INTRODUCTION

This section is designed to provide readers with insight into the revenues that enable the County to function. Projections made in this section are derived from a combination of sources including trend analysis, linear regression, time line studies, and economic indicators.

Projections for revenues generated by departments have been made in agreement with those departments. Early in the budget process, revenue review meetings were held with each department. During those meetings departments discussed current revenue flows, anticipated levels for 2004 and 2005 and any factors that might impact the future status of revenues (i.e. legislation, economy, trends, etc.).

The analysis of major revenues beginning on the following pages examines the mix of funding sources that make up the County's revenue picture and attempts to explain some of the impacting factors. The revenues examined are primarily those which impact the General Fund. Since property taxes are the County's primary source of funding, a detailed analysis of the components determining the overall tax level are presented on pages E-6 through E-8 with further discussion on delinquent tax reserves on page E-23. Pages E-10 through E-11 provide detail on some of the revenues that Washtenaw County receives through the State of Michigan. Pages E-9 and E-12 through E-16 look at major revenues generated locally.

Page E-17 begins a discussion of revenues for other governmental type funds. The format is similar to that presented for the General Fund for comparison purposes. The distinguishing feature of these revenues is that they are designated for distinct purposes and are outside the control of the General Fund.

MAJOR REVENUE ANALYSIS

There a number of ways of analyzing the revenues received from varied sources. Throughout this book, revenues have been summarized into the following major categories:

Taxes & Penalties - Primarily property taxes.

Licenses & Permits - Such as building permits, marriage licenses, food licenses, inspection fees.

State & Federal Revenue - Grants, pass-throughs, salary reimbursements, revenue sharing.

Services, Fees & Fines - Fees charged for services rendered, fines or forfeits assessed.

Other Revenue & Reimbursements - Interest earnings, reimbursement for costs incurred.

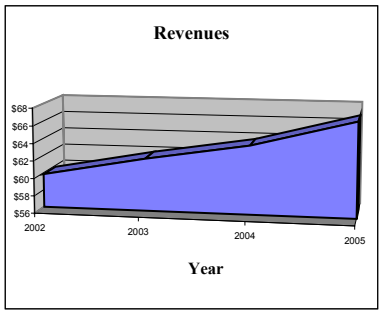
Transfers In - Transfer in of monies from other County funds.

Of the many revenues summarized by these major classifications, a small number of sources account for the majority of the County's General Fund income. On page E-4, a chart lists in descending order the largest revenue sources. Note these sources comprise over 94% of the total General Fund revenues. Early in the budget process, each revenue is analyzed in conjunction with the Departments' most knowledgeable staff in regard to that particular source. Prior year trends, statistical analysis, economic factors, political climate and expert knowledge are all taken into consideration as projections for the coming cycle are generated. Each of these revenues will be discussed individually on the following pages.

Another way of classifying General Fund revenues is based on how they are collected, either by a specific department or centrally. The top chart on page E-3 gives a summary of revenues centrally collected. At the bottom of the page a chart shows the proportional relationship between revenues collected centrally and those attributed to specific departmental functions. Again the majority (over 75%) is collected centrally. These revenues are a rough indication of what the citizens of Washtenaw County are contributing for governmental services as opposed to those services paid for directly. In the chart on page E-4, centrally collected revenues are listed in italic.

CENTRALLY COLLECTED REVENUES

Revenues	2002 Actuals	2003 Adopted	2004 Requested	2004 Adopted	2005 Adopted
Taxes and Penalties	$ 48,813,595	$ 52,010,540	$ 55,067,493	$ 55,067,493	$ 58,206,341
Licenses & Permits	$ -	$ -	$ -	$ -	$ -
State & Federal Revenues	$ 9,972,550	$ 8,749,795	$ 7,594,084	$ 7,594,084	$ 7,479,021
Services, Fees and Fines	$ 143,283	$ 123,000	$ 123,000	$ 145,000	$ 145,000
Interest Earnings	$ 824,979	$ 1,038,731	$ 1,004,400	$ 1,004,400	$ 1,004,400
Other Rev. and Reim	$ 72,407	$ 68,796	$ 68,796	$ 68,796	$ 68,796
Total	$ 59,826,814	$ 61,990,862	$ 63,857,773	$ 63,879,773	$ 66,903,558



SUMMARY OF ALL REVENUE SOURCES

2004 GENERAL FUND

	Total	Property Taxes	Licenses & Permits	State & Local Revenue	Fees & Services	Fines & Forfeits	Interest Earnings	Other Rev. & Reimb.
Central Revenues	$63,879,773	$55,067,493		$7,594,084	$145,000		$1,004,400	$68,796
Percentage	75.50%							
Departmental Revenues	$20,727,866		$123,200	$3,107,328	$15,567,950	$1,162,100		$767,288
Percentage	24.50%							
Total	$84,607,639	$55,067,493	$123,200	$10,701,412	$15,712,950	$1,162,100	$1,004,400	$836,084

MAJOR GENERAL FUND REVENUES

SEVEN YEARS COMPARISON

DESCRIPTION	1999 ACTUAL	2000 ACTUAL	2001 ACTUAL	2002 ACTUAL	2003 BUDGET	2004 ADOPTED	2005 ADOPTED
Property Tax	$ 40,875,480	$ 43,376,839	$ 45,683,776	$ 48,813,595	$ 51,200,858	$55,067,493	$58,206,341
State Revenue Sharing	$ 5,713,046	$ 6,520,692	$ 6,972,262	$ 6,706,688	$ 7,521,393	$6,033,224	$5,871,335
Sheriff's Services	$ 5,409,535	$ 6,229,243	$ 6,406,839	$ 7,241,052	$ 7,358,505	$7,784,681	$8,240,727
Delinquent Tax Fund	*	*	*	*	*	*	*
Building Permits	$ 1,762,640	$ 1,542,852	*	*	*	*	*
State Court Fund	$ 1,449,648	$ 1,551,798	$ 1,619,251	$ 1,558,022	$ 1,590,000	$1,560,000	$1,560,000
Court Costs	$ 1,050,018	$ 1,284,993	$ 1,349,643	$ 1,289,182	$ 1,205,400	$1,210,400	$1,210,400
Real Estate Transfer	$ 1,830,646	$ 1,890,850	$ 1,882,228	$ 2,112,567	$ 1,600,000	$1,800,000	$1,800,000
Register of Deeds Fees	$ 1,070,286	$ 851,951	$ 1,476,076	$ 1,992,930	$ 1,019,900	$1,418,000	$1,418,000
Interest Earnings	$ 1,147,169	$ 1,287,098	$ 1,185,820	$ 824,979	$ 1,038,731	$1,004,400	$1,004,400
Ord. Fines & Costs	$ 1,009,582	$ 954,144	$ 971,890	$ 871,345	$ 1,015,000	$956,500	$956,500
State Liquor Tax	$ 1,027,540	$ 1,129,491	$ 1,306,411	$ 1,429,182	$ 1,437,194	$1,392,798	$1,434,582
State Cigarette Tax	$ 305,561	$ 290,100	$ 286,731	$ 278,658	$ 263,365	$168,062	$173,104
Resource Management	$ 189,485	$ 205,440	*	*	*	*	*
Prisoner Board	$ 592,366	$ 401,676	$ 451,650	$ 351,744	$ 300,000	$300,000	$300,000
Civil Fee	$ 258,011	$ 227,895	$ 239,119	$ 273,509	$ 290,000	$290,000	$290,000
Drain Contribution	$ 178,973	$ 254,233	$ 344,032	$ 312,684	$ 366,000	$430,230	$473,564
Probation Oversight Fees	$ 113,878	$ 121,814	$ 104,950	$ 139,305	$ 122,000	$110,000	$110,000
Probate Court Fee	$ 107,277	$ 107,225	$ 120,413	$ 130,568	$ 95,500	$125,500	$125,500
State/Fed Pass-Thru	*	*	*	*	*		
Incentive Program Fee	*	*	*	*	*		
F.O.C. Fee	*	*	*	*	*		
SUBTOTAL:	**$ 64,091,141**	**$ 68,228,334**	**$ 70,401,091**	**$ 74,326,010**	**$ 76,423,846**	**$79,651,288**	**$83,174,453**
TOTAL GENERAL FUND:	**$ 67,207,321**	**$ 69,998,915**	**$ 74,195,332**	**$ 79,262,704**	**$ 80,338,977**	**$84,607,639**	**$88,139,938**
	95.36%	97.47%	94.89%	93.77%	95.13%	94.14%	94.37%

*These revenues are no longer brought into the General Fund but have been offset by corresponding reductions in appropriations to other funds

Note: Centrally collected revenues are listed in italics.

