

FINAL OFFICIAL STATEMENT DATED MAY 28, 2015

NEW ISSUE

Ratings: Standard & Poor's: SP-1+
Moody's: MIG 1

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 2015
FEDERALLY TAXABLE OBLIGATIONS

DATED: Date of Delivery **CUSIP:** 672411 Q32
DATE OF DELIVERY: On or about June 11, 2015
DUE: June 1, 2016
FLOATING RATE: One-Month LIBOR plus 0.20%. Rate will float each month as set forth herein. See "DESCRIPTION OF THE NOTES - Interest".
INTEREST: Interest shall accrue from the Date of Delivery and be payable on the first Business Day of each month commencing July 1, 2015 at a floating rate, which shall be determined in accordance with the formula and procedure described herein under "DESCRIPTION OF THE NOTES - Interest".
REDEMPTION: The Notes shall not be subject to optional redemption prior to maturity.
DENOMINATIONS: \$1,000 or any integral multiple thereof not exceeding the aggregate principal amount of the Notes outstanding. See "DESCRIPTION OF THE NOTES - General".
DATE OF RECORD: The record date for the payment of interest on the Notes shall be the 15th day of the calendar month preceding the month in which an interest payment is due.
REGISTRATION: The Notes will be issued as fully registered notes registered in the name of Cede & Co. as registered owner and nominee of the Depository Trust Company, New York, New York ("DTC").
REGISTRAR and PAYING AGENT: The Huntington National Bank, Grand Rapids, Michigan
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 2014 real property taxes that remained outstanding and uncollected on March 1, 2015 (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".

Information prepared in cooperation with:

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Oakland County, Michigan

Note Counsel:
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Detroit, Michigan

Underwriter:
BofA Merrill Lynch

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

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

**OFFICIAL STATEMENT
OF THE COUNTY OF OAKLAND
State of Michigan
GENERAL OBLIGATION LIMITED TAX NOTES, SERIES 2015
(Taxable Obligations)**

This Official Statement sets forth information concerning the County of Oakland (the "County") and the County's anticipated issuance of General Obligation Limited Tax Notes, Series 2015 (the "Notes"). Information describing the Notes, summarized on the cover page, is part of this Official Statement.

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 2015 separate fund (the "2015 Revolving Fund"), all 2014 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 2015 Collection Account (the "Note Payment Account") established within the 2015 Revolving Fund. The total amount of 2014 delinquent real property taxes on March 1, 2015 is in excess of \$72,000,000.

Statutory interest on unpaid 2014 taxes accrues from March 1, 2015 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 Official Statement, references to the "2014 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 Official Statement "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 2015 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 2015 Revolving Fund from other County sources the amount necessary to fund that portion of the 2014 delinquent real property taxes not funded by the proceeds of this borrowing.

DESCRIPTION OF THE NOTES

General

The Notes shall be in the aggregate principal amount of \$25,000,000 and shall be dated the date of delivery as set forth on the cover. The Note Registrar and Paying Agent for the Notes shall be The Huntington National Bank, Grand Rapids, Michigan (the "Note Registrar").

The Notes shall be issued as short-term notes, shall be registered on the book-entry system maintained by the Note Registrar, shall be issued by the County to the original purchaser or purchasers thereof in denominations of \$1,000 or in such larger denominations in increments of \$1,000 as shall be designated by the original purchaser or purchasers of the Notes, and shall be held as uncertificated securities recorded on the books of the Note Registrar in such denominations as shall be requested by the original or any subsequent purchaser or purchasers.

Interest

Interest shall accrue from the date of delivery and be payable in arrears on the first Business Day of each month commencing July 1, 2015 and continuing thereafter until the Notes are paid in full. Beginning on July 1, 2015, and continuing thereafter, interest on the Notes will be payable at a Floating Rate (as described below) reset monthly on the first Business Day of each month until the Notes are paid in full.

The Floating Rate shall be determined two Business Days prior to the first Business Day of each month, provided, however, that the rate for the initial period shall be the rate that is two Business Days preceding the date of delivery of the Series 2015 Notes (the "Floating Rate Determination Date"). The Floating Rate shall be the rate that is equal to the sum of (i) twenty hundredths of one percent (.20%) per annum, plus (ii) the One-Month LIBOR Rate as defined below and as determined by The Huntington National Bank as Interest Rate Calculation Agent.

As used herein, the "One-Month LIBOR Rate" means the rate for deposits in U.S. dollars with a one-month maturity that appears on the Reuters Screen LIBOR01 Page (or such other page as may replace that page on that service, or such other service as may be nominated by the British Bankers Association, for the purpose of displaying London interbank offered rates for U.S. dollar deposits) as of 11:00 a.m., London time, on the Floating Rate Determination Date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market.

As used herein, "Business Day" means:

For purposes of calculating LIBOR, any day on which banks in New York, New York and London, England are open for the transaction of international business; and

For all other purposes, any day other than a Saturday, Sunday, holiday or other day on which banking institutions in the State of Michigan or New York City are authorized or required to be closed or a day on which the New York Stock Exchange is closed.

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

Transfer or Exchange

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

Book-Entry-Only

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

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations ("Direct Participants"). DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant,

either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

Neither DTC nor Cede & Co. will consent or vote with respect to Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments made by or on behalf of the County to DTC or its nominee shall satisfy the County's obligations under the resolution authorizing the issuance of the Notes (the "Resolution") to the extent of the payments so made.

Principal and interest payments on the Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on a payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on such payment date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Note Registrar (the "Note Registrar"), or the County subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the County or the Note Registrar, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

THE COUNTY AND THE COUNTY'S NOTE COUNSEL OR FINANCIAL ADVISOR, THE UNDERWRITERS AND THE NOTE REGISTRAR CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (i) PAYMENTS OF PRINCIPAL OF OR INTEREST AND PREMIUM, IF ANY, ON THE NOTES (ii) ANY DOCUMENT REPRESENTING OR CONFIRMING BENEFICIAL OWNERSHIP INTERESTS IN NOTES, OR (iii) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH THE PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE COUNTY, THE UNDERWRITERS NOR THE NOTE REGISTRAR WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OF ANY OTHER PERSON WITH RESPECT TO: (1) THE NOTES; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR

INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC TO ANY PARTICIPANT, OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER OF ANY AMOUNT DUE WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE NOTES; (4) THE DELIVERY BY DTC TO ANY PARTICIPANT, OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER OF ANY NOTICE WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO NOTEHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE NOTES; (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS NOTEHOLDER.

Discontinuation of Book-Entry-Only System

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

Transfer Outside Book-Entry-Only System

In the event the book-entry-only system is discontinued, the following provisions would apply to the Notes. The Note Registrar shall keep the registration books for the Notes (the "Note Register") at its corporate trust office. Subject to the further conditions contained in the Resolution, the Notes may be transferred or exchanged for one or more Notes in different authorized denominations upon surrender thereof at the corporate trust office of the Note Registrar by the registered owners or their duly authorized attorneys; upon surrender of any Notes to be transferred or exchanged, the Note Registrar shall record the transfer or exchange in the Note Register and shall authenticate replacement Notes in authorized denominations; during the 15 days immediately preceding the date of mailing ("Record Date") of any notice of redemption or any time following the mailing of any notice of redemption, the Note Registrar shall not be required to effect or register any transfer or exchange of any Note which has been selected for such redemption, except the Notes properly surrendered for partial redemption may be exchanged for new Notes in authorized denominations equal in the aggregate to the unredeemed portion; the County and Note Registrar shall be entitled to treat the registered owners of the Notes, as their names appear in the Note Register as of the appropriate dates, as the owner of such Notes for all purposes under the Resolution. No transfer or exchange made other than as described above and in the Resolution shall be valid or effective for any purposes under the Resolution.

Redemption

The Notes shall not be subject to redemption prior to maturity.

SECURITY FOR THE NOTES

The Notes are being issued pursuant to the provisions of Act 206. The Notes are primarily payable from the 2014 delinquent real property taxes which were returned as uncollected to the County Treasurer on March 1, 2015, and the interest on such taxes. (See "ADDITIONAL NOTES AND BORROWINGS").

Primary Security

All of the 2014 delinquent real property taxes, together with interest on such taxes, have been pledged by the County in the Resolution solely for the prompt payment of the principal of and interest on the Notes when due. The total amount of 2014 real property taxes that were returned delinquent to the County on March 1, 2015 is in excess of \$72,000,000. The Resolution establishes the Oakland County 2015 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 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 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 2014 delinquent taxes which then remain unpaid, as required by Act 206 and the Resolution.

All of the 2014 delinquent real property taxes, together with statutory interest, property tax administration fees, any

repayments of uncollected 2014 delinquent real property taxes from local units, and any investment earnings on any such amounts are referred to in this Official Statement 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.

RATINGS

The Series 2015 Notes have been rated **SP-1+** by Standard & Poor's Ratings Services and **MIG 1** by Moody's Investors Service. Each rating reflects only the views of the respective rating agency. Any explanation of the significance of a rating may be obtained only from the rating agency furnishing such rating. There can be no assurance that the ratings will continue for any given period of time or that any of the ratings will not be lowered or withdrawn entirely by the respective rating agency if in its judgment circumstances so warrant. Any such downward change in or withdrawal of a rating may have an adverse effect on the marketability or market price of the Notes.

CONTINUING DISCLOSURE

The County has covenanted and will covenant for the benefit of the holders of the Notes and the Beneficial Owners (as hereinafter defined) pursuant to the Resolution and the Continuing Disclosure Certificate to be delivered on the date of issuance of the Notes to the purchaser thereof (the "Disclosure Certificate"), to provide or cause to be provided; timely notices of the occurrences of certain enumerated events, if material. "Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Notes (including any person holding Notes through nominees, depositories or other intermediaries).

The notices of material events will be filed by the County with the Municipal Securities Rulemaking Board electronically through its Electronic Municipal Market Access system. These covenants have been made by the County in order to assist the

purchaser of the Notes and registered brokers, dealers and municipal securities dealers in complying with the requirements of subsection (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule"). The enumerated events, the occurrence of which will require a notice, and the other terms of the Disclosure Certificate are set forth in Exhibit D, "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Except for the fiscal year ended September 30, 2009 for which the County of Oakland filed its continuing disclosure by September 30, 2010, and for the fiscal year ended September 30, 2011 for which the County of Oakland filed its continuing disclosure by May 22, 2012 and for the fiscal year ended September 30, 2012 for the which the County of Oakland filed its continuing disclosure on June 30, 2013 in the past five years, the County of Oakland has not failed to comply with any of its previous undertakings in a written contract or agreement that it entered into pursuant to subsection (b)(5) of the Rule.

The County of Oakland has taken several measures to avoid any late filings in the future including implementing an internal calendar which automatically alerts the department of the filing deadline and requirements and requesting that MFCI, as a part of their service to the County, alert the County every year multiple times prior to the filing deadline. Because of these additional practices, the County has and will continue to comply in future years, in all material respects with all written contracts or agreements that it will enter into pursuant to subsection (b)(5) of the Rule. The County filed its continuing disclosure on March 31, 2015 for the fiscal year ended September 30, 2014.

TAX MATTERS

Tax Opinions

Not Exempt from Federal Tax. In the opinion of Dickinson Wright PLLC, Note Counsel, based on their 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 2014 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 2014 delinquent real property taxes against which the County has borrowed and which were outstanding and due and payable to the County of March 1, 2015.

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

LITIGATION

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

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

APPROVAL OF LEGALITY

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

FINANCIAL ADVISOR

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

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" (except "Book-Entry-Only"), "Security for the Notes", "Continuing Disclosure" (first two paragraphs only), "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-oak2015

EXHIBIT A
GENERAL AND ECONOMIC
INFORMATION REGARDING THE COUNTY

Introduction

Oakland County continues to be a great place to live, work, shop and establish your business. The County is a special place to live where families enjoy a quality of life that is second to none and where business grows and prospers. The County's taxable value for real and personal property has begun to rebound along with the overall economy and has grown 2.16% since 2011. With only approximately 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 \$184,142 in 2014. 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 Oakland County averaged 6.9% in 2014. Oakland County did experience some job loss due to manufacturing reorganization in 2006 but is expecting consistent job growth for the next several years due to our skilled and educated workers and a best in class economic diversification strategy, including Automation Alley, Emerging Sectors, and Medical Main Street featuring the new William Beaumont/Oakland University Medical School.

Oakland County has been recognized as one of the most prosperous counties in the nation. In comparing Oakland County with 35 other prosperous counties of similar population throughout the nation, economists rank Oakland County eleventh overall based on selected indicators of prosperity. Our goal is to ensure Oakland County and its work force continues to thrive today and tomorrow as a premier technology hub and Oakland County maintains the coveted AAA bond rating thanks to sound fiscal stewardship and a 3-year budget balanced through 2017.

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 2013 was \$57,035.

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 2017. On September 18, 2014, the current FY-2015 to FY-2017 budget was adopted. The County maintains the triennial budget with periodic amendments. Each new program or action is considered for the current year and the subsequent two years on a line-item basis.

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

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

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

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

County Location, Transportation and Character

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

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

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



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

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

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

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

Residential – With more than 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:

Supplier Supplier	Detroit Edison Consumers Power
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Natural Gas:

Supplier Supplier Supplier	Consumers Energy MichCon Semco Energy
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Water:

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

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

Population

Oakland County’s 2010 Census population was estimated to be over 1,202,326. Out of 83 counties in Michigan, it has the second largest population. 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

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

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

Education

There are 28 school districts in Oakland County, all offering preschool programs and all but one providing childcare or latchkey services. *Newsweek* rated the International Academy in Bloomfield Hills number 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 sixth year of recovery since the recession's low point at the end of 2009. In 2011 during the initial phase of economic recovery, Oakland County experienced our second best year of job growth since 1994. The 24,412 new jobs created in the County during that turn-around year constituted almost one-third of all new jobs created in Michigan in 2011. The job growth continued in 2012 with 24,865 new jobs added in that year, once again more than double the initial projections. After the initial recovery burst in 2011-2012 when almost 50,000 new jobs were added, job growth continues at a moderate pace with an estimated 15,734 jobs added in 2013. Since 2009, the cumulative job growth in Oakland County through 2013 was 10.4%, which outpaced both the state's growth of 6.0% and the nation's growth of 3.9%

The county's economic base continues to diversify since Oakland County's Emerging Sectors Initiative was put into place. Since the inception of Emerging Sectors in 2004, more than 280 Emerging Sector companies have generated over \$2.7 billion in investment while creating or retaining more than 47,600 jobs. The vast majority of those jobs are in the high-wage category. It is clear that Oakland County is succeeding at attracting companies from emerging sectors from around the country, and in some instances, from around the globe.

Source: Oakland County Department of Planning and Economic Development

Industrial and High Technology

Companies believe that if you are a part of the automotive industry, you must have a presence in southeast Michigan, and preferably Oakland County. Certainly research and development organizations continue to select Oakland County as one-third of all Michigan's R & D facilities are located in Oakland County. Automation Alley, founded in Oakland County and headquartered in Troy, is Southeast Michigan's leading technology business association. The organization fosters growth and economic development and is home to more than 311,000 technology 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

	2014	2013	2012	2011	2010	2009	2008	2007
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	0.1000	0.0000	0.0000	0.0000
Arts Authority	0.2000	0.2000	0.2000	0.0000	0.0000	0.0000	0.0000	0.0000
Total	4.9461	4.9461	4.9461	4.7461	4.7461	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, 2003 - 2013

Year of Tax Levy	Tax Levy*	Collections to March 1 of Each Levy Year Amount**	Percent	Collections Plus Delinquent Tax Funding Percent
2013	\$201,089,193	\$195,528,055	97.23%	100.00%
2012	201,724,853	189,692,721	94.04	100.00
2011	206,524,166	198,931,022	96.32	100.00
2010	223,423,778	214,041,473	95.80	100.00
2009	253,987,318	241,943,443	95.26	100.00
2008	262,899,380	251,050,564	95.49	100.00
2007	262,814,606	251,354,868	95.64	100.00
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

* 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 1st and ended on December 31st. Starting in 1997, the County's Fiscal Year started on October 1st ended on September 30th. Taxes are due December 1, and become delinquent the following March 1. The County has issued General Obligation Limited Tax Notes and established a

100% Tax Payment Fund at the County level, and after March 1st, the County pays, from the 100% Tax Payment Fund, all delinquent real property taxes from all municipalities in the County. The fund does not cover personal, buildings on leased land, DNR-PILT, or tax abated property taxes. Delinquent personal property taxes are negligible, and therefore, 100% Tax Collections are reported above.

Table 4 – Collection Record of County Wide Tax Levy, 2003 - 2013

Year of Tax Levy	Tax Levy*	Collections to March 1 of Each Levy Year Amount**	Percent	Collections Plus Delinquent Tax Funding Percent
2013	\$2,170,304,164	\$2,083,958,031	96.02%	100.00%
2012	2,155,447,277	2,059,602,174	95.55	100.00
2011	2,196,145,824	2,081,982,974	94.80	100.00
2010	2,317,084,920	2,179,375,143	94.06	100.00
2009	2,552,222,639	2,388,595,610	93.59	100.00
2008	2,608,706,372	2,451,081,244	93.96	100.00
2007	2,655,538,647	2,505,486,055	94.34	100.00
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

* 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

Taxpayer	Taxable Valuation
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

Employer Name	Approximate Number of Employees
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 unemployment rate for Oakland County averaged 6.9% and 7.3% for the State of Michigan in 2014.

Table 7 – Unemployment History in the County – Calendar Year 2014

Month	Total Labor Force	Unemployment	Percent Unemployed
January	595,928	41,401	6.9%
February	598,734	44,447	7.4
March	593,963	40,681	6.8
April	589,275	38,096	6.5
May	594,916	40,950	6.9
June	606,330	48,820	8.1
July	612,856	51,562	8.4
August	600,861	40,602	6.8
September	559,176	41,148	6.9
October	605,617	41,831	6.9
November	594,546	35,342	5.9
December	593,243	32,842	5.5

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

Table 8 – Unemployment History in the County, 2004-2014 (Annual Averages)

Year	Total Work Force	Unemployment	Percent Unemployed
2014	598,804	41,480	6.9%
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

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

Table 9 – Unemployment History in the State of Michigan, 2004-2014 (Annual Averages)

Year	Total Work Force	Unemployment	Percent Unemployed
2014	4,750,000	348,000	7.3%
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

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

Income

Per capita personal income was \$57,035 in 2013. Oakland County's per capita personal income is the highest of any area in Michigan, higher than the national average, and has improved more than the state and national averages.

Table 10 - Per Capita Personal Income in Oakland County, 2004-2013

Year	Per Capita Income
2013	\$57,035
2012	55,761
2011	53,297
2010	49,132
2009	47,764
2008	53,576
2007	53,512
2006	52,347
2005	51,099
2004	49,799

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

County Labor Contracts

As of January 2014, Oakland County had 3,519 full and part time positions of which 1,440 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

County Employee Group	Number of Positions	Contract Expiration Date
Sheriff's Law Enforcement	385	9/30/2015
Corrections and Services	333	9/30/2015
Sheriff's Command Officers	102	9/30/2016
Children's Village Employees	131	9/30/2016
Family Court Employees	86	9/30/2016
Prosecutor's Investigators	7	9/30/2016
Oakland County Employees Union	305	9/30/2015
Public Health Nurses	<u>91</u>	9/30/2016
	1,440	

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 September 30, 2013, the County's market value of pension assets was \$764.3 million and the estimated actuarial accrued liabilities of its pension system according to its September 30, 2012 actuarial reports was \$738.6 million, meaning the County estimates that its assets exceed liabilities by \$25.7 million.

The following data is taken from the latest actuarial report prepared by Gabriel, Roeder, Smith & Company as of September 30, 2013:

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	\$429,044,008	\$33,739,714	\$34,647,519	\$32,588,252	\$530,019,493
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	9,861,355	223,973	105,959	229,317	10,420,604
3. For present active members	129,177,501	16,141,813	29,679,957	23,161,230	198,160,501
4. Total	568,082,864	50,105,500	64,433,435	55,978,799	738,600,598
B. Valuation Assets	566,813,061	44,540,111	57,422,821	48,168,075	716,944,068
C. Unfunded Present Value of Future Benefit					
1. Total: (A.4) – (B)	1,269,803	5,565,389	7,010,614	7,810,724	21,656,530
2. Present value of future member contributions	765,186	289,578	707,927	457,856	2,220,547
3. Present value of Employer Obligation (1)-(2)	504,617	5,275,811	6,302,687	7,352,868	19,435,983
D. Present value of future pays	108,443,006	5,791,552	14,158,537	9,157,111	137,550,206
E. Employer normal cost:					
1. For System benefits: (C.3)/(D)	.47 %	91.09 %	44.52 %	80.30 %	

* The 2013 actuarial report indicated that a general fund contribution of \$4,554,832 is due to the defined benefit plan, such change was contemplated and incorporated into the operating budget for Fiscal Years ending 2015 through 2017.

