



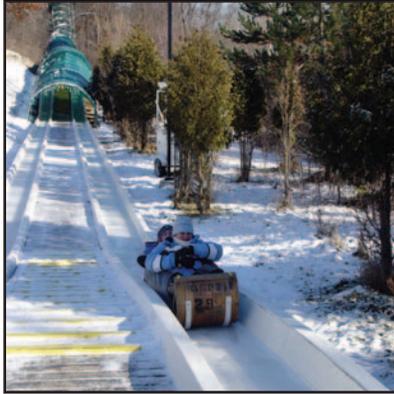
OAKLAND COUNTY MICHIGAN



2005 Financial Summary



Prepared by
Department of Management & Budget
Laurie Van Pelt, Director



To the Citizens of Oakland County:

I am pleased to present the Financial Summary for Fiscal Year 2005. Each year the County of Oakland publishes a document called the Comprehensive Annual Financial Report (CAFR). This report contains financial statements for the County, which are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and the standards and guidelines set by the Governmental Accounting Standards Board.



The CAFR also includes an independent auditor's report which states that the information contained in the financial statements has been reviewed by the firm, and with reasonable assurance, the financial information is complete, presented accurately, and in the correct format. To meet GAAP requirements, much of the information in the report is technical and complex, resulting in a document that is not very user friendly for the average person. This financial summary has been prepared to provide a less technical discussion of County finances. It also includes a brief discussion of County programs and initiatives. Hopefully, this document will help Oakland's residents gain a better understanding of County government.

I am also pleased to announce that Oakland County's Financial Summary for 2004 has received the prestigious Popular Annual Financial Report Award from the Government Finance Officers Association of the United States and Canada, which is detailed on page two of this document.

Once again, the intent of this report is to portray financial information presented in the CAFR using more easily understood terms. It is not intended to replace the CAFR, which is still available from the Department of Management and Budget. It is designed to assist those who want or need a less technical overview of the County's financial activities.

-L. Brooks Patterson, County Executive

Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

**OAKLAND COUNTY,
MICHIGAN**

for the Fiscal Year Ended
September 30, 2004



Carol E. Prange
President
Jeffrey L. Esch
Executive Director

GFOA Award Presented

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Oakland County for its Popular Annual Financial Report for the fiscal year ended September 30, 2004. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. Oakland County has received a popular award for the last eight consecutive years (fiscal years ending 1997-2004). We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA.

BOARD OF COMMISSIONERS FOR FISCAL YEAR 2005



Bill Bullard, Jr.
Chairperson
Highland



Hugh D. Crawford
Vice-Chairperson
Novi

COMMISSIONERS CITY/TWP. OF RESIDENCE

Eric Coleman	Southfield
David Coulter	Ferndale
Sue Ann Douglas	Rochester
Marcia Gershenson	Beverly Hills
Vincent Gregory	Southfield
Mattie M. Hatchett	Pontiac
Greg Jamian	Bloomfield Hills
Eileen T. Kowall	White Lake
Christine Long	Commerce
Tim Melton	Auburn Hills
Thomas F. Middleton	Clarkston
Will Molnar	Troy
Chuck Moss	Birmingham
Jim Nash	Farmington Hills
Charles E. Palmer	Clawson
William R. Patterson	Oxford
Jeff Potter	South Lyon
Mike Rogers	Farmington Hills
John A. Scott	Waterford
George W. Suarez	Madison Heights
Eric S. Wilson	Lake Orion
Dave Woodward	Royal Oak
Helaine Zack	Huntington Woods

AN OVERVIEW OF OAKLAND COUNTY

Incorporated in 1820, Oakland County covers an area of approximately 900 square miles with a population of 1.2 million. The County's reputation as a world class community is due not only to its renowned business environment, but to many attributes that contribute to an excellent quality of life. Oakland enjoys the variety of four distinct seasons with average temperatures ranging from 77°F in July to 23°F in January. The County's eclectic environment includes the diverse cultural, ethnic and religious backgrounds of its citizens who have come from all over the world to pursue the American dream.

Oakland has a reputation as home to many of the region's top educational facilities. ACT scores and the number of college bound graduates, indicate that graduates are among the best in the nation. There are 16 institutions of higher learning located in the County, including the highly regarded Oakland University. More than 41% of County residents have earned bachelor, graduate or professional degrees in comparison to 24% for the State of Michigan and 27% nationally. Oakland County's International Academy is ranked the best high school in the country according to the Newsweek Challenge Index. The County is also home to three prestigious private schools (Detroit Country Day, Cranbrook and Roper) which have received national kudos for their high caliber programs.



Cultural entertainment venues include the popular Meadow Brook Theatre as well as the Meadow Brook and DTE Energy Music Theaters. For sports fans, the Palace of Auburn Hills is home to the NBA's Detroit Pistons and the WBNA's Detroit Shock. The County's eight museums include the world renowned Cranbrook Academy of Art Museum, the Cranbrook Institute of Science and the W. P. Chrysler Automotive Museum. The Detroit Zoo is also located in Oakland County with 125 acres of naturalistic exhibits including the world's largest polar bear exhibit, the "Arctic Ring of Life." Golf enthusiasts enjoy over 61 public and 26 private golf courses, some of which have hosted the prestigious Ryder Cup, PGA U.S. Open and LPGA U.S. Open. In addition, the Palazzo di Bocce offers 10 championship quality Bocce courts and a fine Italian restaurant. Shopping opportunities also abound - from bargain shopping at Great Lakes Crossing, to the ultimate shopping experience at the posh Somerset Collection, the County's most exclusive mall.

The Michigan Renaissance Festival is a favorite end-of-summer activity where actors in Renaissance-period clothing entice visitors to merrymaking in a historic carnival atmosphere. The festival is best known for its awe-inspiring full-contact jousting tournaments where gallant knights defend their honor. Another popular event, the Woodward Dream Cruise, is the world's largest celebration of the car culture. On the third Saturday in August, more than 1 million visitors come to watch 40,000 muscle cars, street rods, custom and special interest vehicles cruise the 16-mile route down Woodward Avenue through nine County cities. Oakland County is also home to Arts, Beats & Eats, a four-day food, arts and entertainment festival held each Labor Day weekend. Net proceeds from the event are donated to metro-Detroit charities. In its eighth year, Arts Beats and Eats has donated more than \$2.0 million to local charities.



Oakland's communities range from villages with small downtown shopping districts; "bedroom communities," like Royal Oak, which has been transformed into the spot for cappuccino and collectibles; to cities like Birmingham with cutting edge art galleries, pubs and nightclubs. For those enjoying a quieter pace, the County has many rural areas and lake communities. No matter where they live, residents are never more than a 20-minute drive or walk from the nearest park, nature trail or lake. Oakland County packs more than 89,000 acres of recreational property, more than 1,400 lakes and the headwaters of five major rivers within its borders.

Oakland County's Economy

The strength of the County's economy has served as the basis of Oakland County's solid financial condition. However, it has been the County's ability to adapt during a sluggish economy that has secured this position.

In a strong rebound from the 1991 recession, Oakland entered a long stretch of job growth, averaging 21,600 new jobs per year between 1991 and 2000. Much of this growth was due to an increase in both manufacturing and private non-manufacturing. In fact, County employment grew over twice as fast as it did in Michigan as a whole. Oakland has also been the number one job producing county in Michigan, creating 130,200 jobs since 1990, more than any other metropolitan area in the state. Between 1990 and 2004, private sector job growth was 22.3%.