DEPARTMENTAL REVENUE SUMMARY

2004 GENERAL FUND

	Central Revenues	Licenses & Permits	State & Local Revenue	Fees & Services	Fines & Forfeits	Other Rev. & Reimb.
LEGISLATIVE						
Board of Commissioners	686,617					
JUDICIAL						
Circuit Court	1,747,706	33,000	2,205,630			
District Court	1,238,785			1,405,580	1,125,000	41,208
Probation	147,333					
Probate Court - Estates	720,872			125,000		
Probate Court - Juvenile	2,761,170		126,468	22,940	7,100	40,000
Public Defender	2,401,274					
GENERAL GOVERNMENT						
County Administrator	678,150					
Budget	2,430,456					
Finance	411,518					
Information & Tech Systems	5,360,739					60,000
Human Resources	783,023					137,496
Organizational Development	514,774		100,000			
Corporation Counsel	252,151					
Equalization	1,347,879					20,000
Building Authority	8,090					
Clerk / Register of Deeds	-329,690	24,700		4,462,200	30,000	98,500
Treasurer	1,118,018	22,000		13,120		
Drain Commissioner	1,584,705	37,000	430,230	105,700		37,044
Planning	1,574,777			48,000		
PUBLIC SAFETY						
Prosecuting Attorney	4,461,908		145,000			
Sheriff	20,141,264	6,500	62,000	9,385,410		253,975
Emergency Management	556,893		38,000			79,065
PUBLIC WORKS						
Public Works						
Brownfield Redevelopment Authority						
SOCIAL SERVICES						
Veteran Services	583,972					
Children's Services	632,627					
CULTURE & RECREATION						
County MSU Extension	901,233					
OTHER						
Reserves	1,539,619					
Other Agencies	2,090,777					
Costs allocated to other departments	-12,595,830					
TRANSFERS OUT	20,128,963					
GRAND TOTAL	**$ 63,879,773**	**$ 123,200**	**$ 3,107,328**	**$ 15,567,950**	**$ 1,162,100**	**$ 767,288**

COUNTY PROPERTY TAX

INTRODUCTION- PROPOSAL A

In order to understand the following discussion on the County Property Tax, a brief discussion of Proposal A is necessary. Proposal A was passed in 1994 and drastically changed the way in which the taxable value of a parcel of property is calculated in Michigan. The net result of these changes was that the taxable value of each parcel adjusted for additions and losses will not increase more than the increase in the Consumer Price Index (CPI) or 5%, which ever is less, until ownership is transferred. A related point important to remember when reading this section is that the total State Equalized Value (SEV) for the County is no longer equal to the total taxable value. Previously, the taxable value of a parcel was equal to the SEV, which was 50% of the current assessed value. With Proposal A, the County will continue to calculate the SEV for each parcel but the taxable value of a parcel will be the lesser of the SEV or the "capped value." The exception is when a parcel changes owners; at that time, the taxable value is made equal to the SEV.

STATE EQUALIZED VALUATION (SEV)

Washtenaw County continues to be one of the leading growth counties in Michigan. The total SEV for the County, including the taxable portion of Industrial Facilities Tax properties, is $15,045,690,552. However in 2004, due to Proposal A passage (discussed above) the taxable value increase is only 5.66%, instead of 9.81% had Proposal A not been in effect. The impact of this on tax revenue can be seen on page E-8. County-levied taxes (General County, Debt Service, Parks & Recreation, Natural Areas, and Huron-Clinton Metropolitan Authority) will increase by 5.39% over 2003 to $66,243,309. The total millage rate will be 5.5828 mills; a slight decrease from 5.6772 mills levied in 2003.

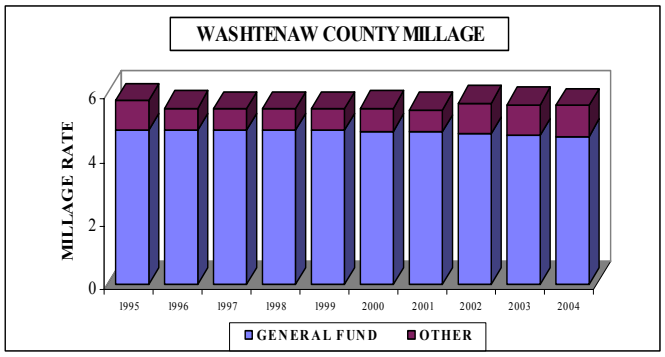
GENERAL FUND OPERATIONS

The 2004 General Fund budget includes continuation of the maximum property tax levy for operations. By State Law, this is 5.5 mills in Michigan counties without a special vote of the people. However, various factors such as the Headlee Constitutional Amendment, the loss caused by Tax Increment Finance Act (TIFA) Districts, and Proposal A will result in a net tax levy of 4.6384 mills. The net tax levy for 2004 General Fund operations is $55,036,493 after deducting $10,223,234 for Headlee, $4,122,179 for TIFA and 14,184,142 for Proposal A (See pg. E-8).

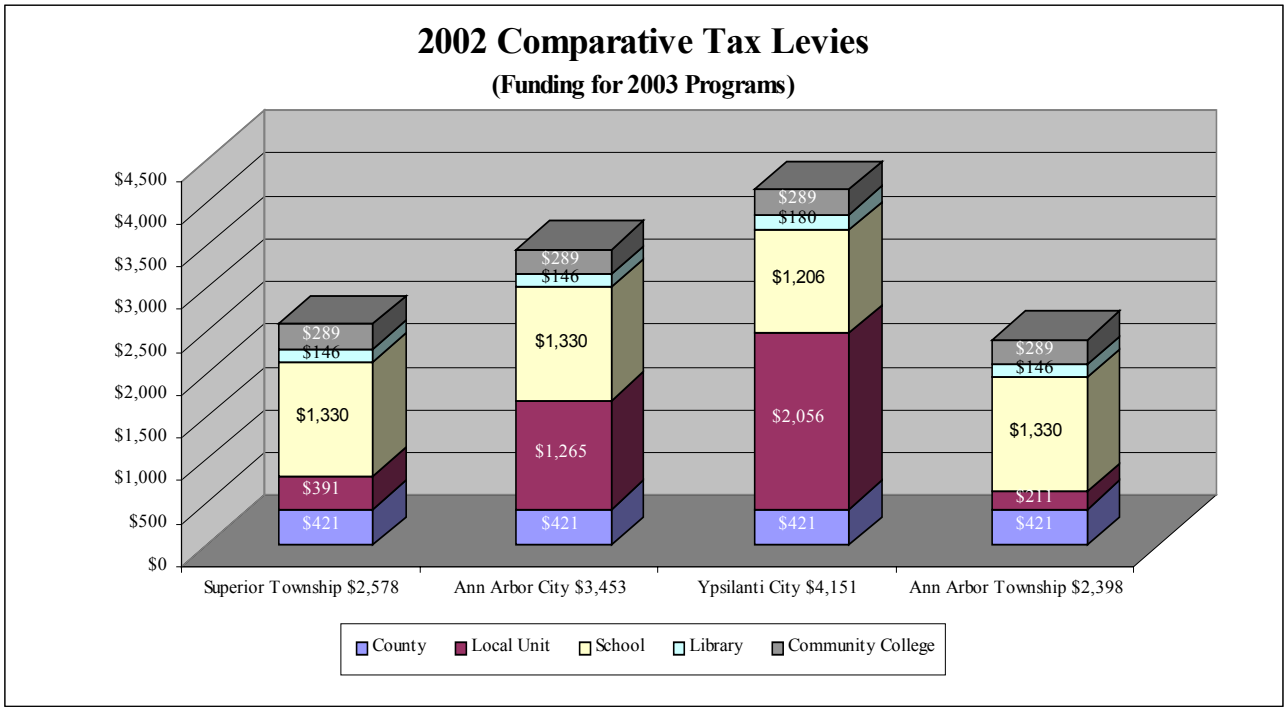
Growth in tax revenue is limited by the Headlee Constitutional Amendment on a county-wide basis. If the composite SEV increases by an amount greater than inflation, the millage is adjusted downward to compensate. Headlee reduced the millage rate for 2004 primarily because of a low inflation rate and a large increase in taxable value. Proposal A limits growth on individual parcels so the adjustment is made on an individual parcel level rather than a county-wide level. The maximum allowable increase in an assessment is 5% or the rate of inflation, whichever is smaller. Assessment growth above this level will only be recouped when the property is sold. At that time the buyer assumes taxation at the full level of SEV. The combined effect of Proposal A and Headlee continue to reduce property tax revenues.