Other Post-Employment Benefits (OPEB)

As of September 30, 2013, the VEBA was more than fully funded at 117%.

The following data is taken from the latest actuarial report prepared by Gabriel, Roeder, Smith & Company as of September 30, 2013:

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

	General Union	Command Officers	Road Deputies	Corrections Deputies	Total
A. Accrued Liability					
1. For retirees and beneficiaries	\$359,126,599	\$23,958,306	\$33,752,551	\$27,805,840	\$444,643,296
2. For vested terminated members	52,982,925	1,236,084	2,291,458	2,678,575	59,189,042
3. For present active members					
a. Value of expected future benefit payments	305,636,064	29,408,965	82,452,950	60,472,669	477,970,648
b. Value of future normal costs	66,363,202	4,128,424	24,175,044	17,651,170	112,317,840
c. Active member liability: (a) – (b)	239,272,862	25,280,541	58,277,906	42,821,499	365,652,808
4. Total	651,382,386	50,474,931	94,321,915	73,305,914	869,485,146
B. Valuation Assets	753,002,042	49,542,424	124,168,298	96,387,810	1,023,100,574
C. Unfunded Accrued Liability: (A.4) – (B)	(101,619,656)	932,507	(29,846,383)	(23,081,896)	(153,615,428)
D. Funded Percent: (B)/(A.4)	115.6%	98.2%	131.6%	131.49%	117.7%

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

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

Assessment Year	Real Property	Personal Property	Total	% Change In Total	Taxable Value
2014	\$51,433,104,533	\$3,651,502,760	\$55,084,607,293	7.11%	\$50,048,650,087
2013	47,639,423,175	3,790,500,640	51,429,923,815	1.17	49,235,110,306
2012	47,131,932,645	3,707,092,321	\$50,839,024,966	-3.08	\$49,235,933,993
2011	48,766,831,153	3,686,629,190	52,453,460,343	-9.16	50,798,540,257
2010	53,979,517,024	3,765,559,483	57,745,076,507	-14.90	55,081,707,586
2009	63,909,419,815	3,949,566,334	67,858,986,149	-8.97	62,416,676,895
2008	70,503,451,609	3,987,629,953	74,491,081,562	-3.67	64,745,976,336
2007	73,207,702,808	4,123,379,228	77,331,082,036	4.16	64,720,016,857
2006	72,291,329,373	4,148,396,210	76,439,725,583	5.56	62,133,415,235
2005	69,283,261,769	4,175,926,590	73,459,188,359	4.50	58,862,840,140

Source: Oakland County Equalization Department

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

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

Type of Property	2014	2013	2012	2011	2010	2009	2008	2007	2006
Residential	73.7%	71.3%	69.9%	68.5%	67.6%	68.7%	70.9%	71.9%	71.9%
Commercial	16.7	18.0	19.3	20.6	19.6	19.0	17.6	16.7	16.6
Industrial	2.9	3.1	3.4	3.7	6.0	6.3	6.0	5.9	5.9
Personal Property	6.6	7.4	7.3	7.0	6.5	5.8	5.4	5.3	5.4
Agricultural	.1	.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2
Developmental	0.0	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.09
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Oakland County Equalization Department

Personal Property Tax Revenues

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

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

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

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

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

Table 17 – History of County Wide Tax Delinquencies

Levy Year	Real Property	Personal Property
2013	\$ 80,215,223.23	\$ 6,132,887.66
2012	89,699,373.20	5,702,067.01
2011	107,675,895.41	6,032,598.54
2010	130,215,501.20	7,271,064.88
2009	155,464,907.26	7,809,985.47
2008	149,883,620.70	7,387,710.43
2007	138,097,525.69	9,102,775.59
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

Source: Oakland County Treasurer

Debt-History

The County of Oakland has no record of default.

Short-Term Financing

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

Table 18 – History of Oakland County Delinquent Tax Anticipation Notes

Year Issued	Notes Issued	Amount Outstanding
2014	\$25,000,000	\$4,825,000
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

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 2015 including the issuance of approximately \$8,490,000 in Oakland-Macomb Interceptor Drain Drainage District Drain Bonds (Series 2015A) within the next month.

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
Chief Financial Credit Union	Independent Bank	Oxford Bank
Clarkston State Bank	JP Morgan Chase Bank	PNC Bank
Comerica Bank	Lakes Community Credit Union	Talmer Bank and Trust
Crestmark 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 02/28/2015 - Unaudited

	<u>Gross</u>	Self-Supporting or Portion Paid Directly by Benefited <u>Municipalities</u>	<u>Net</u>
<u>Limited Tax</u>			
Building Authority	\$ 37,465,000	\$ 3,315,000	\$34,150,000
Building Authority Refunding	43,180,000	-	43,180,000
Drain	69,220,000	62,264,464	6,955,536
Retirees Health Care Bonds	350,000,000	-	350,000,000
Sewer Disposal Bonds	3,645,000	-	3,645,000
Sewage Disposal Bonds Refunding	140,000	140,000	-
Water Supply Bonds	24,815,000	24,815,000	-
Water & Sewage Refunding	1,605,000	1,605,000	-
Mich. Bond Auth.-Sewage Disp. Bonds	3,505,727	3,505,727	-
Tax Notes	4,825,000	4,825,000	-
Total	<u>\$538,400,727</u>	<u>\$100,470,191</u>	<u>\$437,930,536</u>
<u>Drain District</u>			
Drain Bonds	\$8,430,000	\$ 7,572,279	\$ 857,721
Drain Refunding	18,115,000	15,392,858	2,722,142
Michigan Bond Authority Sewage Disp	4,868,567	-	4,868,567
Michigan Bond Authority Drain	173,955,080	109,836,844	64,118,236
Total	<u>\$205,368,647</u>	<u>\$132,801,981</u>	<u>\$72,566,666</u>
<u>Bonds and Notes with No County Credit</u>			
Michigan Transportation Fund	\$1,000,000	\$1,000,000	-
Total	<u>\$1,000,000</u>	<u>\$1,000,000</u>	<u>-</u>

Table 20 – Oakland County Overlapping Debt as of 02/28/2015

Cities, Villages and Townships	\$1,065,527,509
School Districts	2,208,228,722
Community College, Intermediate School Districts and Library	59,427,815
County Issued Debt Paid by Local Municipalities	228,447,172
Net County Overlapping Debt	3,561,631,218
NET COUNTY DIRECT AND OVERLAPPING DEBT	4,072,128,420

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

Source: Oakland County Treasurer and Municipal Advisory Council of Michigan

**Table 21 – Oakland County Schedule of Bond Maturities
County Credit and Limited Tax
Principal Only as of 02/28/2015**

<u>Year</u>	<u>Building Authority</u>	<u>Building Authority Refunding</u>	<u>Sewer Disposal Refunding</u>	<u>Water Supply Bonds</u>	<u>Water & Sewage Refunding</u>	<u>MBA Sewer Disposal Bonds</u>
2015	2,470,000	2,185,000	140,000	1,060,000	190,000	630,000
2016	2,525,000	2,285,000	0	1,160,000	210,000	645,000
2017	2,575,000	2,320,000	0	1,185,000	205,000	655,000
2018	2,655,000	2,410,000	0	1,160,000	205,000	675,000
2019	2,705,000	2,465,000	0	1,165,000	200,000	100,000
2020	2,780,000	2,460,000	0	1,195,000	220,000	100,000
2021	2,885,000	2,345,000	0	1,250,000	215,000	100,000
2022	2,960,000	2,430,000	0	1,285,000	160,000	100,000
2023	815,000	1,200,000	0	1,320,000	-	100,000
2024	820,000	755,000	0	1,380,000	-	100,000
2025	870,000	100,000	0	1,415,000	-	100,000
Beyond 2025	<u>7,530,000</u>	<u>0</u>	<u>0</u>	<u>11,240,000</u>	<u>-</u>	<u>200,727</u>
	<u>\$31,590,000</u>	<u>\$20,955,000</u>	<u>\$140,000</u>	<u>\$24,815,000</u>	<u>1,605,000</u>	<u>\$3,505,727</u>

Source: Oakland County Treasurer

Table 22 – Oakland County Schedule of Drain Bond Maturities
County Credit and Limited Tax
Principal Only as of 02/28/2015

<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>
2015	655,000	3,700,000	11,845,000	100,000
2016	1,020,000	3,075,000	12,864,793	100,000
2017	930,000	1,780,000	11,955,000	1,550,000
2018	790,000	1,340,000	12,230,000	1,303,567
2019	810,000	1,350,000	12,520,000	110,000
2020	855,000	1,395,000	12,830,000	115,000
2021	875,000	1,465,000	13,130,000	115,000
2022	855,000	1,510,000	13,445,000	120,000
2023	415,000	1,040,000	12,625,000	120,000
2024	420,000	1,025,000	12,917,676	125,000
2025	435,000	435,000	7,805,000	125,000
Beyond 2025	<u>370,000</u>	<u>0</u>	<u>39,787,611</u>	<u>985,000</u>
	<u>\$8,430,000</u>	<u>\$18,115,000</u>	<u>\$173,955,080</u>	<u>\$4,868,567</u>

Source: Oakland County Treasurer

**Table 23 – Oakland County Schedule of Bond Maturities
with Limited County Pledge - Taxable
Principal Only as of 02/28/2015**

<u>Year</u>	<u>Bldg. Authority</u>	<u>Bldg. Authority Refunding</u>	<u>Drain</u>	<u>Retirees Health Care Bonds</u>	<u>Sewage</u>	<u>Tax Notes</u>
2015	275,000	2,225,000	2,585,000	21,410,000	145,000	4,825,000
2016	275,000	2,260,000	2,655,000	22,200,000	150,000	0
2017	275,000	2,335,000	2,735,000	23,020,000	155,000	0
2018	300,000	2,425,000	2,825,000	23,870,000	160,000	0
2019	305,000	2,490,000	2,910,000	24,750,000	170,000	0
2020	305,000	2,575,000	3,005,000	25,660,000	175,000	0
2021	305,000	2,655,000	3,100,000	26,605,000	185,000	0
2022	330,000	2,685,000	3,205,000	27,585,000	190,000	0
2023	330,000	1,265,000	3,320,000	28,605,000	205,000	0
2024	360,000	1,310,000	3,435,000	29,660,000	215,000	0
2025	360,000	0	3,560,000	30,750,000	225,000	0
Beyond 2025	<u>2,455,000</u>	<u>0</u>	<u>35,885,000</u>	<u>65,885,000</u>	<u>1,670,000</u>	<u>0</u>
	<u>\$5,875,000</u>	<u>\$22,225,000</u>	<u>\$69,220,000</u>	<u>\$350,000,000</u>	<u>\$3,645,000</u>	<u>\$4,825,000</u>

Source: Oakland County Treasurer

**Table 25 – Oakland County Schedule of Bond Maturities
With No County Pledge
Principal Only as of 02/28/2015**

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

Source: Oakland County Treasurer

**Table 26 – Oakland County Schedule of Principal and Interest Requirements
as of 02/28/2015**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	54,940,000.00	23,199,388.40	78,139,388.40
2016-2019	207,998,360.00	76,937,004.73	284,935,364.73
2020-2024	269,642,676.00	57,870,575.84	327,513,251.84
2025-2030	185,027,807.00	19,492,807.72	204,520,614.72
2031-2040	<u>27,160,531.00</u>	<u>1,889,309.14</u>	<u>29,049,840.14</u>
	\$735,137,759.00	\$179,389,085.83	\$924,158,459.83

Source: Oakland County Treasurer

**Table 26 – Oakland County Statement of Legal Debt Margin
as of 07/31/2014**

<u>Bonds and Notes with County Credit and Limited Tax</u>		
GOLT Bldg. Authority	\$	31,590,000.00
GOLT Bldg. Authority Refunding		20,955,000.00
GOLT Sewage Refunding		140,000.00
GOLT Water		24,815,000.00
GOLT Water & Sewage Refunding		1,605,000.00
Michigan Bond Authority Sewage Disposal		3,505,727.00
Total	\$	<u>82,610,727.00</u>
<u>Drain Bonds</u>		
Drain Bonds	\$	8,430,000.00
Drain Refunding		18,115,000.00
Michigan Bond Authority Drain		173,955,080.00
Michigan Bond Authority Sewage		4,868,567.00
Total	\$	<u>205,368,647.00</u>
<u>Bonds and Notes with County Credit and Limited-Taxable</u>		
GOLT Bldg Authority	\$	5,875,000.00
GOLT Bldg Authority Refunding		22,225,000.00
GOLT Drain		69,220,000.00
GOLT Retirees Health Care Bonds		350,000,000.00
GOLT Sewage		3,645,000.00
GOLT Tax Notes		4,825,000.00
Total	\$	<u>455,790,000.00</u>
Total County Credit/Pledged Debt		<u>\$ 729,213,352.00</u>
<u>Bonds and Notes with no County Credit</u>		
Motor Vehicle Highway Fund Revenue Notes	\$	<u>1,000,000.00</u>
Total	\$	<u>1,000,000.00</u>
Statutory Limit - 10% of Currently Approved SEV		\$5,508,460,729.30
Total County Credit/Pledged Debt		743,769,374.00
Available Statutory Debt Limit		<u>\$4,764,691,355.30</u>

Source: Oakland County Treasurer

OAKLAND COUNTY, MICHIGAN

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

MONTH	TAX YEAR 2008-\$149.8M	TAX YEAR 2009-\$155.4M	TAX YEAR 2010-\$130.2M	TAX YEAR 2011-\$107.6M	TAX YEAR 2012-\$89.6M	TAX YEAR 2013-\$80.2M	TAX YEAR 2014-\$75.2M*
MARCH (Delinquency)	5.47	6.44	6.62	6.46	6.40	6.34	6.22
APRIL	12.69	12.45	13.45	13.29	12.29	13.50	
MAY	17.58	19.18	18.45	18.40	17.95	18.52	
JUNE	23.99	26.10	25.41	25.82	25.81	26.56	
JULY	30.84	31.80	31.26	33.22	33.39	33.62	
AUGUST	36.52	37.19	35.75	39.10	38.39	38.86	
SEPTEMBER	42.24	42.25	40.00	44.08	45.31	45.43	
OCTOBER	47.57	46.60	43.10	48.46	49.77	51.73	
NOVEMBER	52.05	50.61	46.83	50.96	53.49	54.24	
DECEMBER	58.08	55.64	51.30	53.72	56.33	58.10	
JANUARY	61.14	58.77	53.98	56.33	58.85	60.52	
FEBRUARY (One year of collection)	65.95	63.00	59.71	62.09	63.81	66.26	
MARCH (Forefeiture)	68.63	66.09	63.26	64.68	67.69	69.79	
APRIL	70.05	67.95	64.54	65.86	69.34		
MAY	71.36	69.27	65.72	67.04	70.37		
JUNE	72.65	70.61	67.17	68.29	71.68		
JULY	73.75	71.93	68.48	69.82	72.91		
AUGUST	74.88	72.87	69.61	71.16	73.99		
SEPTEMBER	76.43	74.01	70.62	73.26	75.79		
OCTOBER	77.32	75.06	71.82	74.97	77.37		
NOVEMBER	78.86	76.87	73.40	76.57	78.50		
DECEMBER	81.51	79.64	75.26	78.22	80.60		
JANUARY	83.15	81.08	76.98	80.12	82.11		
FEBRUARY (Two years of collections)	85.24	83.39	79.02	82.23	83.98		
MARCH (Foreclosure)	88.53	85.67	81.24	84.72	86.05		
APRIL	89.18	86.35	82.02	85.53			
MAY	89.53	86.74	82.43	85.87			
JUNE	89.79	87.05	82.76	86.24			
JULY	90.08	87.29	83.33	86.65			
AUGUST (typical month for chargeback)	90.23	87.68	83.62	87.01			
SEPTEMBER (some chargebacks)	90.41	87.86	84.53	87.83			
OCTOBER	90.57	88.10	84.79	88.14			
NOVEMBER	90.84	88.36	84.99	88.32			
DECEMBER	91.06	88.60	85.25	88.71			
JANUARY	91.19	88.76	85.59	88.91			
FEBRUARY (Three years of collections)	91.44	88.99	85.73	89.17			
MARCH (Withheld)	91.72	89.30	86.26	89.53			
APRIL	91.83	89.57	86.50				
MAY	91.92	89.71	86.63				
JUNE	91.99	89.83	86.75				
JULY	92.04	90.10	86.87				
AUGUST	92.10	90.16	86.96				
SEPTEMBER	92.14	90.45	87.21				
OCTOBER	92.20	90.51	87.31				
NOVEMBER	92.23	90.56	87.37				
DECEMBER	92.26	90.60	87.63				
JANUARY	92.31	90.64	87.69				
FEBRUARY (Four years of collections)	92.36	90.75	87.75				
MARCH	92.44	90.86	90.09				
APRIL	92.57	91.00					
TO DATE	93.02	92.51					

*Subject to Settlement

**COUNTY OF OAKLAND, MICHIGAN
100% TAX PAYMENT FUND-2014 SERIES**

	<u>PROPERTY TAXES</u>	<u>INTEREST ON TAXES</u>	<u>COLLECTION FEES</u>	<u>TOTAL RECEIPTS</u>	<u>BORROWING & DEBT PAYMENT</u>
TAXES RETURNED DELINQUENT	\$80,218,202				\$25,000,000
<u>2014</u>					
MARCH	\$5,087,978	\$50,867	\$203,466	\$5,342,311	
Remaining March	\$75,130,223				
APRIL	\$5,738,602	\$99,527	\$224,972	\$6,063,101	
	\$69,391,621				
MAY	\$4,029,703	\$109,180	\$153,005	\$4,291,888	\$500,000
	\$65,361,918				\$500,000
JUNE	\$6,450,566	\$253,966	\$261,234	\$6,965,766	\$24,500,000
	\$58,911,352				\$25,000,000
JULY	\$5,664,801	\$269,573	\$229,933	\$6,164,307	\$0
	\$53,246,551				\$25,000,000
AUGUST	\$4,198,278	\$247,519	\$170,651	\$4,616,448	\$0
	\$49,048,273				\$25,000,000
SEPTEMBER	\$5,272,647	\$315,613	\$214,402	\$5,802,663	(\$12,375,000)
	\$43,775,625				\$12,625,000
OCTOBER	\$5,058,169	\$393,655	\$204,004	\$5,655,828	(\$1,725,000)
	\$38,717,456				\$10,900,000
NOVEMBER	\$2,013,560	\$178,415	\$90,156	\$2,282,130	(\$2,075,000)
	\$36,703,896				\$8,825,000
DECEMBER	<u>\$3,093,961</u>	<u>\$305,873</u>	<u>\$125,110</u>	\$3,524,944	<u>(\$2,500,000)</u>
TOTAL UNCOLLECTED BALANCE*	\$33,609,935				\$6,325,000
 TOTAL COLLECTIONS 2014	<u>\$46,608,267</u>	<u>\$2,224,187</u>	<u>\$1,876,933</u>	<u>\$50,709,387</u>	<u>\$6,325,000</u>
<u>2015</u>					
JANUARY	\$1,937,775	\$209,585	\$78,146	\$2,225,506	(\$1,500,000)
	\$31,672,160				\$4,825,000
FEBRUARY	\$4,609,280	\$551,474	\$185,978	\$5,346,732	(\$3,200,000)
	\$27,062,881				\$1,625,000
MARCH	<u>\$2,825,641</u>	<u>\$456,309</u>	<u>\$113,873</u>	<u>\$3,395,823</u>	<u>(\$1,625,000)</u>
TOTAL UNCOLLECTED BALANCE*	\$24,237,240				\$0
 TOTAL COLLECTIONS 2015	<u>\$9,372,695</u>	<u>\$1,217,368</u>	<u>\$377,997</u>	<u>\$10,968,060</u>	<u>\$0</u>