The County has lost an average of 13,100 jobs annually over a period of four years. The 2001 national recession hit particularly hard in the manufacturing and high-technology sectors, which are more concentrated in Oakland County. The durable goods manufacturing sector contributed half of the job losses. In an effort to reverse this trend, Oakland County has been transitioning from a traditional industrial economy to a knowledge-based economy. In fact, it is the most successful county in Michigan according to a University of Michigan Economic Forecast. Credit for this success goes to

EMPLOYMENT SHIFT

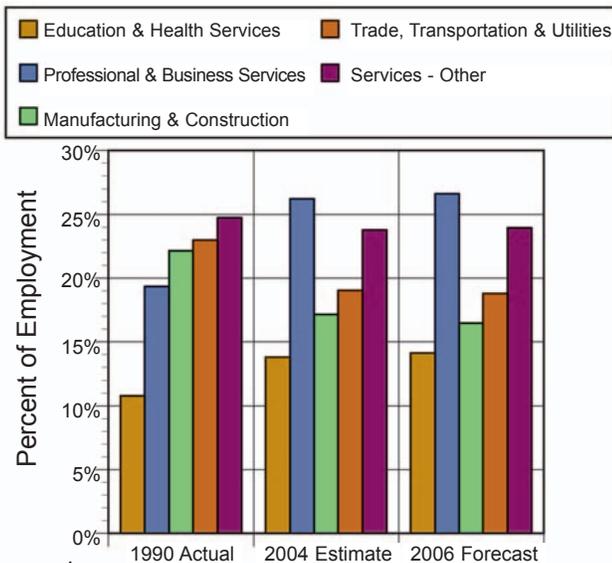


Figure 1

public sector leadership, the entrepreneurial spirit of its residents, and the creation of innovative programs such as Automation Alley and Emerging Sectors.

During the 1990s, employment in Oakland County began shifting from the manufacturing, trade, transportation and utility industries to service and construction industries. The

EMPLOYMENT TRENDS

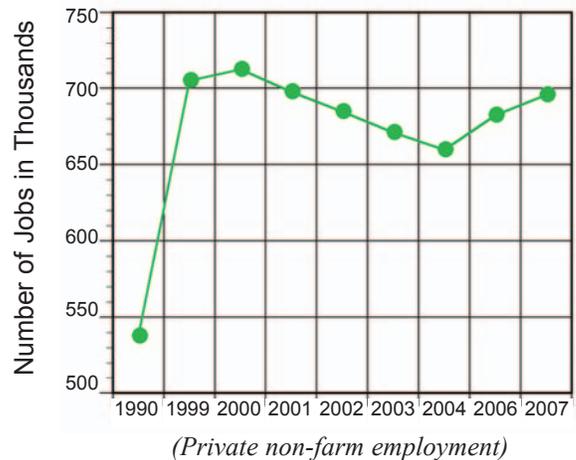


Figure 2

steady gain in service industries was primarily dominated by increases in business services with health, engineering and management services also making significant contributions. The number of service-providing jobs have increased by 31% since 1990 while the number of goods-producing jobs have decreased by 5%. Figure 1 presents this shift in employment sectors.

While recovery from the 2001 recession is proceeding slowly, it is anticipated that Oakland will add about 12,100 jobs in 2006. Figure 2 illustrates this trend and a forecast for 2006 and 2007.

In September 2005, Oakland's unemployment was relatively low at 5.1% when compared to Michigan's 6.5%, but equal to the nation's. Unemployment rates for the past decade are illustrated in Figure 3.

UNEMPLOYMENT RATES

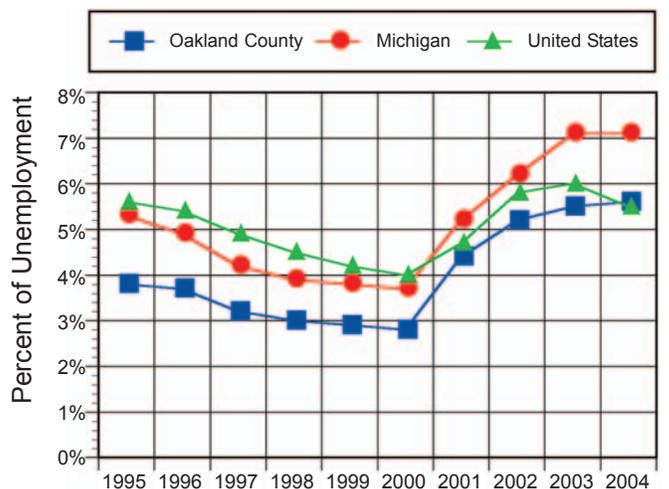


Figure 3

From 1994 to 2003, the number of County businesses increased by 5% to 41,390 with the total annual payroll increasing by 70.6% to \$34 billion. This activity has definitely been enhanced by Oakland's attractive business climate and dynamic economic development programs. Oakland County is also Michigan's leading center for international commercial activity with 653 companies representing 24 countries. Of the foreign-owned firms in southeast Michigan, 67% are located in Oakland County.

Oakland's per capita income of \$49,050 is the highest among Michigan's 83 counties. The County is ranked 4th among the nation's counties having more than one million in population and 21st out of all counties nationwide. In fact, its per capita income is more than 50% greater than both the nation (\$31,470) and the state (\$31,180).

This wealth also manifests itself in the housing market. Between 1997 and 2004, the average price of single family homes increased by 52% from \$159,900 to \$242,900.

STATE TAXABLE VALUE

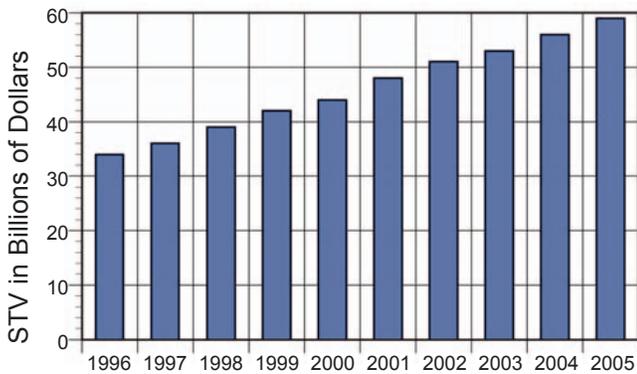


Figure 4

Oakland County's Tax Base

A decade of a booming housing market has produced a 106% increase in the true cash value and a 72% increase in the taxable value of real and personal property in the County since 1995. During this period of growth, the County exercised a prudent and conservative approach to tax revenues by controlling the millage rate levied on the tax base. In fact, the County millage rate for the December 1, 2005 property tax levy remained at 4.19 mills for operations, the third lowest county tax rate in the State of Michigan. In spite of several reductions in the millage rate since 1994, moderate increases to the tax levy, as illustrated by Figures 4, 5 and 6, have resulted from the County's rising tax base. This increase in tax revenue allowed the County to keep pace with current programs and technology.

MILLAGE RATE

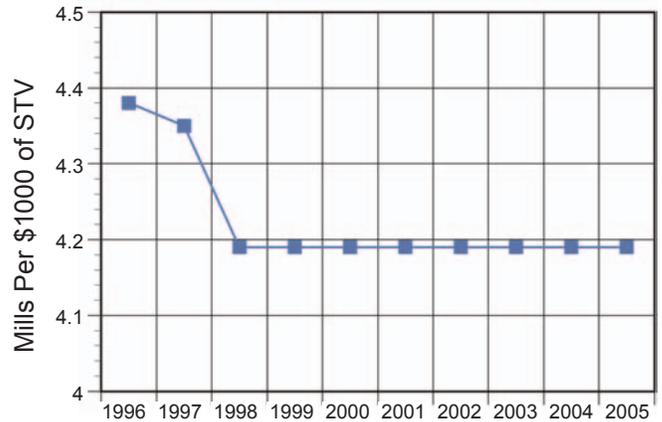


Figure 5

Oakland County's Financial Condition

The County's elected officials and staff have developed policies and procedures to ensure Oakland County government has the fiscal stability to maintain quality services, regardless of the local economic composition. It is County policy to fund ongoing operations with recurring revenues, rather than through the use of fund balance or issuance of debt. Expenditures in any particular fiscal year for salaries and fringe benefits, contractual services, commodities, capital replacement, and internal services are covered by revenues received in that fiscal year from taxes, charges for services, investments and other governments. This prudent discipline ensures that structural budget difficulties do not develop. If annual revenues decrease, annual expenditures decrease.

