



OAKLAND COUNTY MICHIGAN



2006 Financial Summary



Photo by Jeffrey C. Phelps



Prepared by

Department of Management & Budget

Laurie Van Pelt, Director

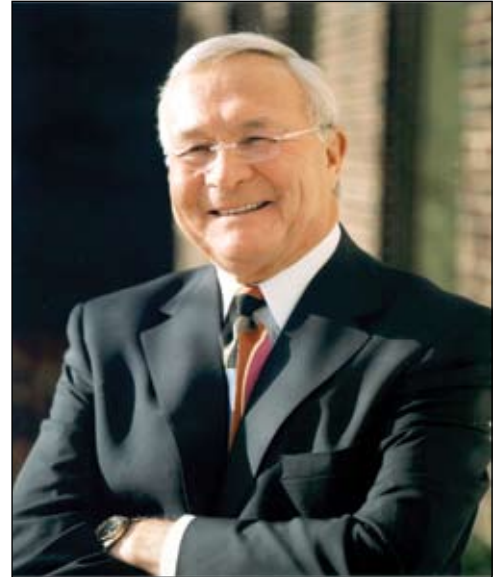


Photo by Jeffrey C. Phelps



To the Citizens of Oakland County:

I am pleased to present the Financial Summary for Fiscal Year 2006. 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 2005 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
Oakland County Executive

Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

**Oakland County
Michigan**

for the Fiscal Year Ended
September 30, 2005



Thomas J. Flann
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, 2005. 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 nine consecutive years (fiscal years ending 1997-2005). 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 2006



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| George W. Suarez..... | Madison Heights |
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| Dave Woodward..... | Royal Oak |
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AN OVERVIEW OF OAKLAND COUNTY



Incorporated in 1820, Oakland County covers an area of approximately 910 square miles with a population over 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. 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 one of

the best high schools in the country according to the Newsweek Challenge Index. The County is also home to three prestigious private schools (Detroit Country Day, Cranbrook and Roeper) 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.



Photo by Jeffrey C. Phelps

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. Another popular event, the Woodward Dream Cruise, is the world's largest celebration of the car culture. 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 the Meadow Brook Concours d'Elegance, one of the largest and most prestigious classic car shows in the world. Approximately 250 of the world's finest antique and classic automobiles are displayed in a lavish outdoor exhibition at scenic Meadow Brook Hall, a historic auto baron's mansion on the campus of Oakland University. In addition, Arts, Beats & Eats, a four-day food, arts and entertainment festival is held each Labor Day weekend. Net proceeds from the event are donated to metro-Detroit charities.



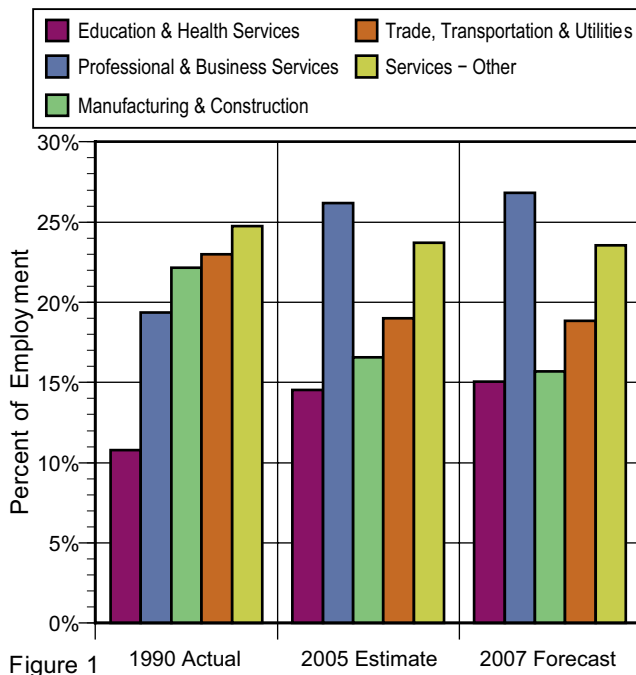
Oakland's communities range from villages with small downtown shopping districts; "bedroom communities," like Royal Oak, which has been transformed into the spot for cappuccino and collectibles; to cities like Birmingham with cutting edge art galleries, pubs and nightclubs. For those enjoying a quieter 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

Oakland County is traditionally one of the most prosperous local economies in the United States. However, sluggish economic situations existing from 2000 through 2004 cost the County one-third of its automotive work force and tested the County's ability to diversify its economic strength. Sparked by the creation of innovative programs such as Automation Alley and Emerging Sectors, Oakland County is successfully transforming from a traditional industrial economy to a knowledge-based economy, resulting in the addition of 5,100 service-providing jobs in 2005.

The continuing creation of knowledge-based jobs more than offsets job losses in goods-producing activities. In addition, strong public sector leadership and the entrepreneurial spirit of its residents helped return overall job growth to the County for the first calendar year since 2000. In fact, it is the most successful county in Michigan according to a University of Michigan Economic Forecast.

EMPLOYMENT SHIFT



The steady gain in service and construction industries was primarily dominated by increases in business services with health, engineering and management services also making significant contributions. The number of service-producing jobs has increased 35.1% since 1990 compared to a decrease in the number of goods-producing jobs which have decreased by 11.5%. Figure 1 presents this shift in employment sectors.

Recovery from the 2001 national recession continues to be hampered by the loss of goods-producing jobs particularly in the manufacturing and high-technology sectors, which are

EMPLOYMENT TRENDS

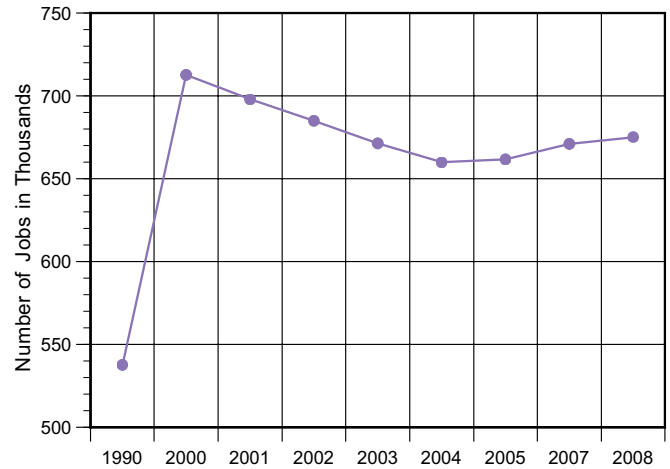


Figure 2 (Private non-farm employment)

more concentrated in Oakland County. Oakland anticipates adding 5,300 jobs in 2007 thanks to gains in professional and business services. Figure 2 illustrates this trend and a forecast for 2007 and 2008.

