

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 2008 and 2009 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 are 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.

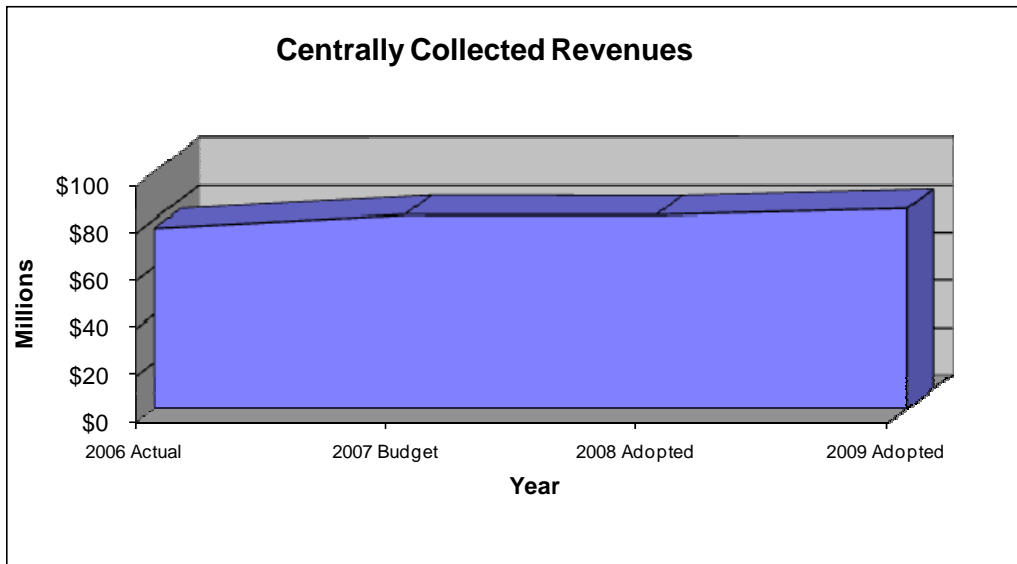
Transfers In – Transfer in of monies from other County funds.

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 that these sources consistently comprise approximately 95% 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 italics.

CENTRALLY COLLECTED REVENUES

Revenues	2006 Actual	2007 Budget	2008 Adopted	2009 Adopted
Taxes and Penalties	\$66,237,030	\$72,462,117	\$72,344,441	\$74,908,207
Licenses & Permits	\$0	\$0	\$0	\$0
Federal, State, & Local Revenues	\$2,149,679	\$1,948,391	\$1,886,212	\$1,886,212
Services, Fees, & Fines	\$395,377	\$439,684	\$369,955	\$369,955
Interest Earnings	\$1,077,594	\$750,000	\$750,000	\$750,000
Other Rev. & Reimbursement	\$6,235,828	\$6,218,861	\$6,346,486	\$6,553,363
Total	\$76,095,508	\$81,819,053	\$81,697,094	\$84,467,737



SUMMARY OF ALL REVENUE SOURCES 2008 GENERAL FUND

	Total	Property Taxes	Licenses & Permits	State & Local Revenue	Fees & Services	Fines & Forfeits	Interest Earnings	Other Rev. & Reimb.
Central Revenues	81,697,094	72,344,441		1,886,212	369,955		750,000	6,346,486
Percentage	75.96%							
Departmental Revenues	25,855,435		136,200	3,196,350	18,690,020	1,262,100	4,400	2,566,365
Percentage	24.04%							
Total	\$ 107,552,529	\$ 72,344,441	\$ 136,200	\$ 5,082,562	\$ 19,059,975	\$ 1,262,100	\$ 754,400	\$ 8,912,851

**MAJOR GENERAL FUND REVENUES
SEVEN YEARS COMPARISON**

DESCRIPTION	2003	2004	2005	2006	2007 BUDGET	2008	2009
<i>Property Tax</i>	\$ 52,227,354	\$ 54,883,846	\$ 59,645,096	\$ 66,237,030	\$ 72,462,117	\$ 72,344,441	\$ 74,908,207
Sheriff's Services	\$ 7,090,466	\$ 7,593,564	\$ 8,100,432	\$ 8,499,160	\$ 10,006,282	\$ 11,041,668	\$ 11,483,335
<i>State Revenue Sharing</i>	\$ 5,828,453	\$ 2,477,259	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Transfer from Revenue Sharing Reserve Fund</i>	\$ -	\$ 3,690,840	\$ 5,731,819	\$ 5,920,969	\$ 6,116,361	\$ 6,268,986	\$ 6,475,863
Real Estate Transfer	\$ 2,261,594	\$ 2,516,787	\$ 2,545,218	\$ 2,208,023	\$ 2,300,000	\$ 2,000,000	\$ 2,000,000
<i>State Liquor Tax</i>	\$ 1,429,886	\$ 1,499,337	\$ 1,557,692	\$ 1,652,316	\$ 1,768,103	\$ 1,739,728	\$ 1,739,728
Court Costs	\$ 1,369,510	\$ 1,343,545	\$ 1,488,786	\$ 1,698,982	\$ 1,492,162	\$ 1,642,162	\$ 1,642,162
State Court Fund	\$ 1,559,229	\$ 1,620,421	\$ 1,539,236	\$ 1,483,759	\$ 1,560,000	\$ 1,560,000	\$ 1,560,000
Register of Deeds Fees	\$ 2,925,822	\$ 1,853,957	\$ 1,533,465	\$ 1,213,673	\$ 1,300,000	\$ 1,100,000	\$ 1,100,000
Ordinance Fines & Costs	\$ 923,579	\$ 1,057,011	\$ 967,824	\$ 1,016,863	\$ 1,056,500	\$ 1,056,500	\$ 1,056,500
Salary Reimbursement	\$ 775,091	\$ 789,948	\$ 903,318	\$ 807,094	\$ 786,955	\$ 786,955	\$ 786,955
<i>Interest Earnings</i>	\$ 612,245	\$ 544,005	\$ 628,154	\$ 1,145,749	\$ 754,400	\$ 754,400	\$ 754,400
Drain Contribution	\$ 316,983	\$ 409,608	\$ 473,538	\$ 479,016	\$ 473,564	\$ 563,564	\$ 563,564
Probation Oversight Fees	\$ 195,644	\$ 224,486	\$ 259,429	\$ 371,335	\$ 260,000	\$ 385,000	\$ 385,000
Civil Fee	\$ 303,683	\$ 360,364	\$ 372,060	\$ 347,162	\$ 290,000	\$ 340,000	\$ 340,000
Prisoner Board	\$ 306,980	\$ 297,531	\$ 321,638	\$ 328,312	\$ 300,000	\$ 300,000	\$ 300,000
<i>State Cigarette Tax</i>	\$ 194,114	\$ 185,625	\$ 201,764	\$ 190,628	\$ 180,288	\$ 146,484	\$ 146,484
Probate Court Fee	\$ 120,177	\$ 95,701	\$ 89,326	\$ 110,139	\$ 125,500	\$ 125,500	\$ 125,500
SUBTOTAL	\$ 78,440,810	\$ 81,443,835	\$ 86,358,795	\$ 93,710,210	\$ 101,232,232	\$ 102,155,388	\$ 105,367,698
TOTAL GENERAL FUND	\$ 82,970,515	\$ 86,311,384	\$ 92,348,356	\$ 98,772,577	\$ 105,882,897	\$ 107,552,529	\$ 110,764,839
Major revenues as a percent of total	94.54%	94.36%	93.51%	94.87%	95.61%	94.98%	95.13%

Note: Centrally collected revenues are listed in italics.