Additionally, fiscal stability is enhanced through the annual budget process which appropriates for full utilization of the County's 4,519 authorized positions. Should vacancies occur

TAX LEVY

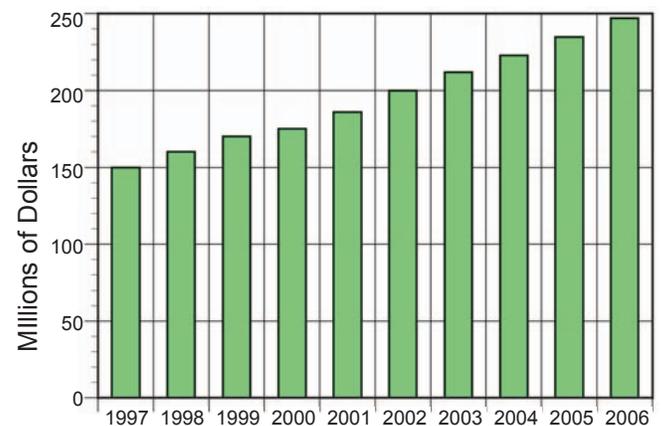


Figure 6

or positions be filled at a level lower than authorized, the resulting favorable variance falls to fund balance.

Not only do these policies and practices maintain the quality of ongoing services, but they have secured a level of General Fund balance which can be used to support extraordinary, one-time expenditures. The General Fund is the County's principal operating fund, recording the operations of typical governmental functions. A favorable General Fund balance is an indicator of a healthy operating environment. Figure 7 provides a historical view of the County's General Fund balance.

Since 1996, Oakland County's general fund balance has increased by a total of \$35.4 million. This increase was primarily attributable to higher than budgeted fees from mortgage activity, employee turnover, a hiring freeze from July of 2002 through March of 2004 and the County's continued efforts to contain spending.

The County's practice of limiting the use of General Fund balance to extraordinary one-time items, has reinforced the fiscal discipline of funding annual costs from annual revenues. The issuance of debt is also limited. Debt is never

issued to fund ongoing operational costs. The use of debt is limited to those projects which are significant in cost and which will have a long useful life. Debt is only issued after other sources of funding (operating budget, existing fund balance, etc.) have been explored. The County has the authority to issue up to \$7.3 billion in debt (10% of its State Equalized Value); however, the actual outstanding debt is \$324.5 million, 4.4% of the permissible amount.

The County's solid tax base and financial policies have been acknowledged by the financial community in recent years. The County earned the highest bond rating achievable, AAA, from both Standard & Poors and Moody's Investor Services, Incorporated. Only 38 counties in the nation have the distinction of receiving a Standard & Poors AAA rating. This rating allows the County to borrow at the lowest possible interest rate, saving the County millions of dollars in future borrowing costs. Local municipalities can also utilize the County's bond rating to borrow funds, passing the benefit to its citizens in the form of reduced taxes. Not only has the County created a pro-business environment, it has also directly lowered the cost of doing business in Oakland County.

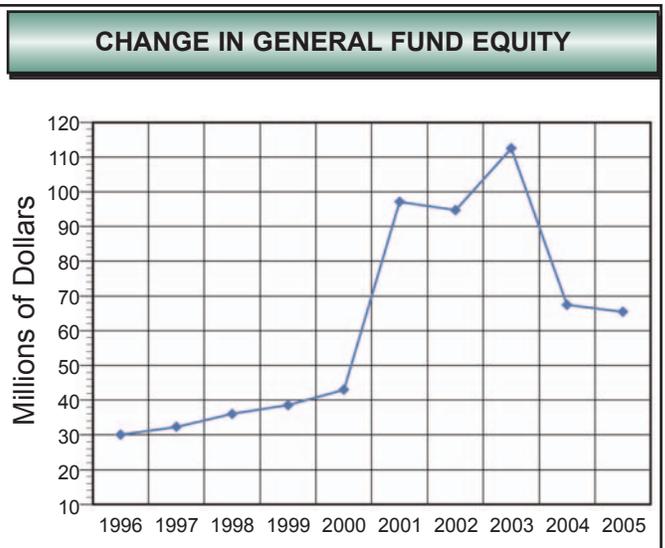
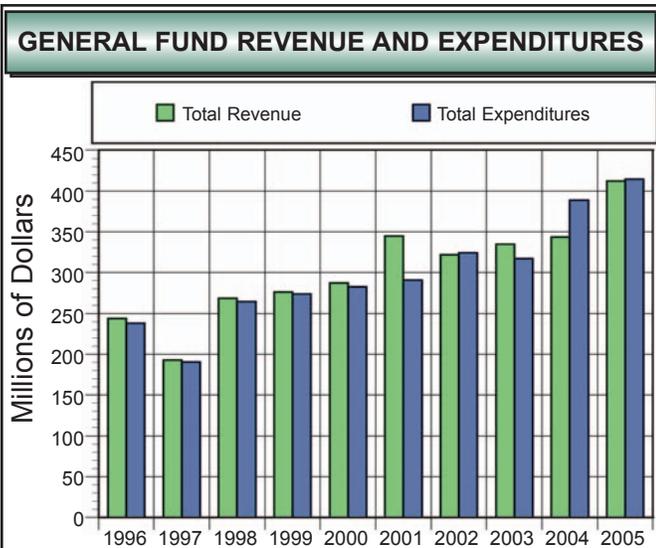


Figure 7

Revenue and Expenditures (millions):

Source: Oakland County Comprehensive Annual Financial Reports

	<u>1996</u>	<u>1997(a)</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001(b)</u>	<u>2002</u>	<u>2003</u>	<u>2004(c)</u>	<u>2005(d)</u>
Total Revenue	\$243.7	\$193.0	\$268.4	\$276.4	\$287.4	\$344.7	\$322.0	\$334.8	\$343.8	\$412.4
Total Expenditures	<u>238.2</u>	<u>190.7</u>	<u>264.7</u>	<u>273.9</u>	<u>282.9</u>	<u>290.6</u>	<u>324.4</u>	<u>317.0</u>	<u>388.9</u>	<u>414.4</u>
Excess (Shortfall)	5.5	2.3	3.7	2.5	4.5	54.1	(2.4)	17.8	(45.1)	(2.0)
Beginning Equity	<u>24.5</u>	<u>30.0</u>	<u>32.3</u>	<u>36.0</u>	<u>38.5</u>	<u>43.0</u>	<u>97.1</u>	<u>94.7</u>	<u>112.5</u>	<u>67.4</u>
Ending Equity	\$30.0	\$32.3	\$36.0	\$38.5	\$43.0	\$97.1	\$94.7	\$112.5	\$67.4	\$65.4
As a % of Revenue	12.31%	16.74%	13.41%	13.93%	14.96%	28.17%	29.41%	33.60%	19.6%	15.9%

(a) Nine months reported in 1997 due to change in fiscal year

(b) 2001 increase in fund equity reflects recognition of \$41.7 million in property tax revenue due to change in State reporting requirements.

(c) 2004 decrease in fund equity due to \$50.9 million transfer to Retiree Health Care Trust Fund to help reduce the unfunded liability of the Trust.

(d) 2005 revenues and expenditures reflect the effect of a July levy of 1/3 of the County's authorized millage previously collected in December due to a change in State law.