COUNTY OF OAKLAND, MICHIGAN
100% TAX PAYMENT FUND-2013 SERIES

	PROPERTY TAXES	INTEREST ON TAXES	COLLECTION FEES	TOTAL RECEIPTS	BORROWING & DEBT PAYMENT
TAXES RETURNED DELINQUENT	\$89,699,373				\$25,000,000
<u>2013</u>					
MARCH	\$5,742,610	\$57,383	\$229,534	\$6,029,527	\$0
	\$83,956,764				\$25,000,000
APRIL	\$5,278,378	\$94,971	\$204,193	\$5,577,542	\$0
	\$78,678,386				\$25,000,000
MAY	\$5,080,553	\$140,293	\$195,566	\$5,416,413	\$0
	\$73,597,832				\$25,000,000
JUNE	\$7,046,815	\$277,335	\$286,699	\$7,610,849	\$0
	\$66,551,017				\$25,000,000
JULY	\$6,798,780	\$328,581	\$282,239	\$7,409,600	\$0
	\$59,752,237				\$25,000,000
AUGUST	\$4,491,594	\$262,119	\$185,267	\$4,938,980	\$0
	\$55,260,643				\$25,000,000
SEPTEMBER	\$6,205,228	\$363,892	\$250,132	\$6,819,253	\$0
	\$49,055,415				\$25,000,000
OCTOBER	\$4,000,831	\$310,087	\$162,996	\$4,473,914	\$0
	\$45,054,584				\$25,000,000
NOVEMBER	\$3,334,857	\$294,136	\$137,584	\$3,766,577	\$0
	\$41,719,727				\$25,000,000
DECEMBER	<u>\$2,552,443</u>	<u>\$250,971</u>	<u>\$104,244</u>	<u>\$2,907,658</u>	<u>\$0</u>
TOTAL UNCOLLECTED BALANCE	\$39,167,284				\$25,000,000
 TOTAL COLLECTIONS 2013	<u>\$50,532,089</u>	<u>\$2,379,769</u>	<u>\$2,038,455</u>	<u>\$54,950,313</u>	<u>\$0</u>
 <u>2014</u>					
JANUARY	\$2,256,393	\$242,516	\$91,177	\$2,590,086	\$0
	\$36,910,891				\$25,000,000
FEBRUARY	\$4,450,625	\$530,742	\$179,989	\$5,161,357	\$0
	\$32,460,266				\$25,000,000
MARCH	<u>\$3,478,339</u>	<u>\$557,658</u>	<u>\$139,689</u>	<u>\$4,175,685</u>	<u>\$0</u>
TOTAL UNCOLLECTED BALANCE*	\$28,981,927				\$25,000,000
 TOTAL COLLECTIONS 2014	<u>\$10,185,357</u>	<u>\$1,330,916</u>	<u>\$410,854</u>	<u>\$11,927,128</u>	<u>\$0</u>

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

	PROPERTY TAXES	INTEREST ON TAXES	COLLECTION FEES	TOTAL RECEIPTS	BORROWING & DEBT PAYMENT
TAXES RETURNED DELINQUENT	\$107,675,895				\$25,000,000
2012					
MARCH	\$6,955,570	\$69,188	\$276,758	\$7,301,516	\$0
	\$100,720,326				\$25,000,000
APRIL	\$7,352,934	\$128,799	\$285,047	\$7,766,779	\$0
	\$93,367,392				\$25,000,000
MAY	\$5,498,611	\$154,548	\$216,668	\$5,869,826	\$0
	\$87,868,781				\$25,000,000
JUNE	\$7,992,941	\$315,757	\$320,376	\$8,629,074	\$0
	\$79,875,840				\$25,000,000
JULY	\$7,964,021	\$385,083	\$319,154	\$8,668,258	\$0
	\$71,911,819				\$25,000,000
AUGUST	\$6,336,941	\$373,908	\$253,847	\$6,964,697	\$0
	\$65,574,878				\$25,000,000
SEPTEMBER	\$5,358,016	\$368,665	\$215,004	\$5,941,685	\$0
	\$60,216,862				\$25,000,000
OCTOBER	\$4,719,260	\$367,167	\$189,831	\$5,276,259	\$0
	\$55,497,602				\$25,000,000
NOVEMBER	\$2,692,640	\$239,358	\$108,117	\$3,040,115	\$0
	\$52,804,962				\$25,000,000
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	\$49,831,415				\$25,000,000
 TOTAL COLLECTIONS 2012	<u>\$57,844,481</u>	<u>\$2,697,159</u>	<u>\$2,303,957</u>	<u>\$62,845,597</u>	<u>\$0</u>
2013					
JANUARY	\$2,804,094	\$301,132	\$112,202	\$3,217,428	\$0
	\$47,027,320				\$25,000,000
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	\$40,818,299				\$25,000,000
 TOTAL COLLECTIONS 2013	<u>\$9,013,115</u>	<u>\$1,043,210</u>	<u>\$361,849</u>	<u>\$10,418,174</u>	<u>\$0</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 & DEBT PAYMENT</u>
TAXES RETURNED DELINQUENT	\$130,215,501				\$50,000,000
2011					
MARCH	\$8,613,985 \$121,601,516	\$85,613	\$342,452	\$9,042,050	\$0 \$50,000,000
APRIL	\$8,903,089 \$112,698,427	\$157,062	\$347,715	\$9,407,867	\$0 \$50,000,000
MAY	\$6,501,332 \$106,197,095	\$184,591	\$259,128	\$6,945,051	\$0 \$50,000,000
JUNE	\$9,071,697 \$97,125,398	\$357,884	\$366,311	\$9,795,892	\$0 \$50,000,000
JULY	\$7,615,488 \$89,509,910	\$352,797	\$299,776	\$8,268,061	\$0 \$50,000,000
AUGUST	\$5,843,727 \$83,666,183	\$341,094	\$235,106	\$6,419,927	\$0 \$50,000,000
SEPTEMBER	\$5,543,035 \$78,123,149	\$381,760	\$222,645	\$6,147,440	\$0 \$50,000,000
OCTOBER	\$4,030,696 \$74,092,453	\$317,421	\$161,714	\$4,509,830	\$0 \$50,000,000
NOVEMBER	\$4,851,071 \$69,241,382	\$431,123	\$195,443	\$5,477,637	\$0 \$50,000,000
DECEMBER	\$5,829,294	<u>\$578,167</u>	<u>\$234,830</u>	<u>\$6,642,292</u>	\$0
TOTAL UNCOLLECTED BALANCE	\$63,412,088				\$50,000,000
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	\$3,492,615 \$59,919,473	\$380,726	\$140,056	\$4,013,397	\$0 \$50,000,000
FEBRUARY	\$7,461,072	<u>\$889,161</u>	<u>\$300,270</u>	<u>\$8,650,503</u>	\$0
TOTAL UNCOLLECTED BALANCE	\$52,458,401				\$50,000,000
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 & DEBT PAYMENT</u>
TAXES RETURNED DELINQUENT	\$155,464,907				\$50,000,000
<u>2010</u>					
MARCH	\$10,009,320 \$145,455,587	\$99,923	\$399,692	\$10,508,935	\$0 \$50,000,000
APRIL	\$9,345,829 \$136,109,758	\$165,367	\$367,505	\$9,878,700	\$0 \$50,000,000
MAY	\$10,458,347 \$125,651,411	\$270,416	\$408,997	\$11,137,760	\$0 \$50,000,000
JUNE	\$10,761,336 \$114,890,075	\$420,603	\$431,770	\$11,613,709	\$0 \$50,000,000
JULY	\$8,870,008 \$106,020,068	\$424,042	\$357,121	\$9,651,171	\$0 \$50,000,000
AUGUST	\$8,370,970 \$97,649,098	\$491,040	\$339,208	\$9,201,217	\$0 \$50,000,000
SEPTEMBER	\$7,870,285 \$89,778,813	\$535,617	\$316,336	\$8,722,238	\$0 \$50,000,000
OCTOBER	\$6,754,668 \$83,024,146	\$530,495	\$270,983	\$7,556,146	\$0 \$50,000,000
NOVEMBER	\$6,242,039 \$76,782,107	\$555,500	\$250,108	\$7,047,647	\$0 \$50,000,000
DECEMBER	<u>\$7,813,607</u>	<u>\$774,363</u>	<u>\$314,167</u>	<u>\$8,902,136</u>	<u>\$0</u>
TOTAL UNCOLLECTED BALANCE	\$68,968,500				\$50,000,000
TOTAL COLLECTIONS 2010	<u>\$86,496,407</u>	<u>\$4,267,365</u>	<u>\$3,455,888</u>	<u>\$94,219,660</u>	<u>\$0</u>
<u>2011</u>					
JANUARY	\$4,874,891 \$64,093,609	\$522,193	\$195,741	\$5,592,825	\$0 \$50,000,000
FEBRUARY	<u>\$6,576,329</u>	<u>\$782,616</u>	<u>\$266,075</u>	<u>\$7,625,019</u>	<u>\$0</u>
TOTAL UNCOLLECTED BALANCE	\$57,517,280				\$50,000,000
TOTAL COLLECTIONS 2011	<u>\$11,451,220</u>	<u>\$1,304,809</u>	<u>\$461,816</u>	<u>\$13,217,844</u>	<u>\$0</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 & DEBT PAYMENT</u>
TAXES RETURNED DELINQUENT	149,883,620.70				50,000,000.00
<u>2009</u>					
MARCH	8,202,041.86	82,020.28	328,082.72	8,612,144.86	-
	141,681,578.84				50,000,000.00
APRIL	10,815,473.06	202,352.20	426,645.92	11,444,471.18	-
	130,866,105.78				50,000,000.00
MAY	7,327,412.78	210,629.87	288,048.86	7,826,091.51	-
	123,538,693.00				50,000,000.00
JUNE	9,611,779.43	375,995.04	383,035.99	10,370,810.46	-
	113,926,913.57				50,000,000.00
JULY	10,264,036.78	498,101.56	413,823.64	11,175,961.98	-
	103,662,876.79				50,000,000.00
AUGUST	8,521,239.11	496,504.40	342,068.41	9,359,811.92	-
	95,141,637.68				50,000,000.00
SEPTEMBER	8,567,532.54	586,079.57	345,932.04	9,499,544.15	-
	86,574,105.14				50,000,000.00
OCTOBER	7,995,766.92	626,805.18	321,859.91	8,944,432.01	-
	78,578,338.22				50,000,000.00
NOVEMBER	6,702,294.27	585,789.25	268,911.64	7,556,995.16	-
	71,876,043.95				50,000,000.00
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	62,829,379.33				50,000,000.00
 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>	-
<u>2010</u>					
JANUARY	4,582,386.15	497,394.10	184,180.93	5,263,961.18	-
	58,246,993.18				50,000,000.00
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	51,029,518.02				50,000,000.00
 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>	-

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, 2014 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 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, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

To the Board of Commissioners
Oakland County, Michigan

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oakland County as of September 30, 2014 and the respective changes in its financial position and, where applicable, cash flows, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12 to the basic financial statements, in 2014, the County adopted the new accounting guidance of GASB No. 67, *Financial Reporting for Pension Plans*, which established standards for financial reporting that outline the basic framework for pension plan financial reports and specifies the required approach to measuring the liability of an employer and certain nonemployer contributing entities, about which information is required to be disclosed. Adopting GASB Statement No. 67 resulted in significant changes to the defined benefit pension plan related note disclosures and required supplemental information schedules. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information as identified in the table of contents (pages 120-131, employee benefit information and the major fund budgetary comparison schedules), 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 who 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 combining and individual fund statements and schedules as identified in the table of contents (pages 132-179) and introductory section and statistical section, as identified in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

To the Board of Commissioners
Oakland County, Michigan

The combining and individual fund statements and schedules as identified in the table of contents (pages 132-179) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules as identified in the table of contents (pages 132-179) are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

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

Plante & Moran, PLLC

March 17, 2015

County of Oakland
Statement of Net Position
September 30, 2014

	Primary Government			
	Governmental Activities	Business- Type Activities	Totals	Component Units
Assets				
Current assets				
Pooled cash and investments	\$ 436,954,773	\$ 318,513,387	\$ 755,468,160	\$ 26,690,251
Cash and cash equivalents	-	-	-	58,568,827
Receivables (net of allowance for uncollectibles where applicable)				
Current property taxes	23,227,919	-	23,227,919	-
Delinquent property taxes	861,341	72,958,587	73,819,928	-
Special assessments	-	-	-	7,063,934
Due from other governmental units	19,465,246	28,007,347	47,472,593	13,261,244
Due from component units	476,815	542,043	1,018,858	-
Accrued interest receivable	783,268	2,192,341	2,975,609	99,399
Accounts receivable	2,173,180	44,586,746	46,759,926	15,810,404
Contracts receivable	44,955,621	1,174,107	46,129,728	-
Internal balances - footnote 19	(6,759,727)	6,759,727	-	-
Inventories and supplies	1,183,502	550,763	1,734,265	4,052,476
Prepayments and other assets	8,442,404	1,706,531	10,148,935	3,515,723
Total current assets	531,764,342	476,991,579	1,008,755,921	129,062,258
Noncurrent assets				
Special assessments receivable	68,326,143	-	68,326,143	210,524,401
Contracts receivable	22,004,400	-	22,004,400	-
OPEB asset	168,698,481	-	168,698,481	2,246,070
Capital assets, net				
Land and other nondepreciable assets	33,135,680	117,914,748	151,050,428	309,443,906
Land improvements, net	184,136	9,945,527	10,129,663	70,106
Buildings and improvements, net	130,492,938	59,567,702	190,060,640	62,909,381
Equipment and vehicles, net	21,122,477	24,870,302	45,992,779	5,482,406
Infrastructure, net	13,315,436	90,502,256	103,817,692	947,618,985
Total capital assets, net	198,250,667	302,800,535	501,051,202	1,325,524,784
Total noncurrent assets	457,279,691	302,800,535	760,080,226	1,538,295,255
Total assets	\$ 989,044,033	\$ 779,792,114	\$ 1,768,836,147	\$ 1,667,357,513

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

County of Oakland
Statement of Net Position (Continued)
September 30, 2014

	Primary Government			
	Governmental Activities	Business- Type Activities	Totals	Component Units
Liabilities				
Current liabilities				
Vouchers payable	\$ 15,982,736	\$ 7,455,486	\$ 23,438,222	\$ 25,169,339
Accrued payroll	4,042,165	-	4,042,165	-
Due to other governmental units	1,612,274	16,550,768	18,163,042	8,914,415
Due to primary government	-	-	-	1,018,858
Accrued interest payable	325,289	-	325,289	38,797
Other accrued liabilities	15,141,831	5,831,614	20,973,445	10,343,204
Accrued compensated absences	1,231,535	-	1,231,535	-
Unearned revenue	82,463,786	1,962,028	84,425,814	44,081,356
Claims and judgments	3,312,965	-	3,312,965	858,360
Bonds and notes payable	29,945,000	14,410,000	44,355,000	18,845,000
Total current liabilities	154,057,581	46,209,896	200,267,477	109,269,329
Noncurrent liabilities				
Accrued compensated absences	11,083,815	-	11,083,815	2,811,150
Claims and judgments	17,597,096	-	17,597,096	1,096,440
Other postemployment benefits	-	-	-	16,463,767
Bonds and notes payable	425,952,104	32,033,351	457,985,455	217,745,688
Total noncurrent liabilities	454,633,015	32,033,351	486,666,366	238,117,045
Total liabilities	608,690,596	78,243,247	686,933,843	347,386,374
Net Position				
Net investment in capital assets	145,910,667	268,982,184	414,892,851	1,088,934,096
Restricted for				
Property Tax Forfeiture	21,068,191	-	21,068,191	-
Substance Abuse	7,385,320	-	7,385,320	-
Revenue sharing reserve	8,379,378	-	8,379,378	-
Public Safety	3,492,369	-	3,492,369	-
Citizens services	1,204,956	-	1,204,956	-
Public works	2,897,976	-	2,897,976	8,815,065
Commerce and community development	8,496,035	-	8,496,035	-
Debt service	972,689	-	972,689	180,022,965
Airports	-	1,100	1,100	-
Community water and sewer	-	78,285,371	78,285,371	-
Unrestricted	180,545,856	354,280,212	534,826,068	42,199,013
Total net position	\$ 380,353,437	\$ 701,548,867	\$ 1,081,902,304	\$ 1,319,971,139

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

County of Oakland
Statement of Activities
Year Ended September 30, 2014

	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<u>Functions/Programs</u>					
Primary government					
Governmental activities					
General government, administrative	\$ 23,850,091	\$ 25,879,090	\$ 786,094	\$ -	\$ 2,815,093
Public safety	201,580,810	63,007,666	17,770,136	193,234	(120,609,774)
Justice administration	93,496,165	31,711,482	508,391	-	(61,276,292)
Citizen services	87,214,484	7,310,429	23,545,171	-	(56,358,884)
Public works	42,267,177	19,090,066	261,174	3,557,413	(19,358,524)
Recreation and leisure	1,448,875	39,934	14,965	-	(1,393,976)
Commerce and community development	48,411,360	17,158,997	23,443,405	-	(7,808,958)
Unallocated depreciation	2,083,460	-	-	-	(2,083,460)
Interest on debt	3,244,225	-	-	-	(3,244,225)
Total governmental activities	503,596,647	164,197,664	66,329,336	3,750,647	(269,319,000)
Business-type activities					
Airports	6,910,625	4,294,902	-	1,252,591	(1,363,132)
Community safety support	21,277,821	13,085,553	-	2,255,765	(5,936,503)
Community tax financing	1,278,589	18,306,142	-	-	17,027,553
Community water and sewer	77,684,287	80,597,277	48,319	1,206,737	4,168,046
Recreation and leisure	22,860,691	8,525,094	92,689	-	(14,242,908)
Sewage disposal systems	128,252,681	126,670,775	-	93,399	(1,488,507)
Total business-type activities	258,264,694	251,479,743	141,008	4,808,492	(1,835,451)
Total primary government	\$ 761,861,341	\$ 415,677,407	\$ 66,470,344	\$ 8,559,139	\$ (271,154,451)
Component units					
Drainage districts	\$ 89,997,001	\$ 79,462,701	\$ 175,000	\$ 46,263,814	\$ 35,904,514
Road commission	103,265,440	22,054,161	63,035,179	45,476,302	27,300,202
Total component units	\$ 193,262,441	\$ 101,516,862	\$ 63,210,179	\$ 91,740,116	\$ 63,204,716

continued...

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

County of Oakland
Statement of Activities (Continued)
Year Ended September 30, 2014

	Primary Government			
	Governmental Activities	Business- Type Activities	Totals	Component Units
<u>Changes in net position</u>				
Net (expense) revenue	\$ (269,319,000)	\$ (1,835,451)	\$ (271,154,451)	\$ 63,204,716
General revenues				
Taxes				
Property taxes	206,256,326	11,567,251	217,823,577	-
State-shared revenue (unrestricted)	14,066,100	-	14,066,100	-
Unrestricted investment earnings	4,917,507	5,179,637	10,097,144	1,188,323
Gain on sale of capital assets	205,284	-	205,284	-
Other revenues	3,397,021	-	3,397,021	-
Transfers in (out)	19,532,013	(19,532,013)	-	-
Total general revenues and transfers	248,374,251	(2,785,125)	245,589,126	1,188,323
Change in net position	(20,944,749)	(4,620,576)	(25,565,325)	64,393,039
<u>Net position</u>				
Beginning	401,298,186	706,169,443	1,107,467,629	1,255,578,100
Ending	\$ 380,353,437	\$ 701,548,867	\$ 1,081,902,304	\$ 1,319,971,139
				concluded

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

Governmental Fund Financial Statements

Major Funds

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

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

Water and Sewer Debt Act 342 Fund - This fund was established to account for the accumulation of resources, mainly special assessments, for the payment of bonded debt issued for the construction of water and sewer systems under Public Act 342 of 1939 (currently nine issues).