In September 2006, Oakland's unemployment rate was 5.6%, moderately higher than the national average of 4.6%, yet lower when compared to Michigan's 6.7%. Unemployment rates for the past decade are illustrated in Figure 3.

From 1994 to 2004, the number of County businesses increased by 6% to 41,828 with the total annual payroll increasing by 74.8% to \$35.3 billion. Currently, 18% of all Michigan businesses are located in Oakland County. This activity has definitely been enhanced by Oakland's dynamic economic development programs. Oakland County is also Michigan's leading center for international commercial activity with 658

UNEMPLOYMENT RATES

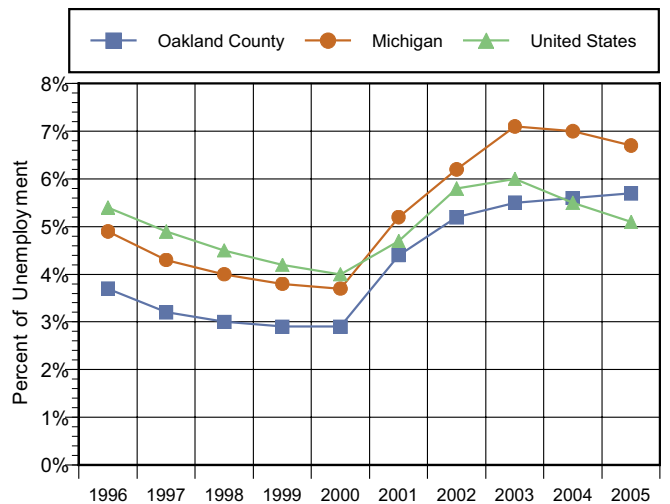


Figure 3

companies representing 25 countries. Of the foreign-owned firms in southeast Michigan, 67% are located in Oakland County.

Oakland's per capita income of \$50,990 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. In fact, its per capita income is more than 60% greater than both the nation (\$33,050) and the state (\$32,080).

This wealth also manifests itself in the housing market. Between 1997 and 2005, the average price of single family homes increased by 54.7% from \$159,900 to \$247,330.

Oakland County's Tax Base

The booming economy of the past decade has produced a 96% increase in the true cash value and a 70% increase in the taxable value of real and personal property in the County since 1997. During this period of growth, the County has 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, 2006 property

STATE TAXABLE VALUE

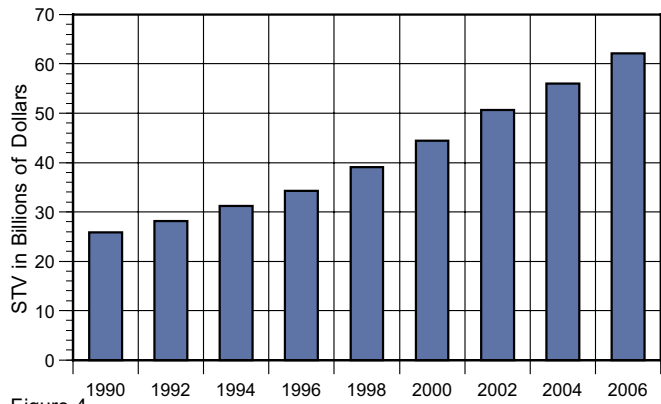


Figure 4

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 1990, 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.

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

MILLAGE RATE

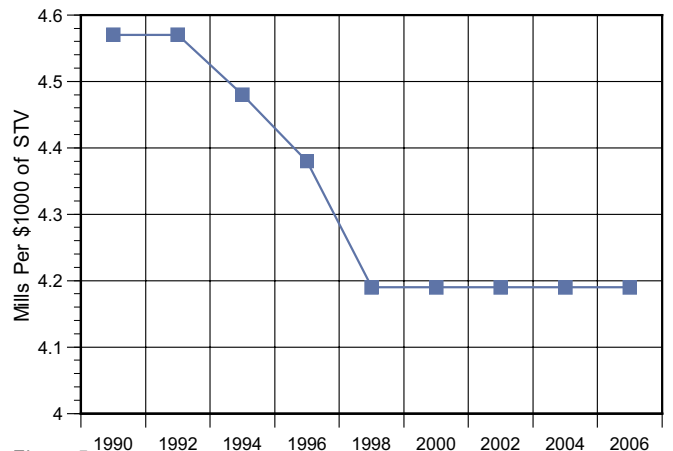


Figure 5

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 4,529 authorized positions. Should vacancies occur 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

TAX LEVY

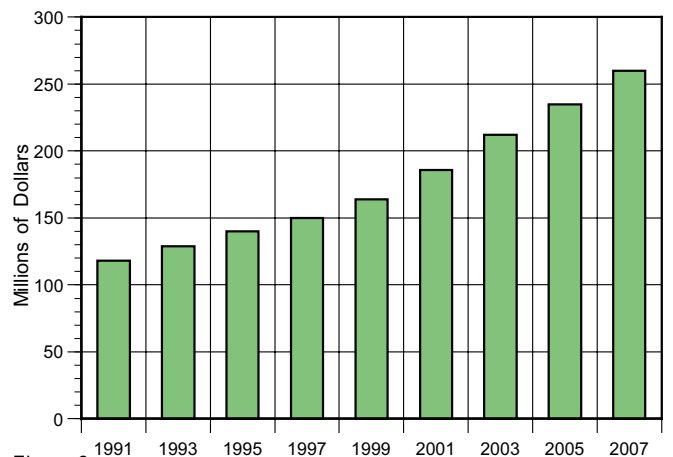


Figure 6

a healthy operating environment. Figure 7 provides a historical view of the County's General Fund balance.