**DEPARTMENTAL REVENUE SUMMARY
2008 GENERAL FUND**

	Central Revenues	Licenses & Permits	State & Local Revenue	Fees & Services	Fines & Forfeits	Other Rev. & Reimb.
LEGISLATIVE						
Board of Commissioners	602,318	0	0	0	0	0
JUDICIAL						
Circuit Court	2,189,601	33,000	2,220,487	0	0	80,000
District Court	1,744,300	0	0	2,187,342	1,225,000	45,208
Probation	220,966	0	0	0	0	0
Probate Court - Estates	1,088,921	0	0	125,000	0	0
Probate Court - Juvenile	2,826,039	0	126,468	22,940	7,100	40,000
Public Defender	2,894,414	0	0	0	0	0
GENERAL GOVERNMENT						
County Administrator	1,071,207	0	0	0	0	0
Finance	2,410,335	0	0	0	0	0
Human Resources	802,675	0	0	0	0	216,382
Support Services Strategic Planning & Evaluation	1,771,951	0	0	0	0	0
Support Services Project Management	424,286	0	0	0	0	0
Support Services Operations - IT	6,446,153	0	0	0	0	0
Corporation Counsel	263,451	0	0	0	0	0
Equalization	1,437,287	0	0	0	0	24,000
Building Authority	7,325	0	0	0	0	0
Clerk / Register of Deeds	124,011	24,700	0	4,540,200	30,000	98,900
Treasurer	1,141,209	22,000	0	78,120	0	0
Drain Commissioner	1,831,775	50,000	563,564	69,700	0	38,934
Planning & Environment	1,751,291	0	0	33,000	0	0
Western Service Center Customer Support	343,789	0	0	0	0	0
PUBLIC SAFETY						
Prosecuting Attorney	5,104,688	0	177,500	0	0	0
Sheriff	23,214,822	6,500	62,000	11,633,718	0	1,935,554
Emergency Management	307,599	0	46,331	0	0	91,787
SOCIAL SERVICES						
Veteran Services	682,030	0	0	0	0	0
Children's Services	1,134,170	0	0	0	0	0
CULTURE & RECREATION						
County MSU Extension	692,038	0	0	0	0	0
OTHER						
Reserves	1,044,051	0	0	0	0	0
Other Agencies	3,713,366	0	0	0	0	0
Costs allocated to other departments	-12,561,598	0	0	0	0	0
TRANSFERS OUT	26,972,624	0	0	0	0	0
GRAND TOTAL	\$ 81,697,094	\$ 136,200	\$ 3,196,350	\$ 18,690,020	\$ 1,262,100	\$ 2,570,765

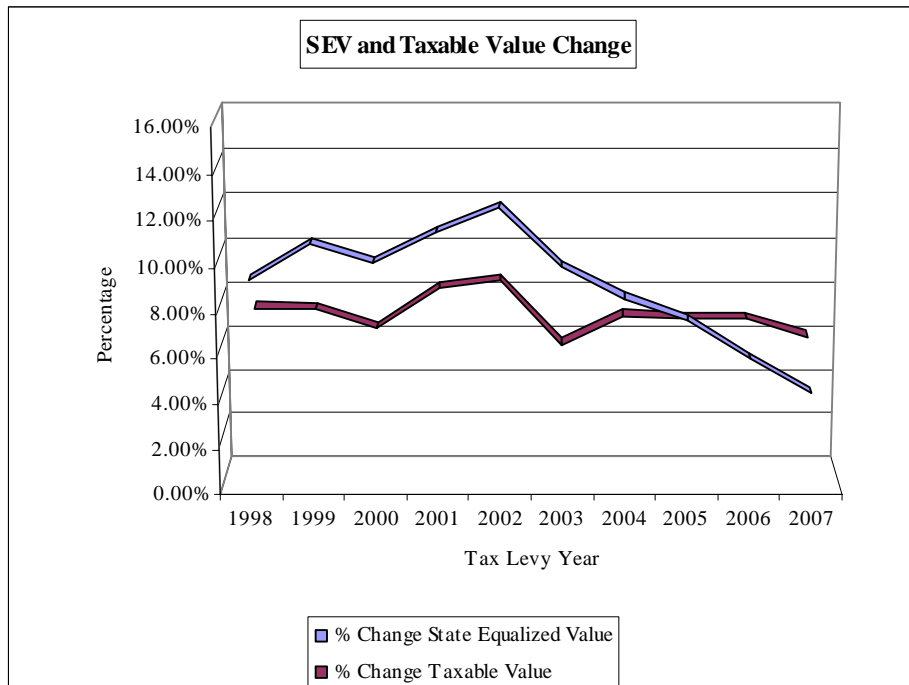
COUNTY PROPERTY TAX

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%, whichever 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 2007 County property tax levy, including the taxable portion of Industrial Facilities Tax properties, is \$19,330,951,897. However, due to Proposal A passage (discussed above), the taxable value increase over the past five years has been only 36.71%, instead of 41.08% had Proposal A not been in effect. As can be seen in the graph below, both the SEV and taxable value are seeing a decline in growth rates, with the SEV's growth declining more rapidly resulting in a smaller gap between the two. The impact of this on tax revenue for the county's General Fund can be seen on page E-7. Revenue from the 2007 County tax levy (General County Operating, Parks & Recreation, Natural Areas, Huron-Clinton Metropolitan Authority and newly approved Enhanced Emergency Communications System (EECS) 800 MHz) will increase by 9.89% over the 2006 levy to \$88,049,656 which will impact the county's 2007 General Fund budget as well as the county's 2008 budget for Parks & Recreation and EECS which are December tax levies for the following fiscal year. The total millage rate will be 5.6768 mills, which is unchanged from the 2006 levy due to a Headlee factor of 1.0 except for the addition of the .2000 millage increase for the EECS 800 MHz project as approved by voters.



GENERAL FUND OPERATIONS

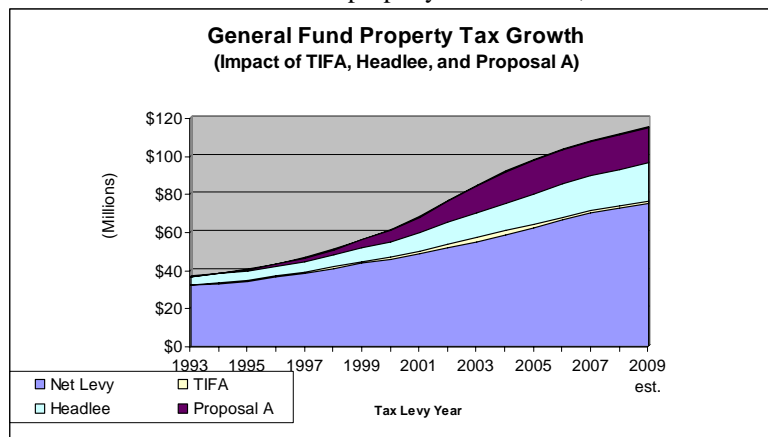
The 2008 General Fund budget includes continuation of the maximum property tax levy for operations. By State Law, this is 5.5 mills in Michigan counties without a special vote of the people. However, various factors such as the Headlee Constitutional Amendment, the loss caused by Tax Increment Finance Act (TIFA) Districts, and Proposal A will result in a net 2007 tax levy of 4.5493 mills. The net 2007 tax levy for General Fund operations is \$69,876,889 after deducting \$18,542,385 for Headlee, \$1,471,672 for TIFA and \$17,380,663 for Proposal A.

