



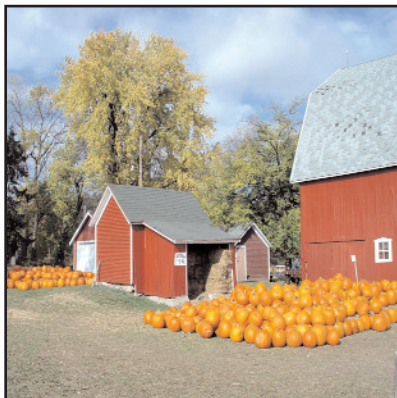
OAKLAND COUNTY MICHIGAN



2004 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 2004. 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 2003 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 ending
September 30, 2003



Nancy L. Zjelke
President
Jeffrey L. Esser
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, 2003. 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 seven consecutive years (fiscal years ending 1997-2003). 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 2004



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Chairperson
West Bloomfield



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COMMISSIONERS CITY/TWP. OF RESIDENCE

Bill Bullard, Jr.	Highland
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Greg Jamian	Bloomfield Hills
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Eileen T. Kowall	White Lake
Christine Long	Commerce
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Thomas F. Middleton	Clarkston
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John A. Scott	Waterford
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Peter H. Webster	Royal Oak
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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 temperatures averaging 51°F and 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. State tests measuring student skill levels show that County public schools consistently rank among the highest in Michigan. In addition, ACT scores and the number of college bound graduates indicate that graduates are among the best in the nation. Oakland is also home to prestigious private schools (Detroit Country Day, Cranbrook and Roeper) which have received national kudos for their high caliber programs. In addition, there are 14 institutions of higher learning located in the County, including the highly regarded Oakland University.



Cultural entertainment venues include the popular Meadow Brook Theatre as well as 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. Its 125 acres of naturalistic exhibits include the world's largest polar bear exhibit, "Arctic Ring of Life." Golf enthusiasts enjoy over 61 public and 26 private golf courses, some of which have hosted the PGA, U.S. Open and LPGA U.S. Open. More than 120,000 out-of-town visitors attended the prestigious Ryder Cup held at Oakland Hills Country Club in 2004. The event had an estimated \$114 million gross economic impact on local economies. 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 1.5 million visitors come to watch 30,000 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 Labor Day weekend.

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, collectibles and antique furniture; to cities like Pontiac 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, County residents are never more than a 20-minute drive or walk from the nearest park, recreation area, nature trail or lake. The County packs more than 89,000 acres of recreational property and more than 1,450 lakes within its borders. Oakland County has more natural lakes than any other county in Michigan.

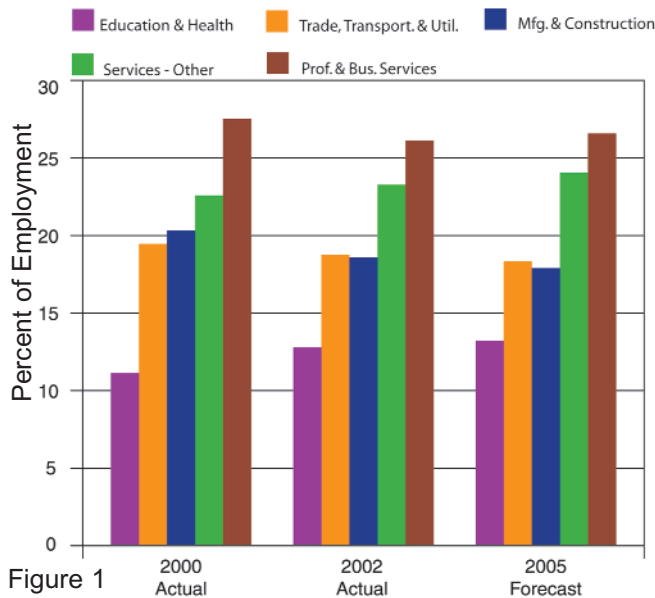


Oakland County's Economy

The strength of the County's economy serves as the basis of Oakland County's solid financial condition. In a strong rebound from the 1991 recession, Oakland entered a long stretch of job growth, averaging 20,800 new jobs per year until 2001. Much of this growth was due to an increase of 33% in both the manufacturing and private non-manufacturing sectors. Between 1991 and 2003, private sector job growth was 27.6%. In fact, County employment grew about 90% faster than the State of Michigan as a whole. Oakland is the number one job producing county in Michigan, responsible for 30% of all new jobs in the last decade. After the U.S. economy fell into recession in 2001, the trend was reversed with an average annual loss of 14,000 jobs through 2003. However, Michigan Dept. of Labor & Economic Growth statistics show that employment increased by 4,125 in November of 2004 compared to November of 2003.

During the 1990s, employment began shifting from the manufacturing, trade, transportation and utility industries to service and construction industries. The steady gain in service industries was primarily dominated by increases in business services with health, engineering and management services also making significant contributions. Prior to 2001, the manufacturing sector maintained its share of employment, which was unusual among Michigan's local economies. In fact, manufacturing declined in the nation as a whole during this time period.

EMPLOYMENT SHIFT



Between 1998 and 1999, over 60% of the job growth in the County was in corporate headquarters, high-technology, and technology/research centers for automotive suppliers from around the world. The national classification coding system used to define businesses within industry sectors has changed, preventing comparison of data prior to 2000. Figure 1 presents the recent shift in employment sectors using the new categories.