OTHER MILLAGE

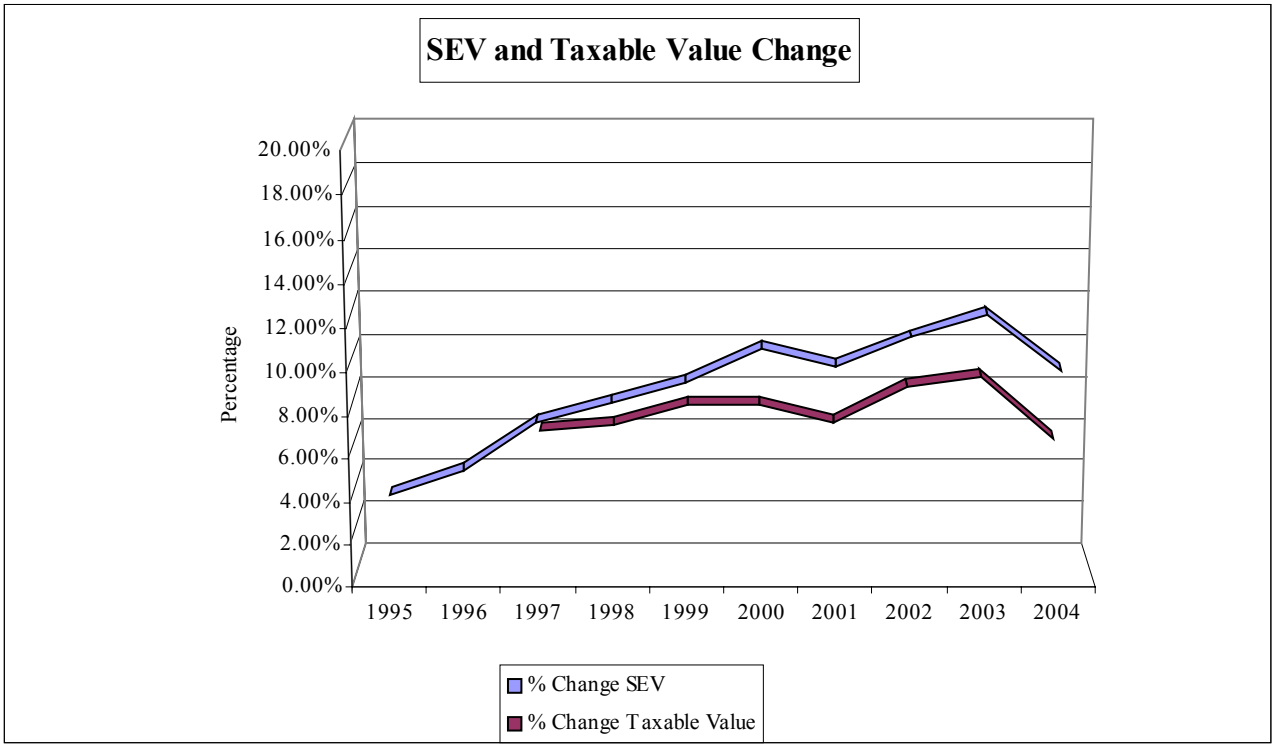
The County also levies taxes for Parks & Recreation, Natural Areas, and the Huron-Clinton Metropolitan Authority; all are subject to Headlee and TIFA adjustments. Parks & Recreation's total levy in 2004 will be .4816 mills, yielding $5,714,379; the Natural Areas millage will be .2458 mills, yielding $2,916,517; and the Huron-Clinton levy will be .2170 mills, yielding $2,574,793.



The table and graphs above and on the following pages illustrate the various tax and millage comparisons described above.

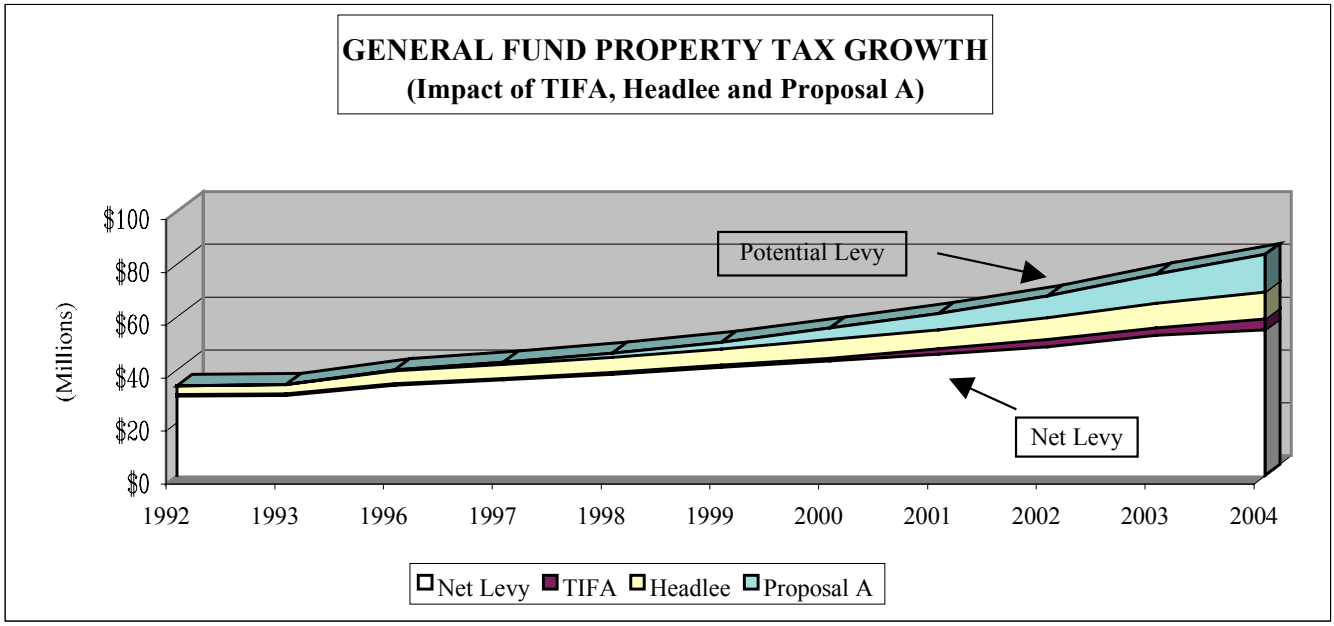


NOTE: -Taxes based on home value of $150,000 with a taxable value of $75,000
- Superior Township School taxes calculated for home located in Ann Arbor Schools
- School tax levy includes local unit's school levy, State Education Tax and Washtenaw Intermediate School District levy



WASHTENAW COUNTY GENERAL FUND TAX LEVIES

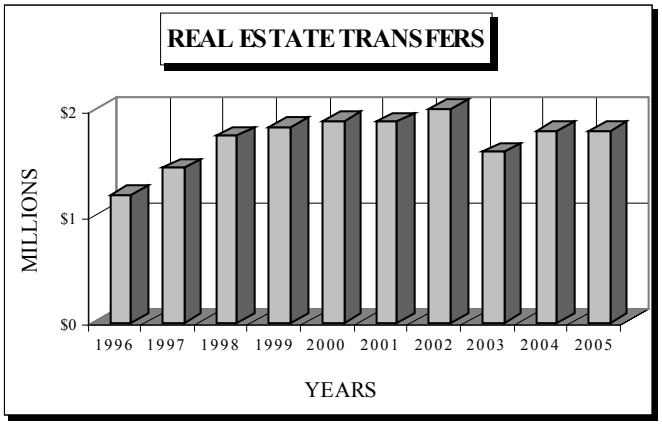
	Potential Tax Levy	Reductions to TIFA Districts	Reductions Headlee Factor	Reductions Proposal A	Total Reduction	Percent Reduction	Net Tax Levy	Annual Growth Rate
1985	$20,164,550	$40,553	$0	$0	$40,553	0.20%	$20,123,997	0.96%
1986	$21,525,809	$56,441	$0	$0	$56,441	0.26%	$21,469,368	6.69%
1987	$22,440,391	$164,534	$0	$0	$164,534	0.73%	$22,275,857	3.76%
1988	$23,731,709	$218,722	$164,994	$0	$383,716	1.62%	$23,347,993	4.81%
1989	$24,715,016	$315,487	$571,692	$0	$887,179	3.59%	$23,827,837	2.06%
1990	$27,439,858	$382,154	$1,604,911	$0	$1,987,065	7.24%	$25,452,793	6.82%
1991	$31,038,014	$496,315	$3,004,850	$0	$3,501,165	11.28%	$27,536,849	8.19%
1992	$33,909,014	$554,745	$3,389,927	$0	$3,944,672	11.63%	$29,964,342	8.82%
1993	$34,438,908	$577,324	$3,443,517	$0	$4,114,415	11.95%	$30,324,493	1.20%
1994	$36,618,633	$242,477	$4,482,121	$0	$4,724,598	12.90%	$31,894,035	5.18%
1995	$37,977,018	$574,135	$4,648,387	$0	$5,222,522	13.75%	$32,754,496	2.70%
1996	$39,898,907	$556,522	$4,883,626	$347,081	$5,787,229	14.50%	$34,111,678	4.14%
1997	$42,811,449	$559,493	$5,240,121	$825,395	$6,625,009	15.47%	$36,186,440	6.08%
1998	$46,249,547	$711,627	$5,660,945	$1,619,845	$7,992,416	17.28%	$38,257,131	5.72%
1999	$50,344,224	$795,489	$6,166,710	$2,506,545	$9,468,744	18.81%	$40,875,480	6.84%
2000	$55,718,935	$1,045,090	$7,113,788	$4,215,083	$12,373,961	22.21%	$43,344,974	6.04%
2001	$61,196,553	$2,017,906	$7,149,872	$6,149,424	$15,317,203	25.03%	$45,879,350	5.85%
2002	$67,820,953	$2,845,168	$8,178,010	$8,214,046	$19,237,223	28.36%	$48,583,730	5.89%
2003	$76,127,147	$2,725,695	$9,435,930	$11,002,013	$23,163,638	30.43%	$52,963,509	9.01%
2004	$83,566,047	$4,122,179	$10,223,234	$14,184,142	$28,529,554	34.14%	$55,036,493	3.91%