Figure 8

OAKLAND COUNTY
Statement of Operations by Fund Type
For the Fiscal Year Ending September 30, 2005

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Total</u>
Revenues:						
Taxes	\$301,057,658				\$12,811,366	\$313,869,024
Special Assessments		\$1,675,976	\$9,109,032	\$12,581		10,797,589
Federal Grants	49,172	41,727,581				41,776,753
State Grants	2,400	28,572,008				28,574,408
Other Intergovernmental	13,091,126	2,998,354				16,089,480
Charges for Services	93,442,348	24,583,996	85,013		166,367,104	284,478,461
Investment Income	3,719,489	549,913	88,855	723,266	6,811,588	11,893,111
Other	988,771	380,657		1,513	384,356	1,755,296
Total Revenues	\$412,350,964	\$100,488,485	\$9,282,900	\$737,360	\$186,374,414	\$709,234,122
Expenditures/Expenses						
Public Safety	133,513,700	38,644,326		2,324,325	12,223,863	186,706,214
Justice Administration	74,616,791	15,981,146				90,597,937
Direct Citizen Services	30,231,817	58,281,725			10,825,908	99,339,450
Public Works	14,960,969	9,858,721	16,027,793	15,488,412	113,948,093	170,283,988
Recreation & Leisure	2,552,378	63,864			20,628,879	23,245,121
Commerce & Community Dev.	20,094,404	22,262,413		541,264	11,572,141	54,470,222
General Government	33,282,363	2,370,828			1,315,521	36,968,712
Total Expenditures/Expenses	\$309,252,422	\$147,463,023	\$16,027,793	\$18,354,001	\$170,514,405	\$661,611,644
Other Financing Sources (Uses)	105,094,090	93,087,839	6,699,344	33,504,399	6,730,234	34,927,727
Excess (Deficit) Revenues and Financing Sources	(\$1,995,548)	\$46,113,301	(\$45,549)	\$15,887,758	\$22,590,243	\$82,550,205

Many other types of funds are used in accordance with Generally Accepted Accounting Principles (GAAP) to record the programs and services provided by the County. Special revenue funds are used to record the activities that receive monies for restricted purposes such as Health, Friend of the Court and all grant-funded activities. Debt Service funds record the transactions related to the assessment of tax levies and payment of principal and interest of long-term debt, usually bonds. Capital Project funds account for the purchase or construction of major capital facilities, like buildings, drains and sewer projects. Enterprise funds account for functions that are financed primarily through user charges and operate similar to businesses, such as the airports, water and sewer operations and the parks.

The overall 2005 revenues and expenditures for County functions by individual fund type shown in Figure 8 are derived from Governmental and Proprietary Fund Statements presented in the Comprehensive Annual Financial Report (CAFR). This statement differs from the CAFR Statement of Activities as it does not include any internal service fund revenues or expenditures. In addition, the statement does not reflect the full accrual adjustments made for the CAFR presentation. The funds of the component units (Road Commission and Chapters 20 & 21 Drainage Districts) are

also not presented, as these services are provided by other County entities. However, General Fund transfers to the Internal Service funds are included as expenditures to more accurately reflect the use of County tax revenues.

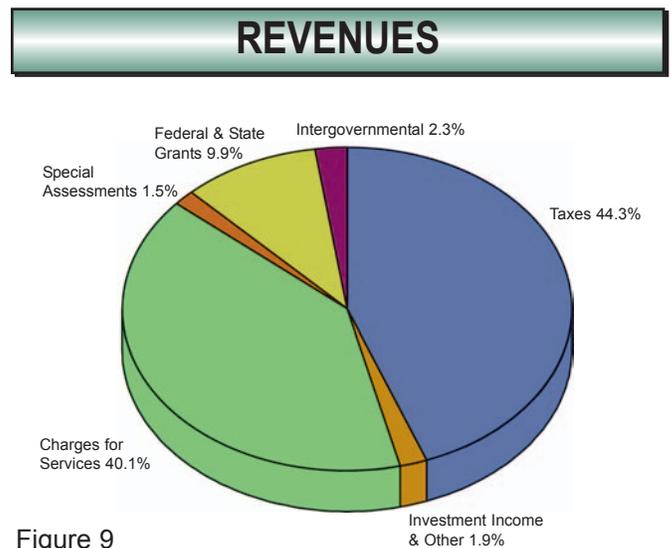


Figure 9

Revenues

The distribution of County revenues are illustrated in Figure 9 and defined as follows:

Taxes: \$313,869,024 - The County's actual property tax for General Fund operations is based on a rate of 4.19 mills which is less than the maximum authorized millage rate of 4.2359 mills. Parks and Recreation is also supported by taxes of .2422 mill and is reported as an Enterprise fund.

Special Assessments: \$10,797,589 - Funds received from charges to parties benefiting from the County's drainage systems, lake level controls and lake improvements.

Federal and State Grants: \$70,351,161 - Restricted funding provided by the federal or state governments.

Other Intergovernmental: \$16,089,480 - Revenue from state or local governments in the form of shared revenue or reimbursements.

Charges for Services: \$284,478,461 - Revenue from fees received for purchased services.

Investment Income and Other: \$13,648,407 - Interest on investments, revenue from rebates, refunds of prior years expenditures and miscellaneous sources.

Executive, Board of Commissioners, Treasurer, Management and Budget, Human Resources and Central Services Departments. The Election Division, which oversees Countywide elections and records Board of Commissioners' minutes, is also included.

Public Safety: \$186,706,214, consists of all aspects of law enforcement including the Sheriff's Department, Community Corrections, Probation, Children's Village, Emergency Response and Preparedness and some Circuit Court programs. It also includes Animal Control, which has investigative and enforcement responsibilities, and Information Technology programs that support local community law enforcement.

Justice Administration: \$90,597,937, includes the Circuit, 52nd District and Probate Courts as well as the Prosecuting Attorney's Office. The County Clerk, the official recorder of County records and Clerk to the Circuit Court, is also included.

Recreation and Leisure: \$23,245,121 includes services that promote recreational, leisure and cultural activities for County citizens which are provided by Parks and Recreation, the Libraries and the Office of Art, Culture and Film.

Direct Citizen Services: \$99,339,450, represents all areas which provide direct services to individual citizens. Included in this program are the Health and Human Services and Public Services Departments and various Prosecutor and Circuit Court family services.

Commerce and Community Development: \$54,470,222, reflects all efforts to promote and sustain a strong business and economic climate, a healthy environment and vibrant communities. The Department of Economic Development and Community Affairs, Drain Commissioner, Register of Deeds and Equalization provide services in this area.

The final program, Public Works: \$170,283,988, refers to all operating systems that form the infrastructure of basic County functions. Included are Facilities Management, Airport, Drain Commissioner, Information Technology, the majority of capital projects and all debt service expenditures associated with each program.

MAJOR PROGRAM EXPENDITURES

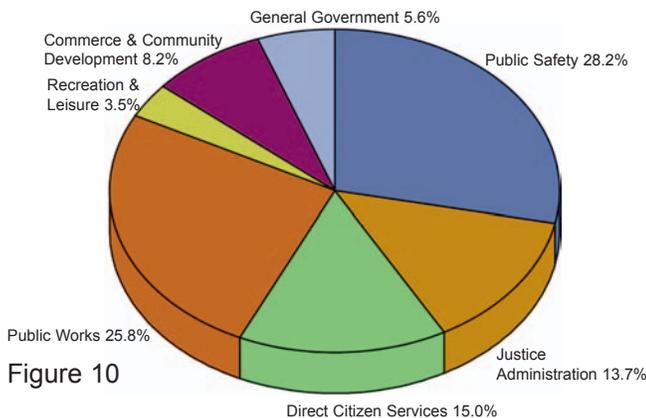


Figure 10

Expenditures

For discussion purposes, County expenditures have been broken into seven broad program areas: General Government, Public Safety, Justice Administration, Recreation and Leisure, Direct Citizen Services, Commerce and Community Development and Public Works.

General Government: \$36,968,712, includes all areas of the County involved in the administration and financial aspects of County business. Included in this program are the County

General Government

Treasury: The Treasurer is custodian of all County funds. There are three guiding factors in the investment of these funds: the safety of Oakland County's funds, ensuring the availability of sufficient cash to meet County cash flow requirements and maximizing the investment return. These objectives have been met consistently by the Treasurer's Office. Over the past eight years, returns on the County's short-term investments have exceeded the rates of Treasury Bills (T-Bills) by an average of 64 basis points.

