

FINAL OFFICIAL STATEMENT DATED JUNE 19, 2017

NEWISSUE

**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 2017
FEDERALLY TAXABLE OBLIGATIONS**

DATED: June 29, 2017
REGISTRATION: Fully registered both as to principal and interest.
INTEREST: Paid from June 29, 2017 - Paid December 1, 2017 and June 1, 2018 at maturity.
DENOMINATIONS: \$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. See "DESCRIPTION OF THE NOTES - Description and Form of the Notes".
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".
REDEMPTION PROVISIONS: The Notes are not subject to redemption prior to Maturity.
REGISTRAR and PAYING AGENT: The Huntington National Bank, Grand Rapids, Michigan

MATURITY SCHEDULE

<u>Due</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Cusip</u>
<u>June 1</u>				
2018	\$25,000,000	2.50%	1.36%	672411T88

SECURITY FOR THE NOTES: The Notes issued are secured by a pledge of (1) all 2016 real property taxes that remained outstanding and uncollected on March 1, 2017 (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

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Purchaser:
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Philadelphia, Pennsylvania

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 2017
(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 2017 (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 2017 separate fund (the "2017 Revolving Fund"), all 2016 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 2017 Collection Account (the "Note Payment Account") established within the 2017 Revolving Fund. The total amount of 2016 delinquent real property taxes on March 1, 2017 is in excess of \$66,500,000.

Statutory interest on unpaid 2016 taxes accrues from March 1, 2017 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 "2016 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 2017 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 2017 Revolving Fund from other County sources the amount necessary to fund that portion of the 2016 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. The registrar and Note Registrar 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

The Notes shall bear interest payable December 1, 2017 and on the maturity date of June 1, 2018. The interest is based on a fixed rate specified on the cover of this Official Statement and is calculated based on a 30/360-day year. Interest shall be paid to the registered owner of each Note as of the applicable date of record. The date of record for the payment of principal of and interest on the Notes shall be the 15th day of the calendar month preceding the date such payment is due.

Transfer or Exchange

Any Note shall be transferable on the note register maintained by the Note Registrar with respect to the Notes at any time prior to the applicable date of record preceding an interest payment date upon the surrender of the Note together with an assignment executed by the registered owner or his or her duly authorized attorney in form satisfactory to the Note Registrar. Upon receipt of a properly assigned Note the Note Registrar shall authenticate and deliver a new Note or Notes in equal aggregate principal amount and like interest rate and maturity to the designated transferee or transferees.

Notes may likewise be exchanged at any time prior to the applicable date of record preceding an interest payment date for one or more other Notes with the same interest rate and maturity in authorized denominations aggregating the same principal amount as the Note or Notes being exchanged. Such exchange shall be effected by surrender of the Note to be exchanged to the Note Registrar with written instructions signed by the registered owner of the Note or his or her attorney in form satisfactory to the Note Registrar. Upon receipt of a Note with proper written

instructions the Note Registrar shall authenticate and deliver a new Note or Notes to the registered owner of the Note or his or her properly designated transferee or transferees or attorney.

The Note Registrar shall not be required to honor any transfer or exchange of Notes during the period from the applicable date of record preceding an interest payment date to such interest payment date. Any service charge made by the Note Registrar for any such registration, transfer or exchange shall be paid for by the County. The Note Registrar may, however, require payment by a Noteholder of a sum sufficient to cover any tax or other governmental charge payable in connection with any such registration, transfer or exchange.

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, DIRCT 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 SECURITES 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 are not 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 2016 delinquent

real property taxes which were returned as uncollected to the County Treasurer on March 1, 2017, and the interest on such taxes. (See "ADDITIONAL NOTES AND BORROWINGS").

Primary Security

All of the 2016 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 2016 real property taxes that were returned delinquent to the County on March 1, 2017 is in excess of \$66,500,000. The Resolution establishes the Oakland County 2017 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 2016 delinquent taxes which then remain unpaid, as required by Act 206 and the Resolution.

All of the 2016 delinquent real property taxes, together with statutory interest, property tax administration fees, any repayments of uncollected 2016 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

Standard & Poor's

The County has received a short-term note rating of **SP-1+** for the Notes from Standard & Poor's Ratings Services. The rating reflects only the views of the rating agency. Any explanation of the significance of the rating may be obtained only from the rating agency. There can be no assurance that the rating will continue for any given period of time or that it will not be lowered or withdrawn entirely by the 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.

SP-1+

A Standard & Poor's short-term note rating reflects the liquidity factors and market access risks unique to notes. Notes due in three years or less will likely receive a note rating. Notes maturing beyond three years will most likely not receive a note rating. Notes maturing beyond three years will most likely receive a long-term debt rating. The following criteria will be used in making that assessment:

Amortization schedule - the larger the final maturity relative to other maturities, the more likely it will be treated as a note; and

Source of payment - the more dependent the issue is on the market for refinancing, the more likely it will be treated as a note.

Note rating symbols are as follows:

SP-1 Strong capacity to pay principal and interest. An issue determined to possess a very strong capacity to pay debt service is given a plus (+) designation.

SP-2 Satisfactory capacity to pay principal and interest, with some vulnerability to adverse financial and economic changes over the term of the notes.

SP-3 Speculative capacity to pay principal and interest.

The short term note rating is not a recommendation to purchase or sell a security. The ratings are based on current information furnished to Standard & Poor's from other sources it considers reliable. The ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information.

Moody's Investors Service

The County has received a short-term note rating of **MIG 1** for the Notes from Moody's Investors Service. The rating reflects only the views of the rating agency. Any explanation of the significance of the rating may be obtained only from the rating agency. There can be no assurance that the rating will continue for any given period of time or that it will not be lowered or withdrawn entirely by the 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.

Moody's short-term debt ratings are opinions of the ability of issuers to repay punctually senior debt obligations.

Moody's ratings are opinions, not recommendations to buy or sell, and their accuracy is not guaranteed. A rating should be weighed solely as one factor in an investment decision and you should make your own study and evaluation of any issuer whose securities or debt obligations you consider buying or selling.

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."

The County has had certain instances of late or incomplete filings as referenced below. A failure by the County to comply with its Disclosure Certificate will not constitute an event of default on the Notes (although beneficial owners will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Notes in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

Except for the fiscal year ended September 30, 2011 for which the County filed its continuing disclosure by May 22, 2012 and for the fiscal year ended September 30, 2012 for the which the County filed its continuing disclosure on June 30, 2013 in the past five years, the County 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 has taken several measures to avoid any late filings in the future 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.

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.

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 2016 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 2016 delinquent real property taxes against which the County has borrowed an which were outstanding and due and payable to the County of March 1, 2017.

The County's general funds are committed as a first budget obligation for use in meeting any shortage, with such amounts as are advanced from the County's general funds to be reimbursed to the County when such delinquent taxes are ultimately collected or repaid by local units which have received amounts for such uncollectible taxes. The County is also obligated to levy a tax, if necessary, to make such payments, on all taxable property within the County, subject to Constitutional and statutory limitations. While the County is obligated to make all these payments from its general fund and limited taxing authority is necessary, the other County obligations for which the County has pledged its full faith and credit are also subject to payment from the County's general funds and limited taxing authority, in the event the primary source of repayment for these other obligations is insufficient to meet the payment terms thereof. Rights and remedies of registered owners of the Notes also may be affected by bankruptcy or other creditors' rights legislations no existing of hereinafter enacted.

LITIGATION

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

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

APPROVAL OF LEGALITY

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

FINANCIAL ADVISOR

Municipal Financial Consultants Incorporated of Detroit, 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-oak2017

EXHIBIT A

GENERAL AND ECONOMIC INFORMATION REGARDING THE COUNTY

Introduction

Oakland County continues to be a great place to live, work, shop and establish your business. The County is a special place to live where families enjoy a quality of life that is second to none and where business grows and prospers. The County's taxable value for real and personal property has begun to rebound along with the overall economy and has grown 2.16% since 2011. With only 3.9% of taxable valuation coming from the ten largest taxpayers, the County continues to have a well-diversified tax base.

Residential developments in the County include some of the finest in the State. The median sales price of a single family home was \$197,596 in 2015. 82% of the county's residential development since the start of 2009 has been single-family units, compared to 67% for the entire Southeast Michigan region. More than 30% of new residential construction in the region has been in Oakland County since 2009.

The unemployment rate for Oakland County averaged 5.0% in 2015. Oakland County did experience some job loss due to manufacturing reorganization in 2006 but is expecting consistent job growth for the next several years due to our skilled and educated workers and a best in class economic diversification strategy, including Automation Alley, Emerging Sectors, and Medical Main Street featuring the new William Beaumont/Oakland University Medical School.

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

Oakland County has the highest level of personal income per capita of the major labor markets in Michigan. The estimated per capita income of Oakland County residents in 2016 was \$63,454.

Source: Oakland County Department of Planning and Economic Development

The County

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

Form of Government

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

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

County Budget Process

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

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

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

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

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

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

County Location, Transportation and Character

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

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

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



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

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

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

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

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

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

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

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

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

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

Hotels-Motels - Oakland County has 98 hotels and motels with 20 or more rooms, including the Townsend of Birmingham and Somerset Inn of Troy. Several new hotel/motel properties are under construction and should be available in the very near future.

Source: Oakland County Department of Planning and Economic Development Construction

Office Buildings – More than eight million square feet of floor space has been completed in Oakland County since the start of 2007, accounting for nearly 25% of Southeast Michigan’s total nonresidential development. According to real estate brokerage firm Grubb & Ellis, office lease and vacancy rates in Oakland County sub-markets remain competitive with the rest of metro Detroit. Birmingham sub-market has the lowest vacancy rates in the region at 5.0%.

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

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

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

Electricity:

Supplier	Detroit Edison
Supplier	Consumers Power

Natural Gas:

Supplier	Consumers Energy
Supplier	MichCon
Supplier	Semco Energy

Water:

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

Sewer:

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

Population

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

Table 1 – Population Trends, 1960 – 2015

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

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

Education

There are 28 school districts in Oakland County, all offering preschool programs and all but one providing childcare or latchkey services. *Newsweek* rated the International Academy in Bloomfield Hills number 8 in the nation's top 100 U.S. high schools. Also listed as being in the top 6% of high schools in the country are 9 other public high schools from 8 different school districts.

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

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

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

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

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

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

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

Source: Oakland County Department of Planning and Economic Development

Job Growth

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

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

Source: Oakland County Department of Planning and Economic Development

Industrial and High Technology

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

Source: Oakland County Department of Planning and Economic Development

Foreign Investment

Over 1,000 businesses representing 38 foreign parent companies doing business in Michigan are located in Oakland County. Sixty-seven percent of all foreign owned firms in southeastern Michigan are in Oakland County.

County Tax Rates

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

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

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

Source: Oakland County Treasurer

Tax Rate Limitation

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

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

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

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

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

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

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

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

County Operating Tax Collection Record

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

<u>Year of Tax Levy</u>	<u>Tax Levy*</u>	<u>Collections to March 1 of Each Levy Year Amount**</u>	<u>Percent</u>	<u>Collections Plus Delinquent Tax Funding Percent</u>
2016	\$208,735,308	\$204,440,226	97.94%	100.00%
2015	207,429,739	202,760,984	97.55	100.00
2014	204,966,211	199,927,994	97.54	100.00
2013	201,089,193	195,528,055	97.23	100.00
2012	201,724,853	189,692,721	94.04	100.00
2011	206,524,166	198,931,022	96.32	100.00
2010	223,423,778	214,041,473	95.80	100.00
2009	253,987,318	241,943,443	95.26	100.00
2008	262,899,380	251,050,564	95.49	100.00
2007	262,814,606	251,354,868	95.64	100.00

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

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

Source: Oakland County Treasurer

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

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

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

Year of Tax Levy	Tax Levy*	Collections to March 1 of Each Levy Year Amount**	Percent	Collections Plus Delinquent Tax Funding Percent
2016	\$2,328,096,528	2,256,640,187	96.93%	100.00%
2015	2,286,212,705	2,212,322,514	96.77	100.00
2014	2,217,628,392	2,140,231,078	96.51	100.00
2013	2,170,304,164	2,083,958,031	96.02	100.00
2012	2,155,447,277	2,059,602,174	95.55	100.00
2011	2,196,145,824	2,081,982,974	94.80	100.00
2010	2,317,084,920	2,179,375,143	94.06	100.00
2009	2,552,222,639	2,388,595,610	93.59	100.00
2008	2,608,706,372	2,451,081,244	93.96	100.00
2007	2,655,538,647	2,505,486,055	94.34	100.00

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

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

Source: Oakland County Treasurer

Property Subject to Taxation

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

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

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

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

Industrial Facilities Tax

The Michigan Plant Rehabilitation and Industrial Development District Act (Act 198, Public Acts of Michigan, 1974, as amended), provides significant tax incentives to industry to renovate and expand aging plants and to build new plants in Michigan. Under the provisions of Act 198, qualifying cities, villages and townships may establish districts in which industrial firms are offered certain property tax incentives to encourage restoration or replacement of obsolete industrial facilities and to attract new plants to the area. The issuance of any exemption certificate must be approved by the State Treasurer. Firms situated in such districts pay an Industrial Facilities Tax in lieu of property taxes on plant and equipment for a period of up to 12 years. For rehabilitated plant and equipment, the assessed value is frozen at previous levels. New plant and equipment is taxed at one-half the current millage rate. It must be emphasized, however, that ad valorem property taxes on land and inventory are not reduced in any way since both land and inventory are specifically excluded under Act 198. For abatements granted prior to January 1, 1994, new plant and equipment is taxed at one half the current millage rate, except for mills levied for local and intermediate school operating purposes or under the State Education Tax Act, plus one-half of the number of mills levied for school operating purposes in 1993. For abatements granted after 1993, new plant and equipment is taxed at one-half of the total mills levied as ad valorem taxes by all taxing units, except mills levied under the State Education Tax Act. For abatements granted after 1993, the State Treasurer may also permit abatement of one-half of the mills levied or exempt the abatement totally from mills levied under the State Education Act. Abatements under Act 198 have been granted to properties in the County with a total 2016 taxable valuation of \$218,292,630 for real and personal property. The total number of parcels with exemptions in 2016 under Act 198 within the County was 329.

Others

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

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

Source: Oakland County Treasurer

Largest Taxpayers

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

Table 5 – Ten Largest Taxpayers

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

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

Source: Oakland County Equalization Department

Major Employers

The 25 largest employers in the County and number of employees in 2016.

Table 6 – Twenty-Five Largest Employers in the County

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

Source: Oakland County Department of Planning and Economic Development

Labor Force

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

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

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

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

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

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

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

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

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

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

Income

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

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

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

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

County Labor Contracts

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

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

Table 11 – Oakland County Employees Represented by Bargaining Unit

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

Source: Oakland County Human Resources Department.

Major Corporations

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

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

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

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

Revenue Sharing from the State of Michigan

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

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

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

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

Tax Collection and Levy Date for County Fixed or Allocated Millage

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

Resumption of Actual Revenue Sharing Payments

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

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

Pensions

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

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

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

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

Other Post-Employment Benefits (OPEB)

The plan's funding percent based on the actuarial value of plan assets is 123% as of September 30, 2016, while prior year the funded percent was 124%.

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

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

	General County	Command Officers	Road Deputies	Corrections Deputies	Total
A. Accrued Liability					
1. For retirees and beneficiaries	\$406,259,810	\$31,419,620	\$47,088,666	\$42,958,440	\$527,726,536
2. For vested and terminated members	51,603,883	969,675	3,176,600	2,570,842	58,321,000
3. For present active members					
a. Value of expected future benefit payments	282,454,328	31,432,581	76,329,589	45,017,018	435,233,516
b. Value of future normal costs	44,427,455	4,547,624	18,019,667	10,235,905	77,230,641
c. Active member liability: (a) – (b)	238,026,883	26,884,957	58,309,922	34,781,113	358,002,875
4. Total	695,890,576	59,274,252	108,575,188	80,310,395	944,050,411
B. Valuation Assets	848,480,781	65,139,403	143,644,413	107,300,888	1,164,565,485
C. Unfunded Accrued Liability: (A.4) – (B)	(152,590,205)	(5,865,151)	(35,069,225)	(26,990,493)	(220,515,074)

** 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
2017	\$65,554,572,199	\$3,453,780,010	69,008,352,209	6.03%	\$54,723,743,027
2016	61,675,751,998	3,409,099,116	65,084,851,114	7.04	52,706,863,613
2015	56,923,321,000	3,882,782,774	60,806,103,774	10.39	51,895,341,437
2014	51,433,104,533	3,651,502,760	55,084,607,293	7.11	50,048,650,087
2013	47,639,423,175	3,790,500,640	51,429,923,815	1.17	49,235,110,306
2012	47,131,932,645	3,707,092,321	50,839,024,966	-3.08	49,235,933,993
2011	48,766,831,153	3,686,629,190	52,453,460,343	-9.16	50,798,540,257
2010	53,979,517,024	3,765,559,483	57,745,076,507	-14.90	55,081,707,586
2009	63,909,419,815	3,949,566,334	67,858,986,149	-8.97	62,416,676,895
2008	70,503,451,609	3,987,629,953	74,491,081,562	-3.67	64,745,976,336
2007	73,207,702,808	4,123,379,228	77,331,082,036	4.16	64,720,016,857

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	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Residential	76.9%	76.7%	75.3%	73.7%	71.3%	69.9%	68.5%	67.6%	68.7%	70.9%
Commercial	15.2	15.2	15.5	16.7	18.0	19.3	20.6	19.6	19.0	17.6
Industrial	2.8	2.8	2.7	2.9	3.1	3.4	3.7	6.0	6.3	6.0
Personal Property	5.0	5.2	6.4	6.6	7.4	7.3	7.0	6.5	5.8	5.4
Agricultural	0.1	0.1	.1	.1	0.1	0.1	0.2	0.2	0.2	0.2
Developmental	0.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0	0.0
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Oakland County Equalization Department

Personal Property Tax Revenues

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

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

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

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

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

Table 17 – History of County Wide Tax Delinquencies

Levy Year	Real Property	Personal Property
2016	\$ 66,517,083.17	\$4,813,003.09
2015	68,796,395.48	4,791,215.74
2014	72,532,013.95	4,669,385.41
2013	80,215,223.23	6,132,887.66
2012	89,699,373.20	5,702,067.01
2011	107,675,895.41	6,032,598.54
2010	130,215,501.20	7,271,064.88
2009	155,464,907.26	7,809,985.47
2008	149,883,620.70	7,387,710.43
2007	138,097,525.69	9,102,775.59

Source: Oakland County Treasurer

Debt-History

The County of Oakland has no record of default.