EMPLOYMENT TRENDS

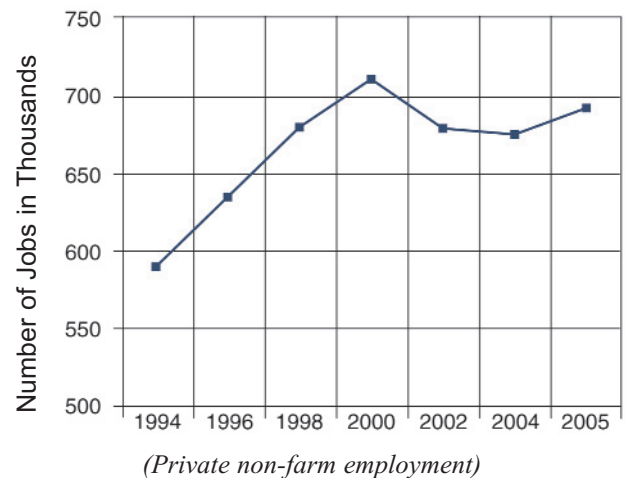


Figure 2

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 almost half of the job losses although it makes up only about 10% of the local economy. There were also major job losses in professional and business services, which includes the technology-based industries and business support services. While recovery from the recession is proceeding slowly, it is anticipated that Oakland will add about 16,400 jobs in 2005. Figure 2 illustrates this trend and a forecast for the year 2005.

In September 2004, Oakland's unemployment was relatively low at 4.8% when compared to Michigan's 6.2% and the nation's 5.1%. This represents a slight decrease from September, 2003. Unemployment rates for the past decade are illustrated in Figure 3.

UNEMPLOYMENT RATES

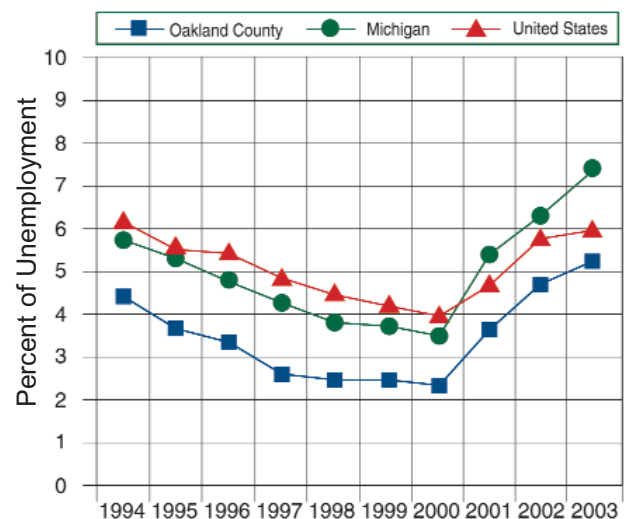


Figure 3

Business growth has accelerated at the same pace as job growth. From 1992 to 2002, the number of businesses in the County rose by 25% to 41,300 with the total annual payroll increasing by 105% to \$34.5 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 648 companies representing 24 countries. Of the foreign-owned firms in southeast Michigan, 58% are located in Oakland County.

Oakland's per capita income of \$46,400 is the highest among Michigan's 83 counties and is ranked within the top 1% of the nation's counties, ranking 24th out of 3,110. In fact, its per capita income is more than 50% greater than both the nation (\$30,900) and the state (\$29,800).

This wealth manifests itself in the housing market. Between 1997 and 2003, the average price of single family homes increased by 49% from \$159,900 to \$238,500.

STATE TAXABLE VALUE

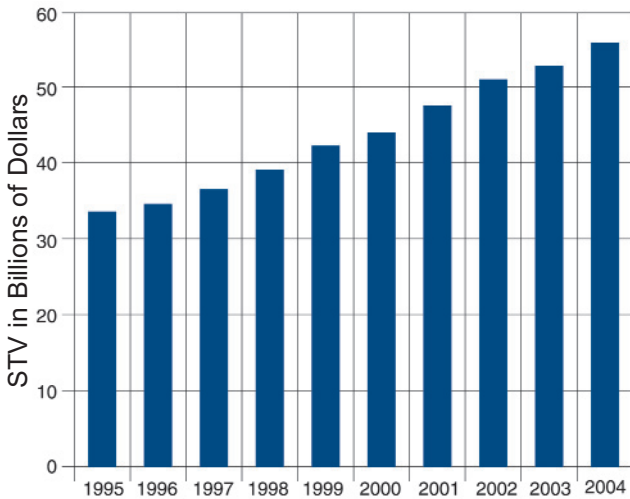


Figure 4

Oakland County's Tax Base

A decade of a booming economy has produced a 112% 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, 2004 property tax levy remained at 4.19 mills for operations, the third lowest total 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 rising tax base. This increase in tax revenue allowed the County to keep pace with current programs and technology.

MILLAGE RATE

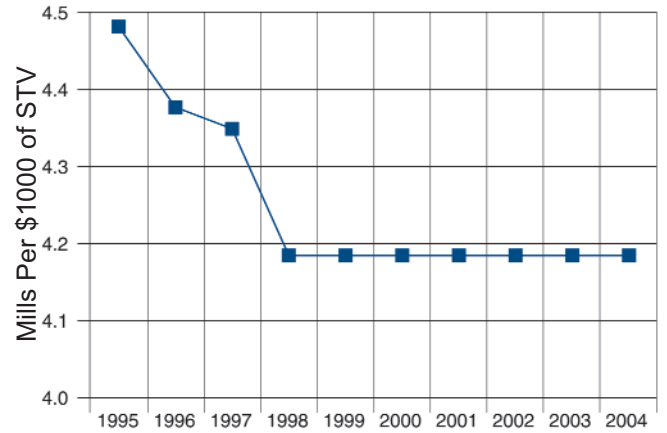


Figure 5

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 4,475 authorized positions. Should vacancies occur or

TAX LEVY

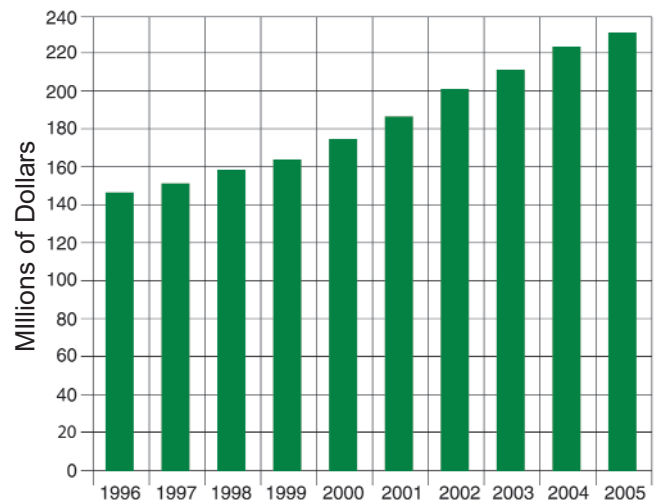


Figure 6

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 General Fund balance.