CLERK/REGISTER OF DEEDS

REAL ESTATE TRANSFER TAX

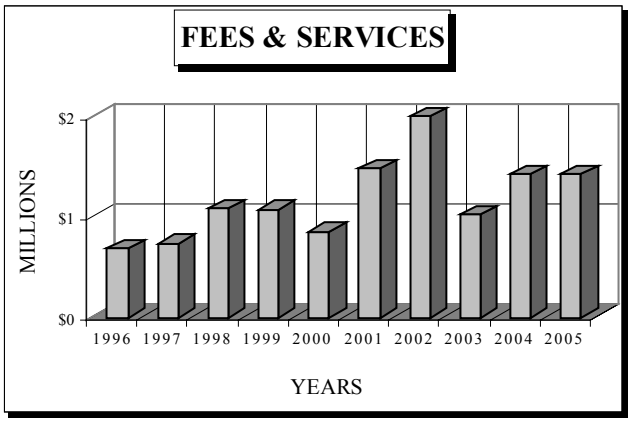
The passage of Proposal A brought a change to the rate of taxation on the sale of real estate. Effective January 1, 1995 all real estate realizing a change of ownership for monetary consideration will be charged a Transfer Tax of $8.60 per thousand dollars of sale. Of this $8.60 per thousand dollars of sale $7.50 per thousand is the State's tax, effective with the passage of Proposal A, and $1.10 is the County's portion of the tax. The County's rate of $1.10 has been unchanged for many years. It is the addition of the State's portion that has greatly increased the cost of purchasing real estate. This higher Transfer Tax rate has not seemed to affect the level of real estate sales and purchases in the area.



The amount for 2003 is the adopted budget but actual collections will exceed 2002 because of interest rates. The projections for 2004 and 2005 are lower than current collections based on the expectation of an increase in interest rates.

FEES & SERVICES

Real estate transactions continue to be strong in Washtenaw County. The Register of Deeds Office is responsible for recording real estate documents and collecting real estate transfer taxes. The economy and interest rates play an important role in the volume of documents recorded. Interest rates have fluctuated greatly over the past three years. The decrease in 2000 was due to fewer documents filed because of higher interest rates and an increase in 2002 was due to lower interest rates which enticed citizens to sell, buy and refinance their properties, thus generating documents to be recorded in the Register's office. The amount for 2003 is the adopted budget but actual collections will exceed 2002 because of interest rates and a change in legislation governing the fee structure.

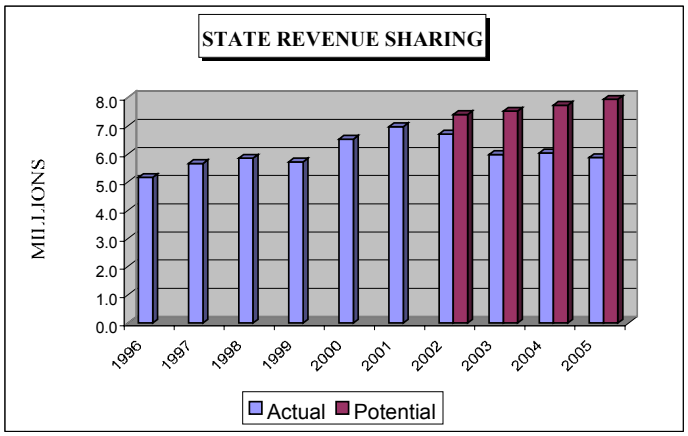


The projections for 2004 and 2005 are lower than current collections based on the expectation of an increase in interest rates.

STATE REVENUE SHARING

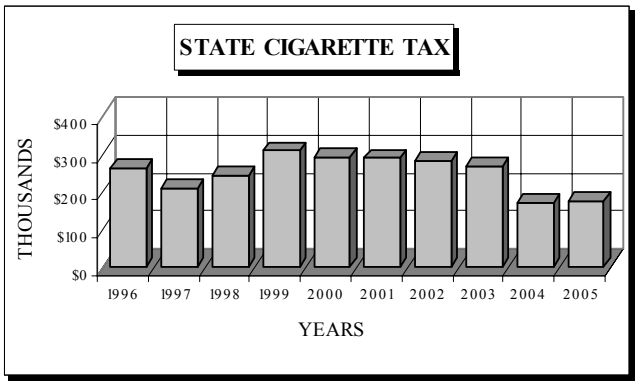
The State of Michigan, in years prior to1996 levied an income tax on both personal income and corporate profits. Of the revenue the State collected through this means, a small percentage was set aside for pass-through to local governments, known as revenue sharing. Effective January 1, 1996, the basis of the revenue sharing shifted from income tax to state sales tax per the changes brought about by Proposal A. County allocations were and still are based On population, as determined by the United States Census taken every ten years. For the last two years the State has passed a budget that overrides the distribution formula for revenue sharing and has instead based revenue sharing on the previous year's distribution. For both 2003 and 2004 this amount is a 3% reduction from the prior year.

The potential amount shown for 2003 is the adopted budget. Actual receipts will be $1,500,000 less due to an executive order signed after the adoption of the 2003 Budget. Having set a precedent, it is anticipated that the State will again reduce distributions by 3% in 2005. The graph shows the projected revenue loss for 2002 through 2005 due to the State's action.



STATE CIGARETTE TAX

In December 1987, Public Act 264 - the Health and Safety Fund Act - was enacted by the State of Michigan, to be effective January 1, 1988. The legislation levies a $.04/pack cigarette tax, with the revenue earmarked primarily for counties. By state law, 12/17ths of this revenue must be allocated to the County Health Fund to be used for new public health programming. The passage of Proposal A increased the tax on a package of cigarettes by 50 cents, affecting the revenue levels of this tax. Another tax increase in 2003 is expected to reduce revenue to Counties even further. (As taxes increase, people tend to buy fewer cigarettes.) The projected amount for 2003 is $155,704. The graph shows a 10-year history of Washtenaw County's total cigarette tax allocation.



STATE LIQUOR TAX

In a series of legislation during 1985 and 1986, the State of Michigan enacted the "Convention Facility (Cobo Hall) Development Tax." This tax allocates a portion of the state liquor tax revenues to Michigan counties, and mandates that at least 50% of a County's share be used for substance abuse programming. The County first received money under this act in 1987.

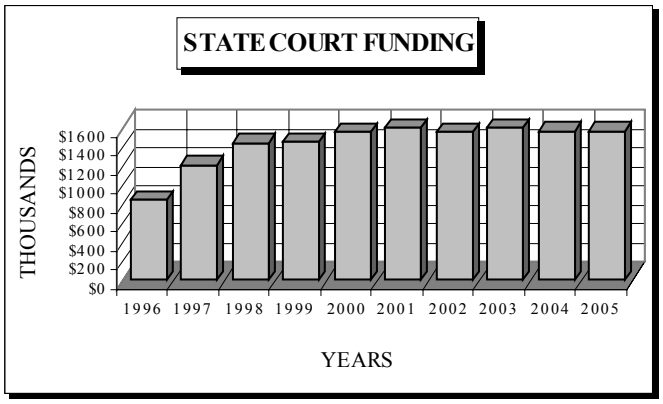
In October of 1987, the Board of Commissioners adopted a policy stating that of the 50% allocated to substance abuse programs, only one-third is to fund existing programs, while two-thirds is to be used for new programs.

The Washtenaw Community Health Organization (WCHO) Board is the coordinating agency for both Washtenaw and Livingston Counties. This Board is responsible for overseeing the distribution of substance abuse funds.

STATE COURT FUNDING

Beginning in 1994, the State of Michigan passed legislation to begin partial reimbursement of trial courts targeted at "31.5% of expenditures less 31.5% of local general fund revenues less current state reimbursements." In 1995, the state also appropriated an additional $4,000,000 state wide to partially reimburse counties for jury fee expenditures. Both of these actions were based on a lawsuit filed against the state by a number of local governments. The lawsuit contended the State was bound by law to pay for the operation of trial courts.

