



OAKLAND COUNTY MICHIGAN

2001 Financial Summary

Prepared by

Department of Management & Budget

Jeffrey C. Pardee, Director



To the Citizens of Oakland County:

I am pleased to present the Financial Summary for Fiscal Year 2001. 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, basically, 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 2000 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, 2000



Imelda Duarte
President
Jeffrey L. Esler
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, 2000. 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.

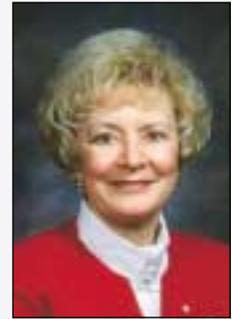
In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

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 four consecutive years (fiscal years ending 1997-2000). We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

**BOARD OF COMMISSIONERS
FOR FISCAL YEAR 2001**



Frank H. Millard, Jr.
Chairperson
Clarkston



Fran Amos,
Vice-Chairperson
Waterford

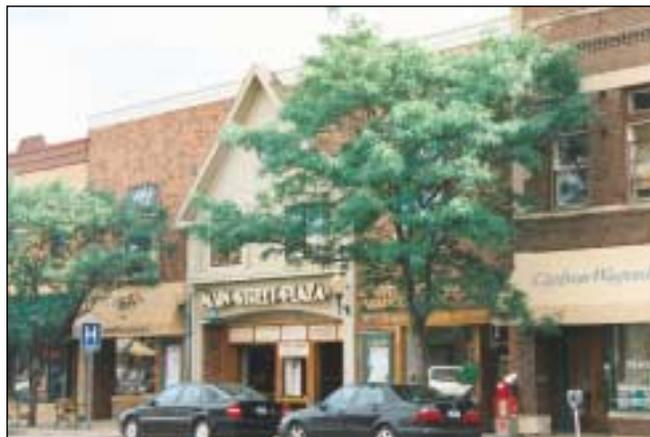
COMMISSIONERS CITY/TWP. OF RESIDENCE

- Michelle Friedman-AppelHuntington Woods
- William E. BrianHighland
- David B. BuckleyBloomfield Hills
- Brenda A. Causey-MitchellPontiac
- Eric ColemanSouthfield
- Hugh D. CrawfordNovi
- Nancy DingeldeyWixom
- Sue Ann DouglasRochester
- David N. GallowayWhite Lake
- John P. GarfieldRochester Hills
- Vincent GregorySouthfield
- Thomas A. LawFarmington Hills
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- Tim W. MeltonAuburn Hills
- David L. MoffittBingham Farms
- Chuck MossBirmingham
- Lawrence A. ObrechtLake Orion
- Charles E. PalmerClawson
- William R. PattersonOxford
- Terry L. SeverFarmington Hills
- George W. SuarezMadison Heights
- Shelley G. TaubBloomfield Hills
- Peter H. WebsterRoyal Oak

AN OVERVIEW OF OAKLAND COUNTY

Incorporated in 1820, Oakland County covers an area of approximately 900 square miles with a population of 1.19 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, SAT 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 13 institutions of higher learning located in the County, including the highly regarded Oakland University.



Cultural entertainment venues include the popular Meadowbrook Theatre as well as Meadowbrook and DTE Energy Music Theaters. For professional sports fans, the Palace of Auburn Hills is home to the Detroit Pistons. The County's eight museums include the world renowned Cranbrook Academy of Art Museum, the Cranbrook Institute of Science and the Chrysler Automotive Museum. Golf enthusiasts enjoy over 60 public and 26 private golf courses, some of which have hosted the PGA, U.S. Open and LPGA U.S. Open. The prestigious Ryder's Cup will be held at Oakland Hills Country Club in 2004. Shopping opportunities also abound - from bargain shopping for unrivaled deals at Great Lakes Crossing, to the ultimate shopping experience at the posh Somerset Collection, the County's most exclusive mall.

Oakland County is also home to Arts, Beats & Eats, a four-day food, arts and entertainment festival held Labor Day weekend. More than 1.25 million attended the 2001 funfest. People from all over the world also come to participate in the largest celebration (1.5 million) of the car culture, the WOODWARD DREAM CRUISE. On it's 200th anniversary, the Library of Congress recognized the cruise as the event that most represents the Detroit metropolitan area.

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 82,000 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 strong financial condition. During the 1990s, County employment grew about 50% faster than the nation as a whole while per capita income grew 34% faster. Private sector job growth was 32.6%, creating an average of 21,900 new jobs annually. Oakland is the number one job producing county in Michigan, responsible for 25% of all new jobs in the last decade. In a strong rebound from the recession of the early 1990s, Oakland gained 30,400 jobs in 1994 and has continued to add between 10,000 and 26,000 jobs each year. Much of this trend is due to its solid growth in manufacturing (33%) in addition to private nonmanufacturing (also 33%) over the ten-year period. Figure 1 illustrates this job growth and a forecast for the year 2002.

EMPLOYMENT TRENDS

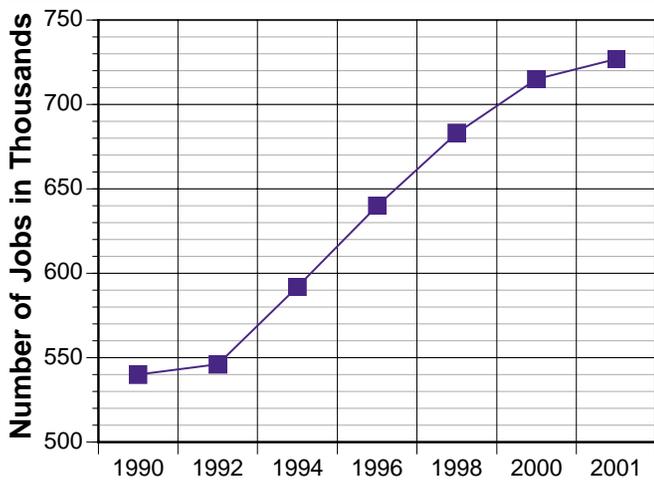


Figure 1 (Private non-farm employment)

Business growth has accelerated at the same pace as job growth. From 1992 to 2000, the number of businesses in the County rose by 30.3% to 43,098 with the total annual payroll increasing by 89.7% to \$31.9 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 629 foreign owned firms from 23 countries. This equals nearly 57.9% of all foreign owned firms in the State.

During the 1990s, employment has been shifting from trade industries toward service industries. The decrease in the trade sector is due to the relatively stagnant retail segment during this period. The steady gain in service industries is primarily dominated by business services with health, engineering and management services also making significant contributions. The manufacturing sector has maintained its share of employment during this period, which is unusual among Michigan's local economies and a departure from Oakland's trend in the 1980s. In fact, manufacturing employment declined in the nation as a whole during this time period.