Due to sound fiscal management, Oakland County saw its general fund balance increase by a total of \$42.9 million when comparing 1995 to FY2004. 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 \$7.0 billion in debt (10% of its State Equalized Value); however the actual outstanding debt is \$316.9 million, 4.5% 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 34 counties in the nation have the distinction of receiving the AAA rating from both agencies. 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 or special assessments. Not only has the County created a pro-business environment, it has also directly lowered the cost of doing business in Oakland County.

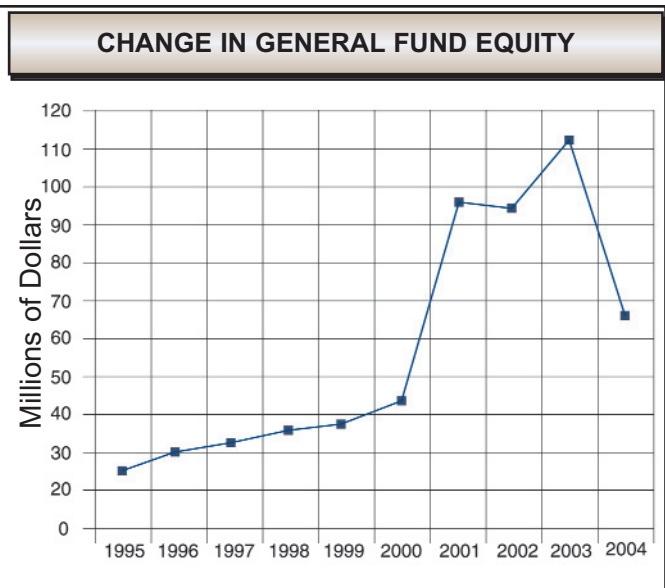
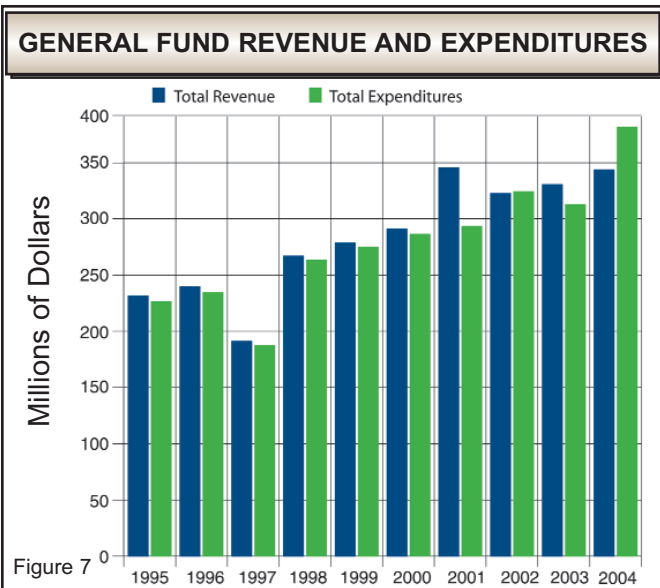


Figure 7

Revenue and Expenditures (millions):

	<u>1995</u>	<u>1996</u>	<u>1997*</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001**</u>	<u>2002</u>	<u>2003</u>	<u>2004***</u>
Total Revenue	\$232.8	\$243.7	\$193.0	\$268.4	\$276.4	\$287.4	\$344.7	\$322.0	\$334.8	\$343.8
Total Expenditures	<u>227.6</u>	<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>
Excess (Shortfall)	5.2	5.5	2.3	3.7	2.5	4.5	54.1	(2.4)	17.8	(45.1)
Beginning Equity	<u>19.3</u>	<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>
Ending Equity	\$24.5	\$30.0	\$32.3	\$36.0	\$38.5	\$43.0	\$97.1	\$94.7	\$112.5	\$67.4
As a % of Revenue	10.52%	12.31%	16.74%	13.41%	13.93%	14.96%	28.17%	29.41%	33.60%	19.6%

Source: Oakland County Comprehensive Annual Financial Reports

* Nine months reported in 1997 due to change in fiscal year

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

***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.

Figure 8

OAKLAND COUNTY
Statement of Operations by Fund Type
For the Fiscal Year Ending September 30, 2004

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Total</u>
Revenues:						
Taxes	\$214,309,074				\$12,647,696	\$226,956,770
Special Assessments		\$1,487,523	\$17,577,226	\$17,454		19,082,203
Federal Grants	300,945	36,177,253				36,478,198
State Grants	480	24,522,653		100,477		24,623,610
Other Intergovernmental	33,134,845	3,457,607				36,592,452
Charges for Services	93,153,883	28,336,697	43,837		154,476,665	276,011,082
Investment Income	1,554,592	223,852	40,911	111,730	2,204,973	4,136,058
Other	1,339,243	946,984		37,286	1,501,782	3,825,295
Total Revenues	\$343,793,062	\$95,152,569	\$17,661,974	\$266,947	\$170,831,116	\$627,705,668
Expenditures/Expenses						
Public Safety	123,036,561	37,588,120		2,504,036	12,148,816	175,277,533
Justice Administration	70,973,376	15,698,138				86,671,514
Direct Citizen Services	24,528,426	52,976,309			10,712,018	88,216,753
Public Works	15,662,651	3,079,903	23,979,306	15,288,768	108,051,545	166,062,173
Recreation & Leisure	2,376,176	52,012			19,021,859	21,450,047
Commerce & Community Dev.	20,704,985	25,745,460		169,878	10,718,558	57,338,881
General Government	32,043,062	2,246,568			1,077,367	35,366,997
Total Expenditures/Expenses	\$289,325,237	\$137,386,510	\$23,979,306	\$17,962,682	\$161,730,163	\$630,383,898
Other Financing Sources (Uses)	(99,537,731)*	48,063,496	3,889,998	15,680,260	(6,026,894)	(37,930,871)
Excess (Deficit) Revenues and Financing Sources						
	(\$45,069,906)*	\$5,829,555	(\$2,427,334)	(\$2,015,475)	\$3,074,059	(\$40,609,101)