For both 2004 and 2005, it is projected that Washtenaw County will receive approximately $1,560,000.



INTEREST EARNINGS

The level of interest earnings generated is contingent on a number of factors as discussed below. For both 2004 and 2005 budget, the treasurer's projected earnings are $1,000,000.

Interest Rates

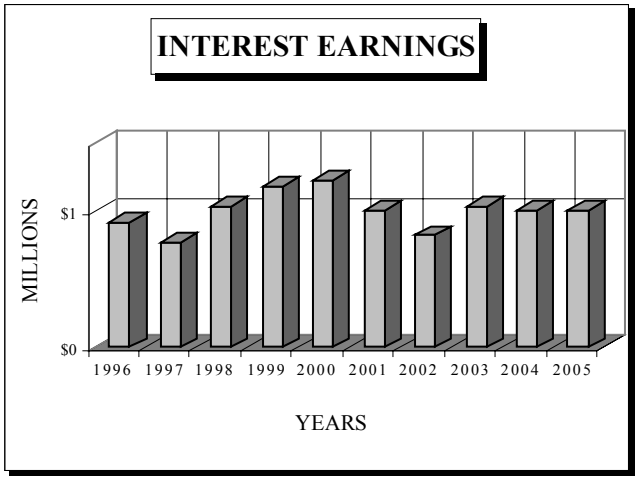
Interest rates have been at a fairly low level over the past few years. The 2004/05 budget assumes a rise in interest earnings at a level consistent with previous years, with rates between 4.5% and 5%.

Balances Available for Investment

The County's main source of revenue, property tax, is collected during the first three months of the year as the available balance for investment is highest during these early months. This allows for fairly accurate projections of balances throughout the year. The exception is when cash must be advanced to other funds to meet their obligations. During 1994, an in-depth analysis was conducted of the Treasurer's Office. A number of procedural changes were made to ensure that the balances are maintained as long as possible. Also, the implementation of an automated investment system enabled the pooling of funds to secure higher interest rates.

Instruments of Investment

The investments in which the Treasurer may invest are restricted by both State law and County policy. However, the increased use of technology (electronic fund transfers and automated investment system) has helped to ensure that the optimal mix and timing of investments are maintained.

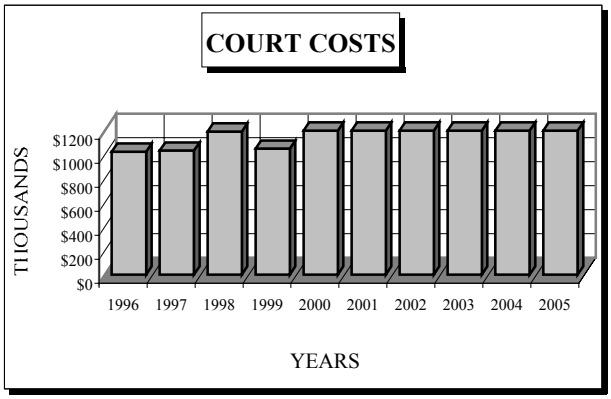


COURT GENERATED REVENUE

By state law and statutory regulations, various fees, fines and costs are levied upon users of services provided by the court system. These revenues are collected at local court systems and then disbursed to state and local agencies entitled by law to a portion of the revenue. The revenues collected are applied towards specific programs and/or used to offset overall operating expenses.

COURT COSTS

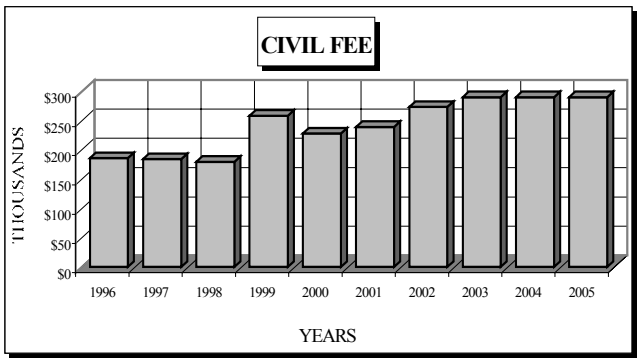
Court costs is one major area of collections for the courts. Revenues falling under this category can include assessments for traffic and criminal convictions, assessed late fees, and fees for failure to appear in court or failure to comply with judgments.



CIVIL FEES

Civil fees are collected in the district division for a variety of civil proceedings. These fees may include initial case filing fees for small claims, general civil and landlord-tenant cases and also fees assessed for post-judgment actions.

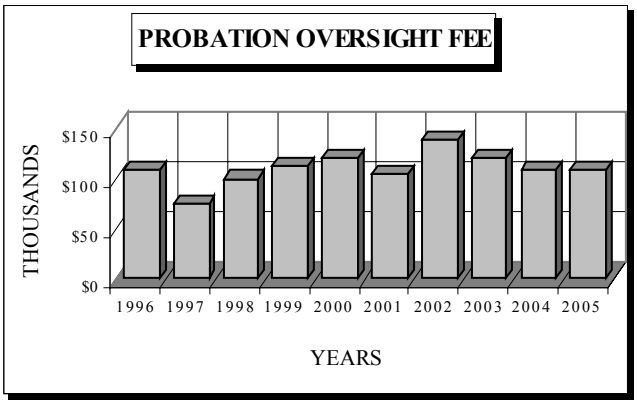
Revenues from this source increased in 2002 and 2003 due to a revised fee schedule and the institution of new procedures.



PROBATION OVERSIGHT FEES

The district and juvenile divisions both charge recipients of probation services a fee. This fee is set by the judge and collected by the court to help defray the costs of probation services.

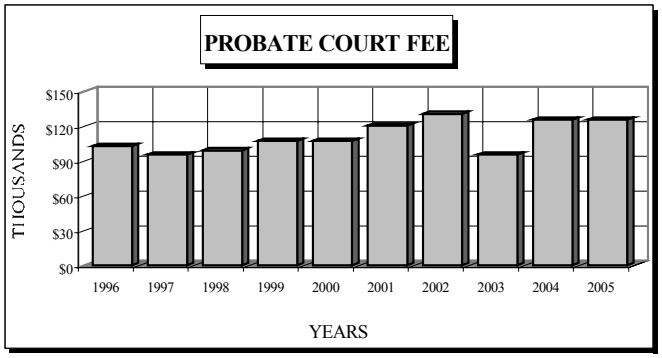
Whatever is allowed by law and is reasonable as a fee for services will be charged to the user of the service. The decline in revenue beginning in 2003 is primarily due to policy revision on fees charged within the Juvenile division of the Court.



PROBATE COURT FEE

Another fee collected is a probate court fee. This covers a wide variety of services provided by the probate division - estates and includes filing fees, estate fees and certified copy fees.

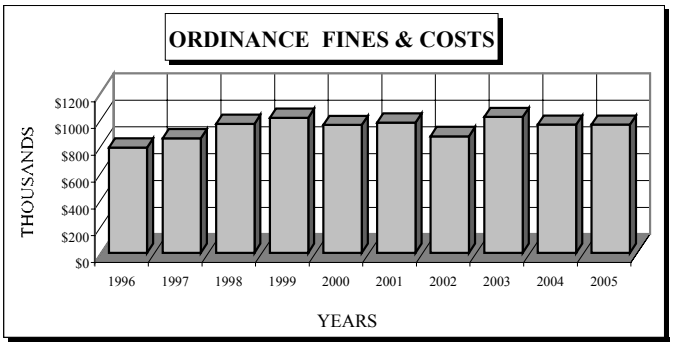
Many of the levels for these various fees are set by the State to be enforced at local levels. Upon collection, a certain, pre-established portion of the revenue is disbursed to the State or to other benefiting agencies. The portion disbursed out of the county varies with each particular fine. Some are a 50% split between the State and the County. Others are 10% held at the County level and 90% distributed to another agency.



ORDINANCE FINES AND COSTS

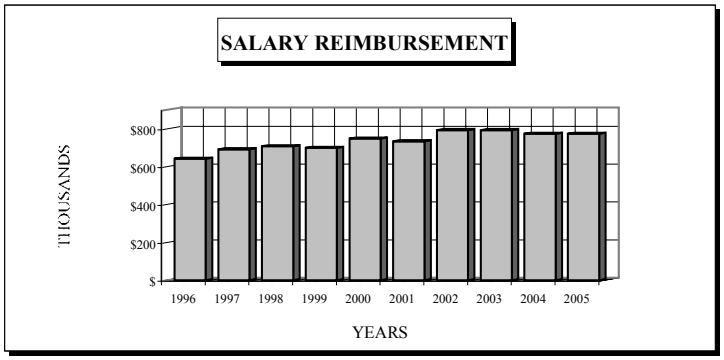
The district division is responsible for the collection of fines and costs levied for violations of local ordinances. The court acts as a central collection point for these revenues. Once a month they are deposited with the County Treasurer who in turn disburses one third of the revenues back to the municipality that initiated the legal action.

