

OFFERING CIRCULAR DATED JUNE 4, 2014

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 2014  
TAXABLE OBLIGATIONS**

**DATED:** June 4, 2014

**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, 2014 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 NOTE - Interest".

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

**DATE OF RECORD:** The record date for the payment of interest on the Note 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 2013 real property taxes that remained outstanding and uncollected on March 1, 2014 (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><b>Due</b></u>	<u><b>Amount</b></u>	<u><b>Rate*</b></u>
4/1/2015	\$25,000,000	0.431 %

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

Information prepared in cooperation with:

**NOTE COUNSEL, THE PURCHASER AND ITS COUNSEL HAVE 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:**  
**PNC BANK, National Association**

**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 2014  
(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 2014 (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 2014 separate fund (the "2014 Revolving Fund"), all 2013 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 2014 Collection Account (the "Note Payment Account") established within the 2014 Revolving Fund. The total amount of 2013 delinquent real property taxes on March 1, 2014 is in excess of \$78,000,000.

Statutory interest on unpaid 2013 taxes accrues from March 1, 2014 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 "2013 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 2014 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 2014 Revolving Fund from other County sources the amount necessary to fund that portion of the 2013 delinquent real property taxes not funded by the proceeds of this borrowing.

## **DESCRIPTION OF THE NOTES**

### **General**

The Note shall be in the aggregate principal amount of \$25,000,000 and shall be dated June 4, 2014. The County Treasurer shall act as the note registrar and paying agent for the Note, or such successor note registrar and paying agent as may be designated pursuant to the Note Resolution.

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

### **Interest**

Accrued interest on the Note shall be due and payable in arrears on the first (1st) day of each month, or the next Business Day (defined below) if such date is not a Business Day (each an "Interest Payment Date"), commencing July 1, 2014, and continuing thereafter until the Note is paid in full. The unpaid principal balance of the Note will bear interest from the date the Note is issued until June 30, 2014, at the per annum rate shown on the cover of this Offering Circular. Beginning on July 1, 2014, and continuing thereafter until the Note is paid in full, the unpaid principal balance of the Note will bear interest at the Variable Rate (as described below). The Variable Rate shall be adjusted for each Interest Period (defined below) on the first day of such Interest Period. The "Variable Rate" shall be the rate that is equal to the sum of (i) twenty-eight basis points (0.28%) per annum, plus (ii) LIBOR (as defined below); provided, however, that in no event shall the interest rate exceed the maximum rate allowed by law.

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

As used herein, "Interest Period" means the period beginning on the date the Note is issued through and including June 30, 2014, and thereafter each successive one (1) month period beginning on each Interest Payment Date and ending on the day prior to the following Interest Payment Date.

As used herein, "LIBOR" shall mean 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 as displayed in the Wall Street Journal, or other authoritative source selected by PNC Bank, National Association, on the first day of each Interest Period.

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

The record date for the payment of principal of and interest on the Note shall be the 15th day of the calendar month preceding the month in which such payment is due.

### **Transfer or Exchange**

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

### **Redemption**

The Note is 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. Not less than two (2) Business Days' notice of redemption shall be given to the holder of the Note (the "Noteholder") by telephone, mail or telecopy to the Noteholder at the registered address. The Note or portion of the Note so called for redemption shall not bear interest on and after the date fixed for redemption, provided funds are on hand with the note registrar and paying agent to redeem the same.

## **SECURITY FOR THE NOTES**

The Notes are being issued pursuant to the provisions of Act 206. The Notes are primarily payable from the 2013 delinquent real property taxes which were returned as uncollected to the County Treasurer on March 1, 2014, and the interest on such taxes. (See "ADDITIONAL NOTES AND BORROWINGS").

### **Primary Security**

All of the 2013 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 2013 real property taxes that were returned delinquent to the County on March 1, 2014 is \$78,000,000. The Note Resolution establishes the Oakland County 2014 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 2013 delinquent taxes which then remain unpaid, as required by Act 206 and the Note Resolution.

All of the 2013 delinquent real property taxes, together with statutory interest, property tax administration fees, any repayments of uncollected 2013 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 2013 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 2013 delinquent real property taxes against which the County has borrowed an which were outstanding and due and payable to the County of March 1, 2014.

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 no existing of 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-oak2014-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 2007 to 2012 the County's taxable value for real and personal property contracted with the economy for an average annual decrease of 4.78%. 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 \$129,658 in 2012. Nearly 90% of the county's residential development since the start of 2009 has been single-family units, compared to 73% for the entire Southeast Michigan region. Nearly 30% of new residential construction in the region has been in Oakland County since 2009.

The unemployment rate for both Oakland County averaged in 2012. Oakland County did experience some job loss due to manufacturing reorganization in 2006 but is expecting consistent job growth for the next several years due to our skilled and educated workers and a best in class economic diversification strategy, including Automation Alley, Emerging Sectors, and Medical Main Street featuring the new William Beaumont/Oakland University Medical School.

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 2016.

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 2011 was \$53,297. Oakland County ranked 10th in per capita income in 2011 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 Budget Process**

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

Multiple-Year Budgeting. After years of preparing and managing an operating budget for two-year periods of time, in 2009, the County expanded its budget practices to a triennial budget. The current County Executive Recommended Triennial Budget is balanced through FY 2016. On August 22, 2013, the Finance Committee of the Board of Commissioners unanimously approved the FY-2014 to FY-2016 operating budgets and recommended their passage at a Board of Commissioners meeting to be held on September 19, 2013. The County maintains the triennial budget with periodic amendments. Each new program or action is considered for the current year and the subsequent two years on a line-item basis.

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

Operating and Other Reserves. The County's long-range strategic financial plan shows the County maintaining a minimum of 20% of its annual operating expenditures in reserve through fiscal year 2016. The County also has a formally expressed policy of maintaining at least \$200,000,000 in its delinquent tax revolving fund.

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

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

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

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

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

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



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

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

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

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

Residential – With more than 5,500 new construction permits since the start of 2009, the highest total in the seven-county Southeast Michigan region, Oakland County continues to post strong numbers in residential development. The estimated median housing value of a single family home in Oakland County was \$163,900 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. Chrysler Group, LLC’s \$1 billion R & D headquarters and \$1.4 billion corporate world headquarters is located on 500 acres just outside the Tech park. Electronic Data Systems, Comerica Bank, World Computer, ITT Automotive and other major firms are located in this Tech Park. Oakland County leads all Michigan counties with more than 240 business parks totaling more than 10,000 acres.

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

All of southern Oakland County buys water from the 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 Supplier</b>	<b>Detroit Edison Consumers Power</b>
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**Natural Gas:**

<b>Supplier Supplier Supplier</b>	<b>Consumers Energy MichCon Semco Energy</b>
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**Water:**

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

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

**Table 1 – Population Trends, 1960 – 2010**

<b><u>Year</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>
1960	650,259	
1970	907,871	
1980	1,011,793	
1990	1,083,592	
2000	1,194,156	
2010	1,202,635	
2012	1,220,657	

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



## Education

There are 28 school districts in Oakland County, all offering preschool programs and all but one providing childcare or latchkey services. *Newsweek* rated the International Academy in Bloomfield Hills number 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, all school districts in Oakland County and 3 consortium schools offer this language program.

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

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

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

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

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

## Job Growth

The Oakland County economy is now in its fourth year of recovery since the recession's low point at the end of 2009. To date, the recovery has been red-hot, adding almost 48,000 jobs in the past two years, a growth rate of 3.8 percent per year. The strongest growth has come from the high-wage component of the work force. The recovery is forecast to continue with an accelerating pace over the next three years adding 11,581 jobs this year, 13,325 jobs in 2014, and 16,688 in 2015 – an average gain of 2.1 percent per year.

The county's economic base continues to diversify since the Emerging Sectors strategy was put into place. Since its implementation in 2004, Oakland County has seen more than 13,000 existing jobs retained, 29,000 jobs created, 240

companies attracted or retained, and produced nearly \$64 million in property taxes from the targeted industries. The program has resulted in more than \$2.5 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 August, 1978, the voters of Oakland County approved, as part of County wide fixed millage, a maximum millage of \$5.26 per \$1,000, subject to Headlee Amendment reductions. The maximum authorized operating millage for 2013, after the Headlee reduction, is 4.2240 mills. See "Tax Rate Limitation" section.

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

	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Operating	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900
Parks & Recreation	0.2415	0.2415	0.2415	0.2415	0.2415	0.2415	0.2415	0.2415
Huron Clinton Authority	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146
Zoo Authority	0.1000	0.1000	0.1000	0.1000	0.0000	0.0000	0.0000	0.0000
Arts Authority	0.2000	0.2000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total	4.9461	4.9461	4.7461	4.7461	4.6461	4.6461	4.6461	4.6461

*Source: Oakland County Treasurer*

## **Tax Rate Limitation**

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

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

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

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

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

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

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

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

## County Operating Tax Collection Record

**Table 3 – Collection Record of County's Tax Levy, 2002 - 2012**

<b>Year of Tax Levy</b>	<b>Tax Levy*</b>	<b>Collections to March 1 of Each Levy Year Amount**</b>	<b>Percent</b>	<b>Collections Plus Delinquent Tax Funding Percent</b>
2012	\$201,724,853	\$189,692,721	94.04%	100.00%
2011	206,524,166	198,931,022	96.32	100.00
2010	223,423,778	214,041,473	95.80	100.00
2009	253,987,318	241,943,443	95.26	100.00
2008	262,899,380	251,050,564	95.49	100.00
2007	262,814,606	251,354,868	95.64	100.00
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

\* Includes real and personal property taxes.

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

*Source: Oakland County Treasurer*

Prior to 1997, the County's fiscal year began on January 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.

**Table 4 – Collection Record of County Wide Tax Levy, 2002 - 2012**

<b>Year of Tax Levy</b>	<b>Tax Levy*</b>	<b>Collections to March 1 of Each Levy Year Amount**</b>	<b>Percent</b>	<b>Collections Plus Delinquent Tax Funding Percent</b>
2012	\$2,155,447,277	\$2,059,602,174	95.55%	100.00%
2011	2,196,145,824	2,081,982,974	94.80	100.00
2010	2,317,084,920	2,179,375,143	94.06	100.00
2009	2,552,222,639	2,388,595,610	93.59	100.00
2008	2,608,706,372	2,451,081,244	93.96	100.00
2007	2,655,538,647	2,505,486,055	94.34	100.00
2006	2,557,038,960	2,423,216,598	94.77	100.00
2005	2,431,651,204	2,320,949,348	95.45	100.00
2004	2,328,575,713	2,211,018,004	94.95	100.00
2003	2,146,982,204	2,041,180,799	95.07	100.00
2002	2,100,018,728	1,991,919,012	94.85	100.00

\* Includes real and personal property taxes.

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

*Source: Oakland County Treasurer*

### **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 2013 taxable valuation of \$251,993,436 for real and personal property. The total number of parcels with exemptions in 2013 under Act 198 within the County is 270.

## Others

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

The Taxation of Lessees or Users of Tax-exempt Property Act (Act 189, Public Acts of Michigan, 1953) states that if real property exempt for any reason from ad valorem property taxation is leased, loaned, or otherwise made available to and used by a private individual, association, or corporation in connection with a business conducted for profit, the lessee or user of the real property is subject to taxation in the same amount and to the same extent as though the lessee or user owned the real property. The total number of lessees or users in 2012 under Act 189 within the County was 868.

*Source: Oakland County Treasurer*

## Largest Taxpayers

The 10 largest taxpayers in the County and their June 30, 2013 taxable valuations are:

**Table 5 – Ten Largest Taxpayers**

<b>Taxpayer</b>	<b>Taxable Valuation</b>
Detroit Edison	\$400,145,352
Chrysler Group, LLC	235,405,963
General Motors	220,501,420
Consumers Power/Energy	197,563,469
Taubman	116,032,721
Frankel/Forbes/Cohn	115,364,126
International Transmission	88,490,106
Ramco-Gershenson	85,790,304
Comcast	73,200,373
Holtzman & Silverman	71,700,179
Total	\$1,604,194,013

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 2013:

**Table 6 – Twenty-Five Largest Employers in the County**

<b>Employer Name</b>	<b>Approximate Number of Employees</b>
William Beaumont Hospital	11,683
Chrysler Group	10,172
General Motors Corp.	8,550
Trinity Health Michigan	5,966
Henry Ford Health Systems	4,740
St. John Providence Health System	4,211
U.S. Postal Service	3,359
Oakland County Government	3,215
Flagstar Bancorp Inc.	2,724
Botsford Health Care	2,665
Oakland University	2,102
Comerica Bank	2,001
Detroit Medical Center	1,601
Lear Corporation	1,587
Walled Lake Consolidated Schools	1,543
J.P. Morgan Chase & Co.	1,456
Crittenton Hospital Medical Center	1,423
Farmington Public Schools	1,403
Huron Valley Schools	1,387
Rochester Community Schools	1,381
Comau Inc.	1,320
Kelly Services Inc.	1,306
Delphi Automotive	1,277
State of Michigan	1,195
U.S. Government	1,134

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

## Labor Force

The 2013 number of private employees totaled nearly 553,069. The unemployment rate for Oakland County averaged 8.1% and 8.8% for the State of Michigan in 2013.

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

**Table 7 – Unemployment History in the County – Calendar Year 2013**

<b>Month</b>	<b>Total Work Force</b>	<b>Unemployment</b>	<b>Percent Unemployed</b>
January	595,928	41,401	6.9%
February	598,734	44,447	7.4
March	593,928	40,737	6.9

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

**Table 8 – Unemployment History in the County, 2003-2013 (Annual Averages)**

<b>Year</b>	<b>Total Work Force</b>	<b>Unemployment</b>	<b>Percent Unemployed</b>
2013	601,509	48,440	8.1%
2012	587,709	53,238	9.1
2011	587,052	59,642	10.2
2010	593,885	73,840	12.4
2009	604,595	77,951	12.9
2008	613,026	43,193	7.0
2007	625,367	38,053	6.1
2006	630,834	36,365	5.8
2005	636,891	36,495	5.7
2004	640,110	36,132	5.6
2003	644,545	35,709	5.5

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

**Table 9 – Unemployment History in the State of Michigan, 2003-2013 (Annual Averages)**

<b>Year</b>	<b>Total Work Force</b>	<b>Unemployment</b>	<b>Percent Unemployed</b>
2013	4,707,000	413,000	8.8%
2012	4,657,000	426,000	9.1
2011	4,676,000	486,000	10.4
2010	4,750,000	602,000	12.7
2009	4,853,000	651,000	13.4
2008	4,961,000	409,000	8.3
2007	5,034,000	356,000	7.1
2006	5,072,000	349,000	6.9
2005	5,063,000	346,000	6.8
2004	5,043,000	356,000	7.1
2003	5,033,000	358,000	7.1

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

## Income

Per capita personal income was \$53,297 in 2011. In 2011, Oakland County ranked 10th in per capita income for counties with populations greater than one million.

**Table 10 - Per Capita Personal Income in Oakland County, 2000-2011**

<b>Year</b>	<b>Per Capita Income</b>
2011	\$53,297
2010	49,132
2009	47,764
2008	53,576
2007	53,512
2006	52,347
2005	51,099
2004	49,799
2003	48,949
2002	47,714
2001	47,012
2000	46,689

*Source: U.S. Department 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 2,536 are represented by 8 certified bargaining units.

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

**Table 11 – Oakland County Employees Represented by Bargaining Unit**

<b>County Employee Group</b>	<b>Number of Positions</b>	<b>Contract Expiration Date</b>
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	1,231	9/30/2013**
Family Court Employees	86	9/30/2013**
Prosecutor's Investigators	7	9/30/2013**
Oakland County Employees Union	303	9/30/2015
Public Health Nurses	<u>91</u>	9/30/2013**
	2,536	

\* The County has negotiated a tentative two-year agreement through 9/30/15 that is still subject to ratification.

\*\* In Negotiation.

*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:

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

<u>Company</u>	<u>2011 Sales (millions)</u>
Chrysler Group, LLC	\$65,784.0
Lear Corporation	14,567.0
Penske Automotive Group	13,163.5
Robert Bosch, LLC	9,800.0
Trinity Health	8,900.9
BorgWarner, Inc.	7,183.2
Federal-Mogul Corporation	6,664.0
Guardian Industries Corporation	5,600.0
Delphi Corporation	5,495.0
Kelly Services, Inc.	5,450.5
Meritor, Inc.	4,418.0
Fiat North America, LLC	4,358.1
Cooper-Standard Holdings, Inc.	2,880.9
Flagstar Bancorp, Inc.	1,758.5
Denso International America, Inc.	1,512.9
Toyoda Gosei North America Corporation	913.2
BALFOR USA Group, Inc.	910.7
ITC Holdings Corporation	830.5
Taubman Centers, Inc.	748.0
Valeo, Inc.	687.8

*Source: Dun & Bradstreet*

## Revenue Sharing from the State of Michigan

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

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

Act Nos. 356 and 357, Public Acts of Michigan, 2004 signed into law on September 30, 2004 made a number of changes. The most important change is a movement of the county fixed or allocated millage from December 1 to July 1. This movement occurs transitionally beginning in 2004 and is complete in July of 2007. In addition, a special Revenue Sharing Reserve Fund (“RSRF”) was established and used to reduce the State’s obligation to pay revenue sharing to counties. The Michigan Legislature approved proposal replacing revenue sharing allows counties to collect part of their millage earlier in the year thereby advancing their cash flows.

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

The impact on revenue sharing varies widely from county to county. In Oakland County revenue sharing distributions from the State will resume in 2015.

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

The money which is generated by a cash flow shift which will accelerate the collection of county fixed or allocated millage. All counties collect a base tax (which is, of course, reduced by Headlee rollbacks and limited by Proposal A caps) which is either fixed by a vote of the county voters or allocated to the county by a tax allocation board. In addition, counties have a right to vote extra millages for various purposes for up to 20 years. THIS 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 \$25 million annually as a means to “cover” the revenue sharing payment that the State no longer makes to Oakland County.

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

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

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

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

## Pensions

As of June 30, 2013, the County's market value of pension assets was \$740.6 million and the estimated actuarial accrued liabilities of its pension system according to its September 30, 2012 actuarial reports was \$737.8 million, meaning the County estimates that its assets exceed liabilities by \$2.8 million.

