# Table of Contents

## Introduction
- Presentation Letter  
  - Page 2
- Learn About the Board of Commissioners  
  - Page 3

## Trends
- Employment Trends  
  - Page 4
- County Valuations  
  - Page 5

## General Fund
- Revenues  
  - Page 6
- Expenditures  
  - Page 7

## Debts and Liabilities
- Long Term Debt/Liabilities  
  - Page 8

## Net Position
- Statements of Net Position and Activities  
  - Page 9
- Changes in Net Position  
  - Page 10

## Financial Goals
- Long Term Financial Planning  
  - Page 11

## Awards
- Financial Awards  
  - Page 12
May 10, 2023

To the Residents of Washtenaw County:

I am pleased to present the Washtenaw County Resident’s Annual Financial Report for the fiscal year ended December 31, 2022. This type of financial report is called a Popular Annual Financial Report (PAFR). This is Washtenaw County’s seventeenth publication of a PAFR.

Each year the County of Washtenaw publishes a document called the Annual Comprehensive Financial Report (ACFR). The ACFR is comprised of 240 pages of detailed financial statements, note disclosures, supplemental schedules, and statistical tables. The ACFR 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 ACFR also includes an independent auditor’s report, which states that the information contained in the financial statements has been audited 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.

The information presented here has been taken from the Washtenaw County Annual Comprehensive Financial Report for the fiscal year ended December 31, 2022 and is presented in conformity with GAAP. This Popular Annual Financial Report has been prepared to provide a less technical discussion of County finances. The PAFR presents data specifically for the General Fund revenues and expenditures and also includes governmental activities including the County’s basic functions: legislative, judicial, general government, public safety, public works, health, social services, culture and recreation, and debt repayment. Property taxes, intergovernmental revenue for operating grants and contributions, and charges for services finance most of these activities. In addition, it also includes a brief discussion of County programs and initiatives. Hopefully, this document will help Washtenaw’s residents gain a better understanding of County government. It is not intended to replace the ACFR, which is available on the County Website at:

https://www.washtenaw.org/Archive.aspx?ADID=1214
Washtenaw County is empowered to levy a property tax, the primary source of funding, on both real and personal property located within its boundaries. The County Board of Commissioners acts as the County’s legislative and administrative body for many County functions. The Board consists of nine commissioners elected by direct vote from single-member districts every two years. In addition, there are fifteen elected officials serving the County in judicial, administrative, or staff officer roles. Washtenaw County government manages and finances a full range of services.

Learn About the Board!

DID YOU KNOW?

- Washtenaw County is the sixth largest county in the State of Michigan.
- The 2021 Population Estimate was 369,390.
- Washtenaw County’s two major cities are Ann Arbor and Ypsilanti with estimated populations of 121,536 and 20,113, respectively. The County’s two largest townships are Ypsilanti Township and Pittsfield Township with estimated populations of 55,499 and 39,245, respectively.
- The largest share of employees, 53.4 percent, work for private service providers, with an additional 37.8 percent of employees employed in positions related to the state, local, and federal government.
- The median household income is $76,198.
- The median home value is $293,800.
- The median age is 34.8.
- The Sales Tax rate is 6%.
County unemployment had been stable from 3.0 percent in years 2016 and 2017 before decreasing to 2.7 percent in 2018 and 2.2 percent in 2019. The coronavirus outbreak had a drastic effect, increasing County unemployment to a high of nearly 8 percent during 2020, recovering to 3.6 percent by the end of the year. 2021 and 2022 saw a continued decrease to 3.2 and 3.0 percent by the end of each year, respectively.

Total employment in the County steadily increased from 2014 through 2019. Employment decreased by 16,362 in 2020 due to the actions taken to respond to COVID-19. A recovery of 12,244 jobs occurred in 2021 and continued minimal growth at 1,333 in 2022. Around 58 percent (215,691) of the 369,390 residents of the County were employed as of December 31, 2022.

