternative energy technology. The exemption from property taxes would only apply to taxes levied January 1, 2003 to December 31, 2012. Currently, the Cities of Auburn Hills, Rochester Hills, Southfield, and Troy are the only communities in Oakland County that have established alternative energy businesses.

The Taxation of Lessees or Users of Tax-exempt Property Act (Act 189, Public Acts of Michigan, 1953) states that if real property exempt for any reason from ad valorem property taxation is leased, loaned, or otherwise made available to and

used by a private individual, association, or corporation in connection with a business conducted for profit, the lessee or user of the real property is subject to taxation in the same amount and to the same extent as though the lessee or user owned the real property. The total number of lessees or users in 2010 under Act 189 within the County was 1008.

*Source: Oakland County Treasurer*

### **Largest Taxpayers**

The 10 largest taxpayers in the County and their June 20, 2012 taxable valuations are:

<b><u>Taxpayer</u></b>	<b><u>Taxable Valuation</u></b>
Detroit Edison	\$422,258,265
Chrysler	\$252,006,277
General Motors	\$237,369,915
Consumers Power/Energy	\$207,961,515
Taubman	\$123,192,338
Frankel/Forbes/Cohn	\$121,435,922
International Transmission	\$93,147,480
Ramco-Gershenson	\$90,284,530
Comcast	\$77,158,287
Holtzman & Silverman	\$75,574,925

*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 2012:

<b><u>Employer Name</u></b>	<b><u>Approximate Number of Employees</u></b>
William Beaumont Hospital	11,389
Chrysler Group	9,894
General Motors Corp.	8,258
Trinity Health Michigan	5,822
St. John Health/Providence Hospital and Medical Centers	4,354
United States Postal Service	3,363
Henry Ford Health System	3,356
Oakland County Government	3,229
Flagstar Bancorp Inc.	2,119
Oakland University	2,095
Comerica Bank	2,053
Botsford Health Care	2,022
Lear Corporation	1,558
Walled Lake Consolidated Schools	1,543
J.P. Morgan Chase & Co.	1,480
Farmington Public Schools	1,400
Crittenton Hospital Medical Center	1,398
Rochester Community Schools	1,381
Huron Valley Schools	1,371
Blue Cross Blue Shield of Michigan/Blue Care Network	1,367
Kelly Services Inc.	1,276
Comau Inc	1,250
Troy School District	1,173
Detroit Medical Center	1,140
U. S. Government	1,131

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

## Labor Force

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

Source: Michigan Department of Technology, Management & Budget

## Unemployment History

Oakland County 2013			
	<b>Total Work Force</b>	<b><u>Unemployed</u></b>	<b><u>Percent Unemployed</u></b>
January	580,773	54,056	9.3
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			
<b>YTD</b>			
<b>Average</b>	580,773	54,056	9.30

Annual Averages			
	<b>Total Work Force</b>	<b><u>Unemployed</u></b>	<b><u>Percent Unemployed</u></b>
2012	587,709	53,238	8.7
2011	587,775	58,772	10.0
2010	600,695	72,437	12.1
2009	595,033	79,092	13.3
2008	617,047	43,397	7.0
2007	628,839	38,336	6.1
2006	636,151	35,300	5.5
2005	641,432	36,332	5.7
2004	671,825	34,225	5.1
2003	669,875	34,525	5.2
2002	670,225	31,600	4.7

Source: Michigan Department of Technology, Management & Budget

## State of Michigan Unemployment

	<u>Yearly Average</u>	<u>Total Work Force</u>	<u>Unemployed</u>	<u>Percent Unemployed</u>
2012		4,657,000	426,000	8.9
2011		4,658,000	480,000	10.3
2010		4,790,000	597,000	12.5
2009		4,848,000	680,000	14.0
2008		4,963,000	418,000	8.4
2007		5,020,000	360,000	7.2
2006		5,018,000	351,000	6.9
2005		5,097,000	344,000	6.7
2004		5,093,000	384,000	7.5
2003		5,085,000	365,000	7.2
2002		5,105,000	302,000	5.9

Source: Michigan Department of Technology, Management & Budget

## Income

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

## Per Capita Income

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

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

## County Labor Contracts

As of January 2013, Oakland County had 3,505 full and part time positions of which 1,436 are represented by 8 certified bargaining units.

	<u>Number of Positions</u>	<u>Contract Expiration Date</u>
Sheriff's Law Enforcement	334	9/30/2013
Corrections and Services	381	9/30/2015
Sheriff's Command Officers	103	9/30/2013
Children's Village Employees	1231	9/30/2013
Family Court Employees	86	9/30/2013
Prosecutor's Investigators	7	9/30/2013
Oakland County Employees Union	303	9/30/2013
Public Health Nurses	91	9/30/2013
	1,436	

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

*Source Oakland County Personnel Department.*

## Major Corporations

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

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

### Major Corporate Headquarters

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

### Major Regional Division Offices

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



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

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

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

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

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

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

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

## **Tax Collection and Levy Date for County Fixed or Allocated Millage**

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

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

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

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

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

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

**Purchasers of the Notes 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 Notes resulting from changes in revenues received by the County from the State.**

## Pensions

The following data is taken from the latest actuarial report prepared by Gabriel, Roeder, Smith & Company as of September 30, 2012:

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

	General County	Command Officers	Road Deputies	Corrections Deputies	Total
A. Present Value of Future Benefit Payments					
1. For Retirees and beneficiaries					
a. Pension and death benefits	\$409,239,027	\$33,024,343	\$33,806,216	\$27,537,796	\$503,607,382
b. Reserves	None	None	None	None	None
c. Total	409,239,027	33,024,343	33,806,216	27,537,796	503,607,382
2. For inactive members	10,351,042	208,236	128,661	213,389	10,901,328
3. For present active members	147,918,871	15,504,741	32,393,653	27,481,913	223,299,178
4. Total	567,508,940	48,737,320	66,328,530	55,233,098	737,807,888
B. Valuation Assets	573,734,277	42,018,278	56,480,085	45,422,262	717,654,902
C. Unfunded Value of Future Benefit Payments					
1. Total: (A.4) – (B)	(6,225,337)	6,719,042	9,848,445	9,810,836	20,152,986
2. Present value of future member contributions	926,443	304,751	943,420	657,241	2,831,855
3. Present value of future required employer	(7,151,780)	6,414,291	8,905,025	9,153,595	17,321,131
D. Present value of future pays	130,696,284	6,095,012	18,868,398	13,144,812	168,804,506
E. Employer normal cost:					
1. For System benefits: (C.3)/(D)	-5.47%	105.24%	47.20%	69.64%	
* As the Retirement System cannot contribute back to the County, the County contribution rate is 0% of covered pay for all three divisions combined.					

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

	General Union	Command Officers	Road Deputies	Corrections Deputies	Total
A. Accrued Liability					
1. For retirees and beneficiaries	\$351,016,033	\$24,256,009	\$33,243,997	\$25,479,736	\$433,995,775
2. For vested terminated members	53,526,682	948,660	2,394,785	2,284,210	59,154,337
3. For present active members					
a. Value of expected future benefit payments	317,385,015	29,630,686	82,823,045	65,495,779	495,334,525
b. Value of future normal costs	70,893,440	4,360,380	24,678,002	20,930,603	120,862,425
c. Active member liability: (a) – (b)	246,491,575	25,270,306	58,145,043	44,565,176	374,472,100
4. Total	651,034,290	50,474,975	93,783,825	72,329,122	867,622,212
B. Valuation Assets	471,620,661	30,201,371	76,066,143	58,664,673	636,552,848
C. Unfunded Accrued Liability: (A.4) – (B)	179,413,629	20,273,604	17,717,682	13,664,449	231,069,364
D. Funded Percent: (B)/(A.4)	72.45%	59.84%	81.11%	81.11%	73.37%
*Please note that the retirees' health care benefits are fully funded on an annual basis by the Actuarial Required Contribution (ARC) made from the Oakland County Intermediate Medical Benefits Trust (IRMBT).					

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

<b>Assessment Year(1)</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Total</b>	<b>% Change In Total</b>	<b>Taxable Value</b>
2012	47,131,932,645	3,707,092,321	50,839,024,966	-3.08	49,235,933,993
2011	48,766,831,153	3,686,629,190	52,453,460,343	-9.16	50,798,540,257
2010	53,979,517,024	3,765,559,483	57,745,076,507	-14.90	55,081,707,586
2009	63,909,419,815	3,949,566,334	67,858,986,149	-8.97	62,416,676,895
2008	70,503,451,609	3,987,629,953	74,491,081,562	-3.67	64,745,976,336
2007	73,207,702,808	4,123,379,228	77,331,082,036	4.16	64,720,016,857
2006	72,291,329,373	4,148,396,210	76,439,725,583	5.56	62,133,415,235
2005	69,283,261,769	4,175,926,590	73,459,188,359	4.50	58,862,840,140
2004	65,813,024,378	4,483,972,263	70,296,996,641	4.79	55,986,490,872
2003	62,601,288,076	4,484,153,706	67,085,441,782	6.77	53,179,886,010
2002	58,197,370,454	4,632,159,968	62,829,530,422	9.33	50,688,809,599
2001	52,802,069,063	4,667,642,532	57,469,711,595	9.60	47,656,729,878
2000	47,946,109,270	4,491,256,560	52,437,365,830	7.96	44,370,573,909
1999	43,351,722,556	4,520,810,144	48,570,677,983	12.81	41,756,021,536

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

(1) As of December 31st

Source: State of Michigan Tax Commission

**Breakdown of State Equalized Valuation**

	<b>Tax Year</b>									
	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>	
Residential	69.9	68.5	67.6	68.7	70.90	71.90	71.90	71.10	70.30	
Commercial	19.3	20.6	19.6	19.0	17.6	16.7	16.6	16.8	16.9	
Industrial	3.4	3.7	6.0	6.3	6.0	5.9	5.9	5.9	6.1	
Personal Property	7.3	7.0	6.5	5.8	5.4	5.3	5.4	5.7	6.4	
Agricultural	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.4	0.3	
Developmental	<u>0.0</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.09</u>	<u>0.1</u>	<u>0.1</u>	
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	

\*All numbers shown as percentages.

Source: Oakland County Equalization Department

**Personal Property Tax Revenues**

In December 2012, the State Legislature passed a statute eliminating personal property tax revenues for commercial and industrial property values below \$40,000 as of the December 31, 2013 assessment rolls (meaning the loss of personal property tax revenues begins in the 95 County's FY-2014). In its current FY-2013 operating budget, the County had assumed that the loss of personal property tax revenues would begin in FY-2013 and expected reduced revenues by \$1.3 million in that year. The reduction is now unnecessary and the appropriate amount has been restored in the Framework report.

In addition, the State will begin phasing out all personal property taxes starting in FY-2016 by excluding new purchases from the assessment rolls. This will have an undetermined impact in FY-2016 because the equipment being taxed at that time will continue to be depreciated with no new equipment being brought onto the assessment rolls.

In addition, the legislation calls for a voter approved revenue to restore a portion of the lost revenue locally, as well as some protections for public safety services. Unfortunately, because of the requirement of a new voted tax, it is not

possible to assess the likelihood of the restoration of revenue or determine at what dollar level restoration would actually occur. Accordingly, the \$1.3 million in favorable variance in FY-2013 has been allocated to FY-2016 (bringing the total reduced revenues in FY-2016 from the original \$1.3 million to \$2.6 million in total lost revenues). Hopefully, the impact of this new statute can be more accurately projected before the Final Framework report is produced in late winter 2013.

### County Wide Tax Delinquencies

<u>Levy Year</u>	<u>Real Property</u>	<u>Personal Property</u>
2011	107,675,895.41	6,032,598.54
2010	130,215,501.20	7,271,064.88
2009	155,464,907.26	7,809,985.47
2008	149,883,620.70	7,387,710.43
2007	138,097,525.69	9,102,775.59
2006	122,129,735.43	8,898,821.42
2005	97,528,003.06	9,893,351.63
2004	91,130,490.80	21,137,280.42
2003	80,232,958.66	19,453,518.12
2002	85,137,149.74	22,962,566.46
2001	79,926,145.56	19,911,701.16
2000	69,020,110.34	16,648,640.08
1999	65,336,152.76	10,495,720.93

Source: County Treasurer

### Debt-History

The County of Oakland has no record of default.

### Short-Term Financing

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

<u>Year</u>	<u>Notes</u>	<u>Amount</u>
<u>Issued</u>	<u>Issued</u>	<u>Outstanding</u>
2012	25,000,000	25,000,000
2011	50,000,000	0
2010	50,000,000	0
2009	50,000,000	0
2008	25,000,000	0
2007	25,000,000	0
2006	25,000,000	0
2005	25,000,000	0
2004	25,000,000	0
2003	25,000,000	0

Source: County Treasurer

### Lease Obligations

The County leases its Law Enforcement Complex, Medical Care Facility, Information Technology and a portion of the Court House Building from the Oakland County Building Authority. Since ownership of the property will ultimately transfer to the County from the Building Authority, the leases have been capitalized. All County Building Authority Debt is listed in the Debt Statement.

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

## **Future Financing**

The County will be moving ahead with its projects and has bond offerings planned for 2012.

## **Banking**

The banking needs of the County are adequately handled by:

Bank of America  
Bank of Birmingham  
Bank of Michigan  
Charter One Bank, NA  
Citizen's Bank  
Clarkston State Bank  
Comerica Bank  
Crestmark Bank  
Fifth Third Bank  
First Place Bank  
Flagstar Bank  
Genisys Credit Union  
Huron Valley State Bank  
Independent Bank  
JP Morgan Chase Bank  
Lakes Community Credit Union  
Level One Bank  
Lotus Bank  
Main Street Bank  
Mercantile Bank  
Michigan First Credit Union  
Oxford Bank  
PNC Bank  
Talmer Bank and Trust  
The Huntington National Bank  
The Private Bank  
TCF Bank

**County of Oakland**  
**Net County Direct Debt - Unaudited**  
**03/31/13**

<u>Bonds &amp; Notes with County Credit</u>	<u>Gross</u>	<u>Municipalities Share of Funds on Hand with County Treasurer</u>	<u>Self-Supporting or Portion Paid Directly by Benefited Municipalities</u>	<u>Net</u>	<u>County Share of Funds on Hand</u>	<u>Net County Debt</u>
<u>Limited Tax-Untaxed</u>						
General Obligation Building Authority	\$55,105,000	\$682 (d)	12,654,318 (a)	\$42,450,000	(\$47) (d)	\$42,450,047
Building Authority Refunding	55,975,000	0 (d)	0 (a)	55,975,000	(161) (d)	55,975,161
Lake Level	145,000	0	0	145,000	200,133 (d)	(55,133)
Drain	62,665,000	69,972	58,871,625	3,723,403	45,333 (d)	3,678,070
Sewer Disposal Bonds	4,150,000	69,903 (d)	155,097 (a)	3,925,000	52,083 (d)	3,872,917
Sewage Disposal Bonds Refunding	415,000	82,938 (d)	332,062 (a)	0	0	0
Water Supply Bonds	17,460,000	102,899 (d)	17,357,101 (a)	0	0	0
Water & Sewage Disposal	0	0 (d)	0 (a)	0	0	0
Water & Sewage Refunding	1,975,000	4,090 (d)	1,970,910 (a)	0	0	0
Water Supply-Refunding	210,000	46,934	163,066 (a)	0	0	0
Mich. Bond Auth.-Sewage Disp. Bonds	4,735,727	62,566 (d)	4,673,161 (a)	0	0	0
<b>Total</b>	<b>\$202,835,727</b>	<b>\$439,983</b>	<b>\$96,177,341</b>	<b>\$106,218,403</b>	<b>\$297,341</b>	<b>\$105,921,062</b>
<u>Drain District</u>						
Drain Bonds	12,265,000	1,601,119 (d)	9,527,135 (a)	1,136,746	76,003 (d)	1,060,743
Drain Refunding	26,770,000	720,689 (d)	22,462,882 (a)	3,586,430	184,154 (d)	3,402,275
Michigan Bond Authority Sewage Disp	1,677,961	0 (d)	0 (a)	1,677,961	52,083 (d)	1,625,878
Michigan Bond Authority Drain	129,498,464	1,226,631 (d)	91,956,724 (a)	36,315,109	1,035,606 (d)	35,279,503
<b>Total</b>	<b>\$170,211,425</b>	<b>\$3,548,439</b>	<b>\$123,946,741</b>	<b>\$42,716,246</b>	<b>\$1,347,846</b>	<b>\$41,368,400</b>
<u>Limited Tax - Taxable</u>						
General Obligation Limited Taxable	\$25,000,000	\$0	\$0	\$25,000,000	\$25,000,000	\$0
<b>Total</b>	<b>\$25,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$25,000,000</b>	<b>\$25,000,000</b>	<b>\$0</b>
<u>Taxable with No County Credit</u>						
Certificates of Participation	\$464,155,000	\$0	\$0	\$0	\$464,155,000	\$0
<b>Total</b>	<b>\$464,155,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$464,155,000</b>	<b>\$0</b>
<u>Bonds and Notes with No County Credit</u>						
Michigan Transportation Fund	\$2,000,000	\$30,170	2,500,000 [c]	\$0	\$0	\$0
<b>Total</b>	<b>\$2,000,000</b>	<b>\$30,170</b>	<b>\$2,500,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Overlapping Debt of County**

Cities, Villages and Townships	\$940,763,238 (e)
School Districts	2,312,428,118 (e)
Community College, Intermediate School Districts and Library	67,042,249 (e)
County Issued Bonds Paid by Local Municipalities	220,124,082 (b)
Net County Overlapping Debt	\$3,540,357,687
<b>NET COUNTY DIRECT AND OVERLAPPING DEBT</b>	<b>\$3,687,647,149</b>

(a) Total County Issued Bonds Paid by Local Municipalities

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

(c) Self-Supporting Obligations

(d) December 31, 2012 Trial Balance

(e) Amount as of September 30, 2012

*Source: Oakland County Treasurer*

**Oakland County  
Schedule of Bonds Maturities  
County Credit and Limited Tax  
As of March 31, 2013  
Principal Only**

									M.B.A.	
Year	Building Authority	Building Authority Refunding	Sew er Disposal Bonds	Sew er Disposal Refunding	Water Supply Bonds	Water & Sew age Refunding	Water & Sew age Disposal	Water Supply Refunding	Sew er Disposal Bonds	Lake Levels
2013	2,695,000	2,170,000	50,000	125,000	680,000	175,000	0	210,000	610,000	65,000
2014	3,145,000	2,295,000	55,000	150,000	765,000	195,000	0	0	62,000	80,000
2015	3,220,000	2,355,000	60,000	140,000	785,000	190,000	0	0	630,000	0
2016	3,300,000	2,475,000	60,000	0	810,000	210,000	0	0	645,000	0
2017	3,375,000	2,530,000	0	0	835,000	205,000	0	0	655,000	0
2018	3,530,000	2,615,000	0	0	810,000	205,000	0	0	675,000	0
2019	3,605,000	2,700,000	0	0	790,000	200,000	0	0	100,000	0
2020	3,730,000	2,690,000	0	0	820,000	220,000	0	0	100,000	0
2021	3,885,000	2,605,000	0	0	850,000	215,000	0	0	100,000	0
2022	4,010,000	2,690,000	0	0	885,000	160,000	0	0	100,000	0
2023	1,915,000	1,490,000	0	0	920,000	-	0	0	100,000	0
2024	1,995,000	1,055,000	0	0	955,000	-	0	0	100,000	0
2025	1,845,000	650,000	0	0	990,000	-	0	0	100,000	0
Beyond 2025	10,275,000	1,845,000	0	0	7,555,000	-	0	0	300,727	0
	50,525,000	30,165,000	225,000	415,000	18,450,000	1,975,000	0	210,000	4,277,727	145,000

Source: Oakland County Treasurer

**Oakland County**  
**Schedule of Drain Bonds Maturities**  
**County Credit and Limited Tax**  
**As of March 31, 2013**  
**Principal Only**

Year	Drain Bonds	Drain Notes	Drain Refunding	M.B.A. Drain Bonds	M.B.A. Sew age Bonds
2013	1,610,000	0	4,365,000	7,845,000	95,000
2014	1,315,000	0	4,290,000	9,055,000	95,000
2015	1,280,000	0	3,700,000	9,165,000	100,000
2016	1,020,000	0	3,075,000	9,395,000	100,000
2017	930,000	0	1,780,000	9,165,000	105,000
2018	790,000	0	1,340,000	9,385,000	105,000
2019	810,000	0	1,350,000	9,620,000	110,000
2020	855,000	0	1,395,000	9,870,000	115,000
2021	875,000	0	1,465,000	10,110,000	115,000
2022	855,000	0	1,510,000	10,088,317	120,000
2023	440,000	0	1,040,000	8,235,000	120,000
2024	470,000	0	1,025,000	8,432,676	125,000
2025	485,000	0	435,000	3,230,000	125,000
Beyond 2025	1,015,000	0	435,000	19,132,471	372,961
	12,750,000	0	27,205,000	132,728,464	1,802,961