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

**Table 13 – 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%	

\* The 2012 actuarial report indicated that a general fund contribution of \$5,770,835 is due to the defined benefit plan, such change was contemplated and incorporated into the operating budget for Fiscal Years ending 2014 through 2016.

## Other Post-Employment Benefits (OPEB)

The County has two funds that operate to fund the retirees' healthcare program, an Interim Retirees' Medical Benefit Trust (IRMBT) and a VEBA. Collectively, the assets of these two funds exceed the accrued liability of OPEB as calculated by the County's actuaries in their most recent reports. After the refunding is accomplished, it is expected that the County will continue to have assets that exceed the accrued liabilities of OPEB as calculated by the County's actuaries in their most recent reports.

As of September 30, 2012, the IRMBT had net assets, at market, of \$305.6 million.

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

**Table 14 – Oakland County Retirees' Health Care Trust\* – Present Financial Report**

	General Union	Command Officers	Road Deputies	Corrections Deputies	Total
<b>A. Accrued Liability</b>					
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 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>B. Valuation Assets</b>	471,620,661	30,201,371	76,066,143	58,664,673	636,552,848
<b>C. Unfunded Accrued Liability: (A.4) – (B)</b>	179,413,629	20,273,604	17,717,682	13,664,449	231,069,364
<b>D. Funded Percent: (B)/(A.4)</b>	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 Retirees Medical Benefits Trust ("IRMBT"). In addition, the IRMBT is holding \$305.6 million of net assets as of September 30, 2012 arising from unexpended COPS proceeds and accumulated investment income that can be used for two purposes: 1) the funding of the ARC to be paid to the VEBA and 2) the defeasance of the COPS. The defeasance of the COPS closed on April 1, 2014.

**Table 15 – History of State Equalized Valuation (SEV)  
(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

(1) As of December 31<sup>st</sup>

*Source: State of Michigan Tax Commission*

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

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

<b>Type of Property</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Residential	69.9%	68.5%	67.6%	68.7%	70.9%	71.9%	71.9%	71.1%	70.3%
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	0.0	0.0	0.0	0.0	0.0	0.0	0.09	0.1	0.1
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

*Source: Oakland County Equalization Department*

### **Personal Property Tax Revenues**

In 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 83 counties' 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.

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, a loss provision of \$2.6 million has been reflected in the proposed operating budget for FY-2016 under consideration presently before the Board of Commissioners.

**Table 17 – History of County Wide Tax Delinquencies**

<b>Levy Year</b>	<b>Real Property</b>	<b>Personal Property</b>
2012	\$89,699,373.20	\$5,702,067.01
2011	107,675,895.41	6,032,598.54
2010	130,215,501.20	7,271,064.88
2009	155,464,907.26	7,809,985.47
2008	149,883,620.70	7,387,710.43
2007	138,097,525.69	9,102,775.59
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: Oakland County Treasurer*

#### **Debt-History**

The County of Oakland has no record of default.

#### **Short-Term Financing**

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

**Table 18 – History of Oakland County Delinquent Tax Anticipation Notes**

<b>Year Issued</b>	<b>Notes Issued</b>	<b>Amount Outstanding</b>
2013	\$25,000,000	\$0
2012	25,000,000	0
2011	50,000,000	0
2010	50,000,000	0
2009	50,000,000	0
2008	25,000,000	0
2007	25,000,000	0
2006	25,000,000	0
2005	25,000,000	0
2004	25,000,000	0
2003	25,000,000	0

*Source: Oakland County Treasurer*

### **Lease Obligations**

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

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

### **Future Financing**

The County will be moving ahead with its projects and has bond offerings planned for 2014.

### **Banking**

The banking needs of the County are adequately handled by:

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

**Table 19 –Oakland County Net Direct Debt as of 03/31/2014 - Unaudited**

	<u>Gross</u>	Self-Supporting or Portion Paid Directly by Benefited <u>Municipalities</u>	<u>Net</u>
<u>Limited Tax</u>			
Building Authority	\$ 43,185,000	\$ 3,410,000	\$39,775,000
Building Authority Refunding	44,325,000	-	44,325,000
Lake Level	80,000	-	80,000
Drain	62,330,000	58,742,593	3,587,407
Retirees Health Care Bonds	350,000,000	-	350,000,000
Sewer Disposal Bonds	3,785,000	-	3,785,000
Sewage Disposal Bonds Refunding	290,000	290,000	-
Water Supply Bonds	16,780,000	16,780,000	-
Water & Sewage Refunding	1,800,000	1,800,000	-
Mich. Bond Auth.-Sewage Disp. Bonds	4,125,727	4,125,727	-
Total	<u>\$526,700,727</u>	<u>\$85,148,320</u>	<u>\$441,552,407</u>
<u>Drain District</u>			
Drain Bonds	\$10,655,000	\$ 9,646,311	\$ 1,008,689
Drain Refunding	22,405,000	19,208,856	3,196,144
Michigan Bond Authority Sewage Disp	2,242,384	-	2,242,384
Michigan Bond Authority Drain	142,799,289	96,664,578	46,134,711
Total	<u>178,101,673</u>	<u>\$125,519,745</u>	<u>\$52,581,928</u>
<u>Bonds and Notes with No County Credit</u>			
Michigan Transportation Fund	\$1,500,000	\$1,500,000	-
Total	<u>\$1,500,000</u>	<u>\$1,500,000</u>	<u>-</u>

**Table 20 – Oakland County Overlapping Debt as of 03/31/2014**

Cities, Villages and Townships	\$ 1,028,853,333
School Districts	2,322,604,402
Community College, Intermediate School Districts and Library	61,317,352
County Issued Debt Paid by Local Municipalities	212,158,065
Net County Overlapping Debt	3,412,775,087
NET COUNTY DIRECT AND OVERLAPPING DEBT	3,906,909,422

(1) Does not include the COPS or Notes as they were paid off April 1, 2014.

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

*Source: Oakland County Treasurer and Municipal Advisory Council of Michigan*



**Table 21 – Oakland County Schedule of Bond Maturities**  
**County Credit and Limited Tax**  
**Principal Only as of 03/31/2014**

Year	Building Authority	Building Authority Refunding	Sewer Disposal Refunding	Water Supply Bonds	Water & Sewage Refunding	MBA Sewer Disposal Bonds	Lake Levels
2014	2,420,000	1,890,000	150,000	765,000	\$195,000	620,000	\$80,000
2015	2,720,000	1,935,000	140,000	785,000	190,000	630,000	0
2016	2,775,000	2,035,000	0	810,000	210,000	645,000	0
2017	2,825,000	2,075,000	0	835,000	205,000	655,000	0
2018	2,930,000	2,140,000	0	810,000	205,000	675,000	0
2019	2,980,000	2,200,000	0	790,000	200,000	100,000	0
2020	3,080,000	2,170,000	0	820,000	220,000	100,000	0
2021	3,185,000	2,065,000	0	850,000	215,000	100,000	0
2022	3,285,000	2,125,000	0	885,000	160,000	100,000	0
2023	1,140,000	900,000	0	920,000	-	100,000	0
2024	1,170,000	435,000	0	955,000	-	100,000	0
2025	995,000	0	0	990,000	-	100,000	0
Beyond 2025	<u>7,530,000</u>	<u>0</u>	<u>0</u>	<u>6,565,000</u>	<u>-</u>	<u>200,727</u>	<u>0</u>
	<u>\$37,035,000</u>	<u>\$19,970,000</u>	<u>\$290,000</u>	<u>\$16,780,000</u>	<u>\$1,800,000</u>	<u>\$4,125,727</u>	<u>\$80,000</u>

*Source: Oakland County Treasurer*

**Table 22 – Oakland County Schedule of Drain Bond Maturities**  
**County Credit and Limited Tax**  
**Principal Only as of 03/31/2014**

<u>Year</u>	<u>Drain Bonds</u>	<u>Drain Refunding</u>	<u>M.B.A. Drain Bonds</u>	<u>M.B.A. Sewage Bonds</u>
2014	1,315,000	4,290,000	9,055,000	95,000
2015	1,280,000	3,700,000	11,845,000	100,000
2016	1,020,000	3,075,000	12,130,000	100,000
2017	930,000	1,780,000	11,955,000	105,000
2018	790,000	1,340,000	11,184,390	105,000
2019	810,000	1,350,000	9,620,000	110,000
2020	855,000	1,395,000	9,870,000	115,000
2021	875,000	1,465,000	10,110,000	115,000
2022	855,000	1,510,000	10,365,000	120,000
2023	440,000	1,040,000	9,485,000	120,000
2024	470,000	1,025,000	9,712,676	125,000
2025	485,000	435,000	4,540,000	125,000
Beyond 2025	<u>530,000</u>	<u>0</u>	<u>22,927,223</u>	<u>907,384</u>
	<u>\$10,655,000</u>	<u>\$22,405,000</u>	<u>\$142,799,289</u>	<u>\$2,242,384</u>

*Source: Oakland County Treasurer*

**Table 23 – Oakland County Schedule of Bond Maturities  
with Limited County Pledge - Taxable  
Principal Only as of 03/31/2014**

<u>Year</u>	<u>Bldg. Authority</u>	<u>Bldg. Authority Refunding</u>	<u>Drain</u>	<u>Retirees Health Care Bonds</u>	<u>Sewage</u>
2014	\$ 275,000	\$ 2,130,000	\$ 345,000	\$ 0	\$ 140,000
2015	275,000	2,225,000	2,305,000	21,410,000	145,000
2016	275,000	2,260,000	2,370,000	22,200,000	150,000
2017	275,000	2,335,000	2,445,000	23,020,000	155,000
2018	300,000	2,425,000	2,525,000	23,870,000	160,000
2019	305,000	2,490,000	2,605,000	24,750,000	170,000
2020	305,000	2,575,000	2,690,000	25,660,000	175,000
2021	305,000	2,655,000	2,780,000	26,605,000	185,000
2022	330,000	2,685,000	2,875,000	27,585,000	190,000
2023	330,000	1,265,000	2,980,000	28,605,000	205,000
2024	360,000	1,310,000	3,090,000	29,660,000	215,000
2025	360,000	0	3,205,000	30,750,000	225,000
Beyond 2025	<u>2,455,000</u>	<u>0</u>	<u>32,115,000</u>	<u>65,885,000</u>	<u>1,670,000</u>
	<u>\$6,150,000</u>	<u>\$24,355,000</u>	<u>\$62,330,000</u>	<u>\$350,000,000</u>	<u>\$3,785,000</u>

*Source: Oakland County Treasurer*

**Table 25 – Oakland County Schedule of Bond Maturities  
With No County Pledge  
Principal Only as of 03/31/2014**

Year	MTF Revenues	Total
2014	500,000	500,000
2015	500,000	500,000
2016	<u>500,000</u>	<u>500,000</u>
	<u>\$1,500,000</u>	<u>\$1,500,000</u>

*Source: Oakland County Treasurer*

**Table 26 – Oakland County Schedule of Principal and Interest Requirements  
as of 03/31/2014**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	24,265,000.00	22,152,271.08	46,417,271.08
2015	50,185,000.00	22,525,073.39	72,710,073.39
2016-2019	198,089,390.00	74,208,659.76	272,298,049.76
2020-2024	250,767,676.00	55,619,253.66	306,386,929.66
2025-2030	161,454,798.00	17,923,677.35	179,378,475.35
2031-2040	<u>21,540,536.00</u>	<u>1,567,129.03</u>	<u>23,107,665.03</u>
	\$706,302,400.00	\$193,996,064.27	\$900,298,464.27

*Source: Oakland County Treasurer*

**Table 26 – Oakland County Statement of Legal Debt Margin  
as of 03/31/2014**

<u>Bonds and Notes with County Credit and Limited Tax</u>	
GOLT Bldg. Authority	\$ 37,035,000.00
GOLT Bldg. Authority Refunding	19,970,000.00
GOLT Lake Level	80,000.00
GOLT Sewage Refunding	290,000.00
GOLT Water	16,780,000.00
GOLT Water & Sewage Refunding	1,800,000.00
Michigan Bond Authority Sewage Disposal	4,125,727.00
Total	<u>\$ 80,080,727.00</u>
<u>Drain Bonds</u>	
Drain Bonds	\$ 10,655,000.00
Drain Refunding	22,405,000.00
Michigan Bond Authority Drain	142,799,289.00
Michigan Bond Authority Sewage	2,242,384.00
Total	<u>\$ 178,101,673.00</u>
<u>Bonds and Notes with County Credit and Limited-Taxable</u>	
GOLT Bldg Authority	\$ 6,150,000.00
GOLT Bldg Authority Refunding	24,355,000.00
GOLT Drain	62,330,000.00
GOLT Retirees Health Care Bonds	350,000,000.00
GOLT Sewage	3,785,000.00
Total	<u>446,620,000.00</u>
Total County Credit/Pledged Debt	<u>\$ 704,802,400.00</u>
<u>Bonds and Notes with no County Credit</u>	
Motor Vehicle Highway Fund Revenue Notes	\$ 1,500,000.00
	<u>1,500,000.00</u>
Statutory Limit - 10% of Currently Approved SEV	\$5142,992,381.50
Total County Credit/Pledged Debt	704,802,400.00
Available Statutory Debt Limit	<u>\$4,438,189,981.50</u>

*Source: Oakland County Treasurer*

**OAKLAND COUNTY, MICHIGAN**  
Cumulative Percentages of Delinquent Tax Collections from Taxpayers  
First Fifty Months of Delinquency

Taxes returned delinquent	\$97,528,003	\$122,129,735	\$138,097,526	\$149,883,621	\$155,464,907	\$130,215,501	\$107,675,895	\$89,699,373
MONTH	TAX YEAR 2005	TAX YEAR 2006	TAX YEAR 2007	TAX YEAR 2008	TAX YEAR 2009	TAX YEAR 2010	TAX YEAR 2011	TAX YEAR 2012
MARCH	8.56	6.74	5.64 <sup>(1)</sup>	5.47	6.44	6.62	6.46	6.40
APRIL	14.99	13.75	12.79	12.69	12.45	13.45	13.29	12.29
MAY	21.88	19.79	18.18	17.58	19.18	18.45	18.40	17.95
JUNE	29.20	28.62	26.25	23.99	26.10	25.41	25.82	25.81
JULY	38.06	35.76	33.14	30.84	31.80	31.26	33.22	33.39
AUGUST	45.88	42.73	38.52	36.52	37.19	35.75	39.10	38.39
SEPTEMBER	52.32	47.73	44.66	42.24	42.25	40.00	44.08	45.31
OCTOBER	57.21	53.50	49.36	47.57	46.60	43.10	48.46	49.77
NOVEMBER	61.76	58.06	53.98	52.05	50.61	46.83	50.96	53.49
DECEMBER	66.15	61.90	59.68	58.08	55.64	51.30	53.72	56.33
JANUARY	69.44	65.93	63.26	61.14	58.77	53.98	56.33	58.85
FEBRUARY	77.32	72.87	69.73	65.95	63.00	59.71	62.09	63.81
MARCH	80.56	75.63 <sup>(1)</sup>	72.65	68.63	66.09	63.26	64.68	67.69
APRIL	82.59	77.24	74.48	70.05	67.95	64.54	65.86	
MAY	83.96	78.73	75.47	71.36	69.27	65.72	67.04	
JUNE	85.22	80.47	76.77	72.65	70.61	67.17	68.29	
JULY	86.41	82.02	78.25	73.75	71.93	68.48	69.82	
AUGUST	87.54	83.29	79.53	74.88	72.87	69.61	71.16	
SEPTEMBER	88.44	84.65	80.99	76.43	74.01	70.62	73.26	
OCTOBER	90.00	86.03	82.40	77.32	75.06	71.82	74.97	
NOVEMBER	91.62	87.57	83.78	78.86	76.87	73.40	76.57	
DECEMBER	93.56	90.24	86.11	81.51	79.64	75.26	78.22	
JANUARY	95.26	91.89	87.93	83.15	81.08	76.98	80.12	
FEBRUARY	96.98	94.06	90.09	85.24	83.39	79.02	82.23	
MARCH	98.60 <sup>(1)</sup>	95.63	92.45	88.53	85.67	81.24	84.72	
APRIL	98.83	95.90	92.78	89.18	86.35	82.02		
MAY	98.89	95.99	92.90	89.53	86.74	82.43		
JUNE	98.96	96.14	93.10	89.79	87.05	82.76		
JULY	99.05	96.25	93.19	90.08	87.29	83.33		
AUGUST	99.11	96.34	93.33	90.23	87.68	83.62		
SEPTEMBER	99.15	96.43	93.40	90.41	87.86	84.53		
OCTOBER	99.18	96.48	93.51	90.57	88.10	84.79		
NOVEMBER	99.22	96.55	93.67	90.84	88.36	84.99		
DECEMBER	99.30	96.77	93.80	91.06	88.60	85.25		
JANUARY	99.35	96.90	93.91	91.19	88.76	85.59		
FEBRUARY	99.43	97.17	94.12	91.44	88.99	85.73		
MARCH	99.56	97.42	94.56	91.72	89.30	86.26		
APRIL	99.58	97.48	94.73	91.83	89.57			
MAY	99.59	97.54	94.79	91.92	89.71			
JUNE	99.66	97.58	94.86	91.99	89.83			
JULY	99.67	97.60	94.93	92.04	90.10			
AUGUST	99.70	97.61	94.96	92.10	90.16			
SEPTEMBER	99.70	97.62	95.00	92.14	90.45			
OCTOBER	99.71	97.66	95.02	92.20	90.51			
NOVEMBER	99.73	97.68	95.07	92.23	90.56			
DECEMBER	99.74	97.72	95.13	92.26	90.60			
JANUARY	99.75	97.75	95.18	92.31	90.64			
FEBRUARY	99.77	97.78	95.23	92.36	90.75			
MARCH	99.81	97.83	95.35	92.44	90.86			
APRIL	99.82	97.85	95.48	92.57				
TO DATE	100.00	100.00	100.00	92.87				