Non-Major Funds

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

Special revenue funds
Debt service funds
Capital projects funds

County of Oakland
Balance Sheet
Governmental Funds
September 30, 2014

	Major Funds		
	General	Building Authority Debt Act 31	Water and Sewer Debt Act 342
Assets			
Current assets			
Pooled cash and investments	\$ 245,319,964	\$ 1,859	\$ 922,524
Receivables (net of allowance for uncollectibles where applicable)			
Current property taxes	23,227,919	-	-
Delinquent property taxes	861,341	-	-
Due from other governmental units	8,303,047	110,730	-
Due from component units	130,516	-	-
Accrued interest receivable	123,994	1,863	3,347
Accounts receivable	709,910	781,129	-
Contracts receivable	44,916,221	-	-
Due from other funds	4,838,806	-	-
Advances receivable	-	-	-
Inventories	140,860	-	-
Prepayments and other assets	81,115	-	-
Total current assets	328,653,693	895,581	925,871
Special assessments receivable	-	-	65,225,727
Contracts receivable	-	17,385,000	-
Total assets	\$ 328,653,693	\$ 18,280,581	\$ 66,151,598
Liabilities			
Current liabilities			
Vouchers payable	\$ 8,473,941	\$ 301	\$ 883,860
Accrued payroll	4,042,165	-	-
Due to other governmental units	989,184	-	-
Due to other funds	221,135	-	-
Advances payable	-	-	-
Unearned revenue	43,569,297	-	35,528,623
Other accrued liabilities	4,108,946	-	10,034
Total liabilities	61,404,668	301	36,422,517
Deferred Inflows of Resources			
Unavailable revenue-property taxes	13,169,618	-	-
Unavailable revenue-special assessments	-	-	29,697,104
Unavailable revenue-grants	94,833	-	-
Unavailable revenue-contracts receivable	-	17,385,000	-
Total deferred inflows of resources	13,264,451	17,385,000	29,697,104
Fund Balances			
Nonspendable	221,975	-	-
Restricted	28,453,511	895,280	31,977
Committed	-	-	-
Assigned	222,979,095	-	-
Unassigned	2,329,993	-	-
Total fund balances	253,984,574	895,280	31,977
Total liabilities, deferred inflows of resources, and fund balances	\$ 328,653,693	\$ 18,280,581	\$ 66,151,598

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

**County of Oakland
Balance Sheet (Continued)
Governmental Funds
September 30, 2014**

	Non-Major Funds	Totals September 30, 2014
Assets		
Current assets		
Pooled cash and investments	\$ 76,925,480	\$ 323,169,827
Receivables (net of allowance for uncollectibles where applicable)		
Current property taxes	-	23,227,919
Delinquent property taxes	-	861,341
Due from other governmental units	10,997,561	19,411,338
Due from component units	316,208	446,724
Accrued interest receivable	34,026	163,230
Accounts receivable	304,067	1,795,106
Contracts receivable	39,400	44,955,621
Due from other funds	1,035,275	5,874,081
Advances receivable	912,406	912,406
Inventories	-	140,860
Prepayments and other assets	2,725,093	2,806,208
Total current assets	93,289,516	423,764,661
Special assessments receivable	3,100,416	68,326,143
Contracts receivable	4,619,400	22,004,400
Total assets	\$ 101,009,332	\$ 514,095,204
Liabilities		
Current liabilities		
Vouchers payable	\$ 3,316,216	\$ 12,674,318
Accrued payroll	-	4,042,165
Due to other governmental units	341,851	1,331,035
Due to other funds	12,190,153	12,411,288
Advances payable	912,406	912,406
Unearned revenue	2,412,263	81,510,183
Other accrued liabilities	6,483,455	10,602,435
Total liabilities	25,656,344	123,483,830
Deferred Inflows of Resources		
Unavailable revenue-property taxes	-	13,169,618
Unavailable revenue-special assessments	3,100,416	32,797,520
Unavailable revenue-grants	4,899,908	4,994,741
Unavailable revenue-contracts receivable	4,580,000	21,965,000
Total deferred inflows of resources	12,580,324	72,926,879
Fund balances		
Nonspendable	991,206	1,213,181
Restricted	24,516,146	53,896,914
Committed	39,973,683	39,973,683
Assigned	-	222,979,095
Unassigned	(2,708,371)	(378,378)
Total fund balances	62,772,664	317,684,495
Total liabilities, deferred inflows of resources, and fund balances	\$ 101,009,332	\$ 514,095,204

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, 2014

Total fund balances for governmental funds		\$ 317,684,495
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	21,782,760	
Land improvements, net of \$1,066,497 depreciation	184,136	
Buildings and improvements, net of \$104,460,074 depreciation	129,049,239	
Equipment and vehicles, net of \$16,922,999 depreciation	7,933,710	
Infrastructure, net of \$14,033,181 depreciation	<u>13,186,132</u>	
		179,371,528
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.		98,755,788
Other post-employment benefits assets do not represent financial resources and are not reported in the funds.		168,698,481
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.		12,308,277
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.		59,757,261
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	(455,897,104)	
Accrued interest payable	<u>(325,289)</u>	
		<u>(456,222,393)</u>
Net position of governmental activities		<u>\$ 380,353,437</u>

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

County of Oakland
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2014

	Major Funds		
	General	Building Authority Debt Act 31	Water and Sewer Debt Act 342
Revenues			
Taxes	\$ 207,034,582	\$ -	\$ -
Special assessments	-	1,590,308	2,066,191
Federal grants	214,602	-	-
State grants	4,620,161	-	-
Other intergovernmental revenues	16,236,138	-	-
Charges for services	107,272,663	779	1,725
Contributions	124,333	-	-
Investment income	3,040,444	2,000	9,152
Indirect cost recovery	8,415,107	-	-
Other	589,508	-	-
Total revenues	347,547,538	1,593,087	2,077,068
Expenditures			
Current operations			
County Executive	86,800,886	55,725	-
Clerk/Register of Deeds	9,001,176	-	-
Treasurer	8,706,056	-	-
Justice administration	51,697,470	-	-
Law enforcement	152,357,359	-	-
Legislative	3,955,467	-	-
Water Resource Commissioner	5,438,684	-	-
Non-departmental	16,579,188	-	-
Total current operations	334,536,286	55,725	-
Capital outlay	755,247	-	-
Intergovernmental	-	-	-
Debt service			
Principal payments	-	5,545,000	1,380,000
Interest and fiscal charges	-	1,233,341	687,391
Total expenditures	335,291,533	6,834,066	2,067,391
Excess (deficiency) of revenues over (under) expenditures	12,256,005	(5,240,979)	9,677
Other financing sources (uses)			
Transfers in	42,943,760	2,229,625	-
Transfers out	(44,171,948)	(310)	-
Insurance recoveries	183,718	-	-
Issuance of bonds	-	-	-
Issuance of refunding bonds	-	2,875,000	-
Premiums on bonds sold	-	206,732	-
Payment to bond escrow agent	-	-	-
Total other financing sources (uses)	(1,044,470)	5,311,047	-
Net change in fund balances	11,211,535	70,068	9,677
Fund balances			
October 1, 2013	242,773,039	825,212	22,300
September 30, 2014	\$ 253,984,574	\$ 895,280	\$ 31,977

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

County of Oakland
Statement of Revenues, Expenditures, and Changes in Fund Balances
(Continued)
Governmental Funds
Year Ended September 30, 2014

	Non-Major Funds	Totals September 30, 2014
Revenues		
Taxes	\$ -	\$ 207,034,582
Special assessments	2,055,991	5,712,490
Federal grants	36,895,596	37,110,198
State grants	24,157,853	28,778,014
Other intergovernmental revenues	10,422,914	26,659,052
Charges for services	10,607,237	117,882,404
Contributions	248,851	373,184
Investment income	553,169	3,604,765
Indirect cost recovery	-	8,415,107
Other	1,909,401	2,498,909
Total revenues	<u>86,851,012</u>	<u>438,068,705</u>
Expenditures		
Current operations		
County Executive	91,133,404	177,990,015
Clerk/Register of Deeds	2,477,033	11,478,209
Treasurer	9,003	8,715,059
Justice administration	24,415,291	76,112,761
Law enforcement	6,713,325	159,070,684
Legislative	-	3,955,467
Water Resource Commissioner	10,299,208	15,737,892
Non-departmental	1,949,482	18,528,670
Total current operations	<u>136,996,746</u>	<u>471,588,757</u>
Capital outlay	913,241	1,668,488
Intergovernmental	24,718	24,718
Debt service		
Principal payments	4,290,000	11,215,000
Interest and fiscal charges	1,486,169	3,406,901
Total expenditures	<u>143,710,874</u>	<u>487,903,864</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(56,859,862)</u>	<u>(49,835,159)</u>
Other financing sources (uses)		
Transfers in	42,887,437	88,060,822
Transfers out	(30,953,795)	(75,126,053)
Insurance recoveries	-	183,718
Issuance of bonds	10,126,377	10,126,377
Issuance of refunding bonds	-	2,875,000
Premiums on bonds sold	-	206,732
Discount on bonds sold	(12,642)	(12,642)
Total other financing sources (uses)	<u>22,047,377</u>	<u>26,313,954</u>
Net change in fund balances	<u>(34,812,485)</u>	<u>(23,521,205)</u>
Fund balances		
October 1, 2013	<u>97,585,149</u>	<u>341,205,700</u>
September 30, 2014	<u>\$ 62,772,664</u>	<u>\$ 317,684,495</u>

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

County of Oakland

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities Year Ended September 30, 2014

Net change in fund balance - total governmental funds		\$ (23,521,205)
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	\$ 2,310,157	
Buildings and improvements	3,181,918	
Equipment and vehicles	908,675	
Infrastructure	505,966	
Depreciation expense	<u>(7,210,796)</u>	(304,080)
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.		520,967
Amortization of Other Post-Employment Benefits asset is not reported in the governmental funds.		(29,545,126)
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	(13,086,533)	
Current year deferral	<u>12,308,277</u>	(778,256)
Revenues from special assessments and contracts receivable reported in the Statement of Activities in previous years did not provide current financial resources in the governmental funds until the current year.		12,937,192
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	(13,001,377)	
Repayment of bond principal	32,715,000	
Accrued interest	<u>32,136</u>	19,745,759
Change in net position of governmental activities		<u>\$ (20,944,749)</u>

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

Proprietary Fund Financial Statements

Major Funds

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

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

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

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

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

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

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

Non-Major Funds

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

Internal service funds
Enterprise funds

County of Oakland
Statement of Net Position
Proprietary Funds
September 30, 2014

	Business-Type Activities - Enterprise Funds				
	Major				
	Parks and Recreation	Delinquent Tax Revolving	County Airports	Water and Sewer Trust	Evergreen-Farmington SDS
Assets					
Current assets					
Pooled cash and investments	\$ 26,781,118	\$ 126,748,028	\$ 15,880,678	\$ 58,346,475	\$ 6,939,894
Delinquent property taxes receivable	-	72,958,587	-	-	-
Due from other governmental units	177,127	4,881,181	600	3,225,867	7,875,557
Due from component units	-	-	-	-	153,984
Accrued interest receivable	27,468	1,503,909	64,384	40,597	110,793
Accounts receivable (net of allowance for uncollectibles where applicable)	299,297	14,786,215	349,860	25,597,346	-
Due from other funds	-	-	-	5,114,572	1,274,412
Current portion of contracts receivable	-	-	1,174,107	-	-
Current portion of advances receivable	-	12,883	-	-	-
Inventories and supplies	44,007	-	-	-	-
Prepayments and other assets	16,152	-	-	4,869	-
Total current assets	27,345,169	220,890,803	17,469,629	92,329,726	16,354,640
Noncurrent assets					
Advances receivable	-	77,298	-	-	-
Capital assets, net					
Land and other nondepreciable assets	35,687,993	-	36,446,233	24,566,078	7,583,604
Land improvements, net	-	-	9,930,229	15,298	-
Building and improvements, net	16,778,831	-	23,883,201	1,052,266	10,068,521
Equipment and vehicles, net	1,256,254	-	663,650	2,222,800	121,654
Infrastructure, net	16,247,093	-	2,827,653	49,263,862	3,973,796
Total noncurrent assets	69,970,171	77,298	73,750,966	77,120,304	21,747,575
Total assets	97,315,340	220,968,101	91,220,595	169,450,030	38,102,215
Liabilities					
Current liabilities					
Vouchers payable	520,853	2,575,292	405,266	2,129,008	230,633
Due to other governmental units	-	252,452	-	471,116	5,167,797
Due to other funds	-	-	-	-	-
Unearned revenue	277,830	-	1,417,846	3,247	-
Notes payable	-	12,625,000	-	-	-
Current portion of bonds payable	-	-	600,000	940,000	245,000
Current portion of long-term liabilities	-	-	-	-	-
Current portion of advances payable	-	-	-	-	-
Other accrued liabilities	695,810	52,766	482,973	3,733,549	97,699
Total current liabilities	1,494,493	15,505,510	2,906,085	7,276,920	5,741,129
Noncurrent liabilities					
Bonds payable	-	-	8,160,000	18,248,351	5,625,000
Other long-term liabilities	-	-	-	-	-
Advances payable	-	-	-	-	-
Total noncurrent liabilities	-	-	8,160,000	18,248,351	5,625,000
Total liabilities	1,494,493	15,505,510	11,066,085	25,525,271	11,366,129
Net position					
Net investment in capital assets	69,970,171	-	64,990,966	57,931,953	15,877,575
Restricted for programs	-	-	1,100	35,188,367	8,057,588
Unrestricted	25,850,676	205,462,591	15,162,444	50,804,439	2,800,923
Total net position	\$ 95,820,847	\$ 205,462,591	\$ 80,154,510	\$ 143,924,759	\$ 26,736,086

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

County of Oakland
Statement of Net Position (Continued)
Proprietary Funds
September 30, 2014

	Business-Type Activities - Enterprise Funds				
	Major				
		Clinton-	Non-Major	Totals	Governmental
	S.O.C.S.D.S.	Oakland S.D.S.	Funds	September 30,	Activities -
				2014	Internal
					Service
					Funds
Assets					
Current assets					
Pooled cash and investments	\$ 33,006,340	\$ 15,940,568	\$ 34,870,286	\$ 318,513,387	\$ 113,784,946
Delinquent property taxes	-	-	-	72,958,587	-
Due from other governmental units	5,652,972	4,773,831	1,420,212	28,007,347	53,908
Due from component units	-	388,000	59	542,043	30,091
Accrued interest receivable	133,037	130,749	181,404	2,192,341	620,038
Accounts receivable (net of allowance for uncollectibles where applicable)	65,147	2,190,018	1,298,863	44,586,746	378,074
Due from other funds	-	-	139,930	6,528,914	222,439
Current portion of contracts receivable	-	-	-	1,174,107	-
Current portion of advances receivable	142,531	-	-	155,414	-
Inventories and supplies	-	-	506,756	550,763	1,042,642
Prepayments and other assets	590,769	-	1,094,741	1,706,531	5,636,196
Total current assets	39,590,796	23,423,166	39,512,251	476,916,180	121,768,334
Noncurrent assets					
Advances receivable	-	-	-	77,298	-
Capital assets, net					
Land and other nondepreciable assets	1,600,257	8,361,586	3,668,997	117,914,748	4,117,369
Land improvements, net	-	-	-	9,945,527	-
Building and improvements, net	-	238,782	7,546,101	59,567,702	1,443,699
Equipment and vehicles, net	147,935	30,713	20,427,296	24,870,302	13,188,767
Infrastructure, net	1,740,588	10,993,516	5,455,748	90,502,256	129,304
Total noncurrent assets	3,488,780	19,624,597	37,098,142	302,877,833	18,879,139
Total assets	43,079,576	43,047,763	76,610,393	779,794,013	140,647,473
Liabilities					
Current liabilities					
Vouchers payable	84,003	1,406,155	104,276	7,455,486	3,308,418
Due to other governmental units	7,061,787	2,534,607	1,063,009	16,550,768	281,239
Due to other funds	1,898	-	1	1,899	212,247
Unearned revenue	-	-	263,105	1,962,028	92,262
Notes payable	-	-	-	12,625,000	-
Current portion of bonds payable	-	-	-	1,785,000	-
Current portion of long-term liabilities	-	-	-	-	4,544,500
Current portion of advances payable	-	-	-	-	155,414
Other accrued liabilities	386,178	30,910	351,729	5,831,614	4,539,396
Total current liabilities	7,533,866	3,971,672	1,782,120	46,211,795	13,133,476
Noncurrent liabilities					
Bonds payable	-	-	-	32,033,351	-
Other long-term liabilities	-	-	-	-	28,680,911
Advances payable	-	-	-	-	77,298
Total noncurrent liabilities	-	-	-	32,033,351	28,758,209
Total liabilities	7,533,866	3,971,672	1,782,120	78,245,146	41,891,685
Net position					
Net investment in capital assets	3,488,780	19,624,597	37,098,142	268,982,184	18,879,139
Restricted for programs	12,749,439	16,740,724	5,549,253	78,286,471	-
Unrestricted	19,307,491	2,710,770	32,180,878	354,280,212	79,876,649
Total net position	\$ 35,545,710	\$ 39,076,091	\$ 74,828,273	\$ 701,548,867	\$ 98,755,788

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

County of Oakland
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended September 30, 2014

	Business-Type Activities - Enterprise Funds				
	Major				
	Parks and Recreation	Delinquent Tax Revolving	County Airports	Water and Sewer Trust	Evergreen-Farmington SDS
Operating revenues					
Charges for services	\$ 8,505,986	\$ 17,581,174	\$ 4,268,188	\$ 80,257,553	\$ 39,799,405
Other	6,465	61,947	26,714	296,624	253,267
Total operating revenues	8,512,451	17,643,121	4,294,902	80,554,177	40,052,672
Operating expenses					
Salaries	7,785,307	95,492	1,098,291	87,996	-
Fringe benefits	2,900,069	72,102	715,150	68,780	-
Contractual services	6,527,694	273,687	1,558,805	42,989,749	36,857,507
Commodities	1,106,563	-	134,312	1,750,312	105,668
Depreciation	3,032,207	-	2,845,749	3,881,591	684,093
Internal services	1,508,851	-	217,712	17,061,666	1,034,765
Intergovernmental	-	-	-	11,352,676	-
Total operating expenses	22,860,691	441,281	6,570,019	77,192,770	38,682,033
Operating income (loss)	(14,348,240)	17,201,840	(2,275,117)	3,361,407	1,370,639
Nonoperating revenues (expenses)					
Property taxes	11,567,251	-	-	-	-
Contributions	92,689	-	-	48,319	-
Interest recovery - federal grants	-	-	105,731	-	93,399
Interest revenue	546,541	1,857,683	244,937	977,935	79,297
Interest expense and paying agent fees	-	(79,783)	(340,606)	(491,517)	(276,497)
Bonds maturing	-	-	-	-	-
Gain on sale of property and equipment	12,643	-	-	43,100	-
Total nonoperating revenues (expenses)	12,219,124	1,777,900	10,062	577,837	(103,801)
Income (loss) before transfers and contributions	(2,129,116)	18,979,740	(2,265,055)	3,939,244	1,266,838
Transfers and contributions					
Capital contributions	-	-	1,146,860	1,206,737	-
Transfers in	-	-	370	-	-
Transfers out	-	(20,207,492)	-	(955,411)	(126,767)
Total transfers and contributions	-	(20,207,492)	1,147,230	251,326	(126,767)
Change in net position	(2,129,116)	(1,227,752)	(1,117,825)	4,190,570	1,140,071
Net position					
October 1, 2013	97,949,963	206,690,343	81,272,335	139,734,189	25,596,015
September 30, 2014	\$ 95,820,847	\$ 205,462,591	\$ 80,154,510	\$ 143,924,759	\$ 26,736,086

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

County of Oakland
Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Proprietary Funds
Year Ended September 30, 2014

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major			Totals	
	S.O.C.S.D.S.	Clinton-Oakland S.D.S.	Non-Major Funds	September 30, 2014	
Operating revenues					
Charges for services	\$ 46,055,281	\$ 34,771,865	\$ 18,086,615	\$ 249,326,067	\$ 235,444,257
Other	19,419	733,226	685,532	2,083,194	898,112
Total operating revenues	46,074,700	35,505,091	18,772,147	251,409,261	236,342,369
Operating expenses					
Salaries	-	-	2,239,132	11,306,218	30,293,182
Fringe benefits	-	-	1,436,266	5,192,367	20,129,731
Contractual services	45,708,011	34,508,332	12,710,899	181,134,684	130,339,685
Commodities	148,908	69,351	693,040	4,008,154	6,676,584
Depreciation	930,064	766,479	8,172,190	20,312,373	4,824,596
Internal services	1,151,169	598,827	2,146,829	23,719,819	7,151,441
Intergovernmental	-	-	50,000	11,402,676	-
Total operating expenses	47,938,152	35,942,989	27,448,356	257,076,291	199,415,219
Operating income (loss)	(1,863,452)	(437,898)	(8,676,209)	(5,667,030)	36,927,150
Nonoperating revenues (expenses)					
Property taxes	-	-	-	11,567,251	-
Contributions	-	-	-	141,008	261,174
Interest recovery - federal grants	-	-	-	199,130	-
Interest revenue	658,550	302,861	511,833	5,179,637	1,312,742
Interest expense and paying agent fees	-	-	-	(1,188,403)	(26,840,040)
Bonds maturing	-	-	-	-	(21,500,000)
Gain on sale of property and equipment	14,677	-	62	70,482	205,284
Total nonoperating revenues (expenses)	673,227	302,861	511,895	15,969,105	(46,560,840)
Income (loss) before transfers and contributions	(1,190,225)	(135,037)	(8,164,314)	10,302,075	(9,633,690)
Transfers and contributions					
Capital contributions	-	-	2,255,765	4,609,362	3,557,413
Transfers in	-	-	2,516,249	2,516,619	11,408,970
Transfers out	(155,998)	(96,253)	(506,711)	(22,048,632)	(4,811,726)
Total transfers and contributions	(155,998)	(96,253)	4,265,303	(14,922,651)	10,154,657
Change in net position	(1,346,223)	(231,290)	(3,899,011)	(4,620,576)	520,967
Net position					
October 1, 2013	36,891,933	39,307,381	78,727,284	706,169,443	98,234,821
September 30, 2014	\$ 35,545,710	\$ 39,076,091	\$ 74,828,273	\$ 701,548,867	\$ 98,755,788