Short-Term Financing

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

Table 18 – History of Oakland County Delinquent Tax Anticipation Notes

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

Source: Oakland County Treasurer

Lease Obligations

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

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

Future Financing

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

Banking

The banking needs of the County are adequately handled by:

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

Table 19 –Oakland County Net Direct Debt as of 04/30/2017 - Unaudited

	<u>Gross</u>	Self-Supporting or Portion Paid Directly by Benefited <u>Municipalities</u>	<u>Net</u>
<u>Limited Tax</u>			
Building Authority	\$ 43,560,000	\$ 3,120,000	\$ 40,440,000
Building Authority Refunding	33,980,000	-	33,980,000
Retirees Health Care Bonds	283,370,000	-	283,370,000
Sewer Disposal Bonds	8,295,000	5,100,000	3,195,000
Water Supply Bonds	14,880,000	14,880,000	-
Water & Sewage Refunding	1,000,000	1,000,000	-
Mich. Bond Auth.-Sewage Disp. Bonds	32,494,253	1,670,727	30,823,526
GOLT Tax Notes	25,000,000	25,000,000	-
Total	<u>\$442,579,253</u>	<u>\$50,770,727</u>	<u>\$391,808,526</u>
<u>Drain District</u>			
Drain Bonds	\$ 72,155,000	\$ 64,671,239	\$ 7,483,761
Drain Refunding	9,375,000	7,909,645	1,465,355
Michigan Bond Authority Drain	189,983,329	102,501,052	87,482,277
Total	<u>\$271,513,329</u>	<u>\$175,081,936</u>	<u>96,431,393</u>

Table 20 – Oakland County Overlapping Debt as of 04/30/2017

Cities, Villages and Townships	\$1,135,422,889
School Districts	2,334,772,232
Community College, Intermediate School Districts and Library	48,804,755
County Issued Debt Paid by Local Municipalities	200,852,663
Net County Overlapping Debt	4,007,239,795*

*Short Term Notes not included in Net County Overlapping Debt

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 04/30/2017**

<u>Year</u>	<u>Building Authority</u>	<u>Building Authority Refunding</u>	<u>Water Supply Bonds</u>	<u>Water & Sewage Refunding</u>	<u>MBA Sewer Disposal Bonds</u>
2017	2,575,000	2,075,000	685,000	0	1,645,000
2018	2,655,000	2,410,000	745,000	205,000	2,260,000
2019	2,705,000	2,465,000	730,000	200,000	1,725,000
2020	2,780,000	2,460,000	740,000	220,000	1,770,000
2021	2,885,000	2,345,000	775,000	215,000	1,805,000
2022	2,960,000	2,430,000	785,000	160,000	1,850,000
2023	815,000	1,200,000	800,000	-	1,895,000
2024	820,000	755,000	835,000	-	1,940,000
2025	870,000	100,000	845,000	-	1,985,000
Beyond 2025	<u>4,320,000</u>	<u>0</u>	<u>7,940,000</u>	<u>0</u>	<u>15,619,253</u>
	<u>\$23,385,000</u>	<u>\$16,240,000</u>	<u>\$14,880,000</u>	<u>\$1,000,000</u>	<u>\$32,494,253</u>

Source: Oakland County Treasurer

**Table 22 – Oakland County Schedule of Drain Bond Maturities
County Credit and Limited Tax
Principal Only as of 04/30/2017**

<u>Year</u>	<u>Drain Bonds</u>	<u>Drain Refunding</u>	<u>M.B.A. Drain Bonds</u>
2017	2,580,000	0	4,935,000
2018	3,845,000	1,385,000	13,405,000
2019	3,955,000	1,370,000	13,890,000
2020	4,100,000	1,395,000	14,097,717
2021	4,220,000	1,440,000	14,365,000
2022	4,315,000	1,460,000	14,705,000
2023	3,995,000	960,000	13,920,000
2024	4,130,000	930,000	14,121,172
2025	4,275,000	435,000	8,925,000
Beyond 2025	<u>36,740,000</u>	<u>0</u>	<u>77,619,440</u>
	<u>\$72,155,000</u>	<u>\$9,375,000</u>	<u>\$189,983,329</u>

Source: Oakland County Treasurer

**Table 23 – Oakland County Schedule of Bond Maturities
with Limited County Pledge - Taxable
Principal Only as of 04/30/2017**

<u>Year</u>	<u>Bldg. Authority</u>	<u>Bldg. Authority Refunding</u>	<u>Retirees Health Care Bonds</u>	<u>Sewage</u>	<u>Tax Notes</u>
2017	890,000	2,335,000	0	150,000	25,000,000
2018	925,000	2,425,000	23,870,000	315,000	0
2019	945,000	2,490,000	24,750,000	325,000	0
2020	960,000	2,575,000	25,660,000	515,000	0
2021	970,000	2,655,000	26,605,000	535,000	0
2022	1,010,000	2,685,000	27,585,000	540,000	0
2023	1,030,000	1,265,000	28,605,000	565,000	0
2024	1,075,000	1,310,000	29,660,000	585,000	0
2025	1,100,000	0	30,750,000	605,000	0
Beyond 2025	<u>11,270,000</u>	<u>0</u>	<u>65,885,000</u>	<u>4,160,000</u>	<u>0</u>
	<u>\$20,175,000</u>	<u>\$17,740,000</u>	<u>\$283,370,000</u>	<u>\$8,295,000</u>	<u>\$25,000,000</u>

Source: Oakland County Treasurer

**Table 26 – Oakland County Schedule of Principal and Interest Requirements
as of 04/30/2017**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017-2019	152,865,000.00	51,419,188.47	204,284,188.47
2020-2024	287,783,889.00	67,966,777.14	355,750,666.14
2025-2030	210,752,758.00	27,503,531.92	238,256,289.92
2031-2040	<u>62,690,935.00</u>	<u>4,028,615.83</u>	<u>66,719,550.83</u>
	714,092,582.00	150,918,113.36	865,010,695.36

Source: Oakland County Treasurer

**Table 26 – Oakland County Statement of Legal Debt Margin
as of 04/30/2017**

<u>Bonds and Notes with County Credit and Limited Tax</u>	
GOLT Bldg. Authority	\$ 23,385,000.00
GOLT Bldg. Authority Refunding	16,240,000.00
GOLT Water	14,880,000.00
GOLT Water & Sewage Refunding	1,000,000.00
Michigan Bond Authority Sewage Disposal	<u>32,494,253.00</u>
Total	<u>\$ 87,999,253.00</u>
 <u>Drain Bonds</u>	
Drain Bonds	\$ 72,155,000.00
Drain Refunding	9,375,000.00
Michigan Bond Authority Drain	<u>189,983,329.00</u>
Total	<u>\$ 271,513,329.00</u>
 <u>Bonds and Notes with County Credit and Limited-Taxable</u>	
GOLT Bldg Authority	\$ 20,175,000.00
GOLT Bldg Authority Refunding	17,740,000.00
GOLT Retirees Health Care Bonds	283,370,000.00
GOLT Sewage	8,295,000.00
GOLT Tax Notes	<u>25,000,000.00</u>
Total	<u>\$ 354,580,000.00</u>
 Total All County Debt	 <u>\$ 714,092,582.00</u>
Statutory Limit - 10% of Currently Approved SEV	\$6,900,835,220.90
Total County Credit/Pledged Debt	714,092,582.00
Available Statutory Debt Limit	<u>\$6,186,742,638.90</u>

Source: Oakland County Treasurer

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

MONTH	2011-Series	2012-Series	2013-Series	2014-Series	2015-Series	2016-Series
	TAX YEAR 2010-\$130.2M	TAX YEAR 2011-\$107.6M	TAX YEAR 2012-\$89.6M	TAX YEAR 2013-\$80.2M	TAX YEAR 2014-\$72.5M	TAX YEAR 2015-\$68.8M
MARCH (Delinquency)	6.62	6.46	6.40	6.34	6.77	8.43
APRIL	13.45	13.29	12.29	13.50	14.61	15.31
MAY	18.45	18.40	17.95	18.52	19.28	20.53
JUNE	25.41	25.82	25.81	26.56	31.05	31.41
JULY	31.26	33.22	33.39	33.62	37.08	37.77
AUGUST	35.75	39.10	38.39	38.86	41.74	45.05
SEPTEMBER	40.00	44.08	45.31	45.43	48.33	49.73
OCTOBER	43.10	48.46	49.77	51.73	52.42	53.33
NOVEMBER	46.83	50.96	53.49	54.24	55.27	56.00
DECEMBER	51.30	53.72	56.33	58.10	58.85	59.37
JANUARY	53.98	56.33	58.85	60.52	61.46	62.37
FEBRUARY (One year of collection)	59.71	62.09	63.81	66.26	68.14	69.04
MARCH (Forefeiture)	63.26	64.68	67.69	70.01	71.91	72.69
APRIL	64.54	65.86	69.34	71.65	73.37	73.66
MAY	65.72	67.04	70.37	72.54	74.50	
JUNE	67.17	68.29	71.68	73.79	75.50	
JULY	68.48	69.82	72.91	74.79	76.51	
AUGUST	69.61	71.16	73.99	75.84	78.20	
SEPTEMBER	70.62	73.26	75.79	77.38	79.32	
OCTOBER	71.82	74.97	77.37	78.47	80.26	
NOVEMBER	73.40	76.57	78.50	80.22	82.01	
DECEMBER	75.26	78.22	80.60	82.13	84.00	
JANUARY	76.98	80.12	82.11	83.60	85.91	
FEBRUARY (Two years of collections)	79.02	82.23	83.98	85.61	87.70	
MARCH (Foreclosure)	81.24	84.72	86.25	88.12	90.82	
APRIL	82.02	85.53	87.21	88.71	91.23	
MAY	82.43	85.87	87.55	89.17		
JUNE	82.76	86.24	87.97	89.51		
JULY	83.33	86.65	88.34	89.92		
AUGUST (typical month for chargeback)	83.62	87.01	88.67	90.65		
SEPTEMBER (some chargebacks)	84.53	87.83	89.54	91.02		
OCTOBER	84.79	88.14	89.85	91.31		
NOVEMBER	84.99	88.32	90.13	91.61		
DECEMBER	85.25	88.71	90.44	91.92		
JANUARY	85.59	88.91	90.83	92.48		
FEBRUARY (Three years of collections)	85.73	89.17	91.21	92.94		
MARCH (Withheld)	86.26	89.59	91.88	93.84		
APRIL	86.50	89.79	92.17	94.08		
MAY	86.63	89.96	92.41			
JUNE	86.75	90.12	92.62			
JULY	86.87	90.29	92.78			
AUGUST	86.96	90.48	93.15			
SEPTEMBER	87.21	90.90	93.27			
OCTOBER	87.31	91.00	93.40			
NOVEMBER	87.37	91.10	93.52			
DECEMBER	87.63	91.23	93.62			
JANUARY	87.69	91.35	93.82			
FEBRUARY (Four years of collections)	87.75	91.60	94.02			
MARCH	87.89	91.82	94.48			
APRIL	87.95	91.90	94.60			
TO DATE	88.93	92.65				

*Subject to Settlement

**COUNTY OF OAKLAND, MICHIGAN
100% TAX PAYMENT FUND-2016 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	\$68,797,631				\$25,000,000
<u>2016</u>					
MARCH	\$5,798,081	\$57,420	\$229,678	\$6,085,179	
REMAINING DELINQUENT MARCH	\$62,999,550				
APRIL	\$4,736,562	\$84,268	\$184,525	\$5,005,355	
	\$58,262,988				
MAY	\$3,590,905	\$100,705	\$141,584	\$3,833,194	\$500,000
	\$54,672,083				\$500,000
JUNE	\$7,482,555	\$296,391	\$302,857	\$8,081,804	\$24,500,000
	\$47,189,527				\$25,000,000
JULY	\$4,379,419	\$207,585	\$177,268	\$4,764,272	
	\$42,810,108				\$25,000,000
AUGUST	\$5,008,029	\$271,280	\$203,741	\$5,483,050	
	\$37,802,079				\$25,000,000
SEPTEMBER	\$3,221,585	\$220,356	\$131,087	\$3,573,027	
	\$34,580,495				\$25,000,000
OCTOBER	\$2,475,750	\$194,464	\$102,191	\$2,772,405	
	\$32,104,745				\$25,000,000
NOVEMBER	\$1,833,148	\$162,735	\$73,715	\$2,069,598	
	\$30,271,597				\$25,000,000
DECEMBER	<u>\$2,320,407</u>	<u>\$229,381</u>	<u>\$95,132</u>	<u>\$2,644,920</u>	
TOTAL UNCOLLECTED BALANCE*	\$27,951,190				
TOTAL COLLECTIONS 2016	<u>\$40,846,441</u>	<u>\$1,824,585</u>	<u>\$1,641,778</u>	<u>\$44,312,804</u>	
<u>2017</u>					
JANUARY	\$2,060,244	\$222,958	\$84,147	\$2,367,349	
	\$25,890,946				\$25,000,000
FEBRUARY	\$4,592,946	\$549,546	\$183,891	\$5,326,383	
	\$21,298,000				\$25,000,000
MARCH	<u>\$2,508,015</u>	<u>\$417,116</u>	<u>\$101,623</u>	<u>\$3,026,755</u>	
TOTAL UNCOLLECTED BALANCE*	\$18,789,985				
TOTAL COLLECTIONS 2017	<u>\$9,161,205</u>	<u>\$1,189,620</u>	<u>\$369,661</u>	<u>\$10,720,487</u>	

**COUNTY OF OAKLAND, MICHIGAN
100% TAX PAYMENT FUND-2015 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	\$72,532,014				\$25,000,000
<u>2015</u>					
MARCH	\$4,911,957	\$48,690	\$194,763	\$5,155,410	
REMAINING DELINQUENT MARCH	\$67,620,057				
APRIL	\$5,686,358	\$96,436	\$220,071	\$6,002,865	
	\$61,933,699				
MAY	\$3,383,858	\$93,790	\$133,280	\$3,610,928	\$500,000
	\$58,549,841				\$500,000
JUNE	\$8,536,836	\$337,541	\$351,386	\$9,225,763	\$24,500,000
	\$50,013,005				\$25,000,000
JULY	\$4,375,737	\$209,538	\$176,175	\$4,761,450	
	\$45,637,268				\$25,000,000
AUGUST	\$3,378,236	\$199,434	\$148,357	\$3,726,028	
	\$42,259,032				\$25,000,000
SEPTEMBER	\$4,782,326	\$297,383	\$194,862	\$5,274,570	
	\$37,476,706				\$25,000,000
OCTOBER	\$2,962,849	\$229,990	\$106,358	\$3,299,197	
	\$34,513,857				\$25,000,000
NOVEMBER	\$2,070,275	\$182,882	\$83,020	\$2,336,177	
	\$32,443,581				\$25,000,000
DECEMBER	\$2,595,290	\$256,957	\$108,019	\$2,960,265	
TOTAL UNCOLLECTED BALANCE*	\$29,848,291				
TOTAL COLLECTIONS 2015	<u>\$42,683,723</u>	<u>\$1,952,641</u>	<u>\$1,716,291</u>	<u>\$46,352,654</u>	
<u>2016</u>					
JANUARY	\$1,893,186	\$204,407	\$76,915	\$2,174,507	
	\$27,955,105				\$25,000,000
FEBRUARY	\$4,846,713	\$579,880	\$195,248	\$5,621,841	
	\$23,108,392				\$25,000,000
MARCH	\$2,733,809	\$460,723	\$110,019	\$3,304,550	
TOTAL UNCOLLECTED BALANCE*	\$20,374,583				
TOTAL COLLECTIONS 2016	<u>\$9,473,709</u>	<u>\$1,245,009</u>	<u>\$382,181</u>	<u>\$11,100,899</u>	

**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 DELINQUENT 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	
	\$53,246,551				\$25,000,000
AUGUST	\$4,198,278	\$247,519	\$170,651	\$4,616,448	
	\$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	\$3,093,961	\$305,873	\$125,110	\$3,524,944	(\$2,500,000)
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>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	\$2,825,641	\$456,309	\$113,873	\$3,395,823	(\$1,625,000)
TOTAL UNCOLLECTED BALANCE*	\$24,237,240				
 TOTAL COLLECTIONS 2015	 <u>\$9,372,695</u>	 <u>\$1,217,368</u>	 <u>\$377,997</u>	 <u>\$10,968,060</u>	

**COUNTY OF OAKLAND, MICHIGAN
100% TAX PAYMENT FUND-2013 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	\$89,699,373				\$25,000,000
<u>2013</u>					
MARCH	\$5,742,610	\$57,383	\$229,534	\$6,029,527	
REMAINING DELINQUENT IN MARCH	\$83,956,764				\$25,000,000
APRIL	\$5,278,378	\$94,971	\$204,193	\$5,577,542	
	\$78,678,386				\$25,000,000
MAY	\$5,080,553	\$140,293	\$195,566	\$5,416,413	
	\$73,597,832				\$25,000,000
JUNE	\$7,046,815	\$277,335	\$286,699	\$7,610,849	
	\$66,551,017				\$25,000,000
JULY	\$6,798,780	\$328,581	\$282,239	\$7,409,600	
	\$59,752,237				\$25,000,000
AUGUST	\$4,491,594	\$262,119	\$185,267	\$4,938,980	
	\$55,260,643				\$25,000,000
SEPTEMBER	\$6,205,228	\$363,892	\$250,132	\$6,819,253	
	\$49,055,415				\$25,000,000
OCTOBER	\$4,000,831	\$310,087	\$162,996	\$4,473,914	
	\$45,054,584				\$25,000,000
NOVEMBER	\$3,334,857	\$294,136	\$137,584	\$3,766,577	
	\$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>	
TOTAL UNCOLLECTED BALANCE*	\$39,167,284				
TOTAL COLLECTIONS 2013	<u>\$50,532,089</u>	<u>\$2,379,769</u>	<u>\$2,038,455</u>	<u>\$54,950,313</u>	
<u>2014</u>					
JANUARY	\$2,256,393	\$242,516	\$91,177	\$2,590,086	
	\$36,910,891				\$25,000,000
FEBRUARY	\$4,450,625	\$530,742	\$179,989	\$5,161,357	
	\$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>	
TOTAL UNCOLLECTED BALANCE*	\$28,981,927				
TOTAL COLLECTIONS 2014	<u>\$10,185,357</u>	<u>\$1,330,916</u>	<u>\$410,854</u>	<u>\$11,927,128</u>	

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

	<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	\$107,675,895				\$25,000,000
<u>2012</u>					
MARCH	\$6,955,570	\$69,188	\$276,758	\$7,301,516	
REMAINING DELINQUENT MARCH	\$100,720,326				\$25,000,000
APRIL	\$7,352,934	\$128,799	\$285,047	\$7,766,779	
	\$93,367,392				\$25,000,000
MAY	\$5,498,611	\$154,548	\$216,668	\$5,869,826	
	\$87,868,781				\$25,000,000
JUNE	\$7,992,941	\$315,757	\$320,376	\$8,629,074	
	\$79,875,840				\$25,000,000
JULY	\$7,964,021	\$385,083	\$319,154	\$8,668,258	
	\$71,911,819				\$25,000,000
AUGUST	\$6,336,941	\$373,908	\$253,847	\$6,964,697	
	\$65,574,878				\$25,000,000
SEPTEMBER	\$5,358,016	\$368,665	\$215,004	\$5,941,685	
	\$60,216,862				\$25,000,000
OCTOBER	\$4,719,260	\$367,167	\$189,831	\$5,276,259	
	\$55,497,602				\$25,000,000
NOVEMBER	\$2,692,640	\$239,358	\$108,117	\$3,040,115	
	\$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>	
TOTAL UNCOLLECTED BALANCE*	\$49,831,415				
TOTAL COLLECTIONS 2012	<u>\$57,844,481</u>	<u>\$2,697,159</u>	<u>\$2,303,957</u>	<u>\$62,845,597</u>	
<u>2013</u>					
JANUARY	\$2,804,094	\$301,132	\$112,202	\$3,217,428	
	\$47,027,320				\$25,000,000
FEBRUARY	\$6,209,021	\$742,078	\$249,647	\$7,200,746	
	\$40,818,299				\$25,000,000
MARCH	<u>\$2,783,199</u>	<u>\$470,277</u>	<u>\$111,932</u>	<u>\$3,365,408</u>	
TOTAL UNCOLLECTED BALANCE*	\$38,035,100				
TOTAL COLLECTIONS 2013	<u>\$11,796,314</u>	<u>\$1,513,487</u>	<u>\$473,781</u>	<u>\$13,783,582</u>	

**COUNTY OF OAKLAND, MICHIGAN
100% TAX PAYMENT 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
<u>2011</u>					
MARCH	\$8,613,985	\$85,613	\$342,452	\$9,042,050	
	\$121,601,516				\$50,000,000
APRIL	\$8,903,089	\$157,062	\$347,715	\$9,407,867	
	\$112,698,427				\$50,000,000
MAY	\$6,501,332	\$184,591	\$259,128	\$6,945,051	
	\$106,197,095				\$50,000,000
JUNE	\$9,071,697	\$357,884	\$366,311	\$9,795,892	
	\$97,125,398				\$50,000,000
JULY	\$7,615,448	\$352,797	\$299,776	\$8,268,021	
	\$89,509,950				\$50,000,000
AUGUST	\$5,843,727	\$341,094	\$235,106	\$6,419,927	
	\$83,666,223				\$50,000,000
SEPTEMBER	\$5,543,035	\$381,760	\$222,645	\$6,147,440	
	\$78,123,189				\$50,000,000
OCTOBER	\$4,030,696	\$317,421	\$161,714	\$4,509,830	
	\$74,092,493				\$50,000,000
NOVEMBER	\$4,851,071	\$431,123	\$195,443	\$5,477,637	
	\$69,241,422				\$50,000,000
DECEMBER	\$5,829,294	\$578,167	\$234,830	\$6,642,292	
TOTAL UNCOLLECTED BALANCE	\$63,412,128				
TOTAL COLLECTIONS 2011	<u>\$66,803,373</u>	<u>\$3,187,513</u>	<u>\$2,665,118</u>	<u>\$72,656,004</u>	
<u>2012</u>					
JANUARY	\$3,492,615	\$380,726	\$140,056	\$4,013,397	
	\$59,919,513				\$50,000,000
FEBRUARY	\$7,461,072	\$889,161	\$300,270	\$8,650,503	
TOTAL UNCOLLECTED BALANCE	\$52,458,442				
TOTAL COLLECTIONS 2012	<u>\$10,953,686</u>	<u>\$1,269,888</u>	<u>\$440,326</u>	<u>\$12,663,900</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, 2016 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oakland County, Michigan (the "County") as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

To the Board of Commissioners
Oakland County, Michigan

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oakland County as of September 30, 2016 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.