Since 1997, Oakland County's general fund balance has increased by a total of \$41.8 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 \$7.6 billion in debt (10% of its State Equalized Value); however, the actual outstanding debt is \$347.2 million, 4.57% 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 42 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.

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

GENERAL FUND REVENUES AND EXPENDITURES

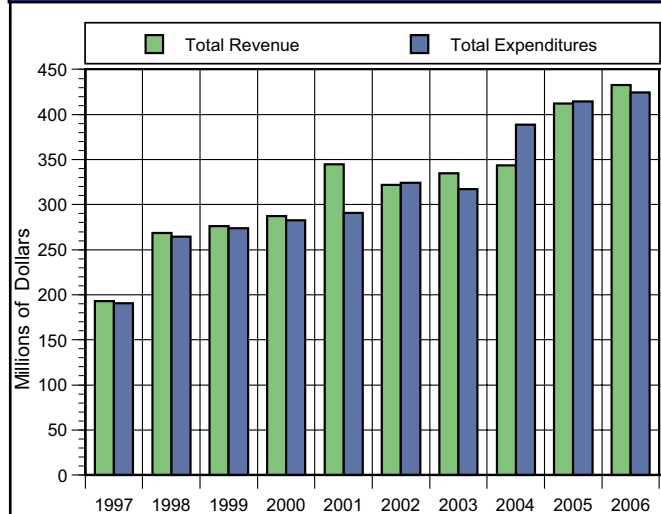


Figure 7

Revenue and Expenditures (millions):

| | <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> | <u>2006(d)</u> |
|--------------------|----------------|--------------|--------------|--------------|----------------|--------------|--------------|----------------|----------------|----------------|
| Total Revenue | \$193.0 | \$268.4 | \$276.4 | \$287.4 | \$344.7 | \$322.0 | \$334.8 | \$343.8 | \$412.4 | \$432.9 |
| Total Expenditures | <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> | <u>424.2</u> |
| Excess (Shortfall) | 2.3 | 3.7 | 2.5 | 4.5 | 54.1 | (2.4) | 17.8 | (45.1) | (2.0) | 8.7 |
| Beginning Equity | <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> | <u>65.4</u> |
| Ending Equity | \$32.3 | \$36.0 | \$38.5 | \$43.0 | \$97.1 | \$94.7 | \$112.5 | \$67.4 | \$65.4 | \$74.1 |
| As a % of Revenue | 16.74% | 13.41% | 13.93% | 14.96% | 28.17% | 29.41% | 33.60% | 19.6% | 15.9% | 17.1% |

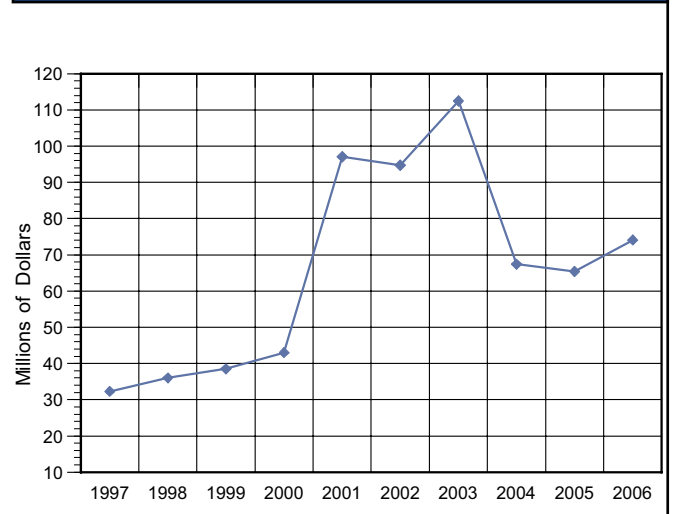
(a) Nine months reported in 1997 due to change in fiscal year

(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.

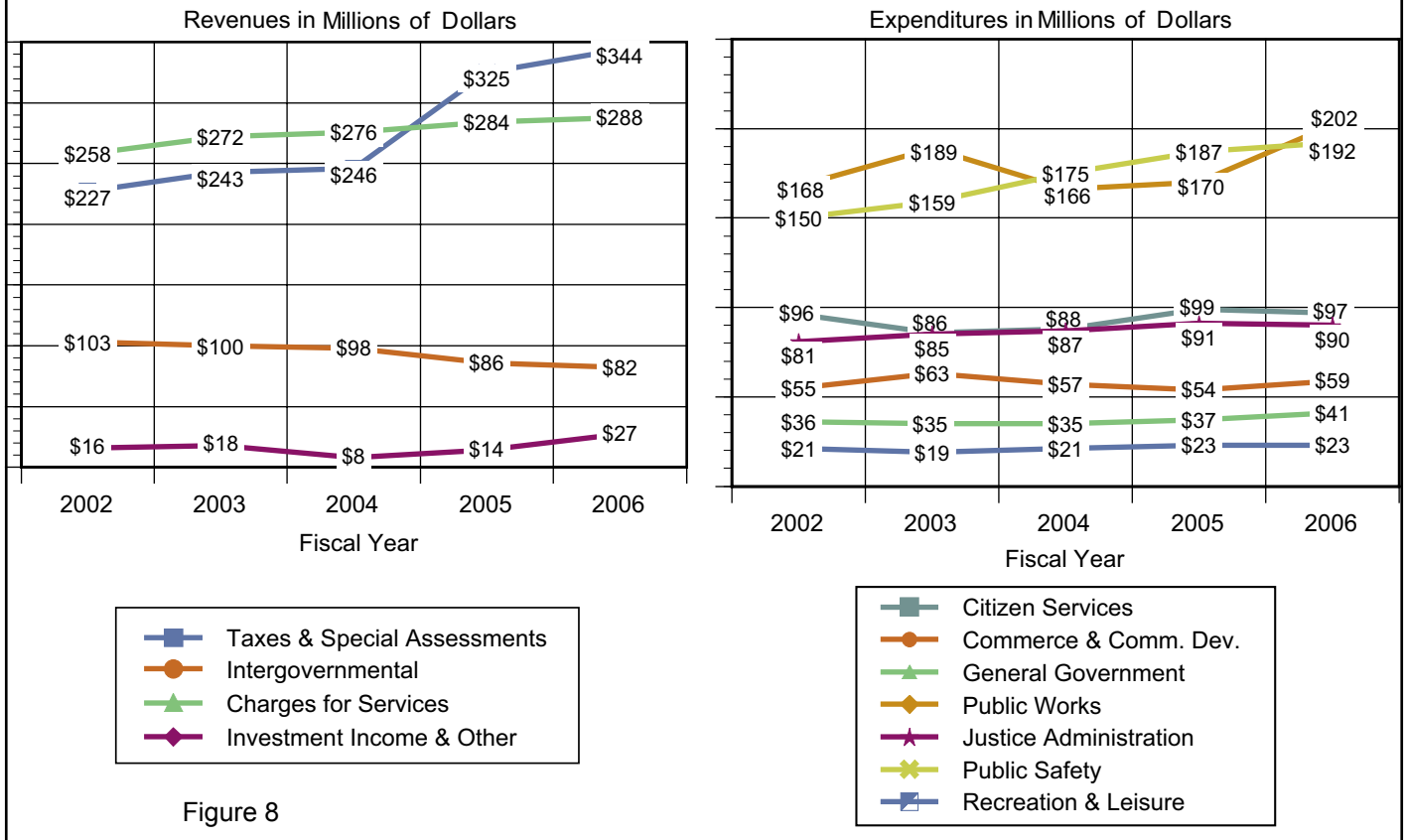
(d) 2005 and 2006 revenues/expenditures reflect an increase in the July levy due to an acceleration in the collection of County property taxes pursuant to Michigan Public Act 357 of 2004.