WASHTENAW COUNTY GENERAL FUND TAX LEVIES

Tax Levy Year	Budget Year	Potential Tax Levy	Reductions to TIFA Districts	Reductions Headlee Factor	Reductions Proposal A	Total Reduction	Percent Reduction	Net Tax Levy	Annual Growth Rate
1989	1990	\$27,439,858	\$382,154	\$1,604,911	\$0	\$1,987,065	7.24%	\$25,452,793	6.82%
1990	1991	\$31,038,014	\$496,315	\$3,004,850	\$0	\$3,501,165	11.28%	\$27,536,849	8.19%
1991	1992	\$33,909,014	\$554,745	\$3,389,927	\$0	\$3,944,672	11.63%	\$29,964,342	8.82%
1992	1993	\$34,438,908	\$577,324	\$3,443,517	\$0	\$4,114,415	11.95%	\$30,324,493	1.20%
1993	1994	\$36,618,633	\$242,477	\$4,482,121	\$0	\$4,724,598	12.90%	\$31,894,035	5.18%
1994	1995	\$37,977,018	\$574,135	\$4,648,387	\$0	\$5,222,522	13.75%	\$32,754,496	2.70%
1995	1996	\$39,898,907	\$556,522	\$4,883,626	\$347,081	\$5,787,229	14.50%	\$34,111,678	4.14%
1996	1997	\$42,811,449	\$559,493	\$5,240,121	\$825,395	\$6,625,009	15.47%	\$36,186,440	6.08%
1997	1998	\$46,249,547	\$711,627	\$5,660,945	\$1,619,845	\$7,992,416	17.28%	\$38,257,131	5.72%
1998	1999	\$50,344,224	\$795,489	\$6,166,710	\$2,506,545	\$9,468,744	18.81%	\$40,875,480	6.84%
1999	2000	\$55,718,935	\$863,604	\$7,113,788	\$4,236,148	\$12,213,540	21.92%	\$43,505,395	6.43%
2000	2001	\$61,059,064	\$856,764	\$8,217,440	\$6,149,424	\$15,223,628	24.93%	\$45,835,435	5.36%
2001	2002	\$67,820,953	\$1,415,220	\$9,650,305	\$8,214,046	\$19,279,571	28.43%	\$48,541,382	5.90%
2002	2003	\$76,127,147	\$1,633,905	\$11,511,809	\$11,002,013	\$24,147,727	31.72%	\$51,979,420	7.08%
2003	2004	\$83,583,864	\$1,254,405	\$13,093,792	\$14,184,142	\$28,532,339	34.14%	\$55,051,525	5.91%
2004	2005	\$90,532,008	\$1,267,557	\$14,633,265	\$16,110,617	\$32,011,439	35.36%	\$58,520,569	6.30%
2005	2005 & 2006	\$97,249,467	\$1,253,133	\$16,421,015	\$17,559,562	\$35,233,710	36.23%	\$62,015,757	5.97%
2006	2006 & 2007	\$102,968,177	\$1,245,170	\$17,798,518	\$17,814,198	\$36,857,885	35.80%	\$66,110,292	6.60%
2007	2007	\$107,271,609	\$1,471,672	\$18,542,385	\$17,380,663	\$37,394,720	34.86%	\$69,876,889	5.70%
2008	2008	\$111,026,116	\$1,523,181	\$19,191,369	\$17,988,986	\$38,703,536	34.86%	\$72,322,580	3.50%
2009	2009	\$114,912,030	\$1,576,492	\$19,863,067	\$18,618,600	\$40,058,159	34.86%	\$74,853,870	3.50%

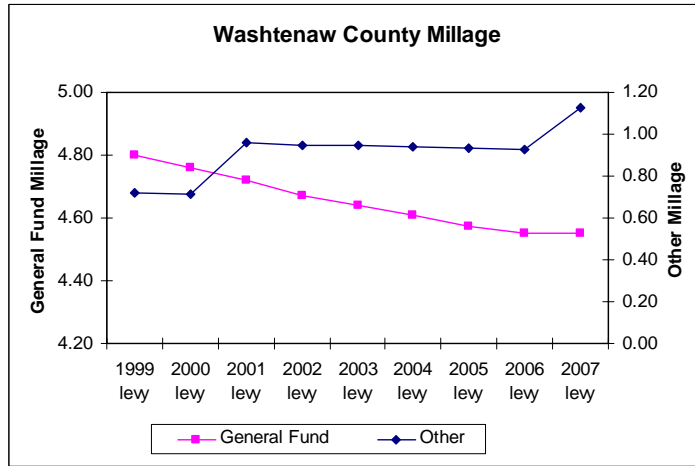
Growth in tax revenue is limited by the Headlee Constitutional Amendment on a county-wide basis. If the composite SEV increases by an amount greater than inflation, the millage is adjusted downward to compensate. In periods when inflation is low and the taxable value increase is large, Headlee reduces the millage rate. For 2007, as inflation increased and the taxable value growth slowed, Headlee has had no effect on the 2007 millage rate.

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 effects of Proposal A and Headlee continue to limit property tax revenues, as shown in the following chart.

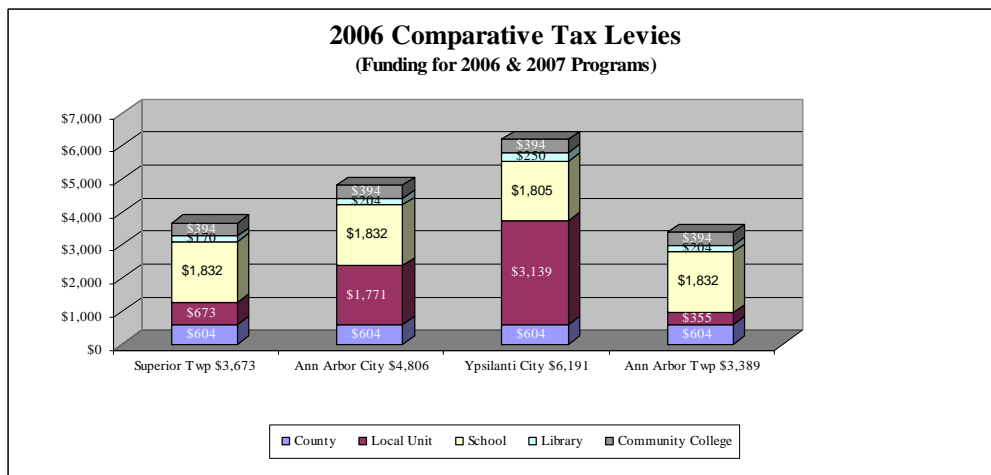


OTHER MILLAGE

The County also levies taxes for Parks & Recreation, Natural Areas, and the Huron-Clinton Metropolitan Authority, with the addition of a new tax levy for the Enhanced Emergency Communications System (EECS) 800 MHz initiative. All county tax rates are subject to Headlee and TIFA adjustments. Using current millage rates and an estimate of 3.5% growth in taxable value but prior to TIFA adjustments, Parks & Recreation's total levy in 2008 will yield \$7,320,927; the Natural Areas millage will yield \$3,736,465; the Huron-Clinton levy will yield \$3,328,540; and the EECS will yield \$3,102,088. The chart below provides the millage rates for both the General Fund Operating and the Other, demonstrating how these rates have changed over time. As described above, the decreases in millage rates are due to the impact of Headlee over time. The increases in Other are due to the addition of new voter approved millages, such as the .2 mills for the new EECS rate.



The following chart shows the total property taxes levied on a typical Washtenaw County homestead property, broken down by the various entities levying taxes on the property. The County portion includes both the General Fund operating millage as well as the other millages described above.



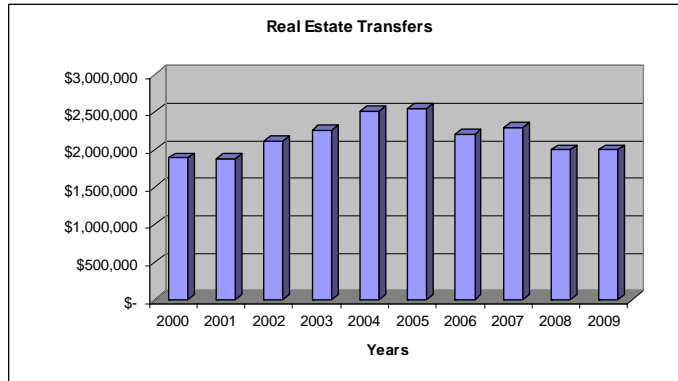
NOTES:

- Taxes based on home value of \$212,623 (the average Washtenaw County home sale price for May 2007) with a taxable value of \$106,312
- 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

CLERK/REGISTER OF DEEDS

REAL ESTATE TRANSFER TAX

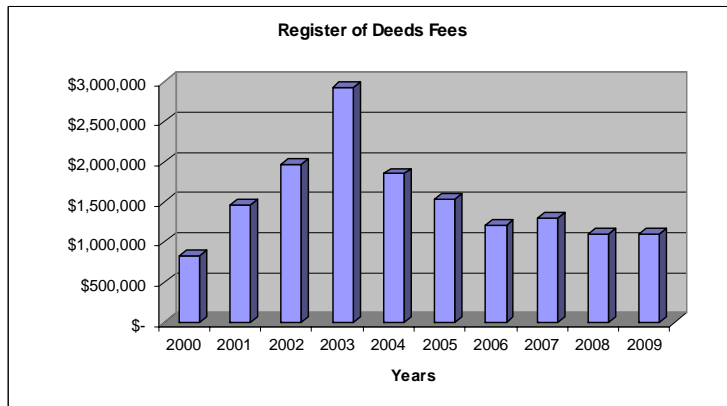
The passage of Proposal A brought a change to the rate of taxation on the sale of real estate. Effective January 1, 1995, all real estate transactions realizing a change of ownership for monetary consideration are charged a Transfer Tax of \$8.60 per thousand dollars of sale. Of this \$8.60 per thousand 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 of revenue has declined over the past several years due to the declining housing market and fewer transactions coming through the Register of Deeds Office. The 2008 and 2009 budget are based on current 2007 projections.