Five largest employers in Washtenaw County

<table>
<thead>
<tr>
<th>Employer</th>
<th># of Employees</th>
<th>Percent of Total County Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) University of Michigan and Health System</td>
<td>34,805</td>
<td>16.52%</td>
</tr>
<tr>
<td>2) Trinity Health</td>
<td>5,244</td>
<td>2.49%</td>
</tr>
<tr>
<td>3) US Government</td>
<td>3,522</td>
<td>1.67%</td>
</tr>
<tr>
<td>4) Ann Arbor Public Schools</td>
<td>2,532</td>
<td>1.20%</td>
</tr>
<tr>
<td>5) Integrated Health Associates (IHA)</td>
<td>1,693</td>
<td>0.80%</td>
</tr>
</tbody>
</table>
A property’s taxable value represents the value to which various tax millage rates are applied. This value is used in determining the amount of County property taxes, and therefore, County revenues. A property’s taxable value is adjusted to market value upon purchase or change in ownership. It is adjusted annually thereafter for market value changes. An increase may not exceed 5% or the rate of inflation, whichever is smaller. Washtenaw County’s taxable value increased by 5.8% during 2022.

A property’s assessed value or State Equalized Value (SEV) is required by law to be 50% of the true cash value of the property. Therefore, assessed value figures can be used to gauge the health of a County’s housing market. Washtenaw County’s total assessed property value increased by $1.08B dollars or 4.3% during 2022. This increase represents a healthy economic recovery of the County’s housing market.

Widespread growth in valuation for the entire State of Michigan demonstrates the strength of the continued economic recovery from the Great Recession. Washtenaw County compares favorably in the percentage growth of taxable value and assessed value from 2021 to 2022 of its properties with other counties in the state of similar population and general fund activity.
GENERAL FUND

The General Fund is the primary operating fund of the County. It is used to account for many of the general operations of County government including legislative, judicial, general government (such as administration, finance, human resources, and information technology), and public safety (such as the County jail and road patrol). At December 31, 2022, the fund balance was $49.9 million, an increase of $2.4 million.

GF REVENUES & TRANSFERS IN

General Fund revenues were $134.4 million (excluding any transfers in), an increase over the prior year of $5.8 million. This variance was caused by timing differences in transfers between County funds that follow the state fiscal year end of September 30th and the majority of the funds that operate in the calendar year. Overall transfers remained net neutral.

The General Fund received $2.3 million in transfers from other County funds. The largest portion of this was a transfer of $2.1 million from the E-911 fund, which receives revenues from E-911 assessments on phone bills for telephone lines within the County.

Washtenaw County is home to some of the highest quality public colleges and universities in all of Michigan.
General Fund expenditures for 2022 were $98.1 million, an increase of $6.0 million over 2021. The increase was largely the result of an increase in public safety ($4.2 million), general government ($3.1 million) and judicial ($0.4 million) expenditures offset by a decrease in legislative and other activities ($1.7 million) expenditures. In the table below, the 2017 amounts reflect the 2017 movement of the clerk-court services division from general government to judicial. The increase in health expenditures in 2018 was caused by a one-time, non-structural, allocation of expenses for the Mental Health Shared Risk Corridor.

The General Fund transferred $36.0 million to other County funds during 2022. Most of these transfers were required to meet State and Federal matching requirements for County programs in the areas of mental health, public health, youth rehabilitation, friend of the court, community development, as well as internal technology and infrastructure projects.

