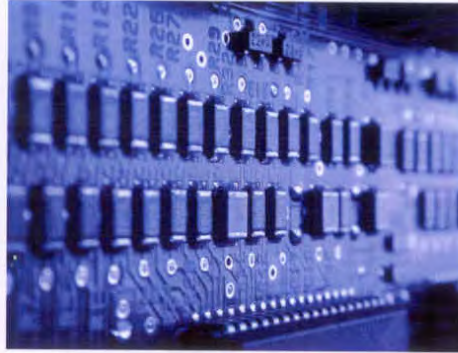
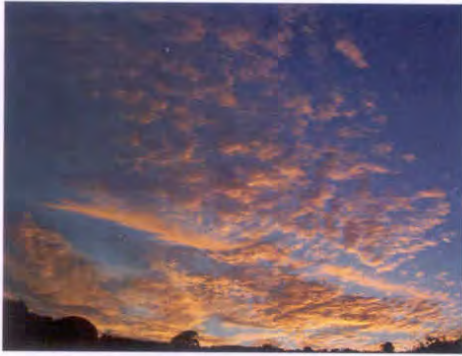


Community



Happy children – Clean environment – Business growth



Accessible services – Safe neighborhoods – Affordable housing



Healthy bodies – Continuous improvement – Involved Communities



IMPACT



WASHTENAW COUNTY, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2007

Prepared by the Finance Department

WASHTENAW COUNTY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2007

BOARD OF COMMISSIONERS

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COUNTY ADMINISTRATOR

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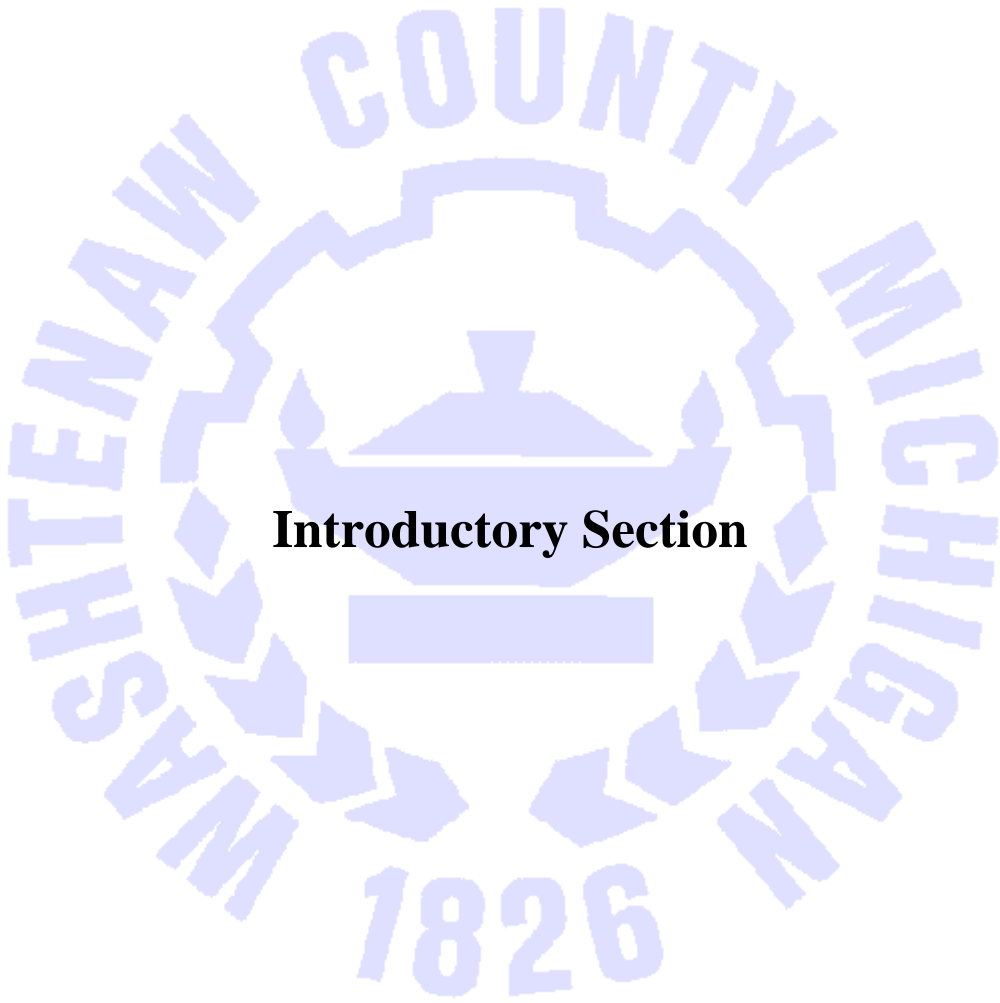
Rehmann Robson

**WASHTENAW COUNTY
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED DECEMBER 31, 2007**

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Introductory Section



COUNTY ADMINISTRATOR

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March 24, 2008

**To the Board of Commissioners and the Citizens of
Washtenaw County:**



The Comprehensive Annual Financial Report (CAFR) of Washtenaw County for the year ended December 31, 2007, is submitted herewith. It was prepared by staff in the Finance Department with significant assistance from the accounting personnel in the Treasurer's Office, Drain Commissioner's Office, Public Works, Road Commission, Community Support and Treatment Services, Public Health, and other County departments. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County.

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2007.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

Rehmann Robson, Certified Public Accountants, have issued an unqualified ("clean") opinion on Washtenaw County's financial statements for the year ended December 31, 2007. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

Washtenaw County, incorporated in 1827, is located in the southeast region of Michigan's Lower Peninsula, approximately 40 miles west of Detroit. The County encompasses 28 cities, villages and townships, settings range from urban to rural and small town to suburban. It is the sixth largest county in the State of Michigan, with an estimated 2007 population of 349,021. Sixty-four percent of the County's population resides in four main areas. Its major cities are Ann Arbor and Ypsilanti, with estimated populations of 113,709 and 20,846, respectively. The County's two largest townships are Ypsilanti and Pittsfield, with estimated populations of 53,181 and 34,827, respectively. It covers an area of approximately 710 square miles. The County seat is located in the City of Ann Arbor. 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 governmental structure of Washtenaw County is based upon the State Constitution and the general laws of the State of Michigan. The County's legislative body, and its administrative body for many functions, is the County Board of Commissioners. The Board consists of eleven commissioners elected by direct vote from single-member districts every two years. In addition to the Board of Commissioners, there are fifteen elected officials serving the County in judicial, administrative, or staff officer roles. An organization chart depicting the County structure is shown on the page following this letter.

Washtenaw County provides a full range of services in the following community of interest areas: public safety and justice, emergency preparedness and response, planning and environment, housing and homelessness, health, children's well-being, civic infrastructure, support services, and other customer specific services (for the blind and physically disabled and veterans). The County is responsible for the management and financing of these operations. Other services are provided through legally separate entities. The Washtenaw County Building Authority, although legally separate, functions as a department because its sole purpose is to finance and construct the County's public buildings, and therefore has been included as an integral part of the County's financial statements. Washtenaw County is also financially accountable for five legally separate component units: Department of Public Works Projects, Drain Commissioner, Hazardous Material Response Team Authority, Brownfield Redevelopment Authority and Road Commission, all of which are reported separately within the County's financial statements. Additional information on all of these legally separate entities can be found in the notes to the financial statements (See Note I.A.).

The Board of Commissioners is required to adopt a final operating budget prior to the beginning of each fiscal year. This annual budget serves as the foundation for Washtenaw County's financial planning and control. The budget is approved and budgetary control is exercised at the department level. Expenditures may not exceed budgeted appropriations at the department level. Departments are authorized to make budget adjustments up to \$10,000 within established categories of their budget. The County Administrator is authorized to make budget adjustments within and between categories of budgets up to \$100,000 or 10% of the budget, whichever is less. Budget adjustments greater than this must be approved by the Board of Commissioners.

Local Economy

Washtenaw County's vibrant economy is centered on eight business sectors. Major industries located within the government's boundaries or in close proximity include alternative energies, automotive research and development, engineering and production, homeland security and defense, imaging and vision, information technologies, life sciences, and printing and online information. In addition, many high quality educational institutions, most notably the University of Michigan and Eastern Michigan University, and healthcare facilities are located within our borders. The County also is a significant economic presence thanks to the vast array of services provided by more than 1,200 employees. The innovative-based economy in the County is thriving.

Because of its location in a region with a varied economic base, unemployment has been consistently below the state average, currently at 7.2 percent, and has just peaked over the national average, currently at 4.6 percent, for the first time in over a decade. During the first half of the last decade, the unemployment rate decreased from 1.8 percent (1998) to a decade low of 1.6 percent (1999). Although Washtenaw County has one of the healthiest economies in the state, manufacturing layoffs and job losses in trade, transportation, and utilities, as well as pharmaceutical research and development affected the local unemployment rate. Since 2000, the unemployment rate steadily rose to a decade high and current rate of 4.9 percent (2007).

Unemployment is expected to remain at or slightly above the national average, but below the state average. As the State of Michigan's economic crisis adjusts to the challenges of a rapidly globalizing world, community and business leaders have come together like never before to respond. Economic development officials implemented an aggressive strategy for business growth and expansion within the region offering numerous programs and resources to match businesses with financing opportunities, incentives, location and site selection, networking and educational forums, and a talented workforce.

One year after Pfizer Inc. announced the shutdown of its massive Ann Arbor research campus, lost jobs have been offset with new ones to be added over the next 18 to 24 months, some of the ex-Pfizer workers chose to stay in the area and are taking the entrepreneurial route, forming start-up companies or joining small firms. Even businesses near the giant campus have learned to survive the closure, hotels fill fewer rooms, but have been able to charge higher rates to offset the decline, local gift shops experience slower noon and end of the workday foot traffic, but sales have not dropped thanks in part to the addition of new merchandise.

Business growth continues to increase with new investments: Google for an office building to house over 1,000 employees, Hyundai for a research center, NSF International doubling laboratory space to support fast-rising demand for its testing and certification services and Toyota for a technology campus. It is estimated that the labor force in the local region will continue increasing 3 percent annually for each of the next several years due to continued population growth and new entrants, high school and college graduates, into the work force. Above average employment growth rates in the region are projected among health care, professional, construction and repair, management, sales, and service occupations. Jobs in the County are expected to increase by 39,190 or 14.8 percent by 2012.

Washtenaw County has maintained strong population growth over the past two decades. This growth is expected to continue in the foreseeable future. Our 2000 Census population was 322,770. The estimated 2030 population is 448,020. The median age for the County is younger compared to the State of Michigan. In 2000, Washtenaw County had a median age of 32.9, while Michigan had a 35.5 median age. In 2010, the County is estimated to have a median age of 31.2, while Michigan is estimated to have a median age of 37.8. The low median age assures that the future will hold a broad pool from which employers can select skilled candidates for work in various business sectors.

Over 48% of our residents 25 years and older have completed four or more years of college. The median household income of our residents is over 24% higher than that of the State of Michigan and over 25% higher than the United States as a whole. Personal income figures for our citizens have risen significantly in recent years, over 17% since 1998. This indicates a healthy economy and a higher standard of living for our residents.

Washtenaw County's total equalized value of taxable property has more than doubled over the last ten years. The equalized value of taxable property has realized an average 8.1% increase in growth per year for the past five consecutive years. The County's total equalized value of taxable property for 2007 was approximately \$19.3 billion, an increase over the prior year of \$785.4 million, or roughly 4.2%. The economic base of the County has continued to increase, but preliminary information from the Washtenaw County Equalization Division projects that the 2008 total equalized value of taxable property will drop, signifying a rare departure from the typical increases experienced in years past, anywhere from no increase to a four percent loss.

The County remains in good financial condition, as is demonstrated by the financial statements and schedules included in this report.

During the past seven years, the government's expenses related to judicial, general government, public safety, health and social services have increased in amount, but have consistently remained within two percent of their category of total expenses (a seven-year average of 13.6 percent, 10.8 percent, 27.4 percent, 22.0 percent and 16.1 percent, respectively). Judicial expenses increased for trial court and prosecuting attorney operations and activities. General government expenses increased for leased capital equipment and personal services within administration and support services, as well as non-insured litigation because of legal counsel and attorney fees for pending lawsuits. In the case of public safety, much of the increase reflects increased staffing levels and additional medical services, food and supplies being needed due to the elevated number of inmates. Increased costs for health and social services are products of continuing quality services and programs for at risk populations.

The growth in culture and recreation expenses over the past seven years reflects an increase in park recreational activities and programs, as well as major land acquisitions under the Natural Areas Preservation program and development of the 35-mile Border-to-Border Trail, a non-motorized multi-use trail connecting to Livingston County in the north and Wayne County in the southeast. Even though expenses have increased each year, the category has consistently remained between four to five percent of total government's expenses.

During the past seven years, the government's interest expenses have fluctuated in amount because of the required and scheduled payment amounts due on long-term debt each year. During 2007, the expense more than doubled over the prior year and the percent of total expenses (1.5 percent) peaked to the highest level in over seven years. The six year period, prior to 2007, the percent of total expenses remained consistent at approximately 1 percent (seven-year average) of total expenses.

During the same seven-year period, charges for services increased in amount during 2001 and 2002 and were 22.3 percent (average between the two years) of total revenues. A decrease in amount occurred during 2003 to 20.4 percent of total revenues. Since 2003 charges for services have increased in amount annually through 2007, but have continued to decrease as a percentage of total revenue (last four year average of 19.7 percent). The reason for this decline is the relative increase in expenses related to services that are not supported by fees and charges (e.g., public safety); thus, as taxes have increased to support these services, so has the proportion of total revenue generated by taxes.

Operating grants and contributions increased in amount (a seven-year increase of 51.0 percent), but has remained relatively stable as a percentage of total revenues at 31.2 percent (seven-year average). Operating grants and contributions increased as grant awards provided additional funding for new and existing programs in the areas of health, social services, judicial and public safety activities.

Property tax revenue not only increased in amount, from 71.2 percent seven years ago, but also as a percentage of total revenue (a seven year average of 43.1 percent), to approximately 45 percent of the revenue collected during 2007. Property taxes decreased by approximately \$8.7 million (9.2 percent) over the prior year. This decrease for the year is attributed to being the first year, in the past four years, that no shift in property tax collections occurred. During the prior three years (2004-2006), property tax collections shifted from a December to a July levy, an additional one-third of the levy was collected each year until the transition was complete. The accelerated revenue recognition pursuant to Public Act 357 of 2004, has and will continue to provide funding that serves as a substitute for state revenue sharing payments.

During the past seven years, the government's revenues related to investment income have increased in amount (a seven-year increase of 53.8 percent). During 2007, investment income peaked at its highest levels, both in amount and percent (currently 3.8) of total revenues, since 2001.

Long-Term Financial Planning

Total fund balance in the general fund (8.1 percent of total general fund expenditures and transfers out) falls within policy guidelines set by the Board of Commissioners for budgetary and planning purposes. The Board has continued its commitment to plan future budgets to meet the goal of a reserve for subsequent years representing 8.0% of general fund expenditures and transfers out.

The County completes ten year projections during each budget cycle, and updates them frequently to ensure that the full impact of decisions are understood. The current projections are proving to be more challenging than ever before. The County is faced with significant variables in the future that are difficult to predict. In most instances, financial impact practices use assumptions of past practice as the best indication of the future. New economic realities have intuition driving the projection assumptions, not data.

The Board of Commissioners has committed to ensure the long-term fiscal stability of the County. The County has operated very deliberately over the past several years, making sound financial decisions to keep from having to react to a crisis situation. During the development of the 2008/09 budget, it was clear through a review of financial indicators that the County was in good financial condition presently although there were uncertain times ahead. The County has worked diligently over the years making long-term fiscal stability a top priority, which has resulted in high bond ratings, reasonable levels of debt, reserves in line with policy and annual surpluses. However, the picture is mixed when looking forward, especially when estimating the impact the State and local economy will have on County revenues and the demand for services.

There are several issues impacting the County when considering property tax revenue collections. First, the County has operated in unprecedented times due to the Statewide shift in property tax collections from a December to July levy. Part of the growth in property tax revenue over the past few years was due to early collection of property taxes. The County realized a “windfall” in the years this was being shifted (2004-2006). The impact of this was a positive one at first, with the County realizing the increased taxable value a fiscal year early. The downside impacting the 2008/09 budget development was that the windfall would be over. Even though this was expected, the amount of revenue to be received would not be known until during the fiscal year for which it was to be recorded. Therefore, the County will not know the real revenue amount for 2008 (a July 1 levy) property taxes until April 2008. Using past levels as a guide proved to be invalid as well. The 2007 Equalization report demonstrated a 6% growth factor in taxable value, as had almost every year over the past decade. Next, the housing market continues to decline and it has become clear that for recently transferred properties where the SEV and taxable value become equal, the homeowners would actually have a reduced tax bill due to the declining market value. Therefore, the County has prepared for a flat level of property tax revenue for 2008/09.

Going into the 2008/09 budget development, the County had a structural deficit of \$3 million. This had been known during 2006 and 2007, but it was decided to postpone the long-term solution to allow the organization to stabilize after several years of reductions and restructurings. The change in revenue assumptions from the property tax issue outlined above, as well as related revenue reductions due to the housing market realities, created an additional budget issue of over \$2.5 million. The largest anticipated solution to the projected structural budget deficit was through the County’s pending labor negotiations. These negotiations were running parallel to the County’s budget development process, resulting in the need for projected anticipated savings to be incorporated into the 2008/09 adopted budget.

There were three categories of anticipated labor savings including wages, medical and retirement. It is expected that some of these savings will still materialize. However, part of the projected savings for retirement included a change in the way pensions might be set up. Actuarial studies were done with second party verification that calculated anticipated savings to the County's liability for retirement costs. It came to the County's attention in late November that those studies included an error and inaccurate assumptions resulting in the savings to be much less than originally projected. Since these savings were the original anticipated means to deal with the structural budget deficit and were incorporated into the 2008/09 budget, a new solution must now be identified.

While the County realized the fiscal indicators were uncertain moving forward, the Board of Commissioners knew the County had to respond to the growing needs of the citizens and keep the organization moving in a strategic direction for the future. The 2008/09 budget included new investment for both internal and external contributions of approximately \$2 million. These investments were balanced with the budget based on the assumptions at the time of the adoption, including the anticipated labor savings and a level of property taxes at a 3.5 percent growth factor.

These issues combined result in a current projected budget issue between \$8 to \$10 million, approximately 10% of the General Fund, for the 2008 fiscal year. These issues are permanent in nature, actually growing annually, resulting in higher projected shortfalls into the future if not dealt with in a structural budget reduction as soon as possible. A group of organizational department heads and staff, known as the Strategic Oversight Committee (SOC), have been brought together to assist in the development of principles, process, communication and solution generation to address the budget deficit.

Structural solutions have identified approximately \$5 million in anticipated savings for 2008. The intent of starting these modifications during the year and implementing annually for continued savings revolve around: the realized labor savings expected to materialize; integrated health waivers to enable additional federal match dollars to the local community; available property foreclosure funds, in accordance with Urban Homestead Legislation (PA123), which provides the Board of Commissioners discretion over transfers; approved changes in the E-911 fee collections as allowed by the revised State law; reductions in strategic planning and organizational consultant use for a minimum level of outside support, only when determined absolutely necessary; reductions in continuous improvement efforts around the County's financial information system; reductions in take home vehicle assignments; and appropriation reductions in the level of support to non-General Fund departments.

In addition, a process is underway to identify options for additional reductions that will balance the projected budget shortfall in 2009 and beyond. However, these additional solutions cannot be relied on for 2008 savings, resulting in a remaining projected deficit of \$3 to \$5 million. As a result, some short-term solutions were also needed to balance the 2008 budget, these include: a hiring freeze limiting the filling of any vacant positions; reductions to the pay for performance benefits; limiting capital equipment replacements; cancelling county-wide events; minimal travel and conference attendance; a 10 percent reduction for select outside agency allocations; health services building renovation project limited to sustaining the facility for the long-term; use of non-General Fund reserves (self insurance-risk management and technology plan funds) to help balance the 2008 budget; and forego the planned fund balance increase in the general fund.

The structural and short-term solutions identified will balance the 2008 budget if the projected shortfall remains at a maximum level of \$10 million. As outlined in budget policy, quarterly updates will be provided to the Board of Commissioners notifying them of the status of the budget, emerging issues, and an explanation of any significant variables. An extensive process is underway with the entire organization working to generate a list of recommendations. It is critical for staff, at all levels of the County, to be involved in identifying and implementing the structural changes of how the County operates.

Relevant Financial Policies

As a means to save State funding, legislation (Public Act 357 of 2004) was passed that shifted the timing of property tax payments to create a revenue stream that, for the next four years or so, will offset the reduction in state revenue sharing. The measure gradually moved up property tax collections from the winter to the summer over three years. Counties annually transfer from this pool the exact amount of funding that would have been available through state revenue sharing. Each year the State publishes the allowable spending amount that can be transferred from the reserve fund. The allowable spending amount is calculated using the growth in the U.S. Consumer Price Index from the State's 2005 and 2006 fiscal years. The inflation rate used for fiscal year 2007 was 3.7%.

Many changes occurred when the State passed the law to shift the County's tax levy from December to July. One consequence was on the cash flow of the General Fund, as the property tax revenue used to be received early in the year to sustain expenditures throughout the entire fiscal year. Now, costs begin to be incurred as of January 1st, however the property tax revenue (over 70% of the General Fund) is not collected until the second half of the year. This creates a negative cash balance in the General Fund. The law allows for the use of the revenue sharing reserve fund cash to be moved into the general fund if such an issue arises. It is necessary for this to be the County's practice for 2008 and beyond until the revenue sharing reserve fund is depleted. Interest levels will stay above previous levels for the next few years, although on a declining basis as the level of cash declines through the use of the revenue sharing reserve fund. It is a significant long-term issue with a need to identify a permanent solution to the general fund cash flow shortage as it is projected that the revenue sharing reserve fund will not be available after 2011.

Major Initiatives

The decision making parameters of the budget development process started with a premise of a status quo budget. Adjustments were only made if the request identified outside funding or strongly demonstrated it was a critical investment into the future of the organization and community. In addition, some adjustments were necessary to resolve issues that have been ongoing based on recent trends that do not appear to be ending without an additional commitment of funding. The major influences on the fiscal environment of the County are:

- ❑ ***District Court Programming and Revenue Collections*** – The District court continues to do a great job at maximizing revenue collections, as has been seen over the past several years with continued revenue growth. The budget includes an increase in revenue amounts to bring the budget in line with recent collection levels. In addition, the court has requested new positions to increase efforts around jail diversion that will primarily be supported through increased revenues. The budget also includes the continuation of the Pre-Trial program within the District Court that had been previously funded through the use of part-time temporary staff and will now move into a permanent employee status.
- ❑ ***Jail Overcrowding and Expansion Initiative*** – The jail is chronically overcrowded resulting in a public safety and justice crisis, but also a major budget constraint. The space plan project underway to add an additional 100+ beds in the jail should help alleviate overcrowding in the future. This project provided funding for jail operations that are included in the Sheriff's budget. The intent is for this to cover associated costs with managing jail overcrowding pending the completion of the project, at which time new staff will be created using these dollars.
- ❑ ***Juvenile Placements*** – The County continues to see an increase in costs associated with our institutional placement of juveniles through our Child Care program. According to the Washtenaw County Trial Court, this is in alignment with a national trend as well as from a local reality of seeing increased sex offender treatment needs. The 2008/09 budget includes an increased appropriation for juvenile placements and the creation of a new position in the Trial Court for a Probation Agent focused on sex offender cases as a means to improve treatment and reduce costs. This is a pilot program with required semi-annual evaluations to be completed to determine the success of this initiative.
- ❑ ***Police Services Methodology Change*** – The 2008 budget includes the implementation of the revised methodology for police services contracts. The largest impact, besides the increase in the expected revenue, is with anticipated overtime. In the past, the County guaranteed a certain number of service hours and held the liability for all necessary overtime to meet this contractual obligation. Starting in 2008, the contracting entities receive a deputy for service plus supervision, with the opportunity to choose whether or not to backfill for deputy time off. If entities choose to backfill, it has become the responsibility of the contracting entity to pay the County for this overtime coverage. Furthermore, the County has continued its commitment, as outlined in the contracts, for the provision of County-wide police services as well as specific areas in which overtime will continue to be the responsibility of the County.
- ❑ ***Public Safety and Justice Statutory Line Items*** – The County continues to see an increase in the demands of the Public Safety and Justice system in regards to statutory line items, including attorney fees, jury fees, witness fees and extraditions. The Board of Commissioners adopted a policy in 2008/09 budget that demonstrates the obligation to cover these required expenses if overages occur.

❑ ***Increased Appropriations/New Initiatives –***

- a. *Outside Agency Allocations:* The County provides almost \$3 million in support to outside agencies and local non-profits. The County is in a challenging position of determining the appropriate balance between funding internal initiatives and community agencies. Many of these agencies take the leadership role for new critical community initiatives for which the County should support as an investment into the future. Strategic decisions were made to include allocations to root cause initiatives including child abuse prevention, economic development, affordable housing, transportation, domestic violence and literacy.
- b. *County-wide Communications Office:* In such challenging economic times, it is even more critical to stay in touch with the needs of the community and to make them realize that local government is here to help. In collaboration with the Board of Commissioners, the County underwent a review in 2007 to develop an updated strategic communication plan. Best practices were researched and input was gathered from various stakeholders. One outcome of this initiative is the request for the creation of a Communications Officer that will be part of the County Administrators' Office. This officer will manage the implementation of the strategic plan and assist County staff in communications going outside of the organization to the media, direct customers and the community as a whole.
- c. *Successful Communities Initiative:* During the 2008/09 budget planning process the Board of Commissioners added a ninth Community of Interest, Economic Development. Much of this community of interest falls to leadership by outside agencies, with some direct services being done internally in the County's Planning & Environment, MSU Extension, and Employment Training & Community Services departments. It is believed that this initiative is the future of economic growth and stability within Washtenaw County, and beyond.
- d. *Prosecuting Attorney Victim Witness Services:* As mentioned above through the discussion on jail overcrowding and the statutory line items, the entire Public Safety and Justice system is strained. One critical component of the system is the support provided to victims and witnesses. This program through the Prosecuting Attorney's Office is over capacity and unable to meet demand levels. As a result, the 2008/09 budget includes the creation of a new position to increase available resources in this program area.
- e. *Drains Equipment:* The Drain Commissioner's Office currently contracts out for much of its equipment use. A long-term strategic plan is being developed to clearly outline the need for internal equipment including the impact on staff, operations and customers. Many of the costs associated with this are reimbursable through drain assessment projects for local units. The budget includes the planned purchase of some equipment, with the request for an additional position for operation of the equipment. The first phase will focus on moving to a more proactive approach to service delivery with an expectation of greater citizen satisfaction.

- f. *Solid Waste Home Hazardous Waste Community Collections*: On an annual basis, the Planning & Environment department through the County's solid waste program offers a number of collection events in which citizens can bring hazardous waste products from home for proper disposal. These events are extremely important to help the environment and are well attended by the community. As outside funding has declined, it was requested that the County support some of these events to preserve the programming and meet the demands of the community.
- g. *Medical Examiner*: The medical examiner program is a statutory obligation. Over the years, this has been managed by the County's Public Health department. Beginning in 2008, there is a commitment to increase the medical examiner program by a cost of living adjustment, annually. In addition, infrastructure enhancements are required to bring a short-term solution to both space and technology needs.

Even though the 2008/09 budget included new investment for both internal and external initiatives, over the past five years the County has scaled back operations and administrative support in an attempt to preserve programs. Cost containment efforts have been realized where possible and continue to be the focus, but fiscal challenges will continue for many years to come. In the past, the organization sustained expenditure growth through five to six percent property tax revenue growth annually. As this is no longer projected to be the reality, the organization must respond with a reduction in expenditures. It continues to be the County's desire to preserve programming resulting in the need to identify opportunities for strategic expenditure reductions. The County will continue to monitor key economic variables regularly and discuss ways to reduce the cost of doing business while attempting to preserve programming.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Washtenaw County, Michigan for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2006. This was the 17th consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's 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 also received the GFOA's Distinguished Budget Presentation Award for its budget for the biennium period beginning January 1, 2006. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document was judged as a policy document, a financial plan, an operations guide, and a communication device.

Finally, Washtenaw County is the proud recipient of the GFOA award for its Popular Annual Financial Report (PAFR). The fiscal year 2006 PAFR was the County's first citation. Washtenaw County is one of two counties in the State of Michigan that holds all three of the GFOA awards simultaneously.

The preparation of this report on a timely basis was made possible by the dedicated service of Finance Department accounting staff and the accounting personnel from the Treasurer's Office, Drain Commissioner's Office, Public Works, Road Commission, Community Support and Treatment Services, Public Health and other County departments, as well as advice from Rehmann Robson. I wish to express my appreciation and acknowledge those who assisted and contributed to the preparation of this report:

| | | | |
|------------------|-----------------|---------------|------------------|
| Dan Ackerman | Don Bilbey | Dick Eckoff | Kirsten Osborn |
| Roberta Allen | Florice Boelter | Tina Gavalier | Kirk Profit |
| Terry Ballantyne | Sue Bos | Janet Gilkey | Stefanie Thacker |
| Kelly Belknap | Peter Collinson | Marie Irwin | Xiaohong Wu |

Credit also must be given to the Board of Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of Washtenaw County's finances.

Sincerely,



Robert E. Guenzel
County Administrator/Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Washtenaw County
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



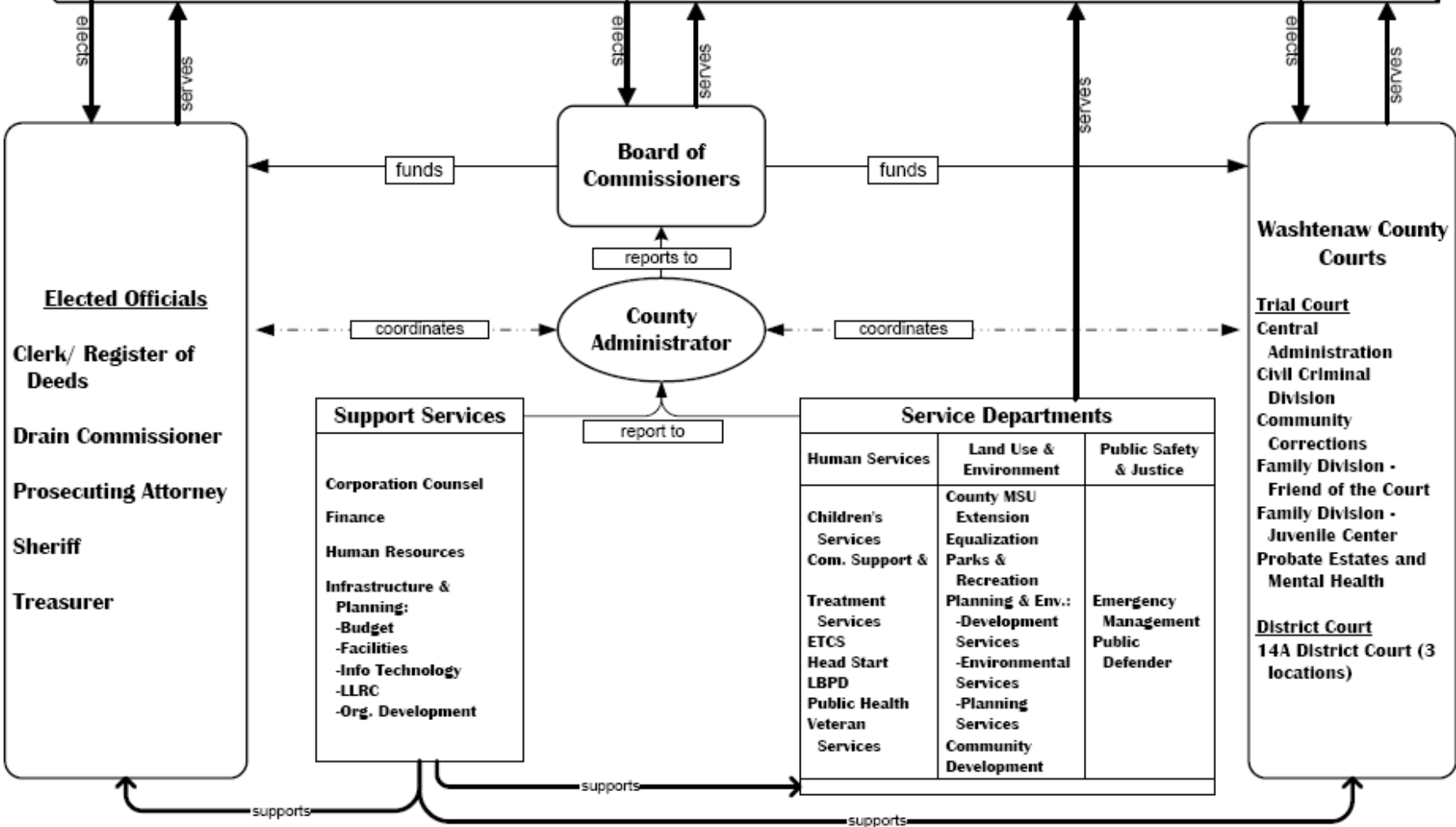
Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

Washtenaw County Citizens



WASHTENAW COUNTY

PRINCIPAL OFFICIALS

At December 31, 2007

Board of Commissioners

Jeff Irwin, Chair

Barbara Levin Bergman
Mandy Grewal
Leah Gunn
Mark Ouimet
Ronnie Peterson

Jessica Ping
Karen Lovejoy Roe
Ken Schwartz
Rolland Sizemore Jr.
Conan Smith

District Court Judges

Richard E. Conlin

J. Cedric Simpson

Kirk W. Tabbey

Trial Court Judges

Archie C. Brown
Timothy P. Connors
Nancy C. Francis
Melinda Morris

Darlene A. O'Brien
Donald E. Shelton
David S. Swartz

Clerk/Register of Deeds

Lawrence Kestenbaum

Drain Commissioner

Janis A. Bobrin

Prosecuting Attorney

Brian Mackie

Sheriff

Daniel J. Minzey

Treasurer

Catherine McClary

County Administrator

Robert E. Guenzel



Financial Section



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



INDEPENDENT AUDITORS' REPORT

March 24, 2008

To the Board of Commissioners
of Washtenaw County
Ann Arbor, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **WASHTENAW COUNTY, MICHIGAN** as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Washtenaw County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Employment Training and Community Services Fund, which represents 0.3% of the assets and 6.9% of the revenues of the aggregate remaining fund information and 0.3% of the assets and 4.7% of the revenues of the governmental activities. Also, we did not audit the financial statements of the Washtenaw County Road Commission, which represents 73.9% of the assets and 88.5% of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports were furnished to us, and our opinion, insofar as it relates to the amounts included for the Employment Training and Community Services Fund and Washtenaw County Road Commission, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of *Washtenaw County, Michigan*, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and Major Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2008, on our consideration of *Washtenaw County, Michigan's* internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3-16 and the employees' retirement system information on pages 95 and 96 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Washtenaw County's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based upon our audit and the reports of other auditors, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script, appearing to read "Lehmann Johnson".



**Management's Discussion
and Analysis**

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Washtenaw County, Michigan we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i–xii of this report, and the accompanying basic financial statements.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$190,856,744 (*net assets*). Of this amount, \$83,111,620 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$5,784,344 during 2007. This increase is attributable to total revenues exceeding total expenses. The revenue areas contributing to the increase in net assets are operating grants and contributions program revenue and other general revenue from investment earnings.
- As of the close of the current fiscal year, the County's governmental funds (this includes the general, special revenue, debt service and capital projects funds) reported combined ending fund balances of 136,615,205, an increase of \$21,640,420 in comparison with the prior year. Ninety-five percent of the ending fund balances are subject to the underlying limitations applicable to the particular special revenue, debt service and capital project funds. Approximately 5 percent of this total amount, \$7,481,045, is *available for spending* at the government's discretion only (*general fund unreserved, undesignated fund balance*).
- The general fund had a surplus of \$237,908 for 2007. At the end of the year, total fund balance for the general fund was \$8,657,381, or approximately 8.1 percent of total general fund expenditures and transfers out.
- The County's investment in capital assets increased by \$5,140,162 during 2007.
- The County's total bonded debt, excluding delinquent tax notes, increased by \$23,470,000 during the current fiscal year.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the County as a whole (government-wide financial statements) and present a longer-term view of the County's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds.

The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information. This is limited to schedules concerning the County's progress in funding its obligation to provide pension and other postemployment benefits to certain employees.

Reporting the County as a Whole

The Statement of Net Assets and the Statement of 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 Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's *net assets* and changes in them. One can think of the County's net assets – the difference between assets and liabilities – as one way to measure the County's financial health, or *financial position*. Over time, *increases or decreases* in the County's net assets are one indicator of whether its *financial health* is improving or deteriorating. During 2007, the net assets of the County increased by \$5.8 million.

The Statement of Net Assets and the Statement of Activities, present information about the following:

Governmental activities. All of the County's basic services are considered to be governmental activities, including legislative, judicial, general government, public safety, public works, health, social services, culture and recreation, and interest on debt. Property taxes, intergovernmental revenue for operating grants and contributions, and charges for services finance most of these activities.

Business-type activities. Other functions of the County that are intended to recover all or a significant portion of their costs through user fees and charges are considered to be business-type activities. These include delinquent tax collections and property foreclosures.

Component units. The County includes four legally separate entities in its financial statements: the Washtenaw County Department of Public Works Projects, the Washtenaw County Drain Commissioner, the Washtenaw County Hazardous Materials Response Authority and the Washtenaw County Road Commission. Although legally separate, these "component units" are important because the County is financially accountable for them.

Financial information for these *component units* are reported separately from the financial information presented for the primary government itself. The Washtenaw County Building Authority, although also legally separate, functions for all practical purposes as a department of the County, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 17-19 of this report.

Reporting the County's Most Significant Funds

Fund Financial Statements. The fund financial statements provide detailed information about the most significant funds - not the County as a whole. Some funds are required to be established by State law and by bond covenants. However, the County establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The County's two primary kinds of funds – *governmental and proprietary* – use different accounting approaches.

Governmental funds. Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the *modified accrual* basis of accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the County's general governmental operations and the basic services it provides.

Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 34 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, community support and treatment services, parks and recreation, revenue sharing reserve, enhanced emergency communication system millage, and county capital project funds, each of which are considered to be major funds. Data from the other 28 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 20-31 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for delinquent tax operations and property foreclosures. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for support services provided to other departments, which includes phone services, fleet, facilities management, insurance, duplicating and copier replacement, mail services and payroll fringe benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the delinquent tax operations and other enterprise funds. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 32-35 of this report.

Reporting the County's Fiduciary Responsibilities

The County is the trustee, or *fiduciary*, for certain amounts held on behalf of others. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The County's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. The accounting used for fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The basic fiduciary fund financial statements can be found on pages 36-37 of this report.

Additional Information

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 40-94 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This is limited to schedules concerning the County's progress in funding its obligation to provide pension and other postemployment benefits to certain employees. Required supplementary information can be found on pages 95 and 96 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 97-131 of this report.

Financial Analysis of the County as a Whole

The government-wide financial analysis focuses on the net assets and changes in net assets of the County's governmental and business-type activities. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As the following table demonstrates, the County's assets exceeded its liabilities by \$190,856,744 at December 31, 2007.

Washtenaw County's Net Assets

| | Governmental activities | | Business-type activities | | Total | |
|--|------------------------------|------------------------------|-----------------------------|-----------------------------|------------------------------|------------------------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Current and other assets | \$ 166,039,319 | \$ 146,437,976 | \$ 30,400,758 | \$ 22,615,409 | \$ 196,440,077 | \$ 169,053,385 |
| Capital assets | 128,424,119 | 123,301,798 | 17,841 | - | 128,441,960 | 123,301,798 |
| Total assets | <u>294,463,438</u> | <u>269,739,774</u> | <u>30,418,599</u> | <u>22,615,409</u> | <u>324,882,037</u> | <u>292,355,183</u> |
| Long-term liabilities | 88,222,846 | 69,458,113 | 18,015,449 | 12,011,586 | 106,238,295 | 81,469,699 |
| Other liabilities | 27,012,690 | 24,938,695 | 774,308 | 517,950 | 27,786,998 | 25,456,645 |
| Total liabilities | <u>115,235,536</u> | <u>94,396,808</u> | <u>18,789,757</u> | <u>12,529,536</u> | <u>134,025,293</u> | <u>106,926,344</u> |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 96,616,753 | 90,342,374 | 17,841 | - | 96,634,594 | 90,342,374 |
| Restricted | 11,110,530 | 6,812,865 | - | - | 11,110,530 | 6,812,865 |
| Unrestricted | 71,500,619 | 78,187,727 | 11,611,001 | 10,085,873 | 83,111,620 | 88,273,600 |
| Total net assets | <u>\$ 179,227,902</u> | <u>\$ 175,342,966</u> | <u>\$ 11,628,842</u> | <u>\$ 10,085,873</u> | <u>\$ 190,856,744</u> | <u>\$ 185,428,839</u> |

By far, the largest portion of the County's net assets, \$96,634,594 (50.6 percent), is its investment in capital assets (i.e., land, buildings, vehicles and equipment), net of any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets, \$83,111,620 (43.6 percent), *unrestricted net assets*, may be used to meet the government's ongoing obligations to citizens and creditors. The remaining balance of \$11,110,530 (5.8 percent) represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the County is able to report positive balances in all three categories (invested in capital assets-net of related debt, restricted and unrestricted) of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior year.