EMPLOYMENT SHIFT

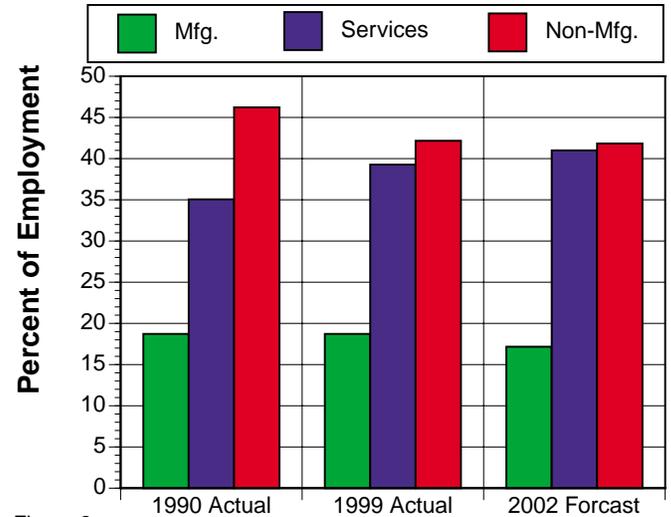


Figure 2

Unfortunately, the manufacturing sector is expected to experience job losses during 2001-2002, approximately 6,000 in vehicle manufacturing and 4,000 concentrated in auto suppliers, industrial machinery and computer equipment. However, this should be more than offset by an anticipated increase of 22,000 jobs in the private nonmanufacturing sector. Figure 2 presents this shift in employment sectors.

Oakland's unemployment rate of 2.1% in 2000 is much lower than Michigan's 3.6% and the nation's 4% as illustrated in Figure 3. However, a full employment economy that creates opportunities for the job seeker also creates scarcities for the employer. As a result, the reduction in the number of new jobs created in 2000 reflects not only the slowdown in the national

UNEMPLOYMENT RATES

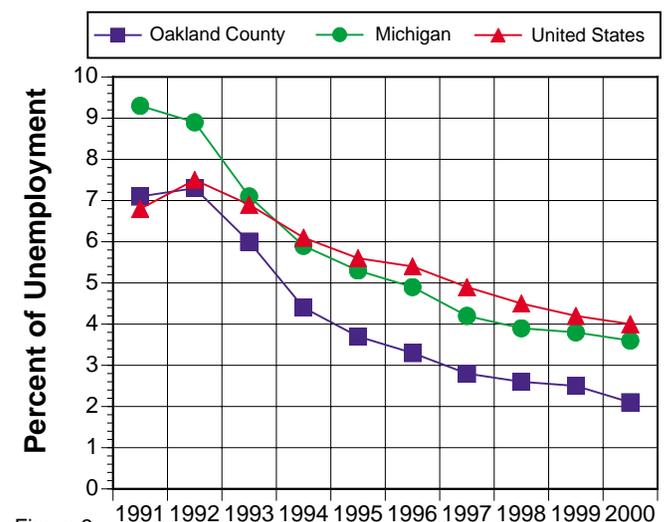


Figure 3

economy in the second half of 2000, but also the constraints placed on growth by the mounting labor shortage problem. The County currently draws its workforce from three labor markets in Southeast Michigan: Detroit, Flint and Ann Arbor.

While employment growth provides a useful and current measure of economic activity, it does not provide a complete picture of the economic health of an area. Oakland's per capita income of \$44,100 is the highest among Michigan's 83 counties and is ranked within the top 1% of the nation's counties, ranking 22nd out of 3,110. In fact, its per capita income is more than 50% greater than both the nation (\$28,500) and the state (\$28,100).

This wealth manifests itself in the housing market. The demand for housing has caused the sales volume of new construction and existing homes to increase by 17% between 1997 and 2000. As a result, the average price of single family homes increased by 28% from \$159,900 to \$204,500.

STATE TAXABLE VALUE

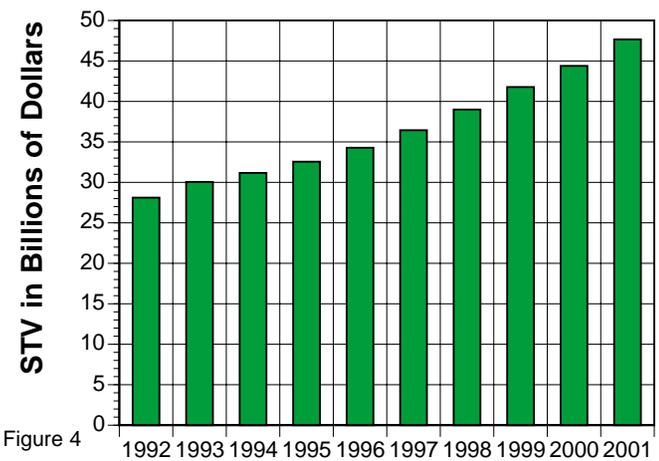


Figure 4

Oakland County's Tax Base

A decade of a booming economy has produced a 104% increase in the true cash value and a 69% increase in the taxable value of real and personal property in the County since 1992. 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, 2001 property tax levy remained at 4.19 mills for operations, the second lowest county tax rate in the State of Michigan. This low rate frees tax dollars for local governmental units who face huge bond construction loans. In spite of several reductions in the millage rate since 1992, 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 has allowed the County to keep pace with current programs and technology.

MILLAGE RATE

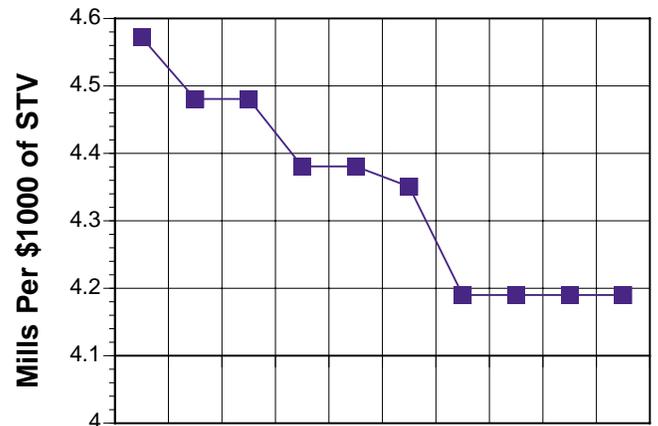


Figure 5

Oakland County's Financial Condition

The County's elected officials and staff have developed initiatives and policies to insure Oakland County government has the ability to maintain quality services, regardless of the local economic composition. Under Michigan statutes, the County is allowed to have outstanding debt of \$5.7 billion (10% of its State Equalized Value). However, the fiscally conservative policies of the County Executive and Board of Commissioners have resulted in outstanding debt of only \$234.5 million, 4.08% of the permissible level. A contributing factor is acquiring new facilities from the existing operational budget rather than traditional bond issues.

An indicator of a healthy operating environment is a favorable fund balance in the entity's general fund. The general fund is the principal fund to record the operations of typical government functions. The fund's primary source of

TAX LEVY

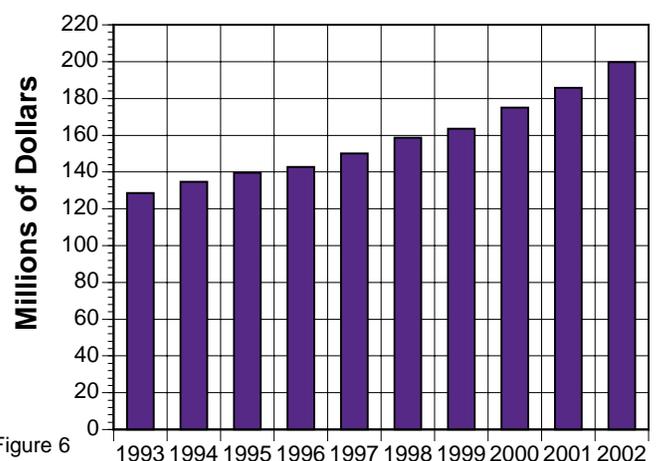


Figure 6

revenue is the property tax. Figure 7 shows the revenues and expenditures of this fund for the period 1992 to 2001. Note that operating shortfalls for 1992-1993 occurred due to a decline in revenue growth without a comparable reduction in expenditures. These shortfalls were covered by the fund's balance. Sound fiscal management has reversed the trend of the early 1990's and produced a moderate, but steady, growth in this financial indicator. Of the \$54.1 million increase in 2001 general fund balance, \$41.7 million is due to a change in reporting requirements instituted by the State of Michigan in accordance with the Governmental Accounting Standards Board Statement 33 which no longer permits the deferring of 4th quarter revenue to the following fiscal year. The remaining increase is due to the continuation of a longstanding practice of budgeting for full utilization of the County's 4,400 authorized positions while allowing favorable variances resulting from turnover and vacancies to fall to fund balance.