CHANGE IN GENERAL FUND EQUITY



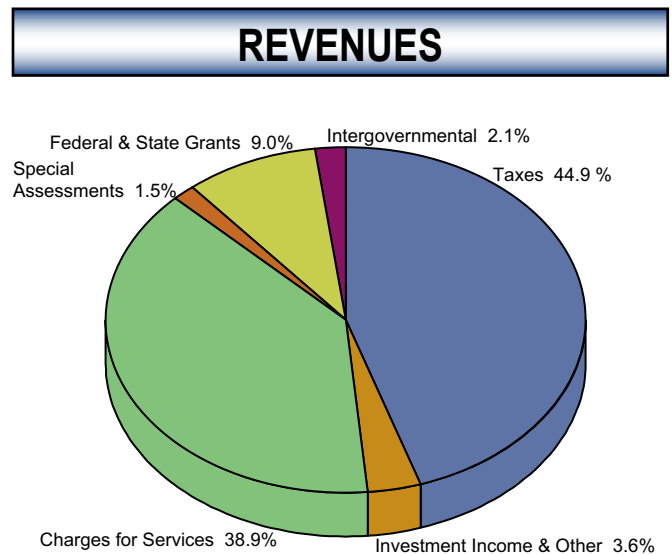
Source: Oakland County Comprehensive Annual Financial Reports

FIVE YEAR REVENUE AND EXPENDITURE TRENDS



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 revenues and expenditures for County functions illustrated in Figure 8 are derived from Governmental and Proprietary Fund Statements presented in the Comprehensive Annual Financial Report (CAFR). The Revenue Trends graph provides a 5-year history on County revenue sources. Please note that Intergovernmental Revenue includes federal and state grants as well as other intergovernmental revenue. The Expenditure Trends graph shows expenditures by major activities within the County. Internal Service fund revenues and expenditures have not been included in these totals. Also, the funds of the component units (Road Commission and Chapters 20 & 21 Drainage Districts) are 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.



Revenues

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

Taxes: \$332,454,417 - 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 4.2240 mills. Parks and Recreation is also supported by taxes of .2415 mill and is reported as an Enterprise fund.

Special Assessments: \$11,332,984 - Funds received from charges to parties benefiting from the County's drainage systems, lake level controls and lake improvements.

Federal and State Grants: \$66,470,322 - Restricted funding provided by the federal or state governments.

Other Intergovernmental: \$15,234,407 - Revenue from state or local governments in the form of shared revenue or reimbursements.

Charges for Services: \$287,769,477 - Revenue from fees received for purchased services.

Investment Income and Other: \$26,697,950 - Interest on investments, revenue from rebates, refunds of prior years expenditures and miscellaneous sources.

MAJOR PROGRAM EXPENDITURES

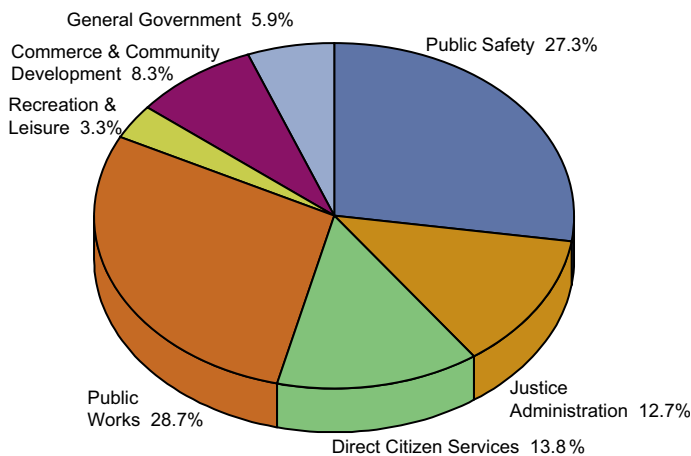


Figure 10

Expenditures

For presentation 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: \$41,147,855, 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 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: \$192,275,171, consists of all aspects of law enforcement including the Sheriff's Office, 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: \$89,594,394, 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: \$23,094,304, 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: \$96,682,443, 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 County Clerk, Prosecutor and Circuit Court family services.

Commerce and Community Development: \$58,618,162, 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: \$201,777,386, 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.

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 nine years, returns on the County's short-term investments have exceeded its benchmark, Treasury Bills, by an average of 59 basis points.