Increases in public safety and general government expenses in the General Fund were primarily driven by the return of the Washtenaw County Sheriff’s Office to full operations in 2022. Activities (such as large-scale public events and regular patrols) had been greatly curtailed or even cancelled in 2020 and 2021 due to the COVID-19 pandemic.
Long Term Debt

As of December 31, 2022 the County had total bonded and note debt outstanding of $14,475,000. This entire amount comprises debt backed by the full faith and credit of the County. The general obligation bonds decreased by $3.1 million and the delinquent tax notes decreased by $3.1 million from 2021 to 2022. The County issued $11.4 million in new delinquent tax notes during 2022. The County has an “Aaa” rating for general obligation bonds from Moody’s. The County has an “AAA” rating for its general obligation bonds from Standard & Poor’s, an “F1+” rating for general obligation tax notes and an “AA+” for existing general obligation bonds. Excellent credit ratings are important because they allow the County to borrow money and issue bonds at some of the lowest interest rates available. This means that the County can save money on interest payments and use those savings for other important projects.

Pension and Retiree Healthcare

The County provides postemployment benefits to its employees upon retirement as described herein. General employees hired prior to January 1, 2014 are enrolled in a defined benefit contributory pension plan and are eligible for traditional healthcare benefits funded through the Voluntary Employees’ Beneficiary Association Trust (VEBA) upon retirement. These plans were closed to new general employees effective January 1, 2014. General employees hired on or after January 1, 2014 are enrolled in a defined contribution pension plan and Retirement Health Savings Plan. The Command Officers Association of Michigan (COAM), who were hired prior to January 1, 2016, and Sheriff employees who are members of the Police Officers Association of Michigan (POAM), who were hired prior to January 1, 2015, are eligible for traditional healthcare benefits funded through the VEBA upon retirement. If hired on or after these dates, COAM and POAM Sheriff employees are enrolled in the Retirement Health Savings Plan described above.

WASHTENAW COUNTY LONG-TERM LIABILITIES

<table>
<thead>
<tr>
<th>WASHTENAW COUNTY DEBT</th>
<th>12/31/2022</th>
<th>12/31/2021</th>
<th>12/30/2020</th>
<th>12/30/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>General obligation bonds</td>
<td>$14,475,000</td>
<td>$17,550,000</td>
<td>$20,580,000</td>
<td>$23,565,000</td>
</tr>
<tr>
<td>Delinquent tax notes</td>
<td>14,400,000</td>
<td>17,500,000</td>
<td>16,800,000</td>
<td>13,500,000</td>
</tr>
<tr>
<td>Amount owed employees for unused sick and vacation time</td>
<td>19,140,295</td>
<td>20,253,266</td>
<td>19,816,951</td>
<td>17,602,346</td>
</tr>
<tr>
<td>Amount owed on Leases per GASB Standard 87</td>
<td>2,088,067</td>
<td>3,273,263</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount owed on Financed Purchases</td>
<td>$4,079,570</td>
<td>$5,292,198</td>
<td>6,476,564</td>
<td>5,246,469</td>
</tr>
<tr>
<td>Less net deferred amounts for Issuance discounts / premiums</td>
<td>74,865</td>
<td>231,343</td>
<td>277,526</td>
<td>323,709</td>
</tr>
<tr>
<td><strong>Washtenaw County Debt Total</strong></td>
<td>$54,257,797</td>
<td>$64,100,070</td>
<td>$63,951,041</td>
<td>$60,237,524</td>
</tr>
</tbody>
</table>