Other Matters

Required Supplemental Information

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

Other Information

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

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

To the Board of Commissioners
Oakland County, Michigan

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

Other Reporting Required by *Government Auditing Standards*

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

Plante & Morse, PLLC

March 24, 2017

County of Oakland
Statement of Net Position
September 30, 2016

	Primary Government			Component Units
	Governmental Activities	Business- Type Activities	Totals	
Assets				
Current assets				
Pooled cash and investments	\$ 444,964,371	\$ 369,300,595	\$ 814,264,966	\$ 43,513,709
Cash and cash equivalents	-	-	-	55,441,396
Receivables (net of allowance for uncollectibles where applicable)				
Current property taxes	18,205,852	-	18,205,852	-
Delinquent property taxes	626,423	55,702,262	56,328,685	-
Special assessments	-	-	-	7,645,593
Due from other governmental units	34,751,256	21,499,552	56,250,808	4,379,819
Due from primary government	-	-	-	35,000
Due from component units	732,783	62,177	794,960	-
Accrued interest receivable	1,018,806	2,365,774	3,384,580	97,949
Accounts receivable	3,207,220	43,628,659	46,835,879	18,943,257
Contracts receivable	32,693,961	1,225,510	33,919,471	-
Internal balances - footnote 19	(48,264)	48,264	-	-
Inventories and supplies	1,220,441	363,095	1,583,536	4,761,475
Prepayments and other assets	8,873,302	2,072,210	10,945,512	2,185,579
Total current assets	<u>546,246,151</u>	<u>496,268,098</u>	<u>1,042,514,249</u>	<u>137,003,777</u>
Noncurrent assets				
Special assessments receivable	59,835,029	-	59,835,029	194,539,292
OPEB asset	157,325,849	-	157,325,849	-
Capital assets, net				
Land and other nondepreciable assets	32,322,950	152,268,389	184,591,339	395,719,500
Land improvements, net	184,820	7,747,691	7,932,511	966,146
Buildings and improvements, net	135,701,316	57,456,231	193,157,547	59,670,808
Equipment and vehicles, net	24,412,379	16,554,588	40,966,967	10,849,052
Infrastructure, net	12,158,299	92,004,684	104,162,983	988,355,455
Total capital assets, net	<u>204,779,764</u>	<u>326,031,583</u>	<u>530,811,347</u>	<u>1,455,560,961</u>
Total noncurrent assets	<u>421,940,642</u>	<u>326,031,583</u>	<u>747,972,225</u>	<u>1,650,100,253</u>
Total assets	<u>968,186,793</u>	<u>822,299,681</u>	<u>1,790,486,474</u>	<u>1,787,104,030</u>
Deferred Outflows of Resources				
Deferred outflows related to pension	19,305,794	-	19,305,794	26,075,995
Total deferred outflows of resources	<u>\$ 19,305,794</u>	<u>\$ -</u>	<u>\$ 19,305,794</u>	<u>\$ 26,075,995</u>

(continued)

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

County of Oakland
Statement of Net Position (Continued)
September 30, 2016

	Primary Government			Component Units
	Governmental Activities	Business- Type Activities	Totals	
Liabilities				
Current liabilities				
Vouchers payable	\$ 16,249,728	\$ 4,372,096	\$ 20,621,824	\$ 16,743,980
Accrued payroll	5,936,196	-	5,936,196	-
Due to other governmental units	1,187,818	14,796,127	15,983,945	7,340,470
Due to primary government	-	-	-	794,960
Due to component units	35,000	-	35,000	-
Accrued interest payable	443,469	32,593	476,062	14,071
Other accrued liabilities	24,915,875	6,616,523	31,532,398	9,514,123
Accrued compensated absences	1,274,937	-	1,274,937	-
Unearned revenue	27,733,062	1,983,383	29,716,445	9,983,779
Claims and judgments	4,384,160	-	4,384,160	483,633
Bonds and notes payable	33,705,000	26,775,600	60,480,600	17,724,400
Total current liabilities	<u>115,865,245</u>	<u>54,576,322</u>	<u>170,441,567</u>	<u>62,599,416</u>
Noncurrent liabilities				
Accrued compensated absences	11,474,428	-	11,474,428	3,078,900
Claims and judgments	11,588,467	-	11,588,467	528,700
Net pension liability	5,444,786	-	5,444,786	42,947,521
Other postemployment benefits	-	-	-	28,201,451
Bonds and notes payable	393,048,690	25,031,754	418,080,444	247,062,088
Total noncurrent liabilities	<u>421,556,371</u>	<u>25,031,754</u>	<u>446,588,125</u>	<u>321,818,660</u>
Total liabilities	<u>537,421,616</u>	<u>79,608,076</u>	<u>617,029,692</u>	<u>384,418,076</u>
Net Position				
Net investment in capital assets	147,744,764	299,224,229	446,968,993	1,190,774,473
Restricted for				
Property tax forfeiture	5,884,980	-	5,884,980	-
Public safety	7,705,367	-	7,705,367	-
Citizens services	2,045,986	-	2,045,986	-
Public works	2,738,206	-	2,738,206	14,840,100
Justice Administration	1,681,740	-	1,681,740	-
Commerce and community development	8,084,649	-	8,084,649	-
Debt service	7,791,059	-	7,791,059	194,941,834
Airports	-	400	400	-
Community water and sewer	-	98,336,769	98,336,769	-
Unrestricted	266,394,220	345,130,207	611,524,427	28,205,542
Total net position	<u>\$ 450,070,971</u>	<u>\$ 742,691,605</u>	<u>\$ 1,192,762,576</u>	<u>\$ 1,428,761,949</u>

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

County of Oakland
Statement of Activities
Year Ended September 30, 2016

	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs					
Primary government					
Governmental activities					
General government, administrative	\$ 36,922,795	\$ 23,078,190	\$ 600,500	\$ -	\$ (13,244,105)
Public safety	186,368,098	64,274,890	18,302,689	282,049	(103,508,470)
Justice administration	88,190,032	32,064,235	680,004	39,190	(55,406,603)
Citizen services	77,513,361	9,488,715	15,731,575	-	(52,293,071)
Public works	53,585,849	34,566,771	1,069,022	1,207,474	(16,742,582)
Recreation and leisure	1,346,384	15,468	8,000	-	(1,322,916)
Commerce and community development	42,667,769	18,361,879	20,163,033	-	(4,142,857)
Unallocated depreciation	3,527,266	-	-	-	(3,527,266)
Interest on debt	3,222,007	-	-	-	(3,222,007)
Total governmental activities	<u>493,343,561</u>	<u>181,850,148</u>	<u>56,554,823</u>	<u>1,528,713</u>	<u>(253,409,877)</u>
Business-type activities					
Airports	6,630,136	4,624,215	-	915,522	(1,090,399)
Community safety support	20,772,663	14,293,818	-	77,563	(6,401,282)
Community tax financing	988,159	15,872,925	-	-	14,884,766
Community water and sewer	82,330,145	92,591,784	1,398,631	1,057,973	12,718,243
Recreation and leisure	23,460,676	9,981,419	77,079	-	(13,402,178)
Sewage disposal systems	132,107,791	133,611,778	727,072	27,520,966	29,752,025
Total business-type activities	<u>266,289,570</u>	<u>270,975,939</u>	<u>2,202,782</u>	<u>29,572,024</u>	<u>36,461,175</u>
Total primary government	<u>\$ 759,633,131</u>	<u>\$ 452,826,087</u>	<u>\$ 58,757,605</u>	<u>\$ 31,100,737</u>	<u>\$ (216,948,702)</u>
Component units					
Drainage districts	\$ 95,780,166	\$ 92,911,062	\$ 1,857,656	\$ 25,136,259	\$ 24,124,811
Road commission	123,387,277	16,203,823	67,485,619	51,358,884	11,661,049
Total component units	<u>\$ 219,167,443</u>	<u>\$ 109,114,885</u>	<u>\$ 69,343,275</u>	<u>\$ 76,495,143</u>	<u>\$ 35,785,860</u>

(continued)

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

County of Oakland
Statement of Activities (Continued)
Year Ended September 30, 2016

	Primary Government			Component Units
	Governmental Activities	Business- Type Activities	Totals	
<u>Changes in net position</u>				
Net (expense) revenue	\$ (253,409,877)	\$ 36,461,175	\$ (216,948,702)	\$ 35,785,860
General revenues				
Taxes				
Property taxes	210,219,877	12,246,824	222,466,701	-
State-shared revenue (unrestricted)	42,849,430	-	42,849,430	-
Unrestricted investment earnings	3,894,824	3,617,151	7,511,975	1,066,790
Gain on sale of capital assets	435,178	-	435,178	-
Other revenues	3,765,977	-	3,765,977	-
Transfers in (out)	17,841,687	(17,841,687)	-	-
Total general revenues and transfers	<u>279,006,973</u>	<u>(1,977,712)</u>	<u>277,029,261</u>	<u>1,066,790</u>
Change in net position	25,597,096	34,483,463	60,080,559	36,852,650
<u>Net position</u>				
Beginning	424,473,875	708,208,142	1,132,682,017	1,391,909,299
Ending	<u>\$ 450,070,971</u>	<u>\$ 742,691,605</u>	<u>\$ 1,192,762,576</u>	<u>\$ 1,428,761,949</u>

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

Governmental Fund Financial Statements

Major Funds

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

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

Water and Sewer Debt Act 342 Fund - This fund was established to account for the accumulation of resources, mainly special assessments, for the payment of bonded debt issued for the construction of water and sewer systems under Public Act 342 of 1939 (currently 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, 2016**

	Major Funds		
	General	Building Authority Debt Act 31	Water and Sewer Debt Act 342
Assets			
Pooled cash and investments	\$ 241,383,024	\$ 6,871,087	\$ 1,046,871
Receivables (net of allowance for uncollectibles where applicable)			
Current property taxes	18,205,852	-	-
Delinquent property taxes	626,423	-	-
Due from other governmental units	7,626,059	114,196	-
Due from component units	4,196	-	-
Accrued interest receivable	254,760	1,435	93
Accounts receivable	335,738	741,114	-
Contracts receivable	16,368,961	12,835,000	-
Special assessments receivable	-	-	57,670,727
Due from other funds	12,103,325	-	-
Advances receivable	-	-	-
Inventories	143,527	-	-
Prepayments and other assets	391,239	-	-
Total assets	<u>\$ 297,443,104</u>	<u>\$ 20,562,832</u>	<u>\$ 58,717,691</u>
Liabilities			
Vouchers payable	\$ 10,496,956	\$ -	\$ 1,022,263
Accrued payroll	5,936,196	-	-
Due to other governmental units	513,984	-	-
Due to other funds	506,688	-	-
Due to component units	35,000	-	-
Advances payable	-	-	-
Unearned revenue	12,345,962	-	11,872,037
Other accrued liabilities	5,517,493	-	4,117
Total liabilities	<u>35,352,279</u>	<u>-</u>	<u>12,898,417</u>
Deferred Inflows of Resources			
Unavailable revenue-property taxes	6,775,127	-	-
Unavailable revenue-special assessments	-	-	45,798,690
Unavailable revenue-grants	51,649	-	-
Unavailable revenue-contracts receivable	-	12,835,000	-
Unavailable revenue-other	22,581	-	-
Total deferred inflows of resources	<u>6,849,357</u>	<u>12,835,000</u>	<u>45,798,690</u>
Fund Balances			
Nonspendable	534,766	-	-
Restricted	5,884,980	7,727,832	20,584
Committed	-	-	-
Assigned	245,859,255	-	-
Unassigned	2,962,467	-	-
Total fund balances	<u>255,241,468</u>	<u>7,727,832</u>	<u>20,584</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 297,443,104</u>	<u>\$ 20,562,832</u>	<u>\$ 58,717,691</u>

(continued)

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

**County of Oakland
Balance Sheet (Continued)
Governmental Funds
September 30, 2016**

	Non-Major Funds	Totals September 30, 2016
Assets		
Pooled cash and investments	\$ 72,950,797	\$ 322,251,779
Receivables (net of allowance for uncollectibles where applicable)		
Current property taxes	-	18,205,852
Delinquent property taxes	-	626,423
Due from other governmental units	26,196,796	33,937,051
Due from component units	687,556	691,752
Accrued interest receivable	55,858	312,146
Accounts receivable	471,971	1,548,823
Contracts receivable	3,490,000	32,693,961
Special assessments receivable	2,164,302	59,835,029
Due from other funds	1,320,983	13,424,308
Advances receivable	1,102,916	1,102,916
Inventories	-	143,527
Prepayments and other assets	2,002,683	2,393,922
Total assets	<u>\$ 110,443,862</u>	<u>\$ 487,167,489</u>
Liabilities		
Vouchers payable	\$ 2,274,636	\$ 13,793,855
Accrued payroll	-	5,936,196
Due to other governmental units	432,720	946,704
Due to other funds	12,916,077	13,422,765
Due to component units	-	35,000
Advances payable	1,102,916	1,102,916
Unearned revenue	2,814,224	27,032,223
Other accrued liabilities	13,508,724	19,030,334
Total liabilities	<u>33,049,297</u>	<u>81,299,993</u>
Deferred Inflows of Resources		
Unavailable revenue-property taxes	-	6,775,127
Unavailable revenue-special assessments	2,164,302	47,962,992
Unavailable revenue-grants	2,704,023	2,755,672
Unavailable revenue-contracts receivable	3,490,000	16,325,000
Unavailable revenue-other	1,547,619	1,570,200
Total deferred inflows of resources	<u>9,905,944</u>	<u>75,388,991</u>
Fund balances		
Nonspendable	1,102,916	1,637,682
Restricted	17,972,719	31,606,115
Committed	51,423,615	51,423,615
Assigned	-	245,859,255
Unassigned	(3,010,629)	(48,162)
Total fund balances	<u>67,488,621</u>	<u>330,478,505</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 110,443,862</u>	<u>\$ 487,167,489</u>

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

County of Oakland
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
September 30, 2016

Total fund balances for governmental funds		\$ 330,478,505
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	13,375,820	
Land improvements, net of \$1,111,870 depreciation	184,820	
Buildings and improvements, net of \$113,029,647 depreciation	134,351,000	
Equipment and vehicles, net of \$21,224,802 depreciation	12,110,500	
Infrastructure, net of \$15,453,375 depreciation	<u>12,058,363</u>	
		179,316,054
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.		135,385,154
Other post-employment benefits assets do not represent financial resources and are not reported in the funds.		157,325,849
Property tax revenues in the Statement of Activities that do not provide current financial resources are deferred and not reported as revenue in the funds.		6,148,704
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.		68,613,864
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	(426,753,690)	
Accrued interest payable	<u>(443,469)</u>	
		<u>(427,197,159)</u>
Net position of governmental activities		<u>\$ 450,070,971</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, 2016

	Major Funds		
	General	Building Authority Debt Act 31	Water and Sewer Debt Act 342
Revenues			
Taxes	\$ 214,229,960	\$ -	\$ -
Special assessments	-	1,103,274	2,298,925
Federal grants	470,888	-	-
State grants	4,826,971	-	-
Other intergovernmental revenues	45,057,978	-	-
Charges for services	111,659,600	1,229	1,150
Contributions	53,334	-	-
Investment income	2,368,986	53,502	5,047
Indirect cost recovery	7,846,289	-	-
Other	546,081	-	-
Total revenues	<u>387,060,087</u>	<u>1,158,005</u>	<u>2,305,122</u>
Expenditures			
Current operations			
County Executive	88,023,622	2,000	-
Clerk/Register of Deeds	8,812,726	-	-
Treasurer	8,286,497	-	-
Justice administration	51,969,190	-	-
Law enforcement	157,861,425	-	-
Legislative	3,952,835	-	-
Water Resource Commissioner	5,772,271	-	-
Non-departmental	21,079,507	-	-
Total current operations	<u>345,758,073</u>	<u>2,000</u>	<u>-</u>
Capital outlay	848,382	-	-
Intergovernmental	-	-	-
Debt service			
Principal payments	-	2,495,000	1,580,000
Interest and fiscal charges	-	1,050,446	721,175
Total expenditures	<u>346,606,455</u>	<u>3,547,446</u>	<u>2,301,175</u>
Excess (deficiency) of revenues over (under) expenditures	<u>40,453,632</u>	<u>(2,389,441)</u>	<u>3,947</u>
Other financing sources (uses)			
Transfers in	14,583,318	9,279,785	-
Transfers out	(59,999,875)	-	-
Issurance of bonds	-	-	-
Premiums on bonds sold	-	-	-
Discount on bonds sold	-	-	-
Total other financing sources (uses)	<u>(45,416,557)</u>	<u>9,279,785</u>	<u>-</u>
Net change in fund balances	<u>(4,962,925)</u>	<u>6,890,344</u>	<u>3,947</u>
Fund balances			
October 1, 2015	<u>260,204,393</u>	<u>837,488</u>	<u>16,637</u>
September 30, 2016	<u>\$ 255,241,468</u>	<u>\$ 7,727,832</u>	<u>\$ 20,584</u>

(continued)

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, 2016

	Non-Major Funds	Totals September 30, 2016
Revenues		
Taxes	\$ -	\$ 214,229,960
Special assessments	1,982,365	5,384,564
Federal grants	29,166,460	29,637,348
State grants	22,019,577	26,846,548
Other intergovernmental revenues	11,810,591	56,868,569
Charges for services	11,982,313	123,644,292
Contributions	168,244	221,578
Investment income	344,948	2,772,483
Indirect cost recovery	-	7,846,289
Other	384,227	930,308
Total revenues	<u>77,858,725</u>	<u>468,381,939</u>
Expenditures		
Current operations		
County Executive	62,879,425	150,905,047
Clerk/Register of Deeds	2,031,711	10,844,437
Treasurer	-	8,286,497
Justice administration	23,842,331	75,811,521
Law enforcement	6,880,385	164,741,810
Legislative	8,000	3,960,835
Water Resource Commissioner	29,369,938	35,142,209
Non-departmental	-	21,079,507
Total current operations	<u>125,011,790</u>	<u>470,771,863</u>
Capital outlay	12,620,866	13,469,248
Intergovernmental	4,508	4,508
Debt service		
Principal payments	4,535,000	8,610,000
Interest and fiscal charges	1,298,795	3,070,416
Total expenditures	<u>143,470,959</u>	<u>495,926,035</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(65,612,234)</u>	<u>(27,544,096)</u>
Other financing sources (uses)		
Transfers in	51,607,765	75,470,868
Transfers out	(2,329,977)	(62,329,852)
Issuance of bonds	40,475,488	40,475,488
Premiums on bonds sold	20,870	20,870
Discount on bonds sold	(23,433)	(23,433)
Total other financing sources (uses)	<u>89,750,713</u>	<u>53,613,941</u>
Net change in fund balances	24,138,479	26,069,845
Fund balances		
October 1, 2015	<u>43,350,142</u>	<u>304,408,660</u>
September 30, 2016	<u>\$ 67,488,621</u>	<u>\$ 330,478,505</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, 2016

Net change in fund balance - Total governmental funds		\$ 26,069,845
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	\$ 7,913,729	
Buildings and improvements	240,272	
Equipment and vehicles	1,297,483	
Depreciation expense	<u>(8,816,755)</u>	
		634,729
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.		(2,525,181)
Amortization of Other Post-Employment Benefits asset is not reported in the governmental funds.		(5,766,783)
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	(10,158,787)	
Current year deferral	<u>6,148,704</u>	
		(4,010,083)
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.		21,008,755
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	(40,475,488)	
Repayment of bond principal	30,810,000	
Accrued interest	<u>(148,698)</u>	
		<u>(9,814,186)</u>
Change in net position of governmental activities		<u>\$ 25,597,096</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.