GENERAL GOVERNMENT

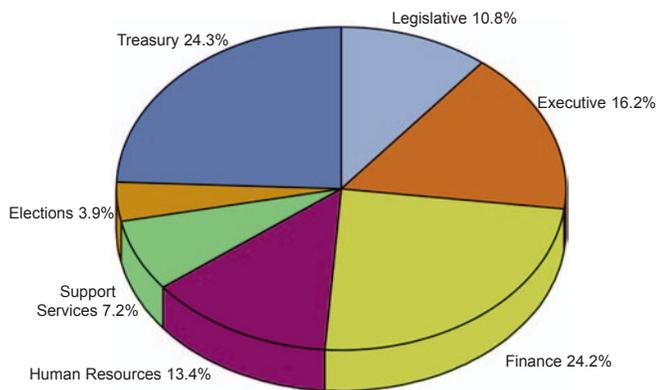


Figure 11

Executive / Legislative / Finance / Human Resources: As the Michigan economy continues its four-year slump, local government resources become increasingly strained. The pressures of constrained revenues and increasing fixed costs can threaten a local government's ability to provide effective public services. Oakland County and its communities are not immune from these pressures. However, because County decision makers focus on long-term fiscal health, new programs have been implemented to provide continuing fiscal stability for the County and assist its cities, villages and townships in developing innovative solutions to their pressing fiscal problems.

First, the County continues to look for ways to manage the increasing cost of providing health care to its retirees, while at the same time providing these individuals, who have dedicated their work life to the welfare of county residents, with a well earned benefit. In 2005, the "Retirement Health Savings Plan" (RHS) was established. The plan changes the retirement health care benefit provided to employees hired after January 1, 2006. Employees hired before this date receive a specific level of health care insurance when they retire from county service. The level of benefit depends upon their length of county service, with a partial benefit (60%) being provided after 15 years of service and a full benefit provided only after 25 years of service. Under RHS, the vesting schedule remains the same, however rather than receiving a defined health insurance benefit, employees hired after 1/1/2006 will receive a cash payment upon retirement from which they can purchase their own health insurance. The County will contribute \$1,300 annually (\$50 per pay) to each employee's retirement health savings account. The employee can make a one-time irrevocable election to contribute additional pre-tax dollars to this fund as well. Upon separation from county employment, vested funds and employee contributions are available for use by the employee for a number of health related purposes defined by the IRS, including the purchase of an independent insurance policy, deductibles and other costs not covered under an individual's insurance policy or Medicare. Once the employee leaves, and

receives the cash payment, the County's financial obligations ends; unlike the plan for current employees, for which the County's financial obligation to fund the health care benefit continues until the retiree leaves the system. The RHS will eventually reduce the County's financial obligation related to retiree health care, increasing the fiscal flexibility to provide services to county residents.

A second innovative program is the Capital and Cooperative Initiatives Revolving Fund (CCIRF). In 2005, the State mandated a shift of the counties' operating tax from a December levy to a July levy over a three year period. This shift generates an additional year of property taxes and is designed to replace state revenue sharing payments to counties. Through this mechanism, the County is guaranteed approximately eleven (11) years of "revenue sharing replacement payments." CCIRF was created by setting aside a portion of these funds over the 11-year period for future needs. Rather than budget for a constant level of revenue, the County has been reducing its reliance on revenue sharing funds for on-going operations in the anticipation that these dollars will never be restored. Continued use to fund on-going operations would require large budget cuts when the revenue sharing replacement funds are depleted at the end of the 11 years. The difference between the amount available for operating use and the amount actually budgeted for on-going operations, is placed in the CCIRF fund. As the County continues to reduce its reliance on state revenue sharing, the annual contribution to CCIRF grows.

In lieu of using these funds to support on-going operations, CCIRF funds will be available to support various one-time capital needs and other projects throughout the County. These projects will be designed to encourage cooperative service relationships between local units of government within the County's borders. CCIRF funds will be used to support one-time expenditures previously funded by on-going revenues. On-going revenues (which are stagnant or shrinking) would be freed to support increasingly expensive on-going expenditures.

PUBLIC SAFETY

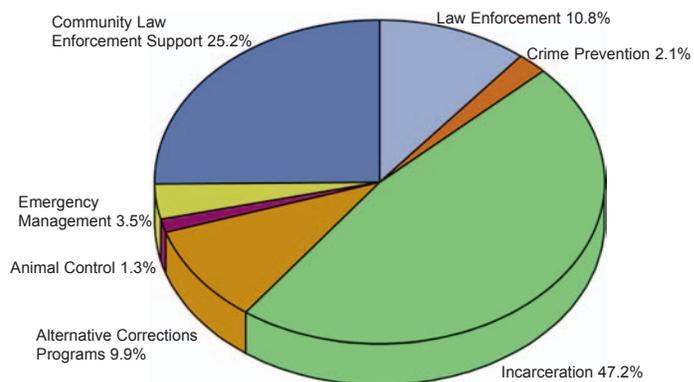


Figure 12

Public Safety

A major goal for the County is to insure a safe environment for residents. As a result of this focus, many initiatives have been implemented to protect citizens and their communities.

Law Enforcement: The upgraded Court and Law Enforcement Management Information System (CLEMIS) significantly enhances law enforcement's ability to wage a high-tech war against crime. Seventy-seven law enforcement agencies in Oakland, Macomb, Wayne, Washtenaw and Livingston Counties currently use CLEMIS systems for the processing of arrest records, mugshots and fingerprints, resulting in a truly regional system.

The CLEMIS PictureLink mugshot imaging system digitally captures a person's image and data at the time of arrest. Law enforcement officers can access the information from a patrol vehicle, a PDA or computer with internet access. Oakland has successfully linked this mugshot information with the CLEMIS LiveScan fingerprint system which uses biometrics to identify an individual by their physical characteristics and fingerprints. Stored fingerprints can also be compared with prints found at a crime scene to identify the perpetrator. With a single query from a web page, police officers can access information on a suspect from a variety of databases.

The installation of a local AFIS (Automated Fingerprint Identification System) is also in progress. The AFIS will be able to analyze palm print data in addition to fingerprints making it the only system of its kind in the State of Michigan.



Photo courtesy of Jeffrey C. Phelps

Community Law Enforcement Support: The Oakland County Sheriff's Office serves over 275,000 County residents through patrol contracts with 15 communities and dispatch services. Its Computer Crimes Unit assists agencies throughout the state by providing forensic examination of digital evidence for crimes ranging from child exploitation to homicide.

In addition, the Auto Theft Unit has entered into a partnership with the Wayne County Sheriff's Office to allow investigations to continue across county lines. The partnership provides the benefit of combined resources, during lean financial times, to combat auto theft related crimes.

OAKVideo, a multi-point conferencing system for video arraignments, seeking warrants and other video conferences enables regional law enforcement agencies and courts to conduct criminal arraignments. In 2005, the warrant teleconferencing function alone provided savings in officer

time of over \$889,000. The new system is unique among systems currently in use. Video conferencing equipment and associated peripherals are used to connect the District Courts, Circuit Courts, Prosecutor's Office, County Jail, Community Corrections, local jail booking facilities and law enforcement agencies across the county. The system allows defendants at multiple locations to be arraigned from a single site. The goal is to minimize the transportation of prisoners between facilities, improve court security and put officers back on the street.

Incarceration: The County's new jail diversion program promotes early identification of inmates with mental illness at the time of booking. Inmates meeting program criteria are placed in special housing and provided classes to help prepare them for treatment. A community treatment plan is then developed and presented to the presiding judge. If the plan is approved, the inmate is granted an early release into a community mental health program to ensure treatment continuity. To date, 270 inmates have been screened and 124 have participated in the program. Thirty-seven inmates are currently housed in the special unit and 75 are being tracked in a community treatment program. Of the 75, 34 were granted an early release which has saved 1,845 jail bed days.

The "Connections" Program which provides one-on-one counseling for inmates and their children is being expanded from Work Release to the Trusty Camp and will now encompass all children under the age of 18. A multi-disciplinary team of teachers, nurses and social workers meets with the parent and child to enhance the family relationship and reduce recidivism.

Alternatives to Incarceration: A number of alternatives to incarceration have been developed for the punishment and rehabilitation of nonviolent offenders. Some of the programs are in lieu of jail time and assist in reducing prison and jail overcrowding.