*Reflects a one-time transfer of \$50.9 million to the Retiree Health Care Trust fund and operating transfers.

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 2004 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.

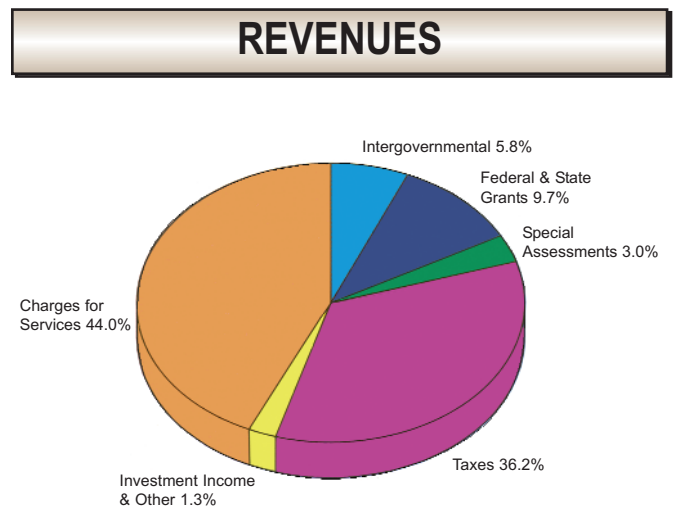


Figure 9

Revenues

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

Taxes: \$226,956,770 - 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 4.2602 mills. Parks and Recreation is also supported by taxes of .2436 mills and is reported as an Enterprise fund.

Special Assessments: \$19,082,203 - Funds received from charges to parties benefiting from the County’s drainage systems, lake level controls and lake improvements.

Federal and State Grants: \$61,101,808 - Restricted funding provided by the federal or state governments.

Other Intergovernmental: \$36,592,452 - Revenue from state or local governments in the form of shared revenue or reimbursements.

Charges for Services: \$276,011,082 - Revenue from fees received for time and material services.

Investment Income and Other: \$7,961,353 - Interest on investments, revenue from rebates, refunds of prior years expenditures and miscellaneous sources.

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: \$175,277,533, 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: \$86,671,514, 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: \$21,450,047 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: \$88,216,753, represents all areas which provide direct services to individual citizens. Included in this program are the Human Services and Public Services Departments and various Prosecutor and Circuit Court family services.

Commerce and Community Development: \$57,338,881, reflects all efforts to promote and sustain a strong business and economic climate, a healthy environment and vibrant communities. The Department of Economic and Community Development, Drain Commissioner, Register of Deeds and Equalization provide services in this area.

The final program, Public Works: \$166,062,173, refers to all operating systems that form the foundation of basic County functions. Included are Facilities Management, Airport, Drain Commissioner, Information Technology, the majority of capital projects and all debt service expenditures.

MAJOR PROGRAM EXPENDITURES

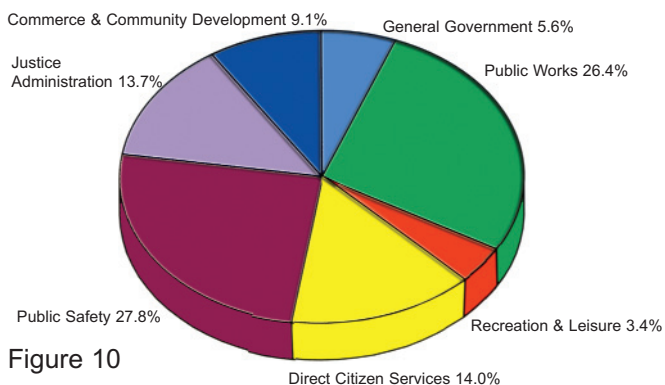


Figure 10

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: \$35,366,997, includes all areas of the County involved in the administration and financial aspects of County business. Included in this program are the County Executive, Board of Commissioners, Treasurer, Management

General Government

Treasury: The Treasurer is custodian of all County funds. There are three guiding factors in the investment of 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 seven years, returns on the County’s short-term investments have exceeded those of Treasury Bills (T-Bills) by an average of 70 basis points.

Executive / Legislative / Finance: A major on-going expense experienced by all public and private organizations involves funding of pension and retiree health obligations. In recent years, there have been numerous accounts of retiree

GENERAL GOVERNMENT

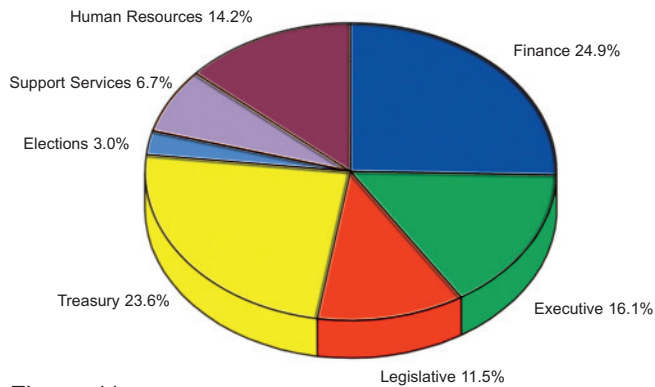


Figure 11

benefit plans failing due to insufficient funding or poor management. Fortunately, due to prudent financial planning, Oakland County has been able to meet its obligations to its employees and maintain effective public services. The County's Defined Benefit Retirement plan is fully funded. In addition, the County is in the forefront in funding retiree health care. Most governments fund retiree health care on a "pay as you go basis." They only budget enough funds to cover costs for that particular year. Although this meets ongoing obligations for current retirees, this practice does not set money aside to cover retirement health care benefits promised to current active employees. Without advance planning, costs could skyrocket in the future; causing a strain on the resources needed to provide services to citizens.