Washtenaw County's Changes in Net Assets

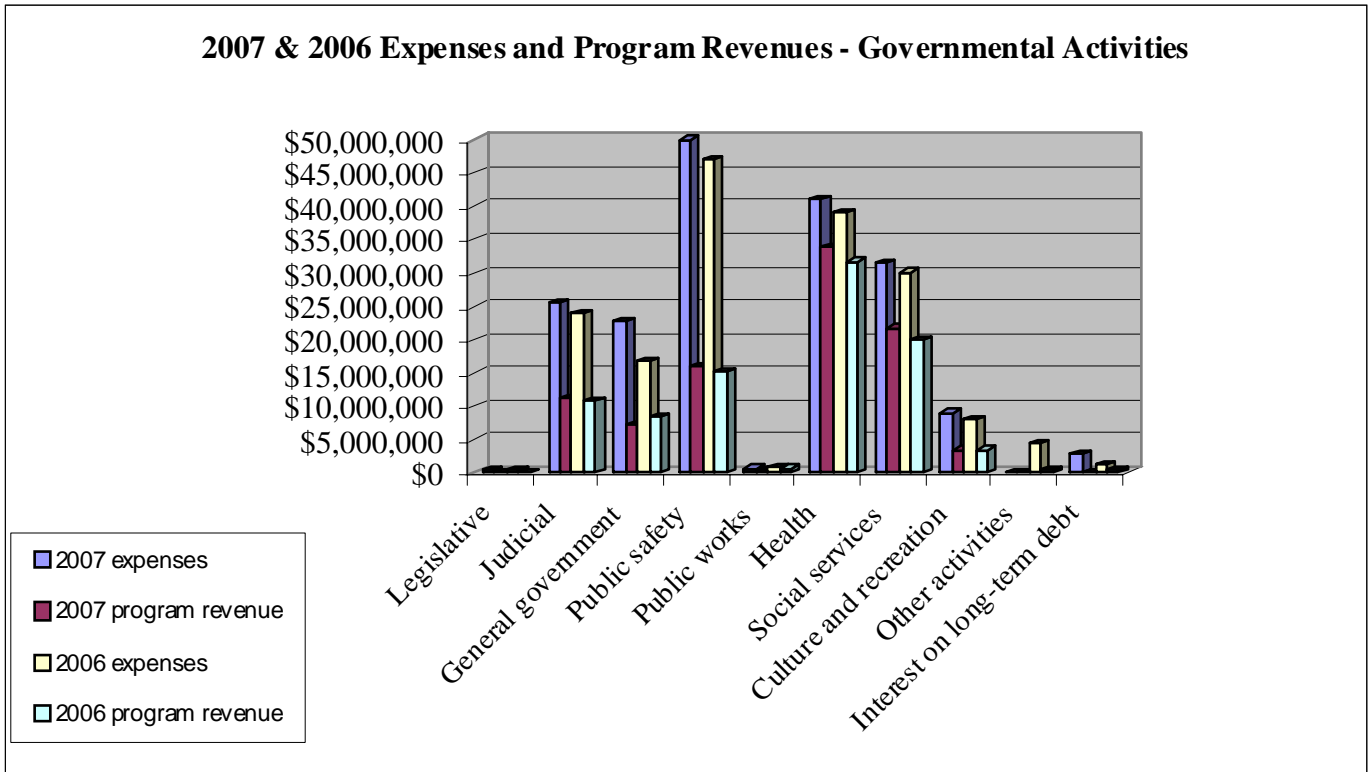
| | Governmental activities | | Business-type activities | | Total | |
|--|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Revenue: | | | | | | |
| Program revenue: | | | | | | |
| Charges for services | \$ 29,858,941 | \$ 29,738,776 | \$ 4,185,414 | \$ 3,566,189 | \$ 34,044,355 | \$ 33,304,965 |
| Operating grants and contributions | 63,759,215 | 60,153,886 | - | 11,960 | 63,759,215 | 60,165,846 |
| Capital grants and contributions | 428,017 | 1,251,861 | - | - | 428,017 | 1,251,861 |
| General revenue: | | | | | | |
| Property taxes | 86,549,856 | 95,271,757 | - | - | 86,549,856 | 95,271,757 |
| Grants and contributions not restricted to specific programs | 544,946 | 366,250 | - | - | 544,946 | 366,250 |
| Other | 6,575,702 | 4,150,209 | 825,864 | 763,766 | 7,401,566 | 4,913,975 |
| Total revenue | 187,716,677 | 190,932,739 | 5,011,278 | 4,341,915 | 192,727,955 | 195,274,654 |
| Expenses: | | | | | | |
| Legislative | 576,094 | 539,323 | - | - | 576,094 | 539,323 |
| Judicial | 25,458,987 | 24,021,026 | - | - | 25,458,987 | 24,021,026 |
| General government | 22,617,109 | 18,941,490 | - | - | 22,617,109 | 18,941,490 |
| Public safety | 51,217,621 | 46,937,810 | - | - | 51,217,621 | 46,937,810 |
| Public works | 757,558 | 869,372 | - | - | 757,558 | 869,372 |
| Health | 41,041,193 | 40,868,460 | - | - | 41,041,193 | 40,868,460 |
| Social services | 31,556,019 | 31,099,614 | - | - | 31,556,019 | 31,099,614 |
| Culture and recreation | 8,995,250 | 7,998,879 | - | - | 8,995,250 | 7,998,879 |
| Interest on long-term debt | 2,878,426 | 1,375,511 | - | - | 2,878,426 | 1,375,511 |
| Delinquent tax collections and related activities | - | - | 1,793,495 | 1,218,973 | 1,793,495 | 1,218,973 |
| Total expenses | 185,098,257 | 172,651,485 | 1,793,495 | 1,218,973 | 186,891,752 | 173,870,458 |
| Increase in net assets before transfers | 2,618,420 | 18,281,254 | 3,217,783 | 3,122,942 | 5,836,203 | 21,404,196 |
| Transfers | 1,622,955 | 2,838,959 | (1,674,814) | (2,759,887) | (51,859) | 79,072 |
| Increase in net assets | 4,241,375 | 21,120,213 | 1,542,969 | 363,055 | 5,784,344 | 21,483,268 |
| Net assets - beginning | 174,986,527 | 153,866,314 | 10,085,873 | 9,722,818 | 185,072,400 | 163,589,132 |
| Net assets - end of year | \$ 179,227,902 | \$ 174,986,527 | \$ 11,628,842 | \$ 10,085,873 | \$ 190,856,744 | \$ 185,072,400 |

The County's net assets increased by \$5.8 million during the current fiscal year; \$4.25 million increase for governmental activities and \$1.55 million increase for business-type activities.

Governmental activities. Overall, total revenues and transfers exceeded total expenses by over \$4.2 million, thereby accounting for 72.4 percent of the total growth in the net assets during 2007. Total revenues for governmental activities were \$3.2 million less than the prior year. Key elements of this decrease are as follows:

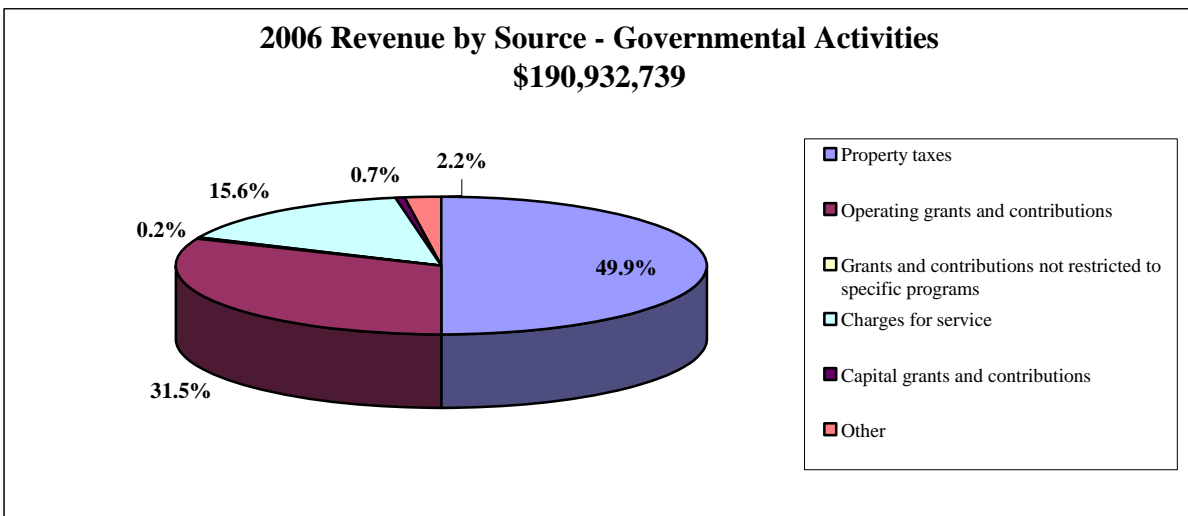
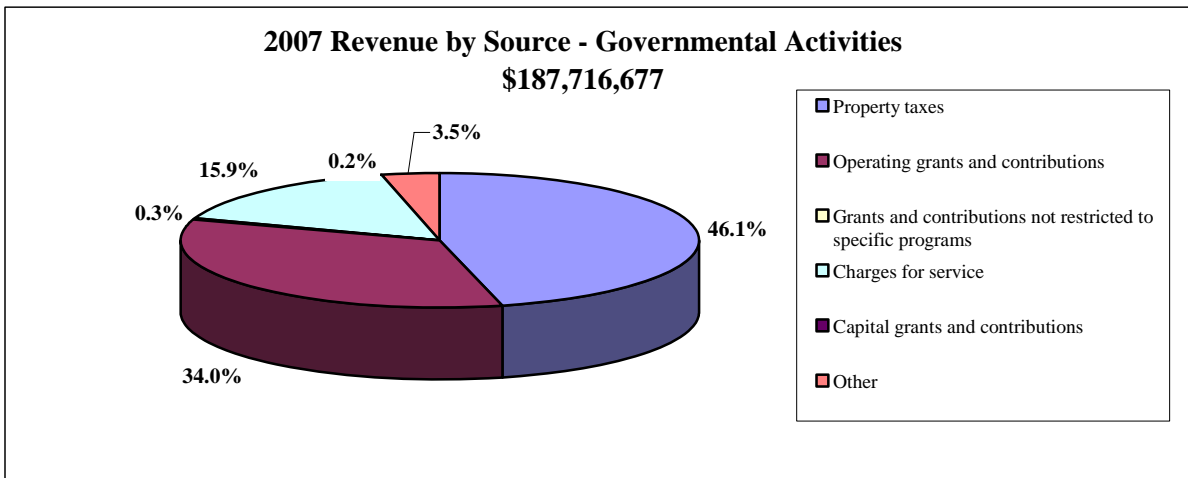
- Property taxes decreased by approximately \$8.7 million (9.2 percent) during the year. This decrease is the result of no early recognition of property tax revenue taking place during 2007. During the prior three years (2004-2006), as the property tax collections shifted from a December to July tax levy, pursuant to Public Act 257 of 2004 (a funding mechanism to be used as a substitute for state revenue sharing), the County recognized a “windfall” of revenue because increased taxable values and residential growth were realized a year early. Now that the shift is complete, future property taxes are realistically expected to be more in line with 2007.
- Capital grants and contributions decreased by \$0.8 million (61.5 percent) during 2007 primarily due to grants in the public safety area for homeland security and domestic preparedness.
- Operating grants and contributions for governmental activities increased by \$3.6 million (6.0 percent) during the year. Grant awards and contributions furnished additional resources to supplement programs in the area of health and social service activities.
- The above mentioned decreases were partially offset by increases in the other revenue category of \$2.4 million (58.4 percent) due to investment earnings, and nominal increases totaling an additional \$0.3 million (less than one percent) took place in grants and contributions not restricted to specific programs (\$0.2 million) and charges for services (\$0.1 million).

2007 & 2006 Expenses and Program Revenues - Governmental Activities



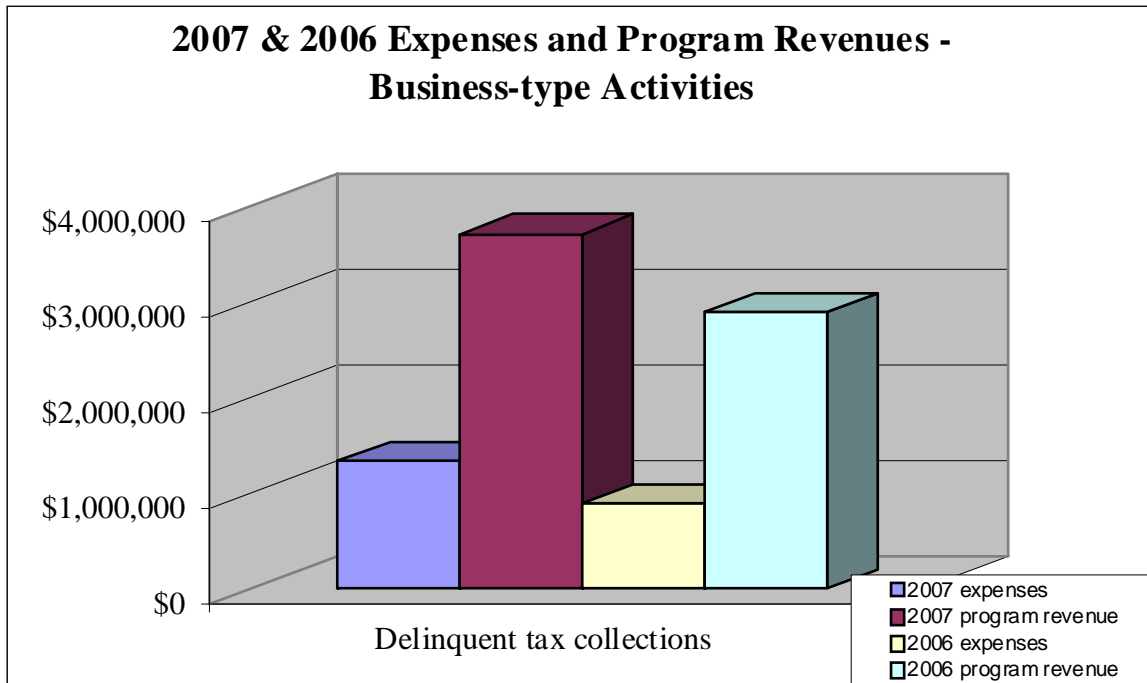
Overall, total expenses for governmental activities increased \$12.4 million during the year. The functional areas that comprise this increase are public safety (\$4.3 million), general government (\$3.7 million), interest on long-term debt (\$1.5 million), judicial (\$1.4 million), culture and recreation (\$1.0 million) and social services (\$.5 million).

Costs increased in public safety for Sheriff’s operations because of increased staffing levels and additional operating costs due to jail overcrowding. Generally, the cost increases for general government were for consultant and contracts for County-wide continuous improvement initiatives, personal services and leased capital equipment. Interest expenses increased in accordance with payment schedules on long-term debt. Costs increased in judicial activities for trial court and prosecuting attorney operations. Culture and recreation cost increases were for park land acquisitions. Finally, increases in the social services area were for community development, community support and treatment services, and housing and homelessness initiatives.



Business-type activities. Business-type activities increased the County’s net assets by over \$1.5 million. Key elements of the current year increase are as follows:

- Charges for services revenue for business-type activities increased \$619,225 in comparison to the prior year due to higher delinquent tax and property foreclosure activity during 2007. Expenditures increased by \$574,522 due to salary and fringe benefit expenses for collection activity, as well as the purchase of machinery and equipment (a vehicle) to support the operations of the program.
- The other revenue category increased by \$62,098 (8.1 percent) during the year due to nominal investment earnings.



Financial Analysis of the County’s Funds

As noted earlier, Washtenaw County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County’s financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County’s governmental funds reported combined ending fund balances of \$136,615,205, an increase of \$21,640,420 in comparison with the prior year. Ninety-five percent of the ending fund balances are subject to the underlying limitations applicable to the particular special revenue, debt service and capital project funds. The other five percent of this total amount, \$7,481,045, is *available for spending* at the government’s discretion only (general fund *unreserved, undesignated fund balance*). The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed for community support and treatment services’ activities, land acquisition under the natural area preservation program, replacement of state revenue sharing, enhancements to emergency communication systems and for improvements to existing assets and new construction for capital projects, as well as for long-term advances and prepaid items.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$7,481,045, while total fund balance was \$8,657,381. As a measure of the general fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Fund balance represents 8.1 percent of total general fund expenditures and transfers out. This level of fund balance in the general fund meets the Board of Commissioners formal adopted policy, as well as the Government Finance Officer's Association recommended practices.

The fund balance of the County's general fund increased by \$237,908 during the current fiscal year because revenues and other sources were slightly higher than expenditures and other uses.

The financial position of the community support and treatment services fund improved by \$2 during 2007. Total fund balance at the end of the year is \$1,046,466.

The parks and recreation fund had a total fund balance of \$24,643,058, which increased \$5.5 million in the current year. The growth in fund balance is attributable to a voter-approved millage for the purpose of acquiring land under the natural areas preservation program. Fund balance will be used in subsequent years as the land acquisitions are completed.

The revenue sharing reserve fund had a total fund balance of \$36,891,418, a decrease of \$6.1 million during 2007. This fund is mandated by the State of Michigan and accounts for accelerated property tax collections that substitute for state revenue sharing payments. Annual tax payments, each equal to 1/3 of the annual property tax levy, were placed in this fund over three years, 2004-2006. Beginning in 2004 the County started withdrawing monies from this fund equal to the fiscal 2004 state revenue sharing payments adjusted for inflation. The County will continue drawing down revenue sharing from the reserve fund using an inflationary factor over the prior year amount. This fund will decline just over \$6,000,000 per year in the future until the fund balance is exhausted.

The enhanced emergency communication system millage fund had a fund balance of \$850,914 at year end. This fund accounts for the resources, including a voter-approved millage beginning in 2007, accumulated and payments made for principal and interest on long-term general obligation debt that will finance acquisition, construction, renovation, maintenance and operation of an upgrade to the County's communication system.

The county capital projects fund accounts for renovations and modifications of existing facilities, new capital construction projects and the purchase of capital equipment. The county capital projects fund has a total fund balance of \$57,622,800. In addition, maintenance to existing facilities such as replacement of roof systems, carpeting, and other interior finishes are also funded by the county capital projects fund. The net increase in fund balance during the current year in the county capital projects fund was \$20,656,874 and is attributable to the issuance of capital improvement bonds in the amount of \$21.7 million to fund the public safety and justice initiative for expansion of the jail and district court at the service center.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the delinquent tax, other enterprise and internal service funds at the end of the year amounted to \$9,541,667, \$2,069,334 and \$1,267,230, respectively. The delinquent tax fund had an increase in net assets for the year of \$1,401,336, whereas the other enterprise funds had an increase of \$141,633 and the internal service funds had a decrease of \$1,141,855. Other factors concerning the finances of the delinquent tax fund have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

General fund revenues (including transfers in) increased by \$0.7 million (.7%) from the original to the final budget. Over half of the adjustment was attributable to an increase in the budget amount of \$373,157 for other financing sources. During 2007, the County identified certain funds (indigent care and mental health housing) that were no longer being used, and therefore the fund balances were moved into the general fund and the funds were closed. There was also a budget increase of \$307,805 for drug case management reimbursements and for contributions from local entities in support of Medicaid ICA-based DSH payments to area hospitals. These funds are leveraged to increase indigent health care funding in the community. A corresponding adjustment was also made to transfers out for the Medicaid disproportionate share hospital (DSH) payments. In addition, there was an increase in the budget amount of \$50,000 for licenses and permits for drain inspection fees. Finally, other small increases (property tax) and decreases (charges for services) in revenues also took place.

There was a corresponding \$0.7 million net increase (.7%) between the original and final amended expenditure budget (including transfers out). The budget amount for public safety activities increased \$1.9 million for jail overcrowding (\$1.7 million) and a nominal increase for prosecuting attorney activities (\$153,638) for personnel services and extradition costs. The County held \$700,000 in contingency for the sheriff and jail because of the history of overcrowding and the increased costs associated with it. There was a budget increase of \$516,295 for judicial activities for trial court (attorney fees and personal services), district court (interpreter/witness fees and personal services) and public defender (personal services) operations. There was a budget increase of \$265,307 for social services activities, due to human services agency contracts. There was a net budget increase of \$191,211 for general government activities in the areas administration (\$169,650), planning (\$104,399), human resources (\$102,028), finance (\$76,676), treasurer (\$41,765) and drain commissioner (\$38,246) primarily for consultants and contracts and personal services. There were budget decreases of \$183,707 for information technology (hardware/software maintenance and personal services) and \$136,213 for clerk/register of deeds (consultants and contracts). Other small increases and decreases in expenditures also took place.

It should be noted that there was a \$3.7 million decrease in the other financial uses budget for transfers out which partially offset the needed budget increases discussed above, after the use of jail medical costs reserves allocated to the sheriff department. In addition, there was a \$1.5 million budget increase in the other unallocated expenditure category because certain budgeted transfers out were not made during 2007. Other unallocated expenditures were designated as transfers out in the original budget, then reclassified later in the year as other services and charges, and have final budget amounts in that expenditure category, but no original budget amounts.

Overall during the year, actual general fund revenues, including other financing sources, were more than the final budget. Actual general fund expenditures, including other financing uses, were more than the final budget, particularly for the information technology department which was largely over budget because of the accounting for capital leases that were entered into during the year (for which the other financing source and related expenditure had not been budgeted although the transaction was approved by the Board of Commissioners). Actual revenues were higher than actual expenditures. This resulted in an increase in the actual fund balance of \$237,908, which was less than the final amended budget amount of \$250,000.

Capital Asset and Debt Administration

Capital assets. The County’s investment in capital assets for its governmental activities as of December 31, 2007, amounted to \$128,424,119 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment. The total increase in the County’s investment in capital assets for the current fiscal year was 4.2 percent. The County’s business-type activities have a nominal investment in capital assets in the amount of \$17,841 (net of accumulated depreciation) as of December 31, 2007.

Major capital asset events during the current fiscal year included the following:

- The County acquired land in the amount of \$2.7 million. The Parks and Recreation Fund purchased land totaling \$2.1 million under the Natural Areas Preservation Program; the Building Authority purchased land in Saline in the amount of \$0.6 million for a new district court building to be construction during 2008 and 2009.
- Construction in progress at year end amounted to \$3,293,607. The County has active construction projects that include parks and recreation’s maintenance operations building, and capital projects that include construction of a new district court, enhancement to the emergency communications system and jail construction and improvements.
- The County sold community support and treatment services homes (buildings) during the year resulting in a net decrease to capital assets of \$1.9 million.
- Other capital improvements, including landscaping and parking lot improvements, resulted in a net increase to capital assets of approximately \$350,000.
- Machinery and equipment as of the close of the fiscal year had a balance of \$6.0 million. The increase of \$1.3 million from the prior year is a result of a higher amount of new purchases (primarily consisting of information and technology equipment, copiers and vehicles) than disposals.

Washtenaw County’s Capital Assets
(net of depreciation)

| | Governmental activities | | Business-type activities | | Total | |
|-----------------------------------|--------------------------------|-----------------------|---------------------------------|-------------|-----------------------|-----------------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Land | \$ 27,547,626 | \$ 24,854,169 | \$ - | \$ - | \$ 27,547,626 | \$ 24,854,169 |
| Construction in progress | 3,293,607 | 627,212 | - | - | 3,293,607 | 627,212 |
| Buildings | 81,626,430 | 83,484,895 | - | - | 81,626,430 | 83,484,895 |
| Improvements other than buildings | 9,992,517 | 9,641,094 | - | - | 9,992,517 | 9,641,094 |
| Machinery and equipment | 5,963,939 | 4,829,601 | 17,841 | - | 5,981,780 | 4,829,601 |
| Total | \$ 128,424,119 | \$ 123,436,971 | \$ 17,841 | \$ - | \$ 128,441,960 | \$ 123,436,971 |

Additional information on the County’s capital assets can be found in note III.C on pages 61-64 of this report.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$91,870,000. This entire amount comprises debt backed by the full faith and credit of the County.

Washtenaw County's Outstanding Debt
General Obligation

| | Governmental activities | | Business-type activities | | Total | |
|--------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| General obligation bonds | \$ 73,870,000 | \$ 56,400,000 | \$ - | \$ - | \$ 73,870,000 | \$ 56,400,000 |
| Delinquent tax notes | - | - | 18,000,000 | 12,000,000 | 18,000,000 | 12,000,000 |
| Total | \$ 73,870,000 | \$ 56,400,000 | \$ 18,000,000 | \$ 12,000,000 | \$ 91,870,000 | \$ 68,400,000 |

The County's total debt increased by \$23,470,000 (34 percent) during the current fiscal year. The County retired debt of \$4,205,000 in general obligation bonds and \$12,000,000 in delinquent tax notes during 2007.

The only new borrowing during the year was \$21,675,000 in general obligation bonds for governmental activities for capital improvement bonds and \$18,000,000 in delinquent tax notes for business-type activities. Debt service requirements for general obligation bonds of \$5,050,000 and interest of \$2,776,484 are payable during 2008. The principal payment for delinquent tax notes of \$18,000,000 and an interest payment of \$887,555 are due February 7, 2008.

The County has an "Aa2" rating for both general obligation bonds and tax notes from Moody's. The County has an "AA+" rating for both general obligation bonds and tax notes from Standard & Poor's. Finally, the County has a "F1+" rating for general obligation tax notes from Fitch.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation (i.e., State Equalized Value). The current debt limitation for the County is \$1,933,095,190 which is significantly in excess of the County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in note III.G on pages 68-72 of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the County's biennial budget for the 2008 and 2009 fiscal years:

- The Michigan economic downturn and stock market declines have a continuing impact on the County's fiscal operations. Stock market declines have increased the County's funding obligation for its defined benefit pension plans. This trend will continue during 2008, but beginning January 1, 2009, and as contracts are ratified by the County's union groups, all current and new employees will enter this retirement system that will provide "new" and ongoing funding that may lower the County's obligation into the future.
- The County is currently in labor negotiations with the various union groups and has been working around the following parameters to negotiate a contract agreeable to all, as well as achieve long-term fiscal stability and ensuring that agreements balance. Negotiations are focusing on five and ten year financial projections, a move to a defined benefit pension program, cost savings through a number of alternative benefit options, and annual increases limited to zero to three percent.
- The unemployment rate for the County is currently 4.9%, slightly higher than a year ago. This compares favorably to the state's average unemployment rate of 7.2% and has just peaked over the national average rate of 4.6% for the first time in over a decade.
- Michigan has two constitutional laws that limit property tax growth to the rate of inflation or a maximum allowable increase in an assessment of 5.0%, whichever is smaller. For the 2008/2009 budget the applicable inflation rate is only 2.3%. Therefore, due to the laws that limit growth, the economy and housing market decline, property tax revenues are budgeted to remain flat with no increase in 2008 or 2009.
- The State of Michigan has been dealing with projected budgetary shortfalls for the past four years and is projected to continue into the future, at least until 2009. The State has passed legislation that provides a funding mechanism to serve as a substitute for state revenue sharing payments. Annually, the County may make use of amounts equal to 2005/06 State revenue sharing payments adjusted for inflation.
- The County has committed to maintaining a general fund balance that is at least 8.0% of operating expenditures.
- Financial trends in the region compare favorably to national indices. Analysis of revenue, expenditure, operating position, debt structure, unfunded liabilities, condition of capital plant, and community needs and resources indicators are examined across time to provide a framework for objective investigation.

Contacting the County's Financial Management

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Washtenaw County Finance Department, 220 North Main Street, P.O. Box 8645, Ann Arbor, Michigan 48107-8645.



Basic Financial Statements



Government-wide Financial Statements

WASHTENAW COUNTY
Statement of Net Assets
December 31, 2007

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|-----------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Assets | | | | |
| Cash and pooled investments | \$ 132,120,648 | \$ 15,299,521 | \$ 147,420,169 | \$ 21,614,995 |
| Receivables, net | 28,771,619 | 16,942,589 | 45,714,208 | 48,156,799 |
| Internal balances | 1,841,352 | (1,841,352) | - | - |
| Prepaid items and other assets | 3,305,700 | - | 3,305,700 | 1,365,224 |
| Capital assets not being depreciated | 30,841,233 | - | 30,841,233 | 25,103,862 |
| Capital assets being depreciated, net | 97,582,886 | 17,841 | 97,600,727 | 194,071,747 |
| Total assets | 294,463,438 | 30,418,599 | 324,882,037 | 290,312,627 |
| Liabilities | | | | |
| Accounts payable and accrued expenses | 9,454,128 | 7,478 | 9,461,606 | 13,146,767 |
| Accrued interest payable | 630,546 | 766,830 | 1,397,376 | 309,492 |
| Unearned revenue | 14,616,109 | - | 14,616,109 | - |
| Net other postemployment benefit liability | 2,311,907 | - | 2,311,907 | 153,281 |
| Long-term liabilities: | | | | |
| Due within one year | 7,196,760 | 18,004,010 | 25,200,770 | 4,752,907 |
| Due in more than one year | 81,026,086 | 11,439 | 81,037,525 | 42,527,778 |
| Total liabilities | 115,235,536 | 18,789,757 | 134,025,293 | 60,890,225 |
| Net assets | | | | |
| Invested in capital assets, net of related debt | 96,616,753 | 17,841 | 96,634,594 | 208,175,854 |
| Restricted for: | | | | |
| Debt service | 864,557 | - | 864,557 | 1,507,938 |
| Capital projects | 9,845,458 | - | 9,845,458 | 9,846,096 |
| Other purposes | 400,515 | - | 400,515 | - |
| Unrestricted | 71,500,619 | 11,611,001 | 83,111,620 | 9,892,514 |
| Total net assets | \$ 179,227,902 | \$ 11,628,842 | \$ 190,856,744 | \$ 229,422,402 |

The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY
Statement of Activities
Year Ended December 31, 2007

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) Revenue | |
|--|-----------------------|-------------------------|--|--------------------------|--|
| | | Charges for Services | Operating Grants and Contributions | | Capital Grants and Contributions |
| Primary government | | | | | |
| Governmental activities: | | | | | |
| Legislative | \$ 576,094 | \$ - | \$ - | \$ - | \$ (576,094) |
| Judicial | 25,458,987 | 4,391,210 | 6,868,970 | - | (14,198,807) |
| General government | 22,617,109 | 5,271,252 | 2,016,086 | 16,332 | (15,313,439) |
| Public safety | 51,217,621 | 12,470,668 | 3,019,254 | 411,685 | (35,316,014) |
| Public works | 757,558 | - | 547,684 | - | (209,874) |
| Health | 41,041,193 | 3,872,437 | 29,962,078 | - | (7,206,678) |
| Social services | 31,556,019 | 625,262 | 21,100,691 | - | (9,830,066) |
| Culture and recreation | 8,995,250 | 3,228,112 | 244,452 | - | (5,522,686) |
| Interest on long-term debt | 2,878,426 | - | - | - | (2,878,426) |
| Total governmental activities | <u>185,098,257</u> | <u>29,858,941</u> | <u>63,759,215</u> | <u>428,017</u> | <u>(91,052,084)</u> |
| Business-type activities: | | | | | |
| Delinquent tax collection | 1,356,027 | 3,722,455 | - | - | 2,366,428 |
| Property foreclosure | 408,209 | 449,036 | - | - | 40,827 |
| Principal residence exemption | 29,259 | 13,923 | - | - | (15,336) |
| Total business-type activities | <u>1,793,495</u> | <u>4,185,414</u> | <u>-</u> | <u>-</u> | <u>2,391,919</u> |
| Total primary government | <u>\$ 186,891,752</u> | <u>\$ 34,044,355</u> | <u>\$ 63,759,215</u> | <u>\$ 428,017</u> | <u>\$ (88,660,165)</u> |
| Component units | | | | | |
| Department of Public Works Projects | \$ 1,954,708 | \$ - | \$ - | \$ 1,917,563 | \$ (37,145) |
| Drain Commissioner | 1,568,778 | 207,424 | - | 3,657,407 | 2,296,053 |
| Hazardous Materials Response Authority | 104,359 | 29,180 | 19,464 | - | (55,715) |
| Road Commission | 27,293,695 | - | 49,647,414 | - | 22,353,719 |
| Total component units | <u>\$ 30,921,540</u> | <u>\$ 236,604</u> | <u>\$ 49,666,878</u> | <u>\$ 5,574,970</u> | <u>\$ 24,556,912</u> |

Continued...

WASHTENAW COUNTY
Statement of Activities (concluded)
Year Ended December 31, 2007

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|--------------------|--------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Changes in net assets | | | | |
| Net (expense) revenue | \$ (91,052,084) | \$ 2,391,919 | \$ (88,660,165) | \$ 24,556,912 |
| General revenues: | | | | |
| Property taxes | 86,549,856 | - | 86,549,856 | - |
| Grants and contributions not restricted to specific programs | 544,946 | - | 544,946 | - |
| Unrestricted investment earnings | 6,575,702 | 825,864 | 7,401,566 | 1,104,764 |
| Transfers - internal activities | 1,622,955 | (1,674,814) | (51,859) | - |
| Total general revenues and transfers | 95,293,459 | (848,950) | 94,444,509 | 1,104,764 |
| Change in net assets | 4,241,375 | 1,542,969 | 5,784,344 | 25,661,676 |
| Net assets, beginning of year, as restated | 174,986,527 | 10,085,873 | 185,072,400 | 203,760,726 |
| Net assets, end of year | \$ 179,227,902 | \$ 11,628,842 | \$ 190,856,744 | \$ 229,422,402 |

The accompanying notes are an integral part of these financial statements.



Fund Financial Statements

WASHTENAW COUNTY
Balance Sheet - Governmental Funds
December 31, 2007

| | <u>General</u> | <u>Community Support & Treatment Services</u> | <u>Parks and Recreation</u> | <u>Revenue Sharing Reserve</u> | <u>Enhanced Emergency Communication System Millage</u> |
|---|-----------------------------|---|---------------------------------|--|--|
| <u>ASSETS</u> | | | | | |
| Assets | | | | | |
| Cash and pooled investments | \$ 3,858,970 | \$ 1,331,006 | \$ 24,979,672 | \$ 36,891,418 | \$ 850,914 |
| Receivables: | | | | | |
| Taxes - current | 2,231,968 | - | 10,938,072 | - | 3,068,613 |
| Taxes - delinquent | 200,988 | - | - | - | - |
| Accounts | 510,754 | 679,278 | - | - | - |
| Interfund receivable | - | - | - | - | - |
| Due from other funds | 1,841,352 | - | - | - | - |
| Due from other governments | 1,185,021 | 20,589 | - | - | - |
| Notes receivable | - | - | - | - | - |
| Advances to other funds | 96,321 | - | - | - | - |
| Prepaid items | 1,080,015 | 22,171 | - | - | - |
| | <u>1,080,015</u> | <u>22,171</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>TOTAL ASSETS</u> | <u>\$ 11,005,389</u> | <u>\$ 2,053,044</u> | <u>\$ 35,917,744</u> | <u>\$ 36,891,418</u> | <u>\$ 3,919,527</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ 398,361 | \$ 247,341 | \$ 240,437 | \$ - | \$ - |
| Accrued liabilities | 1,748,659 | 759,237 | 90,367 | - | - |
| Due to other governments | - | - | - | - | - |
| Interfund payable | - | - | - | - | - |
| Deferred revenue | 200,988 | - | 10,943,882 | - | 3,068,613 |
| Advances from other governments | - | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>2,348,008</u> | <u>1,006,578</u> | <u>11,274,686</u> | <u>-</u> | <u>3,068,613</u> |
| Fund balances | | | | | |
| Reserved: | | | | | |
| Reserved for land acquisition | - | - | 7,824,893 | - | - |
| Reserved for long-term advances | 96,321 | - | - | - | - |
| Reserved for prepaid items | 1,080,015 | 22,171 | - | - | - |
| Unreserved: | | | | | |
| Undesignated | 7,481,045 | 1,024,295 | 16,818,165 | 36,891,418 | 850,914 |
| Undesignated, reported in nonmajor: | | | | | |
| Special revenue funds | - | - | - | - | - |
| Debt service funds | - | - | - | - | - |
| Capital projects funds | - | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total fund balances | <u>8,657,381</u> | <u>1,046,466</u> | <u>24,643,058</u> | <u>36,891,418</u> | <u>850,914</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | <u>\$ 11,005,389</u> | <u>\$ 2,053,044</u> | <u>\$ 35,917,744</u> | <u>\$ 36,891,418</u> | <u>\$ 3,919,527</u> |

The accompanying notes are an integral part of these financial statements.

| County Capital Projects | Other Governmental Funds | Total Governmental Funds |
|--|---|---|
| \$ 54,571,745 | \$ 5,869,862 | \$ 128,353,587 |
| - | - | 16,238,653 |
| - | - | 200,988 |
| 12,755 | 571,439 | 1,774,226 |
| 2,901,728 | - | 2,901,728 |
| - | - | 1,841,352 |
| - | 6,054,669 | 7,260,279 |
| - | 195,799 | 195,799 |
| 81,466 | - | 177,787 |
| 133,039 | 33,758 | 1,268,983 |
| <u>\$ 57,700,733</u> | <u>\$ 12,725,527</u> | <u>\$ 160,213,382</u> |

| | | |
|---------------|------------------|-------------------|
| \$ 77,933 | \$ 739,707 | \$ 1,703,779 |
| - | 880,195 | 3,478,458 |
| - | 814,903 | 814,903 |
| - | 2,901,728 | 2,901,728 |
| - | 402,626 | 14,616,109 |
| - | 83,200 | 83,200 |
| <u>77,933</u> | <u>5,822,359</u> | <u>23,598,177</u> |

| | | |
|----------------------|----------------------|-----------------------|
| - | - | 7,824,893 |
| 81,466 | - | 177,787 |
| 133,039 | 33,758 | 1,268,983 |
| 57,408,295 | - | 120,474,132 |
| - | 4,834,805 | 4,834,805 |
| - | 14,040 | 14,040 |
| - | 2,020,565 | 2,020,565 |
| <u>57,622,800</u> | <u>6,903,168</u> | <u>136,615,205</u> |
| <u>\$ 57,700,733</u> | <u>\$ 12,725,527</u> | <u>\$ 160,213,382</u> |

WASHTENAW COUNTY
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
December 31, 2007

Fund balances - total governmental funds \$ 136,615,205

Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

| | |
|-----------------------------------|--------------|
| Add - capital assets | 169,626,601 |
| Deduct - accumulated depreciation | (44,061,663) |

| | |
|--|-----------|
| Other long-term assets are not available to pay for current-period expenditures and therefore are not recorded in the funds. | 2,659,456 |
|--|-----------|

Discounts and premiums on bonds are reported as other financing uses or sources in the governmental funds, whereas they are capitalized and amortized for net assets (and netted against bonds payable).

| | |
|------------------------|-----------|
| Add - bond discounts | 37,500 |
| Deduct - bond premiums | (518,618) |

| | |
|---|-----------|
| Deferred charges for bond issuance costs are currently expended in the governmental funds, whereas they are capitalized and amortized for net assets. | 1,137,386 |
|---|-----------|

| | |
|---|-----------|
| Losses on refunding are not reported in the governmental funds, whereas they are capitalized and amortized for net assets (and netted against bonds payable). | 1,037,445 |
|---|-----------|

| | |
|--|-----------|
| Internal service funds are used by management to charge the costs of certain activities such as insurance, worker's compensation, and building occupancy and maintenance. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. | 4,056,090 |
|--|-----------|

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

| | |
|---|--------------|
| Deduct - bonds, notes and capital leases payable | (74,932,838) |
| Deduct - accrued interest on bonds payable | (630,546) |
| Deduct - other postemployment benefit obligation | (2,311,907) |
| Deduct - accrued compensated absences and other long-term liabilities | (13,486,209) |

Net assets of governmental activities \$ 179,227,902

The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2007

| | <u>General</u> | <u>Community Support & Treatment Services</u> | <u>Parks and Recreation</u> | <u>Revenue Sharing Reserve</u> | <u>Enhanced Emergency Communication System Millage</u> |
|---------------------------------------|---------------------|---|---------------------------------|--|--|
| Revenues | | | | | |
| Taxes | \$ 72,803,650 | \$ - | \$ 10,580,404 | \$ - | \$ 2,967,474 |
| Licenses and permits | 271,202 | - | - | - | - |
| Intergovernmental | 5,524,930 | 20,415,479 | - | - | - |
| Charges for services | 17,331,774 | 524,250 | 3,224,613 | - | - |
| Fines and forfeits | 1,141,280 | - | - | - | - |
| Investment income | 1,429,478 | - | 1,407,103 | 14,613 | 16,764 |
| Other | 974,130 | 523,828 | 152,307 | - | - |
| | <u>99,476,444</u> | <u>21,463,557</u> | <u>15,364,427</u> | <u>14,613</u> | <u>2,984,238</u> |
| Total revenues | | | | | |
| Expenditures | | | | | |
| Current: | | | | | |
| Legislative | 560,972 | - | - | - | - |
| Judicial | 17,316,916 | - | - | - | - |
| General government | 14,244,201 | - | - | - | - |
| Public safety | 43,786,137 | - | - | - | - |
| Public works | - | - | - | - | - |
| Health | - | 22,449,779 | - | - | - |
| Social services | 1,519,638 | - | - | - | - |
| Culture and recreation | 667,590 | - | 9,851,077 | - | - |
| Other | 5,873,564 | - | - | - | - |
| Debt service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Bond issuance costs | - | - | - | - | - |
| Capital outlay | - | - | - | - | - |
| | <u>83,969,018</u> | <u>22,449,779</u> | <u>9,851,077</u> | <u>-</u> | <u>-</u> |
| Total expenditures | | | | | |
| Revenues over (under) expenditures | <u>15,507,426</u> | <u>(986,222)</u> | <u>5,513,350</u> | <u>14,613</u> | <u>2,984,238</u> |
| Other financing sources (uses) | | | | | |
| Issuance of bonds | - | - | - | - | - |
| Premium on bonds | - | - | - | - | - |
| Capital leases | 695,122 | - | - | - | - |
| Transfers in | 7,390,700 | 986,224 | - | - | - |
| Transfers out | (23,355,340) | - | - | (6,140,045) | (2,133,324) |
| | <u>(15,269,518)</u> | <u>986,224</u> | <u>-</u> | <u>(6,140,045)</u> | <u>(2,133,324)</u> |
| Total other sources (uses) | | | | | |
| Net change in fund balances | 237,908 | 2 | 5,513,350 | (6,125,432) | 850,914 |
| Fund balances - | | | | | |
| Beginning of year, as restated | <u>8,419,473</u> | <u>1,046,464</u> | <u>19,129,708</u> | <u>43,016,850</u> | <u>-</u> |
| End of year | <u>\$ 8,657,381</u> | <u>\$ 1,046,466</u> | <u>\$ 24,643,058</u> | <u>\$ 36,891,418</u> | <u>\$ 850,914</u> |

The accompanying notes are an integral part of these financial statements.

| County Capital Projects | Other Governmental Funds | Total Governmental Funds |
|--|---|---|
| \$ - | \$ 198,328 | \$ 86,549,856 |
| - | 2,282,716 | 2,553,918 |
| 117,201 | 34,127,750 | 60,185,360 |
| 396,137 | 3,997,862 | 25,474,636 |
| - | 63,845 | 1,205,125 |
| 3,180,107 | 286,054 | 6,334,119 |
| 556,898 | 3,591,496 | 5,798,659 |
| <u>4,250,343</u> | <u>44,548,051</u> | <u>188,101,673</u> |
| - | - | 560,972 |
| - | 6,946,466 | 24,263,382 |
| - | 320,592 | 14,564,793 |
| - | 5,709,702 | 49,495,839 |
| - | 743,454 | 743,454 |
| - | 16,788,622 | 39,238,401 |
| - | 28,605,140 | 30,124,778 |
| - | 944,267 | 11,462,934 |
| - | - | 5,873,564 |
| - | 4,224,476 | 4,224,476 |
| - | 2,603,594 | 2,603,594 |
| 521,544 | - | 521,544 |
| 6,267,156 | 644,189 | 6,911,345 |
| <u>6,788,700</u> | <u>67,530,502</u> | <u>190,589,076</u> |
| <u>(2,538,357)</u> | <u>(22,982,451)</u> | <u>(2,487,403)</u> |
| 21,675,000 | - | 21,675,000 |
| 125,147 | - | 125,147 |
| - | - | 695,122 |
| 7,683,809 | 25,084,489 | 41,145,222 |
| (6,288,725) | (1,595,234) | (39,512,668) |
| <u>23,195,231</u> | <u>23,489,255</u> | <u>24,127,823</u> |
| 20,656,874 | 506,804 | 21,640,420 |
| <u>36,965,926</u> | <u>6,396,364</u> | <u>114,974,785</u> |
| <u>\$ 57,622,800</u> | <u>\$ 6,903,168</u> | <u>\$ 136,615,205</u> |

WASHTENAW COUNTY
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2007

Net change in fund balances - total governmental funds \$ 21,640,420

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

| | |
|---|-------------|
| Add - capital outlay | 9,148,062 |
| Deduct - depreciation expense | (4,012,402) |
| Deduct - loss on disposal of capital assets | (227,714) |

| | |
|--|-----------|
| Revenues in the statement of activities that do not provide current resources are not reported as revenues in the funds. | (435,226) |
|--|-----------|

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

| | |
|---|--------------|
| Deduct - bond proceeds | (21,675,000) |
| Add - bond issuance costs | 521,544 |
| Deduct - premium on bonds | (125,147) |
| Add - principal payments on long-term liabilities | 4,224,476 |
| Add - principal payments on capital leases | 175,414 |
| Deduct - capital lease proceeds | (695,122) |

Accrued interest expense on bonds and the amortization of bond issuance costs, discounts, premiums and deferred losses are not recorded by governmental funds, but are reported under interest and fiscal charges for purposes of net assets:

| | |
|---|-----------|
| Deduct - Accrued interest expense | (104,577) |
| Deduct - Amortization of bond issuance costs | (91,848) |
| Deduct - Amortization of discount on bonds | (2,500) |
| Add - Amortization of premium on bonds | 55,443 |
| Deduct - Amortization of deferred loss on refunding | (120,459) |

Internal service funds are used by management to charge the costs of certain activities such as insurance, workers' compensation, and building occupancy and maintenance to individual governmental funds. The net revenue (expense) attributable to those funds is reported with governmental activities.

| | |
|--|-------------|
| Deduct - net operating income from governmental activities in internal service funds | (1,287,325) |
| Add - interest revenue from governmental internal service funds | 241,583 |
| Deduct - net loss on disposal of capital assets in governmental internal service funds | (75,623) |
| Deduct - interest expense and fiscal charges from governmental internal service funds | (10,891) |
| Deduct - net transfer from governmental internal service fund to debt service fund | (9,599) |

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

| | |
|---|-------------|
| Deduct - increase in other postemployment benefit obligation | (2,311,907) |
| Deduct - increase in accrual for accrued compensated absences | (580,227) |

Change in net assets of governmental activities \$ 4,241,375

The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
General Fund
Year Ended December 31, 2007

| | Budget | | Actual | Variance with Final Budget - Positive (Negative) |
|--------------------------------|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 72,462,117 | \$ 72,487,117 | \$ 72,803,650 | \$ 316,533 |
| Licenses and permits | 123,200 | 173,200 | 271,202 | 98,002 |
| Intergovernmental | 5,054,741 | 5,362,546 | 5,524,930 | 162,384 |
| Charges for services | 18,319,318 | 18,286,318 | 17,331,774 | (954,544) |
| Fines and forfeits | 1,262,100 | 1,262,100 | 1,141,280 | (120,820) |
| Investment income | 754,400 | 754,400 | 1,429,478 | 675,078 |
| Other | 887,606 | 887,115 | 974,130 | 87,015 |
| | <u>98,863,482</u> | <u>99,212,796</u> | <u>99,476,444</u> | <u>263,648</u> |
| Expenditures | | | | |
| Legislative - | | | | |
| Board of commissioners | <u>571,065</u> | <u>571,065</u> | <u>560,972</u> | <u>10,093</u> |
| Judicial: | | | | |
| Circuit court | 4,615,881 | 4,669,621 | 4,622,028 | 47,593 |
| District court | 5,037,491 | 5,199,113 | 5,239,787 | (40,674) |
| Probate court | 1,065,681 | 1,090,271 | 1,224,950 | (134,679) |
| Probate court - juvenile | 3,056,931 | 3,223,998 | 3,165,149 | 58,849 |
| Probation department | 145,272 | 145,272 | 127,876 | 17,396 |
| Public defender | <u>2,824,718</u> | <u>2,933,994</u> | <u>2,937,126</u> | <u>(3,132)</u> |
| Total judicial | <u>16,745,974</u> | <u>17,262,269</u> | <u>17,316,916</u> | <u>(54,647)</u> |
| General government: | | | | |
| Information technology | 7,042,609 | 6,858,902 | 7,689,682 | (830,780) |
| Building authority | 7,697 | 7,697 | 5,797 | 1,900 |
| Clerk / Register | 5,001,019 | 4,864,801 | 4,893,059 | (28,258) |
| Human resources | 1,802,110 | 1,904,138 | 1,847,553 | 56,585 |
| Drain commissioner | 2,486,251 | 2,524,497 | 2,477,618 | 46,879 |
| Equalization | 1,502,644 | 1,518,667 | 1,513,679 | 4,988 |
| Planning | 1,916,069 | 2,020,468 | 1,928,908 | 91,560 |
| Finance | 3,089,380 | 3,166,060 | 3,176,026 | (9,966) |
| Corporation counsel | 249,372 | 256,716 | 258,266 | (1,550) |
| Treasurer | 1,234,838 | 1,276,603 | 1,251,552 | 25,051 |
| Administrator | 999,747 | 1,169,397 | 1,150,728 | 18,669 |
| Allocated to other departments | <u>(11,901,083)</u> | <u>(11,946,083)</u> | <u>(11,948,667)</u> | <u>2,584</u> |
| Total general government | <u>13,430,653</u> | <u>13,621,864</u> | <u>14,244,201</u> | <u>(622,337)</u> |

Continued...