**COUNTY OF  
100% TAX PAYMENT**

**OAKLAND, MICHIGAN  
FUND-2013 SERIES**

	<u>PROPERTY TAXES</u>	<u>INTEREST ON TAXES</u>	<u>COLLECTION FEES</u>	<u>TOTAL RECEIPTS</u>	<u>BORROWING &amp; DEBT PAYMENT</u>
TAXES RETURNED DELINQUENT	\$89,669,373				\$25,000,000
<b><u>2013</u></b>					
MARCH	\$5,742,610	\$ 57,383	\$229,534	\$6,029,527	\$0
	<b>\$83,956,764</b>				<b>\$25,000,000</b>
APRIL	\$5,278,378	\$94,971	\$204,193	\$5,577,542	\$0
	<b>\$78,678,386</b>				<b>\$25,000,000</b>
MAY	\$5,080,553	\$140,293	\$195,566	\$5,416,413	\$0
	<b>\$73,597,832</b>				<b>\$25,000,000</b>
JUNE	\$7,046,815	\$277,335	\$286,699	\$7,610,849	\$0
	<b>\$66,551,017</b>				<b>\$25,000,000</b>
JULY	\$6,798,780	\$328,581	\$282,239	\$7,409,600	\$0
	<b>\$59,752,237</b>				<b>\$25,000,000</b>
AUGUST	\$4,491,594	\$262,119	\$185,267	\$4,938,980	\$0
	<b>\$55,260,643</b>				<b>\$25,000,000</b>
SEPTEMBER	\$6,205,228	\$363,892	\$250,132	\$6,819,253	\$0
	<b>\$49,055,415</b>				<b>\$25,000,000</b>
OCTOBER	\$4,000,831	\$310,087	\$162,996	\$4,473,914	\$0
	<b>\$45,054,584</b>				<b>\$25,000,000</b>
NOVEMBER	\$3,334,857	\$294,136	\$137,584	\$3,766,577	\$0
	<b>\$41,719,727</b>				<b>\$25,000,000</b>
DECEMBER	\$2,552,443	\$250,971	\$104,244	\$2,907,658	\$0
TOTAL UNCOLLECTED BALANCE	<b>\$39,167,284</b>				<b>\$25,000,000</b>
TOTAL COLLECTIONS 2013	<u>\$50,532,089</u>	<u>\$2,379,769</u>	<u>\$2038,455</u>	<u>\$54,950,313</u>	<u>\$0</u>
<b><u>2014</u></b>					
JANUARY	\$2,256,393	\$242,516	\$91,177	\$2,590,086	\$0
	<b>\$36,910,891</b>				<b>\$25,000,000</b>
FEBRUARY	\$4,450,625	\$530,742	\$179,989	\$5,161,357	\$0
	<b>\$32,460,266</b>				<b>\$25,000,000</b>
MARCH	\$3,478,339	\$557,658	\$139,689	\$4,175,685	\$0
TOTAL UNCOLLECTED BALANCE	<b>\$28,981,927</b>				
TOTAL COLLECTIONS 2014	<u>\$10,185,357</u>	<u>\$1,330,916</u>	<u>\$410,854</u>	<u>11,927,128</u>	



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

	PROPERTY TAXES	INTEREST ON TAXES	COLLECTION FEES	TOTAL RECEIPTS	BORROWING & DEBT PAYMENT
<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>	\$85,613	\$342,452	\$9,042,050	<b>\$0</b>
	\$121,601,516				\$50,000,000
APRIL	<b>\$8,903,089</b>	\$157,062	\$347,715	\$9,407,867	<b>\$0</b>
	\$112,698,427				\$50,000,000
MAY	<b>\$6,501,332</b>	\$184,591	\$259,128	\$6,945,051	<b>\$0</b>
	\$106,197,095				\$50,000,000
JUNE	<b>\$9,071,697</b>	\$357,884	\$366,311	\$9,795,892	<b>\$0</b>
	\$97,125,398				\$50,000,000
JULY	<b>\$7,615,488</b>	\$352,797	\$299,776	\$8,268,061	<b>\$0</b>
	\$89,509,910				\$50,000,000
AUGUST	<b>\$5,843,727</b>	\$341,094	\$235,106	\$6,419,927	<b>\$0</b>
	\$83,666,183				\$50,000,000
SEPTEMBER	<b>\$5,543,035</b>	\$381,760	\$222,645	\$6,147,440	<b>\$0</b>
	\$78,123,149				\$50,000,000
OCTOBER	<b>\$4,030,696</b>	\$317,421	\$161,714	\$4,509,830	<b>\$0</b>
	\$74,092,453				\$50,000,000
NOVEMBER	<b>\$4,851,071</b>	\$431,123	\$195,443	\$5,477,637	<b>\$0</b>
	\$69,241,382				\$50,000,000
DECEMBER	<b>\$5,829,294</b>	\$578,167	\$234,830	\$6,642,292	<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>	\$380,726	\$140,056	\$4,013,397	<b>\$0</b>
	<u>\$59,919,473</u>				<u>\$50,000,000</u>
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	\$7,813,607	\$774,363	\$314,167	\$8,902,136	\$0
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	\$6,576,329	\$782,616	\$266,075	\$7,625,019	\$0
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	82,020.28	328,082.72	8,612,144.86	-
	<b>141,681,578.84</b>				<b>50,000,000.00</b>
APRIL	10,815,473.06	202,352.20	426,645.92	11,444,471.18	-
	<b>130,866,105.78</b>				<b>50,000,000.00</b>
MAY	7,327,412.78	210,629.87	288,048.86	7,826,091.51	-
	<b>123,538,693.00</b>				<b>50,000,000.00</b>
JUNE	9,611,779.43	375,995.04	383,035.99	10,370,810.46	-
	<b>113,926,913.57</b>				<b>50,000,000.00</b>
JULY	10,264,036.78	498,101.56	413,823.64	11,175,961.98	-
	<b>103,662,876.79</b>				<b>50,000,000.00</b>
AUGUST	8,521,239.11	496,504.40	342,068.41	9,359,811.92	-
	<b>95,141,637.68</b>				<b>50,000,000.00</b>
SEPTEMBER	8,567,532.54	586,079.57	345,932.04	9,499,544.15	-
	<b>86,574,105.14</b>				<b>50,000,000.00</b>
OCTOBER	7,995,766.92	626,805.18	321,859.91	8,944,432.01	-
	<b>78,578,338.22</b>				<b>50,000,000.00</b>
NOVEMBER	6,702,294.27	585,789.25	268,911.64	7,556,995.16	-
	<b>71,876,043.95</b>				<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	497,394.10	184,180.93	5,263,961.18	-
	<b>58,246,993.18</b>				<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, 2013 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

### **Report on the Basic Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, 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, 2013 and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oakland County as of September 30, 2013 and the respective changes in its financial position and, where applicable, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

To the Board of Commissioners  
Oakland County, Michigan

### ***Other Matters***

#### ***Required Supplementary Information***

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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

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

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

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



To the Board of Commissioners  
Oakland County, Michigan

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we will also issue a report on our consideration of Oakland County'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 & Moran, PLLC*

March 18, 2014

**County of Oakland**  
**Statement of Net Position**  
**September 30, 2013**

	Primary Government			
	Governmental Activities	Business- Type Activities	Totals	Component Units
<b>Assets</b>				
Current assets				
Pooled cash and investments	\$ 451,519,128	\$ 322,504,695	\$ 774,023,823	\$ 26,030,897
Cash and cash equivalents	-	-	-	43,578,759
Receivables (net of allowance for uncollectibles where applicable)				
Current property taxes	21,630,823	-	21,630,823	-
Delinquent property taxes	778,769	81,540,932	82,319,701	-
Special assessments	-	-	-	7,549,159
Due from other governmental units	20,427,230	47,559,430	67,986,660	6,804,851
Due from primary government	-	-	-	4,413,986
Due from component units	583,000	269,311	852,311	-
Accrued interest receivable	959,431	2,057,617	3,017,048	95,938
Accounts receivable	2,189,227	48,447,019	50,636,246	18,421,684
Contracts receivable	43,659,134	1,172,077	44,831,211	-
Internal balances - footnote 19	152,201	(152,201)	-	-
Inventories and supplies	1,063,121	593,403	1,656,524	4,532,368
Prepayments and other assets	10,507,792	1,748,540	12,256,332	902,364
Total current assets	<u>553,469,856</u>	<u>505,740,823</u>	<u>1,059,210,679</u>	<u>112,330,006</u>
Noncurrent assets				
Special assessments receivable	23,570,069	-	23,570,069	224,386,678
Contracts receivable	23,328,800	-	23,328,800	-
OPEB asset	198,243,607	-	198,243,607	2,240,191
Capital assets, net				
Land and other nondepreciable assets	26,838,154	104,790,054	131,628,208	258,844,690
Land improvements, net	140,649	10,894,336	11,034,985	121,412
Buildings and improvements, net	132,298,250	60,461,552	192,759,802	9,368,060
Equipment and vehicles, net	22,021,760	26,583,805	48,605,565	2,337,690
Infrastructure, net	<u>13,618,758</u>	<u>96,659,055</u>	<u>110,277,813</u>	<u>986,972,200</u>
Total capital assets, net	<u>194,917,571</u>	<u>299,388,802</u>	<u>494,306,373</u>	<u>1,257,644,052</u>
Total noncurrent assets	<u>440,060,047</u>	<u>299,388,802</u>	<u>739,448,849</u>	<u>1,484,270,921</u>
Total assets	<u>\$ 993,529,903</u>	<u>\$ 805,129,625</u>	<u>\$ 1,798,659,528</u>	<u>\$ 1,596,600,927</u>

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

**County of Oakland**  
**Statement of Net Position (Continued)**  
**September 30, 2013**

	<b>Primary Government</b>			
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>	<b>Component Units</b>
<b>Liabilities</b>				
Current liabilities				
Vouchers payable	\$ 14,726,568	\$ 3,092,521	\$ 17,819,089	\$ 10,576,805
Accrued payroll	3,319,937	-	3,319,937	-
Due to other governmental units	1,240,567	24,031,967	25,272,534	14,027,238
Due to component units	5,336	4,408,650	4,413,986	-
Due to primary government	-	-	-	852,311
Accrued interest payable	357,425	-	357,425	42,035
Other accrued liabilities	17,597,460	6,139,988	23,737,448	6,008,046
Accrued compensated absences	1,205,463	-	1,205,463	-
Unearned revenue	46,664,268	1,581,094	48,245,362	77,447,521
Claims and judgments	4,598,228	-	4,598,228	-
Bonds and notes payable	29,690,000	26,745,000	56,435,000	15,520,300
Total current liabilities	119,405,252	65,999,220	185,404,472	124,474,256
Noncurrent liabilities				
Accrued compensated absences	10,849,171	-	10,849,171	2,666,700
Claims and judgments	16,056,567	-	16,056,567	1,501,733
Other postemployment benefits	-	-	-	14,783,249
Bonds and notes payable	445,920,727	32,960,962	478,881,689	197,596,889
Total noncurrent liabilities	472,826,465	32,960,962	505,787,427	216,548,571
Total liabilities	592,231,717	98,960,182	691,191,899	341,022,827
<b>Net Position</b>				
Net investment in capital assets	137,512,571	264,682,840	402,195,411	1,045,472,163
Restricted for				
Property Tax Forfeiture	15,589,336	-	15,589,336	-
Substance Abuse	4,611,797	-	4,611,797	-
Revenue sharing reserve	34,881,760	-	34,881,760	-
Public Safety	4,630,684	-	4,630,684	-
Justice Administration	13,402	-	13,402	-
Citizens services	1,221,628	-	1,221,628	-
Public works	1,272,717	-	1,272,717	8,227,943
Commerce and community development	9,282,815	-	9,282,815	-
Capital projects	9,257	-	9,257	-
Debt service	953,734	-	953,734	154,579,978
Airports	-	21,278	21,278	-
Community water and sewer	-	73,791,798	73,791,798	-
Unrestricted	191,318,485	367,673,527	558,992,012	47,298,016
Total net position	\$ 401,298,186	\$ 706,169,443	\$ 1,107,467,629	\$ 1,255,578,100

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

**County of Oakland**  
**Statement of Activities**  
**Year Ended September 30, 2013**

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			Program Revenue	
			Operating	Capital
	Expenses	Charges for	Grants and	Grants and
		Services	Contributions	Contributions
<b>Functions/Programs</b>				
<b>Primary government</b>				
Governmental activities				
General government, administrative	\$ 24,802,464	\$ 28,230,087	\$ 812,900	\$ -
Public safety	195,275,037	60,741,916	23,147,123	965,065
Justice administration	90,873,460	31,730,104	456,013	-
Citizen services	82,502,384	6,448,453	21,776,402	-
Public works	29,008,606	22,030,824	930,304	-
Recreation and leisure	1,551,035	38,154	72,414	-
Commerce and community development	48,895,303	18,967,967	24,638,978	-
Unallocated depreciation	1,911,473	-	-	-
Interest on debt	2,626,856	-	-	-
Total governmental activities	477,446,618	168,187,505	71,834,134	965,065
Business-type activities				
Airports	6,653,186	4,381,999	-	778,548
Community safety support	17,084,677	11,417,222	-	2,189,506
Community tax financing	1,399,607	21,845,093	-	-
Community water and sewer	77,371,824	80,223,019	-	-
Recreation and leisure	21,181,725	8,430,978	96,241	288,141
Sewage disposal systems	126,797,005	121,781,246	21,783	1,476,762
Total business-type activities	250,488,024	248,079,557	118,024	4,732,957
Total primary government	\$ 727,934,642	\$ 416,267,062	\$ 71,952,158	\$ 5,698,022
<b>Component units</b>				
Drainage districts	\$ 84,925,487	\$ 79,299,685	\$ -	\$ 22,940,808
Road commission	92,753,956	15,940,268	60,501,689	38,589,282
Total component units	\$ 177,679,443	\$ 95,239,953	\$ 60,501,689	\$ 61,530,090
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, 2013**

Net (Expenses) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business- Type Activities	Totals	Component Units
\$ 4,240,523	\$ -	\$ 4,240,523	\$ -
(110,420,933)	-	(110,420,933)	-
(58,687,343)	-	(58,687,343)	-
(54,277,529)	-	(54,277,529)	-
(6,047,478)	-	(6,047,478)	-
(1,440,467)	-	(1,440,467)	-
(5,288,358)	-	(5,288,358)	-
(1,911,473)	-	(1,911,473)	-
(2,626,856)	-	(2,626,856)	-
(236,459,914)	-	(236,459,914)	-
-	(1,492,639)	(1,492,639)	-
-	(3,477,949)	(3,477,949)	-
-	20,445,486	20,445,486	-
-	2,851,195	2,851,195	-
-	(12,366,365)	(12,366,365)	-
-	(3,517,214)	(3,517,214)	-
-	2,442,514	2,442,514	-
(236,459,914)	2,442,514	(234,017,400)	-
-	-	-	17,315,006
-	-	-	22,277,283
-	-	-	39,592,289
199,808,014	11,398,103	211,206,117	-
12,789,988	-	12,789,988	-
2,553,617	1,758,041	4,311,658	797,115
270,885	-	270,885	-
3,752,043	-	3,752,043	-
-	6,471,638	6,471,638	-
19,803,672	(19,803,672)	-	-
238,978,219	(175,890)	238,802,329	797,115
2,518,305	2,266,624	4,784,929	40,389,404
398,779,881	703,902,819	1,102,682,700	1,215,188,696
\$ 401,298,186	\$ 706,169,443	\$ 1,107,467,629	\$ 1,255,578,100

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

# **Governmental Fund Financial Statements**

## **Major Funds**

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

**Building Authority Debt Act 31 Fund** - This fund was established to accumulate the resources for the payment of bonded debt issued for the construction of, or improvement to various facilities (currently 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 seven 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, 2013**

	<b>Major Funds</b>		
	<b>General</b>	<b>Building Authority Debt Act 31</b>	<b>Water and Sewer Debt Act 342</b>
<b>Assets</b>			
Current assets			
Pooled cash and investments	\$ 230,800,570	\$ 491,466	\$ 869,101
Receivables (net of allowance for uncollectibles where applicable)			
Current property taxes	21,630,823	-	-
Delinquent property taxes	778,769	-	-
Due from other governmental units	9,626,997	-	-
Due from component units	109,092	-	-
Accrued interest receivable	95,231	1,045	3,630
Accounts receivable	23,421	712,420	-
Contracts receivable	43,619,734	-	-
Due from other funds	10,558,778	-	-
Advances receivable	-	-	-
Inventories	145,558	-	-
Prepayments and other assets	113,089	-	-
Total current assets	<u>317,502,062</u>	<u>1,204,931</u>	<u>872,731</u>
Special assessments receivable	-	-	20,950,727
Contracts receivable	-	21,255,000	-
Total assets	<u>\$ 317,502,062</u>	<u>\$ 22,459,931</u>	<u>\$ 21,823,458</u>
<b>Liabilities</b>			
Current liabilities			
Vouchers payable	\$ 8,318,682	\$ 379,719	\$ 837,760
Accrued payroll	3,319,937	-	-
Due to other governmental units	559,541	-	-
Due to other funds	128,904	-	-
Advances payable	-	-	-
Unearned revenue	42,044,298	-	-
Other accrued liabilities	6,492,359	-	12,671
Total liabilities	<u>60,863,721</u>	<u>379,719</u>	<u>850,431</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue-property taxes	13,865,302	-	-
Unavailable revenue-special assessments	-	-	20,950,727
Unavailable revenue-contracts receivable	-	21,255,000	-
Total deferred inflows of resources	<u>13,865,302</u>	<u>21,255,000</u>	<u>20,950,727</u>
<b>Fund Balances</b>			
Nonspendable	258,647	-	-
Restricted	20,201,133	825,212	22,300
Committed	-	-	-
Assigned	221,222,041	-	-
Unassigned	1,091,218	-	-
Total fund balances	<u>242,773,039</u>	<u>825,212</u>	<u>22,300</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 317,502,062</u>	<u>\$ 22,459,931</u>	<u>\$ 21,823,458</u>