Source: Oakland County Treasurer



**SCHEDULE OF BOND MATURITIES  
WITH LIMITED COUNTY PLEDGE - TAXABLE  
As of March 31, 2013  
Principal Only**

Year	Delinquent Tax Notes	Bldg. Authority	Bldg. Authority Refunding	Drain	Sew age
2013	25,000,000	275,000	2,105,000	335,000	140,000
2014	0	275,000	2,130,000	345,000	140,000
2015	0	275,000	2,225,000	2,305,000	145,000
2016	0	275,000	2,260,000	2,370,000	150,000
2017	0	275,000	2,335,000	2,445,000	155,000
2018	0	300,000	2,425,000	2,525,000	160,000
2019	0	305,000	2,490,000	2,605,000	170,000
2020	0	305,000	2,575,000	2,690,000	175,000
2021	0	305,000	2,655,000	2,780,000	185,000
2022	0	330,000	2,685,000	2,875,000	190,000
2023	0	330,000	1,265,000	2,980,000	205,000
2024	0	360,000	1,310,000	3,090,000	215,000
2025	0	360,000	0	3,205,000	225,000
Beyond 2025	0	2,815,000	0	35,320,000	1,895,000
	\$25,000,000	\$6,785,000	\$26,460,000	\$65,870,000	\$4,150,000

Source: Oakland County Treasurer

**SCHEDULE OF BOND MATURITIES  
WITH NO COUNTY PLEDGE - TAXABLE  
As of March 31, 2013  
Principal Only**

Year	Certificate of Participation		Total
2013	20,520,000		20,520,000
2014	21,500,000		21,500,000
2015	22,720,000		22,720,000
2016	23,940,000		23,940,000
2017	25,405,000		25,405,000
2018	26,875,000		26,875,000
2019	28,340,000		28,340,000
2020	29,805,000		29,805,000
2021	31,760,000		31,760,000
2022	33,465,000		33,465,000
2023	35,420,000		35,420,000
2024	37,620,000		37,620,000
2025	39,820,000		39,820,000
Beyond 2025	126,785,000		126,785,000
	<b>\$503,975,000</b>		<b>\$503,975,000</b>

*Source: Oakland County Treasurer*

**Oakland County**  
**Schedule of Bond Maturities**  
**With No County Pledge**  
**As of March 31, 2013**  
**Principal Only**

Year	MTF Revenue Bonds		Total
2013	500,000		500,000
2014	500,000		500,000
2015	500,000		500,000
2016	500,000		500,000
	<b>\$2,000,000</b>		<b>\$2,000,000</b>

*Source: Oakland County Treasurer*

**OAKLAND COUNTY  
PRINCIPAL & INTEREST REQUIREMENTS  
As of March 31, 2013**

Year	Principal	Interest	Total
2013	69,570,000.00	39,154,978.75	108,724,978.75
2014	46,950,000.00	37,385,274.92	84,335,274.92
2015	49,795,000.00	35,224,509.29	85,019,509.29
2016-2019	205,715,000.00	118,609,170.25	324,324,170.25
2020-2024	284,425,993.00	90,129,959.71	374,555,952.71
2025-2030	188,154,962.00	23,158,609.69	211,313,571.69
2031-2040	19,591,197.00	1,549,850.70	2,180,512.50
	<b>\$864,202,152.00</b>	<b>\$345,212,353.31</b>	<b>\$1,209,414,505.31</b>

*Source: Oakland County Treasurer*

**Oakland County**  
**Statement of Legal Debt Margin**  
**As of March 31, 2013**

<b>Bonds and Notes with County Credit and Limited Tax</b>	
GOLT Bldg. Authority	48,680,000.00
GOLT Bldg. Authority Refunding	29,515,000.00
GOLT Lake Level	145,000.00
GOLT Sewage	225,000.00
GOLT Sewage Refunding	415,000.00
GOLT Water	17,460,000.00
GOLT Water & Sewage Refunding	1,975,000.00
GOLT Water & Sewer	0.00
GOLT Water Refunding	210,000.00
Michigan Bond Authority Sewage Disposal	4,735,727.00
Total	<u>103,360,727.00</u>
<b>Drain District</b>	
Drain Bonds	12,265,000.00
Drain Refunding	26,770,000.00
Michigan Bond Authority Drain	129,498,464.00
Michigan Bond Authority Sewage	1,677,961.00
Total	<u>170,211,425.00</u>
<b>Bonds and Notes with County Credit and Limited-Taxable</b>	
GOLT Bldg Authority	6,425,000.00
GOLT Bldg Authority Refunding	26,460,000.00
GOLT Drain	62,665,000.00
GOLT Sewage	3,925,000.00
GOLT Tax Notes	25,000,000.00
Total	<u>124,475,000.00</u>
Total County Credit/Pledged Debt	<u><u>398,047,152.00</u></u>
<b>Bonds and Notes with no County Credit - Taxable</b>	
Certificates of Participation	464,155,000.00
	<u>464,155,000.00</u>
<b>Bonds and Notes with no County Credit</b>	
Motor Vehicle Highway Fund Revenue Notes	2,000,000.00
	<u>2,000,000.00</u>
Statutory Limit - 10% of Currently Approved SEV	5,083,902,496.60
Total County Credit/Pledged Debt	398,047,152.00
Available Statutory Debt Limit	<u><u>4,685,855,344.60</u></u>

*Source: Oakland County Treasurer*

**OAKLAND COUNTY, MICHIGAN**

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

Taxes returned delinquent	\$90,880,083	\$97,528,003	\$122,129,735	\$138,097,526	\$149,883,621	\$155,464,907	\$130,215,501	\$107,675,895
MONTH	TAX YEAR 2004	TAX YEAR 2005	TAX YEAR 2006	TAX YEAR 2007	TAX YEAR 2008	TAX YEAR 2009	TAX YEAR 2010	TAX YEAR 2011
MARCH	8.68	8.56	6.74	5.64 <sup>(1)</sup>	5.47	6.44	6.62	6.46
APRIL	16.47	14.99	13.75	12.79	12.69	12.45	13.45	13.29
MAY	22.19	21.88	19.79	18.18	17.58	19.18	18.45	18.40
JUNE	37.12	29.20	28.62	26.25	23.99	26.10	25.41	25.82
JULY	43.84	38.06	35.76	33.14	30.84	31.80	31.26	33.22
AUGUST	52.29	45.88	42.73	38.52	36.52	37.19	35.75	39.10
SEPTEMBER	59.24	52.32	47.73	44.66	42.24	42.25	40.00	44.08
OCTOBER	63.65	57.21	53.50	49.36	47.57	46.60	43.10	48.46
NOVEMBER	67.53	61.76	58.06	53.98	52.05	50.61	46.83	50.96
DECEMBER	71.34	66.15	61.90	59.68	58.08	55.64	51.30	53.72
JANUARY	73.54	69.44	65.93	63.26	61.14	58.77	53.98	56.33
FEBRUARY	80.45	77.32	72.87	69.73	65.95	63.00	59.71	62.09
MARCH	83.85	80.56	75.63 <sup>(1)</sup>	72.65	68.63	66.09	63.26	
APRIL	85.13	82.59	77.24	74.48	70.05	67.95	64.54	
MAY	86.20	83.96	78.73	75.47	71.36	69.27	65.72	
JUNE	87.32	85.22	80.47	76.77	72.65	70.61	67.17	
JULY	88.13	86.41	82.02	78.25	73.75	71.93	68.48	
AUGUST	88.94	87.54	83.29	79.53	74.88	72.87	69.61	
SEPTEMBER	89.80	88.44	84.65	80.99	76.43	74.01	70.62	
OCTOBER	90.71	90.00	86.03	82.40	77.32	75.06	71.82	
NOVEMBER	91.98	91.62	87.57	83.78	78.86	76.87	73.40	
DECEMBER	93.35	93.56	90.24	86.11	81.51	79.64	75.26	
JANUARY	94.64	95.26	91.89	87.93	83.15	81.08	76.98	
FEBRUARY	95.86	96.98	94.06	90.09	85.24	83.39	79.02	
MARCH	97.07	98.60 <sup>(1)</sup>	95.63	92.45	88.53	85.67		
APRIL	97.49	98.83	95.90	92.78	89.18	86.35		
MAY	97.52	98.89	95.99	92.90	89.53	86.74		
JUNE	97.55	98.96	96.14	93.10	89.79	87.05		
JULY	97.57	99.05	96.25	93.19	90.08	87.29		
AUGUST	97.60	99.11	96.34	93.33	90.23	87.68		
SEPTEMBER	97.64	99.15	96.43	93.40	90.41	87.86		
OCTOBER	97.67	99.18	96.48	93.51	90.57	88.10		
NOVEMBER	97.70	99.22	96.55	93.67	90.84	88.36		
DECEMBER	97.77	99.30	96.77	93.80	91.06	88.60		
JANUARY	97.97	99.35	96.90	93.91	91.19	88.76		
FEBRUARY	98.16	99.43	97.17	94.12	91.44	88.99		
MARCH	98.30 <sup>(1)</sup>	99.56	97.42	94.56	91.72			
APRIL	98.32	99.58	97.48	94.73	91.83			
MAY	98.33	99.59	97.54	94.79	91.92			
JUNE	98.35	99.66	97.58	94.86	91.99			
JULY	98.36	99.67	97.60	94.93	92.04			
AUGUST	98.37	99.70	97.61	94.96	92.10			
SEPTEMBER	98.38	99.70	97.62	95.00	92.14			
OCTOBER	98.39	99.71	97.66	95.02	92.20			
NOVEMBER	98.41	99.73	97.68	95.07	92.23			
DECEMBER	98.42	99.74	97.72	95.13	92.26			
JANUARY	98.42	99.75	97.75	95.18	92.31			
FEBRUARY	98.44	99.77	97.78	95.23	92.36			
MARCH	98.45	99.81	97.83	95.35				
APRIL	98.45	99.82	97.85	95.48				
TO DATE	100.00	100.00	100.00	95.61				

(1) Percentages reflect only those amounts returned delinquent, 2006 and prior year rates include collections on tax levy increases not originally

**COUNTY OF OAKLAND, MICHIGAN**  
**100% TAX PAYMENT FUND-2012 SERIES**

	<u>PROPERTY TAXES</u>	<u>INTEREST ON TAXES</u>	<u>COLLECTION FEES</u>	<u>TOTAL RECEIPTS</u>	<u>BORROWING &amp; DEBT PAYMENT</u>
<b>TAXES RETURNED DELINQUENT</b>	<b>\$107,675,895</b>				<b>\$25,000,000</b>
<b>2012</b>					
MARCH	\$6,955,570	\$69,188	\$276,758	\$7,301,516	\$0
	<b>\$100,720,326</b>				<b>\$25,000,000</b>
APRIL	\$7,352,934	\$128,799	\$285,047	\$7,766,779	\$0
	<b>\$93,367,392</b>				<b>\$25,000,000</b>
MAY	\$5,498,611	\$154,548	\$216,668	\$5,869,826	\$0
	<b>\$87,868,781</b>				<b>\$25,000,000</b>
JUNE	\$7,992,941	\$315,757	\$320,376	\$8,629,074	\$0
	<b>\$79,875,840</b>				<b>\$25,000,000</b>
JULY	\$7,964,021	\$385,083	\$319,154	\$8,668,258	\$0
	<b>\$71,911,819</b>				<b>\$25,000,000</b>
AUGUST	\$6,336,941	\$373,908	\$253,847	\$6,964,697	\$0
	<b>\$65,574,878</b>				<b>\$25,000,000</b>
SEPTEMBER	\$5,358,016	\$368,665	\$215,004	\$5,941,685	\$0
	<b>\$60,216,862</b>				<b>\$25,000,000</b>
OCTOBER	\$4,719,260	\$367,167	\$189,831	\$5,276,259	\$0
	<b>\$55,497,602</b>				<b>\$25,000,000</b>
NOVEMBER	\$2,692,640	\$239,358	\$108,117	\$3,040,115	\$0
	<b>\$52,804,962</b>				<b>\$25,000,000</b>
DECEMBER	<u>\$2,973,547</u>	<u>\$294,686</u>	<u>\$119,155</u>	<u>\$3,387,388</u>	<u>\$0</u>
TOTAL UNCOLLECTED BALANCE	<b>\$49,831,415</b>				<b>\$25,000,000</b>
 TOTAL COLLECTIONS 2012	<u><b>\$57,844,481</b></u>	<u><b>\$2,697,159</b></u>	<u><b>\$2,303,957</b></u>	<u><b>\$62,845,597</b></u>	<u><b>\$0</b></u>
<b>2013</b>					
JANUARY	\$2,804,094	\$301,132	\$112,202	\$3,217,428	\$0
	<b>\$47,027,320</b>				<b>\$25,000,000</b>
FEBRUARY	<u>\$6,209,021</u>	<u>\$742,078</u>	<u>\$249,647</u>	<u>\$7,200,746</u>	<u>\$0</u>
TOTAL UNCOLLECTED BALANCE	<b>\$40,818,299</b>				<b>\$25,000,000</b>
 TOTAL COLLECTIONS 2013	<u><b>\$9,013,115</b></u>	<u><b>\$1,043,210</b></u>	<u><b>\$361,849</b></u>	<u><b>\$10,418,174</b></u>	<u><b>\$0</b></u>

**COUNTY OF  
100% TAX PAYMENT**

**OAKLAND, MICHIGAN  
FUND-2011 SERIES**

	<u>PROPERTY TAXES</u>	<u>INTEREST ON TAXES</u>	<u>COLLECTION FEES</u>	<u>TOTAL RECEIPTS</u>	<u>BORROWING &amp; DEBT PAYMENT</u>
<b>TAXES RETURNED DELINQUENT</b>	<b>\$130,215,501</b>				<b>\$50,000,000</b>
2011					
MARCH	<b>\$8,613,985</b> \$121,601,516	\$85,613	\$342,452	\$9,042,050	<b>\$0</b> \$50,000,000
APRIL	<b>\$8,903,089</b> \$112,698,427	\$157,062	\$347,715	\$9,407,867	<b>\$0</b> \$50,000,000
MAY	<b>\$6,501,332</b> \$106,197,095	\$184,591	\$259,128	\$6,945,051	<b>\$0</b> \$50,000,000
JUNE	<b>\$9,071,697</b> \$97,125,398	\$357,884	\$366,311	\$9,795,892	<b>\$0</b> \$50,000,000
JULY	<b>\$7,615,488</b> \$89,509,910	\$352,797	\$299,776	\$8,268,061	<b>\$0</b> \$50,000,000
AUGUST	<b>\$5,843,727</b> \$83,666,183	\$341,094	\$235,106	\$6,419,927	<b>\$0</b> \$50,000,000
SEPTEMBER	<b>\$5,543,035</b> \$78,123,149	\$381,760	\$222,645	\$6,147,440	<b>\$0</b> \$50,000,000
OCTOBER	<b>\$4,030,696</b> \$74,092,453	\$317,421	\$161,714	\$4,509,830	<b>\$0</b> \$50,000,000
NOVEMBER	<b>\$4,851,071</b> \$69,241,382	\$431,123	\$195,443	\$5,477,637	<b>\$0</b> \$50,000,000
DECEMBER	<b>\$5,829,294</b>	<u>\$578,167</u>	<u>\$234,830</u>	<u>\$6,642,292</u>	<b>\$0</b>
TOTAL UNCOLLECTED BALANCE	<b>\$63,412,088</b>				<b>\$50,000,000</b>
TOTAL COLLECTIONS 2011	<u>\$66,803,414</u>	<u>\$3,187,513</u>	<u>\$2,665,118</u>	<u>\$72,656,044</u>	<u>\$0</u>
2012					
JANUARY	<b>\$3,492,615</b> \$59,919,473	\$380,726	\$140,056	\$4,013,397	<b>\$0</b> \$50,000,000
FEBRUARY	<b>\$7,461,072</b>	<u>\$889,161</u>	<u>\$300,270</u>	<u>\$8,650,503</u>	<b>\$0</b>
TOTAL UNCOLLECTED BALANCE	<b>\$52,458,401</b>				<b>\$50,000,000</b>
TOTAL COLLECTIONS 2012	<u>\$10,953,686</u>	<u>\$1,269,888</u>	<u>\$440,326</u>	<u>\$12,663,900</u>	<u>\$0</u>



**COUNTY OF OAKLAND, MICHIGAN  
100% TAX PAYMENT FUND-2010 SERIES**

	<u>PROPERTY TAXES</u>	<u>INTEREST ON TAXES</u>	<u>COLLECTION FEES</u>	<u>TOTAL RECEIPTS</u>	<u>BORROWING &amp; DEBT PAYMENT</u>
<b>TAXES RETURNED DELINQUENT</b>	<b>\$155,464,907</b>				<b>\$50,000,000</b>
<b><u>2010</u></b>					
MARCH	\$10,009,320	\$99,923	\$399,692	\$10,508,935	\$0
	<b>\$145,455,587</b>				<b>\$50,000,000</b>
APRIL	\$9,345,829	\$165,367	\$367,505	\$9,878,700	\$0
	<b>\$136,109,758</b>				<b>\$50,000,000</b>
MAY	\$10,458,347	\$270,416	\$408,997	\$11,137,760	\$0
	<b>\$125,651,411</b>				<b>\$50,000,000</b>
JUNE	\$10,761,336	\$420,603	\$431,770	\$11,613,709	\$0
	<b>\$114,890,075</b>				<b>\$50,000,000</b>
JULY	\$8,870,008	\$424,042	\$357,121	\$9,651,171	\$0
	<b>\$106,020,068</b>				<b>\$50,000,000</b>
AUGUST	\$8,370,970	\$491,040	\$339,208	\$9,201,217	\$0
	<b>\$97,649,098</b>				<b>\$50,000,000</b>
SEPTEMBER	\$7,870,285	\$535,617	\$316,336	\$8,722,238	\$0
	<b>\$89,778,813</b>				<b>\$50,000,000</b>
OCTOBER	\$6,754,668	\$530,495	\$270,983	\$7,556,146	\$0
	<b>\$83,024,146</b>				<b>\$50,000,000</b>
NOVEMBER	\$6,242,039	\$555,500	\$250,108	\$7,047,647	\$0
	<b>\$76,782,107</b>				<b>\$50,000,000</b>
DECEMBER	<u>\$7,813,607</u>	<u>\$774,363</u>	<u>\$314,167</u>	<u>\$8,902,136</u>	<u>\$0</u>
TOTAL UNCOLLECTED BALANCE	<b>\$68,968,500</b>				<b>\$50,000,000</b>
 TOTAL COLLECTIONS 2010	<u><b>\$86,496,407</b></u>	<u><b>\$4,267,365</b></u>	<u><b>\$3,455,888</b></u>	<u><b>\$94,219,660</b></u>	<u><b>\$0</b></u>
<b><u>2011</u></b>					
JANUARY	\$4,874,891	\$522,193	\$195,741	\$5,592,825	\$0
	<b>\$64,093,609</b>				<b>\$50,000,000</b>
FEBRUARY	<u>\$6,576,329</u>	<u>\$782,616</u>	<u>\$266,075</u>	<u>\$7,625,019</u>	<u>\$0</u>
TOTAL UNCOLLECTED BALANCE	<b>\$57,517,280</b>				<b>\$50,000,000</b>
 TOTAL COLLECTIONS 2011	<u><b>\$11,451,220</b></u>	<u><b>\$1,304,809</b></u>	<u><b>\$461,816</b></u>	<u><b>\$13,217,844</b></u>	<u><b>\$0</b></u>

**COUNTY OF OAKLAND, MICHIGAN  
100% TAX PAYMENT FUND-2009 SERIES**

	<u>PROPERTY TAXES</u>	<u>INTEREST ON TAXES</u>	<u>COLLECTION FEES</u>	<u>TOTAL RECEIPTS</u>	<u>BORROWING &amp; DEBT PAYMENT</u>
<b>TAXES RETURNED DELINQUENT</b>	<b>149,883,620.70</b>				<b>50,000,000.00</b>
<b><u>2009</u></b>					
MARCH	8,202,041.86 <b>141,681,578.84</b>	82,020.28	328,082.72	8,612,144.86	- <b>50,000,000.00</b>
APRIL	10,815,473.06 <b>130,866,105.78</b>	202,352.20	426,645.92	11,444,471.18	- <b>50,000,000.00</b>
MAY	7,327,412.78 <b>123,538,693.00</b>	210,629.87	288,048.86	7,826,091.51	- <b>50,000,000.00</b>
JUNE	9,611,779.43 <b>113,926,913.57</b>	375,995.04	383,035.99	10,370,810.46	- <b>50,000,000.00</b>
JULY	10,264,036.78 <b>103,662,876.79</b>	498,101.56	413,823.64	11,175,961.98	- <b>50,000,000.00</b>
AUGUST	8,521,239.11 <b>95,141,637.68</b>	496,504.40	342,068.41	9,359,811.92	- <b>50,000,000.00</b>
SEPTEMBER	8,567,532.54 <b>86,574,105.14</b>	586,079.57	345,932.04	9,499,544.15	- <b>50,000,000.00</b>
OCTOBER	7,995,766.92 <b>78,578,338.22</b>	626,805.18	321,859.91	8,944,432.01	- <b>50,000,000.00</b>
NOVEMBER	6,702,294.27 <b>71,876,043.95</b>	585,789.25	268,911.64	7,556,995.16	- <b>50,000,000.00</b>
DECEMBER	<u>9,046,664.62</u>	<u>891,967.94</u>	<u>363,763.52</u>	<u>10,302,396.08</u>	-
TOTAL UNCOLLECTED BALANCE	<b>62,829,379.33</b>				<b>50,000,000.00</b>
 TOTAL COLLECTIONS 2009	<u>87,054,241.37</u>	<u>4,556,245.29</u>	<u>3,482,172.65</u>	<u>95,092,659.31</u>	-
<b><u>2010</u></b>					
JANUARY	4,582,386.15 <b>58,246,993.18</b>	497,394.10	184,180.93	5,263,961.18	- <b>50,000,000.00</b>
FEBRUARY	<u>7,217,475.16</u>	<u>860,204.63</u>	<u>291,847.07</u>	<u>8,369,526.86</u>	-
TOTAL UNCOLLECTED BALANCE	<b>51,029,518.02</b>				<b>50,000,000.00</b>
 TOTAL COLLECTIONS 2010	<u>11,799,861.31</u>	<u>1,357,598.73</u>	<u>476,028.00</u>	<u>13,633,488.04</u>	-