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, 2016**

	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	\$ 24,046,824	\$ 155,011,711	\$ 15,908,069	\$ 68,252,945	\$ 15,684,005
Delinquent property taxes receivable	-	55,702,262	-	-	-
Due from other governmental units	32,000	1,673,374	600	7,117,197	2,986,702
Due from component units	-	-	-	-	62,177
Accrued interest receivable	17,994	1,588,604	73,058	72,111	118,304
Accounts receivable (net of allowance for uncollectibles where applicable)	121,339	11,620,851	298,064	30,005,902	-
Due from other funds	-	-	-	-	-
Current portion of contracts receivable	-	-	1,225,510	-	-
Current portion of advances receivable	-	12,883	-	-	-
Inventories and supplies	61,208	-	-	-	-
Prepayments and other assets	783	333	-	656,928	-
Total current assets	<u>24,280,148</u>	<u>225,610,018</u>	<u>17,505,301</u>	<u>106,105,083</u>	<u>18,851,188</u>
Noncurrent assets					
Advances receivable	-	51,532	-	-	-
Capital assets, net					
Land and other nondepreciable assets	31,298,114	-	36,462,333	15,012,281	42,753,007
Land improvements, net	-	-	7,239,896	5,907	501,888
Building and improvements, net	19,698,912	-	22,227,348	1,029,768	9,414,879
Equipment and vehicles, net	1,446,292	-	702,931	3,502,570	259,843
Infrastructure, net	17,136,480	-	2,967,308	55,099,386	3,467,935
Total noncurrent assets	<u>69,579,798</u>	<u>51,532</u>	<u>69,599,816</u>	<u>74,649,912</u>	<u>56,397,552</u>
Total assets	<u>93,859,946</u>	<u>225,661,550</u>	<u>87,105,117</u>	<u>180,754,995</u>	<u>75,248,740</u>
Deferred Outflows of Resources					
Deferred outflows related to pension	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(continued)

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

**County of Oakland
Statement of Net Position (Continued)
Proprietary Funds
September 30, 2016**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major			Totals September 30, 2016	
	S.O.C.S.D.S.	Clinton- Oakland S.D.S.	Non-Major Funds		
Assets					
Current assets					
Pooled cash and investments	\$ 40,968,105	\$ 8,525,250	\$ 40,903,686	\$ 369,300,595	\$ 122,712,592
Delinquent property taxes	-	-	-	55,702,262	-
Due from other governmental units	4,981,095	3,150,339	1,558,245	21,499,552	814,205
Due from component units	-	-	-	62,177	41,031
Accrued interest receivable	155,437	136,127	204,139	2,365,774	706,660
Accounts receivable (net of allowance for uncollectibles where applicable)	157,896	-	1,424,607	43,628,659	1,658,397
Due from other funds	-	-	-	-	16,092
Current portion of contracts receivable	-	-	-	1,225,510	-
Current portion of advances receivable	-	-	-	12,883	-
Inventories and supplies	-	-	301,887	363,095	1,076,914
Prepayments and other assets	522,746	-	891,420	2,072,210	6,479,380
Total current assets	<u>46,785,279</u>	<u>11,811,716</u>	<u>45,283,984</u>	<u>496,232,717</u>	<u>133,505,271</u>
Noncurrent assets					
Advances receivable	-	-	-	51,532	-
Capital assets, net					
Land and other nondepreciable assets	3,743,289	18,637,150	4,362,215	152,268,389	11,711,579
Land improvements, net	-	-	-	7,747,691	-
Building and improvements, net	-	209,393	4,875,931	57,456,231	1,350,315
Equipment and vehicles, net	168,872	77,110	10,396,970	16,554,588	12,301,880
Infrastructure, net	192,679	9,520,796	3,620,100	92,004,684	99,936
Total noncurrent assets	<u>4,104,840</u>	<u>28,444,449</u>	<u>23,255,216</u>	<u>326,083,115</u>	<u>25,463,710</u>
Total assets	<u>50,890,119</u>	<u>40,256,165</u>	<u>68,539,200</u>	<u>822,315,832</u>	<u>158,968,981</u>
Deferred Outflows of Resources					
Deferred outflows related to pension	-	-	-	-	19,305,794
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,305,794</u>

(continued)

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

**County of Oakland
Statement of Net Position (Continued)
Proprietary Funds
September 30, 2016**

	Business-Type Activities - Enterprise Funds				
	Major				
	Parks and Recreation	Delinquent Tax Revolving	County Airports	Water and Sewer Trust	Evergreen- Farmington SDS
Liabilities					
Current liabilities					
Vouchers payable	\$ 264,500	\$ 219,275	\$ 83,872	\$ 2,957,562	\$ 432,641
Due to other governmental units	-	177,023	-	292,313	5,636,429
Due to other funds	-	-	-	7,055	2,323
Unearned revenue	124,088	-	1,477,905	-	-
Notes payable	-	25,000,000	-	-	-
Accrued interest payable	-	32,593	-	-	-
Current portion of bonds payable	-	-	615,000	900,600	260,000
Current portion of accrued compensated absences	-	-	-	-	-
Current portion of claims and judgments	-	-	-	-	-
Current portion of advances payable	-	-	-	-	-
Other accrued liabilities	267,540	40,666	467,535	4,542,283	199,553
Total current liabilities	656,128	25,469,557	2,644,312	8,699,813	6,530,946
Noncurrent liabilities					
Bonds payable	-	-	6,935,000	12,981,754	5,115,000
Net pension liability	-	-	-	-	-
Accrued compensated absences	-	-	-	-	-
Claims and judgments	-	-	-	-	-
Advances payable	-	-	-	-	-
Total noncurrent liabilities	-	-	6,935,000	12,981,754	5,115,000
Total liabilities	656,128	25,469,557	9,579,312	21,681,567	11,645,946
Net position					
Net investment in capital assets	69,579,798	-	62,049,816	60,767,558	51,022,552
Restricted for programs	-	-	400	56,536,681	10,021,142
Unrestricted	23,624,020	200,191,993	15,475,589	41,769,189	2,559,100
Total net position	\$ 93,203,818	\$ 200,191,993	\$ 77,525,805	\$ 159,073,428	\$ 63,602,794

(continued)

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

**County of Oakland
Statement of Net Position (Continued)
Proprietary Funds
September 30, 2016**

	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, 2016	
Liabilities					
Current liabilities					
Vouchers payable	\$ 98,220	\$ 62,180	\$ 253,846	\$ 4,372,096	\$ 2,455,873
Due to other governmental units	7,635,143	235,306	819,913	14,796,127	241,114
Due to other funds	5,034	1,554	185	16,151	1,484
Unearned revenue	-	-	381,390	1,983,383	74,416
Notes payable	-	-	-	25,000,000	-
Accrued interest payable	-	-	-	32,593	-
Current portion of bonds payable	-	-	-	1,775,600	-
Current portion of accrued compensated absences	-	-	-	-	1,274,937
Current portion of claims and judgments	-	-	-	-	4,384,160
Current portion of advances payable	-	-	-	-	12,883
Other accrued liabilities	288,135	47,361	763,450	6,616,523	5,885,541
Total current liabilities	<u>8,026,532</u>	<u>346,401</u>	<u>2,218,784</u>	<u>54,592,473</u>	<u>14,330,408</u>
Noncurrent liabilities					
Bonds payable	-	-	-	25,031,754	-
Net pension liability	-	-	-	-	5,444,786
Accrued compensated absences	-	-	-	-	11,474,428
Claims and judgments	-	-	-	-	11,588,467
Advances payable	-	-	-	-	51,532
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,031,754</u>	<u>28,559,213</u>
Total liabilities	<u>8,026,532</u>	<u>346,401</u>	<u>2,218,784</u>	<u>79,624,227</u>	<u>42,889,621</u>
Net position					
Net investment in capital assets	4,104,840	28,444,449	23,255,216	299,224,229	25,463,710
Restricted for programs	16,072,684	9,618,849	6,087,413	98,337,169	-
Unrestricted	22,686,063	1,846,466	36,977,787	345,130,207	109,921,444
Total net position	<u>\$ 42,863,587</u>	<u>\$ 39,909,764</u>	<u>\$ 66,320,416</u>	<u>\$ 742,691,605</u>	<u>\$ 135,385,154</u>

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, 2016

	Business-Type Activities - Enterprise Funds				
	Major				
	Parks and Recreation	Delinquent Tax Revolving	County Airports	Water and Sewer Trust	Evergreen- Farmington SDS
Operating revenues					
Charges for services	\$ 9,951,644	\$ 15,355,326	\$ 4,617,639	\$ 92,010,431	\$ 40,422,468
Other	21,721	54,653	5,951	567,251	778
Total operating revenues	<u>9,973,365</u>	<u>15,409,979</u>	<u>4,623,590</u>	<u>92,577,682</u>	<u>40,423,246</u>
Operating expenses					
Salaries	8,782,764	104,401	1,176,133	102,299	-
Fringe benefits	2,995,011	71,312	657,596	66,761	-
Fringe benefits - pension	-	-	-	-	-
Contractual services	5,544,049	266,263	1,485,074	42,411,068	36,661,109
Commodities	902,309	-	117,929	2,279,630	222,447
Depreciation	3,640,363	-	2,665,382	2,412,590	684,976
Internal services	1,596,180	-	217,016	22,342,444	1,258,298
Intergovernmental	-	-	-	12,520,420	-
Total operating expenses	<u>23,460,676</u>	<u>441,976</u>	<u>6,319,130</u>	<u>82,135,212</u>	<u>38,826,830</u>
Operating income (loss)	<u>(13,487,311)</u>	<u>14,968,003</u>	<u>(1,695,540)</u>	<u>10,442,470</u>	<u>1,596,416</u>
Nonoperating revenues (expenses)					
Property taxes	12,246,824	-	-	-	-
Contributions	77,079	-	-	1,398,631	459,288
Interest recovery - federal grants	-	-	99,895	-	89,517
Interest revenue	203,166	1,666,012	149,170	517,084	117,698
Interest expense	-	(125,182)	(311,006)	(194,933)	(266,565)
Bonds maturing	-	-	-	-	-
Gain on sale of property and equipment	8,054	-	625	14,102	-
Total nonoperating revenues (expenses)	<u>12,535,123</u>	<u>1,540,830</u>	<u>(61,316)</u>	<u>1,734,884</u>	<u>399,938</u>
Income (loss) before transfers and contributions	<u>(952,188)</u>	<u>16,508,833</u>	<u>(1,756,856)</u>	<u>12,177,354</u>	<u>1,996,354</u>
Transfers and contributions					
Capital contributions	-	-	815,627	1,057,973	27,138,372
Transfers in	-	-	-	-	-
Transfers out	(60,000)	(19,137,710)	-	(22,141)	(1,439,727)
Total transfers and contributions	<u>(60,000)</u>	<u>(19,137,710)</u>	<u>815,627</u>	<u>1,035,832</u>	<u>25,698,645</u>
Change in net position	<u>(1,012,188)</u>	<u>(2,628,877)</u>	<u>(941,229)</u>	<u>13,213,186</u>	<u>27,694,999</u>
Net position					
October 1, 2015	<u>94,216,006</u>	<u>202,820,870</u>	<u>78,467,034</u>	<u>145,860,242</u>	<u>35,907,795</u>
September 30, 2016	<u>\$ 93,203,818</u>	<u>\$ 200,191,993</u>	<u>\$ 77,525,805</u>	<u>\$ 159,073,428</u>	<u>\$ 63,602,794</u>

(continued)

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, 2016

	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, 2016	
Operating revenues					
Charges for services	\$ 49,959,337	\$ 36,660,733	\$ 21,185,988	\$ 270,163,566	\$ 238,443,491
Other	3,108	426	123,931	777,819	2,835,669
Total operating revenues	49,962,445	36,661,159	21,309,919	270,941,385	241,279,160
Operating expenses					
Salaries	-	-	2,396,388	12,561,985	36,317,475
Fringe benefits	-	-	1,228,965	5,019,645	21,144,994
Fringe benefits - pension	-	-	-	-	13,666,033
Contractual services	47,759,604	34,322,530	13,653,266	182,102,963	127,681,656
Commodities	147,211	207,433	425,296	4,302,255	6,497,523
Depreciation	795,552	758,204	8,118,631	19,075,698	5,428,206
Internal services	1,503,459	900,818	1,940,703	29,758,918	7,491,665
Intergovernmental	-	-	50,000	12,570,420	-
Total operating expenses	50,205,826	36,188,985	27,813,249	265,391,884	218,227,552
Operating income (loss)	(243,381)	472,174	(6,503,330)	5,549,501	23,051,608
Nonoperating revenues (expenses)					
Property taxes	-	-	-	12,246,824	-
Contributions	267,784	-	-	2,202,782	957,015
Interest recovery - federal grants	-	-	-	189,412	-
Interest revenue	521,856	82,085	360,080	3,617,151	1,122,341
Interest expense	-	-	-	(897,686)	(11,799,468)
Bonds maturing	-	-	-	-	(22,200,000)
Gain on sale of property and equipment	11,750	-	23	34,554	435,178
Total nonoperating revenues (expenses)	801,390	82,085	360,103	17,393,037	(31,484,934)
Income (loss) before transfers and contributions	558,009	554,259	(6,143,227)	22,942,538	(8,433,326)
Transfers and contributions					
Capital contributions	293,077	-	77,563	29,382,612	1,207,474
Transfers in	-	-	3,303,891	3,303,891	4,922,817
Transfers out	-	-	(486,000)	(21,145,578)	(222,146)
Total transfers and contributions	293,077	-	2,895,454	11,540,925	5,908,145
Change in net position	851,086	554,259	(3,247,773)	34,483,463	(2,525,181)
Net position					
October 1, 2015	42,012,501	39,355,505	69,568,189	708,208,142	137,910,335
September 30, 2016	\$ 42,863,587	\$ 39,909,764	\$ 66,320,416	\$ 742,691,605	\$ 135,385,154

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

County of Oakland
Statement of Cash Flows Proprietary Funds
Year Ended September 30, 2016

	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	\$ 10,278,605	\$ 16,914,759	\$ 4,664,475	\$ 92,737,812	\$ 42,103,438
Cash paid to suppliers	(11,340,859)	(337,908)	(2,815,093)	(79,869,023)	(37,736,834)
Cash paid to employees	(8,782,764)	(104,401)	(1,176,133)	(102,299)	-
Net cash provided by (used in) operating activities	<u>(9,845,018)</u>	<u>16,472,450</u>	<u>673,249</u>	<u>12,766,490</u>	<u>4,366,604</u>
Cash flows from noncapital financing activities					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	(60,000)	(19,137,710)	-	(22,141)	(1,439,727)
Contributions	77,079	-	-	1,909,182	459,288
Principal paid on debt	-	-	-	-	-
Interest paid on debt	-	-	-	-	-
Purchase of delinquent property taxes	-	(68,797,631)	-	-	-
Delinquent property taxes collected	-	77,445,020	-	-	-
Issuance of short-term borrowings	-	25,000,000	-	-	-
Repayments received on advances	-	12,883	-	-	-
Property taxes	12,246,824	-	-	-	-
Interest paid on short-term borrowings	-	(100,902)	-	-	-
Payments on short-term borrowings	-	(25,000,000)	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>12,263,903</u>	<u>(10,578,340)</u>	<u>-</u>	<u>1,887,041</u>	<u>(980,439)</u>
Cash flows from capital and related financing activities					
Contributions for capital acquisitions	-	-	-	836,916	-
Proceeds from sale of bonds	-	-	-	8,084,915	-
Transfers from other funds	-	-	-	-	-
Interest recovery - federal grants	-	-	99,895	-	89,517
Proceeds from sale of capital assets	73,683	-	625	14,102	-
Acquisition of capital assets	(1,393,232)	-	(29,239)	(7,074,483)	(421,830)
Principal paid on debt	-	-	(610,000)	(620,200)	(250,000)
Interest paid on debt	-	-	(311,006)	(194,933)	(266,565)
Amount paid on advances	-	-	-	-	-
Interest paid on advances	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	<u>(1,319,549)</u>	<u>-</u>	<u>(849,725)</u>	<u>1,046,317</u>	<u>(848,878)</u>
Cash flows from investing activities					
Interest on investments	207,646	1,557,973	137,658	475,490	109,898
Net cash provided by investing activities	<u>207,646</u>	<u>1,557,973</u>	<u>137,658</u>	<u>475,490</u>	<u>109,898</u>
Net increase (decrease) in cash and cash equivalents	1,306,982	7,452,083	(38,818)	16,175,338	2,647,185
Pooled cash and investments					
October 1, 2015	22,739,842	147,559,628	15,946,887	52,077,607	13,036,820
September 30, 2016	<u>\$ 24,046,824</u>	<u>\$ 155,011,711</u>	<u>\$ 15,908,069</u>	<u>\$ 68,252,945</u>	<u>\$ 15,684,005</u>

(continued)