WASHTENAW COUNTY
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Continued)
General Fund
Year Ended December 31, 2007

| | Budget | | Actual | Variance with Final Budget - Positive (Negative) |
|--|----------------------------|----------------------------|----------------------------|---|
| | Original | Final | | |
| Public safety: | | | | |
| Emergency management | \$ 449,240 | \$ 457,158 | \$ 461,343 | \$ (4,185) |
| Sheriff | 35,976,210 | 37,713,976 | 37,861,262 | (147,286) |
| Prosecuting attorney | 5,256,183 | 5,409,821 | 5,463,532 | (53,711) |
| Total public safety | <u>41,681,633</u> | <u>43,580,955</u> | <u>43,786,137</u> | <u>(205,182)</u> |
| Social services: | | | | |
| Children's services | 605,807 | 871,114 | 788,916 | 82,198 |
| Veterans counselor | 711,883 | 711,883 | 730,722 | (18,839) |
| Total social services | <u>1,317,690</u> | <u>1,582,997</u> | <u>1,519,638</u> | <u>63,359</u> |
| Culture - county extension | <u>682,942</u> | <u>689,746</u> | <u>667,590</u> | <u>22,156</u> |
| Other unallocated expenditures | <u>4,134,616</u> | <u>5,651,187</u> | <u>5,873,564</u> | <u>(222,377)</u> |
| Total expenditures | <u>78,564,573</u> | <u>82,960,083</u> | <u>83,969,018</u> | <u>(1,008,935)</u> |
| Revenues over expenditures | <u>20,298,909</u> | <u>16,252,713</u> | <u>15,507,426</u> | <u>(745,287)</u> |
| Other financing sources (uses) | | | | |
| Capital leases | - | - | 695,122 | 695,122 |
| Transfers in | 7,019,415 | 7,392,572 | 7,390,700 | (1,872) |
| Transfers out | (27,068,324) | (23,395,286) | (23,355,340) | 39,946 |
| Total other sources (uses) | <u>(20,048,909)</u> | <u>(16,002,713)</u> | <u>(15,269,518)</u> | <u>733,195</u> |
| Net change in fund balance | 250,000 | 250,000 | 237,908 | (12,092) |
| Fund balance, beginning of year, as restated | <u>8,419,473</u> | <u>8,419,473</u> | <u>8,419,473</u> | <u>-</u> |
| Fund balance, end of year | <u><u>\$ 8,669,473</u></u> | <u><u>\$ 8,669,473</u></u> | <u><u>\$ 8,657,381</u></u> | <u><u>\$ (12,092)</u></u> |

The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Community Support & Treatment Services
Special Revenue Fund
Year Ended September 30, 2007

| | <u>Budget</u> | | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|------------------------------------|-------------------|-------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Intergovernmental | \$ 20,880,402 | \$ 20,880,403 | \$ 20,415,479 | \$ (464,924) |
| Charges for services | 932,890 | 932,890 | 524,250 | (408,640) |
| Other | 501,200 | 501,200 | 523,828 | 22,628 |
| Total revenues | 22,314,492 | 22,314,493 | 21,463,557 | (850,936) |
| Expenditures | | | | |
| Health | 24,946,443 | 24,946,444 | 22,449,779 | 2,496,665 |
| Revenues over (under) expenditures | (2,631,951) | (2,631,951) | (986,222) | 1,645,729 |
| Other financing sources | | | | |
| Transfers in | 2,480,930 | 2,480,930 | 986,224 | (1,494,706) |
| Net change in fund balance | (151,021) | (151,021) | 2 | 151,023 |
| Fund balance, beginning of year | 1,046,464 | 1,046,464 | 1,046,464 | - |
| Fund balance, end of year | <u>\$ 895,443</u> | <u>\$ 895,443</u> | <u>\$ 1,046,466</u> | <u>\$ 151,023</u> |

The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Parks and Recreation Special Revenue Fund
Year Ended December 31, 2007

| | <u>Budget</u> | | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|----------------------------------|-----------------------------|-----------------------------|-----------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Taxes | \$ 9,926,195 | \$ 9,926,195 | \$ 10,580,404 | \$ 654,209 |
| Charges for services | 3,085,400 | 3,085,400 | 3,224,613 | 139,213 |
| Investment income | 298,000 | 298,000 | 1,407,103 | 1,109,103 |
| Other | 2,000 | 2,000 | 152,307 | 150,307 |
| | <u>13,311,595</u> | <u>13,311,595</u> | <u>15,364,427</u> | <u>2,052,832</u> |
| Expenditures | | | | |
| Culture and recreation | <u>13,311,595</u> | <u>13,311,595</u> | <u>9,851,077</u> | <u>3,460,518</u> |
| Net change in fund balance | - | - | 5,513,350 | 5,513,350 |
| Fund balance, beginning of year | <u>19,129,708</u> | <u>19,129,708</u> | <u>19,129,708</u> | <u>-</u> |
| Fund balance, end of year | <u><u>\$ 19,129,708</u></u> | <u><u>\$ 19,129,708</u></u> | <u><u>\$ 24,643,058</u></u> | <u><u>\$ 5,513,350</u></u> |

The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Revenue Sharing Reserve Fund
Year Ended December 31, 2007

| | <u>Budget</u> | | <u>Actual</u> | Variance with Final Budget - Positive (Negative) |
|----------------------------------|----------------------|----------------------|----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Taxes | \$ 19,506,856 | \$ 19,506,856 | \$ - | \$ (19,506,856) |
| Investment income | 1,161,445 | 1,161,445 | 14,613 | (1,146,832) |
| Total revenues | 20,668,301 | 20,668,301 | 14,613 | (20,653,688) |
| Other financing uses | | | | |
| Transfers out | (6,116,361) | (6,116,361) | (6,140,045) | (23,684) |
| Net change in fund balance | 14,551,940 | 14,551,940 | (6,125,432) | (20,677,372) |
| Fund balance, beginning of year | 43,016,850 | 43,016,850 | 43,016,850 | - |
| Fund balance, end of year | <u>\$ 57,568,790</u> | <u>\$ 57,568,790</u> | <u>\$ 36,891,418</u> | <u>\$ (20,677,372)</u> |

The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Enhanced Emergency Communication System Millage
Special Revenue Fund
Year Ended December 31, 2007

| | <u>Budget</u> | | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|----------------------------------|-----------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Taxes | \$ - | \$ 3,071,984 | \$ 2,967,474 | \$ (104,510) |
| Investment income | - | - | 16,764 | 16,764 |
| Total revenues | - | 3,071,984 | 2,984,238 | (87,746) |
| Other financing sources | | | | |
| Transfers out | - | (2,206,198) | (2,133,324) | 72,874 |
| Net change in fund balance | - | 865,786 | 850,914 | (14,872) |
| Fund balance, beginning of year | - | - | - | - |
| Fund balance, end of year | <u>\$ -</u> | <u>\$ 865,786</u> | <u>\$ 850,914</u> | <u>\$ (14,872)</u> |

The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY
Statement of Net Assets
Proprietary Funds
December 31, 2007

| | <u>Business-type Activities - Enterprise Funds</u> | | | <u>Governmental</u> |
|--|--|---------------------------------------|----------------------|--|
| | <u>Delinquent Tax Revolving</u> | <u>Other Enterprise Funds</u> | <u>Total</u> | <u>Activities - Internal Service Funds</u> |
| Assets | | | | |
| Current assets: | | | | |
| Cash and pooled investments | \$ 13,209,562 | \$ 2,089,959 | \$ 15,299,521 | \$ 3,767,061 |
| Receivables: | | | | |
| Delinquent taxes | 14,423,920 | - | 14,423,920 | - |
| Interest and collection fees | 2,488,669 | - | 2,488,669 | - |
| Accounts | - | - | - | 379,600 |
| Due from other governments | - | - | - | 62,618 |
| Due from component units | 30,000 | - | 30,000 | - |
| Inventories | - | - | - | 98,875 |
| Prepaid items | - | - | - | 800,456 |
| Total current assets | <u>30,152,151</u> | <u>2,089,959</u> | <u>32,242,110</u> | <u>5,108,610</u> |
| Noncurrent assets - | | | | |
| Capital assets, net | - | 17,841 | 17,841 | 2,859,181 |
| Total assets | <u>30,152,151</u> | <u>2,107,800</u> | <u>32,259,951</u> | <u>7,967,791</u> |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Accounts payable | - | - | - | 529,300 |
| Accrued liabilities | 2,302 | 5,176 | 7,478 | 2,844,488 |
| Due to other funds | 1,841,352 | - | 1,841,352 | - |
| Interest payable | 766,830 | - | 766,830 | - |
| Accrued compensated absences, current portion | - | 4,010 | 4,010 | - |
| General obligation notes payable | 18,000,000 | - | 18,000,000 | - |
| Total current liabilities | <u>20,610,484</u> | <u>9,186</u> | <u>20,619,670</u> | <u>3,373,788</u> |
| Long-term liabilities: | | | | |
| Accrued compensated absences | - | 11,439 | 11,439 | 360,126 |
| Advances from other funds | - | - | - | 177,787 |
| Total long-term liabilities | <u>-</u> | <u>11,439</u> | <u>11,439</u> | <u>537,913</u> |
| Total liabilities | <u>20,610,484</u> | <u>20,625</u> | <u>20,631,109</u> | <u>3,911,701</u> |
| Net assets | | | | |
| Invested in capital assets | - | 17,841 | 17,841 | 2,788,860 |
| Unrestricted | <u>9,541,667</u> | <u>2,069,334</u> | <u>11,611,001</u> | <u>1,267,230</u> |
| Total net assets | <u>\$ 9,541,667</u> | <u>\$ 2,087,175</u> | <u>\$ 11,628,842</u> | <u>\$ 4,056,090</u> |

The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY
Statement of Revenues, Expenses and
Changes in Net Assets
Proprietary Funds
Year Ended December 31, 2007

| | <u>Business-type Activities - Enterprise Funds</u> | | | <u>Governmental Activities - Internal Service Funds</u> |
|---------------------------------------|--|---------------------------------------|----------------------|---|
| | <u>Delinquent Tax Revolving</u> | <u>Other Enterprise Funds</u> | <u>Total</u> | |
| Operating revenues | | | | |
| Charges for services | \$ 227 | \$ 449,036 | \$ 449,263 | \$ 34,439,564 |
| Investment income | 2,537,957 | 13,923 | 2,551,880 | - |
| Collection fees on taxes | 1,184,271 | - | 1,184,271 | - |
| | <u>3,722,455</u> | <u>462,959</u> | <u>4,185,414</u> | <u>34,439,564</u> |
| Operating expenses | | | | |
| Personnel services | 96,436 | 248,685 | 345,121 | 3,027,422 |
| Contractual services | 68,477 | 56,203 | 124,680 | 940,203 |
| Supplies | - | 35,307 | 35,307 | 1,654,024 |
| Occupancy | - | - | - | 2,718,036 |
| Telephone | - | 1,330 | 1,330 | 433,904 |
| Equipment repair and rental | - | 1,295 | 1,295 | 531,237 |
| Building repair and rental | - | - | - | 373,200 |
| Benefits and insurance premiums | - | - | - | 23,812,260 |
| Other | - | 91,081 | 91,081 | 1,321,507 |
| Depreciation | - | 3,567 | 3,567 | 915,096 |
| | <u>164,913</u> | <u>437,468</u> | <u>602,381</u> | <u>35,726,889</u> |
| Operating income (loss) | <u>3,557,542</u> | <u>25,491</u> | <u>3,583,033</u> | <u>(1,287,325)</u> |
| Non-operating income (expense) | | | | |
| Investment earnings | 709,722 | 116,142 | 825,864 | 241,583 |
| Interest expense and fiscal charges | (1,191,114) | - | (1,191,114) | (10,891) |
| Loss on disposal of equipment | - | - | - | (75,623) |
| | <u>(481,392)</u> | <u>116,142</u> | <u>(365,250)</u> | <u>155,069</u> |
| Income (loss) before transfers | 3,076,150 | 141,633 | 3,217,783 | (1,132,256) |
| Transfers in | - | - | - | 86,000 |
| Transfers out | <u>(1,674,814)</u> | <u>-</u> | <u>(1,674,814)</u> | <u>(95,599)</u> |
| Change in net assets | 1,401,336 | 141,633 | 1,542,969 | (1,141,855) |
| Net assets, beginning of year | <u>8,140,331</u> | <u>1,945,542</u> | <u>10,085,873</u> | <u>5,197,945</u> |
| Net assets, end of year | <u>\$ 9,541,667</u> | <u>\$ 2,087,175</u> | <u>\$ 11,628,842</u> | <u>\$ 4,056,090</u> |

The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2007

| | <u>Business-type Activities - Enterprise Funds</u> | | | <u>Governmental Activities - Internal Service Funds</u> |
|---|--|---------------------------------------|----------------------|---|
| | <u>Delinquent Tax Revolving</u> | <u>Other Enterprise Funds</u> | <u>Total</u> | |
| Cash flows from operating activities | | | | |
| Cash received from customers | \$ 26,188,901 | \$ 462,959 | \$ 26,651,860 | \$ 129,099 |
| Cash received from interfund services | - | - | - | 35,760,758 |
| Cash payments for delinquent taxes | (26,528,361) | - | (26,528,361) | - |
| Cash payments to employees | (95,990) | (243,714) | (339,704) | (3,111,086) |
| Cash payments to suppliers | (68,477) | (185,216) | (253,693) | (30,516,132) |
| Cash payments for interfund services | - | - | - | (1,551,365) |
| Net cash provided (used) by operating activities | <u>(503,927)</u> | <u>34,029</u> | <u>(469,898)</u> | <u>711,274</u> |
| Cash flows from noncapital financing activities | | | | |
| Transfers in | - | - | - | 86,000 |
| Transfers out | (1,674,814) | - | (1,674,814) | (95,599) |
| Advances from other funds | - | - | - | 36,718 |
| Proceeds from issuing long term debt | 18,000,000 | - | 18,000,000 | - |
| Principal paid on long term debt | (12,000,000) | - | (12,000,000) | - |
| Interest paid on long term debt | (935,300) | - | (935,300) | - |
| Net cash provided (used) by noncapital financing activities | <u>3,389,886</u> | <u>-</u> | <u>3,389,886</u> | <u>27,119</u> |
| Cash flows from capital and related financing activities | | | | |
| Proceeds from sale of equipment | - | - | - | 168,172 |
| Payments for equipment acquisitions | - | (21,408) | (21,408) | (1,238,092) |
| Net cash used by capital and related financing activities | <u>-</u> | <u>(21,408)</u> | <u>(21,408)</u> | <u>(1,069,920)</u> |
| Cash flows from investing activities | | | | |
| Investment earnings | <u>709,722</u> | <u>116,142</u> | <u>825,864</u> | <u>230,692</u> |
| Net increase (decrease) in cash and cash equivalents | 3,595,681 | 128,763 | 3,724,444 | (100,835) |
| Cash and cash equivalents, beginning of year | <u>9,613,881</u> | <u>1,961,196</u> | <u>11,575,077</u> | <u>3,867,896</u> |
| Cash and cash equivalents, end of year | <u>\$ 13,209,562</u> | <u>\$ 2,089,959</u> | <u>\$ 15,299,521</u> | <u>\$ 3,767,061</u> |

Continued...

WASHTENAW COUNTY
Statement of Cash Flows (concluded)
Proprietary Funds
Year Ended December 31, 2007

| | <u>Business-type Activities - Enterprise Funds</u> | | | <u>Governmental Activities - Internal Service Funds</u> |
|--|--|---------------------------------------|---------------------|---|
| | <u>Delinquent Tax Revolving</u> | <u>Other Enterprise Funds</u> | <u>Total</u> | |
| Reconciliation of operating income to net cash provided (used) by operating activities: | | | | |
| Operating income (loss) | \$ 3,557,542 | \$ 25,491 | \$ 3,583,033 | \$ (1,287,325) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | |
| Depreciation | - | 3,567 | 3,567 | 915,096 |
| Changes in assets and liabilities: | | | | |
| Receivables | (5,873,266) | - | (5,873,266) | 9,357 |
| Interfund receivable | - | - | - | 104,774 |
| Due from other funds | - | - | - | 2,380,000 |
| Due from other governments | (30,000) | - | (30,000) | (55,582) |
| Inventories | - | - | - | 41,931 |
| Prepaid items | - | - | - | 6,225 |
| Accounts payable | - | - | - | 218,509 |
| Accrued liabilities | 445 | 1,108 | 1,553 | 642,149 |
| Due to other funds | 1,841,352 | - | 1,841,352 | (2,214,999) |
| Interfund payable | - | - | - | (51,802) |
| Unearned revenue | - | - | - | (18,670) |
| Accrued compensated absences | - | 3,863 | 3,863 | 21,611 |
| Net cash provided (used) by operating activities | <u>\$ (503,927)</u> | <u>\$ 34,029</u> | <u>\$ (469,898)</u> | <u>\$ 711,274</u> |

The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2007

| | Pension and Other Employee Benefit Trust Funds | Agency Fund |
|---|---|------------------------|
| Assets | | |
| Cash and pooled investments | \$ 1,102,323 | \$ 17,525,925 |
| Investments, at fair value: | | |
| Equities | 96,595,497 | - |
| United States treasuries | 1,371,566 | - |
| United States treasury strips | 10,568,017 | - |
| United States agencies | 21,621,680 | - |
| Corporate securities | 16,956,796 | - |
| Mutual funds | 124,880,722 | - |
| Money market funds | 9,586,823 | - |
| Accounts receivable | 52,061 | - |
| Accrued interest and dividends | 461,097 | - |
| | <u>283,196,582</u> | <u>\$ 17,525,925</u> |
| Total assets | <u>283,196,582</u> | <u>\$ 17,525,925</u> |
| Liabilities | | |
| Accounts payable | 192,514 | \$ - |
| Accrued liabilities | 227,770 | - |
| Undistributed receipts | - | 17,525,925 |
| | <u>420,284</u> | <u>17,525,925</u> |
| Total liabilities | <u>420,284</u> | <u>\$ 17,525,925</u> |
| Net assets | | |
| Held in trust for pension and other employee benefits | <u>\$ 282,776,298</u> | |

The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY
Statement of Changes in Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
Year Ended December 31, 2007

Additions

Investment income:

From investing activities:

| | |
|---|-------------------|
| Net appreciation in fair value of investments | \$ 12,216,635 |
| Interest and dividends | 9,853,002 |
| Investment management fees | (864,116) |
| Net income from investing activities | <u>21,205,521</u> |

From securities lending activities:

| | |
|---|---------------|
| Gross earnings | 1,389,493 |
| Borrower rebates | (1,299,848) |
| Securities fees | (35,858) |
| Net income from securities lending activities | <u>53,787</u> |

| | |
|-----------------------------|-------------------|
| Total net investment income | <u>21,259,308</u> |
|-----------------------------|-------------------|

Contributions:

| | |
|---|------------|
| Employer | 19,306,662 |
| Employees | 4,019,004 |
| On behalf - federal Medicare Part D subsidy | 282,328 |

| | |
|---------------------|-------------------|
| Total contributions | <u>23,607,994</u> |
|---------------------|-------------------|

| | |
|-----------------|---------------|
| Other additions | <u>27,022</u> |
|-----------------|---------------|

| | |
|-----------------|-------------------|
| Total additions | <u>44,894,324</u> |
|-----------------|-------------------|

Deductions

| | |
|-------------------------|------------|
| Participant benefits | 24,617,968 |
| Participant refunds | 34,573 |
| Administrative expenses | 667,591 |

| | |
|------------------|-------------------|
| Total deductions | <u>25,320,132</u> |
|------------------|-------------------|

Net additions (deductions) to net assets held in trust

| | |
|------------------------------------|---------------|
| Employees' pension benefits | \$ 12,841,527 |
| Postemployment healthcare benefits | 6,608,068 |
| Other employee benefits | 124,597 |

| | |
|---|------------|
| Total net additions to net assets held in trust | 19,574,192 |
|---|------------|

| | |
|--|--------------------|
| Net assets held in trust for benefits, beginning of year | <u>263,202,106</u> |
|--|--------------------|

Net assets held in trust for benefits, end of year

| | |
|--|-------------|
| Restricted for employees' pension benefits | 231,504,125 |
| Restricted for employees' postemployment healthcare benefits | 50,360,109 |
| Restricted for other employees' benefits | 912,064 |

| | |
|--|-----------------------|
| Total net assets held in trust for benefits, end of year | <u>\$ 282,776,298</u> |
|--|-----------------------|

The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY
Combining Statement of Net Assets
Component Units
December 31, 2007

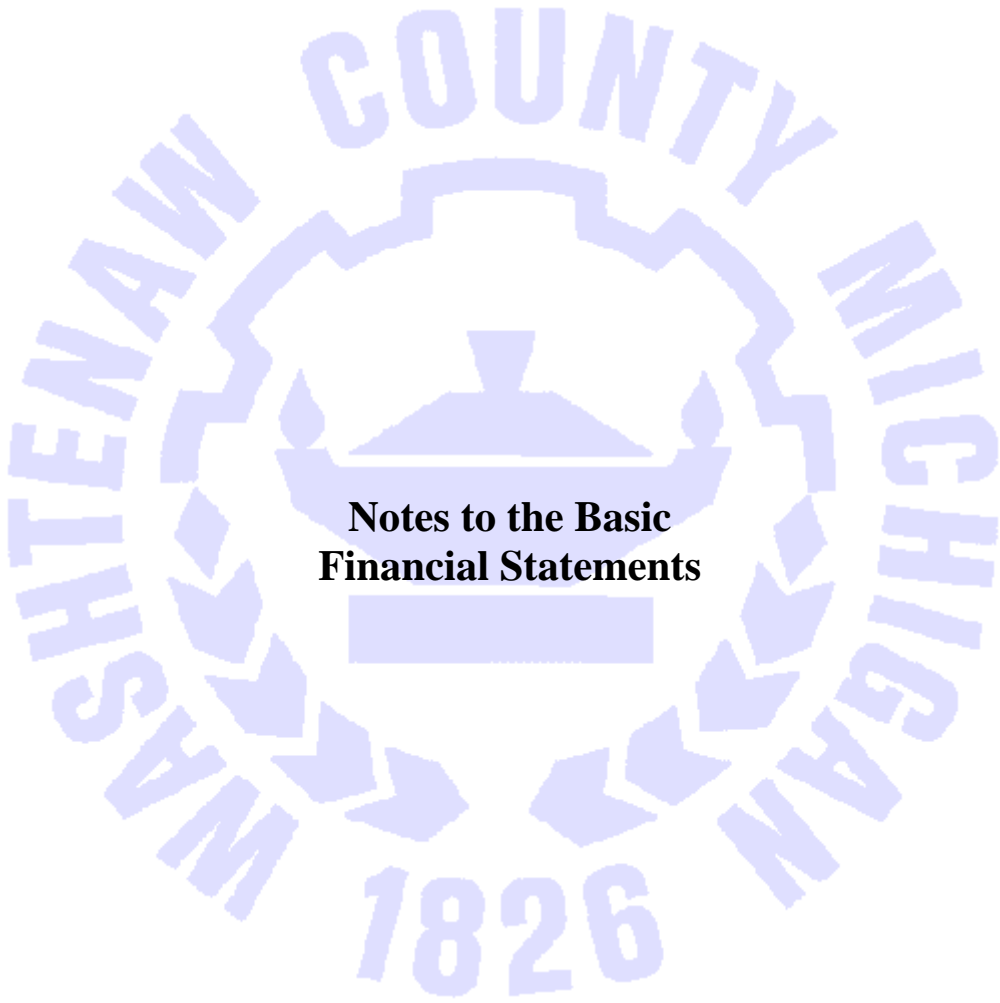
| | Department of Public Works Projects | Drain Commissioner | Hazardous Materials Response Authority | Road Commission | Total |
|---|--|-------------------------------|---|----------------------------|-----------------------|
| Assets | | | | | |
| Cash and pooled investments | \$ 2,140,481 | \$ 9,188,135 | \$ 109,114 | \$ 10,177,265 | \$ 21,614,995 |
| Receivables, net | 37,621,782 | 6,584,803 | - | 3,950,214 | 48,156,799 |
| Prepaid items and other assets | 348,160 | 69,598 | - | 947,466 | 1,365,224 |
| Capital assets not being depreciated | - | 1,998,903 | - | 23,104,959 | 25,103,862 |
| Capital assets being depreciated, net | - | 17,722,071 | - | 176,349,676 | 194,071,747 |
| Total assets | 40,110,423 | 35,563,510 | 109,114 | 214,529,580 | 290,312,627 |
| Liabilities | | | | | |
| Accounts payable and accrued expenses | 405,893 | 3,991,271 | - | 8,749,603 | 13,146,767 |
| Accrued interest payable | 247,077 | 62,415 | - | - | 309,492 |
| Net other postemployment benefit liability | - | - | - | 153,281 | 153,281 |
| Long-term liabilities: | | | | | |
| Due within one year | 2,765,000 | 1,109,510 | - | 878,397 | 4,752,907 |
| Due in more than one year | 32,416,389 | 6,130,737 | - | 3,980,652 | 42,527,778 |
| Total liabilities | 35,834,359 | 11,293,933 | - | 13,761,933 | 60,890,225 |
| Net assets | | | | | |
| Invested in capital assets, net of related debt | - | 12,480,727 | - | 195,695,127 | 208,175,854 |
| Restricted for: | | | | | |
| Debt service | 14,518 | 1,493,420 | - | - | 1,507,938 |
| Acquisition/construction of capital assets | 4,261,546 | 5,584,550 | - | - | 9,846,096 |
| Unrestricted | - | 4,710,880 | 109,114 | 5,072,520 | 9,892,514 |
| Total net assets | \$ 4,276,064 | \$ 24,269,577 | \$ 109,114 | \$ 200,767,647 | \$ 229,422,402 |

The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY
Combining Statement of Activities
Component Units
Year Ended December 31, 2007

| | Department of Public Works Projects | Drain Commissioner | Hazardous Materials Response Authority | Road Commission | Total |
|--|--|-------------------------------|---|----------------------------|-----------------------|
| Expenses | | | | | |
| Public safety | \$ - | \$ - | \$ 104,359 | \$ - | \$ 104,359 |
| Public works | 1,954,708 | 1,568,778 | - | - | 3,523,486 |
| Highways and streets | - | - | - | 27,293,695 | 27,293,695 |
| Total expenses | <u>1,954,708</u> | <u>1,568,778</u> | <u>104,359</u> | <u>27,293,695</u> | <u>30,921,540</u> |
| Program revenues | | | | | |
| Charges for services | - | 207,424 | 29,180 | - | 236,604 |
| Operating grants and contributions | - | - | 19,464 | 49,647,414 | 49,666,878 |
| Capital grants and contributions | 1,917,563 | 3,657,407 | - | - | 5,574,970 |
| Total program revenues | <u>1,917,563</u> | <u>3,864,831</u> | <u>48,644</u> | <u>49,647,414</u> | <u>55,478,452</u> |
| Net program (expense) revenue | (37,145) | 2,296,053 | (55,715) | 22,353,719 | 24,556,912 |
| General revenues | | | | | |
| Unrestricted investment earnings | 124,035 | 562,626 | 6,608 | 411,495 | 1,104,764 |
| Change in net assets | 86,890 | 2,858,679 | (49,107) | 22,765,214 | 25,661,676 |
| Net assets, beginning of year, as restated | <u>4,189,174</u> | <u>21,410,898</u> | <u>158,221</u> | <u>178,002,433</u> | <u>203,760,726</u> |
| Net assets, end of year | <u>\$ 4,276,064</u> | <u>\$ 24,269,577</u> | <u>\$ 109,114</u> | <u>\$ 200,767,647</u> | <u>\$ 229,422,402</u> |

The accompanying notes are an integral part of these financial statements.



**Notes to the Basic
Financial Statements**

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

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WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Washtenaw County, Michigan (the “County” or “government”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County’s accounting policies are described below.

A. Reporting Entity

Washtenaw County is a municipal corporation governed by an 11-member commission and administered by an appointed county administrator. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government’s operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. The blended and discretely presented component units have December 31 year ends.

Blended Component Unit

The *Washtenaw County Building Authority* is governed by a five-member board appointed by the Board of Commissioners. The Building Authority is reported as if it was part of the primary government because its sole purpose is to finance and construct the County’s public buildings.

Discretely Presented Component Units

The *Washtenaw County Department of Public Works Projects* is managed by the Board of Public Works, a seven-member board appointed by the County Board of Commissioners. The Board of Public Works is responsible for administering various public works construction projects and the associated debt service funds on behalf of local units of government within the County under the provisions of Act 185, Public Acts of 1957, as amended. All of the Board of Public Works’ contractual agreements including bond issuances require County Board of Commissioners approval. The full faith and credit of the County is given for the long-term debt of these projects.

Each of the drainage districts included in the financial statements of the *Washtenaw County Drain Commissioner* are separate legal entities with the power to contract; to sue and to be sued; and to hold, manage and dispose of real and personal property. The Statutory Drain Board consists of the Drain Commissioner, the Chair of the County Board of Commissioners, and one other member of the Board of Commissioners. The Drain Commissioner is responsible for the construction and maintenance of storm drains within the County. The full faith and credit of the County is often given for the long-term debt of the drainage districts.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

The *Washtenaw County Hazardous Materials Response Team Authority (WCHMRTA)* is managed by an 11-member board composed of a representative from each of the five enabling jurisdictions (Washtenaw County, City of Ann Arbor, City of Ypsilanti, Pittsfield Township and Ypsilanti Township) appointed by their governing bodies, three representatives appointed by the Mutual Aid Association, and one member each from the Criminal Justice Association, Washtenaw County Public Health Department, and Huron Valley Ambulance. A Technical Advisory Committee supports the Board. The WCHMRTA was formed to develop and manage a county wide hazardous material response team. The Washtenaw County Board of Commissioners approves the operating budget and the Authority has delegated fiscal powers to the County.

The *Washtenaw County Brownfield Redevelopment Authority (WCBRA)* is governed by a nine-member board appointed by the Washtenaw County Board of Commissioners. Its purpose is to encourage and support the redevelopment of under-utilized and environmentally contaminated properties in partnership with member communities in Washtenaw County. The County Board of Commissioners approves WCBRA's operating budget; WCBRA has delegated fiscal powers to the County. The WCBRA had minimal financial activity during 2007 and therefore, no separate financial report was issued.

The *Washtenaw County Road Commission* is responsible for the maintenance and construction of the county road system in Washtenaw County. It is governed by a three-member board appointed by the County Board of Commissioners. The Road Commission may not issue debt or levy a tax without the approval of the County Board of Commissioners. The Road Commission deposits its receipts with and has investments through the County.

Complete financial statements for each of the discretely presented component units can be obtained directly from their respective administrative offices, as follows:

| | | | |
|----------------------------|---------------------|-----------------------|---------------------|
| Department of Public Works | Drain Commissioner | WCHMRTA | Road Commission |
| 705 North Zeeb Road | 705 North Zeeb Road | 220 North Main Street | 555 North Zeeb Road |
| Ann Arbor, MI 48107 | Ann Arbor, MI 48107 | Ann Arbor, MI 48107 | Ann Arbor, MI 48106 |

Funds with Another Year End

The Community Support & Treatment Services Fund and Public Health Fund (special revenue funds of the County) are reported on a September 30 year end in order to enhance the value of this document to certain readers and users.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. So agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for reimbursement-based grants which use one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Property taxes, state revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *community support and treatment services fund* accounts for the activities of delivering an array of mental health services to residents.

The *parks and recreation fund* accounts for the operations of the County-owned parks and recreational facilities and for the millage approved by County voters for the purchase of natural areas within the County.

The *revenue sharing reserve fund* is mandated by the State of Michigan and accounts for property tax collections to serve as a substitute to state revenue sharing payments. This substitute funding mechanism involves a gradual shift of County property tax millage from a winter tax levy to a summer tax levy. The collections shift was completed during 2007 when the entire tax levy was assessed in July.

The *enhanced emergency communication system millage fund* accounts for the resources, including a voter-approved millage that began in 2007, accumulated and payments made for principal and interest on long-term general obligation debt that finances acquisition, construction, renovation, maintenance and operation of an upgrade to the County's communication system.

The *county capital projects fund* accounts for renovation/small construction projects performed on County facilities and the purchase of capital equipment.

The government reports the following major proprietary fund:

The *delinquent tax revolving fund* accounts for the County's annual purchase of delinquent real property taxes from each of the local taxing units within the County and the ultimate collection from the property owners of the delinquent taxes with penalty and interest. The fund also accounts for the County's issuance of debt (to provide cash flow for the purchase of the taxes) and for the resulting debt service payments.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Additionally, the government reports the following fund types:

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes not including major capital projects.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds not being financed by proprietary funds.

The *capital projects fund* accounts for financial resources to be used for the acquisition of capital equipment or construction of major capital facilities.

The *enterprise funds* account for those operations that are financed and operated in a manner similar to private business or where the County has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The *internal service funds* account for operations that provide services (such as the County's telephone system, building repair and maintenance, self-insurance, fleet and equipment management) to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis.

The *agency fund* accounts for assets held by the County in agency capacity for other governments and entities. Primarily this includes undistributed collections and withholdings such as state education taxes, hotel/motel accommodation taxes, current property taxes, state jail booking fees, state real estate transfer taxes, soil erosion inspections, library penal fines and state payroll withholding taxes.

The *pension and other employee benefit trust funds* account for the activities of the Employees Retirement System, Money Purchase Pension Plan, and Voluntary Employees Beneficiary Association, which accumulate resources for pension and health benefit payments for qualified employees. The trust funds also include the Unemployment and Severance funds, which accumulate resources for unemployment and severance benefit payments, respectively, to qualified employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the delinquent tax fund and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The County Treasurer maintains a cash management pool that is used by all funds and component units of the government, except for the pension and other employee benefit trust funds. In addition to their participation in the cash management pool, certain funds and component units also have separate checking accounts. The cash management pool has the general characteristics of a demand deposit account in that deposits and withdrawals may be made at any time without prior notice or penalty. Accordingly, each fund's portion of this pool, along with any amounts in separate demand deposit accounts, is reported as "cash and pooled investments."

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less.

Investments are stated at fair value, which is determined as follows: (a) short-term investments are reported at cost, which approximates fair value; (b) securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates; (c) investments that do not have established market values are reported at estimated fair value; and (d) cash deposits are reported at carrying amounts which reasonably approximates fair value.

State statutes authorize the County to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments (except those with a fluctuating per share value). State statutes authorize pension and other employee benefit plans to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “interfund receivables/payables” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectibles.

3. Inventories and Prepaid Items

Inventories in the proprietary funds are stated at the lower of cost or market. Cost is determined by the first-in, first-out method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. For the Road Commission component unit, inventory is valued at average cost.

4. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. For the County, infrastructure exists in the Drain Commissioner and Road Commission component units. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Capital assets are defined by the Road Commission as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government and component units, except for the Road Commission, are depreciated using the straight-line method over the useful life of the assets as follows:

| | |
|---|-----------------|
| Buildings and improvements | 50 years |
| Drain infrastructure | 50 years |
| Equipment (computer, office and vehicles) | 2.5 to 10 years |

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Road Commission component unit, capital assets are depreciated using the straight-line method over the following useful lives:

| | |
|-------------------------|----------------|
| Buildings | 40 to 60 years |
| Machinery and equipment | 5 to 20 years |
| Roads | 5 to 30 years |
| Infrastructure | 12 to 50 years |

5. Compensated Absences

The County's policy is to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and 50 percent of sick pay are accrued when incurred in the government-wide and proprietary funds financial statements. A liability is reported in governmental funds only if these amounts have matured, for example, as a result of employee resignations or retirements.

6. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

8. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. Budgets are not required for debt service and capital projects funds. All annual appropriations lapse at year-end.

The County utilizes a biennial budget to improve the efficiency of the overall budgeting process. The first year of the biennial budget is prepared for approval and adoption, and the second year is based on information currently available. The second year budget is amended during the first year to reflect necessary revisions as economic conditions warrant. Necessary changes are brought back to the Board of Commissioners prior to the beginning of the fiscal year for final adoption.

The County Administrator submits a proposed budget to the Board of Commissioners before September 15. The budget includes proposed expenditures and the means of financing them. Public hearings are held to obtain taxpayer comments. The budget is adopted no later than December 31 through a Board of Commissioners resolution.

The appropriated budget is prepared by fund, function and department. The County's department heads may make limited transfers of appropriations within a department. Transfers of appropriations between departments require approval by the Board of Commissioners or County Administrator, depending on the dollar value of the transfers. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level for the General Fund and the function level for special revenue funds. Supplemental budgetary appropriations were made during the year, but were not material for purposes of these disclosures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances are recorded in the amount of the outstanding purchase orders and contracts at the time the purchase orders and contracts are issued. The encumbrances are liquidated when the goods or services are received. Unliquidated encumbrances at the end of the year are not carried forward to the next year.

B. Excess of Expenditures over Appropriations

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the County were adopted on a department level basis for the General Fund and the function level for the special revenue funds.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Excess of expenditures over appropriations in individual funds are as follows:

| | Final Budget | Actual | Excess |
|---|-------------------------|------------------|---------------|
| General fund | | | |
| District court | \$ 5,199,113 | \$ 5,239,787 | \$ 40,674 |
| Probate court | 1,090,271 | 1,224,950 | 134,679 |
| Public Defender | 2,933,994 | 2,937,126 | 3,132 |
| Information technology | 6,858,902 | 7,689,682 | 830,780 |
| Clerk/register | 4,864,801 | 4,893,059 | 28,258 |
| Finance | 3,166,060 | 3,176,026 | 9,966 |
| Corporation counsel | 256,716 | 258,266 | 1,550 |
| Emergency management | 457,158 | 461,343 | 4,185 |
| Sheriff | 37,713,976 | 37,861,262 | 147,286 |
| Prosecuting attorney | 5,409,821 | 5,463,532 | 53,711 |
| Veterans counselor | 711,883 | 730,722 | 18,839 |
| Other unallocated expenditures | 5,651,187 | 5,873,564 | 222,377 |
| Revenue sharing reserve - transfer out | 6,116,361 | 6,140,045 | 23,684 |
| Nonmajor special revenue funds | | | |
| Drain commission grants - public works | 84,550 | 149,151 | 64,601 |
| E-911 - public safety | 1,237,937 | 1,293,572 | 55,635 |
| Head start - social services | 4,627,300 | 4,641,359 | 14,059 |
| Inmate concessions - public safety | 270,972 | 364,896 | 93,924 |
| Other special revenue: | | | |
| General government | - | 2,220 | 2,220 |
| Transfers out | - | 470,394 | 470,394 |
| Planning grants - general government | 253,851 | 273,752 | 19,901 |
| Public health - health | 9,814,753 | 12,833,221 | 3,018,468 |
| Public works solid waste program - public works | 437,480 | 557,562 | 120,082 |
| Sheriff's grants - public safety | 565,314 | 639,672 | 74,358 |

These over-expenditures were funded by available fund balance.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

III. DETAILED NOTES ON ALL FUNDS

A. Deposits, Investments and Securities Lending

Following is a reconciliation of deposits and investments as of December 31, 2007:

| | <u>Primary Government</u> | <u>Component Units</u> | <u>Total</u> |
|---|-------------------------------|-----------------------------|------------------------------|
| Statement of Net Assets: | | | |
| Cash and pooled investments | \$ 147,420,169 | \$ 21,614,995 | \$ 169,035,164 |
| Statement of Fiduciary Net Assets: | | | |
| Cash and pooled investments | 18,628,248 | - | 18,628,248 |
| Investments | <u>281,581,101</u> | <u>-</u> | <u>281,581,101</u> |
| Total | <u>\$ 447,629,518</u> | <u>\$ 21,614,995</u> | <u>\$ 469,244,513</u> |

Deposits and Investments:

| | |
|---|------------------|
| Bank deposits (checking accounts and certificates of deposit) | \$ 19,514,680 |
| Investments in securities, mutual funds and similar vehicles: | |
| Treasurer's investment pool | 166,535,897 |
| Employees retirement system | 165,042,124 |
| Money purchase pension plan | 66,198,628 |
| Voluntary employees benefit association | 50,340,349 |
| Cash on hand | 43,131 |
| Net effect of funds with different fiscal year ends | <u>1,569,704</u> |

Total **\$ 469,244,513**

Bank Deposits and Treasurer's Investment Pool

Custodial Credit Risk - Deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance. As of December 31, 2007, of the County's total bank balance of \$19,904,527 (total book balance was \$19,514,680), \$18,934,388 was exposed to custodial credit risk as it was uninsured and uncollateralized.