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

**County of Oakland**  
**Balance Sheet (Continued)**  
**Governmental Funds**  
**September 30, 2013**

	<b>Non-Major Funds</b>	<b>Totals September 30, 2013</b>
<b>Assets</b>		
Current assets		
Pooled cash and investments	\$ 105,959,834	\$ 338,120,971
Receivables (net of allowance for uncollectibles where applicable)		
Current property taxes	-	21,630,823
Delinquent property taxes	-	778,769
Due from other governmental units	10,711,122	20,338,119
Due from component units	412,131	521,223
Accrued interest receivable	290,830	390,736
Accounts receivable	1,113,598	1,849,439
Contracts receivable	39,400	43,659,134
Due from other funds	1,433,646	11,992,424
Advances receivable	362,335	362,335
Inventories	-	145,558
Prepayments and other assets	3,928,589	4,041,678
Total current assets	<u>124,251,485</u>	<u>443,831,209</u>
Special assessments receivable	2,619,342	23,570,069
Contracts receivable	2,073,800	23,328,800
Total assets	<u>\$ 128,944,627</u>	<u>\$ 490,730,078</u>
<b>Liabilities</b>		
Current liabilities		
Vouchers payable	\$ 3,009,740	\$ 12,545,901
Accrued payroll	-	3,319,937
Due to other governmental units	349,579	909,120
Due to other funds	11,879,065	12,007,969
Advances payable	362,335	362,335
Unearned revenue	3,720,140	45,764,438
Other accrued liabilities	7,424,277	13,929,307
Total liabilities	<u>26,745,136</u>	<u>88,839,007</u>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue-property taxes	-	13,865,302
Unavailable revenue-special assessments	2,619,342	23,570,069
Unavailable revenue-contracts receivable	1,995,000	23,250,000
Total deferred inflows of resources	<u>4,614,342</u>	<u>60,685,371</u>
<b>Fund balances</b>		
Nonspendable	441,135	699,782
Restricted	51,418,485	72,467,130
Committed	46,332,071	46,332,071
Assigned	-	221,222,041
Unassigned	(606,542)	484,676
Total fund balances	<u>97,585,149</u>	<u>341,205,700</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 128,944,627</u>	<u>\$ 490,730,078</u>

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



**County of Oakland**  
**Reconciliation of the Balance Sheet – Governmental Funds**  
**to the Statement of Net Position**  
**September 30, 2013**

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Total fund balances for governmental funds		\$ 341,205,700
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	19,472,603	
Land improvements, net of \$1,038,505 depreciation	140,649	
Buildings and improvements, net of \$99,263,310 depreciation	131,135,564	
Equipment and vehicles, net of \$15,748,768 depreciation	8,216,472	
Infrastructure, net of \$13,238,578 depreciation	13,474,769	
		179,675,608
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.		98,234,821
Other post-employment benefits assets do not represent financial resources and are not reported in the funds.		198,243,607
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.		13,086,533
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.		46,820,069
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	(475,610,727)	
Accrued interest payable	(357,425)	
		(475,968,152)
Net position of governmental activities		<u>\$ 401,298,186</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, 2013**

	<b>Major Funds</b>		
	<b>General</b>	<b>Building Authority Debt Act 31</b>	<b>Water and Sewer Debt Act 342</b>
<b>Revenue</b>			
Taxes	\$ 200,842,221	\$ -	\$ -
Special assessments	-	11,179,973	2,278,947
Federal grants	282,853	-	-
State grants	4,451,351	-	-
Other intergovernmental revenues	15,153,110	-	-
Charges for services	110,155,696	529	1,825
Contributions	78,512	-	-
Investment income	1,457,136	7,271	1,658
Indirect cost recovery	7,610,932	-	-
Other	2,899,480	-	-
Total revenue	<u>342,931,291</u>	<u>11,187,773</u>	<u>2,282,430</u>
<b>Expenditures</b>			
Current operations			
County Executive	86,464,158	2,207	-
Clerk/Register of Deeds	9,615,908	-	-
Treasurer	8,371,074	-	-
Justice administration	51,349,292	-	-
Law enforcement	147,616,362	-	-
Legislative	4,016,643	-	-
Water Resource Commissioner	5,099,895	-	413
Non-departmental	17,087,412	-	-
Total current operations	<u>329,620,744</u>	<u>2,207</u>	<u>413</u>
Capital outlay	188,997	-	-
Intergovernmental	-	-	-
Debt service			
Principal payments	-	9,470,000	1,515,000
Interest and fiscal charges	-	1,341,684	765,772
Total expenditures	<u>329,809,741</u>	<u>10,813,891</u>	<u>2,281,185</u>
Excess (deficiency) of revenue over (under) expenditures	<u>13,121,550</u>	<u>373,882</u>	<u>1,245</u>
Other financing sources (uses)			
Transfers in	43,242,922	335,480	-
Transfers out	(37,020,873)	(952)	(5,720)
Issuance of bonds	-	-	-
Issuance of refunding bonds	-	-	-
Premiums on bonds sold	-	-	-
Payment to bond escrow agent	-	-	-
Total other financing sources (uses)	<u>6,222,049</u>	<u>334,528</u>	<u>(5,720)</u>
Net change in fund balances	<u>19,343,599</u>	<u>708,410</u>	<u>(4,475)</u>
<b>Fund balances</b>			
October 1, 2012	<u>223,429,440</u>	<u>116,802</u>	<u>26,775</u>
September 30, 2013	<u>\$ 242,773,039</u>	<u>\$ 825,212</u>	<u>\$ 22,300</u>

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

**County of Oakland**  
**Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued)**  
**Governmental Funds**  
**Year Ended September 30, 2013**

	<b>Non-Major Funds</b>	<b>Totals September 30, 2013</b>
<b>Revenue</b>		
Taxes	\$ -	\$ 200,842,221
Special assessments	11,180,261	24,639,181
Federal grants	43,592,995	43,875,848
State grants	24,264,800	28,716,151
Other intergovernmental revenues	11,571,705	26,724,815
Charges for services	10,989,320	121,147,370
Contributions	128,688	207,200
Investment income	396,753	1,862,818
Indirect cost recovery	-	7,610,932
Other	738,440	3,637,920
Total revenue	<u>102,862,962</u>	<u>459,264,456</u>
<b>Expenditures</b>		
Current operations		
County Executive	91,401,373	177,867,738
Clerk/Register of Deeds	1,888,879	11,504,787
Treasurer	-	8,371,074
Justice administration	23,011,005	74,360,297
Law enforcement	6,747,694	154,364,056
Legislative	56,567	4,073,210
Water Resource Commissioner	7,261,965	12,362,273
Non-departmental	1,690,629	18,778,041
Total current operations	<u>132,058,112</u>	<u>461,681,476</u>
Capital outlay	2,965,875	3,154,872
Intergovernmental	107,184	107,184
Debt service		
Principal payments	13,110,000	24,095,000
Interest and fiscal charges	1,988,729	4,096,185
Total expenditures	<u>150,229,900</u>	<u>493,134,717</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(47,366,938)</u>	<u>(33,870,261)</u>
Other financing sources (uses)		
Transfers in	35,920,996	79,499,398
Transfers out	(27,441,281)	(64,468,826)
Issuance of bonds	33,825,000	33,825,000
Issuance of refunding bonds	350,000,000	350,000,000
Premiums on bonds sold	1,702,443	1,702,443
Payments to bond escrow agent	(348,800,000)	(348,800,000)
Total other financing sources (uses)	<u>45,207,158</u>	<u>51,758,015</u>
Net change in fund balances	<u>(2,159,780)</u>	<u>17,887,754</u>
<b>Fund balances</b>		
October 1, 2012	<u>99,744,929</u>	<u>323,317,946</u>
September 30, 2013	<u>\$ 97,585,149</u>	<u>\$ 341,205,700</u>

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, 2013

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Net change in fund balance - total governmental funds		\$ 17,887,754
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	\$ 9,430,731	
Buildings and improvements	457,437	
Equipment and vehicles	1,541,995	
Infrastructure	1,000,000	
Depreciation expense	<u>(6,845,902)</u>	5,584,261
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.		
		5,410,311
Amortization of Other Post-Employment Benefits asset is not reported in the governmental funds.		
		(28,359,365)
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	(14,120,740)	
Current year deferral	<u>13,086,533</u>	(1,034,207)
Revenue from special assessments and contracts receivable reported in the Statement of Activities in previous years did not provide current financial resources in the governmental funds until the current year.		
		(6,338,538)
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	(383,825,000)	
Repayment of bond principal	393,415,000	
Accrued interest	<u>(221,911)</u>	9,368,089
Change in net position of governmental activities		<u>\$ 2,518,305</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's 13 parks, including campgrounds, day-use and dog parks, five golf courses, 65 miles of trails, two waterparks, nature centers and banquet facilities, and management of the Oakland County Market. Principal revenue is from a voter-approved millage and user charges.

**Delinquent Tax Revolving** - 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, 2013**

	<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>					
<b>Current assets</b>					
Pooled cash and investments	\$ 31,089,868	\$ 114,511,260	\$ 15,476,295	\$ 65,099,901	\$ 10,442,984
Delinquent property taxes receivable	-	81,540,932	-	-	-
Due from other governmental units	132	18,388,172	1,200	3,309,512	5,661,390
Due from component units	-	-	-	-	269,311
Accrued interest receivable	25,994	1,441,173	57,616	14,167	112,824
Accounts receivable (net of allowance for uncollectibles where applicable)	300,197	16,088,331	427,615	25,497,011	-
Due from other funds	-	-	-	168,248	-
Current portion of contracts receivable	-	-	1,172,077	-	-
Current portion of advances receivable	-	12,883	-	-	-
Inventories and supplies	42,102	-	-	-	-
Prepayments and other assets	10,122	-	-	4,294	-
Total current assets	31,468,415	231,982,751	17,134,803	94,093,133	16,486,509
<b>Noncurrent assets</b>					
Advances receivable	-	90,181	-	-	-
<b>Capital assets, net</b>					
Land and other nondepreciable assets	33,478,723	-	36,301,106	24,515,031	8,539,194
Land improvements, net	-	-	10,894,336	-	-
Building and improvements, net	16,346,063	-	24,715,966	-	10,397,616
Equipment and vehicles, net	714,249	-	374,935	288,397	4,779
Infrastructure, net	16,903,456	-	3,136,651	52,558,329	3,308,129
Total noncurrent assets	67,442,491	90,181	75,422,994	77,361,757	22,249,718
Total assets	98,910,906	232,072,932	92,557,797	171,454,890	38,736,227
<b>Liabilities</b>					
<b>Current liabilities</b>					
Vouchers payable	268,383	121,257	50,574	2,246,421	269,162
Due to other governmental units	-	169,237	-	534,718	7,012,749
Due to component units	-	-	-	4,408,650	-
Due to other funds	-	-	-	593,097	25,435
Unearned revenue	30,176	-	14,161,159	-	-
Notes payable	-	25,000,000	-	-	-
Current portion of bonds payable	-	-	590,000	920,000	235,000
Current portion of long-term liabilities	-	-	-	-	-
Current portion of advances payable	-	-	-	-	-
Other accrued liabilities	662,384	92,095	468,729	4,192,768	221,951
Total current liabilities	960,943	25,382,589	2,525,462	12,895,654	7,764,297
<b>Noncurrent liabilities</b>					
Bonds payable	-	-	8,760,000	18,825,047	5,375,915
Other long-term liabilities	-	-	-	-	-
Advances payable	-	-	-	-	-
Total noncurrent liabilities	-	-	8,760,000	18,825,047	5,375,915
Total liabilities	960,943	25,382,589	11,285,462	31,720,701	13,140,212
<b>Net position</b>					
Net investment in capital assets	67,442,491	-	66,072,994	57,616,710	16,638,803
Restricted for programs	-	-	21,278	33,391,371	7,175,188
Unrestricted	30,507,472	206,690,343	15,178,063	48,726,108	1,782,024
Total net position	\$ 97,949,963	\$ 206,690,343	\$ 81,272,335	\$ 139,734,189	\$ 25,596,015

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

**County of Oakland**  
**Statement of Net Position (Continued)**  
**Proprietary Funds**  
**September 30, 2013**

	<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, 2013</b>	
<b>Assets</b>				
<b>Current assets</b>				
Pooled cash and investments	\$ 35,012,593	\$ 50,871,794	\$ 322,504,695	\$ 113,398,157
Delinquent property taxes	-	-	81,540,932	-
Due from other governmental units	7,183,055	13,015,969	47,559,430	89,111
Due from component units	-	-	269,311	61,777
Accrued interest receivable	123,780	282,063	2,057,617	568,695
Accounts receivable (net of allowance for uncollectibles where applicable)	88,597	6,045,268	48,447,019	339,788
Due from other funds	-	3,666	17,194	661,400
Current portion of contracts receivable	-	-	1,172,077	-
Current portion of advances receivable	176,928	-	189,811	-
Inventories and supplies	-	551,301	593,403	917,563
Prepayments and other assets	624,605	1,109,519	1,748,540	6,466,114
Total current assets	43,209,558	71,879,580	506,254,749	122,502,605
<b>Noncurrent assets</b>				
Advances receivable	142,531	-	232,712	-
<b>Capital assets, net</b>				
Land and other nondepreciable assets	1,003,988	952,012	104,790,054	130,000
Land improvements, net	-	-	10,894,336	-
Building and improvements, net	-	9,001,907	60,461,552	1,162,686
Equipment and vehicles, net	75,016	25,126,429	26,583,805	13,805,288
Infrastructure, net	2,649,043	18,103,447	96,659,055	143,989
Total noncurrent assets	3,870,578	53,183,795	299,621,514	15,241,963
Total assets	47,080,136	125,063,375	805,876,263	137,744,568
<b>Liabilities</b>				
<b>Current liabilities</b>				
Vouchers payable	20,846	115,878	3,092,521	2,180,667
Due to other governmental units	9,987,654	6,327,609	24,031,967	331,447
Due to component units	-	-	4,408,650	5,336
Due to other funds	34,311	93,795	746,638	71,131
Unearned revenue	-	134,759	1,581,094	121,061
Notes payable	-	-	25,000,000	-
Current portion of bonds payable	-	-	1,745,000	-
Current portion of long-term liabilities	-	-	-	5,803,691
Current portion of advances payable	-	-	-	189,811
Other accrued liabilities	145,392	356,669	6,139,988	3,668,153
Total current liabilities	10,188,203	7,028,710	66,745,858	12,371,297
<b>Noncurrent liabilities</b>				
Bonds payable	-	-	32,960,962	-
Other long-term liabilities	-	-	-	26,905,738
Advances payable	-	-	-	232,712
Total noncurrent liabilities	-	-	32,960,962	27,138,450
Total liabilities	10,188,203	7,028,710	99,706,820	39,509,747
<b>Net position</b>				
Net investment in capital assets	3,728,047	53,183,795	264,682,840	15,241,963
Restricted for programs	11,543,178	21,682,061	73,813,076	-
Unrestricted	21,620,708	43,168,809	367,673,527	82,992,858
Total net position	\$ 36,891,933	\$ 118,034,665	\$ 706,169,443	\$ 98,234,821

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, 2013**

	<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	\$ 8,402,115	\$ 19,803,913	\$ 4,379,400	\$ 79,961,058	\$ 35,135,586
Other	13,174	1,375,679	2,599	261,961	86,143
Total operating revenue	8,415,289	21,179,592	4,381,999	80,223,019	35,221,729
<b>Operating expenses</b>					
Salaries	7,510,532	59,407	1,087,752	86,017	-
Fringe benefits	2,779,972	46,074	707,132	69,763	-
Contractual services	5,551,031	203,378	1,405,387	42,529,007	36,471,998
Commodities	926,290	-	85,455	1,475,890	90,259
Depreciation	2,969,344	-	2,798,845	3,319,736	852,876
Internal services	1,444,556	-	212,014	15,814,124	1,254,760
Intergovernmental	-	-	-	13,633,253	-
Total operating expenses	21,181,725	308,859	6,296,585	76,927,790	38,669,893
Operating income (loss)	(12,766,436)	20,870,733	(1,914,586)	3,295,229	(3,448,164)
<b>Nonoperating revenue (expenses)</b>					
Property taxes	11,398,103	-	-	-	-
Contributions	96,241	-	-	-	-
Interest recovery - federal grants	-	-	111,668	-	97,927
Interest revenue	81,802	720,415	125,474	472,770	64,721
Interest expense and paying agent fees	-	(77,221)	(356,601)	(444,034)	(263,538)
Bonds maturing	-	-	-	-	-
Gain on sale of property and equipment	15,689	-	-	-	-
Total nonoperating revenue (expenses)	11,591,835	643,194	(119,459)	28,736	(100,890)
Income (loss) before transfers and contributions	(1,174,601)	21,513,927	(2,034,045)	3,323,965	(3,549,054)
<b>Transfers and contributions</b>					
Capital contributions	288,141	-	666,880	-	815,361
Transfers in	-	-	-	12,500	-
Transfers out	(23,051)	(21,193,738)	-	(12,500)	-
Total transfers and contributions	265,090	(21,193,738)	666,880	-	815,361
<b>Special Item</b>					
Contribution of Pontiac W&S system	-	-	-	6,471,638	-
Change in net position	(909,511)	320,189	(1,367,165)	9,795,603	(2,733,693)
<b>Net position</b>					
October 1, 2012	98,859,474	206,370,154	82,639,500	129,938,586	28,329,708
September 30, 2013	\$ 97,949,963	\$ 206,690,343	\$ 81,272,335	\$ 139,734,189	\$ 25,596,015