**Net OPEB (Asset) Liability (GASB 74 & 75)**

<table>
<thead>
<tr>
<th>WASHTENAW COUNTY DEBT</th>
<th>12/31/2022</th>
<th>12/31/2021</th>
<th>12/30/2020</th>
<th>12/30/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voluntary Employees' Beneficiary Association (plan fiduciary net position was 95.12 % of total OPEB liability at 12-31-22)</td>
<td>$8,079,014</td>
<td>($10,352,221)</td>
<td>$33,592,171</td>
<td>$57,546,757</td>
</tr>
<tr>
<td><strong>Section Total</strong></td>
<td>$8,079,014</td>
<td>($10,352,221)</td>
<td>$33,592,171</td>
<td>$57,546,757</td>
</tr>
<tr>
<td>Employees Retirement System (plan fiduciary net position was 67.86 % of total pension liability at 12-31-22)</td>
<td>132,460,868</td>
<td>69,922,204</td>
<td>75,550,697</td>
<td>88,249,570</td>
</tr>
<tr>
<td>Municipal Employees’ Retirement System (MERS) (plan fiduciary net position was 65.62 % of total pension liability at 12-31-22)</td>
<td>61,961,681</td>
<td>28,112,002</td>
<td>33,588,466</td>
<td>32,373,996</td>
</tr>
<tr>
<td><strong>Section Total</strong></td>
<td>194,422,549</td>
<td>98,034,206</td>
<td>109,139,163</td>
<td>120,623,566</td>
</tr>
<tr>
<td><strong>Pension and Retiree Healthcare Total</strong></td>
<td>$202,501,563</td>
<td>$87,681,985</td>
<td>$142,731,334</td>
<td>$178,170,323</td>
</tr>
</tbody>
</table>
The Statements of Net Position and Activities

One of the most important questions asked about the County's finances is, “Is the County as a whole better off or worse off as a result of this year’s activities?” The statements of net position and activities report information about the County as a whole and its activities in a way that helps answer this question. These two statements present financial information on all of the County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. During 2022, the net position of the County increased by $35.8 million.

<table>
<thead>
<tr>
<th>Washtenaw County's Changes in Net Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Activities (Governmental and Business-type)</td>
</tr>
<tr>
<td>Total revenue</td>
</tr>
<tr>
<td>Total expenses</td>
</tr>
<tr>
<td>Increase in net position before transfers</td>
</tr>
<tr>
<td>Transfers</td>
</tr>
<tr>
<td>Special Item</td>
</tr>
<tr>
<td>Change in net position</td>
</tr>
<tr>
<td>Net position - beginning as restated</td>
</tr>
<tr>
<td>Restatement for implementation of GASB</td>
</tr>
<tr>
<td>Net position - ending</td>
</tr>
</tbody>
</table>

Washtenaw County is home to many organic farms that sell food locally. One of the benefits of buying food locally grown is that it supports local farmers and the local economy. With less harmful pesticides and hormones than non-organic food, organics are becoming more popular with consumers as time goes on, with many organic converts becoming customers for life.

*The County’s net position increased by $35.8 million from the prior year. The primary drivers of this increase were current-year operations, with a $36.7 million surplus of revenues over expenditures related to governmental activities. Business-type activities decreased the County’s net position by $0.9 million during 2022. The decrease was almost entirely related to the overall decline in the interest rate on held money and the effect of inflationary pressures on the value of investment holdings.
Washtenaw County Changes in Net Position

Changes in Total Revenues

The County's total revenues increased by 8.06%, or $27.1 million, during 2022 compared to the prior year. Operating grants and revenues increased $10.8 million over the prior year. Property taxes increased $5.4 million over the prior year due to the general operating millage increase of $5.4 million from the continued increase in the taxable value of assessed property in the County and specially voted millages. Unrestricted investment earnings decreased by $4.0 million due to the revaluation of held cash and cash equivalents twice a year. Accommodations taxes restricted for tourist programs increased by $2.5 million in 2022 due to the end of recommendations to combat COVID-19 by the Governor and the Michigan Department of Health and Human Services (DHHS) that were established in 2020. Charges for services revenue increased by $3.5 million over the prior year, largely as a result of across-the-board return to normal activity.