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, 2016

	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, 2016	
Cash flows from operating activities					
Cash received from users	\$ 51,891,440	\$ 39,250,523	\$ 22,070,795	\$ 279,911,847	\$ 240,217,044
Cash paid to suppliers	(48,871,867)	(36,970,737)	(16,962,947)	(234,905,268)	(165,031,817)
Cash paid to employees	-	-	(2,396,388)	(12,561,985)	(36,317,475)
Net cash provided by (used in) operating activities	<u>3,019,573</u>	<u>2,279,786</u>	<u>2,711,460</u>	<u>32,444,594</u>	<u>38,867,752</u>
Cash flows from noncapital financing activities					
Transfers from other funds	-	-	3,303,891	3,303,891	1,144,728
Transfers to other funds	-	-	(486,000)	(21,145,578)	(222,146)
Contributions	267,784	-	-	2,713,333	957,015
Principal paid on debt	-	-	-	-	(22,200,000)
Interest paid on debt	-	-	-	-	(11,799,138)
Purchase of delinquent property taxes	-	-	-	(68,797,631)	-
Delinquent property taxes collected	-	-	-	77,445,020	-
Issuance of short-term borrowings	-	-	-	25,000,000	-
Repayments received on advances	-	-	-	12,883	-
Property taxes	-	-	-	12,246,824	-
Interest paid on short-term borrowings	-	-	-	(100,902)	-
Payments on short-term borrowings	-	-	-	(25,000,000)	-
Net cash provided by (used in) noncapital financing activities	<u>267,784</u>	<u>-</u>	<u>2,817,891</u>	<u>5,677,840</u>	<u>(32,119,541)</u>
Cash flows from capital and related financing activities					
Contributions for capital acquisitions	293,077	-	-	1,129,993	67,172
Proceeds from sale of bonds	-	-	-	8,084,915	-
Transfers from other funds	-	-	-	-	3,776,816
Interest recovery - federal grants	-	-	-	189,412	-
Proceeds from sale of capital assets	11,750	-	23	100,183	657,933
Acquisition of capital assets	(590,447)	(497,847)	(1,555,858)	(11,562,936)	(5,201,535)
Principal paid on debt	-	-	-	(1,480,200)	-
Interest paid on debt	-	-	-	(772,504)	-
Amount paid on advances	-	-	-	-	(12,883)
Interest paid on advances	-	-	-	-	(330)
Net cash provided by (used in) capital and related financing activities	<u>(285,620)</u>	<u>(497,847)</u>	<u>(1,555,835)</u>	<u>(4,311,137)</u>	<u>(712,827)</u>
Cash flows from investing activities					
Interest on investments	494,219	75,538	331,382	3,389,804	1,027,390
Net cash provided by investing activities	<u>494,219</u>	<u>75,538</u>	<u>331,382</u>	<u>3,389,804</u>	<u>1,027,390</u>
Net increase (decrease) in cash and cash equivalents	<u>3,495,956</u>	<u>1,857,477</u>	<u>4,304,898</u>	<u>37,201,101</u>	<u>7,062,774</u>
Pooled cash and investments					
October 1, 2015	37,472,149	6,667,773	36,598,788	332,099,494	115,649,818
September 30, 2016	<u>\$ 40,968,105</u>	<u>\$ 8,525,250</u>	<u>\$ 40,903,686</u>	<u>\$ 369,300,595</u>	<u>\$ 122,712,592</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, 2016

	Business-Type Activities - Enterprise Funds				
	Major				
	Parks and Recreation	Delinquent Tax Revolving	County Airports	Water and Sewer Trust	Evergreen-Farmington SDS
Operating (loss) income	\$ (13,487,311)	\$ 14,968,003	\$ (1,695,540)	\$ 10,442,470	\$ 1,596,416
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities					
Depreciation expense	3,640,363	-	2,665,382	2,412,590	684,976
(Increase) decrease in due from other governmental units	60,973	(458,486)	-	(4,020,885)	1,666,794
(Increase) decrease in due from component units	-	-	-	-	13,398
(Increase) decrease in accounts receivable	168,290	2,043,564	42,474	(818,985)	-
(Increase) decrease in due from other funds	3,493	-	-	5,000,000	-
(Increase) decrease in inventories and supplies	(5,901)	-	-	-	-
(Increase) decrease in prepayments and other assets	18,538	(333)	-	(40,191)	-
(Increase) decrease in deferred outflows related to pension	-	-	-	-	-
Increase (decrease) in vouchers payable	(184,921)	35,828	(309,100)	(512,317)	245,074
Increase (decrease) in due to other governmental units	-	(113,624)	-	(771,973)	444,907
Increase (decrease) in due to component units	-	-	-	(116,445)	-
Increase (decrease) in due to other funds	-	-	-	7,055	363
Increase (decrease) in unearned revenue	72,484	-	(1,589)	-	-
Increase (decrease) in current portion of other long-term liabilities	-	-	-	-	-
Increase (decrease) in other accrued liabilities	(131,026)	(2,502)	(28,378)	1,185,171	(285,324)
Increase (decrease) in net pension liability	-	-	-	-	-
Increase (decrease) in other long-term liabilities	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ (9,845,018)</u>	<u>\$ 16,472,450</u>	<u>\$ 673,249</u>	<u>\$ 12,766,490</u>	<u>\$ 4,366,604</u>

(continued)

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, 2016**

	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, 2016	
Operating income (loss)	\$ (243,381)	\$ 472,174	\$ (6,503,330)	\$ 5,549,501	\$ 23,051,608
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation expense	795,552	758,204	8,118,631	19,075,698	5,428,206
(Increase) decrease in due from other governmental units	1,967,193	2,589,364	546,354	2,351,307	(277,886)
(Increase) decrease in due from component units	-	-	-	13,398	(14,432)
(Increase) decrease in accounts receivable	(38,198)	-	33,296	1,430,441	(735,818)
(Increase) decrease in due from other funds	-	-	78,524	5,082,017	(14,511)
(Increase) decrease in inventories and supplies	-	-	61,799	55,898	274,099
(Increase) decrease in prepayments and other assets	33,713	-	340,478	352,205	181,964
(Increase) decrease in deferred outflows related to pension	-	-	-	-	20,939,875
Increase (decrease) in vouchers payable	10,895	(533,075)	(87,943)	(1,335,559)	(117,285)
Increase (decrease) in due to other govern- mental units	452,226	53,291	(229,654)	(164,827)	(39,112)
Increase (decrease) in due to component units	-	-	-	(116,445)	(495)
Increase (decrease) in due to other funds	3,135	1,554	(1,371)	10,736	(78,977)
Increase (decrease) in unearned revenue	-	-	102,702	173,597	(19,469)
Increase (decrease) in current portion of other long-term liabilities	-	-	-	-	2,780
Increase (decrease) in other accrued liabilities	38,438	(1,061,726)	251,974	(33,373)	420,954
Increase (decrease) in net pension liability	-	-	-	-	(7,273,842)
Increase (decrease) in other long-term liabilities	-	-	-	-	(2,859,907)
Net cash provided by (used in) operating activities	<u>\$ 3,019,573</u>	<u>\$ 2,279,786</u>	<u>\$ 2,711,460</u>	<u>\$ 32,444,594</u>	<u>\$ 38,867,752</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, 2016

Noncash transactions

Enterprise Funds

Major funds:

Noncash and capital related financing activities included contribution of capital assets in the amount of \$815,627 and \$27,138,372 in the County Airports and Evergreen-Farmington S.D.S. fund, respectively; transfer of fully depreciated capital assets of \$781,066 from the Drainage Districts Component Unit and forgiveness of debt in the amount of \$1,057,973 recorded in the Water and Sewer Trust fund.

Noncash and non-capital related financing activities included recording of Contracts Receivable and Unearned Revenue of \$1,225,510 in the County Airports fund.

Nonmajor funds:

Noncash and capital related financing activities included contribution of capital assets in the amount of \$77,563 in the CLEMIS fund, and adjustment (reduction) of capital asset value and accumulated depreciation in the amount of \$584 in the Radio Communications fund.

Internal Service Funds

Noncash and capital related financing activities included contribution of capital assets in the amount of \$1,140,302 in the Information Technology fund.

Noncash and non-capital related financing activities included transfers from other funds in the amount of \$1,273 included in the Due from Other Assets asset account in the Facilities Maintenance and Operations fund.

Fiduciary Fund Financial Statements

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

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

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

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

Pension (and other postemployment benefits) trust funds

Investment trust funds

Agency funds

**County of Oakland
Statement of Net Position
Fiduciary Funds
September 30, 2016**

	Pension (and Other Post- employment Benefits) Trust Funds	Investment Trust Funds	Agency Funds
Assets			
Pooled cash and investments	\$ 37,611,072	\$ 518,237,579	\$ 276,425,940
Cash and cash equivalents	-	-	904,426
Investments, at fair value			
Common stock	890,382,233	-	-
Preferred stock	95,366	-	-
Government agencies	90,764,610	-	-
Corporate bonds	216,616,108	-	-
Municipal bonds	2,893,160	-	-
Hedge funds	86,884,808	-	-
Limited partnerships	111,830,508	-	-
Asset-backed fixed income	16,896,385	-	-
Government bonds	85,838,929	-	-
Government mortgage-backed securities	60,194,294	-	-
Government issued commercial mortgage-backed securities	1,099,538	-	-
Nongovernment-backed CMOs	1,767,110	-	-
Commercial mortgage-backed securities	21,141,245	-	-
Bank loans	4,150,672	-	-
Exchange traded funds	988,979	-	-
International common stock	66,417,456	-	-
Index linked government bonds	25,956,381	-	-
Real estate	182,030,832	-	-
Other fixed income	3,485,685	-	-
Other	631,067	-	-
Total investments	<u>1,870,065,366</u>	<u>-</u>	<u>-</u>
Receivables - interest and dividends	4,480,271	-	179,456
Receivables - other	30,861	-	-
Prepaid expenses	217,474	-	-
Total assets	<u>1,912,405,044</u>	<u>518,237,579</u>	<u>277,509,822</u>
Liabilities			
Vouchers payable	1,374,882	-	104,386
Due to other governmental units	-	-	263,619,145
Other accrued liabilities	2,226,757	-	13,786,291
Total liabilities	<u>3,601,639</u>	<u>-</u>	<u>277,509,822</u>
Net position			
Restricted for Pension and other Postemployment healthcare benefits, and pool participants	<u>\$ 1,908,803,405</u>	<u>\$ 518,237,579</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, 2016

	Pension (and Other Post- employment Benefits) Trust Funds	Investment Trust Funds
Additions		
Contributions		
Pool participants	\$ -	\$ 783,171,209
Plan members	589,961	-
Total contributions	<u>589,961</u>	<u>783,171,209</u>
Investment income	169,542,631	4,325,308
Other revenue	2,611,995	-
Total additions	<u>172,744,587</u>	<u>787,496,517</u>
Deductions		
Benefits	85,561,388	-
Administrative expenses	5,720,518	-
Distribution to pool participants	-	769,684,160
Total deductions	<u>91,281,906</u>	<u>769,684,160</u>
Net increase	81,462,681	17,812,357
Net position restricted for pension and other postemployment healthcare benefits, and pool participants		
October 1, 2015	<u>1,827,340,724</u>	<u>500,425,222</u>
September 30, 2016	<u>\$ 1,908,803,405</u>	<u>\$ 518,237,579</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, 2016**

	Drainage Districts	Road Commission	Total Component Units
Assets			
Current assets			
Pooled cash and investments	\$ 43,513,709	\$ -	\$ 43,513,709
Cash and cash equivalents	-	55,441,396	55,441,396
Receivables, net			
Special assessments	-	7,645,593	7,645,593
Due from other governmental units	4,379,819	-	4,379,819
Due from primary government	35,000	-	35,000
Accrued interest receivable	97,949	-	97,949
Accounts receivable	62,726	18,880,531	18,943,257
Inventories and supplies	-	4,761,475	4,761,475
Prepayments and other assets	-	2,185,579	2,185,579
Total current assets	<u>48,089,203</u>	<u>88,914,574</u>	<u>137,003,777</u>
Noncurrent assets			
Special assessments receivable	194,539,292	-	194,539,292
Capital assets, net			
Land and other nondepreciable assets	190,174,255	205,545,245	395,719,500
Land improvements, net	-	966,146	966,146
Buildings and improvements, net	51,014,913	8,655,895	59,670,808
Equipment and vehicles, net	304,202	10,544,850	10,849,052
Infrastructure, net	394,289,704	594,065,751	988,355,455
Total capital assets, net	<u>635,783,074</u>	<u>819,777,887</u>	<u>1,455,560,961</u>
Total noncurrent assets	<u>830,322,366</u>	<u>819,777,887</u>	<u>1,650,100,253</u>
Total assets	<u>878,411,569</u>	<u>908,692,461</u>	<u>1,787,104,030</u>
Deferred Outflows of Resources			
Deferred outflows related to pension	-	26,075,995	26,075,995
Liabilities			
Current liabilities			
Vouchers payable	9,161,672	7,582,308	16,743,980
Due to other governmental units	7,340,470	-	7,340,470
Due to primary government	750,900	44,060	794,960
Unearned revenue and advances	597,645	9,386,134	9,983,779
Accrued interest payable	14,071	-	14,071
Current portion of long-term debt	17,724,400	-	17,724,400
Current portion of long-term liabilities	-	483,633	483,633
Other accrued liabilities	2,241,574	7,272,549	9,514,123
Total current liabilities	<u>37,830,732</u>	<u>24,768,684</u>	<u>62,599,416</u>
Bonds and notes payable	247,062,088	-	247,062,088
Accrued compensated absences	-	3,078,900	3,078,900
Claims and judgments	-	528,700	528,700
Net pension liability	-	42,947,521	42,947,521
Other postemployment benefits	-	28,201,451	28,201,451
Total liabilities	<u>284,892,820</u>	<u>99,525,256</u>	<u>384,418,076</u>
Net position			
Net investment in capital assets	370,996,586	819,777,887	1,190,774,473
Restricted for			
Public works	14,840,100	-	14,840,100
Debt service	194,941,834	-	194,941,834
Unrestricted	12,740,229	15,465,313	28,205,542
Total net position	<u>\$ 593,518,749</u>	<u>\$ 835,243,200</u>	<u>\$ 1,428,761,949</u>

The accompanying notes are an integral part of the financial statements

**County of Oakland
Statement of Activities
Component Units
Year Ended September 30, 2016**

	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	\$ 95,780,166	\$ 92,911,062	\$ 1,857,656	\$ 25,136,259	\$ 24,124,811	\$ -	\$ 24,124,811
Road Commission	123,387,277	16,203,823	67,485,619	51,358,884	-	11,661,049	11,661,049
Total component units	<u>\$ 219,167,443</u>	<u>\$ 109,114,885</u>	<u>\$ 69,343,275</u>	<u>\$ 76,495,143</u>	<u>24,124,811</u>	<u>11,661,049</u>	<u>35,785,860</u>
General Revenue							
Unrestricted investment earnings					392,071	674,719	1,066,790
Change in net position					24,516,882	12,335,768	36,852,650
Net position							
Beginning					569,001,867	822,907,432	1,391,909,299
Ending					<u>\$ 593,518,749</u>	<u>\$ 835,243,200</u>	<u>\$ 1,428,761,949</u>

The accompanying notes are an integral part of the financial statements

County of Oakland

Notes to Basic Financial Statements

September 30, 2016

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, 2016

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, 2016, 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, 2016, 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 174 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, 2016 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, 2016

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

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

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

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

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

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

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

County of Oakland

Notes to Basic Financial Statements

September 30, 2016

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.

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The County reports the following major governmental funds:

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

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

The Water and Sewer 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. (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 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 a custodial capacity by the County for others. These funds are not reflected in the government-wide financial statements because the resources of the funds are not available to support the programs of Oakland County.

Basis of Accounting

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

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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, 2015 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 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, 2016 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.

In 2016, the County applied Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

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

Inter-fund Receivables/Payables

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

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

Inventories

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

Prepayments

Payments made for services that will benefit periods beyond September 30, 2016 are recorded as prepayments using the consumption method.

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Capital Assets

Capital assets, which includes 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 acquisition value at the time of donation. In some instances, capital asset historical costs were not available; therefore, the costs of these assets at the dates of acquisitions have been estimated. Expenditures materially extending the life of capital assets are capitalized. Interest incurred during construction is only capitalized in proprietary funds. Capital assets are depreciated over their useful lives, using the straight-line depreciation method. Infrastructure ("public domain") assets, including roads, bridges, sanitary sewers, drains, curbs, and gutters, are capitalized.

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

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

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

Compensated Absences

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

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

Pension

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

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Other Postemployment Benefit Costs

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

Net Pension Liability

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

Fund Equity

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

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

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

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Deferred Outflows/Inflows of Resources

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

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

Property taxes levied are used to finance the expenditures of the current fiscal period (October 1, 2015 through September 30, 2016) and are reported as revenues in the financial statements. Amounts not collected within 60 days of the end of the fiscal year are considered unavailable for the current period, and are reported as deferred inflows.

Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements, September 30, 2016. These estimates and assumptions also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. Legal Compliance - Budgets

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

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

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

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

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

During the fiscal year, the County incurred no expenditures in excess of appropriations which are presented at the legal level of control.

3. Deposits and Investments

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

For the primary government, the County manages its investments in a pool format which is used by all County funds. Income, gains and losses are 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, NCUA or DIFS 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. Fair value of the position in the pool is approximately equal to 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.

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Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the County's deposits may not be returned.

As of September 30, 2016, the bank balance of the County's deposits was \$1,067,853,134. Insured deposits were \$3,500,000, and the remaining \$1,064,353,134 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, 2016, the Road Commission component unit had \$4,643,961 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. The Road Commission believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. However, only those institutions with an acceptable estimated risk level are used as depositories.

Investments - Internal Investment Pool

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

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of Michigan financial institutions.
3. Commercial paper rated at the time of purchase at the *highest* classification established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
4. Repurchase agreements consisting of instruments in subdivision 1. The PSA Master Repurchase Agreement prototype agreement shall be employed with appropriate supplemental provisions regarding security delivery, security substitutions, and governing law. A signed repurchase agreement must be on file before entering into a repurchase transaction.
5. Bankers' acceptances of United States banks.
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.

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10. Mutual funds registered under the Investment Company Act of 1940 with authority to only purchase investment vehicles that are legal for direct investment by a Michigan public corporation. Investment is limited to mutual funds that maintain a net asset value of \$1.00 per share.

As of September 30, 2016, 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)	\$ 856,114,166	206
Deposit Accounts (1)	211,738,968	1
Money Market Investment Pools	271,831,810	1
Commercial Paper	9,998,817	11
MI Government Coupon	40,709,560	3,834
U.S. Agencies	256,657,217	956
Total Market Value of Internal Investment Pool	\$ 1,647,050,538	
Weighted Average Maturity of Internal Investment Pool (in days)		337

- (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 \$256,657,217 invested in U.S. government securities which are rated AA+ by Standard & Poor's and Aaa by Moody's. The County had \$40,709,560 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. At September 30, 2016, the County had \$9,998,817 invested in A1+ (S&P) and P1 (Moody's) commercial paper. The money market investment pool had \$271,831,810 invested with a rating of AAA (S&P). 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, 2016, \$307,365,594 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.

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Concentration of Credit Risk – Investments. On September 30, 2016, the County had investments of 5% or more of the total portfolio, with the following U.S. agency issuers: Fannie Mae 8.75%, and Freddie Mac 6.89%. No other issuer exceeded 5% of the total portfolio.

Interest Rate Risk – To limit its exposure to fair value losses from rising interest rates, the County’s investment policy states the County will not directly invest in securities that mature more than three years from date of purchase; however, securities exceeding the three-year limitation may be purchased provided maturity dates coincide with the expected use of the funds. As of September 30, 2016, the internal investment pool had a weighted average maturity of 337 days and the longest investment maturity in the portfolio was 3,834 days (10.5 years).

Fair Value Measurement – The County categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The County’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The County has the following recurring fair value measurements as of September 30, 2016:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Investment Type	Total Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Commercial Paper	\$ 9,998,817	\$ -	\$ 9,998,817	\$ -
Government Agencies	256,657,217	-	256,657,217	
Municipal Bonds	40,709,560	-	40,709,560	
Total Investments by Fair Value	\$ 307,365,594	\$ -	\$ 307,365,594	\$ -

Investments measured at the Net Asset Value (NAV)

Money Market Investment Pools	271,831,810
Total Investments measured fair value	\$ 579,197,404

The fair value of Commercial Paper, Government Agencies and Municipal Bonds at September 30, 2016 was determined primarily based on Level 2 inputs and are valued using quoted prices for identical securities in markets that are not active. Money Market Investment Pools is valued at published fair value per share (unit) for the fund.