GENERAL GOVERNMENT

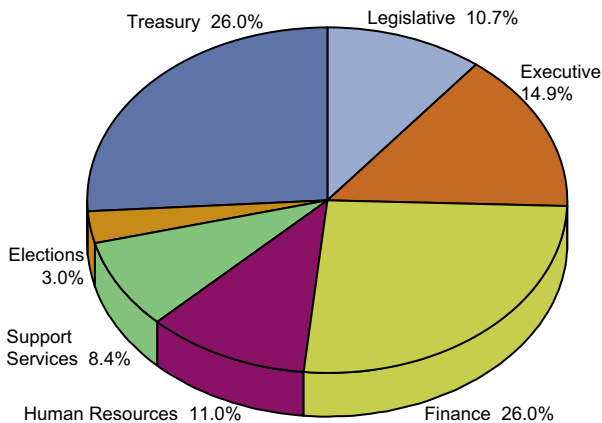


Figure 11

Executive / Legislative / Finance / Human Resources: Oakland County's strong financial position reflects strict adherence to policies and practices that insure a balanced budget, healthy fund balances and low debt. Much of its success is a result of a focus on long-term financial planning. In addition to operating under a two-year budget plan, the County projects longer-term revenue and expenditure trends so action can be taken to prevent a potentially negative trend from becoming an actual budget crisis.

One significant area of concern has been the growing liability for retiree health care benefits. While most governmental employers provide retiree health care on a "pay as you go" basis, the County adopted a policy to advance fund retiree health care obligations based on actuarial recommendations in 1987. In addition to paying for current costs each year, the County sets aside funds to pay for future retiree health benefits. This "best practice" was implemented more than five years before it became a requirement for private businesses and more than two decades before all government entities are required to report the accrued liability.

The annual actuarial studies helped the County project long-term retiree health care obligations and identify trends that revealed the need for minor adjustments in benefits to help control these costs. However, even with these adjustments and the County's advance funding practices, the annual amount required to pre-fund this obligation has risen dramatically in the past few years. The primary reasons for these increases are the steep inflation in health care costs, an unfavorable investment market in the early 2000's and changes in actuarial guidelines. (A more detailed discussion on this topic is available on the County's website at http://www.oakgov.com/exec/assets/docs/insight/retiree_health_07_2006.pdf.)

To help control these escalating long-term costs, a "Retirement Health Savings Plan" (RHS) has been established for employees hired on or after January 1, 2006. This tax-exempt plan replaces the traditional employer-paid health, dental, and vision benefit

plan for retirees. Under the RHS plan, the County contributes \$1,300 per year (\$50 per biweekly pay period) of pre-tax dollars to each eligible employee's account. The entire retiree health care liability for new employees will be paid during their employment with Oakland County. When the employee retires, no additional County contributions will be required. This will help the County maintain ongoing fiscal stability while still providing employees with a retiree health care benefit. Employees may also choose to contribute a portion of their pre-tax pay to the account. Upon retirement, these funds can be used by the employee to purchase health insurance or to pay for other health related expenses as allowed by the Internal Revenue Service.

PUBLIC SAFETY

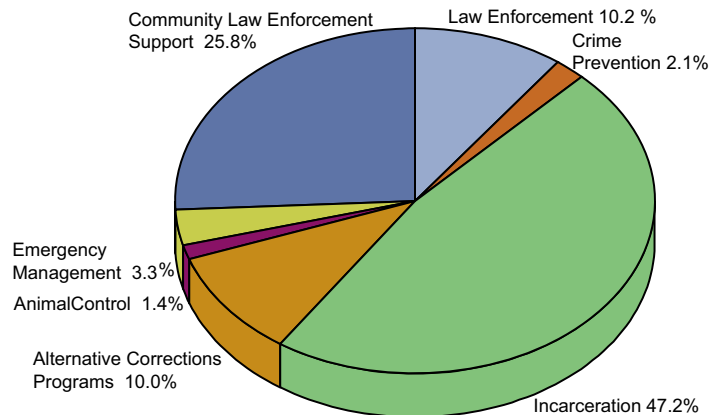


Figure 12

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. Eighty-eight 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 suspect. 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.

Community Law Enforcement Support: The Oakland County Sheriff's Office serves over 278,000 County residents through patrol contracts with 15 communities and dispatch services for 4 police agencies and 10 fire departments. 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 an effort to arrest parole absconders, the Fugitive Apprehension Team entered into a partnership with the Wayne and Macomb County Sheriff's Offices to allow investigations to continue across county lines. The partnership provides the benefit of combined resources, during lean financial times, to seek and arrest persons who are repeat offenders and responsible for numerous crimes.

OakVideo is a multi-point conferencing system designed to conduct criminal arraignments by computer. This 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. In 2006, the warrant teleconferencing function alone provided savings in officer time of over \$1,400,000.

This one-of-a-kind arraignment system has generated interest from other communities as well. In 2006, a partnership with Michigan-based Justice Digital Solutions was created to market the system. The commercial version, named Curiax, will be released in January of 2007.

Incarceration: The County's 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, 597 inmates have been screened and 305 have participated in the program. Forty-one inmates are currently housed in the special unit and 118 are being tracked in a community treatment program. Of the 118, 47 were granted an early release which has saved 6,336 jail bed days.

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 while maintaining their regular employment schedule. In 2006, participants worked in the community service garden and helped erect a commercial greenhouse on the site. The greenhouse should be fully functional for the 2007 growing season. Produce from the garden has been provided to local food banks over the past three years. Offenders completed 16,379 days of community service valued at \$1,048,300 while also saving taxpayers \$1,359,500 in jail expenses.



The Results Drug and Alcohol Testing Program helps offenders maintain sobriety through frequent random drug testing. In 2006, the program acquired new equipment which is able to measure micromounts of drugs in human fluids. Currently, this equipment provides the most consistently accurate testing method available, ensuring that illegal drug use is detected. Offenders pay for the program through a fee charged for each alcohol or drug test.

Emergency Response and Preparedness: The Oakland County Emergency Operations Center was activated five times during 2006 to provide support, communications and coordination during emergency situations and critical events such as the All Star Game, Super Bowl, Dream Cruise and the Health Division's Mass Vaccination Clinic. In addition, a partial activation provided assistance to support relief programs for Hurricane Katrina evacuees.

The Amateur Radio Public Service Corps (ARPS)/Ham Radio System was expanded to include all 14 County hospitals and one Genesee County hospital. The Oakland County Emergency Operations Center now has direct communications with the hospitals, in the event of a major catastrophe or communications failure, through its Amateur Radio Station, W8OAK.