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, 2013**

	<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, 2013</b>	
<b>Operating revenue</b>				
Charges for services	\$ 46,586,236	\$ 50,292,297	\$ 244,560,605	\$ 228,839,990
Other	1,707,402	56,057	3,503,015	114,123
Total operating revenue	48,293,638	50,348,354	248,063,620	228,954,113
<b>Operating expenses</b>				
Salaries	12	2,326,010	11,069,730	29,089,635
Fringe benefits	-	1,523,234	5,126,175	19,849,901
Contractual services	43,184,436	45,696,090	175,041,327	114,462,643
Commodities	202,571	310,135	3,090,600	6,403,714
Depreciation	1,326,045	7,907,816	19,174,662	4,626,310
Internal services	1,195,334	2,290,095	22,210,883	6,273,493
Intergovernmental	-	-	13,633,253	-
Total operating expenses	45,908,398	60,053,380	249,346,630	180,705,696
Operating income (loss)	2,385,240	(9,705,026)	(1,283,010)	48,248,417
<b>Nonoperating revenue (expenses)</b>				
Property taxes	-	-	11,398,103	-
Contributions	-	21,783	118,024	-
Interest recovery - federal grants	-	-	209,595	-
Interest revenue	105,535	187,324	1,758,041	690,799
Interest expense and paying agent fees	-	-	(1,141,394)	(28,052,890)
Bonds maturing	-	-	-	(20,520,000)
Gain on sale of property and equipment	-	248	15,937	270,885
Total nonoperating revenue (expenses)	105,535	209,355	12,358,306	(47,611,206)
Income (loss) before transfers and contributions	2,490,775	(9,495,671)	11,075,296	637,211
<b>Transfers and contributions</b>				
Capital contributions	-	2,752,980	4,523,362	-
Transfers in	-	2,560,262	2,572,762	8,386,406
Transfers out	-	(1,147,145)	(22,376,434)	(3,613,306)
Total transfers and contributions	-	4,166,097	(15,280,310)	4,773,100
<b>Special Item</b>				
Contribution of Pontiac W&S system	-	-	6,471,638	-
Change in net position	2,490,775	(5,329,574)	2,266,624	5,410,311
<b>Net position</b>				
October 1, 2012	34,401,158	123,364,239	703,902,819	92,824,510
September 30, 2013	\$ 36,891,933	\$ 118,034,665	\$ 706,169,443	\$ 98,234,821

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

**County of Oakland**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended September 30, 2013**

	<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	\$ 8,389,190	\$ 21,336,993	\$ 4,383,041	\$ 79,142,113	\$ 35,205,353
Cash paid to suppliers	(10,712,845)	(249,452)	(2,419,872)	(67,097,832)	(38,428,451)
Cash paid to employees	(7,510,532)	(59,407)	(1,087,752)	(86,017)	-
Net cash provided by (used in) operating activities	(9,834,187)	21,028,134	875,417	11,958,264	(3,223,098)
<b>Cash flows from noncapital financing activities</b>					
Transfers from other funds	-	-	-	12,500	-
Transfers to other funds	(23,051)	(21,193,738)	-	(12,500)	-
Contributions	96,241	-	-	-	-
Principal paid on debt	-	-	-	-	-
Interest paid on debt	-	-	-	-	-
Purchase of delinquent property taxes	-	(89,699,373)	-	-	-
Delinquent property taxes collected	-	104,412,461	-	-	-
Issuance of short-term borrowings	-	25,000,000	-	-	-
Repayments received on advances	-	12,883	-	-	-
Property taxes	11,398,103	-	-	-	-
Interest paid on short-term borrowings	-	(76,547)	-	-	-
Payments on short-term borrowings	-	(25,000,000)	-	-	-
Net cash provided by (used in) noncapital financing activities	11,471,293	(6,544,314)	-	-	-
<b>Cash flows from capital and related financing activities</b>					
Contributions for capital acquisitions	228,800	-	-	-	815,361
Proceeds from sale of bonds	-	-	-	5,196,994	1,694,689
Transfers from other funds	-	-	-	-	-
Interest recovery - federal grants	-	-	111,668	-	97,927
Proceeds from sale of capital assets	17,184	-	-	-	-
Acquisition of capital assets	(2,204,636)	-	(27,913)	(1,441,072)	(3,281,945)
Principal paid on debt	-	-	(585,000)	(890,000)	(235,000)
Interest paid on debt	-	-	(356,601)	(444,034)	(263,538)
Amount paid on advances	-	-	-	-	-
Interest paid on advances	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	(1,958,652)	-	(857,846)	2,421,888	(1,172,506)
<b>Cash flows from investing activities</b>					
Interest on investments	74,894	772,514	131,749	496,362	71,536
Net cash provided by investing activities	74,894	772,514	131,749	496,362	71,536
Net increase (decrease) in cash and cash equivalents	(246,652)	15,256,334	149,320	14,876,514	(4,324,068)
<b>Pooled cash and investments</b>					
October 1, 2012	31,336,520	99,254,926	15,326,975	50,223,387	14,767,052
September 30, 2013	\$ 31,089,868	\$ 114,511,260	\$ 15,476,295	\$ 65,099,901	\$ 10,442,984

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, 2013**

	<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, 2013</b>	
<b>Cash flows from operating activities</b>				
Cash received from users	\$ 49,878,894	\$ 49,274,595	\$ 247,610,179	\$ 228,235,803
Cash paid to suppliers	(43,146,006)	(50,241,179)	(212,295,637)	(149,228,339)
Cash paid to employees	(12)	(2,326,010)	(11,069,730)	(29,089,635)
Net cash provided by (used in) operating activities	6,732,876	(3,292,594)	24,244,812	49,917,829
<b>Cash flows from noncapital financing activities</b>				
Transfers from other funds	-	2,560,262	2,572,762	8,238,355
Transfers to other funds	-	(1,147,145)	(22,376,434)	(3,613,306)
Contributions	-	21,783	118,024	-
Principal paid on debt	-	-	-	(20,520,000)
Interest paid on debt	-	-	-	(28,041,687)
Purchase of delinquent property taxes	-	-	(89,699,373)	-
Delinquent property taxes collected	-	-	104,412,461	-
Issuance of short-term borrowings	-	-	25,000,000	-
Repayments received on advances	176,928	-	189,811	-
Property taxes	-	-	11,398,103	-
Interest paid on short-term borrowings	-	-	(76,547)	-
Payments on short-term borrowings	-	-	(25,000,000)	-
Net cash provided by (used in) noncapital financing activities	176,928	1,434,900	6,538,807	(43,936,638)
<b>Cash flows from capital and related financing activities</b>				
Contributions for capital acquisitions	-	563,474	1,607,635	-
Proceeds from sale of bonds	-	-	6,891,683	-
Transfers from other funds	-	-	-	148,051
Interest recovery - federal grants	-	-	209,595	-
Proceeds from sale of capital assets	-	248	17,432	478,222
Acquisition of capital assets	(67,046)	(87,489)	(7,110,101)	(4,087,789)
Principal paid on debt	-	-	(1,710,000)	-
Interest paid on debt	-	-	(1,064,173)	-
Amount paid on advances	-	-	-	(189,811)
Interest paid on advances	-	-	-	(11,203)
Net cash provided by (used in) capital and related financing activities	(67,046)	476,233	(1,157,929)	(3,662,530)
<b>Cash flows from investing activities</b>				
Interest on investments	120,723	204,165	1,871,943	719,756
Net cash provided by investing activities	120,723	204,165	1,871,943	719,756
Net increase (decrease) in cash and cash equivalents	6,963,481	(1,177,296)	31,497,633	3,038,417
<b>Pooled cash and investments</b>				
October 1, 2012	28,049,112	52,049,090	291,007,062	110,359,740
September 30, 2013	\$ 35,012,593	\$ 50,871,794	\$ 322,504,695	\$ 113,398,157

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, 2013**

	<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	\$ (12,766,436)	\$20,870,733	\$ (1,914,586)	\$ 3,295,229	\$ (3,448,164)
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities					
Depreciation expense	2,969,344	-	2,798,845	3,319,736	852,876
(Increase) decrease in due from other governmental units	3,368	(2,286,926)	(161)	249,666	70,782
(Increase) decrease in due from component units	-	-	-	-	(87,158)
(Increase) decrease in accounts receivable	30,701	2,430,321	(81)	(1,179,938)	-
(Increase) decrease in due from other funds	9,770	-	-	(150,634)	-
(Increase) decrease in inventories and supplies	(7,760)	-	-	-	-
(Increase) decrease in prepayments and other assets	7,046	-	-	61,468	-
Increase (decrease) in vouchers payable	(218,166)	32,174	26,473	(381,397)	(421,304)
Increase (decrease) in due to other governmental units	-	(52,540)	-	311,349	(301,184)
Increase (decrease) in due to component units	-	-	-	4,408,650	-
Increase (decrease) in due to other funds	-	-	-	584,290	25,032
Increase (decrease) in unearned revenue	(69,938)	-	1,284	-	-
Increase (decrease) in current portion of other long-term liabilities	-	-	-	-	-
Increase (decrease) in other accrued liabilities	207,884	34,372	(36,357)	1,439,845	86,022
Increase (decrease) in other long-term liabilities	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ (9,834,187)</u>	<u>\$21,028,134</u>	<u>\$ 875,417</u>	<u>\$ 11,958,264</u>	<u>\$ (3,223,098)</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, 2013**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Major</b>		<b>Totals September 30, 2013</b>	
	<b>S.O.C.S.D.S.</b>	<b>Non-Major Funds</b>		
Operating income (loss)	\$ 2,385,240	\$ (9,705,026)	\$ (1,283,010)	\$ 48,248,417
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	1,326,045	7,907,816	19,174,662	4,626,310
(Increase) decrease in due from other governmental units	1,515,783	(2,638,505)	(3,085,993)	(42,644)
(Increase) decrease in due from component units	-	1,030,625	943,467	(42,207)
(Increase) decrease in accounts receivable	69,473	180,874	1,531,350	(73,138)
(Increase) decrease in due from other funds	-	353,247	212,383	(658,798)
(Increase) decrease in inventories and supplies	-	(43,818)	(51,578)	(60,530)
(Increase) decrease in prepayments and other assets	33,594	(359,805)	(257,697)	(1,095,492)
Increase (decrease) in vouchers payable	(3,690)	(352,793)	(1,318,703)	(2,164,615)
Increase (decrease) in due to other govern- mental units	1,316,968	240,607	1,515,200	(169,021)
Increase (decrease) in due to component units	-	-	4,408,650	5,336
Increase (decrease) in due to other funds	31,614	43,587	684,523	60,417
Increase (decrease) in unearned revenue	-	-	(68,654)	98,477
Increase (decrease) in current portion of other long-term liabilities	-	-	-	853,727
Increase (decrease) in other accrued liabilities	57,849	50,597	1,840,212	412,647
Increase (decrease) in other long-term liabilities	-	-	-	(81,057)
Net cash provided by (used in) operating activities	<u>\$ 6,732,876</u>	<u>\$ (3,292,594)</u>	<u>\$ 24,244,812</u>	<u>\$ 49,917,829</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, 2013**

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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 \$4,891, write-off of \$1,495 (net of accumulated depreciation of \$13,451), and contribution for acquisition of capital assets in the amount of \$54,450 reported in the Accounts Receivable assets account in the Parks and Recreation fund; contribution of capital assets in the amount of \$666,880 in the County Airports fund.

Noncash and non-capital related financing activities included interest expense of \$7,808 reported in the Vouchers Payable liability in the Delinquent Tax Revolving Fund; recording of Contracts Receivable and Unearned Revenue of \$1,172,077 in the County Airports fund, and Special Item reported as Accounts Receivable asset of \$6,471,638 in the Water & Sewer Trust fund for amounts transferred from the City of Pontiac that had been understated at September 30, 2012.

Nonmajor funds:

Noncash and capital related financing activities included contribution of \$2,189,506 in the CLEMIS 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, 2013**

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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	\$ 14,078,968	\$ 368,134,593	\$ 239,906,359
Cash and cash equivalents	-	-	938,020
Investments, at fair value			
Common stock	649,377,102	-	-
Preferred stock	88,721	-	-
Government securities	498,690,290	-	-
Corporate bonds	172,408,793	-	-
Municipal bonds	1,999,093	-	-
Commingled	323,437,448	-	-
Limited partnerships	278,591,950	-	-
Asset-backed fixed income	15,227,822	-	-
CMO/REMIC investments	7,584,801	-	-
Mortgage-backed securities	34,111,435	-	-
Commercial mortgage-backed securities	23,317,148	-	-
Money market funds	36,667,122	-	-
International common stock	66,741,812	-	-
Equity REIT	20,895,235	-	-
Other	72,901,844	-	-
Total investments	<u>2,202,040,616</u>	<u>-</u>	<u>-</u>
Receivables - interest and dividends	5,449,774		168,482
Prepaid expenses	152,353	-	-
Total assets	<u>2,221,721,711</u>	<u>368,134,593</u>	<u>241,012,861</u>
<b>Liabilities</b>			
Vouchers payable	981,206	-	36,471
Due to other governmental units	-	-	220,120,423
Bonds payable	422,135,000	-	-
Other accrued liabilities	1,735,551	-	20,855,967
Total liabilities	<u>424,851,757</u>	<u>-</u>	<u>241,012,861</u>
<b>Net position</b>			
Held in Trust for Pension and other Postemployment healthcare benefits, and pool participants	<u>\$ 1,796,869,954</u>	<u>\$ 368,134,593</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, 2013**

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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	\$ -	\$ 777,381,122
Employer	5,400,095	-
Plan members	717,500	-
Total contributions	6,117,595	777,381,122
Investment income	245,127,628	2,158,552
Other revenue	2,526,708	-
Total additions	253,771,931	779,539,674
<b>Deductions</b>		
Benefits	75,883,927	-
Loan forgiveness	73,335,000	-
Administrative expenses	6,223,589	-
Distribution to pool participants	-	711,832,933
Total deductions	155,442,516	711,832,933
Net increase	98,329,415	67,706,741
Net position held in trust for pension and other postemployment healthcare benefits, and pool participants		
October 1, 2012	1,698,540,539	300,427,852
September 30, 2013	\$ 1,796,869,954	\$ 368,134,593

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, 2013**

	<b>Drainage Districts</b>	<b>Road Commission</b>	<b>Total Component Units</b>
<b>Assets</b>			
Current assets			
Pooled cash and investments	\$ 26,030,897	\$ -	\$ 26,030,897
Cash and cash equivalents	-	43,578,759	43,578,759
Receivables (net of allowance for uncollectibles where applicable)			
Special assessments	-	7,549,159	7,549,159
Due from other governmental units	6,804,851	-	6,804,851
Accrued interest receivable	95,938	-	95,938
Accounts receivable	10,894	18,410,790	18,421,684
Due from primary government	4,413,986	-	4,413,986
Inventories and supplies	-	4,532,368	4,532,368
Prepayments and other assets	-	902,364	902,364
Total current assets	<u>37,356,566</u>	<u>74,973,440</u>	<u>112,330,006</u>
Capital assets, net			
Land and other nondepreciable assets	72,925,116	185,919,574	258,844,690
Land improvements, net	-	121,412	121,412
Buildings and improvements, net	-	9,368,060	9,368,060
Equipment and vehicles, net	-	2,337,690	2,337,690
Infrastructure, net	449,631,065	537,341,135	986,972,200
Total capital assets, net	<u>522,556,181</u>	<u>735,087,871</u>	<u>1,257,644,052</u>
Noncurrent assets			
Net pension asset	-	2,240,191	2,240,191
Special assessments receivable	224,386,678	-	224,386,678
Total assets	<u>784,299,425</u>	<u>812,301,502</u>	<u>1,596,600,927</u>
<b>Liabilities</b>			
Current liabilities			
Vouchers payable	3,532,780	7,044,025	10,576,805
Due to other governmental units	14,027,238	-	14,027,238
Due to primary government	842,603	9,708	852,311
Unearned revenue and advances	70,579,933	6,867,588	77,447,521
Accrued interest payable	32,035	10,000	42,035
Current portion of long-term debt	14,075,000	1,445,300	15,520,300
Other accrued liabilities	2,801,807	3,206,239	6,008,046
Total current liabilities	<u>105,891,396</u>	<u>18,582,860</u>	<u>124,474,256</u>
Bonds and notes payable	196,596,889	1,000,000	197,596,889
Accrued compensated absences	-	2,666,700	2,666,700
Claims and judgments	-	1,501,733	1,501,733
Other postemployment benefits	-	14,783,249	14,783,249
Total liabilities	<u>302,488,285</u>	<u>38,534,542</u>	<u>341,022,827</u>
<b>Net position</b>			
Net investment in capital assets	311,884,292	733,587,871	1,045,472,163
Restricted for			
Special revenue	8,227,943	-	8,227,943
Debt service	154,579,978	-	154,579,978
Unrestricted	7,118,927	40,179,089	47,298,016
Total net position	<u>\$ 481,811,140</u>	<u>\$ 773,766,960</u>	<u>\$ 1,255,578,100</u>

The accompanying notes are an integral part of the financial statements

**County of Oakland**  
**Statement of Activities**  
**Component Units**  
**Year Ended September 30, 2013**

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		Program Revenue					Total Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
	Expenses				Drainage Districts	Road Commission	
<b>Functions/Programs</b>							
Drainage Districts	\$ 84,925,487	\$ 79,299,685	\$ -	\$ 22,940,808	\$ 17,315,006	\$ -	\$ 17,315,006
Road Commission	92,753,956	15,940,268	60,501,689	38,589,282	-	22,277,283	22,277,283
Total component units	<u>\$ 177,679,443</u>	<u>\$ 95,239,953</u>	<u>\$ 60,501,689</u>	<u>\$ 61,530,090</u>	<u>17,315,006</u>	<u>22,277,283</u>	<u>39,592,289</u>
<b>General Revenue</b>							
Unrestricted investment earnings					156,655	640,460	797,115
Change in net position					17,471,661	22,917,743	40,389,404
<b>Net position</b>							
Beginning					464,339,479	750,849,217	1,215,188,696
Ending					<u>\$ 481,811,140</u>	<u>\$ 773,766,960</u>	<u>\$ 1,255,578,100</u>

The accompanying notes are an integral part of the financial statements

# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2013

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

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

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

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

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

Separate financial statements for the Authority are not published.

# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2013

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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, 2013, 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, 2013, is not reported in the financial statements of Oakland County.
- Complete financial statements of the Road Commission, which include the Road Commission Retirement System and its separately issued statements, can be obtained from its administrative offices as follows:

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

- **Drainage Districts** – This component unit consists of 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, 2013 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, 2013

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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:

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

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

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

The government-wide Statement of Activities reflects the degree to which direct expenses that are clearly identifiable with a given functional category (General Government, Public Safety, Justice Administration, Citizen Services, Public Works, Recreation and Leisure, and Commerce and Community Development) are offset by program 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.

# **County of Oakland**

## **Notes to Basic Financial Statements**

### **September 30, 2013**

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

The County does not currently employ an indirect cost allocation system. Rather, an administrative service fee is charged by the General Fund to the other operating funds to address General Fund services such as finance, personnel, purchasing, legal, administration, etc. This is treated like a reimbursement, eliminating 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, 2013**

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The County reports the following major governmental funds:

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

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

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

The County reports the following major enterprise funds:

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

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

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

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

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

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

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.