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

County of Oakland
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2014

	Business-Type Activities - Enterprise Funds				
	Major				
	Parks and Recreation	Delinquent Tax Revolving	County Airports	Water and Sewer Trust	Evergreen-Farmington SDS
Cash flows from operating activities					
Cash received from users	\$ 8,584,010	\$ 32,577,683	\$ 4,372,914	\$ 75,594,410	\$ 36,679,420
Cash paid to suppliers	(11,765,216)	(345,789)	(2,257,043)	(78,865,739)	(40,031,108)
Cash paid to employees	(7,785,307)	(95,492)	(1,098,291)	(87,996)	-
Net cash provided by (used in) operating activities	(10,966,513)	32,136,402	1,017,580	(3,359,325)	(3,351,688)
Cash flows from noncapital financing activities					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	(20,207,492)	-	(955,411)	(126,767)
Contributions	92,689	-	-	48,319	-
Principal paid on debt	-	-	-	-	-
Interest paid on debt	-	-	-	-	-
Purchase of delinquent property taxes	-	(80,215,223)	-	-	-
Delinquent property taxes collected	-	88,797,568	-	-	-
Issuance of short-term borrowings	-	25,000,000	-	-	-
Repayments received on advances	-	12,883	-	-	-
Property taxes	11,567,251	-	-	-	-
Interest paid on short-term borrowings	-	(82,317)	-	-	-
Payments on short-term borrowings	-	(35,000,000)	-	-	-
Net cash provided by (used in) noncapital financing activities	11,659,940	(21,694,581)	-	(907,092)	(126,767)
Cash flows from capital and related financing activities					
Contributions for capital acquisitions	-	-	-	1,206,737	-
Proceeds from sale of bonds	-	-	-	363,304	494,085
Transfers from other funds	-	-	370	-	-
Interest recovery - federal grants	-	-	105,731	-	93,399
Proceeds from sale of capital assets	12,643	-	-	43,100	-
Acquisition of capital assets	(5,559,887)	-	(26,861)	(3,640,138)	(181,950)
Principal paid on debt	-	-	(590,000)	(920,000)	(235,000)
Interest paid on debt	-	-	(340,606)	(491,517)	(276,497)
Amount paid on advances	-	-	-	-	-
Interest paid on advances	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	(5,547,244)	-	(851,366)	(3,438,514)	(105,963)
Cash flows from investing activities					
Interest on investments	545,067	1,794,947	238,169	951,505	81,328
Net cash provided by investing activities	545,067	1,794,947	238,169	951,505	81,328
Net increase (decrease) in cash and cash equivalents	(4,308,750)	12,236,768	404,383	(6,753,426)	(3,503,090)
Pooled cash and investments					
October 1, 2013	31,089,868	114,511,260	15,476,295	65,099,901	10,442,984
September 30, 2014	\$ 26,781,118	\$ 126,748,028	\$ 15,880,678	\$ 58,346,475	\$ 6,939,894

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, 2014

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major			Totals	
	S.O.C.S.D.S.	Clinton-Oakland S.D.S.	Non-Major Funds	September 30, 2014	
Cash flows from operating activities					
Cash received from users	\$ 47,628,233	\$ 42,977,769	\$ 22,471,823	\$ 270,886,262	\$ 236,781,134
Cash paid to suppliers	(49,628,589)	(38,321,728)	(17,425,775)	(238,640,987)	(160,992,054)
Cash paid to employees	-	-	(2,239,132)	(11,306,218)	(30,293,182)
Net cash provided by (used in) operating activities	(2,000,356)	4,656,041	2,806,916	20,939,057	45,495,898
Cash flows from noncapital financing activities					
Transfers from other funds	-	-	2,516,249	2,516,249	5,179,582
Transfers to other funds	(155,998)	(96,253)	(506,711)	(22,048,632)	(4,811,726)
Contributions	-	-	-	141,008	261,174
Principal paid on debt	-	-	-	-	(21,500,000)
Interest paid on debt	-	-	-	-	(26,833,222)
Purchase of delinquent property taxes	-	-	-	(80,215,223)	-
Delinquent property taxes collected	-	-	-	88,797,568	-
Issuance of short-term borrowings	-	-	-	25,000,000	-
Repayments received on advances	176,928	-	-	189,811	-
Property taxes	-	-	-	11,567,251	-
Interest paid on short-term borrowings	-	-	-	(82,317)	-
Payments on short-term borrowings	-	-	-	(35,000,000)	-
Net cash provided by (used in) noncapital financing activities	20,930	(96,253)	2,009,538	(9,134,285)	(47,704,192)
Cash flows from capital and related financing activities					
Contributions for capital acquisitions	-	-	-	1,206,737	242,415
Proceeds from sale of bonds	-	-	-	857,389	-
Transfers from other funds	-	-	-	370	6,229,388
Interest recovery - federal grants	-	-	-	199,130	-
Proceeds from sale of capital assets	20,000	-	62	75,805	415,300
Acquisition of capital assets	(696,120)	(8,371,439)	(1,850,409)	(20,326,804)	(5,356,790)
Principal paid on debt	-	-	-	(1,745,000)	-
Interest paid on debt	-	-	-	(1,108,620)	-
Amount paid on advances	-	-	-	-	(189,811)
Interest paid on advances	-	-	-	-	(6,818)
Net cash provided by (used in) capital and related financing activities	(676,120)	(8,371,439)	(1,850,347)	(20,840,993)	1,333,684
Cash flows from investing activities					
Interest on investments	649,293	288,106	496,498	5,044,913	1,261,399
Net cash provided by investing activities	649,293	288,106	496,498	5,044,913	1,261,399
Net increase (decrease) in cash and cash equivalents	(2,006,253)	(3,523,545)	3,462,605	(3,991,308)	386,789
Pooled cash and investments					
October 1, 2013	35,012,593	19,464,113	31,407,681	322,504,695	113,398,157
September 30, 2014	\$ 33,006,340	\$ 15,940,568	\$ 34,870,286	\$ 318,513,387	\$ 113,784,946

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, 2014

	Business-Type Activities - Enterprise Funds				
	Major				
	Parks and Recreation	Delinquent Tax Revolving	County Airports	Water and Sewer Trust	Evergreen- Farmington SDS
Operating (loss) income	\$ (14,348,240)	\$ 17,201,840	\$ (2,275,117)	\$ 3,361,407	\$ 1,370,639
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities					
Depreciation expense	3,032,207	-	2,845,749	3,881,591	684,093
(Increase) decrease in due from other governmental units	(176,995)	13,506,991	600	83,645	(2,214,167)
(Increase) decrease in due from component units	-	-	-	-	115,327
(Increase) decrease in accounts receivable	900	1,302,116	77,755	(100,335)	-
(Increase) decrease in due from other funds	-	-	-	(4,946,324)	(1,274,412)
(Increase) decrease in inventories and supplies	(1,905)	-	-	-	-
(Increase) decrease in prepayments and other assets	(6,030)	-	-	(575)	-
Increase (decrease) in vouchers payable	252,470	81,569	354,692	(117,413)	(38,529)
Increase (decrease) in due to other govern- mental units	-	83,215	-	(63,602)	(1,844,952)
Increase (decrease) in due to component units	-	-	-	(4,408,650)	-
Increase (decrease) in due to other funds	-	-	-	(593,097)	(25,435)
Increase (decrease) in unearned revenue	247,654	-	(343)	3,247	-
Increase (decrease) in current portion of other long-term liabilities	-	-	-	-	-
Increase (decrease) in other accrued liabilities	33,426	(39,329)	14,244	(459,219)	(124,252)
Increase (decrease) in other long-term liabilities	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ (10,966,513)</u>	<u>\$ 32,136,402</u>	<u>\$ 1,017,580</u>	<u>\$ (3,359,325)</u>	<u>\$ (3,351,688)</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, 2014

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major			Totals	
	S.O.C.S.D.S.	Clinton- Oakland S.D.S.	Non-Major Funds	September 30, 2014	
Operating income (loss)	\$ (1,863,452)	\$ (437,898)	\$ (8,676,209)	\$ (5,667,030)	\$ 36,927,150
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation expense	930,064	766,479	8,172,190	20,312,373	4,824,596
(Increase) decrease in due from other governmental units	1,530,083	3,669,851	3,152,075	19,552,083	35,203
(Increase) decrease in due from component units	-	(388,000)	(59)	(272,732)	(165,918)
(Increase) decrease in accounts receivable	23,450	-	555,578	1,859,464	(38,286)
(Increase) decrease in due from other funds	-	-	(136,264)	(6,357,000)	636,565
(Increase) decrease in inventories and supplies	-	-	44,545	42,640	(125,079)
(Increase) decrease in prepayments and other assets	33,836	-	14,778	42,009	829,918
Increase (decrease) in vouchers payable	63,157	1,346,882	47,671	1,990,499	1,127,751
Increase (decrease) in due to other govern- mental units	(2,925,867)	(231,159)	(498,025)	(5,480,390)	(50,208)
Increase (decrease) in due to component units	-	-	-	(4,408,650)	(5,336)
Increase (decrease) in due to other funds	(32,413)	(21,216)	(72,578)	(744,739)	141,116
Increase (decrease) in unearned revenue	-	-	128,346	378,904	(28,799)
Increase (decrease) in current portion of other long-term liabilities	-	-	-	-	(1,259,191)
Increase (decrease) in other accrued liabilities	240,786	(48,898)	74,868	(308,374)	871,243
Increase (decrease) in other long-term liabilities	-	-	-	-	1,775,173
Net cash provided by (used in) operating activities	<u>\$ (2,000,356)</u>	<u>\$ 4,656,041</u>	<u>\$ 2,806,916</u>	<u>\$ 20,939,057</u>	<u>\$ 45,495,898</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, 2014

Noncash transactions

Enterprise Funds

Major funds:

Noncash and capital related financing activities included contribution of capital assets in the amount of \$1,146,860 in the County Airports fund.

Noncash and non-capital related financing activities included interest expense of \$5,274 and payment of Notes Payable liability of \$2,375,000 reported in the Vouchers Payable liability in the Delinquent Tax Revolving fund; recording of Contracts Receivable and Unearned Revenue of \$1,174,107 in the County Airports fund; recording of Accounts Receivable and Due to Other Governmental Units of \$2,190,018 in the Clinton-Oakland S.D.S. fund.

Nonmajor funds:

Noncash and capital related financing activities included contribution of \$2,255,765 in the CLEMIS fund.

Internal Service Funds

Noncash and capital related financing activities included contribution of capital assets in the amount of \$3,314,998 in the Information Technology fund.

Fiduciary Fund Financial Statements

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

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

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

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

Pension (and other postemployment benefits) trust funds

Investment trust funds

Agency funds

County of Oakland
Statement of Net Position
Fiduciary Funds
September 30, 2014

	Pension (and Other Post- employment Benefits) Trust Funds	Investment Trust Funds	Agency Funds
Assets			
Pooled cash and investments	\$ 12,779,717	\$ 406,521,972	\$ 195,314,773
Cash and cash equivalents	-	-	1,163,851
Investments, at fair value			
Common stock	554,764,157	-	-
Preferred stock	1,586,491	-	-
Government securities	79,152,019	-	-
Corporate bonds	215,427,416	-	-
Municipal bonds	7,192,376	-	-
Commingled	419,674,857	-	-
Limited partnerships	121,352,574	-	-
Asset-backed fixed income	19,993,396	-	-
CMO/REMIC investments	2,162,280	-	-
Mortgage-backed securities	135,036,698	-	-
Commercial mortgage-backed securities	35,057,007	-	-
Money market funds	51,791,316	-	-
International common stock	85,435,978	-	-
Equity REIT	75,274,320	-	-
Other	75,892,469	-	-
Total investments	<u>1,879,793,354</u>	<u>-</u>	<u>-</u>
Receivables - interest and dividends	4,580,898	-	173,358
Receivables - other	28,596	-	-
Prepaid expenses	221,301	-	-
Total assets	<u>1,897,403,866</u>	<u>406,521,972</u>	<u>196,651,982</u>
Liabilities			
Vouchers payable	684,792	-	98,231
Due to other governmental units	-	-	178,955,627
Other accrued liabilities	2,227,443	-	17,598,124
Total liabilities	<u>2,912,235</u>	<u>-</u>	<u>196,651,982</u>
Net position			
Held in Trust for Pension and other Postemployment healthcare benefits, and pool participants	<u>\$ 1,894,491,631</u>	<u>\$ 406,521,972</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, 2014

	Pension (and Other Post- employment Benefits) Trust Funds	Investment Trust Funds
Additions		
Contributions		
Pool participants	\$ -	\$630,120,872
Employer	5,770,835	-
Plan members	662,886	-
Total contributions	6,433,721	630,120,872
Investment income	174,463,390	5,324,471
Other revenue	2,478,668	-
Total additions	183,375,779	635,445,343
Deductions		
Benefits	79,211,785	-
Administrative expenses	6,542,317	-
Distribution to pool participants	-	597,057,964
Total deductions	85,754,102	597,057,964
Net increase	97,621,677	38,387,379
Net position held in trust for pension and other postemployment healthcare benefits, and pool participants		
October 1, 2013	1,796,869,954	368,134,593
September 30, 2014	<u>\$ 1,894,491,631</u>	<u>\$406,521,972</u>

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

Component Unit Financial Statements

Component Units

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

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

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

County of Oakland
Statement of Net Position
Component Units
September 30, 2014

	Drainage Districts	Road Commission	Total Component Units
Assets			
Current assets			
Pooled cash and investments	\$ 26,690,251	\$ -	\$ 26,690,251
Cash and cash equivalents	-	58,568,827	58,568,827
Receivables (net of allowance for uncollectibles where applicable)			
Special assessments	-	7,063,934	7,063,934
Due from other governmental units	13,261,244	-	13,261,244
Accrued interest receivable	99,399	-	99,399
Accounts receivable	41,894	15,768,510	15,810,404
Inventories and supplies	-	4,052,476	4,052,476
Prepayments and other assets	102,865	3,412,858	3,515,723
Total current assets	<u>40,195,653</u>	<u>88,866,605</u>	<u>129,062,258</u>
Capital assets, net			
Land and other nondepreciable assets	117,500,622	191,943,284	309,443,906
Land improvements, net	-	70,106	70,106
Buildings and improvements, net	54,266,956	8,642,425	62,909,381
Equipment and vehicles, net	59,627	5,422,779	5,482,406
Infrastructure, net	389,090,285	558,528,700	947,618,985
Total capital assets, net	<u>560,917,490</u>	<u>764,607,294</u>	<u>1,325,524,784</u>
Noncurrent assets			
Net pension asset	-	2,246,070	2,246,070
Special assessments receivable	210,524,401	-	210,524,401
Total assets	<u>811,637,544</u>	<u>855,719,969</u>	<u>1,667,357,513</u>
Liabilities			
Current liabilities			
Vouchers payable	9,842,853	15,326,486	25,169,339
Due to other governmental units	8,914,415	-	8,914,415
Due to primary government	990,080	28,778	1,018,858
Unearned revenue and advances	31,301,134	12,780,222	44,081,356
Accrued interest payable	32,130	6,667	38,797
Current portion of long-term debt	18,345,000	500,000	18,845,000
Current portion of long-term liabilities	-	858,360	858,360
Other accrued liabilities	6,950,397	3,392,807	10,343,204
Total current liabilities	<u>76,376,009</u>	<u>32,893,320</u>	<u>109,269,329</u>
Bonds and notes payable	217,245,688	500,000	217,745,688
Accrued compensated absences	-	2,811,150	2,811,150
Claims and judgments	-	1,096,440	1,096,440
Other postemployment benefits	-	16,463,767	16,463,767
Total liabilities	<u>293,621,697</u>	<u>53,764,677</u>	<u>347,386,374</u>
Net position			
Net investment in capital assets	325,326,802	763,607,294	1,088,934,096
Restricted for			
Special revenue	8,815,065	-	8,815,065
Debt service	180,022,965	-	180,022,965
Unrestricted	3,851,015	38,347,998	42,199,013
Total net position	<u>\$ 518,015,847</u>	<u>\$ 801,955,292</u>	<u>\$ 1,319,971,139</u>

The accompanying notes are an integral part of the financial statements

County of Oakland
Statement of Activities
Component Units
Year Ended September 30, 2014

		Program Revenues			Drainage Districts	Road Commission	Total Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Functions/Programs							
Drainage Districts	\$ 89,997,001	\$ 79,462,701	\$ 175,000	\$ 46,263,814	\$ 35,904,514	\$ -	\$ 35,904,514
Road Commission	103,265,440	22,054,161	63,035,179	45,476,302	-	27,300,202	27,300,202
Total component units	<u>\$ 193,262,441</u>	<u>\$ 101,516,862</u>	<u>\$ 63,210,179</u>	<u>\$ 91,740,116</u>	<u>35,904,514</u>	<u>27,300,202</u>	<u>63,204,716</u>
General Revenue							
Unrestricted investment earnings					300,193	888,130	1,188,323
Change in net position					36,204,707	28,188,332	64,393,039
Net position							
Beginning					481,811,140	773,766,960	1,255,578,100
Ending					<u>\$ 518,015,847</u>	<u>\$ 801,955,292</u>	<u>\$ 1,319,971,139</u>

The accompanying notes are an integral part of the financial statements

County of Oakland

Notes to Basic Financial Statements

September 30, 2014

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, 2014

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, 2014, 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, 2014, 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 178 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, 2014 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, 2014

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

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

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

County of Oakland

Notes to Basic Financial Statements

September 30, 2014

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

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

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

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

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

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

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

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

Basis of Presentation – Fund Accounting

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

County of Oakland

Notes to Basic Financial Statements

September 30, 2014

The County reports the following major governmental funds:

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

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

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

The County reports the following major enterprise funds:

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

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

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

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

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

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

The Clinton-Oakland S.D.S. Fund was established to record the operations and maintenance of the system, which is used to move sewage to the City of Detroit for treatment. Costs are recovered by developing rates and billing the municipalities being serviced.

Additionally, the County reports the following fund types:

Governmental Fund Types

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

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

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

Proprietary Fund Types

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

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

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

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

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

Fiduciary Fund Types

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

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County's general activities, including the collection and disbursement of earmarked resources and the servicing of long-term debt.

- Proprietary, Pension Trust, and Investment Trust Funds are accounted for on a flow-of-economic-resources measurement focus. All assets and liabilities are included on the Statement of Net Position with the balance classified as net position. Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration.
- The financial statements have been prepared in conformity with generally accepted accounting principles. Governmental funds use the modified accrual basis of accounting, which recognizes revenue in the accounting period in which they become susceptible to accrual, generally when they become both measurable and available. Property taxes are levied on December 1 and July 1 of each year (see Note 4) and are recognized as revenue in the fiscal year during which they are levied, and interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenues of the current period. Other revenue is considered to be available when anticipated to be collected within 60 days of the end of the fiscal period. Expenditures are recorded when the related fund liability is incurred, except debt service expenditures, which are recorded when paid.
- Proprietary, Pension Trust, and Investment Trust Funds use the accrual basis of accounting. Under this method, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred. Agency funds, which report only a Statement of Net Position, use the accrual basis of accounting.

Discretely Presented Component Units

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

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

Budgets

Budgets and budgetary accounting are on the modified accrual basis, which is consistent with generally accepted accounting principles (GAAP basis) in that property tax revenue is recognized when made available by Board resolution. The budget was legally adopted by the Board of Commissioners prior to September 30, 2013 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

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financial plans are budgeted for the remainder of the Special Revenue funds and for all Debt Service and Capital Projects funds. Budget and actual comparisons for such funds are not reported in the financial statements because annual budgets are not prepared.

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

Pooled Cash and Investments

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

Cash overdrafts occurring in funds participating in pooled cash accounts at September 30, 2014 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, 2014.

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 nonspendable fund balance.

Inventories

Inventories in governmental and 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. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased. 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, 2014 are recorded as prepayments using the consumption method.

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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:

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

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

Compensated Absences

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

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

Pension 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.

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In June 2012, GASB Statement No. 67, *Financial Reporting for Pension Plans*, was issued by the Governmental Accounting Standards Board. This new standard, which replaces the requirements of GASB Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and Statement No. 50, *Pension Disclosures*, establishes standards for financial reporting and specifies the required approach to measuring the liability of employer(s) and certain non-employer contributing entities, about which information is required to be disclosed. GASB Statement No. 67 has been implemented and the required new footnotes and supplementary information (RSI) is included in this September 30, 2014 report.

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 (revenues) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from four sources: property taxes, contracts, grants, 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, 2013 through September 30, 2014) and are reported as revenues in the financial statements.