In accordance with the County's investment policy and State law, all deposits are uncollateralized, held in the County's name, and evidenced by a safekeeping receipt. Due to the dollar amounts of cash deposits and the limits of FDIC insurance, the County believes it is impractical to obtain FDIC insurance for all bank deposits. The County evaluates each financial institution and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Custodial Credit Risk - Investments. Following is a summary of the County's investments as of December 31, 2007:

| | |
|----------------------------|------------------------------|
| U.S. treasuries | \$ 42,042,300 |
| U.S. agencies | 35,951,920 |
| Commercial paper | 32,880,762 |
| Washtenaw County tax notes | 18,000,000 |
| Money market | <u>37,660,915</u> |
| Total | <u>\$ 166,535,897</u> |

Investments are exposed to custodial credit risk if the securities are uninsured, unregistered or held by a counterparty or its agent but not in the government's name. In accordance with the County's investment policy, all investments are held in the name of the County and are evidenced by a safekeeping receipt confirmation, and thus not exposed to custodial credit risk.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's investment policy and State law require that commercial paper be rated in the top two ratings by at least two nationally recognized statistical rating organizations (NRSRO); investments in local government tax notes must be rated in the top two ratings by one NRSRO. Ratings are not required for U.S. treasuries or money market funds.

As of December 31, 2007, all of the County's investments in securities of U.S. agencies were rated AAA by Standard & Poor's (S&P). Of the County's holdings in commercial paper, S&P rated \$20,883,020 as A1+, \$3,988,240 as A-1 and \$8,009,502 as A-2; Moody's rated \$24,871,260 of commercial paper as P1 and \$8,009,502 as P2. Of the County's investments in money market funds, \$35,862,717 was rated AAA by S&P and the remaining \$1,798,198 was not rated. The County's investment in its own general obligation limited tax notes was rated F1+ by Fitch.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy requires diversification by security type and institution, but does not place a fixed percentage limit for any one issuer. At December 31, 2007, the County had greater than 5% of its total investment portfolio concentrated as follows:

| <u>Investment Type</u> | <u>Issuer</u> | <u>% of Portfolio</u> |
|------------------------|---------------------------------------|-----------------------|
| U.S. agencies | Federal Farm Credit Bank | 8.0% |
| | Federal National Mortgage Association | 12.0% |
| Local government | Washtenaw County tax notes | 14.0% |

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of investments. The County's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, it is the practice of the County to manage this risk by purchasing a mix of short and longer term investments. This laddering approach also matches investment maturities to projected cash flow needs.

As of December 31, 2007, maturities of the County's debt securities were as follows:

| | <u>Fair Value</u> | <u>Investment Maturities (fair value by years)</u> | | | |
|------------------|------------------------------|--|-----------------------------|----------------------------|-------------------------|
| | | <u>Less Than 1</u> | <u>1-5</u> | <u>6-10</u> | <u>More Than 10</u> |
| U.S. treasuries | \$ 42,042,300 | \$ 42,042,300 | \$ - | \$ - | \$ - |
| U.S. agencies | 35,951,920 | 16,883,800 | 15,065,600 | 4,002,520 | - |
| Commercial paper | 32,880,762 | 32,880,762 | - | - | - |
| Local government | 18,000,000 | 18,000,000 | - | - | - |
| | <u>\$ 128,874,982</u> | <u>\$ 109,806,862</u> | <u>\$ 15,065,600</u> | <u>\$ 4,002,520</u> | <u>\$ -</u> |

Employees' Retirement System Investments

The Michigan Public Employees' Retirement Systems' Investment Act, Public Act 314 of 1965, as amended, authorizes the Employees' Retirement System to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations.

The System's investments are primarily held in a bank-administered trust fund. Following is a summary of the System's investments as of December 31, 2007:

Investments at fair value, as determined by quoted market price:

| | |
|--------------------------|------------------------------|
| Equities: | |
| Not on securities loan | \$ 52,981,112 |
| On securities loan | 8,722,048 |
| U.S. treasuries | 1,207,879 |
| U.S. treasury strips | 10,568,017 |
| U.S. agencies: | |
| Not on securities loan | 12,523,616 |
| On securities loan | 8,905,215 |
| Corporate securities | 16,361,746 |
| Mutual funds | 47,547,330 |
| Money market funds | <u>6,225,161</u> |
| Total investments | <u>\$ 165,042,124</u> |

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Total realized and unrealized gains and losses for the year ended December 31, 2007, were as follows:

| | Realized Gain (Loss) | Unrealized Gain (Loss) | Net Appreciation (Depreciation) |
|-------------------------------|-------------------------------------|---------------------------------------|--|
| Equities | \$ 9,560,530 | \$ (2,126,872) | \$ 7,433,658 |
| Corporate and U.S. securities | <u>(6,910)</u> | <u>1,320,291</u> | <u>1,313,381</u> |
| Total | <u>\$ 9,553,620</u> | <u>\$ (806,581)</u> | <u>\$ 8,747,039</u> |

The calculation of realized gains and losses is independent of the calculation of net appreciation (depreciation) in the fair value of System investments. Unrealized gains and losses on investments sold in the current year that had been held for more than one year were included in the net appreciation (depreciation) reported in prior years and the current year.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System's investment policy provides that 90% of its investments in fixed income securities be limited to those rated BAA or better by a nationally recognized statistical rating organization, except for United States treasury securities which are explicitly guaranteed by the U.S. government and not considered to have credit risk.

As of December 31, 2007, the System's investments in securities of U.S. agencies implicitly guaranteed by the U.S. government (amounting to \$19,292,070; \$2,136,761 of U.S. agencies were explicitly guaranteed) were rated AAA+ by Standard & Poor's.

The System's investments in corporate securities were rated by Standard & Poor's as follows:

| | |
|-----------|-----------------------------|
| AAA | \$ 6,627,037 |
| AA | 4,196,904 |
| A | 1,822,710 |
| BBB | 2,430,675 |
| Not rated | <u>1,284,420</u> |
| | <u>\$ 16,361,746</u> |

The System's investments in money market funds were not rated. The System does not invest in bond mutual funds.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The System's investment policy requires that securities be held in trust by a third-party institution in the System's name or its nominee custodian's name or in bearer form. Although uninsured and unregistered, the System's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department or agent in the System's name. Short-term investments in money market funds and open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investment in a single issuer. The System's investment policy requires that no more than 20% of equity securities be invested in any one industry and no more than 8% of each manager's large cap equities fund be invested in any one company. The policy also provides that no more than 10% of fixed income securities may be invested in any one company and no more than 8% may be invested in any single issue.

At December 31, 2007, the System's investment portfolio was concentrated as follows:

| <u>Investment Type</u> | <u>Issuer</u> | <u>% of Portfolio</u> |
|------------------------|---|-----------------------|
| Equities | Wells Real Estate Investment Trust Inc. | 6.9% |
| U.S. agencies | Federal National Mortgage Association | 7.0% |

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The System's investment policy requires a maximum term to maturity of 30 years for any single fixed income security. The System's investment policy does not address weighted average portfolio maturities. As of December 31, 2007, maturities of the System's debt securities were as follows:

| | <u>Fair Value</u> | <u>Investment maturities (fair value by years)</u> | | | |
|----------------------|-----------------------------|--|-----------------------------|-----------------------------|-----------------------------|
| | | <u>Less Than 1</u> | <u>1 - 5</u> | <u>6 - 10</u> | <u>More Than 10</u> |
| U.S. treasuries | \$ 1,207,879 | \$ - | \$ 136,876 | \$ - | \$ 1,071,003 |
| U.S. treasury strips | 10,568,017 | - | 2,107,725 | 8,196,859 | 263,433 |
| U.S. agencies | 21,428,831 | 82,417 | 915,584 | 3,685,411 | 16,745,419 |
| Corporate securities | 16,361,746 | 913,037 | 7,177,787 | 2,030,204 | 6,240,718 |
| | <u>\$ 49,566,473</u> | <u>\$ 995,454</u> | <u>\$ 10,337,972</u> | <u>\$ 13,912,474</u> | <u>\$ 24,320,573</u> |

Of the above balances, \$8,164,230 of the U.S. agencies and \$10,647,028 of corporate securities are callable.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

The System's portfolio of U.S. agencies and corporate securities includes certain collateralized mortgage obligations (with interest-only and principal-only strips), variable-rate securities, and inverse variable-rate securities. The fair value of these investments is summarized as follows:

| | |
|--------------------------------------|------------|
| Collateralized mortgage obligations: | |
| Interest-only strips | \$ 115,646 |
| Principal-only strips | 2,172,263 |
| Variable-rate securities | 2,839,806 |
| Inverse variable-rate securities | 1,274,625 |

The System invests in interest-only strips, in part, to maximize yields and as protection against a rise in interest rates. These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates.

The System invests in principal-only strips to reduce the price sensitivity of its fixed-income portfolio to changes in interest rates. These principal-only strips are sensitive to interest rate increases that may result from decreasing mortgage prepayments, thus increasing the average maturity of these investments.

A variable-rate investment's coupon amount enhances or amplifies the effects of interest rate changes by greater than a one-to-one basis. The multiplier makes the fair value of these investments highly sensitive to interest rate changes. As of December 31, 2007, the System held 28 variable-rate investments with a fair value of \$2,839,806. The coupon rates for these investments range from 0.0% to 7.06%; the benchmark indexes include one-month, six month, and twelve month LIBOR, 11th District Monthly Weighted Average Cost of Funds Index (San Francisco), Federal Reserve US H.15 Treasury Note Constant Maturity One Year, and one-year treasury rate; the reset frequency is monthly, semi-annually, or annually; the coupon payment frequency is monthly; and coupon multipliers range from 1.0 to 44.8 times the benchmark index, minus 268.8% to plus 2.25%, with a cap ranging from 9.0% to 20.4% and a floor ranging from 0.0% to 3.19%.

As of December 31, 2007, the System held 45 inverse variable-rate investments with a fair value of \$1,274,625. With inverse variable-rate securities, coupon payments decline as interest rates increase. The coupon rates for these investments range from 0.19% to 8,150.38%; the benchmark indexes include one-month LIBOR, 11th District Monthly Weighted Average Cost of Funds Index (San Francisco), and three-month and ten-year treasury rate; the reset and coupon payment frequency is monthly; and coupon multipliers range from negative 2,253.07 to negative .60 times the benchmark index, plus 5.05% to 22,541.20%, with a cap ranging from 5.05% to 15,573.50% and a floor ranging from 0.0% to 11.0%.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Securities Lending. A contract approved by the System's Board of Directors, permits the System to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The System's custodial bank manages the securities lending program and receives securities or irrevocable bank letters of credit as collateral. The collateral securities cannot be pledged or sold by the System unless the borrower defaults. Collateral securities and letters of credit are initially pledged at 102 percent of the market value of the securities lent, and may not fall below 100 percent during the term of the loan. There are no restrictions on the amount of securities that can be loaned.

Securities on loan at year-end are classified in the preceding schedule of custodial credit risk according to the category for the collateral received on the securities lent. At year end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System. The contract with the System's custodian requires it to indemnify the System if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the System for income distributions by the securities' issuers while the securities are on loan.

Money Purchase Pension Plan Investments

The Michigan Public Employees' Retirement Systems' Investment Act, Public Act 314 of 1965, as amended, authorizes the Money Purchase Pension Plan to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations.

The Plan's investments are held by its trustee, a third-party financial institution. The management agreement between the Plan and the trustee requires 14 separate mutual funds, including ten stock funds, one balanced fund, one bond fund, one guaranteed interest fund, and a self-directed brokerage option. Participants select the particular funds into which their contributions and the related County matching contributions are made. All of the Plan's investments totaling \$66,198,628 are in mutual funds.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2007 the Plan's bond mutual fund was not rated by a nationally recognized statistical rating organization. The Plan's investment policy does not address credit risk.

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Short-term investments in money market funds and open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form. At year end, the Plan's bond mutual fund was an open-end mutual fund. Accordingly, the Plan's investments were not exposed to custodial credit risk. The Plan's investment policy does not address custodial credit risk.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. At December 31, 2007, the weighted average maturity of the Plan's bond mutual fund was 6.58 years. The Plan's investment policy does not address interest rate risk.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Voluntary Employees Beneficiary Association (VEBA) Investments

The Michigan Public Employees' Retirement Systems' Investment Act, Public Act 314 of 1965, as amended, authorizes the VEBA to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations.

The VEBA's investments are held by an independent investment management company. Following is a summary of its investments as of December 31, 2007:

| | |
|--|------------------------------------|
| Investments at fair value, as determined by quoted market prices: | |
| Equities | \$ 34,892,337 |
| United States treasuries | 163,687 |
| United States agencies | 192,849 |
| Corporate securities | 595,050 |
| Bond mutual fund | 11,134,764 |
| Money market funds | <u>3,361,662</u> |
| Total investments | <u><u>\$ 50,340,349</u></u> |

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The VEBA's investment policy provides that all of its investments in fixed income securities be rated A+ or better by a nationally recognized statistical rating organization, except for United States treasury securities which are explicitly guaranteed by the U.S. government and not considered to have credit risk.

As of December 31, 2007, the VEBA's investments in securities of U.S. agencies and the bond mutual fund were rated AAA by Standard & Poor's. The VEBA's investments in money market funds were also rated AAA by Standard & Poor's. The VEBA's investments in corporate securities were rated by Standard & Poor's as follows:

| | |
|-----------|---------------------------------|
| A- | \$ 78,020 |
| B+ | 119,936 |
| B- | 36,450 |
| CCC+ | 47,898 |
| Not rated | <u>312,746</u> |
| | <u><u>\$ 595,050</u></u> |

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the VEBA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The VEBA's investment policy does not address custodial credit risk. Although uninsured and unregistered, the VEBA's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department in the VEBA's name. Short-term investments in money market funds and open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the VEBA's investment in a single issuer. The VEBA's investment policy requires that no more than ten percent of its assets be invested in money market funds or short-term U.S. treasuries, no more than five percent in any one issuer, and no more than 20% in any one industry. At December 31, 2007, the VEBA's investment portfolio was not exposed to concentration credit risk.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy provides that the weighted average maturity of its fixed income portfolio may not exceed 10 years. At year-end, maturities of debt securities are as follows:

| | Investment maturities (fair value by years) | | | | |
|----------------------|--|--------------------|-------------------|---------------|---------------------|
| | Fair Value | Less Than 1 | 1 - 5 | 6 - 10 | More Than 10 |
| U.S. treasuries | \$ 163,687 | \$ - | \$ - | \$ - | \$ 163,687 |
| U.S. agencies | 192,849 | 11,314 | - | - | 181,535 |
| Corporate securities | 595,050 | - | 137,089 | - | 457,961 |
| | \$ 951,586 | \$ 11,314 | \$ 137,089 | \$ - | \$ 803,183 |

Money market funds had a rolling maturity date of less than 60 days as of December 31, 2007. The bond mutual fund had a weighted average maturity of 5.26 years as of December 31, 2007. Of the above balances, \$83,736 of the U.S. treasuries and \$457,961 of the corporate securities were callable as of December 31, 2007.

The VEBA's portfolio of U.S. agencies securities included one inverse variable-rate note with a par value of \$50,000 that matures November 2008. The fair value of the note as of December 31, 2007 was \$1,717. The amount of the monthly coupon was calculated at negative 2.592 times the Eleventh District Monthly Weighted Average Cost of Funds Index (San Francisco) plus 18.144%, with a cap of 18.144%, and a floor of zero; thus, as interest rates increased, the coupon rate paid declined. The frequency of the coupon's reset date was monthly.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

B. Receivables

Receivables in the governmental activities are as follows:

| | |
|--|-----------------------------|
| Taxes | \$ 16,439,641 |
| Accounts | 2,453,234 |
| Leases | 2,855,253 |
| Intergovernmental | 7,322,899 |
| Less: allowance for uncollectible accounts | <u>(299,408)</u> |
| | <u><u>\$ 28,771,619</u></u> |

The only amount not expected to be collected within one year is \$2,360,510 of leases receivable.

Receivables for the business-type activities are composed entirely of amounts due from taxpayers for delinquent taxes and related interest and collections fees.

The aggregate component unit receivables totaling \$48,156,799 are comprised of leases receivable (73.5 percent), special assessments receivable (16.4 percent), accounts receivable (9.9 percent) and due from other governments (.10 percent).

Governmental funds report deferred revenue in connection with receivables that are not available to liquidate liabilities of the current period, and with resources that have been received, but not earned. At year-end, deferred revenue reported in the governmental funds, and the unearned revenue in the governmental activities based on the nature of the respective items, was comprised of the following:

| | |
|---|-----------------------------|
| Property taxes receivable: | |
| General fund | \$ 200,988 |
| Parks and recreation fund | 10,943,882 |
| Nonmajor governmental funds | 3,068,613 |
| Grant drawdowns prior to meeting all eligibility requirements | <u>402,626</u> |
| | <u><u>\$ 14,616,109</u></u> |

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

C. Capital Assets

Primary Government - Capital asset activity for the year ended December 31, 2007 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|----------------------------|----------------------------|------------------------------|
| Governmental activities | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 24,854,169 | \$ 2,693,457 | \$ - | \$ 27,547,626 |
| Construction in progress | 627,212 | 3,063,028 | (396,633) | 3,293,607 |
| Total capital assets, not being depreciated | <u>25,481,381</u> | <u>5,756,485</u> | <u>(396,633)</u> | <u>30,841,233</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 114,379,843 | 881,320 | (297,633) | 114,963,530 |
| Improvement other than buildings | 13,633,441 | 738,082 | (44,351) | 14,327,172 |
| Machinery and equipment | 15,640,856 | 3,406,898 | (3,160,562) | 15,887,192 |
| Total capital assets being depreciated | <u>143,654,140</u> | <u>5,026,300</u> | <u>(3,502,546)</u> | <u>145,177,894</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (30,894,948) | (2,545,035) | 102,883 | (33,337,100) |
| Improvements other than buildings | (3,992,347) | (362,374) | 20,066 | (4,334,655) |
| Machinery and equipment | (10,811,255) | (2,020,090) | 2,908,092 | (9,923,253) |
| Total accumulated depreciation | <u>(45,698,550)</u> | <u>(4,927,499)</u> | <u>3,031,041</u> | <u>(47,595,008)</u> |
| Total capital assets being depreciated, net | <u>97,955,590</u> | <u>98,801</u> | <u>(471,505)</u> | <u>97,582,886</u> |
| Governmental activities capital assets, net | <u>\$123,436,971</u> | <u>\$ 5,855,286</u> | <u>\$ (868,138)</u> | <u>\$ 128,424,119</u> |
| Business type activities | | | | |
| Capital assets, being depreciated: | | | | |
| Machinery and equipment | \$ - | \$ 21,408 | \$ - | \$ 21,408 |
| Less accumulated depreciation for: | | | | |
| Machinery and equipment | - | (3,567) | - | (3,567) |
| Business type activities capital assets, net | <u>\$ -</u> | <u>\$ 17,841</u> | <u>\$ -</u> | <u>\$ 17,841</u> |

The beginning balance of accumulated depreciation for machinery and equipment was decreased by \$135,174 for the restatement described in Note IV-G.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Depreciation expense was charged to functions / programs of the primary government as follows:

Governmental activities:

| | |
|--|-----------|
| Legislative | \$ 5,406 |
| Judicial | 731,624 |
| General government | 1,263,692 |
| Public safety | 697,077 |
| Health | 324,854 |
| Social services | 261,639 |
| Culture and recreation | 728,111 |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | 915,096 |

Total depreciation expense-governmental activities \$ 4,927,499

Business type activities:

Total depreciation expense-business type activities \$ 3,567

Construction Commitments

The County has five active construction projects as of December 31, 2007. The Parks and Recreation department projects include construction of a new Field Operations and Maintenance Building at the County Farm Park, and for border-to-border trail development. The commitments for these projects are financed by Parks and Recreation revenues and reserves, along with state and federal grants. The construction for a new District Court in Saline is being funded by surpluses in building authority and capital projects funds, as well as the public improvement fund. The Enhanced Emergency Communications System and Jail Construction and Improvements projects include costs for architecture and design services, and construction. The commitments for these projects are financed by general obligation bonds and reserves.

| <u>Project</u> | <u>Spent-to-Date</u> | <u>Remaining Commitment</u> |
|---|----------------------|---------------------------------|
| Border-to-Border Trail Recreation Development | \$ 1,926,960 | \$ 3,073,040 |
| District Court – Saline | 644,189 | 1,920,857 |
| Enhanced Emergency Communications System | 2,091,608 | 21,894,396 |
| Field Operations and Maintenance Building | 842,731 | 475,169 |
| Jail Construction and Improvements | 802,777 | 20,997,371 |
| Total | \$ 6,308,265 | \$ 48,360,833 |

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Discretely Presented Component Units

Drain Commissioner. Capital asset activity for the Drain Commissioner for the year ended December 31, 2007 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|----------------------------|------------------------------|-----------------------------|
| Capital assets, not being depreciated- Construction in progress | <u>\$ 1,827,665</u> | <u>\$ 2,944,044</u> | <u>\$ (2,772,806)</u> | <u>\$ 1,998,903</u> |
| Capital assets, being depreciated- Infrastructure | 21,786,113 | 2,772,806 | - | 24,558,919 |
| Less accumulated depreciation for- Infrastructure | <u>(6,401,129)</u> | <u>(435,719)</u> | <u>-</u> | <u>(6,836,848)</u> |
| Total capital assets being depreciated, net | <u>15,384,984</u> | <u>2,337,087</u> | <u>-</u> | <u>17,722,071</u> |
| Drain Commissioner capital assets, net | <u>\$ 17,212,649</u> | <u>\$ 5,281,131</u> | <u>\$ (2,772,806)</u> | <u>\$ 19,720,974</u> |

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Road Commission. Capital asset activity for the Road Commission for the year ended December 31, 2007 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------------|-----------------------------------|-------------------------------|------------------------------------|
| Capital assets, not being depreciated: | | | | |
| Land and land improvements | \$ 18,413,306 | \$ 4,691,653 | \$ - | \$ 23,104,959 |
| Capital assets, being depreciated: | | | | |
| Buildings and storage bins | 13,014,843 | 35,835 | - | 13,050,678 |
| Road equipment | 12,586,770 | 444,996 | (829,358) | 12,202,408 |
| Other equipment | 1,936,846 | 18,236 | - | 1,955,082 |
| Brine wells and gravel pits | 136,386 | - | - | 136,386 |
| Infrastructure | <u>244,529,291</u> | <u>26,942,074</u> | <u>-</u> | <u>271,471,365</u> |
| Total capital assets being depreciated | <u>272,204,136</u> | <u>27,441,141</u> | <u>(829,358)</u> | <u>298,815,919</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and storage bins | (3,531,545) | (320,538) | - | (3,852,083) |
| Road equipment | (10,438,594) | (803,031) | 828,764 | (10,412,861) |
| Other equipment | (1,419,359) | (143,740) | - | (1,563,099) |
| Brine wells and gravel pits | (136,386) | - | - | (136,386) |
| Infrastructure | <u>(96,478,556)</u> | <u>(10,023,258)</u> | <u>-</u> | <u>(106,501,814)</u> |
| Total accumulated depreciation | <u>(112,004,440)</u> | <u>(11,290,567)</u> | <u>828,764</u> | <u>(122,466,243)</u> |
| Total capital assets being depreciated, net | <u>160,199,696</u> | <u>16,150,574</u> | <u>(594)</u> | <u>176,349,676</u> |
| Road Commission capital assets, net | <u><u>\$178,613,002</u></u> | <u><u>\$20,842,227</u></u> | <u><u>\$ (594)</u></u> | <u><u>\$199,454,635</u></u> |

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

D. Payables

Accounts payable and accrued liabilities in the governmental activities are as follows:

| | |
|--|---------------------|
| Accounts | \$ 2,233,079 |
| Wages, fringe benefits and other accrued liabilities | 6,322,946 |
| Intergovernmental | 898,103 |
| | <u>\$ 9,454,128</u> |

E. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2007, is as follows:

| Due to/from other funds | <u>Receivable</u> | <u>Payable</u> |
|-------------------------------------|--------------------------|-----------------------|
| General Fund | \$ 1,841,352 | \$ - |
| Delinquent Tax Revolving | - | 1,841,352 |
| Total | <u>\$ 1,841,352</u> | <u>\$ 1,841,352</u> |
| Advances to/from other funds | | |
| General Fund | \$ 96,321 | \$ - |
| County Capital Projects | 81,466 | - |
| Internal service funds | - | 177,787 |
| Total | <u>\$ 177,787</u> | <u>\$ 177,787</u> |
| Interfund receivable/payable | | |
| County Capital Projects | \$ 2,901,728 | \$ - |
| Nonmajor governmental funds | - | 2,901,728 |
| Total | <u>\$ 2,901,728</u> | <u>\$ 2,901,728</u> |

The outstanding *due to/from* balances between funds result mainly from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments are made between funds. Outstanding advances between funds relate to working capital loans made to certain internal service funds, none of which is scheduled to be repaid in the subsequent year. Interfund receivables/payables represent short-term working capital loans for funds with negative cash balances in the County's cash and investment pool as of year end.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

A summary of interfund transfers for the year ended December 31, 2007, is as follows:

| Interfund transfers | <u>Transfer In</u> | <u>Transfer Out</u> |
|--|----------------------------|----------------------------|
| General Fund | \$ 7,390,700 | \$23,355,340 |
| Community Support & Treatment Services | 986,224 | - |
| Revenue Sharing Reserve | - | 6,140,045 |
| County Capital Projects | 7,683,809 | 6,288,725 |
| Enhanced Emergency Communication System Millage | | 2,133,324 |
| Nonmajor governmental funds | 25,084,489 | 1,595,234 |
| Delinquent Tax Revolving | - | 1,674,814 |
| Internal service funds | 86,000 | 95,599 |
| Total per financial statements | 41,231,222 | 41,283,081 |
| Adjustments for September 30 year end | 51,859 | - |
| Total | <u>\$41,283,081</u> | <u>\$41,283,081</u> |

Transfers are used to: (1) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (3) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due.

Total transfers in for the primary government as shown in the accompanying financial statements were \$41,231,222 and total transfers out were \$41,283,081. The difference between these amounts, \$51,859, is attributable to transactions with the Public Health and Community Support & Treatment Services funds, which are reported on a September 30 year-end. As such, this is reported as an uneliminated internal balance in the statement of activities.

F. Leases

Capital Leases - The County acquired certain computer equipment under a capital lease. The original amount of the lease obligation and the gross value of the assets acquired was \$1,194,284. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date. Capital leases outstanding at year-end amounted to \$829,132. The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2007, were as follows:

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

| | |
|---|--------------------------|
| 2008 | \$ 405,648 |
| 2009 | 251,838 |
| 2010 | <u>251,838</u> |
| Total minimum lease payments | 909,324 |
| Less amount representing interest | <u>80,192</u> |
| Present value of minimum lease payments | <u><u>\$ 829,132</u></u> |

Operating Leases - The County has commitments under operating lease agreements which provide for annual minimum lease payments as follows:

| | |
|--------------|----------------------------|
| 2008 | \$ 530,482 |
| 2009 | 464,968 |
| 2010 | 302,261 |
| 2011 | 311,414 |
| 2012 | 283,477 |
| 2013 | 240,000 |
| 2014 | 247,500 |
| 2015 | 255,000 |
| 2016 | <u>262,500</u> |
| Total | <u><u>\$ 2,897,601</u></u> |

Rental expense for all operating leases aggregated \$812,158 for the year ended December 31, 2007. In addition, for the year ended December 31, 2007, the County leased 315 spaces for employee parking that cost \$327,240; this is not included above or in the aforementioned cost for the year since the County is reimbursed by the employees through payroll deductions.

Lessor Leases – The County has leased certain land to Huron Valley Ambulance, Inc. (HVA) under a capital lease agreement. HVA has commitments under the lease which provide for annual minimum lease payments of \$51,802 during 2007 and continuing for the next two years. At the end of the lease, the County is required to quit claim deed the land to HVA.

The County has leased the building located at 750 Towner Street to the Washtenaw Community Health Organization (WCHO). WCHO has commitments under the lease which provides for annual minimum lease payments of \$67,591 during 2007 and continuing for the next 13 years.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

G. Long-term Debt

Primary Government

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. The original amount of general obligation bonds issued in prior years was \$86,285,000. The County issues general obligation notes to provide monies for the purchase of the delinquent taxes receivable from local units of government. The original amount of general obligation notes was \$18,000,000. During the year, general obligation bonds totaling \$21,675,000 and notes totaling \$18,000,000 were issued.

General obligation bonds and notes are direct obligations and pledge the full faith and credit of the government. Bonds are generally issued as 15 to 20-year serial bonds with varying amounts of principal maturing each year. Notes are generally issued with a six-month due maturity. General obligation bonds and notes currently outstanding are as follows:

| <u>Purpose</u> | <u>Interest Rates</u> | <u>Amount</u> |
|-------------------------------------|-----------------------|-----------------------------|
| Governmental activities | 2.0 – 5.4% | \$ 52,150,000 |
| Governmental activities - refunding | 1.75 - 4.75% | 21,720,000 |
| Business-type activities | 6.820% | 18,000,000 |
| | | <u><u>\$ 91,870,000</u></u> |

Annual debt service requirements to maturity for general obligation bonds and notes are as follows:

| <u>Year Ending</u> <u>December 31</u> | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | |
|--|--------------------------------|-----------------------------|---------------------------------|--------------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2008 | \$ 5,050,000 | \$ 2,776,484 | \$ 18,000,000 | \$ 887,555 |
| 2009 | 5,340,000 | 2,619,476 | - | - |
| 2010 | 5,660,000 | 2,448,128 | - | - |
| 2011 | 5,985,000 | 2,258,615 | - | - |
| 2012 | 6,495,000 | 2,052,297 | - | - |
| 2013-2017 | 26,375,000 | 6,824,443 | - | - |
| 2018-2022 | 10,875,000 | 3,017,732 | - | - |
| 2023-2027 | 8,090,000 | 1,017,976 | - | - |
| Total | <u><u>\$ 73,870,000</u></u> | <u><u>\$ 23,015,151</u></u> | <u><u>\$ 18,000,000</u></u> | <u><u>\$ 887,555</u></u> |

In addition to general obligation bonds and notes, the County has an interest-free loan from the Michigan Economic Development Corporation in the original amount of \$292,133. The borrowed monies were used in conjunction with funds received under a federal Community Development Block Grant to fund renovation work in Hanger 1 at Willow Run Airport. The loan will be repaid in 60 quarterly installments of \$4,869 beginning in the first quarter of 2005 and ending in the fourth quarter of 2019. The total remaining amount outstanding at December 31, 2007 is \$233,706. Willow Run Airport Authority will be reimbursing the County for the debt service payments made by the County.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Component Units

Department of Public Works Projects. General obligation bonds are issued by the County to finance construction projects managed and administered by the Department of Public Works. General obligation bonds have been issued for governmental activities. The original amount of general obligation bonds issued in prior years was \$45,490,453. During the year, general obligation bonds totaling \$6,601,859 were issued.

These bonds are direct obligations, and pledge the full faith and credit of the County and the associated municipalities and/or authorities. The bonds are issued as 10 to 20-year serial bonds with varying amounts of principal maturing each year through June 1, 2025 and bear interest at varying rates from 1.625% to 6.75%. General obligation bonds currently outstanding are summarized as follows:

| <u>Purpose</u> | <u>Interest Rates</u> | <u>Amount</u> |
|-------------------------------------|-----------------------|-----------------------------|
| Governmental activities | 1.625 - 6.75% | \$ 25,694,138 |
| Governmental activities - refunding | 3.75 - 4.8% | <u>9,715,000</u> |
| | | <u>\$ 35,409,138</u> |

Annual debt service requirements to maturity for general obligation bonds are as follows:

| <u>Year Ending December 31</u> | <u>Governmental Activities</u> | |
|------------------------------------|--------------------------------|----------------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2008 | \$ 2,765,000 | \$ 1,419,378 |
| 2009 | 2,845,000 | 1,308,572 |
| 2010 | 2,910,000 | 1,191,069 |
| 2011 | 2,830,000 | 1,078,420 |
| 2012 | 2,865,000 | 966,544 |
| 2013-2017 | 13,665,000 | 3,076,706 |
| 2018-2022 | <u>7,529,138</u> | <u>803,294</u> |
| Total | <u>\$ 35,409,138</u> | <u>\$ 9,843,983</u> |

Drain Commissioner. General obligation drain improvement bonds and notes are issued by the County to finance certain drainage district construction projects. General obligation bonds have been issued for governmental activities. The original amount of general obligation bonds and notes issued in prior years was \$8,119,212. During the year general obligation bonds totaling \$221,766 and notes totaling \$1,620,200 were issued.

These bonds and notes are direct obligations, and pledge the full faith and credit of the County and the respective drainage districts. The bonds are generally issued as 10 to 20-year serial bonds with varying amounts of principal maturing each year. General obligation bonds and notes currently outstanding are as follows:

| <u>Purpose</u> | <u>Interest Rates</u> | <u>Amount</u> |
|-------------------------|-----------------------|---------------|
| Governmental activities | 1.625 - 6.5% | \$7,265,672 |

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Annual debt service requirements to maturity for general obligation bonds and notes are as follows:

| <u>Year Ending</u> <u>December 31</u> | <u>Governmental Activities</u> | |
|--|--------------------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2008 | \$ 1,109,510 | \$ 243,931 |
| 2009 | 795,700 | 183,898 |
| 2010 | 1,487,950 | 248,694 |
| 2011 | 530,750 | 129,018 |
| 2012 | 405,350 | 110,426 |
| 2013-2017 | 1,542,200 | 352,697 |
| 2018-2022 | 999,212 | 170,489 |
| 2023-2027 | 395,000 | 37,084 |
| Total | \$ 7,265,672 | \$ 1,476,237 |

Road Commission. The Road Commission has a lease payable to the Washtenaw County Building Authority for the debt service costs related to bonds that were sold for the construction of Yard 2. The lease agreement terminates with the retirement of the bond issue in September 2013. The annual lease payment is equal to the related bond principal and interest. In addition, transportation fund notes were issued in accordance with the statutory requirements of Michigan Public Act 143 of 1943, as amended. The monies from these notes were used to fund improvements on county highways in Scio Township and Ypsilanti Township.

Following is a summary of debt currently outstanding:

| <u>Purpose</u> | <u>Interest Rates</u> | <u>Amount</u> |
|-------------------------|-----------------------|---------------|
| Governmental activities | 2.0 - 7.0% | \$ 4,070,000 |

Annual principal and interest maturities as of December 31, 2007 are as follows:

| <u>Year Ending</u> <u>December 31</u> | <u>Governmental Activities</u> | |
|--|--------------------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2008 | \$ 770,000 | \$ 148,733 |
| 2009 | 780,000 | 121,715 |
| 2010 | 675,000 | 93,438 |
| 2011 | 695,000 | 69,288 |
| 2012 | 710,000 | 43,250 |
| 2013 | 440,000 | 15,400 |
| Total | \$ 4,070,000 | \$ 491,824 |

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Changes in Long-Term Debt

Long-term liability activity for the year ended December 31, 2007, was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|--|------------------------------|----------------------|------------------------|---------------------------|--------------------------------|
| Primary Government | | | | | |
| Governmental activities: | | | | | |
| Loan from State of Michigan | \$ 253,182 | \$ - | \$ (19,476) | \$ 233,706 | \$ 19,476 |
| Capital leases | 309,424 | 695,122 | (175,414) | 829,132 | 361,060 |
| General obligation bonds | 56,400,000 | 21,675,000 | (4,205,000) | 73,870,000 | 5,050,000 |
| Less deferred amounts for: | | | | | |
| Issuance discounts | (40,000) | - | 2,500 | (37,500) | - |
| Issuance premiums | 448,914 | 125,147 | (55,443) | 518,618 | - |
| Refunding loss | (1,157,904) | - | 120,459 | (1,037,445) | - |
| Compensated absences | 13,244,497 | 9,615,144 | (9,013,306) | 13,846,335 | 1,766,224 |
| | <u>\$ 69,458,113</u> | <u>\$ 33,110,413</u> | <u>\$ (13,345,680)</u> | <u>\$ 88,222,846</u> | <u>\$ 7,196,760</u> |
| Business-type activities: | | | | | |
| Delinquent Tax - | | | | | |
| General obligation notes | \$ 12,000,000 | \$ 18,000,000 | \$ (12,000,000) | \$ 18,000,000 | \$18,000,000 |
| Compensated absences | 11,586 | 14,570 | (10,707) | 15,449 | 4,010 |
| | <u>\$ 12,011,586</u> | <u>\$ 18,014,570</u> | <u>\$ (12,010,707)</u> | <u>\$ 18,015,449</u> | <u>\$18,004,010</u> |
| Component Units | | | | | |
| Department of Public Works Projects: | | | | | |
| General obligation bonds | \$ 37,452,279 | \$ 6,601,859 | \$ (8,645,000) | \$ 35,409,138 | \$ 2,765,000 |
| Less deferred amounts for: | | | | | |
| Issuance discounts | (174,756) | - | 11,473 | (163,283) | - |
| Issuance premiums | - | 70,547 | (6,413) | 64,134 | - |
| Refunding loss | - | (141,458) | 12,858 | (128,600) | - |
| | <u>\$ 37,277,523</u> | <u>\$ 6,530,948</u> | <u>\$ (8,627,082)</u> | <u>\$ 35,181,389</u> | <u>\$ 2,765,000</u> |
| Drain Commissioner: | | | | | |
| General obligation bonds | \$ 5,417,446 | \$ 221,766 | \$ (560,000) | \$ 5,079,212 | \$ 535,000 |
| Notes payable | 1,585,810 | 1,620,200 | (1,019,550) | 2,186,460 | 574,510 |
| Less deferred amounts for: | | | | | |
| Issuance discounts | (27,689) | - | 2,264 | (25,425) | - |
| | <u>\$ 6,975,567</u> | <u>\$ 1,841,966</u> | <u>\$ (1,577,286)</u> | <u>\$ 7,240,247</u> | <u>\$ 1,109,510</u> |
| Road Commission: | | | | | |
| Michigan transportation fund notes | \$ 2,085,000 | \$ - | \$ (395,000) | \$ 1,690,000 | \$ 395,000 |
| Lease payable | 2,760,000 | - | (380,000) | 2,380,000 | 375,000 |
| Less deferred amounts for refunding loss | (94,829) | - | 13,547 | (81,282) | - |
| Compensated absences | 875,309 | 824,028 | (829,006) | 870,331 | 108,397 |
| | <u>\$ 5,625,480</u> | <u>\$ 824,028</u> | <u>\$ (1,590,459)</u> | <u>\$ 4,859,049</u> | <u>\$ 878,397</u> |

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$360,126 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the General Fund.

IV. OTHER INFORMATION

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has established internal service funds to account for and finance its uninsured risks of loss. Under this program, the internal service funds provide coverage up to a maximum of \$300,000 for each general liability, police liability or property claim, with no loss fund. The internal service funds also provide coverage up to \$300,000 for any settlement, with all attorney fees being covered under the insurance policy for public officials and employee liability claims, up to \$400,000 for each worker's compensation claim, and up to \$300,000 for each professional liability claim. The County purchases commercial insurance for claims in excess of coverage provided by the funds and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

All funds of the County participate in the program and make payments to the internal service funds based on rates established to fund estimated actual liabilities. The total claims liability of \$2,751,000 reported in the funds at December 31, 2007, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, as amended, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The County has estimated its ultimate liability based upon estimates of known claims and actuarial based computations of incurred but not reported claims. The claims liability is presented at its net present value using an annual discount rate of 6%.

Changes in the funds' claims liability amount for the past two years were:

| | <u>2007</u> | <u>2006</u> |
|---|---------------------|---------------------|
| Balance at beginning of year | \$ 2,139,000 | \$ 2,273,000 |
| Current year claims and changes in estimates | 19,669,250 | 17,864,459 |
| Claims paid | <u>(19,057,250)</u> | <u>(17,998,459)</u> |
| Balance at end of year | <u>\$ 2,751,000</u> | <u>\$ 2,139,000</u> |

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Component units participate in the County's self-insurance program, except for the Road Commission, which purchases commercial insurance for health care claims and participates in the Michigan County Road Commission Self-Insurance Pool for claims relating to property loss, torts, and errors and omissions. The Michigan County Road Commission Self-Insurance Pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

B. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by grantor agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the County.

C. Property Taxes

Prior to 2005, the County property taxes were levied annually on December 1 (the lien date) to fund operations of the following year. The property taxes were due in full within 90 days (prior to March 1), at which time uncollected taxes became delinquent.

In 2004, the State of Michigan passed Public Act 357. This Act provides a temporary funding mechanism as a substitute for state revenue sharing payments to counties. As a result of this new law, the County's levy date began a phased shifting (or acceleration) over a 3-year period from December 1 to July 1 of each year. In 2005, one-third of the tax levy took place on July 1 and two-thirds took place on December 1. In 2006, two-thirds of the tax levy took place on July 1 and one-third took place on December 1. In 2007 and each year thereafter, one-hundred percent of the tax levy will take place on July 1. The Act also requires that an amount equal to one-third of the December 2004 tax levy be placed each year for three years into the newly created Revenue Sharing Reserve Fund, a special revenue fund. An annual transfer, in an amount determined by the State of Michigan, is made from the Revenue Sharing Reserve Fund into the General Fund equal to the amount of revenue sharing the County used to receive from the State, adjusted for inflation. For the year ended December 31, 2007, the County recognized the July 1, 2007 tax levy.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

The assessed value of real and personal property is established by the local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value. In March 1994, Michigan voters approved Proposal A, which limits annual increases in assessed values to the lesser of 5% or the rate of inflation with assessed value reverting to 50% of true cash value when the property is sold. Property taxes are levied based on the *taxable value* of the property (as defined under Proposal A). Taxable value is determined by using such factors as equalized value, assessed value, and capped value, along with a value change multiplier.

The taxable value of real and personal property for the July 1, 2007 levy was \$15.5 billion. The general operating tax rate for this levy was at the maximum rate of 4.5493 mills, as adjusted by the Headlee Amendment to the State of Michigan Constitution. The County also had a voter approved tax of 0.4720 mills for parks and recreation purposes, 0.2409 mills for purchase of selected natural areas in the County, and .2000 for enhancements to emergency communications system for the December 1, 2007 levy.