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Investments – Pension Trust Funds

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

Pension investments are made through the use of Investment Advisors which are selected and retained by the Retirement and Deferred Compensation Board (PERS, VEBA and SMBT). The advisors serve at the leisure of the Board as provided by investment agreements. At September 30, 2016, the Primary Government's Pension Trust fund had 23 investment advisors. Investments are held in street name by safekeeping agents under formal trust agreements and/or in the Retirement Systems' name.

As of September 30, 2016, the County had the following investment types in its Retirement System and other postemployment benefits trust funds:

Investment Type	Fair Value	Percentage	Average Duration (InYears)
Common Stock	\$ 546,571,625	28.64%	N/A
International Common Stock	66,417,456	3.48%	N/A
Common Stock - Funds	343,810,608	18.02%	N/A
Preferred Stock	95,366	0.01%	N/A
Exchange Traded Funds	988,978	0.05%	N/A
Government Bonds	80,602,117	4.22%	6.39
International Government Bonds	5,236,812	0.27%	N/A
Government Agencies	90,693,370	4.75%	1.50
International Government Agencies	71,240	0.00%	N/A
Municipal Bonds	2,893,160	0.15%	15.44
Corporate Bonds	216,616,108	11.35%	6.28
Bank Loans	4,150,672	0.22%	N/A
Government Mortgage-Backed Securities	60,194,294	3.16%	2.60
Gov't Issued Commercial Mortgage-Backed Securities	1,099,539	0.06%	2.00
Commercial Mortgage-Backed Securities	21,141,245	1.11%	3.66
Asset-Backed Securities	16,896,385	0.89%	1.68
Non-government Backed CMOs	1,767,110	0.09%	1.75
Index Linked Government Bonds	25,956,380	1.36%	18.37
Other Fixed Income	3,485,686	0.18%	3.46
Real Estate	182,030,832	9.55%	N/A
Partnerships	111,830,508	5.86%	N/A
Other Assets	631,067	0.03%	N/A
Hedge Funds	86,884,808	4.55%	N/A
Cash and Cash Equivalents	38,133,932	2.00%	0.02
Total	\$1,908,199,298	100.00%	

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

As of September 30, 2016, debt obligation investments held in the retirement system had the following ratings:

<u>Fair Value</u>	<u>Percentage</u>	<u>Ratings</u>	
		<u>S&P</u>	<u>Moody's</u>
\$200,813,942	31.31 %	AAA	Aaa
36,053,883	5.62	AA	Aa
86,532,366	13.49	A	A
57,406,609	8.95	BBB	Baa
28,999,269	4.52	BB	Ba
12,355,432	1.93	B	B
490,331	0.08	CCC	Caa
139,229,169	21.71	NR	NR
79,471,463	12.39	US Govt	Guaranteed
<u>\$641,352,464</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, 2016, \$1,906,602,833 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, 2016, as reported by the system’s investment managers, no holdings exceed any of the Board’s adopted limits.

County of Oakland
Notes to Basic Financial Statements
September 30, 2016

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 0.02 years and 18.4 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 1.3 years to 46.6 years and are backed by investments in various assets, including mortgages. As of September 30, 2016, the market value was \$22,908,355.

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, 2016, the County's CMO portfolio had an effective duration of 2.04 years.

Fair Value Measurement – The County categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The County's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

County of Oakland
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The County has the following recurring fair value measurements as of September 30, 2016:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

	Balance at September 30, 2016	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Equity securities:				
Common Stock	\$ 612,989,082	\$ 612,842,490	\$ -	\$ 146,592
Preferred Stock	95,366	95,366	-	-
Exchange Traded Funds	988,978	988,978	-	-
Equity Mutual Funds	24,945,270	-	24,945,270	-
Total equity securities	639,018,696	613,926,834	24,945,270	146,592
Debt securities:				
Government Bonds	85,838,929	-	85,312,209	526,720
Government Agencies	16,390,668	-	16,390,668	-
State or Local Governments	2,893,160	-	2,893,160	-
Corporate Bonds	216,616,108	-	216,616,108	-
Residential Mortgage-Backed Securities	134,568,236	-	134,568,236	-
Commercial Mortgage-Backed Securities	22,240,784	-	22,240,784	-
Collateralized Mortgage Obligations	1,767,110	-	1,767,110	-
Other Asset-Backed Securities	16,896,385	-	16,896,385	-
IndexLinked Government Bonds	25,956,380	-	25,956,380	-
Bank Loans	4,150,672	-	4,150,672	-
Other Debt Securities	3,485,686	-	3,485,686	-
Total debt securities	530,804,118	-	530,277,398	526,720
Total investments by fair value level	\$ 1,169,822,814	\$ 613,926,834	\$ 555,222,668	\$ 673,312
Investments measured at Net Asset Value (NAV)				
International Equity	130,599,228			
Global Fixed Income	111,830,508			
Index Funds	188,266,109			
Equity Long/Short Hedge Funds	86,884,808			
Private Real Estate	5,077,414			
Real Estate Funds	166,275,203			
Real Estate International	10,678,215			
Total investments measured at NAV	699,611,485			
Total investments measured at fair value	\$ 1,869,434,299			
Investment derivative instruments				
Forward Foreign Currency Exchange	\$ 209	\$ -	\$ 209	\$ -

County of Oakland
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Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches: Equity Mutual Funds are valued using fair value per share for each fund; Fixed Income investments are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors. Debt and equity securities classified in Level 3 are based upon unobservable inputs. Derivative instruments classified in Level 2 are valued using a market approach that considers benchmarks.

Investments in Entities that Calculate Net Asset Value per Share

The County holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At the year ended September 30, 2016, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if eligible	Redemption Notice Period
International Equity	\$130,599,144	-	Monthly	10 Days
Global Fixed Income	111,830,508	-	Daily	3 Days
Index Funds	188,266,109	-	Daily	3 Days
Equity Long/Short Hedge Funds	86,884,808	-	Quarterly	90 Days
Private Real Estate	5,077,414	-	-	-
Real Estate Funds	166,275,203	-	-	-
Real Estate International	10,678,215	-	-	-
	<u>\$699,611,401</u>			

The International Equity fund seeks long-term growth of capital by investing at least 80% of its net assets in large capitalization equity securities listed in the Morgan Stanley Capital International Europe, Australasia and Far East Index (MSCI EAFE Index). The fair values of the investments have been estimated using the net asset value per share of the investments.

The Global Fixed Income Fund seeks current income with capital appreciation and growth of income, by investing at least 80% of its net assets in bonds of governments, government related entities and government agencies located anywhere in the world. The fund regularly enters into various currency-related and other transactions involving derivative instruments. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

The Index Fund seeks to replicate the total return of the S&P 500 index. Under normal market conditions, at least 80% of its total assets will be invested in stocks in the S&P 500 index. The fund utilizes a “passive” investment approach, attempting to replicate the investment performance of its benchmark. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

County of Oakland
Notes to Basic Financial Statements
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The Hedged Equity Long/Short Fund is comprised of hedge funds that invest in global equity markets using long/short strategies both from a bottom-up (stock-pickers) orientation and a top-down (macro) orientation, including emerging markets. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

The Real Estate funds class included several real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this class have been estimated using the net asset value of the County's ownership interest in partners' capital.

Disclosures Regarding Redemption Only Upon Liquidation

The investments in the Private Real Estate, Real Estate and Real Estate International can never be redeemed with the funds. Distributions from each fund will be received only as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next 1 to 10 years.

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 2016 summer levy amounted to \$65,084,851,114 with taxable values of \$52,786,202,473. The operating tax rate for the 2016 levy was 4.04 mills, with an additional 0.2410 mills voted for Parks and Recreation (winter levy only). The amount unpaid at fiscal year end is reported as current property taxes receivable in the County's General Fund. These receivables (current and delinquent) for the County operating tax levy amounted to \$18,832,275 at September 30, 2016.

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 \$225,661,550 at September 30, 2016, are pledged as collateral for payment of the tax notes; subsequent collections on delinquent taxes receivable, plus interest, penalties and collection fees thereon, and investment earnings are used to service the debt.

The following is a summary of the short-term debt activity for the year ended September 30, 2016:

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

County of Oakland
Notes to Basic Financial Statements
September 30, 2016

5. Allowances for Uncollectible Receivables

At September 30, 2016, the allowances for uncollectible receivables were as follows:

General Fund	\$ 25,000
Capital Projects	
Drains-Act 40 Maintenance Chapter 4 & 18	<u>6,972</u>
Total	<u>\$ 31,972</u>

In addition, the Parks and Recreation fund (Enterprise) records an allowance for uncollectible taxes receivable in the amount of \$36,761 and uncollectable accounts receivable of \$60,991 at September 30, 2016.

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, 2016:

	Employees' Retirement	VEBA Trust	Superseding Trust
Interest and dividends	\$ 13,168,836	\$ 18,276,788	\$ 124,632
Unrealized/Realized gain (loss) on investments	<u>54,775,767</u>	<u>82,184,503</u>	<u>1,012,105</u>
Total	<u>\$ 67,944,603</u>	<u>\$ 100,461,291</u>	<u>\$ 1,136,737</u>

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

An analysis of property and equipment as reported in the Statement of Net Position, and related accumulated depreciation, at September 30, 2016, for governmental activities follows:

	Balance October 1, 2015	Additions	Disposals and Adjustments	Balance September 30, 2016
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 7,365,551	\$ -	\$ -	\$ 7,365,551
Construction in progress	14,901,068	10,291,291	(234,960)	24,957,399
Total capital assets not being depreciated	<u>22,266,619</u>	<u>10,291,291</u>	<u>(234,960)</u>	<u>32,322,950</u>
Capital assets being depreciated				
Land improvements	1,250,633	46,057	-	1,296,690
Buildings and improvements	250,004,217	194,215	-	250,198,432
Equipment and vehicles	121,482,476	5,539,977	(2,636,447)	124,386,006
Infrastructure	30,681,421	-	-	30,681,421
Total capital assets being depreciated	<u>403,418,747</u>	<u>5,780,249</u>	<u>(2,636,447)</u>	<u>406,562,549</u>
Less: Accumulated depreciation				
Land improvements	1,090,723	21,147	-	1,111,870
Buildings and improvements	108,659,260	5,837,856	-	114,497,116
Equipment and vehicles	94,594,716	7,706,609	(2,327,698)	99,973,627
Infrastructure	17,843,773	679,349	-	18,523,122
Total accumulated depreciation	<u>222,188,472</u>	<u>14,244,961</u>	<u>(2,327,698)</u>	<u>234,105,735</u>
Total capital assets being depreciated, net	<u>181,230,275</u>	<u>(8,464,712)</u>	<u>(308,749)</u>	<u>172,456,814</u>
Governmental activities capital assets, net	<u>\$ 203,496,894</u>	<u>\$ 1,826,579</u>	<u>\$ (543,709)</u>	<u>\$ 204,779,764</u>

Depreciation expense was charged to functions as follows:

Public safety	\$ 3,044,628
Justice administration	1,083,429
Citizens services	681,525
Public infrastructure	450,370
Commerce and Community Development	29,537
Unallocated depreciation	3,527,266
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>5,428,206</u>
Total depreciation expense - governmental activities	<u>\$ 14,244,961</u>

County of Oakland
Notes to Basic Financial Statements
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A summary of business-type property and equipment at September 30, 2016 follows:

	Balance October 1, 2015	Additions	Disposals and Adjustments	Balance September 30, 2016
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 68,158,860	\$ -	\$ -	\$ 68,158,860
Construction in progress	52,947,497	38,440,174	(7,290,142)	84,097,529
Other	12,000	-	-	12,000
Total capital assets not being depreciated	<u>121,118,357</u>	<u>38,440,174</u>	<u>(7,290,142)</u>	<u>152,268,389</u>
Capital assets being depreciated				
Land improvements	35,823,624	-	-	35,823,624
Buildings and improvements	98,816,827	489,912	(83,499)	99,223,240
Equipment and vehicles	89,893,718	2,663,684	(1,098,804)	91,458,598
Infrastructure	340,915,052	3,530,014	-	344,445,066
Total capital assets being depreciated	<u>565,449,221</u>	<u>6,683,610</u>	<u>(1,182,303)</u>	<u>570,950,528</u>
Less: Accumulated depreciation				
Land improvements	26,695,580	1,380,353	-	28,075,933
Buildings and improvements	38,491,911	3,340,726	(65,628)	41,767,009
Equipment and vehicles	70,372,402	6,928,595	(2,396,987)	74,904,010
Infrastructure	245,014,358	7,426,024	-	252,440,382
Total accumulated depreciation	<u>380,574,251</u>	<u>19,075,698</u>	<u>(2,462,615)</u>	<u>397,187,334</u>
Total capital assets being depreciated, net	<u>184,874,970</u>	<u>(12,392,088)</u>	<u>1,280,312</u>	<u>173,763,194</u>
Business-type activities capital assets, net	<u>\$ 305,993,327</u>	<u>\$ 26,048,086</u>	<u>\$ (6,009,830)</u>	<u>\$ 326,031,583</u>
Depreciation expense was charged to functions as follows:				
Airports		\$ 2,665,382		
Community safety support		8,052,414		
Community water and sewer		2,412,590		
Recreation and leisure		3,640,363		
Sewage disposal systems		2,304,949		
Total depreciation expense - business-type activities		<u>\$ 19,075,698</u>		

County of Oakland
Notes to Basic Financial Statements
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An analysis of property and equipment, and related accumulated depreciation where applicable, at September 30, 2016, for component units follows:

	Balance October 1, 2015	Additions	Disposals and Adjustments	Balance September 30, 2016
Component Units				
Drainage Districts				
Capital assets not being depreciated				
Construction in progress	\$ 164,427,466	\$ 29,733,025	\$ (4,312,200)	\$ 189,848,291
Land	325,964	-	-	325,964
Total capital assets not being depreciated	<u>164,753,430</u>	<u>29,733,025</u>	<u>(4,312,200)</u>	<u>190,174,255</u>
Capital assets being depreciated				
Buildings	57,248,656	-	-	57,248,656
Equipment	373,557	-	-	373,557
Infrastructure	495,179,489	4,312,200	-	499,491,689
Total capital assets being depreciated	<u>552,801,702</u>	<u>4,312,200</u>	<u>-</u>	<u>557,113,902</u>
Less: Accumulated depreciation				
Buildings	4,508,331	1,725,412	-	6,233,743
Equipment	38,538	30,817	-	69,355
Infrastructure	99,527,361	5,674,624	-	105,201,985
Total accumulated depreciation	<u>104,074,230</u>	<u>7,430,853</u>	<u>-</u>	<u>111,505,083</u>
Total capital assets being depreciated, net	<u>448,727,472</u>	<u>(3,118,653)</u>	<u>-</u>	<u>445,608,819</u>
Governmental activity capital assets, net	<u>\$ 613,480,902</u>	<u>\$ 26,614,372</u>	<u>\$ (4,312,200)</u>	<u>\$ 635,783,074</u>
Road Commission				
Capital assets not being depreciated				
Land and other	\$ 196,104,743	\$ 9,409,490	\$ -	\$ 205,514,233
Construction in progress	589,876	31,011	(589,875)	31,012
Total capital assets not being depreciated	<u>196,694,619</u>	<u>9,440,501</u>	<u>(589,875)</u>	<u>205,545,245</u>
Capital assets being depreciated				
Buildings and storage bins	20,380,296	361,313	589,875	21,331,484
Road equipment	54,013,547	6,155,427	(5,043,368)	55,125,606
Other equipment	5,246,395	825,671	(4,150)	6,067,916
Infrastructure	995,784,054	52,865,557	(19,135,993)	1,029,513,618
Brine wells and gravel pits	2,489,608	-	-	2,489,608
Total capital assets being depreciated	<u>1,077,913,900</u>	<u>60,207,968</u>	<u>(23,593,636)</u>	<u>1,114,528,232</u>
Less: Accumulated depreciation				
Buildings and storage bins	12,127,406	548,183	-	12,675,589
Road equipment	47,329,789	3,365,522	(5,043,368)	45,651,943
Other equipment	4,880,859	120,020	(4,150)	4,996,729
Infrastructure	412,493,406	42,090,454	(19,135,993)	435,447,867
Brine wells and gravel pits	1,410,924	112,538	-	1,523,462
Total accumulated depreciation	<u>478,242,384</u>	<u>46,236,717</u>	<u>(24,183,511)</u>	<u>500,295,590</u>
Total capital assets being depreciated, net	<u>599,671,516</u>	<u>13,971,251</u>	<u>589,875</u>	<u>614,232,642</u>
Governmental activity capital assets, net	<u>\$ 796,366,135</u>	<u>\$ 23,411,752</u>	<u>\$ -</u>	<u>\$ 819,777,887</u>

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

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

Primary Government

	Interest rate	October 1, 2015	Additions	Reductions	September 30, 2016	Amounts due within one year	Amounts due thereafter	General obligation	With governmental commitment
Governmental activities									
Debt with limited taxing authority									
Building authority - Act 31	2.00%-4.75%	\$ 29,380,000	\$ 15,450,000	\$ (2,495,000)	\$ 42,335,000	\$ 3,150,000	\$ 39,185,000	\$ 29,500,000	\$ 12,835,000
Building authority refunding	2.00%-5.00%	35,210,000	-	(4,185,000)	31,025,000	4,290,000	26,735,000	27,535,000	3,490,000
Retirees Health Care Bonds	3.62%-4.52%	328,590,000	-	(22,200,000)	306,390,000	23,020,000	283,370,000	306,390,000	-
Water supply - Act 342	2.00%-6.00%	15,820,000	-	(785,000)	15,035,000	790,000	14,245,000	-	15,035,000
Sewage disposal - Act 342	2.00%-3.75%	-	3,700,000	(150,000)	3,550,000	150,000	3,400,000	-	3,550,000
Water and sewer refunding bonds	1.50%-2.75%	1,415,000	-	(210,000)	1,205,000	205,000	1,000,000	-	1,205,000
Sewage disposal refunding bonds	2.25%-3.60%	140,000	-	(140,000)	-	-	-	-	-
Michigan Bond Authority - Sewage Disposal Bonds	1.62%-2.50%	6,533,202	21,325,488	(645,000)	27,213,690	2,100,000	25,113,690	-	27,213,690
Total bonds - governmental activities		<u>\$ 417,088,202</u>	<u>\$ 40,475,488</u>	<u>\$ (30,810,000)</u>	<u>\$ 426,753,690</u>	<u>\$ 33,705,000</u>	<u>\$ 393,048,690</u>	<u>\$ 363,425,000</u>	<u>\$ 63,328,690</u>
Business-type activities									
Business type activities									
BA - Act 31 - County Airport	1.00%-5.90%	\$ 4,600,000	\$ -	\$ (250,000)	\$ 4,350,000	\$ 250,000	\$ 4,100,000	\$ 4,350,000	\$ -
BA refunding - County Airport	2.00%-2.25%	3,560,000	-	(360,000)	3,200,000	365,000	2,835,000	3,200,000	-
Sewage disposal - Act 342	1.75%-6.75%	3,500,000	-	(150,000)	3,350,000	155,000	3,195,000	3,350,000	-
Michigan Bond Authority - Water & Sewage Disposal Bonds	2.50%	9,600,612	7,026,942	(720,200)	15,907,354	1,005,600	14,901,754	15,907,354	-
Total bonds - business type		<u>21,260,612</u>	<u>7,026,942</u>	<u>(1,480,200)</u>	<u>26,807,354</u>	<u>1,775,600</u>	<u>25,031,754</u>	<u>26,807,354</u>	<u>-</u>
Total bonds - primary government		<u>\$ 438,348,814</u>	<u>\$ 47,502,430</u>	<u>\$ (32,290,200)</u>	<u>\$ 453,561,044</u>	<u>\$ 35,480,600</u>	<u>\$ 418,080,444</u>	<u>\$ 390,232,354</u>	<u>\$ 63,328,690</u>