The County's solid tax base and financial policies have been acknowledged by the financial community in recent years. The County has earned the highest bond rating achievable, AAA, from both Standard & Poors and Moody's Investor

Services, Incorporated. This AAA bond 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 corporate citizens in the form of reduced taxes. Not only has the County created a pro-business environment, but it has also directly lowered the cost of doing business in Oakland County.

Oakland County's financial activities have a much broader perspective than the general fund. 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, Parks and Recreation 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

GENERAL FUND REVENUE AND EXPENDITURES

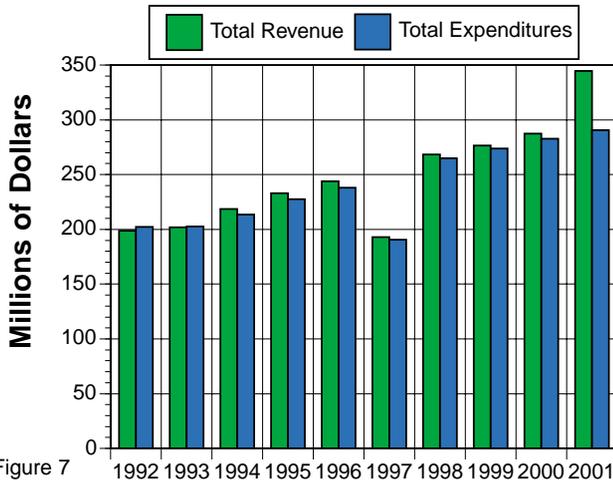
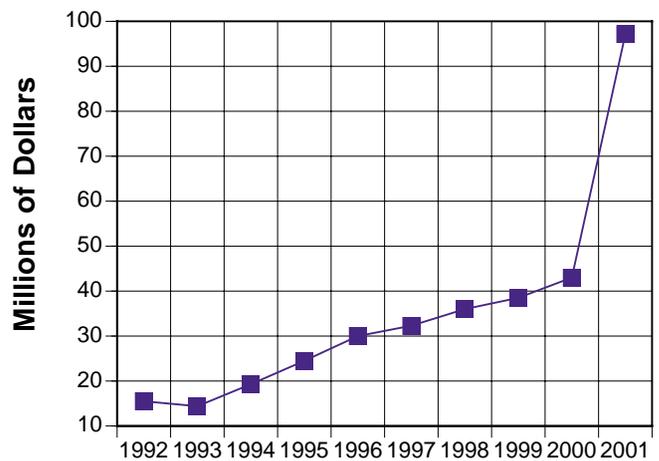


Figure 7

CHANGE IN GENERAL FUND EQUITY



Revenue and Expenditures (millions):

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997*</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001**</u>
Total Revenue	\$198.8	\$201.7	\$218.5	\$232.8	\$243.7	\$193.0	\$268.4	276.4	287.4	344.7
Total Expenditures	202.1	202.8	213.6	227.6	238.2	190.7	264.7	273.9	282.9	290.6
Excess (Shortfall)	(3.3)	(1.1)	4.9	5.2	5.5	2.3	3.7	2.5	4.5	54.1
Beginning Equity	18.8	15.5	14.4	19.3	24.5	30.0	32.3	36.0	38.5	43.0
Ending Equity	\$15.5	\$14.4	\$19.3	\$24.5	\$30.0	\$32.3	\$36.0	38.5	43.0	97.1
As a % of Revenue	7.80%	7.14%	8.83%	10.52%	12.31%	16.74%	13.41%	13.93%	14.96%	28.17%

Source: Oakland County Comprehensive Annual Financial Reports

* Nine months reported due to change in fiscal year

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

Figure 8

OAKLAND COUNTY
Statement of Activities
 For the Year Ended September 30, 2001

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Enterprise	Total
Revenues:							
Taxes	\$222,230,797	\$12,830,298					\$235,061,095
Special Assessments		1,572,598	\$22,294,072	\$121,924			23,988,594
Federal Grants		25,279,819					25,279,819
State Grants		40,630,320					40,630,320
Other Intergovernmental	41,492,054	3,177,248			\$27,354,950		72,024,252
Charges for Services	66,999,278	22,941,487	17,487			\$75,251,820	165,210,072
Investment Income	12,137,434	648,785	528,058	957,198	1,735,988	3,294,442	19,301,905
Other	1,849,936	371,410		76,764	1,672,293	2,857,240	6,827,643
Total Revenues	\$344,709,499	\$107,451,965	\$22,839,617	\$1,155,886	\$30,763,231	\$81,403,502	\$588,323,700
Expenditures/Expenses							
Public Safety	95,207,009	28,794,479			1,152,847	405,286	125,559,621
Justice Administration	65,135,661	12,209,401					77,345,062
Economic Development	12,573,417	22,276,437					34,849,854
Citizen Services	26,030,231	63,929,545		737,158	27,150,309	76,950,535	194,797,778
Recreation & Leisure	2,899,301	13,970,632		6,284,383			23,154,316
Infrastructure	19,273,260	1,795,932	26,966,137	6,791,193		4,234,335	59,060,857
General Government	31,315,818	1,278,245			718,794		33,312,857
Total Expenditures/Expenses	252,434,697	144,254,671	26,966,137	13,812,734	29,021,950	81,590,156	548,080,345
Other Financing Sources (Uses)	(38,122,971)	35,674,408	3,670,570	12,546,300	(84,215)	499,450	14,183,542
Excess (Deficit) Revenues and Financing Sources	\$54,151,831	(\$1,128,298)	(\$455,950)	(\$110,548)	\$1,657,066	\$312,796	\$54,426,897

functions that operate similar to businesses, such as the airports, and are financed primarily through user charges. Expendable Trust funds account for activities where the County, acting as a trustee, operates a specific program.

The overall 2001 revenues and expenditures for major County activities by individual fund type are derived from the Comprehensive Annual Financial Report (CAFR) and shown in figure 8. It is interesting to note that revenues and expenditures for specific and restricted activities of the County are as large as the general governmental activities. This chart allows the reader to easily refer to the Comprehensive Annual Financial Report where such totals are presented by function. The program presentation used in this document relates to the services provided by the County and, therefore, is more easily identifiable to the citizens for which it is intended. Subsequent sections present the major programs in more detail.

The Statement of Activities does not present the revenues or expenses of the Internal Service funds of the County, nor certain Fiduciary funds. The focus of this document is to present information on services provided to the citizens, not services provided internally to other County operations. The

funds of the component units (Road Commission, Community Mental Health Authority, and Chapters 20 & 21 Drainage Districts) are also not presented, as services are provided by another County entity. However, General Fund transfers to the Internal Service funds and component units are included as expenditures to more accurately reflect the use of County tax revenues.