**COUNTY OF OAKLAND, MICHIGAN  
100% TAX PAYMENT FUND-2008 SERIES**

	<u>PROPERTY TAXES</u>	<u>INTEREST ON TAXES</u>	<u>COLLECTION FEES</u>	<u>TOTAL RECEIPTS</u>	<u>BORROWING &amp; DEBT PAYMENT</u>
<b>TAXES RETURNED DELINQUENT</b>	<b>\$138,097,526</b>				<b>\$25,000,000</b>
<b><u>2008</u></b>					
MARCH	\$7,792,168	\$77,677	\$310,706	\$8,180,551	\$0
	<b>\$130,305,359</b>				<b>\$25,000,000</b>
APRIL	\$9,864,886	\$181,915	\$391,367	\$10,438,168	\$0
	<b>\$120,440,473</b>				<b>\$25,000,000</b>
MAY	\$7,454,220	\$213,608	\$292,204	\$7,960,032	\$0
	<b>\$112,986,253</b>				<b>\$25,000,000</b>
JUNE	\$11,145,253	\$441,170	\$448,387	\$12,034,809	\$0
	<b>\$101,841,000</b>				<b>\$25,000,000</b>
JULY	\$9,503,358	\$460,550	\$382,614	\$10,346,523	\$0
	<b>\$92,337,642</b>				<b>\$25,000,000</b>
AUGUST	\$7,439,397	\$438,329	\$298,593	\$8,176,319	\$0
	<b>\$84,898,245</b>				<b>\$25,000,000</b>
SEPTEMBER	\$8,477,333	\$583,764	\$339,905	\$9,401,002	\$0
	<b>\$76,420,912</b>				<b>\$25,000,000</b>
OCTOBER	\$6,489,502	\$514,794	\$260,196	\$7,264,491	\$0
	<b>\$69,931,411</b>				<b>\$25,000,000</b>
NOVEMBER	\$6,384,677	\$570,695	\$256,240	\$7,211,612	\$0
	<b>\$63,546,734</b>				<b>\$25,000,000</b>
DECEMBER	<u>\$7,869,003</u>	<u>\$768,332</u>	<u>\$315,498</u>	<u>\$8,952,833</u>	<u>\$0</u>
TOTAL UNCOLLECTED BALANCE	<b>\$55,677,731</b>				<b>\$25,000,000</b>
TOTAL COLLECTIONS 2008	<u>\$82,419,795</u>	<u>\$4,250,835</u>	<u>\$3,295,709</u>	<u>\$89,966,339</u>	<u>\$0</u>
<b><u>2009</u></b>					
JANUARY	\$4,947,127	\$540,582	\$198,698	\$5,686,407	\$0
	<b>\$50,730,604</b>				<b>\$25,000,000</b>
FEBRUARY	<u>\$8,770,723</u>	<u>\$1,068,459</u>	<u>\$360,037</u>	<u>\$10,199,218</u>	<u>\$0</u>
TOTAL UNCOLLECTED BALANCE	<b>\$41,959,882</b>				<b>\$25,000,000</b>
TOTAL COLLECTIONS 2009	<u>\$13,717,849</u>	<u>\$1,609,041</u>	<u>\$558,735</u>	<u>\$15,885,625</u>	<u>\$0</u>

## EXHIBIT B

### FINANCIAL INFORMATION REGARDING THE COUNTY OF OAKLAND

The following sections of the audited financial statements\* of the County of Oakland for the Fiscal Year ended September 30, 2012 have been extracted from the audit:

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\*Note: The County's auditors have not been asked to consent to the use of the audited financial statements provided herein and have not conducted any subsequent review of such audited financial statements or the information presented in this Exhibit B.

## Independent Auditor's Report

To the Board of Commissioners  
Oakland County, Michigan

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, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Oakland County's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Oakland County's basic financial statements. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, retirement system and OPEB plan schedules of funding progress, and the budgetary comparison schedules for the General Fund and each major special revenue fund, 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 management's discussion and analysis and retirement systems and OPEB plan schedules of funding progress, which consisted of inquiries of management regarding 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.

To the Board of Commissioners  
Oakland County, Michigan

The other budgetary comparison schedules and combining statements, as identified in the table on contents as other supplemental information, are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. These schedules, along with the budgetary comparison schedules for the General Fund and each major special revenue fund, have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly presented in all material respects in relation to the financial statements as a whole.

The 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. Such information has 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 it.

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 opinions 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* and should be read in conjunction with this report in considering the results of our audit.

*Plante & Morse, PLLC*

March 25, 2013

**County of Oakland**  
**Statement of Net Position**  
**September 30, 2012**

	Primary Government			
	Governmental Activities	Business- Type Activities	Totals	Component Units
Assets				
Current assets				
Pooled cash and investments	\$ 437,637,499	\$ 291,007,062	\$ 728,644,561	\$ 31,907,193
Cash and cash equivalents	-	-	-	39,555,579
Receivables (net of allowance for uncollectibles where applicable)				
Current property taxes	22,482,677	-	22,482,677	-
Delinquent property taxes	836,919	96,254,020	97,090,939	-
Special assessments	-	-	-	8,661,616
Due from other governmental units	18,727,045	44,473,437	63,200,482	6,569,352
Due from component units	120,997	1,212,778	1,333,775	-
Accrued interest receivable	1,264,301	2,171,519	3,435,820	103,932
Accounts receivable	1,467,683	39,261,454	40,729,137	16,569,662
Contracts receivable	11,232,127	1,108,328	12,340,455	-
Internal balances - footnote 19	9,000,484	(9,000,484)	-	-
Inventories and supplies	1,033,544	541,825	1,575,369	4,033,167
Prepayments and other assets	10,173,439	1,490,843	11,664,282	921,834
Total current assets	513,976,715	468,520,782	982,497,497	108,322,335
Non-current assets				
Special assessments receivable	26,913,607	-	26,913,607	172,361,520
Contracts receivable	26,363,200	-	26,363,200	-
OPEB asset	299,937,972	-	299,937,972	1,740,298
Capital assets, net				
Land and other nondepreciable assets	21,237,509	99,190,418	120,427,927	230,861,354
Land improvements, net	142,487	12,406,193	12,548,680	109,468
Buildings and improvements, net	137,004,873	63,576,449	200,581,322	8,332,684
Equipment and vehicles, net	18,341,015	29,803,213	48,144,228	1,719,877
Infrastructure, net	13,353,284	103,617,308	116,970,592	981,169,382
Total capital assets, net	190,079,168	308,593,581	498,672,749	1,222,192,765
Total non-current assets	543,293,947	308,593,581	851,887,528	1,396,294,583
Total assets	\$ 1,057,270,662	\$ 777,114,363	\$ 1,834,385,025	\$ 1,504,616,918

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

**County of Oakland**  
**Statement of Net Position (Continued)**  
**September 30, 2012**

	Primary Government			
	Governmental Activities	Business- Type Activities	Totals	Component Units
<b>Liabilities</b>				
Current liabilities				
Vouchers payable	\$ 16,781,131	\$ 4,410,550	\$ 21,191,681	\$ 19,467,569
Accrued payroll	2,901,896	-	2,901,896	-
Due to other governmental units	1,772,560	18,325,940	20,098,500	8,405,520
Due to primary government	-	-	-	1,955,468
Accrued interest payable	135,514	-	135,514	30,804
Other accrued liabilities	21,258,429	4,299,776	25,558,205	3,698,673
Accrued compensated absences	1,214,192	-	1,214,192	-
Unearned revenue	15,233,765	1,585,999	16,819,764	25,763,093
Claims and judgments	3,735,772	-	3,735,772	-
Bonds and notes payable	29,045,000	26,125,000	55,170,000	15,167,000
Total current liabilities	92,078,259	54,747,265	146,825,524	74,488,127
Non-current liabilities				
Accrued compensated absences	10,927,729	-	10,927,729	2,756,046
Claims and judgments	16,059,066	-	16,059,066	2,050,918
Other postemployment benefits	-	-	-	12,271,525
Bonds and notes payable	539,425,727	18,464,279	557,890,006	197,861,606
Total noncurrent liabilities	566,412,522	18,464,279	584,876,801	214,940,095
Total liabilities	658,490,781	73,211,544	731,702,325	289,428,222
<b>Net position</b>				
Investment in capital assets, net of related debt	148,709,168	289,004,302	437,713,470	1,010,046,159
Restricted for				
Property Tax Forfeiture	8,311,145	-	8,311,145	-
Substance Abuse	3,244,003	-	3,244,003	-
Revenue sharing reserve	59,585,830	-	59,585,830	-
Citizens services	3,182,681	-	3,182,681	-
Public works	7,544,287	-	7,544,287	5,484,872
Commerce and community development	9,340,639	-	9,340,639	-
Other programs	1,359,198	-	1,359,198	-
Capital projects	9,184	-	9,184	-
Debt service	341,354	-	341,354	154,764,203
Airports	-	313	313	-
Community water and sewer	-	77,418,327	77,418,327	-
Unrestricted	157,152,392	337,479,877	494,632,269	44,893,462
Total net position	\$ 398,779,881	\$ 703,902,819	\$ 1,102,682,700	\$ 1,215,188,696

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



**County of Oakland**  
**Statement of Activities**  
**Year Ended September 30, 2012**

		Program Revenue		
		Charges for	Operating	Capital
	Expenses	Services	Grants and Contributions	Grants and Contributions
<b>Functions/Programs</b>				
<b>Primary government</b>				
Governmental activities				
General government, administrative	\$ 24,883,201	\$ 24,431,514	\$ 1,972,545	\$ -
Public safety	203,647,570	60,028,240	28,147,900	618,415
Justice administration	91,355,151	31,950,808	662,382	-
Citizen services	83,141,703	5,829,293	20,364,604	-
Public works	29,173,892	16,293,669	2,635,398	1,961,591
Recreation and leisure	1,747,878	79,342	254,812	-
Commerce and community development	53,775,460	14,240,342	30,484,781	-
Unallocated depreciation	1,912,755	-	-	-
Interest on debt	4,041,393	-	-	-
Total governmental activities	<u>493,679,003</u>	<u>152,853,208</u>	<u>84,522,422</u>	<u>2,580,006</u>
Business-type activities				
Airports	9,016,461	4,502,884	-	17,054,233
Community safety support	17,370,233	13,242,926	-	786,768
Community tax financing	1,615,467	21,965,251	-	-
Community water and sewer	53,137,399	59,090,782	13,301,375	-
Recreation and leisure	20,108,609	8,751,064	25,385	38,796
Sewage disposal systems	121,129,202	118,951,504	-	103,635
Total business-type activities	<u>222,377,371</u>	<u>226,504,411</u>	<u>13,326,760</u>	<u>17,983,432</u>
Total primary government	<u>\$ 716,056,374</u>	<u>\$ 379,357,619</u>	<u>\$ 97,849,182</u>	<u>\$ 20,563,438</u>
<b>Component units</b>				
Drainage districts	\$ 73,464,858	\$ 63,651,502	\$ 1,000,000	\$ 19,524,866
Road commission	91,257,622	15,774,399	58,474,382	39,558,717
Total component units	<u>\$ 164,722,480</u>	<u>\$ 79,425,901</u>	<u>\$ 59,474,382</u>	<u>\$ 59,083,583</u>
General revenue				
Taxes				
Property taxes				
State-shared revenue (unrestricted)				
Unrestricted investment earnings				
Gain on sale of capital assets				
Other revenue				
Special Item - Contribution of Pontiac W&S system				
Transfers in (out)				
Total general revenue, special items and transfers				
Change in net position				
<b>Net position</b>				
Beginning				
Ending				

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

**County of Oakland**  
**Statement of Activities (Continued)**  
**Year Ended September 30, 2012**

Net (Expenses) Revenue and Changes in Net Assets			
Primary Government		Totals	Component Units
Governmental Activities	Business- Type Activities		
\$ 1,520,858	\$ -	\$ 1,520,858	\$ -
(114,853,015)	-	(114,853,015)	-
(58,741,961)	-	(58,741,961)	-
(56,947,806)	-	(56,947,806)	-
(8,283,234)	-	(8,283,234)	-
(1,413,724)	-	(1,413,724)	-
(9,050,337)	-	(9,050,337)	-
(1,912,755)	-	(1,912,755)	-
(4,041,393)	-	(4,041,393)	-
(253,723,367)	-	(253,723,367)	-
-	12,540,656	12,540,656	-
-	(3,340,539)	(3,340,539)	-
-	20,349,784	20,349,784	-
-	19,254,758	19,254,758	-
-	(11,293,364)	(11,293,364)	-
-	(2,074,063)	(2,074,063)	-
-	35,437,232	35,437,232	-
(253,723,367)	35,437,232	(218,286,135)	-
-	-	-	10,711,510
-	-	-	22,549,876
-	-	-	33,261,386
200,634,390	11,664,549	212,298,939	-
11,128,237	-	11,128,237	-
2,955,907	2,050,923	5,006,830	2,321,212
213,451	-	213,451	-
6,513,306	-	6,513,306	-
-	37,492,899	37,492,899	-
33,139,742	(33,139,742)	-	-
254,585,033	18,068,629	272,653,662	2,321,212
861,666	53,505,861	54,367,527	35,582,598
397,918,215	650,396,958	1,048,315,173	1,179,606,098
\$ 398,779,881	\$ 703,902,819	\$ 1,102,682,700	\$ 1,215,188,696

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

# **Governmental Fund Financial Statements**

## **Major Funds**

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

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

**Building Authority Debt Act 31 Fund** - This fund was established to accumulate the resources for the payment of bonded debt issued for the construction of, or improvement to various facilities (currently five 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, 2012**

	<b>Major Funds</b>		
	<b>General</b>	<b>Revenue Sharing Reserve</b>	<b>Building Authority Debt Act 31</b>
<b>Assets</b>			
Current assets			
Pooled cash and investments	\$ 221,197,468	\$ 59,317,931	\$ 471,187
Receivables (net of allowance for uncollectibles where applicable)			
Current property taxes	22,482,677	-	-
Delinquent property taxes	836,919	-	-
Due from other governmental units	7,775,944	-	-
Due from component units	101,402	-	-
Accrued interest receivable	357,884	267,899	2,583
Accounts receivable	73,888	-	-
Contracts receivable	11,192,727	-	-
Due from other funds	4,733,870	-	-
Advances receivable	-	-	-
Inventories	176,511	-	-
Prepayments and other assets	923,630	-	-
Total current assets	<u>269,852,920</u>	<u>59,585,830</u>	<u>473,770</u>
Special assessments receivable	-	-	-
Contracts receivable	-	-	16,225,000
Total assets	<u>\$ 269,852,920</u>	<u>\$ 59,585,830</u>	<u>\$ 16,698,770</u>
<b>Liabilities</b>			
Current liabilities			
Vouchers payable	\$ 7,397,353	\$ -	\$ 356,968
Accrued payroll	2,901,896	-	-
Due to other governmental units	791,459	-	-
Due to other funds	48,705	-	-
Advances payable	-	-	-
Unearned revenue	10,591,612	-	-
Other accrued liabilities	9,734,796	-	-
Total liabilities	<u>31,465,821</u>	<u>-</u>	<u>356,968</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue-property taxes	14,957,659	-	-
Unavailable revenue-special assessments	-	-	-
Unavailable revenue-contracts receivable	-	-	16,225,000
Total deferred inflows of resources	<u>14,957,659</u>	<u>-</u>	<u>16,225,000</u>
<b>Fund balances</b>			
Nonspendable	1,100,141	-	-
Restricted	11,555,148	59,585,830	116,802
Committed	-	-	-
Assigned	209,683,648	-	-
Unassigned	1,090,503	-	-
Total fund balances	<u>223,429,440</u>	<u>59,585,830</u>	<u>116,802</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 269,852,920</u>	<u>\$ 59,585,830</u>	<u>\$ 16,698,770</u>

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

**County of Oakland  
Balance Sheet (Continued)  
Governmental Funds  
September 30, 2012**

	<b>Major Funds</b>		<b>Totals</b>
	<b>Water and Sewer Debt Act 342</b>	<b>Non-Major Funds</b>	<b>September 30, 2012</b>
<b>Assets</b>			
Current assets			
Pooled cash and investments	\$ 597,593	\$ 45,693,580	\$ 327,277,759
Receivables (net of allowance for uncollectibles where applicable)			
Current property taxes	-	-	22,482,677
Delinquent property taxes	-	-	836,919
Due from other governmental units	-	10,282,941	18,058,885
Due from component units	-	621,718	723,120
Accrued interest receivable	4,680	33,603	666,649
Accounts receivable	-	1,127,145	1,201,033
Contracts receivable	-	39,400	11,232,127
Due from other funds	1,318	697,144	5,432,332
Advances receivable	-	429,259	429,259
Inventories	-	-	176,511
Prepayments and other assets	-	3,879,187	4,802,817
Total current assets	603,591	62,803,977	393,320,088
Special assessments receivable	22,465,727	4,447,880	26,913,607
Contracts receivable	-	10,138,200	26,363,200
Total assets	\$ 23,069,318	\$ 77,390,057	\$ 446,596,895
<b>Liabilities</b>			
Current liabilities			
Vouchers payable	\$ 555,188	\$ 4,126,340	\$ 12,435,849
Accrued payroll	-	-	2,901,896
Due to other governmental units	-	507,340	1,298,799
Due to other funds	-	5,670,990	5,719,695
Advances payable	-	429,259	429,259
Unearned revenue	-	3,782,650	14,374,262
Other accrued liabilities	21,628	8,246,499	18,002,923
Total liabilities	576,816	22,763,078	55,162,683
<b>Deferred Inflows of Resources</b>			
Unavailable revenue-property taxes	-	-	14,957,659
Unavailable revenue-special assessments	22,465,727	4,447,880	26,913,607
Unavailable revenue-contracts receivable	-	10,020,000	26,245,000
Total deferred inflows of resources	22,465,727	14,467,880	68,116,266
<b>Fund balances</b>			
Nonspendable	-	547,459	1,647,600
Restricted	26,775	21,633,766	92,918,321
Committed	-	18,432,389	18,432,389
Assigned	-	7,732	209,691,380
Unassigned	-	(462,247)	628,256
Total fund balances	26,775	40,159,099	323,317,946
Total liabilities, deferred inflows of resources, and fund balances	\$ 23,069,318	\$ 77,390,057	\$ 446,596,895

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, 2012**

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Total fund balances for governmental funds		\$ 323,317,946
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Land, not being depreciated	\$ 7,235,551	
Construction in progress, not being depreciated	10,041,872	
Land improvements, net of \$1,014,899 depreciation	142,487	
Buildings and improvements, net of \$94,159,567 depreciation	135,803,638	
Equipment and vehicles, net of \$14,750,056 depreciation	7,673,189	
Infrastructure, net of \$12,518,737 depreciation	<u>13,194,610</u>	
		174,091,347
Other long-term assets are not available to pay for current period expenditures and therefore are not reported in the funds.		
Capital lease receivable		9,935,000
Internal service funds are used by management to charge the cost of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		92,824,510
Other post-employment benefits assets do not represent financial resources and are not reported in the funds.		299,937,972
Property tax revenues in the Statement of Activities that do not provide current financial resources are deferred and not reported as revenue in the funds.		14,120,740
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.		53,158,607
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	(568,470,727)	
Accrued interest payable	<u>(135,514)</u>	
		(568,606,241)
Net position of governmental activities		<u>\$ 398,779,881</u>

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

**County of Oakland**  
**Statement of Revenue, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended September 30, 2012**