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.

# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2013

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

#### **Proprietary Fund Types**

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

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

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

Amounts reported as program 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.

#### **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.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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- Proprietary, Pension Trust, and Investment Trust Funds are accounted for on a flow-of-economic-resources measurement focus. All assets and liabilities are included on the Statement of Net Position with the balance classified as net position. Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration.
- The financial statements have been prepared in conformity with generally accepted accounting principles. Governmental funds use the modified accrual basis of accounting, which recognizes revenue in the accounting period in which 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.

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, 2012 and presented in a separate document. Appropriation budgets were adopted for the General Fund and the following Special Revenue funds: Child Care and Social Welfare-Foster Care. Appropriations lapse at the end of the year. Project-length financial plans are budgeted for the remainder of the Special Revenue funds and for all Debt Service and Capital Projects funds. Budget and actual comparisons for such funds are not reported in the financial statements because annual budgets are not prepared.

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

**Pooled Cash and Investments**

The County maintains a cash and investment pool for all funds except the pension trust funds, the 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, 2013 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, 2013.

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

**Inter-fund Receivables/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, 2013 are recorded as prepayments using the consumption method.

# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2013

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#### **Capital Assets**

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

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

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

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

#### **Compensated Absences**

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

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.

# **County of Oakland**

## **Notes to Basic Financial Statements**

### **September 30, 2013**

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

#### **Deferred 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, 2012 through September 30, 2013) 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.

#### **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, 2013. 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.

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**Notes to Basic Financial Statements**  
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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: Child Care and Social Welfare-Foster Care. The budgetary comparison for the General Fund is presented in the Required Supplementary Information. 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	\$ 14,847,367	\$ 14,925,690	\$ 78,323
Justice administration			
Circuit Court			
Personnel expenditures	1,243,190	2,210,120	966,930

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 2014.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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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, 2013, the bank balance of the County's deposits was \$724,142,196. Insured deposits were \$4,000,000, and the remaining \$720,142,196 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

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At September 30, 2013, the Road Commission component unit had \$9,261,034 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. The Road Commission believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. However, only those institutions with an acceptable estimated risk level are used as depositories.

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

Investments, except those of the Retirement Systems, 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.

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As of September 30, 2013, 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)	\$ 299,312,870	304
Commercial Paper	94,800,082	158
Deposit Accounts (1)	424,829,326	1
Money Market Investment Pools	2,803	1
MI Government Coupon	76,356,815	4,744
U.S. Agencies	508,742,427	1,102
Total Market Value of Internal Investment Pool	\$ 1,404,044,323	
Weighted Average Maturity of Internal Investment Pool (in days)		711

(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 \$508,742,427 invested in U.S. government securities which are rated AA+ by Standard & Poor's and Aaa by Moody's. The County had \$76,356,815 in Municipal bonds rated Aaa by Moody's and AA+ 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, 2013, the County had \$94,800,082 in commercial paper rated A1 by Standard & Poor's and P1 by Moody's. 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, 2013, \$679,899,324 in investments, at fair value, was held in third-party safekeeping in the County's name.

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

*Concentration of Credit Risk – Investments.* On September 30, 2013, the County had investments of 5% or more, of the total portfolio, with the following U.S. agency issuers: Fannie Mae 12.76%, Federal Home Loan Bank 10.12%, Freddie Mac 9.44%. No other issuer exceeded 5% of the total portfolio.

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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, 2013, the internal investment pool had a weighted average maturity of 711 days and the longest investment maturity in the portfolio was 4,930 days (13.5 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, 2013, 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.

As of September 30, 2013, the County had the following investment types in its Retirement System and other postemployment benefits trust funds:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Percentage</b>	<b>Average Duration (In Years)</b>
Government Bonds	\$ 495,182,764	22.28 %	1.27
Asset-Backed Fixed Income	14,633,863	0.67	2.99
Commercial Mortgage-Backed Securities	22,453,891	1.01	1.70
Mortgage-Backed Securities	32,005,324	1.44	2.27
Municipal Bonds	1,999,093	0.09	N/A
Corporate Bonds	183,920,599	8.28	9.10
CMO/REMIC Investments	7,389,560	0.33	6.10
Common Stock	649,979,281	29.25	N/A
Equity ADR	2,313,296	0.10	N/A
Equity REIT	20,895,235	0.94	N/A
Exchange Traded Funds	1,286,322	0.06	N/A
International Common Stock	56,524,694	2.54	N/A
International Government Bonds	12,826,095	0.58	N/A
Investment Companies-Mutual Funds	70,591,225	3.18	N/A
Money Market Funds	33,333,097	1.50	0.05
Short Term Investments	14,807,339	0.67	N/A
Real Estate	4,817	0.00	N/A
Investment Companies-Commingled Funds	323,437,448	14.55	N/A
Limited Partnership	278,591,951	12.54	N/A
Alternative Investments	95	0.00	N/A
Preferred Stock	88,721	0.00	N/A
<b>Total</b>	<b>\$ 2,222,264,710</b>	<b>100.0 %</b>	

**County of Oakland**  
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*Credit Risk.* The Board's adopted Statement of Investment Goals and Objectives (SIGO) states that no non-convertible bonds and convertible securities are authorized for purchase. In addition, no more than 10% of the total value of the portfolio, at the time of purchase, may be held in non-investment grade bonds as rated by Moody's and/or Standard & Poor's. Ninety percent of the total value of the portfolio must have a quality rating of A or better by Moody's and Standard & Poor's. 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, 2013, debt obligation investments held in the retirement system had the following ratings:

Fair Value	Percentage	Ratings	
		Moody's	S&P
\$374,199,096	36.07 %	Aaa	AAA
75,342,349	7.26	Aa1	AA+
14,857,163	1.43	Aa2	AA
13,418,231	1.29	Aa3	AA-
22,501,747	2.17	A1	A+
31,269,047	3.02	A2	A
34,785,186	3.35	A3	A-
14,814,392	1.43	Baa1	BBB+
15,121,647	1.46	Baa2	BBB
22,254,604	2.15	Baa3	BBB-
4,584,776	0.44	Ba1	BB+
5,729,835	0.55	Ba2	BB
9,453,200	0.91	Ba	BB-
3,433,970	0.33	B2	B+
3,667,082	0.35	Ba3	B
1,469,025	0.14	B1	B-
390,598,371	37.65	NR	NR
<u>\$1,037,499,721</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, 2013, \$2,222,164,710 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, 2013

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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, 2013, 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 84 indicates, the system's fixed-income investments had average durations of between .05 years and 9.1 years which is reasonable given the long-term nature of the system. Having reasonable durations will reduce the retirement system's risk exposure to rapidly adjusting interest rates.

*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.

There were no failures by any borrowers to return loaned securities or pay distribution thereon. Furthermore, there were no losses during the period ended September 30, 2013 resulting from a default of the borrowers or the custodial banks. The County did exercise its right to terminate the securities lending program during the period ended September 30, 2013.

*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 2.1 years to 16.1 years and are backed by investments in various assets, including mortgages. As of September 30, 2013, the market value was \$4,215,952.

*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, 2013, the County's CMO portfolio had effective duration ranges of .3 years and 3.85 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 \$7,808,837 as of September 30, 2013. Such investments include U.S. government-issued securities and corporate-issued securities. The variable rate securities have maturities through the year 2049 and are backed by investments in various assets, including mortgages.

*Interest Rate Risk – Variable Rate Coupon Notes and Bonds.* The market value of these investments may be influenced by, among other factors, changes in interest rates which affect their marketability. At September 30, 2013, 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.

**County of Oakland**  
**Notes to Basic Financial Statements**  
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**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 2013 summer levy amounted to \$51,429,923,815 with taxable values of \$49,235,110,306. The operating tax rate for the 2013 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 \$22,409,592 at September 30, 2013.

*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 \$232,072,932 at September 30, 2013, 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, 2013:

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

**5. Allowances for Uncollectible Receivables**

At September 30, 2013, the allowances for uncollectible receivables were as follows:

<b>General Fund</b>	\$ 323,768
<b>Internal Service funds</b>	
Facilities Maintenance and Operations	37
Information Technology	8
Total	<u>\$ 323,813</u>

In addition, the Parks and Recreation fund (Enterprise) records an allowance for uncollectible taxes receivable in the amount of \$45,836 at September 30, 2013.

**County of Oakland**  
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**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, 2013:

	<b>Employees' Retirement</b>	<b>VEBA Trust</b>	<b>IRMB Trust</b>
Interest and dividends	\$ 13,319,449	\$ 10,547,648	\$ 4,946,391
Unrealized/Realized gain on investments	73,970,174	96,221,266	46,122,700
Total	<u>\$ 87,289,623</u>	<u>\$ 106,768,914</u>	<u>\$ 51,069,091</u>

**7. Capital Assets**

An analysis of property and equipment as reported in the Statement of Net Position, and related accumulated depreciation, at September 30, 2013, for governmental activities follows:

	<b>Balance October 1, 2012</b>	<b>Additions</b>	<b>Disposals</b>	<b>Adjustments</b>	<b>Balance September 30, 2013</b>
<b>Governmental Activities</b>					
Capital assets not being depreciated					
Land	\$ 7,365,551	\$ -	\$ -	\$ -	\$ 7,365,551
Construction in progress	13,871,958	11,603,196	(1,158)	(6,001,393)	19,472,603
Total capital assets not being depreciated	<u>21,237,509</u>	<u>11,603,196</u>	<u>(1,158)</u>	<u>(6,001,393)</u>	<u>26,838,154</u>
Capital assets being depreciated					
Land improvements	1,157,386	-	-	21,768	1,179,154
Buildings and improvements	232,455,322	-	-	435,669	232,890,991
Equipment and vehicles	102,622,837	4,915,885	(4,382,447)	4,543,956	107,700,231
Infrastructure	28,883,030	-	-	1,000,000	29,883,030
Total capital assets being depreciated	<u>365,118,575</u>	<u>4,915,885</u>	<u>(4,382,447)</u>	<u>6,001,393</u>	<u>371,653,406</u>
Less: Accumulated depreciation					
Land improvements	1,014,899	23,606	-	-	1,038,505
Buildings and improvements	95,450,449	5,142,292	-	-	100,592,741
Equipment and vehicles	84,281,822	5,571,788	(4,175,139)	-	85,678,471
Infrastructure	15,529,746	734,526	-	-	16,264,272
Total accumulated depreciation	<u>196,276,916</u>	<u>11,472,212</u>	<u>(4,175,139)</u>	<u>-</u>	<u>203,573,989</u>
Total capital assets being depreciated, net	<u>168,841,659</u>	<u>(6,556,327)</u>	<u>(207,308)</u>	<u>6,001,393</u>	<u>168,079,417</u>
Governmental activities capital assets, net	<u>\$ 190,079,168</u>	<u>\$ 5,046,869</u>	<u>\$ (208,466)</u>	<u>\$ -</u>	<u>\$194,917,571</u>
Depreciation expense was charged to functions as follows:					
Public safety		\$ 2,839,048			
Justice administration		1,092,334			
Citizens services		371,123			
Public infrastructure		602,389			
Commerce and Community Development		29,535			
Unallocated depreciation		1,911,473			
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		<u>4,626,310</u>			
Total depreciation expense - governmental activities		<u>\$ 11,472,212</u>			

**County of Oakland**  
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A summary of business-type property and equipment at September 30, 2013 follows:

	<b>Balance October 1, 2012</b>	<b>Additions</b>	<b>Disposals</b>	<b>Adjustments</b>	<b>Balance September 30, 2013</b>
<b>Business-type Activities</b>					
Capital assets not being depreciated					
Land	\$ 68,158,860	\$ -	\$ -	\$ -	\$ 68,158,860
Construction in progress	31,019,558	8,117,410	-	(2,517,774)	36,619,194
Other	12,000	-	-	-	12,000
Total capital assets not being depreciated	<u>99,190,418</u>	<u>8,117,410</u>	<u>-</u>	<u>(2,517,774)</u>	<u>104,790,054</u>
Capital assets being depreciated					
Land improvements	34,273,119	-	-	52,917	34,326,036
Buildings and improvements	90,639,765	-	-	-	90,639,765
Equipment and vehicles	79,441,400	1,853,967	(127,546)	296,031	81,463,852
Infrastructure	333,151,434	-	-	2,168,826	335,320,260
Total capital assets being depreciated	<u>537,505,718</u>	<u>1,853,967</u>	<u>(127,546)</u>	<u>2,517,774</u>	<u>541,749,913</u>
Less: Accumulated depreciation					
Land improvements	21,866,926	1,564,774	-	-	23,431,700
Buildings and improvements	27,063,316	3,114,897	-	-	30,178,213
Equipment and vehicles	49,638,187	5,367,912	(126,052)	-	54,880,047
Infrastructure	229,534,126	9,127,079	-	-	238,661,205
Total accumulated depreciation	<u>328,102,555</u>	<u>19,174,662</u>	<u>(126,052)</u>	<u>-</u>	<u>347,151,165</u>
Total capital assets being depreciated, net	<u>209,403,163</u>	<u>(17,320,695)</u>	<u>(1,494)</u>	<u>2,517,774</u>	<u>194,598,748</u>
Business-type activities capital assets, net	<u>\$ 308,593,581</u>	<u>\$ (9,203,285)</u>	<u>\$ (1,494)</u>	<u>\$ -</u>	<u>\$ 299,388,802</u>
Depreciation expense was charged to functions as follows:					
Airports		\$ 2,798,845			
Community safety support		7,090,544			
Community water and sewer		3,319,736			
Recreation and leisure		2,969,344			
Sewage disposal systems		2,996,193			
Total depreciation expense - business-type activities		<u>\$ 19,174,662</u>			



**County of Oakland**  
**Notes to Basic Financial Statements**  
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An analysis of property and equipment, and related accumulated depreciation where applicable, at September 30, 2013, for component units follows:

	<b>Balance October 1, 2012</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance September 30, 2013</b>
<b>Component Units</b>				
<b>Drainage Districts</b>				
Capital assets not being depreciated				
Construction in progress	\$ 49,609,949	\$ 22,989,203	\$ -	\$ 72,599,152
Land	-	325,964	-	325,964
Total capital assets not being depreciated	49,609,949	23,315,167	-	72,925,116
Capital assets being depreciated				
Infrastructure	544,143,445	-	(3,319,538)	540,823,907
Less: Accumulated depreciation				
Infrastructure	84,643,986	6,548,856	-	91,192,842
Total capital assets being depreciated, net	459,499,459	(6,548,856)	(3,319,538)	449,631,065
Governmental activity capital assets, net	<u>\$ 509,109,408</u>	<u>\$ 16,766,311</u>	<u>\$ (3,319,538)</u>	<u>\$ 522,556,181</u>
<b>Road Commission</b>				
Capital assets not being depreciated				
Land and other	\$ 180,381,129	\$ 4,570,215	\$ -	\$ 184,951,344
Construction in progress	870,276	97,954	-	968,230
Total capital assets not being depreciated	181,251,405	4,668,169	-	185,919,574
Capital assets being depreciated				
Buildings and storage bins	18,882,444	1,309,766	-	20,192,210
Road equipment	48,088,561	1,501,492	(776,326)	48,813,727
Other equipment	5,098,504	32,741	(170,485)	4,960,760
Infrastructure	868,858,908	52,435,361	(17,785,191)	903,509,078
Brine wells and gravel pits	1,389,028	72,600	-	1,461,628
Total capital assets being depreciated	942,317,445	55,351,960	(18,732,002)	978,937,403
Less: Accumulated depreciation				
Buildings and storage bins	10,549,760	274,390	-	10,824,150
Road equipment	46,759,550	783,208	(776,326)	46,766,432
Other equipment	4,707,638	133,212	(170,485)	4,670,365
Infrastructure	347,188,985	36,764,149	(17,785,191)	366,167,943
Brine wells and gravel pits	1,279,560	60,656	-	1,340,216
Total accumulated depreciation	410,485,493	38,015,615	(18,732,002)	429,769,106
Total capital assets being depreciated, net	531,831,952	17,336,345	-	549,168,297
Governmental activity capital assets, net	<u>\$ 713,083,357</u>	<u>\$ 22,004,514</u>	<u>\$ -</u>	<u>\$ 735,087,871</u>

**County of Oakland**  
**Notes to Basic Financial Statements**  
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**8. Long-term Debt**