The Weekend and Weekday Alternative for Misdemeanants program requires offenders to perform community service on weekends or weekdays while maintaining their regular employment schedule. In 2005, participants spent many hours working in a community service garden located at Springfield Oaks County Park. Nearly 20,000 pounds of produce from the garden has been provided to local food banks over the last two years. Offenders completed 15,583 days of community service valued at \$997,300 while also saving taxpayers \$1,293,400 in jail expenses.

The Sheriff's Life Employment Skills Program provides the Courts with a new in-jail sentencing option for non-violent offenders. The six-week program teaches Cognitive

Restructuring skills to help prepare inmates for employment and successful living in the community. This intensive program helps them analyze thought processes which lead to criminal behavior and develop strategies to restructure their thoughts to those leading to more positive choices. A sentence reduction is awarded to those inmates who actively participate in and successfully complete the program.

Emergency Response and Preparedness: Several training exercises involving multiple disciplines and utilizing assets from the County, local municipalities and the private sector were designed, facilitated and coordinated in 2005. All activities were consistent with National, State, County and local preparedness goals. The activities were also conducted in accordance with Homeland Security Exercise and Evaluation Program guidelines with funding for several being provided by State Homeland Security Grants. Training scenarios ranged from a simulated industrial fire with an intentional release of toxic chemicals to a mass casualty situation based on a Columbine-like school incident.

The Oakland County Operations Center was activated three times during 2005 to provide support, communications and coordination during emergency situations and critical events, such as Arts, Beats and Eats, the Dream Cruise and the Health Division's Mass Vaccination Clinic. A partial activation provided assistance to support relief programs for Hurricane Katrina evacuees.



Four Hazardous Material Mutual Aid Consortiums remain in place to respond to single or multiple incidents throughout the County. Each consortium has received a state-of-the-art HAZMAT (hazardous materials) vehicle equipped with the latest in technology and equipment. To date, Oakland County has over 250 trained and certified HAZMAT technicians. This effort represents the most comprehensive regional mutual aid initiative in the State of Michigan and also ranks Oakland in the top percentiles nationally compared to all other county programs.

Since 2001, Oakland County Emergency Response and Preparedness has obtained over \$11 million in Homeland Security and associated grants with 98.4% of the funds

distributed in support of local city, village and township emergency first responders.

Crime Prevention: The Prosecutor's School Violence Program was developed to ensure a safe and productive learning environment for all school children. The program proactively addresses potential school violence incidents by training educators in early detection and resolution skills. Working with the Oakland Intermediate School District, more than 47,000 students in 135 schools have received hands-on training to "bullyproof" their schools. Participants learn how to create a positive, supportive climate; identify bullies; eliminate fear in the classroom; support victims; decrease the power of the bully and develop intervention skills and strategies.

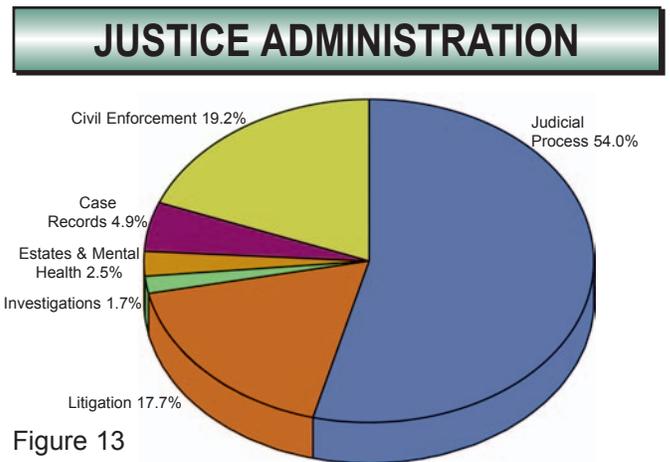


Figure 13

Justice Administration

Oakland County's justice administration services have undergone major changes in the past few years to address the everchanging issues facing the criminal justice system.

Judicial Process: The Circuit Court, in conjunction with the Waterford and Troy District Courts, implemented a pilot program designed to move cases through the criminal justice system more rapidly. Michigan Court rules provide that a circuit court arraignment may be conducted and a plea taken by a district court judge in a criminal case. The Felony Plea Program enables criminal defendants, normally assigned to Circuit Court, to enter felony pleas on the record at the time of their District Court appearance. Entering a plea in District Court eliminates the need for a Circuit Court arraignment and could reduce the length of a stay in jail by two or more weeks. The shortened time frame between plea and sentencing will move inmates out of jail more quickly, thereby reducing the population. The program benefits both defendants and citizens by speeding up the process as well as helping to manage jail overcrowding. The district courts have expressed great interest in the program which will be expanded throughout most of Oakland County in early 2006.

Another pilot program, eFiling, is a collaboration between the Circuit Court, the County Clerk and Information Technology which allows electronic filing of court documents without making a trip to the Courthouse. Using the State Court Administrative Office's eFiling application, attorneys can send pleadings via electronic mail which allows for paperless review and routing to the appropriate judge.

The Adoptions Unit of Family Court implemented the State of Michigan's Trial Court System which standardizes adoption records throughout the state. This new system greatly enhances the courts record-keeping capabilities and ensures that adoption records are retained permanently and remain confidential.

Oakland County Friend of the Court participated in an amnesty program which resulted in the collection of nearly \$50,000 in overdue child support. In addition, a debit card pilot program was implemented to comply with a change in State law requiring all child support payments to be disbursed electronically.

The Juvenile Court Psychological Clinic implemented new technology to increase efficiency and greatly reduce paperwork. Each clinician was equipped with a hand-held dictation device which allows reports to be downloaded directly to their computer for online editing.

Estates and Mental Health: The implementation of the State Court Administrative Office Trial Court System in 2005 was a huge undertaking which included the conversion of 4.5 million records from the existing mainframe system. This implementation also involved the development of new policies as well as education and training of all Probate Court staff.

A new mental health proceeding, "Kevin's Law", became effective in 2005. The law allows for the filing of an Assisted Outpatient Treatment petition to address the needs of certain mental health consumers whose needs may not have been addressed by previous law. The proceedings apply to individuals who are noncompliant with treatment plans recommended by a mental health professional where the treatment has been determined as necessary to prevent a relapse or harmful deterioration of the individual's condition.

Litigation: The Prosecutor assigns cases involving society's most vulnerable victims to specially trained staff members with expertise in the areas of child sexual abuse, domestic violence and the assault or financial exploitation of seniors. Each victim is assigned one Assistant Prosecutor and Victim Advocate for the duration of the case. This team approach creates a supportive, trusting environment for the victim and helps reduce the reluctance and intimidation often experienced during criminal prosecution. These staff members receive ongoing, intensive legal training to ensure they maintain expertise in their areas of concentration and stay current on changes in the law and new trial strategies.

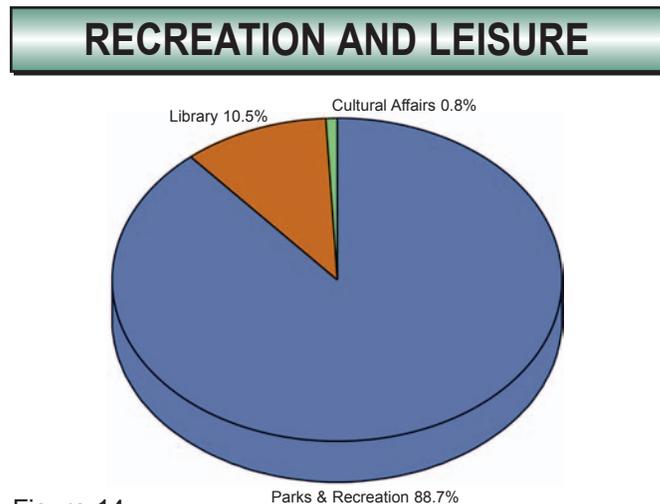


Figure 14

Recreation and Leisure

Oakland County has both abundant and diverse recreational resources, including an evolving countywide system of trails and paths. County trail organizations joined together in 2002 to form the Oakland Trails Advisory Council which is supported by staff from Oakland County Parks and the Executive Office. In 2005, portions of the Clinton River Trail officially opened in Rochester Hills. The 15-mile trail will extend across Oakland County between the cities of South Lyon and Rochester when completed. Other major trails in the county include the Paint Creek, Polly Ann, Huron Valley, Lakes Community and West Bloomfield trails. Currently there are nearly 50 miles of abandoned railroad corridors that have been converted to multi-use trails in Oakland County. These converted railroad corridors are a key component of the County's primary trail system. Currently 72 miles of the primary system are completed, 27 miles are in the planning and development stage and another 142 miles are under consideration. The trails will be used to link residents to



parcs, schools, downtowns and community centers throughout the County. The trails promote healthy lifestyles by providing greenway linkages where residents can bicycle, walk, run, hike, ski and ride horses.