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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, 2014. These estimates and assumptions also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. Legal Compliance - Budgets

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

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

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

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

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

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

	Appropriation	Expenditures	Excess Expenditures
General Fund			
County Executive			
Human Services			
Internal support	\$ 3,891,043	\$ 3,896,700	\$ 5,657
Special Revenue Funds			
Child Care			
Justice administration			
Circuit Court			
Personnel expenditures	\$ 1,302,773	\$ 2,267,675	\$ 964,902
Internal support	702	716	14

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 2015.

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.

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As of September 30, 2014, the bank balance of the County's deposits was \$873,847,670. Insured deposits were \$5,000,000, and the remaining \$868,847,670 was uninsured, uncollateralized, and held in the County's name.

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

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

At September 30, 2014, the Road Commission component unit had \$8,641,501 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, 2014, the County had the following deposit and investment types in its internal investment pool.

Deposit and Investment Type	Market Value	Weighted Average Maturity (days)
Certificates of Deposit (1)	\$ 588,219,557	226
Deposit Accounts (1)	285,628,113	1
Money Market Investment Pools	600,161	1
MI Government Coupon	37,897,080	4,565
U.S. Agencies	470,084,263	1,047
Total Market Value of Internal Investment Pool	\$ 1,382,429,174	
Weighted Average Maturity of Internal Investment Pool (in days)		567

(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 \$470,084,263 invested in U.S. government securities which are rated AA by Standard & Poor's and Aaa by Moody's. The County had \$37,897,080 in Municipal bonds rated Aaa by Moody's and AAA by Standard & Poor's. State law limits investments in commercial paper to the top two ratings issued by a nationally recognized statistical rating organization (NRSRO). It is the County's policy to further limit its investments in commercial paper to only the top rating as issued by NRSROs. The County'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, 2014, \$507,981,343 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, 2014, the County had investments of 5% or more, of the total portfolio, with the following U.S. agency issuers: Fannie Mae 7.09%, Federal Home Loan Bank 12.40%, Freddie Mac 12.11%. 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, 2014, the internal investment pool had a weighted average maturity of 567 days and the longest investment maturity in the portfolio was 4,565 days (12.5 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, 2014, the Primary Government's Pension Trust fund had 24 investment advisors. Investments are held in street name by safekeeping agents under formal trust agreements and/or in the Retirement Systems' name.

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As of September 30, 2014, the County had the following investment types in its Retirement System and other postemployment benefits trust funds (shown in descending fair value order):

Investment Type	Fair Value	Percentage	Average Duration (In Years)
Common Stock	\$ 494,792,505	26.10%	N/A
Commingled Funds	419,674,857	22.14%	N/A
Corporate Bonds	210,360,501	11.09%	5.18
Real Estate	125,608,742	6.62%	N/A
Partnerships	121,352,574	6.40%	N/A
Hedge Funds	85,688,548	4.52%	N/A
Government Agencies	84,049,936	4.43%	4.17
Government Bonds	81,018,080	4.27%	7.56
International Common Stock	73,526,256	3.88%	N/A
Government Mortgage-Backed Securities	51,447,723	2.71%	4.16
Cash and Cash Equivalents	49,274,189	2.60%	N/A
Commercial Mortgage-Backed Securities	34,690,285	1.83%	2.51
Asset-Backed Securities	20,006,016	1.06%	0.72
Index Linked Government Bonds	11,763,746	0.62%	4.80
Municipal Bonds	7,246,535	0.38%	10.67
International Government Bonds	6,899,725	0.36%	N/A
International Government Agencies	4,495,206	0.24%	N/A
Other Fixed Income	4,204,961	0.22%	2.47
Bank Loans	3,534,246	0.19%	N/A
Non-government Backed CMOs	2,168,998	0.11%	3.62
International Preferred Stock	1,495,076	0.08%	N/A
Gov't Issued Commercial Mortgage-Backed	1,097,359	0.06%	3.82
Exchange Traded Funds	912,933	0.05%	N/A
Other Assets	614,619	0.03%	N/A
International Corporate Bonds	260,488	0.01%	N/A
Preferred Stock	91,414	0.00%	N/A
Corporate Convertible Bonds	17,540	0.00%	4.16
Total	\$1,896,293,058	100%	

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.

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As of September 30, 2014, debt obligation investments held in the retirement system had the following ratings:

Fair Value	Percentage	Ratings	
		Moody's	S&P
\$121,360,791	18.89 %	Aaa	AAA
118,858,580	18.50	Aa	AA
87,702,057	13.65	A	A
71,252,151	11.09	Baa	BBB
23,882,922	3.72	Ba	BB
12,038,696	1.87	B	B
368,813	0.06	CCC	Caa
207,081,178	32.22	NR	NR
<u>\$642,545,188</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, 2014, \$1,896,293,058 in investments was held in third-party safekeeping in the County's name.

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

For equities, holdings of all securities of an industry group should not exceed 25% of the portfolio at cost. ADRs should not exceed a maximum of 10% of the portfolio at cost and shall be further limited to Canadian securities and non-U.S. domiciled corporations issuing U.S. securities. As of September 30, 2014, 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 85 indicates, the system's fixed-income investments had average durations of between .7 years and 10.7 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.

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 2.98 years to 28.4 years and are backed by investments in various assets, including mortgages. As of September 30, 2014, the market value was \$2,168,998.

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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, 2014, the County's CMO portfolio had an effective duration of 3.62 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 \$21,557,197 as of September 30, 2014. Such investments include U.S. government-issued securities and corporate-issued securities. The variable rate securities have maturities through the year 2045 and are backed by investments in various assets, including mortgages.

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, 2014, the Retirement System was holding variable rate instruments that are reset against the LIBOR (London Interbank Offering Rate) with a plus factor. The coupons had short reset points ranging from twice a year, quarterly and monthly. The shorter the reset point, the less sensitive the investment is to interest rate changes.

4. Property Taxes – Receivables and Short-term Debt

Receivables - Prior to 2004, taxes were levied on December 1 on the taxable value of real and personal property as established the preceding December 31. Taxes became a lien on the property on December 1 and were due and payable on that date through February 28 of the following year, after which unpaid taxes became delinquent and subject to penalty. Michigan Public Act 357 of 2004 required a gradual shift over a three-year period, of county property tax levies from winter to summer as a substitute to county revenue sharing from the State. The entire County Operating Tax is levied on July 1 each year beginning in 2007; however, the date for delinquencies did not change with the shift in levy dates. Taxable value is determined by using such factors as State equalized, assessed, and capped values, along with a value change multiplier. Equalized values for the 2014 summer levy amounted to \$55,084,607,293 with taxable values of \$50,048,650,087. The operating tax rate for the 2014 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 \$24,089,260 at September 30, 2014.

Short-term Debt - By agreement with various taxing authorities, the County purchases (at face value) real property taxes for all municipalities and school districts within Oakland County which are returned delinquent on March 1. To accomplish this, tax notes are sold and the proceeds of these notes are used to liquidate the amounts due the County's General Fund and other governmental agencies for purchase of their delinquent real property tax receivables. The assets of the Delinquent Tax Revolving fund (an Enterprise fund), in the amount of \$220,968,101 at September 30, 2014, are pledged as collateral for payment of the tax notes; subsequent collections on delinquent taxes receivable, plus interest, penalties and collection fees thereon, and investment earnings are used to service the debt.

County of Oakland
Notes to Basic Financial Statements
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The following is a summary of the short-term debt activity for the year ended September 30, 2014:

Beginning balance	Additions	Reductions	Ending balance	Due within one year
\$ 25,000,000	\$ 25,000,000	\$ (37,375,000)	\$ 12,625,000	\$ 12,625,000

5. Allowances for Uncollectible Receivables

At September 30, 2014, the allowances for uncollectible receivables were as follows:

General Fund	\$ 25,000
Internal Service funds	
Information Technology	<u>15</u>
Total	<u>\$ 25,015</u>

In addition, the Parks and Recreation fund (Enterprise) records an allowance for uncollectible taxes receivable in the amount of \$51,642 at September 30, 2014.

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, 2014:

	Employees' Retirement	VEBA Trust	IRMB Trust
Interest and dividends	\$ 13,692,291	\$ 17,534,369	\$ 342,632
Unrealized/Realized gain on investments	<u>56,499,179</u>	<u>85,537,386</u>	<u>857,533</u>
Total	<u>\$ 70,191,470</u>	<u>\$ 103,071,755</u>	<u>\$ 1,200,165</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

7. Capital Assets

An analysis of property and equipment as reported in the Statement of Net Position, and related accumulated depreciation, at September 30, 2014, for governmental activities follows:

	Balance October 1, 2013	Additions	Disposals	Adjustments	Balance September 30, 2014
Governmental Activities					
Capital assets not being depreciated					
Land	\$ 7,365,551	\$ -	\$ -	\$ -	\$ 7,365,551
Construction in progress	19,472,603	13,718,354	-	(7,420,828)	25,770,129
Total capital assets not being depreciated	26,838,154	13,718,354	-	(7,420,828)	33,135,680
Capital assets being depreciated					
Land improvements	1,179,154	-	-	71,479	1,250,633
Buildings and improvements	232,890,991	325,668	-	3,110,439	236,327,098
Equipment and vehicles	107,700,231	2,934,113	(1,470,596)	2,332,127	111,495,875
Infrastructure	29,883,030	-	-	505,966	30,388,996
Total capital assets being depreciated	371,653,406	3,259,781	(1,470,596)	6,020,011	379,462,602
Less: Accumulated depreciation					
Land improvements	1,038,505	27,992	-	-	1,066,497
Buildings and improvements	100,592,741	5,241,419	-	-	105,834,160
Equipment and vehicles	85,678,471	5,956,693	(1,261,766)	-	90,373,398
Infrastructure	16,264,272	809,288	-	-	17,073,560
Total accumulated depreciation	203,573,989	12,035,392	(1,261,766)	-	214,347,615
Total capital assets being depreciated, net	168,079,417	(8,775,611)	(208,830)	6,020,011	165,114,987
Governmental activities capital assets, net	\$ 194,917,571	\$ 4,942,743	\$ (208,830)	\$ (1,400,817)	\$ 198,250,667
Depreciation expense was charged to functions as follows:					
Public safety		\$ 2,996,254			
Justice administration		1,091,733			
Citizens services		412,613			
Public infrastructure		597,198			
Commerce and Community Development		-			
Unallocated depreciation		29,537			
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		2,083,461			
		4,824,596			
Total depreciation expense - governmental activities		\$ 12,035,392			

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

A summary of business-type property and equipment at September 30, 2014 follows:

	Balance October 1, 2013	Additions	Disposals	Adjustments	Balance September 30, 2014
Business-type Activities					
Capital assets not being depreciated					
Land	\$ 68,158,860	\$ -	\$ -	\$ -	\$ 68,158,860
Construction in progress	36,619,194	20,373,084	-	(7,248,390)	49,743,888
Other	12,000	-	-	-	12,000
Total capital assets not being depreciated	104,790,054	20,373,084	-	(7,248,390)	117,914,748
Capital assets being depreciated					
Land improvements	34,326,036	-	-	902,987	35,229,023
Buildings and improvements	90,639,765	-	-	4,137,461	94,777,226
Equipment and vehicles	81,463,852	2,259,251	(966,093)	10,650,677	93,407,687
Infrastructure	335,320,260	1,206,738	-	(8,552,378)	327,974,620
Total capital assets being depreciated	541,749,913	3,465,989	(966,093)	7,138,747	551,388,556
Less: Accumulated depreciation					
Land improvements	23,431,700	1,554,824	-	296,972	25,283,496
Buildings and improvements	30,178,213	3,206,389	-	1,824,922	35,209,524
Equipment and vehicles	54,880,047	6,614,729	(960,769)	8,003,378	68,537,385
Infrastructure	238,661,205	8,936,431	-	(10,125,272)	237,472,364
Total accumulated depreciation	347,151,165	20,312,373	(960,769)	-	366,502,769
Total capital assets being depreciated, net	194,598,748	(16,846,384)	(5,324)	7,138,747	184,885,787
Business-type activities capital assets, net	\$ 299,388,802	\$ 3,526,700	\$ (5,324)	\$ (109,643)	\$ 302,800,535
Depreciation expense was charged to functions as follows:					
Airports		\$ 2,845,749			
Community safety support		8,105,973			
Community water and sewer		3,881,591			
Recreation and leisure		3,032,207			
Sewage disposal systems		2,446,853			
Total depreciation expense - business-type activities		\$ 20,312,373			

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

An analysis of property and equipment, and related accumulated depreciation where applicable, at September 30, 2014, for component units follows:

	Balance October 1, 2013	Additions	Disposals	Adjustments	Balance September 30, 2014
Component Units					
Drainage Districts					
Capital assets not being depreciated					
Construction in progress	\$ 72,599,152	\$ 44,575,506	\$ -	\$ -	\$ 117,174,658
Land	325,964	-	-	-	325,964
Total capital assets not being depreciated	72,925,116	44,575,506	-	-	117,500,622
Capital assets being depreciated					
Buildings	-	-	-	57,248,656	57,248,656
Equipment	-	71,063	-	-	71,063
Infrastructure	540,823,907	-	-	(57,248,656)	483,575,251
Total capital assets being depreciated	540,823,907	71,063	-	-	540,894,970
Less: Accumulated depreciation					
Buildings	-	1,431,216	-	1,550,484	2,981,700
Equipment	-	11,436	-	-	11,436
Infrastructure	91,192,842	4,842,608	-	(1,550,484)	94,484,966
Total accumulated depreciation	91,192,842	6,285,260	-	-	97,478,102
Total capital assets being depreciated, net	449,631,065	(6,214,197)	-	-	443,416,868
Governmental activity capital assets, net	\$ 522,556,181	\$ 38,361,309	\$ -	\$ -	\$ 560,917,490
Road Commission					
Capital assets not being depreciated					
Land and other	\$ 184,951,344	\$ 5,591,330	\$ -	\$ -	\$ 190,542,674
Construction in progress	968,230	432,380	-	-	1,400,610
Total capital assets not being depreciated	185,919,574	6,023,710	-	-	191,943,284
Capital assets being depreciated					
Buildings and storage bins	20,192,210	-	-	-	20,192,210
Road equipment	48,813,727	4,281,160	(668,708)	-	52,426,179
Other equipment	4,960,760	113,226	-	-	5,073,986
Infrastructure	903,509,078	59,525,917	(14,742,303)	-	948,292,692
Brine wells and gravel pits	1,461,628	-	-	-	1,461,628
Total capital assets being depreciated	978,937,403	63,920,303	(15,411,011)	-	1,027,446,695
Less: Accumulated depreciation					
Buildings and storage bins	10,824,150	725,635	-	-	11,549,785
Road equipment	46,766,432	1,188,737	(668,708)	-	47,286,461
Other equipment	4,670,365	120,560	-	-	4,790,925
Infrastructure	366,167,943	38,338,352	(14,742,303)	-	389,763,992
Brine wells and gravel pits	1,340,216	51,306	-	-	1,391,522
Total accumulated depreciation	429,769,106	40,424,590	(15,411,011)	-	454,782,685
Total capital assets being depreciated, net	549,168,297	23,495,713	-	-	572,664,010
Governmental activity capital assets, net	\$ 735,087,871	\$ 29,519,423	\$ -	\$ -	\$ 764,607,294

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

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, 2013	Additions	Reductions	September 30, 2014	Amounts due within one year	Amounts due thereafter	General obligation	With governmental commitment
Debt with limited taxing authority									
Building authority - Act 31	1.00%-5.90%	\$ 40,580,000	\$ -	\$ (5,545,000)	\$ 35,035,000	\$ 2,445,000	\$ 32,590,000	\$ 17,650,000	\$ 17,385,000
Building authority refunding	2.00%-5.00%	40,075,000	2,875,000	(3,680,000)	39,270,000	4,060,000	35,210,000	34,690,000	4,580,000
Certificates of Participation - Taxable	6.00%-6.25%	21,500,000	-	(21,500,000)	-	-	-	-	-
Retirees Health Care Bonds	3.62%	350,000,000	-	-	350,000,000	21,410,000	328,590,000	350,000,000	-
Lake levels - Act 451	2.25%-3.40%	80,000	-	(80,000)	-	-	-	-	-
Water supply - Act 342	2.00%-6.00%	16,825,000	8,800,000	(760,000)	24,865,000	1,060,000	23,805,000	-	24,865,000
Water and sewer refunding bonds	1.50%-2.75%	1,800,000	-	(195,000)	1,605,000	190,000	1,415,000	-	1,605,000
Water supply refunding bonds	1.50%-3.75%	210,000	-	(210,000)	-	-	-	-	-
Sewage disposal refunding bonds	2.25%-3.60%	415,000	-	(125,000)	290,000	150,000	140,000	-	290,000
Michigan Bond Authority - Sewage Disposal Bonds	1.62%-2.25%	4,125,727	1,326,377	(620,000)	4,832,104	630,000	4,202,104	-	4,832,104
Total bonds - governmental activities		<u>\$ 475,610,727</u>	<u>\$ 13,001,377</u>	<u>\$ (32,715,000)</u>	<u>\$ 455,897,104</u>	<u>\$ 29,945,000</u>	<u>\$ 425,952,104</u>	<u>\$ 402,340,000</u>	<u>\$ 53,557,104</u>
Business-type activities									
Business type activities									
BA - Act 31 - County Airport	1.00%-5.90%	\$ 5,100,000	\$ -	\$ (250,000)	\$ 4,850,000	\$ 250,000	\$ 4,600,000	\$ 4,850,000	\$ -
BA refunding - County Airport	2.00%-2.25%	4,250,000	-	(340,000)	3,910,000	350,000	3,560,000	3,910,000	-
Sewage disposal - Act 342	1.75%-6.75%	3,785,000	-	(140,000)	3,645,000	145,000	3,500,000	3,645,000	-
Michigan Bond Authority - Drain Bonds - Pontiac	2.5%	19,745,047	363,304	(920,000)	19,188,351	940,000	18,248,351	19,188,351	-
Michigan Bond Authority - Sewage Disposal Bonds	2.5%	1,825,915	494,085	(95,000)	2,225,000	100,000	2,125,000	2,225,000	-
Total bonds - business type		<u>34,705,962</u>	<u>857,389</u>	<u>(1,745,000)</u>	<u>33,818,351</u>	<u>1,785,000</u>	<u>32,033,351</u>	<u>33,818,351</u>	<u>-</u>
Total bonds - primary government		<u>\$ 510,316,689</u>	<u>\$ 13,858,766</u>	<u>\$ (34,460,000)</u>	<u>\$ 489,715,455</u>	<u>\$ 31,730,000</u>	<u>\$ 457,985,455</u>	<u>\$ 436,158,351</u>	<u>\$ 53,557,104</u>
Fiduciary Funds									
Pension Trust Funds - COPS	6.00%-6.25%	\$ 422,135,000	\$ -	\$ (422,135,000)	\$ -	\$ -	\$ -	\$ -	\$ -

County of Oakland
Notes to Basic Financial Statements
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Component Units									
Drainage Districts	Interest rate	October 1, 2013	Additions	Reductions	September 30, 2014	Amounts due within one year	Amounts due thereafter	General obligation	With governmental commitment
Debt with limited taxing authority									
Drain bonds - Act 40	1.15%-7.00%	\$ 73,105,000	\$ -	\$ (1,935,000)	\$ 71,170,000	\$ 3,580,000	\$ 67,590,000	\$ 57,884,007	\$ 13,285,993
Drain refunding bonds	1.00%-4.75%	22,565,000	-	(4,290,000)	18,275,000	3,860,000	14,415,000	944,048	17,330,952
Michigan Bond Authority - Drain Bonds	1.15%-4.15%	115,001,889	39,278,799	(8,135,000)	146,145,688	10,905,000	135,240,688	933,016	145,212,672
Total Drainage Districts		<u>210,671,889</u>	<u>39,278,799</u>	<u>(14,360,000)</u>	<u>235,590,688</u>	<u>18,345,000</u>	<u>217,245,688</u>	<u>59,761,071</u>	<u>175,829,617</u>
Total County Debt		<u>\$ 1,143,123,578</u>	<u>\$ 53,137,565</u>	<u>\$ (470,955,000)</u>	<u>\$ 725,306,143</u>	<u>\$ 50,075,000</u>	<u>\$ 675,231,143</u>	<u>\$ 495,919,422</u>	<u>\$ 229,386,721</u>
Road Commission									
Compensated absences	--	\$ 2,666,700	\$ 144,450	\$ -	\$ 2,811,150	\$ -	\$ 2,811,150	\$ -	\$ 2,811,150
Self-insured losses	--	2,447,033	453,067	(945,300)	1,954,800	858,360	1,096,440	-	1,954,800
Other postemployment benefits	--	14,783,249	1,680,518	-	16,463,767	-	16,463,767	-	16,463,767
Michigan Transportation									
Fund revenue notes	4.00%	<u>1,500,000</u>	<u>-</u>	<u>(500,000)</u>	<u>1,000,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>1,000,000</u>
Total Road Commission		<u>\$ 21,396,982</u>	<u>\$ 2,278,035</u>	<u>\$ (1,445,300)</u>	<u>\$ 22,229,717</u>	<u>\$ 1,358,360</u>	<u>\$ 20,871,357</u>	<u>\$ -</u>	<u>\$ 22,229,717</u>
Total reporting entity		<u>\$ 1,164,520,560</u>	<u>\$ 55,415,600</u>	<u>\$ (472,400,300)</u>	<u>\$ 747,535,860</u>	<u>\$ 51,433,360</u>	<u>\$ 696,102,500</u>	<u>\$ 495,919,422</u>	<u>\$ 251,616,438</u>