FEES & SERVICES

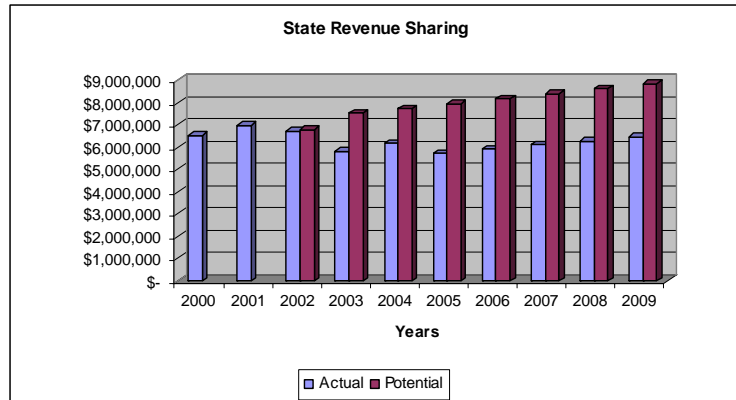
Real estate transactions continue to be a significant revenue generation in Washtenaw County. The Register of Deeds Office is responsible for recording real estate documents and collecting real estate transfer taxes. The economy and interest rates play an important role in the volume of documents recorded and have fluctuated greatly over the past 10 years.



The budget projections for 2008 and 2009 are in line with current 2007 collections and expectations for the rest of the year. As the graph demonstrates, a large decrease in revenue collections has resulted in the past several years.

STATE REVENUE SHARING

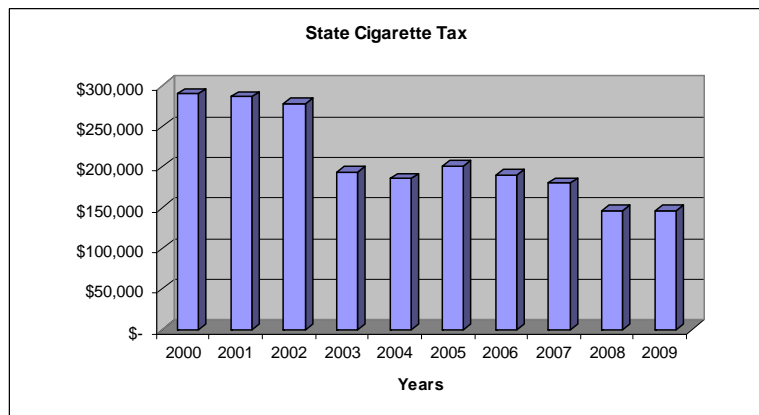
The State of Michigan, in years prior to 1996, levied an income tax on both personal income and corporate profits. Of the revenue the State collected through this means, a small percentage was set aside for pass-through to local governments, known as revenue sharing. Effective January 1, 1996, the basis 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. In 2002, the State passed a budget that overrides the distribution formula for revenue sharing and instead based revenue sharing on the previous year's distribution with a reductionary factor. Beginning in 2004, the State again passed legislation that resulted in revenue sharing being calculated based on prior year's distribution but with an annual inflationary growth rate. However, instead of being paid by the State, the annual revenue sharing funds now are paid through a county reserve fund resulting from an early collection of property taxes. It is projected that the county will continue drawing down revenue sharing from the reserve fund using an inflationary factor over the prior year amount. It is unknown what calculation will be used for revenue sharing, if any, once the reserve fund is depleted which is projected to occur for Washtenaw County in fiscal year 2013.

STATE CIGARETTE TAX

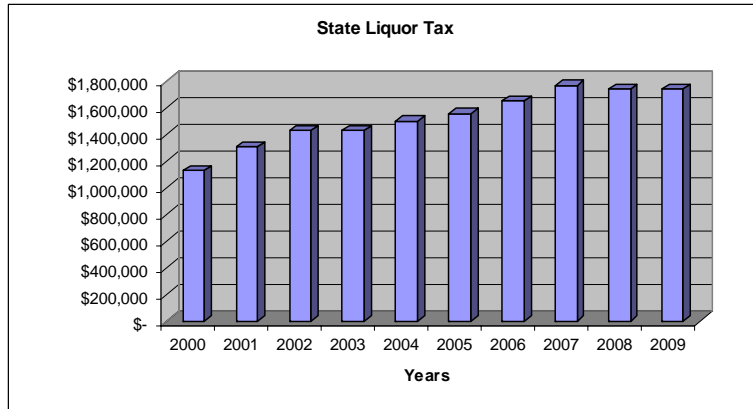
In December 1987, Public Act 264 - the Health and Safety Fund Act - was enacted by the State of Michigan, to be effective January 1, 1988. The legislation levies a \$.04/pack cigarette tax, with the revenue earmarked primarily for counties. By state law, 12/17ths of this revenue must be allocated to 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 reduced revenue to Counties even further. (As taxes increase, people tend to buy fewer cigarettes.) The projected amount for 2008 is \$146,484. 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.

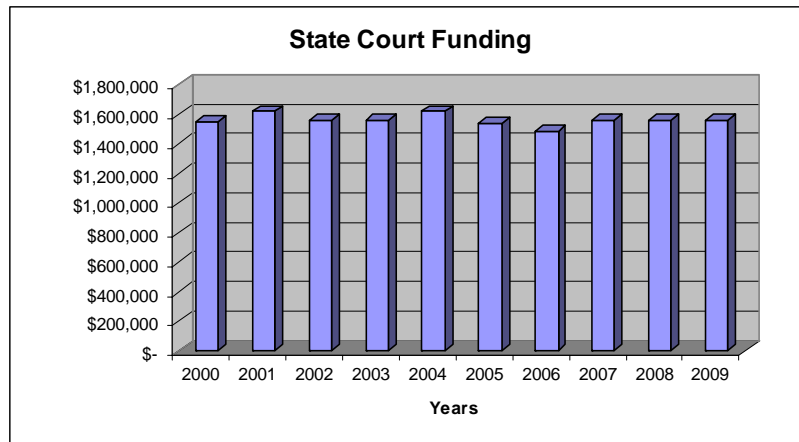


In October of 1987, the Board of Commissioners adopted a policy stating that of the 50% allocated to substance abuse programs, only one-third is to fund existing programs, while two-thirds is to be used for new programs.

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 2008 and 2009, it is projected that Washtenaw County will receive approximately \$1,560,000, which is the same level as the 2007 budget.

INTEREST EARNINGS

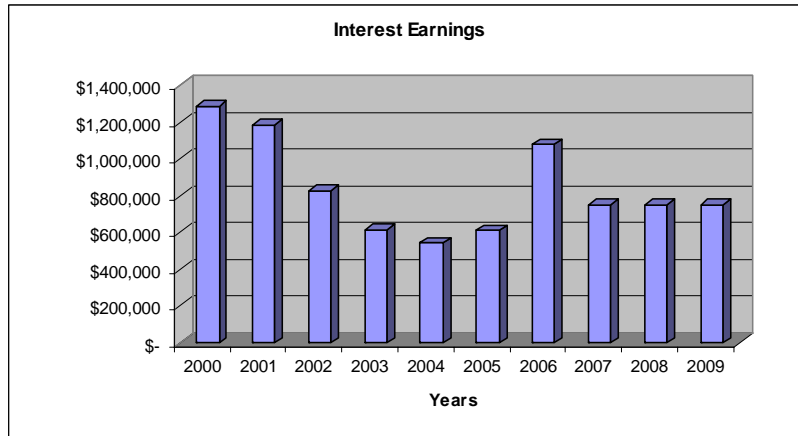
The level of interest earnings generated is contingent on a number of factors as discussed below. For both 2008 and 2009, the projected General Fund interest earnings are \$754,400.