Twenty years ago, Oakland County began to "advance fund" retiree health care. This means not only covering the current year's cost, but also setting additional money aside to cover future costs, so as to not strain the general fund in the future. In FY2004, \$50.9 million was transferred from the County's general fund to the Retiree Health Care Trust fund. This increase in the Trust fund balance will generate approximately \$225 million in additional investment income over the next 40 years.

Trust fund monies are not subject to the same investment restrictions as the General Fund and can be held for longer periods of time. As a result, investment of the \$50.9 million in equity stocks and bonds will yield a higher rate of return. This increased income will be used to accelerate the elimination of any accrued unfunded liability. These proactive measures taken to solidify the County's fiscal position have provided the flexibility required to continue quality services to County citizens.

In spite of this transfer, the General Fund still has a healthy fund balance of \$67.4 million as of September 30, 2004. Had these monies remained in the general fund, Oakland County's general fund balance would have increased by \$5.8 million in FY2004. It is clear that the State of Michigan's budget

difficulties will continue for some time. As a result, the Administration and policy makers will continue to be proactive in preserving the County's fiscal position and flexibility. The cost of Retiree Health Care will be an ongoing topic of discussion during the next fiscal year.

Human Resources: With the retirement incentive in 2003, a significant amount of institutional memory and talent was lost. The County continues to deal with the ramifications of this loss while preparing for the next wave of retirements. Thirty-three percent of supervisory employees are eligible to retire during the next 5 years. The County is meeting this challenge through its succession management program, leadership academy, management and supervisory training programs and implementation of new recruitment strategies. The County has also implemented mandatory diversity training for all management staff. In today's workplace, cross-cultural teamwork and collaboration are essential for organizational success. This diversity training provides information, strategies, and skills to help participants develop the professional and personal competence necessary to live and work in a multi-cultural environment.

PUBLIC SAFETY

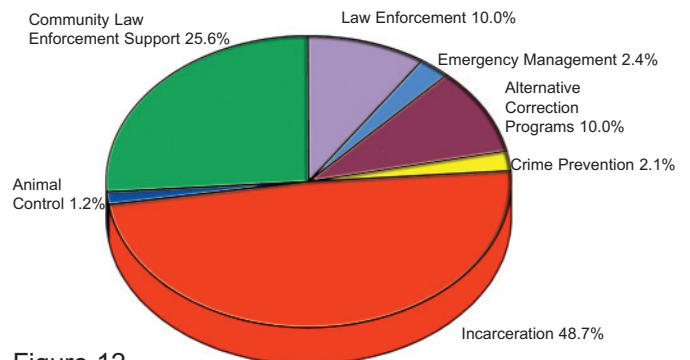


Figure 12

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. Fingerprint information is currently transmitted electronically through Live Scan Units to the State Police. A recent agreement between Oakland County and the Michigan State Police will provide

an interface between their two systems. This new interface will enhance the amount of data provided to law enforcement agencies throughout the State and provide statewide fingerprint and mugshot information to local agencies.

Oakland is also in the process of linking fingerprint information to a new mugshot system that uses biometrics to identify an individual by their physical characteristics and fingerprints. Facial recognition software maps a suspect's features similar to fingerprint software. Pictures can then be compared to the 1.2 million images that will be stored in the system. 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 will be able to access information on a suspect from a variety of databases.

Community Law Enforcement Support: The Oakland County Sheriff's Office serves over 275,000 County residents through contracted patrol with 15 communities and dispatch services.

The Computer Crimes Unit investigates Internet crimes. Originally, the primary focus was the identification and apprehension of offenders who used the Internet to sexually exploit children. Investigations now include crimes involving homicide, extortion, fraud, identity theft and stalking. Seizure and examination of digital evidence by qualified individuals is essential to successful prosecution of these cases. The County employs two of the six certified forensic computer examiners in Michigan.



The County officially launched its OAKVideo multi-point video arraignment system in 2004, enabling regional law enforcement agencies and courts to conduct criminal arraignments via the Web. The new system is unique among systems currently in use. Video conferencing equipment and associated peripherals will be used to connect the District, Circuit and Probate 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: A new special management observation unit at the Main Jail has been completed. The K-Block unit is designed to house seriously mentally ill inmates as well as inmates who are suicidal or have behavioral problems. Cells in the 25-bed unit surround an office control center which allows deputies to continually observe the inmates. K-Block provides a safer environment for both inmates and deputies.

When booking prisoners who are suicidal, acting out or have a history of mental illness, staff immediately place them in the new unit. The inmate is assessed and evaluated by a jail counselor and then referred to a psychiatrist. A treatment plan is developed to stabilize the offender within the corrections environment. When appropriate, a treatment plan may be presented to the Court for approval which would move the prisoner from jail to a mental health program in the community. More than 40 prisoners were successfully placed in residential treatment programs in 2004.

A new pilot program for inmates with children has also been implemented. The "Connections" Program provides one-on-one counseling for inmates and their children. A multi-disciplinary team of teachers, nurses and social workers meets with the parent and child with the intent of enhancing the family relationship and reducing recidivism, as well as cross-generation criminal thinking. The program allows the children to visit their parents in a less threatening minimum security setting. To be eligible, inmates must have children between the ages of three and five who meet federal Head Start program criteria.