By agreement with various taxing authorities, the County purchases at face value the real property taxes returned delinquent each March 1 and records a corresponding delinquent taxes receivable. These receivables (\$14.4 million at December 31, 2007, not including accrued interest and collection fees) are pledged to a bank for payment of the notes payable and subsequent collection of the receivables, interest and collection fees thereon, and investment earnings are used to extinguish the debt.

D. Joint Venture

In 1999, the County entered into an agreement with the University of Michigan (the "University") to form the *Washtenaw Community Health Organization (WCHO)* for the purpose of establishing an integrated health care delivery system to provide mental health, substance abuse, and primary and specialty health care to Medicaid, low income and indigent consumers as defined by the Michigan Mental Health Code and Medicaid eligibility guidelines.

WCHO is governed by a 12-member board; both the County and University appoint six members each. Under the agreement, WCHO replaced the County as the contractor for the mental health and substance abuse managed care contracts with the State of Michigan. This change was effective October 1, 2000, and currently provides the primary source of funding for WCHO.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

The agreement also provides that the County and University will share equally in any gains or losses generated by WCHO, subject to certain limitations. However, because the agreement prohibits the distribution of any assets until WCHO is terminated and/or dissolved (and there are specific restrictions on the use of gains under the managed care contracts with the State of Michigan), WCHO is deemed to be a “joint venture with no equity interest.” Accordingly, no amounts are reported in the accompanying financial statements for the County’s equity in WCHO.

WCHO has a September 30 fiscal year end. Financial information may be obtained by writing to WCHO at P.O. Box 917, Ypsilanti, Michigan 48197.

E. Jointly Governed Organizations

The *Washtenaw Central Dispatch and Technology Authority (WCDTA)* was originally established to provide centralized public safety dispatching for law enforcement, fire and emergency medical services to the Sheriff’s Department, the Michigan State Police, Northfield Township Police, Huron Valley Ambulance, the townships of Ann Arbor, Augusta, Manchester, Northfield, Salem, Scio and Superior, and Dexter Area Fire Department. The organization is governed by a 12-member board. There was no financial activity for the Authority for the year ended December 31, 2007. Public safety dispatching services for the Sheriff’s Department, Northfield Township Police and the Michigan State Police were provided by the County during 2007.

The County has no significant influence over the management of WCDTA. Therefore, WCDTA is not included in the County’s financial report.

The *Washtenaw County 800 MHz Communications Consortium* (the Consortium) was formed to provide for the ownership, governance and management of a public safety/public service communications system that delivers reliable, interoperable wireless communications throughout Washtenaw County. The County and the cities of Ann Arbor, Saline, and Milan are charter members of the Consortium. The Consortium is governed by an executive board.

The County has no significant influence over the management of the Consortium. Financial accountability is limited to the extent of any appropriated operating grant. Therefore, the Consortium is not included in the County’s financial report. Separate financial statements for the Consortium may be obtained by writing to the Washtenaw County Finance Department, 220 North Main Street, Ann Arbor, Michigan 48107 or by calling (734) 222-6750.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

The *Washtenaw Urban County* was created by a formal cooperation agreement between the County, City of Ypsilanti and the following townships: Ann Arbor, Bridgewater, Northfield, Pittsfield, Salem, Scio, Superior, York and Ypsilanti. The Urban County jurisdictions receive HOME (Home Investment Partnership Program) funds and CDBG (Community Development Block Grant) funds for use in those jurisdictions to address community development, human services, housing and homelessness needs. The chairperson of the Washtenaw County Board of Commissioners and the chief elected officials of the ten jurisdictions participating in the Urban County have joined together to form the Urban County Executive Committee. The Urban County Executive Committee serves as the decision-making body for those funds. As a recipient of HOME and CDBG funds, the Washtenaw Urban County is required to submit a 5-year Consolidated Plan as well as an Annual Action Plan to the U.S. Department of Housing and Urban Development (HUD).

Financial information may be obtained by writing to the Washtenaw County Finance Department, 220 North Main Street, Ann Arbor, Michigan 48107 or by calling (734) 222-6750.

F. Pension and Other Postemployment Benefits

The County provides pension and postemployment health care benefits to eligible employees through the following plans:

County administered:

Employees' Retirement System (ERS)

Money Purchase Pension Plan (MPPP)

Voluntary Employees' Beneficiary Association (VEBA)

Municipal Employees' Retirement System of Michigan (MERS)

The County issues publicly available financial reports for ERS, MPPP and VEBA that include financial statements and required supplementary information, as applicable. These financial reports may be obtained by writing to Washtenaw County Finance Department, 220 North Main Street, Ann Arbor, Michigan 48107 or by calling (734) 222-6750. Information regarding the aforementioned plans is presented below.

County Administered Plans – Plan Descriptions, Funding Policies and Other Disclosures

Employees' Retirement System (ERS). The County has a single-employer defined benefit retirement plan which provides pension benefits to all full-time, regular employees hired prior to January 1, 1989. County Ordinances assign the authority to establish and amend benefit provisions and contribution requirements to the County Board of Commissioners, subject to the terms of collective bargaining agreements. Sheriff and non-Sheriff department Plan members are required to contribute 7% and 5%, respectively, of their annual compensation to the System for pension benefits. The County's contribution for the Sheriff and non-Sheriff department Plan members for the year ended December 31, 2007, represents 78.67% and 39.09%, respectively, of annual covered payroll.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

The County's annual pension cost and net pension obligation for the current year are as follows:

| | |
|--|---------------------------|
| Annual required contribution / retirement benefit cost | \$ 4,827,249 |
| Contributions made | 4,827,249 |
| Increase (decrease) in net retirement benefit obligation | - |
| Net retirement benefit obligation, beginning of year | <u>-</u> |
| Net retirement benefit obligation, end of year | <u><u>\$ -</u></u> |

The annual required contribution for the current year was determined as part of the December 31, 2005, actuarial valuation using the aggregate cost actuarial funding method, which does not identify or separately amortize unfunded actuarial liabilities.

Three-Year Trend Information

| <u>Year Ended</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|-------------------|--|--|---------------------------------------|
| 12/31/05 | \$ 2,700,525 | 100% | \$ - |
| 12/31/06 | 3,845,384 | 100 | - |
| 12/31/07 | 4,827,249 | 100 | - |

The System exercised early implementation of GASB Statement No. 50, *Pension Disclosures*, as of and for the year ended December 31, 2007.

Funded Status and Funding Progress. The funded status of the System as of December 31, 2006, the date of the most recent actuarial valuation, is as follows:

| | | | |
|-----------------------------------|-----|-----------------------------|-----------|
| Actuarial accrued liability (AAL) | (1) | \$ 181,591,924 | |
| Actuarial value of assets | (2) | <u>145,235,953</u> | |
| Unfunded AAL (UAAL) | (3) | <u><u>\$ 36,355,971</u></u> | (1) - (2) |
| | | | |
| Funded ratio | (4) | <u><u>80.0%</u></u> | (2) / (1) |
| | | | |
| Covered payroll | (5) | <u><u>\$ 10,243,828</u></u> | |
| | | | |
| UAAL as % of covered payroll | (6) | <u><u>354.9%</u></u> | (3) / (5) |

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of trust assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. For purposes of the Schedule of Funding Progress, the actuarial accrued liability value as shown above is determined using the entry age actuarial cost method. However, for purposes of calculating the annual required contribution (ARC), the System uses the aggregate cost actuarial funding method, which does not identify or separately amortize unfunded actuarial liabilities.

The accompanying schedule of employer contributions presents trend information about the amounts contributed to the System by the employer in comparison to the ARC (annual required contribution), an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 27. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation includes:

| | |
|-----------------------------|--|
| Valuation date | 12/31/06 |
| Actuarial cost method | Aggregate Cost |
| Amortization method | General Division liabilities funded over the remaining working lifetimes of employees. Sheriff's Division liabilities were amortized using an eight-year level dollar method |
| Asset valuation method | 5-year smoothed market |
| Actuarial assumptions: | |
| Investment rate of return | 7.75% |
| Projected salary increases* | 4.5% to 11.9% |
| Cost-of-Living Adjustments | None |

*Includes pay inflation of 4.5%

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Money Purchase Pension Plan (MPPP). The Washtenaw County Money Purchase Pension Plan (MPPP; the “Plan”) is a defined contribution pension plan established and administered by Washtenaw County to provide benefits at retirement to all regular employees of the County hired on or after January 1, 1989 who work greater than 50% hours. Plan members are required to contribute 6% or 7.5% of covered salary depending on the particular collective bargaining unit to which they belong. The County is required to match the plan member contributions. Plan provisions and contribution requirements are established and may be amended by the Washtenaw County Board of Commissioners, subject to the County’s various collective bargaining agreements. The employer and employee contributions totaled approximately \$3.8 million and \$3.4 million, respectively, for the year ended December 31, 2007.

Voluntary Employees’ Beneficiary Association (VEBA). The Washtenaw County Voluntary Employees’ Beneficiary Association (VEBA; the “Plan”) is a single-employer defined benefit post-employment healthcare plan established and administered by Washtenaw County to provide medical and healthcare benefits for retirees and their beneficiaries. Eligible participants include any retirees who receive pension benefits under one of the County’s pension plans. Plan provisions are established and may be amended by the Washtenaw County Board of Commissioners, subject to the County’s various collective bargaining agreements. The Plan is funded by a trust agreement established pursuant to Section 501(c)(9) of the Internal Revenue Code which allows for the formation of a VEBA.

Subject to certain age and length of service requirements, eligible participants receive the same or comparable medical insurance coverage under the Plan as was in effect at the time of their employment. At such time that participants become Medicare eligible, the benefits under the Plan change to Medicare Supplemental coverage.

Employer contributions to fund the Plan are currently on a pay-as-you-go basis with additional contributions intended to build the fund for purposes of paying future benefits. Employer contributions for the year ended December 31, 2007 were \$9,640,671. Although an actuarial valuation of the Plan was completed during 2006, the County has determined that it will establish an annual employer contribution rate using the actuarial valuation as a reference, but not as a definitive requirement. Employees were not required to contribute to the Plan.

As of December 31, 2007, 646 members received healthcare benefits under the Plan, and the cost of those benefits amounted to \$6,286,721.

As required, the VEBA adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*, as of and for the year ended December 31, 2007.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Annual OPEB Cost and Net OPEB Obligation. The County's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the County's net OPEB obligation to the Plan:

| | |
|--|---------------|
| Annual required contribution | \$ 11,952,578 |
| Interest on net OPEB obligation | - |
| Adjustment to annual required contribution | - |
| Annual OPEB cost (expense) | \$ 11,952,578 |
| Contributions made | (9,640,671) |
| Increase in net OPEB obligation | 2,311,907 |
| Net OPEB obligation, beginning of year | - |
| Net OPEB obligation, end of year | \$ 2,311,907 |

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of December 31, 2007, were as follows:

| <u>Fiscal</u> <u>Year</u> <u>Ended</u> | <u>Annual</u> <u>OPEB Cost</u> | <u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u> | <u>Net</u> <u>OPEB</u> <u>Obligation</u> |
|--|-----------------------------------|---|--|
| 12/31/07 | \$ 11,952,578 | 80.7% | \$ 2,311,907 |

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Funded Status and Funding Progress. The funded status of the Plan as of December 31, 2006, the date of the most recent actuarial valuation, is as follows:

| | | | |
|-----------------------------------|-----|-----------------------|-----------|
| Actuarial accrued liability (AAL) | (1) | \$ 183,743,134 | |
| Actuarial value of assets | (2) | <u>37,653,565</u> | |
| Unfunded AAL (UAAL) | (3) | <u>\$ 146,089,569</u> | (1) - (2) |
| Funded ratio | (4) | <u>20.5%</u> | (2) / (1) |
| Covered payroll | (5) | <u>\$ 75,492,444</u> | |
| UAAL as % of covered payroll | (6) | <u>193.5%</u> | (3) / (5) |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the trust and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of trust assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedule of employer contributions presents trend information about the amounts contributed to the Plan by the employer in comparison to the ARC (annual required contribution), an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation includes:

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

| | |
|-------------------------------|---------------------------------|
| Valuation date | 12/31/06 |
| Actuarial cost method | Entry Age |
| Amortization method | Level percentage of pay, closed |
| Remaining amortization period | 30 years |
| Asset valuation method | 5-year smoothed market |
| Actuarial assumptions: | |
| Investment rate of return | 7.0% |
| Projected salary increases | 5.0% |
| Healthcare cost trend rate | 10% initial; 5% ultimate |

A publicly available financial report that includes financial statements and required supplementary information for the VEBA may be obtained by writing to the Washtenaw County Human Resources Department, 220 North Main Street, Ann Arbor, Michigan 48107 or by calling (734) 222-6800.

County Administered Plans – Summary of Significant Accounting Policies

The financial statements of ERS, MPPP and VEBA are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The County's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair values.

Municipal Employees' Retirement System of Michigan

The County participates in the Municipal Employees' Retirement System of Michigan (MERS), an agent multiple-employer defined benefit pension plan providing retirement, death and disability benefits for certain full-time Washtenaw County Sheriff Department employees. The System is administered by the MERS Retirement Board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. A publicly available financial report that includes financial statements and required supplementary information for MERS may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917 or by calling (800) 767-6377.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

The County is required to contribute at an actuarially determined rate; the current rates are 6.73% for the Police Officers Association of Michigan (POAM) and 8.25% for the Command Officers Association of Michigan (COAM), of their annual covered payrolls. The POAM and COAM employees are required to contribute 9.32% and 5.0%, respectively, of their annual covered payrolls. The contribution requirements of the County are established and may be amended by the MERS Retirement Board. The contribution requirements of plan members are established and may be amended by the County, subject to collective bargaining agreements and depending on the MERS contribution program adopted by the County.

For the year ended December 31, 2007, the County's annual pension cost of \$1,264,818 for MERS was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of 8.0%; (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation; and (c) additional projected salary increases of 0.0% to 8.4% per year, depending on age, attributable to seniority/merit. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return and includes an adjustment to reflect fair value. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period is 30 years.

Three-Year Trend Information

| <u>Year Ended</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|-------------------|--|--|---------------------------------------|
| 12/31/05 | \$ 972,278 | 100% | - |
| 12/31/06 | 1,187,154 | 100 | - |
| 12/31/07 | 1,264,818 | 100 | - |

The MERS exercised early implementation of GASB Statement No. 50, *Pension Disclosures*, as of and for the year ended December 31, 2007.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Funded Status and Funding Progress. The funded status of the MERS as of December 31, 2006, the date of the most recent actuarial valuation, is as follows:

| | | | |
|-----------------------------------|-----|----------------------|-----------|
| Actuarial accrued liability (AAL) | (1) | \$ 33,442,555 | |
| Actuarial value of assets | (2) | <u>24,068,415</u> | |
| Unfunded AAL (UAAL) | (3) | <u>\$ 9,374,140</u> | (1) - (2) |
| | | | |
| Funded ratio | (4) | <u>72.0%</u> | (2) / (1) |
| | | | |
| Covered payroll | (5) | <u>\$ 17,188,529</u> | |
| | | | |
| UAAL as % of covered payroll | (6) | <u>54.5%</u> | (3) / (5) |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial values of trust assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedule of employer contributions presents trend information about the amounts contributed to the System by the employer in comparison to the ARC (annual required contribution), an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 27. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation includes:

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

| | |
|-----------------------------|---|
| Valuation date | 12/31/06 |
| Actuarial cost method | Entry Age Normal Cost |
| Amortization method | Level percent of pay, open For divisions that are closed, a 30-year level dollar method is used |
| Asset valuation method | 10-year smoothed market |
| Actuarial assumptions: | |
| Investment rate of return | 8.0% |
| Projected salary increases* | 4.5% to 12.9% |
| Cost-of-Living Adjustments | None |

*Includes pay inflation of 4.5%

Schedule of Funding Progress

| Actuarial Valuation <u>Date</u> | Actuarial Value of Assets <u>(a)</u> | Actuarial Accrued Liability (AAL) Entry Age <u>(b)</u> | Unfunded AAL (UAAL) <u>(b-a)</u> | Funded Ratio <u>Total</u> | Covered Payroll <u>(c)</u> | UAAL as a Percentage of Covered Payroll <u>((b-a)/c)</u> |
|---------------------------------------|---|--|---|---------------------------------|----------------------------------|---|
| 12/31/97 | \$ 3,993,680 | \$ 5,664,736 | \$ 1,671,056 | 71% | \$ 6,757,788 | 25% |
| 12/31/98 | 5,553,259 | 6,585,312 | 1,032,053 | 84% | 7,300,718 | 14% |
| 12/31/99 | 7,104,392 | 8,961,586 | 1,857,194 | 79% | 8,736,898 | 21% |
| 12/31/00 | 8,825,067 | 10,626,535 | 1,801,468 | 83% | 9,571,961 | 19% |
| 12/31/01 | 10,576,339 | 12,361,200 | 1,784,861 | 86% | 11,020,092 | 16% |
| 12/31/02 | 12,389,117 | 15,438,644 | 3,049,527 | 80% | 13,046,728 | 23% |
| 12/31/03 | 15,087,281 | 18,117,442 | 3,030,161 | 84% | 14,256,334 | 22% |
| 12/31/04 | 17,732,213 | 22,080,360 | 4,348,147 | 80% | 15,616,254 | 28% |
| 12/31/05 | 20,743,229 | 25,523,316 | 4,780,087 | 81% | 15,716,990 | 30% |
| 12/31/06 | 24,068,415 | 33,442,555 | 9,374,140 | 72% | 17,188,529 | 55% |

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

| Year Ended December 31, | Annual Required Contribution | Annual Actual Contribution | Percentage Contributed |
|--|---|---|-----------------------------------|
| 1998 | \$ 379,041 | \$ 379,041 | 100.0% |
| 1999 | 442,029 | 442,029 | 100.0% |
| 2000 | 654,259 | 654,259 | 100.0% |
| 2001 | 650,166 | 650,166 | 100.0% |
| 2002 | 783,326 | 783,326 | 100.0% |
| 2003 | 774,093 | 774,093 | 100.0% |
| 2004 | 956,387 | 956,387 | 100.0% |
| 2005 | 972,278 | 972,278 | 100.0% |
| 2006 | 1,187,154 | 1,187,154 | 100.0% |
| 2007 | 1,264,818 | 1,264,818 | 100.0% |

Component Unit

The Road Commission participates in MERS, an agent multiple-employer defined benefit pension plan that covers nearly all employees of the Road Commission. The Road Commission's MERS plan is separate from that of the County's. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the system at 1134 Municipal Way, Lansing, Michigan 48917.

The obligation to contribute to and maintain the system for these employees was established by resolution of the Road Commission Board.

For the year ended December 31, 2007, the Road Commission's annual pension cost of \$1,025,670 for the plan was equal to the Road Commission's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2006, using the entry age normal cost method. Significant actuarial assumptions used include: (a) an 8.0% investment rate of return; (b) projected salary increases of 4.5% to 12.9% per year, which includes an inflation component of 4.5%; and (c) no post retirement benefit increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The amortization period is 30 years. Employees are required to contribute 5.0% of their annual covered payroll.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Three-Year Trend Information

| <u>Year Ended</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|-------------------|--|--|---------------------------------------|
| 12/31/05 | \$ 823,729 | 100% | - |
| 12/31/06 | 928,690 | 100 | - |
| 12/31/07 | 1,025,670 | 100 | - |

The Road Commission exercised early implementation of GASB Statement No. 50, *Pension Disclosures*, as of and for the year ended December 31, 2007.

Funded Status and Funding Progress. The funded status of the MERS as of December 31, 2006, the date of the most recent actuarial valuation, is as follows:

| | | | |
|-----------------------------------|---------|-------------------------|---------------|
| Actuarial accrued liability (AAL) | (1) | \$ 37,585,945 | |
| Actuarial value of assets | (2) | <u>28,301,161</u> | |
| Unfunded AAL (UAAL) | (3) | <u>\$ 9,284,784</u> | (1) - (2) |
| Funded ratio | (4) | <u>75.3%</u> | (2) / (1) |
| Covered payroll | (5) | <u>\$ 7,725,580</u> | |
| UAAL as % of covered payroll | (6) | <u>120.2%</u> | (3) / (5) |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presents multiyear trend information about whether the actuarial values of trust assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

The accompanying schedule of employer contributions presents trend information about the amounts contributed to the system by the employer in comparison to the ARC (annual required contribution), an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 27. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation includes:

| | |
|-----------------------------|------------------------------|
| Valuation date | 12/31/06 |
| Actuarial cost method | Entry Age Normal Cost |
| Amortization method | Level percent of pay, closed |
| Asset valuation method | 4-year smoothed market |
| Amortization Period | 30 Years |
| Actuarial assumptions: | |
| Investment rate of return | 8.0% |
| Projected salary increases* | 4.5% to 12.9% |
| Cost-of-Living Adjustments | None |

**Includes pay inflation of 4.5%*

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Schedule of Funding Progress

| Actuarial Valuation <u>Date</u> | Actuarial Value of Assets <u>(a)</u> | Actuarial Accrued Liability (AAL) Entry Age <u>(b)</u> | Unfunded AAL (UAAL) <u>(b-a)</u> | Funded Ratio <u>Total</u> | Covered Payroll <u>(c)</u> | UAAL as a Percentage of Covered Payroll <u>((b-a)/c)</u> |
|---------------------------------------|---|--|---|---------------------------------|----------------------------------|---|
| 12/31/98 | \$ 17,646,976 | \$ 18,438,632 | \$ 791,656 | 96% | \$ 4,911,946 | 16% |
| 12/31/99 | 19,916,284 | 19,652,840 | (263,444) | 101% | 5,557,826 | 0% |
| 12/31/00 | 21,416,609 | 21,954,492 | 537,883 | 98% | 5,393,251 | 10% |
| 12/31/01 | 22,474,326 | 23,152,354 | 678,028 | 97% | 5,761,249 | 12% |
| 12/31/02 | 22,566,839 | 27,539,205 | 4,972,366 | 82% | 6,054,035 | 82% |
| 12/31/03 | 23,848,237 | 31,276,579 | 7,428,342 | 76% | 6,790,857 | 109% |
| 12/31/04 | 25,129,965 | 33,025,576 | 7,895,611 | 76% | 6,911,250 | 114% |
| 12/31/05 | 26,441,658 | 36,027,271 | 9,585,613 | 73% | 7,568,848 | 127% |
| 12/31/06 | 28,301,161 | 37,585,945 | 9,284,784 | 75% | 7,725,580 | 120% |

SCHEDULE OF EMPLOYER CONTRIBUTIONS

| Year Ended December 31, | Annual Required Contribution | Annual Actual Contribution | Percentage Contributed |
|-------------------------------|------------------------------------|----------------------------------|---------------------------|
| 1998 | \$ 199,638 | \$ 199,638 | 100.0% |
| 1999 | 285,891 | 285,891 | 100.0% |
| 2000 | 302,167 | 302,167 | 100.0% |
| 2001 | 255,130 | 255,130 | 100.0% |
| 2002 | 213,485 | 213,485 | 100.0% |
| 2003 | 610,255 | 610,255 | 100.0% |
| 2004 | 633,502 | 633,502 | 100.0% |
| 2005 | 823,729 | 823,729 | 100.0% |
| 2006 | 928,690 | 928,690 | 100.0% |
| 2007 | 1,025,670 | 1,025,670 | 100.0% |

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

The Road Commission participates in MERS, an agent multiple-employer defined benefit health care plan that covers all full time employees of the Road Commission. The Road Commission's MERS health care plan is separate from that of the County's. The system provides health care, dental, and death benefits to all full time employees upon retirement. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the system at 1134 Municipal Way, Lansing, Michigan 48917.

The Road Commission has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a "pay-as-you-go" basis). However, as shown below, the Road Commission has made contributions to advance-fund these benefits, as determined by the Board of Commissioners through annual budget resolutions.

Annual OPEB Cost and Net OPEB Obligation. The Road Commission's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the Road Commission's annual OPEB cost for the year, the amount actually contributed to the system, and changes in the Road Commission's net OPEB obligation to the system:

| | |
|--|--------------------------|
| Annual required contribution | \$ 1,490,728 |
| Interest on net OPEB obligation | - |
| Adjustment to annual required contribution | - |
| Annual OPEB cost (expense) | <u>\$ 1,490,728</u> |
| Contributions: | |
| Payments of current premiums | (725,232) |
| Advance funding | <u>(612,215)</u> |
| Increase in net OPEB obligation | 153,281 |
| Net OPEB obligation, beginning of year | - |
| Net OPEB obligation, end of year | <u><u>\$ 153,281</u></u> |

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

The Road Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the system, and the net OPEB obligation as of December 31, 2007, were as follows:

| <u>Fiscal Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|--------------------------|-------------------------|---|----------------------------|
| 12/31/07 | \$ 1,490,728 | 89.72% | \$ 153,281 |

Funded Status and Funding Progress. The funded status of the system as of December 31, 2006, the date of the most recent actuarial valuation, is as follows:

| | | | | |
|-----------------------------------|-----|----------------------|--|-----------|
| Actuarial accrued liability (AAL) | (1) | \$ 21,116,123 | | |
| Actuarial value of assets | (2) | <u>852,110</u> | | |
| Unfunded AAL (UAAL) | (3) | <u>\$ 20,264,013</u> | | (1) - (2) |
| | | | | |
| Funded ratio | (4) | <u>4.04%</u> | | (2) / (1) |
| | | | | |
| Covered payroll | (5) | <u>\$ 7,725,580</u> | | |
| | | | | |
| UAAL as % of covered payroll | (6) | <u>262.3%</u> | | (3) / (5) |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the trust and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial values of trust assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

The accompanying schedule of employer contributions presents trend information about the amounts contributed to the Plan by the employer in comparison to the ARC (annual required contribution), an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation includes:

| | |
|-------------------------------|-------------------------------|
| Valuation date | 12/31/06 |
| Actuarial cost method | Entry Age Actuarial Cost |
| Amortization method | Level percentage of pay, open |
| Remaining amortization period | 30 years |
| Asset valuation method | 5-year smoothed market |
| Actuarial assumptions: | |
| Investment rate of return* | 8.0% |
| Projected salary increases* | 4.8% to 12.9% |
| Healthcare cost trend rate* | 10% initial; 4.5% ultimate |

*Includes pay inflation of 4.5%

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

SCHEDULE OF FUNDING PROGRESS

| Actuarial Valuation Date | (1) Actuarial Value of Assets | (2) Actuarial Accrued Liability (AAL) - Entry Age | (3) Unfunded AAL (UAAL) (2-1) | (4) Funded Ratio (1/2) | (5) Covered Payroll | (6) UAAL as a % of Covered Payroll (3/5) |
|--------------------------------|--|--|---|---------------------------------|---------------------------|---|
| 12/31/06 | \$ 852,110 | \$ 21,116,123 | \$ 20,264,013 | 4.0% | \$ 7,725,580 | 262.3% |

SCHEDULE OF EMPLOYER CONTRIBUTIONS

| Year Ended | Annual Required Contribution | Annual Actual Contribution | Percentage Contributed |
|---------------|------------------------------------|----------------------------------|---------------------------|
| 2007 | \$ 1,490,728 | \$ 1,337,447 | 89.7% |

G. Restatements

The beginning fund balance of the general fund and the beginning net assets of the governmental activities were decreased by \$73,812 to correct for prior year revenue recognition errors.

The beginning net assets of the Drain Commissioner component unit were increased by \$34,000 to correct for a prior year revenue recognition error.

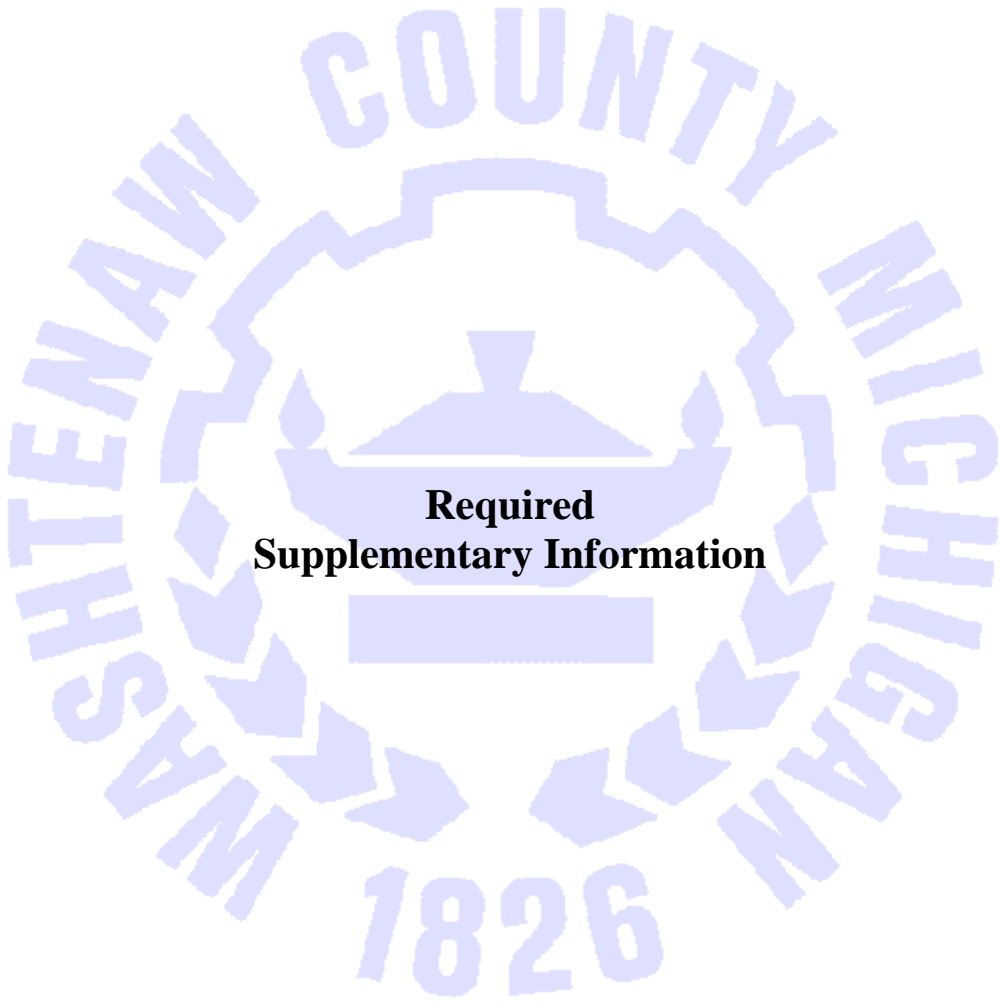
WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

The beginning net assets of the governmental activities were increased by \$135,174 for excess depreciation expense taken in a prior year.

The beginning net assets of the governmental activities were decreased by \$417,802 for accrued interest payable not recognized on certain capital projects related bonds.

* * * * *



**Required
Supplementary Information**

WASHTENAW COUNTY
Employees' Retirement System
Required Supplementary Information

Schedule of Funding Progress - Pension Only

| Actuarial Valuation Date <u>December 31</u> | (1) Actuarial Value of Assets | (2) Actuarial Accrued Liability (AAL) Entry Age | (3) Unfunded AAL (UAAL) (2-1) | (4) Funded Ratio (1/2) | (5) Covered Payroll | (6) UAAL as a % of Covered Payroll (3/5) |
|--|--|---|---|---------------------------------|---------------------------|---|
| 1997 | \$ 120,280,457 | \$ 117,942,286 | \$ (2,338,171) | 102.0% | \$ 10,637,600 | -22.0% |
| 1998 | 133,580,663 | 133,430,791 | (149,872) | 100.1% | 11,295,189 | -1.3% |
| 1999 | 146,587,299 | 144,026,699 | (2,560,600) | 101.8% | 11,609,168 | -22.1% |
| 2000 | 156,959,460 | 152,942,076 | (4,017,384) | 102.6% | 11,589,561 | -34.7% |
| 2001 | 163,564,179 | 166,381,778 | 2,817,599 | 98.3% | 13,843,557 | 20.4% |
| 2002 | 157,473,610 | 169,389,000 | 11,915,390 | 93.0% | 12,836,355 | 92.8% |
| 2003 | 157,237,691 | 173,989,111 | 16,751,420 | 90.4% | 12,332,026 | 135.8% |
| 2004 | 150,576,655 | 177,524,551 | 26,947,896 | 84.8% | 12,134,962 | 222.1% |
| 2005 | 145,093,140 | 177,684,410 | 32,591,270 | 81.7% | 11,076,300 | 294.2% |
| 2006 | 145,235,953 | 181,591,924 | 36,355,971 | 80.0% | 10,243,828 | 354.9% |

For purposes of the Schedule of Funding Progress, the actuarial accrued liability values as shown are determined using the entry age actuarial cost method. However, for purposes of calculating the ARC, the System uses the aggregate cost actuarial funding method, which does not identify or separately amortize unfunded actuarial liabilities.

Schedule of Employer Contributions

| Year Ended <u>December 31</u> | Annual Required Contribution | Annual Actual Contribution | Percentage Contributed |
|-------------------------------------|------------------------------------|----------------------------------|---------------------------|
| 1998 | - | - | 0.0% |
| 1999 | 1,038,243 | 1,038,243 | 100.0% |
| 2000 | 1,513,759 | 1,513,759 | 100.0% |
| 2001 | 1,449,631 | 1,449,631 | 100.0% |
| 2002 | 1,456,780 | 1,456,780 | 100.0% |
| 2003 | 1,651,416 | 1,651,416 | 100.0% |
| 2004 | 2,451,764 | 2,451,764 | 100.0% |
| 2005 | 2,700,525 | 2,700,525 | 100.0% |
| 2006 | 3,845,384 | 3,845,384 | 100.0% |
| 2007 | 4,827,249 | 4,827,249 | 100.0% |

WASHTENAW COUNTY
Voluntary Employees Beneficiary Association
Required Supplementary Information

SCHEDULE OF FUNDING PROGRESS

| (1) | (2) | (3) | (4) | (5) | (6) | |
|--------------------------------|---------------------------------|---|------------------------------------|--------------------------|--------------------|--|
| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) - Entry Age | Unfunded AAL (UAAL) (2-1) | Funded Ratio (1/2) | Covered Payroll | UAAL as a % of Covered Payroll (3/5) |
| 12/31/04 | \$ 30,159,739 | \$ 150,053,560 | \$ 119,893,821 | 20.1% | \$ 69,804,470 | 171.8% |
| 12/31/05 | 31,646,289 | 149,890,222 | 118,243,933 | 21.1% | 71,477,954 | 165.4% |
| 12/31/06 | 37,653,565 | 183,743,134 | 146,089,569 | 20.5% | 75,492,444 | 193.5% |

**SCHEDULE OF CONTRIBUTIONS FROM THE
EMPLOYER AND OTHER CONTRIBUTING ENTITY**

| Year Ended | Annual Required Contribution | Annual Actual Contribution | Percentage Contributed |
|---------------|------------------------------------|----------------------------------|---------------------------|
| 2006 | \$ 12,013,367 | \$ 8,035,887 | 66.9% |
| 2007 | 11,836,428 | 9,640,671 | 81.4% |



Supplementary Information

WASHTENAW COUNTY
Combining Balance Sheet - Nonmajor Governmental Funds
December 31, 2007

Special Revenue Funds

| <u>ASSETS</u> | <u>Aerial Photo</u> | <u>Brownfield</u> | <u>Building Services</u> | <u>Child Care</u> | <u>Community Corrections</u> | <u>Community Development</u> |
|---|--------------------------|--------------------------|------------------------------|--------------------------|----------------------------------|----------------------------------|
| Assets | | | | | | |
| Cash and pooled investments | \$ 272,368 | \$ 156,237 | \$ 10,523 | \$ - | \$ - | \$ - |
| Accounts receivable | - | - | 4,745 | - | - | - |
| Due from other governments | - | 8,928 | - | 708,352 | 82,980 | 580,376 |
| Notes receivable | - | - | - | - | - | - |
| Prepaid items | - | - | - | - | - | - |
| <u>TOTAL ASSETS</u> | <u>\$ 272,368</u> | <u>\$ 165,165</u> | <u>\$ 15,268</u> | <u>\$ 708,352</u> | <u>\$ 82,980</u> | <u>\$ 580,376</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 132,834 | \$ 26,811 | \$ - |
| Accrued liabilities | - | - | 15,268 | 128,592 | 10,902 | 12,885 |
| Due to other governments | - | - | - | - | - | - |
| Interfund payable | - | - | - | 291,059 | 33,379 | 565,689 |
| Deferred revenue | - | - | - | - | 11,377 | - |
| Advances from other governments | - | - | - | - | - | - |
| Total liabilities | - | - | 15,268 | 552,485 | 82,469 | 578,574 |
| Fund balances | | | | | | |
| Reserved for prepaid items | - | - | - | - | - | - |
| Unreserved, undesignated | 272,368 | 165,165 | - | 155,867 | 511 | 1,802 |
| Total fund balances | 272,368 | 165,165 | - | 155,867 | 511 | 1,802 |
| <u>TOTAL LIABILITIES AND FUND BALANCES</u> | <u>\$ 272,368</u> | <u>\$ 165,165</u> | <u>\$ 15,268</u> | <u>\$ 708,352</u> | <u>\$ 82,980</u> | <u>\$ 580,376</u> |

Special Revenue Funds

| <u>County Library</u> | <u>Drain Commission Grants</u> | <u>E-911</u> | <u>Employment Training and Community Services</u> | <u>Environmental Health</u> | <u>Department of Human Services</u> | <u>Friend of the Court</u> | <u>Head Start</u> | <u>HIDTA Grant</u> |
|-----------------------|--------------------------------|-------------------|---|-----------------------------|-------------------------------------|----------------------------|-------------------|--------------------|
| \$ 157,012 | \$ 239,528 | \$ 480,735 | \$ - | \$ 202,914 | \$ 65,389 | \$ - | \$ - | \$ - |
| - | 17,395 | 967 | - | - | - | - | - | - |
| - | - | - | 784,501 | 123,282 | 55,440 | 910,396 | 285,399 | 303,612 |
| - | - | - | - | - | - | - | - | - |
| - | - | - | 33,204 | - | - | - | - | - |
| <u>\$ 157,012</u> | <u>\$ 256,923</u> | <u>\$ 481,702</u> | <u>\$ 817,705</u> | <u>\$ 326,196</u> | <u>\$ 120,829</u> | <u>\$ 910,396</u> | <u>\$ 285,399</u> | <u>\$ 303,612</u> |
| \$ - | \$ 130,352 | \$ 247,931 | \$ - | \$ 82 | \$ - | \$ 1,031 | \$ - | \$ 52,173 |
| 16,125 | - | 4,206 | 49,120 | 72,371 | - | 123,649 | 57,545 | 11,414 |
| - | - | - | - | - | - | 1,822 | - | - |
| - | - | - | 117,161 | - | - | 581,670 | 79,308 | 240,025 |
| - | 63,801 | - | 294,811 | - | - | - | - | - |
| - | - | - | - | - | 82,000 | - | - | - |
| <u>16,125</u> | <u>194,153</u> | <u>252,137</u> | <u>461,092</u> | <u>72,453</u> | <u>82,000</u> | <u>708,172</u> | <u>136,853</u> | <u>303,612</u> |
| - | - | - | 33,204 | - | - | - | - | - |
| <u>140,887</u> | <u>62,770</u> | <u>229,565</u> | <u>323,409</u> | <u>253,743</u> | <u>38,829</u> | <u>202,224</u> | <u>148,546</u> | <u>-</u> |
| <u>140,887</u> | <u>62,770</u> | <u>229,565</u> | <u>356,613</u> | <u>253,743</u> | <u>38,829</u> | <u>202,224</u> | <u>148,546</u> | <u>-</u> |
| <u>\$ 157,012</u> | <u>\$ 256,923</u> | <u>\$ 481,702</u> | <u>\$ 817,705</u> | <u>\$ 326,196</u> | <u>\$ 120,829</u> | <u>\$ 910,396</u> | <u>\$ 285,399</u> | <u>\$ 303,612</u> |

Continued...

