

2. "Where did the bond money go?"

The bonds which paid for the costs of WD#3 and to which the special assessment proceeds are paid were issued by Midland County. Upon their sale in August of 2008, the \$6,065,000 sale proceeds were deposited with Midland County in an account for that purpose. Its account ledger, in summary, shows:

\$ 110,000.00	Proceeds of interim bond sale, * 5/31/07
\$ 6,065,000.00	Proceed bond sale, 8/1/08
\$ 6,175,000.00	Total bond proceeds
- \$ 208,619.49	Miscellaneous Expenses exclusive of repayment to Township of its pre-bond issuance expenses, below
- \$ 287,890.19	Miscellaneous Expense for repayment to Larkin Township of Pre-bond expenses advanced.**
- \$ 110,000.00	Principal paid interim bond
- \$ 4,984,441.97	Construction Costs.
- \$ 241,790.42	Interest expense
- \$ 1,000.00	Paying agent fees
- <u>\$ 341,257.93</u>	Capitalized Principal and interest***
-0-	Notes to County Bond Account

* WD#3 was initiated by the Township Board on April 11, 2006 and was to have been constructed contemporaneous with the Mills Township Water system. Costs for shared components of the 2 townships' systems were shared. WD#3 was delayed for various reasons, including a lawsuit challenging the assessment proceedings. Those proceedings concluded by the Courts' affirmation of the proceedings in 2007. During that period, the Mills Township Water System was installed and a portion of Larkin Township's contribution to shared mains was paid by way of interim borrowing in the amount of \$110,000.00. The County's accounting also shows subsequent payment to Mills Township for the balance of shared main costs.

**Midland County Voucher 210090, May 15, 2008. Towner site preparation, engineering, professional fees, assessment district expenses

***After payment of WD#3 miscellaneous, interim bond, construction, interest and other fees listed, there remained a surplus of bond proceeds. This amount was retained by the County, added to the previously planned reserve for capitalized interest and transferred to its account for bond payments. It was used by the County to make bond payments.