County of Oakland
Notes to Basic Financial Statements
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The annual requirements to pay principal and interest on debt outstanding at September 30, 2014 (excluding the liabilities for compensated absences, other postemployment benefits, and uninsured losses for the Road Commission component unit) were as follows:

	Bonds with limited taxing authority		Retirees Health Care Bonds limited taxing authority		Business-type Bonds limited taxing authority		Total primary government	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 8,535,000	\$ 3,370,827	\$ 21,410,000	\$ 12,588,479	\$ 1,785,000	\$ 1,068,127	\$ 31,730,000	\$ 17,027,433
2016	8,835,000	3,088,689	22,200,000	11,799,138	1,825,000	1,021,162	32,860,000	15,908,989
2017	10,211,377	2,809,656	23,020,000	10,980,656	1,855,000	972,138	35,086,377	14,762,450
2018	9,095,000	2,524,558	23,870,000	10,131,947	1,925,000	920,197	34,890,000	13,576,702
2019	8,720,000	2,239,946	24,750,000	9,251,925	1,975,000	864,710	35,445,000	12,356,581
2020-2024	37,420,000	6,914,997	138,115,000	31,882,342	10,705,000	3,351,982	186,240,000	42,149,321
2025-2029	12,775,727	2,967,162	96,635,000	6,129,931	9,955,000	1,532,970	119,365,727	10,630,063
2030-2034	9,530,000	872,139	-	-	3,793,351	115,726	13,323,351	987,865
2035-2039	710,000	79,675	-	-	-	-	710,000	79,675
2040-2044	65,000	2,762	-	-	-	-	65,000	2,762
Totals	<u>\$ 105,897,104</u>	<u>\$ 24,870,411</u>	<u>\$ 350,000,000</u>	<u>\$ 92,764,418</u>	<u>\$ 33,818,351</u>	<u>\$ 9,847,012</u>	<u>\$ 489,715,455</u>	<u>\$ 127,481,841</u>
	Drainage Districts		Road Commission		Total reporting entity			
	Principal	Interest	Principal	Interest	Principal	Interest		
2015	\$ 18,345,000	\$ 6,070,168	\$ 500,000	\$ 40,000	\$ 50,575,000	\$ 23,137,601		
2016	17,620,000	5,612,359	500,000	20,000	50,980,000	21,541,348		
2017	16,125,000	5,163,878	-	-	51,211,377	19,926,328		
2018	16,025,000	4,758,768	-	-	50,915,000	18,335,470		
2019	16,250,000	4,356,527	-	-	51,695,000	16,713,108		
2020-2024	83,627,676	15,354,145	-	-	269,867,676	57,503,466		
2025-2029	43,878,526	7,490,777	-	-	163,244,253	18,120,840		
2030-2034	23,719,486	2,222,289	-	-	37,042,837	3,210,154		
2035-2039	-	-	-	-	710,000	79,675		
2040-2044	-	-	-	-	65,000	2,762		
Totals	<u>\$ 235,590,688</u>	<u>\$ 51,028,911</u>	<u>\$ 1,000,000</u>	<u>\$ 60,000</u>	<u>\$ 726,306,143</u>	<u>\$ 178,570,752</u>		

County of Oakland

Notes to Basic Financial Statements

September 30, 2014

The County has pledged its full faith and credit on debt totaling \$737,931,143, which includes \$12,625,000 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, 2014, the debt limit was \$5,508,460,729. 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, 2014, there were four issues outstanding, totaling \$35,035,000, maturing in the years 2015-2040, which represents debt originally issued in the years 2010-2012 totaling \$37,445,000.

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.

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

County of Oakland

Notes to Basic Financial Statements

September 30, 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, 2014, there were six issues outstanding, totaling \$24,865,000, maturing in the years 2015-2034. This represents debt originally issued in the amount of \$28,800,000 issued in the years 1997-2014.

Refunding Bonds

Michigan Public Act 202 of 1943 and Act 34 of 2001 provide for the refunding of bonds based on covenants contained in the acts. The bonds will be repaid from assessments levied against the benefiting municipalities for water and sewer debt, or leases for Building Authority debt. At September 30, 2014, there were five issues outstanding, totaling \$41,165,000, maturing in the years 2015-2025. This represents debt originally issued in the years 2005-2014 totaling \$52,525,000.

Michigan Bond Authority Sewage Disposal Bonds

In October 1996, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$9,350,000 for the White Lake Township Sewage Disposal System project; the entire amount was received as of the end of fiscal year 1999. The amount outstanding for this issue at September 30, 2014 was \$2,220,000, which matures in the years 2015-2018.

In September 2007, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$2,000,000 for the Softwater Lake Capital Improvement Sewage Disposal System project. As of September 30, 2010, a final amount of \$1,935,727 was received from the State Revolving Loan fund. The amount outstanding at September 30, 2014 for this issue is \$1,285,727, which matures in the years 2015-2027.

In September 2014, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$36,855,000 for the Evergreen and Farmington Sewage Disposal Systems Middlebelt Transport and Storage Tunnel project. As of September 30, 2014, \$1,326,377 was drawn from the State Revolving Loan fund. The amount outstanding at September 30, 2014 for this issue is \$1,326,377, which matures in 2017.

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. This debt issue matured 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, 2014 was \$3,645,000, which matures in the years 2015-2031.

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

In March 2012, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$2,415,000 for the Evergreen-Farmington Sewage Disposal System 8 Mile Pumping Station Septage Facility (enterprise fund type), the entire amount was received as of the end of fiscal year 2014. The amount outstanding for this issue at September 30, 2014 was \$2,225,000 which matures in the years 2015-2032.

In August 2012, in conjunction with the transfer of operations of the City of Pontiac water and sewer system to the County, the County's Water and Sewer Trust fund assumed the debt obligations initiated by the City of Pontiac for five Clean Water/Water Quality projects. The total authorized loan amount is \$22,535,000; as of September 30, 2014, \$21,458,351 had been received. In addition, in October 2014 the County authorized the issuance of bonds for City of Pontiac Water Supply System Improvements for up to \$6,890,000. The debt obligation recorded as of September 30, 2014 amounted to \$19,188,351 maturing in the years 2015 through 2032.

Two Building Authority bond issues for the County Airport fund consist of the Airport T-Hangar Refunding in the amount of \$3,910,000 maturing in the years 2015-2024 and the Airport Terminal Building in the amount of \$4,850,000 maturing in the years 2015-2030. 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, 2014, there were 13 issues outstanding, totaling \$71,170,000, maturing in the years 2015-2034. 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, 2014, there were 10 issues outstanding, totaling \$18,275,000, maturing in the years 2015-2025. 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, 2014

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, 2014, the drainage district had received the entire amount from the State Revolving Loan Fund for Segment II. In February 2010, Oakland County, Macomb County, and their underlying municipalities under the authority of Chapter 21 of Public Act 40, Public Acts of Michigan of 1956 were permitted to issue bonds in the amount of \$26,076,000 for the Oakland-Macomb Interceptor Drainage District with successive authorizations for Segments II & III in the years 2012 through 2013, respectively, amounting to \$90,670,000. In addition, in October 2014, the County authorized the issuance of bonds up to \$7,235,000 for Segment IV. Through September 30, 2014, the drainage district received \$82,313,866 from the State Revolving Loan Fund for the Oakland-Macomb Interceptor Drain District Segments I, II, and III. At September 30, 2014, there were 11 issues outstanding, totaling \$146,145,688, maturing in the years 2015-2031.

Advance and Current Refunding of General Obligation Limited Tax Bonds

In August 2014, the County issued \$2,875,000 of refunding bonds for a current refunding of general obligation limited tax bond issue pursuant to authorization contained in Act 34, Public Acts of Michigan of 2001. General obligation limited tax bonds were issued for the payment of future debt service payment of the refunded debt. The debt refunded amounted to \$3,025,000 of Building Authority Bonds, Series 2007 (CMHA), maturing in the years 2015 through 2025. The refunding was undertaken to reduce the debt service payment over the next 11 years by \$355,333 and to obtain an economic (present value) gain of \$321,780.

In September 2014, bonds were called as a result of resources provided by the Village of Franklin in the form of prepaid assessment rolls. Debt amounting to \$285,000 for the Franklin Subwatershed Drain Bonds, Ten Hill Road and Wallbrook Court Project, Series 2008 were eliminated. This resulted in savings to the Village of \$219,043 for interest during fiscal years 2024 through 2028.

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, 2014 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities					
Accrued compensated absences	\$ 12,054,634	\$ 1,466,179	\$(1,205,463)	\$ 12,315,350	\$ 1,231,535
Claims and judgments					
Accrued unreported health costs	2,251,000	1,624,423	(750,333)	3,125,090	1,041,696
Accrued workers' compensation	12,005,405	2,952,016	(2,950,000)	12,007,421	1,770,000
Building and liability insurance	6,398,390	277,055	(897,895)	5,777,550	501,269
Governmental activity long-term liabilities	<u>\$ 32,709,429</u>	<u>\$ 6,319,673</u>	<u>\$(5,803,691)</u>	<u>\$ 33,225,411</u>	<u>\$ 4,544,500</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

9. Interfund Balances

Interfund receivables and payables at September 30, 2014 were as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General	Nonmajor governmental	\$ 4,808,766
	Internal service	30,040
	Total	<u>4,838,806</u>
Nonmajor governmental	General	4,181
	Nonmajor governmental	1,029,195
	S.O.C.S.D.S.	1,898
	Nonmajor enterprise	1
	Total	<u>1,035,275</u>
Water & Sewer Trust	Nonmajor governmental	5,077,780
	Internal service	36,792
	Total	<u>5,114,572</u>
Evergreen Farmington SDS	Nonmajor governmental	<u>1,274,412</u>
Nonmajor enterprise	Internal Service	<u>139,930</u>
Internal service	General	216,954
	Internal service	5,485
	Total	<u>222,439</u>
	Total	<u>\$ 12,625,434</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
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Receivables and payables between funds of the Primary Government and the Component Units at September 30, 2014 were as follows:

Primary Government	Component Unit	
Due from Component Unit	Due to Primary Government	
General	Drainage Districts	<u>\$ 130,516</u>
Nonmajor governmental	Drainage Districts	<u>316,208</u>
Evergreen Farmington SDS	Drainage Districts	<u>153,984</u>
Clinton Oakland SDS	Drainage Districts	<u>388,000</u>
Nonmajor Enterprise	Road Commission	<u>59</u>
Internal Service	Drainage Districts	<u>1,372</u>
	Road Commission	<u>28,719</u>
	Total	<u>30,091</u>
	Total	<u>\$ 1,018,858</u>

Advances to/from other funds (including current and long-term portions) at September 30, 2014 were as follows:

Receivable Fund	Payable Fund	
Nonmajor governmental	Nonmajor governmental	<u>\$ 912,406</u>
Delinquent Tax Revolving	Internal Service	<u>90,181</u>
S.O.C.S.D.S.	Internal Service	<u>142,531</u>
	Total	<u>\$ 1,145,118</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

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, 2014 were as follows:

Transfers In	Transfers Out	Amount
General	Nonmajor governmental	\$ 27,475,924
	Delinquent Tax Revolving	15,426,247
	Internal Service	<u>41,589</u>
	Total	<u>42,943,760</u>
Building Authority Act 31	General	<u>2,229,625</u>
Nonmajor governmental	General	29,951,897
	Nonmajor governmental	3,401,152
	Building Authority Act 31	305
	Delinquent Tax Revolving	4,781,245
	Internal Service	<u>4,752,838</u>
	Total	<u>42,887,437</u>
County Airports	Nonmajor governmental	365
	Building Authority Act 31	<u>5</u>
	Total	370
Nonmajor enterprise	General	2,310,758
	Nonmajor governmental	5,491
	Nonmajor enterprise	<u>200,000</u>
	Total	<u>2,516,249</u>
Internal Service	General	9,679,668
	Nonmajor governmental	70,863
	SOCSDS	155,998
	Evergreen Farmington SDS	126,767
	Water & Sewer Trust	955,411
	Clinton Oakland SDS	96,253
	Nonmajor enterprise	306,711
	Internal service	<u>17,299</u>
	Total	<u>11,408,970</u>
	Total transfers	<u>\$ 101,986,411</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, 2014

10. Fund Equities

At September 30, 2014, a deficit existed in the following funds:

Special Revenue Funds

Friend of the Court Grant	\$ 1,239,227
Law Enforcement Grants	464,620
Other Grants	303,134
Judicial Grants	110,417

Capital Projects Funds

Lake Levels Act 146	190,739
Drain Chapter 4 Construction	400,234

In the Special Revenue Grant Funds (Friend of the Court Grant, Law Enforcement Grants, Other Grants and Judicial Grants), the negative unassigned fund balances are offset by deferred inflows and reflect the fact that these grant funds operate on a reimbursement basis; e.g. the County pays the original expenditures and is reimbursed by the grantor agency after submission of the proper support documentation. Typically, reimbursement for year-end expenditures lags by two to three months. Once reimbursement is obtained, the negative unassigned fund balances are eliminated. Should the reimbursements not be sufficient to cover expenditures, the County has match funds budgeted which will be transferred to cover any remaining deficits.

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 \$154,875 and the Upper Straits Lake Level Dam Reconstruction project in the amount of \$41,951. 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 ten 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 and is currently in the design phase. When the design phase is completed, the estimated project cost will be determined. It is planned that the project will be financed with a loan from the Oakland County Board of Commissioner's Long Term Revolving Fund. The loan will be repaid by an assessment to the Upper Straits Lake Level Special Assessment District over a proposed ten 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.

In the Capital Projects fund, the negative unassigned fund balance in the Drain Chapter 4 Construction fund reflects costs that are related to the Lower Pettibone Lake Sanitary Chapter 4 Drain Construction project. A loan from the Long Term Revolving Fund was approved by the Oakland County Board of Commissioners to provide up to \$1,200,000 in funding for this project. A 20 year assessment against each of the benefiting properties in the District has been approved to repay the loan with the first payment due December 2014. The Construction of the sewer is approximately 75% complete and is expected to be fully operational by the end of January 2015.

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

Nonspendable, restricted, committed, assigned, and unassigned fund balances of the primary government at September 30, 2014 were as follows:

		Spendable			
	Nonspendable	Restricted	Committed	Assigned	Unassigned
Primary Government					
General Fund					
Prepays	\$ 81,115	\$ -	\$ -	\$ -	\$ -
Inventories	140,860	-	-	-	-
Property Tax Forfeiture	-	21,068,191	-	-	-
Substance Abuse	-	7,385,320	-	-	-
Department Operations	-	-	-	555,360	-
Federal Health Care Impact	-	-	-	5,000,000	-
Capital Reserve	-	-	-	9,000,000	-
Tax Tribunal Appeals Consultants	-	-	-	500,000	-
Homeland Security Enhancements	-	-	-	9,000,000	-
Technology Replacement/Hardware	-	-	-	10,500,000	-
Emergency Salaries	-	-	-	5,000,000	-
Operational Improvements	-	-	-	3,000,000	-
Board of Commissioners Projects	-	-	-	665,000	-
New Grant Match Opportunities	-	-	-	500,000	-
Human Resources Legal	-	-	-	500,000	-
HR Comp/Workforce Planning	-	-	-	5,600,000	-
Jail Alternative Prg Startup	-	-	-	600,000	-
Pandemic Response	-	-	-	2,500,000	-
Business Continuity Planning	-	-	-	1,000,000	-
Quality of Life Initiatives	-	-	-	480,000	-
Financial System Updates	-	-	-	5,000,000	-
Sheriff Aviation	-	-	-	1,186,292	-
Jail Commissary	-	-	-	123,539	-
Road Commision Triparty	-	-	-	2,000,000	-
Property Tax Forfeiture Activities	-	-	-	2,080,030	-
Community Partnerships	-	-	-	238,654	-
Microloan	-	-	-	200,000	-
Buy Local	-	-	-	150,000	-
Millage Rollback 2015-2019	-	-	-	7,500,000	-
Future operating requirements 2015 and beyond				123,323,427	
Carryforwards	-	-	-	1,996,867	-
DB Pension Contribution 2016-2019	-	-	-	3,000,000	-
MI SCAO Interpreter Costs	-	-	-	1,500,000	-
Building Security Cameras and Consoles	-	-	-	2,256,986	-
WRC Long-Term Revolving Fund	-	-	-	1,000,000	-
Rx Discount Card Program	-	-	-	22,940	-
Catastrophic Claims	-	-	-	5,000,000	-
Data Privacy and Security	-	-	-	3,000,000	-
DWSD Evaluation/Alternatives	-	-	-	2,500,000	-
Federal Regulatory Changes	-	-	-	1,500,000	-
Unfunded Mandates	-	-	-	5,000,000	-
Unassigned	-	-	-	-	2,329,993
Total	\$ 221,975	\$ 28,453,511	\$ -	\$ 222,979,095	\$ 2,329,993

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

		Spendable			
	Nonspendable	Restricted	Committed	Assigned	Unassigned
Primary Government					
Special Revenue Funds					
Grants (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ (2,117,398)
Specific programs	-	24,470,714	-	-	-
Total	\$ -	\$ 24,470,714	\$ -	\$ -	\$ (2,117,398)
Debt Service Funds					
Debt service - general obligations	\$ -	\$ 972,689	\$ -	\$ -	\$ -
Capital Projects Funds					
Long-term receivables	\$ 991,206	\$ -	\$ -	\$ -	\$ -
Work projects	-	-	39,973,683	-	(590,973)
Total	\$ 991,206	\$ -	\$ 39,973,683	\$ -	\$ (590,973)

11. Employee Benefits

Primary Government

The County provides various benefits to its employees. Expenditures in 2014 for these benefits totaled the following: medical insurance, \$37,447,340; dental insurance, \$3,044,650; optical insurance, \$268,568; disability, \$2,533,658; tuition reimbursement, \$127,350; Social Security, \$14,582,857; workers' compensation, \$1,370,915; and unemployment claims, \$377,654.

12. Defined Benefit Pension Plan

Plan Description

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

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

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

County of Oakland

Notes to Basic Financial Statements

September 30, 2014

Plan Membership

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, 2014, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	1,963
Terminated plan members entitled to, but not yet receiving benefits	120
Active plan members	<u>461</u>
Total	<u>2,544</u>

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

Benefits

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

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

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

Funding Policy/Contributions

The County policy is to fund normal costs of the plan by contributions which are based on actuarially determined rates, expressed as percentages of annual covered payroll, and which are sufficient to accumulate assets to pay benefits when due. For fiscal year 2014, the annual contribution was \$5,770,835 which was determined through actuarial valuations performed at September 30, 2012. There were no contributions from County funds for the years 2000 through 2012.

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, 2014 and September 30, 2013 amounted to \$560,091 and \$627,308, respectively.

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

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.

Investment Policy

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

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

Rate of Return

For the year ended September 30, 2014, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.74 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Fund Balance Reserved for Employees' Pension Benefits

Fund balances reserved for employees' pension benefits include legally required reserves. Fund balance as of September 30, 2014 consists of the following reserves:

Annuity reserve	\$ 6,838,066
Pension reserve	385,591,877
Pension accumulated reserve	<u>395,466,137</u>
Total fund balance	<u>\$ 787,896,080</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, 2014

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, 2014:

Statement of Net Position

Cash and investments	\$ 786,348,300
Other assets	2,159,015
Total assets	<u>788,507,315</u>
Liabilities	<u>611,235</u>
Net position	<u>\$ 787,896,080</u>

Statement of Changes in Net Position

Additions:	
Contributions	\$ 6,330,926
Investment income	70,191,470
Other revenue	56,469
Total additions	<u>76,578,865</u>
Deductions:	
Benefit payments	49,993,923
Other expenses	2,959,649
Total deductions	<u>52,953,572</u>
Change in net position	23,625,293
Net position held in trust, beginning of year	<u>764,270,787</u>
Net position held in trust, end of year	<u>\$ 787,896,080</u>

Basis of Accounting

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

Method Used to Value Investments

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

Annual Pension Cost

For fiscal year end September 30, 2014, annual pension cost of \$5,770,835 was equal to the County's required and actual contribution.