	<b>Major Funds</b>		
	<b>General</b>	<b>Revenue Sharing Reserve</b>	<b>Building Authority Debt Act 31</b>
<b>Revenue</b>			
Taxes	\$ 200,943,790	\$ -	\$ -
Special assessments	-	-	2,856,420
Federal grants	384,292	-	-
State grants	4,442,204	-	-
Other intergovernmental revenues	13,505,994	-	-
Charges for services	102,687,487	-	1,584
Contributions	534,403	-	-
Investment income	1,642,006	440,866	985
Indirect cost recovery	8,275,669	-	-
Other	2,985,898	-	-
Total revenue	335,401,743	440,866	2,858,989
<b>Expenditures</b>			
Current operations			
County Executive	86,438,368	-	96,320
Clerk/Register of Deeds	10,180,290	-	-
Treasurer	8,322,889	-	-
Justice administration	52,317,839	-	-
Law enforcement	152,958,302	-	-
Legislative	4,236,162	-	-
Water Resource Commissioner	5,400,144	-	-
Non-departmental	17,096,029	-	-
Total current operations	336,950,023	-	96,320
Capital outlay	135,379	-	-
Intergovernmental	-	-	-
Debt service			
Principal payments	-	-	13,525,000
Interest and fiscal charges	-	-	1,532,440
Total expenditures	337,085,402	-	15,153,760
Excess (deficiency) of revenue over (under) expenditures	(1,683,659)	440,866	(12,294,771)
Other financing sources (uses)			
Transfers in	55,843,567	-	574,576
Transfers out	(31,892,352)	(24,459,476)	-
Issuance of bonds	-	-	-
Issuance of refunding bonds	-	-	11,645,000
Premiums on bonds sold	-	-	186,320
Discounts on bonds sold	-	-	-
Total other financing sources (uses)	23,951,215	(24,459,476)	12,405,896
Net change in fund balances	22,267,556	(24,018,610)	111,125
<b>Fund balances</b>			
October 1, 2011	201,161,884	83,604,440	5,677
September 30, 2012	\$ 223,429,440	\$ 59,585,830	\$ 116,802

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

**County of Oakland**  
**Statement of Revenue, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended September 30, 2012**

	<b>Major Funds</b>		<b>Totals</b>
	<b>Water and Sewer Debt Act 342</b>	<b>Non-Major Funds</b>	<b>September 30, 2012</b>
<b>Revenue</b>			
Taxes	\$ -	\$ -	\$ 200,943,790
Special assessments	3,029,891	2,987,653	8,873,964
Federal grants	-	57,980,354	58,364,646
State grants	-	23,080,956	27,523,160
Other intergovernmental revenues	-	11,835,499	25,341,493
Charges for services	2,250	10,212,755	112,904,076
Contributions	-	184,562	718,965
Investment income	4,161	135,459	2,223,477
Indirect cost recovery	-	-	8,275,669
Other	-	3,378,301	6,364,199
Total revenue	3,036,302	109,795,539	451,533,439
<b>Expenditures</b>			
Current operations			
County Executive	-	88,423,224	174,957,912
Clerk/Register of Deeds	-	1,898,389	12,078,679
Treasurer	-	-	8,322,889
Justice administration	-	26,125,770	78,443,609
Law enforcement	-	7,270,255	160,228,557
Legislative	-	242,251	4,478,413
Water Resource Commissioner	42,526	5,312,880	10,755,550
Non-departmental	-	68,622	17,164,651
Total current operations	42,526	129,341,391	466,430,260
Capital outlay	-	7,989,378	8,124,757
Intergovernmental	4,588	9,775	14,363
Debt service			
Principal payments	4,250,000	4,500,000	22,275,000
Interest and fiscal charges	732,591	1,911,865	4,176,896
Total expenditures	5,029,705	143,752,409	501,021,276
Excess (deficiency) of revenue over (under) expenditures	(1,993,403)	(33,956,870)	(49,487,837)
Other financing sources (uses)			
Transfers in	-	37,042,030	93,460,173
Transfers out	-	(3,059,024)	(59,410,852)
Issuance of bonds	-	9,300,000	9,300,000
Issuance of refunding bonds	1,975,000	-	13,620,000
Premiums on bonds sold	17,526	-	203,846
Discounts on bonds sold	-	(76,269)	(76,269)
Total other financing sources (uses)	1,992,526	43,206,737	57,096,898
Net change in fund balances	(877)	9,249,867	7,609,061
<b>Fund balances</b>			
October 1, 2011	27,652	30,909,232	315,708,885
September 30, 2012	\$ 26,775	\$ 40,159,099	\$ 323,317,946

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



## County of Oakland

### Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities Year Ended September 30, 2012

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Net change in fund balance - total governmental funds		\$ 7,609,061
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	\$ 897,506	
Buildings and improvements	364,874	
Equipment and vehicles	1,057,372	
Depreciation expense	<u>(6,827,879)</u>	(4,508,127)
Payment received on capital lease from a business-type fund provides current financial resources and therefore revenue to governmental funds. The payment received reduces a capital lease receivable in the Statement of Net Position.		(550,000)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		3,217,106
Amortization of Other Post-Employment Benefits asset is not reported in the governmental funds.		(27,858,341)
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	(14,430,140)	
Current year deferral	<u>14,120,740</u>	(309,400)
Revenue from special assessments and contracts receivable reported in the Statement of Activities in previous years did not provide current financial resources in the governmental funds until the current year.		4,337,581
Bond proceeds provide current financial resources to governmental funds by issuing debt which increases long-term bonded debt in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Position. This is the amount proceeds exceed repayments.		
Bond proceeds	(22,920,000)	
Repayment of bond principal	41,820,000	
Accrued interest	<u>23,786</u>	18,923,786
Change in net assets of governmental activities		<u>\$ 861,666</u>

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

# **Proprietary Fund Financial Statements**

## **Major Funds**

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

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

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

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

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

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

## **Non-Major Funds**

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

Internal service funds

Enterprise funds

**County of Oakland**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2012**

	<b>Business-Type Activities - Enterprise Funds</b>				
	<b>Major</b>				
	<b>Parks and Recreation</b>	<b>Delinquent Tax Revolving</b>	<b>County Airports</b>	<b>Water and Sewer Trust</b>	<b>Evergreen-Farmington SDS</b>
<b>Assets</b>					
Current assets					
Pooled cash and investments	\$ 31,336,520	\$ 99,254,926	\$ 15,326,975	\$ 50,223,387	\$ 14,767,052
Delinquent property taxes receivable	-	96,254,020	-	-	-
Due from other governmental units	3,500	16,101,246	1,039	3,559,178	5,732,172
Due from component units	-	-	-	-	182,153
Accrued interest receivable	19,086	1,493,272	63,891	37,759	119,639
Accounts receivable (net of allowance for uncollectibles where applicable)	276,448	18,518,652	427,534	17,845,435	-
Due from other funds	9,770	-	-	17,614	-
Current portion of contracts receivable	-	-	1,108,328	-	-
Current portion of advances receivable	-	12,883	-	-	-
Inventories and supplies	34,342	-	-	-	-
Prepayments and other assets	17,168	-	-	65,762	-
Total current assets	31,696,834	231,634,999	16,927,767	71,749,135	20,801,016
Noncurrent assets					
Advances receivable	-	103,064	-	-	-
Capital assets, net					
Land and other nondepreciable assets	33,050,525	-	36,290,293	23,404,304	5,257,249
Land improvements, net	-	-	12,406,193	-	-
Building and improvements, net	16,987,085	-	25,549,121	-	10,733,536
Equipment and vehicles, net	685,650	-	493,175	-	6,054
Infrastructure, net	17,480,543	-	2,788,264	55,836,117	3,823,810
Total noncurrent assets	68,203,803	103,064	77,527,046	79,240,421	19,820,649
Total assets	99,900,637	231,738,063	94,454,813	150,989,556	40,621,665
<b>Liabilities</b>					
Current liabilities					
Vouchers payable	486,549	88,409	24,101	2,627,818	690,466
Due to other governmental units	-	221,777	-	223,369	7,313,933
Due to other funds	-	-	-	8,807	403
Unearned revenue	100,114	-	1,351,126	-	-
Capital lease obligation - current portion	-	-	585,000	-	-
Notes payable	-	25,000,000	-	-	-
Current portion of bonds payable	-	-	-	890,000	235,000
Current portion of long-term liabilities	-	-	-	-	-
Current portion of advances payable	-	-	-	-	-
Other accrued liabilities	454,500	57,723	505,086	2,752,923	135,929
Total current liabilities	1,041,163	25,367,909	2,465,313	6,502,917	8,375,731
Noncurrent liabilities					
Capital lease obligations	-	-	9,350,000	-	-
Bonds payable	-	-	-	14,548,053	3,916,226
Other long-term liabilities	-	-	-	-	-
Advances payable	-	-	-	-	-
Total noncurrent liabilities	-	-	9,350,000	14,548,053	3,916,226
Total liabilities	1,041,163	25,367,909	11,815,313	21,050,970	12,291,957
<b>Net position</b>					
Invested in capital assets, net of related debt	68,203,803	-	67,592,046	63,802,368	15,669,423
Restricted for programs	-	-	313	34,511,113	11,231,478
Unrestricted	30,655,671	206,370,154	15,047,141	31,625,105	1,428,807
Total net position	\$ 98,859,474	\$ 206,370,154	\$ 82,639,500	\$ 129,938,586	\$ 28,329,708

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

**County of Oakland**  
**Statement of Net Position (Continued)**  
**Proprietary Funds**  
**September 30, 2012**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental</b>
	<b>Major</b>			<b>Activities -</b>
		<b>Non-Major</b>	<b>Totals</b>	<b>Internal</b>
	<b>S.O.C.S.D.S.</b>	<b>Funds</b>	<b>September 30,</b>	<b>Service</b>
			<b>2012</b>	<b>Funds</b>
<b>Assets</b>				
Current assets				
Pooled cash and investments	\$ 28,049,112	\$ 52,049,090	\$ 291,007,062	\$ 110,359,740
Delinquent property taxes	-	-	96,254,020	-
Due from other governmental units	8,698,838	10,377,464	44,473,437	46,467
Due from component units	-	1,030,625	1,212,778	19,570
Accrued interest receivable	138,968	298,904	2,171,519	597,652
Accounts receivable (net of allowance for uncollectibles where applicable)	158,070	2,035,315	39,261,454	266,650
Due from other funds	-	356,913	384,297	2,602
Current portion of contracts receivable	-	-	1,108,328	-
Current portion of advances receivable	176,928	-	189,811	-
Inventories and supplies	-	507,483	541,825	857,033
Prepayments and other assets	658,199	749,714	1,490,843	5,370,622
Total current assets	37,880,115	67,405,508	478,095,374	117,520,336
Noncurrent assets				
Advances receivable	319,459	-	422,523	-
Capital assets, net				
Land and other nondepreciable assets	977,442	210,605	99,190,418	3,960,086
Land improvements, net	-	-	12,406,193	-
Building and improvements, net	-	10,306,707	63,576,449	1,201,234
Equipment and vehicles, net	59,872	28,558,462	29,803,213	10,667,827
Infrastructure, net	3,949,732	19,738,842	103,617,308	158,674
Total noncurrent assets	5,306,505	58,814,616	309,016,104	15,987,821
Total assets	43,186,620	126,220,124	787,111,478	133,508,157
<b>Liabilities</b>				
Current liabilities				
Vouchers payable	24,536	468,671	4,410,550	4,345,282
Due to other governmental units	8,670,686	1,896,175	18,325,940	473,761
Due to other funds	2,697	50,208	62,115	37,421
Unearned revenue	-	134,759	1,585,999	22,584
Capital lease obligation - current portion	-	-	585,000	-
Notes payable	-	-	25,000,000	-
Current portion of bonds payable	-	-	1,125,000	-
Current portion of long-term liabilities	-	-	-	4,949,964
Current portion of advances payable	-	-	-	189,811
Other accrued liabilities	87,543	306,072	4,299,776	3,255,506
Total current liabilities	8,785,462	2,855,885	55,394,380	13,274,329
Noncurrent liabilities				
Capital lease obligations	-	-	9,350,000	-
Bonds payable	-	-	18,464,279	-
Other long-term liabilities	-	-	-	26,986,795
Advances payable	-	-	-	422,523
Total noncurrent liabilities	-	-	27,814,279	27,409,318
Total liabilities	8,785,462	2,855,885	83,208,659	40,683,647
<b>Net position</b>				
Invested in capital assets, net of related debt	4,987,046	58,814,616	279,069,302	15,987,821
Restricted for programs	10,258,676	21,417,060	77,418,640	-
Unrestricted	19,155,436	43,132,563	347,414,877	76,836,689
Total net position	\$ 34,401,158	\$ 123,364,239	\$ 703,902,819	\$ 92,824,510

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

**County of Oakland**  
**Statement of Revenue, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**Year Ended September 30, 2012**

	<b>Business-Type Activities - Enterprise Funds</b>				
	<b>Major</b>				
	<b>Parks and Recreation</b>	<b>Delinquent Tax Revolving</b>	<b>County Airports</b>	<b>Water and Sewer Trust</b>	<b>Evergreen-Farmington SDS</b>
<b>Operating revenue</b>					
Charges for services	\$ 8,690,154	\$ 20,211,301	\$ 4,259,138	\$ 57,242,280	\$ 34,757,797
Other	55,534	987,113	243,746	1,848,502	346,424
Total operating revenue	8,745,688	21,198,414	4,502,884	59,090,782	35,104,221
<b>Operating expenses</b>					
Salaries	7,374,940	58,655	1,071,699	1,354,166	127,073
Fringe benefits	2,697,102	46,019	706,930	730,368	70,350
Contractual services	4,941,649	226,967	1,413,543	32,443,930	37,150,136
Commodities	815,665	-	79,930	1,662,966	136,374
Depreciation	2,921,953	-	4,485,306	599,668	852,876
Internal services	1,357,300	-	212,541	12,350,932	1,307,640
Intergovernmental	-	-	-	3,995,369	-
Total operating expenses	20,108,609	331,641	7,969,949	53,137,399	39,644,449
Operating income (loss)	(11,362,921)	20,866,773	(3,467,065)	5,953,383	(4,540,228)
<b>Nonoperating revenue (expenses)</b>					
Property taxes	11,664,549	-	-	-	-
Contributions	25,385	-	-	13,301,375	-
Interest recovery - federal grants	-	-	118,772	-	103,635
Interest revenue	281,326	710,887	109,538	241,157	86,355
Interest expense and paying agent fees	-	(237,369)	(469,307)	-	(232,029)
Bonds maturing	-	-	-	-	-
Gain (loss) on sale of property and equipment	5,376	-	(577,205)	-	-
Total nonoperating revenue (expenses)	11,976,636	473,518	(818,202)	13,542,532	(42,039)
Income (loss) before transfers and contributions	613,715	21,340,291	(4,285,267)	19,495,915	(4,582,267)
<b>Transfers and contributions</b>					
Capital contributions	38,796	-	16,935,461	-	-
Transfers in	18,000	-	50	-	-
Transfers out	-	(33,657,558)	-	-	-
Total transfers and contributions	56,796	(33,657,558)	16,935,511	-	-
<b>Special Item</b>					
Contribution of Pontiac W&S system	-	-	-	37,492,899	-
Change in net position	670,511	(12,317,267)	12,650,244	56,988,814	(4,582,267)
<b>Net position</b>					
October 1, 2011	98,188,963	218,687,421	69,989,256	72,949,772	32,911,975
September 30, 2012	\$ 98,859,474	\$ 206,370,154	\$ 82,639,500	\$ 129,938,586	\$ 28,329,708

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

**County of Oakland**  
**Statement of Revenue, Expenses, and Changes in Net Position (Continued)**  
**Proprietary Funds**  
**Year Ended September 30, 2012**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Major</b>		<b>Totals</b>	
	<b>S.O.C.S.D.S.</b>	<b>Non-Major Funds</b>	<b>September 30, 2012</b>	
<b>Operating revenue</b>				
Charges for services	\$ 47,206,980	\$ 50,557,616	\$ 222,925,266	\$ 225,637,574
Other	12,490	79,960	3,573,769	149,108
Total operating revenue	47,219,470	50,637,576	226,499,035	225,786,682
<b>Operating expenses</b>				
Salaries	105,617	2,412,055	12,504,205	26,506,822
Fringe benefits	53,592	1,576,563	5,880,924	18,269,241
Contractual services	41,763,004	40,112,200	158,051,429	113,105,270
Commodities	179,342	549,075	3,423,352	6,526,917
Depreciation	1,321,585	7,967,978	18,149,366	3,813,096
Internal services	880,959	2,744,367	18,853,739	6,075,691
Intergovernmental	-	-	3,995,369	-
Total operating expenses	44,304,099	55,362,238	220,858,384	174,297,037
Operating income (loss)	2,915,371	(4,724,662)	5,640,651	51,489,645
<b>Nonoperating revenue (expenses)</b>				
Property taxes	-	-	11,664,549	-
Contributions	-	-	13,326,760	-
Interest recovery - federal grants	-	-	222,407	-
Interest revenue	186,387	435,273	2,050,923	732,430
Interest expense and paying agent fees	-	-	(938,705)	(29,259,498)
Bonds maturing	-	-	-	(19,545,000)
Gain (loss) on sale of property and equipment	-	(3,077)	(574,906)	213,451
Total nonoperating revenue (expenses)	186,387	432,196	25,751,028	(47,858,617)
Income (loss) before transfers and contributions	3,101,758	(4,292,466)	31,391,679	3,631,028
<b>Transfers and contributions</b>				
Capital contributions	-	786,768	17,761,025	495,657
Transfers in	-	2,751,766	2,769,816	1,208,348
Transfers out	-	(2,252,000)	(35,909,558)	(2,117,927)
Total transfers and contributions	-	1,286,534	(15,378,717)	(413,922)
<b>Special Item</b>				
Contribution of Pontiac W&S system	-	-	37,492,899	-
Change in net position	3,101,758	(3,005,932)	53,505,861	3,217,106
<b>Net position</b>				
October 1, 2011	31,299,400	126,370,171	650,396,958	89,607,404
September 30, 2012	\$ 34,401,158	\$ 123,364,239	\$ 703,902,819	\$ 92,824,510

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

**County of Oakland**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended September 30, 2012**

	<b>Business-Type Activities - Enterprise Funds</b>				
	<b>Major</b>				
	<b>Parks and Recreation</b>	<b>Delinquent Tax Revolving</b>	<b>County Airports</b>	<b>Water and Sewer Trust</b>	<b>Evergreen-Farmington SDS</b>
<b>Cash flows from operating activities</b>					
Cash received from users	\$ 9,780,892	\$ 29,510,096	\$ 4,509,460	\$ 61,737,595	\$ 37,918,988
Cash paid to suppliers	(9,297,096)	(272,986)	(2,569,595)	(52,525,294)	(37,915,046)
Cash paid to employees	(7,374,940)	(58,655)	(1,071,699)	(1,354,166)	(127,073)
Net cash (used in) provided by operating activities	(6,891,144)	29,178,455	868,166	7,858,135	(123,131)
<b>Cash flows from noncapital financing activities</b>					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	(33,657,558)	-	-	-
Contributions	25,385	-	-	13,301,375	-
Principal paid on debt	-	-	-	-	-
Interest paid on debt	-	-	-	-	-
Purchase of delinquent property taxes	-	(107,675,895)	-	-	-
Delinquent property taxes collected	-	127,568,181	-	-	-
Issuance of short-term borrowings	-	25,000,000	-	-	-
Repayments received on advances	-	12,883	-	-	-
Property taxes	11,664,549	-	-	-	-
Interest paid on short-term borrowings	-	(258,214)	-	-	-
Payments on short-term borrowings	-	(50,000,000)	-	-	-
Net cash provided by (used in) noncapital financing activities	11,689,934	(39,010,603)	-	13,301,375	-
<b>Cash flows from capital and related financing activities</b>					
Contributions for capital acquisitions	38,796	-	-	-	-
Proceeds from sale of bonds	-	-	-	-	226,226
Transfers from other funds	18,000	-	50	-	-
Interest recovery - federal grants	-	-	118,772	-	103,635
Proceeds from sale of capital assets	5,376	-	-	-	-
Acquisition of capital assets	(2,785,447)	-	(447,361)	(333,145)	(934,223)
Principal paid on debt	-	-	-	-	(135,000)
Interest paid on debt	-	-	-	-	(232,029)
Payments on capital lease obligation	-	-	(515,000)	-	-
Interest and fees paid on capital lease obligation	-	-	(469,307)	-	-
Amount paid on advances	-	-	-	-	-
Interest paid on advances	-	-	-	-	-
Net cash used in capital and related financing activities	(2,723,275)	-	(1,312,846)	(333,145)	(971,391)
<b>Cash flows from investing activities</b>					
Interest on investments	287,468	766,993	142,732	325,210	109,790
Net cash provided by investing activities	287,468	766,993	142,732	325,210	109,790
Net increase (decrease) in cash and cash equivalents	2,362,983	(9,065,155)	(301,948)	21,151,575	(984,732)
<b>Pooled cash and investments</b>					
October 1, 2011	28,973,537	108,320,081	15,628,923	29,071,812	15,751,784
September 30, 2012	\$ 31,336,520	\$ 99,254,926	\$ 15,326,975	\$ 50,223,387	\$ 14,767,052