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 WAM (Weekend Alternative for Misdemeanants) program requires offenders to perform community service on weekends or Wednesdays while maintaining their regular employment. This year, WAM participants spent more than 8,600 hours working in a community service garden located at Springfield Oaks County Park. Produce from the garden was provided to local food banks for distribution to the needy. In FY2004, 2,164 defendants performed 13,971 days of community service valued at \$894,100 while also saving taxpayers \$1,159,600 in jail expenses.

The Sheriff's Life Employment Skills Program provides the Courts with a new in-jail sentencing option for low-risk, 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: Oakland County has been designated as one of four counties in Michigan and the fifth largest community in the nation to be awarded a StormReady designation by the National Weather Service. This award recognizes the comprehensive programs implemented by the County for the safety and preparedness of its citizens.

The Oakland County Operations Center was activated five times during 2004 to provide support, communications and coordination during emergency situations and critical events.



A new Critical Information Management System which standardizes the communication process and sharing of information during local events and statewide emergencies was also implemented. This system was utilized effectively during the 2004 Ryder's Cup and Dream Cruise.

Four Hazardous Material Mutual Aid Consortia are now 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. In addition, every police officer in Oakland County has received a personal protective equipment kit which is interoperable with other County police departments. To date, more than \$2 million has been expended in direct support of local municipalities and first responders. An additional 23 firefighters and HAZMAT technicians were trained and certified in 2004. This brings the total number certified to 240, the highest number of technicians per capita in the state.

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 Oakland Schools, more than 1,400 educators and 32,000 students 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.

Another Prosecutor initiative aimed at helping students succeed is the Early Truancy Intervention Program. Experts agree that school truancy is one of the most reliable predictors of juvenile delinquency. In partnership with Oakland Schools, students in the second and third grades exhibiting at-risk signs of truancy are targeted for early intervention. The first step is gaining the cooperation and involvement of the parents. Should this step be unsuccessful, the Prosecutor's Office will pursue criminal charges for violation of the Compulsory Education law. In determining whether to bring charges against the parent or child, careful consideration is given to the child's age and whether or not the parents are responsible for preventing the child from attending school.

The Prosecutor and Oakland Schools have co-produced an educational video on teen sex to address the legal consequences of underage consensual sex. The video informs teens of the significant criminal penalties involved when a person under the age of 16 engages in consensual sexual activity. The video utilizes volunteer teen actors to explain legal consequences to their peer audience in a way that other teens can relate to and easily understand. This innovative training video and accompanying teacher's guide are utilized in high schools not only throughout Oakland County but the nation as well.

JUSTICE ADMINISTRATION

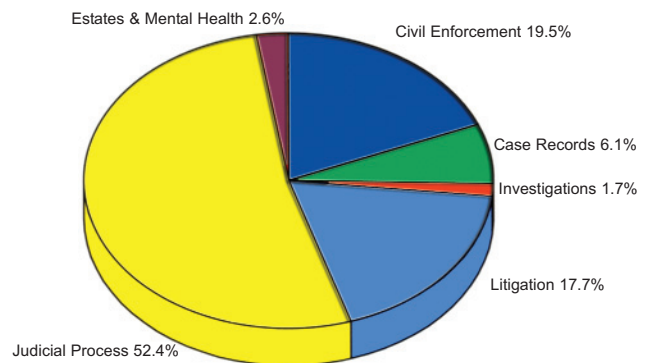


Figure 13

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 Structured Sentencing Accountability Program (SSAP) is directed at the several hundred OUIL III defendants prosecuted each year. These defendants are more than casual drinkers, but not eligible to participate in the Drug Court program. Instead of traditional jail time of up to 11 months, SSAP participants are generally sentenced to 60 to 90 days in jail. Upon release they must

enter an intensive treatment program to identify and address the underlying issues causing their substance abuse. While in treatment, participants are required to wear a Secure Continuous Remote Alcohol Monitoring (SCRAM) tether. This monitoring device can sense alcohol through the skin and send a signal to authorities when alcohol is consumed.

To reduce the caseload for the 6th Circuit Court, several Civil Early Intervention Conferences were held throughout 2004. Approximately 200 volunteer attorneys worked to settle cases before they actually went to court. All parties are required to meet with a volunteer attorney who attempts to settle the case. If settlement is not achieved, the facilitator works with the parties to more clearly define and narrow the issues. Thirty-four percent of cases are settled during this phase. The remaining cases go to Case Evaluation where a three-attorney panel assigns a dollar value to the case. Once determined, litigants may choose to accept the settlement amount rather than go to trial. Some cases go to an intense State Facilitation program which again brings the parties together in an attempt to finalize a settlement. Participants pay a fee for the Case Evaluation and State Facilitation programs. As a result of these alternative dispute resolution programs, only 2% of civil cases ultimately go to trial.

A new docket scheduling system has reduced the number of pending criminal cases by 20% in less than two years in spite of a modest rise in criminal cases filed each year. The cases of jailed defendants are scheduled before those released on bail and older cases are scheduled first. Under the new system, 93% of defendants leave their arraignment with their next court date. Implementation of other case management strategies and the expanded use of alternative sentencing programs have helped alleviate jail overcrowding.

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.