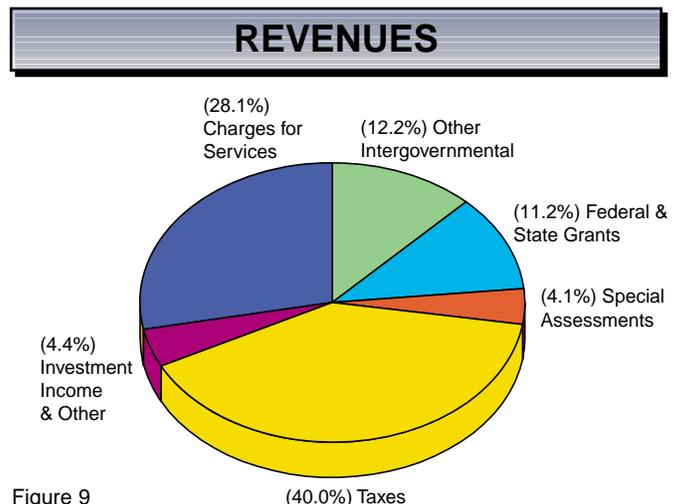


Figure 9

Revenues

The distribution of County revenues are illustrated in Figure 9 on page 7 and defined as follows:

Taxes: \$235,061,095 - The County's actual property tax is based on a rate of 4.19 mills which is less than the maximum authorized millage rate for General Fund operations of 4.4805 mills. Parks and Recreation is also supported by taxes which are reported as a Special Revenue fund.

Special Assessments: \$23,988,594 - Funds received from special charges to parties benefiting from the County's drainage systems, lake level controls and lake improvements.

Federal and State Grants: \$65,910,139 - Restricted funding provided by the federal or state governments.

Other Intergovernmental: \$72,024,252 - Revenue from state or local governments in the form of shared revenue or payments in lieu of taxes.

Charges for Services: \$165,210,072 - Revenue from fees received for time and material services.

Investment Income and Other: \$26,129,548 - Interest on investments, revenue from rebates, refunds of prior years expenditures, and miscellaneous sources.

Justice Administration: \$77,345,062, 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.

Direct Citizen Services: \$194,797,778, 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.

Recreation and Leisure: \$23,154,316, includes services that promote recreational, leisure and cultural activities for County citizens and are provided by Parks and Recreation, Libraries and the Office of Art, Culture and Film.

The Economic and Community Development program: \$34,849,854, 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, the Drain Commissioner and the Register of Deeds provide services in this area.

Infrastructure: \$59,060,857, refers to all operating systems that form the foundation of basic County functions. Included are Facilities Management, Airport, Drain Commissioner, and Information Technology as well as all capital projects and any debt service expenditures associated with each program.

The final program, **General Government:** \$33,312,857, 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, Personnel and Central Services Departments. The Election Division, which oversees Countywide elections and records Board of Commissioners minutes, is also included.

MAJOR PROGRAM EXPENDITURES

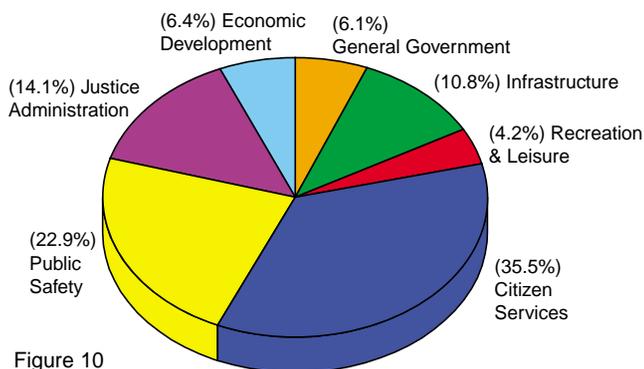


Figure 10

Expenditures

For discussion purposes, County expenditures have been broken into six broad program areas: Public Safety, Justice Administration, Direct Citizen Services, Economic and Community Development, Infrastructure and General Government.

Public Safety: \$125,559,621, consists of all aspects of law enforcement including the Sheriff's Department, Community Corrections, Probation, Children's Village and some Circuit Court juvenile placement, crime prevention and probation programs. Animal Control, which has investigative and enforcement responsibilities, and Information Technology programs that support local community law enforcement have also been included.

PUBLIC SAFETY

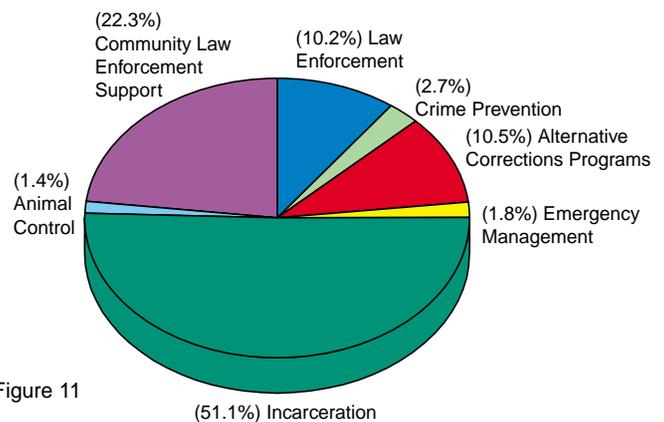


Figure 11

Public Safety

A major goal for County government is to insure a safe environment for its residents. As a result of this focus, many

new initiatives have been implemented to protect citizens and their communities.

Law Enforcement: This program provides police protection to the citizens of Oakland County including traffic control, alcohol enforcement and marine safety. The Marine Unit patrols 450 lakes within the County and maintains a 12 member, highly-trained, dive and rescue team. The Sheriff's Department also provides centralized investigative services including arson investigation, forensic analysis, auto theft prevention, and narcotics enforcement to 42 local police agencies, reducing the cost to local government. The Narcotics Enforcement team is a multi-agency task force comprised of County and federal law enforcement agencies working cooperatively for the apprehension and conviction of those involved in the use, sale and distribution of illegal drugs and narcotics. The team is now under the direct supervision of the Sheriff's Office and had an outstanding year in the number of arrests and removal of narcotics from the streets of Oakland County.



The Sheriff's Department recently obtained a helicopter for its newly created Aviation Unit by utilizing \$1.6 million in annual savings resulting from privatization of the food service operations within the correctional facilities. The helicopter and the department's self-contained mobile command and communications center have enhanced the law enforcement efforts of all police agencies within the County. The mobile center's integrated radio system allows multiple agencies to communicate simultaneously. The vehicle also contains satellite phones, computers with Internet access, fax machines and a dispatch center; everything needed for an incident command post in case of emergency or disaster. Live video images can be downloaded from the helicopter to help in the assessment of emergency situations such as a tornado, chemical spill or search for a lost child or fugitive.

Community Law Enforcement Support: The Sheriff's Department serves over 250,000 County residents through patrol contracts with 14 communities. Dispatch services are also provided to communities contracting the service. Oakforce, a multi-jurisdictional task force comprised of members of the Sheriff's Department and federal, state and local law enforcement agencies, assists in major criminal investigations throughout the County. Oakforce provides

professional expertise while the local police department maintains control of the case. These resources help smaller departments and those with high caseloads to function more effectively, insuring that all County residents receive the same quality of services.

Through a \$17.1 million COPS-MORE federal grant and \$7.4 million in County funds, the Court and Law Enforcement Management Information System (CLEMIS) is being upgraded. The new system significantly enhances law enforcement's ability to wage a high-tech war against crime. Oakland County and its communities will have a computer system superior to all other counties in Michigan. A number of surrounding communities and the counties of Livingston and Macomb have also connected to the system, resulting in a truly regional system. The new system will improve data communications between dispatchers and police officers in patrol vehicles. Officers will be able to submit reports, and access fingerprint and mugshot data from the field, providing a greater police presence in the community.