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, 2012**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Major</b>			
	<b>S.O.C.S.D.S.</b>	<b>Non-Major Funds</b>	<b>Totals September 30, 2012</b>	
<b>Cash flows from operating activities</b>				
Cash received from users	\$ 44,825,278	\$ 49,871,580	\$ 238,153,889	\$ 225,908,755
Cash paid to suppliers	(43,790,491)	(46,919,214)	(193,289,722)	(144,364,565)
Cash paid to employees	(105,617)	(2,412,055)	(12,504,205)	(26,506,822)
Net cash provided by (used in) operating activities	929,170	540,311	32,359,962	55,037,368
<b>Cash flows from noncapital financing activities</b>				
Transfers from other funds	-	2,751,766	2,751,766	1,119,381
Transfers to other funds	-	(2,252,000)	(35,909,558)	(2,117,927)
Contributions	-	-	13,326,760	-
Principal paid on debt	-	-	-	(19,545,000)
Interest paid on debt	-	-	-	(29,243,638)
Purchase of delinquent property taxes	-	-	(107,675,895)	-
Delinquent property taxes collected	-	-	127,568,181	-
Issuance of short-term borrowings	-	-	25,000,000	-
Repayments received on advances	176,928	-	189,811	-
Property taxes	-	-	11,664,549	-
Interest paid on short-term borrowings	-	-	(258,214)	-
Payments on short-term borrowings	-	-	(50,000,000)	-
Net cash provided by (used in) noncapital financing activities	176,928	499,766	(13,342,600)	(49,787,184)
<b>Cash flows from capital and related financing activities</b>				
Contributions for capital acquisitions	-	-	38,796	-
Proceeds from sale of bonds	-	-	226,226	-
Transfers from other funds	-	-	18,050	88,967
Interest recovery - federal grants	-	-	222,407	-
Proceeds from sale of capital assets	-	20	5,396	520,187
Acquisition of capital assets	-	(479,030)	(4,979,206)	(3,437,010)
Principal paid on debt	-	-	(135,000)	-
Interest paid on debt	-	-	(232,029)	-
Payments on capital lease obligation	-	-	(515,000)	-
Interest and fees paid on capital lease obligation	-	-	(469,307)	-
Amount paid on advances	-	-	-	(189,811)
Interest paid on advances	-	-	-	(15,860)
Net cash used in capital and related financing activities	-	(479,010)	(5,819,667)	(3,033,527)
<b>Cash flows from investing activities</b>				
Interest on investments	240,077	548,982	2,421,252	898,158
Net cash provided by investing activities	240,077	548,982	2,421,252	898,158
Net increase (decrease) in cash and cash equivalents	1,346,175	1,110,049	15,618,947	3,114,815
<b>Pooled cash and investments</b>				
October 1, 2011	26,702,937	50,939,041	275,388,115	107,244,925
September 30, 2012	\$ 28,049,112	\$ 52,049,090	\$ 291,007,062	\$ 110,359,740

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, 2012**

	<b>Business-Type Activities - Enterprise Funds</b>				
	<b>Major</b>				
	<b>Parks and Recreation</b>	<b>Delinquent Tax Revolving</b>	<b>County Airports</b>	<b>Water and Sewer Trust</b>	<b>Evergreen-Farmington SDS</b>
Operating (loss) income	\$ (11,362,921)	\$ 20,866,773	\$ (3,467,065)	\$ 5,953,383	\$ (4,540,228)
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities					
Depreciation expense	2,921,953	-	4,485,306	599,668	852,876
(Increase) decrease in due from other governmental units	941,500	3,862,929	(1,039)	(2,039,872)	1,002,642
(Increase) decrease in due from component units	-	-	-	-	147,375
(Increase) decrease in accounts receivable	19,098	5,335,615	3,305	4,469,474	-
(Increase) decrease in due from other funds	(9,770)	-	-	217,211	1,664,750
(Increase) decrease in inventories and supplies	2,218	-	-	156,833	-
(Increase) decrease in prepayments and other assets	(13,250)	-	-	(65,339)	-
Increase (decrease) in vouchers payable	205,934	(785,429)	(192,153)	474,525	598,469
Increase (decrease) in due to other governmental units	-	(112,810)	-	(659,345)	513,790
Increase (decrease) in due to component units	-	-	-	-	-
Increase (decrease) in due to other funds	-	-	-	(1,890,768)	403
Increase (decrease) in unearned revenue	84,376	-	4,310	-	-
Increase (decrease) in current portion of other long-term liabilities	-	-	-	-	-
Increase (decrease) in other accrued liabilities	319,718	11,377	35,502	642,365	(363,208)
Increase (decrease) in other long-term liabilities	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ (6,891,144)</u>	<u>\$ 29,178,455</u>	<u>\$ 868,166</u>	<u>\$ 7,858,135</u>	<u>\$ (123,131)</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, 2012**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Major</b>			
	<b>S.O.C.S.D.S.</b>	<b>Non-Major Funds</b>	<b>Totals September 30, 2012</b>	
Operating income (loss)	\$ 2,915,371	\$ (4,724,662)	\$ 5,640,651	\$ 51,489,645
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	1,321,585	7,967,978	18,149,366	3,813,096
(Increase) decrease in due from other governmental units	(2,296,921)	(78,713)	1,390,526	98,533
(Increase) decrease in due from component units	-	472,875	620,250	11,422
(Increase) decrease in accounts receivable	(97,271)	(794,830)	8,935,391	13,456
(Increase) decrease in due from other funds	-	(356,373)	1,515,818	(1,463)
(Increase) decrease in inventories and supplies	-	(381,414)	(222,363)	(474,477)
(Increase) decrease in prepayments and other assets	33,946	(30,311)	(74,954)	(14,351)
Increase (decrease) in vouchers payable	(72,775)	299,159	527,730	1,099,454
Increase (decrease) in due to other govern- mental units	(863,933)	86,089	(1,036,209)	(19,876)
Increase (decrease) in due to component units	(16)	(1,928,443)	(1,928,459)	-
Increase (decrease) in due to other funds	798	50,208	(1,839,359)	37,339
Increase (decrease) in unearned revenue	-	(8,955)	79,731	22,459
Increase (decrease) in current portion of other long-term liabilities	-	-	-	(264,507)
Increase (decrease) in other accrued liabilities	(11,614)	(32,297)	601,843	(1,997,342)
Increase (decrease) in other long-term liabilities	-	-	-	1,223,980
Net cash provided by (used in) operating activities	<u>\$ 929,170</u>	<u>\$ 540,311</u>	<u>\$ 32,359,962</u>	<u>\$ 55,037,368</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, 2012**

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**Noncash transactions**

**Enterprise Funds**

Major funds:

Noncash and capital related financing activities included contribution of capital assets in the amount of \$16,935,461 and write off of \$577,205 of construction in progress in the County Airports fund. The Water & Sewer Trust fund recorded a special item capital contribution of \$37,492,899 as a result of acquisition of capital assets from the City of Pontiac in the amount of \$111,183,637, less accumulated depreciation of \$58,252,685, and the assumption of debt for Michigan Bond Authority bonds in the amount of \$15,438,053.

Noncash and non-capital related financing activities included interest expense of \$7,134 reported in the Vouchers Payable liability in the Delinquent Tax Revolving Fund, and recording of Contracts Receivable and Unearned Revenue of \$1,108,325 in the County Airports fund.

**Internal Service Funds**

Noncash and capital related financing activities included contribution of capital assets of \$495,657 in the Information Technology 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 trustee capacity. Disbursements from these funds are contingent upon the trust agreement or applicable legislative enactment for each particular fund. Agency funds are generally clearance devices for monies collected for others, held briefly, and then disbursed to authorized recipients.

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

Pension (and other postemployment benefits) trust funds

Investment trust funds

Agency funds

**County of Oakland**  
**Statement of Net Position**  
**Fiduciary Funds**  
**September 30, 2012**

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	<b>Pension (and Other Post- employment Benefits) Trust Funds</b>	<b>Investment Trust Funds</b>	<b>Agency Funds</b>
<b>Assets</b>			
Pooled cash and investments	\$ 11,081,852	\$ 300,427,852	\$ 254,576,197
Cash and cash equivalents	-	-	852,882
Investments, at fair value			
Common stock	567,309,856	-	-
Preferred stock	88,798	-	-
Government securities	159,699,491	-	-
Corporate bonds	176,025,553	-	-
Municipal bonds	3,452,024	-	-
Commingled	260,186,991	-	-
Limited partnerships	249,430,297	-	-
Asset-backed fixed income	11,521,382	-	-
CMO/REMIC investments	7,152,349	-	-
Mortgage-backed securities	44,645,819	-	-
Commercial mortgage-backed securities	20,769,018	-	-
Money market funds	30,210,350	-	-
International common stock	68,909,158	-	-
Equity REIT	18,952,610	-	-
Other	65,632,491	-	-
Total investments	<u>1,683,986,187</u>	<u>-</u>	<u>-</u>
Receivables - interest and dividends	5,251,142	-	170,320
Prepaid expenses	181,457	-	-
Total assets	<u>1,700,500,638</u>	<u>300,427,852</u>	<u>255,599,399</u>
<b>Liabilities</b>			
Vouchers payable	1,079,307	-	43,717,419
Due to other governmental units	-	-	199,889,841
Other accrued liabilities	880,792	-	11,992,139
Total liabilities	<u>1,960,099</u>	<u>-</u>	<u>255,599,399</u>
<b>Net position</b>			
Held in Trust for Pension and other Postemployment healthcare benefits, and pool participants	<u>\$ 1,698,540,539</u>	<u>\$ 300,427,852</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, 2012**

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	<b>Pension (and Other Post- employment Benefits) Trust Funds</b>	<b>Investment Trust Funds</b>
<b>Additions</b>		
Contributions		
Pool participants	\$ -	\$741,800,846
Plan members	813,957	-
Total contributions	813,957	741,800,846
Investment income	276,778,611	1,772,518
Other revenue	3,484,376	-
Total additions	281,076,944	743,573,364
<b>Deductions</b>		
Benefits	72,067,163	-
Administrative expenses	3,606,293	-
Distribution to pool participants	-	677,101,264
Total deductions	75,673,456	677,101,264
Net increase	205,403,488	66,472,100
Net position held in trust for pension and other postemployment healthcare benefits, and pool participants		
October 1, 2011	1,493,137,051	233,955,752
September 30, 2012	\$ 1,698,540,539	\$300,427,852

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, 2012**

	<b>Drainage Districts</b>	<b>Road Commission</b>	<b>Total Component Units</b>
<b>Assets</b>			
Current assets			
Pooled cash and investments	\$ 31,907,193	\$ -	\$ 31,907,193
Cash and cash equivalents	-	39,555,579	39,555,579
Receivables (net of allowance for uncollectibles where applicable)			
Special assessments	-	8,661,616	8,661,616
Due from other governmental units	6,569,352	-	6,569,352
Accrued interest receivable	103,932	-	103,932
Accounts receivable	8,265	16,561,397	16,569,662
Inventories and supplies	-	4,033,167	4,033,167
Prepayments and other assets	59,690	862,144	921,834
Total current assets	<u>38,648,432</u>	<u>69,673,903</u>	<u>108,322,335</u>
Capital assets, net			
Land and other nondepreciable assets	49,609,949	181,251,405	230,861,354
Land improvements, net	-	109,468	109,468
Buildings and improvements, net	-	8,332,684	8,332,684
Equipment and vehicles, net	-	1,719,877	1,719,877
Infrastructure, net	459,499,459	521,669,923	981,169,382
Total capital assets, net	<u>509,109,408</u>	<u>713,083,357</u>	<u>1,222,192,765</u>
Noncurrent assets			
Net pension asset	-	1,740,298	1,740,298
Special assessments receivable	172,361,520	-	172,361,520
Total assets	<u>720,119,360</u>	<u>784,497,558</u>	<u>1,504,616,918</u>
<b>Liabilities</b>			
Current liabilities			
Vouchers payable	14,160,394	5,307,175	19,467,569
Due to other governmental units	8,405,520	-	8,405,520
Due to primary government	1,937,094	18,374	1,955,468
Unearned revenue and advances	19,665,216	6,097,877	25,763,093
Accrued interest payable	30,804	-	30,804
Current portion of long-term debt	13,785,000	1,382,000	15,167,000
Other accrued liabilities	1,434,247	2,264,426	3,698,673
Total current liabilities	<u>59,418,275</u>	<u>15,069,852</u>	<u>74,488,127</u>
Bonds and notes payable	196,361,606	1,500,000	197,861,606
Accrued compensated absences	-	2,756,046	2,756,046
Claims and judgments	-	2,050,918	2,050,918
Other postemployment benefits	-	12,271,525	12,271,525
Total liabilities	<u>255,779,881</u>	<u>33,648,341</u>	<u>289,428,222</u>
<b>Net position</b>			
Invested in capital assets, net of related debt	298,962,802	711,083,357	1,010,046,159
Restricted for			
Special revenue	5,484,872	-	5,484,872
Debt service	154,764,203	-	154,764,203
Unrestricted	5,127,602	39,765,860	44,893,462
Total net position	<u>\$ 464,339,479</u>	<u>\$ 750,849,217</u>	<u>\$ 1,215,188,696</u>

The accompanying notes are an integral part of the financial statements



**County of Oakland**  
**Statement of Activities**  
**Component Units**  
**Year Ended September 30, 2012**

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		Program Revenue					
		Charges for	Operating	Capital			
	Expenses	Services	Grants and	Grants and	Drainage	Road	Total
			Contributions	Contributions	Districts	Commission	Component
							Units
<b>Functions/Programs</b>							
Drainage Districts	\$ 73,464,858	\$ 63,651,502	\$ 1,000,000	\$ 19,524,866	\$ 10,711,510	\$ -	\$ 10,711,510
Road Commission	91,257,622	15,774,399	58,474,382	39,558,717	-	22,549,876	22,549,876
Total component units	<u>\$ 164,722,480</u>	<u>\$ 79,425,901</u>	<u>\$ 59,474,382</u>	<u>\$ 59,083,583</u>	<u>10,711,510</u>	<u>22,549,876</u>	<u>33,261,386</u>
<b>General Revenue</b>							
Unrestricted investment earnings					1,718,435	602,777	2,321,212
Change in net position					12,429,945	23,152,653	35,582,598
<b>Net position</b>							
Beginning					451,909,534	727,696,564	1,179,606,098
Ending					<u>\$ 464,339,479</u>	<u>\$ 750,849,217</u>	<u>\$ 1,215,188,696</u>

The accompanying notes are an integral part of the financial statements

# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2012

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#### 1. Summary of Significant Accounting Policies

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

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

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

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

##### **Blended Component Unit**

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

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

Separate financial statements for the Authority are not published.

# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2012

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

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

- ***Road Commission for Oakland County (Road Commission)*** – The Road Commission is governed by three appointees of the County Board of Commissioners who are not County Board members. The Road Commission is responsible for the construction and maintenance of the County's system of roads and bridges, and is principally funded by State-collected vehicle fuel and registration taxes under Michigan Public Act 51 of 1951. The County has budgetary control and appropriation authority over its activities; however, such has not been exercised. The Road Commission's primary activities, which are as of and for the year ended September 30, 2012, 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, 2011, is not reported in the financial statements of Oakland County.
- Complete financial statements of the Road Commission, which includes the Road Commission Retirement System and its separately issued statements, can be obtained from its administrative offices as follows:

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

- ***Drainage Districts*** – This component unit consists of 179 individual districts created under Chapters 20 and 21 of Michigan Public Act 40 of 1956, for the purpose of alleviating drainage problems. This involves the construction, maintenance, and financing necessary to account for the cost of the drainage district. The individual districts, each a separate legal entity with power to assess the benefiting communities, is governed by the Drain Board for Oakland County, which consists of the Oakland County 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, 2012 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, 2012

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

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

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

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. While the previous financial reporting model emphasized fund types (the total of all funds of a particular type) in the new financial reporting model, the focus is on either the County as a whole, or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the government-wide Statement of Net 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 government-wide Statement of Activities reflects the degree to which direct expenses that are clearly identifiable with a given functional category (General Government, Public Safety, Justice Administration, Citizen Services, Public Works, Recreation and Leisure, and Commerce and Community Development) are offset by program revenue. Program revenue includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or category, restricted investment earnings, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular functional category. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Property taxes and certain intergovernmental revenue are reported instead as general revenue, which are used to cover the net cost of the various functional categories of the County.

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

## County of Oakland

### Notes to Basic Financial Statements

#### September 30, 2012

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

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

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

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

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

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

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

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

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

## County of Oakland

### Notes to Basic Financial Statements

#### September 30, 2012

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The County reports the following major governmental funds:

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

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

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

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

The County reports the following major enterprise funds:

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

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

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

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

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

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

Additionally, the County reports the following fund types:

#### **Governmental Fund Types**

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

## **County of Oakland**

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

#### **September 30, 2012**

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

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

#### **Proprietary Fund Types**

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

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

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

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

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

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

#### **Fiduciary Fund Types**

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

# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2012

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#### **Basis of Accounting**

- **Primary government** - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets, except for certain miscellaneous receivables and special assessments, and current liabilities are included on the balance sheet. Governmental funds are used to account for all or most of the County's general activities, including the collection and disbursement of earmarked resources and the servicing of long-term debt.
- Proprietary, Pension Trust and Investment Trust Funds are accounted for on a flow-of-economic-resources measurement focus. All assets and liabilities are included on the Statement of Net Position with the balance classified as net assets. Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration.
- The financial statements have been prepared in conformity with generally accepted accounting principles. Governmental funds use the modified accrual basis of accounting, which recognizes revenue in the accounting period in which they become susceptible to accrual, generally when they become both measurable and available. Property taxes are levied on December 1 and July 1 of each year (see Note 4) and are recognized as revenue in the fiscal year during which they are levied, and interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenue of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Other revenue is considered to be available when anticipated to be collected within 60 days of the end of the fiscal period. Expenditures are recorded when the related fund liability is incurred, except debt service expenditures, which are recorded when paid.
- Proprietary, Pension Trust and Investment Trust Funds use the accrual basis of accounting. Under this method, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred. Agency funds, which report only a Statement of 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. Revenue and expenditures are recorded under the modified accrual basis of accounting, and, as such, revenue is recorded when measurable and available, and earned. Project-related revenue is recognized as related costs are incurred, except for interest on long-term debt, which is recorded when paid.



# **County of Oakland**

## **Notes to Basic Financial Statements**

### **September 30, 2012**

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

#### **Budgets**

Budgets and budgetary accounting are on the modified accrual basis, which is consistent with generally accepted accounting principles (GAAP basis) in that property tax revenue is recognized when made available by Board resolution. The budget was legally adopted by the Board of Commissioners prior to September 30, 2011 and presented in a separate document. Appropriation budgets were adopted for the General Fund and the following Special Revenue funds: Revenue Sharing Reserve, Child Care, and Social Welfare-Foster Care. Appropriations lapse at the end of the year. Project-length financial plans are budgeted for the remainder of the Special Revenue funds and for all Debt Service and Capital Projects funds. Budget and actual comparisons for such funds are not reported in the financial statements because annual budgets are not prepared.

Encumbrances are recorded at the time that purchase orders and contracts are issued. The encumbrances are liquidated when the goods or services are received. Unliquidated encumbrances at the end of the year are set aside as 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 Interim Retiree Medical Benefits Trust fund, and two agency funds (Jail Inmate Trust and District Court Trust), in order to maximize investment earnings. Investments of the pool are not segregated by fund but each contributing fund's balance is treated as equity in the pool. For funds not in the pool, cash equivalents are considered to be demand deposits and short-term investments with an original maturity date of three months or less from the date of acquisition.

Cash overdrafts occurring in funds participating in pooled cash accounts at September 30, 2012 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, 2012.

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

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2012**

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**Inter-fund Receivables/Payable**

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

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

**Inventories**

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

**Prepayments**

Payments made for services that will benefit periods beyond September 30, 2012 are recorded as prepayments using the consumption method.

**Capital Assets**

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

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

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

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

# **County of Oakland**

## **Notes to Basic Financial Statements**

### **September 30, 2012**

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#### **Compensated Absences**

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

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

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

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

#### **Fund Equity**

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

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

# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2012

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#### **Deferred Inflows of Resources**

In addition to liabilities, the statement of financial position 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(s) and so will not be recognized as an inflow of resources (revenue) 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 three sources: property taxes, contracts, and special assessments. 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, 2011 through September 30, 2012) and are reported as revenue in the financial statements. Amounts not collected within 60 days of the end of the fiscal year are considered unavailable for the current period, and are reported as deferred inflows.

In 2012, the County implemented Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Governmental Accounting Standards Board Statement No. 63 incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provided a new statement of Net Position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Governmental Accounting Standards Board Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources.