Interest Rates

Interest rates have been at a fairly low level over the past few years. The 2008/09 budget assumes interest rates are consistent with previous years, with rates around 4%. The increase in 2006 was due to the county accounting for the early collection of property tax revenue in the General Fund prior to transferring to the Revenue Sharing Reserve Fund.

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.

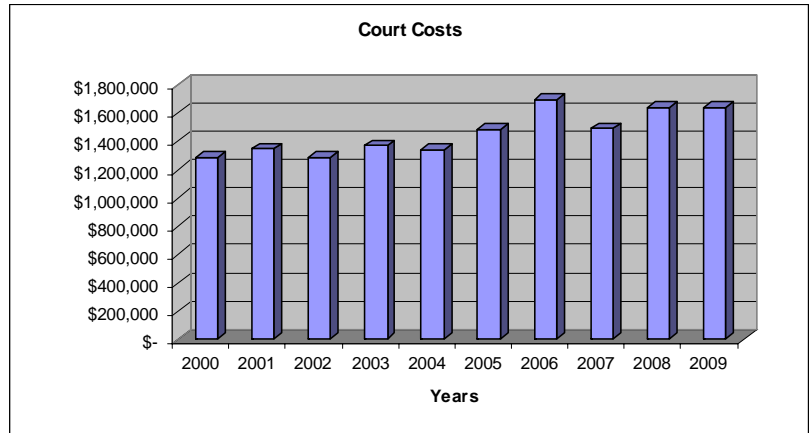


COURT GENERATED REVENUE

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

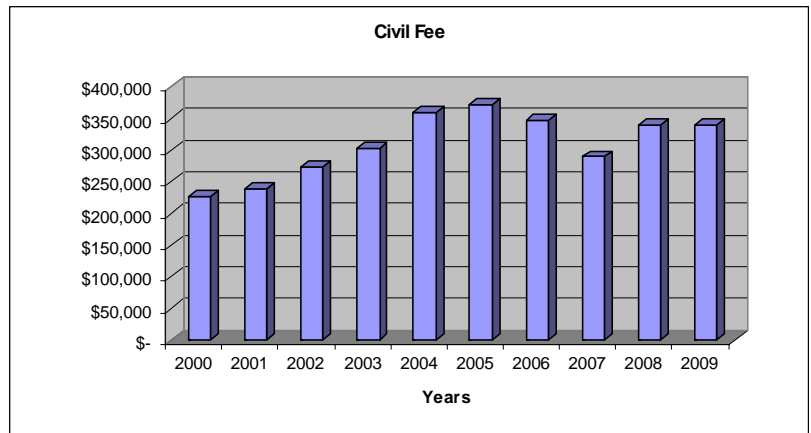
Court costs are one major area of collections for the courts. Revenues falling under this category can include assessments for traffic and criminal convictions, assessed late fees, and fees for failure to appear in court or failure to comply with judgments.



CIVIL FEES

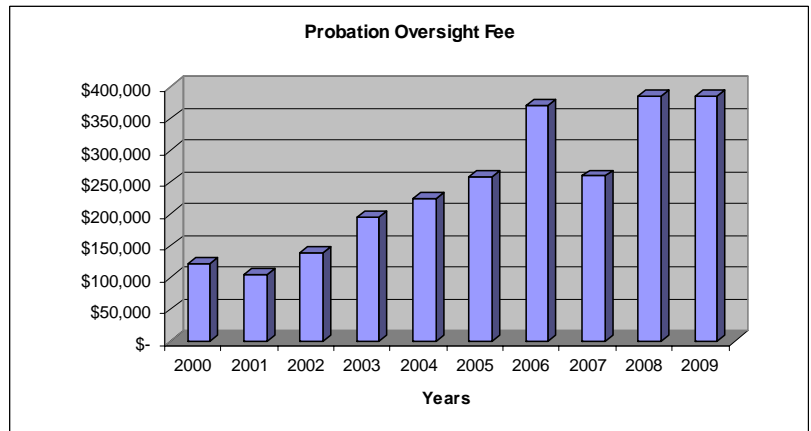
Civil fees are collected in the district division for a variety of civil proceedings. These fees may include initial case filing fees for small claims, general civil and landlord-tenant cases and also fees assessed for post-judgment actions.

New fee schedules and procedures were put in place in 2002 and 2003 resulting in a higher level of collections. The 2008 and 2009 budgets have been adjusted to reflect actual revenue collection amounts.



PROBATION OVERSIGHT FEES

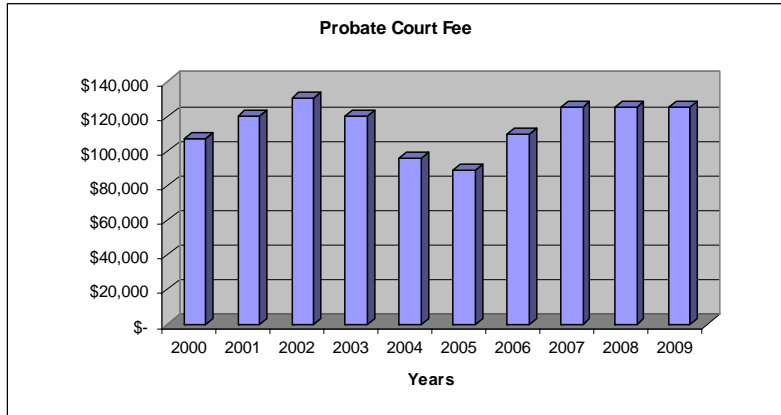
The district and juvenile divisions both charge recipients of probation services a fee. This fee is set by the judge and collected by the court to help defray the costs of probation services. Whatever is allowed by law and is reasonable as a fee for services will be charged to the user of the service. The increase over the past few years is due to operating procedures in District Court and the addition of new revenue generating positions in the 2008/09 budget.



PROBATE COURT FEE

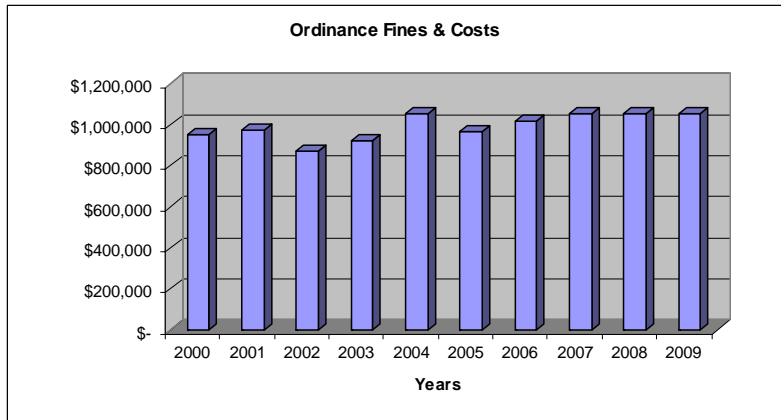
Another fee collected is a probate court fee. This covers a wide variety of services provided by the probate division - estates and includes filing fees, estate fees and certified copy fees.