Recreation and Leisure

Parks and Recreation: County trail organizations recently joined together to form the Oakland Trails Advisory Council which is supported by staff from Oakland County Parks and the Executive Office. In 2004, portions of the Clinton River Trail officially opened in Rochester and Pontiac. The 45-mile trail will extend across Oakland County between the cities of South Lyon and Rochester when completed. Other County rails-to-trails include the Paint Creek, Polly Ann, Huron

RECREATION AND LEISURE

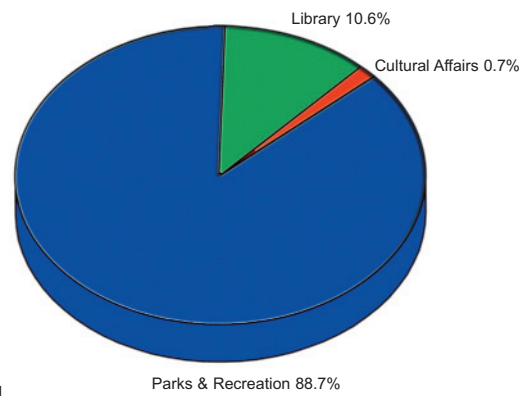


Figure 14

Valley 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 63 miles of the primary system are completed, 30 miles are in the planning and development stage and another 117 miles are under consideration. The trails will be used to link residents to parks, downtowns and community centers throughout the County. The trails promote healthy lifestyles by providing greenways where residents can bicycle, walk, run, hike, ski and ride horses.



The Parks Commission operates 11 County parks, including 5 golf courses, 2 wave-action pools, 2 campgrounds and a nature center. Red Oaks Golf Course in Madison Heights was redesigned by Jerry Matthews and reopened in 2004. Rolling terrain, new bunkers, larger greens and a new 2,700 square foot clubhouse with an outdoor terrace make Red Oaks a must-play nine-hole course. At Independence Oaks, a 2.1-

mile River Trail will link the youth group camping area trail with other parts of the park. The River Trail will include 1200 feet of boardwalk and a 40-foot bridge. Plans have been completed for a new clubhouse which includes a pro shop, club room, garden patio and banquet dining area to be constructed at White Lake Oaks Golf Course. 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 in Springfield Township will be moved to Springfield Oaks Park. The barn was constructed in 1883, and is the only Michigan barn referenced in the nationally renowned book, *The American Barn*.



Direct Citizen Services

Governmental and enterprise funds totaling \$88.2 million have been expended on direct services to County residents.

General Services: With the “baby boomers” reaching retirement years, senior issues are attracting greater attention. To assist County seniors, the Senior Advocate position works with stakeholders in the areas of information, education and advocacy. The Advocate also acts as an advisor to the County Executive and Board of Commissioners and as a liaison to the Senior Citizen Advisory Council. A pilot program, The Third Age Initiative, was developed to recruit and encourage retired and pre-retirement individuals to remain active and continue their leadership role in communities as volunteers.

In 2004, the Senior Prescription Savings Program was expanded to include residents under the age of 60 without prescription drug coverage. The program provides 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. More than \$2.4

DIRECT CITIZEN SERVICES

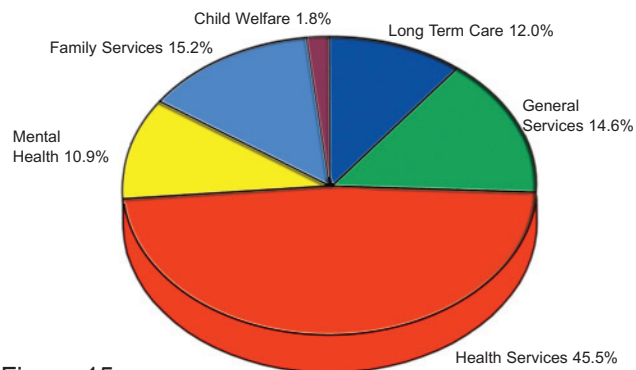


Figure 15

million was saved by subscribers on their drug purchases in FY2004. The County also implemented a Prescription Relief program for low-income residents. Under the plan, maintenance medications used to treat ongoing medical conditions can be obtained for \$7 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. Eligible 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 2004, the Emergency Preparedness Unit developed emergency response plans to address public health threats from terrorism, natural disasters, disease outbreaks and other incidents. The unit also played a pivotal role in the execution of 30 training programs and exercises that helped prepare the community and division staff to respond to emergency situations.

The County’s Nurse Family Partnership Program received a \$1 million grant to improve the health and lifestyles of mothers and their children. Funding will be received over the course of three years. The funds will be used to help reduce the African American infant mortality rate in the City of Pontiac. Intense home visits from Public Health Nurses will be provided to low-income, first-time pregnant women to help the families improve maternal and child physical health, home and neighborhood environments and parenting skills.

The County also addressed 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 29,000 pedometers to third and

fourth grade students in 82% of the County's public, private and charter 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 three 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 October of 2004. Fifty acres will be completed to allow burials by May of 2005. 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

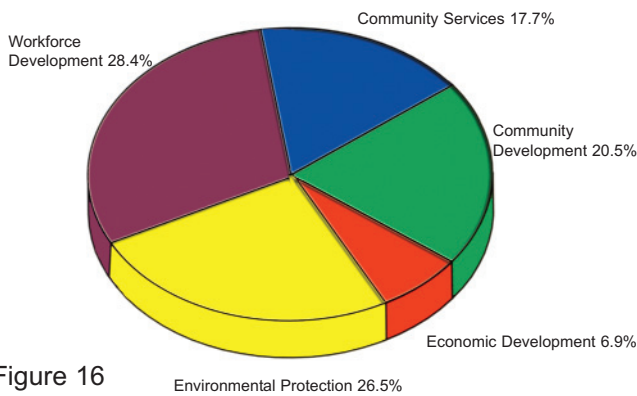


Figure 16

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.

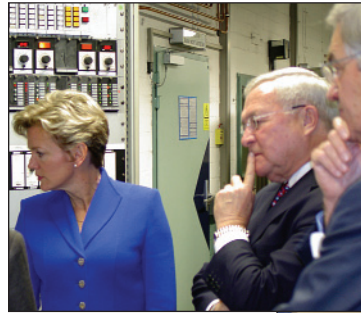
Economic Development: The nationally acclaimed Automation Alley, founded by Oakland's County Executive, has now spread throughout Southeast Michigan. The consortium's primary purpose is to retain and attract the skilled workforce required by the region's technology companies. The brand value of Automation Alley has grown as a result of the County's ability to compete in the global arena. Recent global export trade missions have resulted in over \$22 million in international contracts that export products and services, but not jobs. The Consortium is a partnership between business, government, and education. Members range from such global giants as General Motors, Chrysler, and Arvin Meritor to some of the newest companies

that focus on the latest in emerging technologies.