Another major countywide initiative is the implementation of an \$876,000 Fire Records Management System to provide uniform records management throughout the County. The system will capture fire and emergency medical information directly from the computer-aided dispatch system. Oakland County will fund 75% of the operating and capital costs with the local units of government funding the remaining 25%.

Incarceration: In recent years, overcrowding at the jail has been a major problem. During weekend overcrowding, prisoners are housed in the gym. During FY2001, the jail population remained at high levels and reached capacity for most of the year. To avoid declaring "jail overcrowding," the Sheriff's Department transferred prisoners to correctional facilities located outside of Oakland County. A declaration of "jail overcrowding" results in the release of prisoners prior to completion of serving their time as sentenced by the court. Inmates are also housed at the Trusty and Boot Camps to help alleviate main jail overcrowding. These inmates provide more than 50,000 hours annually in community service to local governmental agencies.

Alternatives to Incarceration: A number of alternatives to incarceration of nonviolent offenders have been developed to protect the public, punish the offender, increase restitution to victims and provide needed rehabilitative services. Most of these programs are in lieu of jail time and assist in reducing prison and jail overcrowding.

The Weekend Alternative for Misdemeanants (WAM), a nationally recognized program, requires offenders to perform community service on weekends while maintaining their regular employment. In FY2001, 1,851 defendants performed 10,768 days of community service valued at \$689,152, while also saving taxpayers \$839,904 for jail expenses.

In addition, Oakland County is one of the first sites in the nation to launch a coordinated high-tech program to help

eliminate domestic violence. The program requires offenders to wear a GPS device which monitors their movements by Global Positioning Satellites. Should an offender enter a “hot zone” around a victim’s home, work or other site, the victim and police are immediately notified. The system is also being used for the supervision of nonviolent offenders sentenced to the County’s Work Release program. The offender is able to continue working their normal work schedule, but are then confined to their residence during nonworking hours, saving the County the \$78 a day expense of housing a prisoner. The device allows for 24 hour monitoring of the individual’s movements and can pinpoint their location within 50 feet.

In conjunction with two school districts and several local agencies, the In-Step program provides a variety of services to parents and adolescents at a single location within each district. Staff mentor students while providing extensive case management, tutoring, peer discussion groups, substance abuse and impulse control education, drug/alcohol testing, and individual/family counseling. Based on professional assessments, programs are designed to meet the special needs of each youth and their family members. Parents are required to participate in therapy sessions and other programs. Adolescents with more severe problems are referred to residential programs.

Crime Prevention: The S.C.O.P.E. program (Stop drinking, Consider consequences, Observe yourself, Protect society, Educate others) provides alcohol education to all school districts within Oakland County. The program has instructed over 40,000 students and has been responsible for more than 1,000 arrests for operating under the influence of alcohol.

Youth Assistance (YA) is the largest and oldest court based prevention program in the nation. The program works to strengthen youth and families to prevent and reduce delinquency and neglect through volunteer involvement. Staff work in 29 locations to identify and address each community’s needs through parenting and family education, skill and self-esteem building, recreation, adult role modeling, youth involvement and recognition.

Animal Control: Due to expanded enforcement and educational programs by the Animal Control Division, the number of licensed dogs has increased by 30% since 1993. Through special programs and by increasing the amount of days animals are held, the number of animals returned to owners has increased by 19% and the number of animals euthanized each year has been reduced by 33%.

Emergency Management: This program develops and coordinates all activities related to emergency services, disaster preparedness and recovery assistance within Oakland County. Staff assess local risks, areas of vulnerability, threats and equipment shortfalls to develop plans to alleviate and prevent potential emergency situations. Emergency

situations can include natural disasters as well as technological, national security or nuclear emergencies. In addition, this program coordinates countywide operations and response to biohazardous, chemical or radiological incidents.

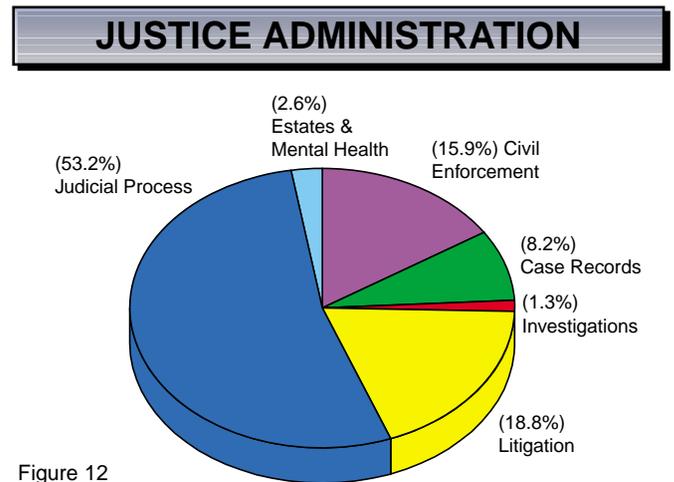


Figure 12

Justice Administration

Oakland County’s justice administration services have undergone major changes in the past few years. The new Family Division utilizes personnel from the Circuit and Probate Courts to hear all cases relating to family matters including divorce, child custody, juvenile delinquencies, abuse and neglect. The efficiencies and benefits of combining many of the court operations were fully recognized after the completion of an administrative merger in October of 2000.

Judicial Process: A Juvenile Drug Treatment Court was launched to help juvenile offenders overcome their substance abuse through community-based supervision and intensive counseling and treatment. Offenders participate in lieu of incarceration or placement outside of the home. It is anticipated that early intervention will keep offenders out of the criminal justice system when they become adults. Adult Drug Treatment Courts have also been implemented in both Circuit and District Courts. Operating much like the juvenile court, the focus for the adult program is to approach chemical and alcohol dependency through intensive counseling and treatment regimens. The correlation between effective substance abuse treatment and reductions in criminal behavior are well documented. The drug treatment courts are funded through state grants.

The Circuit Court has also implemented an Alternative Dispute Resolution program to facilitate the handling of civil and domestic cases through mediation. In mediation, parties select a neutral mediator to help them communicate and clarify issues. The mediator helps the parties find options to satisfactorily resolve the dispute. Mediation is a proven

docket management tool that reduces the cost and time of moving cases through the civil justice system.

Teen Court is a diversion program for first-time offenders involved in misdemeanor, nonviolent crimes. The program bypasses the traditional court system, resulting in no criminal record for teens successfully completing their sentence. The trial is held before a Circuit or District Court judge with teen volunteers acting as the prosecutor, defense attorney and jury. Since the program began in 2000, 126 cases have been resolved and 96% of the juveniles have successfully completed their sentence.



Teen Court Volunteers

The Restorative Justice program involves the victim in every step of the judicial process. Crime victims are no longer just a victim as they meet with nonviolent juvenile offenders and help determine appropriate restitution. By putting a face to the crime, offenders begin to understand the ramifications of their actions. Rather than focusing strictly on punishment, the program seeks to bring prevention and healing. To date, 118 victims have met with their offenders and participated in this process.

Case Records: The Circuit, Probate and District Courts along with the Prosecutor's Office and County Clerk are in the process of converting to an integrated case management system within Oakland County. The new computer system will provide for the electronic exchange of case information between each department.