The Parks Commission operates 11 County parks, including 5 golf courses, 2 waterparks, 2 campgrounds and 2 nature centers. At Independence Oaks, a 2.1-mile River Trail will link the youth group camping area trail with other parts of the park. Construction began on a new clubhouse which includes a pro shop, club room, garden patio and banquet dining area at White Lake Oaks Golf Course. An 18-hole miniature golf course and skateboard area were completed at Groveland Oaks and new asphalt walkways leading to the Nature Center were constructed at Lyon Oaks. Campground recreation activities at Addison Oaks will be held in a new pavilion designed to accommodate musical entertainment, crafts, games and nature presentations. In addition, the historic Ellis Barn, constructed in 1883, was relocated to Springfield Oaks Park.

Direct Citizen Services

General Services: With the “baby boomers” reaching retirement years, senior issues are attracting greater attention. To assist County seniors, the Senior Advocate position worked with stakeholders in the areas of information, education and advocacy. The Advocate also acted as an advisor to the County Executive and Board of Commissioners and as a liaison to the Senior Citizen Advisory Council.

In 2005, the Senior Prescription Savings Program continued to provide discounts up to 40% on medications and durable medical goods. This open-network program allows the use of the County discount at pharmacies throughout the United States. This service may be discontinued in 2006 due to the availability of the Medicare Part D program.

DIRECT CITIZEN SERVICES

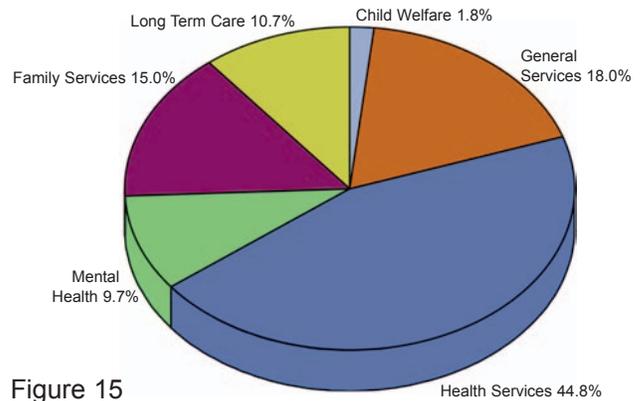


Figure 15

The County also continued its Prescription Relief program for low-income residents, including seniors. Under the plan, maintenance medications used to treat ongoing medical conditions can be obtained for \$8 per prescription. The program utilizes pharmaceutical company programs that provide free prescription medication to individuals who lack the income to buy their monthly prescriptions. The organization assists with paperwork and provides patient advocates to walk individuals through the entire process. To be eligible for this program, participants cannot be covered by Medicaid, have insurance with prescription coverage or earn more than \$19,000 for individuals or \$31,000 for families.

Public Health: The Oakland County Health Division protects the community through health promotion, disease prevention and protection of the environment. Health programs benefit every Oakland County resident, as well as countless visitors. In 2005, the Public Health Preparedness Unit held a mass vaccination clinic where over 8,500 flu shots were given in one day. This type of exercise tests a community-based approach to medical response during a significant public health emergency such as a natural disaster or disease outbreak.

The County's Focused Infant Mortality Reduction Program provides information and services to help ensure healthy pregnancies and healthy babies in the cities of Southfield and Pontiac. Services include home visits from Public Health nurses and nutritionists as well as referrals to community services. The effort has produced promising results. In Pontiac alone, the infant mortality rate for African-American citizens dropped from 23.5 per 1,000 live births to 9.8 between 2002 and 2003.

The County continues to address the epidemic of childhood obesity with a program designed to get children and their families moving and eating right. The County Executive's Count Your Steps program provided over 25,000 pedometers to students in 64% of the County's public, private and charter

elementary schools. Each student wore a pedometer for one month and recorded their daily steps. Participants were eligible to win prizes based on their number of steps.

Veterans' Services: For the past four years, Oakland County has worked with the U.S. Department of Veteran's Affairs in the development of a 544-acre National Cemetery. Great Lakes National Cemetery, located in the northwest corner of Oakland County, was dedicated in 2004. Burials began in 2005 and Phase 1 completion is anticipated for November 2006. The second phase of development will begin by 2007. It is estimated that the new cemetery will provide burials for veterans for the next 50 years. Approximately 460,000 veterans live in southeastern lower Michigan and within a 75-mile radius of the new cemetery.

COMMERCE AND COMMUNITY DEVELOPMENT

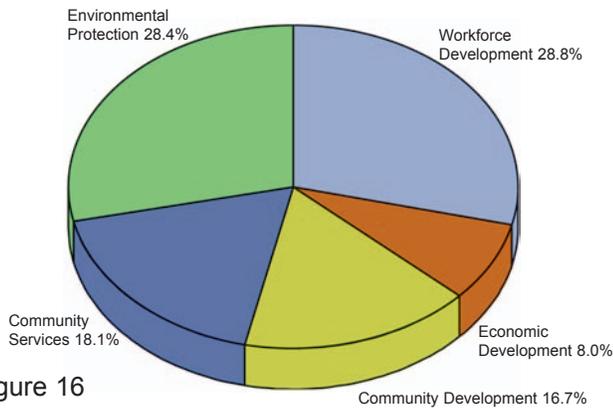


Figure 16

Commerce and Community Development

The Commerce and Community Development function contributes significantly to the quality of life for County residents and creates an environment beneficial to business and industry.

Economic Development: The County Executive's Emerging Sectors program, initiated in 2004, identified innovative industry and technology sectors that have high growth rates and businesses in those sectors that might expand into Oakland County. The top companies in each sector were then prioritized based on potential, profitability, size, location, market customer base, employee occupation profiles and their likely attraction to southeast Michigan and Oakland County. Select calling teams consisting of both political and corporate officials have been formed to meet with decision makers within each corporation.

From the program's inception in mid 2004, 15 emerging sector businesses have chosen to locate or expand their facilities in Oakland County. These firms have invested over \$209 million with 2,400 new jobs created and 1,200 jobs

retained. The sectors with the majority of activity are alternative energy, advanced electronics, financial services and advanced materials. Meetings have been held with companies in Anaheim, New York, Philadelphia, Chicago and Munich, Germany in addition to meetings with existing emerging sector businesses in Oakland County. For more information, visit the emerging sector web site at www.emergingsectors.org.



The nationally acclaimed Automation Alley, founded by Oakland's County Executive, has now spread throughout Southeast Michigan. The consortium's primary purpose is to retain and attract the skilled workforce required by the region's technology companies. The brand value of Automation Alley has grown as a result of the County's ability to compete in the global arena. The Consortium is a partnership between business, government, and education.

Automation Alley has grown to more than 600 members in less than 6 years, gaining local, national, and global recognition as a technology consortium capable of competing with the world's best and brightest. For more information, visit their web site at www.automationalley.com.

The County Financial Services Unit helps businesses grow by providing loan programs designed specifically for expanding companies and organizations. The Oakland County Business Finance Corporation and the Oakland County Economic Development Corporation assist companies in obtaining fixed asset financing at favorable rates through the U.S. Small Business Administration (SBA) 504 Loan program and through the use of tax exempt revenue bonds. In 2004, program loans representing over \$42 million in investments were processed. To obtain additional information regarding Financial Services, call (248) 858-0765.