County of Oakland
Notes to Basic Financial Statements
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Component Units

Drainage Districts	Interest rate	October 1, 2015	Additions	Reductions	September 30, 2016	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%	\$ 74,545,000	\$ -	\$ (3,665,000)	\$ 70,880,000	\$ 3,660,000	\$ 67,220,000	\$ 52,818,220	\$ 18,061,780
Drain refunding bonds	1.00%-4.75%	14,415,000	7,450,000	(10,660,000)	11,205,000	1,830,000	9,375,000	1,816,368	9,388,632
Michigan Bond Authority-Drain Bonds	1.15%-4.15%	175,606,474	19,169,814	(12,074,800)	182,701,488	12,234,400	170,467,088	20,136,540	162,564,948
Total Drainage Districts		<u>264,566,474</u>	<u>\$ 26,619,814</u>	<u>(26,399,800)</u>	<u>264,786,488</u>	<u>17,724,400</u>	<u>247,062,088</u>	<u>74,771,128</u>	<u>190,015,360</u>
Total County Debt		<u>\$ 702,915,288</u>	<u>\$ 74,122,244</u>	<u>\$ (58,690,000)</u>	<u>\$ 718,347,532</u>	<u>\$ 53,205,000</u>	<u>\$ 665,142,532</u>	<u>\$ 465,003,482</u>	<u>\$ 253,344,050</u>
Road Commission									
Compensated absences	--	\$ 3,018,250	\$ 60,650	\$ -	\$ 3,078,900	\$ -	\$ 3,078,900	\$ -	\$ 3,078,900
Self-insured losses	--	1,246,200	153,461	(387,328)	1,012,333	483,633	528,700	-	1,012,333
Other postemployment benefits	--	23,527,919	4,673,532	-	28,201,451	-	28,201,451	-	28,201,451
Net pension liability	--	26,527,162	16,420,359	-	42,947,521	-	42,947,521	-	42,947,521
Michigan Transportation									
Fund revenue notes	4.00%	500,000	-	(500,000)	-	-	-	-	-
Total Road Commission		<u>\$ 54,819,531</u>	<u>\$ 21,308,002</u>	<u>\$ (887,328)</u>	<u>\$ 75,240,205</u>	<u>\$ 483,633</u>	<u>\$ 74,756,572</u>	<u>\$ -</u>	<u>\$ 75,240,205</u>
Total reporting entity		<u>\$ 757,734,819</u>	<u>\$ 95,430,246</u>	<u>\$ (59,577,328)</u>	<u>\$ 793,587,737</u>	<u>\$ 53,688,633</u>	<u>\$ 739,899,104</u>	<u>\$ 465,003,482</u>	<u>\$ 328,584,255</u>

County of Oakland
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The annual requirements to pay principal and interest on debt outstanding at September 30, 2016 (excluding the liabilities for compensated absences, other postemployment benefits, pension liability and uninsured losses for the Road Commission component unit) were as follows:

	Bonds with limited taxing authority		Retirees Health Care Bonds limited taxing authority		Business-type Bonds limited taxing authority		Total primary government	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 10,685,000	\$ 3,129,322	\$ 23,020,000	\$ 10,980,656	\$ 1,775,600	\$ 772,135	\$ 35,480,600	\$ 14,882,113
2018	10,930,000	2,808,750	23,870,000	10,131,947	1,841,000	733,955	36,641,000	13,674,652
2019	10,580,000	2,488,238	24,750,000	9,251,925	1,891,400	692,625	37,221,400	12,432,788
2020	10,790,000	2,165,556	25,660,000	8,339,504	1,796,170	648,965	38,246,170	11,154,025
2021	10,900,000	1,834,750	26,605,000	7,393,507	1,689,900	580,303	39,194,900	9,808,560
2022-2026	34,740,000	5,518,347	148,485,000	21,510,862	8,342,800	2,071,591	191,567,800	29,100,800
2027-2031	22,573,690	2,868,890	34,000,000	768,400	7,818,720	705,595	64,392,410	4,342,885
2032-2036	8,775,000	793,940	-	-	1,651,764	22,784	10,426,764	816,724
2037-2041	390,000	29,200	-	-	-	-	390,000	29,200
Totals	\$ 120,363,690	\$ 21,636,993	\$ 306,390,000	\$ 68,376,801	\$ 26,807,354	\$ 6,227,953	\$ 453,561,044	\$ 96,241,747

	Drainage Districts		Total reporting entity	
	Principal	Interest	Principal	Interest
2017	\$ 17,724,400	\$ 6,751,002	\$ 53,205,000	\$ 21,633,115
2018	17,669,000	6,329,299	54,310,000	20,003,951
2019	17,908,600	5,910,956	55,130,000	18,343,744
2020	18,383,200	5,478,519	56,629,370	16,632,544
2021	18,850,100	5,027,874	58,045,000	14,836,434
2022-2026	79,684,022	18,433,423	271,251,822	47,534,223
2027-2031	63,344,811	9,262,831	127,737,221	13,605,716
2032-2036	31,222,355	1,625,024	41,649,119	2,441,748
2037-2041	-	-	390,000	29,200
Totals	\$ 264,786,488	\$ 58,818,928	\$ 718,347,532	\$ 155,060,675

County of Oakland
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The County has pledged its full faith and credit on debt totaling \$743,347,532, which includes \$25,000,000 of short-term notes for the delinquent taxes as described in Note 4. By statute, general obligation debt is limited to 10 percent of the state equalized value. As of September 30, 2016, the debt limit was \$6,508,485,111. 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, 2016, there were five issues outstanding, totaling \$42,335,000, maturing in the years 2017-2040, which represents debt originally issued in the years 2010-2015 totaling \$52,895,000.

Retirees Health Care Bonds

In September 2013, the County issued refunding bonds in the amount of \$350,000,000, in order to refinance and redeem the 2007 Certificates of Participation debt. This 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. As of September 30, 2016, there were two issues outstanding totaling \$306,390,000 maturing in the years 2017-2027.

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

Act 342, Michigan Public Acts of 1939 provides for a contract between the County and local municipalities which defines a schedule of annual payments to be made by the municipality to meet principal and interest obligations. Such contractual payments may be funded by revenue produced by utility or tax revenue. The County is obligated upon the default of the local municipality, and therefore, such obligation is shown as "with governmental commitment." Assessments are shown in their entirety with the corresponding deferred inflows in the Debt Service funds for each act. At September 30, 2016, there were six issues outstanding, totaling \$18,585,000, maturing in the years 2017-2035. This represents debt originally issued in the amount of \$21,800,000 issued in the years 1997-2015.

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, 2016, there were six issues outstanding, totaling \$32,230,000, maturing in the years 2017-2025. This represents debt originally issued in the years 2010-2014 totaling \$51,385,000.

County of Oakland
Notes to Basic Financial Statements
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Michigan Bond Authority Sewage Disposal Bonds

In October 1996, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$9,350,000 for the White Lake Township Sewage Disposal System project; the entire amount was received as of the end of fiscal year 1999. The amount outstanding for this issue at September 30, 2016 was \$1,135,000, which matures in the years 2017-2018.

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, 2016 for this issue is \$1,095,727, which matures in the years 2017-2027.

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, 2016, \$24,982,963 was drawn from the State Revolving Loan fund. The amount outstanding at September 30, 2016 for this issue is \$24,982,963, which matures in the years 2017-2031.

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, 2016 was \$3,350,000, which matures in the years 2017-2031.

Two Building Authority bond issues for the County Airport fund consist of the Airport T-Hangar Refunding in the amount outstanding as of September 30, 2016 of \$3,200,000 maturing in the years 2017-2024 and the Airport Terminal Building in the amount outstanding as of September 30, 2016 of \$4,350,000 maturing in the years 2017-2030. These represent original debt issued in the amount of \$4,585,000 in 2012 for the Airport T-Hangar and \$5,800,000 in 2010 for the Airport Terminal Building.

In March 2012, the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for up to \$2,415,000 for the Evergreen-Farmington Sewage Disposal System 8 Mile Pumping Station Septage Facility (enterprise fund type). The amount outstanding for this issue at September 30, 2016 was \$2,025,000, which matures in the years 2017-2032.

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 four Clean Water/Water Quality projects. The total authorized loan amount is \$8,845,300; as of September 30, 2016, the amount outstanding was \$6,516,220. In addition, in October 2014 the County authorized the issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for City of Pontiac Water Supply System Improvements for up to \$6,890,000; as of September 30, 2016, \$6,666,764 was drawn. Further, in October 2015 the County authorized the issuance of two additional bonds from the Michigan Municipal Bond Authority Revolving Loan fund for the City of Pontiac Water Supply System; one for up to \$6,850,000 with \$1,762,500 principal forgiveness, as of September 30, 2016,

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\$969,370 was drawn and one for up to \$720,000 with no draws as of September 30, 2016. The debt obligation recorded as of September 30, 2016 amounted to \$13,882,354, maturing in the years 2017 through 2035.

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, 2016, there were 12 issues outstanding, totaling \$70,880,000, maturing in the years 2017-2034. This represents original debt issued for \$85,480,000 in the years 1997-2014.

Drain Refunding Bonds (Component Unit)

Act 202 of 1943 and Act 34 of 2001 provide for the refunding of bonds based on covenants contained in the acts. The County initiates the refunding of various drain bonds issued under Act 40 on behalf of the drainage district's component unit. Bonds will be repaid from assessments levied against the benefiting municipalities. At September 30, 2016, there were four issues outstanding, totaling \$11,205,000, maturing in the years 2017-2025. This represents debt originally issued in the years 2005-2016 in the amount of \$15,340,000.

Michigan Bond Authority Drain Bonds (Component Unit)

The County authorized the issuance of bonds for up to \$17,880,000 in October 2000 from the Michigan Municipal Bond Authority Revolving Loan fund for the George W. Kuhn Drainage District. 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. In February 2010, Oakland County, Macomb County, and their underlying municipalities under the authority of Chapter 21 of Public Act 40, Public Acts of Michigan of 1956 were permitted to issue bonds in the amount of \$26,076,000 for the Oakland-Macomb Interceptor Drainage District with successive authorizations for Segments II, III and IV in the years 2012, 2013 and 2015, respectively, amounting to \$99,160,000. Through September 30, 2016, the drainage district received \$124,638,355 from the State Revolving Loan Fund for the Oakland-Macomb Interceptor Drain District Segments I, II, III and IV. In August 2012, in conjunction with the transfer of operations of the City of Pontiac waste water treatment system to the County, the County's Drainage District assumed the debt obligations initiated by the City of Pontiac for two Clean Water/Water Quality projects. The total authorized loan amount is \$13,689,700; as of September 30, 2016, the amount outstanding was \$10,937,310. In addition, in October 2014, the County authorized issuance of bonds from the Michigan Municipal Bond Authority Revolving Loan fund for the Pontiac Waste Water Treatment Drain District for up to \$9,840,000 with \$1,000,000 principal forgiveness. At September 30, 2016, there were 13 issues outstanding, totaling \$182,701,488, maturing in the years 2017-2033.

Advance and Current Refunding of General Obligation Limited Tax Bonds

In February 2016, the County issued \$7,450,000 of refunding bonds for a current refunding of general obligation limited tax refunding bond issue on behalf of the Drainage Districts' component unit, pursuant to authorization contained in Act 34, Public Acts of Michigan of 2001. General obligation limited tax refunding drain bonds were issued for the payment of future debt service obligations of the refunded debt. Accordingly, the trust account assets and liability for the

County of Oakland
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refunding bonds are not included in the Drainage District's component unit, or the County's financial statements. The debt refunded amounted to \$7,585,000 for the George W. Kuhn Drainage District, Series 2007 maturing in the years 2017 through 2024 inclusively. The refunding was undertaken to reduce the debt service payments over the next eight years by \$909,119 and obtain an economic (present value) gain to the benefiting municipalities of \$865,755.

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, 2016 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities					
Accrued compensated absences	\$ 12,505,517	\$ 1,494,400	\$(1,250,552)	\$ 12,749,365	\$ 1,274,937
Claims and judgments					
Accrued unreported health costs	4,520,000	1,084,058	(1,506,667)	4,097,391	1,365,797
Accrued workers' compensation	10,000,000	44,881	(2,818,466)	7,226,415	1,765,084
Building and liability insurance	4,553,602	1,274,114	(1,178,895)	4,648,821	1,253,279
Net pension liability	12,718,628	-	(7,273,842)	5,444,786	-
Governmental activity long-term liabilities	<u>\$ 44,297,747</u>	<u>\$ 3,897,453</u>	<u>\$(14,028,422)</u>	<u>\$ 34,166,778</u>	<u>\$ 5,659,097</u>

9. Interfund Balances

Interfund receivables and payables at September 30, 2016 were as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General	Nonmajor governmental	<u>\$ 12,103,325</u>
Nonmajor governmental	General	505,415
	Nonmajor governmental	812,690
	S.O.C.S.D.S.	1,898
	Internal service	980
	Total	<u>1,320,983</u>
Internal service	General	1,273
	Nonmajor governmental	62
	Water and Sewer Trust	7,055
	Evergreen Farmington S.D.S.	2,323
	S.O.C.S.D.S.	3,136
	Clinton Oakland S.D.S.	1,554
	Nonmajor enterprise	185
	Internal service	504
	Total	<u>16,092</u>
	Total	<u>\$ 13,440,400</u>

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

Receivables and payables between funds of the Primary Government and the Component Units at September 30, 2016 were as follows:

Primary Government	Component Unit	
Due from Component Unit	Due to Primary Government	
General	Drainage Districts	\$ 1,132
	Road Commission	<u>3,064</u>
	Total	<u>4,196</u>
Nonmajor governmental	Drainage Districts	687,516
	Road Commission	<u>40</u>
	Total	<u>687,556</u>
Evergreen Farmington SDS	Drainage Districts	<u>62,177</u>
Internal Service	Drainage Districts	75
	Road Commission	<u>40,956</u>
	Total	<u>41,031</u>
	Total	<u>\$ 794,960</u>
Component Unit	Primary Government	
Due from Primary Government	Due to Component Unit	
Drainage Districts	General Fund	<u>\$ 35,000</u>

Advances to/from other funds (including current and long-term portions) at September 30, 2016 were as follows:

Receivable Fund	Payable Fund	
Nonmajor governmental	Nonmajor governmental	<u>\$ 1,102,916</u>
Delinquent Tax Revolving	Internal Service	<u>64,415</u>
	Total	<u>\$ 1,167,331</u>

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

County of Oakland
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Interfund transfers between the funds within the Primary Government recorded in the accompanying financial statements as operating transfers in/out for the year ended September 30, 2016 were as follows:

Transfers In	Transfers Out	Amount
General	Nonmajor governmental	\$ 232,508
	Delinquent Tax Revolving	<u>14,350,810</u>
	Total	<u>14,583,318</u>
Building Authority Act 31	General	9,275,625
	Nonmajor governmental	<u>4,160</u>
	Total	<u>9,279,785</u>
Nonmajor governmental	General	43,249,413
	Nonmajor governmental	2,081,676
	Water and Sewer Debt Act 342	22,141
	Delinquent Tax Revolving	4,786,900
	Evergreen Farmington S.D.S.	1,439,727
	Internal Service	<u>27,908</u>
	Total	<u>51,607,765</u>
Nonmajor enterprise	General	3,103,891
	Nonmajor enterprise	<u>200,000</u>
	Total	<u>3,303,891</u>
Internal Service	General	4,370,946
	Nonmajor governmental	11,633
	Parks and Recreation	60,000
	Nonmajor enterprise	286,000
	Internal service	<u>194,238</u>
	Total	<u>4,922,817</u>
	Total transfers	<u>\$ 83,697,576</u>

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

County of Oakland
Notes to Basic Financial Statements
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10. Fund Equities

At September 30, 2016, a deficit existed in the following funds:

Capital Projects Funds

Lake Levels Act 146	\$	142,093
Drain Chapter 4 Construction		813,978

In the Capital Projects funds, the negative unassigned fund balance in the Lake Levels Act 146 fund, primarily reflects costs that are related to the Bush Lake Level project in the amount of \$106,465 and the Upper Straits Lake Level Dam Reconstruction project in the amount of \$42,008. The Bush Lake Level is construction of a new lake level control structure which has been completed and a long-term special assessment for the project commenced in FY 2011. In 2010, the Oakland County Board of Commissioners authorized a loan in the amount of \$300,000 from the County's Long Term Revolving Fund to the Bush Lake Special Assessment District to be collected in 10 annual installments. The long-term receivable is now on the balance sheet to track the collection of the Long Term Special Assessment. Collection of the annual special assessment has reduced the deficit by \$20,405 from the FY 2015 deficit of \$126,870 to the FY 2016 deficit of \$106,465. The Upper Straits Lake Dam Replacement project consists of replacing an existing lake level control structure in West Bloomfield Township, Oakland County, Michigan and is currently in the design phase. When the design phase is completed, the estimated project cost will be determined. It is planned that the project will be financed with a loan from the Oakland County Board of Commissioner's Long Term Revolving Fund. The loan will be repaid by an assessment to the Upper Straits Lake Level Special Assessment District over a proposed 10 year period. The Special Assessment District must be updated prior to requesting the loan. Updating the district requires Circuit Court action and therefore, the project schedule is directly affected by the Court schedule. There have been some delays on the project and related court proceedings due to critical infrastructure improvements needed for other systems under the responsibility of the Oakland County Water Resources Commissioner's office. Delays in receiving the court judgment on the district update will impact the timing of receiving loan money and approval of the special assessment.

In addition, the negative unassigned fund balance in the Drain Chapter 4 Construction Fund reflects costs that are related to the Lower Pettibone Lake Sanitary Chapter 4 Drain Construction project in the amount of \$813,978. A loan from the Long Term Revolving Fund was approved by the Oakland County Board of Commissioners via Miscellaneous Resolution #14136 adopted June 11, 2014 to provide up to \$1,200,000 in funding for this project. A 20-year assessment against each of the benefiting properties in the District has been approved to repay the loan with the first payment due December 2014. The construction of the sewer was completed and became operational as of January 2015 and the deficit for this specific project will be eliminated when the long-term assessment roll collection is completed.