The amount of these revenues is dependent upon the activity level of village, township and city law enforcement in the County. Any decrease in the level of this law enforcement coverage would most likely result in a decrease in the collection of ordinance fines and costs revenue.



SALARY REIMBURSEMENT - STATE

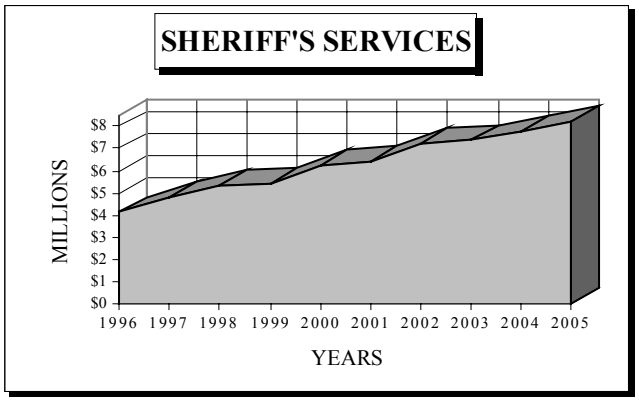
The state provides funding for Trial Court judge's salaries. The salary rate for the judges is a formula based on a percentage of the Supreme Court Justices' salaries. Both the state and county pay a portion of the annual salary amount directly to the judge. In years prior to 1997 the state reimbursed the county for most of what was paid to the judges. Effective January 1, 1997 the state reimburses the county 100% of the amount paid by the county to the judges so long as the county pays the exact amount that legislation has stated as the judges' salary. This slight modification in language resulted in an increase of revenue to the county of approximately $25,000.



SHERIFF SERVICES

On January 1, 2002 a new contracting methodology for Police Services was implemented that essentially required local jurisdictions to contract with the Sheriff to receive law enforcement services. The Sheriff will be contracting with 17 communities and schools. These communities include: Bridgewater Township, Scio Township, Ann Arbor Township, Augusta Charter Township, Dexter Township, Lodi Township, Village of Dexter, Village of Manchester, Webster Township, Salem Township, Superior Township, York Township, Ypsilanti Township, Willow Run Schools, Ypsilanti Schools, Lincoln Schools and Dexter Schools. There will be a total of 90 contracted Police Service Units (PSUs).

Beginning in 2004 annual contracts will increase by a cost escalator of 6% per year. Instituting a consistent annual increase will allow both the contracting units and the County to plan more effectively. For 2004, the cost per PSU will be $84,410 and total contract revenue will be approximately $7,546,860.



PRISONER BOARD

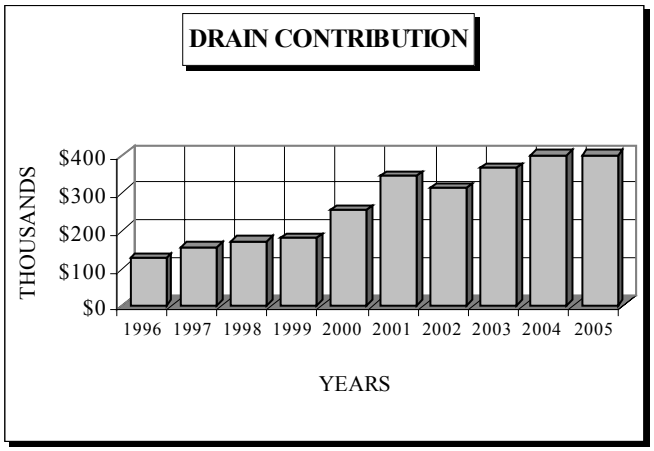
The Washtenaw County Jail houses inmates for the state who are serving sentences between 12 to 25 months in duration. As reimbursement the County receives $35 per day for each qualifying inmate. In the past the jail has had available beds and the County was able to take on additional qualifying inmates from other areas to increase this revenue.

In 1996 the Board of Commissioners authorized the acceptance of a grant award from Michigan Department of Corrections for the renovation and expansion of the jail facilities. This project increased the jail capacity by 84 “beds”.

For 1999 the State capped reimbursements at 110% of 1998 payments. However, the State granted waivers to this cap for both 1999 and 2000 resulting in greater reimbursements than expected. In addition, 1999 revenues included a number of billings for 1998. Reimbursements have also been affected by changes in the sentencing guidelines, called Truth in Sentencing, which has resulted in fewer reimbursable inmates. For 2004 and 2005 reimbursements have been budgeted at the capped level.

DRAIN CONTRIBUTION

The Drain Commissioner's office provides inspection services to communities located within Washtenaw County. The inspectors assist communities in the establishment of new drains, drain maintenance and the preparation of special assessments. The Drain Commissioner in turn will charge back to the districts that used the inspector's services up to 80% of the inspector's time spent on the project. The increase in recent years is due to the creation of new positions to meet the demands of development within Washtenaw County.



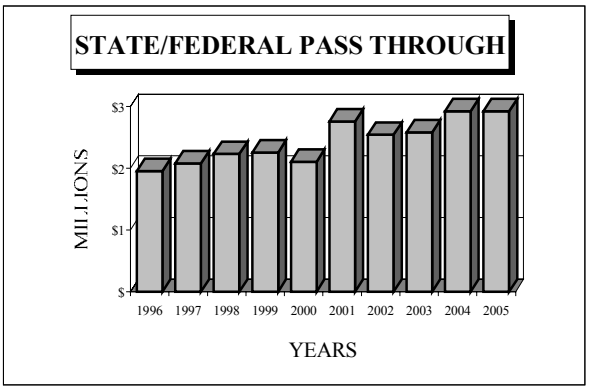
DEPARTMENTAL REVENUE SUMMARY
2002 GOVERNMENTAL FUNDS

	G.F. Support	Licenses & Permits	Federal Revenue	State & Local Revenue	Fees & Services	Fines & Forfeits	Other Rev. & Reimb.
LEGISLATIVE							
Board of Commissioners	686,617						
JUDICIAL							
Circuit Court	1,819,063	33,000		2,205,630			
District Court	1,238,785				1,405,580	1,125,000	41,208
Probation	147,333						
Friend of the Court	1,321,985		3,105,281	142,108	185,000		
Probate Court - Estates	720,872				125,000		
Probate Court - Juvenile	2,761,170			126,468	22,940	7,100	40,000
Law Library						8,500	
Public Defender	2,401,274						
GENERAL GOVERNMENT							
County Administrator	678,150						
Budget	411,518						
Finance	2,430,456						
Information Technology	5,360,739						60,000
Human Resources	783,023						137,496
Organizational Development	514,774			100,000			
Corporation Counsel	252,151						
Equalization	1,347,879						20,000
Building Authority	8,090						
Clerk / Register of Deeds	-329,690	24,700			4,462,200	30,000	98,500
Treasurer	1,118,018	22,000			13,120		
Drain Commissioner	1,584,705	37,000		430,230	105,700		185,161
Planning & Environment	1,574,777				48,000		
Costs allocated to other departments	-12,595,830						
PUBLIC SAFETY							
Prosecuting Attorney	4,697,669		413,388	145,000			7,331
Sheriff	20,171,264	6,500		62,000	9,385,410		253,975
Emergency Management	592,195			38,000	1,196,946		115,065
Building Services	0	1,754,402			10,500		100
PUBLIC WORKS							
Public Works - Solid Waste	0						647,000
HEALTH							
Environmental Health	1,267,299	1,607,088		809,597	64,041	8,926	7,180
Community Support & Treatment Services	421,186		465,586	555,345	15,223,481		518,851
Public Health	3,712,466			2,052,949	909,343		120,866
Washtenaw Health Plan					113,436		
Washtenaw Community Health Org	1,720,425				2,130,532		
SOCIAL SERVICES							
Child Care - Juvenile Center	1,995,101			1,214,237			25,000
Child Care - FIA	671,748			678,250			75,000
Child Care - Day Program	563,286			736,090			5,000
Child Care - Detention	1,279,447			1,467,306			1,155,973
Children's Services - Children's Well-Being	632,627						
Veteran Services	583,972			29,264			
Employment Training & Community Services	595,375		5,958,081	250,433			85,000
Head Start	554,628		3,331,872				447,821
Family Independence Agency	54,109			800,000			
Housing	310,000						51,804
CULTURE & RECREATION							
Parks & Recreation	0			9,155,876	2,824,000		2,655,288
Library/Learning Resource Center	769,490		4,656	45,980		1,100	
County MSU Extension	901,233						
OTHER							
Reserves	1,506,463						
Other Agencies	2,090,777						
CAPITAL OUTLAY	4,553,154						275,000
DEBT SERVICE							4,880,020
GRAND TOTAL	**$ 63,879,773**	**$ 3,484,690**	**$ 13,278,864**	**$ 21,044,763**	**$ 38,225,229**	**$ 1,180,626**	**$ 11,908,639**