Community Development: For more than 30 years, the Community and Home Improvement Division has delivered federally funded programs to meet the housing and community needs of low-income residents in Oakland County. The Community Development Block Grant Program allocates funds to 50 communities to improve infrastructures, public facilities and neighborhoods as well as provide basic human services. The Division also funds emergency shelter operations and services to help the homeless.

The Home Improvement Program provides home improvement loans to low-income homeowners. The program is designed to improve the condition of existing housing. To qualify, the homeowner must meet income guidelines and live in one of 50 participating communities. Depending on household size and income, the interest rate for the loan will range from a 0% deferred loan to a 3% installment loan. During the last program year, \$3.9 million was invested to assist 233 homeowners. Loans up to \$18,000 can be used for a wide variety of home improvements including repairs for purposes of health and safety, energy conservation and structural preservation. Licensed and insured residential builders perform the rehabilitation work. To obtain additional information call (248) 858-0493.

The HOME program strives to increase the supply of decent, safe and affordable housing for low-income persons through public-private partnerships. Since 1992, it has made home ownership a reality for 24 low-income residents. There are currently 16 homes under development. HOME also offers interest-free downpayment assistance loans of \$10,000 to qualified first time homebuyers. In addition, County residents can receive housing counseling services at no charge by calling (248) 858-5402.

The Planning and Economic Development Services Division continues to expand services to local governments involved in the Land Use and Zoning Program. By combining land use information with local master plans, the County prepares estimates on the amount of future development that could occur in a community. Local governments use this information to gain a better understanding of future public service needs as well as road and infrastructure requirements.



The County is home to the first countywide National Main Street Program in the United States. The program, now in its 6th year, helps communities develop their central business districts which are a symbol of historic development, economic health and community pride. The economic return on investment generated by the program continues to build. During the most recent program year, downtown areas in the Main Street program generated \$97.1 million in public and private investment, created 238 new jobs and 25 new businesses. Currently, twelve communities (Rochester, Walled Lake, Royal Oak, Holly, Lake Orion, Ferndale, Pontiac, Farmington, Ortonville, Oxford, Keego Harbor and Highland Township) are participating in this comprehensive community planning program to preserve the historic fabric that enriches the quality of life for our residents.

Environmental Protection: Oakland County is rich in natural resources. Abundant water resources and pristine natural areas are essential components of Oakland County's natural heritage, and make a strong contribution to the County's quality of life, and economic vitality. The County has partnered with Michigan Natural Features Inventory Services to map lands of ecological significance within the county. The County has also facilitated the formation of a Natural Areas Advisory Group which has initiated a community-based Green Infrastructure Visioning project. In 2005, communities were awarded over \$3 million in Michigan Natural Resources Trust Fund grant monies for acquisition and conservation management of high quality natural areas within the Oakland County Green Infrastructure network. The Green Infrastructure initiative compliments the county's extensive trails and recreation lands network by working to preserve and connect the remaining natural areas that exist within the County.

Public Works

Dependable public works systems and a solid infrastructure are necessary to support a growing economy and community. Oakland County has been at the forefront of implementing systems to meet these needs.

County Facilities: Renovation of the former Oakland Intermediate School District Administration Building, including a conference center, began in 2005 and will be the future home of the County Executive offices. In addition, renovation continued on the Sheriff's Office Administration building, which is the former location of Community Mental Health. Included in annual upgrades to County-owned facilities and infrastructure was the repaving of the Golden Oaks Medical Care Facility parking lot and roof replacement at the Executive Office Building and Courthouse East Wing. The first phase of a program to construct pedestrian pathways at the Service Center was also completed in 2005.

Water and Sewer: Services are provided to approximately 39,900 customers through 18 municipal sewer systems, 22 municipal water systems, 28 well water pumping facilities and 120 sewage pumping facilities. Four interceptors carry

PUBLIC WORKS

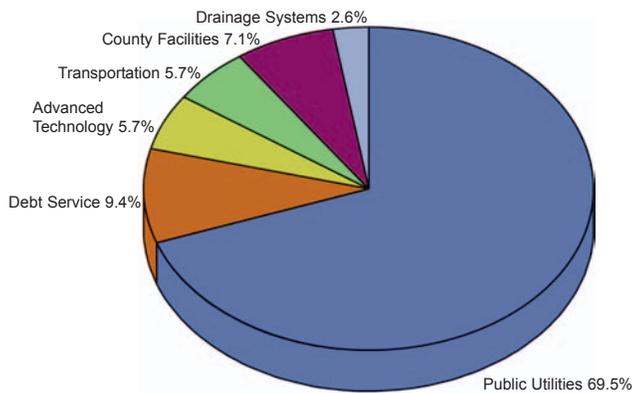


Figure 17

sewage to Detroit and Wayne County for treatment. Four retention treatment basins capture combined sewage and storm water for treatment to prevent contamination of rivers and basement flooding. Rates are adjusted annually to give customers credit for any operating surplus.

Transportation: The Oakland County International Airport in Waterford accommodates corporate and business jet air traffic as well as smaller private aircraft. It is the nation's sixth busiest general aviation airport with over 208,000 takeoffs and landings per year.

Advanced Technology: Oakland County continues to focus on the development of a state-of-the-art technological infrastructure to support County, business and local government operations. In 2005, Oakland County was named one of the country's 2005 Top Ten Digital Governments by the Center for Digital Government. Through its eGovernment initiative, County information and services are provided through the County website. By providing "online" services rather than "in line" services, costs are reduced and customer satisfaction is improved. There are 26 enhanced access services currently available via the County's website. Citizens can submit online payments for tickets issued by the 52nd District Court, pay property taxes, order certified copies of birth, death and marriage certificates, apply for well and septic permits as well as purchase park permits, maps and aerial photographs. The system processes all financial transactions in a "secure" environment ensuring privacy and security for the customer. With over 10 million pages viewed per year, the County website delivers substantial content to citizens and businesses. Nearly 1.7 million files were downloaded in 2005, with a net benefit to County taxpayers estimated at \$4.1 million. As eGovernment grows, additional services will be offered resulting in additional savings for Oakland County website visitors and residents.

Wireless Oakland, an exciting new initiative launched by the County Executive, consists of three major goals. The first goal is to blanket the County's 910 square miles with wireless internet service, with a portion of bandwidth available for

free to every person in Oakland County. This goal will be accomplished through a public/private partnership, leveraging the technology investments already funded by the residents of Oakland County to create a blend of free and for-fee services. The second goal will address the "digital-divide" that exists within Oakland County and provide low-cost or no-cost PC's and technology training to vulnerable population groups. Success will be dependent upon bringing together foundations, grants, public sector partnerships, private sector partnerships and the educational community in Oakland County. The third and final goal is to develop a Telecommunication and Technology Planning Toolkit for Local Governments that supports continued high-tech investments in local government and promotes the integration of those investments with local community character and quality of life.

This initiative is intended to prepare Oakland County and its workforce for the jobs and technology of tomorrow as well as enhance the County's ability to attract and retain high-tech and nanotechnology corporations. It will enhance the residential character of our local communities and further distinguish Oakland County as a great place to live, work and play. Wireless Oakland will support a growing mobile workforce and elevate the technical knowledge of its current and future workforce. In addition, Wireless Oakland will play a key role in the transformation of government services throughout Michigan and support the continued provision of Oakland County's eGovernment services well into the future.

Oakland County Internet Website

A wealth of information on County services is available on the website at www.co.oakland.mi.us. Copies of this document as well as the County's *Line Item Budget*, *Biennial Program Budget* and *Comprehensive Annual Financial Report* are also available in pdf format on the website.

Comprehensive Annual Financial Report

Complete financial statements of Oakland County, with additional demographic and economic information, are provided in the County's Comprehensive Annual Financial Report. The printed version of this report can be obtained by sending a request to:

Oakland County
Fiscal Services Division
Executive Office Building
1200 N. Telegraph, Dept. 403
Pontiac, MI 48341-0403