#### **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, 2012. These estimates and assumptions also affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2012**

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**2. Legal Compliance - Budgets**

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

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

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

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

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

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

	<b>Appropriation</b>	<b>Expenditures</b>	<b>Excess Expenditures</b>
<b>Special Revenue Funds</b>			
Child Care			
County Executive			
Human Services			
Personnel expenditures	\$ 14,534,783	\$ 14,558,120	\$ 23,337

These excess expenditures were closed against other appropriation balances in accordance with the County's policy and approved by a Board of Commissioners' resolution in fiscal year 2013.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2012**

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**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.

**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, 2012, the bank balance of the County's deposits was \$1,293,668,403. Insured deposits were \$73,427,647, and the remaining \$1,220,240,756 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%.

## County of Oakland

### Notes to Basic Financial Statements

#### September 30, 2012

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At September 30, 2012, the Road Commission component unit had no bank deposits (checking and savings accounts) that were uninsured and uncollateralized. The Road Commission would have had approximately \$5.7 million of bank deposits that were uninsured and uncollateralized as of September 30, 2012 if the Dodd-Frank Wall Street Reform and Consumer Protection Act had expired prior to that date (the Act expired on December 31, 2012).

#### **Investments - Internal Investment Pool**

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

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

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2012**

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As of September 30, 2012, the County had the following deposit and investment types in its internal investment pool.

<b>Deposit and Investment Type</b>	<b>Market Value</b>	<b>Weighted Average Maturity (days)</b>
Certificates of Deposit (1)	\$ 748,960,268	349
Deposit Accounts (1)	544,708,135	1
Money Market Investment Pools	2,801	1
MI Government Coupon	44,634,951	4,666
U.S. Agencies	21,264,238	786
Total Market Value of Internal Investment Pool	\$ 1,359,570,393	
Weighted Average Maturity of Internal Investment Pool (in days)		252

(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 \$21,264,238 invested in U.S. government securities which are rated AA+ by Standard & Poor's and Aaa by Moody's. The County had \$44,634,951 in Municipal bonds rated Aaa by Moody's, AA+ by Standard & Poor's; and \$302,322 rated AA and \$1,723,489 rated BBB+ 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. As of September 30, 2012, the County had no investments in commercial paper. One money market investment pool used by the County, with a fair value of \$5,520 at September 30, 2012, is not rated. The County's investment policy is silent on the use of rated versus unrated money market funds. In addition, there is no rating level requirement for unrated money market funds.

*Custodial Credit Risk – Investments* is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments that are in the possession of another side party. The County's Investment Policy requires that all investment transactions (including collateral for repurchase agreements) be conducted on a delivery-versus-payment (DVP) basis. Securities shall be held by a third-party custodian, as designated by the County Treasurer, and shall be evidenced by a safekeeping receipt. As of September 30, 2012, \$65,899,189 in investments, at fair value, was held in third-party safekeeping in the County's name.

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

*Concentration of Credit Risk – Investments.* The County's investment policy allows for no more than 15% to be invested with any single financial institution. On September 30, 2012, the County had no U.S. agency issuers that exceeded 5% of the total portfolio.



**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2012**

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*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, 2012, the internal investment pool had a weighted average maturity of 252 days and the longest investment maturity in the portfolio was 5,295 days (14.7 years).

**Investments – Pension Trust Funds**

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

Pension investments are made through the use of Investment Advisors which are selected and retained by the Retirement and Deferred Compensation Board (PERS, VEBA and IRMB). The advisors serve at the leisure of the Board as provided by investment agreements. At September 30, 2012, the Primary Government's Pension Trust fund had 21 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, 2012**

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As of September 30, 2012, the County had the following investment types in its Retirement System:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Percentage</b>	<b>Average Duration (In Years)</b>
Government Bonds	\$ 159,455,106	9.38 %	1.48
Asset-Backed Fixed Income	12,161,571	0.72	2.51
Commercial Mortgage-Backed Securities	20,941,577	1.23	1.47
Mortgage-Backed Securities	47,514,205	2.79	1.97
Municipal Bonds	3,452,024	0.20	N/A
Corporate Bonds	176,744,437	10.39	6.61
CMO/REMIC Investments	7,422,141	0.44	2.49
Common Stock	565,787,165	33.27	N/A
Equity ADR	2,153,953	0.13	N/A
Equity REIT	18,952,610	1.11	N/A
Exchange Traded Funds	749,521	0.04	N/A
International Common Stock	59,462,831	3.50	N/A
International Government Bonds	7,579,778	0.45	N/A
International GDR	1,359,879	0.08	N/A
Investment Companies-Mutual Funds	63,475,458	3.73	N/A
Money Market Funds	48,875,256	2.87	0.03
Short Term Investments	7,381,632	0.43	N/A
Real Estate	3,080	0.00	N/A
Investment Companies-Commingled Funds	260,186,991	15.30	N/A
Limited Partnership	236,855,297	13.93	N/A
Alternative Investments	69,581	0.00	N/A
Preferred Stock	88,799	0.01	N/A
<b>Total</b>	<b>\$ 1,700,672,892</b>	<b>100.0 %</b>	

**County of Oakland**  
**Notes to Basic Financial Statements**  
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*Credit Risk.* The Board's adopted Statement of Investment Goals and Objectives (SIGO) states that no non-convertible bonds and convertible securities are authorized for purchase. In addition, no more than 10% of the total value of the portfolio, at the time of purchase, may be held in non-investment grade bonds as rated by Moody's and/or Standard & Poor's. Ninety percent of the total value of the portfolio must have a quality rating of A or better by Moody's and Standard & Poor's. For any security held in the portfolio that drops below investment grade as rated by Moody's or Standard & Poor's, the investment manager is to advise the Board of that fact along with a buy/hold recommendation. The Board shall then instruct the investment manager as to which action should be taken. As of September 30, 2012, debt obligation investments held in the retirement system had the following ratings:

Fair Value	Percentage	Ratings	
		Moody's	S&P
\$27,627,672	4.93 %	Aaa	AAA
208,497,976	37.22	Aa1	AA+
13,172,435	2.35	Aa2	AA
15,401,734	2.75	Aa3	AA-
18,629,171	3.33	A1	A+
37,806,992	6.75	A2	A
22,005,735	3.93	A3	A-
15,029,343	2.68	Baa1	BBB+
17,160,036	3.06	Baa2	BBB
22,732,024	4.06	Baa3	BBB-
9,017,199	1.61	Ba1	BB+
6,465,455	1.16	Ba2	BB
3,749,397	0.67	Ba	BB-
9,154,430	1.63	B2	B+
1,162,156	0.21	Ba3	B
2,203,938	0.39	B1	B-
130,371,376	23.27	NR	NR
<u>\$560,187,069</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, 2012, \$1,697,298,105 in investments was held in third-party safekeeping in the County's name.

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

## County of Oakland

### Notes to Basic Financial Statements

#### September 30, 2012

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For equities, holdings of all securities of an industry group should not exceed 25% of the portfolio at cost. ADRs should not exceed a maximum of 10% of the portfolio at cost and shall be further limited to Canadian securities and non-U.S. domiciled corporations issuing U.S. securities. As of September 30, 2012, 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 88 indicates, the system's fixed-income investments had average durations of between .03 years and 6.61 years which is reasonable given the long-term nature of the system. Having reasonable durations will reduce the retirement system's risk exposure to rapidly adjusting interest rates.

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

The County did impose restrictions capping the loans at the current levels during the year ended September 30, 2012 that the agent made on its behalf. There were also no failures by any borrowers to return loaned securities or pay distribution thereon. Furthermore, there were no losses during the period resulting from a default of the borrowers or the custodial banks.

The County and the borrower maintain the right to terminate all securities lending transactions on demand. Because the loans can be terminated at will, their duration does not generally match the duration of the investments. On September 30, 2012, the County had no credit risk exposure to borrowers. The collateral held and the market value of securities on loan for the County as of September 30, 2012 were \$65,562,372 and \$67,187,145, respectively, or 102.5% collateral to market value coverage.

*Collateralized Mortgage Obligations (CMOs)* are U.S. government-issued asset-backed certificates and corporate-issued asset-backed certificates. Current CMO holdings have maturity lengths ranging from 2 years to 13.8 years and are backed by investments in various assets, including mortgages. As of September 30, 2012, the market value was \$4,204,617.

*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, 2012, the County's CMO portfolio had effective duration ranges of .5 years and 3.731 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 \$20,024,087 as of September 30, 2012. Such investments include U.S. government-issued securities and corporate-issued securities. The variable rate securities have maturities through the year 2045 and are backed by investments in various assets, including mortgages.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2012**

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*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, 2012, 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 2012 summer levy amounted to \$50,839,024,966 with taxable values of \$49,235,953,993. The operating tax rate for the 2011 levy was 4.19 mills, with an additional 0.2415 mills voted for Parks and Recreation (winter levy only). The amount unpaid at fiscal year end is reported as current property taxes receivable in the County's General Fund. These receivables (current and delinquent) for the County operating tax levy amounted to \$23,319,596 at September 30, 2012.

*Short-term Debt* - By agreement with various taxing authorities, the County purchases (at face value) real property taxes for all municipalities and school districts within Oakland County which are returned delinquent on March 1. To accomplish this, tax notes are sold and the proceeds of these notes are used to liquidate the amounts due the County's General Fund and other governmental agencies for purchase of their delinquent real property tax receivables. The assets of the Delinquent Tax Revolving fund (an Enterprise fund), including receivables in the amount of \$231,738,063 at September 30, 2012, are pledged as collateral for payment of the tax notes; subsequent collections on delinquent taxes receivable, plus interest, penalties and collection fees thereon, and investment earnings are used to service the debt. The following is a summary of the short-term debt activity for the year ended September 30, 2012:

<b>Beginning balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending balance</b>	<b>Due within one year</b>
\$ 50,000,000	\$ 25,000,000	\$ (50,000,000)	\$ 25,000,000	\$ 25,000,000

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2012**

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**5. Allowances for Uncollectible Receivables**

At September 30, 2012, the allowances for uncollectible receivables were as follows:

<b>General Fund</b>	\$ 50,000
<b>Internal Service funds</b>	
Information Technology	<u>8</u>
Total	<u>\$ 50,008</u>

In addition, the Parks and Recreation fund (Enterprise) records an allowance for uncollectible taxes receivable in the amount of \$50,076 at September 30, 2012.

**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, 2012:

	<b>Employees'</b> <b>Retirement</b>	<b>VEBA</b> <b>Trust</b>	<b>IRMB</b> <b>Trust</b>
Interest and dividends	\$ 96,854,028	\$104,658,685	\$ 48,416,175
Unrealized/Realized gain on investments	<u>12,897,215</u>	<u>9,454,457</u>	<u>4,498,051</u>
Total	<u>\$ 109,751,243</u>	<u>\$114,113,142</u>	<u>\$ 52,914,226</u>

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

An analysis of property and equipment as reported in the Statement of Net Position, and related accumulated depreciation, at September 30, 2012, for governmental activities follows:

	Balance October 1, 2011	Additions	Disposals	Adjustments	Balance September 30, 2012
<b>Governmental Activities</b>					
Capital assets not being depreciated					
Land	\$ 7,365,551	\$ -	\$ -	\$ -	\$ 7,365,551
Construction in progress	12,834,621	2,130,544	-	(1,093,207)	13,871,958
Total capital assets not being depreciated	20,200,172	2,130,544	-	(1,093,207)	21,237,509
Capital assets being depreciated					
Land improvements	1,131,282	-	-	26,104	1,157,386
Buildings and improvements	232,116,552	-	-	338,770	232,455,322
Equipment and vehicles	100,502,396	4,087,359	(2,593,946)	627,028	102,622,837
Infrastructure	28,883,030	-	-	-	28,883,030
Total capital assets being depreciated	362,633,260	4,087,359	(2,593,946)	991,902	365,118,575
Less: Accumulated depreciation					
Land improvements	992,115	22,784	-	-	1,014,899
Buildings and improvements	90,297,677	5,152,772	-	-	95,450,449
Equipment and vehicles	81,816,814	4,731,782	(2,053,854)	(212,920)	84,281,822
Infrastructure	14,796,109	733,637	-	-	15,529,746
Total accumulated depreciation	187,902,715	10,640,975	(2,053,854)	(212,920)	196,276,916
Total capital assets being depreciated, net	174,730,545	(6,553,616)	(540,092)	1,204,822	168,841,659
Governmental activities capital assets, net	\$ 194,930,717	\$ (4,423,072)	\$ (540,092)	\$ 111,615	\$ 190,079,168
Depreciation expense was charged to functions as follows:					
Public safety		\$ 2,794,819			
Justice administration		1,104,750			
Citizens services		378,439			
Public infrastructure		607,579			
Commerce and Community Development		29,537			
Unallocated depreciation		1,912,755			
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		3,813,096			
Total depreciation expense - governmental activities		\$ 10,640,975			

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2012**

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A summary of business-type property and equipment at September 30, 2012 follows:

	Balance October 1, 2011	Additions	Disposals	Adjustments	Balance September 30, 2012
<b>Business-type Activities</b>					
Capital assets not being depreciated					
Land	\$ 64,912,421	\$ 35,000	\$ -	\$ 3,211,439	\$ 68,158,860
Construction in progress	17,518,718	22,018,247	(3,097)	(8,514,310)	31,019,558
Other	12,000	-	-	-	12,000
Total capital assets not being depreciated	82,443,139	22,053,247	(3,097)	(5,302,871)	99,190,418
Capital assets being depreciated					
Land improvements	24,298,835	-	-	9,974,284	34,273,119
Buildings and improvements	67,634,835	-	-	23,004,930	90,639,765
Equipment and vehicles	87,216,063	330,126	(141,800)	(7,962,989)	79,441,400
Infrastructure	242,755,362	-	(447,991)	90,844,063	333,151,434
Total capital assets being depreciated	421,905,095	330,126	(589,791)	115,860,288	537,505,718
Less: Accumulated depreciation					
Land improvements	19,385,550	2,747,418	-	(266,042)	21,866,926
Buildings and improvements	22,244,227	3,214,884	-	1,604,205	27,063,316
Equipment and vehicles	46,163,557	5,220,635	(141,800)	(1,604,205)	49,638,187
Infrastructure	164,496,964	6,966,429	(447,991)	58,518,724	229,534,126
Total accumulated depreciation	252,290,298	18,149,366	(589,791)	58,252,682	328,102,555
Total capital assets being depreciated, net	169,614,797	(17,819,240)	-	57,607,606	209,403,163
Business-type activities capital assets, net	\$ 252,057,936	\$ 4,234,007	\$ (3,097)	\$ 52,304,735	\$ 308,593,581
Depreciation expense was charged to functions as follows:					
Airports		\$ 4,485,306			
Community safety support		7,151,083			
Community water and sewer		599,668			
Recreation and leisure		2,921,953			
Sewage disposal systems		2,991,356			
Total depreciation expense - business-type activities		\$ 18,149,366			



**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2012**

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An analysis of property and equipment, and related accumulated depreciation where applicable, at September 30, 2012, for component units follows:

	Balance October 1, 2011	Additions	Disposals	Balance September 30, 2012
<b>Component Units</b>				
<b>Drainage Districts</b>				
Capital assets not being depreciated				
Construction in progress	\$ 44,567,972	\$ 68,637,890	\$ (63,595,913)	\$ 49,609,949
Capital assets being depreciated				
Infrastructure	480,547,532	63,595,913	-	544,143,445
Less: Accumulated depreciation				
Infrastructure	79,609,082	5,034,904	-	84,643,986
Total capital assets being depreciated, net	400,938,450	58,561,009	-	459,499,459
Governmental activity capital assets, net	\$ 445,506,422	\$ 127,198,899	\$ (63,595,913)	\$ 509,109,408
<b>Road Commission</b>				
Capital assets not being depreciated				
Land and other	\$ 168,373,536	\$ 12,007,593	\$ -	\$ 180,381,129
Construction in progress	625,290	244,986	-	870,276
Total capital assets not being depreciated	168,998,826	12,252,579	-	181,251,405
Capital assets being depreciated				
Buildings and storage bins	18,698,353	189,928	(5,837)	18,882,444
Road equipment	47,789,865	299,151	(455)	48,088,561
Other equipment	5,184,353	75,818	(161,667)	5,098,504
Infrastructure	847,604,590	40,760,404	(19,506,086)	868,858,908
Brine wells and gravel pits	1,389,028	-	-	1,389,028
Total capital assets being depreciated	920,666,189	41,325,301	(19,674,045)	942,317,445
Less: Accumulated depreciation				
Buildings and storage bins	10,251,348	304,249	(5,837)	10,549,760
Road equipment	45,769,382	990,623	(455)	46,759,550
Other equipment	4,707,992	161,313	(161,667)	4,707,638
Infrastructure	330,913,434	35,781,637	(19,506,086)	347,188,985
Brine wells and gravel pits	1,224,951	54,609	-	1,279,560
Total accumulated depreciation	392,867,107	37,292,431	(19,674,045)	410,485,493
Total capital assets being depreciated, net	527,799,082	4,032,870	-	531,831,952
Governmental activity capital assets, net	\$ 696,797,908	\$ 16,285,449	\$ -	\$ 713,083,357

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2012**

**8. Long-term Debt**

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

**Primary Government**

**Governmental activities**

	Interest rate	October 1, 2011	Additions	Reductions	September 30, 2012	Amounts due within one year	Amounts due thereafter	General obligation	With governmental commitment
<b>Debt with limited taxing authority</b>									
Building authority - Act 31	1.00%-5.90%	\$ 32,600,000	\$ 2,500,000	\$ (13,525,000)	\$ 21,575,000	\$ 1,020,000	\$ 20,555,000	\$ 5,350,000	\$ 16,225,000
Building authority refunding	2.00%-5.00%	47,225,000	11,645,000	(2,895,000)	55,975,000	4,275,000	51,700,000	45,955,000	10,020,000
Certificates of Participation - Taxable	6.00%-6.25%	483,700,000	-	(19,545,000)	464,155,000	20,520,000	443,635,000	464,155,000	-
Lake levels - Act 451	2.25%-3.40%	210,000	-	(65,000)	145,000	65,000	80,000	145,000	-
Sewage disposal - Act 342	4.10%-6.00%	1,320,000	-	(1,095,000)	225,000	50,000	175,000	-	225,000
Water and sewer - Act 342	4.00%-4.50%	2,125,000	-	(2,125,000)	-	-	-	-	-
Water supply - Act 342	2.00%-6.00%	11,140,000	6,800,000	(435,000)	17,505,000	680,000	16,825,000	-	17,505,000
Water and sewer refunding bonds	2.00%-4.50%	665,000	1,975,000	(340,000)	2,300,000	500,000	1,800,000	-	2,300,000
Water supply refunding bonds	1.50%-3.75%	775,000	-	(280,000)	495,000	285,000	210,000	-	495,000
Sewage disposal refunding bonds	2.00%-3.60%	2,280,000	-	(920,000)	1,360,000	945,000	415,000	-	1,360,000
Michigan Bond Authority - Sewage Disposal Bonds	1.62%-2.50%	5,330,727	-	(595,000)	4,735,727	705,000	4,030,727	-	4,735,727
Total bonds - governmental activities		<u>\$ 587,370,727</u>	<u>\$ 22,920,000</u>	<u>\$ (41,820,000)</u>	<u>\$ 568,470,727</u>	<u>\$ 29,045,000</u>	<u>\$ 539,425,727</u>	<u>\$ 515,605,000</u>	<u>\$ 52,865,727</u>

**Business-type activities**

<b>Business type activities</b>									
Sewage disposal - Act 342	1.75%-6.75%	\$ 4,060,000	\$ -	\$ (135,000)	\$ 3,925,000	\$ 140,000	\$ 3,785,000	\$ 3,925,000	\$ -
Michigan Bond Authority - Sewage Disposal Bonds	2.5%	-	15,664,279	-	15,664,279	985,000	14,679,279	15,664,279	-
Total bonds - business type		<u>4,060,000</u>	<u>15,664,279</u>	<u>(135,000)</u>	<u>19,589,279</u>	<u>1,125,000</u>	<u>18,464,279</u>	<u>19,589,279</u>	<u>-</u>
Total bond - primary government		<u>\$ 591,430,727</u>	<u>\$ 38,584,279</u>	<u>\$ (41,955,000)</u>	<u>\$ 588,060,006</u>	<u>\$ 30,170,000</u>	<u>\$ 557,890,006</u>	<u>\$ 535,194,279</u>	<u>\$ 52,865,727</u>