In 2006, Oakland County was also recognized for developing vulnerability maps for County fire and police agencies. In the event of a catastrophe or hazardous materials release, these interactive maps identify "most probable" and "worse case" scenarios for facilities containing extremely hazardous

substances within the County. The maps contain a wealth of critical data, including evacuation zones and locations of critical facilities, such as schools, senior centers, childcare centers and hospitals.

Crime Prevention: Youth Assistance, the largest and oldest court based diversion program in the nation, was established to help youngsters stay out of the criminal justice system. The program is a partnership between the Courts, local communities, school boards, the private sector and thousands of volunteers. Youth Assistance sponsors parent training programs, mentoring programs, teen centers, drug and alcohol abuse prevention programs and many other services. In addition, professional caseworkers meet with children and families referred by police, schools or the Courts to help build strong families and keep children out of the criminal justice system.

JUSTICE ADMINISTRATION

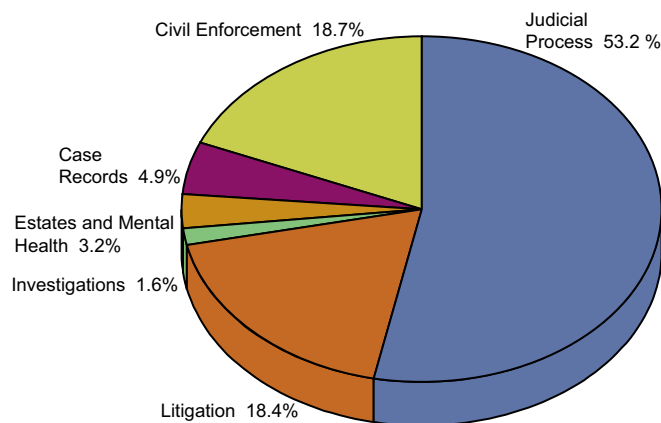


Figure 13

Justice Administration

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

Judicial Process: Circuit Court legal records are now available online for cases that have been scanned into the Clerk’s Office imaging system. Through Court Explorer, residents and lawyers can view case information on civil, domestic and felony criminal cases from any computer with internet access free of charge. Information includes the case history, the parties named in the documents as well as the names of their attorneys. However, there is a fee to order copies of individual court documents. Older records that are not yet available online may still be accessed in person or by mail. Court Explorer can be accessed at the following address www.oakgov.com/clerkrod/courtexplorer.

Estates and Mental Health: For a \$25 fee, residents can store their wills with Probate Court to prevent loss or destruction of the document. In 2006, the Court completed a project which relocated the physical storage of 80,000 wills from an off-site storage facility to the current on-site location. Along with an updated filing system, the relocation project has provided immediate improvements to customer service by reducing the waiting time necessary to view a document.

In 2006, free training sessions for conservators were implemented. The “Basic Training for Conservators” program, sponsored by the Citizens Alliance for Oakland County Probate and Circuit Courts, is designed to eliminate confusion and provide conservators the information and tools necessary to manage their duties and fulfill their legal responsibilities. The class is taught by a local attorney and has a Probate Court staff member available to answer questions.

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 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 & LEISURE

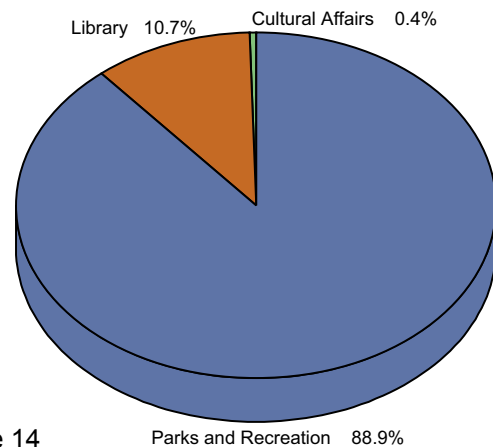


Figure 14

Recreation and Leisure

Oakland County has both abundant and diverse recreational resources, including an evolving countywide system of trails and paths. In 2006, portions of the Polly Ann Trail were surfaced and a pedestrian bridge spanning M-24 in the Village of Oxford was completed. This 14.5-mile portion of

the trail begins in Addison Township and continues through the Villages of Leonard, Oxford and Lake Orion. The Polly Ann Trail will eventually link to the Paint Creek Trail connecting Lake Orion to the City of Rochester. Other major trails in the county include the Clinton River, Huron Valley, Lakes Community and West Bloomfield trails. Currently there are over 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 86 miles of the primary system are completed, 15 miles are in the planning and development stage and another 145 miles are under consideration. The trails will be used to link residents to parks, schools, downtowns and community centers throughout the County. The trails promote healthy lifestyles by providing greenway linkages where residents can bike, walk, run, hike, ski and ride horses.

Libraries: The Law Library provides an extensive, up-to-date legal research collection for use by the general public and legal professionals. It is the largest public county law library in the State of Michigan, serving government employees, attorneys and citizens.

The Library for the Visually and Physically Impaired offers free services to residents who are unable to read standard printed material, because of vision impairment or physical limitations. The library recently upgraded its assistive technology workstation with new software. One program provides synthesized speech output for many computer applications and the internet without having to use a monitor or mouse. Another program magnifies text up to 36 times its normal size, retaining clarity as the font size is increased and remembering the user's settings as they transition into other programs.

The Oakland County Research Library is open to employees and residents of Oakland County as a source of reference on a wide range of topics. The library's collection includes County, State and Federal government documents, business, demographic and census resources, as well as, historical and genealogical materials.



Photo by Jeffrey C. Phelps

Parks and Recreation: The 11 County parks offer natural landscapes for year around recreation with 5 golf courses, 2 waterparks, 2 campgrounds and 2 nature centers. The new clubhouse at White Lake Oaks houses a pro shop, club room, bride's dressing room and spacious banquet facility overlooking the golf course. An outdoor wedding garden is also available. In addition to an 18-hole miniature golf course, skateboard area and spiraling waterslide, Groveland Oaks now has four 4-person cabins and four 6-person cabins offering beds, a dining area and small refrigerator. The park was named "Best Michigan Campground" in the Oakland Press' 2006 Best of the Best Reader's Choice Awards. Renovations to the historic Ellis Barn, constructed in 1883 and relocated to Springfield Oaks were also completed in 2006.