Changes in Total Expenses

The County’s total expenses increased by 19.88%, or $54.4 million, during 2022 compared to the prior year. Expenses throughout the County related to pensions and OPEB decreased by $22.3 million. Public safety expenses increased overall by $14.7 million. Pension and OPEB expenses allocated to public safety increased by $8.9 million, and the change in accrued compensated absences decreased by $0.8 million from the prior year. Health expenses increased by $19.6 million, primarily due to the change in pension and OPEB expenses. Social services increased by $1.5 million, largely as a result of a coordinated funding effort with the City of Ann Arbor and working with outside agencies to provide services. Judicial expenses increased by $4.6 million due to the greater utilization of attorneys created by the Michigan Indigent Defense Act. Culture and Recreation expenses increased by $5.0 million due largely to land acquisition and construction in progress items. General government expenses increased by $9.0 million due to ARPA replacing eligible revenues lost from the pandemic under the provisions of the act.
Long Term Financial Planning

The Board of Commissioners adopted the County’s tenth quadrennial (2023-2026) budget on November 16, 2022 per resolution 22-216. The County’s annual budgets are balanced through 2026. Quadrennial budget development occurred in partnership with organizational leaders and with engagement by all employees. The quadrennial budget was developed with an attempt to balance the short-term with the long-term, both from a fiscal perspective but also considering the impact on the community. We must be conservative to set ourselves on a path towards long-term fiscal stability. At the same time, we must be reasonable in our assumptions to maintain as many programs and provide as many services to those in need. A rolling four year budget is presented regularly to provide a complete picture of the impact of decisions in the long-term for all to be and stay informed.

On the revenue side, the major assumption is that property taxes will return to modest growth in 2023 and beyond as pandemic restrictions subside, growing by 1.5% annually and offset by the Headlee reduction fraction, increased support for tax increment financing authorities and the result of personal property tax reform. These projections assume the State of Michigan will keep reinstated revenue sharing/county incentive program in the amount of $7.8 million per year. This amount is in alignment with the State’s published fiscal year 2022 projected payment amounts. Other revenue including fees and fines are estimated to remain relatively flat.

For expenditures, the assumptions take into consideration conservative wage adjustments in alignment with the labor agreements reached but with growing fringe rates based on trends (currently projected to be 5% annually). Next to personnel, the largest portion of the General Fund budget comes through its appropriations to programs outside the General Fund.
Washtenaw County is one of only two counties in the State of Michigan that holds all three of these GFOA awards simultaneously.

- The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the County for its December 31, 2021 ACFR. This was the 32th consecutive year the County has earned this prestigious award (since 1990)!

- In order to qualify, the County must publish an easily readable and efficiently organized ACFR that satisfies both generally accepted accounting principles and applicable legal requirements.

- We believe that our current ACFR meets the award requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

- In addition to the Certificate of Achievement, the County received the GFOA’s Distinguished Budget Presentation Award for its 2019-2022 budget. The County has received this award since 1990!

- In order to qualify for this award, the County's budget document was judged to be proficient as a policy document, a financial plan, an operations guide, and a communication device.

- The County was the proud recipient of the GFOA award for its (PAFR). The fiscal year 2021 PAFR was the County’s Sixteenth citation (since 2006).
Washtenaw County Health Department

Washtenaw Community College

Launch

BACK to Campus
Register Now for Summer & Fall

INSIDE:
- 7 Smart Reasons to Choose WCC
- Your College Dream Begins with Dual Enrollment
- Students Save Big with Zero-Cost Textbooks
- Women at Work: All Reconnect at WCC
- Jump Start Career Success with Accelerated Programs

Washtenaw Community College

WC Youth Commission

Apply

Washtenaw County Youth Commission
2022-23

The Youth Commission does one thing — work to make life better for teens in Washtenaw County:
- Discuss and analyze youth issues in the community
- Educate other youth about important issues
- Recommend changes to the Board of Commissioners

You need to be 13-18 years old and live in Washtenaw County.

APPLY ONLINE BY APRIL 19: bit.ly/WCYouth

All pictures from search “2022 Washtenaw County pictures” except last picture from “Michigan Daily’s year in photos”.

Washtenaw County BOC

Resolution Passed

The Board of Commissioners Approve
$3 Million Allocation to
Address Emergency Sheltering, Eviction Prevention and Rental Assistance; Human Services Agency Support.