FRIEND OF THE COURT REVENUES

STATE / FEDERAL PASS THROUGH

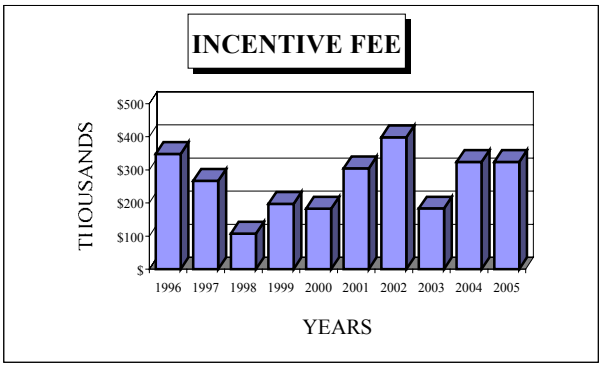
The Friend of the Court (FOC) receives partial reimbursement of actual expenses incurred through a State / Federal reimbursement program. This program allows reimbursements for up to 70% of expenses incurred while working with qualifying cases referred to as IV-D cases. The criteria for IV-D enforcement services eligibility are that the recipient of support requests in writing enforcement action by the FOC office and the recipient of support receives Temporary Assistance to Needy Families (TANF) benefits.



INCENTIVE FEE

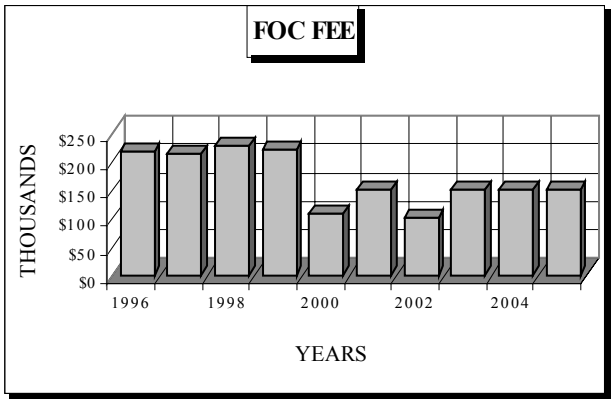
The methodology for calculating the Friend of the Court incentive fee revenue has changed significantly over the past few years. It is now tied to five performance factors: 1) Paternity Establishment Percentage, 2) Establishing Court Orders, 3) Collecting Current Support, 4) Collecting on Cases with Arrears Due and 5) Cost Effectiveness Ratio. Counties report this information to the State, who then combines them and submits a statewide report to the federal government. The State is subject to an annual Data Reliability Audit in which the federal government verifies the source data with the final reported figures. The audit determines the ability for the State to receive federal incentive payments in each of the five performance indicators. In 2000, the State passed the audit for all five factors. In 2001, the compliance rate was increased and the State passed in four of the five factors. The 2002 audit was not complete at the time of this publication.

Given the economic condition of the State, the pool of funding to be distributed statewide has been frozen at the 2000/01 fiscal year level. This means that in order for the county to receive an increase in incentive fee revenue, the county's performance on the five performance indicators must increase relative to the other counties. Likewise, if the county's performance decreases relative to other counties, the county will experience a decline in incentive revenue. It is anticipated that the pool will be frozen for at least the next couple of fiscal years.



FRIEND OF THE COURT FEE

All open, active accounts and cases with a balance owing are charged an annual statutory fee by law. Of this fee approximately $10 per year per case is held at the local office to help offset expenses. The remainder is forwarded to the Friend of the Court Office at the State level. In the past the local fee was assessed first, but beginning in 2000, a new state-wide computer system tracks the payments and allocates the local assessment last. This is the reason for the sharp reduction beginning in 2000.



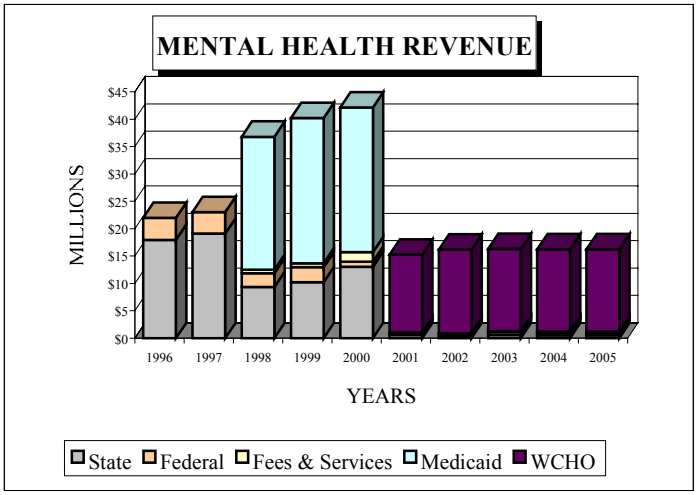
HEALTH REVENUE

COMMUNITY SUPPORT & TREATMENT SERVICES

The Community Support & Treatment Services (CSTS), formerly Community Mental Health (CMH), department has undergone rapid changes during the past few years, due to changes in the way the state funds mental health services across Michigan. One of the biggest effects on the department is that all funding coming into CSTS is now local, with the bulk of it coming from the Washtenaw Community Health Organization (WCHO).

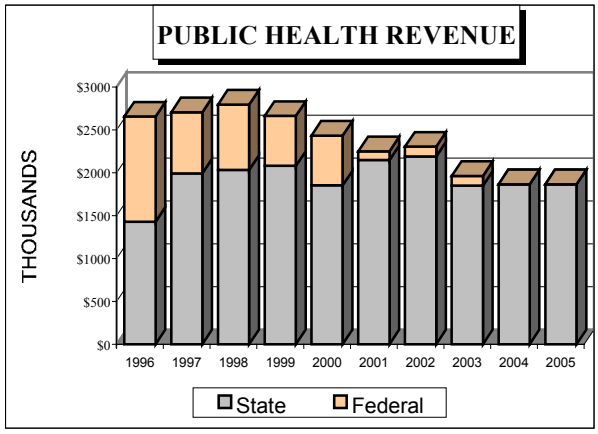
The new state managed care model for provision of mental health services identifies a local entity as the Community Mental Health Service Provider (CMHSP) for a contiguous region of one or more counties with a minimum population of Medicaid-eligible residents. The CMHSP, WCHO in our case, receives all funds (both Medicaid and State General Fund) for mental health for the region, and contracts with service providers to deliver services to clients. County CMH departments are contracted service providers to the regional entity under this model. This model promotes economies of scale while retaining the service provision expertise of county CMH departments, as long as those departments provide "best value" in terms of service quality and reasonable cost.

As a result of State budget constraints, funding for mental health services has been static for the past two years and is anticipated to remain so for the near future. The projected CSTS budget for 2004 is $17,184,449 and includes provisions for grant- and state-funded projects, local revenue such as insurance payments, and sheltered workshop contracts. However, the bulk of their funding (87.4%) will be managed care revenue from WCHO.



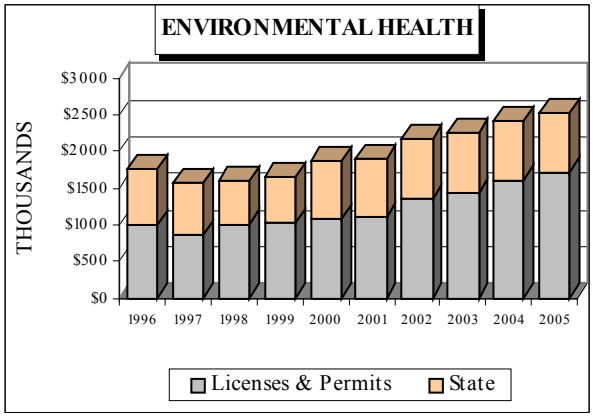
PUBLIC HEALTH

The Public Health department is responsible to assure continued and diligent endeavors to prevent disease, prolong life, and promote the public health through organized programs, including prevention and control of environmental health hazards; prevention and control of diseases; prevention and control of health problems of particularly vulnerable population groups; and the development and regulation of health care facilities and health service delivery systems to the extent provided by law. To accomplish this the state provides 30.4% of Public Health's total funding, with another 19.8% derived from fees and services such as Medicaid income. The County general fund appropriation and cigarette tax revenue account for 48.8% of Public Health's funding.



ENVIRONMENTAL HEALTH

The Environmental Health department derives 45.5% of its revenue from licenses/permits and fees and services. Licenses/permits are required within the County for various activities. Some of these activities are septic tank permits, state food license, inspection fees, well permits and pool and water samples. State revenue due from state cost sharing accounts for 21.4% of revenue. The remaining funding is derived from general fund appropriation; approximately 33.1% of the total revenues.