**Component units**

**Drainage Districts**

	Interest rate	October 1, 2011	Additions	Reductions	September 30, 2012	Amounts due within one year	Amounts due thereafter	General obligation	With governmental commitment
<b>Debt with limited taxing authority</b>									
Drain bonds - Act 40	1.15%-7.00%	\$ 24,570,000	\$ 57,535,000	\$ (2,465,000)	\$ 79,640,000	\$ 2,460,000	\$ 77,180,000	\$ 2,120,445	\$ 77,519,555
Drain refunding bonds	1.00%-4.75%	26,630,000	-	(3,855,000)	22,775,000	4,370,000	18,405,000	1,673,708	21,101,292
Michigan Bond Authority - Drain Bonds	1.15%-4.15%	106,003,908	8,518,698	(6,791,000)	107,731,606	6,955,000	100,776,606	307,037	107,424,569
Total Drainage Districts		<u>157,203,908</u>	<u>\$ 66,053,698</u>	<u>(13,111,000)</u>	<u>210,146,606</u>	<u>13,785,000</u>	<u>196,361,606</u>	<u>4,101,190</u>	<u>206,045,416</u>
Total County Debt		<u>\$ 748,634,635</u>	<u>\$ 104,637,977</u>	<u>\$ (55,066,000)</u>	<u>\$ 798,206,612</u>	<u>\$ 43,955,000</u>	<u>\$ 754,251,612</u>	<u>\$ 539,295,469</u>	<u>\$ 258,911,143</u>

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2012**

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**Component Units (Continued)**

	<b>Interest rate</b>	<b>October 1, 2011</b>	<b>Additions</b>	<b>Reductions</b>	<b>September 30, 2012</b>	<b>Amounts due within one year</b>	<b>Amounts due thereafter</b>	<b>General obligation</b>	<b>With governmental commitment</b>
<b>Road Commission</b>									
Compensated absences	--	\$ 2,847,660	\$ -	\$ (91,614)	\$ 2,756,046	\$ -	\$ 2,756,046	\$ -	\$ 2,756,046
Self-insured losses	--	2,747,027	185,891	-	2,932,918	882,000	2,050,918	-	2,932,918
Other postemployment benefits	--	11,906,254	365,271	-	12,271,525	-	12,271,525	-	12,271,525
Michigan Transportation					-				
Fund revenue notes	4.00%	<u>2,500,000</u>	<u>-</u>	<u>(500,000)</u>	<u>2,000,000</u>	<u>500,000</u>	<u>1,500,000</u>	<u>-</u>	<u>2,000,000</u>
Total Road Commission		<u>\$ 20,000,941</u>	<u>\$ 551,162</u>	<u>\$ (591,614)</u>	<u>\$ 19,960,489</u>	<u>\$ 1,382,000</u>	<u>\$ 18,578,489</u>	<u>\$ -</u>	<u>\$ 19,960,489</u>
Total reporting entity		<u>\$ 768,635,576</u>	<u>\$ 105,189,139</u>	<u>\$ (55,657,614)</u>	<u>\$ 818,167,101</u>	<u>\$ 45,337,000</u>	<u>\$ 772,830,101</u>	<u>\$ 539,295,469</u>	<u>\$ 278,871,632</u>

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2012**

The annual requirements to pay principal and interest on debt outstanding at September 30, 2012 (excluding the liabilities for compensated absences, other postemployment benefits, and uninsured losses for the Road Commission component unit) were as follows:

	<b>Bonds with limited taxing authority</b>		<b>Certificates of Participation limited taxing authority</b>		<b>Business-type Bonds limited taxing authority</b>		<b>Total primary government</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2013	\$ 8,430,000	\$ 3,849,390	\$ 20,520,000	\$ 28,041,687	\$ 1,125,000	\$ 513,671	\$ 30,075,000	\$ 32,404,748
2014	7,540,000	3,560,650	21,500,000	26,781,088	1,155,000	484,354	30,195,000	30,826,092
2015	7,490,000	3,317,718	22,720,000	25,454,487	1,121,226	456,664	31,331,226	29,228,869
2016	7,720,000	3,070,353	23,940,000	24,054,687	1,115,000	427,383	32,775,000	27,552,423
2017	7,710,000	2,804,051	25,405,000	22,574,338	1,135,000	396,807	34,250,000	25,775,196
2018-2022	39,070,000	9,866,077	150,245,000	86,925,000	6,108,557	1,644,196	195,423,557	98,435,273
2023-2027	18,850,727	3,641,384	199,825,000	32,673,281	5,124,266	959,034	223,799,993	37,273,699
2028-2032	6,370,000	877,270	-	-	2,705,230	204,101	9,075,230	1,081,371
2033-2037	955,000	152,663	-	-	-	-	955,000	152,663
2038-2042	180,000	15,725	-	-	-	-	180,000	15,725
Totals	<u>\$ 104,315,727</u>	<u>\$ 31,155,281</u>	<u>\$ 464,155,000</u>	<u>\$ 246,504,568</u>	<u>\$ 19,589,279</u>	<u>\$ 5,086,210</u>	<u>\$ 588,060,006</u>	<u>\$ 282,746,059</u>
	<b>Drainage Districts</b>		<b>Road Commission</b>		<b>Total reporting entity</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>		
2013	\$ 13,785,000	\$ 5,750,086	\$ 500,000	\$ 80,000	\$ 44,360,000	\$ 38,234,834		
2014	14,055,000	5,838,422	500,000	60,000	44,750,000	36,724,514		
2015	15,645,000	5,338,665	500,000	40,000	47,476,226	34,607,534		
2016	14,865,000	4,929,998	500,000	20,000	48,140,000	32,502,421		
2017	13,320,000	4,531,047	-	-	47,570,000	30,306,243		
2018-2022	65,832,413	17,334,597	-	-	261,255,970	115,769,870		
2023-2027	40,741,822	9,162,726	-	-	264,541,815	46,436,425		
2028-2032	24,737,371	3,343,704	-	-	33,812,601	4,425,075		
2033-2037	7,165,000	432,800	-	-	8,120,000	585,463		
2038-2041	-	-	-	-	180,000	15,725		
Totals	<u>\$ 210,146,606</u>	<u>\$ 56,662,045</u>	<u>\$ 2,000,000</u>	<u>\$ 200,000</u>	<u>\$ 800,206,612</u>	<u>\$ 339,608,104</u>		

## **County of Oakland**

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

#### **September 30, 2012**

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The County has pledged its full faith and credit on debt totaling \$823,206,612, 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, 2012, the debt limit was \$5,083,902,497. 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, 2012, there were five issues outstanding, totaling \$21,575,000, maturing in the years 2013-2040, which represents debt originally issued in the years 2006-2012 totaling \$26,420,000.

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

Represents debt issued in the form of trust certificates to fund future retiree health care costs reported in the VEBA Trust fund. Debt was issued under the authority of Public Act 139, Michigan Public Acts of 1973, in the amount of \$556,985,000, maturing in the years 2008 through 2027, and funds were placed in trust in the Intermediate Retirees' Medical Benefits Trust fund, a pension trust fund. The annual actuarially determined amount will be transferred from the trust to the VEBA Trust Fund. At September 30, 2012, there remained debt outstanding in the amount of \$464,155,000, maturing in the years 2013-2027.

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

Act 342, Michigan Public Acts of 1939 provides for a contract between the County and local municipalities which defines a schedule of annual payments to be made by the municipality to meet principal and interest obligations. Such contractual payments may be funded by revenue produced by utility or tax revenue. The County is obligated upon the default of the local municipality, and therefore, such obligation is shown as "with governmental commitment." Assessments are shown in their entirety with the corresponding deferred revenue in the Debt Service funds for each act. At September 30, 2012, there were six issues outstanding, totaling \$17,730,000, maturing in the years 2013-2032. This represents debt originally issued in the amount of \$20,725,000 issued in the years 1995-2012.

#### **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, 2012, there were 10 issues outstanding, totaling \$60,130,000, maturing in the years 2013-2027. This represents debt originally issued in the years 2003-2012 totaling \$70,645,000.

## **County of Oakland**

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

#### **September 30, 2012**

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#### **Michigan Bond Authority Sewage Disposal Bonds**

In October 1996, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$9,350,000 for the White Lake Township Sewage Disposal System project; the entire amount was received as of the end of fiscal year 1999. The amount outstanding for this issue at September 30, 2012 was \$3,260,000, which matures in the years 2013-2018.

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, 2012, a final amount of \$1,935,727 was drawn from the State Revolving Loan fund. The amount outstanding at September 30, 2012 for this issue is \$1,475,727, which matures in the years 2013-2027.

#### **Lake Levels – Act 146**

Act 451 of Michigan Public Acts of 1994 permits the issuance of debt for providing lake level control. Bonds are to be repaid through special assessments levied against benefiting property owners. In October 2004, the County authorized the issuance of bonds in the amount of \$575,000 for the Watkins Lake Level. The amount outstanding at September 30, 2012 was \$145,000, which matures in the years 2012-2014.

#### **Business Type - Sewage Disposal Bonds**

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, 2012 was \$3,925,000, which matures in the years 2013-2031.

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). Through September 30, 2012, the County received \$226,226 from the State Revolving Loan fund, which matures in the years 2013-2015.

In addition, in conjunction with the transfer of operations of the City of Pontiac water and sewer system to the County in August 2012, 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 \$29,985,000; as of September 30, 2012, \$15,898,053 had been received. The debt obligation recorded as of September 30, 2012 amounted to \$15,438,053, maturing in the years 2013 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, 2012, there were 20 issues outstanding, totaling \$79,640,000, maturing in the years 2013-2034. This represents original debt issued for \$94,765,000 in the years 1993-2012.

# **County of Oakland**

## **Notes to Basic Financial Statements**

### **September 30, 2012**

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#### **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, 2012, there were 12 issues outstanding, totaling \$22,775,000, maturing in the years 2013-2024. This represents debt originally issued in the years 2001-2009 in the amount of \$42,050,000.

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

The County authorized issuance of bonds in the amount of \$9,365,000 in 1994 to the Michigan Municipal Bond Authority Revolving Loan fund for the Combined Sewer Overflow Project. In October 2000, the County additionally authorized the issuance of bonds for up to \$17,880,000 for the George W. Kuhn Drainage District, with the entire amount from the State Revolving Loan Fund being received by 2005. Further, in 2001, the County authorized an additional \$82,200,000 for the George W. Kuhn Drainage District Segment II, with successive authorizations in the years 2005 through 2008 amounting to \$14,240,000. Through September 30, 2012, the drainage district received \$95,341,101 from the State Revolving Loan Fund for Segment II. In February 2010, Oakland County, Macomb County, and their underlying municipalities under the authority of Chapter 21 of Public Act 40, Public Acts of Michigan of 1956 were permitted to issue bonds in the amount of \$26,076,000 for the Oakland-Macomb Interceptor Drainage District. As of September 30, 2012, \$25,053,371 of the authorized amount had been received. At September 30, 2012, there were 11 issues outstanding, totaling \$106,003,908, maturing in the years 2012-2030.

#### **Advance and Current Refunding of General Obligation Limited Tax Bonds**

In December 2010, the County advance refunded a portion of a general obligation limited tax bond issue with surplus construction funds transferred to the debt service fund. These funds were placed in trust for the purpose of generating resources for the repayment of the refunded debt. Accordingly, the trust account assets and liability for the refunded bonds are not included in the County's financial statements. At September 30, 2012, there is an in-substance defeasance of \$975,000 of Building Authority Bonds Series 2007 (CMHA), maturing in the years 2025 through 2027 inclusively.

In August 2012, the County issued \$11,645,000 of refunding bonds for a current refunding of three general obligation limited tax bond issues pursuant to authorization contained in Act 31 of 1948 and Act 34, Public Acts of Michigan of 2001. General obligation limited tax refunding bonds were issued for the payment of future debt service payment of the refunded debt. The debt refunded amounted to \$2,280,000 of Building Authority Bonds, Series 2002A, maturing in the years 2013 through 2020, \$4,835,000 for Series 2003, maturing in the years 2013 through 2023, and \$4,620,000 for Series 2004, maturing in the years 2013 through 2024. The refunding was undertaken to reduce the debt service payment over the next 12 years by \$1,893,737 and to obtain an economic (present value) gain of \$1,730,405.

In September 2012, the County issued \$1,975,000 of refunding bonds for a current refunding of a general obligation limited tax bond issue pursuant to authorization contained in Act 34, Public Acts of Michigan of 2001. General obligation limited tax refunding bonds were issued for the payment of future debt service payment of the refunded debt. The debt refunded amounted to \$1,950,000 of Oakland County-Rochester Hills Water Supply and Sewage Disposal System Bonds, Series 2005, maturing in the years 2013 through 2022. The refunding was undertaken to reduce the debt service payment over the next 10 years by \$183,764 and to obtain an economic (present value) gain for the City of Rochester Hills of \$169,199.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2012**

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**Changes in Other Long-term Liabilities**

Long-term liabilities activity, as reported in and liquidated through the Fringe Benefit Fund and Building Liability Insurance Fund, Internal Service funds, for the fiscal year ended September 30, 2012, was as follows:

	<b>Beginning balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending balance</b>	<b>Due within one year</b>
<b>Governmental activities</b>					
Accrued compensated absences	\$ 12,447,481	\$ 939,188	\$ (1,244,748)	\$ 12,141,921	\$ 1,214,192
Claims and judgments					
Accrued unreported health costs	2,125,000	848,333	(708,333)	2,265,000	755,000
Accrued workers' compensation	12,091,724	2,199,251	(2,200,000)	12,090,975	1,900,000
Building and liability insurance	4,313,081	2,187,172	(1,061,390)	5,438,863	1,080,772
Governmental activity long-term liabilities	<u>\$ 30,977,286</u>	<u>\$ 6,173,944</u>	<u>\$ (5,214,471)</u>	<u>\$ 31,936,759</u>	<u>\$ 4,949,964</u>

**9. Interfund Balances**

Interfund receivables and payables at September 30, 2012 were as follows:

Due to/from other funds:

<b><u>Receivable Fund</u></b>	<b><u>Payable Fund</u></b>	
General	Nonmajor governmental	\$ 4,733,075
	S.O.C.S.D.S.	795
	Total	<u>4,733,870</u>
Water and Sewer Debt Act 342	Nonmajor governmental	<u>1,318</u>
Nonmajor governmental	General	48,705
	Nonmajor governmental	646,541
	S.O.C.S.D.S.	1,898
	Total	<u>697,144</u>
Water & Sewer Trust	Water & Sewer Trust	6,900
	Internal service	10,714
	Total	<u>17,614</u>
Parks and Recreation	Internal service	<u>9,770</u>
Nonmajor enterprise	Nonmajor governmental	290,000
	Nonmajor enterprise	49,976
	Internal service	16,937
	Total	<u>356,913</u>
Internal service	Nonmajor governmental	56
	Water and Sewer Trust	1,907
	Evergreen Farmington S.D.S.	403
	S.O.C.S.D.S.	4
	Nonmajor enterprise	232
	Total	<u>2,602</u>
	Total	<u>\$ 5,819,231</u>



**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2012**

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

Receivables and payables between funds of the Primary Government and the Component Units at September 30, 2012 were as follows:

<b>Primary Government</b>	<b>Component Unit</b>	
<b>Due from Component Unit</b>	<b>Due to Primary Government</b>	
General	Drainage Districts	\$ 101,243
	Road Commission	<u>159</u>
	Total	<u>101,402</u>
Nonmajor governmental	Drainage Districts	621,693
	Road Commission	<u>25</u>
	Total	<u>621,718</u>
Evergreen Farmington SDS	Drainage Districts	<u>182,153</u>
Nonmajor enterprise	Drainage Districts	<u>1,030,625</u>
Internal Service	Drainage Districts	1,380
	Road Commission	<u>18,190</u>
	Total	<u>19,570</u>
	Total	<u>\$ 1,955,468</u>

Advances to/from other funds (including current and long-term portions) at September 30, 2012 were as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	
Nonmajor governmental	Nonmajor governmental	<u>\$ 429,259</u>
Delinquent Tax Revolving	Internal Service	<u>115,947</u>
S.O.C.S.D.S.	Internal Service	<u>496,387</u>
	Total	<u>\$ 1,041,593</u>

The County has certain “internal” leases when a lease is executed between the County and the Oakland County Building Authority, a blended component unit for purposes of providing funds to service debt issued to finance capital assets in the Enterprise Funds. This amount is reported as a capital lease payable in the respective enterprise fund, with the bond proceeds recorded in a capital project fund and debt service transactions reported in a debt service fund. The lease payable amount corresponds directly to the debt service schedules, and the enterprise fund reports a capital asset of construction in progress. The receivable for the lease is recorded in the reconciliation of governmental funds to the Statement of Net Position. As of September 30, 2012, there are two leases in the County Airports fund amounting to \$9,935,000, maturing in the years 2013 through 2030.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2012**

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Interfund transfers between the funds within the Primary Government recorded in the accompanying financial statements as operating transfers in/out for the year ended September 30, 2012 were as follows:

<b>Transfers In</b>	<b>Transfers Out</b>	<b>Amount</b>
General	Revenue Sharing Reserve	\$ 24,459,476
	Nonmajor governmental	362,765
	Delinquent Tax Revolving	28,755,326
	Nonmajor enterprise	1,766,000
	Internal Service	500,000
	Total	<u>55,843,567</u>
Building Authority Act 31	Delinquent Tax Revolving	<u>574,576</u>
Nonmajor governmental	General	28,956,371
	Nonmajor governmental	2,170,408
	Delinquent Tax Revolving	4,327,656
	Internal Service	1,587,595
	Total	<u>37,042,030</u>
County Airports	Nonmajor governmental	<u>50</u>
Parks & Recreation	General Fund	<u>18,000</u>
Nonmajor enterprise	General	2,261,766
	Nonmajor governmental	290,000
	Nonmajor enterprise	200,000
	Total	<u>2,751,766</u>
Internal Service	General	656,215
	Nonmajor governmental	235,801
	Nonmajor enterprise	286,000
	Internal Service	30,332
	Total	<u>1,208,348</u>
	Total transfers	<u>\$ 97,438,337</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**  
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**10. Fund Equities**

At September 30, 2012, a deficit existed in the following funds:

**Special Revenue Fund**

Lake Levels Act 146	\$ 137,093
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**Capital Projects Fund**

Lake Levels Act 146	262,410
Drain Chapter 4 Construction	62,744

In the Special Revenue Fund, the Lake Levels Act 146 fund consists of 30 separate lake level funds. Annually, lake level funds are reviewed and assessments authorized. Assessments are determined in July and are placed on December tax bills. The assessments are meant to cover any individual fund deficits identified at that time, and also to cover the anticipated operating costs for the following year. Clearly the receipt of revenue from these assessments happens after the close of the County's fiscal year, leading to the reporting of a deficit in this fund. The deficit in this fund reflects this difference in timing between the close of the fiscal year in September and the approval of the special assessment in October and the December levy.

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 \$228,719 and the Upper Straits Lake Level Dam Reconstruction project in the amount of \$39,409. 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. The Upper Straits Lake Dam Replacement project consists of replacing an existing lake level control structure in West Bloomfield Township, Oakland County, Michigan. The project for Upper Straights Lake Level is in the design phase and will be funded through a special assessment that will be determined once an estimate of construction costs has been calculated. The project consists of replacing an existing lake level control structure in West Bloomfield Township, Oakland County, Michigan. The existing structure will be moved and replaced with a new one. The design is approximately 80% complete and when completed, the estimated project cost will be determined. It is planned that the project will be financed with a loan from the Oakland County Board of Commissioner's Long Term Revolving Fund. The loan will be repaid by an assessment to the Upper Straits Lake Level Special Assessment District over a proposed 10-year period. The Special Assessment District must be updated, which requires Circuit Court action, prior to requesting the loan. The project schedule is directly affected by the Court schedule and any delays in receiving the court judgment on the district update will be reflected in the timing of receiving loan money and approval of the special assessment.