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

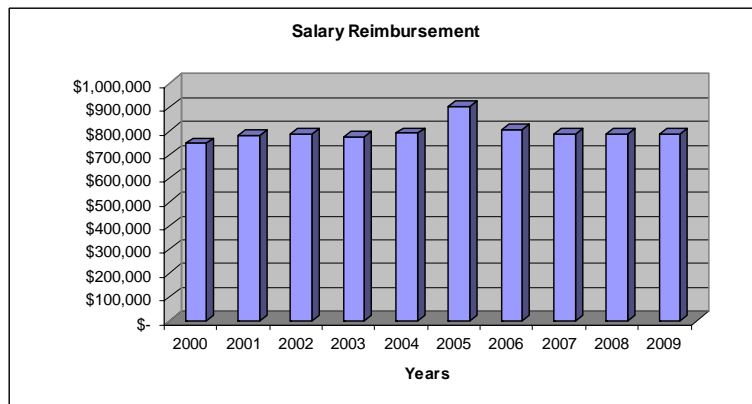
The District Court is responsible for the collection of fines and costs levied for violations of local ordinances. The court acts as a central collection point for these revenues. Once a month, they are deposited with the County Treasurer, who in turn disburses one third of the revenues back to the municipality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

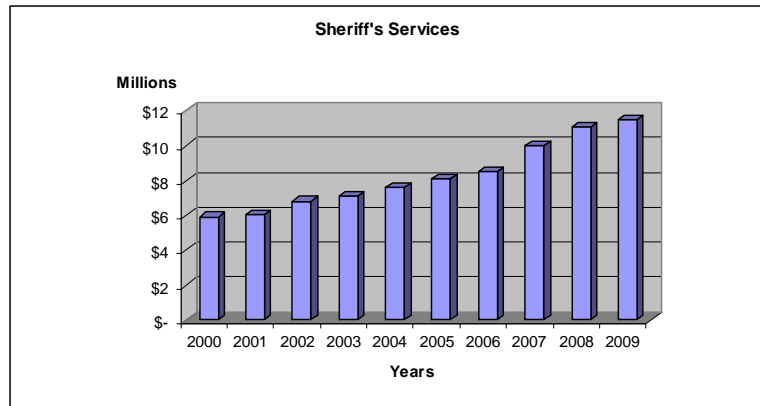
The state provides funding for Trial Court judges' salaries. The salary rate for the judges is a formula based on a percentage of the Supreme Court Justices' salaries. Both the state and county pay a portion of the annual salary amount directly to the judge with the state reimbursing the county 100% of the amount paid to the judges so long as the county pays the exact amount that legislation has stated as the judges' salary.



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. Beginning in 2004, annual contracts increase by a cost escalator of 6% per year. In 2005, the county passed a modification to the contracting methodology that maintains the 6% annual cost increase but beginning in 2007 the county also charged a \$10K

per deputy overtime cost to the contracting entity. The county is moving to a new methodology for the 2008/09 budget, by which the contracting entities pay a flat rate for a deputy, and it is their determination and fiscal obligation to pay for overtime worked. In addition, a 4% annual contract rate growth factor is applied for the second year of the contract. As demonstrated in the graph, this change in methodology is to generate additional revenue collections in the General Fund.



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.

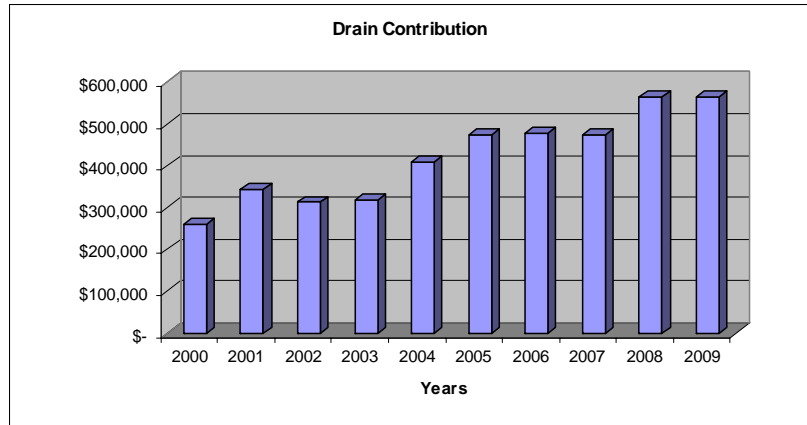


In 1996 the Board of Commissioners authorized the acceptance of a grant award from Michigan Department of Corrections for the renovation and expansion of the jail facilities. This project increased the jail capacity by 84 "beds".

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 more recent years, reimbursements have been affected by changes in the sentencing guidelines resulting in fewer reimbursable inmates.

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 seen starting in 2004 is due to the creation of new positions to meet the demands of development within Washtenaw County. The 2008 and 2009 amounts are as budgeted and are expected to increase from 2007 based on increased drain maintenance activities.



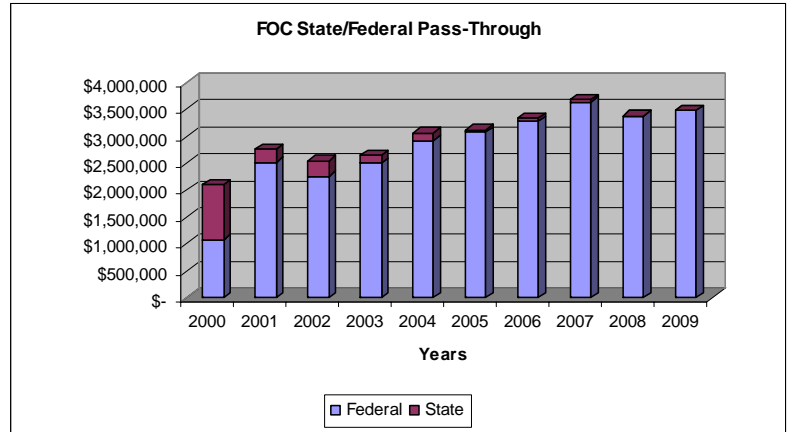
**DEPARTMENTAL REVENUE SUMMARY
2008 Governmental Funds**

	G.F. Support	Licenses & Permits	Federal Revenue	State & Local Revenue	Fees & Services	Fines & Forfeits	Other Rev. & Reimb.
LEGISLATIVE							
Board of Commissioners	602,318						
JUDICIAL							
Circuit Court	2,419,812	33,000		2,638,511	400,000		85,000
District Court	1,744,300				2,187,342	1,225,000	45,208
Probation	220,966						
Friend of the Court	1,688,062		3,732,118		203,000		
Probate Court - Estates	1,088,921				125,000		
Probate Court - Juvenile	2,826,039			126,468	22,940	7,100	40,000
Law Library	12,400					8,500	
Public Defender	2,894,414						
GENERAL GOVERNMENT							
County Administrator	1,071,207						
Finance	2,410,335						
Human Resources	802,675						216,382
Support Services Strategic Planning & Budget	1,771,951						
Support Services Project Management	424,286						
Support Services Operations - IT	6,446,153						
Corporation Counsel	263,451						
Equalization	1,437,287				28,000		96,000
Building Authority	7,325						
Clerk / Register of Deeds	124,011	24,700			4,540,200	30,000	98,900
Treasurer	1,141,209	22,000			78,120		
Drain Commissioner	1,963,126	50,000		563,564	69,700		38,934
Planning & Environment	1,751,291				33,000		
Western Service Center Customer Support	343,789						
Costs allocated to other departments	-12,561,598						
PUBLIC SAFETY							
Prosecuting Attorney	5,328,871		435,179	177,500			
Sheriff	23,214,822	6,500		87,000	11,681,718		2,206,526
Emergency Management	342,901			46,331	1,196,946		122,810
Building Services	0	829,212			10,500		100
PUBLIC WORKS							
Public Works - Solid Waste	40,000			1,000			914,000
HEALTH							
Environmental Health	1,104,066	1,485,582		790,557	61,041	8,926	7,180
Community Support & Treatment Services	2,650,302		339,585	658,858	19,800,126		654,671
Public Health	3,700,321		8,000	2,294,889	1,312,586		1,021,000
SOCIAL SERVICES							
Child Care - Juvenile Center	2,698,502			1,491,098			12,226
Child Care - DHS	692,970			678,113			50,274
Child Care - Intensive Outpatient Program	606,856			828,678			71,705
Child Care - Detention	1,722,873			2,059,959			535,550
Children's Well-Being/Human Services	1,134,170						
Veteran Services	682,030			29,264			
Employment Training & Community Services	632,016		8,000,000	600,000			
Head Start	878,651		3,717,411				413,924
Department of Human Services	54,109			800,000			
CCWC	100,000			82,500			
WATT	70,000						19,000
Community Development	72,674		1,903,050	200,560			
Housing	160,000						200,000
CULTURE & RECREATION							
Parks & Recreation	0			9,994,327	3,125,000		2,297,695
Library/Learning Resource Center	871,018			45,980		1,100	25,000
County MSU Extension	692,038						
OTHER							
Reserves	1,044,051						
Other Agencies	6,664,787						
CAPITAL OUTLAY							
DEBT SERVICE	4,845,336				296,500		
	800,000						7,011,620
GRAND TOTAL	\$ 81,697,094	\$ 2,450,994	\$ 18,135,343	\$ 24,195,157	\$ 45,171,719	\$ 1,280,626	\$ 16,183,705