DIRECT CITIZEN SERVICES

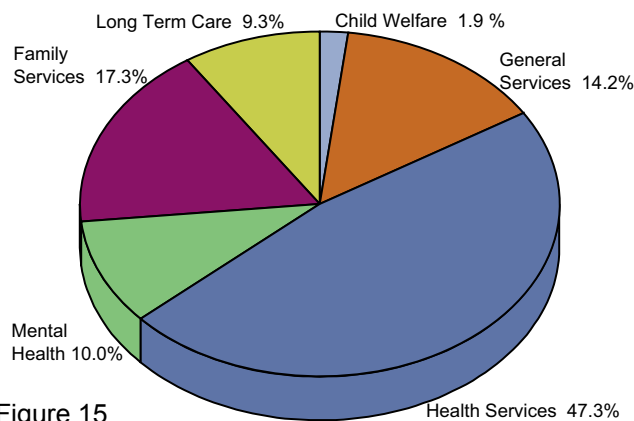


Figure 15

Direct Citizen Services

General Services: The rising cost of health care and prescription drugs had an adverse effect on many County residents. In May of 2006, the County Board of Commissioners and the National Association of Counties launched a Prescription Discount Card Program for uninsured and underinsured residents of Oakland County. The card can be used to purchase prescription drugs that may not be covered by other health insurance providers. Program savings range from 13% to 35% on drug purchases at 57,000 participating pharmacies and up to 50% on mail-order purchases. There are no age requirements and no enrollment fees or premiums.

Residents can obtain cards from their local city, township and village offices, libraries, senior centers and select County offices or from their County Commissioner.

Veterans' Services: Oakland County Veterans' Services strives to maximize the benefits received by County veterans and reduce the frustration and confusion involved in the application process and maintenance of benefits. As a result,

\$74.7 million in benefits were granted to County veterans and their dependents by the U.S. Department of Veteran Affairs during 2006. The Division also assists veterans who are enrolling for medical care at the VA Medical Centers in Detroit and Ann Arbor and the Community Based Outpatient Clinic in Pontiac. The County continues to work closely with the Great Lakes National Cemetery to insure the community is informed about this great national shrine. Since opening in October 2005, the cemetery has provided approximately 1,800 burials.



County Clerk/Register of Deeds: In late 2006, the County Clerk announced a free service to help homeowners protect themselves from deed and mortgage fraud. FRAUDCHECK, developed with private industry, allows homeowners to go online, enter their name and check to see whether any unauthorized documents have been recorded with the Oakland County Clerk/Register of Deeds Office in the past 12 months. The FBI has named Michigan one of the top 10 hotspots in the country for mortgage fraud. Additionally, the Clerk/Register's Office has organized mortgage fraud seminars for seniors, installed in-office cameras to deter and identify property theft criminals and formed a task force with the Sheriff's Office and Prosecutor's Office. FRAUDCHECK can be accessed at www.landaccess.com, by selecting MI-Oakland, then Fraud Check on the tool bar.

Since 2003, citizens have been able to apply for a Passport through the County Clerk's Office. In 2006, The Clerk joined forces with several other communities to offer special Saturday hours for residents who will need passports due to tougher travel laws. At the Oakland County Community Passport Fair, over 200 residents applied for a passport. The Intelligence Reform and Terrorism Prevention Act of 2004 requires passports for travel to numerous countries which previously allowed travel without a passport. Beginning January 23, 2007, passports will be required for all air travel outside of U.S. territories and as early as January 1, 2008, passports will be required for all land and sea travel.

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.

Each year, as part of their public health emergency preparedness plan, the Health Division tests their ability to quickly activate a medication dispensing clinic. In 2006, their annual Mass Flu Immunization Exercise was expanded to seven sites throughout the County, offered an online registration system and completed set-up of the flu clinic in just two hours. Almost 9,500 people were vaccinated within a five-hour period. This type of exercise tests the Health Division's ability to respond to a significant public health emergency such as a disease outbreak or natural disaster.

In 2006, the Health Division received recognition for organizing a Mutual Aid Consortium, including the 14 hospitals located in Oakland County, to provide mutual aid during a public health emergency. The mutual aid agreements were developed to ensure patients, staff, supplies and equipment are redirected where they are most needed. Oakland County is the only local health department in Southeastern Michigan to successfully organize a hospital consortium with 100% participation.

Also in 2006, a program for Hispanic families was implemented by the Office of Substance Abuse Services. This three-year project focuses on reducing the impact of alcohol and other drug use on Hispanic adults, adolescents and families. Through extensive outreach and support systems, the program promotes increased awareness of the problem, improved access to bilingual and culturally sensitive substance abuse services and improved service retention.

The County continues to address the epidemic of childhood obesity with a program designed to get children and their families moving and eating right. In 2006, the County Executive's Count Your Steps program provided over 24,000 pedometers to students in 60% of the County's public, private and charter elementary schools.

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 has 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.

COMMERCE AND COMMUNITY DEVELOPMENT

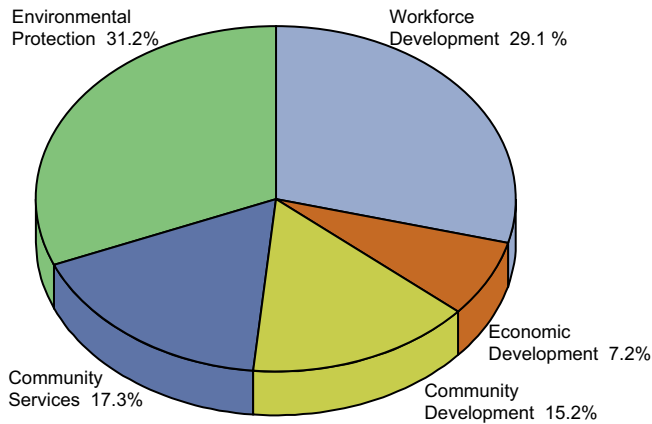


Figure 16

Since the program’s inception in late 2004, 35 emerging sector businesses have chosen to locate or expand their facilities in Oakland County. These firms have invested over \$273 million with 3,480 new jobs created and 1,680 jobs retained. The sectors with the majority of activity are alternative energy, advanced electronics, financial services and advanced materials. Meetings were held with companies in Anaheim, New York, Philadelphia, Chicago, Munich and Sweden in addition to meetings with existing emerging sector businesses in Oakland County. For more information, visit the emerging sector website at www.emergingsectors.org. Profiles on each sector have also been completed and are available on the website.