WASHTENAW COUNTY
Combining Balance Sheet - Nonmajor Governmental Funds (Concluded)
December 31, 2007

| | Special Revenue Funds | | | | | |
|---|--------------------------------|--------------------------|-------------------------|--------------------------------------|--------------------------|-----------------------------------|
| | Homeland Security Grants | Inmate Concessions | Juvenile Grants | Other Special Revenue Funds | Planning Grants | Prosecuting Attorney Grants |
| <u>ASSETS</u> | | | | | | |
| Assets | | | | | | |
| Cash and pooled investments | \$ - | \$ 302,828 | \$ - | \$ 897,916 | \$ - | \$ - |
| Accounts receivable | - | - | - | - | - | - |
| Due from other governments | 816,994 | - | 74,279 | 5,453 | 113,724 | 166,332 |
| Notes receivable | - | - | - | 195,799 | - | - |
| Prepaid items | - | - | - | - | - | - |
| <u>TOTAL ASSETS</u> | <u>\$ 816,994</u> | <u>\$ 302,828</u> | <u>\$ 74,279</u> | <u>\$ 1,099,168</u> | <u>\$ 113,724</u> | <u>\$ 166,332</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ - | \$ 100 | \$ 3,909 | \$ 11,333 | \$ 3,000 | \$ - |
| Accrued liabilities | 5,135 | - | - | 73,446 | - | 17,494 |
| Due to other governments | - | - | - | - | - | 250 |
| Interfund payable | 789,300 | - | 67,728 | - | 83,364 | 19,085 |
| Deferred revenue | - | - | 2,476 | - | - | - |
| Advances from other governments | - | - | - | - | - | - |
| Total liabilities | 794,435 | 100 | 74,113 | 84,779 | 86,364 | 36,829 |
| Fund balances | | | | | | |
| Reserved for prepaid items | - | - | - | - | - | - |
| Unreserved, undesignated | 22,559 | 302,728 | 166 | 1,014,389 | 27,360 | 129,503 |
| Total fund balances | 22,559 | 302,728 | 166 | 1,014,389 | 27,360 | 129,503 |
| <u>TOTAL LIABILITIES AND FUND BALANCES</u> | <u>\$ 816,994</u> | <u>\$ 302,828</u> | <u>\$ 74,279</u> | <u>\$ 1,099,168</u> | <u>\$ 113,724</u> | <u>\$ 166,332</u> |

| Special Revenue Funds | | | | Debt Service | | Capital Projects | Total Other Governmental Funds |
|-----------------------|----------------------------------|-------------------|-----------------|---------------|--------------------|---------------------|--------------------------------|
| Public Health | Public Works Solid Waste Program | Sheriff's Grants | Veterans' Trust | County | Building Authority | Building Authority | |
| \$ 457,000 | \$ - | \$ 586,814 | \$ 5,993 | \$ 397 | \$ 13,643 | \$ 2,020,565 | \$ 5,869,862 |
| 411,332 | 137,000 | - | - | - | - | - | 571,439 |
| 929,823 | - | 104,798 | - | - | - | - | 6,054,669 |
| - | - | - | - | - | - | - | 195,799 |
| 554 | - | - | - | - | - | - | 33,758 |
| <u>\$ 1,798,709</u> | <u>\$ 137,000</u> | <u>\$ 691,612</u> | <u>\$ 5,993</u> | <u>\$ 397</u> | <u>\$ 13,643</u> | <u>\$ 2,020,565</u> | <u>\$ 12,725,527</u> |
| | | | | | | | |
| \$ 119,327 | \$ - | \$ 10,824 | \$ - | \$ - | \$ - | \$ - | \$ 739,707 |
| 269,433 | 5,601 | 6,901 | 108 | - | - | - | 880,195 |
| 809,670 | - | 3,161 | - | - | - | - | 814,903 |
| - | 33,960 | - | - | - | - | - | 2,901,728 |
| 16,606 | - | 13,555 | - | - | - | - | 402,626 |
| - | - | 1,200 | - | - | - | - | 83,200 |
| <u>1,215,036</u> | <u>39,561</u> | <u>35,641</u> | <u>108</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,822,359</u> |
| | | | | | | | |
| 554 | - | - | - | - | - | - | 33,758 |
| 583,119 | 97,439 | 655,971 | 5,885 | 397 | 13,643 | 2,020,565 | 6,869,410 |
| <u>583,673</u> | <u>97,439</u> | <u>655,971</u> | <u>5,885</u> | <u>397</u> | <u>13,643</u> | <u>2,020,565</u> | <u>6,903,168</u> |
| | | | | | | | |
| <u>\$ 1,798,709</u> | <u>\$ 137,000</u> | <u>\$ 691,612</u> | <u>\$ 5,993</u> | <u>\$ 397</u> | <u>\$ 13,643</u> | <u>\$ 2,020,565</u> | <u>\$ 12,725,527</u> |

WASHTENAW COUNTY
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Nonmajor Governmental Funds
Year Ended December 31, 2007

| | Special Revenue Funds | | | | | |
|---------------------------------------|------------------------------|-------------------|------------------------------|-------------------|----------------------------------|----------------------------------|
| | Aerial Photo | Brownfield | Building Services | Child Care | Community Corrections | Community Development |
| Revenues | | | | | | |
| Taxes | \$ - | \$ 198,328 | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | 901,747 | - | - | - |
| Intergovernmental | - | 41,610 | - | 4,868,361 | 578,136 | 1,729,462 |
| Charges for services | 8,215 | - | 275 | - | 211,500 | - |
| Fines and forfeits | - | - | - | - | - | - |
| Investment income (loss) | 15,124 | 2,725 | (8,369) | - | - | - |
| Other | - | - | - | 625,260 | 34,856 | 317,938 |
| Total revenues | 23,339 | 242,663 | 893,653 | 5,493,621 | 824,492 | 2,047,400 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Judicial | - | - | - | - | 1,095,247 | - |
| General government | - | 40,757 | - | - | - | 3,863 |
| Public safety | - | - | 899,249 | - | - | - |
| Public works | - | 36,741 | - | - | - | - |
| Health | - | - | 192,901 | - | - | - |
| Social services | - | - | - | 10,755,460 | - | 2,076,735 |
| Culture and recreation | - | - | - | - | - | - |
| Debt service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | - | 77,498 | 1,092,150 | 10,755,460 | 1,095,247 | 2,080,598 |
| Revenues over (under) expenditures | 23,339 | 165,165 | (198,497) | (5,261,839) | (270,755) | (33,198) |
| Other financing sources (uses) | | | | | | |
| Transfers in | - | - | 198,497 | 5,395,388 | 239,520 | 35,000 |
| Transfers out | - | - | - | (2,346) | - | - |
| Total other sources (uses) | - | - | 198,497 | 5,393,042 | 239,520 | 35,000 |
| Net change in fund balances | 23,339 | 165,165 | - | 131,203 | (31,235) | 1,802 |
| Fund balances, beginning of year | 249,029 | - | - | 24,664 | 31,746 | - |
| Fund balances, end of year | \$ 272,368 | \$ 165,165 | \$ - | \$ 155,867 | \$ 511 | \$ 1,802 |

Special Revenue Funds

| County Library | Drain Commission Grants | E-911 | Employment Training and Community Service | Environmental Health | Department of Human Services | Friend of the Court | Head Start | HIDTA Grant |
|-----------------------|--------------------------------|-------------------|--|-----------------------------|-------------------------------------|----------------------------|-------------------|--------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | 1,380,969 | - | - | - | - |
| 53,533 | 82,950 | - | 8,621,737 | 788,313 | 569,233 | 3,910,938 | 3,398,655 | 1,122,934 |
| - | - | 1,805,284 | - | 10,828 | - | 269,862 | - | - |
| 3,499 | - | - | - | 9,615 | - | 1,288 | - | - |
| - | 11,058 | 41,910 | - | 5,871 | (1) | - | - | - |
| 33,112 | 28,265 | 40,824 | 266,475 | 7,255 | - | 387 | 693,670 | - |
| <u>90,144</u> | <u>122,273</u> | <u>1,888,018</u> | <u>8,888,212</u> | <u>2,202,851</u> | <u>569,232</u> | <u>4,182,475</u> | <u>4,092,325</u> | <u>1,122,934</u> |
| - | - | - | - | - | - | 5,831,454 | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | 1,293,572 | - | - | - | - | - | 1,122,934 |
| - | 149,151 | - | - | - | - | - | - | - |
| - | - | - | - | 3,564,415 | - | - | - | - |
| - | - | - | 9,428,913 | - | 636,449 | - | 4,641,359 | - |
| 936,955 | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| <u>936,955</u> | <u>149,151</u> | <u>1,293,572</u> | <u>9,428,913</u> | <u>3,564,415</u> | <u>636,449</u> | <u>5,831,454</u> | <u>4,641,359</u> | <u>1,122,934</u> |
| (846,811) | (26,878) | 594,446 | (540,701) | (1,361,564) | (67,217) | (1,648,979) | (549,034) | - |
| 899,692 | 9,551 | 99,384 | 532,016 | 1,447,478 | 38,739 | 1,739,964 | 692,061 | - |
| - | - | (975,276) | - | - | - | - | (147,218) | - |
| <u>899,692</u> | <u>9,551</u> | <u>(875,892)</u> | <u>532,016</u> | <u>1,447,478</u> | <u>38,739</u> | <u>1,739,964</u> | <u>544,843</u> | <u>-</u> |
| 52,881 | (17,327) | (281,446) | (8,685) | 85,914 | (28,478) | 90,985 | (4,191) | - |
| 88,006 | 80,097 | 511,011 | 365,298 | 167,829 | 67,307 | 111,239 | 152,737 | - |
| <u>\$ 140,887</u> | <u>\$ 62,770</u> | <u>\$ 229,565</u> | <u>\$ 356,613</u> | <u>\$ 253,743</u> | <u>\$ 38,829</u> | <u>\$ 202,224</u> | <u>\$ 148,546</u> | <u>\$ -</u> |

Continued...

WASHTENAW COUNTY
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Nonmajor Governmental Funds (Concluded)
Year Ended December 31, 2007

| | Special Revenue Funds | | | | | |
|---------------------------------------|--------------------------------|-----------------------|--------------------|--------------------------------------|--------------------|-----------------------------------|
| | Homeland Security Grants | Inmate Concessions | Juvenile Grants | Other Special Revenue Funds | Planning Grants | Prosecuting Attorney Grants |
| Revenues | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental | 411,685 | - | 133,042 | 146,120 | 204,430 | 671,526 |
| Charges for services | - | - | - | 160,662 | - | - |
| Fines and forfeits | - | - | - | 8,500 | - | 145 |
| Investment income (loss) | (1) | 23,086 | (1,545) | 64,078 | 263 | - |
| Other | - | 364,217 | 397,298 | 69,236 | 91,876 | 2 |
| Total revenues | <u>411,684</u> | <u>387,303</u> | <u>528,795</u> | <u>448,596</u> | <u>296,569</u> | <u>671,673</u> |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Judicial | - | - | - | 19,765 | - | - |
| General government | - | - | - | 2,220 | 273,752 | - |
| Public safety | 482,294 | 364,896 | - | - | - | 907,085 |
| Public works | - | - | - | - | - | - |
| Health | - | - | - | 198,085 | - | - |
| Social services | - | - | 596,424 | 445,180 | - | - |
| Culture and recreation | - | - | - | 7,312 | - | - |
| Debt service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | <u>482,294</u> | <u>364,896</u> | <u>596,424</u> | <u>672,562</u> | <u>273,752</u> | <u>907,085</u> |
| Revenues over (under) expenditures | <u>(70,610)</u> | <u>22,407</u> | <u>(67,629)</u> | <u>(223,966)</u> | <u>22,817</u> | <u>(235,412)</u> |
| Other financing sources (uses) | | | | | | |
| Transfers in | 35,304 | - | 67,631 | 510,589 | - | 224,076 |
| Transfers out | - | - | - | (470,394) | - | - |
| Total other sources (uses) | <u>35,304</u> | <u>-</u> | <u>67,631</u> | <u>40,195</u> | <u>-</u> | <u>224,076</u> |
| Net change in fund balances | <u>(35,306)</u> | <u>22,407</u> | <u>2</u> | <u>(183,771)</u> | <u>22,817</u> | <u>(11,336)</u> |
| Fund balances, beginning of year | <u>57,865</u> | <u>280,321</u> | <u>164</u> | <u>1,198,160</u> | <u>4,543</u> | <u>140,839</u> |
| Fund balances, end of year | <u>\$ 22,559</u> | <u>\$ 302,728</u> | <u>\$ 166</u> | <u>\$ 1,014,389</u> | <u>\$ 27,360</u> | <u>\$ 129,503</u> |

| <u>Special Revenue Funds</u> | | | | <u>Debt Service</u> | | <u>Capital Projects</u> | <u>Total Other Governmental Funds</u> |
|------------------------------|---|-------------------------|------------------------|---------------------|---------------------------|---------------------------|---------------------------------------|
| <u>Public Health</u> | <u>Public Works Solid Waste Program</u> | <u>Sheriff's Grants</u> | <u>Veterans' Trust</u> | <u>County</u> | <u>Building Authority</u> | <u>Building Authority</u> | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 198,328 |
| - | - | - | - | - | - | - | 2,282,716 |
| 5,772,909 | 25,101 | 449,492 | 25,056 | 482,051 | 40,476 | - | 34,127,750 |
| 1,482,391 | - | 48,845 | - | - | - | - | 3,997,862 |
| - | - | 40,798 | - | - | - | - | 63,845 |
| - | 1,278 | 35,792 | - | (121) | 244 | 94,662 | 286,054 |
| 99,095 | 521,730 | - | - | - | - | - | 3,591,496 |
| <u>7,354,395</u> | <u>548,109</u> | <u>574,927</u> | <u>25,056</u> | <u>481,930</u> | <u>40,720</u> | <u>94,662</u> | <u>44,548,051</u> |
| - | - | - | - | - | - | - | 6,946,466 |
| - | - | - | - | - | - | - | 320,592 |
| - | - | 639,672 | - | - | - | - | 5,709,702 |
| - | 557,562 | - | - | - | - | - | 743,454 |
| 12,833,221 | - | - | - | - | - | - | 16,788,622 |
| - | - | - | 24,620 | - | - | - | 28,605,140 |
| - | - | - | - | - | - | - | 944,267 |
| - | - | - | - | 2,519,476 | 1,705,000 | - | 4,224,476 |
| - | - | - | - | 2,279,422 | 324,172 | - | 2,603,594 |
| - | - | - | - | - | - | 644,189 | 644,189 |
| <u>12,833,221</u> | <u>557,562</u> | <u>639,672</u> | <u>24,620</u> | <u>4,798,898</u> | <u>2,029,172</u> | <u>644,189</u> | <u>67,530,502</u> |
| <u>(5,478,826)</u> | <u>(9,453)</u> | <u>(64,745)</u> | <u>436</u> | <u>(4,316,968)</u> | <u>(1,988,452)</u> | <u>(549,527)</u> | <u>(22,982,451)</u> |
| 5,542,948 | - | 18,498 | - | 4,316,429 | 1,988,215 | 1,053,509 | 25,084,489 |
| - | - | - | - | - | - | - | (1,595,234) |
| <u>5,542,948</u> | <u>-</u> | <u>18,498</u> | <u>-</u> | <u>4,316,429</u> | <u>1,988,215</u> | <u>1,053,509</u> | <u>23,489,255</u> |
| 64,122 | (9,453) | (46,247) | 436 | (539) | (237) | 503,982 | 506,804 |
| 519,551 | 106,892 | 702,218 | 5,449 | 936 | 13,880 | 1,516,583 | 6,396,364 |
| <u>\$ 583,673</u> | <u>\$ 97,439</u> | <u>\$ 655,971</u> | <u>\$ 5,885</u> | <u>\$ 397</u> | <u>\$ 13,643</u> | <u>\$ 2,020,565</u> | <u>\$ 6,903,168</u> |

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds
Year Ended December 31, 2007

| | Aerial Photo | | | Brownfield | | |
|---------------------------------------|-------------------|-------------------|--|------------------|-------------------|--|
| | Final Budget | Actual | Variance with Final Budget + (-) | Final Budget | Actual | Variance with Final Budget + (-) |
| Revenues | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ 1,130,000 | \$ 198,328 | \$ (931,672) |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental | - | - | - | 500,000 | 41,610 | (458,390) |
| Charges for services | 80,000 | 8,215 | (71,785) | - | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Investment income | - | 15,124 | 15,124 | - | 2,725 | 2,725 |
| Other | - | - | - | 300,000 | - | (300,000) |
| Total revenues | 80,000 | 23,339 | (56,661) | 1,930,000 | 242,663 | (1,687,337) |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Judicial | - | - | - | - | - | - |
| General government | 80,000 | - | 80,000 | 200,000 | 40,757 | 159,243 |
| Public safety | - | - | - | - | - | - |
| Public works | - | - | - | 384,550 | 36,741 | 347,809 |
| Health | - | - | - | 1,345,450 | - | 1,345,450 |
| Social services | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | 80,000 | - | 80,000 | 1,930,000 | 77,498 | 1,852,502 |
| Revenues over (under) expenditures | - | 23,339 | 23,339 | - | 165,165 | 165,165 |
| Other financing sources (uses) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other sources (uses) | - | - | - | - | - | - |
| Net change in fund balances | - | 23,339 | 23,339 | - | 165,165 | 165,165 |
| Fund balances, beginning of year | 249,029 | 249,029 | - | - | - | - |
| Fund balances, end of year | \$ 249,029 | \$ 272,368 | \$ 23,339 | \$ - | \$ 165,165 | \$ 165,165 |

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Continued)
Year Ended December 31, 2007

| | <u>Building Services</u> | | | <u>Child Care</u> | | |
|---------------------------------------|--------------------------|------------------|---|-------------------------|-------------------|---|
| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget + (-)</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget + (-)</u> |
| Revenues | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | 1,308,686 | 901,747 | (406,939) | - | - | - |
| Intergovernmental | - | - | - | 5,096,527 | 4,868,361 | (228,166) |
| Charges for services | 600 | 275 | (325) | - | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Investment income (loss) | - | (8,369) | (8,369) | - | - | - |
| Other | - | - | - | 752,099 | 625,260 | (126,839) |
| Total revenues | 1,309,286 | 893,653 | (415,633) | 5,848,626 | 5,493,621 | (355,005) |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Judicial | - | - | - | - | - | - |
| General government | - | - | - | - | - | - |
| Public safety | 988,041 | 899,249 | 88,792 | - | - | - |
| Public works | - | - | - | - | - | - |
| Health | 271,248 | 192,901 | 78,347 | - | - | - |
| Social services | - | - | - | 11,229,076 | 10,755,460 | 473,616 |
| Culture and recreation | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | 1,259,289 | 1,092,150 | 167,139 | 11,229,076 | 10,755,460 | 473,616 |
| Revenues over (under) expenditures | 49,997 | (198,497) | (248,494) | (5,380,450) | (5,261,839) | 118,611 |
| Other financing sources (uses) | | | | | | |
| Transfers in | - | 198,497 | 198,497 | 5,395,386 | 5,395,388 | 2 |
| Transfers out | (49,997) | - | 49,997 | (14,936) | (2,346) | 12,590 |
| Total other sources (uses) | (49,997) | 198,497 | 248,494 | 5,380,450 | 5,393,042 | 12,592 |
| Net change in fund balances | - | - | - | - | 131,203 | 131,203 |
| Fund balances, beginning of year | - | - | - | 24,664 | 24,664 | - |
| Fund balances, end of year | \$ - | \$ - | \$ - | \$ 24,664 | \$ 155,867 | \$ 131,203 |

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Continued)
Year Ended December 31, 2007

| | Community Corrections | | | Community Development | | |
|---------------------------------------|-----------------------|-----------|--|-----------------------|-----------|--|
| | Final Budget | Actual | Variance with Final Budget + (-) | Final Budget | Actual | Variance with Final Budget + (-) |
| Revenues | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental | 706,062 | 578,136 | (127,926) | 2,025,543 | 1,729,462 | (296,081) |
| Charges for services | 401,926 | 211,500 | (190,426) | - | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Investment income | - | - | - | - | - | - |
| Other | 225,519 | 34,856 | (190,663) | 252,902 | 317,938 | 65,036 |
| Total revenues | 1,333,507 | 824,492 | (509,015) | 2,278,445 | 2,047,400 | (231,045) |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Judicial | 1,333,507 | 1,095,247 | 238,260 | - | - | - |
| General government | - | - | - | 5,100 | 3,863 | 1,237 |
| Public safety | - | - | - | - | - | - |
| Public works | - | - | - | - | - | - |
| Health | - | - | - | - | - | - |
| Social services | - | - | - | 2,273,345 | 2,076,735 | 196,610 |
| Culture and recreation | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | 1,333,507 | 1,095,247 | 238,260 | 2,278,445 | 2,080,598 | 197,847 |
| Revenues over (under) expenditures | - | (270,755) | (270,755) | - | (33,198) | (33,198) |
| Other financing sources (uses) | | | | | | |
| Transfers in | - | 239,520 | 239,520 | - | 35,000 | 35,000 |
| Transfers out | - | - | - | - | - | - |
| Total other sources (uses) | - | 239,520 | 239,520 | - | 35,000 | 35,000 |
| Net change in fund balances | - | (31,235) | (31,235) | - | 1,802 | 1,802 |
| Fund balances, beginning of year | 31,746 | 31,746 | - | - | - | - |
| Fund balances, end of year | \$ 31,746 | \$ 511 | \$ (31,235) | \$ - | \$ 1,802 | \$ 1,802 |

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Continued)
Year Ended December 31, 2007

| | County Library | | | Drain Commission Grants | | |
|---------------------------------------|------------------|-------------------|--|-------------------------|------------------|--|
| | Final Budget | Actual | Variance with Final Budget + (-) | Final Budget | Actual | Variance with Final Budget + (-) |
| Revenues | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental | 45,980 | 53,533 | 7,553 | - | 82,950 | 82,950 |
| Charges for services | - | - | - | - | - | - |
| Fines and forfeits | 1,100 | 3,499 | 2,399 | - | - | - |
| Investment income | - | - | - | - | 11,058 | 11,058 |
| Other | - | 33,112 | 33,112 | - | 28,265 | 28,265 |
| Total revenues | 47,080 | 90,144 | 43,064 | - | 122,273 | 122,273 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Judicial | - | - | - | - | - | - |
| General government | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - |
| Public works | - | - | - | 84,550 | 149,151 | (64,601) |
| Health | - | - | - | - | - | - |
| Social services | - | - | - | - | - | - |
| Culture and recreation | 946,770 | 936,955 | 9,815 | - | - | - |
| Other | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | 946,770 | 936,955 | 9,815 | 84,550 | 149,151 | (64,601) |
| Revenues over (under) expenditures | (899,690) | (846,811) | 52,879 | (84,550) | (26,878) | 57,672 |
| Other financing sources (uses) | | | | | | |
| Transfers in | 899,690 | 899,692 | 2 | 84,550 | 9,551 | (74,999) |
| Transfers out | - | - | - | - | - | - |
| Total other sources (uses) | 899,690 | 899,692 | 2 | 84,550 | 9,551 | (74,999) |
| Net change in fund balances | - | 52,881 | 52,881 | - | (17,327) | (17,327) |
| Fund balances, beginning of year | 88,006 | 88,006 | - | 80,097 | 80,097 | - |
| Fund balances, end of year | \$ 88,006 | \$ 140,887 | \$ 52,881 | \$ 80,097 | \$ 62,770 | \$ (17,327) |

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Continued)
Year Ended December 31, 2007

| | E-911 | | | Employment Training and Community Services | | |
|---------------------------------------|-------------------------|-------------------|---|---|-------------------|---|
| | Final Budget | Actual | Variance with Final Budget + (-) | Final Budget | Actual | Variance with Final Budget + (-) |
| Revenues | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental | - | - | - | 9,358,373 | 8,621,737 | (736,636) |
| Charges for services | 2,100,000 | 1,805,284 | (294,716) | - | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Investment income | - | 41,910 | 41,910 | - | - | - |
| Other | 30,000 | 40,824 | 10,824 | 253,124 | 266,475 | 13,351 |
| Total revenues | 2,130,000 | 1,888,018 | (241,982) | 9,611,497 | 8,888,212 | (723,285) |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Judicial | - | - | - | - | - | - |
| General government | - | - | - | - | - | - |
| Public safety | 1,237,937 | 1,293,572 | (55,635) | - | - | - |
| Public works | - | - | - | - | - | - |
| Health | - | - | - | - | - | - |
| Social services | - | - | - | 10,143,513 | 9,428,913 | 714,600 |
| Culture and recreation | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | 1,237,937 | 1,293,572 | (55,635) | 10,143,513 | 9,428,913 | 714,600 |
| Revenues over (under) expenditures | 892,063 | 594,446 | (297,617) | (532,016) | (540,701) | (8,685) |
| Other financing sources (uses) | | | | | | |
| Transfers in | 115,991 | 99,384 | (16,607) | 532,016 | 532,016 | - |
| Transfers out | (1,008,054) | (975,276) | 32,778 | - | - | - |
| Total other sources (uses) | (892,063) | (875,892) | 16,171 | 532,016 | 532,016 | - |
| Net change in fund balances | - | (281,446) | (281,446) | - | (8,685) | (8,685) |
| Fund balances, beginning of year | 511,011 | 511,011 | - | 365,298 | 365,298 | - |
| Fund balances, end of year | \$ 511,011 | \$ 229,565 | \$ (281,446) | \$ 365,298 | \$ 356,613 | \$ (8,685) |

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Continued)
Year Ended December 31, 2007

| | Environmental Health | | | Department of Human Services | | |
|---------------------------------------|----------------------|-------------------|--|------------------------------|------------------|--|
| | Final Budget | Actual | Variance with Final Budget + (-) | Final Budget | Actual | Variance with Final Budget + (-) |
| Revenues | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | 1,728,467 | 1,380,969 | (347,498) | - | - | - |
| Intergovernmental | 795,707 | 788,313 | (7,394) | 800,000 | 569,233 | (230,767) |
| Charges for services | 128,485 | 10,828 | (117,657) | - | - | - |
| Fines and forfeits | 8,926 | 9,615 | 689 | - | - | - |
| Investment income (loss) | - | 5,871 | 5,871 | - | (1) | (1) |
| Other | 7,180 | 7,255 | 75 | - | - | - |
| Total revenues | 2,668,765 | 2,202,851 | (465,914) | 800,000 | 569,232 | (230,768) |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Judicial | - | - | - | - | - | - |
| General government | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - |
| Public works | - | - | - | - | - | - |
| Health | 4,101,233 | 3,564,415 | 536,818 | - | - | - |
| Social services | - | - | - | 854,109 | 636,449 | 217,660 |
| Culture and recreation | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | 4,101,233 | 3,564,415 | 536,818 | 854,109 | 636,449 | 217,660 |
| Revenues over (under) expenditures | (1,432,468) | (1,361,564) | 70,904 | (54,109) | (67,217) | (13,108) |
| Other financing sources (uses) | | | | | | |
| Transfers in | 1,432,468 | 1,447,478 | 15,010 | 54,109 | 38,739 | (15,370) |
| Transfers out | - | - | - | - | - | - |
| Total other sources (uses) | 1,432,468 | 1,447,478 | 15,010 | 54,109 | 38,739 | (15,370) |
| Net change in fund balances | - | 85,914 | 85,914 | - | (28,478) | (28,478) |
| Fund balances, beginning of year | 167,829 | 167,829 | - | 67,307 | 67,307 | - |
| Fund balances, end of year | \$ 167,829 | \$ 253,743 | \$ 85,914 | \$ 67,307 | \$ 38,829 | \$ (28,478) |

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Continued)
Year Ended December 31, 2007

| | Friend of the Court | | | Head Start | | |
|---------------------------------------|---------------------|-------------|--|-----------------|------------|--|
| | Final Budget | Actual | Variance with Final Budget + (-) | Final Budget | Actual | Variance with Final Budget + (-) |
| Revenues | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental | 4,010,767 | 3,910,938 | (99,829) | 3,684,227 | 3,398,655 | (285,572) |
| Charges for services | 185,000 | 269,862 | 84,862 | - | - | - |
| Fines and forfeits | - | 1,288 | 1,288 | - | - | - |
| Investment income | - | - | - | - | - | - |
| Other | - | 387 | 387 | 435,441 | 693,670 | 258,229 |
| Total revenues | 4,195,767 | 4,182,475 | (13,292) | 4,119,668 | 4,092,325 | (27,343) |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Judicial | 6,035,729 | 5,831,454 | 204,275 | - | - | - |
| General government | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - |
| Public works | - | - | - | - | - | - |
| Health | - | - | - | - | - | - |
| Social services | - | - | - | 4,627,300 | 4,641,359 | (14,059) |
| Culture and recreation | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | 6,035,729 | 5,831,454 | 204,275 | 4,627,300 | 4,641,359 | (14,059) |
| Revenues over (under) expenditures | (1,839,962) | (1,648,979) | 190,983 | (507,632) | (549,034) | (41,402) |
| Other financing sources (uses) | | | | | | |
| Transfers in | 1,839,962 | 1,739,964 | (99,998) | 660,947 | 692,061 | 31,114 |
| Transfers out | - | - | - | (153,315) | (147,218) | 6,097 |
| Total other sources (uses) | 1,839,962 | 1,739,964 | (99,998) | 507,632 | 544,843 | 37,211 |
| Net change in fund balances | - | 90,985 | 90,985 | - | (4,191) | (4,191) |
| Fund balances, beginning of year | 111,239 | 111,239 | - | 152,737 | 152,737 | - |
| Fund balances, end of year | \$ 111,239 | \$ 202,224 | \$ 90,985 | \$ 152,737 | \$ 148,546 | \$ (4,191) |

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Continued)
Year Ended December 31, 2007

| | HIDTA Grant | | | Homeland Security Grants | | |
|---------------------------------------|------------------|------------------|--|--------------------------|------------------|--|
| | Final Budget | Actual | Variance with Final Budget + (-) | Final Budget | Actual | Variance with Final Budget + (-) |
| Revenues | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental | 1,129,300 | 1,122,934 | (6,366) | 1,419,755 | 411,685 | (1,008,070) |
| Charges for services | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Investment income (loss) | - | - | - | - | (1) | (1) |
| Other | - | - | - | - | - | - |
| Total revenues | 1,129,300 | 1,122,934 | (6,366) | 1,419,755 | 411,684 | (1,008,071) |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Judicial | - | - | - | - | - | - |
| General government | - | - | - | - | - | - |
| Public safety | 1,129,300 | 1,122,934 | 6,366 | 1,459,463 | 482,294 | 977,169 |
| Public works | - | - | - | - | - | - |
| Health | - | - | - | - | - | - |
| Social services | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | 1,129,300 | 1,122,934 | 6,366 | 1,459,463 | 482,294 | 977,169 |
| Revenues over (under) expenditures | - | - | - | (39,708) | (70,610) | (30,902) |
| Other financing sources (uses) | | | | | | |
| Transfers in | - | - | - | 39,708 | 35,304 | (4,404) |
| Transfers out | - | - | - | - | - | - |
| Total other sources (uses) | - | - | - | 39,708 | 35,304 | (4,404) |
| Net change in fund balances | - | - | - | - | (35,306) | (35,306) |
| Fund balances, beginning of year | - | - | - | 57,865 | 57,865 | - |
| Fund balances, end of year | \$ - | \$ - | \$ - | \$ 57,865 | \$ 22,559 | \$ (35,306) |

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Continued)
Year Ended December 31, 2007

| | Inmate Concessions | | | Juvenile Grants | | |
|---------------------------------------|--------------------|-------------------|--|------------------|----------------|--|
| | Final Budget | Actual | Variance with Final Budget + (-) | Final Budget | Actual | Variance with Final Budget + (-) |
| Revenues | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental | - | - | - | 568,399 | 133,042 | (435,357) |
| Charges for services | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Investment income (loss) | - | 23,086 | 23,086 | - | (1,545) | (1,545) |
| Other | 270,972 | 364,217 | 93,245 | 577,800 | 397,298 | (180,502) |
| Total revenues | 270,972 | 387,303 | 116,331 | 1,146,199 | 528,795 | (617,404) |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Judicial | - | - | - | - | - | - |
| General government | - | - | - | - | - | - |
| Public safety | 270,972 | 364,896 | (93,924) | - | - | - |
| Public works | - | - | - | - | - | - |
| Health | - | - | - | - | - | - |
| Social services | - | - | - | 1,151,221 | 596,424 | 554,797 |
| Culture and recreation | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | 270,972 | 364,896 | (93,924) | 1,151,221 | 596,424 | 554,797 |
| Revenues over (under) expenditures | - | 22,407 | 22,407 | (5,022) | (67,629) | (62,607) |
| Other financing sources (uses) | | | | | | |
| Transfers in | - | - | - | 5,022 | 67,631 | 62,609 |
| Transfers out | - | - | - | - | - | - |
| Total other sources (uses) | - | - | - | 5,022 | 67,631 | 62,609 |
| Net change in fund balances | - | 22,407 | 22,407 | - | 2 | 2 |
| Fund balances, beginning of year | 280,321 | 280,321 | - | 164 | 164 | - |
| Fund balances, end of year | \$ 280,321 | \$ 302,728 | \$ 22,407 | \$ 164 | \$ 166 | \$ 2 |

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Continued)
Year Ended December 31, 2007

| | Other Special Revenue Funds | | | Planning Grants | | |
|---------------------------------------|-----------------------------|---------------------|--|-----------------|------------------|--|
| | Final Budget | Actual | Variance with Final Budget + (-) | Final Budget | Actual | Variance with Final Budget + (-) |
| Revenues | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental | 172,000 | 146,120 | (25,880) | 214,122 | 204,430 | (9,692) |
| Charges for services | - | 160,662 | 160,662 | - | - | - |
| Fines and forfeits | 8,500 | 8,500 | - | - | - | - |
| Investment income | - | 64,078 | 64,078 | - | 263 | 263 |
| Other | 51,804 | 69,236 | 17,432 | 38,529 | 91,876 | 53,347 |
| Total revenues | 232,304 | 448,596 | 216,292 | 252,651 | 296,569 | 43,918 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Judicial | 20,900 | 19,765 | 1,135 | - | - | - |
| General government | - | 2,220 | (2,220) | 253,851 | 273,752 | (19,901) |
| Public safety | - | - | - | - | - | - |
| Public works | - | - | - | - | - | - |
| Health | 942,500 | 198,085 | 744,415 | - | - | - |
| Social services | 451,304 | 445,180 | 6,124 | - | - | - |
| Culture and recreation | 16,040 | 7,312 | 8,728 | - | - | - |
| Other | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | 1,430,744 | 672,562 | 758,182 | 253,851 | 273,752 | (19,901) |
| Revenues over (under) expenditures | (1,198,440) | (223,966) | 974,474 | (1,200) | 22,817 | 24,017 |
| Other financing sources (uses) | | | | | | |
| Transfers in | 1,198,440 | 510,589 | (687,851) | - | - | - |
| Transfers out | - | (470,394) | (470,394) | - | - | - |
| Total other sources (uses) | 1,198,440 | 40,195 | (1,158,245) | - | - | - |
| Net change in fund balances | - | (183,771) | (183,771) | (1,200) | 22,817 | 24,017 |
| Fund balances, beginning of year | 1,198,160 | 1,198,160 | - | 4,543 | 4,543 | - |
| Fund balances, end of year | \$ 1,198,160 | \$ 1,014,389 | \$ (183,771) | \$ 3,343 | \$ 27,360 | \$ 24,017 |

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Continued)
Year Ended December 31, 2007

| | Prosecuting Attorney Grants | | | Public Health | | |
|---------------------------------------|-----------------------------|-------------------|--|-------------------|-------------------|--|
| | Final Budget | Actual | Variance with Final Budget + (-) | Final Budget | Actual | Variance with Final Budget + (-) |
| Revenues | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental | 1,420,605 | 671,526 | (749,079) | 5,621,238 | 5,772,909 | 151,671 |
| Charges for services | - | - | - | 1,290,928 | 1,482,391 | 191,463 |
| Fines and forfeits | - | 145 | 145 | - | - | - |
| Investment income | - | - | - | - | - | - |
| Other | - | 2 | 2 | 108,404 | 99,095 | (9,309) |
| Total revenues | 1,420,605 | 671,673 | (748,932) | 7,020,570 | 7,354,395 | 333,825 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Judicial | - | - | - | - | - | - |
| General government | - | - | - | - | - | - |
| Public safety | 1,644,680 | 907,085 | 737,595 | - | - | - |
| Public works | - | - | - | - | - | - |
| Health | - | - | - | 9,814,753 | 12,833,221 | (3,018,468) |
| Social services | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | 1,644,680 | 907,085 | 737,595 | 9,814,753 | 12,833,221 | (3,018,468) |
| Revenues over (under) expenditures | (224,075) | (235,412) | (11,337) | (2,794,183) | (5,478,826) | (2,684,643) |
| Other financing sources (uses) | | | | | | |
| Transfers in | 224,075 | 224,076 | 1 | 2,794,183 | 5,542,948 | 2,748,765 |
| Transfers out | - | - | - | - | - | - |
| Total other sources (uses) | 224,075 | 224,076 | 1 | 2,794,183 | 5,542,948 | 2,748,765 |
| Net change in fund balances | - | (11,336) | (11,336) | - | 64,122 | 64,122 |
| Fund balances, beginning of year | 140,839 | 140,839 | - | 519,551 | 519,551 | - |
| Fund balances, end of year | \$ 140,839 | \$ 129,503 | \$ (11,336) | \$ 519,551 | \$ 583,673 | \$ 64,122 |

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Continued)
Year Ended December 31, 2007

| | Public Works Solid Waste Program | | | Sheriff's Grants | | |
|---------------------------------------|----------------------------------|-----------|--|------------------|------------|--|
| | Final Budget | Actual | Variance with Final Budget + (-) | Final Budget | Actual | Variance with Final Budget + (-) |
| Revenues | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental | 9,600 | 25,101 | 15,501 | 514,140 | 449,492 | (64,648) |
| Charges for services | - | - | - | 48,000 | 48,845 | 845 |
| Fines and forfeits | - | - | - | - | 40,798 | 40,798 |
| Investment income | 7,000 | 1,278 | (5,722) | - | 35,792 | 35,792 |
| Other | 420,055 | 521,730 | 101,675 | - | - | - |
| Total revenues | 436,655 | 548,109 | 111,454 | 562,140 | 574,927 | 12,787 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Judicial | - | - | - | - | - | - |
| General government | - | - | - | - | - | - |
| Public safety | - | - | - | 565,314 | 639,672 | (74,358) |
| Public works | 437,480 | 557,562 | (120,082) | - | - | - |
| Health | - | - | - | - | - | - |
| Social services | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | 437,480 | 557,562 | (120,082) | 565,314 | 639,672 | (74,358) |
| Revenues over (under) expenditures | (825) | (9,453) | (8,628) | (3,174) | (64,745) | (61,571) |
| Other financing sources (uses) | | | | | | |
| Transfers in | - | - | - | 3,174 | 18,498 | 15,324 |
| Transfers out | - | - | - | - | - | - |
| Total other sources (uses) | - | - | - | 3,174 | 18,498 | 15,324 |
| Net change in fund balances | (825) | (9,453) | (8,628) | - | (46,247) | (46,247) |
| Fund balances, beginning of year | 106,892 | 106,892 | - | 702,218 | 702,218 | - |
| Fund balances, end of year | \$ 106,067 | \$ 97,439 | \$ (8,628) | \$ 702,218 | \$ 655,971 | \$ (46,247) |

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Concluded)
Year Ended December 31, 2007

| | Veterans' Trust | | |
|---------------------------------------|-----------------|-----------------|--|
| | Final Budget | Actual | Variance with Final Budget + (-) |
| Revenues | | | |
| Taxes | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - |
| Intergovernmental | 29,264 | 25,056 | (4,208) |
| Charges for services | - | - | - |
| Fines and forfeits | - | - | - |
| Investment income | - | - | - |
| Other | - | - | - |
| Total revenues | 29,264 | 25,056 | (4,208) |
| Expenditures | | | |
| Current: | | | |
| Judicial | - | - | - |
| General government | - | - | - |
| Public safety | - | - | - |
| Public works | - | - | - |
| Health | - | - | - |
| Social services | 29,264 | 24,620 | 4,644 |
| Culture and recreation | - | - | - |
| Other | - | - | - |
| Capital outlay | - | - | - |
| Total expenditures | 29,264 | 24,620 | 4,644 |
| Revenues over (under) expenditures | - | 436 | 436 |
| Other financing sources (uses) | | | |
| Transfers in | - | - | - |
| Transfers out | - | - | - |
| Total other sources (uses) | - | - | - |
| Net change in fund balances | - | 436 | 436 |
| Fund balances, beginning of year | 5,449 | 5,449 | - |
| Fund balances, end of year | \$ 5,449 | \$ 5,885 | \$ 436 |

WASHTENAW COUNTY
Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2007

| | <u>Property Foreclosure</u> | <u>Principal Residence Exemption</u> | <u>Total</u> |
|--|---------------------------------|--|---------------------|
| Assets | | | |
| Current assets - | | | |
| Cash and pooled investments | \$ 2,086,547 | \$ 3,412 | \$ 2,089,959 |
| Noncurrent assets - | | | |
| Capital assets, net | <u>17,841</u> | <u>-</u> | <u>17,841</u> |
| Total assets | <u>2,104,388</u> | <u>3,412</u> | <u>2,107,800</u> |
| Liabilities | | | |
| Current liabilities: | | | |
| Accrued liabilities | 4,298 | 878 | 5,176 |
| Accrued compensated absences, current portion | <u>4,010</u> | <u>-</u> | <u>4,010</u> |
| Total current liabilities | 8,308 | 878 | 9,186 |
| Long-term liabilities - | | | |
| Accrued compensated absences | <u>11,439</u> | <u>-</u> | <u>11,439</u> |
| Total liabilities | <u>19,747</u> | <u>878</u> | <u>20,625</u> |
| Net assets | | | |
| Invested in capital assets | 17,841 | - | 17,841 |
| Unrestricted | <u>2,066,800</u> | <u>2,534</u> | <u>2,069,334</u> |
| Total net assets | <u>\$ 2,084,641</u> | <u>\$ 2,534</u> | <u>\$ 2,087,175</u> |

WASHTENAW COUNTY
Combining Statement of Revenues, Expenses
and Changes in Net Assets
Nonmajor Enterprise Funds
Year Ended December 31, 2007

| | <u>Property Foreclosure</u> | <u>Principal Residence Exemption</u> | <u>Total</u> |
|-------------------------------|---------------------------------|--|----------------------------|
| Operating revenues | | | |
| Charges for services | \$ 449,036 | \$ - | \$ 449,036 |
| Investment income | - | 13,923 | 13,923 |
| | <u>449,036</u> | <u>13,923</u> | <u>462,959</u> |
| Operating expenses | | | |
| Personnel services | 219,426 | 29,259 | 248,685 |
| Contractual services | 56,203 | - | 56,203 |
| Supplies | 35,307 | - | 35,307 |
| Telephone | 1,330 | - | 1,330 |
| Equipment repair and rental | 1,295 | - | 1,295 |
| Other | 91,081 | - | 91,081 |
| Depreciation | 3,567 | - | 3,567 |
| | <u>408,209</u> | <u>29,259</u> | <u>437,468</u> |
| Operating income (loss) | 40,827 | (15,336) | 25,491 |
| Non-operating income | | | |
| Investment earnings | 115,970 | 172 | 116,142 |
| Change in net assets | 156,797 | (15,164) | 141,633 |
| Net assets, beginning of year | <u>1,927,844</u> | <u>17,698</u> | <u>1,945,542</u> |
| Net assets | <u><u>\$ 2,084,641</u></u> | <u><u>\$ 2,534</u></u> | <u><u>\$ 2,087,175</u></u> |

WASHTENAW COUNTY
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended December 31, 2007

| | Property Foreclosure | Principal Residence Exemption | Total |
|--|---------------------------------|--|---------------------|
| Cash flows from operating activities | | | |
| Cash received from customers | \$ 449,036 | \$ 13,923 | \$ 462,959 |
| Cash payments to employees | (214,623) | (29,091) | (243,714) |
| Cash payments to suppliers | (185,216) | - | (185,216) |
| Net cash provided (used) by operating activities | 49,197 | (15,168) | 34,029 |
| Cash flows from capital and related financing activities | | | |
| Payments for equipment acquisitions | (21,408) | - | (21,408) |
| Cash flows from investing activities | | | |
| Investment earnings | 115,970 | 172 | 116,142 |
| Net increase (decrease) in cash and cash equivalents | 143,759 | (14,996) | 128,763 |
| Cash and cash equivalents, beginning of year | 1,942,788 | 18,408 | 1,961,196 |
| Cash and cash equivalents, end of year | \$ 2,086,547 | \$ 3,412 | \$ 2,089,959 |
| Reconciliation of operating income to net cash provided (used) by operating activities: | | | |
| Operating income (loss) | \$ 40,827 | \$ (15,336) | \$ 25,491 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation | 3,567 | - | 3,567 |
| Changes in assets and liabilities: | | | |
| Accrued liabilities | 940 | 168 | 1,108 |
| Accrued compensated absences | 3,863 | - | 3,863 |
| Net cash provided (used) by operating activities | \$ 49,197 | \$ (15,168) | \$ 34,029 |

WASHTENAW COUNTY
Combining Statement of Net Assets
Internal Service Funds
December 31, 2007

| | Facilities Management Revolving | Fleet Management Revolving | Fringe Benefit Revolving |
|------------------------------|--|---|---|
| Assets | | | |
| Current assets: | | | |
| Cash and pooled investments | \$ 424,039 | \$ 105,916 | \$ 420,686 |
| Accounts receivable | 123,374 | - | 179,226 |
| Due from other governments | 60,000 | - | 558 |
| Inventories | - | 75,500 | - |
| Prepaid items | 8,611 | - | - |
| Total current assets | 616,024 | 181,416 | 600,470 |
| Noncurrent assets: | | | |
| Capital assets, net | - | 2,574,254 | - |
| Total assets | 616,024 | 2,755,670 | 600,470 |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | 109,142 | 84,699 | 232,531 |
| Accrued liabilities | 66,731 | 5,582 | 11,261 |
| Total current liabilities | 175,873 | 90,281 | 243,792 |
| Long-term liabilities: | | | |
| Accrued compensated absences | 342,258 | 17,868 | - |
| Advances from other funds | 96,321 | - | - |
| Total long-term liabilities | 438,579 | 17,868 | - |
| Total liabilities | 614,452 | 108,149 | 243,792 |
| Net assets | | | |
| Invested in capital assets | - | 2,574,254 | - |
| Unrestricted | 1,572 | 73,267 | 356,678 |
| Total net assets | \$ 1,572 | \$ 2,647,521 | \$ 356,678 |

| General Services Revolving | Insurance Revolving | Medical Insurance Revolving | Telephone Revolving | Worker's Compensation Revolving | Total |
|---|--------------------------------|--|--------------------------------|--|---------------------|
| \$ 194,502 | \$ 874,129 | \$ 967,117 | \$ 49,602 | \$ 731,070 | \$ 3,767,061 |
| - | - | - | - | 77,000 | 379,600 |
| 2,060 | - | - | - | - | 62,618 |
| 23,375 | - | - | - | - | 98,875 |
| 50,000 | 741,845 | - | - | - | 800,456 |
| 269,937 | 1,615,974 | 967,117 | 49,602 | 808,070 | 5,108,610 |
| 214,606 | - | - | 70,321 | - | 2,859,181 |
| 484,543 | 1,615,974 | 967,117 | 119,923 | 808,070 | 7,967,791 |
| 33,197 | 6,674 | - | 38,457 | 24,600 | 529,300 |
| - | 1,081,914 | 961,000 | - | 718,000 | 2,844,488 |
| 33,197 | 1,088,588 | 961,000 | 38,457 | 742,600 | 3,373,788 |
| - | - | - | - | - | 360,126 |
| - | - | - | 81,466 | - | 177,787 |
| - | - | - | 81,466 | - | 537,913 |
| 33,197 | 1,088,588 | 961,000 | 119,923 | 742,600 | 3,911,701 |
| 214,606 | - | - | - | - | 2,788,860 |
| 236,740 | 527,386 | 6,117 | - | 65,470 | 1,267,230 |
| <u>\$ 451,346</u> | <u>\$ 527,386</u> | <u>\$ 6,117</u> | <u>\$ -</u> | <u>\$ 65,470</u> | <u>\$ 4,056,090</u> |