FRIEND OF THE COURT REVENUES

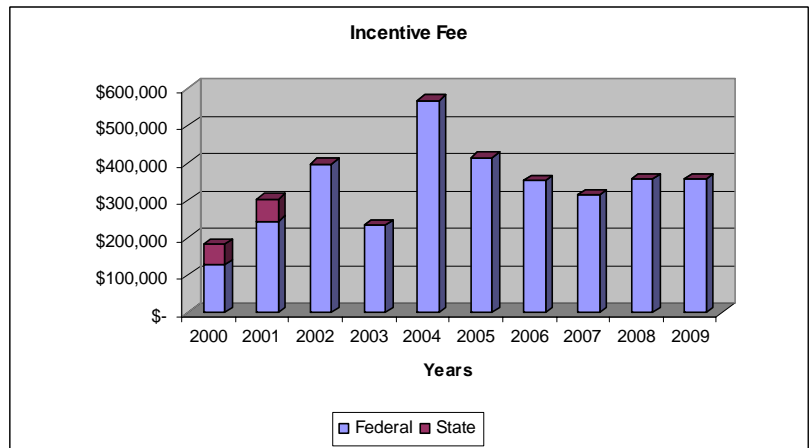
STATE / FEDERAL PASS THROUGH

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 66% 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. The State has ended its supplemental funding to this program resulting in all revenue being from the federal government.



INCENTIVE FEE

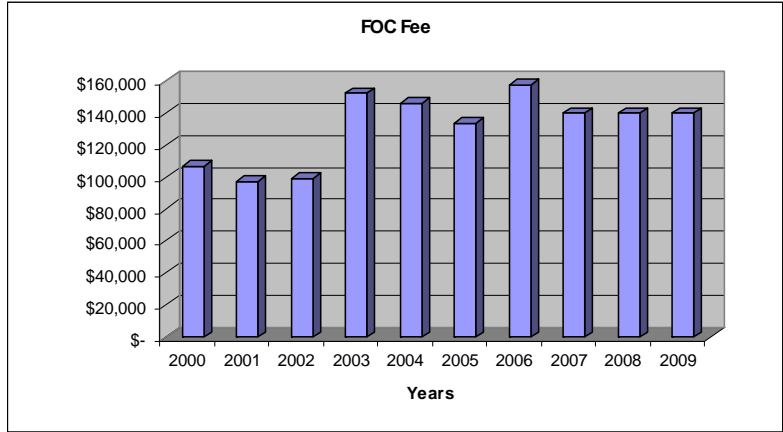
The methodology for calculating the Friend of the Court incentive fee revenue has changed significantly over the past few years. It is now tied to five performance factors: 1) Paternity Establishment Percentage, 2) Establishing Court Orders, 3) Collecting Current Support, 4) Collecting on Cases with 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. Along with this change in methodology, the State has reduced its incentive payment relying only on the Federal incentive to offset Friend of the Court costs for the county.



Given the economic condition of the State, the pool of funding to be distributed statewide has been frozen at previous levels. 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. The spike in 2004 is due to accounting for a portion of multiple fiscal year payments in the county's 2004 fiscal year. The 2006 and 2007 amounts assume a level amount of incentive revenue is received.

FRIEND OF THE COURT FEE

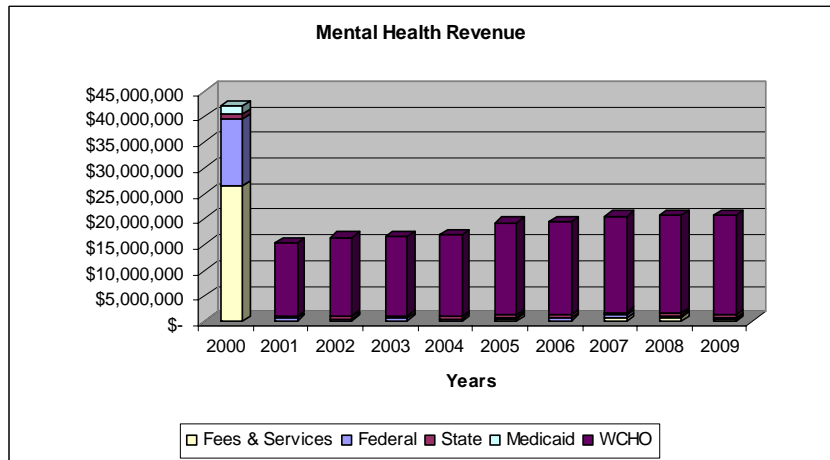
All open, active accounts and cases with a balance owing are charged an annual statutory fee by law. Of this fee approximately \$10 per year per case is held at the local office to help offset expenses. The remainder is forwarded to the Friend of the Court Office at the State level. In the past the local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



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).

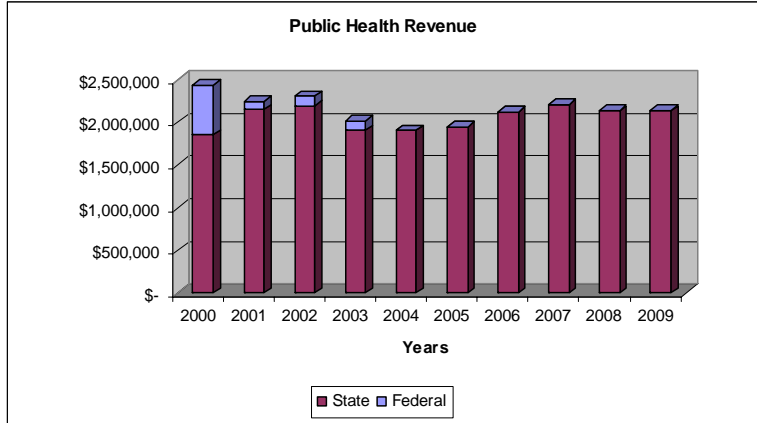


The new state managed care model for provision of mental health services identifies a local entity as the Community Mental Health Service Provider (CMHSP) for a contiguous region of one or more counties with a minimum population of Medicaid-eligible residents. The CMHSP, WCHO in our case, receives all 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 2008 is \$24,103,542 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 (79%) will be managed care revenue from WCHO.

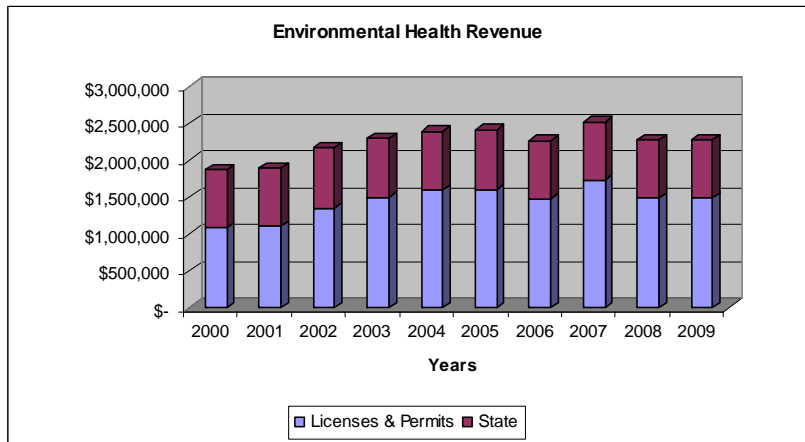
PUBLIC HEALTH

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 26% of Public Health’s total funding, with another 17% derived from fees and services such as Medicaid income. The County general fund appropriation and cigarette tax revenue account for 45% of Public Health’s funding.



ENVIRONMENTAL HEALTH

The Environmental Health department derives 43% of its revenue from license/permit revenue and fees. 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 23% of revenue. The remaining funding is derived from general fund appropriation; approximately 32% of the total revenues.