Investigations: The Prosecuting Attorney's Economic Recovery Unit initiated forfeiture actions to seize over \$2 million of profits earned from criminal activity. Of that amount, \$201,000 went to defray investigation expenses and \$383,000 went to the County's General Fund. The balance of more than \$1.8 million went to local police departments to fund future investigations and prosecutions, shifting part of the financial burden from taxpayers to the criminals.

Litigation: Members of the Prosecutor's staff receive intensive training to help them assist vulnerable victims through the litigation process and insure successful prosecution of offenders. For example, a prosecutor and social worker are assigned to each child who is a victim of criminal sexual assault for the duration of the case. This support system enables the child to effectively testify in court. Children are interviewed at Care House, a child-friendly facility specifically designed for this purpose. In cases involving senior citizens who are victims of assaultive crimes or financial exploitation, one prosecutor and victim advocate are also assigned to each case. This team approach provides a supportive relationship and helps reduce the intimidation and fears many seniors experience during a criminal prosecution.

The Prosecutor's Bad Check Restitution program has resulted in the recovery of over \$347,000 for Oakland County businesses without any cost to taxpayers. Since its inception, 10,722 offenders have completed the program, reimbursing business owners and completing an educational program designed to curtail recidivism. The program provides a win-win solution for the business owner, who receives restitution; the defendant, who avoids prosecution; and the taxpayer, who does not have to pay for prosecution.

Civil Enforcement: Federal law requires each state to develop and implement computer systems for the collection and disbursement of child support payments. The Friend of the Court converted to the State of Michigan's Child Support Enforcement System in 2001. The 83-county conversion effort will permit access to child support enforcement information statewide.

Several Friend of the Court initiatives help noncustodial parents. The D.A.D. program (an acronym for "dedicated and determined" to succeed) is designed to assist low-income fathers. Services include fatherhood support groups; training; job placement; assistance in addressing employment barriers such as a lack of reading or math skills, or transportation problems; and assistance in dealing with court issues while the individual participates in the program.

Estates and Mental Health: Recently, the "Estates and Protected Individuals Code" (EPIC) took effect in Michigan. The new code substantially changes probate procedures regarding the administration of estates, trusts and wills. EPIC allows for customization of estate administration based on the particular facts of each case. The new code provides flexibility in matters of estate supervision, admitting the will to probate, appointing personal representatives and the closing of the estate.

RECREATION AND LEISURE

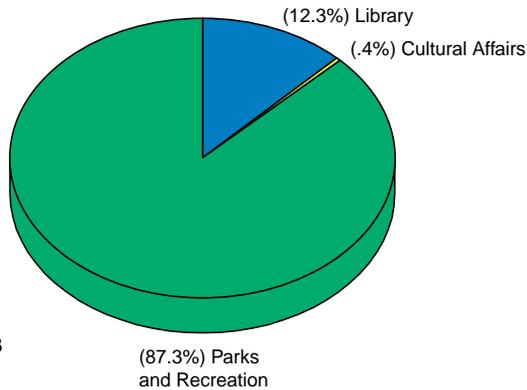


Figure 13

Recreation and Leisure

Parks and Recreation: The County spent \$20.2 million on the operation, improvement and development of 11 County parks, 4 golf courses, 2 wave-action pools, 2 campgrounds and a nature center. The County's newest park, Lyon Oaks, provides hiking, picnicking and nature interpretation. The park preserves 985 acres of woodlands and wetlands in an area that is undergoing rapid development. A golf course designed by Arthur Hills includes hardwood forests and natural wetlands, increasing the challenge of the 18-hole course.



Libraries: One of the four County operated libraries is the Library for the Visually and Physically Impaired. Free library services are provided to County residents who are unable to read standard printed material because of a visual impairment or physical limitation. Materials such as talking books, recorded magazines and Braille publications are delivered directly to a patron's home by mail.

DIRECT CITIZEN SERVICES

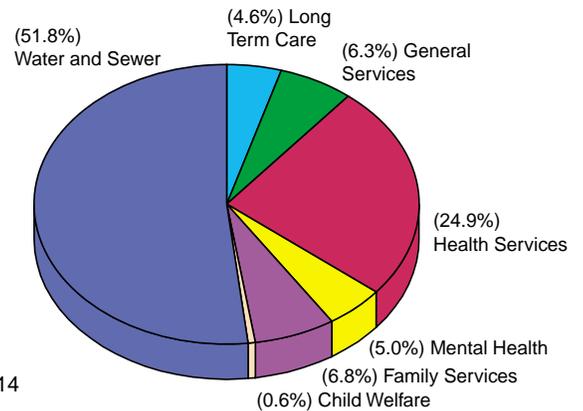


Figure 14

Direct Citizen Services

Governmental and enterprise funds totaling \$194.8 million have been expended on direct services to County residents.

Public Health: It is the role of the Health Division to protect the public's health through health promotion, disease prevention and protection of the environment. To meet this goal, the Health Division provides a number of health care services including child health clinics, immunizations, hearing and vision screenings, health education and nutrition services, substance abuse services, and AIDS prevention and control. Some services are provided at no charge; others use a sliding fee scale. In addition, a number of services cover the environmental aspects affecting public health: air, water, food, shelter, land protection and community environment.

Oakland County's infant mortality rate is lower than the state average. However, there are several communities where large disparities still exist. Lack of prenatal care is a leading factor in an increased death rate. Statistics reveal that women who receive the optimum number of prenatal visits have an infant death rate of 4.6 per 1,000 births, while the rate for women who receive no prenatal care is 63.7. As part of the County's ongoing commitment to reduce infant mortality, a program has been implemented to provide affordable transportation to families with small children for medical appointments; parenting and childbirth classes; and well-baby care.

In August of 2001, the presence of West Nile Virus in the bird population of Oakland County was confirmed. Crows and blue jays are particularly susceptible to the virus which is transferred to humans by mosquitoes who have bitten an infected bird. In humans, the virus causes an infection that results in the swelling of the brain. In most cases, symptoms are mild and flu-like, often accompanied by a skin rash or swollen lymph glands; however, some cases can result in paralysis or death. Over a period of six weeks, Health Division staff undertook an intensive collection of both birds and mosquitoes to determine the extent and spread of the virus. In addition, the division developed and disseminated information on virus symptoms, possible dangers and preventative measures to the public.

Mental Health: The County provides \$9.6 million to an independent Mental Health Authority which manages and provides community mental health services to residents.

Child Welfare: The Family Division of Circuit Court works to strengthen families and reduce the incidents of child abuse, neglect and delinquency. The County’s Shelter Care program provides temporary housing until a child is able to return home or is placed in a more permanent situation such as foster care. Other services are designed to meet the needs of children, while keeping them in their home and community environment. The Sanctuary program provides around-the-clock intervention to runaways and their families. Services include peer counseling, family counseling and short-term respite care. The Wraparound program coordinates individualized, intensive services for youth with serious emotional disturbances. Research indicates that 90% of youth with psychiatric disorders re-offend in the absence of intervention.

The Circuit Court has implemented two programs to assist parents living separately. The COPE (CO-Parenting Effectively) program is a voluntary dispute resolution alternative offered to parents involved in divorce and paternity actions. The Forget Me Not program is a free educational program to help unwed parents who live separately understand their parental roles and the needs of their children.

Medical Examiner: The Family Services Counseling program provides crisis intervention services to family members of decedents whose death is under investigation by the Medical Examiner. The program is the only one of its kind in the nation. Family counselors work in conjunction with police agencies in the notification of the next of kin and to assist family members at the scene of the death. They also provide short-term grief counseling, mediation of family disputes, direction for obtaining funds for burial expenses and referrals for long-term counseling. In 2001, Oakland County received a NACo award in recognition of the innovative program’s contribution to county government.