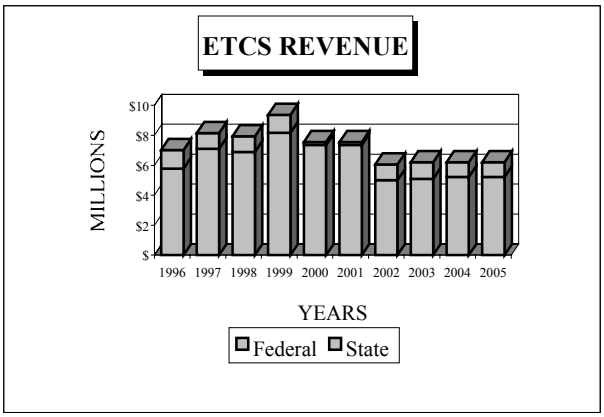


SOCIAL SERVICES REVENUE

Employment Training & Community Services (ETCS)

ETCS is made up of two "divisions". The Workforce Development Board (WDB) is responsible for administrating federally funded job training programs including the Workforce Investment Act, Employment Services, and Work First programs. All WDB programs are federally funded.

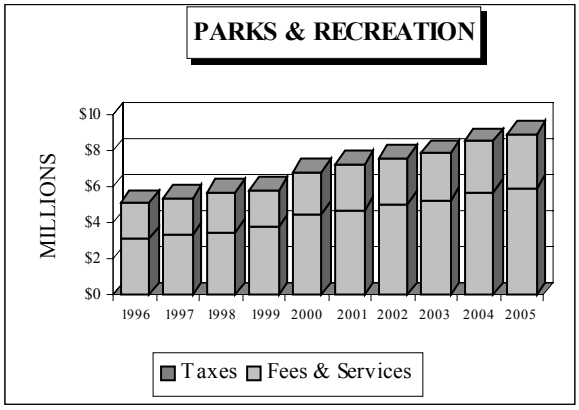
The other "division" is the Community Service Agency (CSA) administered programs. These programs include Senior Nutrition, Foster Grandparents and the Weatherization program and are funded by a mix of general fund appropriation and state and federal funds. For the majority of the CSA programs, general fund appropriations are used as leverage for local matching requirements.



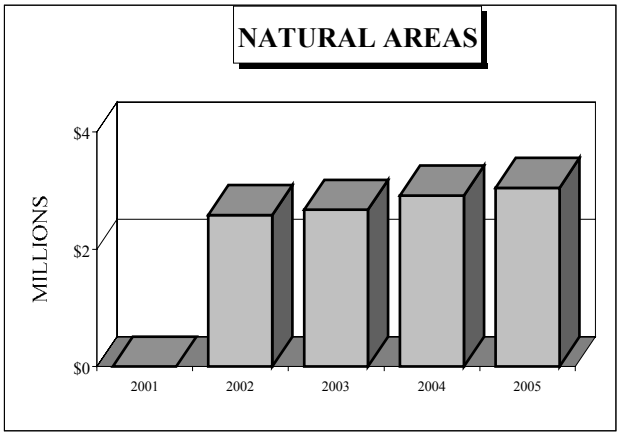
CULTURE & RECREATION

PARKS & RECREATION

The Parks & Recreation department maintains active recreational facilities such as swimming pools, beaches and golf courses and passive recreation parks with trails that are of natural or historical significant. The funding for these operations is derived from two main sources. In 2004, approximately 67% of revenue will come from voter approved tax levies yielding over $5,714,366 in revenue. The other source of funding is from fees and services and will account for 33% of projected revenue in 2002.



Beginning in 2002, Parks and Recreation began administration of the Natural Areas program. This was a voter approved levy of .25 mills for the purchase of natural areas to be set aside for preservation. The second graph displays the revenue that will be received for this program.

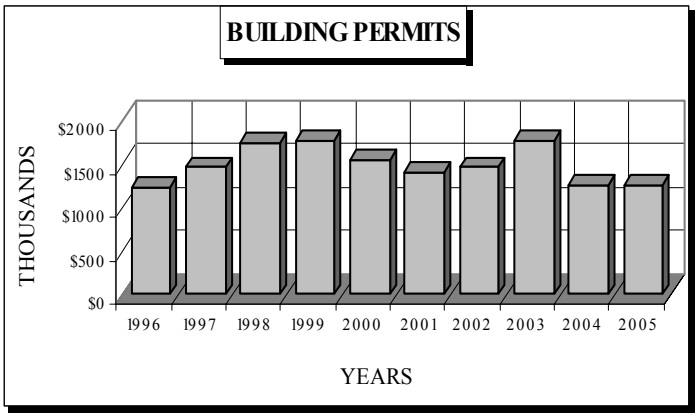


BUILDING SERVICES REVENUE

BUILDING PERMITS

Washtenaw County as a whole has enjoyed tremendous growth in the building of new structures throughout the past ten years. One contributing factor has been lower interest rates for borrowing that have prevailed since 1994. However, since late 2002 new permit applications have declined significantly.

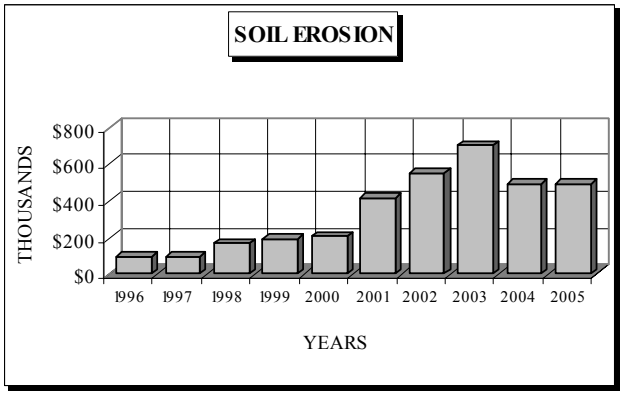
The outlook at this time is new construction will continue at a reduced level few the next few years until the economic outlook brightens. Any growth in revenues will primarily be due to increased construction costs. The cost of a building permit is tied directly to the cost of the structure being built; the higher the cost of the structure, the higher the permit fee.



SOIL EROSION PERMITS

Building Services also runs the Soil Erosion and Sedimentation Control (SESC) Program, which manages soil erosion and subsequent sedimentation in order to promote the safety, public health, and general welfare of the community through effectively sustaining the goal of clean water. Actions such as pond excavations, soil movement within 500 feet of surface water, or soil movement that disturbs one or more acres of soil requires a soil erosion permit.

The 2000/2001 budget included a new soil erosion fee structure that has led to increased revenues. It is expected that for this next budget cycle revenues will decline as a result of the reduced level of new construction.

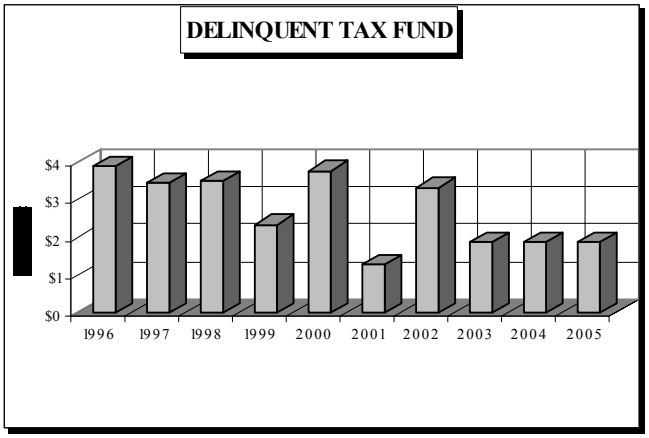


DELINQUENT TAX FUNDS

Under state law the county is able to borrow for purpose of paying local units for delinquent taxes. The County then becomes the collector and receives all payments including interest and penalties. The County has been borrowing for delinquent local unit taxes since December 1972.

In 1999 the Board of Commissioners approved the establishment of a Capital Reserve Fund to be funded primarily by delinquent tax revenue. Although delinquent taxes are no longer a source of revenue for the General Fund, this is offset because current debt service payments were also shifted to the Capital Reserve Fund. Thus all future and current capital construction obligations are financed from the Capital Reserve Fund.

The accompanying graph depicts the level of delinquent tax income over the past several years. A number of factors have impacted its decline as a source of revenue. One reason is the passage of Proposal A, which eliminated the use of property tax as a means of funding Public Schools. Proposal A went into effect in 1995 and with a four-year debt maturity the first year of impact was 1999. Another reason is the lower rates of return experienced the last few years which is expected to continue for the 2004/2005 budget cycle.



Lastly, new legislation, PA 123, was enacted in 1999 that changed the policy and process for the collection of delinquent taxes. The $3.7 million in 2000 is a windfall as a result of moving from a five year collection period to a two year. 2001 was low because of the start up period for PA 123 and 2002 is again a windfall, in essence recognizing a large portion of 2001 delinquencies in 2002. For the future, a consistent level around $2 million is expected.