WASHTENAW COUNTY
Combining Statement of Revenues,
Expenses and Changes in Net Assets
Internal Service Funds
Year Ended December 31, 2007

| | <u>Facilities Management Revolving</u> | <u>Fleet Management Revolving</u> | <u>Fringe Benefit Revolving</u> |
|---|--|---|---|
| Operating revenues | | | |
| Charges for services | \$ 7,395,721 | \$ 2,397,440 | \$ 3,237,281 |
| Operating expenses | | | |
| Personnel services | 2,666,876 | 158,115 | - |
| Contractual services | 324,441 | 15,342 | 24,728 |
| Supplies | 472,918 | 759,430 | - |
| Occupancy | 2,358,957 | 324,685 | - |
| Telephone | 32,283 | 821 | - |
| Equipment repair and rental | 236,666 | 168,481 | - |
| Building repair and rental | 373,200 | - | - |
| Benefit payments and insurance premiums | - | - | 3,016,169 |
| Other | 1,194,395 | - | 125,881 |
| Depreciation | - | 806,555 | - |
| Total operating expenses | <u>7,659,736</u> | <u>2,233,429</u> | <u>3,166,778</u> |
| Operating income (loss) | <u>(264,015)</u> | <u>164,011</u> | <u>70,503</u> |
| Nonoperating revenues (expenses) | | | |
| Interest income | 37,525 | - | 20,830 |
| Interest expense | - | (10,891) | - |
| Gain (loss) on sale of capital assets | - | (75,453) | - |
| Total nonoperating revenues (expenses) | <u>37,525</u> | <u>(86,344)</u> | <u>20,830</u> |
| Income (loss) before transfers | (226,490) | 77,667 | 91,333 |
| Transfers in | 86,000 | - | - |
| Transfers out | <u>(95,599)</u> | <u>-</u> | <u>-</u> |
| Change in net assets | (236,089) | 77,667 | 91,333 |
| Net assets, beginning of year | <u>237,661</u> | <u>2,569,854</u> | <u>265,345</u> |
| Net assets, end of year | <u>\$ 1,572</u> | <u>\$ 2,647,521</u> | <u>\$ 356,678</u> |

| General Services Revolving | Insurance Revolving | Medical Insurance Revolving | Telephone Revolving | Worker's Compensation Revolving | Total |
|---|--------------------------------|--|--------------------------------|--|---------------------|
| \$ 681,591 | \$ 2,578,459 | \$ 16,940,728 | \$ 409,530 | \$ 798,814 | \$ 34,439,564 |
| - | 130,725 | - | - | 71,706 | 3,027,422 |
| - | 521,653 | - | - | 54,039 | 940,203 |
| 414,743 | 6,933 | - | - | - | 1,654,024 |
| - | 34,394 | - | - | - | 2,718,036 |
| - | 2,415 | - | 398,385 | - | 433,904 |
| 126,090 | - | - | - | - | 531,237 |
| - | - | - | - | - | 373,200 |
| - | 1,423,731 | 18,605,234 | - | 767,126 | 23,812,260 |
| - | 1,231 | - | - | - | 1,321,507 |
| 97,396 | - | - | 11,145 | - | 915,096 |
| <u>638,229</u> | <u>2,121,082</u> | <u>18,605,234</u> | <u>409,530</u> | <u>892,871</u> | <u>35,726,889</u> |
| <u>43,362</u> | <u>457,377</u> | <u>(1,664,506)</u> | <u>-</u> | <u>(94,057)</u> | <u>(1,287,325)</u> |
| 10,150 | 52,518 | 84,414 | - | 36,146 | 241,583 |
| - | - | - | - | - | (10,891) |
| <u>(170)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(75,623)</u> |
| <u>9,980</u> | <u>52,518</u> | <u>84,414</u> | <u>-</u> | <u>36,146</u> | <u>155,069</u> |
| 53,342 | 509,895 | (1,580,092) | - | (57,911) | (1,132,256) |
| - | - | - | - | - | 86,000 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(95,599)</u> |
| 53,342 | 509,895 | (1,580,092) | - | (57,911) | (1,141,855) |
| <u>398,004</u> | <u>17,491</u> | <u>1,586,209</u> | <u>-</u> | <u>123,381</u> | <u>5,197,945</u> |
| <u>\$ 451,346</u> | <u>\$ 527,386</u> | <u>\$ 6,117</u> | <u>\$ -</u> | <u>\$ 65,470</u> | <u>\$ 4,056,090</u> |

WASHTENAW COUNTY
Combining Statement of Cash Flows
Internal Service Funds
Year Ended December 31, 2007

| | Facilities Management Revolving | Fleet Management Revolving | Fringe Benefit Revolving |
|--|--|---|---|
| Cash flows from operating activities | | | |
| Cash received from customers | \$ - | \$ - | \$ 129,099 |
| Cash received from interfund services | 7,477,119 | 2,301,174 | 3,208,406 |
| Cash payments to employees | (2,611,559) | (171,215) | (125,881) |
| Cash payments to suppliers | (4,870,105) | (817,054) | (3,130,143) |
| Cash payments for interfund services | (84,085) | (1,429,240) | - |
| | <u>(88,630)</u> | <u>(116,335)</u> | <u>81,481</u> |
| Net cash provided (used) by operating activities | | | |
| Cash flows from noncapital financing activities | | | |
| Transfers in | 86,000 | - | - |
| Transfers out | (95,599) | - | - |
| Advances from other funds | (44,748) | - | - |
| | <u>(54,347)</u> | <u>-</u> | <u>-</u> |
| Net cash provided (used) by noncapital financing activities | | | |
| Cash flows from capital and related financing activities | | | |
| Proceeds from sale of equipment | - | 167,396 | - |
| Payments for equipment acquisitions | - | (1,078,240) | - |
| | <u>-</u> | <u>(910,844)</u> | <u>-</u> |
| Net cash provided (used) by capital and related financing activities | | | |
| Cash flows from investing activities | | | |
| Interest on investments | 37,525 | (10,891) | 20,830 |
| | <u>37,525</u> | <u>(10,891)</u> | <u>20,830</u> |
| Net increase in cash and pooled investments | (105,452) | (1,038,070) | 102,311 |
| Cash and pooled investments, beginning of year | 529,491 | 1,143,986 | 318,375 |
| | <u>529,491</u> | <u>1,143,986</u> | <u>318,375</u> |
| Cash and pooled investments, end of year | <u>\$ 424,039</u> | <u>\$ 105,916</u> | <u>\$ 420,686</u> |
| Reconciliation of operating income to net cash provided (used) by operating activities: | | | |
| Operating income (loss) | \$ (264,015) | \$ 164,011 | \$ 70,503 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation | - | 806,555 | - |
| Changes in assets and liabilities: | | | |
| Accounts receivable | 17,695 | - | (8,338) |
| Interfund receivable | 104,774 | - | - |
| Due from other funds | - | - | - |
| Due from other governments | (60,000) | - | 1,910 |
| Inventories | - | 41,500 | - |
| Prepaid items | 18,929 | - | - |
| Accounts payable | 109,142 | 84,699 | 16,352 |
| Accrued liabilities | 18,781 | 1,825 | 1,054 |
| Due to other funds | - | (1,200,000) | - |
| Interfund payable | (51,802) | - | - |
| Deferred revenue | (18,670) | - | - |
| Accrued compensated absences | 36,536 | (14,925) | - |
| | <u>36,536</u> | <u>(14,925)</u> | <u>-</u> |
| Net cash provided (used) by operating activities | <u>\$ (88,630)</u> | <u>\$ (116,335)</u> | <u>\$ 81,481</u> |

| General Services Revolving | Insurance Revolving | Medical Insurance Revolving | Telephone Revolving | Worker's Compensation Revolving | Total |
|---|--------------------------------|--|--------------------------------|--|---------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 129,099 |
| 616,528 | 2,858,458 | 18,090,729 | 409,530 | 798,814 | 35,760,758 |
| - | (130,725) | - | - | (71,706) | (3,111,086) |
| (589,129) | (1,882,386) | (18,239,234) | (376,045) | (612,036) | (30,516,132) |
| - | (38,040) | - | - | - | (1,551,365) |
| <u>27,399</u> | <u>807,307</u> | <u>(148,505)</u> | <u>33,485</u> | <u>115,072</u> | <u>711,274</u> |
| - | - | - | - | - | 86,000 |
| - | - | - | - | - | (95,599) |
| - | - | - | 81,466 | - | 36,718 |
| - | - | - | 81,466 | - | 27,119 |
| 776 | - | - | - | - | 168,172 |
| <u>(78,386)</u> | <u>-</u> | <u>-</u> | <u>(81,466)</u> | <u>-</u> | <u>(1,238,092)</u> |
| <u>(77,610)</u> | <u>-</u> | <u>-</u> | <u>(81,466)</u> | <u>-</u> | <u>(1,069,920)</u> |
| 10,150 | 52,518 | 84,414 | - | 36,146 | 230,692 |
| (40,061) | 859,825 | (64,091) | 33,485 | 151,218 | (100,835) |
| <u>234,563</u> | <u>14,304</u> | <u>1,031,208</u> | <u>16,117</u> | <u>579,852</u> | <u>3,867,896</u> |
| <u>\$ 194,502</u> | <u>\$ 874,129</u> | <u>\$ 967,117</u> | <u>\$ 49,602</u> | <u>\$ 731,070</u> | <u>\$ 3,767,061</u> |
| \$ 43,362 | \$ 457,377 | \$ (1,664,506) | \$ - | \$ (94,057) | \$ (1,287,325) |
| 97,396 | - | - | 11,145 | - | 915,096 |
| - | - | - | - | - | 9,357 |
| - | - | - | - | - | 104,774 |
| - | 730,000 | 1,650,000 | - | - | 2,380,000 |
| 2,508 | - | - | - | - | (55,582) |
| 431 | - | - | - | - | 41,931 |
| (50,000) | 37,296 | - | - | - | 6,225 |
| (1,298) | 6,674 | - | 22,340 | (19,400) | 218,509 |
| - | 25,960 | 366,000 | - | 228,529 | 642,149 |
| (65,000) | (450,000) | (499,999) | - | - | (2,214,999) |
| - | - | - | - | - | (51,802) |
| - | - | - | - | - | (18,670) |
| - | - | - | - | - | 21,611 |
| <u>\$ 27,399</u> | <u>\$ 807,307</u> | <u>\$ (148,505)</u> | <u>\$ 33,485</u> | <u>\$ 115,072</u> | <u>\$ 711,274</u> |

WASHTENAW COUNTY
Combining Statement of Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
December 31, 2007

| | <u>Employees' Retirement System</u> | <u>Money Purchase Pension Plan</u> | <u>Voluntary Employees Beneficiary Association</u> | <u>Severance Benefits</u> |
|---|---|--|--|-------------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ 692,788 |
| Investments: | | | | |
| Equities | 61,703,160 | - | 34,892,337 | - |
| United States treasuries | 1,207,879 | - | 163,687 | - |
| United States treasury strips | 10,568,017 | - | - | - |
| United States agencies | 21,428,831 | - | 192,849 | - |
| Corporate securities | 16,361,746 | - | 595,050 | - |
| Mutual funds | 47,547,330 | 66,198,628 | 11,134,764 | - |
| Money market funds | 6,225,161 | - | 3,361,662 | - |
| Accounts receivable | - | - | 52,061 | - |
| Accrued interest and dividends | 455,887 | - | - | 3,221 |
| Total assets | <u>165,498,011</u> | <u>66,198,628</u> | <u>50,392,410</u> | <u>696,009</u> |
| Liabilities | | | | |
| Accounts payable | 192,514 | - | - | - |
| Accrued liabilities | - | - | 32,301 | 2,756 |
| Total liabilities | <u>192,514</u> | <u>-</u> | <u>32,301</u> | <u>2,756</u> |
| Net assets held in trust for pension and health benefits | <u>\$ 165,305,497</u> | <u>\$ 66,198,628</u> | <u>\$ 50,360,109</u> | <u>\$ 693,253</u> |

| <u>Unemployment Benefits</u> | <u>Total</u> |
|----------------------------------|----------------|
| \$ 409,535 | \$ 1,102,323 |
| - | 96,595,497 |
| - | 1,371,566 |
| - | 10,568,017 |
| - | 21,621,680 |
| - | 16,956,796 |
| - | 124,880,722 |
| - | 9,586,823 |
| - | 52,061 |
| 1,989 | 461,097 |
| 411,524 | 283,196,582 |
| - | 192,514 |
| 192,713 | 227,770 |
| 192,713 | 420,284 |
| \$ 218,811 | \$ 282,776,298 |

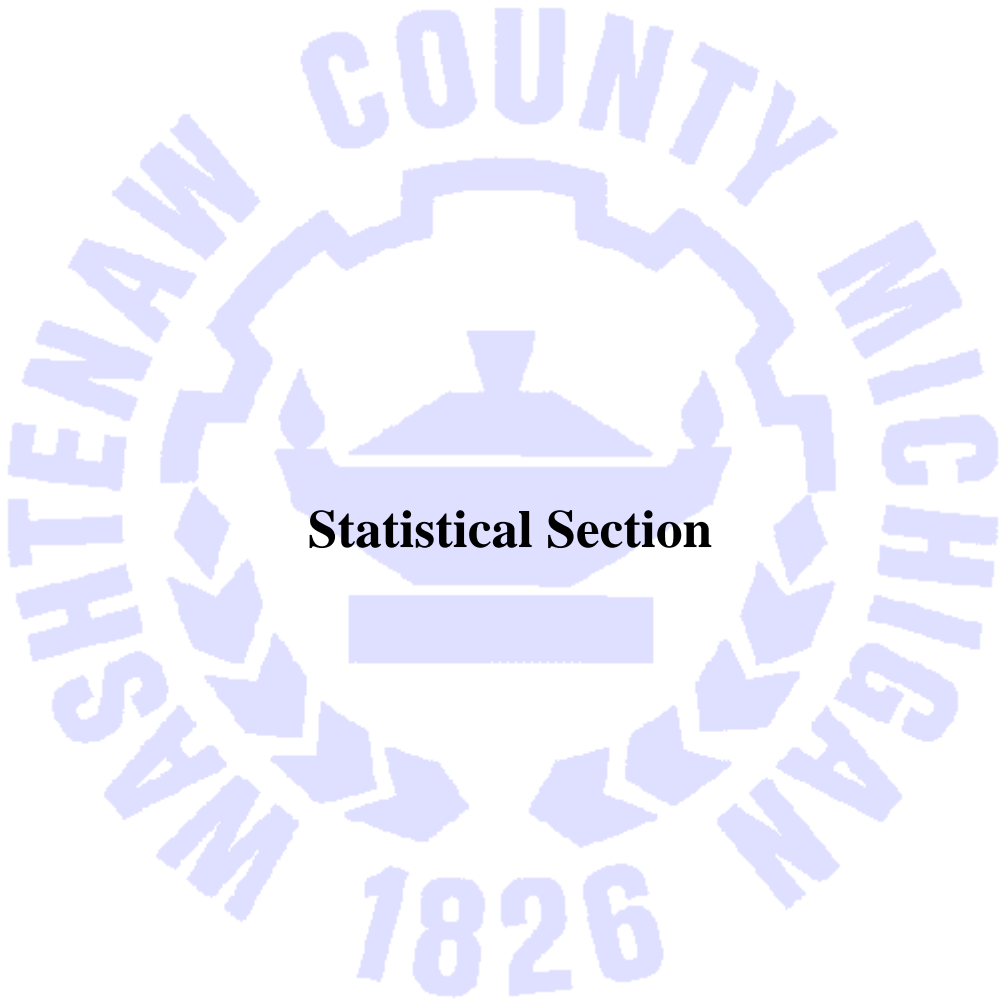
WASHTENAW COUNTY
Combining Statement of Changes in Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
Year Ended December 31, 2007

| | <u>Employees'</u> <u>Retirement</u> <u>System</u> | <u>Money</u> <u>Purchase</u> <u>Pension</u> <u>Plan</u> | <u>Voluntary</u> <u>Employees</u> <u>Beneficiary</u> <u>Association</u> | <u>Severance</u> <u>Benefits</u> |
|--|---|--|--|-------------------------------------|
| Additions | | | | |
| Investment income: | | | | |
| <i>From investing activities:</i> | | | | |
| Net appreciation in fair value of investments | \$ 8,747,039 | \$ 1,033,065 | \$ 2,436,531 | \$ - |
| Interest and dividends | 4,763,815 | 3,727,067 | 1,310,413 | 29,635 |
| Investment management fees | (608,352) | - | (255,764) | - |
| Net income from investing activities | <u>12,902,502</u> | <u>4,760,132</u> | <u>3,491,180</u> | <u>29,635</u> |
| <i>From securities lending activities:</i> | | | | |
| Gross earnings | 1,389,493 | - | - | - |
| Borrower rebates | (1,299,848) | - | - | - |
| Securities fees | (35,858) | - | - | - |
| Net income from securities lending activities | <u>53,787</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total net investment income | <u>12,956,289</u> | <u>4,760,132</u> | <u>3,491,180</u> | <u>29,635</u> |
| Contributions: | | | | |
| Employer | 4,827,249 | 3,811,477 | 9,358,343 | 1,194,204 |
| Employees | 597,338 | 3,421,666 | - | - |
| On behalf - federal Medicare Part D subsidy | - | - | 282,328 | - |
| Total contributions | <u>5,424,587</u> | <u>7,233,143</u> | <u>9,640,671</u> | <u>1,194,204</u> |
| Other additions | <u>-</u> | <u>27,022</u> | <u>-</u> | <u>-</u> |
| Total additions | <u>18,380,876</u> | <u>12,020,297</u> | <u>13,131,851</u> | <u>1,223,839</u> |
| Deductions | | | | |
| Participant benefits | 13,680,576 | 3,413,968 | 6,286,721 | 1,043,990 |
| Participant refunds | 34,573 | - | - | - |
| Administrative expenses | 316,412 | 114,117 | 237,062 | - |
| Total deductions | <u>14,031,561</u> | <u>3,528,085</u> | <u>6,523,783</u> | <u>1,043,990</u> |
| Net additions (deductions) to net assets held in trust | 4,349,315 | 8,492,212 | 6,608,068 | 179,849 |
| Net assets held in trust for benefits: | | | | |
| Beginning of year | <u>160,956,182</u> | <u>57,706,416</u> | <u>43,752,041</u> | <u>513,404</u> |
| End of year | <u>\$ 165,305,497</u> | <u>\$ 66,198,628</u> | <u>\$ 50,360,109</u> | <u>\$ 693,253</u> |

| Unemployment Benefits | Total |
|----------------------------------|-----------------------|
| \$ - | \$ 12,216,635 |
| 22,072 | 9,853,002 |
| - | (864,116) |
| <u>22,072</u> | <u>21,205,521</u> |
| - | 1,389,493 |
| - | (1,299,848) |
| - | (35,858) |
| <u>-</u> | <u>53,787</u> |
| 22,072 | 21,259,308 |
| 115,389 | 19,306,662 |
| - | 4,019,004 |
| - | 282,328 |
| <u>115,389</u> | <u>23,607,994</u> |
| - | 27,022 |
| <u>-</u> | <u>-</u> |
| 137,461 | 44,894,324 |
| 192,713 | 24,617,968 |
| - | 34,573 |
| - | 667,591 |
| <u>192,713</u> | <u>25,320,132</u> |
| (55,252) | 19,574,192 |
| 274,063 | 263,202,106 |
| <u>\$ 218,811</u> | <u>\$ 282,776,298</u> |

WASHTENAW COUNTY
Combining Statement of Changes in Assets and Liabilities
Agency Fund
Year Ended December 31, 2007

| | <u>Balance January 1, 2007</u> | <u>Additions</u> | <u>(Deductions)</u> | <u>Balance December 31, 2007</u> |
|-----------------------------|--|------------------|---------------------|--|
| <u>Agency Fund</u> | | | | |
| Assets | | | | |
| Cash and pooled investments | \$ 20,542,863 | \$ 368,155,240 | \$ (371,172,178) | \$ 17,525,925 |
| Liabilities | | | | |
| Undistributed receipts | \$ 20,542,863 | \$ 368,155,240 | \$ (371,172,178) | \$ 17,525,925 |



Statistical Section

STATISTICAL SECTION

This part of Washtenaw County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health

| Contents | Page |
|---|-------------|
| Financial Trends (schedules 1 thru 5) | 132 |
| <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i> | |
| Revenue Capacity (schedules 6 thru 9) | 140 |
| <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i> | |
| Debt Capacity (schedules 10 thru 12) | 144 |
| <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i> | |
| Demographic and Economic Information (schedules 13 and 14) | 147 |
| <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i> | |
| Operating Information (schedules 15 thru 18) | 149 |
| <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i> | |

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

WASHTENAW COUNTY
Net Assets by Component
Last Seven Years (A)
(accrual basis of accounting)

| | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
|---|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities | | | | | | | |
| Invested in capital assets, net of related debt | \$ 49,634,365 | \$ 53,104,933 | \$ 71,844,722 | \$ 70,895,205 | \$ 80,296,301 | \$ 90,342,374 | \$ 96,616,753 |
| Restricted | 9,488,701 | 13,190,358 | 5,063,594 | 6,228,085 | 6,676,094 | 6,812,864 | 11,110,530 |
| Unrestricted | 23,994,559 | 25,598,647 | 23,447,913 | 51,600,695 | 67,250,358 | 78,187,728 | 71,500,619 |
| Total governmental activities net assets | <u>\$ 83,117,625</u> | <u>\$ 91,893,938</u> | <u>\$ 100,356,229</u> | <u>\$ 128,723,985</u> | <u>\$ 154,222,753</u> | <u>\$ 175,342,966</u> | <u>\$ 179,227,902</u> |
| Business-type activities | | | | | | | |
| Invested in capital assets, net of related debt | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 17,841 |
| Restricted | 6,000,000 | 6,000,000 | 9,000,000 | - | - | - | - |
| Unrestricted | 3,182,698 | 4,002,441 | 1,283,817 | 9,615,484 | 9,722,818 | 10,085,873 | 11,611,001 |
| Total business-type activities net assets | <u>\$ 9,182,698</u> | <u>\$ 10,002,441</u> | <u>\$ 10,283,817</u> | <u>\$ 9,615,484</u> | <u>\$ 9,722,818</u> | <u>\$ 10,085,873</u> | <u>\$ 11,628,842</u> |
| Primary government | | | | | | | |
| Invested in capital assets, net of related debt | \$ 49,634,365 | \$ 53,104,933 | \$ 71,844,722 | \$ 70,895,205 | \$ 80,296,301 | \$ 90,342,374 | \$ 96,634,594 |
| Restricted | 15,488,701 | 19,190,358 | 14,063,594 | 6,228,085 | 6,676,094 | 6,812,864 | 11,110,530 |
| Unrestricted | 27,177,257 | 29,601,088 | 24,731,730 | 61,216,179 | 76,973,176 | 88,273,601 | 83,111,620 |
| Total primary government net assets | <u>\$ 92,300,323</u> | <u>\$ 101,896,379</u> | <u>\$ 110,640,046</u> | <u>\$ 138,339,469</u> | <u>\$ 163,945,571</u> | <u>\$ 185,428,839</u> | <u>\$ 190,856,744</u> |

(A) - Washtenaw County implemented GASB Statement No. 34 as of and for the year ended December 31, 2001. Accordingly, data prior to 2001 is not available.

Source: Washtenaw County Finance Department

WASHTENAW COUNTY
Changes in Net Assets
Last Seven Years (A)
(accrual basis of accounting)

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Expenses | | | | | | | |
| Governmental activities: | | | | | | | |
| Legislative | \$ 588,623 | \$ 638,162 | \$ 597,651 | \$ 647,373 | \$ 722,185 | \$ 539,323 | \$ 576,094 |
| Judicial | 16,940,482 | 18,074,212 | 19,584,218 | 21,443,309 | 22,588,152 | 24,021,026 | 25,458,987 |
| General government | 17,866,054 | 20,028,762 | 22,517,668 | 19,181,652 | 23,097,063 | 18,941,490 | 22,617,109 |
| Public safety | 34,060,565 | 36,228,288 | 40,927,414 | 42,748,613 | 45,341,263 | 46,937,810 | 51,217,621 |
| Public works | 1,154,023 | 1,413,125 | 2,246,625 | 611,126 | 608,029 | 869,372 | 757,558 |
| Health | 29,462,897 | 31,477,846 | 30,669,892 | 31,869,261 | 35,694,857 | 40,868,460 | 41,041,193 |
| Social services | 20,944,476 | 22,484,108 | 21,672,601 | 22,006,150 | 26,681,106 | 31,099,614 | 31,556,019 |
| Culture and recreation | 5,605,340 | 6,382,489 | 6,634,291 | 7,064,861 | 6,891,231 | 7,998,879 | 8,995,250 |
| Interest on long-term debt | 1,485,302 | 1,791,363 | 1,643,952 | 1,273,833 | 1,027,653 | 1,375,511 | 2,878,426 |
| Total governmental activities expenses | 128,107,762 | 138,518,355 | 146,494,312 | 146,846,178 | 162,651,539 | 172,651,485 | 185,098,257 |
| Business-type activities: | | | | | | | |
| Delinquent tax collection | 456,868 | 489,348 | 180,046 | 241,083 | 591,362 | 908,669 | 1,356,027 |
| Property foreclosure | 456,868 | - | 228,598 | 189,756 | 314,439 | 288,376 | 408,209 |
| Brownfield revolving loan | - | - | - | - | - | 11,960 | - |
| Principal residence exemption | - | - | - | - | - | 9,968 | 29,259 |
| Total business-type activities expenses | 913,736 | 489,348 | 408,644 | 430,839 | 905,801 | 1,218,973 | 1,793,495 |
| Total primary government expenses | 129,021,498 | 139,007,703 | 146,902,956 | 147,277,017 | 163,557,340 | 173,870,458 | 186,891,752 |
| Program revenues | | | | | | | |
| Governmental activities: | | | | | | | |
| Charges for services: | | | | | | | |
| Judicial | 3,305,460 | 3,176,945 | 3,352,989 | 3,613,380 | 3,763,939 | 4,074,640 | 4,391,210 |
| General government | 5,365,352 | 5,995,338 | 7,406,625 | 6,992,302 | 7,572,808 | 5,821,567 | 5,271,252 |
| Public safety | 10,363,234 | 11,449,421 | 11,049,685 | 12,141,274 | 12,110,959 | 12,021,420 | 12,470,668 |
| Public works | 650,755 | 1,025,351 | 187,780 | 169,811 | 167,094 | 184,188 | - |
| Health | 4,260,570 | 3,627,541 | 3,279,950 | 3,504,205 | 4,716,287 | 3,227,343 | 3,872,437 |
| Social services | 507,997 | 1,219,687 | 359,584 | 1,195,278 | 1,031,688 | 1,042,936 | 625,262 |
| Culture and recreation | 2,564,996 | 2,601,704 | 2,958,441 | 2,823,269 | 3,253,314 | 3,225,036 | 3,228,112 |
| Other activities | 636,161 | 724,019 | 145,126 | 148,876 | 150,676 | 141,646 | - |
| Operating grants and contributions | 42,221,235 | 46,297,193 | 52,695,000 | 53,642,415 | 60,027,293 | 61,329,306 | 63,759,215 |
| Capital grants and contributions | 1,218,521 | 1,091,143 | 3,473,175 | 960,689 | 211,159 | 76,441 | 428,017 |
| Total governmental activities program revenues | 71,094,281 | 77,208,342 | 84,908,355 | 85,191,499 | 93,005,217 | 91,144,523 | 94,046,173 |
| Business-type activities: | | | | | | | |
| Charges for services: | | | | | | | |
| Delinquent tax collection | 2,600,927 | 3,435,482 | 2,563,993 | 2,398,603 | 2,636,271 | 2,896,431 | 3,722,455 |
| Property foreclosure | - | - | 646,920 | 284,980 | 412,680 | 660,333 | 449,036 |
| Principal residence exemption | - | - | - | - | - | 9,425 | 13,923 |
| Operating grants and contributions | - | - | - | - | 27,424 | 11,960 | - |
| Total business-type activities program revenues | 2,600,927 | 3,435,482 | 3,210,913 | 2,683,583 | 3,076,375 | 3,578,149 | 4,185,414 |
| Total primary government program revenues | 73,695,208 | 80,643,824 | 88,119,268 | 87,875,082 | 96,081,592 | 94,722,672 | 98,231,587 |
| Net (Expense)/Revenue | | | | | | | |
| Government activities | (56,932,523) | (61,300,153) | (61,585,957) | (61,654,679) | (69,646,322) | (81,506,962) | (91,052,084) |
| Business-type activities | 2,144,059 | 2,946,134 | 2,802,269 | 2,252,744 | 2,170,574 | 2,359,176 | 2,391,919 |
| Total primary government net expense | (54,788,464) | (58,354,019) | (58,783,688) | (59,401,935) | (67,475,748) | (79,147,786) | (88,660,165) |

Continued...

WASHTENAW COUNTY
Changes in Net Assets (Concluded)
Last Seven Fiscal Years (A)
(accrual basis of accounting)

| | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
|---------------------------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|---------------------|
| General Revenues | | | | | | | |
| Governmental activities: | | | | | | | |
| Property taxes | \$ 50,424,580 | \$ 56,462,144 | \$ 60,406,712 | \$ 82,991,160 | \$ 87,864,506 | \$ 95,271,757 | \$ 86,549,856 |
| Unrestricted grants and contributions | 7,709,801 | 7,503,237 | 6,538,510 | 3,003,251 | 457,637 | 366,250 | 544,946 |
| Investment earnings | 4,381,595 | 2,387,051 | 1,640,730 | 1,512,323 | 2,558,336 | 4,150,209 | 6,575,702 |
| Transfers | 1,711,915 | 3,733,894 | 2,462,465 | 2,515,704 | 2,546,616 | 2,838,959 | 1,622,955 |
| Total governmental activities | <u>64,227,891</u> | <u>70,086,326</u> | <u>71,048,417</u> | <u>90,022,438</u> | <u>93,427,095</u> | <u>102,627,175</u> | <u>95,293,459</u> |
| Business-type activities: | | | | | | | |
| Investment earnings | 430,304 | 1,611,591 | (74,699) | (515,993) | (141,666) | 763,766 | 825,864 |
| Transfers | (1,739,824) | (3,737,982) | (2,446,194) | (2,405,084) | (1,921,574) | (2,759,887) | (1,674,814) |
| Total business-type activities | <u>(1,309,520)</u> | <u>(2,126,391)</u> | <u>(2,520,893)</u> | <u>(2,921,077)</u> | <u>(2,063,240)</u> | <u>(1,996,121)</u> | <u>(848,950)</u> |
| Total primary government | <u>62,918,371</u> | <u>67,959,935</u> | <u>68,527,524</u> | <u>87,101,361</u> | <u>91,363,855</u> | <u>100,631,054</u> | <u>94,444,509</u> |
| Change in Net Assets | | | | | | | |
| Government activities | 7,295,368 | 8,786,173 | 9,462,460 | 28,367,759 | 23,780,773 | 21,120,213 | 4,241,375 |
| Business-type activities | 834,539 | 819,743 | 281,376 | (668,333) | 107,334 | 363,055 | 1,542,969 |
| Total primary government | <u>\$ 8,129,907</u> | <u>\$ 9,605,916</u> | <u>\$ 9,743,836</u> | <u>\$ 27,699,426</u> | <u>\$ 23,888,107</u> | <u>\$ 21,483,268</u> | <u>\$ 5,784,344</u> |

(A) - Washtenaw County implemented GASB Statement No. 34 as of and for the year ended December 31, 2001. Accordingly, data prior to 2001 is not available.

Source: Washtenaw County Finance Department

WASHTENAW COUNTY
Fund Balances - Governmental Funds
Last Seven Years (A)
(modified accrual basis of accounting)

| | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| General Fund | | | | | | | |
| Reserved | \$ 1,687,275 | \$ 2,647,421 | \$ 1,140,757 | \$ 966,852 | \$ 881,264 | \$ 141,069 | \$ 1,176,336 |
| Unreserved | 5,759,252 | 6,290,358 | 6,323,675 | 6,940,364 | 7,465,485 | 8,352,216 | 7,481,045 |
| Total general fund | <u>\$ 7,446,527</u> | <u>\$ 8,937,779</u> | <u>\$ 7,464,432</u> | <u>\$ 7,907,216</u> | <u>\$ 8,346,749</u> | <u>\$ 8,493,285</u> | <u>\$ 8,657,381</u> |
| All Other Governmental Funds | | | | | | | |
| Reserved | \$ 15,779 | \$ 1,429,691 | \$ 2,435,812 | \$ 3,950,573 | \$ 6,207,220 | \$ 5,046,822 | \$ 8,095,327 |
| Unreserved, reported in: | | | | | | | |
| Special revenue funds | 8,853,103 | 10,007,784 | 12,312,220 | 33,461,825 | 48,621,711 | 63,011,160 | 60,419,597 |
| Debt service funds | 13,391 | 12,595 | 12,676 | 12,976 | 15,591 | 14,815 | 14,040 |
| Capital projects funds | 27,960,615 | 22,933,029 | 16,016,182 | 21,568,510 | 14,753,918 | 38,482,509 | 59,428,860 |
| Total all other governmental funds | <u>\$ 36,842,888</u> | <u>\$ 34,383,099</u> | <u>\$ 30,776,890</u> | <u>\$ 58,993,884</u> | <u>\$ 69,598,440</u> | <u>\$ 106,555,306</u> | <u>\$ 127,957,824</u> |

(A) - Washtenaw County implemented GASB Statement No. 34 as of and for the year ended December 31, 2001. Accordingly, data prior to 2001 is not available.

WASHTENAW COUNTY
Changes in Fund Balances - Governmental Funds
Last Ten Years

(modified accrual basis of accounting)

| | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> |
|--|----------------------|----------------------|-----------------------|-----------------------|---------------------|
| Revenues | | | | | |
| Taxes | \$ 41,805,726 | \$ 44,620,398 | \$ 47,877,830 | \$ 50,424,580 | \$ 56,462,144 |
| Special assessments | 17,634 | 33,829 | 27,043 | - | - |
| Licenses and permits | 3,003,375 | 3,180,792 | 2,948,645 | 3,062,605 | 3,489,426 |
| Intergovernmental | 42,586,141 | 42,674,681 | 48,223,102 | 51,149,556 | 55,289,575 |
| Charges for services | 37,294,079 | 42,948,659 | 46,220,352 | 19,605,316 | 20,917,283 |
| Fines and forfeits | 1,353,128 | 1,355,827 | 1,153,337 | 1,212,956 | 1,043,636 |
| Investment income | 2,530,738 | 3,232,954 | 4,871,889 | 4,098,437 | 2,208,254 |
| Other revenues | 5,777,814 | 5,196,355 | 5,032,923 | 4,190,175 | 4,347,661 |
| Total revenues | <u>134,368,635</u> | <u>143,243,495</u> | <u>156,355,121</u> | <u>133,743,625</u> | <u>143,757,979</u> |
| Expenditures | | | | | |
| Legislative | 397,893 | 402,723 | 490,648 | 576,886 | 630,172 |
| Judicial | 14,946,849 | 15,336,297 | 16,507,494 | 16,525,671 | 17,711,346 |
| General government | 8,799,555 | 9,860,291 | 10,441,919 | 11,143,730 | 12,287,273 |
| Public safety | 26,570,886 | 28,211,509 | 31,702,183 | 33,799,524 | 36,324,964 |
| Public works | 928,240 | 1,031,029 | 1,361,687 | 1,146,764 | 1,410,098 |
| Health | 46,990,073 | 50,169,991 | 54,118,438 | 29,038,088 | 31,222,165 |
| Social services | 17,439,105 | 17,551,932 | 22,027,437 | 20,796,935 | 22,350,481 |
| Culture and recreation | 4,538,645 | 6,074,255 | 7,507,217 | 9,190,778 | 9,474,501 |
| Other activities | 1,758,783 | 1,649,209 | 2,208,163 | 2,386,345 | 2,204,195 |
| Capital outlay | 11,243,640 | 8,057,651 | 14,253,745 | 16,120,377 | 13,540,717 |
| Debt service | | | | | |
| Principal | 3,390,000 | 3,770,000 | 2,910,000 | 2,760,000 | 2,985,000 |
| Interest and fiscal charges | 1,282,761 | 1,580,054 | 2,036,028 | 1,994,044 | 1,865,201 |
| Bond issuance costs | - | - | - | - | - |
| Total expenditures | <u>138,286,430</u> | <u>143,694,941</u> | <u>165,564,959</u> | <u>145,479,142</u> | <u>152,006,113</u> |
| Revenues over (under) expenditures | <u>(3,917,795)</u> | <u>(451,446)</u> | <u>(9,209,838)</u> | <u>(11,735,517)</u> | <u>(8,248,134)</u> |
| Other financing sources (uses) | | | | | |
| Issuance of bonds | 9,625,952 | 14,786,625 | - | - | 3,000,000 |
| Issuance of refunding bonds | - | - | - | - | - |
| Discount on bonds | - | - | - | - | (52,500) |
| Premium on bonds | - | - | - | - | - |
| Premium on refunding bonds | - | - | - | - | - |
| Payment to refunding escrow agent | - | - | - | - | - |
| Capital leases | - | - | - | - | - |
| Transfers in | 26,950,055 | 30,720,493 | 27,745,642 | 23,380,841 | 26,079,580 |
| Transfers out | (21,679,908) | (22,622,907) | (22,123,359) | (20,642,934) | (21,747,483) |
| Total other financing sources (uses) | <u>14,896,099</u> | <u>22,884,211</u> | <u>5,622,283</u> | <u>2,737,907</u> | <u>7,279,597</u> |
| Net changes in fund balances | <u>\$ 10,978,304</u> | <u>\$ 22,432,765</u> | <u>\$ (3,587,555)</u> | <u>\$ (8,997,610)</u> | <u>\$ (968,537)</u> |
| Debt services as a percentage of noncapital expenditures | <u>3.7%</u> | <u>3.9%</u> | <u>3.3%</u> | <u>3.7%</u> | <u>3.5%</u> |

Source: Washtenaw County Finance Department

Schedule 4
UNAUDITED

| 2003 | 2004 | 2005 | 2006 | 2007 |
|-----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 60,406,712 | \$ 82,991,160 | \$ 87,864,506 | \$ 95,271,757 | \$ 86,549,856 |
| - | - | - | - | - |
| 3,417,281 | 3,582,066 | 3,413,829 | 2,837,341 | 2,553,918 |
| 55,515,317 | 53,442,839 | 56,934,231 | 57,906,931 | 60,185,360 |
| 23,770,669 | 23,964,870 | 27,153,376 | 24,673,031 | 25,474,636 |
| 1,192,646 | 1,846,181 | 1,167,872 | 1,185,468 | 1,205,125 |
| 1,498,295 | 1,380,964 | 2,282,039 | 3,759,219 | 6,334,119 |
| 7,927,593 | 5,588,048 | 5,187,022 | 5,319,978 | 5,798,659 |
| <u>153,728,513</u> | <u>172,796,128</u> | <u>184,002,875</u> | <u>190,953,725</u> | <u>188,101,673</u> |
| 578,996 | 639,574 | 642,291 | 527,328 | 560,972 |
| 19,154,639 | 20,414,926 | 21,176,406 | 22,898,849 | 24,263,382 |
| 14,705,178 | 11,651,589 | 12,935,801 | 12,038,575 | 14,564,793 |
| 39,767,190 | 41,600,021 | 44,163,259 | 45,998,323 | 49,495,839 |
| 2,291,765 | 613,201 | 600,718 | 832,179 | 743,454 |
| 30,148,915 | 31,486,496 | 35,254,194 | 37,820,725 | 39,238,401 |
| 21,963,095 | 22,412,894 | 26,238,219 | 29,687,409 | 30,124,778 |
| 11,120,549 | 10,234,930 | 12,382,181 | 13,839,071 | 11,462,934 |
| 3,634,853 | 4,223,737 | 4,473,369 | 4,506,919 | 5,873,564 |
| 13,085,312 | 5,105,824 | 11,795,834 | 7,203,937 | 6,911,345 |
| 3,605,000 | 3,475,000 | 3,449,476 | 2,984,476 | 4,224,476 |
| 1,632,341 | 1,309,370 | 1,059,088 | 1,200,251 | 2,603,594 |
| 146,459 | 294,511 | 235,176 | 183,585 | 521,544 |
| <u>161,834,292</u> | <u>153,462,073</u> | <u>174,406,012</u> | <u>179,721,627</u> | <u>190,589,076</u> |
| <u>(8,105,779)</u> | <u>19,334,055</u> | <u>9,596,863</u> | <u>11,232,098</u> | <u>(2,487,403)</u> |
| - | 6,365,000 | - | 23,750,000 | 21,675,000 |
| 8,705,000 | 7,835,000 | 11,475,000 | - | - |
| - | - | - | - | - |
| - | - | - | 236,004 | 125,147 |
| 151,271 | 79,167 | 95,406 | - | - |
| (8,748,421) | (7,857,903) | (11,336,730) | - | - |
| - | - | - | - | 695,122 |
| 24,406,361 | 39,613,259 | 44,521,956 | 48,305,876 | 41,145,222 |
| <u>(21,173,427)</u> | <u>(36,708,800)</u> | <u>(43,308,404)</u> | <u>(46,165,148)</u> | <u>(39,512,668)</u> |
| <u>3,340,784</u> | <u>9,325,723</u> | <u>1,447,228</u> | <u>26,126,732</u> | <u>24,127,823</u> |
| <u>\$ (4,764,995)</u> | <u>\$ 28,659,778</u> | <u>\$ 11,044,091</u> | <u>\$ 37,358,830</u> | <u>\$ 21,640,420</u> |
| <u>3.6%</u> | <u>3.4%</u> | <u>2.9%</u> | <u>2.5%</u> | <u>4.0%</u> |