Automation Alley has grown to more than 530 members in less than 5 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 Executive's Emerging Sectors program, which was implemented 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 sectors include biotechnology, nanotechnology, advanced materials and chemicals, alternative energy/power generation, financial institutions, medical devices and homeland security. 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. The team composition will vary from corporation to corporation and country to country to meet the specific needs of each firm.



During the inaugural trade mission to Germany, the business attraction teams met individually with 19 firms and also met with representatives from an additional 25 firms at a seminar sponsored by the



County. Detailed information on Oakland's business climate and opportunities, skilled labor force demographics, number of foreign firms with operations within the County and quality of life factors was provided to each firm. One German-based auto supplier and homeland security corporation, pgam advanced technologies, announced it was expanding its Oakland County operation and adding 117 new jobs. The expansion is expected to generate more than \$15 million in private investment in the County. During the past three years, 19 foreign firms have invested \$379 million in Oakland County, creating or retaining 5,900 jobs and paying approximately \$9.5 million in property taxes annually.

Community Development: For more than 30 years, the Community and Home Improvement Division has been working to meet the housing needs of low-income residents

in Oakland County through federal grant funding. The Home program strives to increase the supply of decent, safe, sanitary and affordable housing for low-income persons through public-private partnerships. Since 1992, it has been used to make home ownership a reality for 24 low-income residents. There are currently 16 homes under development.

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 have a gross income falling within the 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. 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 5th 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 \$103.4 million in public and private investment, created 583 new jobs and 109 new



businesses. Currently, ten communities (Rochester, Walled Lake, Royal Oak, Holly, Lake Orion, Ferndale, Pontiac, Farmington, Ortonville and Oxford) 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 residents share the natural bounty of more than 1,450 lakes and 4 headwaters, all located within 5 watershed districts. The protection of these waters is vital to the health and safety of County residents and the County's natural habitat. The County's NO HAZ program strives to protect this environment through the proper disposal of hazardous waste. Residents in 16 communities can now take hazardous waste materials to collection sites within 20 miles of home. During 2003 and 2004, more than 160,000 pounds of household hazardous waste was collected for disposal.

Through \$1.25 million in federal grants, the County has leveraged significant private investment for brownfield redevelopment. Brownfields are properties with perceived or real environmental contamination that prevents the site from being fully utilized. Michigan's legislature has created liability and regulatory relief for new owners who did not contribute to the contamination. The new owners are required to bring the property to a level that meets risk-based cleanup standards, without exacerbating the problem. Risk-based standards set different levels of required cleanup for industrial, commercial or residential land use. A \$700,000 revolving loan fund provides low-interest "gap" financing for cleanup projects.

Public Works

County Facilities: Construction of a new \$23.3 million District Court and Sheriff Substation facility in Rochester Hills was completed in 2004. In addition, the former Work Release facility was demolished to allow for the expansion of the parking lot serving the Information Technology Building and Administrative Annex I.

Water and Sewer: Services are provided to approximately 38,000 customers through 17 municipal sewer systems, 16 municipal water systems, 28 well water pumping facilities

PUBLIC WORKS

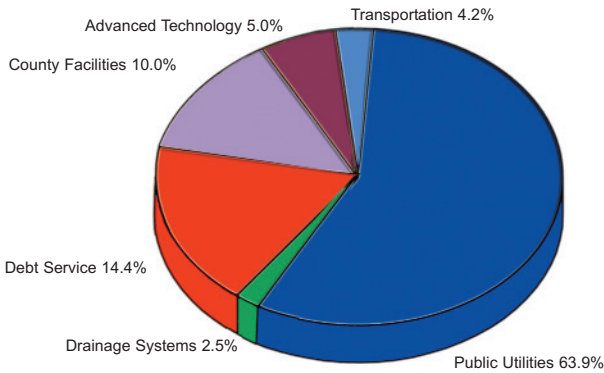


Figure 17

and 120 sewage pumping facilities. Four interceptors carry 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 about 280,000 landings and takeoffs per year. As part of its noise reduction program, construction of a \$3.5 million ground run-up enclosure was completed in 2004. The three-sided structure surrounds planes undergoing maintenance and is expected to reduce noise from jet engines by up to 75%. During maintenance, an engine may run for as long as 15 minutes. The new facility is part of a 10-year, \$48 million effort to reduce noise at the airport. About 90% of the money for these measures will come from Federal Aviation Administration grants.

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. A number of the new technologies also expand services to County residents. 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. Nearly 1.6 million files were downloaded in 2004, with a net benefit to County taxpayers estimated at \$3.7 million. Downloaded files include various County forms, handbooks and fact sheets. Each one represents one car trip not made; one line not waited in; one phone call not made - or answered; and one letter or document that did not have to be mailed or faxed. As eGovernment grows, additional services will be offered resulting in additional savings for Oakland County website visitors and residents.

A number of new eGovernment services were launched in 2004. Citizens can now submit online payments for tickets issued by the 52nd District Court. All delinquent property taxes and current taxes for 13 participating communities can also be paid online. The system processes all financial transactions in a "secure" environment ensuring privacy and security for the customer. Park permits and vital records such as birth, death and marriage certificates can also be ordered online. In addition, the County began work on an eForms project which will enable citizens to use the County website to fill out and submit paperwork with a digital postmark and signature when needed. In cooperation with CLEMIS and its member agencies, the Community Crime-Watch program was launched. The CrimeWatch program promotes community-oriented policing efforts of its members by supporting communication between law enforcement agencies and the communities they serve .

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