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

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2012**

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Nonspendable, restricted, committed, assigned, and unassigned fund balances of the primary government at September 30, 2012 were as follows:

		Spendable			
	Nonspendable	Restricted	Committed	Assigned	Unassigned
Primary Government					
General Fund					
Prepays	\$ 923,630	\$ -	\$ -	\$ -	\$ -
Inventories	176,511	-	-	-	-
Property Tax Forfeiture	-	8,311,145	-	-	-
Substance Abuse	-	3,244,003	-	-	-
Department Operations	-	-	-	361,625	-
Federal Health Care Impact	-	-	-	3,000,000	-
Capital Reserve	-	-	-	9,000,000	-
Tax Tribunal Appeals	-	-	-	500,000	-
Homeland Security Enhancements	-	-	-	6,000,000	-
Technology Replacement/Hardware	-	-	-	3,000,000	-
Personal Property Tax Reduction	-	-	-	4,000,000	-
Operational Improvements	-	-	-	3,000,000	-
Board of Commissioners Projects	-	-	-	730,000	-
Data Privacy and Security	-	-	-	2,000,000	-
New Grant Match Opportunities	-	-	-	500,000	-
HR Legal	-	-	-	100,000	-
HR Comp/Workforce Planning	-	-	-	1,600,000	-
Jail Alternative Prg Startup	-	-	-	600,000	-
Pandemic Response	-	-	-	1,500,000	-
Business Continuity	-	-	-	300,000	-
Emergency Salaries	-	-	-	320,000	-
Quality of Life Initiatives	-	-	-	500,000	-
Peoplesoft Upgrade	-	-	-	3,000,000	-
Sheriff Aviation	-	-	-	1,186,292	-
Jail Commissary	-	-	-	123,539	-
RCOC Triparty	-	-	-	3,000,000	-
Property Tax Forfeiture Activities	-	-	-	2,501,555	-
Community Partnerships	-	-	-	238,654	-
Microloan	-	-	-	200,000	-
Future operating requirements:					
2013	-	-	-	37,621,540	-
2014	-	-	-	44,826,888	-
2015	-	-	-	52,390,980	-
2016 and Beyond	-	-	-	15,465,165	-
Carryforwards	-	-	-	2,117,410	-
DB Pension Contribution 2014-5	-	-	-	5,000,000	-
Unfunded Mandates	-	-	-	5,000,000	-
Unassigned	-	-	-	-	1,090,503
Total	\$ 1,100,141	\$ 11,555,148	\$ -	\$ 209,683,648	\$ 1,090,503

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2012**

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	Nonspendable	Spendable			
		Restricted	Committed	Assigned	Unassigned
<b>Special Revenue Funds</b>					
Child Care	\$ -	\$ -	\$ -	\$ 7,732	\$ -
Specific programs	-	81,012,635	-	-	(137,093)
Total	<u>\$ -</u>	<u>\$ 81,012,635</u>	<u>\$ -</u>	<u>\$ 7,732</u>	<u>\$ (137,093)</u>
<b>Debt Service Funds</b>					
Debt service - general obligations	<u>\$ -</u>	<u>\$ 341,354</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Capital Projects Funds</b>					
Long-term receivables	\$ 547,459	\$ -	\$ -	\$ -	\$ -
Work projects	-	9,184	18,432,389	-	(325,154)
Total	<u>\$ 547,459</u>	<u>\$ 9,184</u>	<u>\$ 18,432,389</u>	<u>\$ -</u>	<u>\$ (325,154)</u>

## **11. Employee Benefits**

### **Primary Government**

The County provides various benefits to its employees. Expenditures in 2012 for these benefits totaled the following: medical insurance, \$32,817,108; dental insurance, \$3,003,036; optical insurance, \$257,631; disability, \$2,604,103; tuition reimbursement, \$160,315; Social Security, \$14,356,131; workers' compensation, \$1,772,390; and unemployment claims, \$653,206.

## **12. Defined Benefit Pension Plan**

### **Plan Description**

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

**County of Oakland**  
**Notes to Basic Financial Statements**  
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Since the County does not issue a stand-alone report for its County PERS, following are condensed financial statements for the period as of and including September 30, 2012:

**Statement of Net Position**

Cash and investments	\$ 718,572,090
Other assets	<u>2,763,972</u>
Total assets	<u>721,336,062</u>
Liabilities	<u>544,122</u>
Net position	<u>\$ 720,791,940</u>

**Statement of Changes in Net Position**

Additions:	
Contributions	\$ 716,927
Investment income	109,751,243
Other revenue	<u>586,611</u>
Total additions	<u>111,054,781</u>
Deductions:	
Benefit payments	45,102,561
Other expenses	<u>2,563,829</u>
Total deductions	<u>47,666,390</u>
Change in net assets	63,388,391
Net assets held in trust, beginning of year	<u>657,403,549</u>
Net assets held in trust, end of year	<u>\$ 720,791,940</u>

**Basis of Accounting**

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

**Method Used to Value Investments**

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

**Funding Policy/Contributions**

The County policy is to fund normal costs of the plan by contributions which are based on actuarially determined rates, expressed as percentages of annual covered payroll, and which are sufficient to accumulate assets to pay benefits when due. The current year and prior-period rates for the County plan were 0.0 percent and 0.0 percent, respectively, of annual covered payroll, which was determined through actuarial valuations performed at September 30, 2010 and September 30, 2009, respectively. There were no contributions from County funds for the years 2000 through 2012.

## County of Oakland

### Notes to Basic Financial Statements

#### September 30, 2012

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Sheriff's deputies contribute at a rate of 3 percent of their annual pay for the first 14 years of service and 5 percent thereafter. Command officers contribute 5 percent. General County Option A members who have elected improved benefits contribute 1 percent of their pay after 14 years of service. Contributions received from these employees for the years ended September 30, 2012 and September 30, 2011 amounted to \$716,927 and \$764,764, respectively.

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

#### **Benefits**

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

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

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

#### **Classes of Employees**

The County PERS covers the majority of full-time employees of the County hired prior to July 1, 1994. The plans' membership consists of the following at September 30, 2010, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	1,867
Terminated plan members entitled to, but not yet receiving benefits	154
Active plan members	<u>590</u>
Total	<u>2,611</u>

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

#### **Annual Pension Cost**

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

**County of Oakland**  
**Notes to Basic Financial Statements**  
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**Funded Status and Funding Progress**

	Actuarial Valuation as of September 30		
	2011	2010	2009
Actuarial value of assets	\$ 727,690,746	\$ 745,094,735	\$ 750,432,703
Actuarial accrued liability (entry age)	712,159,061	692,409,285	683,077,469
Overfunded AAL	<u>\$ (15,531,685)</u>	<u>\$ (52,685,450)</u>	<u>\$ (67,355,234)</u>
Funded ratio	102.2%	107.6%	109.9%
Covered payroll	\$ 38,275,780	\$ 42,686,155	\$ 44,884,070
UAAL as percentage of covered payroll	0.0%	0.0%	0.0%

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

**Actuarial Methods and Assumptions**

The annual required contribution was determined as part of the actuarial valuation as of September 30, 2010, using the aggregate actuarial cost method. Significant actuarial assumptions used include (a) a 7.25 investment rate of return, (b) projected salary increases of 4.5 to 10.5 percent per year and (c) 1.5 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.50 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period.

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

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

Fund balances reserved for employees' pension benefits include legally required reserves. Fund balance as of September 30, 2012 consists of the following reserves:

Annuity reserve	\$ 7,686,067
Pension reserve	231,809,402
Pension accumulated reserve	<u>481,296,471</u>
Total fund balance	<u>\$ 720,791,940</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**  
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**13. Defined Contribution Plans**

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

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

Total membership in the OPRS as of September 30, 2012 was 2,717, which includes 595 employees who elected to transfer from the PERS in 1995 through 2000 and 2,122 current employees hired since July 1, 1994.

The County's payroll for employees covered by the OPRS for the year ended September 30, 2012 was \$153,801,567, and the County's total payroll was \$207,579,421. The required contributions, which matched those actually made, were \$5,921,399 by employees and \$13,937,481 by the County, representing 3.9% and 9.1% of covered payroll, respectively.

In 2008, the County offered a voluntary defined contribution plan for part-time non-eligible employees. The plan qualifies under the Omnibus Budget Reconciliation Act of 1990 (OBRA) and IRS Section 3121 (b) (&) (F) which allows for a defined contribution plan in lieu of Social Security. With the implementation of this plan, the County contributes 1.3% and the employee contributes 6.2% of their earnings into a defined contribution plan. The employee would be immediately 100% vested in both the employer and employee contributions, but cannot access the money invested in the plan until they are separated from County employment. During fiscal year 2011, the County contributed \$193,970 to the plan.

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

**County of Oakland**  
**Notes to Basic Financial Statements**  
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**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 Intermediate Medical Benefits Trust (IRMBT). The IRMBT received the proceeds of the Certificates of Participation (as discussed in Note 8), and makes transfers into the VEBA in the amount of the actuarially required contribution.

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 2012, the County provided 2,131 retirees medical insurance and reimbursed them for Medicare premiums under the Trust. In 2012, the County disbursed \$26,964,602 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, 2011, the date of the most recent actuarial valuation, membership in the OPEB consisted of 2,155 retirees and beneficiaries currently receiving benefits, 2,828 active employees, and 250 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		
	2012	2011	2010
Annual OPEB cost (ARC)	\$ 27,858,341	\$ 37,116,312	\$ 45,839,484
Percentage of ARC contributed	0%	0%	0%
Net OPEB asset	\$299,937,972	\$327,796,313	\$364,912,625

In 2012, the County contributed \$37,268,761 into the VEBA from the IRMB Trust. Since the OPEB Plan is comprised of these two trust funds, this is not considered a contribution in relation to the ARC. The County made the scheduled debt service payment on the Certificates of Participation, but made no further contributions.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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The funding progress of the plan as of September 30, 2011, the most recent actuarial valuation report, is as follows:

Retirees and beneficiaries	\$ 409,022,774
Vested terminated employees who will be eligible when they collect retirement (age 60 in most cases) and their beneficiaries	44,659,318
Active employees and beneficiaries	<u>360,899,780</u>
Actuarial accrued liability	814,581,872
Actuarial value of assets	<u>854,534,524</u>
Unfunded AAL (Overfunded AAL)	<u>\$ (39,952,652)</u>
Funded ratio	104.9%
Annual covered payroll	\$ 173,903,452
Overfunded AAL as a percentage of payroll	23.0%
Actuarial Required Contribution (ARC)	\$ 18,714,057
Adjustment to the ARC	18,554,704
Interest on net OPEB asset	<u>(9,410,420)</u>
Annual OPEB cost	27,858,341
Contributions	<u>-</u>
Decrease in net OPEB Asset	27,858,341
OPEB Asset - Beginning of year	<u>327,796,313</u>
OPEB Asset - End of year	<u>\$ 299,937,972</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

**County of Oakland**  
**Notes to Basic Financial Statements**  
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In the September 30, 2011 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses), which consists of a real rate of return of 3.00 percent per year plus a long-term rate of inflation of 4.5 percent per year and an annual healthcare cost trend rate of 9.0 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after 10 years. Both rates included a 4.5 percent inflation assumption. The actuarial value of assets is equal to the reported market value of assets at the valuation date with investment gains and losses spread over three years (with 33% recognition in each year). The UAAL for the General group was amortized using a level dollar payment method. All other groups were amortized by level (principal and interest combined) percent-of-payroll contributions. Active member payroll was assumed to increase 4.5 percent per year for the purpose of determining the level percent contributions.

Since the County does not issue stand-alone financial reports for the OPEB Plan, following are condensed financial statements as of and including September 30, 2012 (the OPEB Plan includes the VEBA Trust and the IRMB Trust):

	<b>VEBA Trust</b>	<b>IRMB Trust</b>	<b>OPEB Plan</b>
<b>Statement of Net Position</b>			
Cash and investments	\$ 671,255,924	\$ 305,240,025	\$ 976,495,949
Other assets	1,839,052	829,575	2,668,627
Total assets	<u>673,094,976</u>	<u>306,069,600</u>	<u>979,164,576</u>
Liabilities	1,172,330	243,647	1,415,977
Net position	<u>\$ 671,922,646</u>	<u>\$ 305,825,953</u>	<u>\$ 977,748,599</u>

<b>Statement of Changes in Net Position</b>			
Additions:			
Contributions	\$ 37,365,791	\$ -	\$ 37,365,791
Investment income	114,113,142	52,914,226	167,027,368
Other revenue	2,694,105	203,660	2,897,765
Total additions	<u>154,173,038</u>	<u>53,117,886</u>	<u>207,290,924</u>
Deductions:			
Benefits	26,964,602	-	26,964,602
Contributions - Retirees healthcare	-	37,268,761	37,268,761
Other expenses	-	1,042,464	1,042,464
Total deductions	<u>26,964,602</u>	<u>38,311,225</u>	<u>65,275,827</u>
Change in net position	127,208,436	14,806,661	142,015,097
Net position held in trust, beginning of year	<u>544,714,210</u>	<u>291,019,292</u>	<u>835,733,502</u>
Net position held in trust, end of year	<u>\$ 671,922,646</u>	<u>\$ 305,825,953</u>	<u>\$ 977,748,599</u>

**County of Oakland**  
**Notes to Basic Financial Statements**  
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The Road Commission contributes to the Road Commission for Oakland County Retiree Health Care Trust (the "Trust"). The Trust provides for future payment of medical benefits for eligible retirees, their spouses and their dependents. The obligation to provide benefits to employees was established by negotiation with various collective bargaining units or other actions of the Oakland County Board of Road Commissioners. At December 31, 2010, the date of the most recent actuarial valuation, membership consisted of 632 retirees and beneficiaries currently receiving benefits, 320 vested active employees, and 139 nonvested active employees. For the year ended September 30, 2012, the Road Commission's annual required contribution to the Trust was \$7,681,220, with interest of \$833,438 on the prior year net OPEB obligation. The Road Commission contributed \$880,000 to the Trust during the year and paid \$6,629,653 directly toward insurance premiums and medical costs for retirees during fiscal year 2012, leaving a net OPEB obligation of \$12,271,525 at September 30, 2012.

**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 \$603,616,006, electronic data processing equipment in the amount of \$36,878,146, boats and motors in the amount of \$503,000, ATV/snowmobiles in the amount of \$66,000, automobile catastrophe physical damage in the amount of \$2,000,000, flood coverage in the amount of \$50,000,000 (subject to limitations in some flood zones), earthquake coverage in the amount of \$50,000,000, boiler and machinery coverage in the amount of \$100,000,000, property insurance for helicopter hull physical damage in the amount of \$2,854,184, and helicopter additional equipment physical damage in the amount of \$1,218,000. Liability insurance has been purchased for: airport operations in the amount of \$50,000,000, helicopter operations in the amount of \$100,000,000, automobile fleet operations in the amount of \$5,000,000, fiduciary liability in the amount of \$25,000,000, employee 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 \$600,000 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.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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The County and the Road Commission estimate the liability for all the above-mentioned claims that have been incurred through September 30, 2012, including both those claims that have been reported, as well as those that have not yet been reported, and estimates of both future payments of losses and related claim adjustment expenses.

Estimated liabilities for unpaid claims are based on historical claim payments, including related legal and administrative expenses. Neither the County nor the Road Commission has experienced settlements in excess of insurance coverage during the past three years.

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

	<b>September 30</b>	
	<b>2012</b>	<b>2011</b>
<b>Primary Government</b>		
Beginning-of-period liability	<u>\$ 18,529,805</u>	<u>\$ 20,885,768</u>
Estimated claims incurred, claim adjustment expenses and changes in estimates		
Provisions for current-year events	42,318,258	38,022,796
Decrease in provisions for prior-year events	<u>(57,100)</u>	<u>(4,155,086)</u>
Total incurred claims, claim adjustment expenses and changes in estimates	42,261,158	33,867,710
Claim payments and claim adjustment expenses		
Related to current-year events	(39,197,486)	(34,778,406)
Related to prior-year events	<u>(1,798,639)</u>	<u>(1,445,267)</u>
Total claim payments and claim adjustment expenses	<u>(40,996,125)</u>	<u>(36,223,673)</u>
End-of-period liability	<u>\$ 19,794,838</u>	<u>\$ 18,529,805</u>
<b>Road Commission - Component Unit</b>		
Beginning-of-year liability	\$ 3,647,027	\$ 4,228,109
Estimated claims incurred and changes in estimates	13,690,593	12,244,718
Claim payments	<u>(13,504,602)</u>	<u>(12,825,800)</u>
End-of-year liability	<u>\$ 3,833,018</u>	<u>\$ 3,647,027</u>

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2012**

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**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, 2012 were \$947,604. The future minimum lease payments as of September 30, 2012 are as follows:

<b>Fiscal year</b>	<b>Primary government</b>
2013	\$ 921,153
2014	925,208
2015	604,653
2016	321,462
2017	157,604
2018-2022	<u>267,891</u>
Total	<u>\$ 3,197,971</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, 2012 totaled \$183,877, recorded in the Facilities Maintenance & Operations fund, an internal service fund type.

The County has also “loaned” its AAA bond rating to assist local communities in the ability to finance local projects by pledging full faith and credit on the debt issued through the Oakland County Building Authority. Debt is to be paid from payments from the benefiting community over the life of the debt issues, with the structures being collateral. A contract, or lease, receivable with a corresponding deferred revenue is shown in the Debt Service Fund financial statements of the County. Debt and receivables are reported for a Sheriff’s Sub-station in the City of Rochester Hills for \$5.2 million in 2002, Pontiac Phoenix Center and Phoenix Plaza Amphitheatre Refunding bonds in the City of Pontiac in the amount of \$11.5 million and \$8.16 million, respectively, in 2006, Community Mental Health Authority Housing Project in the amount of \$5,500,000 in 2007, Keego Harbor City Hall and DPW Building in the amount of \$1,120,000 in 2010, and City of Oak Park in the amount of \$2,500,000 in 2012. The future minimum lease payments to be received as of September 30, 2012 are as follows:

<b>Fiscal year</b>	<b>Primary government</b>
2013	\$ 2,557,433
2014	2,594,309
2015	2,571,525
2016	2,576,780
2017	2,549,161
2018 - 2022	12,170,418
2023 - 2027	9,242,908
2028 - 2032	1,109,814
2033 - 2037	1,107,662
2038 - 2041	<u>195,725</u>
Total	<u>\$36,675,735</u>

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2012**

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**18. Commitments and Contingencies**

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

The County, the Drainage Districts, and the Road Commission received funds from various federal and state units to finance specific activities. The final determination of revenue is subject to the acceptance of project costs by the granting agency, usually after a compliance audit. To the extent that costs are disallowed by the granting agency, the County, the Drainage Districts, and Road Commission resources would be required to reimburse the grant funds. Management believes that disallowed costs, if any, would be immaterial.

The County has outstanding construction commitments (contracts) at September 30, 2012 as follows: Water Resources Commissioner has a contract with a cost of \$4,915,000 for the Farmington Hills Water System Project (ACT 342 Project) with a remaining balance of \$4,837,500 and a contract with a cost of \$1,881,250 for the Evergreen Farmington Sewage Disposal System (ACT 342 Project) with a remaining balance of \$1,273,645.

The Drainage Districts' component unit has a construction contract for a Bloomfield Township CSO project with a total cost of \$1,718,760, with a remaining balance of \$323,929 and contracts for the Oakland Macomb Interceptor Drainage District Project with a total cost of \$67,406,127, with a remaining balance of \$19,681,018 as of September 30, 2012.



**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2012**

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**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	\$ 5,432,332
Long-term advances receivable	429,259
Due to other funds	(5,719,695)
Current and long-term advances payable	(429,259)

Internal Service Funds

Due from other funds	2,602
Due to other funds	(37,421)
Current and long-term advances payable	(612,334)

Capital lease receivable for County Airports,  
not reported in funds

9,935,000

Governmental activities, internal balances

\$ 9,000,484

**Business-Type Activities**

Proprietary Funds

Due from other funds	\$ 384,297
Current and long-term advances receivable	612,334
Due to other funds	(62,115)
Current and long-term capital lease payable	<u>(9,935,000)</u>

Business-type activities, internal balances

\$ (9,000,484)

**EXHIBIT C**

[SEE ATTACHED FORM OF LEGAL OPINION]

\_\_\_\_\_, 2013

Andrew E. Meisner, Treasurer  
County of Oakland  
1200 N. Telegraph Road  
Pontiac, MI 48341

Dear Mr. Meisner:

We have acted as note counsel to the County of Oakland, State of Michigan (the "County") in connection with the issuance by the County of its "General Obligation Limited Tax Notes, Series 2013" dated the date hereof, in the aggregate principal amount of \$25,000,000 (the "Notes"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

The Notes have been issued under and pursuant to Act 206, Public Acts of Michigan, 1893, as amended, for the purpose of funding in part the County delinquent tax revolving fund for the tax year 2012.

As to questions of fact material to our opinion we have relied upon certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Notes are the valid and legally binding obligations of the County, primarily payable from the following sources: (1) the collections of the 2012 delinquent real property taxes that were returned to the County as delinquent and were uncollected as of March 1, 2013, and against which the County has borrowed, together with all interest thereon; (2) all of the County property tax administration fees on such delinquent taxes once the expenses of borrowing have been paid; (3) any amounts that are received by the County from the County, the State of Michigan and any taxing units within the County because of the uncollectibility of such 2012 delinquent taxes; and (4) all interest earnings of the foregoing.

2. The full faith and credit of the County have been pledged for the payment of the principal of and interest on the Notes when due. The County, however, does not have the power to levy any tax for the payment of the Notes in excess of its constitutional and statutory limits.

Andrew E. Meisner, Treasurer  
\_\_\_\_\_, 2013  
Page 2

3. The interest on the Notes is included in gross income for federal income tax purposes.

4. The Notes and the interest thereon are exempt from all taxation by the State of Michigan or a taxing authority in the State of Michigan, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

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

It is understood that the rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement also may be subject to the exercise of judicial discretion in appropriate cases.

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

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

BLOOMFIELD 9487-12 1272532v1

# COUNTY OF OAKLAND

ANDREW E. MEISNER, *County Treasurer*  
*as Agent for the County*

## COUNTY OFFICIALS

L. BROOKS PATTERSON, *County Executive*  
LISA BROWN, *Clerk and Register of Deeds*  
JESSICA COOPER, *Prosecuting Attorney*  
MICHAEL J. BOUCHARD, *Sheriff*  
JIM NASH, *Water Resources Commissioner*  
JUDITH K. CUNNINGHAM, *Corporation Counsel*

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