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

**Primary Government**

**Governmental activities**

	Interest rate	October 1, 2012	Additions	Reductions	September 30, 2013	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%	\$ 21,575,000	\$ 33,825,000	\$ (14,820,000)	\$ 40,580,000	\$ 2,520,000	\$ 38,060,000	\$ 19,325,000	\$ 21,255,000
Building authority refunding	2.00%-5.00%	55,975,000	-	(15,900,000)	40,075,000	3,680,000	36,395,000	38,080,000	1,995,000
Certificates of Participation - Taxable	6.00%-6.25%	464,155,000	-	(442,655,000)	21,500,000	21,500,000	-	21,500,000	-
Retirees Health Care Bonds	3.62%	-	350,000,000	-	350,000,000	-	350,000,000	350,000,000	-
Lake levels - Act 451	2.25%-3.40%	145,000	-	(65,000)	80,000	80,000	-	80,000	-
Sewage disposal - Act 342	4.10%-6.00%	225,000	-	(225,000)	-	-	-	-	-
Water supply - Act 342	2.00%-6.00%	17,505,000	-	(680,000)	16,825,000	760,000	16,065,000	-	16,825,000
Water and sewer refunding bonds	1.50%-2.75%	2,300,000	-	(500,000)	1,800,000	195,000	1,605,000	-	1,800,000
Water supply refunding bonds	1.50%-3.75%	495,000	-	(285,000)	210,000	210,000	-	-	210,000
Sewage disposal refunding bonds	2.25%-3.60%	1,360,000	-	(945,000)	415,000	125,000	290,000	-	415,000
Michigan Bond Authority - Sewage Disposal Bonds	1.62%-2.25%	4,735,727	-	(610,000)	4,125,727	620,000	3,505,727	-	4,125,727
Total bonds - governmental activities		<u>\$ 568,470,727</u>	<u>\$ 383,825,000</u>	<u>\$ (476,685,000)</u>	<u>\$ 475,610,727</u>	<u>\$ 29,690,000</u>	<u>\$ 445,920,727</u>	<u>\$ 428,985,000</u>	<u>\$ 46,625,727</u>
<b>Business-type activities</b>									
<b>Business type activities</b>									
BA - Act 31- County Airport	1.00%-5.90%	\$ -	\$ 5,350,000	\$ (250,000)	\$ 5,100,000	\$ 250,000	\$ 4,850,000	\$ 5,100,000	\$ -
BA refunding - County Airport	2.00%-2.25%	-	4,585,000	(335,000)	4,250,000	340,000	3,910,000	4,250,000	-
Sewage disposal - Act 342	1.75%-6.75%	3,925,000	-	(140,000)	3,785,000	140,000	3,645,000	3,785,000	-
Michigan Bond Authority - Drain Bonds - Pontiac	2.5%	15,438,053	5,196,994	(890,000)	19,745,047	920,000	18,825,047	19,745,047	-
Michigan Bond Authority - Sewage Disposal Bonds	2.5%	226,226	1,694,689	(95,000)	1,825,915	95,000	1,730,915	1,825,915	-
Total bonds - business type		<u>19,589,279</u>	<u>16,826,683</u>	<u>(1,710,000)</u>	<u>34,705,962</u>	<u>1,745,000</u>	<u>32,960,962</u>	<u>34,705,962</u>	<u>-</u>
Total bonds - primary government		<u>\$ 588,060,006</u>	<u>\$ 400,651,683</u>	<u>\$ (478,395,000)</u>	<u>\$ 510,316,689</u>	<u>\$ 31,435,000</u>	<u>\$ 478,881,689</u>	<u>\$ 463,690,962</u>	<u>\$ 46,625,727</u>
<b>Fiduciary Funds</b>									
Pension Trust Funds - COPS	6.00%-6.25%	\$ -	\$ 422,135,000	\$ -	\$ 422,135,000	\$ 22,720,000	\$ 399,415,000	\$ 399,415,000	\$ -

**County of Oakland**  
**Notes to Basic Financial Statements**  
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**Component Units**

<b>Drainage Dis tricts</b>	<b>Inter est rate</b>	<b>Oc to ber 1, 2012</b>	<b>Additio ns</b>	<b>Reductio ns</b>	<b>September 30, 2013</b>	<b>Amounts due within one year</b>	<b>Amounts due thereafter</b>	<b>General obligation</b>	<b>With governmental commitment</b>
<b>Debt with limited taxing authority</b>									
Drain bonds - Act 40	1.15%-7.00%	\$ 79,640,000	\$ -	\$ (6,535,000)	\$ 73,105,000	\$ 1,650,000	\$ 71,455,000	\$ 58,674,421	\$ 14,430,579
Drain refunding bonds	1.00%-4.75%	22,775,000	4,160,000	(4,370,000)	22,565,000	4,290,000	18,275,000	1,283,051	21,281,949
Michigan Bond Authority - Drain Bonds	1.15%-4.15%	<u>107,731,606</u>	<u>14,225,283</u>	<u>(6,955,000)</u>	<u>115,001,889</u>	<u>8,135,000</u>	<u>106,866,889</u>	<u>1,043,590</u>	<u>113,958,299</u>
Total Drainage Dis tricts		<u>210,146,606</u>	<u>\$ 18,385,283</u>	<u>(17,860,000)</u>	<u>210,671,889</u>	<u>14,075,000</u>	<u>196,596,889</u>	<u>61,001,062</u>	<u>149,670,827</u>
Total County Debt		<u>\$ 798,206,612</u>	<u>\$ 84,117,1966</u>	<u>\$ (496,255,000)</u>	<u>\$ 1,143,123,578</u>	<u>\$ 68,230,000</u>	<u>\$ 1,074,893,578</u>	<u>\$ 924,107,024</u>	<u>\$ 196,296,554</u>
<b>Road Commis sion</b>									
Compensated absences	--	\$ 2,756,046	\$ -	\$ (89,346)	\$ 2,666,700	\$ -	\$ 2,666,700	\$ -	\$ 2,666,700
Self-insured losses	--	2,932,918	-	(485,885)	2,447,033	945,300	1,501,733	-	2,447,033
Other postemployment benefits	--	12,271,525	2,511,724	-	14,783,249	-	14,783,249	-	14,783,249
Michigan Transportation									
Fund revenue notes	4.00%	<u>2,000,000</u>	<u>-</u>	<u>(500,000)</u>	<u>1,500,000</u>	<u>500,000</u>	<u>1,000,000</u>	<u>-</u>	<u>1,500,000</u>
Total Road Commis sion		<u>\$ 19,960,489</u>	<u>\$ 2,511,724</u>	<u>\$ (1,075,231)</u>	<u>\$ 21,396,982</u>	<u>\$ 1,445,300</u>	<u>\$ 19,951,682</u>	<u>\$ -</u>	<u>\$ 21,396,982</u>
Total reporting entity		<u>\$ 818,167,101</u>	<u>\$ 843,683,690</u>	<u>\$ (497,330,231)</u>	<u>\$ 1,164,520,560</u>	<u>\$ 69,675,300</u>	<u>\$ 1,094,845,260</u>	<u>\$ 924,107,024</u>	<u>\$ 217,693,536</u>

**County of Oakland**  
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The annual requirements to pay principal and interest on debt outstanding at September 30, 2013 (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>
2014	\$ 8,190,000	\$ 16,523,854	\$ 21,500,000	\$ 13,713,044	\$ 1,745,000	\$ 1,046,829	\$ 31,435,000	\$ 31,283,727
2015	29,670,000	15,743,432	-	-	1,785,000	1,003,089	31,455,000	16,746,521
2016	30,685,000	14,698,871	-	-	1,825,000	956,124	32,510,000	15,654,995
2017	31,560,000	13,604,530	-	-	1,855,000	907,010	33,415,000	14,511,540
2018	32,620,000	12,474,778	-	-	1,925,000	855,159	34,545,000	13,329,937
2019-2023	173,520,000	44,202,154	-	-	10,405,000	3,396,189	183,925,000	47,598,343
2024-2028	138,160,727	13,214,260	-	-	10,135,000	1,762,246	148,295,727	14,976,506
2029-2033	8,745,000	896,633	-	-	5,030,962	247,453	13,775,962	1,144,086
2034-2038	835,000	113,563	-	-	-	-	835,000	113,563
2039-2043	125,000	8,075	-	-	-	-	125,000	8,075
Totals	<u>\$454,110,727</u>	<u>\$131,480,150</u>	<u>\$ 21,500,000</u>	<u>\$ 13,713,044</u>	<u>\$ 34,705,962</u>	<u>\$ 10,174,099</u>	<u>\$510,316,689</u>	<u>\$155,367,293</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>		
2014	\$ 14,075,000	\$ 6,113,835	\$ 500,000	\$ 60,000	\$ 46,010,000	\$ 37,457,562		
2015	18,345,000	5,601,569	500,000	40,000	50,300,000	22,388,090		
2016	17,303,501	5,144,072	500,000	20,000	50,313,501	20,819,067		
2017	13,335,000	4,711,568	-	-	46,750,000	19,223,108		
2018	13,180,000	4,362,634	-	-	47,725,000	17,692,571		
2019-2023	68,525,000	15,631,658	-	-	252,450,000	63,230,001		
2024-2028	38,793,388	8,046,845	-	-	187,089,115	23,023,351		
2029-2033	23,460,000	3,071,747	-	-	37,235,962	4,215,833		
2034-2038	3,655,000	146,200	-	-	4,490,000	259,763		
2039-2043	-	-	-	-	125,000	8,075		
Totals	<u>\$210,671,889</u>	<u>\$ 52,830,128</u>	<u>\$ 1,500,000</u>	<u>\$ 120,000</u>	<u>\$722,488,578</u>	<u>\$208,317,421</u>		

## **County of Oakland**

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

#### **September 30, 2013**

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The County has pledged its full faith and credit on debt totaling \$1,168,123,578, 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, 2013, the debt limit was \$5,142,992,382. 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, 2013, there were five issues outstanding, totaling \$40,580,000, maturing in the years 2014-2040, which represents debt originally issued in the years 2007-2012 totaling \$42,945,000.

#### **Taxable Certificates of Participation/Retirees Health Care Bonds**

In 2007, Taxable Certificates of Participation (“COPS”) were issued by the 2007 Oakland County Retiree Medical Benefits Funding Trust (the “Issuing Trust”) which COPS were secured by and to be repaid from contract payments made pursuant to a contract entered into by the County of Oakland (the “County”) under the authority of Michigan Public Act No. 139 of 1973 in the amount of \$556,985,000 maturing in the years 2008 through 2027, and funds were placed in trust in the 2007 Oakland County Intermediate Retiree Medical Benefits Trust (“IRMBT”). The COPS, which represent a debt instrument issued in the form of trust certificates, were used to fund current and future retiree health care costs reported in the VEBA Trust Fund. The total amount of COPS outstanding as of September 30, 2013 is \$443,635,000, of which \$21,500,000 is an obligation of the County and the remaining balance is recorded as long-term debt of the Issuing Trust.

The debt was issued by the Issuing Trust but the County was obligated under a contract to make the scheduled debt service payments for the COPS. In September 2013, the County issued refunding bonds in the amount of \$350,000,000, the proceeds of which have enabled the County to fully fund the VEBA Trust Fund as of September 30, 2013. The County thereafter entered into a Superseding Contract with a new, Superseding Trust which was created by the County, under which contract, the County is now obligated to maintain the funding in the VEBA Trust in future years pursuant to the terms of that contract under a Superseding Plan which has superseded and supplanted the obligation of the County to maintain retiree health services by keeping the VEBA Trust at full funding. This action has freed up remaining assets in the IRMBT which have become “Surplus Intermediate Trust Assets” which the County has directed to be paid to the Funding Trust for the purpose of redeeming the outstanding callable COPS in the amount of \$422,135,000 on April 1, 2014. With this action, there are sufficient “Surplus Intermediate Trust Assets” to permit the complete redemption of the COPS in the amount of \$422,135,000 on April 1, 2014.

As a part of this arrangement, the County’s original contract obligation (which is now replaced by a bonded debt) has been reduced by \$73,335,000 which has been recorded as a reduction to the County’s OPEB asset on the statement of net position.

## **County of Oakland**

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

#### **September 30, 2013**

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The County has caused the transfer of \$422,135,000 of "Surplus Intermediate Trust Assets" to an Escrow Agent under an Irrevocable Escrow and the Escrow Agent will take action to transfer the \$422,135,000 to the Funding Trust to call the remaining balance due on the callable COPS on April 1, 2014.

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

Act 342, Michigan Public Acts of 1939 provides for a contract between the County and local municipalities which defines a schedule of annual payments to be made by the municipality to meet principal and interest obligations. Such contractual payments may be funded by revenue produced by utility or tax revenue. The County is obligated upon the default of the local municipality, and therefore, such obligation is shown as "with governmental commitment." Assessments are shown in their entirety with the corresponding deferred inflows in the Debt Service funds for each act. At September 30, 2013, there were five issues outstanding, totaling \$19,250,000, maturing in the years 2014-2032. This represents debt originally issued in the amount of \$25,885,000 issued in the years 1997-2012.

#### **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, 2013, there were four issues outstanding, totaling \$40,075,000, maturing in the years 2014-2024. This represents debt originally issued in the years 2010-2012 totaling \$46,535,000.

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

In October 1996, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$9,350,000 for the White Lake Township Sewage Disposal System project; the entire amount was received as of the end of fiscal year 1999. The amount outstanding for this issue at September 30, 2013 was \$2,745,000, which matures in the years 2014-2018.

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, 2013, a final amount of \$1,935,727 was drawn from the State Revolving Loan fund. The amount outstanding at September 30, 2013 for this issue is \$1,380,727, which matures in the years 2014-2027.

#### **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, 2013 was \$80,000, which matures in the year 2014.

#### **Business Type**

In December 2010, the County issued \$4,060,000 of sewage disposal bonds for the Evergreen-Farmington Sewage Disposal System (enterprise fund type). The bonds are federally taxable recovery zone economic development bonds, issued under the authority of Act 34, Public Acts of Michigan, 2001. The amount outstanding for this issue at September 30, 2013 was \$3,785,000, which matures in the years 2014-2031.

## **County of Oakland**

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

#### **September 30, 2013**

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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, 2013, the County received \$1,920,915 from the State Revolving Loan fund, which matures in the years 2014-2029.

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 \$22,535,000; as of September 30, 2013, \$20,635,047 had been received. The debt obligation recorded as of September 30, 2013 amounted to \$19,745,047, maturing in the years 2014 through 2032.

In 2013, two Building Authority bond issues previously reported as governmental activity debt and recorded as capital leases in the County Airport fund have been reclassified as business-type debt and recorded as bonds payable in the County Airport fund. These consist of the Airport T-Hangar Refunding in the amount of \$4,250,000 maturing in the years 2014-2024 and the Airport Terminal Building in the amount of \$5,100,000 maturing in the years 2014-2030. These represent original debt issued in the amount of \$4,585,000 in 2012 for the Airport T-Hangar and \$5,800,000 in 2010 for the Airport Terminal Building.

#### **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, 2013, there were 14 issues outstanding, totaling \$73,105,000, maturing in the years 2014-2034. This represents original debt issued for \$80,410,000 in the years 1994-2012.

#### **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, 2013, there were 12 issues outstanding, totaling \$22,565,000, maturing in the years 2014-2025. This represents debt originally issued in the years 2001-2013 in the amount of \$43,200,000.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2013**

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

The County authorized issuance of bonds in the amount of \$9,365,000 in 1994 to the Michigan Municipal Bond Authority Revolving Loan fund for the Combined Sewer Overflow Project. In October 2000, the County additionally authorized the issuance of bonds for up to \$17,880,000 for the George W. Kuhn Drainage District, with the entire amount from the State Revolving Loan Fund being received by 2005. Further, in 2001, the County authorized an additional \$82,200,000 for the George W. Kuhn Drainage District Segment II, with successive authorizations in the years 2005 through 2008 amounting to \$14,240,000. As of September 30, 2013, the drainage district had received the entire amount from the State Revolving Loan Fund for Segment II. In February 2010, Oakland County, Macomb County, and their underlying municipalities under the authority of Chapter 21 of Public Act 40, Public Acts of Michigan of 1956 were permitted to issue bonds in the amount of \$26,076,000 for the Oakland-Macomb Interceptor Drainage District with successive authorizations for Segments II & III in the years 2012 through 2013, respectively, amounting to \$90,670,000. Through September 30, 2013, the drainage district received \$46,166,067 from the State Revolving Loan Fund for the Oakland-Macomb Interceptor Drain District Segments I, II, and III. At September 30, 2013, there were 13 issues outstanding, totaling \$115,001,889, maturing in the years 2014-2031.

**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, 2013, 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 2013 bonds were called as a result of resources provided by the City of Pontiac in the form of prepaid assessment rolls. Accordingly, debt amounting to \$9,150,000 for the Pontiac Phoenix Center and \$7,760,000 for the Pontiac Phoenix Plaza Amphitheatre, and the corresponding leases receivable, are not included in the County's financial statements.

In February 2013, the County issued \$2,235,000 of refunding bonds for a current refunding of general obligation limited tax refunding bond issue on behalf of the Drainage Districts' component unit, pursuant to authorization contained in Act 34, Public Acts of Michigan of 2001. General obligation limited tax refunding drain bonds were issued for the payment of future debt service obligations of the refunded debt. Accordingly, the trust account assets and liability for the refunding bonds are not included in the Drainage Districts' component unit, or the County's financial statements. The debt refunded amounted to \$2,190,000 for the Rewold Drainage District, Series 2005 maturing in the years 2014 through 2025 inclusively. The refunding was undertaken to reduce the debt services payments over the next 11 years by \$265,332 and obtain an economic (present value) gain to the benefiting municipalities of \$242,293.



**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2013**

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In February 2013, the County issued \$1,925,000 of refunding bonds for a current refunding of general obligation limited tax refunding bond issue on behalf of the Drainage Districts' component unit, pursuant to authorization contained in Act 34, Public Acts of Michigan of 2001. General obligation limited tax refunding drain bonds were issued for the payment of future debt service obligations of the refunded debt. Accordingly, the trust account assets and liability for the refunding bonds are not included in the Drainage Districts' component unit, or the County's financial statements. The debt refunded amounted to \$1,885,000 for the Jacobs Drainage District, Series 2005A maturing in the years 2014 through 2025 inclusively. The refunding was undertaken to reduce the debt services payments over the next 11 years by \$246,392 and obtain an economic (present value) gain to the benefiting municipalities of \$224,959.