Water and Sewer: Services are provided to approximately 35,000 households through 15 municipal sewer systems, 15 municipal water systems, 30 well water pumping facilities and 119 sewage pumping facilities.



Economic and Community Development

The Economic 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: Because the economic vitality of a community is critical to the success of its operations, the County Executive has formed a number of partnerships with the private sector to leverage Oakland County and insure the services provided are conducive to economic growth within Oakland County.

The award winning Automation Alley is a consortium of high-tech firms located along the I-75 and I-696 corridors. The consortium is developing new marketing strategies to leverage the combined strength of the County’s private sector and increase their ability to compete in the international arena. These companies have products or processes that are dependent on continual scientific or technological innovation. The current challenge is finding and training skilled workers due to the growth of the County’s information technology and manufacturing firms. Uniting businesses will create an awareness among technically oriented employees throughout the nation that this region is as challenging and rewarding as any place in the country.

The consortium has grown to a more than 350-member organization, with an annual budget of approximately \$1,000,000, in less than 30 months. Automation Alley is also the recipient of a three-year \$400,000 federal grant to promote exporting opportunities for its member companies. In addition to the grant, members will provide \$400,000 in cash and another \$400,000 in services to promote expanded exports in China, Germany and Mexico. Further information on this initiative can be obtained at www.automationalley.com.

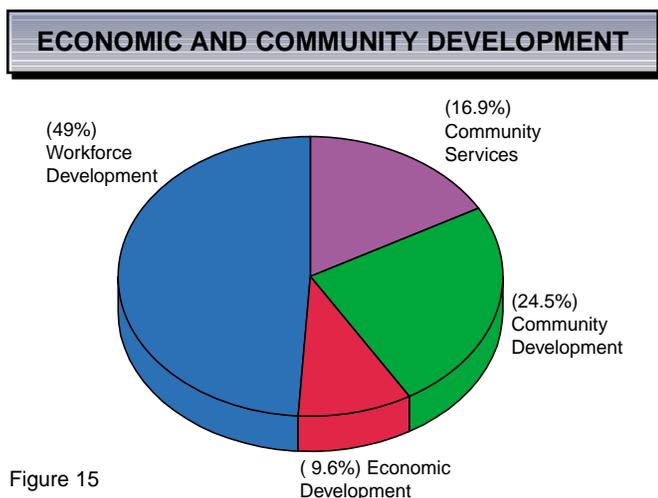


Figure 15

The County also supports economic development through small business counseling. In 2001, more than 1,900 small business clients received counseling. Capital asset financing is also provided to businesses through development corporations for the purchase of capital assets. A total of thirty companies were assisted resulting in \$285 million in new capital investment, 3,251 new jobs and the retention of 2,600 jobs. In addition, financing for small and medium sized companies, through the Small Business Administration, totaled \$12.8 million; manufacturing/industrial businesses and non-profit organizations secured Tax-Exempt Revenue Bonds totaling \$40 million.

Workforce Development: Federal funds in the amount of \$17.1 million were spent on workforce placement programs, which provide job training and other services for disadvantaged youth and adults. These programs are designed to increase employment, educational skills, occupational skills and to decrease welfare dependency. Programs include on-the-job training, occupational classroom training, basic skills training, work experience and internships, as well as basic readjustment services for dislocated workers.

Community Development: Oakland County has the first countywide National Main Street Program in the United States. The Washington, D.C. program includes a staff of preeminent urban planners, downtown redevelopment specialists, and a 35-year history of providing successful technical assistance to over 38 states and 1,500 downtown areas. The program helps communities develop their central business districts which are a symbol of historic development, economic health and community pride. Currently, six communities (Rochester, Walled Lake, Royal Oak, Ferndale, Holly and Lake Orion) are working on comprehensive community planning programs to preserve the historic fabric that enriches the quality of life for our residents.

Infrastructure

A solid infrastructure is required to support a growing economy and community. Oakland County has been at the forefront of implementing systems to meet these needs.

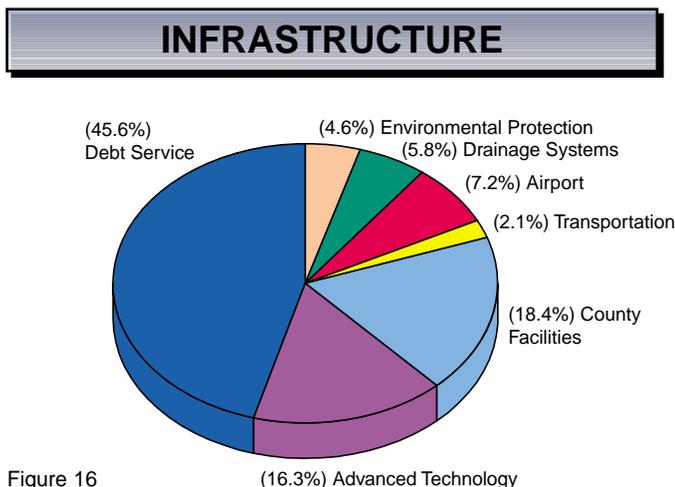
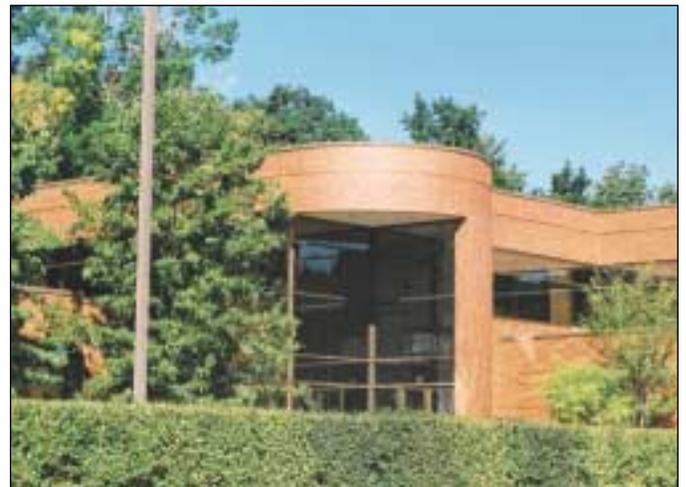


Figure 16

Advanced Technology: The 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 will also expand services to County residents. More than \$7.7 million has been appropriated to develop a Geographic Information System to be used by County departments, local municipalities and the private sector. Of this appropriation, over \$1.9 million was spent on low-flight digital orthophotography of the entire County to provide building, wetland and floodplain data. In addition, the photos can support crime analysis, computer-aided dispatch and the identification of natural drainage flows.



A new system, eHealth, is being developed to assist in file maintenance and the processing of over 143,000 pieces of paper annually in the Environmental Health Unit. The new program will streamline and significantly reduce labor associated with restaurant, well, sewer and swimming pool field inspections by integrating GIS, global positioning systems, imaging, data warehousing and web-based technology.

The County recently acquired a telephone switch and began maintaining its own private branch exchange (PBX) system. The \$2.8 million system is expected to substantially reduce the costs of operations, including toll charges. In addition, the County should experience an increase in the commissions it receives from jail phone billings. The reduction in operating costs and increased commissions should result in a complete payback of the system's cost within a four-year period.