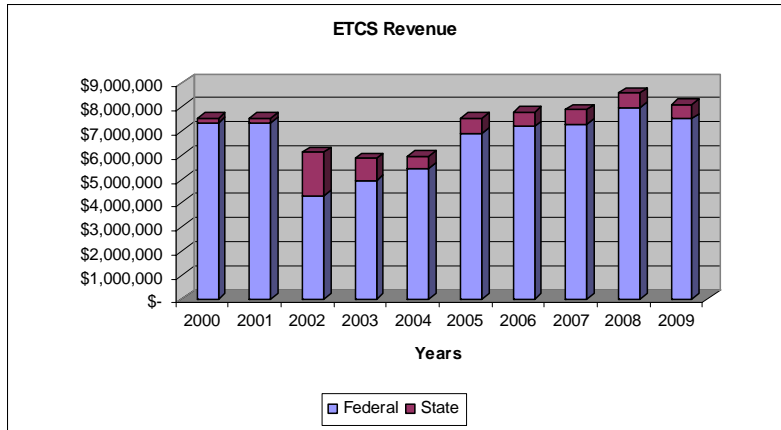


SOCIAL SERVICES REVENUE

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.

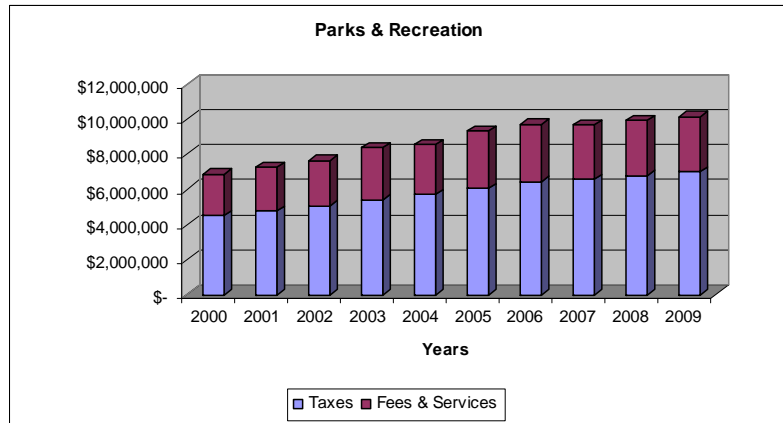
The other “division” is the Community Service Agency (CSA) administered programs. These programs include Senior Nutrition, Foster Grandparents and the Weatherization program and are funded by a mix of general fund appropriation and state and federal funds. For the majority of the CSA programs, general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



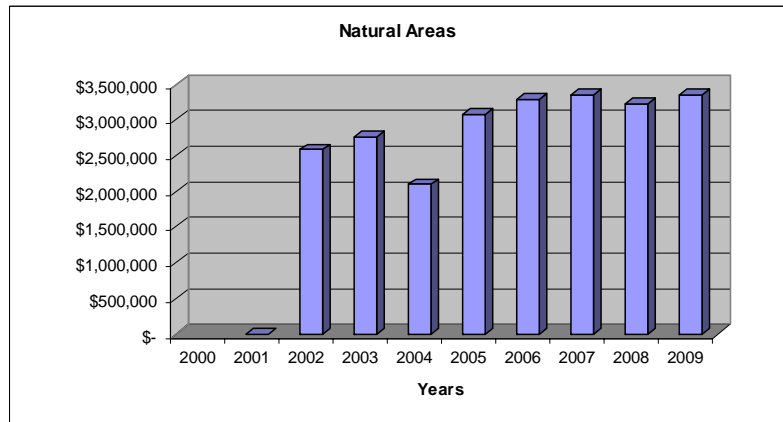
CULTURE & RECREATION

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 significance. The funding for these operations is derived from two main sources. In 2008, approximately 68% of revenue will come from voter approved tax levies resulting in a budget of \$6,768,844 in revenue. The other source of funding is from fees and services and will account for 31% of projected revenue in 2008.



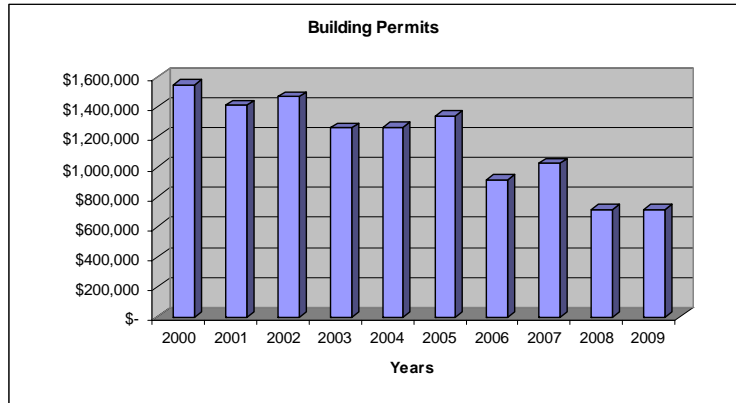
Beginning in 2002, Parks and Recreation began administration of the Natural Areas program. This was a voter approved levy of .25 mills for the purchase of natural areas to be set aside for preservation. The second graph displays the revenue that will be received for this program.



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. There was a dip in new permit applications to a low in 2006 which is expected to continue for the next couple of years. The revenue displayed in 2007 is based on the original 2007 budget.

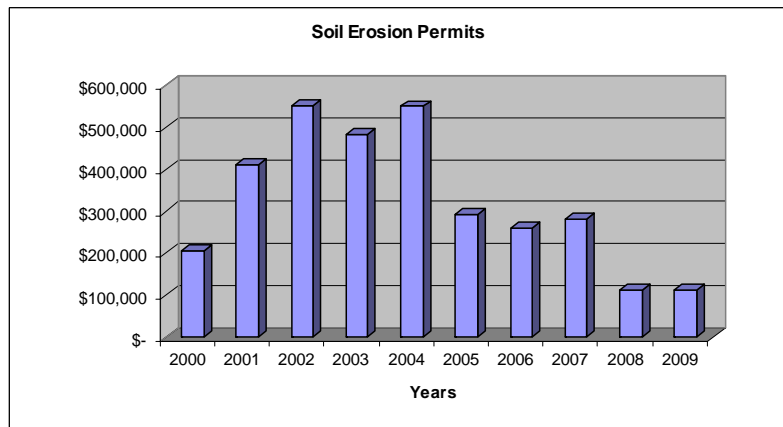


Based on mid year projections, 2007 revenue is expected to mirror the 2008 and 2009 budget.

The outlook at this time is new construction will continue at a reduced level for 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. The industry is responding to many recent variables resulting in an uncertain impact over the next few years.

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.



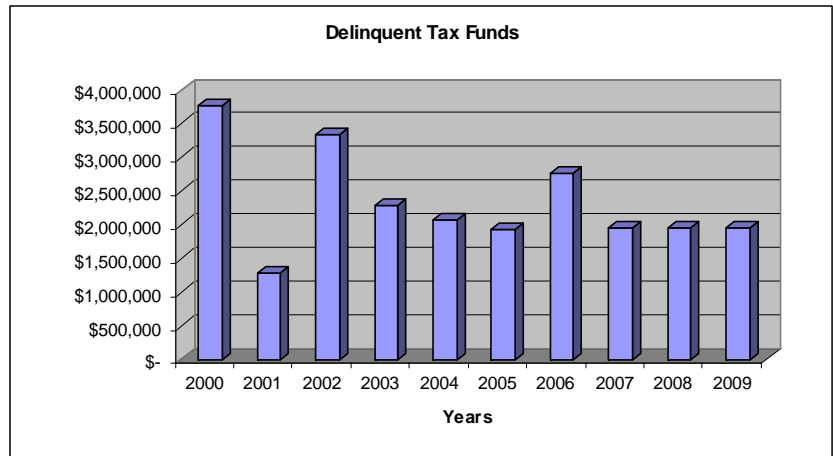
The 2000/2001 budget included a new soil erosion fee structure that has led to increased revenues. Beginning in 2005 construction permit activity began to decline in the County. Revenue displayed in 2007 is based on the original 2007 budget. Based on mid year projections, 2007 revenue is expected to mirror the 2008 and 2009 budget. Due to uncertainties of the construction industry, the 2008 and 2009 amounts are budgeted at a conservative level.

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.

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. In 2006 a large increase was seen due to the increased delinquencies from the declining housing market. The future is uncertain and the 2008/09 budget is being based on previous trends.