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Nonspendable, restricted, committed, assigned, and unassigned fund balances of the primary government at September 30, 2016 were as follows:

	Nonspendable	Spendable			Unassigned
		Restricted	Committed	Assigned	
Primary Government					
General Fund					
Prepays	\$ 391,239	\$ -	\$ -	\$ -	\$ -
Inventories	143,527	-	-	-	-
Property Tax Forfeiture	-	5,884,980	-	-	-
Future operating requirements 2016 and beyond	-	-	-	117,483,320	-
Property Tax Forfeiture Activities	-	-	-	20,868,433	-
Future Technology Replacement	-	-	-	14,010,183	-
Capital Reserve	-	-	-	12,000,000	-
Financial System Updates	-	-	-	10,000,000	-
Future Headlee Rollback	-	-	-	10,000,000	-
Catastrophic Claims	-	-	-	10,000,000	-
Unfunded Mandates	-	-	-	10,000,000	-
HR Comp/Workforce Planning	-	-	-	5,600,000	-
Emergency Salaries	-	-	-	5,000,000	-
Tri-Party Supplemental	-	-	-	4,086,500	-
Carryforwards	-	-	-	3,672,683	-
Operational Improvements	-	-	-	3,000,000	-
DB Pension Contribution	-	-	-	3,000,000	-
Data Privacy and Security	-	-	-	3,000,000	-
Homeland Security Enhancements	-	-	-	2,724,139	-
Pandemic Response	-	-	-	2,041,000	-
Local Road Improvement Match Program	-	-	-	1,032,665	-
Business Continuity	-	-	-	1,000,000	-
WRC Long-Term Revolving Fund	-	-	-	1,000,000	-
MI SCAO Interpreter Costs	-	-	-	750,000	-
Federal Regulatory Changes	-	-	-	750,000	-
Senior Services	-	-	-	600,000	-
Building Security Cameras and Consoles	-	-	-	567,766	-
Board of Commissioners Projects	-	-	-	560,000	-
Sheriff Aviation	-	-	-	527,055	-
Tax Tribunal Appeals Consultants	-	-	-	500,000	-
New Grant Match Opportunities	-	-	-	500,000	-
Human Resources Legal	-	-	-	500,000	-
Quality of Life Initiatives	-	-	-	480,000	-
Community Partnerships	-	-	-	238,654	-
Buy Local	-	-	-	150,000	-
Jail Commissary	-	-	-	123,539	-
Department Operations	-	-	-	79,562	-
Rx Discount Card Program	-	-	-	13,756	-
Unassigned	-	-	-	-	2,962,467
Total	\$ 534,766	\$5,884,980	\$ -	\$ 245,859,255	\$ 2,962,467

County of Oakland
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	Nonspendable	Spendable			Unassigned
		Restricted	Committed	Assigned	
Primary Government					
Special Revenue Funds					
Grants (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ (2,054,558)
Specific programs	-	17,930,076	-	-	-
Total	\$ -	\$ 17,930,076	\$ -	\$ -	\$ (2,054,558)
Debt Service Funds					
Debt service-general obligations	\$ -	\$ 7,791,059	\$ -	\$ -	\$ -
Capital Projects Funds					
Long-term receivables	\$ 1,102,916	\$ -	\$ -	\$ -	\$ -
Work projects	-	-	51,423,615	-	(956,071)
Total	\$ 1,102,916	\$ -	\$ 51,423,615	\$ -	\$ (956,071)

11. Employee Benefits

Primary Government

The County provides various benefits to its employees. Expenditures in 2016 for these benefits totaled the following: medical insurance, \$34,767,377; prescription coverage, \$10,601,546; dental insurance, \$3,126,268; optical insurance, \$273,295; disability, \$2,988,889; tuition reimbursement, \$349,967; Social Security, \$16,145,893; workers' compensation, \$1,106,738; and unemployment claims, \$326,603.

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.

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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, 2016, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	1,988
Terminated plan members entitled to, but not yet receiving benefits	100
Active plan members	<u>347</u>
Total	<u>2,435</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 2016, there was no annual contribution required, which was determined through actuarial valuations performed at September 30, 2014.

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, 2016 and September 30, 2015 amounted to \$443,238 and \$473,247, respectively.

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

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Investment Policy

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

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

Rate of Return

For the year ended September 30, 2016, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.2 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, 2016 consists of the following reserves:

Annuity reserve	\$ 4,624,859
Pension reserve	202,587,365
Pension accumulated reserve	<u>550,430,748</u>
Total fund balance	<u>\$ 757,642,972</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.

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Since the County does not issue a stand-alone report for its County PERS, following are condensed financial statements for the period as of and including September 30, 2016:

Statement of Net Position

Cash and investments	\$ 756,148,868
Other assets	1,993,996
Total assets	<u>758,142,864</u>
Liabilities	<u>499,892</u>
Net position	<u>\$ 757,642,972</u>

Statement of Changes in Net Position

Additions:	
Contributions	\$ 443,238
Investment income	67,944,603
Other revenue	25,142
Total additions	<u>68,412,983</u>
Deductions:	
Benefit payments	53,925,525
Other expenses	2,504,315
Total deductions	<u>56,429,840</u>
Change in net position	11,983,143
Net position held in trust, beginning of year	<u>745,659,829</u>
Net position held in trust, end of year	<u>\$ 757,642,972</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.

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Actuarial Methods and Assumptions

The annual required contribution was determined as part of the actuarial valuation as of September 30, 2014, using the aggregate actuarial cost method. Significant actuarial assumptions used include (a) 7.25 investment rate of return, (b) projected salary increases of 4.5 to 10.5 percent per year and (c) 1.5 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period.

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

Net Pension Liability

The County has chosen to use September 30, 2016 as its measurement date for the net pension liability. The September 30, 2016 reported net pension liability was determined using a measure of the total pension liability and the pension plan net position as of September 30, 2016. The September 30, 2016 total pension liability was determined by an actuarial valuation performed as of September 30, 2015, which used updated procedures to roll forward the estimated liability to September 30, 2016.

The components of the net pension liability of the County at September 30, 2016 were as follows:

Total pension liability	\$ 763,087,758
Plan fiduciary net position	<u>(757,642,972)</u>
Net Pension Liability (Asset)	<u>\$ 5,444,786</u>
 Plan fiduciary net position as a percentage of the total pension liability	 99.29%

The net pension liability of \$5,444,786 has been recorded in the Fringe Benefit Fund, an internal service fund that is used to account for the County's employee fringe benefits.

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

	Increase/(Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balances at 9/30/2015	\$ 758,378,456	\$ 745,659,828	\$ 12,718,628
Changes for the year:			
Service cost	2,864,098	-	2,864,098
Interest	53,131,461	-	53,131,461
Difference between expected and actual experience	2,639,268	-	2,639,268
Assumption changes	-	-	-
Contributions - employer	-	-	-
Contributions - member	-	443,238	(443,238)
Net investment income	-	65,710,783	(65,710,783)
Benefit payments, including refunds of member contributions	(53,925,525)	(53,925,525)	-
Administrative expenses	-	(245,352)	245,352
Net changes	4,709,302	11,983,144	(7,273,842)
Balances at 9/30/2016	\$ 763,087,758	\$ 757,642,972	\$ 5,444,786

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

For the year ended September 30, 2016, the County recognized pension expense of \$13,666,033. At September 30, 2016, the County reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 19,305,794
Total	<u>\$ 19,305,794</u>

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

Fiscal Year Ending September 30	Net Deferred Outflows of Resources
2017	\$ 7,341,803
2018	7,341,803
2019	7,341,803
2020	(2,719,615)
Total	<u>\$ 19,305,794</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of September 30, 2015, which used update procedures to roll forward the estimated liability to September 30, 2016. The valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25 – 9.25% average, including inflation and step increases
Investment rate of return	7.25% net of pension investment expense, including inflation

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

Discount Rate

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

Projected Cash Flows

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

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

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included in the pension plan's target asset allocation as of September 30, 2015, these best estimates are summarized in the following table.

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	7.50%
International Equity	8.50%
Domestic Bonds	2.50%
International Bonds	3.50%
Real Estate	4.50%

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 <u>6.25%</u>	Current Single Discount Rate <u>7.25%</u>	1% Increase <u>8.25%</u>
Net Pension Liability/(Asset)	\$ 81,786,179	\$ 5,444,786	\$ (59,660,291)

The Road Commission for Oakland County Retirement System board of trustees administers the Road Commission for Oakland County Retirement System – a single-employer defined benefit pension plan that provides retirement, disability, and death benefits for all eligible general employees of the Retirement System. Benefit terms have been established by contractual agreements between the Retirement System and the various employee union representation or other actions of the Oakland County Board of Road Commissioners; amendments are subject to the same process. The Road Commission's net pension liability as of December 31, 2015 was \$42,947,521. The Road Commission has chosen to use December 31, 2015 as its measurement date for the net pension liability. The September 30, 2016 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of December 31, 2015. The December 31, 2015 total pension liability was determined by an actuarial valuation performed as of that date. For the year ended September 30, 2016, the Road Commission recognized pension expense of \$12,566,984. At September 30, 2016, the Road Commission reported total deferred outflows of resources of \$26,075,995.

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

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election to transfer, transferred into the OPRS. Subsequent to 1995, the County reopened the opportunity for transfer several times, resulting in an additional 1,477 employees transferred from the County PERS to the OPRS.

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

Total membership in the OPRS as of September 30, 2016 was 3,119, which includes 371 employees who elected to transfer from the PERS in 1995 through 2000 and 2,748 current employees hired since July 1, 1994.

The County's payroll for employees covered by the OPRS for the year ended September 30, 2016 was \$196,015,758, and the County's total payroll was \$230,943,945. The required contributions, which matched those actually made, were \$7,419,936 by employees and \$17,509,756 by the County, representing 3.8% and 8.9% 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 2016, the County contributed \$206,939 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 having eight or more years of service, 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).

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In 2016, the County provided 2,742 retirees medical insurance and reimbursed 1,704 of them for Medicare premiums under the Trust. In 2016, the County disbursed \$31,635,863 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 all classes is now closed to new hires. The County has established a “Retirement Health Savings Plan” beginning January 1, 2007. General members hired on and after 1/1/95 (5/27/95 for Command Officers and Sheriff’s deputies), the portion of healthcare costs paid by the Trust will be based on years of service at retirement. If a member has less than 15 years of service, there is no County paid retiree health coverage. If a member has 15 years of service at retirement, 60% of the healthcare premium will be paid by the Health Care Trust. The percent increases 4% per year of service over 15 with a 100% maximum coverage after 25 years of service. New employees are required to join the County’s retiree health saving plan effective 1/1/06 for General Non-Union employees, 3/5/09 for Sheriff Command Officers, 1/1/10 for Sheriff Corrections Deputies, and 2/9/12 for Sheriff Road Patrol Deputies. Employees will receive a cash payment upon retirement from which they can purchase their own health insurance. At September 30, 2015, the date of the most recent actuarial valuation, membership in the OPEB consisted of 2,382 retirees and beneficiaries currently receiving benefits, 2,177 active employees, and 227 terminated employees entitled to benefits but not yet receiving them.

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

	<u>Fiscal year ended September 30</u>		
	2016	2015	2014
Annual OPEB cost (ARC)	\$ 5,766,783	\$ 5,605,849	\$ 29,545,126
Percentage of ARC contributed	0%	0%	0%
Net OPEB asset	\$157,325,849	\$163,092,632	\$168,698,481

In 2013, the County contributed an additional \$236,000,000 in order to fully fund the VEBA. In 2016, the annual required contribution (ARC) as determined by the actuary was \$800,184 and there were no County contributions, given the VEBA was fully funded.

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The funding progress of the plan as of September 30, 2015, the most recent actuarial valuation report, is as follows:

Retirees and beneficiaries	\$ 481,702,280
Vested terminated employees who will be eligible when they collect retirement (age 60 in most cases) and their beneficiaries	57,828,702
Active employees and beneficiaries	<u>358,777,508</u>
Actuarial accrued liability	898,308,490
Actuarial value of assets	<u>1,118,327,367</u>
Unfunded AAL (Overfunded AAL)	<u>\$ (220,018,877)</u>
Funded ratio	124.5%
Annual covered payroll	\$ 144,715,626
Overfunded AAL as a percentage of payroll	152.4%
Actuarial Required Contribution (ARC)	\$ 800,184
Adjustment to the ARC	9,648,684
Interest on net OPEB asset	<u>(4,682,085)</u>
Annual OPEB cost	5,766,783
Contributions	<u>-</u>
Decrease in net OPEB asset	5,766,783
OPEB asset - Beginning of year	<u>163,092,632</u>
OPEB asset - End of year	<u>\$ 157,325,849</u>

The County contributions are based on a 10-year open amortization of the unfunded actuarial accrued liabilities (UAL) for the over-funded divisions. 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, 2016 was 20 years.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about investment return, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

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In the September 30, 2015 actuarial valuation, the date of the most recent actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses), which consists of a real rate of return of 3.00 percent per year plus a long-term rate of inflation of 4.5 percent per year and an annual healthcare cost trend rate of 9.0 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after 10 years. Both rates included a 4.5 percent inflation assumption. The actuarial value of assets is equal to the reported market value of assets at the valuation date. The UAAL for the groups was amortized over a 10-year open level dollar method for the over-funded divisions. Active member payroll was assumed to increase 4.5 percent per year for the purpose of determining the level percent contributions.

The following are condensed financial statements as of and including September 30, 2016 (the OPEB Plan includes the VEBA and Superseding Trusts):

Statement of Net Position

Cash and investments	\$ 1,151,527,570
Other assets	2,734,610
Total assets	<u>1,154,262,180</u>
Liabilities	<u>3,101,747</u>
Net position	<u>\$ 1,151,160,433</u>

Statement of Changes in Net Position

Additions:	
Contributions	\$ 146,723
Investment income	101,598,028
Other revenue	2,586,853
Total additions	<u>104,331,604</u>
Deductions:	
Benefits	31,635,863
Other expenses	3,216,203
Total deductions	<u>34,852,066</u>
Change in net position	69,479,538
Net position held in trust, beginning of year	<u>1,081,680,895</u>
Net position held in trust, end of year	<u>\$ 1,151,160,433</u>

The Road Commission contributes to the Road Commission for Oakland County Retiree Health Care Trust (the "Trust"). The Trust provides for future payment of medical benefits for eligible retirees, their spouses and their dependents. The obligation to provide benefits to employees was established by negotiation with various collective bargaining units or other actions of the Oakland County Board of Road Commissioners. At December 31, 2014, the date of the most recent actuarial valuation, membership consisted of 706 retirees and beneficiaries currently receiving benefits, 280 vested active employees, and 62 nonvested active employees. For the year ended September 30, 2016, the Road Commission's adjusted annual required contribution to the Trust was \$12,497,647 with interest of \$1,058,756 on the prior year net OPEB obligation. The Road Commission contributed \$1,824,591 to the Trust during the year and paid \$7,058,280 directly

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toward insurance premiums and medical costs for retirees during fiscal year 2016, leaving a net OPEB obligation of \$28,201,451 at September 30, 2016.

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 \$682,612,699, electronic data processing equipment in the amount of \$43,894,889, 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 helicopters' hull physical damage in the amount of \$3,139,792, and helicopters' additional equipment physical damage in the amount of \$1,354,800. 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. In FY 2016, the County added Excess Liability with limits of \$10,000,000 over a \$3,000,000 SIR/deductible and Cyber Liability with limits of \$5,000,000. The County is uninsured for all other risks except as noted. The Road Commission has similar risks and is uninsured for these claims within certain limits.

The County and the Road Commission estimate the liability for all of the above-mentioned claims that have been incurred through September 30, 2016, 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.

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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	
	2016	2015
Primary Government		
Beginning-of-period liability	<u>\$ 19,073,602</u>	<u>\$ 20,910,061</u>
Estimated claims incurred, claim adjustment expenses and changes in estimates		
Provisions for current-year events	42,405,776	48,513,809
(Decrease) increase in provisions for prior-year events	<u>(2,017,018)</u>	<u>831,066</u>
Total incurred claims, claim adjustment expenses and changes in estimates	40,388,758	49,344,875
Claim payments and claim adjustment expenses		
Related to current-year events	(41,635,925)	(44,219,801)
Related to prior-year events	<u>(1,853,808)</u>	<u>(6,961,533)</u>
Total claim payments and claim adjustment expenses	<u>(43,489,733)</u>	<u>(51,181,334)</u>
End-of-period liability	<u>\$ 15,972,627</u>	<u>\$ 19,073,602</u>
Road Commission - Component Unit		
Beginning-of-year liability	\$ 2,146,200	\$ 2,854,800
Estimated claims incurred and changes in estimates	12,149,943	11,524,812
Claim payments	<u>(12,383,810)</u>	<u>(12,233,412)</u>
End-of-year liability	<u>\$ 1,912,333</u>	<u>\$ 2,146,200</u>

17. Leases

The County (primary government) leases certain office facilities and other equipment under non-cancelable operating leases. Total costs for such leases for the County for the year ended September 30, 2016 were \$1,002,994. The future minimum lease payments as of September 30, 2016 are as follows:

Fiscal year	Primary government
2017	\$ 991,107
2018	885,223
2019	838,892
2020	742,107
2021	608,908
2022-2026	<u>1,855,114</u>
Total	<u>\$ 5,921,351</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, 2016 totaled \$92,994 recorded in the Facilities Maintenance & Operations fund, an internal service fund type.

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Notes to Basic Financial Statements
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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 (refunded for \$2,260,000 in 2012), Community Mental Health Authority Housing Project in the amount of \$5,500,000 in 2007 (refunded for \$2,875,000 in 2014), 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, 2016 are as follows:

Fiscal year	Primary government
2017	\$ 1,734,023
2018	1,744,772
2019	1,729,385
2020	1,613,310
2021	1,393,735
2022 - 2026	6,499,915
2027 - 2031	4,207,041
2032 - 2036	1,107,950
2037 - 2041	<u>419,200</u>
Total	<u>\$ 20,449,331</u>

18. Commitments and Contingencies

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

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

The County has outstanding construction commitments (contracts) under the jurisdiction of the Water Resources Commissioner, and has contracts for Act 342 projects at September 30, 2016 as follows: Evergreen-Farmington S.D.S – Middlebelt Road Tunnel Project contract with a cost of \$28,123,063 with a remaining balance of \$7,990,806; Evergreen-Farmington S.D.S. – North Evergreen Interceptor Stonycroft Relief Sewer contract with a cost of \$1,282,282 with a remaining balance of \$11,178; Evergreen-Farmington S.D.S. – North Evergreen Interceptor Wattles Road

County of Oakland
Notes to Basic Financial Statements
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Linear Storage Project with a cost of \$4,125,882 and remaining balance of \$260,417, and the Pontiac Water System Water Main Replacement and Improvements contracts with a cost of \$5,758,298 with a remaining balance of \$969,404. Building Authority Projects have a contract with a cost of \$13,429,604 for construction of the Animal Control and Pet Adoption Center with a remaining balance of \$12,737,071. There is a contract under the direction of the Facilities Management Department for Security Enhancements for Jail CCTV, Control Consoles & Intercom Upgrades with a cost of \$3,170,596 with a remaining balance of \$218,419 as of September 30, 2016.

The Drainage Districts' component unit has construction contracts for the Oakland Macomb Interceptor Drainage District Project with a total cost of \$96,365,274, with a remaining balance of \$10,462,061 as of September 30, 2016.

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	\$ 13,424,308
Advances receivable	1,102,916
Due to other funds	(13,422,765)
Advances payable	(1,102,916)

Internal Service Funds

Due from other funds	16,092
Due to other funds	(1,484)
Current and long-term advances payable	(64,415)

Governmental activities, internal balances

\$ (48,264)

Business-Type Activities

Proprietary Funds

Current and long-term advances receivable	\$ 64,415
Due to other funds	(16,151)

Business-type activities, internal balances

\$ 48,264

EXHIBIT C

[SEE ATTACHED FORM OF LEGAL OPINION]

_____, 2017

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 2017" 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 2016.

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 2016 delinquent real property taxes that were returned to the County as delinquent and were uncollected as of March 1, 2017, 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 2016 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
_____, 2017

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.

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 9487-16 1836942v1

EXHIBIT D

[SEE ATTACHED FORM OF CONTINUING DISCLOSURE CERTIFICATE]

CONTINUING DISCLOSURE CERTIFICATE

\$25,000,000
County of Oakland
General Obligation Limited Tax Notes, Series 2017

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 2017 (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 _____, 2017.

"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: _____, 2017

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*

BOARD OF COMMISSIONERS

MICHAEL J. GINGELL, *Chairperson*

TOM J. BERMAN	CHRISTINE LONG
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ROBERT HOFFMAN	DOUG TIETZ
JANET JACKSON	PHILIP WEIPERT
ADAM L. KOCHENDERFER	DAVID WOODWARD
EILEEN T. KOWALL	HELAINÉ ZACK