County Facilities: Construction of an \$11.4 million, 300-bed Work Release facility next to the existing jail is underway. The Sheriff's Work Release program allows 176 low-risk, minimum-security prisoners to remain employed while serving their sentences. Currently, program enrollment is at capacity, resulting in a 45-day wait for inmates wishing to enter the program. In addition, the County spent \$2.75 million to purchase property for the construction of a new district court and Sheriff substation in Rochester Hills. The cost of the new facilities will be approximately \$23.3 million.

Transportation: The County now has three general aviation airports, two small satellite airports in Troy and New Hudson, and the Oakland County International in Waterford. In 2001, \$5 million was spent on land acquisition for noise mitigation and \$627,000 for capital improvements at the International Airport, of which \$4.5 million was provided by federal and state grants. The International Airport accommodates corporate and business jet air traffic as well as smaller private aircraft, and is the nation's fifth busiest general aviation reliever airport, with about 300,000 landings and takeoffs per year.

In order to alleviate transportation problems experienced by residents and commuters, Oakland County initiated meetings with the Michigan Department of Transportation (MDOT). As a result of an I-75 corridor study, the expressway will be widened to a minimum of 4 lanes in each direction from the Detroit-Eight Mile County line to the Genesee County line and several interchanges will also be improved at a cost of approximately \$450 million. These improvements will be funded by MDOT. Plans to improve adjacent arterial roads have also been developed and will be funded by the Oakland County Road Commission and local units of government.

Environmental Protection: As part of the County's ongoing commitment to protect the environment, a \$144 million drain project is underway to control combined sewer overflows and eliminate the discharge of pollutants into the Red Run Drain.



One of the goals is to improve the water quality of the drain, the Clinton River and, ultimately, Lake St. Clair. In addition, the County is distributing \$25 million between 1999 and 2003 to an Environmental Infrastructure Fund. These funds are used by local communities across the County to help pay the cost of pollution abatement.

The County continues to plan and develop trails and greenways throughout Oakland County. Abandoned railways are being used to link County recreational areas providing a place for residents to bicycle, walk, run, hike, ski

and ride horses. The trails also help protect natural scenic beauty and wildlife habitats. The cross-county trail and north county loop will form the core of the 142 mile trail system. Rochester, Rochester Hills, Auburn Hills and Pontiac have obtained funding to acquire key segments of the 45-mile Clinton River Trail.

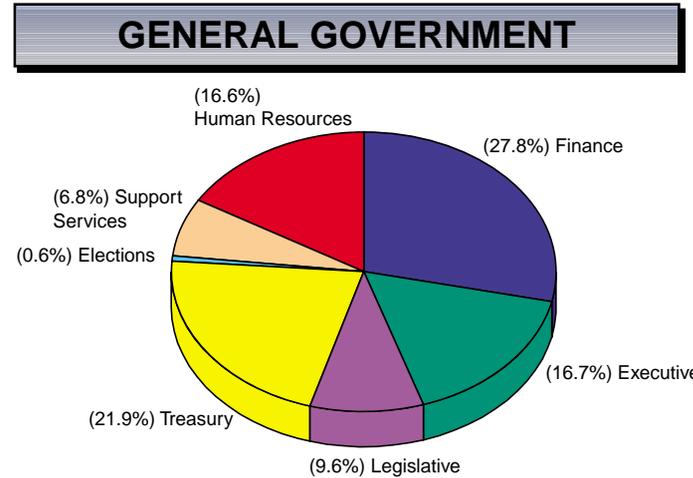


Figure 17

General Government

Elections: Currently Oakland County is comprised of 548 precincts with 860,037 registered voters. Improvements to the election process and the reporting of election results are due to the use of optical scanning by 85% of the governmental units. Optical scanning allows general election results to be transmitted electronically. Vote tallies are posted on the Internet to give voters immediate access to election results. Electronic transmission also reduces the possibility of error in reporting results.

Treasury: Under the provisions of Public Act 123, the Oakland County Treasurer now has complete control over the entire delinquent tax process and the delinquency period has been reduced from over 6 years to 30 months. The act insures that no resident in Oakland County will lose their property to a land sale without having received a minimum of five written notices and an administrative and Circuit Court hearing. Purchasers of land will now receive clear title to the property and will have the ability to purchase title insurance if they so choose. The first land sale under this act will be conducted in July, 2002. It is believed this legislation, which is also called the Urban Homestead Initiative, will bring growth and stability to Michigan's cities by getting vacant land and abandoned houses back into productive use and on the tax rolls. However, any property not sold will be deeded to the city or township in which it is located.



Executive/Legislative: In light of the terrorist attacks on the New York World Trade Center Towers and the Pentagon, the emergency management function has been transferred to the County Executive Department. Two new management positions have been created to oversee an expansion of this function. This transfer will bolster the County's activities in this critical area and insure higher visibility of emergency response and preparedness activities. An additional Captain's position has also been created in the Sheriff's Department to assist in the development of mutual aid agreements for the County's 61 communities and the implementation of the emergency response plans.

The County Executive and Board of Commissioners have also taken steps to limit the effect of the Headlee amendment on County operations. This amendment to the State constitution, adopted by Michigan voters in 1978, restricts the growth in tax revenue resulting from increases in the state equalized value of County property. To address this issue, a Fiscal Responsibility Plan for the use of the County's Delinquent Tax Revolving Fund (DTRF) was adopted. The plan restricts use of DTRF retained earnings to the payment of debt service for capital projects rather than using it to support operating expenses. Oakland County's AAA bond rating allows the County to issue debt at the lowest possible interest cost. In the past, the County has paid for these projects without bond issues through the DTRF.

Finance: The Governmental Accounting Standards Board (GASB) regulates state and local government financial reports. GASB recently made extensive changes to the way governments classify and report financial information. In addition to the traditional fund accounting, the new standards require entity-wide statements to help the public assess the government's finances in its entirety and determine whether its overall financial position has improved or deteriorated. Beginning in fiscal year 2002, taxpayers will have better information on how Oakland County finances its programs and the cost of services provided. An activities measurement management process which will help managers evaluate the effectiveness of their programs is also being implemented.

Personnel: Over the next five years, 25% of County employees will become eligible for retirement. This will create significant opportunities and challenges as efforts are made to identify and prepare a new set of employees for leadership roles. In anticipation of these changes, steps have been taken to develop and implement a formal succession-planning program. A steering committee comprised of department representatives and Commissioners has been formed to assist in developing a pilot program. Greater emphasis is also being placed on training to prepare employees for these new opportunities. In addition, the County continues to face recruitment challenges for the most qualified employees. Unemployment rates remain at historically low levels and job growth continues to contribute to a tight labor market. The County has entered into Fortune Magazine's "100 Best Companies to Work For" competition. If successful, the designation will help the County's image as an employer of choice and assist in recruitment and retention efforts.

County's Web Page

A wealth of information on County services is available on the web page at www.co.oakland.mi.us. Features include election results; health alerts and services; a prescription savings program for senior citizens and the County land sale. Information is also available on developing and financing new businesses; veteran's services; parks and recreation facilities and services; developing home emergency plans and directions on requesting legal documents such as marriage licenses and birth certificates. The web page provides e-mail addresses to several County departments and links to various state and federal government agencies. Information on current employment opportunities with the County is available and applications can be submitted online. In addition, a number of Friend of the Court forms relating to child support or custodial issues can be accessed for downloading. Vendors interested in conducting business with Oakland County can register online. Financial institutions, realtors, appraisers and the public are also able to obtain property information from @ccess Oakland through the web page. Finally, a copy of the County's financial summary in PDF format is available on the web page.

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. To obtain a copy, send a written request to:

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