WASHTENAW COUNTY
Changes in Fund Balances - General Fund
Last Ten Years
(modified accrual basis of accounting)

| | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Revenues | | | | | |
| Taxes | \$ 38,286,244 | \$ 40,865,238 | \$ 43,376,837 | \$ 45,683,776 | \$ 48,813,596 |
| Licenses and permits | 1,992,862 | 2,117,549 | 102,966 | 129,816 | 111,912 |
| Intergovernmental | 9,445,552 | 9,511,542 | 10,704,930 | 11,578,947 | 11,714,821 |
| Charges for services | 11,103,292 | 11,626,324 | 12,410,195 | 13,421,880 | 14,974,369 |
| Fines and forfeits | 1,182,655 | 1,203,933 | 1,127,708 | 1,191,936 | 1,003,693 |
| Investment income | 1,041,596 | 1,147,169 | 1,287,098 | 1,185,820 | 824,979 |
| Other revenues | 742,603 | 807,741 | 914,803 | 1,003,157 | 790,671 |
| Total revenues | <u>63,794,804</u> | <u>67,279,496</u> | <u>69,924,537</u> | <u>74,195,332</u> | <u>78,234,041</u> |
| Expenditures | | | | | |
| Legislative | 397,893 | 402,723 | 490,648 | 576,886 | 630,172 |
| Judicial | 10,747,283 | 11,093,975 | 11,343,377 | 11,681,080 | 12,657,027 |
| General government | 8,410,232 | 8,666,643 | 9,455,488 | 10,869,970 | 11,910,251 |
| Public safety | 24,669,635 | 25,931,237 | 26,689,224 | 28,509,433 | 30,810,238 |
| Public works | 223,296 | 226,578 | 284,395 | 274,615 | 406,286 |
| Health | - | - | - | 1,691,809 | 1,732,474 |
| Social services | 850,991 | 851,513 | 1,055,274 | 1,001,111 | 1,100,806 |
| Culture and recreation | 576,621 | 606,884 | 643,018 | 674,524 | 709,564 |
| Other activities | 1,758,783 | 1,649,209 | 2,208,163 | 2,386,345 | 2,204,195 |
| Total expenditures | <u>47,634,734</u> | <u>49,428,762</u> | <u>52,169,587</u> | <u>57,665,773</u> | <u>62,161,013</u> |
| Revenues over (under) expenditures | <u>16,160,070</u> | <u>17,850,734</u> | <u>17,754,950</u> | <u>16,529,559</u> | <u>16,073,028</u> |
| Other financing sources (uses) | | | | | |
| Capital leases | - | - | - | - | - |
| Transfers in | 2,383,034 | 94,696 | 68,475 | - | 1,028,662 |
| Transfers out | (18,109,971) | (17,078,613) | (17,447,274) | (16,223,931) | (16,837,786) |
| Total other financing sources (uses) | <u>(15,726,937)</u> | <u>(16,983,917)</u> | <u>(17,378,799)</u> | <u>(16,223,931)</u> | <u>(15,809,124)</u> |
| Net changes in fund balances | <u>\$ 433,133</u> | <u>\$ 866,817</u> | <u>\$ 376,151</u> | <u>\$ 305,628</u> | <u>\$ 263,904</u> |

Source: Washtenaw County Finance Department

**Schedule 5
UNAUDITED**

| 2003 | 2004 | 2005 | 2006 | 2007 |
|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 52,227,354 | \$ 54,883,846 | \$ 59,645,096 | \$ 66,237,030 | \$ 72,803,650 |
| 169,388 | 171,524 | 161,907 | 174,530 | 271,202 |
| 10,563,759 | 7,758,214 | 5,641,139 | 5,308,246 | 5,524,930 |
| 16,262,412 | 16,165,713 | 17,521,139 | 16,911,965 | 17,331,774 |
| 1,125,425 | 1,226,872 | 1,106,638 | 1,118,938 | 1,141,280 |
| 612,244 | 544,005 | 628,154 | 1,145,749 | 1,429,478 |
| 1,084,307 | 941,153 | 1,032,874 | 917,865 | 974,130 |
| <u>82,044,889</u> | <u>81,691,327</u> | <u>85,736,947</u> | <u>91,814,323</u> | <u>99,476,444</u> |
| 578,996 | 639,574 | 642,291 | 527,328 | 560,972 |
| 13,602,187 | 14,235,820 | 14,916,715 | 16,216,012 | 17,316,916 |
| 13,284,578 | 9,619,781 | 10,553,533 | 11,648,323 | 14,244,201 |
| 33,285,150 | 36,535,457 | 38,948,971 | 40,911,096 | 43,786,137 |
| 402,840 | - | - | - | - |
| - | - | - | - | - |
| 1,243,477 | 1,178,913 | 1,263,782 | 1,574,522 | 1,519,638 |
| 718,738 | 820,124 | 628,307 | 654,343 | 667,590 |
| 3,634,853 | 4,223,737 | 4,473,369 | 4,506,919 | 5,873,564 |
| <u>66,750,819</u> | <u>67,253,406</u> | <u>71,426,968</u> | <u>76,038,543</u> | <u>83,969,018</u> |
| <u>15,294,070</u> | <u>14,437,921</u> | <u>14,309,979</u> | <u>15,775,780</u> | <u>15,507,426</u> |
| - | - | - | - | 695,122 |
| 925,501 | 4,620,356 | 6,611,427 | 6,958,254 | 7,390,700 |
| (16,150,909) | (18,615,493) | (20,481,873) | (22,332,075) | (23,355,340) |
| <u>(15,225,408)</u> | <u>(13,995,137)</u> | <u>(13,870,446)</u> | <u>(15,373,821)</u> | <u>(15,269,518)</u> |
| <u>\$ 68,662</u> | <u>\$ 442,784</u> | <u>\$ 439,533</u> | <u>\$ 401,959</u> | <u>\$ 237,908</u> |

WASHTENAW COUNTY
Assessed and Actual Value of Taxable Property
Last Ten Years
(in thousands of dollars)

| <u>Year</u> | <u>Residential Property</u> | <u>Commercial Property</u> | <u>Industrial Property</u> | <u>Other</u> | <u>Personal Property</u> | <u>Total Assessed Value</u> | <u>Total Actual Value</u> | <u>Total Direct Tax Rate</u> |
|-------------|---------------------------------|--------------------------------|--------------------------------|--------------|------------------------------|-------------------------------------|-----------------------------------|----------------------------------|
| 1998 | \$ 5,609,646 | \$ 1,549,552 | \$ 508,729 | \$ 311,021 | \$ 1,002,125 | \$ 8,981,073 | \$ 17,962,146 | 5.4963 |
| 1999 | 6,278,400 | 1,714,592 | 557,328 | 330,014 | 1,075,064 | 9,955,398 | 19,980,896 | 5.4957 |
| 2000 | 7,047,875 | 1,903,334 | 587,548 | 353,442 | 1,059,130 | 10,951,329 | 21,966,049 | 5.5197 |
| 2001 | 7,947,075 | 2,164,528 | 641,354 | 352,969 | 1,085,093 | 12,191,019 | 24,472,414 | 5.4759 |
| 2002 | 8,983,153 | 2,382,889 | 757,346 | 433,528 | 1,145,185 | 13,702,101 | 27,492,263 | 5.6772 |
| 2003 | 10,017,580 | 2,652,147 | 804,851 | 478,542 | 1,092,571 | 15,045,691 | 30,196,516 | 5.6186 |
| 2004 | 11,016,278 | 2,820,335 | 848,380 | 533,236 | 1,096,757 | 16,314,986 | 32,758,847 | 5.5819 |
| 2005 | 11,886,410 | 3,106,081 | 885,397 | 564,140 | 1,092,596 | 17,534,624 | 35,184,135 | 5.5493 |
| 2006 | 12,712,166 | 3,278,326 | 912,147 | 559,299 | 1,083,615 | 18,545,553 | 37,208,917 | 5.5024 |
| 2007 | 13,180,822 | 3,454,744 | 955,905 | 589,064 | 1,150,417 | 19,330,952 | 38,961,637 | 5.6768 |

Note: Residential, commercial and industrial values are calculated without tax-exempt values

Source: County Equalization Department figures, exclusive of Industrial and Commercial Facility Tax and prior to any Board of Review actions.

WASHTENAW COUNTY
Direct and Overlapping Property Tax Rates
Last Ten Years
(rate per \$1,000 of taxable value)

| | | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
|------------------------------|-----|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| County direct rates | | | | | | | | | | | |
| Operation | | \$ 4.83 | \$ 4.83 | \$ 4.80 | \$ 4.76 | \$ 4.72 | \$ 4.67 | \$ 4.64 | \$ 4.61 | \$ 4.57 | \$ 4.55 |
| County imposed and debt | | - | - | - | - | - | 0.49 | - | - | - | - |
| Special voted | | 0.67 | 0.67 | 0.72 | 0.72 | 0.96 | 0.46 | 0.94 | 0.94 | 0.93 | 1.13 |
| Total direct rate | | <u>5.50</u> | <u>5.50</u> | <u>5.52</u> | <u>5.48</u> | <u>5.68</u> | <u>5.62</u> | <u>5.58</u> | <u>5.55</u> | <u>5.50</u> | <u>5.68</u> |
| Overlapping rates | | | | | | | | | | | |
| Cities: | | | | | | | | | | | |
| Ann Arbor | | 17.22 | 17.31 | 17.13 | 17.13 | 17.00 | 16.87 | 16.90 | 16.90 | 16.82 | 16.78 |
| Chelsea | | - | - | - | - | - | - | - | - | 13.21 | 15.05 |
| Milan | | 14.75 | 14.75 | 15.75 | 15.75 | 15.75 | 15.75 | 15.75 | 15.75 | 15.75 | 15.50 |
| Saline | | 13.80 | 12.30 | 10.00 | 10.00 | 9.96 | 10.96 | 12.95 | 13.72 | 15.53 | 15.53 |
| Ypsilanti | | 24.60 | 24.60 | 24.60 | 24.46 | 27.37 | 27.41 | 28.28 | 27.92 | 29.03 | 29.58 |
| Townships (average) | (A) | 2.55 | 2.55 | 2.54 | 2.62 | 2.72 | 2.80 | 2.77 | 2.97 | 3.07 | 3.22 |
| Villages (average) | (B) | 15.02 | 14.85 | 14.15 | 13.46 | 13.29 | 13.23 | 13.18 | 12.95 | 9.77 | 9.54 |
| School districts (average) | (C) | 29.21 | 29.72 | 29.82 | 30.15 | 30.16 | 30.15 | 29.39 | 30.22 | 29.77 | 29.55 |
| Intermediate school district | | 3.43 | 3.32 | 3.16 | 3.13 | 3.11 | 3.07 | 3.46 | 4.04 | 4.00 | 3.97 |
| Community college | | 3.90 | 4.10 | 4.03 | 3.99 | 3.97 | 3.86 | 3.83 | 3.77 | 3.72 | 3.70 |
| (A) - Rates range from: | | | | | | | | | | | |
| Low | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| High | | 10.04 | 10.04 | 9.79 | 9.75 | 9.75 | 10.12 | 9.66 | 10.53 | 10.40 | 10.40 |
| (B) - Rates range from: | | | | | | | | | | | |
| Low | | 10.25 | 10.05 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| High | | 16.89 | 16.69 | 16.54 | 15.74 | 15.30 | 15.67 | 15.27 | 15.28 | 15.39 | 14.59 |
| (C) - Rates range from: | | | | | | | | | | | |
| Low | | 22.90 | 25.30 | 25.16 | 25.29 | 25.93 | 25.26 | 24.17 | 23.38 | 25.26 | 25.40 |
| High | | 39.97 | 35.36 | 39.65 | 38.76 | 41.35 | 34.30 | 32.65 | 33.65 | 36.48 | 35.69 |

Source: Washtenaw County Finance Department

WASHTENAW COUNTY
Principal Property Tax Payers
Current Year and Nine Years Ago

| Taxpayer | 2007 | | | 1998 | | |
|-------------------------------|-------------------------|------|---|-------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total County Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total County Taxable Assessed Value |
| Pfizer Global Research | \$ 287,447,930 | 1 | 1.85% | \$ - | - | - |
| General Motors | 177,527,690 | 2 | 1.14% | 256,786,300 | 2 | 3.03% |
| Ford Motor Company/Visteon | 171,478,446 | 3 | 1.11% | 262,933,220 | 1 | 3.11% |
| Detroit Edison | 139,956,622 | 4 | 0.90% | 112,518,186 | 3 | 1.33% |
| McKinley Associates | 118,954,618 | 5 | 0.77% | - | - | - |
| Briarwood Complex | 73,825,160 | 6 | 0.48% | 56,169,000 | 6 | 0.66% |
| Toyota | 71,177,206 | 7 | 0.46% | 31,948,000 | 8 | 0.38% |
| Michigan Consolidated Gas | 69,307,503 | 8 | 0.45% | 84,884,850 | 5 | 1.00% |
| Domino's | 63,992,852 | 9 | 0.41% | 43,234,303 | 7 | 0.51% |
| Daimler Chrysler | 38,418,940 | 10 | 0.25% | 27,772,800 | 9 | 0.33% |
| Hyundia | 37,379,536 | 11 | 0.24% | - | - | - |
| Mav Development | 34,945,959 | 12 | 0.23% | - | - | - |
| Arborland LLC | 30,699,554 | 13 | 0.20% | - | - | - |
| Meijer Incorporated | 29,112,582 | 14 | 0.19% | 15,111,100 | 14 | 0.18% |
| Comcast/Media One | 25,433,461 | 15 | 0.16% | - | - | - |
| Parke-Davis | - | - | - | 108,737,100 | 4 | 1.29% |
| NSK Corp | - | - | - | 25,108,700 | 10 | 0.30% |
| Dexter Fastners | - | - | - | 18,303,200 | 11 | 0.22% |
| Catherine McAuley, St. Joseph | - | - | - | 17,633,300 | 12 | 0.21% |
| Consumer Power | - | - | - | 16,351,400 | 13 | 0.19% |
| Browning-Ferris Industries | - | - | - | 14,910,400 | 15 | 0.18% |
| | <u>\$ 1,369,658,059</u> | | <u>8.83%</u> | <u>\$ 1,092,401,859</u> | | <u>12.91%</u> |

Source: Washtenaw County Equalization Department.

Note: Assessed value based on 2004

WASHTENAW COUNTY
Property Tax Levies and Collections
Last Ten Years

| Year | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Subsequent Years Collections | Total Collections to Date | |
|-------------|---|---|----------------------|---|----------------------------------|----------------------|
| | | Amount | % of Levy | | Amount | % of Levy |
| 1998 | \$ 43,164,015 | \$ 40,920,859 | 94.80% | \$ 2,114,270 | \$ 43,035,129 | 99.70% |
| 1999 | 46,135,320 | 43,673,258 | 94.66% | 2,243,851 | 45,917,109 | 99.53% |
| 2000 | 49,444,080 | 47,151,623 | 95.36% | 2,133,910 | 49,285,533 | 99.68% |
| 2001 | 52,181,561 | 49,523,726 | 94.91% | 2,350,685 | 51,874,411 | 99.41% |
| 2002 | 58,269,004 | 55,501,885 | 95.25% | 2,417,213 | 57,919,098 | 99.40% |
| 2003 | 62,459,717 | 59,400,607 | 95.10% | 2,586,635 | 61,987,242 | 99.24% |
| 2004 | 65,676,479 | 62,650,121 | 95.39% | 2,622,050 | 65,272,171 | 99.38% |
| 2005 | 69,669,724 | 66,173,312 | 94.98% | 3,031,443 | 69,204,755 | 99.33% |
| 2006 | 73,894,038 | 70,780,578 | 95.79% | 2,852,695 | 73,633,273 | 99.65% |
| 2007 | 81,570,687 | 78,257,648 | 95.94% | 3,112,051 | 81,369,699 | 99.75% |

Source: Washtenaw County Treasurer's Office

WASHTENAW COUNTY
Ratios of General Bonded Debt Outstanding
Last Ten Years

| Year | General Bonded Debt Outstanding | | | % of Personal Income | % of Actual Taxable Value of Property | Per Capita |
|------|---------------------------------|--|---------------|----------------------|---------------------------------------|------------|
| | General Obligation Bonds | Less: Amounts Restricted to Repaying Principal | Total | | | |
| 1998 | \$ 32,550,000 | - | \$ 32,550,000 | 0.33% | 0.36% | \$ 107.50 |
| 1999 | 39,120,000 | - | 39,120,000 | 0.37% | 0.39% | 127.81 |
| 2000 | 40,920,000 | - | 40,920,000 | 0.35% | 0.37% | 126.73 |
| 2001 | 38,160,000 | - | 38,160,000 | 0.32% | 0.31% | 115.88 |
| 2002 | 37,690,000 | - | 37,690,000 | 0.31% | 0.28% | 112.73 |
| 2003 | 35,035,000 | - | 35,035,000 | 0.27% | 0.23% | 103.48 |
| 2004 | 38,120,000 | - | 38,120,000 | 0.28% | 0.23% | 112.52 |
| 2005 | 35,615,000 | - | 35,615,000 | 0.26% | 0.20% | 104.10 |
| 2006 | 56,400,000 | - | 56,400,000 | 0.42% | 0.30% | 163.93 |
| 2007 | 73,870,000 | - | 73,870,000 | 0.54% | 0.38% | 214.71 |

Source: Washtenaw County Finance Department

WASHTENAW COUNTY
Computation of Net Direct and Overlapping Debt
As of December 31, 2007

| | <u>Gross Amount Outstanding</u> | <u>Self-Supporting or Paid by Benefited Entity</u> | <u>Net Amount Outstanding</u> |
|--|---|--|---------------------------------------|
| Direct debt | | | |
| General obligation tax notes | \$ 18,000,000 | \$ 18,000,000 | \$ - |
| Building authority bonds | 73,870,000 | - | 73,870,000 |
| Notes payable | 233,707 | - | 233,707 |
| Drain bonds and notes | 7,265,672 | 6,573,109 | 692,563 |
| Public Works - water and sewer debt | 35,409,138 | 35,409,138 | - |
| County Road Commission debt | 1,690,000 | 1,690,000 | - |
| | <u>\$ 136,468,517</u> | <u>\$ 61,672,247</u> | <u>74,796,270</u> |
| Net direct debt | | | |
| Overlapping debt | | | |
| School districts | | | 856,656,953 |
| Cities | | | 154,445,396 |
| Townships | | | 74,712,894 |
| Villages | | | 6,385,000 |
| Intermediate school district | | | 246,255 |
| Community colleges | | | 58,988,679 |
| Library | | | 30,789,073 |
| | | | <u>1,182,224,250</u> |
| Net overlapping debt | | | |
| Net direct and overlapping debt | | | <u>\$ 1,257,020,520</u> |

Source: Washtenaw County Finance Department and Municipal Advisory Council of Michigan.

WASHTENAW COUNTY
Legal Debt Margin
Last Ten Years

Legal Debt Margin Calculation for 2007

| | |
|---|-------------------------|
| Assessed value | \$ 19,330,951,897 |
| Debt limit (10% of assessed value) | \$ 1,933,095,190 |
| Debt applicable to limit - general obligation bonds | 136,468,517 |
| Legal debt margin | \$ 1,796,626,673 |

| | <u>Debt Limit</u> | <u>Total Net Debt Applicable to Limit</u> | <u>Legal Debt Margin</u> | <u>Total Net Debt Applicable to Limit as a Percentage of Debt Limit</u> |
|------|-----------------------|---|------------------------------|---|
| 1998 | \$ 898,107,280 | \$ 81,807,890 | \$ 816,299,390 | 9.11% |
| 1999 | 995,539,887 | 91,858,434 | 903,681,453 | 9.23% |
| 2000 | 1,095,132,936 | 87,063,154 | 1,008,069,782 | 7.95% |
| 2001 | 1,219,101,814 | 93,087,172 | 1,126,014,642 | 7.64% |
| 2002 | 1,370,210,183 | 100,449,507 | 1,269,760,676 | 7.33% |
| 2003 | 1,504,569,055 | 95,545,110 | 1,409,023,945 | 6.35% |
| 2004 | 1,631,498,572 | 101,955,812 | 1,529,542,760 | 6.25% |
| 2005 | 1,753,462,361 | 93,014,742 | 1,660,447,619 | 5.30% |
| 2006 | 1,854,553,316 | 115,193,717 | 1,739,359,599 | 6.21% |
| 2007 | 1,933,095,190 | 136,468,517 | 1,796,626,673 | 7.06% |

Source: Washtenaw County Finance Department

WASHTENAW COUNTY
Demographic and Economic Statistics
Last Ten Years

| Year | Population | Personal Income (thousands of dollars) | Per Capita Personal Income | Unemployment Rate |
|-------------|-------------------|---|---|------------------------------|
| 1998 | 302,787 | \$ 9,994,082 | \$ 31,971 | 1.8% |
| 1999 | 306,073 | 10,710,960 | 33,654 | 1.6% |
| 2000 | 322,895 | 11,541,043 | 35,594 | 2.4% |
| 2001 | 329,308 | 11,774,476 | 35,867 | 2.9% |
| 2002 | 334,351 | 12,232,147 | 36,794 | 3.6% |
| 2003 | 338,562 | 12,869,105 | 38,323 | 4.1% |
| 2004 | 338,782 | 13,391,280 | 39,528 | 4.2% |
| 2005 | 342,124 | 13,578,433 | 39,689 | 4.2% |
| 2006 | 344,047 | 13,578,433 (a) | 39,689 (a) | 4.6% |
| 2007 | 344,047 (a) | 13,578,433 (a) | 39,689 (a) | 4.7% |

(a) Census Data not available at the time of publication.

Sources: U.S. Census Bureau, U.S. Department of Commerce
 Michigan Department of Career Development Employment Service Agency
 Michigan Economic Development Corporation

WASHTENAW COUNTY
Principal Employers
Curent Year and Nine Years Ago

| Employer | 2007 | | | 1998 | | |
|-----------------------------------|---------------|------|------------------------------|---------------|------|------------------------------|
| | Employees | Rank | % of Total County Employment | Employees | Rank | % of Total County Employment |
| University of Michigan | 16,357 | 1 | 9.02% | 14,833 | 1 | 8.83% |
| University of Michigan Hospitals | 16,143 | 2 | 8.90% | 7,453 | 2 | 4.44% |
| Trinity Health | 4,800 | 3 | 2.65% | | | 0.00% |
| Ford Motor Company | 4,023 | 4 | 2.22% | 6,528 | 3 | 3.88% |
| General Motors | 3,511 | 5 | 1.94% | 5,902 | 4 | 3.51% |
| U.S. Government | 2,133 | 6 | 1.18% | 2,633 | 7 | 1.57% |
| Ann Arbor Public Schools | 2,000 | 7 | 1.10% | 1,900 | 10 | 1.13% |
| Pfizer Inc. | 2,000 | 8 | 1.10% | | | 0.00% |
| Eastern Michigan University | 1,867 | 9 | 1.03% | 2,193 | 8 | 1.30% |
| State of Michigan | 1,694 | 10 | 0.93% | 2,065 | 9 | 1.23% |
| Washtenaw County | 1,378 | 11 | 0.76% | 1,400 | 12 | 0.83% |
| Borders Group | 1,163 | 12 | 0.64% | 1,500 | 11 | 0.89% |
| LaSalle Bank Midwest N.A. | 992 | 13 | 0.55% | | | 0.00% |
| City of Ann Arbor | 803 | 14 | 0.44% | 969 | 14 | 0.58% |
| Visteon Corporation | 715 | 15 | 0.39% | | | 0.00% |
| Chelsea Community Hospital | 711 | 16 | 0.39% | 517 | 19 | 0.31% |
| Ypsilanti Public Schools | 650 | 17 | 0.36% | 700 | 15 | 0.42% |
| DTE Energy Co. | 638 | 18 | 0.35% | | | 0.00% |
| Chrysler Corporation | 611 | 19 | 0.34% | | | 0.00% |
| Washtenaw Community College | 566 | 20 | 0.31% | | | 0.00% |
| U.S. Postal Service | 489 | 21 | 0.27% | | | 0.00% |
| Edwards Brothers Inc. | 425 | 22 | 0.23% | 500 | 20 | 0.30% |
| Domino's Pizza Inc. | 411 | 23 | 0.23% | 650 | 16 | 0.39% |
| NSK Americas Corp. | 376 | 24 | 0.21% | 604 | 17 | 0.36% |
| Kroger Co. - Great Lakes Division | 357 | 25 | 0.20% | | | 0.00% |
| Mercy Health Services, Inc. | - | | 0.00% | 4,586 | 5 | 2.73% |
| St. Joseph Mercy Health System | - | | 0.00% | 4,094 | 6 | 2.44% |
| UMI Inc. | - | | 0.00% | 1,000 | 13 | 0.60% |
| DaimierChrysler AG | - | | - | 576 | 18 | 0.34% |
| | <u>64,813</u> | | <u>35.72%</u> | <u>60,603</u> | | <u>36.06%</u> |

Source: Washtenaw County Equalization Department.

WASHTENAW COUNTY
Full-Time Equivalent County Government Employees by Function/Program
Last Ten Years

| Function/Program | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Legislative | | | | | | | | | | |
| Board of Commissioners | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 | 11.0 | 11.0 | 11.0 | 11.0 | 11.0 |
| Judicial | | | | | | | | | | |
| Circuit Court | 23.1 | 23.5 | 24.5 | 24.5 | 25.8 | 25.8 | 29.9 | 28.7 | 25.7 | 25.7 |
| District Court | 48.6 | 48.6 | 48.6 | 48.6 | 48.3 | 48.3 | 44.0 | 44.0 | 47.0 | 47.0 |
| Friend of the Court | 54.0 | 57.0 | 56.0 | 56.0 | 57.0 | 57.0 | 58.0 | 58.0 | 60.0 | 60.0 |
| Probate Court - Estates | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 9.0 | 9.0 | 10.0 | 10.0 |
| Probate Court - Juvenile | 34.5 | 35.5 | 35.5 | 35.5 | 35.5 | 35.5 | 28.9 | 28.9 | 25.3 | 25.3 |
| Community Corrections | - | - | 6.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 9.0 | 9.0 |
| Public Defender | 19.0 | 19.0 | 20.0 | 21.0 | 22.0 | 22.0 | 22.0 | 21.0 | 21.0 | 21.0 |
| General Government | | | | | | | | | | |
| County Administration | 4.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Corporation Counsel | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.5 | 1.5 | 1.5 | 1.5 |
| Budget | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Finance | 28.0 | 27.5 | 27.5 | 27.5 | 22.8 | 23.8 | 22.5 | 20.5 | 20.5 | 20.5 |
| Information & Tech Systems | 34.0 | 37.0 | 43.0 | 45.0 | 42.0 | 46.0 | 35.0 | 34.0 | 34.0 | 34.0 |
| Equalization | 14.0 | 14.0 | 14.0 | 14.0 | 14.0 | 14.0 | 14.0 | 13.0 | 14.0 | 14.0 |
| Human Resources | 9.3 | 10.3 | 10.3 | 10.3 | 10.3 | 10.3 | 8.0 | 8.0 | 8.0 | 8.0 |
| Clerk/Register | 42.5 | 44.5 | 46.5 | 46.5 | 51.5 | 51.5 | 50.5 | 50.5 | 50.5 | 50.5 |
| Treasurer | 12.0 | 12.0 | 13.5 | 13.5 | 13.5 | 13.5 | 13.5 | 11.5 | 11.5 | 11.5 |
| Drain Commissioner | 16.0 | 17.0 | 19.0 | 22.0 | 22.0 | 22.0 | 23.0 | 21.0 | 21.0 | 21.0 |
| Planning | 6.0 | 8.0 | 9.0 | 9.0 | 13.8 | 13.8 | 12.6 | 18.3 | - | - |
| WSC Customer Support Unit | - | - | - | - | - | - | - | 15.0 | 15.0 | 15.0 |
| Planning & environment - all divisions | - | - | - | - | - | - | - | 54.8 | 54.8 | 54.8 |
| Risk Management | 0.8 | 0.8 | 0.8 | 0.8 | - | - | - | - | - | - |
| Facilities Management | 56.5 | 47.0 | 48.0 | 48.0 | 43.0 | 41.0 | 39.0 | 34.0 | 34.0 | 34.0 |
| Public Safety | | | | | | | | | | |
| Prosecuting Attorney | 39.8 | 43.3 | 45.0 | 45.0 | 47.0 | 47.0 | 49.0 | 49.0 | 50.0 | 50.0 |
| Sheriff | 265.0 | 282.0 | 289.0 | 290.0 | 281.0 | 281.0 | 284.0 | 276.0 | 285.0 | 285.0 |
| Building Inspection/Services | 19.9 | 24.9 | 28.4 | 28.4 | 28.1 | 28.1 | 15.0 | 15.0 | - | - |
| Emergency Management | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Public Works | | | | | | | | | | |
| Public Works | 2.5 | 2.5 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | - | - | - |
| Health | | | | | | | | | | |
| Environmental Health | 43.6 | 44.6 | 48.9 | 48.1 | 47.8 | 45.3 | 43.0 | - | - | - |
| Public Health | 75.2 | 75.6 | 80.0 | 88.2 | 90.2 | 86.2 | 67.9 | 67.9 | 66.8 | 66.8 |
| Community Support & Treatment Services | 274.2 | 274.2 | 257.2 | 265.1 | 271.1 | 271.1 | 231.8 | 231.8 | 261.3 | 261.3 |
| Washtenaw Health Plan | - | - | - | - | - | 4.0 | 4.0 | 4.0 | 3.0 | 3.0 |
| Washtenaw Community Health Organization | - | - | - | 50.1 | 50.1 | 50.1 | 60.2 | 60.2 | 70.2 | 70.2 |
| Social Services | | | | | | | | | | |
| Child Care - Family Court | 9.3 | 8.5 | 8.5 | 12.5 | 12.5 | 12.5 | 12.7 | 12.8 | 13.9 | 13.9 |
| Child Care - Detention | 26.0 | 25.6 | 33.1 | 34.7 | 34.7 | 40.7 | 29.6 | 29.6 | 30.2 | 30.2 |
| Child Care - Day Program | 8.0 | 10.0 | 12.0 | 10.7 | 10.7 | 13.7 | 11.9 | 11.9 | 11.3 | 11.3 |
| Child Care - Children's Well-Being | 2.0 | 1.5 | 1.5 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Veterans Services | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| ETCS | 66.7 | 66.7 | 26.4 | 26.4 | 21.9 | 21.9 | 18.4 | 18.4 | 19.4 | 19.4 |
| Head Start | - | - | 40.3 | 51.8 | 40.0 | 36.0 | 36.5 | 36.5 | 37.5 | 37.5 |
| Community Development | - | - | - | - | - | - | 4.0 | 4.0 | 4.0 | 4.0 |
| Culture & Recreation | | | | | | | | | | |
| Parks & Recreation | 29.0 | 32.0 | 32.0 | 33.8 | 33.8 | 33.8 | 34.0 | 34.0 | 33.0 | 33.0 |
| Library | 4.5 | 6.0 | 6.5 | 6.5 | 7.0 | 7.0 | 7.0 | 6.0 | 6.0 | 6.0 |
| County Extension | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 1.0 | 1.0 | 1.0 |
| Total | 1,312.9 | 1,349.1 | 1,383.8 | 1,473.4 | 1,457.4 | 1,458.9 | 1,364.2 | 1,364.7 | 1,383.3 | 1,383.3 |

Source: Washtenaw County Finance Department

WASHTENAW COUNTY
Operating Indicators by Function/Program
Last Ten Years

| Function/Program | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Public Safety | | | | | | | | | | |
| Sheriff: | | | | | | | | | | |
| Number of incidents | - | - | 57,744 | 61,433 | 56,942 | 54,644 | 53,266 | 52,479 | 53,279 | 51,191 |
| Number of crash reports | - | - | 7,624 | 7,499 | 4,656 | 4,703 | 4,339 | 4,273 | 6,611 | 3,259 |
| Number of arrests | - | - | 2,977 | 2,921 | 2,900 | 2,648 | 2,509 | 2,306 | 1,127 | 2,108 |
| Number of bookings | - | - | - | 7,833 | 8,419 | 8,093 | 7,135 | 6,969 | 6,993 | 7,084 |
| Public Works | | | | | | | | | | |
| Centerline miles of road maintained | 1,554 | 1,565 | 1,570 | 1,580 | 1,582 | 1,594 | 1,603 | 1,612 | 1,624 | 1,634 |
| Health | | | | | | | | | | |
| Public Health: | | | | | | | | | | |
| Vaccines administered | 43,127 | 36,710 | 33,132 | 37,535 | 41,642 | 44,971 | 40,410 | 54,143 | 46,454 | 53,409 |
| Number of monthly participants | 4,038 | 4,090 | 3,443 | 4,125 | 4,522 | 4,559 | 4,667 | 4,580 | 4,660 | 4,712 |
| Culture & Recreation | | | | | | | | | | |
| Parks & Recreation: | | | | | | | | | | |
| Recreation center participation | 293,214 | 299,416 | 322,087 | 368,221 | 395,190 | 414,354 | 363,709 | 367,581 | 370,696 | 346,298 |
| Aquatic center participation | 82,818 | 77,155 | 62,647 | 88,409 | 89,343 | 77,195 | 75,127 | 107,403 | 104,453 | 111,183 |
| Rounds of Golf | 55,073 | 52,322 | 52,750 | 43,273 | 40,816 | 39,249 | 39,169 | 37,591 | 37,049 | 33,580 |
| Boat Rental | 864 | 673 | 738 | 744 | 904 | 541 | 652 | 734 | 602 | 590 |
| Library: | | | | | | | | | | |
| Total circulation | 61,126 | 49,192 | 35,134 | 39,876 | 41,032 | 43,953 | 41,753 | 40,059 | 41,417 | 42,183 |
| Registered individuals | 1,241 | 1,165 | 1,161 | 1,223 | 1,251 | 1,298 | 1,317 | 1,348 | 1,247 | 1,360 |
| Walk-In | 867 | 920 | 853 | 1,020 | 950 | 852 | 968 | 1,156 | 1,092 | 490 |
| Telephone calls | 4,506 | 4,499 | 4,147 | 4,727 | 4,173 | 3,611 | 3,523 | 3,278 | 3,646 | 4,912 |

Source: Washtenaw County Finance Department

WASHTENAW COUNTY
Capital Asset Statistics by Function/Program
Last Ten Years

| Function/Program | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Police | 285 | 336 | 332 | 398 | 356 | 332 | 332 | 332 | 332 | 332 |
| Vehicle patrol units: | | | | | | | | | | |
| Police service automobiles | 100 | 50 | 60 | 60 | 82 | 82 | 85 | 85 | 85 | 90 |
| Animal control | - | - | - | - | 1 | 1 | 2 | 2 | 2 | 2 |
| Marine safety | - | - | - | - | 2 | 6 | 2 | 2 | 2 | 3 |
| Jail | - | - | - | - | 16 | 16 | 17 | 17 | 17 | 17 |
| Motorcycles | - | - | - | - | 5 | 12 | 12 | 12 | 12 | 2 |
| Parks and recreation | | | | | | | | | | |
| Parks: | | | | | | | | | | |
| County | 12 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Natural areas | - | - | - | - | - | 6 | 6 | 6 | 10 | 12 |
| Park acreage: | | | | | | | | | | |
| Parkland | 1,117 | 1,158 | 1,256 | 1,376 | 1,376 | 1,438 | 1,438 | 1,647 | 1,762 | 1,834 |
| Natural areas | - | - | - | - | - | 438 | 715 | 780 | 980 | 1,079 |
| Picnic areas | 11 | 12 | 12 | 12 | 19 | 19 | 19 | 19 | 19 | 19 |
| Historic sites | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Buildings: | | | | | | | | | | |
| Log cabins | - | - | - | - | - | - | - | 1 | 1 | 1 |
| County recreation center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fishing structures | 3 | 4 | 4 | 4 | 3 | 3 | 3 | 3 | 3 | 3 |
| Pavilions | 5 | 6 | 6 | 6 | 11 | 11 | 12 | 12 | 12 | 12 |
| Concession | - | - | - | - | - | - | 3 | 3 | 3 | 3 |
| Multi-purpose | - | - | - | - | - | - | 2 | 2 | 2 | 2 |
| Nature cabin | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Swimming beach areas | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 |
| Swimming pools (in/out) | - | - | - | - | 2 | 2 | 2 | 1 | 1 | 1 |
| Golf Courses: | | | | | | | | | | |
| 18 hole course | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| 18 hole disc course | - | - | - | - | - | - | 1 | 1 | 1 | 1 |
| Trails: | | | | | | | | | | |
| Nature | 7 | 7 | 7 | 13 | 7 | 7 | 9 | 9 | 9 | 10 |
| Exercise | - | - | - | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Multiuse | - | - | - | 1 | 8 | 8 | 8 | 8 | 8 | 8 |
| Playgrounds | - | - | - | - | 6 | 6 | 6 | 6 | 7 | 7 |
| Water Areas: | | | | | | | | | | |
| Water parks | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Spray play feature | - | - | - | 1 | 3 | 3 | 3 | 3 | 3 | 3 |
| Lazy river ride | - | - | - | - | - | - | 1 | 1 | 1 | 1 |
| Public works | | | | | | | | | | |
| Centerline miles of county roads: | | | | | | | | | | |
| Federal and State | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 576 | 576 | 580 |
| Primary | 520 | 520 | 521 | 529 | 529 | 529 | 542 | 586 | 587 | 588 |
| Local | 1,020 | 768 | 768 | 758 | 758 | 756 | 743 | 703 | 704 | 706 |
| Subdivision | - | - | - | 282 | 282 | 296 | 308 | 323 | 333 | 340 |

Source: Washtenaw County Finance Department

WASHTENAW COUNTY
Schedule of Insurance
As of December 31, 2007

| <u>Type of Coverage</u> <u>Name of Company</u> | <u>Policy Period</u> | <u>Premium</u> | <u>Description</u> |
|--|----------------------------------|-----------------|---|
| Genesis Insurance Company | 10/1/07-10/1/08 | \$ 640,000 | Auto, general and police legal liability of the County for bodily injury, property damage and personal injury. Limit \$5,000,000 per occurrence and \$5,000,000 aggregate. Occurrence form; \$300,000 self insured retention. |
| Buildings and Contents CHUBB Insurance Co. | 10/1/07-10/1/08 | 117,796 | All risk coverage on buildings and contents at replacement cost. \$185,000,000 limit \$250,000 deductible per occurrence (includes burglary). Includes perils from flood and earthquake. |
| Inland Marine Coverage | 10/1/07-10/1/08 | Included | Covers scheduled portable equipment consisting of radio and video equipment, boats and trailers, etc. All risk coverage. |
| Data Processing Coverage | 10/1/07-10/1/08 | Included | Covers data processing equipment, media and extra expense. Limit \$500,000 per occurrence. |
| Employee Benefit Liability | 10/1/07-10/1/08 | Included | Policy limit \$1,000,000 covers employees, prospective employees, former employees, or their beneficiaries, for damages sustained in the administration of employee benefits programs. |
| Great American Ins. Co. | 10/1/07-10/1/08 | 10,964 | Covers loss to the County caused by dishonesty or fraudulent act of an employee or failure to faithfully perform the duties or the position. Limit \$5,000,000 with \$10,000 loss deductible. All County employees covered. Public Employee Blanket Bond. |
| Public Officials Genesis Insurance Company | 10/1/07-10/1/08 | Included | Policy limit \$5,000,000 subject to \$250,000 deductible covers liability for wrongful acts, claims made form, duty to defend. |
| Professional Liability Hudson Insurance Co. | 10/1/07-10/1/08 | 166,016 | Covers Public Health and Mental Health operations (includes doctors) \$1,000,000 each medical incident. Deductible of \$250,000 does not include defense costs. |
| Boiler Machinery Policy | 10/1/07-10/1/08 | Included | Covers boilers and air conditioning units, broad form basis (except cast iron), including repair and/or replacement on most objects. \$1,000 deductible. |
| Lawyers Professional Lloyds/National Legal Aid and Defender Association | 10/1/07-10/1/08 3/1/07-3/1/08 | 2,070 15,307 | Covers Employee related issues in Public Defender's Office. Professional liability limit \$1,000,000. Disciplinary proceedings limit \$5,000. Also covers Labor Relation Attorney and Corp Counsel. Personal injury \$1,000,000/1,000,000. Disciplinary proceeding \$10,000. Subject to deductible. |

Continued...

WASHTENAW COUNTY
Schedule of Insurance
As of December 31, 2007

| <u>Type of Coverage</u> <u>Name of Company</u> | <u>Policy Period</u> | <u>Premium</u> | <u>Description</u> |
|--|----------------------|----------------|--|
| Short-Term Bond Burnham & Flower of Michigan The Hartford | 7/01/07-03/31/08 | 37,549 | Bond was based on 40% of the tax levy for the County, schools and SET (State Education Tax). County is reimbursed for approximately 95% of the cost of the bond. |
| Judicial Liability Complete Equity Market | 10/1/07-10/1/08 | 35,315 | Covers 20 Judges, Magistrates and referees \$1,000,000 liability coverage per claim. \$2,500 deductible. |
| Federal Insurance Companies | 10/1/07-10/1/08 | 11,000 | Fiduciary Liability Policy for Washtenaw County covering the VEBA, MPPP and WCERS Systems with limits of \$3,000,000. |
| Zurich US Insurance Group | 10/1/07-10/1/08 | 561 | Provide insurance coverage for underground storage tanks with limits of \$1,000,000. |
| Workers' Compensation BROADSPIRE | 02/01/07-02/01/08 | 41,961 | TPA for Claims Service. |
| Safety National | 02/01/07-02/01/08 | 46,277 | Statutory specific excess insurance above a \$375,000 retention. |
| Long-Term Disability Unum Provident | Monthly | Varies | Covers all full-time regular employees. Choice of coverage is 50%, 60%, or 66 and 2/3% of monthly salary with varying elimination periods. Also covers part-time MNA employees basic coverage only |
| Traditional with Master Medical (MM50) Blue Cross/Blue Scheild | Monthly | Varies | Basic and Master Medical Comprehensive medical care coverage including emergency care, some out-patient treatment, and prescription co-pay. Annual deductible of \$50 (\$100 family) on Master Medical Benefits. |
| Comprehensive Major Medical (CMM 250) Blue Cross/Blue Shield | Monthly | Varies | A cost-sharing comprehensive medical care plan including emergency care, some out-patient treatment, prescription co-pay, and annual deductible of \$250 (\$500 family) on all covered benefits. |
| Dental Delta Dental Core Plan | Monthly | 48.83 | 100% basic dental, 50% other services, 50% Prosthodontics and Orthodontic services, \$750 annual limit. |
| Dental Delta Dental Retiree Plan | Monthly | 61.36 | 100% basic dental, 50% other services, 50% Prosthodontics, no Orthodontic services, \$750 annual limit |
| Dental Delta Dental Premier Plan for those in Flex Benefits who choose this option | Monthly | 100.09 | 100% basic dental, 80% other services, including sealants, 50% Orthodontics services, \$1,000 annual limit and \$1,750 lifetime for Orthodontics. |
| Life Insurance Unum Provident | Monthly | Varies | Covers death of employee and/or AD&D. All full-time employees with choice of coverage equal to 1 X annual salary up to 50K, 2 X annual salary up to 100K, or 3 X annual salary up to 150K. MNA Employee basic coverage (coverage up to 50K or 1 X annual salary) |

Continued...

WASHTENAW COUNTY
Schedule of Insurance
As of December 31, 2007

| Type of Coverage Name of Company | Policy Period | Premium | Description |
|--|----------------------|----------------|---|
| Vision Care Blue Cross/Blue Shied/ Vision Service Plan (VSP) | Monthly | Varies | Vision Care option pays for certain vision care tests and supplies when obtained from a participating provider after County employee pays the provider the required co-payment amount. |
| Care Choices Catherine McAuley | 01/01/07-12/31/07 | Varies | HMO offers primary care physicians, network hospitals, affiliated pharmacies and laboratories and other providers within the particular HMO network. The employee is responsible for the co-pay amounts at the time of service. All claims are handled directly between the HMO and service provider. |
| M-Care University of Michigan Hospital | 01/01/07-12/31/07 | Varies | HMO offers primary care physicians, network hospitals, affiliated pharmacies and laboratories and other providers within the particular HMO network. The employee is responsible for the co-pay amounts at the time of service. All claims are handled directly between the HMO and service provider. |