**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, 2013 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	\$ 12,141,921	\$ 1,126,905	\$ (1,214,192)	\$ 12,054,634	\$ 1,205,463
Claims and judgments					
Accrued unreported health costs	2,265,000	741,000	(755,000)	2,251,000	750,333
Accrued workers' compensation	12,090,975	1,814,430	(1,900,000)	12,005,405	2,950,000
Building and liability insurance	5,438,863	2,040,299	(1,080,772)	6,398,390	897,895
Governmental activity long-term liabilities	<u>\$ 31,936,759</u>	<u>\$ 5,722,634</u>	<u>\$ (4,949,964)</u>	<u>\$ 32,709,429</u>	<u>\$ 5,803,691</u>

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2013**

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**9. Interfund Balances**

Interfund receivables and payables at September 30, 2013 were as follows:

Due to/from other funds:

<u><b>Receivable Fund</b></u>	<u><b>Payable Fund</b></u>	
General	Nonmajor governmental	\$ 10,484,958
	Nonmajor enterprise	36,820
	Internal service	37,000
	Total	<u>10,558,778</u>
Nonmajor governmental	General	20,307
	Nonmajor governmental	1,361,441
	S.O.C.S.D.S.	1,898
	Nonmajor enterprise	31,078
	Internal service	18,922
	Total	<u>1,433,646</u>
Water & Sewer Trust	Water & Sewer Trust	167,438
	Internal service	810
	Total	<u>168,248</u>
Nonmajor enterprise	Nonmajor enterprise	<u>3,666</u>
Internal service	General	108,597
	Nonmajor governmental	32,666
	Water and Sewer Trust	425,659
	Evergreen Farmington S.D.S.	25,435
	S.O.C.S.D.S.	32,413
	Nonmajor enterprise	22,231
	Internal service	14,399
	Total	<u>661,400</u>
	Total	<u>\$ 12,825,738</u>

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

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2013**

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Receivables and payables between funds of the Primary Government and the Component Units at September 30, 2013 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	\$ 109,092
Nonmajor governmental	Drainage Districts	412,131
Evergreen Farmington SDS	Drainage Districts	269,311
Internal Service	Drainage Districts	52,069
	Road Commission	9,708
	Total	61,777
	Total	\$ 852,311

<b>Component Unit</b>	<b>Primary Government</b>	
<b>Due from Primary Government</b>	<b>Due to Component Unit</b>	
Drainage Districts	Water & Sewer Trust	\$ 4,408,650
	Internal Service	5,336
		\$ 4,413,986

Advances to/from other funds (including current and long-term portions) at September 30, 2013 were as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	
Nonmajor governmental	Nonmajor governmental	\$ 362,335
Delinquent Tax Revolving	Internal Service	103,064
S.O.C.S.D.S.	Internal Service	319,459
	Total	\$ 784,858

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2013**

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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, 2013 were as follows:

<b>Transfers In</b>	<b>Transfers Out</b>	<b>Amount</b>
General	Nonmajor governmental	\$ 26,016,309
	Delinquent Tax Revolving	16,397,613
	Internal Service	<u>829,000</u>
	Total	<u>43,242,922</u>
Building Authority Act 31	General	335,472
	Nonmajor governmental	<u>8</u>
	Total	<u>335,480</u>
Nonmajor governmental	General	26,440,401
	Nonmajor governmental	1,232,347
	Building Authority Act 31	952
	Water & Sewer Debt Act 342	5,720
	Delinquent Tax Revolving	4,796,125
	Nonmajor enterprise	661,145
	Internal Service	<u>2,784,306</u>
	Total	<u>35,920,996</u>
Water & Sewer Trust	Water & Sewer Trust	<u>12,500</u>
Nonmajor enterprise	General	2,360,262
	Nonmajor enterprise	<u>200,000</u>
	Total	<u>2,560,262</u>
Internal Service	General	7,884,738
	Nonmajor governmental	192,617
	Parks & Recreation	23,051
	Nonmajor enterprise	<u>286,000</u>
	Total	<u>8,386,406</u>
	Total transfers	<u>\$ 90,458,566</u>

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

# County of Oakland

## Notes to Basic Financial Statements

### September 30, 2013

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#### 10. Fund Equities

At September 30, 2013, a deficit existed in the following funds:

##### **Special Revenue Funds**

Lake Levels Act 146	\$ 258,173
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##### **Capital Projects Funds**

Lake Levels Act 146	225,629
Drain Chapter 4 Construction	122,740

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. However, our maintenance and operation costs are directly affected by weather conditions and several of our lake level controls have electrically operated augmentation pumps, making it difficult to predict future expenses.

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 \$192,060 and the Upper Straits Lake Level Dam Reconstruction project in the amount of \$39,412. 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. When the design phase is completed, the estimated project cost will be determined. It is planned that the project will be financed with a loan from the Oakland County Board of Commissioner's Long Term Revolving Fund. The loan will be repaid by an assessment to the Upper Straits Lake Level Special Assessment District over a proposed 10-year period. The Special Assessment District must be updated, prior to requesting the loan. Updating the district requires Circuit Court action and therefore, the project schedule is directly affected by the Court schedule. 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. The draws from the Long Term Revolving Fund loan are being tracked on the Balance Sheet of the Construction Fund. The design for the project is complete and bids are scheduled to be received in November 2013.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2013**

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Nonspendable, restricted, committed, assigned, and unassigned fund balances of the primary government at September 30, 2013 were as follows:

	Spendable				
	Nonspendable	Restricted	Committed	Assigned	Unassigned
Primary Government					
General Fund					
Prepays	\$ 113,089	\$ -	\$ -	\$ -	\$ -
Inventories	145,558	-	-	-	-
Property Tax Forfeiture	-	15,589,336	-	-	-
Substance Abuse	-	4,611,797	-	-	-
Department Operations	-	-	-	500,280	-
Federal Health Care Impact	-	-	-	1,000,000	-
Capital Reserve	-	-	-	5,800,000	-
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	-	-	-	705,000	-
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	-
Quality of Life Initiatives	-	-	-	500,000	-
Peoplesoft Upgrade	-	-	-	2,800,000	-
Sheriff Aviation	-	-	-	1,186,292	-
Jail Commissary	-	-	-	123,539	-
RCOC Triparty	-	-	-	2,000,000	-
Property Tax Forfeiture Activities	-	-	-	2,236,612	-
Community Partnerships	-	-	-	238,654	-
Microloan	-	-	-	200,000	-
Buy Local				200,000	
Future operating requirements:					
2014	-	-	-	33,754,856	-
2015	-	-	-	41,413,707	-
2016	-	-	-	47,011,617	-
2017 and Beyond	-	-	-	42,476,517	-
Carry forwards	-	-	-	1,971,411	-
DB Pension Contribution 2015-7	-	-	-	5,000,000	-
MI SCAO Interpreter Costs	-	-	-	1,500,000	-
Building Security Cameras and Consoles	-	-	-	5,000,000	-
WRC Long-Term Revolving Fund	-	-	-	1,000,000	-
Rx Discount Card Program	-	-	-	3,556	-
Unfunded Mandates	-	-	-	3,500,000	-
Unassigned	-	-	-	-	1,091,218
Total	\$ 258,647	\$ 20,201,133	\$ -	\$ 221,222,041	\$ 1,091,218

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2013**

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	Nonspendable	Spendable			
		Restricted	Committed	Assigned	Unassigned
<b>Special Revenue Funds</b>					
Lake Levels (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ (258,173)
Specific programs	-	51,303,006	-	-	-
Total	\$ -	\$ 51,303,006	\$ -	\$ -	\$ (258,173)
<b>Debt Service Funds</b>					
Debt service - general obligations	\$ -	\$ 953,734	\$ -	\$ -	\$ -
<b>Capital Projects Funds</b>					
Long-term receivables	\$ 441,135	\$ -	\$ -	\$ -	\$ -
Work projects	-	9,257	46,332,071	-	(348,369)
Total	\$ 441,135	\$ 9,257	\$ 46,332,071	\$ -	\$ (348,369)

## **11. Employee Benefits**

### **Primary Government**

The County provides various benefits to its employees. Expenditures in 2013 for these benefits totaled the following: medical insurance, \$28,920,526; dental insurance, \$3,002,652; optical insurance, \$267,805; disability, \$2,481,903; tuition reimbursement, \$123,232; Social Security, \$14,280,626; workers' compensation, \$2,171,807; and unemployment claims, \$488,128.

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

### **Plan Description**

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

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2013**

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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, 2013:

**Statement of Net Position**

Cash and investments	\$ 762,025,952
Other assets	2,817,552
Total assets	<u>764,843,504</u>
Liabilities	<u>572,717</u>
Net position	<u>\$ 764,270,787</u>

**Statement of Changes in Net Position**

Additions:	
Contributions	\$ 6,027,403
Investment income	87,289,623
Other revenue	191,696
Total additions	<u>93,508,722</u>
Deductions:	
Benefit payments	47,320,259
Other expenses	2,709,616
Total deductions	<u>50,029,875</u>
Change in net position	43,478,847
Net position held in trust, beginning of year	<u>720,791,940</u>
Net position held in trust, end of year	<u>\$ 764,270,787</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. For fiscal year 2013, the annual contribution was \$5,400,095 which was determined through actuarial valuations performed at September 30, 2011. There were no contributions from County funds for the years 2000 through 2012.



## County of Oakland

### Notes to Basic Financial Statements

#### September 30, 2013

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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, 2013 and September 30, 2012 amounted to \$627,308 and \$716,927, 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, 2012, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	1,892
Terminated plan members entitled to, but not yet receiving benefits	140
Active plan members	<u>526</u>
Total	<u>2,558</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**

For fiscal year end September 30, 2013, annual pension cost of \$5,400,095 was equal to the County's required and actual contribution.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2013**

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**Funded Status and Funding Progress**

	Actuarial Valuation as of September 30		
	2012	2011	2010
Actuarial value of assets	\$ 717,654,902	\$ 727,690,746	\$ 745,094,735
Actuarial accrued liability (entry age)	713,972,065	712,159,061	692,409,285
Overfunded AAL	<u>\$ (3,682,837)</u>	<u>\$ (15,531,685)</u>	<u>\$ (52,685,450)</u>
Funded ratio	100.5%	102.2%	107.6%
Covered payroll	\$ 33,706,963	\$ 38,275,780	\$ 42,686,155
UAAL as percentage of covered payroll	(10.9)%	(40.6)%	(123.4)%

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, 2011, 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, 2013 consists of the following reserves:

Annuity reserve	\$ 7,266,355
Pension reserve	253,397,050
Pension accumulated reserve	<u>503,607,382</u>
Total fund balance	<u>\$ 764,270,787</u>

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

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2013**

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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, 2013 was 2,758, which includes 479 employees who elected to transfer from the PERS in 1995 through 2000 and 2,279 current employees hired since July 1, 1994.

The County's payroll for employees covered by the OPRS for the year ended September 30, 2013 was \$155,163,495, and the County's total payroll was \$205,696,346. The required contributions, which matched those actually made, were \$5,920,871 by employees and \$14,101,873 by the County, representing 3.8% 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 2013, the County contributed \$187,227 to the plan.

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

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2013**

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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 2013, the County provided 2,167 retirees medical insurance and reimbursed them for Medicare premiums under the Trust. In 2013, the County disbursed \$28,563,668 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, 2013, the date of the most recent actuarial valuation, membership in the OPEB consisted of 2,265 retirees and beneficiaries currently receiving benefits, 2,539 active employees, and 240 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		
	2013	2012	2011
Annual OPEB cost (ARC)	\$ 28,359,365	\$ 27,858,341	\$ 37,116,312
Percentage of ARC contributed	0%	0%	0%
Net OPEB asset	\$ 198,243,607	\$ 299,937,972	\$ 327,796,313

In 2013, the IRMBT contributed \$36,970,025 as the annual required contribution determined by the actuary. In addition, the County, as permitted, contributed an additional \$236,000,000 in order to fully fund the VEBA. Since the 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.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2013**

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The funding progress of the plan as of September 30, 2013, the most recent actuarial valuation report, is as follows:

Retirees and beneficiaries	\$ 444,643,296
Vested terminated employees who will be eligible when they collect retirement (age 60 in most cases) and their beneficiaries	59,189,042
Active employees and beneficiaries	<u>365,652,808</u>
Actuarial accrued liability	869,485,146
Actuarial value of assets	<u>1,023,100,574</u>
Unfunded AAL (Overfunded AAL)	<u><u>\$(153,615,428)</u></u>
Funded ratio	117.7%
Annual covered payroll	\$ 154,128,944
Overfunded AAL as a percentage of payroll	99.7%
Actuarial Required Contribution (ARC)	\$ 19,505,017
Adjustment to the ARC	17,465,007
Interest on net OPEB asset	<u>(8,610,659)</u>
Annual OPEB cost	28,359,365
Contributions	-
Loan forgiveness*	<u>73,335,000</u>
Decrease in net OPEB Asset	101,694,365
OPEB Asset - Beginning of year	<u>299,937,972</u>
OPEB Asset - End of year	<u><u>\$ 198,243,607</u></u>

\*refer to Note #8

Overfunded actuarial accrued liabilities are being amortized based on a level dollar closed period of 10 years. In addition, the County reports an other post-employment benefits asset for the funding provided by the sale of certificates of participation. The remaining amortization period of this asset as of September 30, 2013 was 23 years.

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

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

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2013**

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In the September 30, 2013 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses), which consists of a real rate of return of 3.00 percent per year plus a long-term rate of inflation of 4.5 percent per year and an annual healthcare cost trend rate of 9.0 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after 10 years. Both rates included a 4.5 percent inflation assumption. The actuarial value of assets is equal to the reported market value of assets at the valuation date. The UAAL for the groups was amortized over a 10-year period using a closed level dollar payment method. Active member payroll was assumed to increase 4.5 percent per year for the purpose of determining the level percent contributions.

The following are condensed financial statements as of and including September 30, 2013 (the OPEB Plan includes the VEBA Trust and the IRMB Trust):

**OPEB  
Plan**

**Statement of Net Position**

Cash and investments	\$ 1,454,093,632
Other assets	2,784,575
Total assets	<u>1,456,878,207</u>
Liabilities	<u>424,279,040</u>
Net position	<u>\$ 1,032,599,167</u>

**Statement of Changes in Net Position**

Additions:	
Contributions	\$ 90,192
Investment income	157,838,005
Other revenue	2,335,012
Total additions	<u>160,263,209</u>
Deductions:	
Benefits	28,563,668
Loan forgiveness	73,335,000
Other expenses	3,513,973
Total deductions	<u>105,412,641</u>
Change in net position	54,850,568
Net position held in trust, beginning of year	<u>977,748,599</u>
Net position held in trust, end of year	<u>\$ 1,032,599,167</u>

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2013**

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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, 2012, the date of the most recent actuarial valuation, membership consisted of 689 retirees and beneficiaries currently receiving benefits, 306 vested active employees, and 92 nonvested active employees. For the year ended September 30, 2013, the Road Commission's adjusted annual required contribution to the Trust was \$8,211,121, with interest of \$736,292 on the prior year net OPEB obligation. The Road Commission contributed \$500,000 to the Trust during the year and paid \$5,935,689 directly toward insurance premiums and medical costs for retirees during fiscal year 2013, leaving a net OPEB obligation of \$14,783,249 at September 30, 2013.

**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 \$622,958,494, electronic data processing equipment in the amount of \$42,241,397, 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 \$1,000,000 for each occurrence, and self-insured retention and employers' liability in the amount of \$1,000,000. The County is uninsured for all other risks except as noted. The Road Commission has similar risks and is uninsured for these claims within certain limits.

**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, 2013, 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>2013</b>	<b>2012</b>
<b>Primary Government</b>		
Beginning-of-period liability	\$ 19,794,838	\$ 18,529,805
Estimated claims incurred, claim adjustment expenses and changes in estimates		
Provisions for current-year events	39,152,714	42,318,258
Decrease in provisions for prior-year events	(540,383)	(57,100)
Total incurred claims, claim adjustment expenses and changes in estimates	38,612,331	42,261,158
Claim payments and claim adjustment expenses		
Related to current-year events	(35,318,819)	(39,197,486)
Related to prior-year events	(2,433,555)	(1,798,639)
Total claim payments and claim adjustment expenses	(37,752,374)	(40,996,125)
End-of-period liability	\$ 20,654,795	\$ 19,794,838
<b>Road Commission - Component Unit</b>		
Beginning-of-year liability	\$ 3,833,018	\$ 3,647,027
Estimated claims incurred and changes in estimates	12,336,340	13,690,593
Claim payments	(12,823,325)	(13,504,602)
End-of-year liability	\$ 3,346,033	\$ 3,833,018



**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2013**

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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, 2013 were \$880,740. The future minimum lease payments as of September 30, 2013 are as follows:

<b>Fiscal year</b>	<b>Primary government</b>
2014	\$ 803,967
2015	576,649
2016	344,656
2017	157,604
2018	157,604
2019-2023	110,323
Total	<u>\$ 2,150,803</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, 2013 totaled \$158,127, 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, Community Mental Health Authority Housing Project in the amount of \$5,500,000 in 2007, Keego Harbor City Hall and DPW Building in the amount of \$1,120,000 in 2010, City of Oak Park in the amount of \$2,500,000 in 2012, and Community Mental Health Authority Project in the amount of \$14,500,000 in 2012. The future minimum lease payments to be received as of September 30, 2013 are as follows:

<b>Fiscal year</b>	<b>Primary government</b>
2014	\$ 1,853,016
2015	1,894,216
2016	1,881,891
2017	1,865,604
2018	1,873,407
2019 - 2023	8,196,606
2024 - 2028	6,389,866
2029 - 2033	6,010,308
2034 - 2038	948,563
2039 - 2043	133,075
Total	<u>\$ 31,046,552</u>

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2013**

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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, 2013 as follows: Water Resources Commissioner has a contract with a cost of \$4,961,023 for the Farmington Hills Water System Project (ACT 342 Project) with a remaining balance of \$1,084,109 and a contract with a cost of \$1,931,226 for the Evergreen Farmington Sewage Disposal System (ACT 342 Project) with a remaining balance of \$1,273,645. Building Authority Projects has a contract with a cost of \$1,408,000 for the Facilities Infrastructure/Information Technology Project with a remaining balance of \$1,114,323.

The Drainage Districts' component unit has a construction contract for a Bloomfield Township CSO project with a total cost of \$2,712,210, with a remaining balance of \$402,559 and contracts for the Oakland Macomb Interceptor Drainage District Project with a total cost of \$92,494,347, with a remaining balance of \$61,112,109 as of September 30, 2013.

**County of Oakland**  
**Notes to Basic Financial Statements**  
**September 30, 2013**

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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	\$ 11,992,424
Long-term advances receivable	362,335
Due to other funds	(12,007,969)
Current and long-term advances payable	(362,335)

Internal Service Funds

Due from other funds	661,400
Due to other funds	(71,131)
Current and long-term advances payable	(422,523)

Governmental activities, internal balances	<u>\$ 152,201</u>
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**Business-Type Activities**

Proprietary Funds

Due from other funds	\$ 171,914
Current and long-term advances receivable	422,523
Due to other funds	(746,638)

Business-type activities, internal balances	<u>\$ (152,201)</u>
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**EXHIBIT C**

[SEE ATTACHED FORM OF LEGAL OPINION]

\_\_\_\_\_, 2014

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 2014" 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 2013.

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 2013 delinquent real property taxes that were returned to the County as delinquent and were uncollected as of March 1, 2014, 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 2013 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  
\_\_\_\_\_, 2014  
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 9487-13 1348188v1

# 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*  
KEITH LERMINIAUX, *Corporation Counsel*

## BOARD OF COMMISSIONERS

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JEFF MATIS, <i>Vice Chairperson</i>	
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