	Fiscal Year Ended September 30		
	2014	2013	2012
Annual pension cost (APC)	\$ 5,770,835	\$ 5,400,095	\$ -
Percentage of APC contributed	100%	100%	-
Net pension obligation	\$ -	\$ -	\$ -

Funded Status and Funding Progress

	Actuarial Valuation as of September 30		
	2013	2012	2011
Actuarial value of assets	\$ 716,944,068	\$ 717,654,902	\$ 727,690,746
Actuarial accrued liability (entry age)	719,348,810	713,972,065	712,159,061
Underfund/(Overfunded) AAL	\$ 2,404,742	\$ (3,682,837)	\$ (15,531,685)
Funded ratio	99.7%	100.5%	102.2%
Covered payroll	\$ 29,498,703	\$ 33,706,963	\$ 38,275,780
UAAL as percentage of covered payroll	8.15%	(10.9)%	(40.6)%

Required supplementary information, which includes a Schedule of Funding Progress for the County, along with significant actuarial assumptions, 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, 2012, using the aggregate actuarial cost method. Significant actuarial assumptions used include (a) 7.25 investment rate of return, (b) projected salary increases of 4.5 to 10.5 percent per year and (c) 1.5 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period.

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

Net Pension Liability

The County reports pension expense based on funding requirements, as directed by GASB 27. Beginning next year, the County will adopt GASB Statement No. 68 which will require the measurement of pension expense as it is earned, rather than as it is funded.

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

The components of the net pension liability of the County at September 30, 2014 were as follows:

Total pension liability	\$ 724,043,780
Plan fiduciary net position	<u>(787,896,080)</u>
Net Pension Liability/(Asset)	<u>\$ (63,852,300)</u>
Plan fiduciary net position as a percentage of the total Pension liability	108.82%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of September 30, 2013, which used update procedures to roll forward the estimated liability to September 30, 2014. The valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5%
Salary increases	4.5 – 10.5% average, including inflation and step increases
Investment rate of return	7.25% net of pension investment expense, including inflation

Mortality rates were based on the 1994 Group Mortality Table, with ages unadjusted for males and set back one year for females.

Discount Rate

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

Projected Cash Flows

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

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s). For each major asset class that is included in the pension plan's target asset allocation as of September 30, 2013, these best estimates are summarized in the following table.

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Core Bonds	2.84%
Core Plus	3.11%
Global Bonds	2.87%
U.S. Large Cap Equity	7.77%
U.S. Mid Cap Equity	8.43%
U.S. Small Cap Equity	9.03%
International Developed Equity	8.76%
Emerging Market Equity	10.09%
Long/Short Equity	7.64%
Core Real Estate	5.30%
Opportunistic Real Estate	8.51%
Infrastructure	8.02%

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

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

	1% Decrease 6.25%	Current Single Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability/(Asset)	\$ 8,072,953	\$ (63,852,300)	\$ (125,433,847)

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

County of Oakland

Notes to Basic Financial Statements

September 30, 2014

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, 2014 was 2,842, which includes 447 employees who elected to transfer from the PERS in 1995 through 2000 and 2,395 current employees hired since July 1, 1994.

The County's payroll for employees covered by the OPRS for the year ended September 30, 2014 was \$155,163,495, and the County's total payroll was \$209,011,691. The required contributions, which matched those actually made, were \$6,200,042 by employees and \$14,756,239 by the County, representing 3.8% and 9.0% of covered payroll, respectively.

In 2008, the County offered a voluntary defined contribution plan for part-time non-eligible employees. The plan qualifies under the Omnibus Budget Reconciliation Act of 1990 (OBRA) and IRS Section 3121 (b) (&) (F) which allows for a defined contribution plan in lieu of Social Security. With the implementation of this plan, the County contributes 1.3% and the employee contributes 6.2% of their earnings into a defined contribution plan. The employee would be immediately 100% vested in both the employer and employee contributions, but cannot access the money invested in the plan until they are separated from County employment. During fiscal year 2014, the County contributed \$190,573 to the plan.

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

14. Postemployment Benefits

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

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 2014, the County provided 2,221 retirees medical insurance and reimbursed them for Medicare premiums under the Trust. In 2014, the County disbursed \$29,217,862 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.

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

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		
	2014	2013	2012
Annual OPEB cost (ARC)	\$ 29,545,126	\$ 28,359,365	\$ 27,858,341
Percentage of ARC contributed	0%	0%	0%
Net OPEB asset	\$168,698,481	\$198,243,607	\$299,937,972

In 2013, the County contributed an additional \$236,000,000 in order to fully fund the VEBA. In 2014, the annual required contribution (ARC) as determined by the actuary was \$35,236,330 and there were no County contributions given the VEBA was fully funded.

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	365,652,808
Actuarial accrued liability	869,485,146
Actuarial value of assets	1,023,100,574
Unfunded AAL (Overfunded AAL)	\$ (153,615,428)
Funded ratio	117.7%
Annual covered payroll	\$ 154,128,944
Overfunded AAL as a percentage of payroll	99.7%
Actuarial Required Contribution (ARC)	\$ 23,341,720
Adjustment to the ARC	11,894,610
Interest on net OPEB asset	(5,691,204)
Annual OPEB cost	29,545,126
Contributions	-
Decrease in net OPEB Asset	29,545,126
OPEB Asset - Beginning of year	198,243,607
OPEB Asset - End of year	\$ 168,698,481

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 previous sale of certificates of participation. The remaining amortization period of this asset as of September 30, 2014 was 22 years.

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

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

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

In the September 30, 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.

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

The following are condensed financial statements as of and including September 30, 2014 (the OPEB Plan includes the VEBA, IRMB and Superseding Trusts):

**OPEB
Plan**

Statement of Net Position

Cash and investments	\$ 1,106,224,771
Other assets	<u>2,671,780</u>
Total assets	<u>1,108,896,551</u>
Liabilities	<u>2,301,000</u>
Net position	<u>\$ 1,106,595,551</u>

Statement of Changes in Net Position

Additions:	
Contributions	\$ 102,795
Investment income	104,271,920
Other revenue	<u>2,422,199</u>
Total additions	<u>106,796,914</u>
Deductions:	
Benefits	29,217,862
Other expenses	<u>3,582,668</u>
Total deductions	<u>32,800,530</u>
Change in net position	73,996,384
Net position held in trust, beginning of year	<u>1,032,599,167</u>
Net position held in trust, end of year	<u>\$ 1,106,595,551</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

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, 2014, the Road Commission's adjusted annual required contribution to the Trust was \$8,123,787, with interest of \$886,995 on the prior year net OPEB obligation. The Road Commission contributed \$650,000 to the Trust during the year and paid \$6,680,264 directly toward insurance premiums and medical costs for retirees during fiscal year 2013, leaving a net OPEB obligation of \$16,463,767 at September 30, 2014.

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 \$631,229,878, electronic data processing equipment in the amount of \$42,616,397, boats and motors in the amount of \$569,000, ATV/snowmobiles in the amount of \$66,000, automobile catastrophe physical damage in the amount of \$2,000,000, flood coverage in the amount of \$50,000,000 (subject to limitations in some flood zones), earthquake coverage in the amount of \$50,000,000, boiler and machinery coverage in the amount of \$100,000,000, property insurance for helicopter hull physical damage in the amount of \$2,854,184, and helicopter additional equipment physical damage in the amount of \$1,218,000. Liability insurance has been purchased for: airport operations in the amount of \$50,000,000, helicopter operations in the amount of \$100,000,000, automobile fleet operations in the amount of \$5,000,000, fiduciary liability in the amount of \$25,000,000, employee dishonesty/faithful performance in the amount of \$3,000,000, travel accident in the amount of \$100,000 per person/\$500,000 aggregate, N.E.T. law enforcement liability in the amount of \$5,000,000, workers' compensation statutory coverage in excess of \$1,000,000 for each occurrence, and self-insured retention and employers' liability in the amount of \$1,000,000. The County is uninsured for all other risks except as noted. The Road Commission has similar risks and is uninsured for these claims within certain limits.

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

The County and the Road Commission estimate the liability for all the above-mentioned claims that have been incurred through September 30, 2014, 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.

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

	September 30	
	2014	2013
Primary Government		
Beginning-of-period liability	<u>\$ 20,654,795</u>	<u>\$ 19,794,838</u>
Estimated claims incurred, claim adjustment expenses and changes in estimates		
Provisions for current-year events	48,485,558	39,152,714
Decrease in provisions for prior-year events	<u>(882,472)</u>	<u>(540,383)</u>
Total incurred claims, claim adjustment expenses and changes in estimates	47,603,086	38,612,331
Claim payments and claim adjustment expenses		
Related to current-year events	(45,340,199)	(35,318,819)
Related to prior-year events	<u>(2,007,621)</u>	<u>(2,433,555)</u>
Total claim payments and claim adjustment expenses	<u>(47,347,820)</u>	<u>(37,752,374)</u>
End-of-period liability	<u>\$ 20,910,061</u>	<u>\$ 20,654,795</u>
Road Commission - Component Unit		
Beginning-of-year liability	\$ 3,346,033	\$ 3,833,018
Estimated claims incurred and changes in estimates	11,977,100	12,336,340
Claim payments	<u>(12,468,333)</u>	<u>(12,823,325)</u>
End-of-year liability	<u>\$ 2,854,800</u>	<u>\$ 3,346,033</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

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, 2014 were \$802,157. The future minimum lease payments as of September 30, 2014 are as follows:

Fiscal year	Primary government
2015	\$ 928,336
2016	825,130
2017	640,790
2018	538,888
2019	482,323
2020-2024	<u>1,364,000</u>
Total	<u>\$ 4,779,467</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, 2014 totaled \$135,454, 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, 2014 are as follows:

Fiscal year	Primary government
2015	\$ 1,862,481
2016	1,847,785
2017	1,830,322
2018	1,841,073
2019	1,825,685
2020 - 2024	7,726,937
2025 - 2029	6,010,919
2030 - 2034	5,038,758
2035 - 2039	789,675
2040 - 2044	<u>67,762</u>
Total	<u>\$ 28,841,397</u>

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

18. Commitments and Contingencies

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

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

The County has outstanding construction commitments (contracts) at September 30, 2014 as follows: Water Resources Commissioner has a contract with a cost of \$7,941,563 for the Farmington Hills Water System Project (ACT 342 Project) with a remaining balance of \$1,290,003 and a contract with a cost of \$14,347,451 for the Clinton Oakland Sewage Disposal System (ACT 342 Project) with a remaining balance of \$7,663,351. Building Authority Projects has a contract with a cost of \$2,672,498 for the Facilities Infrastructure/Information Technology Project with a remaining balance of \$2,336,100.

The Drainage Districts' component unit has construction contracts for Bloomfield Township CSO project with a total cost of \$2,712,210, and a remaining balance of \$402,559, the Pontiac Waste Water Treatment Facility Pump Station Phase II Project has a cost of \$8,296,565 with a remaining balance of \$10,000 and contracts for the Oakland Macomb Interceptor Drainage District Project with a total cost of \$98,968,896, with a remaining balance of \$31,604,120 as of September 30, 2014.

County of Oakland
Notes to Basic Financial Statements
September 30, 2014

19. Statement of Net Position – Reconciliation of Internal Balances

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

Governmental Activities

Governmental Funds

Due from other funds	\$ 5,874,081
Long-term advances receivable	912,406
Due to other funds	(12,411,288)
Current and long-term advances payable	(912,406)

Internal Service Funds

Due from other funds	222,439
Due to other funds	(212,247)
Current and long-term advances payable	<u>(232,712)</u>

Governmental activities, internal balances	<u>\$ (6,759,727)</u>
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Business-Type Activities

Proprietary Funds

Due from other funds	\$ 6,528,914
Current and long-term advances receivable	232,712
Due to other funds	<u>(1,899)</u>

Business-type activities, internal balances	<u>\$ 6,759,727</u>
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EXHIBIT C

[SEE ATTACHED FORM OF LEGAL OPINION]

June 11, 2015

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 2015" 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 2014.

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 2014 delinquent real property taxes that were returned to the County as delinquent and were uncollected as of March 1, 2015, 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 2014 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.

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

Andrew E. Meisner, Treasurer
June 11, 2015
Page 2

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,

Troy 9487-14 1470049v1

EXHIBIT D

[SEE ATTACHED FORM OF CONTINUING DISCLOSURE CERTIFICATE]

CONTINUING DISCLOSURE CERTIFICATE

\$25,000,000

County of Oakland

General Obligation Limited Tax Notes, Series 2015

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the County of Oakland (the "Issuer") in connection with the issuance by the Issuer of its \$25,000,000 General Obligation Limited Tax Notes, Series 2015 (the "Notes"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate.

(a) This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Noteholders and the Beneficial Owners and in order to assist the Participating Underwriter in complying with subsection (b)(5) of the Rule.

(b) In consideration of the purchase and acceptance of any and all of the Notes by those who shall hold the same or shall own beneficial ownership interests therein from time to time, this Disclosure Certificate shall be deemed to be and shall constitute a contract between the Issuer and the Noteholders and Beneficial Owners from time to time of the Notes, and the covenants and agreements herein set forth to be performed on behalf of the Issuer shall be for the benefit of the Noteholders and Beneficial Owners of any and all of the Notes.

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

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

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

"Dissemination Agent" shall mean the Issuer or any successor Dissemination Agent appointed in writing by the Issuer and which has filed with the Issuer a written acceptance of such appointment.

"EMMA" shall mean the Electronic Municipal Market Access system of the MSRB. As of the date of this Disclosure Certificate, the EMMA Internet Web site address is <http://www.emma.msrb.org>.

"Listed Events" shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the 1934 Act. As of the date of this Disclosure Certificate, the address and telephone and telecopy numbers of the MSRB are as follows:

Municipal Securities Rulemaking Board
1900 Duke Street, Suite 600
Alexandria, Virginia 22314
Tel: (703) 797-6600
Fax: (703) 797-6700

"Noteholder" shall mean the registered owner of any Notes.

"Official Statement" shall mean the final Official Statement for the Notes dated May 28, 2015.

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

"Rule" shall mean Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time, together with all interpretive guidances or other official interpretations or explanations thereof that are promulgated by the SEC.

"SEC" shall mean the United States Securities and Exchange Commission.

"Securities Counsel" shall mean legal counsel expert in federal securities law.

"State" shall mean the State of Michigan.

SECTION 3. Reporting of Significant Events.

(a) The Issuer covenants to provide, or cause to be provided, notice of the occurrence of any of the following events with respect to the Notes in a timely manner not in excess of ten (10) business days after the occurrence of the event and in accordance with the Rule:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with

respect to the tax status of the security, or other material events affecting the tax status of the security;

- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Tender offers;
- (13) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (14) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (15) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

(c) If the Issuer determines that (i) a Listed Event described in subsection (a)(1), (3), (4), (5), (6), (9), (11), (12) or (13) has occurred or (ii) the occurrence of a Listed Event described in subsection (a)(2), (7), (8), (10), (14) or (15) would be material under applicable federal securities laws, the Issuer shall promptly cause a notice of such occurrence to be filed with the MSRB within ten (10) business days of the occurrence of the Listed Event, together with a cover sheet in substantially the form attached as Exhibit A. In connection with providing a notice of the occurrence of a Listed Event described in subsection (a)(9), the Issuer shall include in the notice explicit disclosure as to whether the Notes have been escrowed to maturity or escrowed to call, as well as appropriate disclosure of the timing of maturity or call.

(d) In connection with providing a notice of the occurrence of a Listed Event, the Dissemination Agent (if other than the Issuer), solely in its capacity as such, is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the notice

for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

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

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

SECTION 4. Termination of Reporting Obligation.

(a) The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance or the prior redemption or payment in full of all of the Notes. If the Issuer's obligation to pay a portion of the principal of and interest on the Notes is assumed in full by some other entity, such entity shall be responsible for compliance with this Disclosure Certificate in the same manner as if it were the Issuer, and the Issuer shall have no further responsibility hereunder.

(b) This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer (i) receives an opinion of Securities Counsel, addressed to the Issuer, to the effect that those portions of the Rule, which require such provisions of this Disclosure Certificate, do not or no longer apply to the Notes, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Notes, as shall be specified in such opinion, and (ii) files notice to such effect with the MSRB.

SECTION 5. Mandatory Electronic Filing with EMMA. All filings with the MSRB under this Disclosure Certificate shall be made by electronically transmitting such filings through the EMMA Dataport at <http://www.emma.msrb.org> as provided by the amendments to the Rule adopted by the SEC in Securities Exchange Act Release No. 59062 on December 5, 2008.

SECTION 6. Dissemination Agent. The Issuer, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Except as otherwise provided in this Disclosure Certificate, the Dissemination Agent (if other than the Issuer) shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate.

SECTION 7. Amendment; Waiver.

(a) Notwithstanding any other provision of this Disclosure Certificate, this Disclosure Certificate may be amended, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(i) if the amendment or waiver relates to the provisions of Section 3(a), it may only be made in connection with a change in circumstances that arises from a change in legal

requirements, a change in law or a change in the identity, nature or status of the Issuer, or type of business conducted by the Issuer;

(ii) this Disclosure Certificate, as so amended or taking into account such waiver, would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) the amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Noteholders.

SECTION 8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 9. Failure to Comply. In the event of a failure of the Issuer or the Dissemination Agent (if other than the Issuer) to comply with any provision of this Disclosure Certificate, any Noteholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the Issuer or the Dissemination Agent (if other than the Issuer) under this Disclosure Certificate, but no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and any failure to comply with the obligations under this Disclosure Certificate shall not constitute a default with respect to the Notes. Notwithstanding the foregoing, if the alleged failure of the Issuer to comply with this Disclosure Certificate is the inadequacy of the information disclosed pursuant hereto, then the Noteholders and the Beneficial Owners (on whose behalf a Noteholder has not acted with respect to this alleged failure) of not less than a majority of the aggregate principal amount of the then outstanding Notes must take the actions described above before the Issuer shall be compelled to perform with respect to the adequacy of such information disclosed pursuant to this Disclosure Certificate.

SECTION 10. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter, the Noteholders and the Beneficial Owners, and shall create no rights in any other person or entity.

SECTION 12. Transmission of Information and Notices. Unless otherwise required by law or this Disclosure Certificate, and, in the sole determination of the Issuer or the Dissemination Agent, as applicable, subject to technical and economic feasibility, the Issuer or the Dissemination Agent, as applicable, shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of such information and notices.

SECTION 13. Additional Disclosure Obligations. The Issuer acknowledges and understands that other State and federal laws, including, without limitation, the Securities Act of 1933, as amended, and Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act, may apply to the Issuer, and that under some circumstances, compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

SECTION 14. Governing Law. This Disclosure Certificate shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Disclosure Certificate shall be instituted in a court of competent jurisdiction in the State. Notwithstanding the foregoing, to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

COUNTY OF OAKLAND

By:

ANDREW E. MEISNER

Its: Treasurer

Dated: June 11, 2015

EXHIBIT A

EVENT NOTICE COVER SHEET

This cover sheet and the attached Event Notice should be filed electronically with the Municipal Securities Rulemaking Board through the EMMA Dataport at <http://www.emma.msrb.org> pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name: _____

Issuer's Six-Digit CUSIP Number(s): _____

or Nine-Digit CUSIP Number(s) to which the attached Event Notice relates: _____

Number of pages of the attached Event Notice: _____

Description of the attached Event Notice (Check One):

- | | | |
|-----|-------|--|
| 1. | _____ | Principal and interest payment delinquencies |
| 2. | _____ | Non-Payment related defaults |
| 3. | _____ | Unscheduled draws on debt service reserves reflecting financial difficulties |
| 4. | _____ | Unscheduled draws on credit enhancements reflecting financial difficulties |
| 5. | _____ | Substitution of credit or liquidity providers, or their failure to perform |
| 6. | _____ | Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security |
| 7. | _____ | Modifications to rights of securities holders |
| 8. | _____ | Bond calls |
| 9. | _____ | Defeasances |
| 10. | _____ | Release, substitution, or sale of property securing repayment of the securities |
| 11. | _____ | Rating changes |
| 12. | _____ | Tender offers |
| 13. | _____ | Bankruptcy, insolvency, receivership or similar event of an obligated person |
| 14. | _____ | The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms |
| 15. | _____ | Appointment of a successor or additional trustee, or the change of name of a trustee |
| 16. | _____ | Failure to provide annual financial information as required |
| 17. | _____ | Other material event notice (specify) _____ |

I hereby represent that I am authorized by the Issuer or its agent to distribute this information publicly:

Signature: _____

Name: _____ Title: _____

Employer: _____

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: _____

Please format the Event Notice attached to this cover sheet in 10 point type or larger. Contact the MSRB at (202) 223-9503 with questions regarding this form or the dissemination of this notice.

COUNTY OF OAKLAND

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*

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