The nationally acclaimed Automation Alley, founded by the Oakland County Executive, has 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 Consortium is a partnership between business, government, and education. Automation Alley has grown to more than 680 members, 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 website 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 2006, program loans representing over \$30 million in investments were processed for 24 companies who created and retained 580 jobs. To obtain additional information regarding Financial Services, call (248) 858-0765.

Community Development: For more than 31 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 and 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 or combination of the two. 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. 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 made home ownership a reality for 40 low-income residents. The American Dream Downpayment Initiative provides financial help to low-income first-time homebuyers by providing down payment and closing costs for home purchases. The federally funded program provides qualified homebuyers a \$10,000 deferred payment loan with 0% interest to help defray the upfront cost of purchasing their first home.

The Planning and Economic Development Services Division continues to expand services to local governments. The Land Use and Zoning Program reviews community master plans and township rezonings as mandated by State law. As an additional service, the County prepares estimates on the amount of future development that could occur in a community by comparing land use information with local

master plans. 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 downtown revitalization program, now in its 7th 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 \$75.6 million in public and private investments, created 396 new jobs and 40 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 economic development and community planning program. Architectural design assistance is also provided to business and building owners to spur additional economic development while preserving the integrity of historic buildings.



Photo by Jeffrey C. Phelps

In 2006, the Main Street Oakland County Mentoring Program was established to educate local communities about the benefits of participating in the Main Street program without having to comply with the stringent requirements of the application process. Communities can participate in the mentoring program for up to two years while making the decision to become a full fledged Main Street community. Franklin and Berkley are the first two communities participating in the program.

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 the Natural Areas Advisory Group to create a community-based countywide Green Infrastructure Visioning project. In 2006, communities were awarded \$1.9 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.

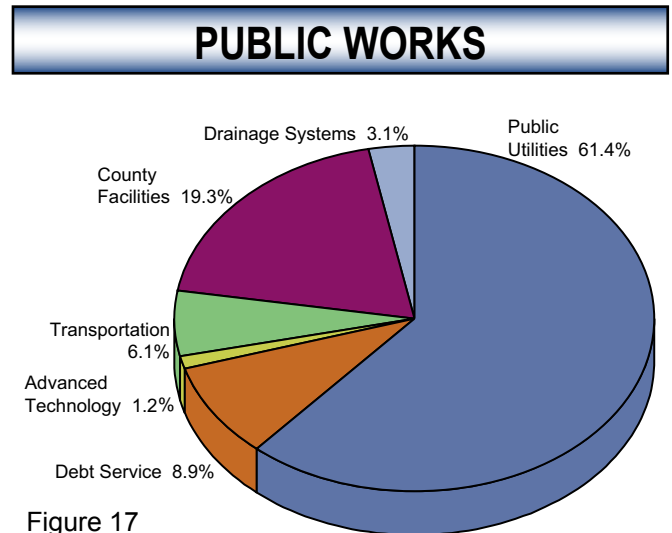


Figure 17

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: Renovations to the former Oakland Intermediate School District Administration building are in the final stages. The facility will include a new conference center and will house the County Executive, his staff and several departments under his authority. The County is also in the process of renovating the Sheriff’s Boot Camp in Auburn Hills, which includes increasing the number of beds by 40% to accommodate expansion of the Boot Camp program.

Water and Sewer: Services are provided to approximately 43,047 customers through 18 municipal sewer systems, 23 municipal water systems, 35 well water pumping facilities which include 5 well houses with treatment capability and 128 sewage pumping facilities. Four interceptors carry sewage to Detroit and Wayne County for treatment. Four retention treatment basins capture combined sewage and storm water 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 recently received a prestigious national award for its outstanding removal of ice and snow during the 2005-2006 winter season. The airport has never been shut down due to ice or snow. A Residential Sound Insulation Program has also been implemented. This new program is designed to reduce aircraft-generated noise levels in homes located within designated areas surrounding the airport. Eligible homes will receive sound insulating treatments that may include new acoustical windows, primary and secondary doors, attic and/or wall insulation and other treatments necessary to create a quieter living space within each home.



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 2006, Oakland County was named the fourth most digitally advanced county in America for cities with populations of 500,000 or more 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 32 enhanced access services currently available via the County’s website. Citizens can submit online payments for tickets issued by the 52nd District Court, search and print Sixth Circuit Court Legal Records, 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 12 million pages viewed by 1.8 million visitors per year, the County website delivers substantial content to citizens and businesses. Over 650,000 files were downloaded in 2006, with a net benefit to County taxpayers estimated at \$1.6 million. As eGovernment grows, additional services will be offered resulting in additional savings for Oakland County website visitors and residents.

Wireless Oakland, an initiative launched by the County Executive, will blanket the County’s 910 square miles with wireless internet service. A public/private partnership will leverage technology investments already funded by County residents to create a blend of free and for fee services. MichTel Communications, the County’s private sector provider, has formed a partnership with eleven other companies to develop, support and maintain the Wireless Oakland network. Service will be available to approximately 130,000 residents by April of 2007 and countywide coverage will be available by early 2008.

The initiative will also address the County’s “digital-divide” and provide low-cost or no-cost computers and technology training to vulnerable population groups. Development of a Telecommunication and Technology Planning Toolkit, will support continued high-tech investment in local government and promote the integration of those investments with local community character and quality of life. Wireless Oakland will position the County and its workforce for the jobs and technology of tomorrow, enhancing its ability to attract and retain high-tech corporations. The new technology will further distinguish Oakland County as a great place to live, work and play.

Oakland County Internet Website

A wealth of information on County services is available on the website at www.oakgov.com. 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 document is available in pdf form on the County website. A printed version of this report can be viewed at the following location:

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